
Utah State Office of Education

Fiscal Year 2017 Funding Requirements

February 1, 2016

Risk Mitigation

Purpose/Justification:

Several key positions and systems are necessary to ensure Financial Control, Management, and effective policy writing and implementation by the Utah State Office of Education. Since the latest changes in leadership and personnel, discovery of financial and budget mismanagement has taken place. The levels of mismanagement are directly correlated with a lack of sufficient personnel and systems to oversee and conduct effective financial operations. The increase in programs, charter schools, and operational expectations of the USOE necessitates sound policies to help govern and ensure the proper outcomes..

Specific Requirements/Programming:

- Three Managerial Accountants
- One Federal Grants Compliance Officer
- Total: \$580,000.00**
- School Finance UCA/IDEA (Grants Management Systems)
- Total \$50,000.00**
- Policy Specialist/Rule Writer
- Total: \$82,200.00**
- Additional Auditor Position for Internal Audit
- Total: \$150,000.00**
- Contract Attorney for Internal Accounting
- Total: \$150,000.00**
- Total Request: \$1,012,200.00 (on-going)**

Performance Measures/Projected Outcomes

Eliminates shortfalls in Financial Controls and Management that increases the risk of a structural imbalance occurring within USOE. Additional personnel along with improved or new systems is essential. Joint reviews were not occurring, year end closure was not properly done, and Federal Grants management is in potential violation of the Omni-circular. The policy specialist is critical to ensuring adequate resources are available to meet the high demands on USOE to ensure proper rules are in place for positive operational results. Approval will mitigate against the risk of a budget shortfall and/or lack of controls and ensure sufficient resourcing to rule writing.

Impact if not Funded:

Not funding this request in all areas places USOE at significant risk of failure in its Financial Controls, Management and policies to govern operations. USOE lacks sufficient manpower to adequately ensure it remains fiscally sound and meets both state and federal requirements both financially and in the policy realm. USOE did conduct an analysis of potential positions to use to offset these requirements internally. There are not sufficient positions to reduce or use without detrimental affects to other areas of operation. Hiring of the three Managerial Accountants has taken place using funding for other purposes.

Internal Staffing

Purpose/Justification:

Additional personnel (manpower) is required in three key areas. Legal, Internal Audit (Administration), and a Director for the newly established Student Advocacy Section (SAS). Lack of the availability of legal support is detrimental to USOE. The Attorney General's Office is providing the best possible levels of support and service. However, one to three attorneys is not enough to keep up with the legal demands placed on the agency. Internal Audit has grown considerably in the last one to two years as part of effective risk mitigation requiring additional administrative support along the lines of an assistant. The organization of the SAS requires leadership. Using personnel within the organization who are qualified removes them from areas of federal management requirements putting us at risk of supplanting.

Specific Requirements/Programming:

- Attorney
Total: \$175,000.00
 - Internal Audit Administrative Assistant
Total: \$85,000.00
 - Student Services Section Director
Total: \$120,000.00
- Total Request: \$380,000.00 (on-going)**

Performance Measures/Projected Outcomes

Attorney reduces turnaround time on legal reviews in such areas as litigation, policies, and procurement by 33% given current manpower footprint of attorneys. Internal audit administrative support position reduces time away of our Internal Auditors from audit practices and procedures to perform administrative functions. The funding of a SAS Director ensures adequate leadership over a critical element of USOE operations.

Impact if not Funded:

Not funding these three critical positions forces USOE to place additional responsibilities on existing personnel. These additional responsibilities outside of current ones serve as, "distractors," to effective management of current programs. We anticipate a need for legal support at higher capacity that is currently available to us from our supporting agency. Due to the high level of risks identified by our Internal Audit and the commitments to performing audit functions administrative support is essential. The SAS is an effective structure that without proper and dedicated leadership will not perform to the expected level and provide the expected outcomes.

Career Exempt Option Program

Purpose/Justification:

This program is designed to improve the ability of USOE to recruit and retain essential personnel in two functional areas of our operations: Finance and Information Technology. During economic expansion periods competition for quality employees in these functional areas is hampered by current salary levels. Retention also suffers as individuals are easily enticed to other positions within both the private and public sectors offering higher wages. The request is for a 7% increase to current wages of select individuals within these two core areas of our operations.

Specific Requirements/Programming:

Total Request: \$800,000.00 (on going)

- Provides a 7% increase to individuals in identified Financial and Information Technology positions
- Employees in these positions are currently classified in the Merit category
- Understanding is that this will require legislative action to establish a new classification for these positions in the DHRM realm
- Current employees are given an opportunity to, “opt-in,” to a career service exempt position and receive the 7% increase

Performance Measures/Projected Outcomes

- Ability to recruit highly qualified individuals to augment our existing, high performing personnel
- Enables retention of high performing individuals at a rate commensurate with market demand in these career fields
- Promotes a balancing of wage structure in the Finance and Information Technology functional areas of USOE

Impact if not Funded:

- Inability to recruit highly qualified and specialized individuals
- Inability to retain highly qualified personnel especially during times of economic prosperity and resulting competitions for a quality workforce

Enterprise Resource Planning System

<p><u>Purpose/Justification:</u></p> <p>USOE is currently operating in several systems including a budget management system known as BASE. An ERP system integrates systems. Data and Information requests often take more time than is necessary to assemble. Employees are tracking information and data in individual spreadsheets raising the risk of errors and misinformation. Accounting processes take longer and are more difficult. The IT is complex and time consuming to make updates or changes to existing systems.</p>	<p><u>Specific Requirements/Programming:</u></p> <p>Total Request: \$7,000,000.00 (one-time)</p> <ul style="list-style-type: none"> • Provides initial funding (subject to final determination of system requirements) to implement an ERP system at USOE • Establishes ability to interface with existing ERP systems at the District and/or Charter School levels • Allows opportunity to combine systems reducing, “shadow systems,” and/or spreadsheet management • Develops, acquires, integrates, deploys and sustains enterprise-wide financial, grant, and procurement management capabilities to support USOE’s current and future financial operations
<p><u>Performance Measures/Projected Outcomes</u></p> <ul style="list-style-type: none"> • Cost accounting capabilities • Increased reliability and accuracy of information • Improve automated integration of financial data, enhance business process efficiencies, increase interoperability and maintain auditability • Increased connectivity to existing financial systems within Districts and/or Charter Schools • Improved and effective Federal Grant Management • Ability to connect to FINET • Improves Financial Management and Controls • Effective Asset Management 	<p><u>Impact if not Funded:</u></p> <ul style="list-style-type: none"> • Continuing operations in spreadsheets and continuing risk of errors • Risk of shortfalls in proper and effective Federal Grants management • Inability to provide sufficient data and information down to the appropriate levels (i.e. classroom) for decision-making purposes • Excessive time spent on reconciliations with existing systems at month end • Continuing challenges with asset management • Risk of shortfalls or inadequacies in procurement process and strategies

Building Feasibility Study

Purpose/Justification:

The current facility USOE operates in is several years old. There are numerous concerns along the lines of availability of space, structural soundness, adaptability to promote technological advancement, security, and suitability. A feasibility study is necessary to ensure the current facility is adequate for the increased space requirements and adaptability of the structure to facilitate better meeting space and technology implementation and installation.

Specific Requirements/Programming:

Total Request: \$1,000,000.00

- Allows for the feasibility study and cost estimate for changes in space to facilitate increased productivity and interaction between sections and staff
- Allows for the feasibility study and cost estimate for improvements in technology (such as lighting, internet services, security monitoring, and adaptability for current equipment and asset installation and/or storage such as servers).
- Allows for use of funds to improve the structure along the lines of updated security systems, availability of space, and technological effectiveness

Performance Measures/Projected Outcomes

- Increased productivity by co-location of sections and staff members from those sections
- Increased technology and improvements in meeting spaces
- Increased security and safety measures for employees
- Documented study on the useful life of the building by qualified experts and identified structural shortfalls and required maintenance and improvements
- Application of funding to critical areas

Impact if not Funded:

- Security and safety risks
- Potential waste of scarce resources (funds) on day to Maintenance activities to sustain the structure
- Restricted or insufficient ability to fully utilize technological systems
- Reduced or insufficient meeting space for Board meetings