



UTAH STATE LEGISLATURE
AUDITOR GENERAL

A Performance Audit of Financial Reporting in Public Education

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Education Interim Committee
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Chapter I

Reliable and Comparable Financial Data Are Critical for Legislative Decision Making



2007



2010



2015



2021



OLAG: Utah Charter Schools - Chapter III was titled *"Inconsistent Data Makes It Difficult to Analyze Charter School Expenditures."*

OLAG: Charter School Oversight - Charter schools were not compliant with financial reporting requirements, and recommended LEA board members be trained on their responsibility for accurate financial reporting.

OSA: Financial Reporting in Public Education - There was a lack of transparent and reliable financial data. They recommended USBE address ambiguity in its charts of accounts.

OSA: Limited Review of the Minimum School Program - Several instances were observed of spending inconsistent with program requirements and a lack of adherence to approved charts of accounts.



USBE Plays Three Critical Roles To Oversee Financial Reporting



Financial Reporting Process Needs to Be:



- **Comparable** across schools and school districts
- Appropriate for use in **longitudinal** studies
- **Comprehensive** with regard to data elements required under applicable state or federal law or state board rule

Utah Code 53E-3-301(3)(d)
State Superintendent Duties

Charts of Accounts



Vague

Expenses are classified according to function code and object code. However, vague descriptions for these codes **promote inconsistencies** in how school districts and charter schools use them, and **do not provide the level of precision** that stakeholders need to analyze spending trends.

Enforcement



Weak

Despite prescribing what codes are required, the Utah State Board of Education's staff have **not enforced** those requirements, further **worsening the inconsistent financial reporting** observed.

Monitoring



Inadequate

Monitoring efforts by USBE are **inadequate based on the extent of inconsistency** observed and the **insufficient detail** that current financial reporting provides to address the policy interests of the Utah Legislature and other education stakeholders.

Positive Example:



Validation Rules Implemented for 2018 Fiscal Year





Chapter II

LEA Errors and Poorly Defined Codes Make Financial Data Risky to Compare

There is a domino effect to financial reporting errors as they impact multiple expense and revenue categories.



The Failure of LEAs to Correctly Report Basic Costs Is Concerning



USBE Prescribes

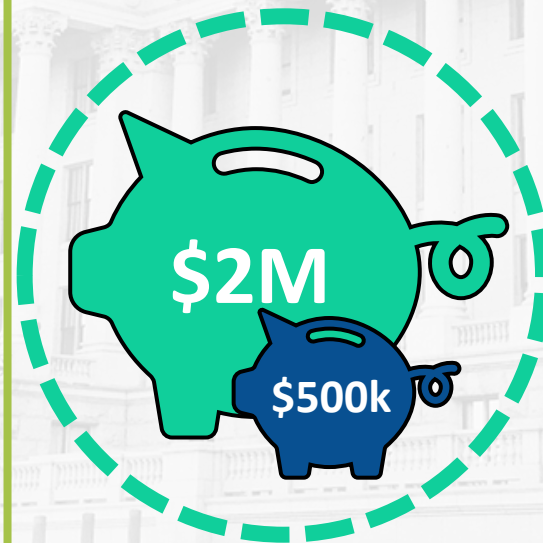


Superintendent
& Assistant
Superintendent
Wages

LEA Reports



Supervisor
& Director
Wages



Recommendation

USBE ensure LEAs report required revenues and expenditures.

Financial Data Shows Few LEAs Complying with Matching Funds



	2021
LEAs Distributed Grant Revenue	19
Correct Grant Revenue Reported	13
Reported Equal Property Tax Match	5



*Rural School District
Transportation*

\$1,000,000

Equal Match

Only 7 Reported Expenditures!

Recommendation

USBE ensure compliance with statutory spending restrictions.



Chapter III

USBE Needs to Better Oversee Financial Reporting by LEAs

*To provide better oversight, USBE's tools
and processes require a "tune-up" to
address current financial reporting issues.*

To Oversee Financial Reporting, USBE Plays Three Critical Roles



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Chapter III Modernize Existing Tools

Promote Stakeholder Monitoring by Publishing Data for Comparisons



USBE Financial Data

OLAG Dashboard

Fiscal Year:		10 GENERAL FUND					
2020		1000 INSTRUCTION FUNCTION					
							TOTAL 100 SALARIES
		131	132	161	195	198	
LEA Num	District Name	Salaries - Teachers	Salaries - Substitute Teachers	Salaries - Tchr Aides & Para-Prof	Coaches	Salaries - Other Class Pers	
001	Alpine District	227,681,495	-	18,151,471	59,013	-	245,891,979
002	Beaver District	5,424,075	55,642	653,989	132,912	17,595	6,284,212
003	Box Elder District	36,827,482	5,244	5,842,401	-	190,577	42,865,703
004	Cache District	53,224,781	-	7,529,478	760,366	-	61,514,625
005	Carbon District	10,403,369	161,959	1,775,873	241,170	113,160	12,695,530
006	Daggett District	1,083,578	12,877	145,711	-	8,750	1,250,916
007	Davis District	200,852,108	2,425,646	25,328,128	1,041,448	-	229,647,330
008	Duchesne District	15,265,659	219,390	2,408,534	-	-	17,893,583
009	Emery District	7,535,952	111,688	1,368,267	157,338	28,299	9,201,544
010	Garfield District	3,323,404	40,525	455,371	-	118,152	3,937,452

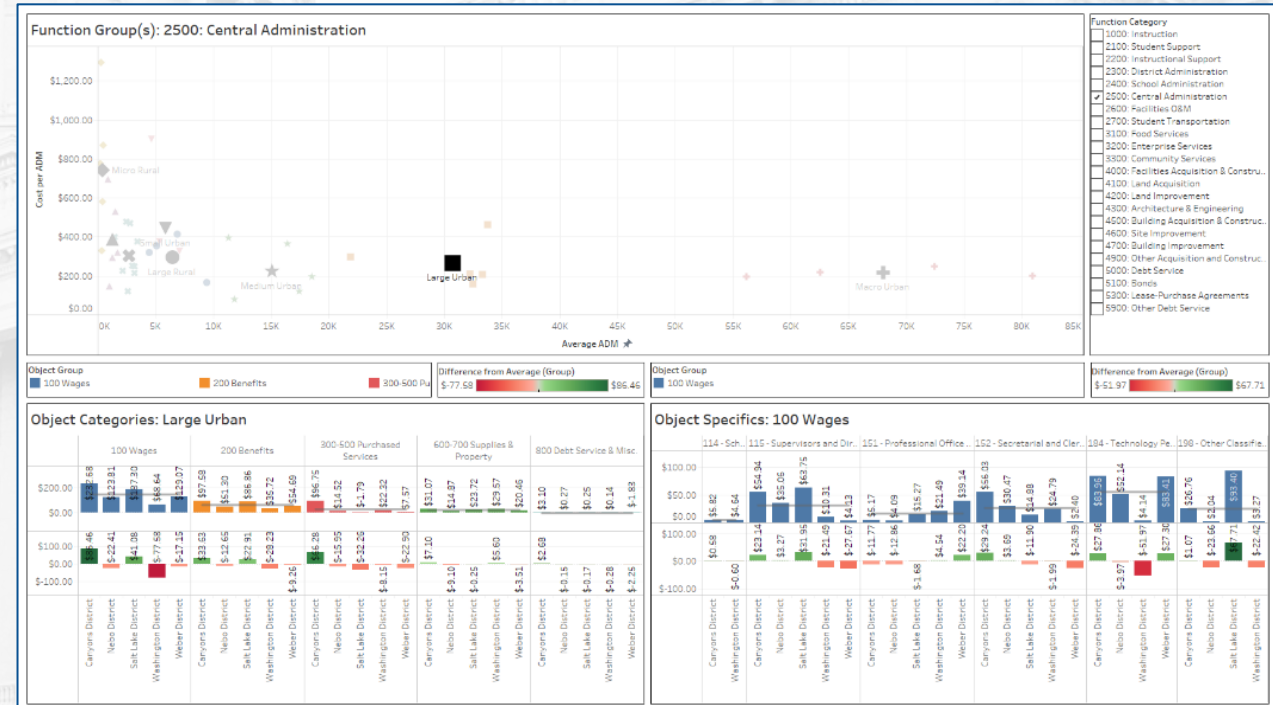
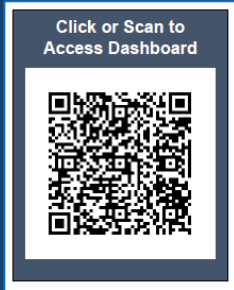


Tableau Dashboard



IMPORTANT



***Comparable Data for
Legislative Decision Making***



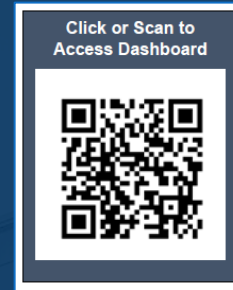
Summary

IMPACT



***LEA Errors and Vague Codes
Make Risky Comparisons***

Interactive Website



IMPROVE



***USBE Needs to
Modernize Existing Tools***



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QUESTIONS?