

# UTAH STATE BOARD OF EDUCATION UPSTART Program

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Report on a Limited Review of Contractor's Use of UPSTART Funds

For the Year Ended June 30, 2019

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Report No. 19-36



## OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor  
Ryan Roberts, CPA, Audit Supervisor  
Will Maguire, Audit Senior

February 4, 2020

Members of the Utah State Board of Education

Sydnee Dickson, State Superintendent of Public Instruction  
Utah State Board of Education

Tom Ness, Chief Financial Officer  
Waterford Institute

We have applied the procedures described below to certain aspects of the Waterford Institute's (Waterford) use of funds for the UPSTART Program for the period of July 1, 2018 through June 30, 2019 (fiscal year 2019). The procedures performed were selected based on our determination of significant compliance requirements. We determined the significant compliance requirements by reviewing *Utah Code* 53F-4-401 through 407 and the amended contract between Waterford and the Utah State Board of Education (USBE) related to the UPSTART Program. The significant compliance requirements included the following four areas: 1) Use of Funds, 2) Number of Children Served, 3) Low-Income Family Participation, and 4) Limitation of Funding for Program Evaluation. We requested and obtained the necessary documentation from Waterford and USBE. The results of our procedures are as follows:

1. Use of Funds

The contract and related amendments provide a project budget for the period ending June 30, 2019 based on a Participant Fee that is inclusive of all costs to administer the program. We obtained a listing from USBE of all students served by Waterford for fiscal year 2019, and selected and reviewed records of 25 students. For those students selected, we obtained detailed documentation from Waterford to ensure the student existed and was of preschool age in accordance with *Utah Code* 53F-4-401(3). Based on the procedures performed, we did not note any exceptions. We also determined that the total annual expenditures based on the Participant Fee for each student served agreed to budgeted amounts established by the contract and related amendments.

2. Number of Children Served

The contract and related amendments stipulate that Waterford not exceed a total budgeted amount based on the number of children in the UPSTART Program for fiscal year 2019 (budgeted for 11,710 children). Based on the procedures performed above, we determined that Waterford did not exceed the maximum number of students allowed by the contract.

3. Low-Income Family Participation

During the fiscal year, at least 30% of the preschool children participating in the UPSTART program were required by state statute to be from low-income families. Such eligible families may be provided with computers and internet service to operate the instructional software. We obtained a listing of students Waterford determined to be low-income and selected and

reviewed records for 25 students. For the students selected, we obtained detailed documentation from Waterford to ensure these students were from low-income families. We did not note any exceptions. Based on Waterford's records, this listing of total low-income students served constituted 36% of students served under UPSTART for the year.

4. Limitation of Funding for Program Evaluation

*Utah Code 53F-4-406* requires that no more than 7.5% of the money appropriated by the Utah State Legislature for the UPSTART Program, excluding funds used to provide computers, peripheral equipment, and internet service to families, be used for the evaluation of the program.

The contract between USBE and Waterford amended in October 2017 allowed Waterford to charge a Participant Fee inclusive of all expenses, instead of detailing expenses by type. Consequently, USBE did not obtain the amount of funds used to provide computers, peripheral equipment, and internet services to families that would allow them to calculate the limitation required by *Utah Code 53F-4-406*. Based on our review of the related expenditures through June 30, 2019, we were unable to conclude whether the amount spent on program evaluation complied with *Utah Code 53F-4-406*. For fiscal year 2019, \$155,888 was spent on program evaluation, which is 1.65% of total program expenditures of \$9,438,260.

Our procedures were more limited than would be necessary to express an audit opinion on compliance. Accordingly, we do not express an opinion. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

By its nature, this report focuses on exceptions, weaknesses, and problems. This focus should not be understood to mean there are not also various strengths and accomplishments. We appreciate the courtesy and assistance extended to us by both Waterford and USBE personnel during the course of the review, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



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