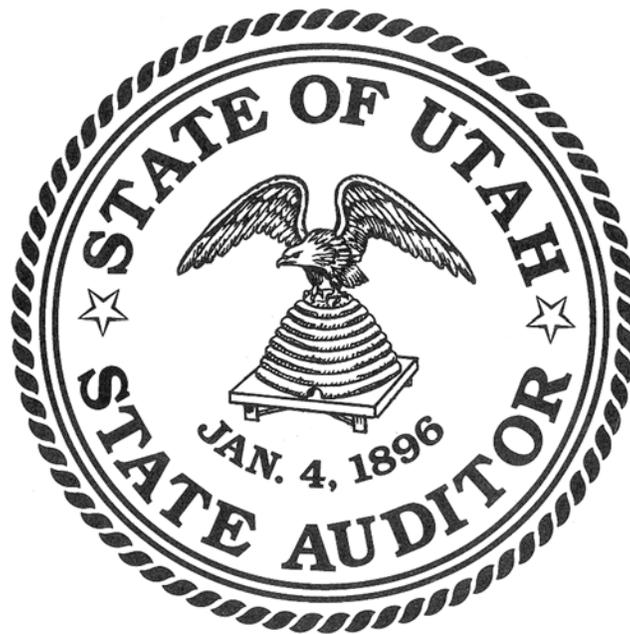


CANYONS SCHOOL DISTRICT

Report on 2017 Bond Proposition

Special Project
For the Period August 22, 2017 through November 7, 2017

Report No. GOL-18-SPb



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor

Tyson Plastow, MBA, CIA, Special Projects Audit Supervisor

Aaron Burgoyne, CPA, CFE, Special Projects Auditor

CANYONS SCHOOL DISTRICT
FOR THE PERIOD AUGUST 22, 2017 THROUGH NOVEMBER 7, 2017

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OFFICE OF THE
STATE AUDITOR

REPORT NO. GOL-18-SPb

November 19, 2018

Canyons School District Board of Education
9361 S. 300 East
Sandy, Utah 84070

Dear Board Members:

The Office of the State Auditor (Office) received a request from the Lt. Governor's Office to review activities of the Canyons School District (District) related to the District's 2017 bond proposition. The Office performed the procedures described below to determine the District's compliance in accordance with *Utah Code 67-3-1(4)*. We performed the following procedures at the District:

1. We reviewed the District's cash receipts and disbursements related to the bond proposition.
2. We reviewed other District documents related to the bond proposition.

Our procedures were more limited than would be necessary to express an audit opinion on compliance or on the effectiveness of the District's internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures. Had we performed additional procedures or had we made an audit of the effectiveness of the District's internal control, other matters might have come to our attention that would have been reported to you.

Our finding resulting from the above procedures is included in this report.

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 the personnel of the District during the course of the engagement, and we look forward to a continuing professional relationship. If you have any questions, please call Aaron Burgoyne, Special Projects Auditor, at 801-318-1048.

Sincerely,

Tyson Plastow, MBA, CIA
Special Projects Audit Supervisor

cc: Dr. James Briscoe, Superintendent
Leon Wilcox, Business Administrator and CFO

BACKGROUND

Canyons School District (District) is governed by a seven member board (Board). The District has 49 schools and serves approximately 34,000 students in the southeastern portion of Salt Lake County.

In August 2017, the Board voted to place a bond proposition on the November 2017 general election ballot. Once the District's bond proposition was placed on the ballot, the District's activities regarding the bond proposition became subject to the Political Activities of Public Entities Act (*Utah Code* 20A-11, Part 12) (Act). The Act prohibits public entities from influencing a ballot proposition or votes regarding any candidate for public office or judge standing for retention (Ballot-related Advocacy) by expending public funds or using public email.

In November 2017, we received a request from the Lt. Governor's Office to determine the District's compliance with the Act. We reviewed District activities and certain expenditures related to the request occurring between August 22, 2017 and November 7, 2017, the date of the election.

FINDING AND RECOMMENDATION

IMPROPER USE OF PUBLIC RESOURCES FOR BALLOT-RELATED ADVOCACY

It appears the District improperly used public resources for Ballot-related Advocacy activities. Public resources should only be used to facilitate and encourage political discussion and participation.

The District paid for several types of media related to its 2017 bond proposition, including five mailers, an information pamphlet, and six digital media advertisements. We reviewed all the media provided to us by the District. Three of the five mailers and four of the six digital media advertisements included statements that were not limited to providing factual information and that constituted improper Ballot-related Advocacy in support of the bond proposition. The District improperly expended public funds of around \$19,000 for the three questionable mailers and a lump sum of around \$20,000 for all six of the digital media advertisements. Only one of the five mailers included a statement of opposition in a limited effort by the District to provide equal access to both opponents and proponents.

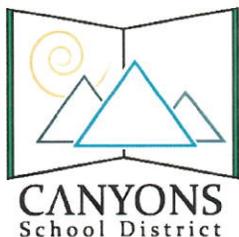
The Act states that, "a public entity may not make an expenditure from public funds for political purposes or to influence a ballot proposition" (*Utah Code* 20A-11-1203). Influence, as defined by *Utah Code* 20A-11-1202, "does not mean providing a brief statement about a public entity's position..." A public entity may provide "factual information about a ballot proposition to the public, so long as the information grants equal access to both the opponents and proponents..." (*Utah Code* 20A-11-1206(2)). Although the District included a statement of opposition in its last mailer, in our view, allowing opponents a statement in just one of the five mailers and in none of the six digital media advertisements does not constitute equal access.

Utah Code 20A-11-1204 states that a violation of section 1203 is subject to criminal penalties.

Recommendations:

We recommend the District:

- **Establish a strong tone at the top in regard to compliance with the Act, which includes the following:**
 - **Prohibit the use of public resources for Ballot-related Advocacy.**
 - **Enforce a no-tolerance policy for employees who violate the Act by disciplining individuals up to and including termination and withholding a day's pay for each work day they engaged in improper Ballot-related Advocacy.**
 - **Refer the improper use of public funds to the Salt Lake County Attorney for possible penalties.**
- **Ensure officers and employees receive adequate training and understand what constitutes Ballot-related Advocacy.**
- **Ensure officers and employees receive adequate training and understand what constitutes "equal access," as the term is used in the Act.**
- **Seek to recover improperly expended public funds.**



Dr. James Briscoe, Ed.D., Superintendent

9361 South 300 East Sandy, UT 84070

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November 16, 2018

John Dougall
Office of the State Auditor
Utah State Capitol Complex
East Office Building, Suite 310
Salt Lake City, UT 84114-2320

Dear Auditor Dougall:

We appreciate the opportunity to respond to the finding identified in the Special Project "Report on 2017 Bond Proposition." Canyons School District (District) recognizes audits as opportunities for improvement that will benefit our students, staff and patrons. The District also appreciates the staff from the Office of the State Auditor (OSA) who provided their interpretation of *Utah Code 20A-11, Part 12 (Act)* and for their professionalism while performing the review.

When the District approved its bond proposition in August 2017, it immediately contacted the Lieutenant Governor's Office (LGO) requesting guidance on allowable activities. The LGO responded that they could not offer specific guidance, but instead merely referred the District back to the Act. Given the minimal guidance and ambiguous language of the Act, the District was left to review and rely on the actions of other school districts in previous bond elections.

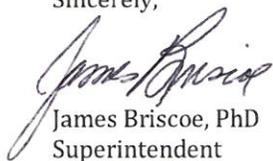
In the fall of 2017, the District sent four mailers informing patrons about its bond proposition. When the District was notified by the LGO that a patron had complained that the language in a mailer possibly violated the Act, it immediately ceased sending mailers. The District contacted the Salt Lake County District Attorney's Office for guidance to remedy the situation. The Attorney's Office, in conjunction with the LGO, recommended sending an additional flier which included the argument against the bond proposition. The District worked closely with the opponent of its bond and promptly sent the final flier, and the Attorney's Office considered the issued resolved.

The District will adopt policy regarding ballot-related advocacy. The District will ensure officers and employees receive adequate training on what constitutes Ballot-related Advocacy and "equal access" under the Act. The policy will include disciplinary actions for any violations.

As noted above, the District believes there is ambiguous language in the Act. It would be beneficial for local governments, particularly school districts, which propose ballot propositions, if the OSA, LGO and Legislative Research/General Counsel could improve the Act's language. It would also be helpful if the LGO, as the administrator of statewide elections, could offer specific guidance for ballot propositions, such as bond elections, particularly on acceptable and non-acceptable practices.

Canyons School District is committed to continuous improvement and appreciates the efforts of the Office of the State Auditor in this process.

Sincerely,


James Briscoe, PhD
Superintendent


Leon Wilcox, CPA
Business Administrator