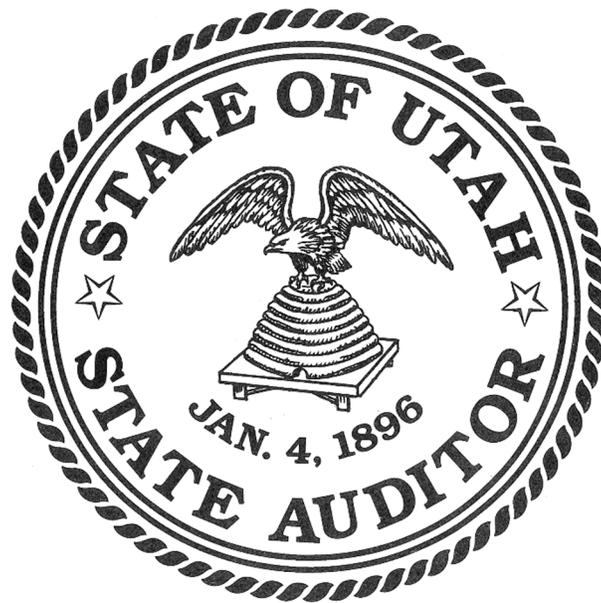


UTAH STATE BOARD OF EDUCATION

Minimum School Program

Report on Limited Review of
Statutory Distributions for Fiscal Year 2019 and
Projections for Fiscal Year 2021

Report No. 19-47



OFFICE OF THE
STATE AUDITOR

AUDIT LEADERSHIP:

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UTAH STATE BOARD OF EDUCATION

Minimum School Program

Statutory Distributions for Fiscal Year 2019 and
Projections for Fiscal Year 2021

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OFFICE OF THE
STATE AUDITOR

May 28, 2020

To the Members of the Utah State Board of Education and Audit Committee
and
Sydnee Dickson, State Superintendent of Public Instruction
Utah State Board of Education

We have performed a limited review of the application of Minimum School Program (MSP) statutory distribution formulas and allocations to school districts and charter schools. The procedures described below were applied to certain aspects of compliance for the MSP Fiscal Year 2019 (FY19) Final Report and the MSP Fiscal Year 2021 (FY21) Legislative Budget Projections. We performed the following procedures at the Utah State Board of Education for a sample of school districts and charter schools:

1. We reviewed the MSP FY19 Final Report for 14 programs to ensure that the allocations to school districts and charter schools for each selected program were made in compliance with the related statute and did not exceed amounts allowable by law. The programs selected were as follows:
 - Grades K-12
 - Special Education – Add-on WPU
 - Special Education – Self-Contained
 - Special Education – Pre-School
 - Special Education – Extended Year Program
 - Special Education – Impact Aid
 - Special Education – Intensive Services
 - Special Education – Extended Year for Special Educators
 - Career & Technical Education
 - Class Size Reduction
 - Pupil Transportation – To & From School
 - Enhancement for At-Risk Students
 - Youth-in-Custody
 - Beverley Taylor Sorenson Arts Learning Program

We found that USBE does not have a complete process for approving Youth-In-Custody carry over funds (see Finding No. 1).

2. We reviewed the MSP FY21 Legislative Budget Projections for three programs to ensure that the projections of the allocations to school districts and charter schools for each selected program were made in compliance with the related statute and were reasonable. The programs selected were as follows:

- Grades K-12
- Special Education – Add-on WPU's
- Class Size Reduction

We found no exceptions in the MSP FY21 projections of allocations to school districts and charter schools resulting from the above procedures.

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. Had we performed additional procedures, additional matters might have come to our attention that would have been reported to you.

This report is a matter of public record and its distribution is not limited. We appreciate the courtesy and assistance extended to us by Utah State Board of Education 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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cc: Scott Jones, Deputy State Superintendent, Utah State Board of Education
Debbie Davis, Director of Internal Audit, Utah State Board of Education
Kristen Cox, Executive Director, Governor's Office of Management and Budget
Jonathan Ball, Director, Office of Legislative Fiscal Analyst

FINDINGS AND RECOMMENDATIONS

1. PROCESS FOR YOUTH-IN-CUSTODY CARRYOVER APPROVAL NOT ESTABLISHED

According to *Utah Administrative Rule R277-709-8* (changed to *R277-709-7* effective 10/01/2019), LEAs may carry over a portion of unspent YIC funds in a fiscal year to be used in the next fiscal year upon written approval from USBE. If approved, the LEA is required to submit a revised budget detailing the carry over amounts. USBE has not established a process that requires LEAs to submit requests for approval of carry over funds nor requires LEAs to submit revised budgets to carry over funds. By not following the *Utah Administrative Rule*, USBE could be improperly allocating YIC funds to eligible schools.

Recommendation:

We recommend USBE implement a process to follow the Youth in Custody/ LEA Fiscal Procedures as outlined in *Utah Administrative Rule R277-709* or remove that requirement from the rule.

USBE's Response:

The USBE concurs with this finding. The USBE does not have a process that requires Local Education Agencies (LEAs) to submit requests for approval of carryover funds or that requires LEAs to submit revised budgets to carryover funds. The USBE is currently considering potential revisions to the requirements in R277-709; based on the outcome of that process, the USBE will develop control activities to ensure compliance with the rule.

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