



MINIMUM SCHOOL PROGRAM AUDIT FINDINGS



Office of the
Utah State Auditor

Utah Constitutional Authority

Article VII, Section 15

- Perform financial post audits of public accounts
 - Except as otherwise provided by the Utah Constitution
- Perform other duties as provided by statute



Mission Statement

We provide Utah taxpayers and government officials with an independent assessment of financial operation, statutory compliance, and performance management for state and local government.



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Objectives

- Test the FY12 Minimum School Program (MSP) fund allocations for accuracy and compliance
- Determine whether the FY14 MSP budget projections were reasonable



Audit Team

- Joe Christensen – Audit Director
- Janica Gines – Audit Supervisor
- Jolene Cooley – Audit Senior (In-Charge)
- Stacey Whipple
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MSP Audit

We reviewed the Utah State Office of Education (USOE) MSP FY12 final report statutory distribution formulas and allocations to school districts and charter schools



Programs Tested for Compliance

- Grades K-12
- Voted & Board Leeway
- Special Education
- Concurrent Enrollment
- Critical Languages & Dual Immersion



Programs Tested for Compliance

- Educator Salary Adjustments
- Beverly Taylor Sorenson Elementary Arts
- Early Intervention
- Pilot Assessment



Budget Projections Reviewed

- Grades K-12
- Voted & Board Leeway
- Special Education
- Career & Technical Education
- Class Size Reduction



Audit Findings

1. Noncompliance of Allocation to Charter Schools
2. Budget Projection Not Based on Preceding Year's Appropriation
3. Inadequate Guidance for Allocation and Unsupported Amount Used in Calculation
4. Inconsistency Between Data Used and Source Documents



1. Noncompliance of Allocation to Charter Schools

Charter school allocations for the Grades K-12 program were not in compliance with *Utah Code* for either the FY12 actual final allocation or the FY14 budget projection



1. Noncompliance of Allocation to Charter Schools

- Allocations to charter schools should use the same method as school districts
 - Prior year average daily membership plus growth
- Charter school allocations were based on the higher of prior year average daily membership or current year head count



1. Noncompliance of Allocation to Charter Schools

Cause:

- Allocation method was originally used when prior year charter school data was unavailable
- Method was not changed when data became available



1. Noncompliance of Allocation to Charter Schools

Results:

- Sample schools recalculated received a 4.1% over allocation in FY12
- Projecting to all charter schools would estimate a \$4,991,097 over allocation
- Similar over allocation would be in the FY14 MSP budget projection



1. Noncompliance of Allocation to Charter Schools

Recommendations:

- USOE allocate funding to charter schools in accordance with the law
- USOE make recommendations to change the law, if they determine that an alternative funding formula is necessary or desired



2. Budget Projection Not Based on Preceding Year's Appropriation

Each year the USOE has used incomplete data in estimating the Career & Technical Education Add-On program Budget



2. Budget Projection Not Based on Preceding Year's Appropriation

Result:

- FY14 budget projection was understated by \$282,943 for the Career & Technical Education Add-On program



2. Budget Projection Not Based on Preceding Year's Appropriation

Recommendation:

- USOE prepare the budget request for the Career & Technical Education Add-On program based on the actual amount appropriated for the program in the preceding fiscal year



3. Inadequate Guidance for Allocation

No formal USOE rules or guidance in law for allocating Special Education Self-Contained Program



3. Inadequate Guidance for Allocation

Result:

- Unable to provide support for how some calculations were determined
- Unable to assure that the allocation was appropriate



3. Inadequate Guidance for Allocation

Recommendation:

- USOE write and adopt a rule to govern how to allocate funds for the Special Education Self-Contained Program
- USOE include instructions on how to handle charter schools with no established history



4. Inconsistency Between Data Used and Source Documents

- Voted & Board Leeway FY14 Projection
 - Projections based on data that did not agree to the source data
 - While differences were minor, larger differences could have occurred



4. Inconsistency Between Data Used and Source Documents

Cause:

- Apparent misunderstanding of the source data being used
- Complicated manner used to compile estimated tax increment amounts
- Lack of documentation as to what source data is used



4. Inconsistency Between Data Used and Source Documents

Recommendation:

- USOE ensure they understand the data being used in their calculation
- USOE document their data source so it can be re-referenced or updated as necessary



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