



OFFICE OF THE
UTAH STATE AUDITOR

News Release

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Office of the Utah State Auditor Releases

A Performance Audit of Financial Reporting in Public Education

Improved Reporting and Analysis Would Help the State Board and

LEA Boards to Maximize the Use of Education Resources

Salt Lake City, UTAH –

The Office of the Utah State Auditor (Office) today released *A Performance Audit of Financial Reporting in Public Education*. The initial scope of this audit was an evaluation of two questions frequently asked by taxpayers and policy makers:

- Where does public education funding go?
- How effectively was funding used by public education?

In order to answer these questions, the performance audit team reviewed the accuracy, transparency, and use of local education agency (LEA) financial reporting. The scope of this audit was modified during audit fieldwork due to insufficient classroom-specific costs necessary to fully analyze the link between public education spending and student outcomes. Presently, the State Board of Education and other key education policy makers are unable to assess the alignment of financial resources with key strategic educational objectives. Additional ongoing audit work continues to attempt to answer the two initial fundamental audit questions.

The audit also evaluated the use of available reports to monitor the implementation of strategic objectives and to identify potential cost-saving practices in the State's public education budgets. Though LEA financial reporting is more accurate than previously reported, some LEAs could improve the reliability of public reporting. For example, thirteen LEAs failed to accurately report transactions totaling almost \$900 million to the Utah Public Finance Website (UPFW), also known as the Transparency website, in accordance with statute during fiscal year 2014. Stakeholders would benefit from greater detail about public education spending.

Use of available reports could be used to make meaningful comparisons among LEAs. The audit team identified 10 practices--currently used by some school districts--that correlate with lower costs per student. Implementing these practices across the State could help the State Board and LEA boards maximize the use of financial resources to achieve desired educational outcomes.

Finally, during fieldwork, the team noted that certain LEAs apparently disclosed personally identifiable student information on the Transparency website. Improper disclosures could result in a violation of the Federal *Family Education Rights and Privacy Act*. One month prior to releasing the audit, the Office notified the state superintendent that 39 LEAs included more than 5,500 transactions that appeared to contain personally identifiable student information on the Transparency website. The state superintendent immediately requested that the 39 LEAs remove improperly disclosed student information from the transactions.

The full Performance Audit Report may be found on the Office's website, auditor.utah.gov, specifically at <http://financialreports.utah.gov/saoreports/2015/PA15-03FinRptinPublicEdEducation,Officeof.pdf>.

About Utah Public Education (as of fiscal year 2014)

- Students – 611,740
- School Districts – 41
- Charter Schools – 95
- LEA Expenditures - \$5.2 billion

About the Office of the Utah State Auditor

The Office of the Utah State Auditor provides Utah taxpayers and government officials with an independent assessment of financial operation, statutory compliance, and performance management for state and local government.

Specific activities of the Office include performing financial audits, conducting Federal funds compliance audits, providing local government oversight, conducting agency and program performance audits, performing fraud and compliance audits, and operating the State Auditor Hotline for citizens to report suspected financial issues or improprieties. These capabilities strengthen Utah State Government and help taxpayers have confidence in the integrity of Utah's government agencies.

The Utah State Auditor is a Constitutional Officer of the State of Utah, elected directly by the state's citizens every 4 years. The role of the Utah State Auditor is authorized in Article VII, Section 15 of the Utah Constitution. For more information, see auditor.utah.gov.

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