



UTAH STATE BOARD OF EDUCATION

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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Joel Coleman
Interim Chief Executive Officer

DATE: November 7, 2014

DISCUSSION: USOR Risk Mitigation Plan

Background:

The Utah State Office of Rehabilitation (USOR) has prepared a Risk Mitigation Plan and will present the plan to the Finance Committee during the November meeting.

Key Points:

The Finance Committee will be provided copies of the Risk Mitigation Plan for USOR for input and feedback.

Anticipated Action:

The Committee will review the USOR and USOE Risk Mitigation Plans and provide feedback.

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USOR Addendum to the USOE Draft Mitigation Plan

The Internal Audit Section also performed a risk assessment of the Utah State Office of Rehabilitation (USOR) and the Annual Risk Assessment Summary document prepared by the Internal Audit Section also included USOR in the four overall areas of risk identified. Because all the entities governed by the Board of Education are impacted by the four overall areas of risk, elements of the USOE Draft Mitigation Plan also apply to USOR. However, USOR has included additional preliminary risk mitigation strategies along with requests for action by the Board and the Office of the Superintendent to help with their risk mitigation strategies for each overall area.

Additional USOR Risk Mitigation Efforts and Requests:

1) Unclear Assignment of Responsibilities, Decision Making and Reporting

A documented governance structure would help ensure adequate communication and fulfillment of responsibilities by the Board and USOR; therefore, USOR requests that the Board determine and approve an appropriate governance structure to provide oversight for USOR. At the June 2014 Audit Committee Meeting, USOR presented four governance options and the USOR recommended option; however, since then, no further action has been taken by the Board. The memo from June is attached.

Consistent with the USOE plan, USOR requests that the Board Bylaws include clarification of the reporting structure and communication lines USOR management with USOE management and the Board. USOR feels the Executive Director should attend the Audit Committee meeting each month similar to USOE management to help facilitate the communication process on fiscal and programmatic matters.

To help mitigate risks associated with fiscal challenges and responsibilities, USOR hired an internal auditor in January 2014 and just recently hired a compliance and budget officer. However, because USOE Internal Accounting performs the fiscal functions for USOR and the responsibility for decision-making related to fiscal and grant items has been unclear, USOR requests that the evaluation of the organizational structure, noted in the USOE plan, include consideration of the appropriate structure for and critical functions and approvals to be performed by Internal Accounting and USOR.

2) Additional Resources Necessary to Manage Federal and State Programs

USOR is also subject to the new Omni-Circular regulations, which requires additional monitoring of subrecipients. USOR is attending the monthly training program noted in the USOE Plan and looks forward to participating in the development of grant monitoring tools with USOE.

Additionally, USOR is in process of gaining an understanding of and implementing new procedures related to the passage of the Workforce Investment Opportunity Act, which reauthorized and updated the rehabilitation regulations. To mitigate the risks associated with new regulations, USOR is

participating in webinars and other trainings as well as looking to realign staff as necessary to ensure appropriate implementation of and compliance with the new WIOA regulations.

As mentioned above, USOR recently hired a compliance and budget officer to help monitor and track grant compliance. Further, also as mentioned above, a formal governance structure by the Board, with additional clarification in the Board Bylaws of communication lines and a reporting structure, will also help mitigate risk and ensure appropriate oversight of management of federal and state resources.

At this time USOR is not requesting any additional resources regarding the management of state and federal funds.

3) Lack of Formal Comprehensive Policies and Procedures for all Offices Governed by the Board

USOR welcomes the opportunity to work with USOE in identifying current policies and procedures and developing a consistent, comprehensive, formal body of policies and procedures for all entities governed by the Board. USOR is anticipating that the Policy Director position would fall in the indirect cost pool as the position would benefit multiple sections/divisions. As USOR contributes significantly to cover the costs of the indirect cost pool USOR should also derive benefit from the Policy Director position to ensure the USOR indirect cost contribution is an allowable cost to their grants.

USOR currently does not have access to the USOE Intranet, which makes it difficult to access policies and procedures that are applicable to all entities governed by the Board; therefore, USOR requests that as part of the policy effort, policies be made accessible to employees of all entities governed by the Board.

4) Data Systems and Financial Structure

USOR has separate IT staff who are aware of security concerns and who work with USOE IT to ensure the security of data.

A new client services management system is currently being customized and is slated to begin full use in July of 2015. The new system, AWARE, will not interface with BASE, but will directly interface with FINET, which will help mitigate risks associated with using multiple systems. Internal Audit is aware of the new system and the system will be included in the IT audit that the Internal Audit Section will perform.

USOR is looking forward to the transition from BASE to FINET. As USOR has multiple divisions and district offices; therefore, the transition will require training across the state, which will require additional time and potentially travel. There may be additional challenges as rehabilitation staff will be trained on the new client services system at the same time; therefore, USOR would appreciate being involved in discussions regarding the transition timeline to ensure adequate resources are available for an efficient transition.



Employment & Independence

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Utah State Board of Education
Proposed Options to Audit Committee for Board Governance of USOR
June 6, 2014

Under the Utah State Board of Education (the Board), the Utah State Office of Education, Utah State Office of Rehabilitation (USOR), and the Utah Schools for the Deaf & Blind (USDB) work in unison to provide Utah's current and future generations education, learning, and capacity to: secure and perpetuate freedom and enjoy full community participation, civic integration, self-determination, personal responsibility, economic prosperity, and self-sufficiency.

To this end, we offer the following options for Board oversight and governance of the USOR:

1. Participation of Board member(s) on the Utah State Rehabilitation Council (SRC)

This federally mandated advisory council is made up of Board appointed members who meet approximately 10 times a year to review, analyze, and advise the USOR on activities, programs, and policies.

2. Assignment of USOR to an already existing Board committee with specific reporting guidance

USOR currently reports to the Law & Licensure committee on a quarterly basis and to the Audit and/or Finance committee as requested. The current reporting model does not appear to provide adequate oversight; therefore, additional guidance on the frequency and type of reporting would be required.

3. Establishment of a Board committee with responsibility of USOR (and USDB) oversight

The Board could create a new committee for the purpose of hearing reports from USOR and USDB.

4. Oversight of USOR by the entire Board:

USOR could report to the entire Board on a determined schedule.

USOR Proposal:

USOR feels a combination of options 1, 2 and 4 above would provide ideal governance and oversight. Option 3 is not proposed for inclusion here as we feel the Board is not likely interested in establishing another committee. USOR's proposal is as follows:

- a. One (or more) Board member as a member of the SRC, who in turn provides the Board with agency related updates.
- b. Quarterly reports from USOR Administrative staff to the Board as follows:
 - a. Two quarterly reports to the Finance committee, which could include; 1) budget updates, 2) performance measures, 3) integrated activities with USOE Special Education, 504, CTE, Adult Education, Youth in Custody programs, USDB and 4) any other specifically requested information.
 - b. Two quarterly reports to the full Board, which could include: 1) consideration of legislative appropriation requests, 2) an annual report on USOR activities, achievements and performance, and 3) any other specifically requested information.