

Agency: UTAH STATE BOARD OF EDUCATION

Request Title: *Internal Audit Critical Needs FTE Request*

Purpose Statement:

- Increase Internal Audit department capacity to support the governance and oversight of public education and the Board through:
 - Timely and objective internal audits,
 - Timely and effective processing of concerns received on the Public Education Hotline,
 - Timely and comprehensive audit tracking, and
 - Facilitation of external audit responses and submission of corrective action updates for external audits (e.g., OLAG, OSA, federal).

What is the nature of your request?

Select one:

POLICY REQUEST – You are seeking changes to Utah State Code to improve your program/services.

✓ **FUNDING REQUEST** – You are seeking new or additional financial resources to support a program/service for education.

BOTH POLICY and FUNDING – You are proposing a new program or expansion of an existing program that will require new/amended state code and financial resources.

Questions? Please contact:

Greg Connell (Greg.Connell@schools.utah.gov) for questions related to a policy request.

Current Funding for FY 2026: *(Provide current year funding differentiating one-time and ongoing funding for the program.)*

FY 2026 Ongoing Funding = \$1.76 million

FY 2026 One-Time Funding = \$0

Projected Results: *(Provide 1-2 bullets on how the policy/funding request would lead to a measurable outcome in the K-12 education system (ex. performance measure).)*

- Maintain or decrease the average time to comply with legal requirements related to the Public Education Hotline outlined in [R277-123](#),
- Enhance reporting of data related to the Public Education Hotline,
- Reduce internal audit completion timelines,
- Maintain external audit (e.g., OLAG, OSA, federal) liaison efficiency and ensure compliance with related laws and standards,
- Maintain the ability to consult and provide advisory services to the Board, shareholders of public education, USBE staff, and other elected officials.

Rationale: *(Describe in 1-2 bullet points the “why” behind your request. Why is this action necessary for K-12 education?)*

- The functions the Internal Audit department performs are critical to 1) providing reliable data and objective analysis to elected officials for accountability and safety within the public education system, 2) providing independent consultation and assistance to LEAs, parents, etc., and 3) facilitating information and responses for external audits. Examples include:
 - [Attendance Audit](#)
 - [Data Reliability Audit – Graduation and Student Data](#)
 - SFY2025 total complaints received on the Public Education Hotline: **705**
 - Number of legislative audits/reviews (completed or currently in-process) related to public education from January 1, 2020 – June 30, 2025: **42**

- Elected officials are seeking accountability for the public education system, as seen through recent changes to law (e.g., General Session [2025 H.B. 497 Public Education Compliance](#), General Session [2024 HB244](#), June 2025 Amendments to [Board Rule R277-123](#)). These changes have increased the number of requirements the Internal Audit department must comply with related to audits and the Hotline.

If not funded/approved: *(Describe in 1 sentence the impact of not funding/approving this request. This needs to be based on factual evidences.)*

- Internal audit coverage of the public education system, which continues to grow and change, will continue to decrease as audit timelines increase, and response times to screen and refer concerns will also increase, potentially resulting in increased frustration for shareholders of public education, and less safety, transparency, compliance and accountability in public education.

USBE Lead Point of Contact:

Name: Debbie Davis, Chief Audit Executive, CPA
Email Address: debbie.davis@schools.utah.gov
Phone Number: 801-860-0273
USBE Section: Internal Audit

Additional USBE points of contact *(as needed):*

Name: Kevin John, Deputy Audit Executive, CFE
Email Address: kevin.john@schools.utah.gov
Phone Number: 801-538-7703
USBE Section: Internal Audit

Deputy Superintendent Name: *(You must review this request with your chain of command including the Deputy Superintendent in your chain of command.)*

Not Applicable as Internal Audit reports directly to the Board.

POLICY REQUEST – *N/A*

This section only needs to be completed if you are making a policy request (creating or changing existing Utah Code language).

FUNDING REQUEST

This section only needs to be completed if you are seeking new or additional funding.

Board Action for Request:

- June 4, 2025 Board Meeting, Agenda Item 5.6 (Finance Committee)

1. Summarize the request, the specific problem it will solve, and how it will solve the problem.

- Request: Appropriation to fund an increase for the existing Hotline Specialist position and additional FTE's for the Internal Audit department to perform critical functions that provide service and support to elected officials, parents, LEAs, and others, in a timely manner.
- Problem: Capacity is insufficient to, in a timely manner:
 - Maintain the level of service to receive and process concerns received on the Public Education Hotline, as well as comply with new requirements in law,

- o Analyze public education programs, information, and risks, in accordance with law and standards, to support governance and oversight of public education effectively and in a timely manner,
 - o Facilitate assistance, responses, and corrective action for the volume of external audits (OLAG, OSA, federal) of USBE and the public education system, and
 - o Provide training resources, technical assistance, and advisory services.
- Resolution: FTE's will provide additional capacity to perform critical functions (e.g., internal and external audits, Public Education Hotline, technical assistance and advisory services) in compliance with increasing requirements in law and in a timely manner, as follows:
 - o 2 FTEs for Hotline Specialists
 - o 1 FTE for an Internal Audit Data Specialist
 - o 2 FTEs for Staff Education Auditors
 - o Promote current Hotline Specialist to a supervisory role to oversee the new hotline specialists

2. Amount Requested: *Figures are rounded to the nearest thousand.*

Funding Source	Amount (\$)
FY 2027 one-time funding	\$35,000
FY 2027 ongoing funding	\$823,000
TOTAL funding requested	\$858,000

3. Provide an itemized budget, including revenue and expenditure sources, for how the funding will be utilized.

Funding Source(s):

Cost Category	FY 2026 <i>(Current fiscal year)</i>	FY 2027
Personnel Services	\$	\$725,000
Travel/In State	\$	\$
Travel/Out State	\$	\$
Current Expenses	\$	\$17,500
Data Processing Current Expenses	\$	\$17,500
Data Processing Capital Outlay	\$	\$
Capital Outlay	\$	\$
Other Charges/Pass Through	\$	\$98,000
Transfers	\$	\$
Other	\$	\$
Total	\$	\$858,000
NEW USBE FTEs being requested as part of the funding request	FY 2026 <i>(Current fiscal year)</i>	FY 2027
NEW USBE FTEs	0	5

4. To what extent is this request scalable? Articulate the impacts if lower funding amounts were provided for this request.

- The request is based on the number of man-hours anticipated to meet the current demand and required compliance; therefore, scalability is by man-hours. Less funding means fewer man-hours. As noted above, fewer manhours translates into less audit coverage, longer response times to screen and refer concerns, as well as to complete and provide objective analyses, assistance, and audit responses. This will further increase frustration for shareholders of public education, as well as result in less safety, transparency, compliance and accountability in public education.

5. What has been done or considered to address this problem with existing resources, instead of requesting additional state funding?

- In March 2025, the Board identified funding from its budget and allocated it to the Internal Audit department to hire an additional Advanced Education Auditor.
- The Internal Audit department has done the following to expand capability with existing resources:
 - o Increased and improved the use of technology
 - o Reviewed and improved department policies, procedures, and processes; strategically abandoning items that are not efficient or effective.
 - o Employed skilled hiring practices and training of staff that requires accountability and recognizes effort in support of department goals and core values.
 - o Retained staff where possible, thereby increasing workload capacity through increased capability.
 - Also collaborated with DHRM to revise job classifications in 2024, including compensation ranges.

- o Reduced expectations (e.g., increased time to screen hotline concerns, pushed back audit completion deadlines).
- o Employed time-saving methodologies, in consideration of risk, to arrive at conclusions (e.g., reviews using sampling vs. populations).
- o Networked with peers at other state agencies to consider standard and operational best practices.
- o Prior to 2021, hotline concerns received were handled with existing capacity; (i.e., the Chief Audit Executive, Deputy Audit Executive, and Executive Secretary). In 2021, with existing resources, a part-time Hotline Specialist was hired; in 2022 additional existing funds were allocated to make the position full-time.

6. Summarize the current budget for the project or program that is being funded. If this is a new project or program, summarize resources that are available for like-objectives within USBE.

- The Internal Audit department is not a new program. The SFY2026 department budget of approximately \$1.76 million is:
 - o **86%** personnel costs,
 - o **11%** indirect costs (i.e., personnel costs of other USBE support functions [e.g., IT, Financial Ops]), and
 - o **3%** fixed costs, required professional development, equipment and supplies, etc.

7. Does this request create any future funding obligations (operations and maintenance, multi-year scale up, etc)?

- Only the on-going funding for the FTE's requested

8. Describe how the funding case supports the goals and metrics of the USBE Strategic Plan.

- Board goals are specific to transparency, excellence, efficiency, high-quality, and accountability. The result of Internal Audit department critical functions, which additional funds will help with, is as follows:
 - o Maintaining or decreasing the average time to respond to and/or refer allegations received on the Public Education Hotline,
 - o Performing audit analyses to inform Board policy making,
 - o Complying with new requirements in Utah Code and Board Rule to facilitate increased accountability for complaints that are received.
 - o Enhancing reporting of data related to the Public Education Hotline,
 - o Reducing internal audit completion timelines,
 - o Maintaining external audit (e.g., OLAG, OSA, federal) liaison efficiency and ensuring compliance with related laws and standards,
 - o Maintaining the ability to consult and provide advisory services to the Board, shareholders of public education, USBE staff, and other elected officials.

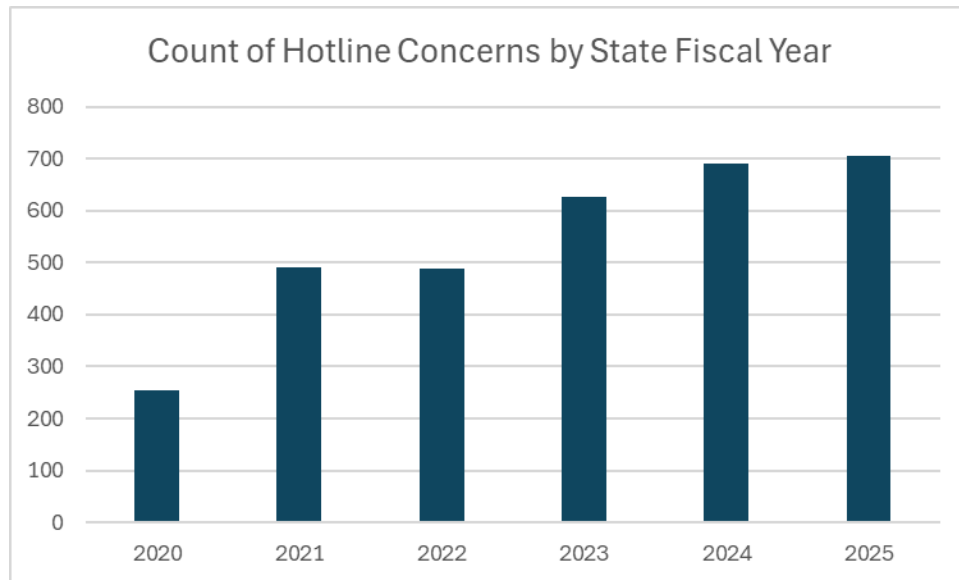
9. What value will additional resources create for Utah? What performance measures for that value will be reported or are already reported?

- **Value:** Additional funding will create/contribute to value in the following areas:
 - o Reduced frustration with public education as hotline complaints are managed with more LEA accountability and reported on with more transparency.
 - o More timely independent analyses of public education risk, data, systems, operations, and governance as audits are completed faster.
 - As an example of a recent audit analysis that the Board directed be sent to all Legislators, see: [Attendance Audit](#)
 - o Continued tracking of external audits, including facilitation and accountability for status updates on implementation of recommendations.

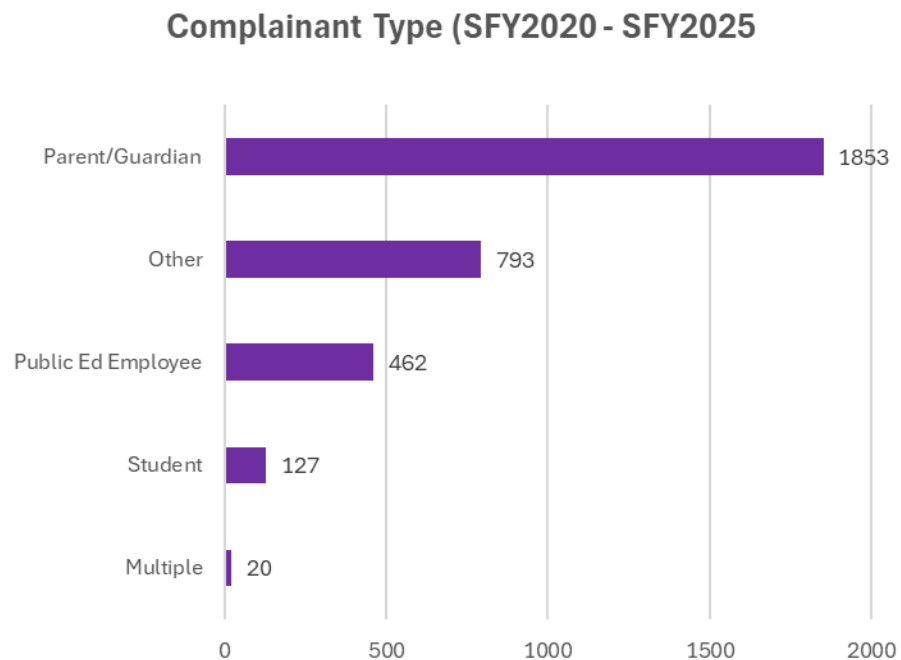
- o Capacity to provide training resources, advisory services, technical assistance. Areas or topics may include:
 - LEA governing boards
 - LEA internal audit functions
 - Developing effective internal control systems, including policies and procedures
- **Reporting:** The Internal Audit department reports use of work time to the Board on a monthly basis and provides department strategic plan (including performance metrics) updates on a quarterly basis. Performance metrics include items such as:
 - o Employee retention
 - o Hours to Technical Assistance Ratio
 - o Hours to Hotline Ratio
 - o % of Work Time for Critical Functions
 - o Communications (Technical Assistance) Impact
 - o Completion of Significant Projects

10. Provide details, sources, research, and analysis to which forms evidence-basis for this request or the associated program (e.g, cost benefit analysis, program evaluation, results from pilot program, etc).

- Public Education Hotline (Hotline) Data:
 - o The growth rate of concerns received on the hotline since SFY2020 is 176%; the growth rate since SFY2018 is 352%.
 - While concerns received continue to increase, dedicated Internal Audit department staff has remained the same since SFY2022 at 1 FTE. Related requirements in law also increased during SFY2025.



- o The majority of concerns received on the Public Education Hotline are from parents as shown below.



- o Recent actions by the Legislature and the Board have changed or increased requirements related to the Hotline. Examples include:
 - 2025 General Session *HB497 Public Education Compliance (see lines 78-104)*
 - 2024 General Session, *HB29 Sensitive Material Review Amendments (see lines 200-201)*
 - 2024 General Session, *HB261 Equal Opportunity Initiatives (see lines 531-532, 550-551, 574-575)*
 - December Board Meeting, *R277-123 Process for Members of the Public to Report Violations of Statute and Board Rule*
 - June 2025 Board Meeting, *R277-123 Process for Members of the Public to Report Violations of Statute and Board Rule*
- Internal Audits
 - o In general, internal audits consider items at the public education system level (i.e., strategic, statewide, level), though on occasion—based on risk—they are specific to an LEA or USBE. Per USBE Data & Statistics, the system is comprised of:

LEAs (2025)	157
Schools (2025)	1,039
Licensed FTEs (2024)	39,876
Classified FTEs (2024)	29,605
Student Enrollment (Oct 2024)	668,817

There are also, as found on June 27, 2025, 1700+ pages of Utah Code and Board Rule.

- o Strategic level internal audits are comprehensive (e.g., large amounts of data, regulations at multiple levels, various entities [e.g., LEAs]) and therefore require a significant amount of resources and time to complete. For example:

- [Attendance Audit](#) – This audit considered 1) laws and policies related to student enrollment, attendance, and membership, 2) the related data, systems, and impact on funding, and 3) surveyed parents and teachers regarding school choice and attendance. Risks were identified in each of the areas noted.
- [Data Reliability – Graduation and Student Data \(2022-01-B\)](#) – This audit considered the reliability and validity of graduation and student data at a sample of LEAs; several risks were identified including significant error rates when comparing LEA data to USBE data and vice versa. Areas with error rates include student attendance, student absences, and students meeting graduation requirements.
- o The Internal Audit department recently provided technical assistance to the Data Systems and Reporting Advisory Committee, which is tasked to address items in HB508 *School Data Amendments* (2025 General Session). Specifically, information was provided about data reliability and LEA student information systems as identified when completing audits and namely the two audits linked above.
- o The Internal Audit department is currently performing and/or tracking (as of 6/27/2025):

Internal Audits In-Process	2
Internal Audits in Corrective Action	7

- External Audits
 - o The Internal Audit department is the external audit liaison for the USBE, meaning it facilitates logistics for audits by the Office of the Legislative Auditor General (OLAG), Office of the State Auditor, audits by federal entities, etc. Audits, with associated corrective action on findings and recommendations, generally span fiscal years. The

Internal Audit department is currently tracking (as of 6/27/2025):

External Audits In-Process	18
External Audits in Corrective Action	12

- o Of note, the number of legislative audits (i.e., completed by OLAG) related to public education has increased as follow (*numbers have been rounded*):

2014-2021 (average # completed)	2
2022-2024 (average # completed)	5
2025 (completed)	9
Currently open	9

- This is due, in part, to OLAG starting an Education Excellence initiative in 2023 that included receipt of an appropriation of \$650,000 to hire 5 auditors to help with education related audits.
- o HB244 (General Session 2024) *Office of Legislative Auditor General Requirements* significantly impacts the resources of the Internal Audit department and USBE given the volume of legislative audits of public education. The bill requires 180-day reporting to the legislature on the status of each individual recommendation (e.g., implemented, partially implemented, not implemented) in an audit.

11. Which populations or geographic areas will benefit most from this request? What safeguards will be implemented to prevent inequities or other unintended distributional consequences as it relates to this request?

- The Internal Audit department's critical functions serve all geographic areas of the state, and all levels of public education (e.g., boards, administration, education employees, parents, students) without restriction. Anyone may submit a concern to the Public Education Hotline.
- Specific to audits, audits are risk-based and prioritized by the Board's Audit Committee with approval by the full Board, which serves to ensure populations and/or areas are properly served.

12. Which stakeholders have you engaged and coordinated with during the development of this request?

- As this was a request directly from the Board, we have not engaged and coordinated with others.

Last Step: When the Legislative Request Form is complete and has been reviewed by your Deputy Superintendent, email the following individual(s) to inform them the request is ready for next steps.

- **Policy Request Only:** Greg Connell, Greg.Connell@schools.utah.gov
- **Policy Request *and* Funding Request:** Greg Connell, Greg.Connell@schools.utah.gov and Todd Call, todd.call@schools.utah.gov
- **Funding Request Only:** Todd Call, todd.call@schools.utah.gov