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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Brad C. Smith
Chief Executive Officer

DATE: March 5-6, 2015

ACTION: R277-114 *Corrective Action and Withdrawal or Reduction of Program Funds* (Continuation)

Background:

R277-114 *Corrective Action and Withdrawal or Reduction of Program Funds* is due for its five-year review and continuation consistent with the Utah Administrative Rulemaking Act. The rule must be approved for continuation by the Board or it will expire on May 12, 2015. Staff have reviewed R277-114 and determined that the rule continues to be necessary. Staff is currently in the process of preparing amendments to R277-114, consistent with the Finance Committee's request.

Key Points:

R277-114 continues to be necessary because it provides procedures for public education program monitoring and corrective action for noncompliance with identified program requirements, program accountability standards, and financial propriety.

Anticipated Action:

It is proposed that the Finance Committee consider approving R277-114 for continuation on first reading and, if approved by the Committee, the Board consider approving R277-114 for continuation on second reading.

Contact: Bruce Williams, Associate Superintendent, 801-538-7514
Natalie Grange, School Finance Director, 801-538-7668

1 **R277. Education, Administration.**

2 **R277-114. Corrective Action and Withdrawal or Reduction of**
3 **Program Funds.**

4 **R277-114-1. Definitions.**

5 A. "Board" means the Utah State Board of Education.

6 B. "Program" for purposes of the rule means a public
7 education project or plan under the direction of the Board,
8 with a specific goal or outcome for which public education
9 funding is provided.

10 C. "Recipient" means a school district or school district
11 program, charter school or charter school program, contractor,
12 or any other entity that receives program funding as defined
13 in this rule.

14 D. "State Superintendent" means the State Superintendent
15 of Public Instruction as defined under Section 53A-1-301.

16 E. "USOE" means the Utah State Office of Education.

17 **R277-114-2. Authority and Purpose.**

18 A. This rule is authorized by Utah Constitution Article
19 X, Section 3 which vests general control and supervision of
20 public education in the Board and by Section 53A-1-401(3)
21 which allows the Board to adopt rules in accordance with its
22 responsibilities.

23 B. The purpose of the rule is to provide procedures for
24 public education program monitoring and corrective action for
25 noncompliance with identified program requirements, program
26 accountability standards, and financial propriety.

27 **R277-114-3. USOE Responsibilities.**

28 A. USOE Directors, coordinators and program specialists
29 shall act as designees of the State Superintendent and shall
30 review compliance with program outcomes and financial
31 propriety.

32 B. Designated program reviewers shall act and carry out

33 responsibilities consistent with federal requirements, state
34 law and administrative rules.

35 C. The following minimum procedures shall be followed
36 prior to reducing or withholding funds from a recipient:

37 (1) The USOE, with assistance from directors,
38 coordinators and program specialists, shall draft and
39 implement a consistent monitoring procedure that includes
40 standards for both recipient program outcomes and financial
41 compliance. This monitoring program shall be communicated to
42 the recipient regularly, and proper documentation of
43 monitoring and compliance procedures conducted by USOE staff
44 shall be maintained at the USOE.

45 (2) Recipients that do not demonstrate satisfactory
46 outcomes, demonstrate noncompliance with program requirements
47 or allowable program expenditures, or those that do not comply
48 with requests to provide accurate and complete program or
49 financial information enabling determination of compliance may
50 be placed on corrective action.

51 (3) All courses of action should be discussed with the
52 USOE deputy/associate superintendent who supervises the
53 program, prior to placing recipients on a corrective action
54 plan as follows:

55 (a) Corrective action plans shall clearly outline all
56 areas of noncompliance and establish a reasonable time frame
57 for the recipient to correct identified issues.

58 (b) Notification and a copy of the corrective action plan
59 shall be communicated in writing to a program administrator as
60 well as the superintendent/CEO and business administrator of
61 the school district or school district program, charter school
62 or charter school program, contractor, other recipient in
63 question, the USOE deputy/associate superintendent over the
64 program, the USOE internal auditor, and the State
65 Superintendent.

66 (4) Directors, coordinators and program specialists shall

67 follow up with the recipient to clarify questions and assist
68 the recipient in establishing appropriate corrective measures
69 to further compliance.

70 (5) If a recipient does not respond or does not satisfy
71 the requirements of the corrective action plan by established
72 deadline(s), the program director, coordinator, or supervisor
73 shall notify the Internal Auditor, who will notify the State
74 Superintendent.

75 (6) Verification of noncompliance and contact with the
76 recipient to discuss and investigate the issues addressed in
77 the corrective action plan shall be left to the discretion of
78 the State Superintendent, Board Audit Committee and Internal
79 Auditor.

80 (7) The Board shall determine if and at what level
81 funding for programs may be withheld or terminated by the
82 State Superintendent and when the Board should withhold or
83 terminate a program or validate the State Superintendent's
84 recommendation for withholding or termination of funding.

85 **KEY: programs, noncompliance, corrective action**

86 **Date of Enactment or Last Substantive Amendment: May 12, 2010**

87 **Notice of Continuation: 2015**

88 **Authorizing, and Implemented or Interpreted Law: Art X Sec 3;**

89 **53A-1-401(3)**