USBE Legislative Request Form

(Policy, Funding, & Efficiency / Reductions)

2027 General Session

Instructions: Use this form to submit requests for statutory changes, new financial resources, or proposed efficiencies (program cuts/reductions). Please complete **Section 1 and 2**, and then complete **Section 3 and/or 4** depending on the nature of your request.

SECTION 1: THE BOTTOM LINE

Request Title: **Amendments to the LEA Internal Audit Act**

USBE Lead Point of Contact:

- Name: Debbie Davis, Chief Audit Executive
- Email: Debbie.davis@schools.utah.gov
- USBE Section: Internal Audit Department

Deputy Superintendent Reviewer: **NA**

(Note: You must review this request with your Deputy Superintendent prior to submission).

Nature of Request (Select all that apply):

[✓] **Policy Change:** Creating, amending, or repealing Utah State Code. *(Complete Section 4)*

[ ] **New/Increased Funding:** Seeking new financial resources. *(Complete Section 3)*

[ ] **Efficiency / Reduction:** Proposing the elimination or reduction of a program, mandate, or funding stream. *(Complete Section 3 and/or 4)*

Purpose Statement (BLUF - Bottom Line Up Front):

In 1-2 sentences, state the exact action you are requesting and the anticipated outcome. (e.g., "We are requesting a statutory amendment and $2M in ongoing funding to create three Mobile Advanced Manufacturing Labs for rural LEAs.")

We are requesting an amendment to statute to update language and clarify requirements of, and responsibilities for, internal audit programs and functions at local education agencies.

SECTION 2: THE BUSINESS CASE

(Required for all requests)

The Problem:

Describe the specific issue, mandate, or inefficiency this request addresses.

Auditor General Minchey recently called for "a new era in Utah government auditing", noting that "Policymakers and leaders…need high-impact auditing that leads to meaningful improvements." In support of this call, the Office of the Legislative Auditor General released the Best Practice Handbook: Maximizing the Value and Independence of Internal Audit.

Internal Audit has received some feedback from LEA governing board members regarding confusion with the current LEA internal audit requirements.

This request is an opportunity to provide clarity to LEA governing board members, LEA Audit Committee members, LEA administrators, and the public about LEA audit committee and internal audit programs, as well as to update an outdated reference to professional internal auditing standards.

Projected Results:

If approved, what is the measurable outcome in the K-12 system?

(Please list 1-2 specific performance metrics. Link to existing performance measures will be added here).

- Increased efficiency and effectiveness of LEA governing boards and LEA administration (particularly for LEAs with an internal audit program) specific to audit/audit committee-related activities.

Consequence of Inaction:

Factually state the impact if this request is NOT approved or funded.

- Lack of clarity regarding roles and responsibilities associated with local education agencies' audit committees and internal audit programs.
- Increased risk of waste, abuse, fraud and performance issues (e.g., inefficiency, ineffectiveness) at local education agencies

Evidence & Data:

Provide the source, research, or analysis that proves this is the right approach

(e.g., cost-benefit analysis, program evaluation, pilot program results).

The public education system is a statewide system and this issue requires a statewide solution for consistency, transparency, and efficiency. Statewide solutions generally come in the form of statute or rulemaking as directed by statute (53E-3-401(4)). Statute currently has not directed rulemaking by USBE specific to local education agency internal audit functions; thus amending statute is the right approach.

SECTION 3: FUNDING, OFFSETS, & EFFICIENCIES – Not Applicable

(Complete only if your request involves financial resources or proposing budget cuts)

Financial Ask:

(If a field does not apply, enter $0).

- **FY 2027 Ongoing Requested:** $_____________
- **FY 2027 One-Time Requested:** $_____________
- **Proposed Offsets / Savings:** $__________ *(Amount saved by cutting redundancies or reallocating existing funds)*

The Offset Strategy:

If you are requesting new funds, what duplicate programs, ineffective streams, or *outdated mandates could be cut or reallocated to fund this? Please name the specific programs/funds.*

[Type response here]

Future Obligations:

Does this request create multi-year scale-up costs or ongoing maintenance obligations?

[ ] Yes

[ ] No

If yes, please describe: ____

Itemized Budget Request:

(Please detail how the funding will be utilized across the following categories).

Cost Category	FY 2027 (Current)	FY 2028
TOTAL REQUESTED	**$**	**$**

New USBE FTEs Requested: _________(Enter number of new FTEs)

SECTION 4: POLICY & STATUTE

(Complete only if your request involves changing or eliminating Utah State Code)

Code Sections Affected: *(List specific state code references, or write "New Code")*

[53G-7-401 and 53G-7-402]

Suggested Legislative Solution: *What specific language needs to be added, amended, or repealed?*

53G-7-401(2) – change "Audit director" to "Chief Audit Executive" and change instances of use throughout this part (401 and 402) as well. This change signifies the importance of the position to everyone at the local education agency.

53G-7-401(5)(c)(i) – reference to International Standards for the Professional Practice of Internal Auditing should be updated to the Global Internal Audit Standards, which name change became effective January 2025. The same change should be made in the Utah Internal Audit Act (63I-5-102(9)(c)(i)).

53G-7-402(3)(b) – remove the option to contract for internal audit services, which essentially makes the internal audit function an external audit function. Additionally, when internal audit services are provided by an external party the LEA governing board and audit committee do not receive the full value of internal audit. For example, 1) the level of institutional knowledge is lacking, which makes it more difficult to "evaluate the effectiveness of the local education agency governance, risk management, internal controls and efficiency of operations", 2) an annual risk assessment may not be completed, and 3) the board and audit committee do not typically receive the same level of independent technical assistance for audit committee meetings and when facilitating external audits.

For additional clarification specific to **items that should already be happening**, add the following sections (also see the OLAG Best Practice Manual for Internal Audit):

- Audit Committee – Duties and Powers
  - Move subsections (1) – (3) in the current 53G-7-402 to this section.
  - Add provisions similar to 63I-5-301(3) to this section
  - Add the following provisions:
    - The local school board or charter school governing board shall select an audit committee chair and vice chair who will prepare the audit committee agenda and materials, facilitate the audit committee meeting, and prepare and disseminate the audit committee meeting minutes to board members.
      - If the local governing board has appointed an internal audit director (chief audit executive), the director may help with these responsibilities.
    - Local education agency administrators and executives may be invited to attend audit committee meetings at the discretion of the audit committee chair and vice chair for appropriate and allowable agenda items.
- Internal Audit Director - Duties and Powers
  - Move subsections (4) – (7) in the current 53G-7-402 to this section.
  - Add provisions similar to 63I-5-401 to this section
  - Add that the Internal Audit Director (Chief Audit Executive) functions as the external audit liaison, including facilitating audit responses and audit response updates.

Safeguards: *Does this policy change or program reduction create unintended consequences for specific geographic areas or student populations? How will those be mitigated?*

No unintended consequences for specific geographic areas or student populations. Based on the parameters in Utah Code, the internal audit program is only currently required for the 14 largest school districts; which significantly mitigates any potential consequences for smaller districts and charter schools.