UTAH STATE BOARD OF EDUCATION
Internal Audit Department
Audit Brief
Utah Schools for the Deaf and the Blind Audit (25-04)

What We Found

Utah Schools for the Deaf and the Blind (USDB)

The USDB is part of the public education system (the System), which the Legislature establishes, maintains, and funds, and for which the Utah State Board of Education (Board) provides general control and supervision. The Board also serves as the governing board of the USDB, similar to the governing board of a local education agency (LEA), pursuant to Utah Code. These governance roles differ and when operationalized present a challenge for the Legislature, the Board, the USBE, the USDB, and others. See also **Appendix B – Board Governance Overview**.

The Board governs the System and the USDB by enacting Board Bylaws, Board Rules, and Board Policies. In accordance with Utah Code, the Board also appoints a superintendent of the USDB, which superintendent then appoints associate superintendents and others to facilitate daily management and operations of the USDB. The USDB also has an Advisory Council and Education Foundation, which appear to have duplicative roles to some extent.

The findings in **I. Utah Schools for the Deaf and the Blind** and **II. USDB Financial Information** evidence a lack of competence in areas such as:

- Policy development and implementation,
- Financial management,
- Data and records management,
- Personnel management,
- Trust distribution management,
- Risk management, and
- Use of related state systems.

Financial Information

The USDB receives, maintains, and expends monies in the three financial funds 1) Donated Funds (Fund 9214), Education Foundation (Fund 9218), Operating Fund (Fund 9215). Between these three funds, there is a lack of a cohesive and intentional financial strategy for achieving the objectives of the USDB as outlined in state law which is further characterized by inefficiencies, lack of transparency, and unreliable reporting which obscures information for board governance. Additionally, the USDB has over-expended its budget for state fiscal year (SFY) 2025.

Additionally, the significant number of coding errors when recording transactions has resulted in the need to continually make changes, which is inefficient and impacts transparency; billing errors were also identified. Some errors have impacted the amount of funds available and external parties (i.e., overcharging LEAs).

Finally, the USDB receives distributions from two separate trusts with different beneficiaries. Funds are co-mingled and current expenditures from the trusts are questionable and may be considered a diversion of funds from the trust beneficiaries; therefore, a legal opinion has been requested. Limiting expenditures to the respective trust distributions rather than allowing expenditures from comingled distributions would be a significant change impacting previously approved budgets, activities, and account coding.

Non-Financial Information

The USDB generates and reports various data regarding students, services received by students, educators, etc. on both a monthly and annual basis. The USDB indicated monthly data is "less reliable" and annual data is "very reliable." Data analysis and data verification efforts concluded that both monthly and annual data is unreliable, inaccurate, and 33% of data points reviewed are unverifiable. Additionally, enrollment and attendance data analyzed for school year 2024 were overreported. This is due—at least in part—to a lack of data definitions, policy to ensure consistency when generating data and developing reports, and inadequate record retention.

Since at least the 2022 legislative session, the USDB has sought appropriations from the Legislature for new facilities. This effort has been somewhat stymied by a lack of reliable data. Furthermore, unreliable data, as evidenced in this report, also appears to impact two independent facilities studies that were commissioned and completed prior to the USDB generating a reliable system to track relevant student and service data.

Impacts

Impacts to the public education system and the USDB may include, but are not limited to:

- Additional scrutiny from policy makers (e.g., a legislative audit, a workgroup, USBE Financial Operations assistance with yearend close and SFY2026 budget preparation) and the Board of Examiners, specific to over-expending its SFY2025 budget,
- Heightened stress with deteriorating morale, particularly for USDB employees, and
- Increased risk, costs, and liability (political, reputational, legal, financial).

Recommendations

Organizational Structure

In accordance with internal control system components, and strategic planning principles, the USDB—with Board oversight—should create a cohesive and intentional plan for achieving its objectives, including using funds to achieve those objectives, and for establishing the roles and responsibilities of related entities (i.e., Advisory Council and Education Foundation). Duplication of effort and oversight should be removed.

Competency and Accountability

Accountability at all levels should be strengthened. This may require new performance management and metrics regarding compliance, operations, policy, and data. Competency in various management functions (e.g., financial, data, policy, risk), should also be prioritized.

Policy

The USDB should complete a risk assessment of critical functions and administrative tasks, including required reports, and—as risk merits—develop comprehensive policies and procedures, inclusive of defined terms.

Data and Funding

The Board, the USBE, and the USDB should consider the data needed to support compliance and performance. Data should be relevant, accurate, complete, consistent, and timely.

Management Response

USDB management concurs with the audit findings and recommendations.
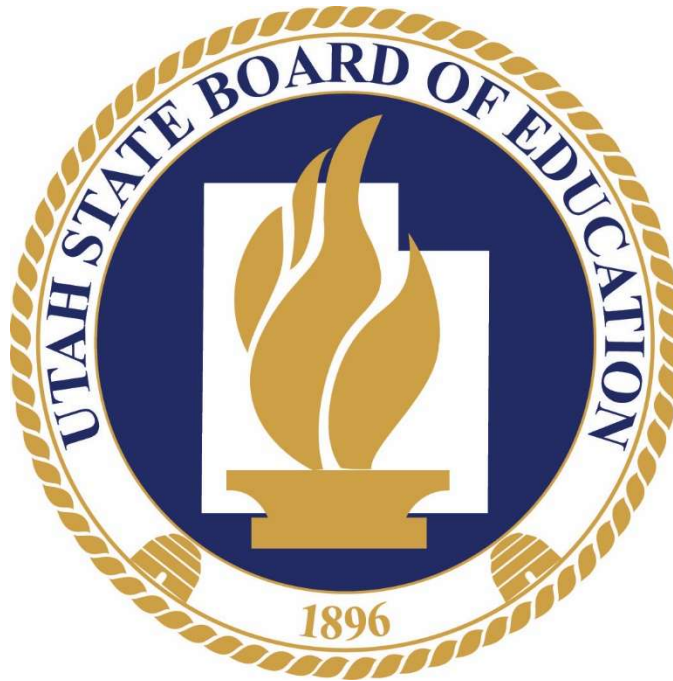
Utah State Board of Education
Internal Audit Department

USDB Audit

25-04

Report No. 25-04

USDB

September 4, 2025

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General Information and Disclosures

Authority and Direction

In accordance with Board Bylaws and Board Policy 2005, the Utah State Board of Education (Board):

- authorizes the Internal Audit Department (IAD) to perform internal audits, and
- prioritizes the internal audits to be completed.

Once approved by the Board, audits are included on an Audit Plan. IAD performs internal audits in priority order as resources are available.

Laws and Standards

Internal audits are conducted in conformance with the current Global Internal Audit Standards (Standards), consistent with Utah Code Annotated (UCA) and Utah Administrative Code (UAC or Board Rule). Laws and regulations of particular note specific to audit processes include:

- UCA 63I-5 *Utah Internal Audit Act*
- Board Rule R277-116 *Audit Procedure*

Records Classification and Distribution

The Board is a governmental entity and thus is subject to Utah Code 63G-2 *Government Records Access Management Act* (GRAMA). Pursuant to GRAMA, audit records that are in-process are protected records; however, once complete, audit records are generally public; thus, distribution is not generally limited.

Introduction

The Introduction briefly explains the format and presentation of the audit report. Observations made throughout the audit are reported in six chapters, including:

I. Utah Schools for the Deaf and the Blind (USDB),
II. USDB Financial Information,
III. USDB Non-Financial Information,
IV. Reasons for the Current Conditions,
V. Why it Matters, and
VI. Recommendations.

For clarity and brevity, each chapter is comprised of parts, sections, and as applicable, subsections. Additionally, supplemental resources in **Appendices A – E** provide clarity related to the audit process, USDB governance and finances, terminology, and criteria.

While acknowledging legislative action (House Bill 537) during the 2025 legislative General Session to change the entity status of the USDB effective July 1, 2025, this audit report is focused on the design and implementation of state law and USDB governance, management, and operations prior to the legislative change. **Appendix B** provides a full-page visual of the board governance image below, which shows governance both before and after July 1, 2025.
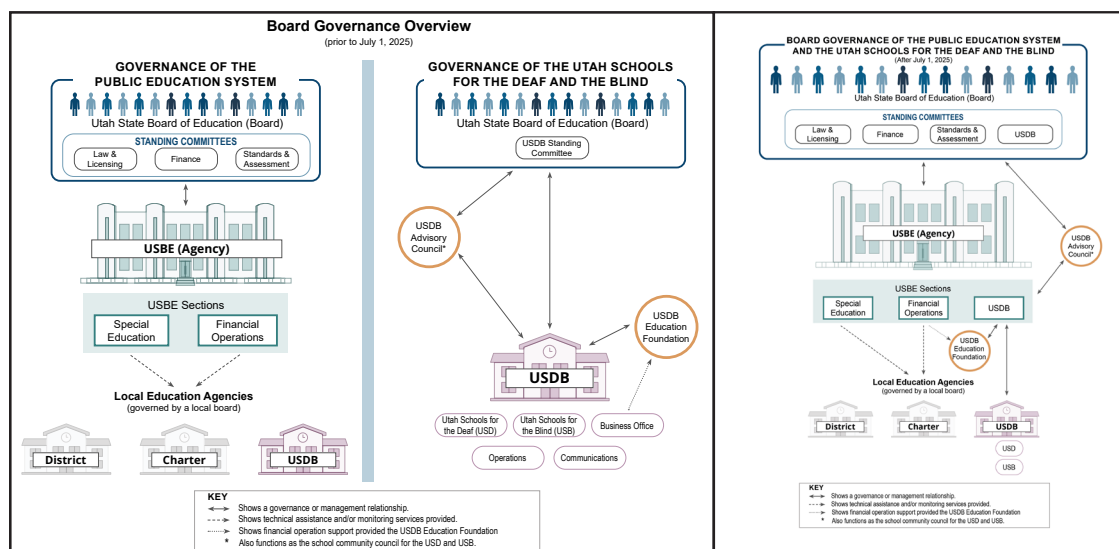
Conclusions related to the information, findings, and observations in the first three chapters of the report are included in the final three chapters of the report and are the opinion of the Internal Audit Department (IAD).

Utah Schools for the Deaf and the Blind (USDB)

I

This chapter considers parties with roles and responsibilities specific to the USDB. It also reviews the entity status of the USDB and its related entities. Each part of the chapter includes information about 1) the design of the USDB which outlines the relevant requirements found in state law, bylaws, and policies, and 2) the implementation which provides examples of how the designed laws function in practice.

USDB Financial Information

II

The second chapter is comprised of findings and observations from various analyses that relate to financial information at the USDB. The chapter is divided into four parts providing an explanation about the financial funds of the USDB; **Appendix C** provides additional information about the three financial funds.

- **II.A Financial Background**
- **II.B Fund 9214 Donated Funds**
- **II.C Fund 9218 Education Foundation Funds**
- **II.D Fund 9215 Operating Funds**

USDB Non-Financial Information

III

The third chapter is comprised of information from various analyses that relate to non-financial information at the USDB. The chapter is divided into two parts, as shown below:

- **III. A. Student Enrollment and Services Data and Reporting** includes information related to students and services provided to students. It also includes data trends as reported by the USDB and the results of data verification analyses.
- **III. B. Average Monthly Enrollment and Attendance** includes an analysis of enrollment and attendance information from the USDB's student information system for school year 2024.

Reasons for the Current Conditions

IV

Reasons are provided to help policymakers and management of the USDB understand why the findings and observations made in the previous three chapters may exist. Insights offered are the result of a staff survey, comments made during various meetings, and observations made by the IAD. The reasons provided are not exhaustive and may relate to one or more of the findings and observations in the previous chapters.

Why it Matters

V

This chapter is provided to help policymakers and management of the USDB understand why the identified findings and observations, and the reasons for the current condition of the USDB, are important. This chapter also includes implications for taxpayers, policymakers, parents, and the public education system (e.g., student, educators, USDB).

Recommendations

VI

Recommendations are suggestions to mitigate 1) the findings and observations and 2) the reasons for the current conditions, or risks, noted throughout the audit report. Although recommendations are provided, it is the responsibility of management and the Board to understand the risks, assess the significance of the risks, and respond to the risks sufficiently to provide reasonable assurance that the objectives of the USDB will be achieved. IAD's responsibility is to follow-up and consider how risks have been addressed.

Contents

I.   Utah Schools for the Deaf and the Blind

This chapter explains the roles and responsibilities, entity status, and financial structure of the Utah Schools for the Deaf and the Blind (USDB) and provides necessary context to understand the later chapters of the report.

While acknowledging legislative action (House Bill 537) during the 2025 General Session to change the entity status of the USDB effective July 1, 2025, this audit report is focused on the design and implementation of state law and USDB governance, management, and operations prior to the legislative change.

A.   Roles and Responsibilities

The USDB exists within the larger public education system (the System). Several parties have governance and management roles and responsibilities to achieve established objectives for individuals receiving services, as well as the taxpayers who subsidize the services.

1.   Design and Implementation

For each party noted below, the design of the respective roles and responsibilities is outlined. Information regarding how the roles and responsibilities of these parties have been implemented is also provided.

(a)   Legislature
(i)   Design
According to Article X of the Utah Constitution, "The Legislature (i.e., representatives of the People) shall provide for the establishment and maintenance of the state's education systems including: (a) a public education system, which shall be open to all children of the state…" Article X, Section 2 continues that "The public education system shall include all public elementary and secondary schools and such other schools and programs as the Legislature may designate." Therefore, it is the responsibility of the Legislature to establish, maintain, and in some cases designate, what constitutes the System. The Legislature does this by establishing expectations within Utah Code and by appropriating funds to support schools and programs of the System.

(ii)   Implementation
As part of the System since approximately 1896, the Legislature created the USDB, which is currently inclusive of a school for the deaf, a school for the blind, services for the deafblind, and the Parent Infant Program (PIP). The Legislature designated the Utah State Board of Education (Board) as the governing board. This represents a dual governance role for the Board, meaning they govern the USDB as part of the System, and secondly as USDB's direct governing board. The latter governance is similar to the board of a local education agency (LEA); thus, the governance roles are substantially different, and when operationalized present a challenge for the Board, the USDB, the USBE, and others.

The Legislature appropriates funding to the USDB, while also allowing the USDB—like LEAs—the opportunity to generate funds from other sources (e.g., federal, donations).

     (b)   <u>State Board of Education (Board)</u>
        (i)   *Design*

Although the Legislature possesses a responsibility related to the design of the System, Article X, Section 3 of the Utah Constitution creates the establishment of the State Board of Education (Board) and vests "general control and supervision of the public education system" therein. The Board includes 15 elected members, which membership is impacted by elections of approximately half of the members every 2 years. After the election cycle, board leadership elections are held, thus the makeup and members of board leadership may also be impacted every 2 years. Other factors may also impact board membership (e.g., board member resignations).

The Legislature has tasked the Board with specific responsibilities related to the USDB, some of which are shown in the table below.

Reference	Description
53E-8-204	The state board is the governing board of USDB and shall 1. appoint a superintendent, 2. approve USDB's annual budget and expenditures, and 3. submit a recurring report to the Legislature inclusive of USDB finances, programs and activities, and student academic performance.

        (ii)   *Implementation*

Based on the 2024 election cycle, four new board members were elected to the board with terms starting effective January 2025. Two of the three board leadership positions were also filled with new board members based on elections in December 2024. Additionally, a member of Board Leadership resigned from the Board in May 2025, to be appointed as the new State Superintendent of Public Instruction. This change impacted board membership and board leadership as well.

The Board implements governance of the System and governance of the USDB as designed in Utah Code, by enacting Board Bylaws, Board Rules, and Board Policies. The Board governs the USDB both at the System level and also at an LEA level as illustrated in the infographic below; see also **Appendix B – Board Governance Overview**.

Board Governance Overview
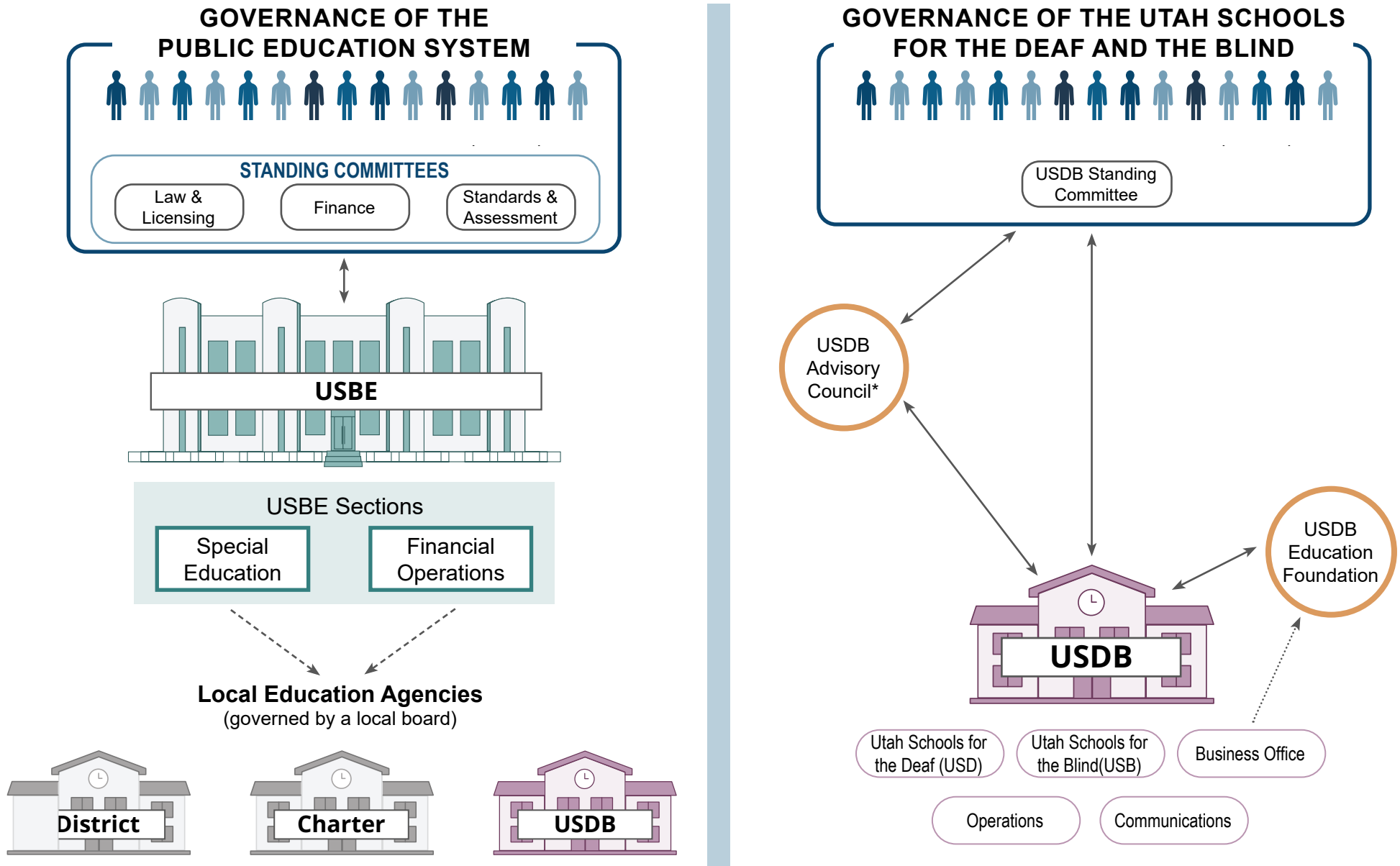
(prior to July 1, 2025)

GOVERNANCE OF THE PUBLIC EDUCATION SYSTEM

STANDING COMMITTEES

- Law & Licensing
- Finance
- Standards & Assessment

USBE

USBE Sections

- Special Education
- Financial Operations

Local Education Agencies
(governed by a local board)

- District
- Charter
- USDB

GOVERNANCE OF THE UTAH SCHOOLS FOR THE DEAF AND THE BLIND

USDB Standing Committee

USDB Advisory Council*

USDB Education Foundation

USDB

- Utah Schools for the Deaf (USD)
- Utah Schools for the Blind(USB)
- Business Office
- Operations
- Communications

KEY

→ Shows a governance or management relationship.

--→ Shows technical assistance and/or monitoring services provided.

····→ Shows financial operation support provided the USDB Education Foundation

* Also functions as the school community council for the USD and USB.

Recognizing the need to enhance accountability of the USDB, in recent years the Board has taken steps to strengthen or add structure to its governance of the USDB, including:

- Board Meetings**:** Board Policy 4001 *Board Governance for the Utah Schools for the Deaf and the Blind* was approved November 4, 2021, and indicates that the Board will "convene as the Board of Education for USDB at least 10 times a year" as the governing board of the USDB.
    - During calendar year 2024, the Board met 11 times as the governing board of the USDB. From January 2025 through June 2025, the Board has met six times as the governing board of the USDB.
- Standing Committee Meetings: At the USDB Board Meeting on January 10, 2025, the Board updated its Bylaws to establish the USDB Standing Committee, which will generally meet each month.
    - From January 2025 through June 2025, the USDB Standing Committee has met five times. The Committee has then reported back to the Board at the next governing board meeting of the USDB.
- Advisory Council: In November 2021, the Board created Board Policy 4002 *Advisory Council for the Utah Schools for the Deaf and the Blind.*
    - This policy was updated in April 2023 to include a member of the Board, appointed by the Board Chair, as a nonvoting member of the Advisory Council.
- Miscellaneous Meetings: As an example of other meetings various board members participated in related to the USDB, after completion of *A Performance Audit of Space Utilization by Utah Schools of the Deaf and of the Blind* by the Office of the Legislative Auditor General in April 2023, it was reported that some board members participated in meetings regarding facilities studies and reports.

(c)   USDB and Local Education Agencies (LEAs)
    (i)   Design

Local education agencies (i.e., school districts and charter schools [LEAs]), are tasked with working directly with Utah families in delivering the anticipated outcomes of the System. The USDB is included in the definition of LEA in many state laws. For example, Utah Code states: "The Utah Schools for the Deaf and the Blind is subject to this public education code and other state laws applicable to public schools, except as otherwise provided by this chapter (Utah Code Ann. 53E-8-203(1))."

Utah Code further indicates the USDB may "serve as the designated LEA for a student and assume the responsibilities of providing services prescribed through the student's IEP [individualized education plan] or 504 accommodation plan … (Utah Code Ann. 53E-8-201(2)(b))." Placement of, and services for eligible individuals with disabilities, whether at the USDB or a different LEA, are determined by IEP teams and Section 504 teams (Utah Code Ann. 53E-8-402) in compliance with federal law (Utah Code Ann. 53E-8-201(3)).

As noted, the Board appoints a superintendent of the USDB, which is similar to other LEAs. The superintendent is then responsible for the daily management and operations of the USDB, including compliance with related laws and policies, and financial management of the various appropriations, donations, and trust funds. Specifically, USDB Policy 1.02 *USDB*

Administration and Leadership states: "The Superintendent is the Chief Executive Officer of USDB, and the Board recognizes the USDB superintendent as an arm of the Board and delegates to the superintendent responsibility for administering the agency in keeping with the rules and directives established by the Board."

To help facilitate management and operations of the USDB, Utah Code requires the superintendent, subject to the approval of the Board, to appoint an associate superintendent to "administer the Utah School for Deaf", and an associate superintendent to "administer the Utah School for the Blind" (Utah Code Ann. 53E-8-204(3)).

For additional assistance with the administration of the USDB, USDB's superintendent appoints the positions listed below (USDB Policy 1.02 *USDB Administration and Leadership*):
- Director of Finance (considered a member of the superintendency)
- Director of Communications and Development
- Director of Information Technology
- Director of Operations

(ii)   Implementation

The USDB implements the design of its specific roles and responsibilities under the direction of the administration noted above.
- Personnel: For awareness related to management roles and responsibilities, the USDB Superintendent since June 2013, resigned effective August 2025. At its August 8, 2025, meeting, the Board appointed the State Superintendent of Public Instruction as the Interim Superintendent of USDB up to December 2025. The Director of Finance also left employment with USDB in late April 2025.

Concerns were identified in various areas, including:
- Qualifications: As part of the management and operations of the USDB, the superintendency employs and supervises individuals with various knowledge, skills, and abilities. Appropriate to their position, these employees must have required licenses and other qualifications (e.g., endorsements). For related findings and observations see **IV.B.2(a) Survey and Analysis: Qualifications**.

- Data and Reporting: Financial and non-financial information is presented to policymakers at regular intervals. The USDB utilizes the various state systems, as well as internal subsidiary systems and documents, to track, analyze, and report data. For related findings and observations see **II.A USDB Financial Information** and **II.B USDB Non-Financial Information**.

- In addition to the above, significant concerns with USDB's provision of information to show accountability to the Legislature, Board, and others were identified as shown below.
  - Compendium of Budget Information (COBI) – As indicated in the COBI, the USDB reported a state fiscal year (SFY) 2025 beginning balance of $10,291,200, which suggests a significant amount of funds on-hand for the new fiscal year. However, the SFY2024 closing balance reported by the USDB was $2,740,300. Thus, the

SFY2025 beginning balance was misstated by approximately $7.5 million and was subsequently corrected by the Office of the Legislative Fiscal Analyst.
- The USDB also had challenges with the SFY2023 year-end close. To close accurately, assistance was sought from USBE Financial Operations staff, who provided training to USDB staff and completed a five-year reconciliation of funds in order to accurately close the year.

o Balanced Budget - In the June 2025 Board Meeting, USDB staff reported a deficit spending position of approximately $572,000 for SFY2025 as of April 30, 2025, as well as the potential risk of ending the year in a deficit position. In the discussion that followed, USDB administration acknowledged it knew it would be close financially at the beginning of the year. Utah Code states: "(1) Expenditures of departments, agencies, and institutions of state government shall be kept within revenues available for such expenditures (Utah Code Ann. 63J-1-217)." Thus, government entities in Utah, including the USDB, are required to maintain a balanced budget.

o In the May and June 2025 Board meetings, information regarding student and service data presented by USDB staff to the Board was misleading. For example, in the same meeting there were statements that data would not be provided, though data was later presented by a different individual. In another meeting there was a statement that the audit was finding data accurate, again misleading, and was later followed by a statement by a different individual that the audit is helpful whatever the conclusion.

B.   USDB Entity Status

As mentioned, the USDB exists within the larger public education system, which includes various types of entities (e.g., local education agencies, regional service centers). The entity status of USDB provides important context for this report.

1.   Design and Implementation

To consider the design and implementation of the entity status of the USDB, as well as related entities and functions, various state laws, policies, bylaws, reports, filings, and other information were reviewed in addition to discussion with relevant individuals.

(a)   <u>USDB</u>

The table below reflects the structure of the USDB codified by the Legislature prior to July 1, 2025.

Reference	Description
53E-8-201	USDB "is created as a single public school agency"
53E-8-202	USDB "is a public corporation"
Financial Reporting Status	Component Unit of the State

State law also clarifies which elements of public education code apply to the USDB and which provisions do not (e.g., Utah Code Ann. 53E-8-203). Generally, it is the financial provisions of the public education code that do not apply to the USDB, rather the USDB is required to follow financial requirements for state entities, including use of the state's financial system, chart of accounts, and internal policies and procedures. See **Appendix D – Criteria I.7** for additional details.

As noted, the Board appoints a superintendent to facilitate daily management and operations, who then appoints other qualified staff to assist. While USDB personnel primarily focus on daily management and operations of the USDB, they also support—and in some cases staff—operations of related entities such as the Advisory Council and Education Foundation. Support and/or staffing includes:

- Facilitating meetings,
- Assisting with budgets and procurement, and
- Preparing reports and presentations.

The above efforts then support accountability with the Board, the Legislature, and others.

(i) Financial Structure

The USDB utilizes the chart of accounts established by the state, which allows the USDB some discretion to code transactions sufficiently to comply with accounting standards and report to policymakers and shareholders.

- To assist staff throughout the USDB, USDB's Business Office prepared a chart of accounts document with the coding specific to USDB divisions, programs, and functions. Various financial analyses of revenue and expenditure transactions for SFY2023 through most of SFY2025 identified:
  - The chart of accounts did not include all relevant and active program codes, and
  - Across funding sources (e.g., state appropriations, enrichment funds, carryforward), the three financial funds (see **II. USDB Financial Information**), included miscoding errors of various data fields (e.g., program, activity, function, object, revenue source) and dollar amounts. Some errors were caught and fixed by the USDB; others were not. One specific analysis of transactions from SFY2023 to SFY2025 (through May 17, 2025) identified just over 800 transactions (2%) representing $1.4 million (7%) that were corrections.

With the transition of USDB's financial operations to the USBE, the chart of accounts that will be used for SFY2026 is reportedly being updated to address these concerns.

(b) Related Entities

Also see **Appendix B** - **Board Governance Overview** for additional explanation of the USDB's related entities.

(i) Advisory Council

Utah Code includes provisions to establish an Advisory Council for the USDB (Utah Code Ann. 53E-8). Board Policy 4002 *Advisory Council for the Utah Schools for the Deaf and the Blind, approved May 4, 2023,* states that "the purpose of the council is to:

a. discuss and make recommendations to the USDB Superintendency and the Board regarding the needs of deaf, blind, and deaf-blind students;
b. provide feedback to the Board from their areas of expertise; and
c. provide recommendations to the Board on use of enrichment funds and donated funds."

Board Policy 4002 further indicates that USDB's superintendency serves as staff to the Advisory Council and that "The Advisory Council shall meet ten times per year at the call of the USDB Superintendent."

The Advisory Council also has official Bylaws that direct how business will be conducted, which includes, as stated in Board Policy 4002:
"i. nominating procedures for Advisory Council members;
ii. dismissal procedures for Advisory Council members;
iii. ethical standards; and procedures for operations."

Finally, Board Rule states "The USDB Advisory Council shall fulfill the role of a school community council…" (R277-800-3(15)). While the Advisory Council "is not subject to Title 52, Chapter 4, Open and Public Meetings Act" according to Board Policy 4002, the Advisory Council is subject to the requirements stated in Utah Code Ann. 53G-7-1203 *School Community Councils and Charter Trust Land Councils* regarding meetings (e.g., public notice, open meetings) and records classifications.

Areas where concerns were found related to the Advisory Council include meetings, donations, and school community councils. For example:

- During SFY2024 the Advisory Council held only eight of 10 (80%) meetings required for the SFY.
  o While one of the purposes of the Advisory Council is to make recommendations regarding donated funds, a review of SFY2024 meeting minutes revealed limited discussion and no recommendations. Furthermore, though the Advisory Council is tasked to make recommendations for donations; donations made to the Foundation are under the purview of the Foundation's Board. Thus, this task may be duplicative.
- For meetings reviewed from January through June of 2025, the Advisory Council, functioning as the school community council, did not provide public notice of the meeting on the school's website at least one week prior to each meeting consistent with Utah Code Ann. 53G-7-1203(5). The Advisory Council has also not posted minutes to the school's website since June 27, 2024. The meetings are noticed on the Utah Public Meeting Notice website approximately two days prior to a meeting being held.

(ii) Education Foundation
According to Utah Code, the USDB may establish a foundation (Utah Code Ann. 53E-8-202), which is consistent with other LEAs that establish a foundation to support their educational purpose. The USDB Education Foundation (the Foundation) was incorporated in April 2012 as a Domestic Nonprofit Corporation (i.e., 501(c)3). The Foundation's Bylaws govern

operations, require a Board of Directors, and allow for an Executive Director compensated by the USDB.

As a nonprofit, the Foundation is subject to entity filing requirements with the Department of Commerce and tax filing requirements with the Internal Revenue Service. As a nonprofit related to government, the Foundation is subject to financial reporting requirements established by the Office of the State Auditor (OSA).

Similar to the Advisory Council, questions and concerns were identified with regards to the Foundation. For example:
- **Required Filings and Reports**
  - According to the Utah Department of Commerce website in June 2025 the entity filing status for the Foundation was "Active", but "Delinquent" since April 30, 2025, when the filing was required to be renewed. Furthermore, the website included individuals that are either no longer on the Foundation Board or no longer employed by the USDB.
    - As of July 21, 2025, the website showed the Foundation status is "Inactive" and was "Administratively Dissolved" due to the lack of renewal. USBE Financial Operations is working to resolve this situation.
  - Per the Foundation Bylaws, the Foundation is required to obtain an annual external financial audit; the report must also be filed with the OSA. The Foundation has ensured a compilation was done each year from SFY2021 – SFY2024; however, a compilation is not an audit. Moreover, the compilations for SFY2023 and SFY2024 were not submitted to the OSA as required. Finally, the compilations also indicate there are no donor restrictions on net assets, which is likely not accurate given a review of donations reflected some donations do have restrictions. See **II.C.2(c) Donor Restrictions** for additional explanation.
- **Foundation Bylaws**
  - The Foundation website includes Foundation Bylaws with two different approval dates (i.e., July 2019 and April 30, 2020). A version of the Foundation Bylaws provided by USDB staff also includes two different approval dates (i.e., April 30, 2020, and October 3, 2024).
    - Additionally, the required number of board members in both versions of the Bylaws is not consistent with the required number of board members in the Articles of Incorporation as amended, filed with the Utah Department of Commerce.
  - Consistent with the Foundation Bylaws, the Foundation hired an Executive Director, who is compensated by the USDB (i.e., taxpayers) but reports to the Foundation's Board. Though allowed in the Foundation Bylaws, oversight of the Executive Director by the Foundation Board may not be prudent given the individual is an employee of the state.
    - Additionally, the Foundation Bylaws indicate the Executive Director will collaborate with USDB staff, however, in practice, the former USDB Director of Finance—and USDB's Business Office staff as applicable— handled entity and tax filings and financial related items (e.g., budget preparation, procurement, annual compilation report facilitation and contracting).

- o Furthermore, roles, responsibilities, processes, practices, and timelines related to budgeting and procurement in the Foundation Board Bylaws do not align with the Foundation Budget and Purchasing policy. As such, the Bylaws and Policy are not, and cannot, be followed with fidelity.
- o Finally, though the Foundation Bylaws indicate the Foundation Board will follow the open meetings law to conduct business professionally and transparently, a search of the Utah Public Meeting Notice website and the Foundation website did not show that meetings have been noticed to the public.

- **Miscellaneous**
  - o The Foundation website includes "…USDB provides overhead and administrative resources for the Foundation, allowing 100% of donations to go directly to the children." This statement is not strictly accurate as the Bylaws allow reasonable compensation for services rendered. For example, the CPA firm preparing the annual compilation and tax filing is paid for by Foundation funds.

II.   USDB Financial Information

The observations below are from analyses of overall trends, selections of transactions from SFY2023 to SFY2025, and other supporting documentation retained by the USDB or its related entities and functions. Though analysis of transactions for SFY2025 does not represent the full SFY (i.e., transactions through May 17, 2025 as designated with an " * ", unless otherwise stated and), it was deemed important to obtain and analyze as much financial data as possible to inform the transition of USDB's financial operations to the USBE on July 1, 2025 and future decision-making.

A.   Financial Background

The image below shows that the USDB receives, maintains, and expends monies in the three financial funds shown below.

9214 Donated Funds	9215 Operating Fund	9218 Education Foundation Fund

Appendix C – USDB Financial Funds Overview includes a table that provides additional details about the sources and use of monies in each fund, as well as other pertinent explanations for the information provided below.

B.   Fund 9214 Donated Funds

1.   Fund 9214 Overall Data

The table below shows revenues and expenditures in Fund 9214 for the years shown.

Donated Funds (9214)			
SFY	Revenues	Expenditures	Difference
2023	48,911	62,479	(13,568)
2024	36,174	25,439	10,735
2025*	24,919	28,197	(3,278)
Total	110,004	116,115	(6,111)

Revenues and expenditures reflect the current fiscal year activity, not the outstanding net asset balance, which as was reported to the Board in its June 5, 2025, meeting, was approximately $275,000. Although expenditures exceeded revenues for two of the fiscal years shown, there are net assets available to cover the difference.

As noted in the table below, 1% of donations received were greater than $5,000; those donations represented 21% of the total revenue donated. In contrast, 61% of donations were less than $100 per donation, but those donations only amounted to 4% of total revenue received.

Donation Range	% of Total Number of Donations Received	% of Total Donation Revenue
>$5,000	1%	21%
$1,000-$5,000	10%	46%
$100-$999	28%	29%
<$100	61%	4%

2. Fund 9214 Observations

Of the three donations greater than $5,000 that were reviewed, two did not have evidence of a donor restriction. According to the USDB, these funds should have been classified as Foundation revenue.

Of a selection of 12 expenditure transactions reviewed, there were no identified concerns with documentation or procurement policy. However, questions related to the expenditure process were identified.

- Specifically, the USDB maintains a policy (*USDB Internal Control #1 – Funds Management Policy*) for use of restricted and unrestricted donations, which was developed in calendar year 2015. Despite maintaining the policy on its website, the USDB indicated 1) the policy has been obsolete since the Foundation was established and incorporated into the state's financial system, which was in approximately calendar year 2015 and 2) the current practice is for the Superintendent to give verbal approval for use of funds. Given a policy is still maintained on the website, not adhering to it may be perceived as a management override of the policy, especially given the lack of documentation for approval of funds (i.e., verbal approval) as the current practice.

C. Fund 9218 Education Foundation Fund

1. Fund 9218 Overall Data

The table below shows revenues and expenditures in Fund 9218 for the fiscal years shown.

Education Foundation (9218)			
SFY	Revenues	Expenditures	Difference
2023	258,583	440,776	(182,192)
2024	223,640	113,426	110,213
2025*	266,382	177,593	88,790
Total	748,605	731,795	16,811

Revenues and expenditures reflect the current year activity, not the outstanding net asset balance, which as reported to the Board in its June 5, 2025, meeting, was approximately $1.2 million. Therefore, though expenditures exceeded revenues in SFY2023, there were net assets available to cover the difference.

(a)   Overall Concern

Given a significant net asset balance, annual revenue in Fund 9218 over $200,000, the cost for the USDB to subsidize the Foundation, and USDB's current financial strain (see **I.A.1(c)(ii) Implementation**), the lack of expenditures from the Foundation in SFY2024 and SFY2025* is notable given the purpose of the Foundation, which is as follows (emphasis added):

> *Section 3.* ***The Foundation is organized to support The Utah Schools for the Deaf and the Blind****, herein referred to as the "Institution." This Foundation is organized, and shall at all times be operated for exclusively charitable, educational, and **the primary purpose of the Foundation** are to foster and support the activities and purposes of the Institution; to encourage broad-based public support of the Institution; and to advance the Institution's educational and scientific objectives, including sponsorship of specific projects and programs recommended by the Institution,* ***by making distributions to the Institution****.*

It is also notable that distributions (i.e., expenditures) were generally not made to the USDB (i.e., the Institution) but rather were made directly to various vendors. Though as noted in **I.B.1(b)(ii) Education Foundation**, procurement was handled by USDB's Business Office directly.

2.   Fund 9218 Revenue

From SFY2023 to SFY2025*, annual revenue in Fund 9218 averaged $249,535. The majority of revenue was from two sources: contributions from private sources (i.e., donations) and interest income.

(a)   Donations

Donations averaged 80% of total Foundation revenue from SFY2023 to SFY2025*, averaging $201,585 in annual revenue. The table below shows total donation revenue by donation amount category.

Donation Range	% of Total Donation Revenue
<$5,000	3%
$5,000-$9,999	13%
$10,000-$19,999	30%
$20,000-$29,999	33%
$30,000+	21%
Grand Total	100%

Though donations less than $5,000 account for only 3% of donation revenue, they account for 73% of the number of donations received.

(b)   Interest Income

The Foundation aims to maintain financial assets to meet six months of operating expenses. The remaining funds are invested in the Utah Public Treasurers' Investment Fund (PTIF). Interest income averaged 19% of total revenue from SFY2023 to SFY2025*, with an average interest income of $47,774. Interest income was the largest single source of revenue for Fund 9218, accounting for 15%, 26%, and 17% of total revenue in SFY2023, SFY2024, and SFY2025*, respectively.

(c)   Donor Restrictions

As previously noted, while the annual compilation does not reflect that there are any donor restrictions on net assets, Foundation staff indicated most funds have a grant or donation restriction. It was also indicated that the Foundation Board is not notified of donor restrictions, which would hinder its oversight of the donations.

The Foundation does not utilize the full functionality of the state's financial system and chart of accounts to track restricted donor funds. Thus, all grants and donations are included in the same fund without a unique designator, which is problematic when trying to match restricted revenues with related expenditures.

When documentation of donor restrictions was requested, it was not provided. Reviewing financial transaction supporting documentation is also a way to identify donor restrictions, however, it may not be effective. For example, one transaction reviewed by auditors did not include the donor letter that stipulated the restrictions. The restriction was only identified when reviewing documentation for a correction to the transaction.

3.   Fund 9218 Expenditures

As noted above, expenditures in Fund 9218 for SFY2023 were more than double the two later years. The largest categories of expenditures varied by fiscal year as shown below.

Largest Expenditure Categories (≥10%)	2023	2024	2025*	Grand Total
Educational & Recreational Supplies	6%	57%	76%	31%
Data Processing Hardware Less Than $5,000-Desktop Computer	43%	31%	0%	31%
Medical Testing Supplies & Lab Supplies	36%	0%	0%	21%

(a) Education and Recreational Supplies

Educational & Recreational Supplies was the largest expenditure category in SFY2024 and SFY2025. The table below shows a breakdown of transaction details for this category by SFY.

Educational & Recreational Supplies Transaction Details	2023	2024	2025*
Number of transactions	97	222	82
Average transaction amount	$290	$290	$1,650
Median transaction amount	$80	$79	$105

Although the average and median transaction amounts in this category for SFY2023 and SFY2024 are nearly identical, the number of transactions increased from 97 to 222 year-over-year (an increase of 129%).

The SFY2024 increase in the number of transactions in the Educational & Recreational Supplies expenditure category can most likely be attributed to the Holiday Project program "where USDB families are chosen by employees and given holiday gifts and essential items. This [program] is 100% funded by a donor", according to the USDB. Many transactions for these expenditures in SFY2024 included clothing-related items.

In SFY2023, the Holiday Project constituted 3% of total expenditures ($12,305). In SFY2024, the Holiday Project was 15% of total expenditures ($16,768).

While the USDB is allowed to establish a foundation in Utah Code Ann. 53E-3-403(1)), the foundation is required to be education-focused; thus, use of the Foundation for the Holiday Project may not be an allowable activity.

(b) Data Processing Hardware

The Data Processing Hardware Less Than $5000 – Desktop Computer expenditure category made up the largest category of spending in SFY2023 at $188,485, comprised of 12 transactions. In SFY2024, this category amounted to a single transaction of approximately $35,688 and in SFY2025* no transactions were coded to this expenditure category.

(c) Medical Testing Supplies and Lab Supplies

The Medical Testing Supplies & Lab Supplies was the second largest expenditure category in SFY2023 with 36% ($157,168 from 55 transactions) of total expenditures for the year. In

SFY2024 and SFY2025* expenditures in this category shrank drastically, which when reflected as a percentage, were 0%.

D. Fund 9215 Operating Fund

1. Fund 9215 Overall Data

The table below reflects the revenues and expenditures in Fund 9215 for the fiscal years shown.

Operating Fund (9215)			
SFY	Revenues	Expenditures	Difference
2023	53,487,431	51,316,353	2,171,079
2024	54,007,227	56,261,236	(2,254,009)
2025*	54,204,956	51,538,683	2,666,273
Total	161,699,615	159,116,272	2,583,343

Revenues and expenditures reflect the current year activity, not the outstanding net asset balance. Therefore, though expenditures exceed revenues for some fiscal years, there have historically been outstanding funds to cover the difference. As discussed in the Board's June 2025 meeting, it is questionable if there will be sufficient funds to cover all expenditures in SFY2025.

2. Fund 9215 Revenues

Based on the table above, revenues have increased approximately 1.3% from SFY2023 to SFY2025*. The top five revenue sources for the USDB are shown in the table below.

Top 5 Revenue Sources	2023	2024	2025*
Direct State Appropriations	40,593,500	41,454,300	41,265,492
Transfer from Other Agencies (USBE Distributions [e.g., MSP, LAND Trust])	7,464,244	7,650,245	8,526,699
Transfer Title XIX Services (Medicaid and Match)	2,569,666	2,271,980	1,937,179
Contracts for Services (Student Fees, LEA Fees, etc.)	1,522,345	1,508,786	859,202
Deaf Trust and Blind Trust Distributions	996,820	1,017,666	794,445
Total Top 5 Revenue Sources	53,146,576	53,902,977	53,383,015
% of Total Revenue	99.36%	99.81%	98.48%

(a)   Federal and State Revenue

As noted, the USDB receives revenue from various federal grants. In SFY2025, an allegation was received on the public education hotline that not all federal funds were drawn down. In response to the allegation, the USDB provided the following response: "…USDB has not utilized all federal and state funding over the years, leaving some funding opportunities missed or not completely drawn down." From SFY2017 to SFY2023, approximately $208,000 in state funding opportunities were missed, and approximately $780,000 of federal grant funds were not fully drawn. The USDB noted that after becoming aware of the issue, additional steps were taken, including working with USBE staff, to mitigate future risk in this area.

(b)   Fee Revenue: Charges to LEAs

Each year the legislature approves fee amounts that may be charged by governmental entities; revenue from fees is also known as dedicated credits. Approved fees include the amounts the USDB charges LEAs for services provided to students at LEAs (i.e., school districts and charter schools), which should not be conflated with school fees charged to students by the USDB (e.g., extracurricular fee). This is pursuant to R277-801-3(6)(a) that states: "An LEA with greater than 3% of the student population statewide may elect to contract with USDB to provide outreach services."

USDB's general fee process is to:
- Create contracts with LEAs detailing available services, fee rates, and maximum compensation that can be invoiced to the LEA, and
- Invoice LEAs semiannually in accordance with the contract.

The rates included in the contracts align with the USDB fee schedule; however, as shown in the table below, the SFY2025 fee schedule used by the USDB to invoice LEAs includes rates that are higher than the rates approved by the Legislature for all services except out-of-state tuition.

SFY2025 USDB Educational Fees			
Service	Rate Approved by Legislature	Rate Charged by USDB	Percent Difference
USDB Audiologist (per hour)	$88.90	$94.17	6%
Educator (per hour)	$83.74	$88.70	6%
Educational Interpreter (per hour)	$50.58	$54.70	8%
Out-of-State Tuition (per year)	$50,600	$50,600	0%

A selection of six transactions to record revenue from the first of the semiannual billings in SFY2025 were reviewed. The transactions included fees for various services (e.g., audiology, interpreting, orientation and mobility (O&M)) as well as out-of-state tuition, and teachers of the visually impaired (TVI). Of the six transactions, two (33%) included supporting documentation with incorrect calculations of the total number of hours or minutes of services provided to students, though the amount billed was somehow accurate to the rates included

in the contract. Supporting documentation for a third transaction matched the transaction hours, minutes, and amount, however, the USDB and the LEA subsequently adjusted the transaction when it was determined the time billed initially was incorrect.

Regardless, as the billing rates were higher than approved by the Legislature, LEAs were still overcharged. Given the error was identified by the audit prior to the second semiannual LEA billings, USBE Financial Operations has indicated the second billing will be adjusted to correct the error.

The Utah State Instructional Materials Access Center (USIMAC), a division of the USDB that produces materials for individuals who are blind or have visual impairments, is another area where fees can be charged. There are legislatively approved rates for some USIMAC services or publications produced for other agencies and states; however, there is very little revenue from these fees due to workload constraints and other factors. As there is reportedly a high demand for USIMAC services and publications, charging fees to expand available publications could be a value-add for students if barriers are mitigated.

(c)   Federal Revenue or Fee Revenue

The USDB bills the Utah Department of Health and Human Services (DHHS, the entity administering the Medicaid program) and LEAs to cover costs associated with providing outreach services at LEAs; however, the USDB should not bill Medicaid and LEAs for the same service. Due to time constraints, the audit did not review USDB's process for determining if the cost of outreach services will be covered by Medicaid, the LEA, or from another source, and whether any revenue collected from LEAs and Medicaid cover the same services.

The DHHS recently reiterated to the USDB and LEAs that LEAs may not bill Medicaid to cover expenses associated with USDB staff providing services at LEAs (i.e., LEAs may not request reimbursement from Medicaid to cover what the LEA paid USDB for its services).

3.   Fund 9215 Expenditures

The USDB has five appropriation units (i.e., general areas) that track where funds are allocated and expended. The table below shows the percentage of expenditures in each appropriation unit over the fiscal years shown.

Appropriation Unit	Appropriation Name	2023	2024	2025*
PVF	Administration	21%	24%	23%
PVG	Deaf	21%	24%	23%
PVH	Blind	20%	21%	23%
PVI	Support Services	31%	31%	31%
PVJ	USIMAC	7%	5%	5%

(a)   Personnel and Payroll

As the USDB is service-based, a significant percentage (i.e., 80% or higher) of expenditures across all areas is payroll related, inclusive of an average of $2 million being covered by

federal grants (i.e., Medicaid and IDEA). The following chart reflects personnel trends at the USDB for SFY2023 – SFY2025 (through pay period end date May 9, 2025) by the five appropriation areas at the USDB.

Count of Employees by Area and Pay Period End Date
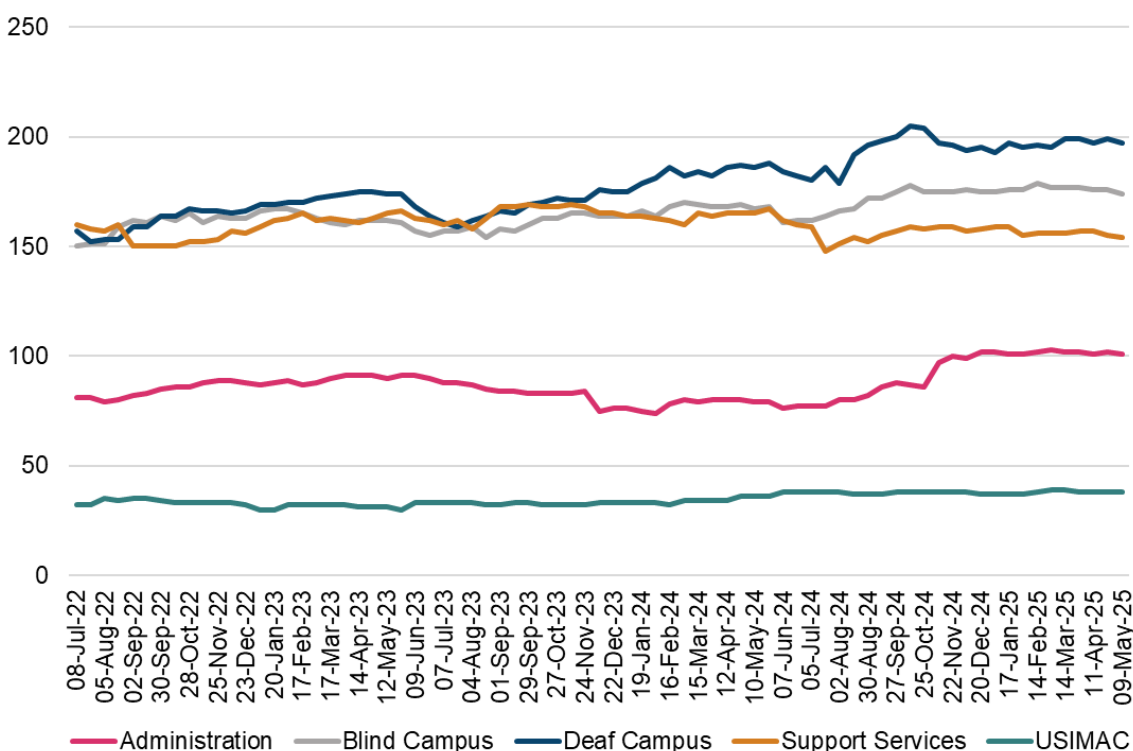
The chart indicates a steeper increase in employees for the Deaf Campus than the Blind Campus. Administration was trending upward, followed by a decline and then a notable surge whereas USIMAC and Support Services are trending relatively flat.

During the timeframe shown in the chart, the minimum number of total employees was 574, with a maximum of 673, and an average of 625. The average count of employees per SFY increased from 605 in SFY2023 to 657 in SFY2025 (through pay period end date May 9, 2025).

> (i)   Payroll

During the June Board meeting USDB staff noted the possibility of ending the year with a deficit. Depending on the extent of the possible deficit, and given payroll expenditures are so significant, it was noted that a reduction in force may be necessary. With the transition of USDB's financial operations to the USBE on July 1, in addition to year-end close and budget preparation for SFY2026, USBE Financial Operations has been extensively involved in payroll considerations. Therefore, the audit completed only a limited analysis and provides the informational points below.

- The average amount of expenditures in category "Payroll System Incentive, Service and Retirement Awards" for SFY2023 – SFY2025* is $301,101. The funds in this

category are reportedly for incentive awards (e.g., substitute teachers working a certain number of days), professional development (e.g., school year 2025: Senate Bill 137), or market incentives (e.g., sign-on bonuses, referral bonuses, employee retainage). The USDB also has individuals receiving early retirement stipends, which may be coded to this category.

While not inappropriate to pay for the items noted above, in times of financial concern, such expenditures may require additional scrutiny. Specific to SFY2025* it was noted that $19,375 of the expenditures in this category were covered by federal funds, which should also be considered closely to ensure they are allowable expenditures.

- Payroll expenditures related to programs sourced from dedicated credits (i.e., fees) averaged approximately $180,000 from SFY2023 to SFY2025*.

(b)　Carryforward

Expenditure of carryforward funds was identified as a potentially higher risk area. Carryforward is funds from prior years that were not expended in the year received, but that are still available. These funds should be characterized as a one-time or time-limited funding source, not an ongoing funding source. The table below shows the expenditure amounts of Carryforward for the fiscal years shown.

Function	2023	2024	2025
Carryforward	1,047,997	3,179,594	856,521

From SFY2023 to SFY2025* use of Carryforward has varied, with SFY2024 having a higher use of carryforward than the other years. The increased expenditure of Carryforward in SFY2024 was likely due to policymakers asking questions about the beginning balance of approximately $7.5 million. The table below reflects the use of Carryforward in various expenditure categories, including payroll which was also shown above.

Carryforward Expenditure Category	2023	2024	2025
Payroll-related	485,358	345,322	4,141
Education and Recreational Supplies	17,402	193,928	26,921
Medical Testing Supplies & Lab Supplies	7,096	324,796	60,319
Remodel & Improvements	148,705	882,515	202,086
Building, Grounds & Security	7,995	74,995	0
Buildings & Grounds—Operating Supplies, Maintenance	23,360	138,654	153,622
Office Furnishings Less Than $5000	16,591	181,250	85,980
Office Furniture & Equipment	0	20,625	50,595

(i) *Payroll*

Carryforward has been used to cover payroll costs as shown above. Payroll is generally considered an ongoing expenditure unless the respective staff have a time-limited contract, which is not the case at the USDB and thus presents a risk.

Of note, the SFY2023 carryforward payroll-related amount includes approximately $430,000 of payroll-related expenditures for the Deaf Mentor program that were re-coded in the financial system at year-end to be covered by Carryforward. The initial funding source intended for these expenditures was enrichment funds. For additional information see **III.A.1(b) Monthly Enrichment Funds Report**.

(c) Enrichment Funds

The Educational Enrichment Program was established to provide enhanced educational services for deaf, hard of hearing, blind, visually impaired, or deafblind students throughout the state using revenue received from permanent trust funds managed by the School and Institutional Trust Lands Administration. Revenue from these two trust funds, otherwise known as enrichment funds, is distributed to the USDB from two separate trusts (see Utah Code Ann. 53C-1-103(7)); a trust for schools for the deaf and a trust for schools for the blind. The USDB also participates in the School LAND Trust program; use of School LAND Trust program funds is managed at the school level with a school community council.

Expenditure of enrichment funds was identified as a potentially higher risk area.

(i) *Trust Management*

The advocacy office managing the trusts is required to "act with undivided loyalty to the trust beneficiaries" (see Utah Code Ann 53D-2-203(5)). The table below reflects the revenue distributions from the trusts for SFY2023 and SFY2024, as well as the trust percentage of the total. Revenue distributions for SFY2025, on a percentage basis, were similar.

Enrichment Fund Revenue	Deaf Trust	Blind Trust	SFY Total
Trust Distribution to USDB	237,163	1,777,324	2,014,487
Trust % of Total	12%	88%	

Historically, the revenue distributions received have been comingled (i.e., considered a shared source of funds for the school for the deaf and the school for the blind). The following table reflects this interpretation, showing that the percentage of expenditures for activities for the deaf and blind respectively for SFY2023 and SFY2024 combined, are almost evenly split, which is inconsistent with the distribution percentages shown above.

Enrichment Fund Expenditures	Activities for the Deaf	Activities for the Blind	SFY Total
Activity Expenditures	760,142	801,747	1,561,889
% of Total Expenditures	49%	51%	

Because the trusts are separate and have different beneficiaries that require individual advocacy, the current expenditure distribution may be considered a division of funds from the trust beneficiaries and not be allowable. A legal opinion from the Attorney General's Office has been requested; however, to mitigate risk USBE Financial Operations has indicated they will:

- Review and adjust the expenditures for SFY2025 in the financial system to reflect consistency with trust distribution. This is a significant change and will require a different funding source to cover some expenditures of the school of the deaf.
- Revise the chart of accounts for SFY2026 to track the trust revenue separately and in accordance with the distributions received; respective expenditures will also be tracked separately.
- The list of SFY2026 enrichment activities with their associated budgets—based on the practice of comingled funds—approved by the Board in its June 5, 2025 meeting, will also be revised and resubmitted for Board approval to reflect consistency with the trust distribution.

(ii)   Enrichment Fund Expenditures

The Advisory Council for the USDB receives proposals for use of enrichment funds and provides recommendations to the Board which gives final approval of the budget. The category with the highest year-over-year expenditures of enrichment funds is Personnel Services (e.g., wages, insurance, retirement) as shown in the table below, which reflects the top 3 expenditure categories.

Expenditure Classification	2023	2024	2025	Grand Total
Personnel Services	35%	18%	61%	42%
Current Expense	45%	38%	20%	33%
Travel/Out of State	12%	31%	13%	17%

In a high-level review of activities paid for with enrichment funds, there are some annual high-cost activities that have limited student participation (i.e., international trip with 12 to 14 students, domestic trip with 8 to 10 students).

Finally, see **III.A.1(b) Monthly Enrichment Funds Report** for additional information about enrichment fund reporting to the Board.

III. USDB Non-Financial Information

The observations below are made based on review and analysis of data in various reports, inquiry with relevant individuals, and supporting documents and systems.

A. Student Enrollment and Services Data and Reporting

1. Monthly Reports

To facilitate governance and accountability, USDB administration and staff present information at each Board meeting, which is generally monthly. The monthly USDB Financial Report presented to the Board includes financial (e.g., funds, projects) and non-financial (e.g., student enrollment, services provided) data. The non-financial information in the monthly report is primarily supported by information in what is referred to as the Key Data Report. The Key Data Report is a shared spreadsheet that is used to receive information from individuals across the USDB. At the month's end, a reminder is sent out to applicable individuals to update the information they are responsible for so the monthly report may be completed for Board meetings.

(a) Monthly Report Reliability

Within the monthly USDB Financial Report presented to the Board during SFY2025, there is a table titled "2024-2025 Number of Students Served YTD." In a review of the report dated February 28, 2025, the following were identified.

- Monthly figures were reported in the wrong month. For example, in the February board report, the table provides figures for the month of March (e.g., 402 students served on USDB campuses); however, those figures represent the number of students reportedly served in February. The same is true for every month in the monthly report as reviewed.
- In comparison to the Key Data Report, 17 of 21 (81%) reported figures in the monthly reports from August through February are different.
  - Of the 17 different figures, 5 (29%) are overreported, meaning the numbers reported to the Board are higher than the number in the supporting documentation, likely due to after-the-fact changes to the Key Data Report.
  - Errors range depending on the month. For example, total services may be overreported by as high as 340, or underreported as much as 14, assuming the Key Data Report is accurate. However, the USDB indicated that the monthly key data is "less reliable" and meant to serve as a quick snapshot of the services being provided.

(b) Monthly Enrichment Funds Report

The Monthly Financial Report also includes a list of projects funded with enrichment funds (see **II.D.3(c) Enrichment Funds**). The list includes the budget approved by the Board and the related expenditures. On the respective lists for SFY2023 and SFY2024 that were presented to the Board each month, 54% of projects had an expenditure variance (over or

under) when compared with amounts in the state's financial system. The average net variance was $6,890, excluding one outlier of nearly $430,000 in SFY2023. The outlier was due to the project expenditures being moved during fiscal year-end closeout from being covered by enrichment funds to being covered by carryforward funds. Thus, the activity expenditures were mischaracterized in the list provided to the Board on September 7, 2023.

2. Annual Reports

Each year the USDB prepares an annual report that is submitted to the Legislature. The report is inclusive of financial information, programs and activities, and student academic performance (see Utah Code Ann. 53E-8-204(5)). The USDB indicated that it verifies the core data in the annual reports, so the reports are "very reliable" as to student and services data.

(a) Data Norming

Data in the annual reports has not been consistent from year-to-year; therefore, it was necessary to norm some data points to support trend analysis. While norming, data reporting discrepancies in the data were identified. For example:

- The Campus Student – Teacher Ratio was written in reverse (i.e., 1:5 as opposed to 5:1) two out of the three times (66% error rate) it was included.
- Additionally, when the USDB was asked to provide a breakdown of the Parent Infant Program (PIP) service category by serving versus referred, the numbers did not reconcile in six out of the seven (86%) years to previously reported figures in the annual reports.

(b) USDB Reported Data Trends

Data Trend Disclaimer: Verification of some annual report data occurred subsequent to the trend analysis below and results of verification impact numbers shown in some of the charts, see **III.A.2(c)(iv) Data Verification**.

The following trends were identified as reported in USDB's annual reports from school years (SY) 2016 to SY2024. Not all data was available for all years, which is reflected in the various trends.

From SY2022 to SY2024, the total students served has increased 10%. During the same time period, USDB's administration also increased 10% while teachers have increased 67%; however, support staff have decreased 38% as illustrated below.

USDB Reported Personnel
SY2022-2024
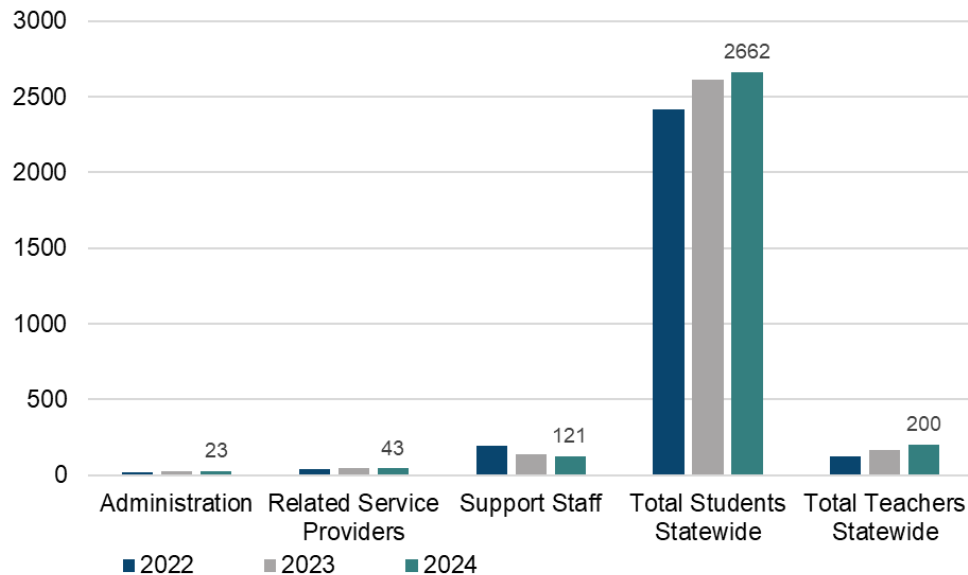
From SY2018 to SY2024, each service category reported by the USDB increased, though some categories increased at far greater rates than others. For example, interpreting increased 170% whereas outreach only increased 16%. The following chart illustrates the changes over time. For a version of this chart showing 2024 verified data, see **III.A.2.(c)(iv) Data Verification**.

Service Category Count by School Year
SY2018 - 2024
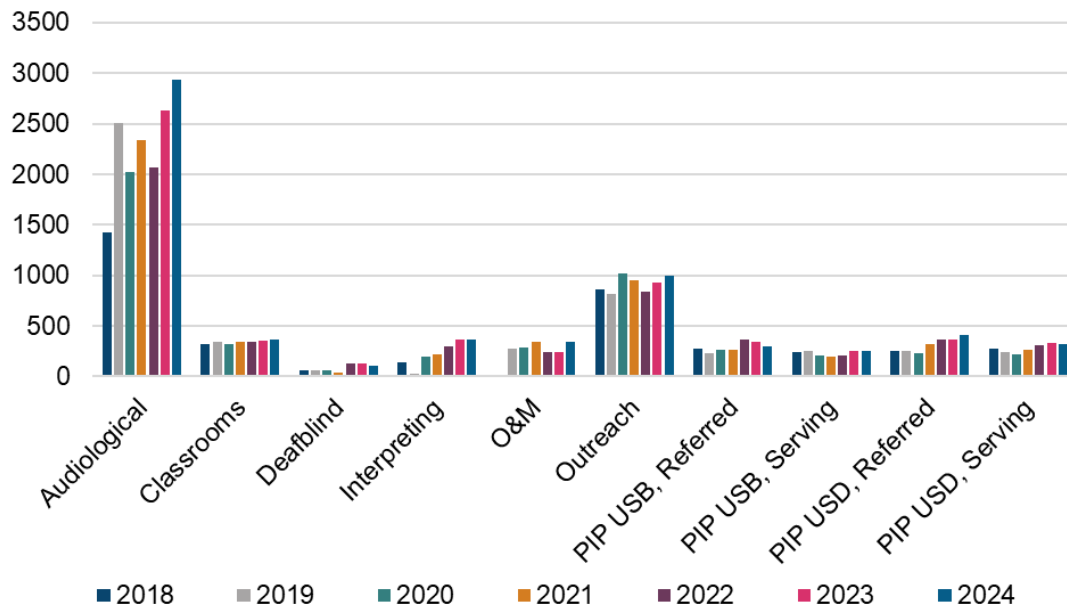
In USDB's annual reports, PIP is reported as a single number. However, based on conversations with USDB staff, PIP is a combination of referrals and services. Although the

USDB may receive a PIP referral throughout the year, a parent may decline actual services. For transparency, PIP referrals and services have been separated within this analysis to pinpoint growth.

Although services increased, the increase was not equal between the Utah School for the Deaf (USD) compared with the Utah School for the Blind (USB). As illustrated in the chart below, the USB reported continued growth until SY2021, when a reduction is noted. Since SY2021, the USB has reported an upwards trend overall, fueled solely by an increase in PIP, which reported 131% growth. Other services reported no growth, specifically classrooms (-35%) and outreach (0%).

USB: Total Services by Year
SY2016-2024
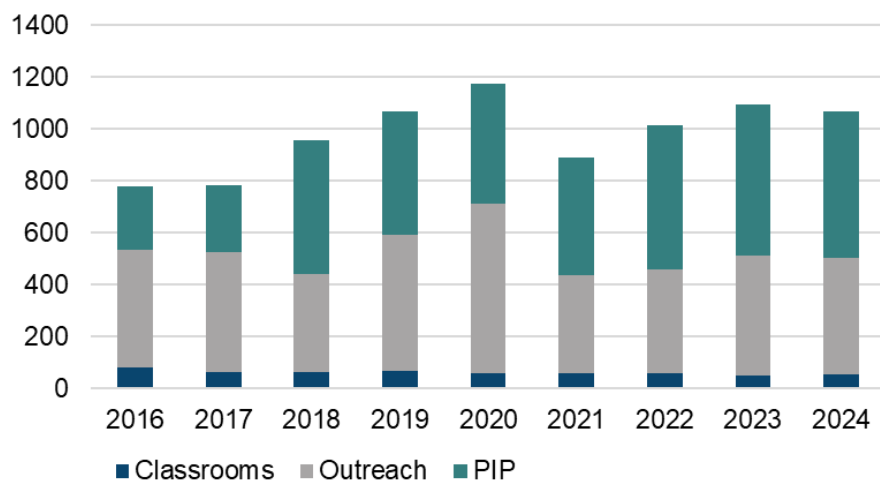
On the other hand, the USD has reported a relatively consistent increase (71% overall) dating back to SY2016 as illustrated below. Again, this was primarily fueled by an increase in reported PIP services. However, as noted in the **Service Category Count by School Year** chart above, when PIP is split into referrals vs. services, it is PIP referrals (62%) that are reportedly experiencing the greatest amount of growth, which has resulted in a modest ongoing increase in PIP services (17%).
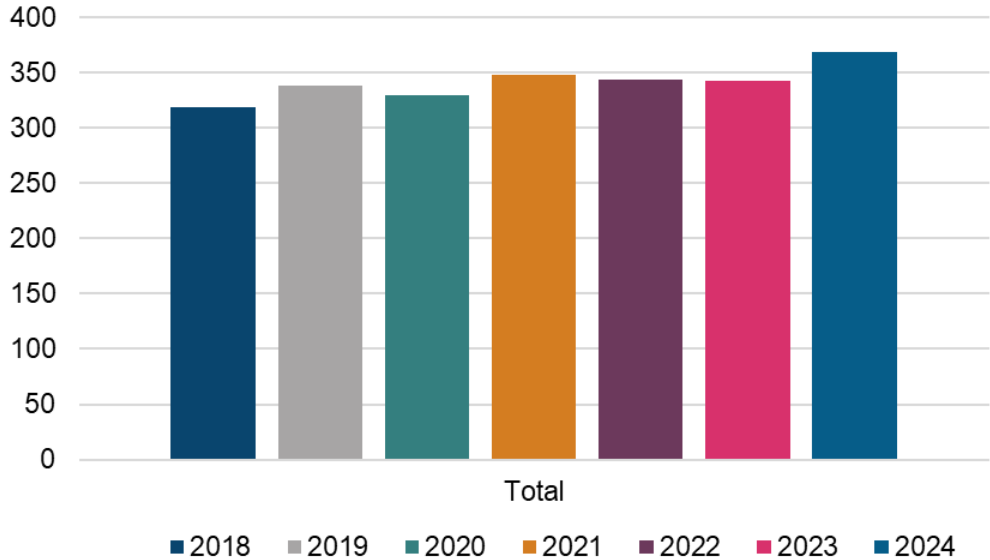
USD: Total Services by Year
SY2016-2024
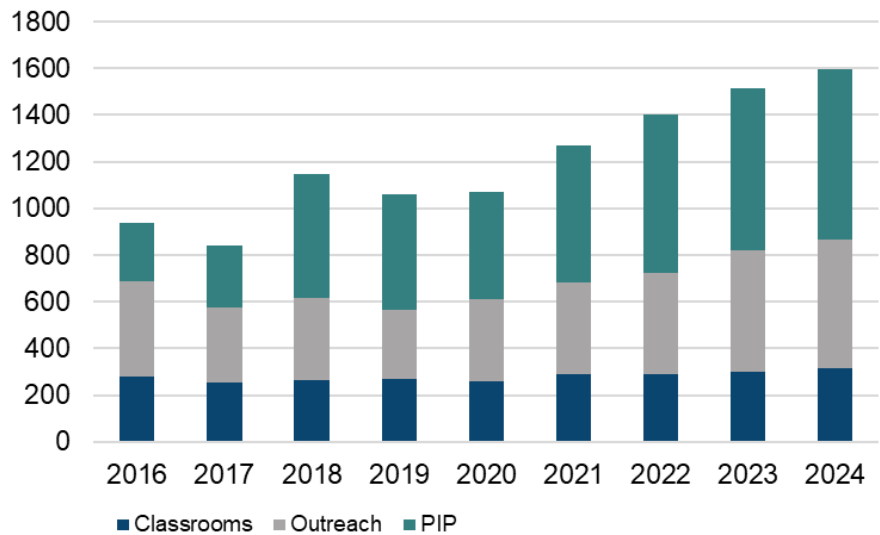
Unlike the USB, the USD has reported growth in all categories.

With regard to campus students, the USDB also reports overall growth (16% or 50 students) from SY2018 to SY2024 as illustrated below.
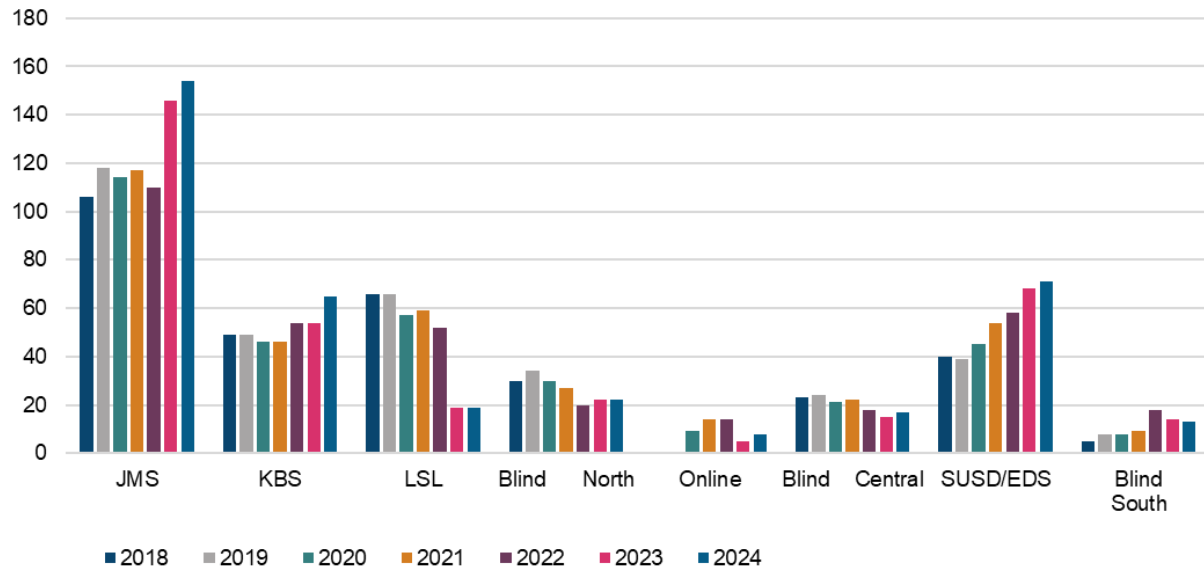
USDB: Student Enrollment by School Year
SY2018 - 2024

As reported growth is not equal by school (i.e., USB vs. USD), it should be expected that reported growth is not equal amongst campuses either. As illustrated below, some campuses reported greater growth than others. See **Appendix E – Glossary** for Campus Names.

**USDB: Student Enrollment Count by Campus**
SY 2018 - 2024

In the case of Listening and Spoken Language (LSL), it is less a campus and more a program (i.e., students could be reported as LSL and attend other campuses). Over time, students included as LSL have been transitioned from LSL to other campuses for purposes of reporting, with the majority now being included within Jean Massieu School (JMS). The USDB stated that LSL will be phased out completely in the SY2025 annual report.

Finally, SY2022 – SY2024 annual reports have also included figures related to educator tenure and education level. Based on those figures, educator counts have remained relatively flat, which does not appear to reconcile to previous figures found within the "Facts at a Glance" portion of the report.

Regardless, based on USDB reporting, it appears the category of USDB educators with 16+ years of experience is increasing, as is the count of educators with a Master's Degree or Doctorate. See respective charts below for additional information.

USDB: Educators by Tenure
SY2022-2024
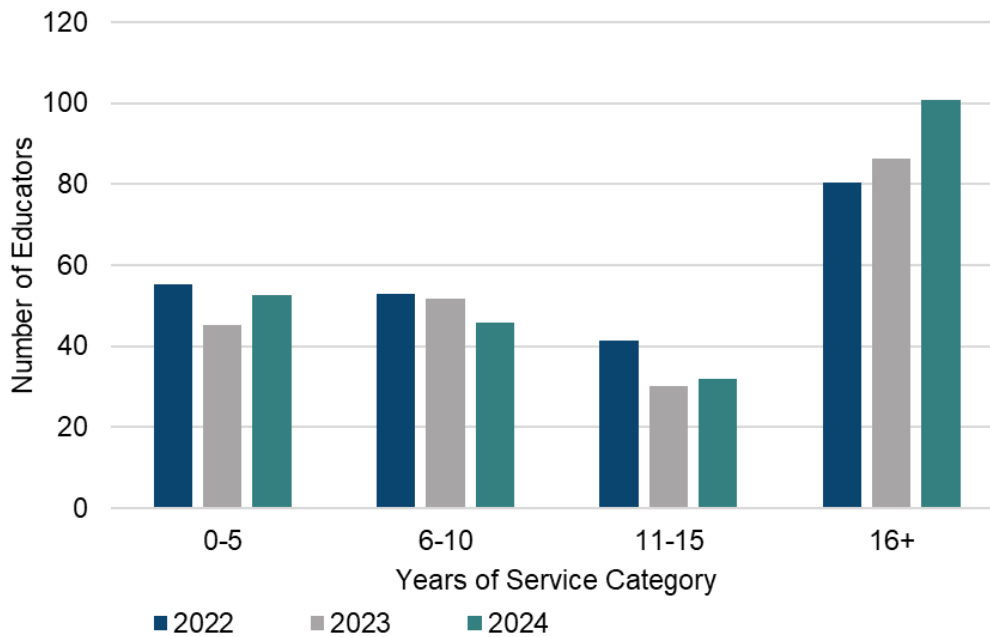
USDB: Educators by Degree
SY2022-2024
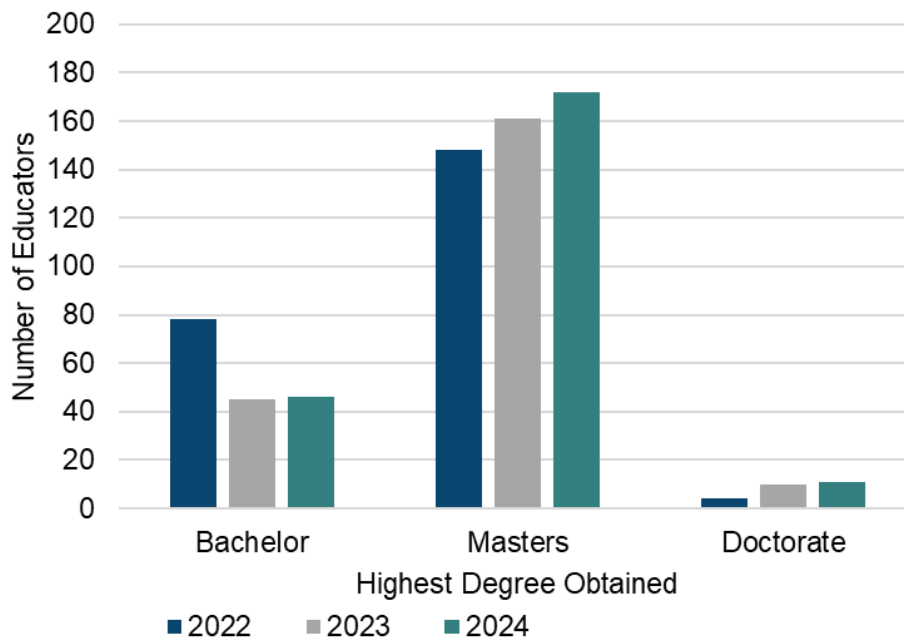
(c)   <u>SY2024 Annual Report Data Reliability</u>

As noted above, the previous trends were those reported by the USDB. To verify whether the data reported in the annual reports is reliable, an in-depth review of the SY2024 annual report was completed and the data was verified against supporting documentation. Several

additional concerns were identified. The following sections contain various tables and charts, many of which were taken directly from the annual report for context.
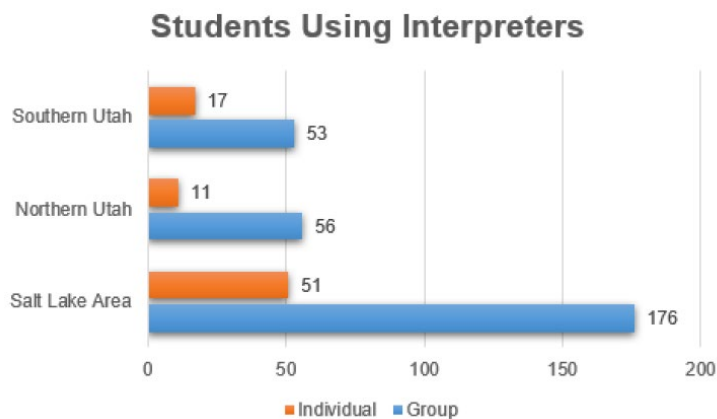
(i)   Data Consistency Within the Report

The review first identified instances where data being reported in the "Total Services Provided by Category" section of the annual report was inconsistent with data discussed later in the body of the report. Examples are provided in the table below.
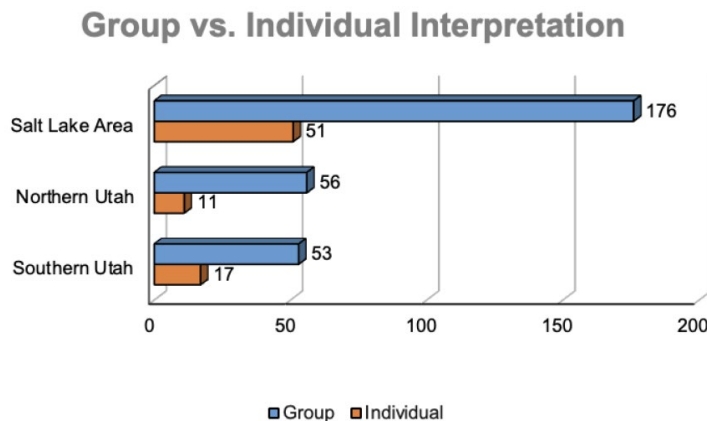
Category	Page	Number	Page	Number
Students receiving Deafblind Services	4	107	27	148
Students receiving Interpreting Services	4	364	11	399

(ii)   Holdover Data

The number of reported interpreting services shown in the SY2023 and SY2024 reports did not change as illustrated in the charts below. The odds that interpreting services did not change from one year to the next is highly unlikely given there was a reported 24% increase in interpreter services from SY2022 to SY2023, and a 36% increase from SY2021 to SY2022.

Students Using Interpreters

Southern Utah — Individual 17, Group 53
Northern Utah — Individual 11, Group 56
Salt Lake Area — Individual 51, Group 176

■ Individual ■ Group

2023 Annual Report (p.11)

Group vs. Individual Interpretation

Salt Lake Area — Group 176, Individual 51
Northern Utah — Group 56, Individual 11
Southern Utah — Group 53, Individual 17

□ Group □ Individual

2024 Annual Report (p.11)

(iii)   Data Clarity

An inherent requirement in providing a legally mandated report is to ensure the report is accurate and understandable. However, in many instances, the USDB's annual report is neither accurate nor understandable. Several examples are provided below.

- The "Total Services Provided by Category" section of the annual report shown below supposedly reports services provided by specific programs of the USDB. However, in discussing these data points with the respective staff that generate these figures, these counts generally reflect the students enrolled in each program, not the services being provided.

TOTAL SERVICES PROVIDED BY CATEGORY
2023-2024 = 6415
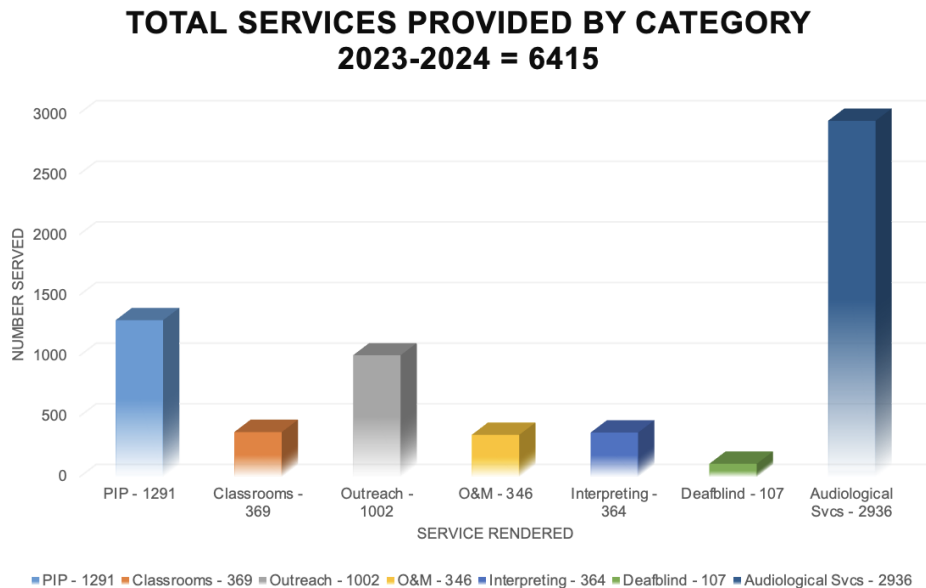
A chart noting services provided would need to account for individual actions provided to a student by the program. Given the nature of these programs, some students may only receive a singular service from the program in a year or could receive daily support for the program.

Furthermore, the programs in the chart have varied methods of measuring enrollment for report purposes as shown in the table below.
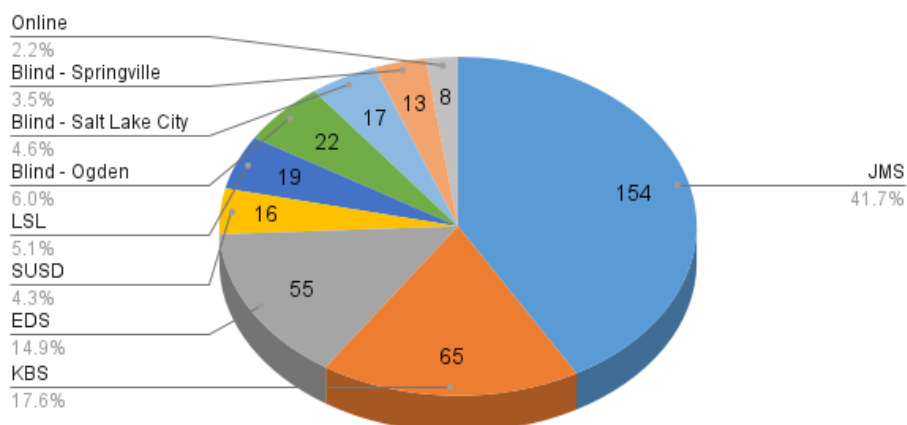
Program	Data Description
Deafblind	The highest number of students enrolled in the program at a specific time throughout the SFY; does not include assessed students not admitted to the program.
Classrooms	The count of unique students that participated in the program for the SFY.
PIP	The combination of students who were enrolled within the program throughout the year, along with students that were referred but either did not qualify for services after the assessment or the parents refused the assessment.
Outreach/O&M	The count of students in the program at the time of the report.

The chart from the report also does not mention that an individual student could account for enrollment across multiple programs. As recently as the SY2023 annual report, this chart included a footnote "*Individual students may receive multiple services"; this foot-note does not appear in the SY2024 report.

- USD Online is a separate program, not a campus; however, as presented in the SY2024 annual report (shown below), it appears as a separate campus in which students may enroll. Rather, the online program is designed to be in addition to a student's primary enrollment at another campus. Therefore, a student enrolled at a physical location who also takes classes online, would potentially show up as two enrollments in the chart below.

USDB CAMPUS ENROLLMENT - 369

Online 2.2%
Blind - Springville 3.5%
Blind - Salt Lake City 4.6%
Blind - Ogden 6.0%
LSL 5.1%
SUSD 4.3%
EDS 14.9%
KBS 17.6%
JMS 41.7%

154, 65, 55, 16, 19, 22, 17, 13, 8

- Campus enrollment data as shown in the chart above also reflects maximum levels within the SY. The report does not indicate the regular levels of effort (e.g., average daily membership, average monthly attendance) served by the USDB or its programs,

rather it concentrates on the potential maximum number identified by campus throughout the year.
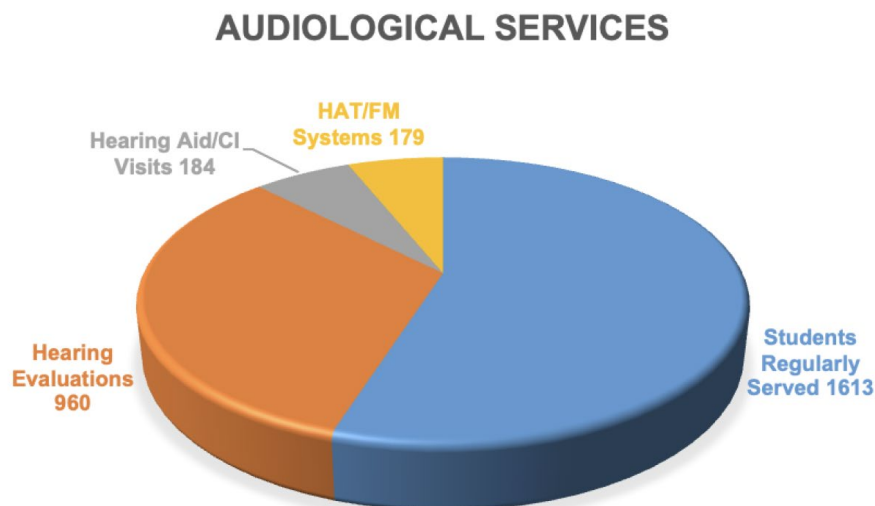
In other words, if one campus enrolled 15 students all year, but in the final month of the year two more students enrolled, the report would show 17 students with the intent to demonstrate the total potential or interest that occurred throughout the year on the campus. Though there may be value in reporting this number, additional context may be necessary to fully comprehend what is being reported.

This is similar for staffing data included in the annual report as well.

- As noted above, PIP data includes referrals, meaning infants for which parents may refuse assessment, or assessments may be for infants who do not qualify for services. Although this may be a valid measurement to demonstrate potential growth, the meaning of the number presented may be misconstrued to represent ongoing effort or interest as opposed to potential. Moreover, the count does not represent the actual effort, meaning how many infants are receiving services on a daily or monthly basis.

  Additionally, the directors of the PIP School for the Blind (USB) and PIP School for the Deaf (USD) use different methods to count recipients of services.
  o The USB number was generated using a count of infants enrolled at the beginning of the year and adding the number of PIP referrals during the year. The result is the total number of unique individuals in PIP in the year.
  o The USD number was generated by creating a list of all infants served in the year, running another report for PIP referrals during the year, and then calculating the difference to note individuals in PIP at the start of the year.

- The SY2024 annual report includes the figure below that shows 2,936 total audiological services being provided to students across the four areas shown.

AUDIOLOGICAL SERVICES

HAT/FM Systems 179

Hearing Aid/CI Visits 184

Hearing Evaluations 960

Students Regularly Served 1613

The figure includes duplication of data because of the methodology used. "Students Regularly Served" is inclusive of all students receiving audiological services throughout the year (i.e., 1,613), including those listed separately (i.e., 1,323 [179 HAT/FM, 184 Hearing Aid/CI, 960 Hearing Evaluations]). This is a significant overstatement of total services, meaning at a minimum, total services would be only 1,613 rather than 2,936. According to USDB staff, this duplicative reporting has been identified as far back as SY2017.

Additionally, the 1,613 number's accuracy is also in question. Based on our discussions with USDB staff, there remains disagreement as to whether the "Students Regularly Served" number is representative of a count of services provided or a student that received services. Therefore, the 1,613 number is unverifiable given lack of documentation for how it was generated.

(iv) Data Verification

In addition to considering the clarity of information in the annual report, reliability of data in the annual report was also considered by analyzing 21 data points.

- Of the 21 data points, seven (33%) were unverifiable due to lack of supporting evidence or viability.
  - For example, the supporting documentation provided for the interpreting services data point for March through June was incomplete. The highest single month of enrollment on the supporting documentation was 377, which is inconsistent with the data in the report.
- Of the 14 (67%) remaining data points, supporting documentation for 12 (86%) did not match the reported data point as follows:
  - Four (33%) had a difference between 0% to +/-5%
  - Four (33%) had a difference between +/-5% to +/-10%
  - Four (33%) had a difference greater than +/-10%

The chart below shows the impact of the results of data verification on previously reported numbers by adding the "2024-Verified" number—or "Unverifiable"—to the previously provided Service Category Count By School Year chart (see **III.A.2(b) USDB Reported Data Trends**).

Service Category Count by School Year
SY2018 - SY2024, and SY2024 as Verified

Legend: 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2024-Verified

*USB & USD, Total
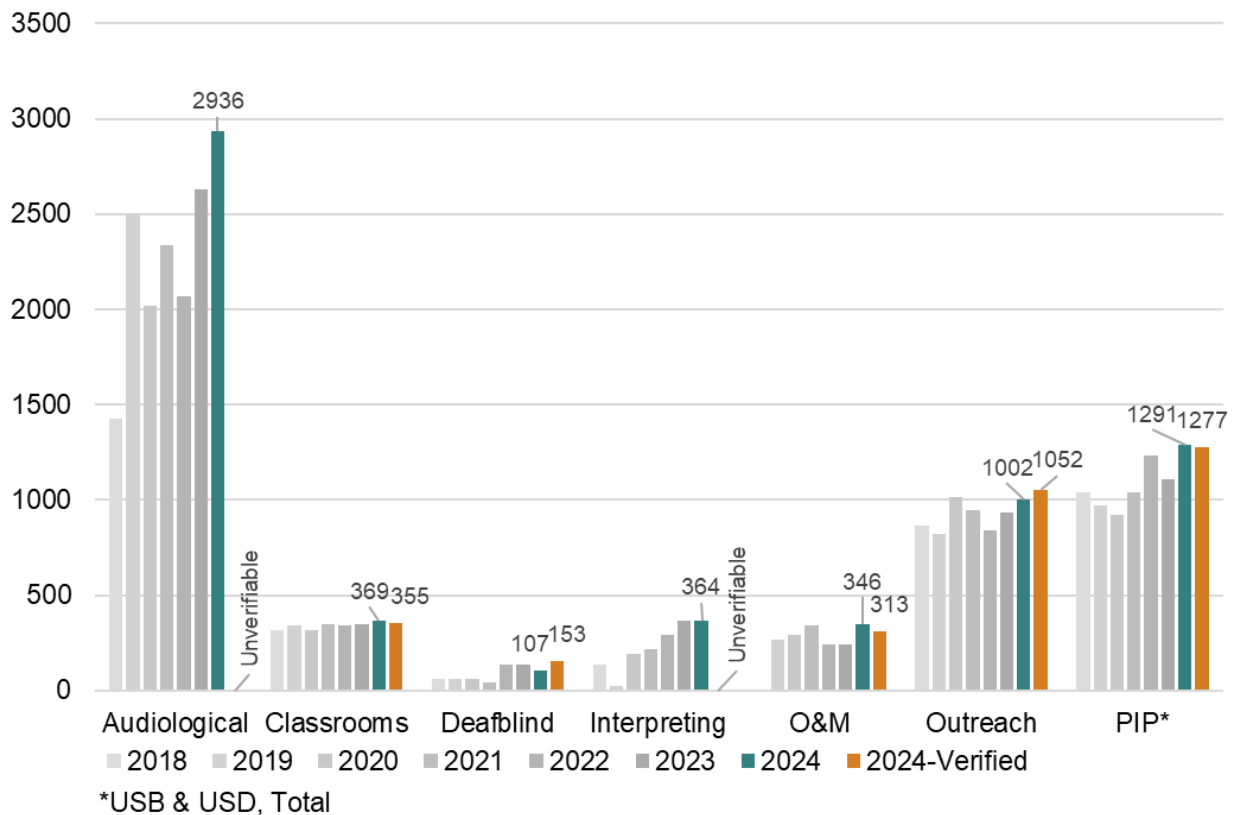
B. Average Monthly Enrollment and Attendance

As noted, the monthly and annual reports reflect maximum student and service numbers rather than average daily or monthly student and service numbers. Enrollment and attendance information from the student information system (SIS) for SY2024, was analyzed to consider data more reflective of average enrollment and attendance at USDB campuses.

Similar to the annual reports, data was normed where possible to ensure reliable analysis. For example:
- While analyzing the data, the grade level and location of a student did not align and was adjusted.
- Additional information was manually included for students designated as LSL and Post High School as student rosters for those areas are maintained outside of the SIS. However, as attendance information was not available for these students, they were listed at 100% attendance for purposes of this analysis.

1. Average Enrollment and Attendance Analysis

Overall reported numbers were consistently higher than all other analyzed figures (i.e., min, max, average). The charts below illustrate the results of the analysis of enrollment and average monthly attendance (AMA) information. Monthly attendance is used rather than daily attendance, as that is the interval of data available in the student information system analysis tool provided.
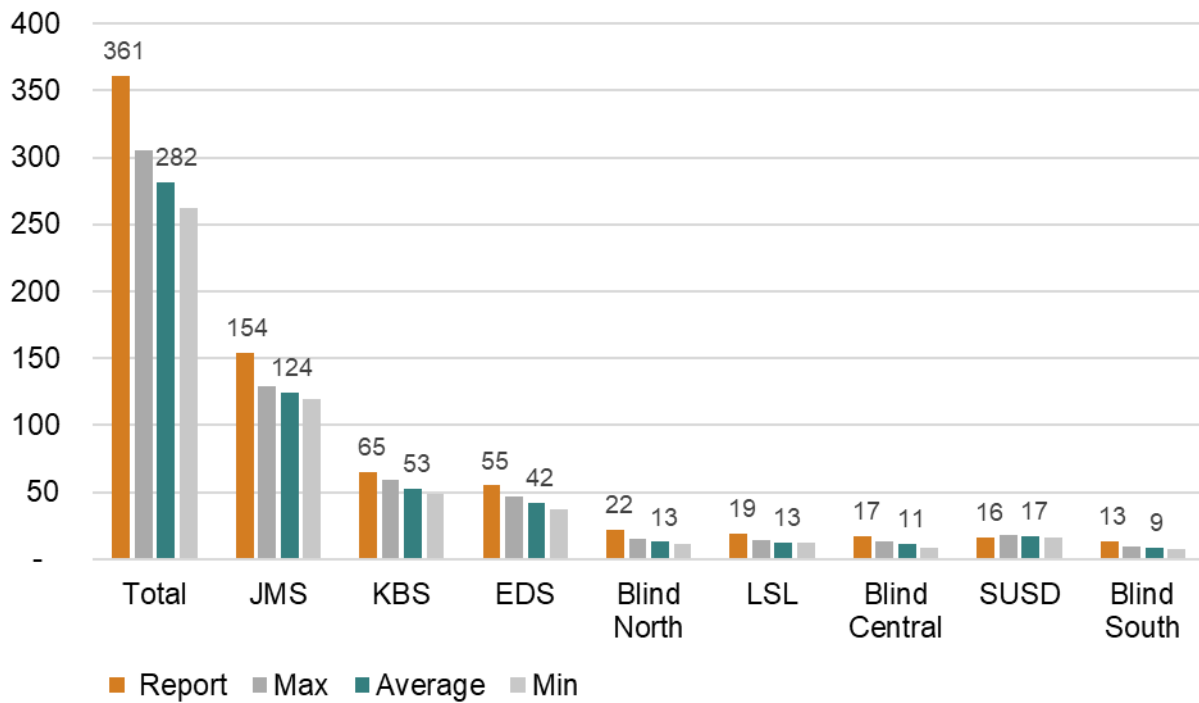
In total, the average enrollment was 36 students less than the total enrollment number included in the annual report and the AMA was 79 students less than the total enrollment number included in the annual report; attendance was not reported in the annual report.

Enrollment Analysis
SY2024
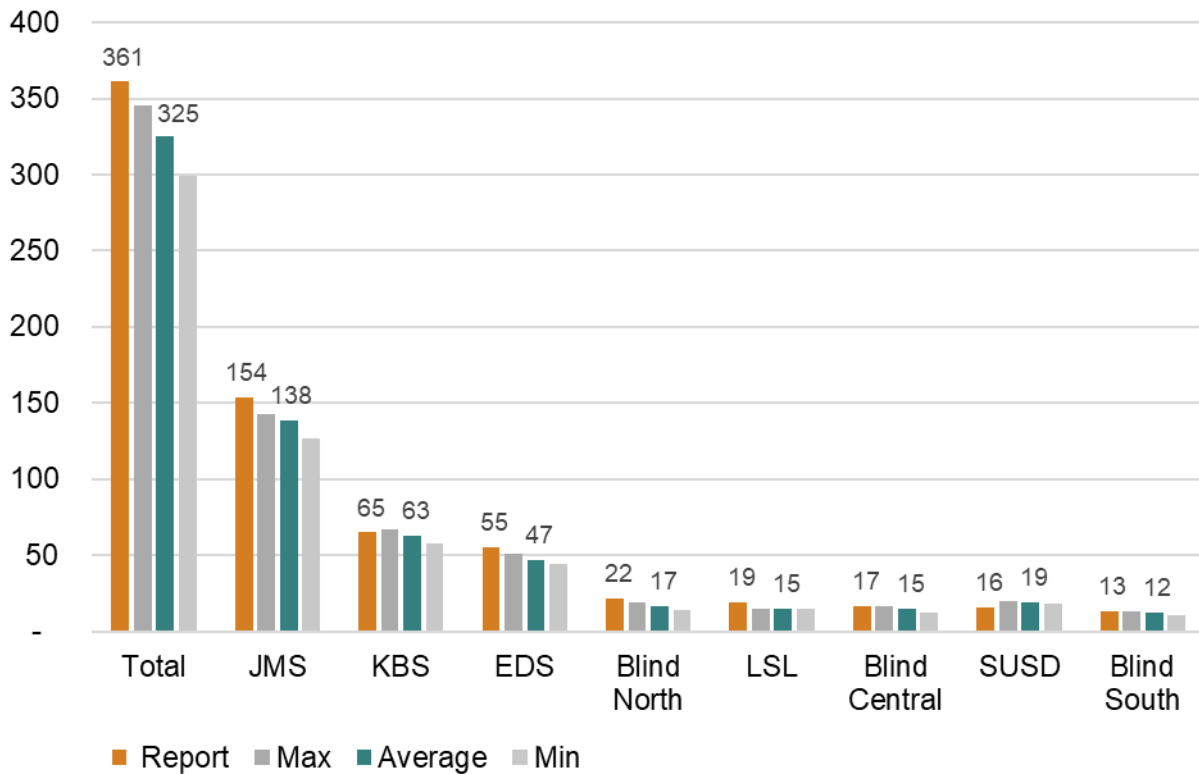
Average Monthly Attendance (AMA) Analysis
SY2024

Analyses, such as those above, provide pertinent information when considering facilities, equipment, and personnel needs.

IV. Reasons for the Current Conditions

One of the most valuable aspects of any audit is to identify why things are the way they are. To help identify potential reasons for the findings and observations of this report, state law and policies were reviewed, data was analyzed, inquiries were made, and a survey was administered to USDB personnel. The following are potential reasons identified throughout the course of the audit; other reasons not listed may exist.

A. Culture

Culture is the aggregation of the values, beliefs, skills, and abilities of everyone in an organization. To gain additional understanding about the culture of the USDB, perspective from personnel of the USDB was obtained through an anonymous survey. The survey results, included below indicate potential areas of opportunity within USDB's culture. Also see **VII. Appendix A – Scope, Objective, and Methodology** for additional considerations related to the veracity of survey results.

### 1. Survey: Potential Weaknesses

(a) Survey: Leadership
Most (225 or 83%) respondents strongly or somewhat agreed that USDB leadership modeled USDB's core values, but some (46 or 17%) somewhat or strongly disagreed. Additionally, in response to the question "Have you been asked to do anything questionable or contrary to your understanding of policy, law, or rule by your supervisor or other leaders?" 38 (8%) respondents answered "Yes", with another 42 (9%) answering "Unsure".

Of 271 respondents, 151 (56%) strongly agreed that they trust leadership at the USDB to act in the best interests of students, while only 97 (36%) strongly agreed that they trust leadership at the USDB to act in the best interests of employees. See charts below for full results of both questions.

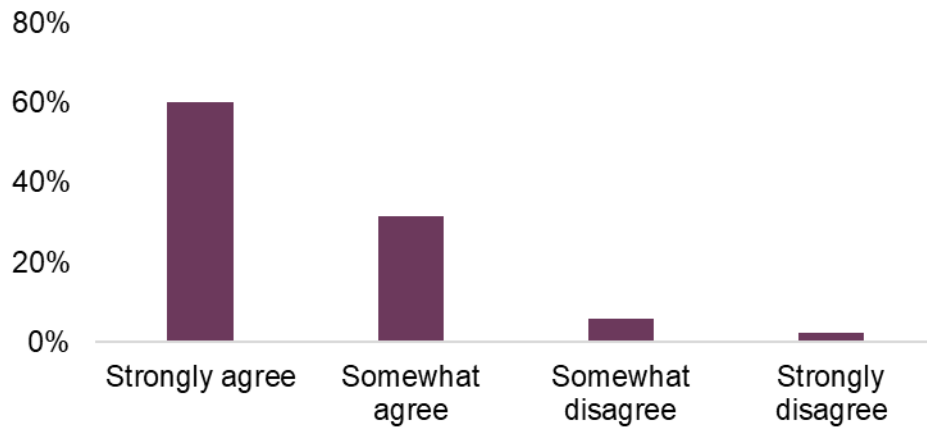**Leadership Acts in the Best Interests of Students**
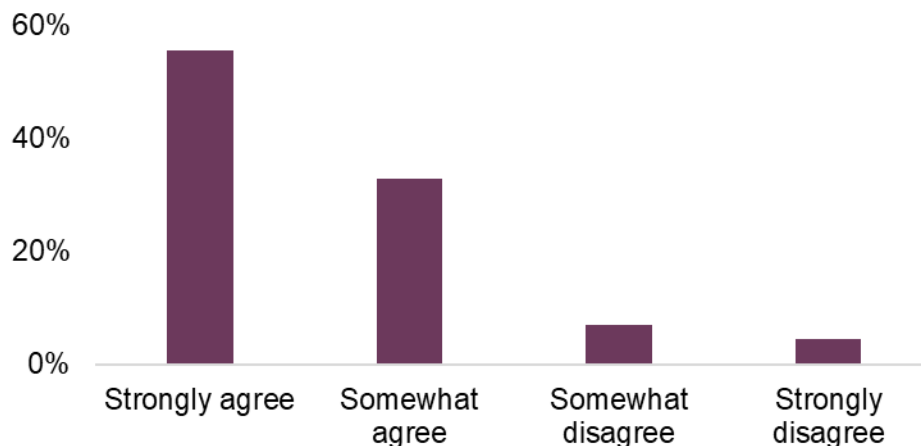
Leadership Acts in the Best Interests of Employees
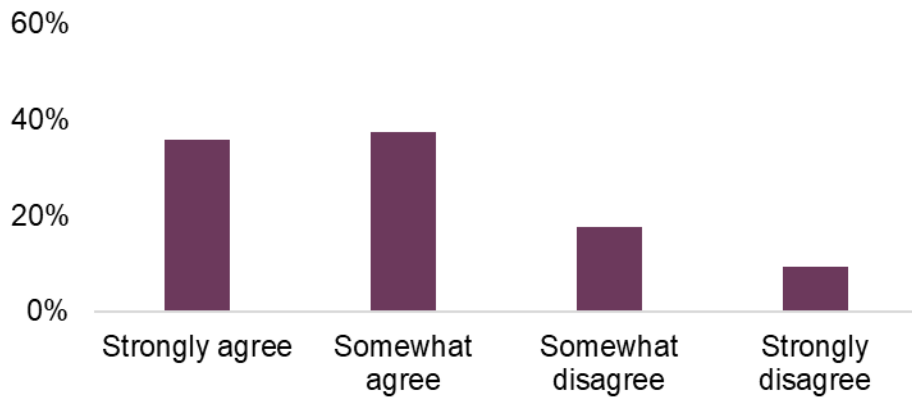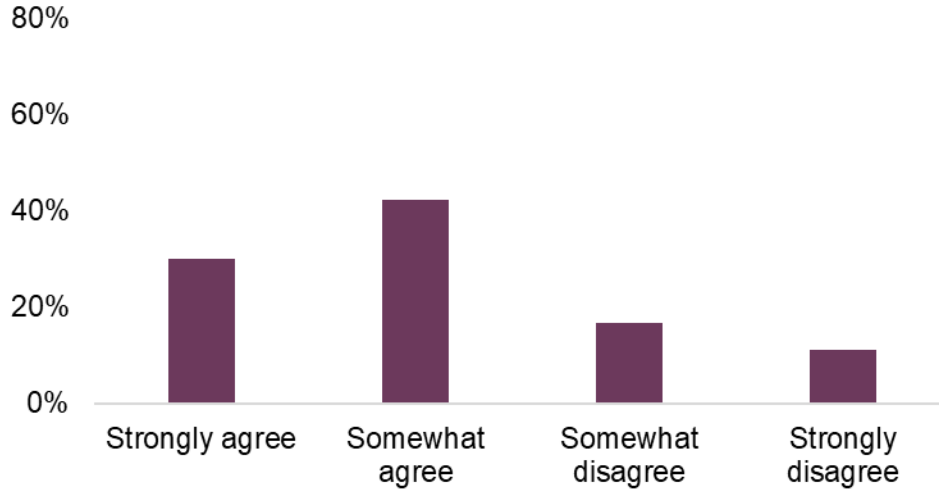

- Of 270 respondents, six (2%) strongly disagreed that their input was taken seriously by their supervisor. However, 30 (11%) respondents strongly disagreed that their input was taken seriously by USDB leadership. See charts below for full results of both questions.

Input Taken Seriously By Supervisor

Input Taken Seriously By USDB Leadership

A bar chart titled "Input Taken Seriously By USDB Leadership" with a vertical axis ranging from 0% to 80%. The bars show: Strongly agree (~30%), Somewhat agree (~42%), Somewhat disagree (~17%), Strongly disagree (~11%).

There were multiple questions, as shown below, where those who indicated being part of middle or upper management generally had more positive perspectives than those who indicated being part of staff.

- When asked whether leadership responds in a timely manner to concerns,
  - 97 (48%) respondents at the staff level strongly agreed that leadership responds in a timely manner,
  - 3 (75%) respondents in upper management strongly agreed that leadership responds in a timely manner.
- When asked whether they could contribute to decisions that affect them or their department,
  - 58 (28%) respondents at the staff level strongly agreed they could contribute,
  - 7 (64%) respondents in middle management, and
  - 3 (75%) respondents in upper management strongly agree they could contribute.
- When asked how frequently they received feedback, the rates of those receiving feedback monthly or more often are:
  - 148 (44%) respondents at the staff level,
  - 19 (68%) respondents in middle management, and
  - 3 (33%) respondents in upper management.

(b)   Survey: Job Satisfaction

Respondents to the USDB culture survey were asked questions related to their job satisfaction.

Respondents were also asked whether they would recommend the USDB as a place to work to a peer (i.e., Employee Net Promoter Score or eNPS), which is a standard metric. Survey responses indicated:

- 180 respondents (40%) were promoters,
- 161 respondents (36%) were passive, and
- 106 respondents (24%) were detractors.

Respondents who designated they were in middle and upper management and those who had been with the USDB for less than two years, reported a higher score.

When asked whether they thought about leaving the USDB in the last year, 173 respondents (39%) said yes. Additionally, when asked whether they felt pressure to promote the USDB beyond what was required in their job responsibilities, 23 (5%) respondents strongly agreed and another 58 (13%) somewhat agreed.

Comments in response to some questions also align with the feedback above that there are promoters and detractors. Representative comments include those listed below.

- *"There is great culture between all the employees (interpreters only, not supervisors or above…) we are constantly supporting one another, working together, and care about one another."*
- *"We support each other, we collaborate, and we truly care about each other."*
- *"USDB is HIGHLY focused and committed to meeting the needs of deaf and blind students. Most staff go well beyond the required services for students because they love the students and the work they do.*
- *"The culture is not a good place to be right now. People who are not certified or with little experience are running the show. Crazy money is being spent and not wisely. The culture at USDB is so complex, the average outside person is unable to comprehend what is happening."*
- *"It feels toxic at times. I don't feel welcomed on campuses when I'm assigned there. Staff are rude and dismissive."*
- *"It's really been a great place to work because of the teachers I got to work with, however, working with administration was very frustrating."*

           (c)   Survey: Data

Responses to various questions included feedback and suggestions regarding data and systems. Representative comments are included below.

- *"I have been asked (multiple times now) to provide data regarding the number of students we serve. Providing the data is not a problem; however, administration has repeatedly manipulated the data to into false and misleading numbers. I have voiced my concerns previously, but saw again today that the data continues to be presented in a way that is incorrect. The false data makes USDB…look more productive than we are and sets the bar unreasonably high for the following year."*
- *"I am taking data on the same things and entering it in several different places."*
- *"The school lacks a universal database to hold information. As a result, every department has to put in the information manually. Data is being tracked poorly on a google sheet that I don't even understand when data could be tracked more automatically."*
- *"We use multiple documenting platforms that do not communicate with each other. This makes for duplicate charting."*
- *"USDB needs a data base for all outreach services."*

Of 451 respondents, 120 respondents (27%) indicated they receive feedback annually. See the chart below for the full results.

Frequency of Feedback
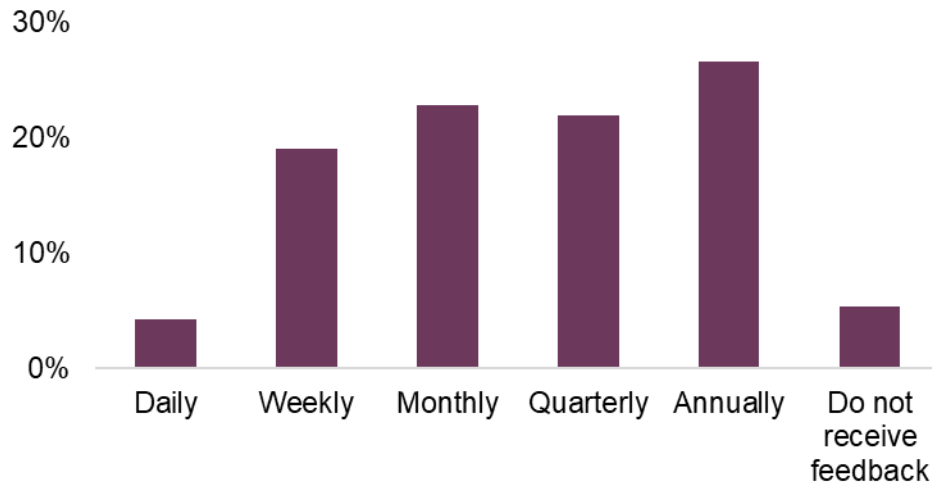
Survey respondents indicated their perception of the appropriateness of consequences for not meeting expectations. Respondents generally saw consequences as fair but were less likely to see them as consistent. Specifically, of 271 respondents:

- 13 (5%) strongly disagreed and 34 (13%) somewhat disagreed consequences were **fair** for not meeting expectations, whereas
- 17 (6%) strongly disagreed and 60 (22%) somewhat disagreed consequences were **consistent** for not meeting expectations.

See charts below for full results.

Fair Consequences for Not Meeting Expectations
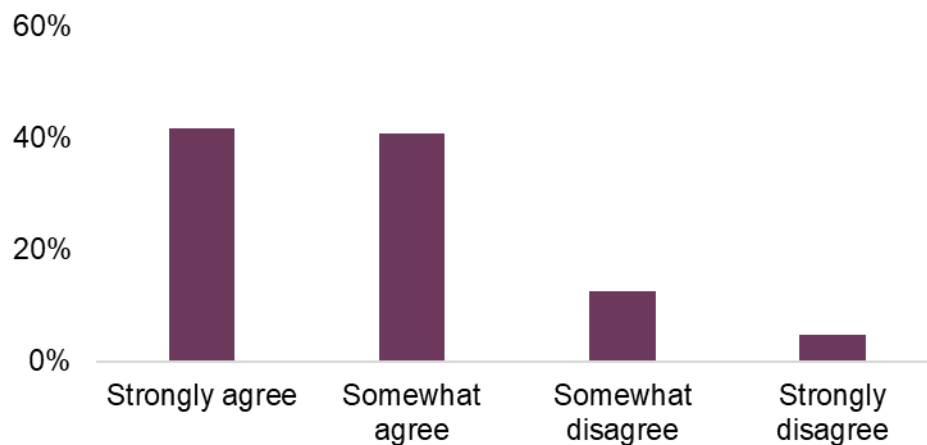
Consistent Consequences for Not Meeting Expectations
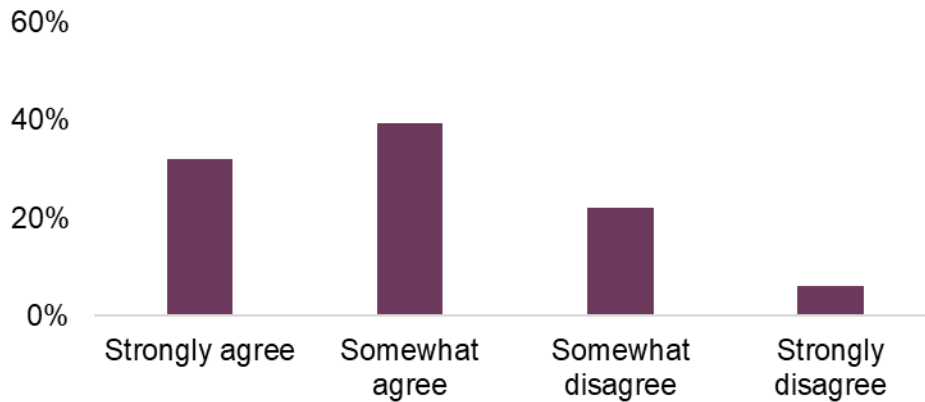

(e) Survey: Organizational Unity

There were no questions in the culture survey asking about organizational unity or differences between the departments and schools of the USDB. Despite this, many respondents mentioned concerns regarding division, inconsistency, and isolation at the USDB.

Of 204 open-ended comments at the end of the survey:
- 14 (7%) mentioned lack of organizational unity within the USDB,
- 10 (5%) mentioned inconsistency across departments or schools,
- 8 (4%) mentioned isolation.

Representative comments include:
- *"Too much division between deaf and blind."*
- *"There is also a noticeable cultural divide between divisions."*
- *"There will always be culture of sign language vs oral language."*
- *"I see a big disconnect between all the departments and wish they would work better together."*
- *"While I love the overall mission of USDB and the students serviced, and have thoroughly enjoyed the job itself, there does seem to be a gap between leadership and staff, and a big lack of awareness of what goes on in the classroom."*
- *"I really wish there was more continuity between departments and that we could have accessibility standards that all departments are trained on and knowledgeable about…if we could all get on the same systems and same pages I think we could automate more processes, we could generate more accessible materials, we could develop talent to [b]e more inclusive and maintain a consistent experience no matter what department you interact with."*
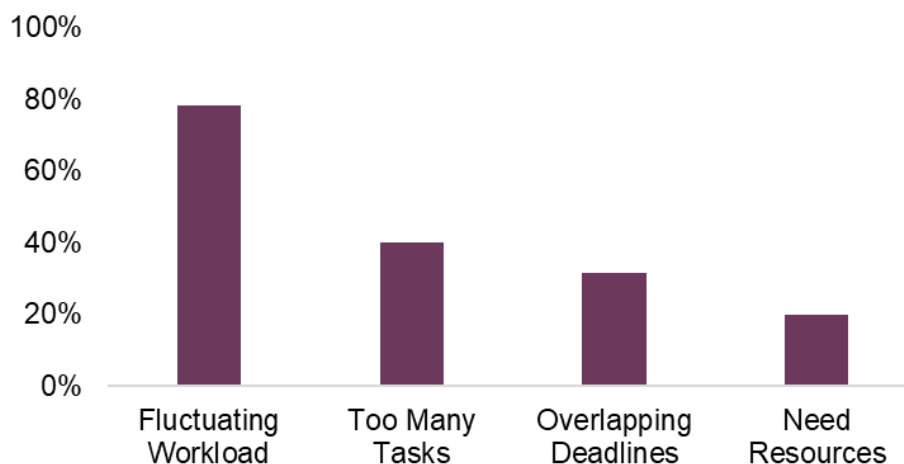
(f) Survey: Workload

There was a fairly even split between respondents who indicated their workload is occasionally overwhelming (i.e., 212 or 47%) and those who indicated their workload is

usually just right (i.e., 190 or 42%); 8% (35) indicated their workload is consistently overwhelming.

See the chart below for the most common reasons for overwhelming workloads for those who indicated their workload was occasionally or consistently overwhelming.

Reasons for Overwhelming Workload

A bar chart titled "Reasons for Overwhelming Workload" with a vertical axis ranging from 0% to 100%. Bars: Fluctuating Workload ~78%, Too Many Tasks ~40%, Overlapping Deadlines ~32%, Need Resources ~20%.

2. **Survey: Potential Strengths**

Respondents were given the opportunity to identify which aspects of USDB culture they liked. Of 446 respondents, 311 (70%) identified teamwork and 241 (54%) identified work-life balance as aspects they liked about USDB culture.

Representative and additional positive comments regarding USDB culture are included below.
- *"I love the people I work with and the variety of students I have the opportunity to teach."*
- *"I love that everyone helps each other when someone needs resources or assistance!"*
- *"The students are the top priority, and I feel so grateful to work in a district where I feel supported as an educator, knowing that USDB shares the same goal as myself- which is the students.*
- *"Innovation in approaches and a desire to improve outcomes and not just do the same thing."*
- *"I work in Outreach. I love my job and the support I get from my directors. They always get back to me quickly when I have a question or a concern. I appreciate that they will come with me to meet my students, see how much and where I travel, and give me great ideas and suggestions. This is a great job for me. I love that I get to work with my students and their families from when I pick them up until they finish high school. I'm lucky because my caseload doesn't change all the time, like it would if I lived in the bigger cities in Utah. I see USDB as providing a great service to students and families in need who live in rural Utah."*

3.   Statements

Statements made at various public meetings and meetings related to audit inquiries also reflect the culture of the USDB. For example, statements were made that reflect USDB management knowledge that "less reliable" information has been reported to policymakers, which may be perceived as messaging with an agenda rather than informing with facts to support effective policymaking.

B.   Roles & Responsibilities and Competencies

1.   Roles and Responsibilities

As outlined in Utah Code, the Board has dual governance roles for the USDB, first with the USDB as part of the larger public education system and second direct governance of the USDB. Supporting board governance and USDB management are the Advisory Council and Education Foundation Board. Various staff of the USDB and the USBE are designated or assigned to facilitate the purpose and operations of the Board, USDB Standing Committee, Advisory Council, and Education Foundation. Given the number of entities there is redundancy and inefficiencies, as well as significant cost in time and effort of staff.

The complex structure noted above, which was impacted by House Bill 537 in the 2025 legislative general session, has inherent risk to achievement of objectives outlined in state and federal law for the USDB. The complex structure may also obscure oversight, governance, and accountability of the USDB and challenge an effective, intentional financial strategy and use of funds.

2.   Competency

The following definition of competency is used for context of this section.

> *Competence is the capability to carry out assigned responsibilities. It requires relevant knowledge, skills, and abilities, which are gained largely from professional experience, training, and certifications. It is demonstrated by the behavior of individuals as they carry out their responsibilities. (The Green Book 4.02)*

The findings in **I. Utah Schools for the Deaf and the Blind** and **II. USDB Financial Information** evidence a lack of competence in areas such as:
- policy development and implementation,
- financial management,
- data and records management,
- personnel management
- trust distribution management,
- risk management, and
- use of related state systems.

The survey, and related analyses, also provided insight regarding competency.

(a)   Survey and Analysis: Qualifications

Respondents were asked whether their position required certification or licensure. Of 448 respondents:
- 302 (67%) said yes
- 127 (28%) said no, and
- 19 (4%) were unsure.

Of the 302 who said their position required certification or licensure, 8 (3%) self-reported not holding the required certification or licensure for their position.

In addition to these survey responses, USBE Licensing notified the USDB in May 2025 of five educators who did not have an administrator license which is necessary for the position they were assigned. The letter indicated that a lack of action (i.e., educator obtaining license or being removed from assignment) within a certain timeframe would "result in withheld funding and corrective action." At the time of the inquiry for this audit, which was after the deadline given, only two of five (40%) individuals were licensed.

Beyond licensure, there are additional qualifications educators must hold to for some assignments they may be given, such as having an endorsement in fine arts to teach art classes. In SY2025, as reported in the Comprehensive Administration of Credentials for Teachers in Utah Schools (CACTUS) system maintained by the USBE, there were a total of 233 educators with 338 assignments at the USDB.
- Of these, 46 (20%) educators had at least one assignment that they were not qualified for, for a total of 86 (20%) assignments at the USDB being taught by individuals without proper qualifications.
    o These numbers are inclusive of the three individuals above that have not yet obtained a license after it was identified they were not appropriately licensed.
- Of these, 12 (5%) educators had an assignment that they were semi-qualified; these educators hold 13 (4%) assignments at the USDB.
    o These numbers are inclusive of the two individuals above that obtained a license after it was identified they were not appropriately licensed.

(b)   Survey: Performance Management

Respondents almost universally agreed that they:
- had a clear understanding of expectations in their roles (i.e., 202 or 75% strongly agreed and 61 or 23% somewhat agreed),
- felt responsible for the quality of their work (i.e., 260 or 96% strongly agreed),
- had sufficient knowledge and skills to fulfill their job responsibilities (i.e., 342 or 76% strongly agreed and 98 or 22% somewhat agreed),
- felt learning and development is strongly encouraged at USDB (i.e., 192 or 71% strongly agreed and 65 or 24% somewhat agreed),
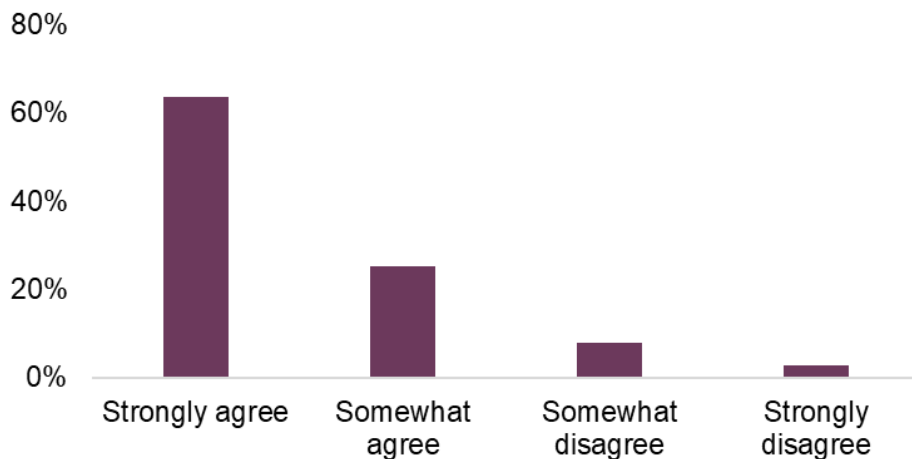
3. Communication

The survey included questions regarding communication and collaboration. Survey results specific to communication indicate respondents felt that communication was better with their supervisor than from the Superintendency. Of 276 respondents:
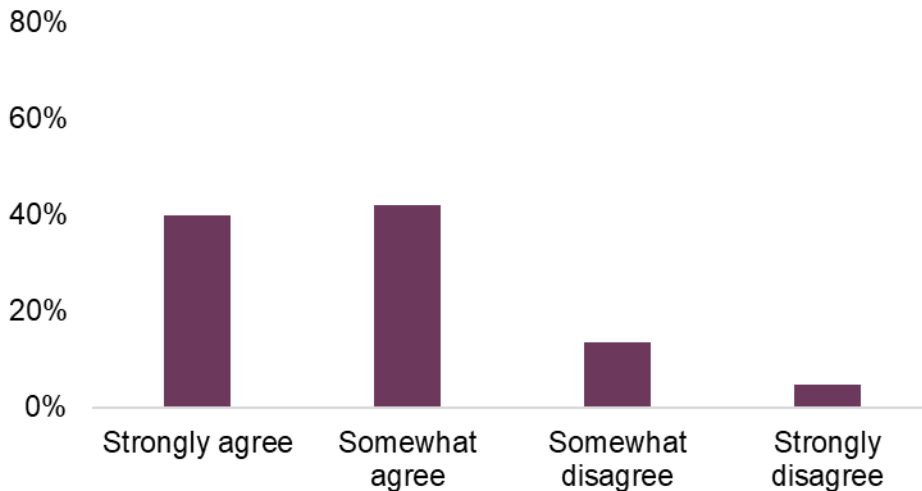
- 176 (64%) strongly agreed they had open and honest two-way communication with their supervisor, whereas
- 110 (40%) strongly agreed they received adequate communication from USDB Superintendency.

See charts below for full results of both questions.

Open and Honest Communication From Supervisor

Adequate Communication From Superintendency

Survey results regarding collaboration may provide additional insight into the feedback about perceived weaknesses in organizational unity (see **IV.A.1(e) Survey: Organizational Unity**). As one would expect, there is more collaboration within departments than with other departments or outside entities. However, the levels of collaboration and isolation reported varied between schools, locations, and functions, which is not wholly unexpected. For example, PIP and Outreach had higher levels of external collaboration whereas USIMAC or JMS had less external collaboration.

The charts below reflect the feedback of 274 respondents regarding intradepartmental collaboration, interdepartmental collaboration and collaboration with individuals external to the USDB.

Weekly Intradepartmental Collaboration
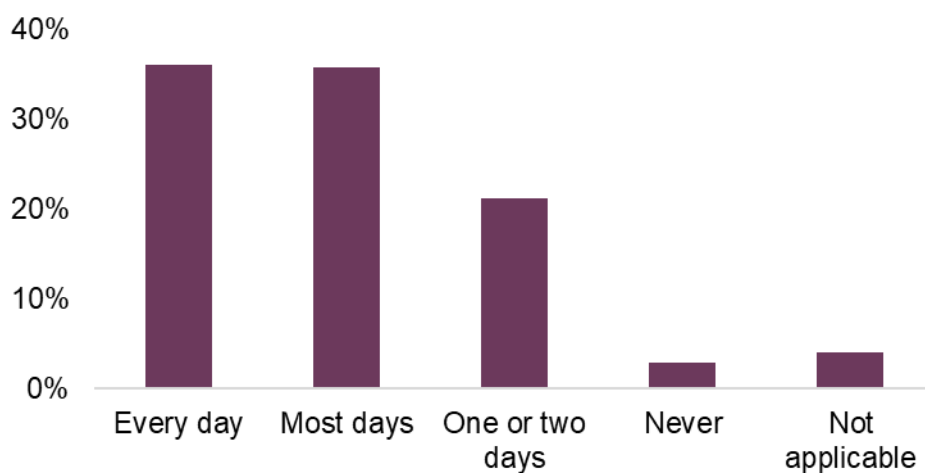
Weekly Interdepartmental Collaboration
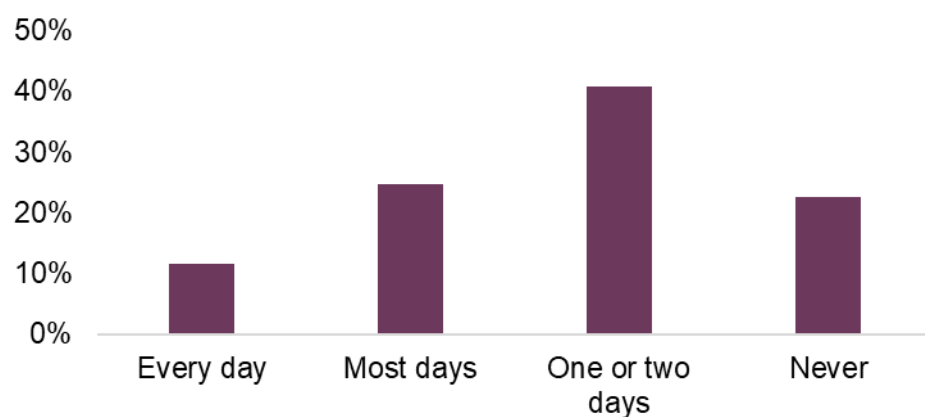
Weekly External Collaboration

4.   Statements

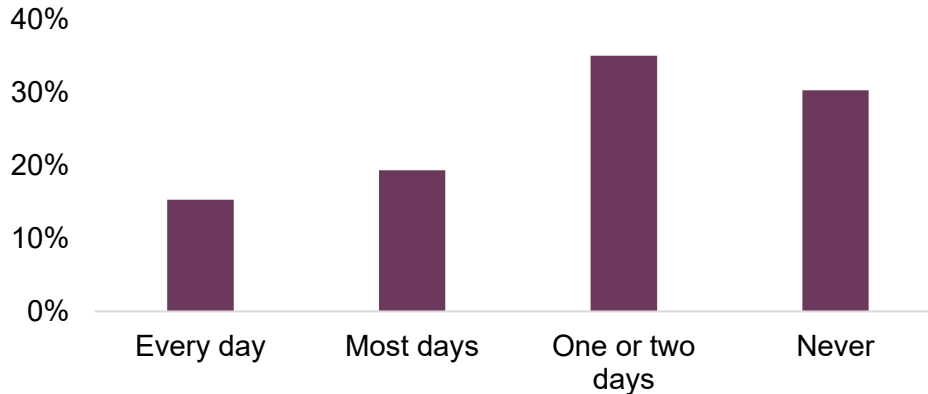In addition to the survey results, which identify opportunities for improvement, during discussions with various USDB staff, they pointed to the lack of communication or miscommunication between program staff, financial staff, administration, and oversight bodies as a reason for some issues, (e.g., processes, data).

C.   Policies and Procedures

In many instances, the USDB does not have policies or procedures to provide structure to mitigate risk and promote achievement objectives; in other instances, existing policies are obsolete or are not designed or implemented effectively. For example, the USDB does not have comprehensive policies or procedures for:
- the process to generate either the annual report or the monthly report,
- establishing the fee schedule in accordance with fees approved by the Legislature, and
- billing processes (e.g., LEA, Medicaid).

As another example, a policy regarding use of donations that has reportedly been obsolete for almost a decade is still included with existing policies.

Additionally, the USDB chart of accounts is not comprehensive and has not been used with fidelity, nor to full functionality.

D. Data and Records Management

1. Data Definitions and Management

(a) Data Definitions

Annual and monthly reports issued by the USDB include service categories; however, service category definitions have not been formally developed nor maintained. Upon request, USDB leadership developed and provided the service category definitions to help ensure service categories are adequately understood. See **Appendix E - Glossary**

Despite the definitions developed and provided during the audit, discussions with USDB staff that are the data owners reflected:
- There is a lack of detailed data definitions for the figures documented in the annual report.
- Some data owners are unaware of how data is used in the annual report.
- Data sources may have limited historical data support. This creates difficulties reproducing data and analyses used in prior reports unless separate version is retained to support reported figure.

When data definitions were provided, the actual definition was frequently disputed depending on the staff contacted.

(b) Data Management

Preparation of monthly reports includes manual data entry of many data points. There are also inconsistent measuring methodologies among figures compared in the annual report. Finally, data collection methods vary among users inputting data into the same database.

2. Records Management and Retention

Records, if maintained, are maintained in various formats. Additionally, access to view or edit records is not always effectively managed. For example:
- The main supporting document for monthly student and services figures is a living document that is updated continually by various individuals; a snapshot of the document at the time it is used to prepare the monthly report is not maintained.
- The document used to track monthly data supporting the reporting of interpreting services had incomplete information.
- The USDB does not retain documentation to support personnel data (i.e., teachers, related service providers, support staff, administration, and student-teacher ratio) and other information included in the annual report.

V. Why it Matters

Identified effects in an audit help assess the impact of the current condition or environment and potential impacts in the future. This assessment also helps to inform suggestions to address what is happening and why it really matters.

A. Additional Scrutiny

Additional scrutiny from policymakers occurs when financial and performance (e.g., data) questions impact the ability to develop good policy and wise use of funds. Action already taken in response to financial and performance questions includes passage of HB537 in the 2025 General Session of the legislature. This bill changed the entity status of the USDB by making it a subdivision of the USBE.

Current initiatives assessing and analyzing the USDB, two of which are legislatively driven, include:
- USBE internal audit (i.e., this report),
- Legislative audit,
- Workgroup required by the Legislature, and
- Transition efforts to move USDB's financial operations to the USBE.

There are significant financial and non-financial costs to these four initiatives, both for those completing the work and those providing information so the work can be completed. There will be further costs when these initiatives are complete, including additional meetings, policy work, financial adjustments, etc.

Finally, since at least the June 2025 Board meeting, the risk of the USDB over-expending its budget has been discussed. Over-expending a budget is a significant breach of fiduciary trust with taxpayers that is taken seriously by elected individuals and oversight bodies. Consequences for over-expending its budget may include a reduction in USDB's SFY2026 budget to cover the deficit, and a requirement to prepare a report and present it to the Board of Examiners and the Office of the Legislative Fiscal Analyst (Utah Code Ann. 63J-1-217).

B. Personnel

Since at least the June 2025 board meeting, all USDB personnel have been aware of the possible over-expenditure of the budget which could lead to a reduction in force. This knowledge alone is costly to employees who live with the stress of the uncertainty of their employment and providing needed services, as well as to individuals needing services that may be impacted.

C.   Data

Since at least the 2022 legislative session, the USDB has sought appropriations from the Legislature for new facilities. This effort has been stymied at least somewhat by lack of reliable data. For example, the 2023 *Performance Audit of Space Utilization by the Utah Schools of the Deaf and Blind* noted the "USDB did not appear to consider declining enrollment as a factor when proposing its new high school."

Unreliable data, as evidenced in this report, also appears to impact two independent facilities studies commissioned after the aforementioned audit was completed. The studies used USDB student and service data as a basis for some of the analyses completed. Given the projections in these reports were made prior to the USDB generating a reliable system to track student and service data (see **III.A USDB Non-Financial Information**), the projections and recommendations based on that information in the reports may be questionable. Further details regarding potentially questionable data or data projections in each report are included below.

1.   Dickinson Report

T-50, Note J The Dickinson report uses data like the enrollment figures noted in the annual report. For example:
- 254 PIP USB, Serving – This figure is reported in the Dickinson report as total students directly served in SFY2024. However, in discussing this figure with the USDB, this figure represents the total students enrolled at the beginning of the school year.
- 107 Deafblind – This figure is reported in the Dickinson report as total Deafblind students directly served in SFY2024. The figure that was verified in our testing was 153 total Deafblind students for SFY2024.

2.   HOK Report

T-50 Note K The HOK report indicates it used USDB's current enrollment figures at each campus to "estimate the USDB's catchment populations...". The HOK report was issued in the spring of 2024 and relies on SY2025 enrollment figures. The USDB conducts enrollment during the summer and early fall months; therefore, any enrollment figures relied upon to draw conclusions were estimates. Final enrollment numbers would not have been available until approximately mid-August of 2024.

Additionally, projections within the report do not align with USDB reported trends or projected growth. For example, the HOK reports a potential of 24% growth in the USDB SLC blind campus from 2025 to 2040. However, according to USDB annual reports dating back to SY2018, the SLC blind campus' enrollment is trending downward, with student enrollment of 23 in SY2018 and student enrollment of 17 in SY2024.

Furthermore, the methodology used to project the 2040 student population size within the report is questionable because it appears to use population growth for all age groups

statewide (i.e., 24%) rather than age ranges of only 0 to 24 years old, which are the more applicable age ranges for individuals receiving services from the USDB. If the 0 to 24 year old age ranges were used, the population growth factor would be 5% statewide. More specifically, the population growth factor for Weber and Salt Lake counties would be 11% and -1% respectively, rather than the 22% to 24% used in the report.

D. Funding

The lack of a cohesive and intentional financial strategy for achieving its objectives has resulted in financial stress to the USDB characterized by inefficiencies, lack of transparency, and unreliable reporting which obscures information for board governance.

Additionally, the significant number of coding errors when recording transactions has resulted in the need to continually make changes, which is inefficient and impacts transparency. Some errors have impacted the amount of funds available and external parties (i.e., overcharging LEAs).

1. State Appropriations

As identified in **II.D.2 Fund Revenues**, growth in revenues has been relatively stagnant in recent years. If a portion of the SFY2026 budget is needed to cover an over-expenditure of funds in SFY2025, that will further impact operations, including personnel, given payroll is such a significant portion of the budget (see **II.D.3(a) Personnel and Payroll**).

The data and financial situation will also likely impact future facilities funding decisions by the Legislature.

2. Fee Revenue

After considering possible remedies given the financial status of the USDB, at the June 2025 board meeting, the Board took action to allow the USDB to charge LEAs that contract with them for all outreach services rather than only being allowed to charge LEAs with greater than 3% of the student population statewide (see R277-801-3(6)(a)). This change will impact funding for both the USDB and LEAs; it will also impact the USBE and the USDB administratively.

3. Enrichment Funds

As noted in **II.D.3(c)(i) Trust Management,** the USDB receives distributions from two separate trusts with different beneficiaries. Because the current expenditure distribution may be considered a diversion of funds from the trust beneficiaries and not be allowable, a legal opinion from the Attorney General's Office has been requested. Regardless of the legal opinion, to mitigate risk and ensure accountability to trust beneficiaries, USBE Financial Operations has determined to limit expenditures to the respective trust distributions rather

than allowing expenditures from comingled distributions. This is a significant change that impacts previously approved budgets, activities, and account coding.

4. Fundraising and Donations

Despite differing oversight, budget processes, and an intention to use the two donation funds for somewhat different purposes, in practice, there is no real distinction. Both funds receive donations with and without restrictions and both funds receive donations greater and less than $5,000. The benefit of maintaining two donation funds is questionable, particularly given the financial and non-financial costs of maintaining a foundation.

(a) <u>Education Foundation</u>

The many concerns identified with the Foundation may prevent potential donors from providing grants or donations. Furthermore, there may be additional financial costs, and there already have been additional non-financial costs (e.g., staff time), to remedy noncompliance with required filings with various entities (e.g., Department of Commerce)

E. Reputation

Admirably, USDB's focus is on those it serves. The USDB website notes: "*Utah serves as a leader across the country and around the world for the education of students who are deaf, hard of hearing, deafblind, blind, or low vision*." This reputation may be damaged by the concerns identified.

Additionally, perceived extensive or ongoing lack of competence at the management level may also be perceived as lack of competence at the governance level, which may harm the Board's reputation.

VI. Recommendations

Before providing suggestions to address the findings of this report, we acknowledge work that has been done, and that is in-process, to address concerns related to the USDB, including:

- Concurrent initiatives outlined in **V.A Additional Scrutiny,**
- USBE Financial Operations efforts working with the USDB on various items including the chart of accounts, year-end close, budget preparation, updating the fee schedule, and addressing the trust distribution concern, and
- The USDB efforts to develop data definitions, develop custom data queries, and develop a more comprehensive understanding of their non-financial data (e.g., Outreach).

Recommendations that follow are suggestions to address:

- Roles and responsibilities of those associated with governance and operations of the USDB (**I.A Roles and Responsibilities and I.B Entity Status**),
- Why these concerns and trends are or may be occurring (**IV. Reasons for the Current Conditions**), and
- Current impact, and possible future impact, associated with what was found (**V. Why it Matters**).

Finally, the suggestions below, or alternative actions determined by the Board, to address the findings of this report should be undertaken in a timely manner and in consideration of the concurrent initiatives, as well as the likelihood and impact to identified individuals and parties, including as outlined in **V. Why it Matters**.

A. Organizational Structure and Related Entities

In accordance with internal control system components, and strategic planning principles, the USDB should create a cohesive and intentional plan for achieving its objectives, including use of all sources of funding to those objectives. As part of the plan, the roles, responsibilities, and operations of related entities (i.e., Advisory Council and Education Foundation)—and staff support of those entities—should be evaluated and where possible, duplication of effort and oversight removed. Consideration should be given to combining the two funds (i.e., Fund 9214 and Fund 9218) that receive donations.

The Board should carefully review this plan and hold applicable individuals accountable for implementation of the plan.

1. Advisory Council

The USDB should ensure the Advisory Council meets as required by Board Policy 4002. Additionally, the USDB should ensure requirements of the Advisory Council as the school community council are met, including noticing meetings on the school website a week before the meeting.

2. Education Foundation

Specific to the Education Foundation, the USBE should ensure all entity filings and submissions are current, including:
- Non-profit filing with the Department of Commerce, and
- Financial report submissions with the OSA.

With the transition of USDB's financial operations to the USBE, the USBE should also establish an official agreement with the Foundation regarding collaboration and support that can be provided and what functions the Foundation Board and staff will be responsible to handle and report on.

The Foundation Bylaws should be reviewed and updated as necessary to align with the Foundation Articles of Incorporation, as amended, and based on the established agreement with the USBE. The Foundation Bylaws should also be updated to ensure:
- alignment with established policies and procedures of the USBE and the USDB,
- alignment with state law, including stipulations regarding allowable activities of foundations,
- tracking of donor restrictions to match expenditures with related donations,
- oversight of personnel compensated with taxpayer funds is done at a level that can provide adequate oversight considering state employment requirements, and
- reporting to the Board is timely and reliable.

B. Competency and Accountability

Accountability at all levels should be strengthened. This may require new performance management and metrics regarding compliance, operations, policy, and data.

Competency in the following areas, at an appropriate level for relevant positions, should also be prioritized:
- policy development and implementation,
- financial management,
- data and records management,
- personnel management,
- trust distribution management,
- risk management, and
- use of related state systems.

C. Policy

The USDB should complete a risk assessment of critical functions and administrative tasks, including required reports, and as risk merits develop comprehensive policies and procedures, inclusive of defined terms. Policy development should include a policy to ensure policies and procedures are updated as needed to avoid obsolescence.

The policies and procedures should be implemented with respective staff, through training and other means. The policies and procedures should also be available to all, so they serve as a reference for performing job responsibilities.

Policies in the areas noted below should be considered high risk, meaning policies should be developed and implemented to mitigate risk in these areas. Policies for:
- supporting the Board and related entities,
- data collection and management, including data definitions,
- generating monthly, annual and other reports,
- billing LEAs for outreach services consistent with state law,
- use and approval of carryforward and enrichment funds (i.e., trust funds), and
- federal grants management.

D. Data

The Board, the USBE, and the USDB should consider the data needed to support compliance–with provisions in Utah Code, Board Rule, bylaws, policies—and performance. Specifically, the amounts and type of data collected related to finances, student enrollment and attendance, and services provided that will be reported. Data should be relevant, accurate, complete (i.e., provides a comprehensive understanding), consistent, and timely. Data to be collected about related entities (i.e., the Advisory Council and Education Foundation) should also be determined.

After determining data needs, the systems and processes to collect, maintain, and manage data should be considered. If possible, the USBE and the USDB should consider if current systems (e.g., student information system) can be properly employed to manage other programs, such as outreach, post high school populations. Where proper systems cannot be employed, spreadsheets should be used with extreme caution and supported by available system controls (e.g., access, validations, automation).

Data, as described above, can then be used to better understand the needs of students and individuals served by the USDB prior to advocating for resources and making policy decisions that impact the USDB, the public education system, and the citizens of Utah.

1. Other Report Data Recommendations

(a) Dickinson Report
Two statements from the Dickinson report mirror recommendations in this report.
- Use of student enrollment averages: "We recommend USDB maintains a month-by-month enrollment count moving forward. Comparing monthly enrollment numbers in a longitudinal study (comparing year-to-year same month enrollment over a 10-year period) will provide beneficial information for forecasting needs. (Report page 119)"

- Use of average rather than max figures: "When asked for staff-to-student ratios, most Schools for the Deaf tend to state the "maximum" teacher-to-student ratio. However, in reality, the actual number in the classroom can fluctuate based on the needs of students in the class and the number of students at that grade level. (Report page 120)."

    (b)   HOK Report

Similar to the Dickinson report, the HOK report includes ideas that mirror recommendations in this report. For example,

- Service Ideas: USDB Center for Data – would serve "as a pivotal resource for the collation and analysis of educational data, providing states and internal stakeholders with valuable insights into student performance and outcomes. (Report Page 203)"

E. Finances

As noted in **VI.A Organizational Structure and Related Entities**, a cohesive and intentional plan, inclusive of a financial strategy, is needed for the USDB.

USBE Financial Operations in collaboration with the USDB should ensure this cohesive and intentional strategy includes, but is not limited to:
- Establishing a comprehensive chart of accounts using the full functionality of the state's financial system to employ program accounting for revenue and expenditures.
- Understanding all revenue sources, with associated timelines and regulations regarding use of funds.
  - Budgeting for expenditures specific to available revenue, which will require collaboration with related entities and other parties (e.g., Advisory Council, Education Foundation, LEAs)
- Coding revenue and expenditure transactions accurately, and coding expenditure transactions to the appropriate funding source upfront rather than at year-end.
- Ensuring fees charged are aligned with fees approved by the Legislature.
- Taking action to resolve errors and issues that were identified (e.g., overbilling LEAs, enrichment fund expenditures not in accordance with trust distributions, miscoding transactions).

As noted, effort has already been made to implement several of the recommendations above, which is commendable.

Appendix A – Objective, Scope, and Methodology

I.   Objective and Scope

On April 3, 2025, the Utah State Board of Education (Board), approved and prioritized an audit of the Utah Schools for the Deaf and the Blind (USDB). The audit was immediately started.

The primary purpose of the audit is to review operational factors at the USDB, including financial operations. However, the audit also considers areas identified by the Legislature in the 2025 General Session and from the Public Education Appropriations Committee memo to the Executive Appropriations Committee (e.g., governance and oversight, entity structure, students and services).

The IAD work noted below was focused to minimize duplication of effort with parallel processes taking place at the same time, including:
1. An audit of the USDB by the Office of the Legislative Auditor General,
2. USBE Financial Operation's assistance with the USDB yearend closeout and SFY2026 budget preparation, and
3. A working group established to address questions from the legislature as noted above.

II.   Methodology

To achieve the objectives noted above, and to ensure an accurate and efficient audit, the Internal Audit Department (IAD) gained an understanding of relevant criteria, performed several analyses, and surveyed USDB staff regarding the operations and culture of USDB.

A.   Criteria and Understanding

To ensure a sound understanding of requirements related to the USDB and how it has been operating, Utah Code Annotated, Board Rule, and Board Policies were reviewed; related legislative, board, and committee meetings were also attended or watched. To consider alignment of practice with criteria, state and USDB internal policies and procedures and associated documents were obtained and reviewed.

B.   Analysis

Analysis included the following:
- USDB's three financial funds (i.e., 9214, 9215, and 9218) from state fiscal year (SFY)2023 through SFY2025.
  - Financial data, including supporting documentation, was obtained from the state's financial system (i.e., FINET, which was recently upgraded to Vantage).
  - SFY2025 financial data was queried as of May 17, 2025; instances where the time range differed are noted in the report. Though SFY2025 is not a full fiscal year, per auditor judgment it was included to provide as much information as

possible inform the transition of USDB financial operations to USBE on July 1, 2025.

- Non-financial data (e.g., student enrollment, services provided) from approximately 2018 through 2024, to identify trends, consider accuracy and reliability, and calculate average student enrollment and attendance.
  - o Non-financial data was obtained from various sources (e.g., annual and monthly reports, systems [e.g., student information system], other documents and reports [e.g., entity filings, facilities studies]). In instances where sufficient information was not readily available, it was not included and is noted in the report.
  - o SY2024 non-financial data, including supporting documentation, was reviewed to assess data reliability and calculate average student enrollment and attendance.
  - o USDB leadership and relevant staff provided information to understand terminology and data.

C. Survey

An anonymous survey was administered in early June 2025, to collect information from USDB personnel. Of the 681 staff emails provided by the USDB, there were 492 (72%) respondents, with 445 (65%) respondents completing the full survey. Partial responses were included in the survey results. Not all respondents saw all questions, so total responses vary from question to question. Additional information on survey demographics are included below.

Respondents were given the option to identify what department(s) they worked in, where they fit in the hierarchy of the USDB (e.g., staff, middle management), and how long they have worked at USDB. The tables below show the distribution of respondents by hierarchy and tenure. Most respondents indicated they are at the staff level, with 87 (20%) preferring not to identify where they fit within the hierarchy of the USDB.

Distribution of Hierarchy
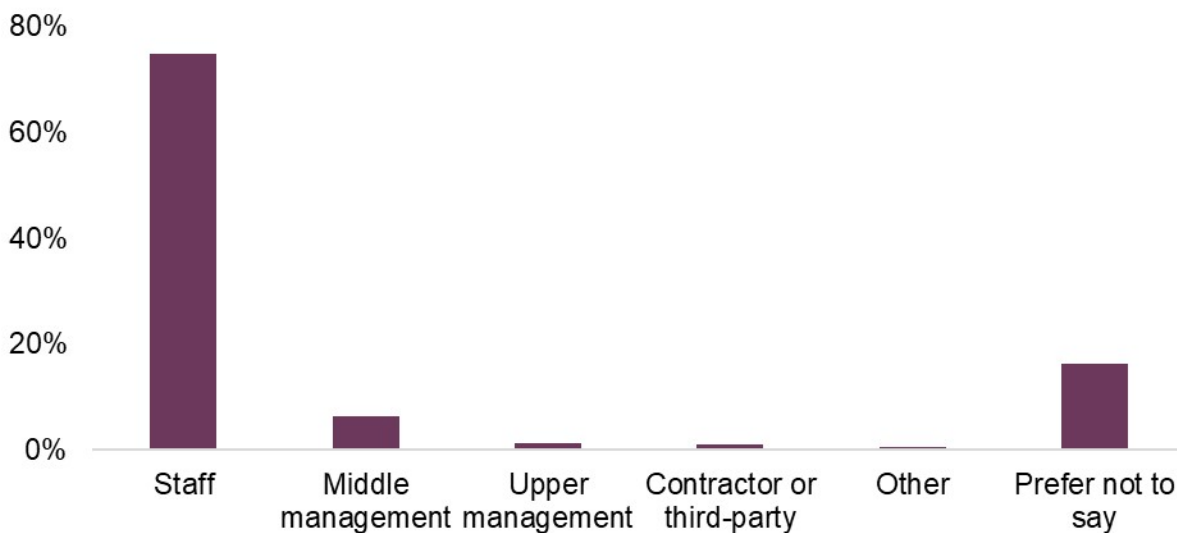
Survey respondents represented all tenure groups.

Distribution of Tenure
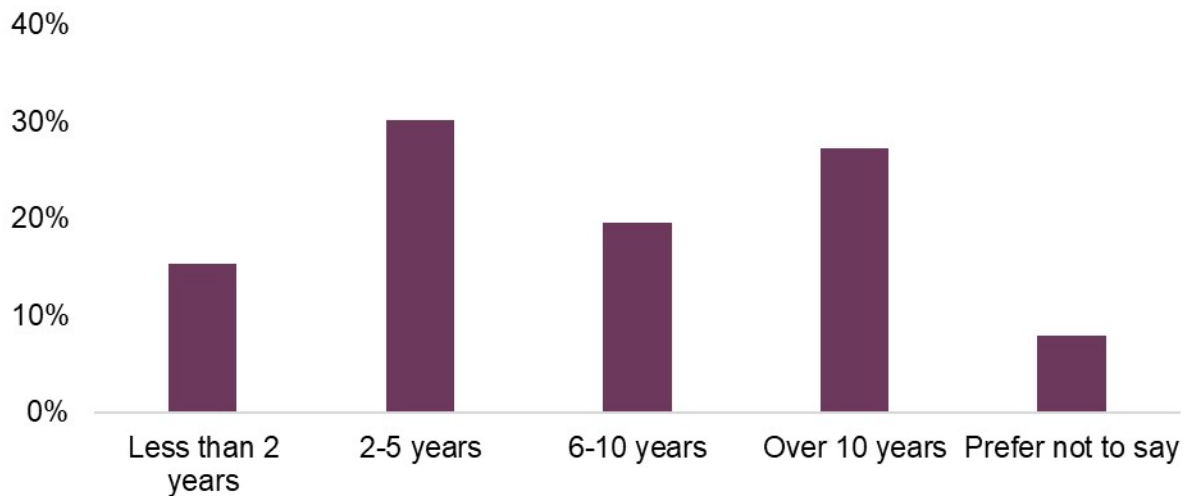
Of note, while the survey was being conducted, USDB personnel were aware of a potential reduction in force (RIF); what, if any, impact it had on the survey results are unknown.

The survey included several questions which allowed for respondents to provide comments. The following comments share context that may have impacted how USDB personnel provided information in the survey:

- *"I specifically have already talked to multiple people from our organization that don't ever trust that a survey is truly anonymous and are scared to fill it out…despite reassurance, people within my organization are still scared to be honest in fear of backlash."*
- *"People gossip about certain top leaders, but no one speaks openly about it because they're afraid of retaliation."*
- *"I noticed that the questions lumped the superintendency and the directors together, which made it difficult to answer some of the questions in good conscience…it changed the way I would have answered some of the questions."*
- *"One thing that stood out to me was how the questions about the Superintendency were grouped together…Since I couldn't separate the Superintendency in the survey, I answered those questions positively overall…If there are future surveys or opportunities for feedback, it might be helpful to separate questions about individual leaders, both in the Superintendency and at the Director level. Like any organization, we have a mix of leadership styles and strengths, and giving staff a chance to reflect on that more specifically would probably lead to more useful feedback."*
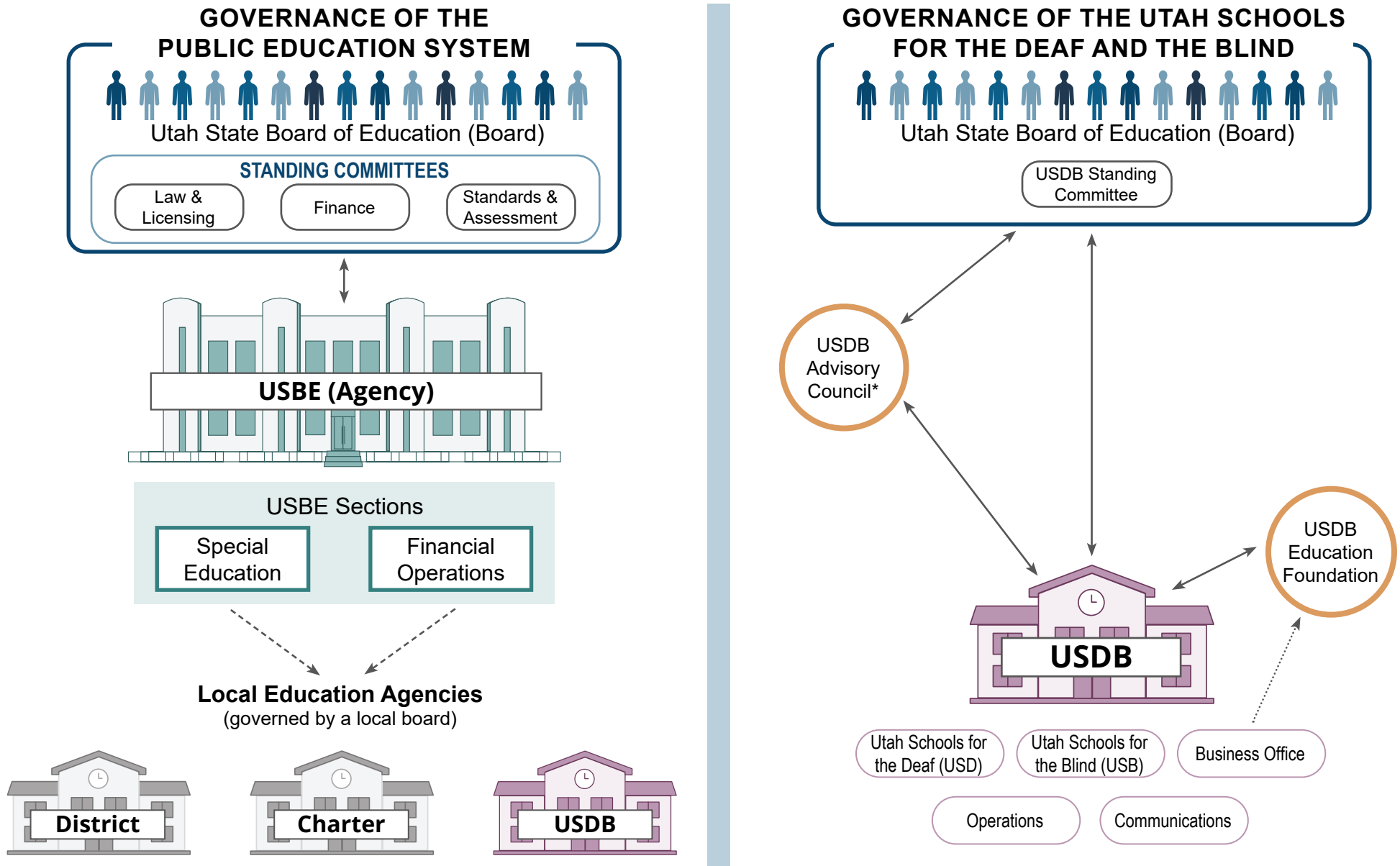
Based on the results of the reviewed criteria, the various analyses, and survey responses, IAD drew conclusions specific to the stated audit objective.

Appendix B - Board Governance Overview

Entity/Function	Legal Reference	Members	Staffing/Support	Meetings	Other
State Board of Education (Board)	Utah Constitution Art. X Utah Code 53E-8-204 Board Bylaws Board Policy 4001 R277-800 and R277-801	15 Elected Members	Board Direct Report Staff of USBE and USDB USBE and USDB Personnel	11 meetings annually required per Board Policy 4001	Board Policy 4001 Item 5: 1. requires the Board to approve the USDB budget; 2. allows the Board to designate the fiscal, program, and accounting records USDB must keep, and 3. allows the Board to designate reports that USDB must submit.
Board USDB Standing Committee	Board Bylaws Board Policy 4001	5 Board Members	USDB Superintendent USBE Support Staff	Monthly or more often as needed	Committee Members are assigned by Board Leadership. Committee reports at Board meetings
USDB Advisory Council	Utah Code 53E-8-204 R277-800 Board Policies 1004 and 4002 Council Bylaws	At least 8 and not more than 11 voting members	USDB Superintendency	10 meetings annually at the call of the USDB Superintendent	The council includes: • 2 members who are blind • 2 members who are deaf • 2 members who are deaf-blind or parents of a deaf-blind child • 1 parent of a blind child • 1 parent of a deaf child • 1 non-voting member of the Board, appointed by the Board Chair Per R277-800, functions as the USDB School Community Council, which has separate requirements in Utah Code and Board Rule.
USDB Education Foundation	Utah Code Articles of Incorporation, as amended Foundation Bylaws	Board of Directors with not less than 4 persons	Executive Director USDB Superintendent USDB Communications USDB Business Office	Annual meeting; other meetings as determined.	501(c)3 nonprofit with required nonprofit filings, tax filings, and financial/reporting filings with the Office of the State Auditor. Foundation Board Members are selected as outlined in the Foundation Bylaws.

Board Governance Overview

(prior to July 1, 2025)

GOVERNANCE OF THE PUBLIC EDUCATION SYSTEM

Utah State Board of Education (Board)

STANDING COMMITTEES
- Law & Licensing
- Finance
- Standards & Assessment

USBE (Agency)

USBE Sections
- Special Education
- Financial Operations

Local Education Agencies
(governed by a local board)

- District
- Charter
- USDB

GOVERNANCE OF THE UTAH SCHOOLS FOR THE DEAF AND THE BLIND

Utah State Board of Education (Board)

USDB Standing Committee

USDB Advisory Council*

USDB Education Foundation

USDB

- Utah Schools for the Deaf (USD)
- Utah Schools for the Blind (USB)
- Business Office
- Operations
- Communications

KEY

→ Shows a governance or management relationship.

--→ Shows technical assistance and/or monitoring services provided.

····→ Shows financial operation support provided the USDB Education Foundation

* Also functions as the school community council for the USD and USB.

BOARD GOVERNANCE OF THE PUBLIC EDUCATION SYSTEM AND THE UTAH SCHOOLS FOR THE DEAF AND THE BLIND

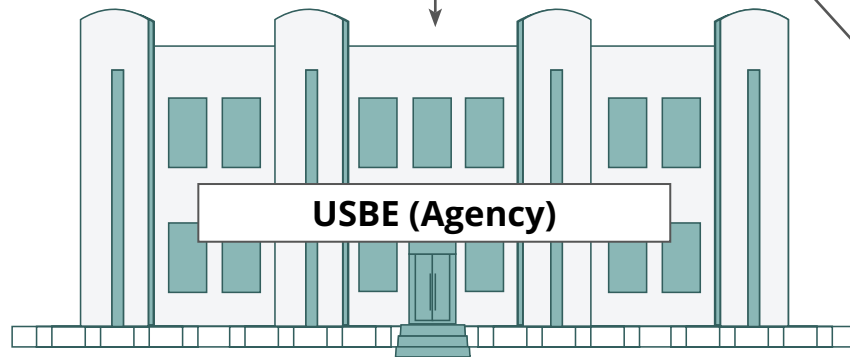(After July 1, 2025)

Utah State Board of Education (Board)
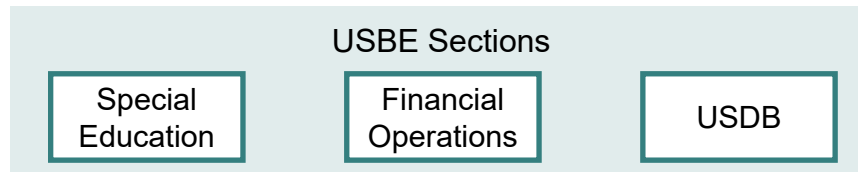
STANDING COMMITTEES

- Law & Licensing
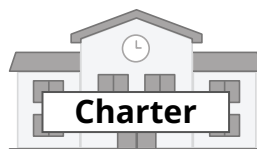- Finance
- Standards & Assessment
- USDB

USBE (Agency)

USDB Advisory Council*

USBE Sections

- Special Education
- Financial Operations
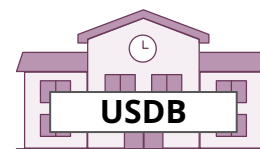- USDB

USDB Education Foundation

Local Education Agencies
(governed by a local board)

- District
- Charter
- USDB
  - USD
  - USB

KEY

↔ Shows a governance or management relationship.

- - -> Shows technical assistance and/or monitoring services provided.

······> Shows financial operation support provided the USDB Education Foundation

* Also functions as the school community council for the USD and USB.

Appendix C - USDB Financial Fund Information

Fund #	Fund Name	Oversight	Funding Sources	Funding Uses	Additional Notes
9214	**Donated Funds**	USDB Management	• Small donations (under $5,000) to benefit programs, students, or other purposes associated with USDB. • Restricted (i.e., designated for a specific purpose and assigned a tracking number [function code]) and unrestricted donations.	• Unrestricted donations: as approved by the USDB Superintendent • Restricted donations: for the designated purpose	Most of the unrestricted funds in Fund 9214 were transferred to Fund 9218 after it was established. Reportedly, donations greater than $5,000 are maintained in Fund 9214 only if they are restricted; otherwise, these contributions are maintained in Fund 9218.
9215	**Operating***	USDB Management with the exceptions in the Additional Notes	• State appropriations • Federal grant funds • Trust distributions (i.e., enrichment and LAND Trust) • Fee Revenue • Carryforward	• Daily operations and functions of USDB, with the following stipulations: · Federal: as allowed by federal regulations · Trusts: for the beneficiaries of the trust, as outlined in state law	Use of funds for activities covered by enrichment funds are approved by the Board based on recommendations from the Advisory Council. Use of funds for activities covered by LAND Trust funds are approved by the school community council.
9218	**Education Foundation**	Foundation Board	• Grants and donations provided by various corporations, foundations, and private parties	• Unrestricted donations: as approved by the Foundation Board • Restricted donations: for the designated purpose	When the Foundation was incorporated, it received a large donation from a single donor. Over the years, this donation has made up the majority of the Foundation's revenue. However, this amount has decreased as a percentage of total revenue as the Foundation has since received grants and donations from other individuals and entities.

General Note: Program accounting is a required accounting standard and means that expenditures should be made from (i.e., matched to) an allowable revenue source at the time of transaction. This is particularly important when there are multiple revenue sources, which is the case for each of the funds above. A robust chart of accounts helps ensure effective program accounting and management of funds.

*When USDB became a subdivision of USBE on July 1, 2025, Fund 9215 was merged with USBE's operating fund (Fund 2480).

Appendix D – Criteria

1. Utah Constitution
- **Article X, Section 7** Proceeds of land grants constitute permanent funds
  The proceeds from the sale of lands reserved by Acts of Congress for the establishment or benefit of the state's universities and colleges shall constitute permanent funds to be used for the purposes for which the funds were established. The funds' principal shall be safely invested and held by the state in perpetuity. Any income from the funds shall be used exclusively for the support and maintenance of the respective universities and colleges. The Legislature by statute may provide for necessary administrative costs. The funds shall be guaranteed by the state against loss or diversion.

2. Utah Code Annotated
- **51-2a-201** Accounting reports required (*Effective 3/1/2017*)
  (2) The governing board of an entity whose revenues or expenditures of all funds is less than $1,000,000 shall cause a financial report to be made in the manner prescribed by the state auditor.

- **51-2a-201.5** Accounting reports required -- Reporting to state auditor -- Registration as a limited purpose entity (*Effective 5/12/2020*)
  (2)

  (c) The governing board of a nonprofit corporation whose revenues or expenditures of federal pass through money, state money, and local money is at least $100,000 but less than $350,000 shall cause a compilation to be made of its accounts by an independent certified public accountant.

- **51-2a-202** Reporting requirements (*Effective 6/30/2020*)
  (1) The governing board of each entity required to have an audit, review, compilation, or fiscal report shall ensure that the audit, review, compilation, or fiscal report is:
  (a) made at least annually; and
  (b) filed with the state auditor within six months of the close of the fiscal year of the entity.

- **53C-1-103** Definitions (*Effective 7/1/2018*)
  (7) "Primary beneficiary representative" means the Land Trusts Protection and Advocacy Office, created in Section 53D-2-201, acting as representative on behalf of the following trusts:
  (a) the trust established for common schools;
  (b) the trust established for schools for the blind; and
  (c) the trust established for schools for the deaf.

- **53D-2-201** Land Trusts Protection and Advocacy Office -- State treasurer oversight and rulemaking -- Advocacy office duties -- Applicability of Government Access and Records Management Act (*Effective 5/5/2021*)
  (4) In accordance with the Utah Enabling Act, the Utah Constitution, and state law, the advocacy office shall act with undivided loyalty to the trust beneficiaries, advocating against the state using a trust asset to pursue a state goal that is inconsistent with a purpose of the trust associated with that asset.

- **53D-2-203** Land Trusts Protection and Advocacy Office director -- Appointment -- Removal -- Power and duties (*Effective 5/1/2024*)
  (5) In order to fulfill the duties of the advocacy office described in Section 53D-2-201, the advocacy director shall:
    (i) annually send a financial report regarding the relevant individual trust, and, upon request, report in person to:
      (iv) the Utah Schools for the Deaf and the Blind, on behalf of the schools for the deaf and blind trusts;

- **53E-8-203** Applicability of statutes to the Utah Schools for the Deaf and the Blind (*Effective 7/1/2021*)
  (1) The Utah Schools for the Deaf and the Blind is subject to this public education code and other state laws applicable to public schools, except as otherwise provided by this chapter.
  (2) The following provisions of this public education code do not apply to the Utah Schools for the Deaf and the Blind:
    (a) provisions governing the budgets, funding, or finances of school districts or charter schools; and
    (b) provisions governing school construction.

- **53E-8-407** Educational Enrichment Program for Deaf, Hard of Hearing, Blind, and Visually Impaired Students -- Funding for the program (*Effective 5/14/2019*)
  (1) There is established the Educational Enrichment Program for Deaf, Hard of Hearing, Blind, and Visually Impaired Students.
  (2) The purpose of the program is to provide opportunities that will, in a family friendly environment, enhance the educational services required for deaf, hard of hearing, blind, visually impaired, or deafblind students.
  (3) The advisory council shall make recommendations to the state board regarding the design and implementation of the program.
  (4) The program shall be funded from the revenue distributed from the permanent funds created for the Utah Schools for the Deaf and the Blind pursuant to Section 12 of the Utah Enabling Act and distributed by the director of the School and Institutional Trust Lands Administration under Section 53C-3-103.

- **53G-7-1203** School community councils – Open and public meeting requirements (*Effective 5/14/2019*)
  (5) A council shall, at least one week prior to a meeting, post the following information on the school's website:
    (a) a notice of the meeting, time and place;
    (b) an agenda for the meeting; and

(c) the minutes of the previous meeting.

- **53G-7-1206** School LAND Trust Program (*Effective 51/2024 and superseded 7/1/2025*)
  (6) An LEA shall record the LEA's expenditures of School LAND Trust Program funds through a financial reporting system that the board identifies to assist schools in developing the annual report described in Subsection (5)(b).

- **63G-6a-106** Procurement units with specific statutory procurement authority -- Independent procurement authority--Authority of head of a procurement unit with independent procurement authority (*Effective 7/21/2018 and superseded on 5/12/2020*)
  (4)
     (e) With respect to a procurement or contract over which an independent procurement unit's procurement official has authority, the procurement official may:
        (iv) delegate duties and authority to an employee of the procurement unit, as the independent procurement unit's procurement official considers appropriate;

- **63G-6a-303** Roles, duties, and authority of chief procurement officer (*Effective 7/1/2021*)
  (3) With respect to a procurement or contract over which the chief procurement officer has authority under this chapter, the chief procurement officer, except as otherwise provided in this chapter:
     (b) may:
        (ii) delegate duties and authority to an employee of the division, as the chief procurement officer considers appropriate;

3. Utah Administrative Code (Rule)

- **R277-477-7** School LAND Trust Program – Plan Amendments and Final Reports (*Effective 10/8/2024*)
  (3)
     (a) A district or charter school business official shall enter prior year audited expenditures of School LAND Trust funds through UPEFS consistent with UPEFS requirements and timelines.

4. Board Policy

- **Board Policy 4002** Meetings
  The Advisory Council shall meet ten times per year at the call of the USDB Superintendent.

5. Advisory Council By-laws

- **Article IV, Section 1**

The Council shall generally meet monthly, except July and December, but must meet at least ten times during a fiscal year.

6. USDB Budget and Purchasing Practice Policy
- **Section 2, Budgeting**
  2.2. The executive director prepares an annual budget for approval by the Board of Directors prior to July 1 each year.
  2.3. The USDB Finance Director provides technical assistance for the executive director and the Board.
  2.4. The Board may adjust the budget if needed during the year.

- **Section 3, Expenditures**
  3.1 The USDBEF is authorized to execute expenditures less than $4,999 within approved budget categories.
  3.2 Individual expenditures that exceed $5,000 require the approval of the Board.
  3.3 Purchases that exceed $5,000 may not be subdivided to avoid seeking the approval of the Board.

- **Section 4, Requests for Foundation Resources**
  4.1. Generally, requests are submitted to the foundation through the USDB superintendent or the finance director. The superintendent may also designate an associate superintendent to work directly with the foundation executive director on a specific project.
  4.2. Other USDB staff are not authorized to contact the foundation directly. Proposals should be vetted by a supervisor who may submit them to their respective associate superintendent for consideration.

7. FIACCT
- **02-02_00** General Accounting – account code structure
  Purpose: This FINET Account Code Structure section provides a listing of the coding elements required to process transactions within the accounting system and definitions for each of the coding elements.

- **04-00_00** Purchasing – Procurement payment procedures in FINET

  This policy details how to record payments in FINET related to the following procurement types:
  a) Purchases From Other State Agencies – See the purchasing flowchart on the GovOps Division of Purchasing website to determine which agencies are mandatory use agencies.

  b) Payments That Do Not Require Procurements – See UCA 63G-6a, Administrative Rule R33, and GovOps Division of Purchasing policy PURCH-03.

Appendix E - Glossary

Term or Acronym	Term or Acronym Description
Audiology Services*	Service Category: Comprehensive audiology support provided by USDB audiologists, including diagnostic hearing evaluations, booth testing, hearing aid and cochlear implant checks, and the placement or maintenance of Assistive Listening Devices (ALDs) and follow up services to students from birth through age 22.
AMA	Average Monthly Attendance Resulting analysis on PowerSchool Analytics & Insights output which provided attendance figures by month for each student.
Board	The constitutionally established and elected body of 15 members of Utah State Board of Education.
Board Rule	Utah Administrative Code promulgated by the Board
Blind Central	Utah School for the Blind - Salt Lake City
Blind North	Utah School for the Blind - Ogden
Blind South	Utah School for the Blind - Springville
Classrooms – Preschool, Elementary, Secondary*	Service Category: USDB operates specialized classrooms for students from ages 3 to 22 who require intensive hearing or vision services, or direct communication with teachers and peers. School programs include preschool, elementary and secondary programs that mirror traditional schools with added expertise from teachers of the deaf and teachers of the visually impaired. This may also include a residential setting focused on academics and life skills for specific students. Placement is determined by IEP teams based on need and federal and state requirements.
COBI	Compendium of Budget Information "details Utah's state budget and related financial authorizations" and "contains funding item detail, performance measures, background information, and financial history. It is provided as a companion to appropriations bills considered by the Utah State Legislature." https://cobi.utah.gov/2025/1/overview
CY	Calendar Year (i.e., January 1 – December 31)
Deafblind*	Service Category: Available statewide for children birth through age 22 with documented combined vision and hearing loss. Services are based on IEP team decisions and may include direct instruction or consultation from a Teacher of the Deafblind, as well as 1:1 support from a trained intervener when needed. Referrals can come from parents, educators, or service providers, including those already involved in both Deaf and Blind PIP programs.

Term or Acronym	Term or Acronym Description
Design	A plan to achieve established objectives (i.e., to show the look and function or workings of a system before it is implemented); should be comprehensive and documented, including identification of necessary forms, personnel, tools, etc. Plans may be documented as rules, policies, procedures, processes, forms, etc.
EDS	Elizabeth Delong School
Financial Operations	Section of the USBE responsible for management of financial operations.
IDEA	Individuals with Disabilities Education Act
IEP	Individualized Education Program; a document outlining an educational plan for a student with disabilities
Implementation	Putting a designed plan into effect; executing the previously designed plan.
Interpreting Services*	Service Category: Provision of American Sign Language (ASL) interpreting services to facilitate communication between deaf or hard-of-hearing students and adults to/from Spoken English and ASL in a variety of educational settings.
JMS	Jean Massieu School
KBS	Kenneth Burdett School
LEA	Local education agencies, which are comprised of both school districts and charter schools.
LSL	Listening and Spoken Language program
O&M*	Orientation and Mobility Service Category: Specialized training provided by certified instructors to help students who are blind or visually impaired navigate their environments safely and independently. Services are based on individual assessments and may occur weekly or monthly.
OLAG	Office of the Legislative Auditor General
OSA	Office of the State Auditor
Outreach	Service Category: Students remain in their local schools and receive one-on-one consultation services from USDB staff (TVI, DHH, Deafblind). Support is individualized and can include direct instruction or consultation, depending on the student's needs.

Term or Acronym	Term or Acronym Description
PIP	Parent Infant Program
PIP – USDB Services*	Service Category: Provides early intervention vision services to children (birth to 3) found eligible after referral. Services include home visits and toddler groups led by licensed educators with early childhood credentials. These include Teachers of the Deaf, Teachers of the Visually Impaired (TVIs) and Orientation & Mobility Specialists (COMS), and Teachers of the Deafblind.
PIP – USDB Referrals*	Service Category: Children from birth to 3 years old referred by early intervention provider, medical professional, or parent for a child aged 0 through 3 years old suspected of having a vision loss to one of the PIP programs. Referrals initiate a 45-day window to assess and determine eligibility for early intervention services from USDB. The referral initiates an assessment to determine eligibility for hearing or vision services through one of the USDB Parent Infant Programs.
Risk Assessment	"Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses." The Green Book OV2.04
SFY	State Fiscal Year (i.e., July 1 – June 30)
State Law	Inclusive of Utah Code and Board Rule
SIS	Student Information System
SUSD	Southern Utah School of the Deaf
SY	School Year (i.e., 12-month period from July 1 through June 30).
USB	Utah School for the Blind
USBE	Utah State Board of Education, the agency
USD	Utah School for the Deaf
USDB	Utah Schools for the Deaf and the Blind
USIMAC	Utah State Instructional Material Access Center, which "partners with LEAs to provide core instructional materials in accessible formats to ensure that students who are blind, low-vision, or otherwise eligible, receive materials at the same time as their peers. (https://www.usdb.org/about/usimac)"

Note: Descriptions including "Service Category" were provided by the USDB Associate Superintendents; see **IV.D.1 Data Definitions and Management** for disclaimers regarding data definitions.

Appendix F – Management Response

August 25, 2025

Debbie Davis, Chief Audit Executive
Utah State Board of Education
PO Box 144200
Salt Lake City, Utah 84114-4200

Chief Audit Executive Davis,

The Utah State Board of Education (USBE) and the Utah Schools for the Deaf and Blind (USDB) leadership appreciate the close collaboration between USBE Internal Audit staff and USBE program and operations staff to arrive at the findings and recommendations in the USDB Audit (25-04). We appreciate the thoroughness of the audit report completed in a timely manner, allowing for swift adjustments to USDB governance.

We concur with the findings and recommendations of the audit. USBE staff are committed to improvements in USDB governance, internal controls, and accountability to provide exemplary services to Utah Deaf and Blind students and families.

With appreciation,

Molly Hart, Ed.D.
State Superintendent of Public Instruction
Utah State Board of Education