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Speaker H. Craig Moody  
October 16, 1992

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Speaker H. Craig Moody, Chairman  
Members of the Audit Subcommittee  
Utah State Legislature  
Salt Lake City, Utah 84114

**Subject: Ballet West Follow-Up Report (ILR 92-H)**

Dear Legislators:

As you requested, we have conducted a limited follow-up review of our report on Ballet West (ILR 92-E). In the original review, we were asked to examine certain allegations and render an opinion regarding the need for further audit work. We collected information regarding nine allegations in the following areas:

- 1) Communication between management and employees
- 2) Dual husband and wife employment
- 3) Personnel actions
- 4) Turnover rate among dancers
- 5) Artistic reputation and local support
- 6) Production of the "Lord Bryon" ballet
7. Company credit card use
- 8) Administration of the tax-deferred annuity program
- 9) Management salaries and performance fees

While the allegations raised did not merit further audit work by our office, several areas of

significant concern were identified and recommendations were made. Ballet West's actions towards implementing each recommendation are summarized below. In this limited follow-up, we gathered information from management only. Information was not gathered from dancers because we felt not enough time had passed since management's action on these recommendations for the dancers to see significant changes.

**Recommendation #1: Ballet West should continue to develop an employee evaluation process which will document and provide feedback to employees regarding performance.**

**In Process.** Ballet West staff along with their Human Resource Management Committee have developed an artist appraisal form which evaluates a dancer's technical and artistic ability, physical condition, and professional conduct. Evaluations will be completed for all dancers by January 1993 which will allow more time for correcting problems before contracts are issued for the following year. The artistic staff has established a policy of always having one member of the artistic staff and the company manager with the artistic director during all evaluations.

**Recommendation #2: The Human Resource Management Committee should continue to promote an open environment between management and the employees.**

**Implemented.** The Human Resource Management Committee has held several meetings with the artistic staff and the dancers to further examine communication difficulties and to help develop techniques for better communication. In addition, separate meetings conducted by Ballet West management have been held with the dancers to discuss the financial position of Ballet West and management's plans for future stabilization.

**Recommendation #3: Management should develop an open door policy between employees and certain members of the management team to build trust and obtain feedback.**

**Implemented.** The artistic staff, president, and executive director have each expressed a commitment to an open door policy between employees and management. The Human Resources Committee has also assumed responsibility to provide each employee with confidential access to any member of the Human Resource Management Committee concerning any issue individuals feel needs to be addressed.

**Recommendation #4: Management should continue to update the job descriptions.**

**Implemented.** Job descriptions and minimum qualifications for each position in the company have been completed. Management intends to use these documents to clarify job responsibilities and hire new personnel. They will be updated on a periodic basis.

**Recommendation #5: Management should adopt policies to address the future hiring of spouses and relatives.**

**Implemented.** A policy has been approved which addresses the hiring of spouses and relatives. The policy states that employees, or potential employees of Ballet West will not be interviewed or screened by, hired by or subsequently supervised by spouses or relatives employed by the company.

**Recommendation #6: Management should develop a policy prohibiting cash advances made on company credit cards.**

**Implemented.** The Finance Committee of Ballet West has developed a policy that expressly prohibits anyone from obtaining a cash advance on a company credit card. Compliance with this policy will be monitored by Ballet West's accounting staff.

**Recommendation #7: Management should develop expenditure controls to prevent meals from being reimbursed twice.**

**Implemented.** Ballet West has implemented a policy which states that when a business meal is necessary, the amount of the per diem already paid will be deducted from the employee's reimbursement. Compliance with this policy will be monitored by Ballet West's accounting staff.

**Recommendation #8: Management should require more detailed documentation of business travel, and entertainment expenses.**

**Implemented.** The Finance Committee of Ballet West has stated in their policies and procedures manual that all credit card charges will be supported by a receipt and, in the case of meals, the name of the client or persons for whom the meal expenses were incurred will be noted. This data will be reviewed by Ballet West's accounting staff.

**Recommendation #9: Someone other than the person incurring the expenses should be responsible for reviewing and approving the expenses for payment.**

**Implemented.** The Finance Committee of Ballet West has determined that the executive director will approve all charges made by the company president, the company manager, and the production manager. The company president will approve all charges made by the executive director.

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**Recommendation #10: Ballet West should be very careful to make tax deferred annuity deposits in a timely fashion.**

**Implemented.** The Finance Committee of Ballet West has stated in policy that all tax deferred annuity monies will be deposited on a monthly basis with the appropriate administrator by the 10th of the month following the one from which the monies were withheld.

We hope this letter provides you with the information you need on these issues. If you have any questions or need additional information, please contact us.

Sincerely,

Wayne L. Welsh  
Auditor General

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