

MINUTES

AUDIT SUBCOMMITTEE OF THE LEGISLATIVE MANAGEMENT COMMITTEE

The Audit Subcommittee of the Legislative Management Committee met in Room 131, State Capitol Building, Salt Lake City, Utah, June 14, 2001, from 1:00 p.m. until 2:15 p.m.

Committee Members Present:

President Al Mansell, Co-Chairman
Speaker Martin R. Stephens, Co-Chairman
Representative Brad King
Senator Mike Dmitrich

Legislative Audit Staff:

Wayne L. Welsh, Auditor General
John M. Schaff, Deputy Auditor
Tim Osterstock, Audit Manager
Rick Coleman, Audit Manager
Paul A Hicken, Lead Auditor
Janice Coleman, Audit Supervisor
Leslie Marks, Audit Supervisor
James Behunin, Audit Supervisor
Maria Stahla, Lead Auditor
Deanna Herring, Performance Auditor
Derek Byrne, Performance Auditor
Ivan Djambov, Performance Auditor
Aaron Eliason, Performance Auditor
Lynda Maynard, Recording Secretary
Camille Ahlstrom, Legislative Secretary

Other Interested Parties:

Rosemarie Carter, Director, Admin Services,
Department of Workforce Services (DWS)
Helen Thatcher, DWS
Kim Wirthlin, University of Utah
Dr. Vicki Judd, University of Utah, School of
Medicine
Ashley Estes, *Salt Lake Tribune*
Dan Harrie, *Salt Lake Tribune*
Michael Havey, *KUER FM90*
Sean Maxerson, *KSL Radio*

1. Call to Order

President Mansell called the meeting to order at 1:00 p.m.

2. Approval of Minutes

Senator Dmitrich made a motion that the minutes from the January 25th and February 2nd meetings be approved. The motion passed unanimously.

3. A Performance Audit of Social Capital Formation (Report #2001-05)

Presented by Paul Hicken, Audit Supervisor

The Social Capital Formation Act requires that “before June 30, 2001, the Legislative Auditor General shall complete an evaluation of the effectiveness of the process established under this part.” Generally, the process is working well. The Department of Workforce Services (DWS) strives to make good customer assessments and referrals, maintain civic organization inventories, and coordinate with community groups through local coalitions. However, the Legislature may want to clarify how intensive an effort it expects from DWS to promote the development of social capital in the community.

The purpose of the Social Capital Formation Act is to promote the availability of social capital. The act defines social capital as “the value provided to the state by civic organizations.” According to the statute, “using social capital, clients of and applicants for services . . . may receive a wide array of services and supports that cannot be provided by state government alone.” The act encourages government efforts to strengthen civic agencies and establishes a process whereby DWS will assess individual applicant’s needs and may refer them to civic agencies. In the act, however, the Legislature also “recognizes the constitutional limits of state government to sustain civic institutions that provide social capital.”

This letter presents our two main conclusions: First, DWS is effectively following the process required by statute. Second, the Legislature should consider clarifying how aggressively it wants DWS to promote the development of social capital.

The Social Capital Formation Process Generally Works Well. After visiting many employment centers and civic organizations throughout the state, we conclude that the process is working and DWS is accomplishing the three major requirements of the act:

- DWS provides good assessment and referral service to customers and they follow statutory guidelines for referring customers to other support organizations. Although training materials are available to employment counselors, DWS should foster more employee awareness and training of responsibilities concerning customer referrals to civic organizations. Forms are available for referrals to civic organizations but there are no rules for this procedure. DWS should clarify if tracking referrals to civic organizations is needed.
- A statewide inventory of civic organizations is required by the statute. DWS is currently working on a statewide, web-based inventory with several other agencies. In addition, employment centers throughout the state have compiled community resource inventories that seem to effectively meet the statutory requirement. Employment centers should continue to provide an inventory listing of local resources that is updated regularly with the pertinent information. They should also provide an abbreviated list of resources for distribution to their customers.
- The statute calls for DWS to convene a coalition of civic organizations, representatives of the division, state and local agencies, and other community leaders to advise the director on relevant issues. While DWS has not organized a single statewide coalition for this purpose, within each region and in many of the communities there are local coordinating councils and committees fulfilling the intent of this requirement. These committees are often organized by the counties and they are designed to be advisory and to coordinate services to mutual needy customers within their local areas.

The Legislature May Want to Clarify Expectations. While DWS has effectively implemented the processes as described above, it's not clear whether the department has adequately promoted social capital development. We feel DWS staff have tried to comply with the spirit of the law but we're uncertain whether their efforts satisfy legislative intent. Two factors that contribute to the difficulty understanding the Legislature's intent are the uniqueness of Utah's Social Capital Formation Act and uncertainty about the degree to which state resources should be used to benefit civic organizations. Currently, little staff effort or state funding is dedicated to social capital formation. The Social Capital Formation Act provides a useful reminder to DWS of the importance of civic organizations, but the Legislature may want a greater effort to enhance the civic sector.

DWS could do much more to promote and enhance the development of social capital within the communities if they are directed by the Legislature. Currently, there are no clear indications for how much effort the state should put into social capital formation. If legislators want a greater effort, or to go in a different direction, they should indicate it to DWS. The statute could provide additional and specific guidance on how to develop social

capital. For example, the Legislature could indicate if the contribution of state resources and donation of property to civic organizations is appropriate for social capital formation. Also, a strategic plan would help define the goals, objectives and steps necessary for development. Funding could also be earmarked for a designated staff person to take the lead with social capital development if the Legislature desires increased efforts in this area.

Discussion following presentation:

Rosemarie Carter, Director of Administrative Services, Department of Workforce Services extended an apology from Robert Gross, Executive Director, Workforce Services, for his absence as he had been ill and was unable to attend.

Ms. Carter said

Motion: Senator Dmitrich made a motion that the **Performance Audit of Social Capital Formation** (Report #2001-05) be approved and sent to the Department of Workforce Services Interim Committee. The motion passed unanimously.

4. Audits in Process/Audit Requests

5. Other Business

Motion: Senator Dmitrich made a motion that the request for an audit of Property Tax Exemptions be place on hold. The motion passed unanimously.

Motion: President Mansell made a motion that the request for a follow-up audit of Applied Technology Education be deleted from the Other Approved Audits list. The motion passed unanimously.

Motion: President Mansell made a motion that the request for an audit of Mineral Lease Funds be deleted. The motion passed unanimously.

Motion: Representative King made a motion that the new request for an audit of the Utah Department of Environmental Quality be put on the Previous Requested list and the Auditor General's Office obtain additional information as to the scope of this audit. The motion passed unanimously.

Mr. Schaff told the Audit Subcommittee that there were two reports that needed to be presented to them during session: A Performance Audit of the Office of Child Care; and Processing Cost for Concealed Weapon Permits so that the respective committees could use the information.

It was decided that a short Audit Subcommittee meeting would be held on Friday, February 2nd to approve the above audits.

6. Adjournment

Speaker Stephens adjourned the meeting at 5:30 p.m.