

## 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, August 29, 2001, from 1:30 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 General  
Tim Osterstock, Audit Manager  
Rick Coleman, Audit Manager  
Leslie Marks, Audit Supervisor  
Mark Roos, Sr Performance Auditor  
Paul Hicken, Lead Auditor  
Deanna Herring, Performance Auditor  
Darren Marshall, Sr Performance Auditor  
Aaron Eliason, Performance Auditor  
Kade Minchey, Performance Auditor Intern  
Lynda Maynard, Recording Secretary  
Camille Ahlstrom, Legislative Secretary

Other Interested Parties:

Kerry W Bate, Dir, Div of Community  
Development, DCED  
David B Winder, Ex Dir., DCED  
Lauren Rayner, Dir., Div of Community  
Services, DCED  
Richard E Walker, Administrator, DCED  
John B Williams, Five County AOG  
Roger C Jones, Ex Dir., Bear River AOG  
Wilbur R Jefferies, Wasatch Front Regional  
Council (WFRC)  
Bill Howell, SEVALG  
Dan McConkie, WFRC  
Michael Cragun, Davis County WFAC  
Emery P, Six County AOG

Tammi B, Uintah Basin AOG  
Eric Isom, Admin Asst., Senate  
Scott Miller, *KSL Radio*  
Dan Harrie, *SL Tribune*  
Dennis Romboy, *Deseret News*

## 1. Call to Order

President Mansell called the meeting to order at 1:30 p.m.

## 2. Approval of Minutes

Senator Dmitrich made a motion that the minutes from the July 16<sup>th</sup> meetings be approved. The motion passed.

## 3. A Performance Audit of Utah's Associations of Government (Report #2001-07) Presented by Leslie S Marks, Audit Supervisor

This report indicates that many of Utah State government's services, including planning, are provided by seven associations of governments (AOG). The AOGs fill an important service-delivery function at the local and regional level within Utah. The AOGs have little direct interaction with the Legislature; however, executive agency staff monitor AOG activities, providing accountability through contract provisions and oversight activities.

Operating budgets for the seven AOG's totaled over \$28 million in fiscal year 2000. Funding is provided by the federal government as grants passed through state agencies (51 percent); state appropriations (22 percent), and local government assessments and matching funds (8 percent). Contributions from utility companies and user fees make up the balance (19 percent).

The AOGs came about in Utah as a result of a federal emphasis on regionalization in the 1960s and 1970s. Creating these associations was intended to provide efficiency in government through economies of scale. Groups of counties and cities could provide coordinated services that would be cost-prohibitive to provide individually.

The main chapters in the report present the following information:

**AOGs Have an Important Role in Service Delivery:** With most of the funding coming from state and federal sources (\$20.5 of \$28.3 million total), services provided by the Associations of Governments (AOGs) are driven by the state and federal governments.

However, it appears the AOGs' role is neither well-known or reported to the Utah Legislature. This lack of communication occurs even though the AOGs manage state programs in areas such as economic development, planning, human services, and aging services. State and federal contracts provide evidence that the AOGs control significant amounts of federal and state funds as they manage the various programs. The AOGs play a significant service-delivery role on behalf of state and federal governments; it may be desirable to recognize their contribution by amending the *Utah Code*, perhaps within the Interlocal Cooperation Act (11-13).

**Recommendation:**

1. We recommend that the Legislature consider amending the *Utah Code* to formalize the AOGs' role as government service providers.

**Accountability Processes Are Set by Funding Agencies:** It becomes important to ensure that adequate accountability exists for funds flowing to the AOGs and that promised programs are provided. Contracts between the AOGs and state agencies contain accountability requirements and provide for oversight and monitoring by the state. In fact, the application processes for obtaining funds begins an ongoing process of goal orientation and accountability. In addition, the contracting state agencies conduct monitoring and program reviews and provided monitoring records and reports showing their satisfaction with AOG performance.

**Recommendations:**

1. We recommend that the AOG staff use past CSBG performance and actual service data to estimate service goals and to assist with future program planning.
2. We recommend that DCED follow through with its intent to review estimated and actual AOG program activity to ensure that CSBG service goals are realistic.

**Discussion following presentation:**

Kerry Bate, Director, Division of Community Development, DCED

John B Williams, Five County Associations Of Government (AOG),

Motion: Speaker Stephens made a motion that the **Performance Audit of Utah's Associations of Government** (Report #2001-07) be approved and sent to the Economic Development and Human Resource Appropriation Subcommittee and the Political Subdivisions Interim committee. The motion passed unanimously.

4.

**5. Other Business**

Wayne L. Welsh, Auditor General, asked the Audit Subcommittee to set a date for the next Audit Subcommittee Meeting. September 17, 2001, at 1:30 p.m. was chosen for the next meeting.

**6. Adjournment**

President Mansell adjourned the meeting at 3:30 p.m.