

Office of the  
Legislative Fiscal Analyst

## **FY 2005 Budget Recommendations**

Joint Appropriations Subcommittee for  
Executive Offices and Criminal Justice

**State Auditor**

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**1.0 State Auditor**

**Summary**

The State Auditor is the elected, independent auditor of the state. The primary statutory responsibilities of the State Auditor are:

1. To perform financial and compliance audits of state agencies, departments, colleges and universities, and quasi-state entities on a regular basis; and
2. To monitor local government's and applicable nonprofit organization's compliance with state laws including proper financial reporting, accounting, and budgeting.

The mission of the Office of the Utah State Auditor is to help ensure to Utah's citizenry, Legislature, government officials, and other financial information users the financial integrity and accountability of Utah's state and local governments. This is accomplished by providing independent and innovation audits and investigations, and by monitoring, and advising Utah's state and local governments. This has helped Utah in being recognized as having financially strong and well-run state and local governments.

The State Auditor directs and has ultimate responsibility for both the Auditing and Local Government Divisions within his office. The State Auditor reviews and signs all audit reports, works on significant audit, accounting, and legislative fiscal issues, and performs various other duties related to his office.

	<b>Analyst FY 2005 Base</b>	<b>Analyst FY 2005 Changes</b>	<b>Analyst FY 2005 Total</b>
<b>Financing</b>			
General Fund	2,699,900		2,699,900
Dedicated Credits Revenue	772,000		772,000
Beginning Nonlapsing			
Closing Nonlapsing			
<b>Total</b>	<b>\$3,471,900</b>	<b>\$0</b>	<b>\$3,471,900</b>
<b>Programs</b>			
Administration	273,400		273,400
Auditing	2,828,200		2,828,200
State and Local Government	370,300		370,300
<b>Total</b>	<b>\$3,471,900</b>	<b>\$0</b>	<b>\$3,471,900</b>
<b>FTE/Other</b>			
Total FTE	45	0	45
Vehicles	3	0	3

## **2.0 Issues: State Auditor**

### **2.1 Nonlapsing Funds**

For years the Auditor, like many other agencies, received blanket approval to carry forward funds from one year to the next. The Analyst understands that the ability to carry unspent funds from year to year allows agencies to upgrade equipment and provide for long term planning. However, the Analyst believes such authorization should be tied to specific projects and approved by the legislature in accordance with the Budgetary Procedures Act:

*UCA 63-38-8.1(3) (a) Each agency that wishes to preserve any part or all of its appropriation balance as nonlapsing shall include a one-time project's list as part of the budget request that it submits to the governor and the Legislature at the annual general session of the Legislature immediately before the end of the fiscal year in which the agency may have an appropriation balance.*

The Analyst believes that the Auditor should present to the Governor and Legislature a specific request for non-lapsing authority. Given that each line item received non-lapsing authority last year, there is no requirement for such a request. For FY 2005, the Analyst recommends that no authority be provided until the 2005 Legislative session when the Auditor will have a better idea of what balances will be available.

### 3.1 Administration

#### Recommendation

The Analyst recommends \$273,400 for the Administration program.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
<b>Financing</b>				
General Fund	276,000	281,900	282,800	900
General Fund, One-time		900		(900)
Beginning Nonlapsing		(1,400)	7,200	8,600
Closing Nonlapsing	1,400	(7,200)	(16,600)	(9,400)
<b>Total</b>	<u>\$277,400</u>	<u>\$274,200</u>	<u>\$273,400</u>	<u>(\$800)</u>
<b>Expenditures</b>				
Personal Services	272,600	269,400	268,600	(800)
In-State Travel	300	300	300	
Out of State Travel	1,500	1,500	1,500	
Current Expense	3,000	3,000	3,000	
<b>Total</b>	<u>\$277,400</u>	<u>\$274,200</u>	<u>\$273,400</u>	<u>(\$800)</u>
<b>FTE/Other</b>				
Total FTE		4	4	4
				0

\*Non-state funds as estimated by agency

The Administration program consists of funding for the personal services and other costs of the State Auditor, his administrative assistant and other office administrative staff. General costs not attributable to other specific programs are also charged to the Administration program.

### 3.2 Auditing

#### Recommendation

The Analyst recommends \$2,828,200 for the Auditing Division.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
<b>Financing</b>				
General Fund	2,229,100	2,053,300	2,051,100	(2,200)
General Fund, One-time		9,200		(9,200)
Dedicated Credits Revenue	804,700	684,000	762,000	78,000
Transfers - Other Agencies	(256,500)			
Beginning Nonlapsing	140,000	174,000	(30,700)	(204,700)
Closing Nonlapsing	(174,000)	30,700	45,800	15,100
<b>Total</b>	<b>\$2,743,300</b>	<b>\$2,951,200</b>	<b>\$2,828,200</b>	<b>(\$123,000)</b>
<b>Expenditures</b>				
Personal Services	2,389,500	2,529,700	2,520,300	(9,400)
In-State Travel	28,100	28,100	13,400	(14,700)
Out of State Travel	9,200	9,200	5,300	(3,900)
Current Expense	227,700	295,400	200,400	(95,000)
DP Current Expense	88,800	88,800	88,800	
<b>Total</b>	<b>\$2,743,300</b>	<b>\$2,951,200</b>	<b>\$2,828,200</b>	<b>(\$123,000)</b>
<b>FTE/Other</b>				
Total FTE	37	37	37	0
Vehicles	3	3	3	0

\*Non-state funds as estimated by agency

#### Purpose

The Auditing Division is responsible for the Single Audit required by the federal government and for statutorily required audits of state agencies. To complete the requirements of the single audit the State Auditor contracts with private CPA firms in addition to their regular staff.

The Single Audit involves an assessment of all federal funds expended on an entity wide basis. The Auditing Division determines whether or not the funds were spent in accordance with federal laws and regulations. Weaknesses in spending practices are included in the Findings and Recommendations of the Single Audit. Costs of the Audit whenever possible are assessed back to the agencies and received as dedicated credit revenues by the State Auditor.

### 3.3 Local Government

#### Recommendation

The Analyst recommends \$370,300 for the Local Government Division.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
<b>Financing</b>				
General Fund	383,100	364,700	366,000	1,300
General Fund, One-time		1,300		(1,300)
Dedicated Credits Revenue	10,800	6,000	10,000	4,000
Beginning Nonlapsing		19,100	23,500	4,400
Closing Nonlapsing	(19,100)	(23,500)	(29,200)	(5,700)
<b>Total</b>	<u>\$374,800</u>	<u>\$367,600</u>	<u>\$370,300</u>	<u>\$2,700</u>
<b>Expenditures</b>				
Personal Services	347,100	339,900	338,600	(1,300)
In-State Travel	3,100	3,100	3,100	
Out of State Travel	6,600	6,600	6,600	
Current Expense	18,000	18,000	22,000	4,000
<b>Total</b>	<u>\$374,800</u>	<u>\$367,600</u>	<u>\$370,300</u>	<u>\$2,700</u>
<b>FTE/Other</b>				
Total FTE	4	4	4	0

\*Non-state funds as estimated by agency

#### Purpose

The Local Government Division provides consulting services, budget forms, and uniform accounting services to local governments. The division reviews the budgets of local entities to ensure compliance with legal requirements of accounting and budget preparation. In addition to their financial accounting responsibilities, the division annually sponsors a regional training seminar for local officials.

The division provides training to CPAs and local government accountants to help improve local government accounting, reporting, and auditing.

The Local Government Division has begun scanning all budgets and financial reports received from local governments into electronic form. This provides citizens, research groups, and financial advisors greater accessibility to these documents. Four to five years of information is now available.

**4.0 Additional Information: State Auditor**

**4.1 Funding History**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated*</b>	<b>Analyst</b>
General Fund	2,717,200	2,845,200	2,888,200	2,699,900	2,699,900
General Fund, One-time				11,400	
Dedicated Credits Revenue	704,800	712,700	815,500	690,000	772,000
Transfers - Other Agencies			(256,500)		
Beginning Nonlapsing	262,600	79,600	140,000	191,700	
Closing Nonlapsing	(79,600)	(140,000)	(191,700)		
<b>Total</b>	<b>\$3,605,000</b>	<b>\$3,497,500</b>	<b>\$3,395,500</b>	<b>\$3,593,000</b>	<b>\$3,471,900</b>
<b>Programs</b>					
Administration	269,600	275,400	277,400	274,200	273,400
Auditing	2,944,700	2,846,600	2,743,300	2,951,200	2,828,200
State and Local Government	390,700	375,500	374,800	367,600	370,300
<b>Total</b>	<b>\$3,605,000</b>	<b>\$3,497,500</b>	<b>\$3,395,500</b>	<b>\$3,593,000</b>	<b>\$3,471,900</b>
<b>Expenditures</b>					
Personal Services	3,142,700	3,116,000	3,009,200	3,139,000	3,127,500
In-State Travel	32,900	16,000	31,500	31,500	16,800
Out of State Travel	22,600	14,900	17,300	17,300	13,400
Current Expense	321,300	291,200	248,700	316,400	225,400
DP Current Expense	79,500	59,400	88,800	88,800	88,800
DP Capital Outlay	6,000				
<b>Total</b>	<b>\$3,605,000</b>	<b>\$3,497,500</b>	<b>\$3,395,500</b>	<b>\$3,593,000</b>	<b>\$3,471,900</b>
<b>FTE/Other</b>					
Total FTE	47	47	45	45	45
Vehicles			3	3	3

\*Non-state funds as estimated by agency.