



Utah State Legislature

Senate • Utah State Capitol Complex • 320 State Capitol
PO Box 145115 • Salt Lake City, Utah 84114-5115
(801) 538-1035 • fax (801) 538-1414

House of Representatives • Utah State Capitol Complex • 350 State Capitol
PO Box 145030 • Salt Lake City, Utah 84114-5030
(801) 538-1029 • fax (801) 538-1908

May 13, 2016

President Wayne L. Niederhauser, Chair
Speaker Gregory H. Hughes
Legislative Audit Subcommittee
State Capitol Complex
Salt Lake City, Utah 84114

President Niederhauser and Speaker Hughes,

In your letter dated June 29, 2015, you informed us that the Legislative Audit Subcommittee had assigned the Executive Offices and Criminal Justice Appropriations Subcommittee as the lead committee to review An In-Depth Budget Review of the Office of the Attorney General (Audit Report #2015-06) and requested that after consideration of the audit we report back to you with any recommendations for additional actions.

The Subcommittee reviewed and discussed the audit at meetings on September 22 and October 27, 2015 and February 4, 2016. Representatives from the Office of the Legislative Auditor General presented their findings and representatives from the Office of the Attorney General (OAG) presented their response. During the 2016 General Session meetings, the Subcommittee took several actions to implement the audit recommendations; these are detailed in the table attached to this letter.

Members of the Subcommittee also introduced audit-related legislation during the 2016 General Session. Representative Sophia M. DiCaro and Senator Curtis S. Bramble sponsored H.B. 351, "Attorney General Fiscal Amendments." This bill created an Internal Service Fund (ISF) at the OAG and addressed statutory language that prohibited the OAG from collecting dedicated credits. It passed the Legislature and was signed by the Governor. Co-Chair Representative Eric K. Hutchings sponsored H.B. 366, "Attorney General Amendments," which would have required the OAG to create an annual report and post the report to the OAG's website. It failed to pass, but staff from the OAG indicated in presentations to the Subcommittee that they intended to publish an annual report whether or not they are required to do so by statute.

The Subcommittee will continue to follow up on items from the audit, including reviewing the recommended reports and expenditures for certain funding items and ensuring that reports are published to the OAG's website during the coming Interim. No other actions are required, based on the Subcommittee review of the audit.

Sincerely,

Daniel W. Thatcher / ST

Senator Daniel W. Thatcher, Chair
Executive Offices and Criminal Justice
Appropriations Subcommittee

Eric K. Hutchings / ST

Representative Eric K. Hutchings, Chair
Executive Offices and Criminal Justice
Appropriations Subcommittee

Keven J. Stratton / ST

Representative Keven J. Stratton, House Vice Chair
Executive Offices and Criminal Justice
Appropriations Subcommittee

Actions of the Executive Offices and Criminal Justice Appropriations Subcommittee related to An In-Depth Budget Review of the Office of the Attorney General (Audit Report #2015-06)

Audit Recommendation	Subcommittee or Other Legislative Action
1. Establish an Internal Service Fund (ISF) for selected legal services and separate them into their own line item.	H.B. 351 established an ISF at the Attorney General’s Office (OAG) but allows the OAG to determine which services to include and the time frame for implementation. These services will be accounted for in a new line item (see H.B. 3, Item 208).
2. Appropriate legal services revenue as transfers rather than dedicated credits to comply with statute.	H.B. 351 addressed this issue by removing language from statute that prohibited the OAG from collecting dedicated credits. It is standard practice for ISFs to use dedicated credits for accounting.
3. Include the Attorney General Litigation Fund in an appropriations act but remove the appropriation from the fund to operating and capital budgets.	The Subcommittee moved to make this change. The fund is now reported in an appropriations act as an expendable fund only (see 1 st Sub. H.B. 6, Item 46).
4. Direct the OAG to issue reports for “off-budget” funds, provide them to the Subcommittee, and publish online.	The Subcommittee moved to require these reports annually and reviewed reports through FY 2015. The reports have not yet been published online.
5. Follow up to ensure accurate and verifiable accounting of program expenditures in the Investigations Division.	The Subcommittee reallocated unspent funds from SECURE Strike Force affiliate contracts to partially cover an OAG building block request. Further review could be conducted by the Subcommittee.
6. Follow up on processes for data tracking and validation related to S.B. 49 (2013 General Session).	Review of this item has not yet been completed by the Subcommittee.
7. Direct the OAG to monitor employee turnover rates and reasons for leaving to improve future management decisions.	The recommendation is primarily related to internal operations at the OAG. The OAG reported on this topic during Subcommittee meetings, particularly in regard to retention changes following salary increases appropriated by the Legislature for FY 2015 and FY 2016.
8. Categorize settlement payments in the “other charges/pass-through” expenditure category.	The Legislature began appropriating settlement payments through a dedicated line item during the 2015 General Session.