

**REPORT TO THE
UTAH LEGISLATURE**

Report No. 2001-07

**A Performance Audit
of
Utah's Associations of Governments**

August 2001

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Digest of A Performance Audit of Utah's Association of Governments

Seven AOGs in Utah perform major service-delivery functions on behalf of state and federal agencies.

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).

One AOG goal is achieving efficiency in local government through economies of scale.

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

Chapter II discusses the wide variety of programs provided by Utah's AOGs, primarily in rural areas of the state.

Chapter III discusses the monitoring activities that ensure accountability for funds contracted to the AOGs.

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.

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Chapter I

Introduction

AOGs are political subdivisions made up of a group of counties aiming to achieve economies of scale for several planning and service delivery programs.

Many of Utah state government's services 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 AOGs 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 fund about 22 percent of AOG activities, and local governments contribute over 8 percent of funding through local assessments and matching funds. Contributions from utility companies and user fees make up the rest (19 percent).

The AOGs came about in Utah as a result of a combination of previously existing informal groups of counties and a federal emphasis on regionalization in the 1960s and 1970s. Formalizing 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. Programs would be determined by the needs of the particular region and activities directed by a board of locally elected officials.

This introductory chapter summarizes the background of the formation of the AOGs in Utah. The second chapter details how AOGs deliver services, while the third chapter provides an assessment of the monitoring and oversight activity performed by funding agencies to ensure that the AOGs are operating efficiently and effectively.

Federal Push for Regional Coordination Led to AOGs

Federal actions contributed to the creation of Utah's AOGs. In the mid-1960s, federal government agencies were ordered to develop

The federal government felt that better coordination among federal agencies and between levels of government was needed.

coordinated regional service delivery systems. Federal funding flowed to the regions either through state governments or directly via grants. Later, the development of block grant funding emphasized regional and local control of programs.

Federal Agencies Were Ordered to Coordinate Regional Services

In 1966 the issuance of a presidential memorandum recognized a number of difficulties in government coordination of services. These difficulties included problems in coordinating local, state, and federal programs because of the proliferation of overlapping jurisdictions or regions and duplication of services among the various levels of government in the United States.

The presidential memorandum requested federal agencies to coordinate and establish services or planning units with boundaries matching those of state planning and development districts. In 1967 and 1969, the federal Office of Management and Budget (OMB) issued circulars A-80 and A-95, which encouraged the creation of state planning and development districts.

Block Grants Promote Local Control

Another trend at the federal level capitalized on the existence of the AOGs. During the Reagan administration in the 1980s, block grants were formed to reduce federal control over programs and give more control and responsibility to the states for program delivery. The move to bundle a variety of programs into a block grant and devolve much of the responsibility for program implementation and success upon state and local governments greatly contributed to the need for the AOGs. In some cases, including Utah, state governments have passed the federal funds on to local governments through contracts. These intergovernmental arrangements provide for oversight and monitoring responsibility at the state level while the program design and operation occur at a local level.

One reason for the creation of AOGs is to achieve efficiency of service delivery. The AOGs have a responsibility to achieve economies of scale for their member jurisdictions. The AOGs do this, in part, by providing services on a regional basis, as the next section describes.

Reagan-era block grants pushed service delivery to local levels.

The AOGs coordinate plans and programs, providing efficiency across local boundaries.

Regional Services Emphasize Economies of Scale

An important benefit of the existence of Utah's AOGs is efficiency achieved through economies of scale. Frequently, small counties lack the resources to provide all needed services to residents. Providing programs at the regional level allows for services to be delivered to even dispersed populations because of regionally shared resources. In addition, even within the staff structure of each AOG, economy of scale is realized since staff typically work in more than one program that is provided in the region.

Coordination of Services Benefits Local Governments

Larger, more populous counties can provide needed services such as zoning and ordinance development or services for low-income and elderly residents, while many small counties lack the resources to do so. Resources can be used more efficiently and more services provided using the AOGs' regional service-delivery system.

Rural counties in particular have benefitted under the consolidated services of AOGs. Utah's large area and dispersed rural population challenge rural counties to provide services to all residents. Pooling resources in an AOG, counties can afford to provide a wider range of services as an association. For example, a county may not have the staff or funds to run a program offering home-delivered meals to homebound elderly residents, but by combining the resources of several counties, this important service is provided by rural AOGs.

Planning is another example of small jurisdictions benefitting from the economies of scale provided by the AOGs. Rural AOGs provide staff for planning assistance that small jurisdictions cannot afford individually. Among other activities, staff planners help communities with zoning issues and planning for growth. "Circuit rider" planners travel within their regions to provide communities with help in meeting the requirements of the Governor's 21st Century Communities initiative.

AOG staff duties may span several programs and require them to coordinate multiple funding sources.

AOG Staff Fill Multiple Roles

One directive, when creating the AOGs, was that local government should provide for access to professional and technical staff to assist in area-wide planning and policy making. As the AOGs evolved, staff have typically filled multiple roles. For example, one AOG's director of community and economic development coordinates not only the community and economic development programs but also the natural resources and water quality programs in the region.

AOG staff frequently coordinate a variety of funding sources with differing program requirements into a cohesive program, meeting the requirements of multiple grants or funding sources. One example is the utility payment assistance programs to low-income families.

Program staff are often responsible for operations at numerous sites in the region. For example, a nutrition program coordinator may oversee food banks operating in several communities, home-delivered meals to homebound elderly in other communities, and meals served in senior centers around the region.

Services Are Based on Regional Needs

Services and programs offered by the AOGs will vary somewhat depending on the needs within each region. Governing boards composed of locally elected officials keep each region's needs prioritized. Focusing on regional needs ensures that services are targeted to local needs and thus more effective than might occur with a state-level organization.

Rural Needs Differ from Urban Needs

Counties and component communities in Utah have differing needs and service capabilities. The most obvious difference is that one AOG, the Wasatch Front Regional Council, is an urban AOG that focuses primarily on transportation issues and planning for the Wasatch Front. Human services programs are generally offered by other providers, such as community action agencies and area agencies on aging. Community and economic development programs outside of transportation-related issues are also offered by other providers.

Utah's urban AOG focuses on transportation issues and planning.

Most of the AOGs are rural in nature, reflecting Utah's large rural areas; they provide a range of programs for their regions.

In contrast, the rural AOGs offer a spectrum of human services programs, many of which are targeted to the low-to-moderate income populations in their regions. The rural AOGs are also the primary coordinator of federal funds that promote economic development activity. However, most do not have significant activity in transportation planning, with the exception of some programs at Mountainland AOG and Five County AOG. The figure below gives an idea of the range of programs offered by the AOGs.

Figure 1. Rural AOGs Offer a Spectrum of Programs and Services to Their Regions. The programs at Five County AOG illustrate the type of programs run by the organizations.

Example AOG Organization	
Executive Director	Management Services Clerical
Community & Economic Development	Revolving Loan Fund Community Development Block Grant Overall Economic Development Prog. Community Planning Assistance Rural Development Assistance Water Quality Housing Natural Resources
Human Resources	Human Services Social & Community Block Grants Retired Senior Volunteers Case Management Child Care Resource & Referral Weatherization HEAT Aging & Nutrition Services

Guiding Board Has Local Focus

Each AOG is controlled by a governing or executive board. The board consists of elected representatives of city and county governments and other local agencies. Specifically, county commissioners and city or town mayors serve on AOG governing boards; education or other local officials are often members as well. Other boards, such as a revolving loan fund administration board and an aging and nutrition services advisory

council govern specific activities the AOGs operate. The needs of the local communities are represented through the boards' membership and are considered when determining the focus of an AOG's activities.

Scope and Objectives

The primary objective of this audit request was to review the use of state planning funds appropriated to the AOGs. Initial research to determine the activities of the AOGs (beyond planning) showed that the AOGs receive significant amounts of state and federal funding in addition to the appropriated planning funds. Also revealed was the lack of information exchange between AOGs and the Legislature. Thus, we expanded the scope of the audit to include information on all sources of AOG funding and activities beyond planning.

Basic information was gathered on all seven AOGs. A sample of three AOGs was reviewed in more depth, including on-site visits, interviews, and review of documentation. Initial contact with the Wasatch Front Regional Council was made but the majority of work was conducted on rural AOGs, specifically Bear River AOG, Five County AOG, and Six County AOG. In addition, Internet research was done and contacts were made with other states, national organizations, and selected Utah state agencies contracting with the AOGs.

The objectives of this audit were the following:

1. describe the organization, funding, and functions of the AOGs
2. determine whether the appropriated planning money is spent appropriately, and
3. determine what accountability exists to show AOG efficiency and effectiveness

Much of our audit work focused on a sample of three AOGs.

Chapter II

AOGs Have an Important Role in Service Delivery

The AOGs are a significant provider of government services at the local level. Amending the *Utah Code* to include AOGs would recognize their role.

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 not well-known to the Utah Legislature, even though the AOGs manage state programs in areas such as economic development, planning, human services, and aging services. Large numbers of state and federal contracts provide evidence that the AOGs control significant amounts of federal and state funds as they manage the various programs. With the significant role the AOGs play in service delivery 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).

AOGs Are Not Well Known To Legislature

AOGs do not have a direct tie to the legislative appropriations process.

Although a significant factor in the delivery of a spectrum of government services, the AOGs' role is not well known to many legislators. One reason for this is that the AOGs were created by a governor's executive order, not through legislation. Hence, AOGs do not have a direct tie to the Legislature's appropriation process, as most of their funding gets to them indirectly. Further, most contact between AOGs and state government is at agency staff level. However, AOG directors indicated they would like more direct contact and interaction with the Legislature.

Legislation and Executive Order Led to AOGs

Passage of the Interlocal Cooperation Act in 1965 and a subsequent executive order creating multi-county planning districts led the way for establishment of the AOGs in Utah. The Interlocal Cooperation Act, though used to organize the AOGs, deals primarily with multi-jurisdictional water and sewage districts.

The Interlocal Cooperation Act provided for local governmental units to—

make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities and to provide the benefit of economy of scale, economic development and utilization of natural resources for the overall promotion of the general welfare of the state. (*Utah Code* 11-13-2)

Utah’s Interlocal Cooperation Act, though not specific to the AOGs, served as a guide for their formation.

Thus, “any two or more public agencies may enter into agreements with one another for joint or cooperative action pursuant to this act.” In addition, the agencies could agree to create a separate legal or administrative entity classified in *Utah Code* 11-13-(2)(a) as a political subdivision. Much of the Interlocal Cooperation Act focuses on cooperative efforts to set up electricity, sewage and wastewater facilities across jurisdictions. The use of this statute to organize the AOGs came later, after the federal actions (highlighted in Chapter I) occurred and an executive order was issued by the Governor.

In 1970, then-governor Calvin Rampton issued an executive order creating multi-county districts for planning and development. Seven regions were created, combining from three to six counties in each region. Establishing multi-county districts was intended to prevent handicapping government service delivery by a large number of single-agency districts that did not necessarily share common boundaries. In addition, the diverse nature of the state does not easily lend itself to efficient centralized program provision.

Figure 2 below gives the names of the AOGs with each one’s member counties. One AOG, the WFRC, is urban, while the others are largely rural.

Figure 2. All of Utah’s Counties Belong to an AOG. The delineation of the regions occurred at the time of the executive order creating the AOGs.

Association of Government	Member Counties
Bear River (BRAG)	Box Elder, Cache, Rich
Five County (FCAOG)	Beaver, Garfield, Iron, Kane, Washington
Mountainland (MAG)	Summit, Utah, Wasatch
Six County (SCAOG)	Juab, Millard, Piute, Sanpete, Sevier, Wayne
Southeast Utah (SEUALG)	Carbon, Emery, Grand, San Juan
Uintah Basin (UBAG)	Daggett, Duchesne, Uintah
Wasatch Front Regional Council (WFRC)	Davis, Morgan, Salt Lake, Tooele, Weber

The executive order established the functions of the AOGs as follows:

- to provide for a uniform basis to coordinate major state plans and programs
- to enable the use, by all state and federal agencies, of a common set of districts for planning and administrative purposes
- to develop a method for coordinating federally sponsored or operated programs at sub-state levels, with each other, and with state programs
- to provide a strengthened role for county and municipal officials in the execution of state and federal programs at the local level
- to provide a consistent area framework for the gathering, processing, and analyzing of planning and administrative information and data
- to eliminate overlap, duplication, and competition between the various levels of government and thus facilitate the most effective use of the state’s resources.

The executive order provided for the organizations to be composed of elected executive officials of local government. The governing boards of the AOGs consist of county commissioners from the member counties, mayors of cities or towns, and often, representatives from other local

subdivisions such as school districts. The day-to-day activities of the AOGs are carried out by staff who report to the board.

AOGs Lack Direct Exposure to Legislature

A number of reasons exist to explain the low visibility of the AOGs to the Legislature. As discussed above, the organizations were not created via legislation, so there was no direct involvement by legislators at the outset. Also, the majority of operating funds filters down from state agencies, either as federal pass-through funding or as state appropriations given to a state agency, then contracted out to an AOG. Further, program coordination and oversight are handled by agency staff, and required reporting flows to the AOG's governing board and back to program staff in the given state agency; there is no direct accountability to the Legislature.

Only a Small Portion of AOG Funding Is Appropriated Directly to the Associations. In fiscal year 2001, \$258,400 was appropriated to the AOGs for planning purposes; each received \$36,908. In comparison to total fiscal year 2001 funding of \$4.5 million at Bear River AOG, for example, the direct appropriation is a very small portion of total funding (about 0.8 percent of BRAG's budget). With such a small percentage of funding appropriated directly to the AOGs, the Legislature does not have an opportunity to see the total funding picture. Budget presentations are not made to the Legislature but to each AOG's governing board.

The majority of AOG funding is received in the form of contracts with state agencies. These contracts typically pass federal funds to the AOGs. For example, the Department of Community and Economic Development (DCED) receives substantial federal block grant funding each year. The Community Services Block Grant (CSBG) and Community Development Block Grant (CDBG) are contracted to AOGs and other service providers (such as community action agencies) to benefit local areas of the state.

AOG Staff Report on Activities But Not to the Legislature. AOG staff work for and report to the county commissioners, mayors, and other elected officials on the AOG board. The AOGs provide numerous detailed reports to state funding agencies on services provided. Funding agency staff also perform monitoring reviews of the AOGs' performance. These reports and reviews, however, are not regularly provided to a

Utah's AOGs function at a local and regional level and have little exposure to the Utah Legislature.

AOGs are accountable to their locally appointed boards and to state agencies.

legislative committee. While reporting and accountability exist, it is not in the form of direct accountability to the Legislature.

AOG Directors Want a More Direct Relationship With the Legislature. When asked to address the question of how much exposure AOGs have to the Legislature, the AOG directors with whom we spoke made several points:

- First, they would like the Legislature to know more about AOGs and what they do.
- Second, while they are open to more of an information flow to the Legislature, they are mindful that they report not to that body but to the commissioners and mayors on their board.
- Third, they felt that their own local legislators were more familiar with some of their functions but that, in general, legislative knowledge about AOGs was inadequate.

They welcomed the audit as an opportunity to give legislators more information about their role and services.

AOGs Manage Significant Amounts of Federal and State Funds

State funds appropriated to Utah's Associations of Governments (AOGs) for planning are used for a number of planning-related activities. Contracts specify the work to be done with this funding, as they do for other sources of AOG funding. The AOGs receive their funds from a variety of sources, primarily the federal government, through grants and contracts. State and local governments also contribute funding. Other sources include private contributions and fees for services.

About 50.7 percent of AOG funds originate with the federal government. The state contributes about 21.7 percent of AOG funding, and local governments contribute another 8.7 percent. Additional funding (18.9 percent) comes from other sources such as private contributions and fees. One AOG runs a mental health program with significant fee income which skews the "other" source of income somewhat. The figure below shows total funding from fiscal year 2000.

About 51% of AOG funds come from the federal government, almost 22% from the state, and over 27% from local governments and other sources.

Figure 3. The Federal Government Funds the Largest Portion of AOG Programs. Other sources of funds include state funds contracted to AOGs and local assessments. Several AOGs receive significant private contributions or fee revenue as well.

Funding Source	Amount*	Percent of Total
Federal Government	\$14.38 million	50.7%
State Government	6.15 million	21.7
Local Government	2.47 million	8.7
Other	<u>5.34 million</u>	<u>18.9</u>
Total	<u>\$28.35 million</u>	<u>100.0%</u>

* Fiscal Year 2000 data

Although state contracts for planning services comprise a small percentage of total funding, legislative interest in the use of the funds for this important regional activity led us to look at the activities funded by the appropriation for planning. Following this information, other state and federal fund sources will be discussed.

Planning Funds Are Used Appropriately

Discussions with AOG planners and administrators and the Governor’s Office of Planning and Budget (GOPB) staff indicate that planning funds provided to the AOGs are used appropriately. Under two contracts with GOPB, AOGs provide a range of planning services to the cities and counties in their regions. These services include both region-wide activities such as review of proposed federal lands use regulations and services to individual local governments such as preparing an affordable housing plan. GOPB staff monitor contract performance.

The first planning contract disperses the funds appropriated for planning purposes. This contract provides each AOG with \$33,908 (fiscal year 2001) to provide a set of services benefitting both the local area and GOPB. Services in the scope of work include the following:

- providing support for city/county planning through technical assistance to local jurisdictions (often, in the form of help with zoning issues)

Appropriated planning funds are dispersed equally to the AOGs to provide community planning and technical assistance.

- assisting local governments in implementing their plans
- participating in state initiatives and distributing state project information to local governments
- maintaining and strengthening intra-regional coordination
- maintaining and distributing regional economic and demographic data
- reporting to GOPB on required planning activities

The other contract (for \$40,000 to each AOG) provides community-level planning assistance for those communities seeking 21st Century Community recognition. Requirements for this gubernatorial initiative include developing and implementing a community master plan.

AOG staff planners outlined their activities to us and indicated they track their time in detail in order to charge their activities against the correct funding accounts. At one sampled AOG, part of the director’s time is paid from the planning contract because he spends a portion of his time in planning-related duties.

GOPB staff indicated that they rely on the AOGs since a lot of state planning activity occurs in a decentralized way through the AOGs. GOPB staff stated that services provided by the AOGs are crucial to statewide planning efforts. The AOGs provide a needed service to GOPB which does not have the staff necessary to provide assistance to local communities. As noted, accountability occurs as AOGs are required to report on their contracted responsibilities and submit detailed expenses for reimbursement.

Federal Pass-Through Funds Provide a Majority of Funding

As noted in Figure 3 above, Utah’s AOGs receive over \$14 million in federal funds annually. These funds usually come from a number of federal agencies as block grant allocations and pass through several state agencies to the AOGs. Some federal funding is in the form of direct grants to AOGs as well.

Significant federal funding comes from the Department of Housing and Urban Development (HUD) as Community Development Block Grants (CDBG) and the Department of Health and Human Services (DHHS) in Community Services Block Grants (CSBG). These block

Federal block grants and other federal funds provide over \$14 million a year to the AOGs.

grants pass through DCED, which keeps a small portion of the federal allocation (five percent for CSBG) for its administrative and monitoring costs. Fiscal year 2001 allocations to Utah totaled about \$7.6 million for the CDBG and \$3.1 million for the CSBG.

CDBG funds are allocated to the AOGs (except for the WFRC) based on a formula with a base amount plus a per capita amount. Applications must show how the AOG will address block grant national objectives, providing information to be used later during oversight activities. Regional committees accept applications and determine which projects in their areas will be funded. Projects must address low-to-moderate income issues on a community basis.

CSBG funding requires an application from the AOGs as well. A base amount is allocated to each AOG, then an additional amount is given based on the amount of poverty in the region. Funded programs must focus on low-to-moderate income individuals and families. Other private, non-profit organizations are also eligible to apply for CSBG funds; four community action agencies received funds in fiscal year 2001.

Additional large federal funding sources include other DHHS programs, with funds for aging programs through the Older Americans Act, social service programs through the Social Services Block Grant, and the HEAT program (a utility payment assistance program) with Low Income Home Energy Assistance Program (LIHEAP) funds. The Department of Energy funds the Weatherization program. The Department of Labor provides funds through Utah's Department of Workforce Services for welfare-to-work and other programs.

A few federal awards are given directly to AOGs. For example, the federal Department of Agriculture provides foodstuffs directly to the nutrition programs and also contracts directly with at least one AOG for administration of a rural development loan program run in the region. The Federal Emergency Management Administration (FEMA) also provides direct funding for a disaster assistance program for emergency food and shelter. The Economic Development Administration also grants funds directly to the AOGs for economic development activities.

Major funding sources include HUD's CDBG, the Department of Health and Human Services' CSBG, LIHEAP, and Older Americans Act funds, and Department of Labor grants.

State and Local Funds Also Used For Programs

About \$6 million in state funds and approximately \$2.5 million in local funds also support AOG programs.

The \$6.15 million in state funds shown in Figure 3 includes both grants and loan programs. They include the contracts with GOPB and a variety of other state agencies. State funds are used for aging services, homeless programs, and low-interest housing loan programs. These funds are often combined with federal funds to maximize program effectiveness.

State agencies provide funds to AOGs for the following purposes:

- Division of Aging and Adult Services for in-home services, meals (either home-delivered or at senior centers), respite services, health insurance counseling, and complaint investigations
- DCED for the Olene Walker Housing Trust Fund, which provides closing costs to low-income home buyers, a Homeless Trust Fund to prevent homelessness, and an Emergency Food Network for food pantry funds
- GOPB (funds come from DCED) for planning coordination and services and 21st Century Community planning assistance to local governments

Note that the state Division of Aging and Adult Services (DAAS) also grants funds to other service providers which are designated Area Agencies on Aging. Six AOGs have this designation and so can receive DAAS pass-through funds for aging programs.

Local funding comes both from assessments to member counties and through required local matches to federal programs. Other sources of funds include private donations such as contributions from utility companies, fees collected for selected services, and voluntary contributions from clients.

AOGs use over \$6 million in state funds annually.

Local funding also supports AOG activities.

AOGs deliver services and programs that are needed in their areas on behalf of a number of state and federal agencies.

OGs Are a Major Service Delivery Mechanism

As noted in the last section, the AOGs operate under contracts with funding agencies. Some services are provided by the AOGs, while others are subcontracted to local providers. Either way, the AOG is responsible for ensuring successful program operations in its region. Funding agencies emphasized the importance of the AOGs' role.

AOGs Provide a Variety of Services in Regions

Most of the AOGs provide a spectrum of programs to their regions. Significant commonality in programs occurs among the rural AOGs even though differences in program offerings occur to meet the specific needs of each region. As previously noted, the WFRC focuses much of its resources on urban transportation planning.

The figure below gives a summary overview of program offerings at the AOGs.

Figure 4. AOGs typically organize into departments with multiple programs in each. This figure provides the most common program offerings, not an inclusive list of services.

Department or Program	Services
Housing	Affordable Housing Planning First Time Home Buyer Assistance Low-to-Moderate Income (LMI) Home Repairs Weatherization HEAT (emergency utility payments)
Community Development	Community Planning 21 st Century Program Assistance CDBG Grants Water Quality Planning
Economic Development	Planning Loans to LMI Businesses Procurement Training Centers
Emergency Assistance	Food Pantries Emergency Shelter
Human Services	Aging Services Home-Delivered & Congregate Meals In-Home Services as Alternatives to Nursing Home Care Case Management
Transportation	Regional Coordination and Planning

The AOGs provide some services in-house and contract to local providers to provide other programs. When services are contracted to other providers, AOG staff perform similar monitoring and oversight activities of the subcontractors as state agency staff do with the AOGs themselves. On-site visits are made to observe service provision, and regular reporting and submission of requests for reimbursement with proof of program activity are required. The AOGs maintain documentation of in-house program activity as well as contracted services.

AOGs Meet a Service Need

State agency staff as well as AOG staff each provided their perspective on the important role played by AOGs in the delivery of government services. Comments included the following:

Many services run by AOGs cross local boundaries, serving eligible populations throughout the region.

- AOGs successfully fill a gap in service delivery, carrying federal programs to the local level
- AOGs have better knowledge of the needs of the local area and offer appropriate programs
- AOGs reduce the need for an extended state bureaucracy, delivering the services of multiple state agencies in a coordinated, efficient way
- AOGs, with regional-level programs, can provide services that individual jurisdictions cannot afford in their budgets, meeting local service needs via economies of scale
- AOGs assist local governments to obtain access to federal grant monies which the governments might have difficulty obtaining without such assistance

The rural AOGs are designated Area Agencies on Aging, which is a requirement to receive the federal funds for aging services. The AOGs are also designated as Economic Development Districts, which enables them to access federal funds for local economic development activities. The two more populous AOGs (WFRC and MAG) are also Metropolitan Planning Organizations—giving them access to federal highway funds. These various designations provide an idea of the spectrum of activities which an AOG supplies for its region.

A national organization for regional entities also addressed the role filled by Utah’s AOGs. The executive director of the National Association of Development Organizations (NADO) indicated that Utah is different from other western states in that most nearby states do not have fully functional councils of governments or AOGs. She said Utah should be compared against states with more developed councils of government because Utah’s AOGs are more active than is usual in the west. NADO’s general policy statement presents the organization’s view of the role of regional development organizations or associations of government.

Regional development organizations allow communities to work together and pool their limited resources. Local governments depend on regional development organizations to coordinate and deliver services in their area because they are the only vehicle in most areas bringing together cities, counties and towns to address common issues. Federal and state governments should use regional development organizations as a tool for community and economic development....

NADO’s director says Utah has one of the more developed regional service systems in the West.

Legislature Could Recognize AOGs' Contribution

Because of their contribution to government operations, the Legislature may wish to formalize AOGs by including them in the *Utah Code*. One way to formally recognize the AOGs is by amending the Interlocal Cooperation Act to include associations of governments as another form of interlocal organization.

In addition, the Legislature should determine whether it would benefit from developing an ongoing relationship with the AOGs by having the directors' group meet with legislators on a regular basis. Presentations to legislative committees such as the Political Subdivisions Interim Study Committee or the Economic Development and Human Resources Joint Appropriations Subcommittee should lead to better information exchange and increased understanding of the AOGs' work.

Recommendation:

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

The Legislature may want to include AOGs in the *Utah Code* and also develop a closer relationship with the AOGs.

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Chapter III

Accountability Processes Are Set by Funding Agencies

AOGs are held accountable to state agencies which administer state or federal funds passed through to the AOGs.

With the amount of funds flowing to Utah's Associations of Governments (AOGs) and the importance to participants of the services provided, it becomes important to ensure that adequate accountability for those funds exists 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 us with monitoring records and reports showing their satisfaction with AOG performance.

Information obtained from and discussions with state agencies were limited to several agencies with significant amounts contracted to AOGs. These agencies included the Department of Community and Economic Development (DCED) and the Division of Aging and Adult Services (DAAS) in the Department of Human Services. The Governor's Office was also contacted because of legislative interest in the planning funds given to the AOGs.

Federal Guidelines Set Accountability Requirements

AOG-delivered federal programs' performance is currently assessed by measuring program outputs but may become more outcome-oriented in the future. Current federal grant guidelines generally require only output measurement from the AOGs. It's commonly accepted that results-oriented outcome measures are more difficult to quantify but better depict program effectiveness than output measures. This is because output measures deal with process and activity while outcome measures assess program results.

Federally accepted levels of accountability for program funding is built into the beginning of the grant funding process by requiring applicants to

propose programs that address broad national goals. More specific accountability occurs during program implementation through monitoring by state pass-through agencies. This monitoring includes measuring the AOGs' efficiency in the use of funds for programs and service versus administrative costs. At another level, when the AOGs contract with local providers for services, the AOGs perform similar monitoring and oversight activities to ensure compliance with contract specifications.

Federal Programs Measure Output, Not Outcome

A search for federal and state standards for AOG performance in programs found that most program performance standards are output or activity measurements and not the more difficult to quantify outcome or results-oriented measures. One reason for the focus on output is that many block grants have broad, policy-based goals such as reducing poverty or improving the living conditions of low-to-moderate income (LMI) persons. Developing valid, meaningful outcome measures for these broad goals is a difficult task, but it is a task that may be asked of grantees in the future.

Output measures are process and activity measures, dealing with how much is produced or how many are served. Outcome measures look at the results, assessing how well the program's purpose is fulfilled. For example, an output might be the number of clients enrolled in a welfare-to-work program. Counting program participants is relatively easy. Outcome measurement, however, looks at the effectiveness of the program in accomplishing its purpose. One outcome measure for a welfare-to-work program could be the number of participants who got and kept jobs with wages that raised their income above the poverty level. Tracking clients to determine future income and being able to attribute that increased income to one program is more difficult.

The General Accounting Office (GAO) noted a number of accountability issues in a 1998 report, including the difficulties of developing outcome measures, especially for block grants, finding that:

- flexible grant programs vary considerably in the availability of direct measures of program performance
- flexibility is broadest in programs that add to the stream of funds supporting diverse state or local activities

Performance measures in use are mostly activity or output-related, not outcome or results-oriented.

The GAO reported on the difficulties of developing valid outcome measures.

- in these flexible programs the federal role is limited to providing funds, and program direction and accountability are assigned to the state level
- few flexible programs collected uniform data on outcomes
- collecting such data requires conditions that do not exist under many flexible program designs.

With all the caveats, the GAO goes on to say that it is possible to develop outcome measures. In fact, one AOG Aging Services manager believes the federal government will issue some outcome measurement guidelines within the next year. Recognizing that most AOG programs are presently assessed on output, not outcome, measures, we compared AOG performance to the standards that are currently in place, beginning with application requirements.

Federal Application Process Focuses on Goals

Our review of sampled applications shows that the national goals are addressed by the AOGs. Reviewing the application processes for two major federal grants---the Community Development Block Grant (CDBG) and the Community Services Block Grant (CSBG)---gives an indication of the accountability required of the AOGs. Though broad and general, national goals must be addressed and proposed activities are expected to contribute to achieving the goals.

The CDBG Funds the Department of Housing and Urban Development’s Anti-poverty Activities. This program promotes the development of communities “...by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (LMI).” Staff administering the CDBG program at DCED indicated that the application process, coupled with documentation requirements, provides assurance that AOGs address desired outcomes.

There are three broad national objectives of the program, at least one of which must be addressed in an AOG’s application. These are:

- to give priority to activities which will benefit LMI families
- to aid in the prevention or elimination of slums or blight
- to address urgent health or welfare needs of a community.

DCED staff feel the CDBG application process ensures that approved AOG projects will be addressing desired anti-poverty goals.

Applicants are required to show how the proposed activity will address one of the objectives. The CDBG Application Guide issued by DCED provides detailed instructions on addressing the objectives and what documentation will be required to prove the objective is met through program activities.

Many AOG projects address the first objective by creating jobs for LMI persons. For example, if a proposal is for an economic development project, it must meet one of four requirements that LMI individuals will be primary beneficiaries of the project. Activities, whether site-specific, city- or county-wide, or for limited clientele, must also fulfill a requirement that 51 percent of residents are LMI. Specific documentation from the AOGs is required, such as area income surveys, income certifications from hired individuals, or documentation of the training to be provided. AOG staff verified that they keep this data and provided copies of census data and income survey results for our review during the audit.

Overall Goals of the CSBG Address Poverty Issues as Well.

While the CDBG programs usually address poverty issues through economic development projects, the CSBG programs focus on individual and family assistance. The CSBG program aims to strengthen communities by reducing poverty and improving the quality of life for low-income Utahns. The national goals of this block grant are to provide activities that assist low-income individuals and families

- to secure and retain meaningful employment
- to attain an adequate education
- to make better use of available income
- to obtain and maintain adequate housing and a suitable living environment
- to obtain emergency assistance to meet immediate and urgent individual and family needs
- to remove obstacles and solve problems which block the achievement of self-sufficiency
- to achieve greater participation in the affairs of the community
- to make more effective use of other programs related to the purposes of this grant program.

To address these goals, the state's CSBG Management Plan directs grantees to "develop specific programs designed to provide the most

CSBG programs also focus on poverty issues in the application process.

AOGs' CSBG-funded programs must be designed to provide solutions to the problems of poverty.

effective solutions to the problems of poverty identified in their communities within the constraints of funding allocations.”

CSBG applications submitted by the six AOGs eligible to receive CSBG funds (the WFRC excluded) list specific programs and activities designed to address the national objectives relevant to their regions. For example, the Six County AOG’s CSBG application for federal fiscal year 2001 includes the following program areas:

- **emergency services** - vouchers for heating, shelter, clothing, plumbing, and transportation needs for LMI persons
- **linkages with other programs** - referrals of low-income individuals to other service agencies such as food banks; conducting public forums to inform low-income individuals about services
- **nutrition services** - coordination with Central Utah Food Sharing staff to distribute food boxes, conduct food drives, manage food pantries
- **self-sufficiency program** - case management and basic life skills training for LMI persons.

Each area of the completed application cites the relevant national goals to be addressed and provides the specific activities to be done, along with targets of how many people will be served or units (e.g., food boxes) that will be provided. These goals can then be monitored by comparing them to actual performance.

Monitoring and Reporting Are Required

As the AOGs provide programs, state agencies charged with administrative responsibilities conduct on-site monitoring and oversight reviews. Frequent progress reports, both fiscal and programmatic, are required from the AOGs on a monthly and quarterly basis, as are annual summary reports. Through regular on-site visits as well as ongoing reporting, the contracting agencies are aware of AOG progress and achievements as well as any concerns.

DCED has monitoring responsibilities for two major federal block grants, the CDBG and the CSBG. The program manager who coordinates the monitoring for CDBG programs listed their oversight activities.

State agencies perform oversight duties with federally-funded and state-funded programs.

- Monitoring visits are done annually or bi-annually by DCED staff, depending on the program
- Both financial and programmatic reviews are done; DCED has used a CPA firm to conduct some financial reviews
- Program reviews include verification that the AOG maintains required documentation, such as income certifications that projects created LMI jobs
- AOGs are required to maintain a variety of documentation on the projects as determined by DCED
- AOGs are required to submit detailed documentation of expenses incurred for DCED review; if the first request was sufficient, further reports do not require as much detail to be submitted, though it must be maintained at the AOG for later review
- AOGs also submit a semi-annual report to the financial staff at DCED
- Program reviews include comparisons of actual activity to proposed goals in addition to an environmental review, a check on proper procurement, and an internal controls review.

We reviewed DCED monitoring reports and also reviewed documentation on file at selected AOGs to verify that these activities are taking place.

Other reporting includes an annual report submitted by DCED to HUD on the status of CDBG grants, including monitoring results. As Economic Development Districts, the AOGs also send reports to the federal Economic Development Administration (EDA), and DCED obtains a copy of those annual reports for review.

We accompanied DCED staff on three CSBG program reviews at different AOGs. DCED staff were in the midst of developing a revised monitoring instrument to use with CSBG programs. Because these visits primarily included discussions with AOG program staff on the impending use of the monitoring instrument, the DCED staff did not review program documentation in any depth or compare program progress with goals listed in the AOG's CSBG application. Once the monitoring tool is in place, DCED staff expect to review documentation in addition to conducting AOG staff interviews.

We conducted a limited review of program documentation at the three AOGs independent of the DCED monitoring process. The review found

CSBG program oversight staff are currently revising a monitoring tool.

adequate documentation in client files that application eligibility procedures were being followed in such programs as HEAT and Weatherization and monitoring reports for the Weatherization program were complete. In addition, past monitoring reports on file at DCED for CSBG programs were reviewed.

Other programs are also overseen by state staff and require regular reports on progress.

Other Departments Also Conduct Monitoring Visits. Monitoring reports for various aging programs were also supplied by the Division of Aging and Adult Services (DAAS) as well as by AOG program staff. The DAAS conducts monitoring visits and reviews on an annual basis. In the planning area, we reviewed the AOGs' quarterly reports to GOPB on the planning contracts and found they addressed the activities required in the contract.

An important component of monitoring is ensuring that the AOGs use their funding efficiently. We found that most of the contracts in place contain provisions limiting the amount of funds that can be spent on administrative or overhead costs instead of services. For instance, no more than 10 percent of the CDBG grant may be used for administrative costs. Not only state monitoring agencies but the AOG financial staff check program expenditures to ensure that the limits are not exceeded. Thus, an element of efficiency is built into the grant process itself.

AOGs Monitor and Oversee Subcontractors

AOGs may contract with local providers such as food banks, community action agencies, hospitals or respite service providers for program services as needed. The state's expectation is that the AOGs will provide oversight of subcontracted services. AOG staff indicated they provide the same type of contract compliance monitoring of these subcontractors as the state agencies require of the AOGs themselves.

Aging staff at the Six County AOG, for example, provided a monitoring report they had compiled on a contracted senior center in Richfield. The report primarily examined the facility itself and found compliance for accessibility and use with a few minor exceptions; the center was also found to be in compliance with Older American Act requirements for acquisition and renovation.

The program manager at Bear River AOG (BRAG) outlined their processes with in-home aging services providers. Once a needs assessment

AOGs have an oversight role with contracted local service providers.

has been done on a client, services are arranged with providers. BRAG staff then keep monthly contact with the client and do quarterly in-home visits to check that services are being provided. BRAG staff review monthly billings from the subcontracted providers and match them against the contracts to check that specified services are being provided. In addition, staff provided monitoring reports of senior centers that confirmed BRAG's monitoring activity with contracted providers.

In another program area, the director of Community and Economic Development at Five County AOG provided a report showing that AOG staff had verified LMI job creation at a company that had been awarded a loan for a portion of start-up costs. The AOGs verify job creation on CDBG-funded projects that have LMI job creation as a goal.

State Monitoring Agencies Report Satisfaction With AOG Performance

As discussed, accountability for AOG programs is provided through funding application requirements and during program execution. The monitoring reports and other oversight documents and discussions with staff show that state agency staff are satisfied that the AOGs deliver services efficiently and effectively. We have some concerns with AOG reporting for CSBG programs; improvements in DCED's final report review could assist AOGs in improving their CSBG service plans.

Monitoring Results Show AOGs Generally Perform Well

Sampled monitoring documentation for several programs at three AOGs indicates that, in general, the AOGs are providing promised services. Often, state reviewers suggested some improvements, for example, in program documentation. Discussions with state agency staff confirmed that AOGs are providing needed services under contract. In fact, several state agency staff volunteered favorable comments on the service provided to the state by the AOGs.

Regarding financial matters, independent audits of the AOGs are required and conducted by CPA firms each year. These audits review the adequacy and accuracy of the fund accounting systems used by the AOGs to track the various sources and uses of revenue. None of the fiscal year

Feedback from state agencies gives a positive picture of AOG performance.

Outside financial reviews are done annually and find AOGs to be in compliance with financial standards.

2000 audit reports reported any material concerns; and in fact, one AOG was commended by the CPA firm for the complete lack of findings.

In addition, the State Auditor's Office conducts reviews of AOG budgets and annual financial reports for compliance with the *Utah Code*, applicable state fiscal regulations, and generally accepted accounting principles. No concerns were listed in the reviewed letters.

Monitoring Reviews by State Agencies Generally Have Positive Reports. These on-site visits to AOGs and local service providers seek to verify that services are being delivered both through observations and review of program documentation.

For example, DAAS staff recently conducted an on-site review of Five County AOG's nutrition program. This review included visits to ten towns to observe both congregate and home-delivered meal programs. In addition, the DAAS staff person interviewed AOG staff and service providers and reviewed the program for policy compliance. The written report included positive comments on the quality of both food and service. The two concerns listed in the report were that it appeared only three meals were being delivered (instead of five) and that client satisfaction surveys should be done. The AOG's response indicated that five meals were being provided, with extras delivered on two days for next-day consumption. The satisfaction survey was under consideration.

We also reviewed reports of on-site monitoring reviews conducted by DCED staff for several CDBG-funded programs. One report from DCED's Division of Community Development's fiscal monitor reviewed two BRAG contracts for CDBG projects; the staff found no concerns with reimbursed expenditures. No indication of any material weaknesses were found related to the grant or the AOG's internal controls as a whole.

Another monitoring report dealt with an addition to a health department building. The reviewer found most documentation and financial records available and complete, providing evidence of proper accounting. Required environmental and civil rights requirements had been met. This report listed some documentation concerns, mostly with labor standards issues with contractors. The AOG staff were instructed to obtain the missing documentation and forward copies to the DCED monitoring staff.

Both on-site program reviews and financial reviews are conducted by state staff and show positive results.

Finally, a fourth monitoring visit by DCED staff to another AOG reviewed small business loans funded through a revolving loan fund involving CDBG funds. This report stated that the loan files were complete with few exceptions, monitoring was being done on a regular basis, and past suggestions had been implemented in management of the loan portfolio. The state reviewer commended the AOG on the oversight being done and complimented the staff for their management of the funds.

State staff provided positive comments on the AOGs' work.

State Staff Give Positive Feedback on AOGs. During the audit we discussed the AOGs' programs with state monitoring staff. We heard nearly unanimous positive comments on the contribution made by the AOGs to needed service delivery in local areas. For example, GOPB staff told us that the AOGs provide them with valuable assistance in planning activities since much of the state's planning functions are decentralized. Staff at DCED stated that the AOGs provide the state with needed service delivery mechanisms that state agencies cannot provide. Staff at DAAS indicated that the AOGs serve as area agencies on aging and as such provide services that the DAAS are required to fund through local providers.

CSBG Planning/Reporting Process Can Improve

As discussed, DCED staff are in the process of making changes to the monitoring processes for CSBG programs. We feel that better review of AOG program goals is also needed, both by AOG staff and DCED monitoring staff. Some estimates in the CSBG applications are unrealistically low and others too high when compared to actual performance.

Improvement in CSBG Service Goals Is Needed. In reviewing several AOG final reports for the CSBG, we found numerous areas where the estimated program service goal was set at an unrealistic level. We expected to find AOG staff making adjustments in the following year's application to bring expected service levels into closer agreement with actual past data, but this was not the case. When questioned, AOG staff said they simply repeated last year's numbers and did not see those figures as real targets. One staff said he viewed them as minimums to meet rather than goals.

In addition to using the new monitoring tool, DCED staff should review CSBG data and encourage AOG staff to use actual data in planning.

To illustrate, one AOG estimated it would refer 55 clients to the Department of Workforce Services for help finding employment; the AOG actually referred 359 clients, exceeding its goal by 653 percent. In another area with even greater disparity between the goal and actual service, the number of people given referrals and information on income management services exceeded the target by 1,202 percent.

The AOGs should be encouraged to improve their planning and assessment process. While serving more clients than planned is good, realistic targets based on actual performance would allow the AOG program managers to plan program funding and activities more in line with likely demand.

Therefore, as part of the new monitoring process, DCED staff should review the goals and estimated targets the AOGs submit in their CSBG applications and work with the AOGs if disparities exist. Progress reports that show interim counts of clients served or other data should also be compared to the initial targets. Final data should be compared to the next year's estimates as well. In fact, letters to AOGs after recent on-site visits indicated that DCED staff intend to scrutinize these data more carefully and expect to see final report data brought forward to the following year's application.

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.

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Agency Response

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August 7, 2001

Mr. Wayne L. Welsh, CPA
Audit General
Office of the Legislative Auditor General
130 State Capitol
Salt Lake City, Utah 84114-0151

Dear Mr. Welsh:

On behalf of the seven Utah Associations of Governments, I have been selected to present our response to the "A Performance Audit of Utah's Associations of Governments" dated August 2, 2001 (report # 200 1-07).

We appreciate the positive and helpful visits by your office staff Leslie Marks and Mark Roos were very professional and courteous. They were open regarding their responsibilities and the objectives of the performance audit. They were organized, and encouraged the staff of the AOGs to point out successes, problems, misconceptions and inaccuracies.

The report's major recommendation is that the legislature consider amending the Utah Code to formalize the AOG's role as government service providers. We would suggest utilizing MPO and RPO designations as the best way to accomplish this recommendation. While only two AOGs are presently managing Metropolitan Planning Organizations, there will be one additional AOG managing an MPO within the year. Regional councils (AOG) around the country are becoming more and more actively involved in transportation planning outside of MPO urban areas. Rural Planning Organizations (RPOs) are a nationally recognized way of providing such planning service. Utah would be well served by introducing transportation planning to rural communities through the MPO and RPO concept at the AOG level.

AOGs are being considered for a major role in implementing Utah's Quality Growth Principles as defined by the Quality Growth Commission. AOGs already provide staff support to the 21st Century Communities program which is viewed as the "rural"

equivalent of the “urban” quality growth areas. AOGs have an established link for planning related activities between the state and local levels of government.

The report identified concerns regarding the use of past Community Services Block Grant (CSBG) performance and actual service data to estimate service goals. We agree that inappropriate goal projections should be corrected to make them realistic and functional. We recommend improved DCED staff support to CSBG grantees (both AOG and Community Action Agencies) and appreciate the steps they are taking to improve coordination with the AOGs. The amount of funding and services the AOGs utilize with CSBG funding to leverage other valuable program support should also be noted in the report.

We are very pleased with the state funding agencies response emphasizing the importance of the AOGs role. It is important for the Utah Legislature to conclude from this report that AOGs provide a needed service to state agencies that do not have the necessary staff to provide assistance to local communities, and that services provided by the AOGs are crucial to accomplish statewide policies and programs.

The Performance Audit of Utah’s Associations of Governments is an excellent portrayal of AOGs in Utah. We sincerely hope that the Utah Legislature and funding agencies who review this report will work with the AOGs and their respective local elected officials to continue the vital coordination and economies of scale AOGs provide to the residents of Utah.

Sincerely,

John S. Williams
Executive Director

cc: AOG Directors



State of Utah

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF COMMUNITY DEVELOPMENT

Michael O. Leavitt
Governor

David B. Winder
Executive Director

Kerry William Bate
Division Director

14 August 2001

Wayne L. Welsh
Legislative Auditor General
130 State Capitol
Salt Lake City, Utah 84114-0000

Dear Mr. Welsh:

Thanks for giving us an opportunity to respond to the "Performance Audit of Utah's Associations of Governments." As your audit so clearly points out, the associations of governments are critical partners to state government in delivering services in Utah, particularly to rural areas, and especially the services offered by the state's Department of Community and Economic Development, Community Development Division.

I want to commend you for a thoughtful, fair, and balanced report. I was especially impressed with the great caliber of your staff working on this report: Tim Osterstock, the audit manager, as well as audit supervisor Leslie Marks and audit staff Mark Roos. The Legislative Auditor General's staff was accessible, hard-working, and indefatigable in their search for information about the associations of governments. Our staff enjoyed working with Mark, who went the extra mile to learn about the associations and to accommodate our staff, particularly in reviewing the Community Development Block Grant and Community Services Block Grant programs.

This performance audit will prove very useful to us as we move forward and once again, thank you for the superb work.

Sincerely,

Kerry William Bate
Director