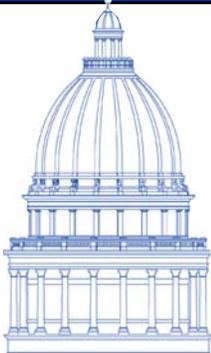


State of Utah
Office of the Legislative Auditor General



Thirty-First Annual Report to the Utah State Legislature

**Fifty-Seventh Legislature
2006 Session**



The Utah State Legislature created the Office of the Legislative Auditor General (OLAG) in 1975. OLAG has authority to audit any branch, department, agency, or political subdivision of the state.

The Legislative Auditor General is a constitutionally-created position with a six-year term of appointment. The Auditor General reports directly to the Audit Subcommittee of the Legislative Management Committee. Traditionally, though not required, the committee has been composed of the President of the Senate, the Speaker of the House, and the minority leader of each house.

■ What Does the Legislative Auditor General Do?

OLAG may audit or review the work of any state agency, local government entity, or any entity that receives state funds. State law authorizes OLAG to review all records, documents, and reports of any entity that it is authorized to audit, notwithstanding any other provision of law.

OLAG’s audits may have multiple objectives and one of many formats. OLAG publishes the findings of these audits in reports that are written for the Legislature but are available to the public.

OLAG staff also provide short-term assistance to the Legislature in the form of special studies. Examples of this type of service include studies of driver’s license issuance to undocumented aliens, and of local government fiber optic networks.

■ How Are Audits Initiated?

Any legislator can make an audit request simply by writing a letter to the Audit Subcommittee. This letter should identify specific issues of concern that should be addressed by the audit. While the letter of request can be signed by one legislator, the request may have more influence if it is signed by a group of legislators or by the legislators on a committee.

Once the request is received, the Audit Subcommittee will prioritize it in the order that subcommittee members determine to be appropriate. Issues given high priority are those that will confront the Legislature in the next session or have the potential for a larger statewide impact.

■ What Is the Audit Process?

An audit will be staffed according to its priority assignment and staff availability. Once an audit is staffed, an auditor generally contacts the legislator(s) requesting the audit to discuss their concerns and identify when the audit results are needed.

If all the audit questions cannot be answered in the necessary time period, the auditors will work with the legislator(s) to identify the most critical questions. Once the audit is complete, the report is presented to the Audit Subcommittee, which then releases it to the appropriate legislative committees and to the public.

■ What Is the Purpose of This Annual Report?

This report fulfills requirements set forth in *Utah Code* 36-12-15(10) which states that “(a) Prior to each annual general session, the legislative auditor general shall prepare a summary of the audits conducted and of actions taken based upon them during the preceding year. (b) This report shall also set forth any items and recommendations that are important for consideration in the forthcoming session, together with a brief statement or rationale for each item or recommendation.”

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■ How May I Receive Audit Reports?

You may download a copy of most audit reports from the legislative website: www.le.state.ut.us. Select “publications” and then “audits.”

■ Who Are the Members of the Audit Subcommittee?

President John Valentine, Co-Chairman
Senate President
R-Utah

Speaker Greg J. Curtis, Co-Chairman
Speaker of the House
R-Salt Lake

Senator Mike Dmitrich
D-Carbon, Emery, Grand, San Juan, Utah

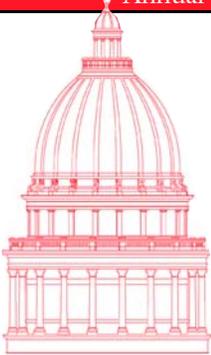
Representative Ralph Becker
D-Salt Lake

“The legislative auditor shall have authority to conduct audits of any funds, functions, and accounts in any branch, department, agency or political subdivision of this state and shall perform such other related duties as may be prescribed by the Legislature. He shall report to and be answerable only to the Legislature.”

- Article IV, Section 33 of
the *Utah Constitution*

■ Who are the Auditor General Staff?

Auditor General	John M. Schaff, CIA
Deputy Auditor General	Rick Coleman, CIA, CPA
Audit Managers	Tim Osterstock, CFE Darin Underwood, CIA
Audit Supervisors	James Behunin, CIA Janice Coleman, CFE Wayne Kidd Darren Marshall, CIA Maria Stahla
Lead Auditors	Brian Dean, CFE Aaron Eliason, CIA Deanna Herring, JD Leslie Marks, CFE Kade Minchey Susan Verhoef
Audit Staff	Tim Bereece Leah Blevins Brandon Bowen Broc Christensen Keith Cisney Chris Otto David Pulsipher Tim Salazar Danny Schoenfeld
IT Auditor/ Systems Analyst	David Gibson
Quality Control/ Report Editor	Emily Peterson, JD
Administrative Assistant	Lynda Maynard



Based on issues addressed and recommendations made in our 2005 audits, and the actions taken on 2004 audit recommendations, we believe the Legislature should consider the following items during the 2006 General Session.

■ **Audit 2004-10 A Performance Audit of Utah's Use of the Federal E-Rate Program**

Our December 2005 report revealed that Utah's school districts had not taken full advantage of the E-rate program. Our best estimate showed that over a six-year period, school districts may have been able to secure as much as \$47 million in additional E-rate commitments but failed to do so. We found that Utah's lackluster E-rate collection could be attributed to the fact that school districts: (1) were not applying for all eligible communication expenses, (2) were not applying for extra services for their impoverished schools, and (3) were not taking advantage of a provision that would allow them to receive E-rate reimbursements on service, equipment, and maintenance on their computer networks.

Action Needed: We believe the Legislature should direct the Utah State Office of Education (USOE) to collect data on districts' telecommunication costs. This information will help the USOE and the Utah Education Network (UEN) better determine if school districts are applying for all their eligible E-rate expenses.

■ **Audit 2005-01 A Performance Audit of The Office of the Guardian Ad Litem**

Our February 2005 report on the Guardian ad Litem (GAL) identified several concerns warranting legislative action. First, the oversight structure of the GAL needs to be reexamined because ethical concerns prevent the Judicial Council from providing adequate oversight.

Second, the statutory duties of the GAL contained in the *Utah Code* may be outdated and in need of revision. Third, the demands of district court casework are pulling the Guardian ad Litem from juvenile court casework. This district court casework shift may not be the best use of the limited resources within the Guardian ad Litem.

Action Needed: We believe the Legislature should review the organizational placement of the GAL. Although concerns were discussed in both the Judiciary Committee and the Child Welfare Legislative Panel, no action was taken by the Legislature. While the Judicial Council has since created an oversight committee of non-judges, this committee still reports to the Judicial Council; therefore, legislative action may be needed.

In addition, we believe the Legislature should review and update the statutory duties outlined in *Utah Code* 78-3a-912 and identify those duties that are mandatory and those that are discretionary. Finally, the GAL's role in district court cases should be addressed, considering the impact district court cases have on GAL caseloads when coupled with their limited resources.

■ **Audit 2005-04 A Review of Best Practices in Using Technology in Public Education**

Our February 2005 report described three essential components for the efficient and effective use of technology in education—access to technology, professional development training on its use, and technical support to maintain the systems. Each of these components requires stable funding. The report has

been used by USOE in presentations to legislative interim committees in an effort to get dedicated technology funding. The Governor's budget recommendations for fiscal year 2007 include a \$10 million, one-time appropriation for education technology, and \$10 million for online testing.

Action Needed: The Legislature needs to decide whether to appropriate funds specifically for education technology. If funds are earmarked for technology, the Legislature must decide how much to fund and whether funds should be one-time or ongoing.

■ Audit 2005-07 A Review of the Public Education Retirement Benefits

Our July 2005 report on public education retirement benefits identified a potential post-retirement liability of \$1.4 billion. Because of the estimated size of the liability, we felt quick action by all school districts to obtain actuarial liability estimates was necessary. The sooner school districts understand their full liability, the sooner they can take any necessary corrective action. However, prior to these actuarial studies, some actuarial assumptions should be standardized among school districts. Standardization of certain actuarial assumptions will help increase the comparability among school districts' actuarial studies.

Action Needed: We believe the Legislature should ensure that the Utah State Board of Education (USBE) and the districts report during the 2006 General Session those key actuarial assumptions that have been standardized, such as the medical inflation rate and the discount rate. Districts should also report each standardized assumption.

Further, the Legislature should direct that the USBE and the districts complete their actuarial studies by June 2006 and that these studies cover all post-retirement benefits, including stipends, insurance to age 65, and insurance after age 65. During the 2007 General Session, the USBE and the districts should report the results of their actuarial studies and the actions taken.

■ Audit 2005-08 A Review of School Boards' Closed Meetings

Our June 2005 report on school boards' compliance with the Open Meetings Act, *Utah Code* section 52, chapter 4, found that school boards' closed meetings are not complying with the statute. This lack of compliance is primarily due to school boards interpreting the Open Meetings Act in a variety of ways. The divergent practices indicate that some statutory clarification may be necessary. School boards' closed meeting minutes were, in most instances, insufficient to assess the validity of closed meeting discussions. From the limited information available, our review found that most school boards' closed meeting practices and discussions were not in compliance with the statute, nor were the available closed meeting minutes being reviewed for accuracy.

Action Needed: The Legislature should consider clarification of the Open Meetings Act by requiring closed meeting minutes to contain detailed, substantive information on all matters discussed and appropriate review and approval. The Legislature may also find it desirable to study other methods of gaining greater compliance with the Act.

■ Audit 2005-11 A Performance Audit of The Bureau of Child Care Licensing

Our September 2005 report revealed an apparent loophole in the statutory requirements for criminal background checks. The statute requires criminal background checks for a variety of individuals associated with a child care facility, including adults who live in residences where child care is provided. The statute specifies the restrictions that apply when individuals fail background checks, except for residents of child care facilities. The statute is silent on those individuals, and the bureau has sometimes allowed child care in their homes. In one case, a residential certificate was granted to a provider whose husband failed the background check and later abused a child in his wife's care.

Action Needed: We recommend that the Legislature amend *Utah Code* 26-39-107 to clearly state that the criminal background requirements apply to all residents of a home where child care is provided.

■ Audit 2005-12 A Review of Higher Education Post-Retirement Benefits

Our December 2005 report on higher education retirement benefits identified a potential post-retirement liability of \$979 million. Given the estimated size of the liability, we feel quick action to obtain actuarial liability estimates is necessary for all institutions. The sooner the full liability is known, the sooner necessary corrective action can take place. However, prior to these actuarial studies, some actuarial assumptions should be standardized among the institutions. Standardization of certain actuarial assumptions will help increase the comparability among institutions' actuarial studies.

Action Needed: We believe the Legislature should ensure that the colleges, universities, and applied technology centers report during the 2006 Interim those key actuarial assumptions that have been standardized—such as the medical inflation rate and the discount rate—and what each standardized assumption is. Then, during the 2007 General Session, the institutions and the Board of Regents should report the results of their actuarial studies and actions taken.

■ Audit 2005-13 A Performance Audit of The Office of Recovery Services

Our December 2005 report found that the Office of Recovery Services (ORS) could collect more child support if it had more effective enforcement tools. As of October 2005, ORS reported that \$325 million of back child support (arrears) was owed. Some other states report that the ability to suspend or threaten to suspend licenses is a very effective tool to increase child support payments. In Utah, licenses may be suspended by court order, but only two licenses have been suspended the past two years. Most other states allow a less cumbersome administrative process to suspend licenses

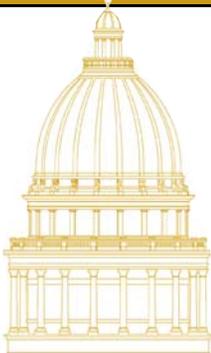
of individuals who can afford to pay required child support but refuse to do so. If ORS had the authority to threaten to suspend licenses administratively, collections could be increased. However, the program would need to be carefully controlled to ensure that license suspension was threatened only for good cause and the due process rights of individuals were protected.

Action Needed: We recommend that the Legislature consider changing the *Utah Code* to allow ORS to administratively enforce child support collection by the suspension of driver's, recreational, and professional licenses. If it does allow administrative suspensions, the Legislature should also consider specifying the conditions and limitations under which ORS may initiate administrative suspension actions.

■ Audit 2005-14 A Survey of Management Controls in the Governor's Office of Economic Development

Our December 2005 survey reported that while much progress has been made in restructuring GOED, some management controls are still in process, and little actual performance data are available as of yet. Future work will assess the adequacy of management controls while examining actual performance. In fact, the 2005 bill that restructured the agency required a full performance audit of GOED to begin in March 2006.

Action Needed: Despite the concern that performance data will not be available in March 2006, legislative action is not likely needed to amend the March audit start date. Our office will simply initiate the audit in March and then postpone work until data become available.



In 2005, the Office of the Legislative Auditor General (OLAG) completed 14 audits. In December 2005, we completed 11 follow-ups on recommendations made in four 2005 audits and seven 2004 audits. This section summarizes OLAG's work in these areas. Full reports are located on our website: <http://www.le.state.ut.us/audit>.

Audit Name/Number		Number of Recommendations	Follow-Up Status
Office of Economic Development	2005-14	2	To Be Completed in 2006
Office of Recovery Services	2005-13	12	To Be Completed in 2006
Higher Education Retirement Benefits	2005-12	6	To Be Completed in 2006
Bureau of Child Care Licensing	2005-11	12	To Be Completed in 2006
Division of Fleet Operations	2005-10	10	To Be Completed in 2006
Mountainland Association of Governments	2005-09	0	No Follow-Up Needed
School Boards' Closed Meetings	2005-08	5	To Be Completed in 2006
Public Education Retirement Benefits	2005-07	6	To Be Completed in 2006
<i>Audits with Follow-Up</i>			
Nebo District's Administrative Control	2005-06	1	1 Implemented
Timeliness of Cases in Civil Court	2005-05	8	3 Implemented, 5 in Process
Using Technology in Public Education	2005-04	0	No Follow-Up Needed
Superintendent's Discretionary Fund	2005-03	0	No Follow-Up Needed
Utah High School Activities Association	2005-02	2	1 Implemented, 1 in Process
Office of the Guardian ad Litem	2005-01	7	3 Implemented, 2 in Process, 2 Not Implemented
Facilities Construction and Management	2004-11	10	9 Implemented, 1 Partially Implemented
Utah's Use of Federal E-Rate Program	2004-10	7	1 Implemented, 5 in Process, 1 Not Implemented
Davis & Weber Counties Canal Company	2004-09	13	11 Implemented, 2 in Process
Constitutional Defense Fund	2004-08	5	4 Implemented, 1 Not Implemented
TANF Surplus Funds	2004-07	1	1 Implemented
Commercial Waste Facility Oversight	2004-06	12	9 Implemented, 3 in Process
Administrative Office of the Courts	2004-05	17	16 Implemented, 1 in Process

■ Completed Audits

Audit 2005-14 A Survey of Management Controls In the Governor's Office of Economic Development

We conducted a limited-scope review of the recently created Governor's Office of Economic Development (GOED) to assess whether management controls are being instituted. GOED has formally existed since July 1, 2005. Overall, we believe that much progress has been made; however, some management controls are still in process, and little actual performance data are available as of yet. Furthermore, any data that are available would only represent performance over a fairly limited time span.

Audit 2005-13 A Performance Audit of the Office of Recovery Services

Several options exist which could improve the effectiveness of child support collections. First, increased administrative enforcement authority would allow the Office of Recovery Services (ORS) to augment child support collections. Second, ORS should more aggressively pursue debt using existing or statutorily-allowed enforcement methods. Third, ORS should reevaluate their use of the Attorneys General in the Division of Child and Family Support. We also reviewed several ORS practices to determine the appropriateness of some decisions, in particular the writing off of arrears (or back child support) owed to taxpayers. During our review, we found that ORS has valid reasons for their practices of writing off arrears and closing uncollectible cases.

Audit 2005-12 A Review of Higher Education's Post-Retirement Benefits

Utah higher education's post-retirement benefits, offered in addition to employee pensions, have not yet been fully acknowledged. As a result, we estimate Utah universities, colleges, and applied technology centers have a potential benefit liability of approximately \$979 million. About \$633 million of this liability is committed to current employees with prior years of

service and is, for the most part, unfunded. The remainder represents the additional costs that will result if the programs are allowed to continue unchecked.

Audit 2005-11 A Performance Audit of the Bureau of Child Care Licensing

Some of the practices of the Bureau of Child Care Licensing (BCCL) do not comply with either the law or administrative rules. Although prohibited by state law, the BCCL is granting child care licenses and residential certificates to individuals who have been convicted of serious crimes. In addition, the BCCL has granted rule variances without meeting the required criteria. Also, while most of Utah's child care providers believe the state's regulations are fair, we found a few rules that appear to be too harsh and should be reconsidered. We are also concerned about the inconsistent practices observed among the licensing specialists.

Audit 2005-10 A Performance Audit of the Division of Fleet Operations

Vehicle information should be monitored more consistently to promote cost-effective fleet management. We also found that DFO's management of vehicle utilization can be enhanced, and the efficiency of the daily pool can be improved. In particular, the size of the daily pool can be reduced in both vehicles and locations.

Audit 2005-09 Audit Survey Results Regarding Mountainland Association of Governments (MAG)

While there is a question of whether the MAG building met the general eligibility standard for Community Development Block Grant funds, it is unlikely that the current federal grant administrators would take any action to have funds repaid. Further, an audit of fringe benefits also appears unnecessary. Although audits do not appear necessary in these areas, there are other areas that could be pursued, such as adequate governance of associations of governments such as MAG, and the operations and oversight of MAG.

Audit 2005-08 A Review of School Boards' Closed Meetings

Most of Utah's local school boards do not fully comply with Utah's Open Meetings Act. Specifically, most school boards we reviewed are not keeping adequate records, are not reviewing the minutes they do keep, and are not consistently following correct closed meeting practices, making it impossible to determine the appropriateness of many closed meeting discussions.

Audit 2005-07 A Review of the Public Education Retirement Benefits

Public education post-retirement benefit programs have a potential total liability of \$1.4 billion. About \$954 million of this liability has been accrued by current employees with prior years of service and is, for the most part, unfunded. The remaining \$500 million represents future costs that will result if the programs are allowed to continue unchecked. Therefore it is necessary for public education to modify or eliminate offered benefits and develop a plan to fund the remaining liability without compromising educational services or requiring additional taxpayer assistance.

■ **Completed Audits With Follow-Up**

Audit 2005-06 A Limited Review of Nebo School District's Administrative Controls

A review of specific Nebo School District controls did not identify significant problems. While some policies and procedures can be improved, our review of travel expenditures, administrator salaries, and board meetings did not raise serious concerns.

Results of Follow-Up: One recommendation was made to follow established personnel travel policies. The recommendation was implemented.

Audit 2005-05 A Performance Audit of the Timeliness of Cases in Civil Court

We were asked to review the overall timeliness of the handling of civil cases in district court because of legislators' interest in two long-running district court cases. Our review found that improvements are needed at the local level in the case management tools used by judges and clerks; at the statewide level, overall timeliness goals or standards are needed, and monitoring of case timeliness can improve.

Results of Follow-Up: Of the eight recommendations made in this report, three have been implemented and five are in the process of implementation. Recommendations centered around improving key case processing tools, training clerks on the use of these tools, and cleaning up old cases so that timeliness of civil cases can be measured with better accuracy. Recommendations were also made to adopt a set of performance goals for civil case timeliness and measure against those goals.

Audit 2005-04 A Review of Best Practices in Using Technology in Public Education

This report highlights best practices that appear to be working in various schools and districts that may be of benefit to others. Best practice reviews seek to build upon successful local efforts by identifying and publicizing efficient approaches to providing government services.

Results of Follow-Up: No recommendations were made; however, this report described some important best practices being followed within school districts. This report was helpful in getting specific technology funding in the Governor's annual budget.

Audit 2005-03 A Limited Review of the USOE's Use of the Superintendent's Discretionary Fund

The use of the Superintendent's Discretionary Fund by the Utah State Office of Education (USOE) does not

appear concerning. Based on a limited expenditure review, fund expenditures appear reasonable. Also, it does not appear that expenditures from this fund circumvented legislative intent.

Results of Follow-Up: This limited review did not result in any recommendations. However, during this review we became aware of post-retirement benefits (stipends and insurance) provided to USOE's early retirees. This discovery resulted in two audits on post-retirement benefits: the first focusing on public education (Audit 2005-07) and the second focusing on higher education (Audit 2005-12).

Audit 2005-02 Utah High School Activities Association

There have been questions regarding pre-high school transfers that, due to state open enrollment policies, are outside of Utah High School Activities Association (UHSAA) control. A review of transfers at all grade levels shows that while a few transfers do appear questionable, overall the problem is one of perception. However, due to a lack of comprehensive record-keeping on student transfers in the schools, it is difficult to get a true grasp of the actual numbers of student athletes who transfer.

Results of Follow-Up: Two recommendations were made in this audit. One encouraged the organization to continue making changes to policy as they see fit; this recommendation has been implemented. The second recommendation is in process, as the organization is developing a policy surrounding the length of time necessary for keeping school records.

Audit 2005-01 A Performance Audit of the Office of the Guardian ad Litem

Our review of Guardian ad Litem (GAL) files confirmed that some statutory duties are not completed. Towards this end, the GAL director needs to establish policies for the management of the GAL program. In addition, while we generally concur that GAL caseloads are high, we question the accuracy of the GAL's internal data. Finally, we conclude that the oversight

structure of the GAL program should be reexamined by the Legislature. Although the Judicial Council is the statutorily-defined governing body of the GAL, it deliberately provides only limited supervision of the GAL program because there is an ethical problem with judges supervising advocates who appear before them in court proceedings.

Results of Follow-Up: Seven recommendations were made in this audit. Five focused on improving program operations of the GAL. Three of these five have been implemented, and two are in the process of implementation. Two recommendations were made to the Legislature concerning the statutory duties of the GAL in judicial and district court cases, and these recommendations have not been implemented.

Audit 2004-11 A Performance Audit of the Division of Facilities Construction and Management

Although the agency had serious problems with one past project, the Division of Facilities Construction and Management has learned from its mistakes. Today, the division is a well-managed organization that provides quality construction management services for the state. This report examines the division's current method of selecting contractors for state construction projects and, in particular, the division's "value-based" approach to awarding state construction contracts.

Results of Follow-Up: The report made nine recommendations that were implemented and one that was partially implemented. By implementing the recommendations, the agency has improved (1) its management of construction projects, (2) its method of reimbursing contractors, (3) its ability to resolve disputes with contractors, and (4) its method of awarding construction contracts.

Audit 2004-10 A Performance Audit of Utah's Use of the Federal E-Rate Program

Most Utah school districts have not taken full advantage of the Federal E-rate program, and some still do not understand the potential of the E-rate program

and what revenues it can provide for Utah's schools that struggle financially. The E-rate program was instituted in the Telecommunications Act of 1996 to help bring Internet access to every school and library in the country by providing a discounted education rate (E-rate) for telecommunications expenses. Utah has received \$46 million in E-rate commitments since 1998, and their annual commitments have increased in each of the past years. However, our best estimate shows that Utah may have been able to secure as much as \$47 million more in additional commitments had school districts applied for reimbursement.

Results of Follow-Up: Seven recommendations were made in this report. Districts are in the process of implementing, or have completely implemented, six of the recommendations. A recommendation directed to the Legislature was not implemented. This recommendation suggested that the Legislature should direct the Utah State Office of Education (USOE) to collect data on districts' telecommunication costs. We believe the Legislature should again consider asking the USOE to collect this information.

Audit 2004-09 A Performance Audit of the Davis And Weber Counties Canal Company

The Davis and Weber Counties Canal Company (D&W) is a non-profit entity that provides water to private shareholders as well as public entities. We were asked to review D&W's financial position, but D&W's use of a cash basis, rather than an accrual basis, made an assessment of financial viability difficult. If D&W is to be financially viable, the company needs to ensure that shareholder assessments and user fees accurately reflect the company's obligations and expenses each year.

Results of Follow-Up: Thirteen recommendations were made in this audit. The most important recommendations were those concerning modifications to D&W's accounting methodology. Twelve recommendations have been implemented, and one is in the process of being implemented.

Audit 2004-08 A Review of Constitutional Defense Fund Expenditures and Administrative Controls

Overall, the Constitutional Defense Fund (the fund) appears to be utilized as directed by the Legislature. Most of the fund's money has been appropriated to the RS-2477 Rights-of-way account within the Governor's office. Based on a limited review, we found that most expenditures appear in line with legislative intent. However, there have been problems with both the level of information exchange and the administrative control exercised by the Governor's office in its oversight of account expenditures.

Results of Follow-Up: Five recommendations were made in this audit. Three focused on increasing accountability in RS-2477 expenditures, and two focused on refining procedures in Constitutional Defense Council meetings. Four of the five recommendations were implemented; one RS-2477 recommendation was not implemented. The Public Lands Coordinator chose to address the concern in an alternate way.

Audit 2004-07 A Review of Decision-Making Process Used to Obligate Federal TANF Surplus Funds

Our office was asked to review how the Department of Workforce Services (DWS) obligated surplus funds from the federal Temporary Assistance for Needy Families (TANF) grant. Our limited review determined that a legitimate public process was used by DWS and the Statewide Council to obligate federal TANF surplus funds. In addition, all spending proposals were presented to the Legislature in General Session 2001, and funding for the largest TANF project (the eREP system) was obligated through legislative intent language in 2002.

We recommended no further work be done on this issue, and this recommendation was accepted by our audit subcommittee.

Audit 2004-06 A Performance Audit of the Department of Environmental Quality's Commercial Waste Facility Oversight

Regulatory oversight of hazardous and radioactive waste disposal in Utah appears to adequately follow safeguards for the health and safety of Utah's population. There are, however, concerns with some questionable operating procedures and accessibility of information that may limit DEQ's program effectiveness. We found: (1) DEQ administrative support of waste disposal oversight needs improvement; (2) DEQ should review adequacy of funds to improve operational efficiency; (3) Performance of groundwater oversight program raises questions; (4) Disposal facility oversight can improve; (5) DEQ administrative controls can improve; and (6) Fee collection regulations need clarification.

Results of Follow-Up: The majority of the audit focused on environmental controls to help ensure public health safety. Twelve recommendations were given, and three of those were for legislative consideration. All 12

recommendations have been implemented or are in the process of implementation.

Audit 2004-05 A Performance Audit of the Administrative Office of the Courts

The Judiciary Interim Committee requested an audit which addressed AOC growth and judicial budget prioritization issues. While the AOC's growth has been substantial, its growth is comparable to the rest of the judicial branch. However, we believe the Judicial Council can improve the information used in the Judicial Council's budgeting and prioritization decisions. Furthermore, the relationship between the AOC and the judges it supports can be improved by addressing communication issues.

Results of Follow-Up: Of the 17 recommendations made in this audit, 16 have been implemented, and one is in the process of implementation. Recommendations dealt with topics such as improving communication within the judiciary, making changes to the weighted caseload studies, and changing the budget structure to allow easier review of AOC and education expenditures.

■ **Special Projects**

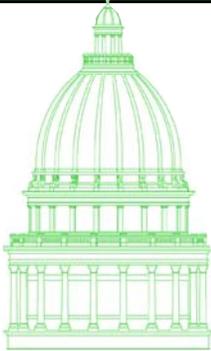
In addition to the completed audits shown earlier in this section, the Auditor General completes some smaller projects throughout the year. Included in these projects are the following informal letter reports issued in 2005:

- Waste Tire Recycling Program (ILR 2005-A)
- Licenses Issued to Undocumented Aliens (ILR 2005-B)
- Local Government Fiber Optic Networks (ILR 2005-C)

■ **Best Practices**

The Auditor General also has the statutory responsibility of reviewing all new government programs and providing the new program or agency with a list of best practices in setting up the new program or agency. Since 2000, the Auditor General has published *Best Practices for Good Management* as a guide for new programs.

You may download a copy of this publication at:
http://www.le.state.ut.us/audit/00_2001rpt.pdf



It is the mission of the Office of the Legislative Auditor General to serve the citizens of Utah by providing objective information, in-depth analyses, and useful recommendations that help legislators and other decision makers:

- **Improve Programs**
- **Reduce Costs**
- **Promote Accountability**

To achieve this mission, the office completes in-depth audits and special projects requested by the Legislature. Listed below are examples of recent audit contributions to each mission objective.

■ Improving Programs

We identify changes in statute or in agency policies and practices that can help programs more effectively achieve their purposes. For example:

- We found the Guardian ad Litem (GAL) did not receive needed oversight from the Judicial Council because of an ethical problem of judges supervising advocates who appear before them in court. We also found the Guardian ad Litem lacked adequate program policies and adequate data on caseloads. Based on our recommendations, the Judicial Council has appointed a board of non-judges to provide oversight. The GAL has also implemented policies and is in the process of implementing a case management system.
- We found the Bureau of Child Care Licensing was not complying with statutory restrictions limiting child care by individuals (or in the homes of individuals) with criminal backgrounds. Based on our findings, the bureau is now following state law.

■ Reducing Costs

We find savings for Utah taxpayers by identifying ways to run programs more efficiently or collect revenues that agencies are failing to collect. For example:

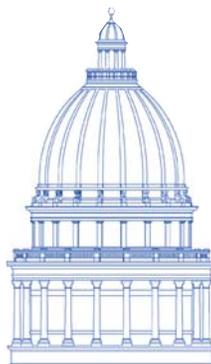
- We found that Utah secured about \$47 million less in E-rate federal commitments than comparable states. Based on our findings, most school districts are collecting additional federal revenue.

- We found commercial waste facility fee payment practices that resulted in a state revenue loss of \$100,000 or more per year with one facility underpaying \$270,000 in state fees. Based on our findings, the Department of Environmental Quality has improved its financial controls.

■ Promoting Accountability

We provide information that helps decision makers address important issues, including the adequacy of governance structures. For example:

- We found the post-retirement benefit liability for public and higher education, which is mostly unfunded, to be \$1.4 billion and \$979 million, respectively. Based on our findings, education officials will assess and report their liabilities as well as their cost containment actions to the Legislature during the 2007 General Session.
- We found the Davis and Weber Counties Canal Company did not have adequate accounting systems or meters to ensure that expenses and water were fairly allocated to water customers. Based on our findings, the Company has improved its financial and physical systems to more fairly and reliably deliver water to its users.
- We found the \$23.7 million textbook supplemental provided by the Legislature was not used as effectively as possible and may have been used for purposes other than textbooks. Based on this finding, the Legislature was provided with information to further question education about their expenditures and legitimate textbook needs.



Office of the Legislative Auditor General
W315 State Capitol Complex
Salt Lake City, UT 84114-0151
(801) 538-1033
<http://www.le.state.ut.us/audit/olag.htm>