Thirty-Second Annual Report to the Utah State Legislature

Fifty-Seventh Legislature
2007 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 driving privilege cards and prescription drug purchasing practices of state entities.

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.”
How May I Receive Audit Reports?

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

Who Are the Members of the Audit Subcommittee?

President John Valentine, Co-Chairman
President of the Senate
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 VI, Section 33 of the Utah Constitution
Based on issues addressed and recommendations made in our 2006 audits, and the actions taken on 2005 audit recommendations, we believe the Legislature should consider the following items during the 2007 General Session.

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

The goal of our July 2005 report was to have all 40 school districts actuarially estimate the full potential cost of their current early retirement benefit policies and then modify those policies if future costs appeared unsustainable. In our opinion, this goal was not achieved. An estimate of full potential cost includes not just current retirees, but also all current employees who could retire under the policies. The only methodology that estimates full potential cost is a GASB 45 methodology. The GASB 47 methodology estimates the costs of current retirees only.

For the required study, the Utah State Board of Education allowed each school district to choose which methodology to apply. Consequently, school districts often took an accounting approach that resulted in the application of a GASB 47 methodology in over half of the districts. However, the GASB 47 methodology does not identify full potential cost. As we have stated before, this is not an accounting issue; this is a cost issue. With the rising cost of insurance premiums, it is vital that administrators understand the full potential cost of their early retirement policies. As it stands, we do not believe all district administrators have this understanding.

**Action Needed:** We believe the Legislature should take one of two measures:

1) Require districts that chose a GASB 47 methodology to redo their analysis using a GASB 45 methodology.

2) Implement report recommendation six that addresses the possibility of fiscal sanctions or other appropriate measures if progress is considered unsatisfactory by the Legislature.

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

Our December 2005 report on higher education retirement benefits estimated a large potential post-retirement liability and recommended quick action be taken to identify the institution's potential actuarial liability. The sooner the full liability is known, the sooner necessary corrections can take place. Prior to these actuarial studies, standardization of certain actuarial assumptions was needed to help increase the comparability among institutions. Although institutions are completing actuarial studies using standardized medical inflation rates and discount rates, most are applying a GASB 47 interpretation that will not identify potential costs. Institutions have used their non-entitlement policies to avoid estimating the total potential liability of both current and future retirees.

**Action Needed:** We believe the Legislature should take one of two measures:

1) Require colleges, universities, and applied technology centers that chose a GASB 47 methodology to redo their analysis using a GASB 45 methodology.

2) Implement report recommendation six that addresses the possibility of fiscal sanctions or other appropriate measures if progress is considered unsatisfactory by the Legislature.
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 licenses is a very effective tool to increase child support payments. In Utah, licenses may be suspended by the 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 the Legislature consider any upcoming bills allowing ORS to administratively enforce child support collection by the suspension of driver’s, recreational, and professional licenses. In addition, the Legislature should also consider specifying the conditions and limitations under which ORS may initiate administrative suspension actions.

Audit 2006-03 A Performance Audit of Redevelopment Agency Practices

Our February 2006 report of Redevelopment Agency (RDA) practices found that RDAs in the State of Utah were using large areas of undeveloped lands in redevelopment project areas and that redevelopment practices could be enhanced by improving statutory guidance, clarifying roles and responsibilities, and ensuring that greater oversight was provided for redevelopment projects. Our review also found that the representation of the Taxing Entity Committee needed to be revisited and that the Legislature should consider providing cities with an instrument for land assembly.

Action Needed: Three recommendations made in this report have not been implemented concerning improving the program and promoting accountability. With regard to improving the program, we believe that the Legislature should consider enhancing the resources available to the Taxing Entity Committees by allowing them to hire an independent consultant or establishing an independent state redevelopment advisory panel. We also believe that the Legislature should consider whether or not municipalities need a tool for land assembly in redevelopment projects. Finally, with regard to accountability, the Legislature should consider if RDAs should be required to maintain separate expense records for each redevelopment project.

Audit 2006-11 A Performance Audit of Post-Retirement Re-Employment

Our December 2006 report of post-retirement re-employment practices found that select departments have bypassed the intent of Utah’s post-retirement statutes for select employees. The practice stems from an inconsistently applied misinterpretation of statutory intent that primarily benefits a select group of professional staff. Additionally, post-retirement benefits encourage employees to retire as soon as eligible and seek re-employment within the system.

Action Needed: We recommend the Legislature revisit statute to clarify the definition of “agency” and strengthen language defining the separation period necessary to ensure the employee has truly retired. The Legislature may also wish to address elimination or reduction of the 401(k) benefits currently given to re-employed retirees.
In 2006, the Office of the Legislative Auditor General (OLAG) completed 12 audits and three special projects. In December 2006, we completed 10 follow-ups on recommendations made in four 2006 audits and six 2005 audits. This section summarizes OLAG’s work in these areas. Full reports are located on our web site: http://www.le.state.ut.us/audit.

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Completed Audits

Audit 2006-12 A Performance Audit of the Utah Department of Corrections

Problems with favoritism and questionable management practices appear to exist at the Utah Department of Corrections. The cases we researched demonstrated that employees’ concerns of favoritism appear to be justified. In addition, there are also additional concerns with management’s oversight of officers’ certification, use of vehicles, and compliance with certain policies. Lastly, the internal audit and internal affairs functions are in need of greater independence.

Audit 2006-11 A Performance Audit of Post-Retirement Re-Employment

The intent of Utah’s post-retirement statutes has been bypassed by select departments for select employees. This practice is not statewide but still has a cost to the retirement system; the practice stems from an inconsistently applied misinterpretation of statutory intent that primarily benefits a select group of professional staff. We believe that by clarifying language in the post-retirement statutes and by eliminating the 401(k) benefits currently given to re-employed retirees, the Legislature can reduce both the incidence of violations and the incentives that encourage employees to retire earlier and return to work.

Audit 2006-10 A Review of the Use of Vending Machines in Public Schools

We estimate that Utah’s secondary schools (middle, junior, and senior high schools) earned about $3.25 to $3.75 million in vending revenues in fiscal year 2005. Total revenues and revenue per student varied widely among schools. We believe that vending operations in schools can be improved, particularly financial controls and the procedures for contracting with vendors. Because vending revenues are discretionary funds, schools use them in a variety of ways; we observed that some expenses are not clearly student related, but little policy exists to guide how vending revenues may be spent. For at least one of their agreements, 33 of 64 sampled schools using outside vendors have oral agreements or rely on vendor proposals instead of using written, signed contracts, and some schools did not use competitive bidding when setting up vendor agreements. School districts can increase the guidance provided to schools on how to account for and spend vending revenues while allowing local discretion in the use of these funds.

Audit 2006-09 A Performance Audit of the State’s Purchasing Card Program

The use of state purchase cards has significantly grown among state employees who are cardholders. Purchase cards are Visa credit cards issued to about 1,450 employees throughout the state. Oversight is to be provided by a state administrator, individual agency site coordinators, and cardholders’ supervisors. However, controls need improvement because cardholders often do not comply with card requirements. Still, purchasing cards are an efficient purchasing mechanism that saves the state money and should be encouraged with proper controls.

Audit 2006-08 A Performance Audit of the Endangered Species Mitigation Fund

A comparison of changes between the 1998 and the 2005 sensitive species lists provides little effectiveness information. In order to fairly assess the ESMF’s performance, we believe effectiveness criteria need to be developed within the Department of Natural Resources. Some of this criteria will provide the Legislature with information needed to formulate appropriate mitigation expectations and make informed decisions. Nevertheless, the oversight provided by Endangered Species program staff over discretionary projects—those other than the Colorado River, Virgin River, and June Sucker projects—could improve.

Audit 2006-07 Southeast Utah Small Business Investment Fund Provides Some Economic Benefits

The Southeast Utah Small Business Investment Fund (SEUSBIF) program was designed to give seed capital to low-income families wanting to start small businesses in Carbon, Emery, Grand, and San Juan counties. This report was designed to aid the Legislature in deciding whether to approve the requested $2 million in general
funds. Regarding the program’s past performance, we conclude:

1) SEUSBIF has provided some economic benefits through increased business-related spending in the local economies and through an increase in the number of jobs.

2) SEUSBIF may not have decreased participants’ use of public assistance in the short-run, as originally asserted by its board members.

3) SEUSBIF administrative costs have been kept low. But (pending legislative approval of new funding), plans to modify operations may affect administrative efficiency.

Audit 2006-06  A Performance Audit of the Utah Occupational Safety & Health Division (UOSH)

Utah’s Occupational Safety and Health Division (UOSH) provides safety and health assistance to Utah employees and employers. This audit focused on the compliance process. Specific audit objectives included evaluating the effectiveness and efficiency of UOSH’s enforcement of safety and health standards, assessing the effectiveness and efficiency of internal staff management practices, including new staff training and inspector productivity, and reviewing federal grant management practices. We found several weaknesses in these areas, and the audit addresses several recommendations to help UOSH improve their practices.

Completed Audits With Follow-Up

Audit 2006-05  Limited Survey of Local Government Compliance with Impact Fees Act

Based on our limited survey work, we developed concerns about the manner in which political subdivisions:

1) justify the determination of impact fees and exactions,

2) account for impact fee revenues and expenditures, and

3) charge other fees associated with development and provide appropriate administrative remedies for dispute of fees.

Due to the passage of Senate Bills 267 and 268 during the 2006 Legislative General Session, many of our concerns were addressed.

Results of Follow-Up: We recommended no further work be done on this issue, and this recommendation was accepted by our audit subcommittee.

Audit 2006-04  Archaeological Surveys in Utah

Concerns have been raised that the Division of State History has gone beyond its statutory role of offering advice to state agencies regarding the protection of Utah’s cultural resources. Instead, some believe the agency has taken on a regulatory role. In fact, some archaeologists feel if they do not follow the guidance given by the Division of State History, they could be at risk of losing their archaeology permits. Most concerns about the division were addressed through the passage of House Bill 139, passed during the 2006 Legislative Session.

Results of Follow-Up: Two recommendations were made in this audit. The first recommendation, that agencies with activities that impact public lands develop internal policies regarding cultural resources, is in process. The second recommendation, that policies be put in place regarding the use of off-site mitigation, has not been implemented. The agency is holding off implementation until another agency proposes to use the off-site mitigation option. We believe that policy on off-site mitigation should be drafted before the need for such policy arises.

Audit 2006-03  A Performance Audit of Redevelopment Agency Practices

Utah Redevelopment Agencies (RDAs) have been using large areas of undeveloped lands in redevelopment project areas because the statutory definitions used to determine blight have been applied inconsistently. Our review found that RDA practices could be enhanced by improving statutory guidance, clarifying roles and responsibilities, and ensuring that greater oversight is provided for redevelopment projects. Our review also found that the representation of the Taxing Entity Committee needed to be revisited and that the Legislature should consider providing municipalities with an instrument for land assembly.
**Results of Follow-Up:** Ten legislative recommendations were made in this report. Seven of the recommendations have been implemented, and three have not been implemented. Two of the recommendations that have not been implemented were aimed at improving the redevelopment program and promoting better RDA accountability.

**Audit 2006-02  A Performance Audit of Utah’s Jail Reimbursement Program**

The jail reimbursement program reimburses county jails 70 percent of their direct costs for housing inmates meeting certain criteria. While county jail reimbursement billing errors exist, the errors do not appear to be intentional and can be reduced by improving controls over county billing processes. In addition, many outstanding policy questions concerning the jail reimbursement program have led to inconsistent policy application by the Utah Department of Corrections. Finally, the Legislature may want to review the jail reimbursement funding policy, as this policy determines the cost of the jail reimbursement program.

**Results of Follow-Up:** Of the six recommendations made, two were to the Legislature to consider reviewing the funding policy and the Department of Corrections’ proposal for increased funding; these were done during the 2006 General Session and a subsequent Jail Reimbursement Summit. Three of the recommendations were to the Department of Corrections, all of which are in the process of implementation; they involve the formalization of policies, governance, and automation. One recommendation was made to the counties to implement controls and provide policies and training to their respective billing clerks; it is in the process of implementation.

**Audit 2006-01  A Performance Audit of the School and Institutional Trust Land Administration (SITLA)**

Since separation from state controls, some of SITLA’s general methods of operations have raised concerns. Primarily, the focus is on maximizing fund growth rather than distributing revenues to education. Contributing to concerns has been SITLA’s development emphasis, with questionable policies and profitability, and SITLA’s salary and bonus program, which is higher than similar trust land agencies in other western states. SITLA’s bonus program, which is tied to fund growth, has provided senior management with yearly bonuses averaging $20,000 to $40,000 per year.

**Results of Follow-Up:** An in-depth follow-up of SITLA will take place in 2007.

**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.

**Results of Follow-Up:** An audit of GOED will be released in 2007.

**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 re-evaluate 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.
This report made 12 recommendations, nine to the agency and three to the Legislature. One agency recommendation has been implemented, lowering the threshold amount for seizing noncustodial parents’ checking accounts; five agency recommendations have been partially implemented, including enhancing computer systems; and three agency recommendations, concerning collection and tracking practices, have not been implemented. The three legislative recommendations, involving changing Utah law and providing ORS policy guidance, have not been implemented.

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

We estimated higher education’s post-retirement benefit programs have a potential total liability of $979 million. About $633 million of this liability has been accrued by current employees with prior years of service and is, for the most part, unfunded. The remaining $346 million represents future costs that will result if the programs are allowed to continue unchecked. Therefore, it is necessary for higher education to modify or eliminate offered benefits and develop a plan to fund the remaining liability without compromising educational services or requiring additional assistance from students or taxpayers.

**Results of Follow-Up:** This audit included six recommendations to the Legislature. Five recommendations were to require colleges, universities, and applied technology centers to assess their full potential liability by completing actuarial studies based on standardized assumptions. After completing this assessment, the institutions were to evaluate if the benefits were affordable and sustainable and develop plans for funding these benefits. Assessment results were to be reported to the Legislature during the 2007 General Session. One recommendation has been implemented, four are in process, and one is to be implemented only if the institutions’ progress is not satisfactory. We have some concerns with how the recommendations are being implemented; these concerns are discussed in the Legislative Action Items.

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

Our review of the Bureau of Child Care Licensing (BCCL) revealed that 28 individuals involved in child care should have been prohibited from being associated with a child care facility due to serious criminal convictions. An additional 19 individuals were illegally granted variances by the department without approval from the executive director. The review also noted instances in which some rules should be re-evaluated, enforcement should be more consistent, and adjudicative proceedings should be clarified.

**Results of Follow-Up:** The BCCL has implemented all 11 recommendations made in the report, and the Legislature has implemented the recommendation to clarify criminal background requirements. Since the audit, the BCCL has denied child care licenses and certificates to anyone associated with child care who has committed prohibitive crimes, as stated in Utah Code 26-39-107. Additionally, the executive director has not approved any requests for variances for individuals who have committed questionable misdemeanor offenses. The BCCL has also reevaluated several questionable rules with the help of its advisory committee, more extensively trained staff on violation enforcement, and has clarified the rules for adjudicative proceedings.

**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.

**Results of Follow-Up:** Of the 10 recommendations, nine have been implemented and one is in progress. Recommendations centered around monitoring vehicle information more consistently, encouraging state agencies to determine if take-home vehicle assignments are appropriate, better managing vehicle utilization, and reducing the size of the daily pool.
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.

Results of Follow-Up: Since the committee took no additional action, no follow-up audit work was necessary.

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 were not keeping adequate records, were not reviewing the minutes they do keep, and were not consistently following correct closed meeting practices. The lack of documentation and consistent practices made it impossible to determine the appropriateness of many closed meeting sessions.

Results of Follow-Up: Five recommendations were made in this report, three to the Legislature, one to the Utah Attorney General, and one to the Utah State Office of Education (USOE). Actions taken by the Legislature during the 2006 General Session and actions taken by the Utah Attorney General and the USOE during this past year have resulted in the implementation of all five recommendations.

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 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.

Results of Follow-Up: Six recommendations were made to the Legislature in this audit and five were implemented by the Legislature. Legislative implementation of the sixth recommendation is dependent upon the Legislature’s perception of USBE’s actions reported during the 2007 General Session. From the standpoint of Public Education, to whom the legislative directions were given, five recommendations apply: three are in process, and two are partially implemented. The partial implementation of these two recommendations concerns us because they are the culmination of the report and deal with the assessment of full costs and the standardization of assumptions. Our concerns, as well as recommended legislative action, are discussed in the Legislative Action Items section of this report.
Office Impact

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 that six percent of the certified officers (107 of 1,926) in the Department of Corrections did not receive the statutorily required 40 hours of training in fiscal year 2005. Twenty-five officers, including a certified division director, have not received the required training for at least two years. The lack of training presents an increased liability for the state. Additionally, undertrained officers are not technically certified and should receive public employee retirement benefits instead of public safety retirement benefits.

- We found that the Utah Occupational Safety and Health Division (UOSH) lacked appropriate policies to guide compliance officers, ensuring workers are protected and businesses are treated consistently. Also, the case settlement process lacked some required documentation to justify why settlement decisions are made and reductions are given.

- We found the Office of Recovery Services (ORS) had set a high limit on the minimum amount required before a checking account could be seized from the noncustodial parent. We recommended they reduce the minimum amount. ORS lowered the minimum from $2,000 to $1,000, allowing them to more easily seize the checking accounts of nonpaying parents.

### 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 post-retirement employment restrictions were being circumvented by a number of state employees. According to the Utah Retirement Systems actuary, bypassing the system could cost an estimated $63 million if all eligible state employees were to retire and return to full-time employment within the system. We have recommended a review of post-retirement employment restrictions.

- We found that since 1997, the School and Institutional Trust Lands Administration (SITLA) has paid more than $2 million in bonuses to its employees. In 2005, SITLA paid a total of $150,000 in bonuses split among the five management employees that were based on unrelated revenue goals. Similarly, SITLA’s development group success was based on incomplete costs and unmet revenue timelines. SITLA’s board of directors has agreed to re-evaluate the management bonus program and the development group revenue for the coming years.

- We found that Utah Occupational Safety and Health Division’s (UOSH's) mismanagement of federal grant money has caused $241,760 in one grant alone to lapse. Based on this finding, we believe UOSH and the Labor Commission need to improve management of UOSH resources.
Promoting Accountability

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

- We found that favorable treatment has seemingly been given to some select administrators and employees in the Utah Department of Corrections (UDC). In some cases, it appears that UDC administrators have not held themselves and some select employees to a higher standard. The report provided the Legislature with details of cases involving the perception of favorable treatment. The Legislature can use this information to help guide and improve the department.

- We estimated 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 that greater accountability is needed for the $3.25-$3.75 million generated annually in school vending machines. Most school districts do not require reporting on vending machine use in schools. Accountability can improve with better procedural guidelines, local record keeping, and district reporting by schools.