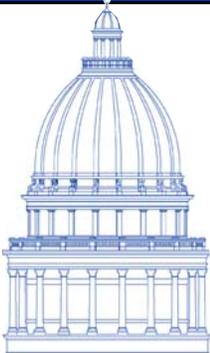


State of Utah
Office of the Legislative Auditor General



Thirty-Third Annual Report to the Utah State Legislature

**Fifty-Seventh Legislature
2008 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 state-entity prescription drug purchasing practices.

■ 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
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 David Litvack
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*

■ Who are the Auditor General Staff?

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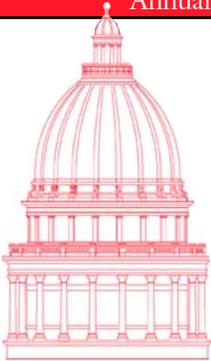
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**Quality Control/
Report Editor** Emily Peterson, JD

**Administrative
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Based on issues addressed and recommendations made in our 2007 audits, we believe the Legislature should consider the following items during the 2008 General Session.

■ **2007-15: A Performance Audit of the Coal & Mining Regulatory Program**

The December 2007 report on Utah's coal regulatory program found that management of the coal program can improve oversight and increase efficiency. It was also reported that the coal program's fees were not commensurate with other Utah regulatory agencies and other states' coal programs. Utah's coal program charges a one-time fee of five dollars, while other regulatory agencies' fees are significantly higher. Additional fees, which could generate approximately \$400,000, can help pay the cost of regulatory oversight and would free up general fund dollars for other uses.

Action Needed: The audit recommends that the Legislature consider instituting fees to help fund the coal regulatory program. The Division of Oil, Gas and Mining should devise the fee structure and present it to the Legislature.

■ **2007-14: A Performance Audit of Class-Size Reduction in Utah**

The December 2007 audit of class-size reduction (CSR) funds found that over half of all school districts do not track CSR fund expenditures. However, we sampled among the districts that do track CSR monies and verified that all CSR funds go to compensation for those teachers identified as CSR teachers. Also, we found that CSR funds have functioned as maintenance funds for existing CSR teachers rather than providing for new CSR efforts.

Action Needed: The Legislature should consider revisiting the desired outcome for the CSR program. Furthermore, the Legislature should:

- Decide whether to annually adjust the CSR funding to reflect K-8 enrollment changes.
- Reconsider the practice of automatically allocating CSR funding to every school district and qualified charter school that may not need class-size reduction.
- Determine the desired level of accountability and reporting of CSR expenditures by districts. For example, districts could specifically account for CSR expenditures by tying the expenditures to specific teachers, the grades they teach, and their compensation costs.

■ **2007-13: A Performance Audit of School District Internal Controls**

The October 2007 audit of internal controls included school district foundations because a district employee had embezzled \$1 million from a foundation. Utah law authorizes school districts to create foundations, and districts pay most of their foundations' expenses (by donating employee and office costs). In some cases, however, the districts have not provided adequate oversight. Because foundations receive significant public funding, we think additional statutory guidance is warranted.

Action Needed: The Legislature should consider amending *Utah Code* 53A-4-205 to clarify foundation oversight expectations. Our audit report includes a

number of items that could be clarified, including district board responsibilities, applicability of open and public meeting laws to foundations, and whether foundations are subject to state audits.

■ **Audit 2007-11: A Performance Audit of Higher Education Personnel Budgeting Practices**

The July 2007 report on higher education personnel budgeting practices found that higher education's budgets are not representative of actual expenditures. Specifically, personnel budgets are overstated, while non-personnel budgets are understated. Overstated budgets for personnel services have annually ranged between \$18.8 to \$38.1 million, while total non-personnel budget understatements have increased over the last four fiscal years from \$18.8 to \$29.8 million. Higher education has been overstating personnel budgets by budgeting for vacant positions that may or may not be long term.

Action Needed: The Legislature should consider requiring the Board of Regents to submit an annual report to them, through the Office of the Legislative Fiscal Analyst, addressing budgeted vacant positions.

■ **Audit 2007-10: A Performance Audit of Court Fines, Surcharges, and Fees**

The July 2007 audit identified that because contributions to the Administrative Office of the Courts' (AOC's) capital projects fund have decreased, the fund—used to pay for the Matheson Courthouse and the Logan, Vernal, and West Jordan court facilities—will be insufficient to cover future bond payments without legislative action.

Action Needed: The Legislature should approve the Judicial Council's request for \$300,000 in ongoing general funds in the 2008 General Session to restore surplus funds that the Legislature has directed for other purposes. According to AOC analysis, this appropriation—coupled with the AOC's one-time, \$1.3 million contribution—should allow the capital projects

fund to remain solvent through the retirement of the bonds for the court facilities in 2018.

■ **Audit 2007-06: A Limited Review of HB 382 - Educational Salary Adjustments**

The May 2007 audit found that HB 382 will not fulfill the reported legislative intent to provide public educators with a \$2,500 annual pay increase and a \$1,000 one-time bonus. As the statute currently stands, between \$7.2 and \$19.9 million in additional ongoing funds is needed for the salary adjustment. This range reflects unknowns in benefit adjustments associated with the 4 percent WPU increase. An additional \$2.4 million in one-time funds is also needed for the intended bonus. Calculation errors and misunderstandings between all parties involved prevent the bill from accomplishing its intended results.

Action Needed: The report's three recommendations require legislative action. One focuses on revisiting HB 382 to determine the adjustment desired, the reassessment of included educator classifications, and the possible use of funding offsets. The other two recommendations are to help avoid misunderstandings in the bill-drafting process. They include reviewing the merits of including legislative intent language in bills and determining the benefit of identifying a bill's ability to accomplish its objective within the appropriation.

■ **Audit 2007-01: A Performance Audit of Utah Charter Schools**

The January 2007 audit reviewed many charter school issues, some of which still need resolution. Since charter schools lack the authority to levy taxes, the state provides them Local Replacement funding to compensate for the lack of property tax revenue. Despite rapid growth in state funding, the current funding formula falls short of providing parity for charter schools. We also found that while the *Utah Code* identifies the purposes of charter schools and identifies reasons the State Charter Board cannot use to deny a charter application, statute does not provide a

list of factors that should be considered when approving a charter school. The statute also is silent on the roles and responsibilities of the staff director.

Action Needed: The audit suggests funding options for the Legislature to consider, including requiring school districts to share local property tax revenues with charter schools in the future. In addition, the Legislature should consider:

- Specifying the criteria that should be used to evaluate the merits of a charter school application.
- Clarifying the roles and responsibilities of the staff director for the State Charter Board or consider making that position more accountable to the State Charter Board.

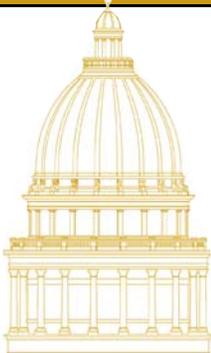
■ ILR 2007-F: A Review of the Transportation Prioritization Process

The October 2007 report addressed the process established by HB 4001 (passed during a special session

on September 19, 2006) authorizing a county legislative body to impose a local option sales and use tax to help fund regionally significant highway and transit projects for congestion mitigation and expanded capacity. The first county to pass the .25 percent sales and use tax was Salt Lake County on November 7, 2006. The funding allocation that was accepted by the Salt Lake County Council of Governments showed that revenue would be used not only for construction costs and any debt service, but also for operations and maintenance (O&M). However, statute does not specifically state that revenue from the sales and use tax can be applied to O&M.

Action Needed: The Legislature needs to clarify whether revenue from the sales and use tax increase can be dedicated for O&M. If the Legislature determines that revenue from the sales and use tax increase can be used for O&M as well as for construction costs, the Legislature should determine if there is a limit on the amount of funding that can be applied to O&M and whether transportation projects are eligible to receive funding once bonds have been retired.





In 2007, the Office of the Legislative Auditor General (OLAG) completed 15 audits and 6 special projects. In November 2007, we completed 16 follow-ups on recommendations made in 9 audits from 2007 and 7 audits from 2006. 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	
<i>Completed Audits with Follow-Up</i>			
Compliance with UMIFA	2007-09	9	6 Implemented, 3 In Process
Follow-Up Audit of SITLA	2007-08	0	No Follow-Up Necessary
Public Education Costs of Undocumented Children	2007-07	0	No Follow-Up Necessary
HB 382 - Educational Salary Adjustments	2007-06	3	In-Depth Follow-Up to Occur in 2008
Disability Determination Services	2007-05	7	7 Implemented
Governor's Office of Economic Development	2007-04	5	4 Implemented, 1 In Process
UDOT Project Costs	2007-03	4	3 Implemented, 1 In Process
Fiscal Note Accountability	2007-02	3	2 Implemented, 1 In Process
Utah Charter Schools	2007-01	20	12 Implemented, 4 In Process, 4 Not Implemented
Utah Department of Corrections	2006-12	14	12 Implemented, 2 In Process
Post-Retirement Re-Employment	2006-11	5	1 Implemented, 4 Discussed by Legislature but Not Implemented
Vending Machines in Public Schools	2006-10	4	4 In Process
The State's Purchasing Card Program	2006-09	10	8 Implemented, 2 In Process
The Endangered Species Mitigation Fund	2006-08	10	4 Implemented, 1 Partial, 2 In Process, 3 Not Implemented
SE Utah Small Business Investment Fund	2006-07	3	No Follow-Up Necessary
Utah Occupational Safety & Health Division	2006-06	12	12 Implemented
<i>Audits with Follow-Up in 2008</i>			
Coal & Mining Regulatory Program	2007-15	11	
Class-Size Reduction Funding	2007-14	4	
School District Internal Controls	2007-13	12	
Petroleum Storage Tank Fund	2007-12	4	To Be Completed in 2008
Higher Education Personnel Budgeting Practices	2007-11	5	
Court Fines, Surcharges, and Fees	2007-10	7	

■ **Completed Audits with Follow-Up**

Audit 2007-09: A Performance Audit of Compliance with the Uniform Management of Institutional Funds Act (UMIFA)

In the audit of compliance with UMIFA, we found that higher education institutions' management are not fully tracking investment policy. We also found that the governance and oversight structure over higher education endowment funds needs improvement, particularly the work of the internal audit function at each institution whose work was insufficient to detect policy noncompliance.

Results of Follow-Up: There were nine recommendations in this report, and six have been implemented. The other three recommendations are in process and will likely be implemented in 2008 after trustees attend a statewide training meeting and internal auditors finish their 2007 audit of investments.

Audit 2007-08: A Follow-Up Audit of the School & Institutional Trust Land Administration

Many of the recommendations made in the January 2006 audit report titled *A Performance Audit of the School & Institutional Trust Land Administration (SITLA)* (Report 2006-01) have been addressed. There is, however, a continuing, underlying disagreement with the public/private aspect of the organization that prevents full implementation of some of the 2006 report's recommendations.

Results of Follow-Up: No follow-up was necessary because this report contained no recommendations.

Audit 2007-07: A Review of the Public Education Costs of Undocumented Children

For fiscal year 2006, we estimate between \$54.9 million and \$85.4 million of public education's state and locally funded expenditures went toward the education of undocumented children. These expenditures are based on estimates of per-pupil costs and the undocumented student population.

Results of Follow-Up: Because this was largely an informational report, we made no recommendations. Therefore, no follow-up was necessary.

Audit 2007-06: A Limited Review of HB 382 - Educational Salary Adjustments

House Bill 382 will not fulfill the reported legislative intent to provide public educators with a \$2,500 annual pay increase and a \$1,000 one-time bonus. As the bill currently stands, between \$7.2 and \$19.9 million in additional ongoing funds would be needed for the salary adjustment. An additional \$2.4 million in one-time funds will also be needed for the intended bonus. Errors in calculations supporting HB 382 and misunderstandings among all parties have prevented the bill from accomplishing its intended results.

Results of Follow-Up: Follow-up will occur in 2008 after legislative action in the upcoming General Session.

Audit 2007-05: A Limited Review of Disability Determination Services (DDS)

This audit confirmed that although some federal disability determinations can take over two years, most do not. DDS averages about four months to make a decision. If a decision is appealed to the highest level, the final decision could take about two years. Although the state's ability to direct DDS is limited by federal statute, some processing-time improvements are possible.

Results of Follow-Up: This report made three recommendations to DDS and four to the Department of Workforce Services (DWS). DDS has implemented all three recommendations and has made improvements in processing time and the collection of medical information. DWS has implemented all four recommendations and reports an improvement in claim-processing time for their general assistance clients.

Audit 2007-04: A Performance Audit of the Governor's Office of Economic Development (GOED)

We believe that GOED is heading in the right direction as the state's economic development agency and has become stabilized organizationally. In addition, GOED has been working on strategic planning and has developed high-level performance measures as part of the Governor's Balanced Scorecard initiative. However, as shown in the audit report, improvements are needed in some areas of GOED's strategic planning and program performance measurement.

Results of Follow-Up: Of the report's five recommendations, four were implemented, and one is in process. The implemented recommendations called for better documentation of employee performance and performance awards, finalization of a formal strategic plan, refinement of programs' performance metrics, and independent verification of jobs created by incented companies. Passage of a bill currently being drafted for consideration in the 2008 General Session is needed for the in-process recommendation to be fully implemented.

Audit 2007-03: A Performance Audit of the Utah Department of Transportation (UDOT) Project Costs

UDOT road construction costs are relatively low when compared to local governments' costs and other states' departments of transportation. UDOT emphasizes quality while locals focus on cost. However, UDOT also incurs administrative costs and right-of-way acquisition costs that local governments can more easily avoid.

Results of Follow-Up: Four recommendations were made in this report. Three of them have been implemented. The last recommendation involves UDOT exchanging state dollars for federal dollars at a discounted rate with local government entities. This has been done in practice to some extent but not adopted as policy. The UDOT Commission will discuss this issue in the next annual meeting.

Audit 2007-02: A Limited Review of Fiscal Note Accountability

State agencies could be more accountable for fiscal note estimates and expenditure of fiscal note appropriations. We found it is often difficult for state agencies to specifically account for fiscal note appropriations or revenues upon request, even when an in-depth review was conducted. The Office of the Legislative Fiscal Analyst has developed and is implementing fiscal note follow-up procedures to assess both the accuracy of the fiscal note itself and the expenditure of fiscal note appropriations.

Results of Follow-Up: Of the three recommendations made, two have been implemented, and one is in process. All three recommendations centered around increasing accountability for fiscal notes. The development of fiscal note follow-up procedures by the Legislative Fiscal Analyst was of particular importance and has been implemented.

Audit 2007-01: A Performance Audit of Utah Charter Schools

We found that the equity of charter school revenues depends on policy judgments. While the Legislature has options to address parity with local property taxes, the equity of minimum school program funding depends on policy intent. In addition, charter school expenditures are difficult to analyze because of inconsistent data. While most schools appear financially viable, more state oversight is necessary to enhance their long-term viability and compliance with funding requirements. The authorization process for charter schools can be enhanced, and charter school accountability mechanisms should be strengthened. However, charter schools appear to comply with reviewed regulations.

Results of Follow-Up: This audit made 20 recommendations: 6 to the Legislature, 12 to the State Charter School Board, and 2 to the Utah State Board of Education. Three recommendations to the Legislature have been implemented; these recommendations focused on funding charter schools and providing

additional resources to the State Charter School Board. All but one of the recommendations to the State Charter School Board have been implemented or are in the process of being implemented. Those recommendations focus on improving accountability and oversight of charter schools. The two recommendations to the State Board of Education have been implemented to assist charter schools in improving their performance.

Audit 2006-12: A Performance Audit of the Utah Department of Corrections (UDC)

Problems with favoritism and questionable management practices appear to exist at the UDC. 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.

Results of Follow-Up: We provided the UDC with 14 recommendations; 12 have been implemented, and 2 are in the process of implementation. The recommendations had three primary themes: reduce favoritism, improve management's oversight and control, and better utilize the department's internal review functions. A follow-up report providing more information on UDC's implementation of the recommendations will be released in January 2008.

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.

Results of Follow-Up: Five recommendations were made to the Legislature in this audit. One recommendation was implemented that clarifies the definition of "agency" in statute so that retirees cannot immediately return to work in the same agency and earn both a salary and retirement benefits. The other recommendations were discussed by the Legislature but were not implemented.

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

We estimate that Utah's secondary schools (middle, junior high, and senior high) earned about \$3.25 to \$3.75 million in vending revenues in fiscal year 2005. We believe that vending operations in schools can be improved, particularly financial controls where little expenditure guidance exists, and the procedures for contracting with vendors where oral agreements are often used.

Results of Follow-Up: Four recommendations were made that are in the process of being implemented. The Utah State Office of Education (USOE) has provided training to districts. In March 2008, USOE will follow up on implementation with the districts.

Audit 2006-09: A Performance Audit of the State's Purchasing Card (P-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.

Results of Follow-Up: Of the 10 recommendations made, 8 have been implemented, and 2 are in the process of being implemented. Implementation of these recommendations has strengthened compliance with P-Card policies by broadening the oversight

responsibilities of the Division of Purchasing. A comprehensive review and update of state P-Card policy is also being completed by the division.

Audit 2006-08: A Performance Audit of the Endangered Species Mitigation Fund (ESMF)

A comparison of changes between the 1998 and the 2005 sensitive species lists provides little effectiveness information. To fairly assess the ESMF's performance, we believe effectiveness criteria needs to be developed within the Department of Natural Resources. Also, oversight provided by Endangered Species program staff over discretionary projects could improve.

Results of Follow-Up: Of the 10 recommendations made, 4 were implemented, 1 was partially implemented, 2 are in process, and 3 were not implemented. The recommendations for improving Fund allocation and control procedures were all partially or fully implemented or in process of being implemented. The recommendations focused on improving effectiveness measures were not implemented primarily because of the expense involved.

Audit 2006-07: Southeast Utah Small Business Investment Fund (SEUSBIF) Provides Some Economic Benefits

We were asked to review SEUSBIF's economic benefit to four rural counties. SEUSBIF has provided economic benefits through increased business-related spending and jobs, while keeping its administrative costs low. However, SEUSBIF may not have decreased participants' use of public assistance in the short run as believed by SEUSBIF's board members. This report was designed to aid a legislative decision regarding a \$2 million request for general fund money.

Results of Follow-Up: No follow-up was done for this audit because recommendations were contingent on legislative funding that was not given.

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

The review of the compliance process found that more comprehensive policies are needed throughout the

inspection process to ensure a fair, efficient, and effective operation. In addition, we found two major areas—training and workload monitoring—that need to be improved to strengthen the UOSH program. Finally, we found that grant funds have not been fully utilized in operating the UOSH program.

Results of Follow-Up: UOSH has implemented all 12 recommendations made in the report. Recommendations focused on improving internal policies and procedures and ensuring workers are protected with consistency of application. We also included recommendations regarding budget management and reconciliation. Since the audit, UOSH has a new director. There have been other significant internal management changes since the audit.

■ **Completed Audits**

Audit 2007-15: A Performance Audit of the Coal & Mining Regulatory Program

Good management practices in some key governing areas are lacking in the coal regulatory program. Management has not developed adequate policies and procedures and is not satisfactorily monitoring the performance of the coal program. Further, management's permitting practices are not consistent with the intent of state statute and administrative rules.

Audit 2007-14: A Performance Audit of Class-Size Reduction in Utah

Since less than half of school districts track class-size reduction (CSR) funds, we could not verify, in all cases, whether these funds were used appropriately. In three districts that tracked CSR expenditures, we verified that the CSR funds were used for teacher compensation. Our data analysis indicates that CSR funds generally maintain CSR-funded teachers rather than increasing the number of teachers.

Audit 2007-13: A Performance Audit of School District Internal Controls

Recent allegations that three public education employees embezzled more than \$5 million over many

years in Davis and Weber school districts raised concerns about the adequacy of fraud prevention and detection in school districts. Our evaluation showed that Davis School District has implemented corrective action, and other districts generally do not have similar control weaknesses. The Weber School District Foundation is in the process of implementing improvements to its controls, but some other foundations have similar control weaknesses.

Audit 2007-12: A Performance Audit of the Petroleum Storage Tank (PST) Trust Fund

We found no compelling reason to privatize Utah's PST fund. We also found that Utah follows existing federal law concerning tank operators' financial assurance requirements and that the inherent risks of project managers both administering PST funds and regulating PST cleanup have been minimized by the Division of Environmental Response and Remediation. However, we believe the PST program would benefit from additional performance measures.

Audit 2007-11: A Performance Audit of Higher Education Personnel Budgeting Practices

Higher education's budgets are not representative of actual expenditures. Personnel budgets are overstated, but non-personnel budgets are understated. While carryforward balances for institutions of higher education are relatively small, they are not being adequately disclosed. Budgeted amounts for personnel and non-personnel for higher education have drifted over the years and no longer reflect spending expectations; they should be brought more in line with actual expenditures.

Audit 2007-10: A Performance Audit of Court Fines, Surcharges, and Fees

Our review showed that some justice courts need additional training in case management; district and juvenile courts appear to have adequate controls for the most part. We also found that surcharge revenue is being allocated appropriately, and most state agencies adequately manage court surcharge revenue. However, revenue collected for the capital projects fund will not sufficiently meet bond obligations without legislative and the Administrative Office of the Courts' action.

■ 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 2007:

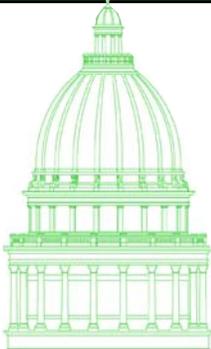
- Observations of the Electronic Voting System and Procedures Used in Utah's Nov. 7, 2006 Election (ILR 2007-A)
- A Limited Review of the Guardian ad Litem's Case Management System Shows Evidence of Progress (ILR 2007-B)
- Cost of Legal Notices Placed in Newspapers (ILR 2007-C)
- States that Provide Local Property Tax Revenue to Charter Schools (ILR 2007-D)

- A Limited Review of the State Construction Registry (ILR 2007-E)
- A Review of the Transportation Prioritization Process (ILR 2007-F)

■ 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/BP_2008.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:

- By implementing our recommendations, the Disability Determination Services (DDS) has reduced overall claim processing time. The result of faster processing is beneficial to some Department of Workforce Services (DWS) clients and may also reduce general assistance caseloads at DWS.
- Based on our recommendations, the Legislature passed HB 15 last year. In limited situations, the Office of Recovery Services (ORS) will now be able to suspend driver's licenses for failure to pay child support. This will likely increase child support collections from those who have the ability to pay and do not.

■ 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:

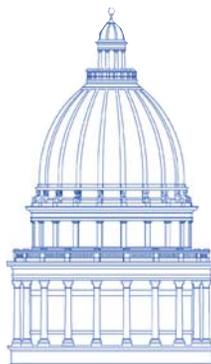
- We found that the coal regulatory program can operate more efficiently, thus requiring fewer FTEs. Past inefficiency in the coal program resulted from (1) a lack of good management practices, and (2) a requirement that a permit be issued for a much larger area than is necessary. The coal program is currently funded at 20 FTEs, though

some of those positions are currently vacant. We believe the program can operate at 18 FTEs; in the future, it could operate with even fewer FTEs. Reducing FTEs from 20 to 18 can save the general fund about \$235,000 annually.

■ Promoting Accountability

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

- We found that higher education's budgets are not representative of actual expenditures. Personnel budgets are overstated, while non-personnel budgets are understated. We believe accountability requires that budgeted amounts be brought more in line with actual expenditures, and the Legislature agreed.
- We found that many agencies cannot readily account for how fiscal note appropriations had been spent or what estimated fiscal note revenue had been received. As a result, the Legislative Fiscal Analyst has implemented detailed fiscal note follow-up procedures.
- We found that better accountability is needed for the purchases made using state-furnished credit cards (P-Cards). While efficient and convenient, P-Cards are vulnerable to misuse or fraud if adequate controls are not in place. Broadening oversight responsibilities of the Division of Purchasing will strengthen compliance with P-Card policies.



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