

## FY 2009 Issue Brief – HED – Follow-up to Personal Services Budgeting Audit

NUMBER USHE-20

### SUMMARY

In July 2007, the Legislative Auditor General released Audit 2007-11, “A Performance Audit of Higher Education Personnel Budgeting Practices”. The audit looked at how personal services are accounted for, and what improvements should be made to give the Legislature more accurate information.

### OBJECTIVE

The audit report made several recommendations; this Issue Brief will explain the responses to the recommendations and how those will be implemented in the budgeting process.

### DISCUSSION AND ANALYSIS

The audit found that budgeted amounts for personal services are overestimated, while the budgeted amounts for non-personal services are underestimated. During the budget process, the compensation increase approved by the Legislature is applied to the overestimated amounts, and then the funding is shifted from personal services to other areas that were underestimated in the budget process for actual expenditures. The audit recommends that the budget process should more accurately reflect where expenditures are expected. The audit also recommends that institutions should better manage vacant positions, e.g. knowing how long vacant positions have been unfilled. The audit also recommends that carry forward funds should be accurately reported, without “other deductions” which reflect purchase commitments for the next fiscal year.

The Commissioner of Higher Education, in his response to the audit, concurred with all of the recommendations from the audit.

The Board of Regents has developed a report for each institution to report its vacant positions and the length of time those positions have been vacant. The institutions, other than the University of Utah, have had the capability to, and have in fact, been internally tracking their vacant positions on a position-by-position basis for a number of years. The University of Utah is in the process of developing the capability to do the same. The information from the institutions will be the basis for the report from the Board of Regents to the Legislative Fiscal Analyst. The institutions and the Board of Regents have committed to eliminating positions that have been vacant for a number of years, moving the budgeted funds from the personal services area to the non-personal services area, which will reduce the amount of any compensation increase. In addition, the Legislative Fiscal Analyst, in computing the amount for a compensation increase, has put in an institution-specific “vacancy savings” factor to reflect the fact that the full amount likely will not be needed because of turnover and vacancy savings.

The finding regarding the carry forward (nonlapsing) balances deals with the budget year forms provided to the Legislative Fiscal Analyst from the Board of Regents. The actual year forms do show the nonlapsing balance at the end of the year, along with commitments made for those funds for the budget year. The Board has committed to reporting total nonlapsing balances for the budget year in its budget request submission. This will provide the Legislature with additional information from which decisions can be made.

