

FY 2009 Budget Brief – EOCJ – Utah State Auditor

EOCJ-AUD 3

SUMMARY

The State Auditor is the elected, independent auditor of the state. The Auditor's mission is to help ensure the financial integrity and accountability of Utah's state and local governments to Utah's citizenry, Legislature, government officials, and other financial information users. This is accomplished by providing independent financial, compliance, and performance audits and investigations, and by monitoring, and advising Utah's state and local governments. This has helped Utah to be recognized as having financially strong and well-run state and local governments.

The State Auditor directs and has ultimate responsibility for both the Auditing and Local Government Divisions within his office. He reviews and signs all audit reports; works on significant audit, accounting, and legislative fiscal issues; and performs various other duties related to his office.

ACCOUNTABILITY

The State Auditor completed all statutorily required financial and federally mandated compliance audits on time. As part of this work, the Office wrote 22 financial statement opinions and 34 management letters containing 119 findings and recommendations issued to state agencies, colleges and universities.

The Office also completed 17 audits or investigations of agencies that do not receive direct audit coverage by statutorily required audits. There are four additional audits or investigations of this type currently in process. The Auditor wrote 18 reports with 67 findings and recommendations issued to state agencies, colleges and universities in connection with this work. The Office currently has 10 hotline investigations in process.

The Office is scanning all budgets and financial reports received from local governments into electronic form and making them available on the Auditor's website: <http://www.sao.utah.gov/lgReports.html>.

Agency Structure

The Auditor has three programs to fulfill its constitutional and statutory responsibilities. They are:

- **Administration Program**—consists of funding for the personal services and other costs of the State Auditor, his administrative assistant and other office

Figure 1: State Auditor - State Auditor - Budget History

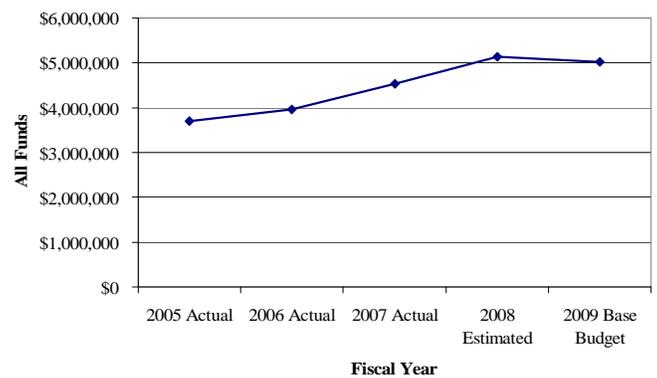


Figure 2: State Auditor - State Auditor - FTE History

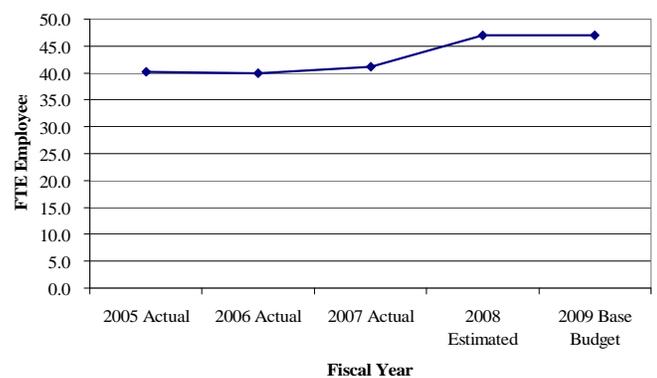
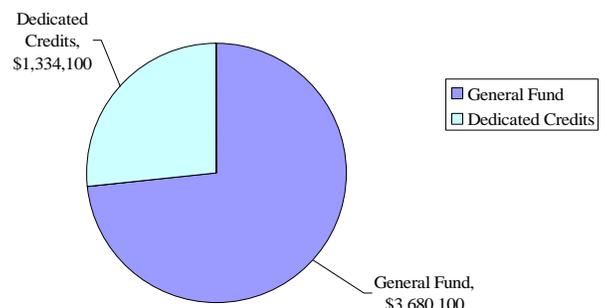


Figure 3: State Auditor - State Auditor - FY 2009 Funding Mix



administrative staff. General costs not attributable to other specific programs are also charged to the Administration Program.

- **Audit Division**—is responsible for the Statewide Financial Audit of state government as well as the Single Audit required by the federal government and for statutorily required audits of state agencies. To complete the requirements of the single audit, the State Auditor contracts with private CPA firms in addition to regular staff.

The Single Audit involves an assessment of all federal funds expended on an entity wide basis. The Auditing Division determines whether or not the funds were spent in accordance with federal laws and regulations. Weaknesses in spending practices are included in the Findings and Recommendations of the Single Audit. Costs of the Audit whenever possible are assessed back to the agencies and received as dedicated credit revenues by the State Auditor. The Division also performs special projects and performance audits of state and local governments.

During the 2007 General Session, the Legislature funded two performance auditor positions to conduct special purpose and performance audits. The Auditor has filled the positions and completed two small Performance Audits of Ogden City and the Mountainland ATC. Two larger reports entitled, “Maximizing Federal Funds,” and “CCJJ Performance Measures,” will be completed during 2008. The Office is also developing a list of other Performance Audits scheduled to begin in Calendar Year 2008.

- **Local Government Division**—provides consulting services, budget forms, and uniform accounting services to local governments. The division reviews the budgets of local entities to ensure compliance with legal requirements of accounting and budget preparation. In addition to their financial accounting responsibilities, the division annually sponsors a regional training seminar for local officials.

The division provides training to CPAs and local government accountants to help improve local government accounting, reporting, and auditing. The Local Government Division has begun scanning all budgets and financial reports received from local governments into electronic form. This provides citizens, research groups, and financial advisors greater accessibility to these documents.

BUDGET DETAIL

Most of the funding in this budget pays for staff support for the office. Approximately 97 percent of the budget is for personnel services.

Budget Recommendation

The Analyst recommends a total FY 2009 appropriation of \$5,014,200 to the State Auditor.

Intent Language

The Analyst recommends the Legislature consider continuation of intent language that: *funds provided for the State Auditor shall not lapse.*

BUDGET DETAIL TABLE

State Auditor - State Auditor						
Sources of Finance	FY 2007	FY 2008		FY 2008		FY 2009*
	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	3,265,000	3,680,100	0	3,680,100	0	3,680,100
General Fund, One-time	(8,600)	0	0	0	0	0
Dedicated Credits Revenue	1,186,100	1,140,000	119,100	1,259,100	75,000	1,334,100
Beginning Nonlapsing	288,200	0	197,200	197,200	(197,200)	0
Closing Nonlapsing	(197,200)	0	0	0	0	0
Total	\$4,533,500	\$4,820,100	\$316,300	\$5,136,400	(\$122,200)	\$5,014,200
Programs						
Administration	345,700	354,500	21,000	375,500	0	375,500
Auditing	3,686,000	3,970,100	268,200	4,238,300	(122,200)	4,116,100
State and Local Government	501,800	495,500	27,100	522,600	0	522,600
Total	\$4,533,500	\$4,820,100	\$316,300	\$5,136,400	(\$122,200)	\$5,014,200
Categories of Expenditure						
Personal Services	4,209,800	4,674,400	165,000	4,839,400	0	4,839,400
In-State Travel	15,800	12,800	3,000	15,800	(5,800)	10,000
Out of State Travel	9,600	11,400	(1,800)	9,600	(1,300)	8,300
Current Expense	259,100	70,400	154,500	224,900	(102,900)	122,000
DP Current Expense	39,200	51,100	(4,400)	46,700	(12,200)	34,500
Total	\$4,533,500	\$4,820,100	\$316,300	\$5,136,400	(\$122,200)	\$5,014,200
Other Data						
Budgeted FTE	41.2	47.0	0.0	47.0	0.0	47.0
Vehicles	3.0	3.0	0.0	3.0	0.0	3.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

FTE Detail

The State Auditor's Office provided the following information concerning variation in FTE counts:

The high rate of turnover the Office has experienced for the last 3 decades (about 15% per year) along with the complicated hiring process often result in FTE counts being well over and, at times, well under the 47 FTEs.

The FTE Count also fluctuates due to contracts with CPA firms for portions of the audit of the State of Utah. The Office frequently contracts and revokes audits. The Auditor pays the CPA firms, and constantly adjusts FTE count positively or negatively to stay within budget to pay for these audits.