



EXECUTIVE OFFICES & CRIMINAL JUSTICE APPROPRIATIONS SUBCOMMITTEE
STAFF: STEVEN ALLRED

STATE AUDITOR

BUDGET BRIEF

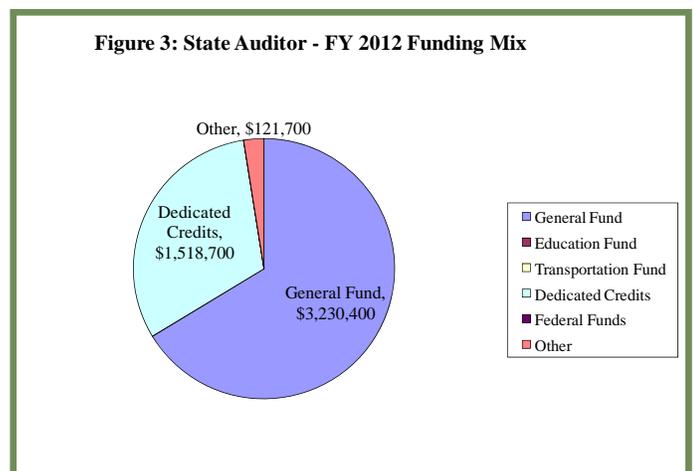
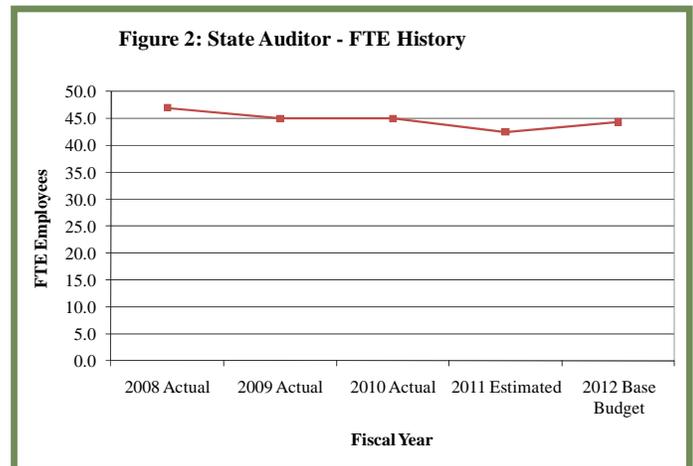
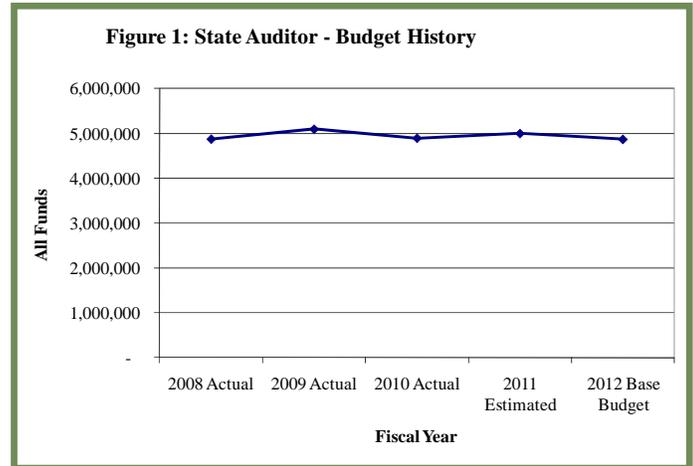
SUMMARY

The State Auditor is the elected, independent auditor of the state. The Auditor's mission is to help ensure to Utah's citizenry, Legislature, government officials, and other financial information users the financial integrity and accountability of Utah's state and local governments. The Auditor's purpose is accomplished by providing independent 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 the office. The Auditor reviews and signs all audit reports; evaluates significant audit, accounting, and legislative fiscal issues; and performs various other duties related to the office.

The State Auditor line item is comprised of three programs: Administration, Auditing, and State and Local Government.

1. The Administration program consists of funding for the personnel services and other costs of the State Auditor, an administrative assistant, and other office administrative staff. General costs not attributable to other specific programs are also charged to the Administration program.
2. The Auditing Program is primarily responsible for performing annual financial and compliance audits of state agencies, departments, colleges, universities, and quasi-state agencies. The program is responsible for auditing the state's Comprehensive Annual Financial Report (CAFR). The Auditing Program also performs the federally mandated "single audit," a statewide compliance audit of federal funds.
3. The Local Government Program has the responsibility to ensure uniform accounting, budgeting, and financial reporting of the state's local governments.



ISSUES AND RECOMMENDATIONS

Intent Language

The Analyst recommends the following intent language to make the State Auditor’s FY 2011 unexpended appropriations nonlapsing at the end of FY 2011:

Under section 63J-1-603 of the Utah Code, the Legislature intends that appropriations provided for the State Auditor in Item 6 of Chapter 2 Laws of Utah 2010 not lapse at the close of Fiscal Year 2011.

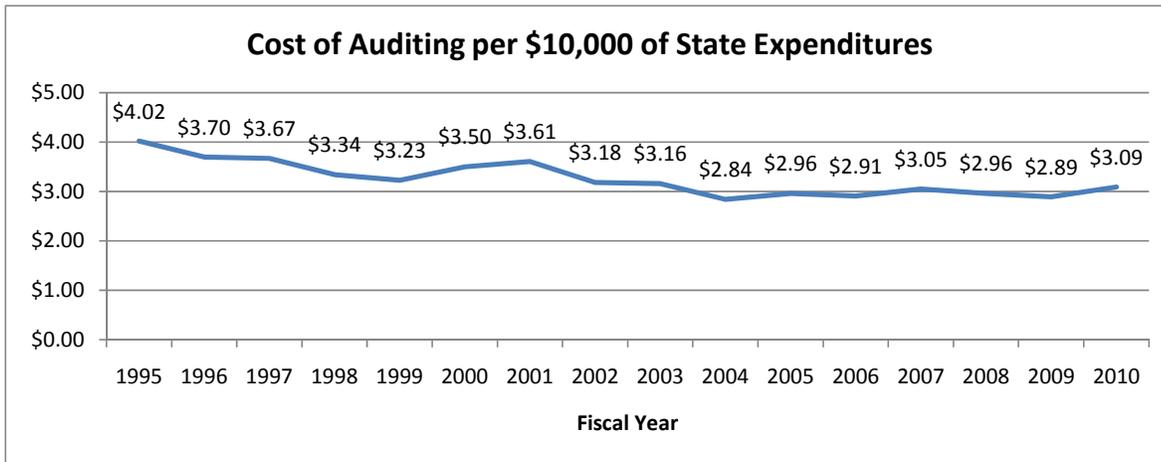
Follow-up on “Single Audit” Cost Increase

During the 2010 General Session the Auditor requested, and the Legislature appropriated, an additional \$265,000 from Dedicated Credits to carry out increased audit requirements of federal stimulus (ARRA) funds. The Auditor’s Office will bill the actual cost of performing these additional audits to the applicable state departments. These agencies will, in turn, bill the cost to their federal funding sources (ARRA grants). The exact cost was difficult to predict with precision, but was expected to increase the cost of the Single Audit by 25-30%. The Auditor’s budget submission shows estimated FY 2011 Dedicated Credits at 14% higher than FY 2010 Actuals.

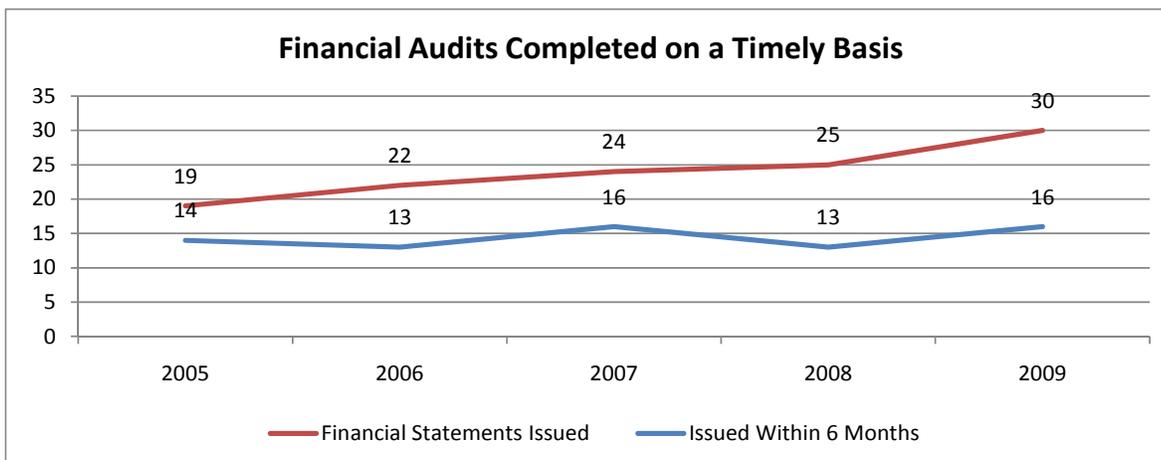
ACCOUNTABILITY DETAIL

The following measures indicate the performance of the State Auditor’s Office:

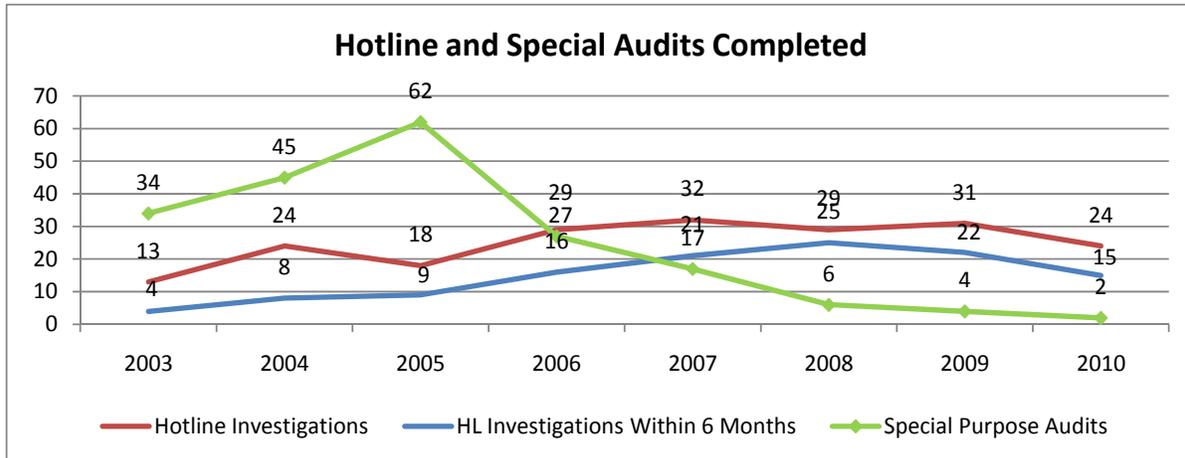
1. Cost of auditing per \$10,000 of state expenditures:



2. Financial audits completed on a timely basis:



3. Hotline and special audits completed:



The budgets and financial statements of most counties, municipalities, and school districts can be found on the State Auditor's website at <http://sao.utah.gov/lgReports.html>.

BUDGET DETAIL***Budget History***

The State Auditor's Office is funded by the General Fund and Dedicated Credits (for charges related to the single audit, local government audits, and other specially requested audits that can be charged back to the agency). The following table shows the history of the State Auditor's ongoing General Fund budget:

FY 2006:	\$2,958,300	
FY 2007:	\$3,265,000	Increase for Compensation package, particularly OPEB rate
FY 2008:	\$3,680,100	Increased \$168,000 for performance auditors; Compensation package
FY 2009:	\$3,468,800	Reduced 5.7% (Plus \$133,000 1-time)
FY 2010 Base:	\$3,740,000	
Adjustment:	(\$271,200)	FY 2009 Supplemental Ongoing Reduction
Adjustment:	<u>(\$234,800)</u>	Personnel Staff Reduction, ISF Rate Adjustment
FY 2010 Final:	\$3,234,000	Plus \$427,100 one-time backfill
FY 2011 Base:	\$3,234,000	
Adjustment:	\$213,500	50% of FY 2010 one-time backfill
Adjustment:	<u>\$26,100</u>	Compensation and ISF Rate Adjustments
FY 2011 Final:	\$3,473,600	

A seven percent adjustment to the FY 2011 final ongoing appropriation would reduce \$243,200 from this line item's FY 2012 base budget, for a new total of \$3,230,400.

BUDGET DETAIL TABLE

The following table shows the budget history for the State Auditor's Office. To eliminate the structural imbalance and as directed by the Executive Appropriations Committee, the "FY 2012 Base Budget" column includes 93% of FY 2011 ongoing General and Education Fund appropriations across-the-board. Targeted budget changes, reflecting policymaker direction, will likely replace the pro-rata reductions shown here.

State Auditor						
	FY 2010	FY 2011		FY 2011		FY 2012*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
General Fund	3,234,000	3,473,600	0	3,473,600	(243,200)	3,230,400
General Fund, One-time	267,300	0	0	0	0	0
Dedicated Credits Revenue	1,527,100	1,603,800	(85,100)	1,518,700	0	1,518,700
Beginning Nonlapsing	95,800	250,000	(21,200)	228,800	(6,400)	222,400
Closing Nonlapsing	(228,800)	0	(222,400)	(222,400)	121,700	(100,700)
Total	\$4,895,400	\$5,327,400	(\$328,700)	\$4,998,700	(\$127,900)	\$4,870,800
Programs						
Administration	342,000	390,000	(44,400)	345,600	(24,200)	321,400
Auditing	4,092,000	4,385,600	(145,900)	4,239,700	(85,600)	4,154,100
State and Local Government	461,400	551,800	(138,400)	413,400	(18,100)	395,300
Total	\$4,895,400	\$5,327,400	(\$328,700)	\$4,998,700	(\$127,900)	\$4,870,800
Categories of Expenditure						
Personnel Services	4,555,800	4,892,400	(279,500)	4,612,900	(112,900)	4,500,000
In-state Travel	3,800	13,200	(8,400)	4,800	0	4,800
Out-of-state Travel	15,900	20,100	4,300	24,400	0	24,400
Current Expense	219,400	246,800	(9,000)	237,800	(15,000)	222,800
DP Current Expense	100,500	108,800	10,000	118,800	0	118,800
Transfers	0	46,100	(46,100)	0	0	0
Total	\$4,895,400	\$5,327,400	(\$328,700)	\$4,998,700	(\$127,900)	\$4,870,800
Other Data						
Budgeted FTE	45.0	43.2	(0.7)	42.5	1.9	44.4
Actual FTE	40.0	0.0	0.0	0.0	0.0	0.0
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.

As shown in the table, the subcommittee's list included a General Fund reduction of \$243,200, which equates to 7% of the FY11 ongoing General Fund in this line item, and 4.9% of all funds.

SUMMARY OF RECOMMENDATIONS

The Analyst recommends the Legislature:

1. Adopt the base budget shown in the budget detail table, pending targeted budget changes.
2. Approve the intent language on page 2.