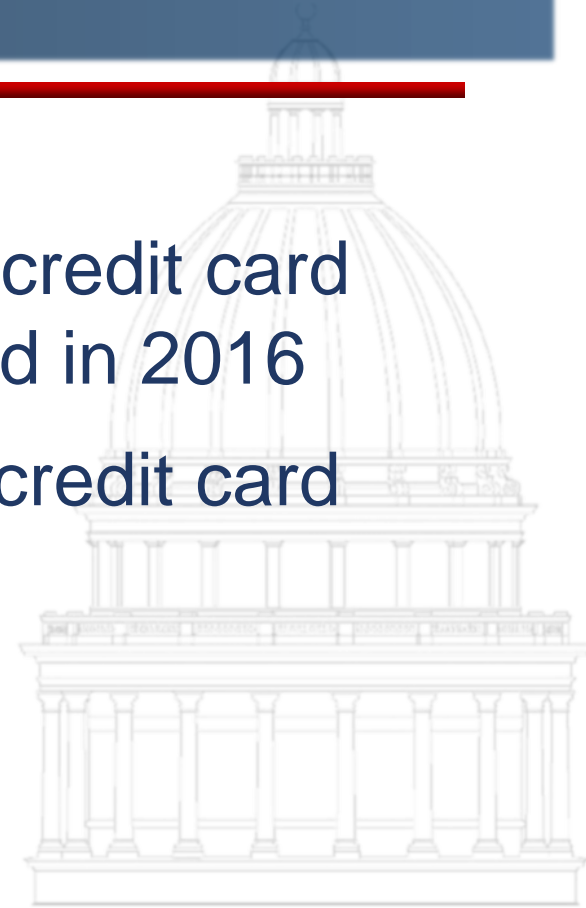

UCA Improving Controls After Fraud Discovered

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Background

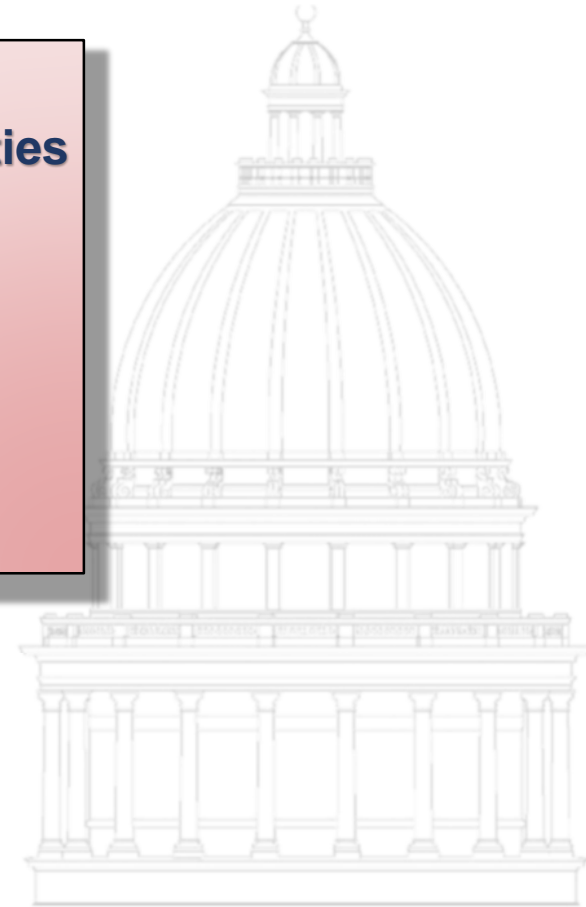
1. UCA announced an \$800,000 credit card fraud over 10 years, discovered in 2016
2. OSA discovered that 13 of 36 credit card purchases lacked receipts



State Auditor Responsibilities

**Financial
Statement
Audit**

**Broader
Responsibilities**



Financial Statement Audit

- Done Correctly
- Appropriate
- However, Insufficient



Broader Responsibilities

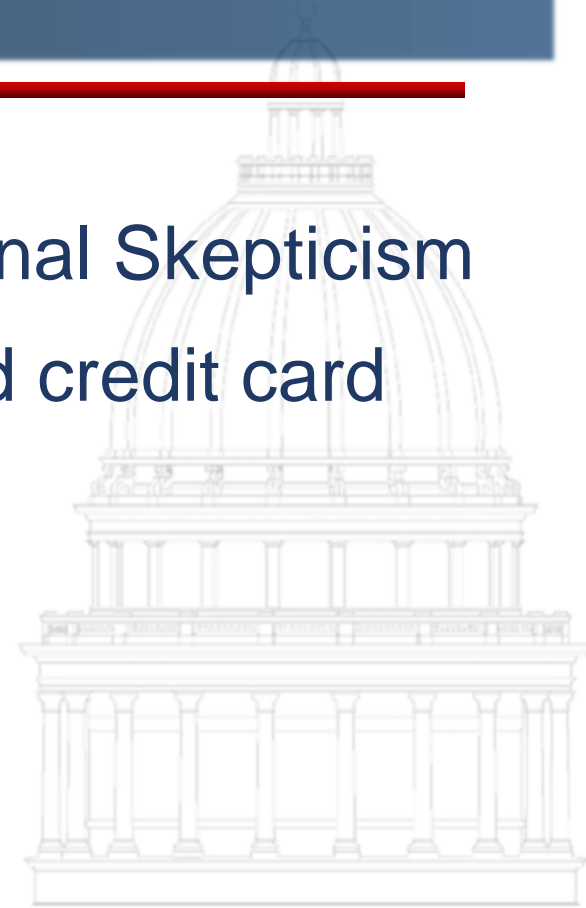
- I. Honesty and integrity in fiscal affairs
- II. Accuracy and reliability of financial statements
- III. Effectiveness adequacy of financial controls
- IV. Compliance with the law

OSA Review Inadequate

- Exercised Insufficient Professional Skepticism
- Inappropriately Accepted limited credit card info
- Insufficient follow up in 2011

FOR MORE INFORMATION

Page: 6-11



UCA Ultimately Responsible For Fraud Detection

Management acknowledged responsibility for:

- Design and implementation of controls to prevent fraud
- Compliance with laws, regulations, and provisions of contracts

FOR MORE INFORMATION

Page: 11

UCA's Reaction Appears Reasonable

- Resolved civil issue
- Resolving personnel issues
- Implementing OSA-recommended controls
- Working with Division of Finance and Dept. of HR

FOR MORE INFORMATION

Page: 12-13



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