

Office of the  
Legislative Fiscal Analyst

**Utah Communications Agency Network  
Compliance with Intent**

Executive Appropriations Interim Committee

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## Utah Communications Agency Network Compliance with Intent

### Summary

The Supplemental Appropriations Act (House Bill 1, 2000 General Session) requires the Utah Communications Agency Network (UCAN) to report progress on certain management issues to the Executive Appropriations Committee prior to receiving Federal funds from the Utah Department of Public Safety (DPS). UCAN and DPS have begun to address these issues. However, their solutions have not yet been verified by the State Auditor. The Analyst recommends that, after hearing an interim report, the Executive Appropriations Committee refer this matter to its Quasi-Governmental Entities Subcommittee for follow-up consideration.

### Background

The Utah Communications Agency Network Act (UCA 63C Chapter 7) established the Utah Communications Agency Network as an independent (or “quasi-governmental”) state agency to “provide public safety communications services and facilities on a regional or statewide basis.”<sup>1</sup> The act also requires UCAN to adopt “budgetary procedures, accounting, procurement, and personnel policies substantially similar” to those of state government.<sup>2</sup> Further, it directs the State Auditor to determine whether UCAN has complied with the above requirement.<sup>3</sup>

To support UCAN’s efforts, the Utah Department of Public Safety has secured funding from the U.S. Department of Justice (see Appendix A). In past years, DPS has passed such funding to UCAN independent of the appropriations process and in absence of a formal agreement between DPS and UCAN.

### *State Auditor questioned UCAN’s management practices*

In an October 19, 1999 Management Letter to UCAN, the State Auditor found fault with UCAN’s management practices and questioned DPS’ relationship with UCAN. Among the Auditor’s concerns was that UCAN and DPS did not have in place a formal sub-grant agreement<sup>4</sup> specifying conditions for the allocation of Federal funds. The Auditor also stated that UCAN had not adopted “sufficient budgetary or administrative procedures.”<sup>5</sup> Finally, the Auditor noted that UCAN had received office space and certain services from DPS in absence of a formal contract.

In light of the Auditor’s concerns, the Legislature included in the Supplemental Appropriations Act the following intent language (House Bill 1, 2000 General Session, Item 20, p. 5):

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<sup>1</sup> Utah Code Annotated 63C-7-102

<sup>2</sup> Utah Code Annotated 63C-7-210

<sup>3</sup> Utah Code Annotated 63C-7-211(2)

<sup>4</sup> Ibid, p. 1.

<sup>5</sup> *Utah Communications Agency Network Management Letter – Findings and Recommendations*, Utah State Auditor, October 19, 1999, p. 4.

*Legislature set conditions for UCAN's receipt of Federal funds*

*It is the intent of the Legislature that the Utah Department of Public Safety shall not release Federal grant funds to the Utah Communications Agency Network until each of the following conditions is met:*

- 1. The Department and UCAN sign a subrecipient grant agreement in accordance with Federal guidelines;*
- 2. The Utah Communications Agency Network develops "budgetary procedures, accounting, procurement, and personnel policies substantially similar to those from which they have been exempted" (UCA 63C-7-210) as determined by the State Auditor under UCA 63C-7-211(2) and reported to the Executive Appropriations Committee and Information Technology Commission.*

The Legislature also included the following intent language in the Annual Appropriations Act (Senate Bill 1, 2000 General Session, Item 43, p. 18):

*It is the intent of the Legislature that UCAN is to be treated as an independent agency. As such, UCAN is to reimburse the State for all goods and services provided by the State.*

*UCAN has begun to address concerns*

To address the first item of intent, DPS has completed a sub-recipient grant agreement with UCAN and received a letter from the Department of Justice stating that Justice "has understood and supported the UDPS/UCAN relationship" since its inception (see Appendix C). Regarding the second condition, UCAN is in the process of reviewing and updating its policies and procedures, and will be subject to another audit at the close of the current fiscal year. In response to the third concern, UCAN and DPS have entered into a formal rental contract and UCAN continues to reimburse DPS for staff time and other services.

## **Recommendation**

The Office of the Legislative Fiscal Analyst recommends that, after hearing an interim report from UCAN, the Executive Appropriations Committee refer this matter to its newly created Quasi-governmental Entities Subcommittee for follow-up review. The Analyst recommends such review take place just prior to, or at the beginning of the next legislative session at which time the State Auditor will likely have completed its second annual audit of UCAN.

**Appendix A: Federal Funds Secured by Utah Department of Public Safety for UCAN**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>
Federal Funds	3,000,000	3,000,000	5,000,000
<b>Total</b>	<u><u>\$3,000,000</u></u>	<u><u>\$3,000,000</u></u>	<u><u>\$5,000,000</u></u>
<b>Programs</b>			
Utah Communications Agency Network	3,000,000	3,000,000	5,000,000
<b>Total</b>	<u><u>\$3,000,000</u></u>	<u><u>\$3,000,000</u></u>	<u><u>\$5,000,000</u></u>

**Appendix B: State Appropriations for 800 MHz Conversion**

	<b>FY 1999</b>	<b>FY 2000</b>	<b>FY 2001</b>	<b>Est/Approp</b>
<b>Financing</b>	<b>Actual</b>	<b>Estimated</b>	<b>Appropriated</b>	<b>Difference</b>
General Fund	\$110,600	\$110,600	\$645,500	\$534,900
General Fund, One-time	1,376,400		1,605,900	1,605,900
Transp Fund, One-time	453,300			
Dedicated Credits			18,000	18,000
Beginning Non-lapsing		1,660,500		(1,660,500)
Closing Non-lapsing	(1,660,500)			
<b>Total</b>	<u><u>\$279,800</u></u>	<u><u>\$1,771,100</u></u>	<u><u>\$2,269,400</u></u>	<u><u>\$498,300</u></u>
<b>Expenditures</b>				
Current Expense	\$279,800	\$1,771,100	\$128,600	(\$1,642,500)
Other Charges/Pass Thru			2,140,800	2,140,800
<b>Total</b>	<u><u>\$279,800</u></u>	<u><u>\$1,771,100</u></u>	<u><u>\$2,269,400</u></u>	<u><u>\$498,300</u></u>

**Appendix C: Letter from U.S. Department of Justice to DPS regarding UCAN**