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## Local Government Auditing and Accounting

# Newsletter

Office of the Utah State Auditor

March 2014

### *Newsletter Highlights*

Welcome to the Spring Edition of the Local Government Division newsletter. We hope you've been surviving the Utah winter, or thriving on the beautiful mountain ski slopes!

#### **Edition Highlights:**

**Annual CPA Training:** If you are a CPA who audits local governments, make sure to mark your calendar for our annual CPA training on May 22, 2014. More information on this event can be found on page 2.

**Local Government Regional Training:** Our first ever video conferencing training is fast approaching on May 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup>. More information on this training is provided on pages 3-5.

**Uniform Chart of Accounts:** Information and further details regarding the Uniform Chart of Accounts can be found on pages 9-11.

**Updated Reporting Requirements and OSA Submission System:** Pages 12-13 details the updated instructions for submitting reports online and provides updated reporting requirements for all local government entities.

# 2014 Annual CPA Training

The Office of the Utah State Auditor announces its annual training for CPAs who audit local governments.

Thursday, May 22, 2014  
7:30 am to 4:30 pm  
Larry Miller Campus of Salt Lake  
Community College  
Building MFEC - Room 101

The cost is \$95 per person for the day of training. We will be providing a light breakfast from 7:30am - 8:00am and a box lunch at noon for all participants. This training will provide 8 hours of CPE credit.

You can find a detailed agenda of the training on our website at [auditor.utah.gov/local-government/training/](http://auditor.utah.gov/local-government/training/).

## CPA Training Registration Form

Please use one registration form per firm and list the individual names of those attending in the space provided below. The cost is \$95 per person for the day of training. Please include the email address of each attendee.

If you have any questions, please  
contact Emily Lockhart Britton at  
elockhart@utah.gov or 801-538-1364.

**Please mail in this registration form by May 15, 2014.**

**Mail to:**

ATTN: Emily Lockhart Britton  
Office of the Utah State Auditor  
P.O. Box 142310  
Salt Lake City, Utah 84114

**Please make check(s) payable to:**

Office of the Utah State Auditor  
\*We do not have a method for online payment\*

Firm Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Contact Phone: \_\_\_\_\_

**Person(s) Attending:**

**Email:**

- |          |       |
|----------|-------|
| 1) _____ | _____ |
| 2) _____ | _____ |
| 3) _____ | _____ |
| 4) _____ | _____ |
| 5) _____ | _____ |
| 6) _____ | _____ |

**Number of Attendees** \_\_\_\_\_ **x \$95 = Total \$** \_\_\_\_\_



## ***2014 Annual Local Government Regional Training***

The Local Government Division of the Office of the Utah State Auditor sponsors annual training every spring for local government officials. This year we have partnered with the Utah Education Network to conduct our training using their interactive video conferencing.

The trainings are intended for municipalities, counties, local and special service districts, school districts and private nonprofits working with governments. We invite mayors, council members, clerks, recorders, treasurers, board members, commissioners, county auditors, and school business officials to attend.

This year, as in the past, we will be discussing current financial issues that affect budgeting and accounting personnel from local governments. We will discuss the requirements of new governmental accounting standards. We will also have an update on the effects of the 2014 legislative session on local governmental entities, a presentation on current issues from the Utah State Tax Commission, and information on other critical issues.

We have divided the State into three regions: Northern, Central, and Southern. Each region has been assigned a different date for the training (see pages 4 and 5). On the date assigned to your region, please go to the location listed next to your county name to participate in the video conferencing.

The document titled “2014 Local Government Regional Training Dates and Locations” found on pages 4-5 of this newsletter will help you determine when and where the training that applies to you will be held. The “2014 Local Government Regional Training Dates and Locations” document can also be found on our website at [auditor.utah.gov/local-government/training/](http://auditor.utah.gov/local-government/training/).

**Please check this document frequently for any changes and/or room updates.**

Each location is equipped with full video conferencing capabilities. You will be able to ask questions and receive feedback.

There is no cost or registration required. If you have any questions regarding our 2014 trainings please contact Emily Lockhart Britton at 801-538-1364 or [elockhart@utah.gov](mailto:elockhart@utah.gov).

# **2014 Local Government**

## **Regional Training Dates and Locations**

### **NORTHERN REGION—Tuesday, May 6, 2014 1pm-5pm**

<b>COUNTY</b>	<b>LOCATION</b>	<b>ROOM</b>
Box Elder	<b>Box Elder High School</b> 380 South 600 West, Brigham City, UT 84302	IVC Room
Cache	<b>Utah State University - Logan Campus</b> RCDE Building, Logan, UT 84322	<b>To Be Determined</b> <b>-Check back for updates</b>
Davis	<b>Davis Applied Technology College</b> 550 East 300 South, Kaysville, UT 84037	Board Room 102
Daggett	<b>Manila High School</b> 200 West 2 North, Manila, UT 84046	<b>To Be Determined</b> <b>-Check back for updates</b>
Duchesne	<b>Uintah Basin Applied Technology College</b> 1100 Lagoon Street, Roosevelt, UT 84066	USU - Roosevelt-B
Morgan	<b>Weber State University - Morgan Campus</b> 241 East Young Street, Morgan, UT 84050 (Behind Morgan High School)	<b>To Be Determined</b> <b>-Check back for updates</b>
Rich	<b>Rich High School</b> 140 West Church Street, Randolph, UT 84064	IVC Room D
Salt Lake	<b>Salt Lake Community College - Redwood Campus</b> 4600 South Redwood Road, Salt Lake City, UT 84130	Technology Building B312
Summit	<b>Northern Utah Educational Services</b> Regional Services Center 35 South Main Street, Heber City, UT 84032	NUES Portable
Wasatch	<b>Wasatch High School</b> 930 South 500 East, Heber City, UT 84032	IVC Room A
Uintah	<b>Utah State University - Vernal Campus</b> 320 North Aggie Blvd, Vernal, UT 84078	Room F
Utah	<b>Mountainland Applied Technology College</b> 987 South Geneva Road, Orem, UT 84058	IVC Conference Room
Tooele	<b>Tooele Applied Technology College</b> 63 West Vine Street, Tooele, UT 84074	Room 227
Weber	<b>Weber State University - Hurst Building</b> 3104 University Circle, Ogden, UT 84408	Hurst Building Room 014

# 2014 Local Government

## Regional Training Dates and Locations

### **CENTRAL REGION—Wednesday, May 7, 2014 1pm-5pm**

COUNTY	LOCATION	ROOM
Carbon	<b>Carbon High School</b> 750 East 400 North, Price, UT 84501	Library Room A
Emery	<b>Utah State University - Emery Campus</b> 975 North Spartan Center, Castle Dale, UT 84513	<b>To Be Determined</b> <b>-Check back for updates</b>
Juab	<b>Juab High School</b> 802 North 650 East, Nephi, UT 84648	IVC Room A
Millard	<b>Delta Applied Technology Center</b> 305 East 200 North, Delta, UT 84642	<b>To Be Determined</b> <b>-Check back for updates</b>
Sanpete	<b>Snow College</b> 150 East College Avenue, Ephraim, UT 84627	<b>To Be Determined</b> <b>-Check back for updates</b>
Sevier	<b>Snow College - Richfield Campus</b> 800 West 200 South, Richfield, UT 84701	SNOW-SCR-E
Wayne	<b>Wayne High School</b> 265 North 400 West, Bicknell, UT 84715	<b>To Be Determined</b> <b>-Check back for updates</b>

### **SOUTHERN REGION—Thursday, May 8, 2014 1pm-5pm**

COUNTY	LOCATION	ROOM
Beaver	<b>Beaver High School</b> 50 East 100 North, Beaver, UT 83713	<b>To Be Determined</b> <b>-Check back for updates</b>
Garfield	<b>Panguitch High School</b> 385 East 100 South, Panguitch, UT 84759	<b>To Be Determined</b> <b>-Check back for updates</b>
Grand	<b>Utah State University - Moab</b> 125 West 200 South, Moab, UT 84532	<b>To Be Determined</b> <b>-Check back for updates</b>
Kane	<b>Kanab High School</b> 59 East Cowboy Drive, Kanab, UT 84741	<b>To Be Determined</b> <b>-Check back for updates</b>
Piute	<b>Piute High School</b> 550 North 100 West, Junction, UT 84740	<b>To Be Determined</b> <b>-Check back for updates</b>
Washington	<b>University of Utah - Graduate Center at St. George</b> 1071 East 100 South SteA100, St. George, UT 84770	<b>To Be Determined</b> <b>-Check back for updates</b>
Iron	<b>Southwest Applied Technology College</b> 510 West 800 South, Cedar City, UT 84720	UCAT Conference Room
San Juan	<b>Utah State University - San Juan Campus</b> 639 West 100 South, Blanding, UT 84511	<b>To Be Determined</b> <b>-Check back for updates</b>

## *CPA Corner - Auditor Independence For Agreed-Upon Procedures*

Can a CPA assist in the preparation and online entry of an entity's financial statement information and also perform the Office of the Utah State Auditor agreed-upon procedures related to that same financial statement information and still be considered "Independent"?

Assisting in the preparation of the financial statements is not expressly prohibited by GAS (see GAS Chapter 3, regarding independence standards); however, it is considered a possible threat to the auditor's independence. Therefore, the CPA must determine if this threat is significant and then apply safeguards to eliminate this threat or reduce the threat to an acceptable level. In determining whether the threat is significant, the auditor should consider the condition of the entity's records and management's ability to effectively oversee the preparation of the financial statement information, including whether or not management has the skills, knowledge, and experience to adequately oversee the preparation of the financial statement information.

Preparing the financial information based on the entity's trial balance, including proposing standard adjusting and closing entries, would not be considered a threat to independence as long as management of the entity reviews and approves the entries AND understands the nature and impact of those entries.

In the majority of cases where the CPA is asked to prepare the financial statement information for a local government, the entity's records are incomplete and a significant number of correcting entries are expected to be proposed. Further, management usually does not have the skills, knowledge, or experience to oversee or re-perform the preparation of the financial statement information. These circumstances would result in a significant threat to independence. Therefore, it would be necessary for the CPA to apply significant safeguards to eliminate or reduce this threat to an acceptable level for the CPA to maintain independence.

Examples of safeguards listed in GAS 3.17 include, but are not limited to:

- Consulting an independent third party, such as a professional organization, a professional regulatory body, or another CPA.
- Involving another CPA to perform or re-perform part of the agreed-upon procedures.
- Having a professional staff member who was not a member of the agreed-upon procedures team review the work performed related to the preparation of the financial statement information.

*(continued on page 9)*

## *CPA Corner - Auditor Independence For Agreed-Upon Procedures (continued)*

Other examples of safeguards include:

- Educating management by reviewing with them and explaining to them the reason and basis for all significant transactions, as well as authoritative standards, so that management is in a position to determine or approve all assumptions and judgments.
- Determining that there has been a review of the financial statement information and successful completion of a disclosure checklist by the entity.

The CPA in the above cases could do the following to reduce the threat to independence to an acceptable level:

- Educate management well enough that they could effectively approve all adjusting transactions.
- Have a manager or partner within the firm not involved in the agreed-upon procedures engagement review the financial statement information.

Regardless of the safeguards implemented, the entity must always accept responsibility for the financial statement information and must always approve them. Further, GAS paragraph 3.50 expressly prohibits the auditor from performing the following:

- Determining or changing journal entries, account codes or classifications for transactions, or other accounting records for the entity **without obtaining management's approval**.
- Authorizing or approving the entity's transactions.
- Preparing or making changes to source documents **without management approval**. Such records also include the entity's audited general ledger and subsidiary records or equivalent.

The above examples are not a complete list of all possible threats or safeguards for independence. The CPA should use the conceptual framework detailed in Chapter 3 of GAS to evaluate independence given his or her individual facts and circumstances. This evaluation should be documented and include the threats to independence and safeguards applied, and consideration of management's ability to effectively oversee a non-audit service to be provided by the CPA.



Duchesne County—Darryl Wilkinson



## *Utah Procurement Code Impact on Local Government Audit Contracts*

Our office was recently asked if local governments must follow the Utah Procurement Code (*Utah Code 63-6a*) and, more specifically, if this newly revised statute limits a local government from contracting with an auditor/CPA for more than a five-year period (*Utah Code 63G-6a-1204(7)*).

Procurement Code subsections 63G-6a-104(13) and (14) ***excludes counties and municipalities*** which have adopted their own procurement codes by ordinance, but ***includes local and special service districts***. Therefore, in general, counties and municipalities are exempt from the Procurement Code, but local and special service districts must follow the Procurement Code.

As to the second part of the question--does the Procurement Code restrict an entity from contracting with an auditor/CPA for longer than a five-year period? **The Code prevents the contract with the auditor/CPA from being longer than a five-year period.** Procurement Code 63G-6a-1204(7) states that a multi-year contract, including any renewal periods, may not exceed a period of five years unless a longer period is customary or is in the best interest of the entity. In our opinion and that of the Utah State Division of Purchasing, a contract period greater than five years would not meet these criteria. However, this does not prevent the entity from re-contracting with the same auditor/CPA after the five-year contract is up **if** the entity goes through their regular RFP/bidding process for a new contract.

Although counties and municipalities, in general, are exempt from the Utah Procurement Code requirements restricting the use of contracting periods longer than five years, we feel that local government entities would benefit from the process of requesting proposals/bids from potential auditors/CPAs at least every five years.

Suggestions on how to request proposals and evaluate an auditor/CPA, including sample RFP's and contracts, can be found in the Financial Reporting, Auditor Requirements section of the Uniform Accounting Manual (<http://auditor.utah.gov/wp-content/uploads/sites/5/2013/05/Uniform-Accounting-Manual-2013.pdf>).

## ***Uniform Chart of Accounts***

*(Not applicable to school districts, charter schools or nonprofits – also, not applicable to local governments with annual revenues or expenditures less than \$500,000)*

In 2013, the OSA developed a Uniform Chart of Accounts that is applicable for local governments that have revenues or expenditures greater than \$500,000.

### **Purpose**

Recording transactions using a system of similar accounts provides a “big picture” of the overall financial health and well-being of an organization. This ability to see the organization on a macro level helps drive critical policy decisions for the organization. In a similar manner, a uniform chart of accounts that all local governments use provides meaning to the data that is already being submitted to the State either through the Transparency website or to our office. When local governments map to the same Uniform Chart of Accounts, value is added to the “raw data” in order to accomplish efficiencies and to make policy decisions.

For instance, the Utah League of Cities and Towns has collected data from the UT-2 forms for a number of years with the intent to look for efficiencies and best practices among their League members. This process is known as benchmarking. By looking for efficiencies and best practices among raw data the League is better able to inform policymakers and guide legislation affecting cities and towns. This information is also used by the Utah Benchmarking Project, which is designed to provide local governments with a management tool that supports their decision-making process in strategic planning, performance improvement, and service delivery efficiency.

Some examples as to the potential use of the Uniform Chart of Accounts regarding our local governments, would be to determine:

- The debt load of our local governments as a whole.
- How mineral lease money is utilized throughout the State.
- How much money is spent on tourism-related activities.
- Whether it is more cost effective for a city to operate a cemetery or to establish a cemetery district.
- To what extent our local governments rely upon federal monies and in what areas federal monies are being used.

Although many of these questions can be answered by compiling the financial statements of all our local governments and sifting through the data, the Uniform Chart of Accounts will allow this information to be gathered quickly and efficiently.

*(continued on page 10)*

## ***Uniform Chart of Accounts (continued)***

*(not applicable to school districts, charter schools or nonprofits – also, not applicable to local governments with annual revenues or expenditures less than \$500,000)*

### **Timing of Transition**

**Beginning with financial information for fiscal years ending in 2014, local governments are required to “map” their financial information to this Uniform Chart of Accounts.** “Mapping” is a process of matching funds, functions, and accounts from the entity’s accounting system to corresponding funds, functions, and accounts within the Uniform Chart of Accounts developed by the OSA. This new Uniform Chart of Accounts reflects changes made by GASB 34 and direction given in other subsequent accounting standards issued since the previous Uniform Chart of Accounts was developed by the OSA in the early 1980s.

### **FOR LOCAL GOVERNMENTS WITH TOTAL ANNUAL REVENUES OR EXPENDITURES GREATER THAN \$500,000 BUT LESS THAN \$1 MILLION:**

Balance sheet and income statement line items **must be mapped to the Uniform Chart of Accounts and submitted (uploaded) via the OSA’s Online Submission System, along with the audited financial statements,** within 6 months of fiscal year end.

### **FOR LOCAL GOVERNMENTS WITH TOTAL ANNUAL REVENUES OR EXPENDITURES OF \$1 MILLION OR MORE:**

The entity’s operational chart of accounts must be mapped to the Uniform Chart of Accounts by the end of fiscal year 2014, as follows:

Quarterly financial information – must be uploaded to the Transparency website by the last day of the month following the quarter end. Although the fiscal year 2014 quarterly financial information does not need to be mapped to the Uniform Chart of Accounts at the time it is submitted, this quarterly information WILL need to be mapped by the last day of the fiscal year. *THEREFORE, if an entity’s 2014 quarterly information is uploaded before it is mapped to the Uniform Chart of Accounts, the entity will be required to resend the previously uploaded 2014 quarterly information to the Transparency website with the mapping in place before the last day of the fiscal year.* Beginning in fiscal year 2015, all quarterly financial information must be submitted with the mapping in place.

Balance Sheet Information – The Balance sheet line items from the 2014 financial audit report must be mapped to the Uniform Chart of Accounts and uploaded to the Transparency website within 6 months of fiscal year end. Please contact Darrell Swensen at the Division of Finance by phone (801-538-3059) or by email (dswensen@utah.gov) with questions concerning uploading information to the Transparency website ([transparent.utah.gov](http://transparent.utah.gov)).

*(continued on page 11)*



Duchesne County — Willie Holdman

### ***Uniform Chart of Accounts (continued)***

*(not applicable to school districts, charter schools or nonprofits – also, not applicable to local governments with annual revenues or expenditures less than \$500,000)*

UT Census Forms – With the implementation of this new process, the OSA will be able to provide the U.S. Census Bureau with the information they require, thus eliminating the requirement for local governments to submit UT census forms (i.e., UT-2, UT-5, etc.) for financial information related to **fiscal years ending in 2014 and after**.

#### **Resources**

We encourage anyone with questions regarding the new Uniform Chart of Accounts to go to our website at [auditor.utah.gov](http://auditor.utah.gov), click on “Local Government” in the top right hand corner, and then click on “Uniform Chart of Accounts” on the right-hand side. We have provided information and documents there to help local governments map their operational chart of accounts to the Uniform Chart of Accounts, including an implementation guide, frequently asked questions (FAQs), and a copy of the new Uniform Chart of Accounts. In addition to these resources, we encourage local governments that have additional questions to contact Ryan Roberts at 801-538-1721 or at [ryanroberts@utah.gov](mailto:ryanroberts@utah.gov). We are also available to review your “map” and provide any suggestions on your mapping results.

We understand that this project may be labor intensive at first; but once the map has been completed and the process for submitting information to the State using the Uniform Chart of Accounts is in place, we hope it will provide a valuable resource for years to come.

## *How to Submit Reports*

All local government entities are required to submit their reports electronically to the Office of the Utah State Auditor (*Utah Code 68-3-14-4a*). Please note that mailed reports will not be considered submitted. The method for submitting reports electronically to the Office is found below.

### **Electronic Submission Steps**

- Go to the website: [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov).
- In the upper right hand corner click the [\[Log in\]](#) button.
- If you have not registered in the past:
  - Click [\[Register\]](#) to create your account.
  - Create your own username and password.
  - Click [\[Register\]](#).
- If you have already registered enter your information and click [\[Log in\]](#).
  - *Note: If you forgot your username please contact our office and we will be happy to give it to you.*
- There are eight options available to you on the home page. These eight options will guide you in accomplishing your submission requirements.
  1. [\[Upload a budget, financial statement, impact fee, or other document\]](#).
    - *Once you've submitted a report it takes up to 10 days to process and become available online.*
  2. [\[Prepare an online financial survey\]](#).
  3. [\[Finish a previously started financial report or survey\]](#).
  4. [\[Resend a request to certify the financial report electronically\]](#).
  5. [\[Verify your financial statement certification has been received\]](#).
  6. [\[Update your entity's contact information\]](#).
  7. [\[Download forms for Local Governments\]](#).
  8. [\[Search Local Government reports\]](#).

In past years, we've asked that reports be submitted to [sao@utah.gov](mailto:sao@utah.gov). As of now, that is no longer a valid process for submitting reports; however, [sao@utah.gov](mailto:sao@utah.gov) is still available for any questions, concerns, or comments you may have. If you have any questions please contact the Office at [sao@utah.gov](mailto:sao@utah.gov) or 801-538-1025.

## Updated Reporting Requirements

Please review the table that corresponds with your entity's [total](#) annual revenue and expenditures. Contact the Office of the Utah State Auditor at 801-538-1025 or [sao@utah.gov](mailto:sao@utah.gov) with any questions.

### Total Annual Revenue and Expenditures: Less than \$500,000

	FY/CY 2012 or earlier	FY/CY 2013	FY/CY 2014 or after
<b>Budget</b>	Yes	Yes	Yes
<b>UT-Form</b>	Yes	No*	No
<b>Impact Fee Report</b> (if applicable)	Yes	Yes	Yes
<b>Financial Statement</b>	Yes	No*	No
<b>Online Financial Survey</b>	No	Yes	Yes

\*A UT-Form **IS** required for FY/CY 2013 if the entity submits audited Financial Statements instead of completing the Online Financial Survey found on [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov) via Option 2.

### Total Annual Revenue and Expenditures: Between \$500,000 and \$1,000,000

	FY/CY 2012 or earlier	FY/CY 2013	FY/CY 2014 or after
<b>Budget</b>	Yes	Yes	Yes
<b>UT-Form</b>	Yes	Yes	No**
<b>Impact Fee Report</b> (if applicable)	Yes	Yes	Yes
<b>Financial Statement</b>	Yes	Yes	Yes
<b>Online Financial Survey</b>	No	No	Yes**

\*\*Beginning in FY2014, instead of submitting a UT census form, local governments with annual revenues or expenditures between \$500,000 and \$1,000,000 will need to map the line items on their balance sheets and income statements from their audited financial statements to the Uniform Chart of Accounts and submit them to the Office of the Utah State Auditor via the Online Financial Survey.

### Total Annual Revenue and Expenditures: Greater than \$1,000,000

	FY/CY 2012 or earlier	FY/CY 2013	FY/CY 2014 or after
<b>Budget</b>	Yes	Yes	Yes
<b>UT-Form</b>	Yes	Yes	No***
<b>Impact Fee Report</b> (if applicable)	Yes	Yes	Yes
<b>Financial Statement</b>	Yes	Yes	Yes
<b>Transparency Website Submission</b>	Yes	Yes	Yes***

\*\*\*Beginning in FY/CY2014, instead of submitting a UT census form, local governments with annual revenues or expenditures greater than \$1,000,000 will map their chart of accounts to the OSA's Uniform Chart of Accounts and report their detailed revenues and expenditures, along with the Uniform Chart of Account Number, to the transparency website, [transparent.utah.gov](http://transparent.utah.gov). These local governments will also be required to submit their balance sheet information mapped to the Uniform Chart of Accounts to the transparency website within six months of the end of their fiscal year.

## *Selection of an Independent Auditor*

One of the many responsibilities of local governments is the selection of the appropriate auditor. While it is fairly easy to determine which auditor will provide services for the least amount of money, the determination of which auditor will provide the best value requires additional consideration.

All local government entities, with the exception of small entities with revenues/expenditures less than \$100,000, have financial audit requirements under Utah statutes. However, audits can also help evaluate the performance of governments, programs, activities, or functions and impact a government's bond rating and borrowing capacity. An audit often results in improvements in the operations and internal controls of a local government. However, the most important reason for a financial audit of a local government is to increase the local government's accountability to its constituency and to enhance the public's confidence.

Once the initial determination has been made that an audit is required or desired, the process of selecting the auditor begins. This process starts with a Request for Proposal (RFP). During the RFP process, the local government entity should identify the attributes necessary for the auditor such as experience with audits of similar entities and continuing professional education in governmental accounting and auditing. The RFP should contain enough information to provide a prospective auditor with a common basis with which to prepare proposals that address all the entity's audit needs. Examples of information to obtain from prospective auditors:

- Qualifications, including prior government auditing experience and appropriate licensing requirements.
- Continuing professional education in governmental accounting and auditing.
- Whether they have received a peer review within the last three years and the results of the review.

Obtaining an extensive list of prospective auditors may be difficult for smaller entities in rural areas. However, we encourage those entities to obtain a list of prospective auditors from the Utah Association of CPAs (UACPA) as well as solicit bids from nearby, larger firms.

Once the proposals have been received, consider the following questions during the evaluation process:

- Does the auditor demonstrate the intention to start and finish the audit in the time requirements established by the entity?
- Does the auditor have adequate governmental entity and governmental accounting/auditing experience to perform the work required?
- Did the auditor receive a positive peer review?

*(continued on page 17)*

## *Selection of an Independent Auditor (continued)*

- Has the auditor been prohibited from performing local government audits by the State Auditor?
- Is the auditor's continuing professional education detailed and adequate, including sufficient hours related to governmental accounting/auditing?
- Do prior clients have a positive opinion of the auditor?

Strengths and weaknesses for each prospective auditor should be evaluated and documented. Consider rating each prospective auditor based on technical qualifications as well as audit cost. The entity will receive a higher quality audit if technical abilities are considered in conjunction with cost.

Selection of the auditor is simply the beginning of the process. Once the auditor has been selected, the entity should document clear expectations in the contract with the auditor.

Among other things, the contract should include:

- Deadlines for work to be performed
- Audit costs
- Reports to be issued
- Professional audit standards to be followed

Finally, the entity should monitor the results of the audit. This should include the auditor reporting to the entity's governing board the results of the audit, as well as management reporting on their interactions with the auditor.

## *Welcome Reed Williams—Jr. Staff Auditor*

Reed Williams joined the local government team with a background in small business and corporate accounting. He worked in Southern California for technology start-ups, including as the Controller for a public company specializing in IT consulting and web search. He graduated with an MBA from Pepperdine University and a Bachelor's degree from Bernard Baruch College in New York. He is happy to be in Utah and is looking forward to a future with the Local Government team. Reed can be contacted at [reedwilliams@utah.gov](mailto:reedwilliams@utah.gov) or at 801-810-4855.

