



A Key Pillar of State Government

# OFFICE OF THE UTAH STATE AUDITOR



Office of the  
Utah State Auditor

# Local Government Division



Office of the  
**Utah State Auditor**

# Local Government Team



- **Van Christensen - Director**
  - Counties



- **Ryan Roberts – Supervisor**
  - Local and Special Service Districts, Non-profits



# Local Government Team



- **Patricia Nelson – Supervisor**
  - Cities and Towns, RDA's



- **Rebekka Wilkinson – Supervisor**
  - School Districts



# Local Government Team



- **Emily Lockhart –  
Assistant/Intern**





# Local Government Oversight



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# Uniform Accounting & Reporting

- Training (regional, online, interactive)
  - Local Government Officials
  - CPA's conducting governmental audits
- Accounting & Reporting Resources
  - Uniform Accounting Manual
    - “Little Manuals”
  - Legal Compliance Guide



# Accountability & Compliance

- Review of Budgets and Financial Statements
- Review of independent audits of local governments performed by CPA's
- Site visits of local governments
  - Assess needs
  - Strengthen internal control environment
- Taxpayer Complaints ([hotline.utah.gov](http://hotline.utah.gov))



# Accountability & Compliance

- CPA Reviews

- Review of local government audit workpapers
- Focused on GAS and legal compliance audit issues
- Resuming Summer 2013
- Rotational basis



# Improving Transparency

- Collection of Data
  - Financial Statements, Budgets, Survey Forms
  - Available to public on Office of the State Auditor's website
    - Data mining, other search engines



# NEW AND UPCOMING!



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# Overview

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- **Interactive website**
- **Financial Reporting thresholds**
- **Electronic reporting**
- **Certification of financial reports**
- **Legal Compliance Audit Guide**



# New Website

# Tools for Local Government Partners



Office of the Utah State Auditor



Accountability News Audit Resources **Local Government** About Us



Did you know that there are almost 1000 local government entities and special services district in the State of Utah? [Click here to learn more!](#)

- Municipalities
- Local Districts
- Counties
- School Districts
- For CPAs and Practitioners
- Local Government Team



About the Office of the Utah State Auditor



Rotating "Did you Know" and Links to Interesting parts of the Site



News and Updates

Office of the Utah State Auditor  
Suite E310, East Office Building  
Utah State Capitol Complex  
PO Box 142310  
Salt Lake City, Utah 84114

Office Hours  
Monday through Friday,  
8:00 AM to 5:00 PM  
Phone 801-538-1025  
[Staff Directory](#)



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# Financial Report Audit Thresholds

**SB 179:** If Revenues or Expenses are:

- Over \$500,000
  - Audit
- Between \$100,000 to \$500,000
  - Agreed-Upon Procedures report
  - On-line submission of financial data
- Below \$100,000
  - On-line submission of financial data

**Effective dates:**

6/30/13 and 12/30/13

Year End Dates



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# Agreed-Upon Procedures

- For Governments with Revenues and Expenses Between \$100,000 and \$500,000
- Procedures set by the Office of the State Auditor
- AUP Report due along with on-line submission of data



# Agreed-Upon Procedures

- Objective
  - Ensure citizens, taxpayers, and decision-makers are made aware of all financial activity of the entity and to assist the entity in exercising control over financial activity.
  - Apprise decision-makers regarding risk areas
  - Reduce costs and increase value



# Impact on CPA firms

- 2011 Reports

- Compilations 49
- Reviews 46
  
- CPA firm A 17
- CPA firm B 12
- CPA firm C 7

- 2010 Reports

- Compilations 54
- Reviews 45
  
- CPA firm A 19
- CPA firm B 10
- CPA firm C 8



# Agreed-Upon Procedures

- Conducted by a competent, independent CPA (Choose Wisely)
- Performed in accordance with GAAS; or
- Attestation standards issued by the AICPA and GAS
- No opinion or assurance is provided



# Agreed-Upon Procedures

- Engagement Letter
- Minimum procedures (required)
- Supplemental procedures (optional)
- Be alert for other issues or control weaknesses to report
- Management representations
- Agreed-upon procedures report



# Agreed-Upon Procedures

- Minimum procedures
  - General
  - Revenues
  - Disbursements
  - Cash
  - Compliance
  - Budget
  - GRAMA
  - Meetings



# Minimum AUP

- Reconcile submitted data to general ledger
- Obtain and document understanding of internal controls
- Inquire of management regarding fraud
- Analytical procedures
- Confirmation of required policies



# Minimum AUP (cont.)

- Inquire and scan for related party disbursements
- 10% sample of disbursements
- Test 2 bank reconciliations
- General fund balance limitation



# Minimum AUP (cont.)

- Nepotism
- Ensure required training
- Balanced budgets and budget compliance
- Meeting minutes and notification requirements



# Agreed-Upon Procedures

- Supplemental Procedures (optional)
  - General
  - Revenues
  - Disbursements
  - Assets & Liabilities
  - Fixed Assets
  - Compliance



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# Online Entry of Local Government Reports

**HB 99:** Effective mid May, requires electronic reporting

- Easy to use, web interface to enter required data
  - Direct Upload of files
  - Direct Entry of UT-x Survey Data
  - Online certifications, data checks
- All detailed financial data will be searchable across all Local Government entities
- Enhance transparency and accountability



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# Online Entry of Local Government Reports

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- Update of Entity Information
  - Current elected officials
  - Current Administrative officials
- Upload of Budgets
  - In the format that was provided to public
  - Example Forms available, but not required
  - Online certification



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# NEW - Financial Report Certifications

- **HB 330** - Requires certification of annual financial reports by the chief administrative officer and chief financial officer (effective July 1, 2013)
  - “Under penalty of perjury, I, [officer's name] certify that the [annual financial report] of [political subdivision] for the year ended [date] fairly presents in all material respects the financial condition and results of operations of [political subdivision].”



# How To Certify

- Electronic Signature through online submission
- Hard copy form
  - Form illustration on [auditor.utah.gov](http://auditor.utah.gov)

**Financial Report will not be considered complete unless certification is submitted.**



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# Legal Compliance Audit Guide

- Applicable to entities that receive an audit
- Divided into 2 sections
  - Direct and material effect or indirect
  - Stewardship (3 year cycle)
- Steps added to test controls over compliance
- Audit program format (ie sign offs and w/p references)



# Documentation of controls over compliance

In determining how the government ensures compliance, consider the following:	What control procedures address the compliance requirement?	W/P Ref.
<ul style="list-style-type: none"> <li>• Accounting system capable of recording appropriations and comparing them to actual results</li> <li>• Reconciling appropriation totals to totals recorded in the accounting system.</li> <li>• Policies and Procedures Manuals</li> <li>• Knowledge and Training of personnel</li> <li>• Tickler Files</li> <li>• Legislative and Management Monitoring</li> <li>• Management's identification of changes in laws and regulations</li> <li>• Management's communication of changes in laws and regulations to employees</li> </ul>		



# Audit program format

SUGGESTED AUDIT PROCEDURES	N/A Performed by and Date	<u>Workpaper</u> <u>Index</u>
<p>STATEMENT OF TAXES CHARGED, COLLECTED, AND DISBURSED - CURRENT AND PRIOR YEARS</p> <p>Determine if the Statement of Taxes Charged, Collected, and Disbursed - Current and Prior Years (also called the Treasurer's Settlement Statement) agrees with the county's records of property tax activity within the county and is materially correct.</p>		
<p>Ensure that the Treasurer's Settlement Statement is included in the supplemental section of the financial statements audit report.</p>		
<p>Ensure that "in relation to the financial statements taken as a whole" assurance on the county's Treasurer's Settlement Statement is provided in the independent auditor's report on the financial statements.</p>		



# Legal Compliance Audit Guide (cont.)

- Up to half of the former procedures eliminated, including:
  - Public debt
  - Purchasing requirements
  - Trust in taxation and Property tax limitation
  - Substantially reduced justice court section
  - Impact fees
  - Displaced homemaker program



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# Legal Compliance Audit Guide (cont.)

- Additional value-added procedures
  - Quarterly reports to governing body
  - Compliance with Transparency website  
(tested every three years)
  - State nepotism and hiring laws
  - Required training
  - GRAMA policy
  - Compliance with Open and Public meetings



# Implementation

- Reformatted Legal Compliance Report available for use
- Effective May 14, 2013
- Expected to be used for June 30, 2013 audit cycle



Questions?



ryanroberts@utah.gov

801-538-1721

auditor.utah.gov



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