



OFFICE OF THE
UTAH STATE AUDITOR

**State Compliance Audit Guide
Proposed Changes for 2015**

Applicable only to entities with revenues or expenditures **greater than \$750,000.**

CHAPTER 1: GENERAL AUDIT PROCEDURES TO BE PERFORMED ANNUALLY

1. A section for “Planning Procedures” has been added to assist the auditor in properly considering internal controls and performing risk assessments in accordance with AU-C 935. The corresponding steps were deleted from each compliance section.
2. Testing of the budget for approval and proper form was moved into the “Budgetary Compliance” section to be tested each year. This was previously in Chapter 3, to be tested every third year.
3. A requirement that Charter schools should also have quarterly reports was added to “Budgetary Compliance.”
4. “Deficit Fund Balance” testwork was modified as follows:
 - **Municipalities, Districts, Interloals, & Counties:** For any fund that has a deficit fund balance in the year under audit, determine whether the entity included in the subsequent budget year an appropriation to retire the deficit of an amount equal to or greater than 5% of the total actual revenue of the year under audit for the fund. (Note: Although the laws relating to towns are silent on the matter, the OSA requires the same appropriation procedures for towns as a good business practice.)
 - **LEA’s (except charter schools):** For any deficit district balances in the year under audit, determine whether the district included in the subsequent budget year an appropriation to retire the deficit of an amount equal to or greater than 10% of the total actual tax revenue of the year under audit for the district.
5. Clarification was added to the “Utah Retirement Systems” step regarding the ‘pick up’ option.
6. A step was added directing the auditor to consider and test significant “Restricted Taxes.”
7. Testwork related to “Locally Generated Taxes” for LEAs to determine if the tax rates/levies were approved/certified by USTC, interest earnings, and financial reporting were deleted.
8. The section on “Interlocal Agreement Entities” was deleted.

CHAPTER 2: GENERAL AUDIT PROCEDURES TO BE PERFORMED AT LEAST EVERY THIRD YEAR

1. The “Assessing and Collecting Property Taxes” section was deleted.
2. A step to determine if Impact Fees Reports were submitted to the Office of the State Auditor was added.
3. The “School Building Program” section was moved to grants testwork in Chapter 4 and the “Charter School Revolving Account” section was deleted.
4. The “Government Records Access Management Act (GRAMA)” steps were modified to include wording that the policies should be written and approved by the governing board.
5. The “Conflicts of Interest” and “Nepotism” section steps were modified to include wording that the policy should be written.
6. The “Utah Public Finance Website” section was deleted.
7. The following steps were added to the “Open and Public Meetings Act” section:

- Determine if the governing board regularly holds “work meetings” before its regularly scheduled board meetings. If so, select a sample of meetings and determine that notice and minutes requirements were met if a quorum was present.
 - Report any noncompliance with the Open and Public Meetings Act directly to the Office of the Utah State Auditor at stateauditor@utah.gov.
 - Testing of original and final budget adoption (moved from the “Budget Notices and Format” section)
8. The “Uniform Chart of Accounts for Local Education Agencies” section was deleted.

CHAPTER 3: AUDIT PROCEDURES FOR OTHER STATE GRANTS, CONTRACTS AND LOANS
(previously Chapter 4)

1. This chapter is now applicable to LEA’s.
2. The threshold for type A grants increased to \$750,000 and to \$350,000 for type B grants.
3. Procurement Contracts were defined and directed to be excluded from the Schedule of Expenditures of State Awards.
4. The “School Building Program” and “Drivers Education Program” requirements were moved into this chapter to be tested as a grant as applicable.

CHAPTER 4: AUDIT PROCEDURES FOR MINIMUM SCHOOL PROGRAM (MSP) FUNDS RECEIVED THROUGH THE UTAH STATE OFFICE OF EDUCATION (previously Chapter 3)

1. The “Driver Education Program” was moved to grant testwork in Chapter 3.