

Work Plan

Name	Budgeted	Actual Effort	Total_Effort	%_Hours_Used	Budgeted Cost	Remaining_Hour	Actual Revenue	Revenue Balance	Actual Cost
OVR19FS	849 h	667.5 h	667.5 h	78.6	99,430.28	181.5 h	78,862.75	(20,302.88)	77,893.00
GB - Risk Assessment	149 h	88.5 h	88.5 h	59.4	18,297.00	60.5 h	11,670.75	(7,285.25)	11,240.75
General Planning Procedures	55 h	74.75 h	74.75 h	135.9	7,260.00	-19.75 h	10,315.50	2,725.50	9,867.00
GB-07 Planning Memos	25 h	0 h	0 h	0	3,300.00	25 h	-	(3,450.00)	-
CX-4.2.2 System Controls	40 h	6.75 h	6.75 h	16.9	4,100.00	33.25 h	680.25	(3,499.75)	669.75
Component Auditor Analysis	20 h	0 h	0 h	0	2,640.00	20 h	-	(2,760.00)	-
Opening Conference	9 h	7 h	7 h	77.8	997.00	2 h	675.00	(301.00)	704.00
EVA - Project Feedback	3 h	2 h	2 h	66.7	351.90	1 h	276.00	(78.30)	264.00
Final Project Feedback	3 h	2 h	2 h	66.7	351.90	1 h	276.00	(78.30)	264.00
MS - OVR Weekly Meetings	65 h	82.75 h	82.75 h	127.3	5,775.71	-17.75 h	9,623.00	4,179.25	9,552.75
GS - In-charge Supervision	50 h	40.5 h	40.5 h	81	6,600.00	9.5 h	5,589.00	(1,311.00)	5,346.00
TB - Trial Balance	288 h	268.5 h	268.5 h	93.2	25,494.33	19.5 h	24,469.00	619.17	25,083.00
TB - CAFR Roll-up/Proofing	100 h	146.25 h	146.25 h	146.3	8,858.33	-46.25 h	14,763.25	6,342.42	14,845.75
TB - Entity-wide Conversion	40 h	56.5 h	56.5 h	141.3	2,920.00	-16.5 h	4,011.50	1,171.50	4,124.50
TB - Cash Flows	30 h	7.5 h	7.5 h	25	2,190.00	22.5 h	532.50	(1,597.50)	547.50
TB - Footnotes and Disclosure Checklist	100 h	42.25 h	42.25 h	42.3	9,150.00	57.75 h	2,953.75	(5,021.25)	3,453.25
TB - In-charge Review	10 h	8 h	8 h	80	1,320.00	2 h	1,104.00	(276.00)	1,056.00
TB - Clearing RNs	8 h	8 h	8 h	100	1,056.00	0 h	1,104.00	-	1,056.00
BA - Roll-up of UHEAA Stmt	15 h	9 h	9 h	60	1,980.00	6 h	1,242.00	(828.00)	1,188.00
BA - Roll-up of UHEAA Stmt	12 h	8 h	8 h	66.7	1,584.00	4 h	1,104.00	(552.00)	1,056.00
BA - In-charge Review	2 h	0 h	0 h	0	264.00	2 h	-	(276.00)	-
BA - Clearing RNs	1 h	1 h	1 h	100	132.00	0 h	138.00	-	132.00
GC - Completion	84 h	89.25 h	89.25 h	106.3	10,116.33	-5.25 h	12,274.50	1,967.75	11,748.00
In-charge CAFR Responsibilities/Review of CAFR	20 h	19 h	19 h	95	2,640.00	1 h	2,622.00	(138.00)	2,508.00
OVR GA-FA and GA-SA, OVR AP-2	53 h	53.25 h	53.25 h	100.5	6,024.33	-0.25 h	7,306.50	1,277.75	6,996.00
Mgt. Rep Letter, Wrap-up Inquiries, Other Misc.	7 h	10.5 h	10.5 h	150	924.00	-3.5 h	1,449.00	483.00	1,386.00
GA-01 Management Letter	2 h	2 h	2 h	100	264.00	0 h	276.00	-	264.00
GC - Communication w/ Governance, Wrap-up Procedures	2 h	4.5 h	4.5 h	225	264.00	-2.5 h	621.00	345.00	594.00
Engagement Manager Review	175 h	68.5 h	68.5 h	39.1	28,175.00	106.5 h	11,165.50	(17,359.50)	11,028.50
DR - Supervision	50 h	32.75 h	32.75 h	65.5	8,050.00	17.25 h	5,338.25	(2,811.75)	5,272.75
DR - Planning Review	25 h	5 h	5 h	20	4,025.00	20 h	815.00	(3,260.00)	805.00
DR - Testwork Review	15 h	7.25 h	7.25 h	48.3	2,415.00	7.75 h	1,181.75	(1,263.25)	1,167.25
DR - Completion Review	85 h	23.5 h	23.5 h	27.6	13,685.00	61.5 h	3,830.50	(10,024.50)	3,783.50
CR - Concurring Review	20 h	18.5 h	18.5 h	92.5	2,640.00	1.5 h	2,553.00	(207.00)	2,442.00

State	Track Stat	Budget Status
Requested	Not Active	Not Active
Draft	On Track	On Track
Active	At Risk	At Risk
On Hold	Off Track	Off Track
Cancelled		
Completed		

**ALG-CX-2.1: Financial Statement Materiality Worksheet for Planning Purposes**

Governmental Unit:	Overall Financial and Single Audit	Financial Statement Date: <span style="border: 1px solid black; padding: 2px;">6/30/2019</span>
Completed by:		Date: <span style="border: 1px solid black; padding: 2px;"></span>

The purpose of this form is to determine and document the materiality amount that will be considered suitable for audit planning purposes. ALG-CX-2.2 is used to determine and document component materiality for use in group audits. ALG-CX-2.3 is used to determine major programs' materiality for an audit of federal award programs.

In an audit of the basic financial statements, SLG, paragraph 4.74 states that separate materiality determinations should be made on each of the "opinion units", if applicable:

- Governmental activities
- Business-type activities
- Each major governmental fund
- Each major enterprise fund
- Aggregate discretely presented component units
- Aggregate remaining fund information

The two aggregate opinion units (discretely presented component units and remaining fund information) can be combined into one single opinion unit when either of the two aggregate opinion units are quantitatively and qualitatively immaterial to the primary government. Otherwise, a separate materiality determination needs to be made for each of the opinion units listed. Auditors should be familiar with the discussion on materiality in section 306.

Use amounts from the financial statements to be audited or the trial balance from which those financial statements will be prepared. If not available, use annualized amounts from the most recent interim financial statements. When using estimated amounts, take into account the effects of known or expected changes, including significant transactions or adjustments that are expected at the end of the period.

When current amounts are unavailable, significant audit adjustments are expected, or significant changes in the entity's circumstances indicate that current amounts are not representative of an opinion unit's financial results of operations or financial position (fund balance, net position), use historical averages based on the past two or three years (attach the calculation on a separate page) or the government's annual budget.

Choose a benchmark that you think is most appropriate for the opinion unit. Section 306 provides a list of factors to consider in selecting a benchmark. The following tables may be used as guidelines.

If the Benchmark [total assets or total revenue] is:		Planning Materiality is:
Over	But Not Over	
\$0	\$100 thousand	Multiply excess over \$0 by 5%
\$100 thousand	\$1 million	Multiply excess over \$100,000 by 4% and add \$5,000
\$1 million	\$5 million	Multiply excess over \$1 million by 3% and add \$41,000
\$5 million	\$10 million	Multiply excess over \$5 million by 2.5% and add \$161,000
\$10 million	\$50 million	Multiply excess over \$10 million by 2% and add \$286,000
\$50 million +		Multiply excess over \$50 million by 1% and add \$1,086,000

For example, if the benchmark amount is \$3.5 million, then the planning materiality amount from the table would be as follows:  
 $((\$3,500,000 - \$1,000,000) \times .03) + \$41,000 = \$116,000$ .

## Decisions and Calculations

1. **Basis for Materiality Amounts.** Considering the needs and expectations of financial statement users, describe the rationale for the selection of the benchmark and percentages in steps 2-4.

The preliminary amounts used in these calculations were taken from CAFR Draft 4 as of 11/6/18 for the current year. We used revenues as the base for governmental activities and all governmental funds except for the permanent trust lands. We used assets as the base for business-type activities, all proprietary funds, all fiduciary funds, all component units, and the permanent trust lands governmental fund.

2. **Planning Materiality and Performance Materiality/Tolerable Misstatement.** Calculate planning materiality and performance materiality/tolerable misstatement in the calculation grid located at the end of this worksheet for each opinion unit.
  - a. *Certain Large Items.* Qualitative factors, such as large-dollar balances or activity, may distort quantitative materiality calculations for an opinion unit, and the auditor may choose to calculate separate planning materiality for these large items and the remaining amount.
    - ☐ If this is the case, calculate planning materiality based on an adjusted benchmark (benchmark less large items). Then calculate a separate planning materiality for the large items in Step 3.
    - ☐ If this is not the case, adjusting the benchmark and calculating a separate planning materiality (in Step 3) is not necessary.

Large dollar adjustment items to total assets for an opinion unit may include: interfund receivables, agency fund assets, investments, or capital assets. Large dollar adjustment items to total revenue for an opinion unit may include: interfund transfers, debt proceeds, special items, or extraordinary items.

- b. *Performance Materiality/Tolerable Misstatement.* Tolerable misstatement is the application of performance materiality to a particular audit sampling procedure and may be the same as performance materiality (see section 700). Tolerable misstatement is used in computing sample sizes (see ALG-CX-8.2) and in making other scope decisions (see ALG-CX-8.1). To calculate tolerable misstatement for each opinion unit, multiply planning materiality by a factor between 50% and 75%.

The amount to be used for performance materiality/tolerable misstatement in across-fund (or across-opinion unit) testing (e.g., testing capital expenditures as a population consisting of such expenditures for the general fund, major special revenue fund, and major capital projects fund) should be the *smallest* performance materiality/tolerable misstatement amount for an opinion unit in the group. In the calculation grid at the end of this worksheet, describe any across-fund tests and compute both performance materiality/tolerable misstatement and individually significant amounts.

- c. *More Detailed Level.* Audits may also be performed at a more detailed level than the opinion units used for the basic financial statements, such as at the fund type or fund level. If so, replace the opinion unit column caption with the relevant title of the fund type or fund.

3. **Planning Materiality for Certain Large Items.** Determine and document appropriate planning materiality for large dollar items excluded from the calculation of planning materiality for an opinion unit. This step is not necessary if large items were not excluded from the benchmark in Step 2.

<u>Opinion Unit</u>	<u>Financial Statement Item</u>	<u>Planning Materiality</u>	x	<u>Factor</u>	=	<u>Tolerable Misstatement/ Performance Materiality</u>
NCN				0.75		\$0
				0.75		\$0

4. **Lower Level of Planning Materiality for Particular Items.** Identify any financial statement items for which a lower level of materiality should be used, identify the appropriate opinion unit, and apply professional judgment to determine an appropriate planning materiality and performance materiality/tolerable misstatement amount for those items. See Section 306.

**Financial**

**Planning**

**Tolerable Misstatement/**

<u>Opinion Unit</u>	<u>Statement Item</u>	<u>Materiality</u>	x	<u>Factor</u>	=	<u>Performance Materiality</u>
NCN				0.75		\$0
				0.75		\$0

5. **Clearly Trivial Misstatements.** Consider and document the amount of misstatements that will be passed at the workpaper level. (Clearly trivial misstatements are discussed in Section 306.)

See the PJE Accumulation / Clearly Trivial Misstatements line on the following page.

6. **Changes in Planning Materiality Amounts.** Document any changes in planning materiality or performance materiality/tolerable misstatement levels that occur during the audit and how they were determined.

Changes to these materiality levels based on CAFR Draft #5 (final draft) for the current year is NCN. There was no significant changes to the basis used to calculate materiality from Draft 4 to Draft 5.

## OSA Adjusted Materiality Ranges for CAFR Calculation (see #6 on 1/)

### Materiality Range Used on Fund Calculation Tab

Max Amount of Range	Base Amount	% Rate	Incremental Base Amount	Cumulative Base Amount
-	-	5.000%	-	-
100,001	1,000	4.000%	1,000	1,000
1,000,001	11,000	3.000%	10,000	11,000
5,000,001	36,000	2.500%	25,000	36,000
10,000,001	86,000	2.000%	50,000	86,000
50,000,001	211,000	1.750%	125,000	211,000
100,000,001	461,000	1.500%	250,000	461,000
500,000,001	1,336,000	1.325%	875,000	1,336,000
1,000,000,001	2,086,000	1.250%	750,000	2,086,000
5,000,000,001	8,336,000	1.125%	6,250,000	8,336,000
10,000,000,001	20,836,000	1.000%	12,500,000	20,836,000

### Initial Component Materiality Calculations:

Some of the CAFR opinion units contain significant components that are separately audited either by us or by another component auditor that we will reference (see **GB-35**). These opinion units include Business-type Activities, Aggregate Discretely-presented Component Units, Trust Lands, Student Assistance Programs, Pension & Other Employee Benefit Trust Funds, and Private Purpose Trust Funds. The materiality levels for these components are based solely on their individual component financial information. As such, the component materiality will be much less than the group materiality.

We judgmentally reduced group materiality by different percentages for these different opinion units (see the summary materiality memo and individual fund calculations on the following pages). These reductions are considered adequate because the significant components make up a large percentage of their respective opinion unit and have a much lower calculated materiality than the group, which leaves additional materiality to be applied to the non-significant / remainder areas.

# Memorandum

**To:** Directors & In-Charges  
**From:** Hollie & Ryan  
**Date:** 13-Jun-19  
**Subject:** Fiscal Year 2019 Preliminary Materiality Limits

See below for the initial planning materiality levels for our FY19 audit based on the 2018 CAFR. Updates will follow with new FY19 CAFR drafts.

		Planning Materiality	Adjustment Performance Materiality	Clearly Trivial (PJE)	Info Only 1/3 Performance Materiality
<b>Government-wide Statements:</b>					
Governmental Activities		\$157,000,000	\$117,700,000	\$23,540,000	\$39,233,000 <b>A</b>
Business-type Activities		\$67,200,000	\$50,400,000	\$10,080,000	\$16,800,000 <b>A</b>
Discrete Component Units (DAAA, DBAA, DCAA, DDAA, DEAA)		\$147,000,000	\$110,000,000	\$22,000,000	\$36,666,000
<b>Fund Statements:</b>					
<b>Governmental Funds:</b>					
AAAA	General Fund	\$78,000,000	\$58,500,000	\$11,700,000	\$19,500,000
ABBA	Education Fund	\$65,000,000	\$48,700,000	\$9,740,000	\$16,233,000
ACAA	Transportation Fund	\$16,000,000	\$12,000,000	\$2,400,000	\$4,000,000
ADAA	Transportation Investment Fund	\$10,000,000	\$7,500,000	\$1,500,000	\$2,500,000
AEAA	Trust Lands	\$17,000,000	\$12,750,000	\$2,550,000	\$4,250,000
AFAA	Nonmajor Governmental funds	\$149,150,000	\$111,815,000	\$22,363,000	\$37,271,000 <b>C</b>
<b>Proprietary Funds:</b>					
BAAA	Student Assistance Programs	\$25,000,000	\$18,700,000	\$3,740,000	\$6,233,000
BBAA	Unemployment Compensation Fund	\$10,000,000	\$7,500,000	\$1,500,000	\$2,500,000 <b>B</b>
BCAA	Water Loan Programs	\$10,000,000	\$7,500,000	\$1,500,000	\$2,500,000 <b>B</b>
BEAA	Community Impact	\$10,000,000	\$7,500,000	\$1,500,000	\$2,500,000 <b>B</b>
BDAA, BFAA	ISF and Nonmajor Proprietary Funds	\$63,840,000	\$47,880,000	\$9,576,000	\$15,960,000 <b>C</b>
<b>Fiduciary and Other Funds:</b>					
CAAA, CBAA, CCAA, CDAA, CEAA, CFAA, CGAA	Fiduciary Funds/Aggregate Fund Info	\$330,000,000	\$247,500,000	\$49,500,000	\$82,500,000

## Notes:

- A** These group materiality levels are used primarily in final CAFR OVR rollup, consolidations, and conversions of CAFR fund types to the government-wide statement presentations. Most CAFR audit areas should use the materiality levels shown below.
- B** Per auditor judgment, we used the lesser of the Unemployment Compensation Fund, Water Loan Programs, and Community Impact Fund materiality for all three opinion units, which is considered reasonable.
- C** Per auditor judgment, we reduced the Nonmajor Governmental Fund and ISF & Nonmajor Proprietary Fund materiality levels to 95% of the Governmental Activities and Business-Type Activities materiality levels, respectively, because these are components of these Government-wide opinion units.

**Calculation by Opinion Unit, Fund Type, or Fund**  
(Use additional pages if necessary)

**Government-Wide Statements**

Name of opinion unit	Government-Wide Governmental activities	Government-Wide Business-type activities	Aggregate discretely- presented component units	
<b>Benchmark (such as total assets, total revenue, or other appropriate base)</b>	Revenues	Assets & Deferred Outflows	Assets & Deferred Outflows	
Benchmark amount	13,691,598,000	5,234,329,000	12,623,320,000	
Less: Certain large items				
Adjusted benchmark	13,691,598,000	5,234,329,000	12,623,320,000	-
Percentage from table for adjusted benchmark (OSA Adjusted)	1.000%	1.125%	1.000%	0.000%
Percent x adjusted benchmark	136,915,980	58,886,201	126,233,200	-
Plus: Base amount (OSA Adjusted)	20,836,000	8,336,000	20,836,000	-
Planning materiality	157,000,000	67,200,000	147,000,000	-
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	117,700,000	50,400,000	110,000,000	-
Clearly Trivial (20% of Performance Materiality)	23,540,000	10,080,000	22,000,000	-
[check] Planning materiality / Adjusted Benchmark	1.147%	1.284%	1.165%	0.000%

**Calculation of Benchmark Amounts used for Government-Wide Statements above:**

CAFR Government-Wide Statements Amounts (in 000's)	Governmental Activities	Business-type Activities	Aggregate discretely- presented component units	
Charges for Services	1,211,341			
Operating Grants and Contributions	4,057,460			
Capital Grants and Contributions	164,278			
General Revenues, Contributions, Transfers	8,354,764			
Transfers - Internal Activities	(96,245)			
Total Revenues in 000s	13,691,598			
<b>Base Amount Used Above</b>	<b>13,691,598,000</b>			
Total Assets		5,222,167	12,446,856	



Total Deferred Outflows of Resources		12,162	176,464	
Total Assets & Deferred Outflows in 000s		5,234,329	12,623,320	
<b>Base Amount Used Above</b>		<b>5,234,329,000</b>	<b>12,623,320,000</b>	

### Governmental Fund Statements

Name of opinion unit	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund
Benchmark (such as total assets, total revenue, or other appropriate base)	Revenues	Revenues	Revenues	Revenues
Benchmark amount	6,279,496,000	5,061,094,000	1,113,577,000	670,545,000
Less: Certain large items				
Adjusted benchmark	6,279,496,000	5,061,094,000	1,113,577,000	670,545,000
Percentage from table for adjusted benchmark (OSA Adjusted)	1.125%	1.125%	1.250%	1.325%
Percent x adjusted benchmark	70,644,330	56,937,308	13,919,713	8,884,721
Plus: Base amount (OSA Adjusted)	8,336,000	8,336,000	2,086,000	1,336,000
Planning materiality	78,000,000	65,000,000	16,000,000	10,000,000
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	58,500,000	48,700,000	12,000,000	7,500,000
Clearly Trivial (20% of Performance Materiality)	11,700,000	9,740,000	2,400,000	1,500,000
[check] Planning materiality / Adjusted Benchmark	1.242%	1.284%	1.437%	1.491%

### Governmental Fund Statements

Name of opinion unit	Group Trust Lands	Component Trust Lands		
Benchmark (such as total assets, total revenue, or other appropriate base)	Assets	% of Group Trust Lands Fund		
Benchmark amount	2,613,522,000	50%		
Less: Certain large items				
Adjusted benchmark	2,613,522,000		-	-
Percentage from table for adjusted benchmark (OSA Adjusted)	1.250%			
Percent x adjusted benchmark	32,669,025			

Component materiality calculations for the aggregate Nonmajor Governmental Funds and Nonmajor Proprietary Funds are calculated directly on the Office

Plus: Base amount (OSA Adjusted)	2,086,000		Proprietary Funds are calculated directly on the Office Memo tab. Due to the lower materiality levels calculated for the related other major funds and because the Nonmajor Governmental and Nonmajor Proprietary Funds line items represent less than 10% of the Gov and Bus Type group opinion units, we feel setting materiality for these components at 95% is deemed reasonable.	
Planning materiality	34,000,000	17,000,000		
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	25,500,000	12,750,000		
Clearly Trivial (20% of Performance Materiality)	5,100,000	2,550,000		
[check] Planning materiality / Adjusted Benchmark	1.301%			
			0.000%	0.000%

### Proprietary Fund Statements

Name of opinion unit	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
<b>Benchmark (such as total assets, total revenue, or other appropriate base)</b>	Assets & Deferred Outflows	Assets & Deferred Outflows	Assets & Deferred Outflows	Assets & Deferred Outflows
Benchmark amount	1,903,450,000	1,162,426,000	1,060,042,000	708,459,000
Less: Certain large items				
Adjusted benchmark	1,903,450,000	1,162,426,000	1,060,042,000	708,459,000
Percentage from table for adjusted benchmark (OSA Adjusted)	1.250%	1.250%	1.250%	1.325%
Percent x adjusted benchmark	23,793,125	14,530,325	13,250,525	9,387,082
Plus: Base amount (OSA Adjusted)	2,086,000	2,086,000	2,086,000	1,336,000
Planning materiality	25,000,000	16,000,000	15,000,000	10,000,000
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	18,700,000	12,000,000	11,200,000	7,500,000
Clearly Trivial (20% of Performance Materiality)	3,740,000	2,400,000	2,240,000	1,500,000
[check] Planning materiality / Adjusted Benchmark	1.313%	1.376%	1.415%	1.412%

### Fiduciary Fund Statements

	Group	Component		
Name of opinion unit	Fiduciary Funds / Aggregate Remaining	Fiduciary Funds / Aggregate Remaining		

Benchmark (such as total assets, total revenue, or other appropriate base)	Assets	% of Group Pension & Other Employee Benefit Trust		
Benchmark amount	64,876,678,000	50%		
Less: Certain large items				
Adjusted benchmark	64,876,678,000		-	-
Percentage from table for adjusted benchmark (OSA Adjusted)	1.000%		0.000%	0.000%
Percent x adjusted benchmark	648,766,780		-	-
Plus: Base amount (OSA Adjusted)	20,836,000		-	-
Planning materiality	660,000,000	330,000,000	-	-
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	495,000,000	247,500,000	-	-
Clearly Trivial (20% of Performance Materiality)	99,000,000	49,500,000	-	-
[check] Planning materiality / Adjusted Benchmark	1.017%		0.000%	0.000%

**Calculation of Benchmark Amounts used for Fiduciary Funds / Aggregate Remaining above:**

CAFR Fund Statements Amounts (in 000's)	Fiduciary Funds / Aggregate remaining fund info
Fiduciary Fund Statements - Pension and Other Employee Benefit Trust Funds, Total Assets	40,277,422
Fiduciary Fund Statements - Pension and Other Employee Benefit Trust Funds, Total Deferred Outflows of Resources	-
Fiduciary Fund Statements - Investment Trust Fund, Total Assets	9,516,341
Fiduciary Fund Statements - Investment Trust Fund, Total Deferred Outflows of Resources	-
Fiduciary Fund Statements - Private Purpose Trust Funds, Total Assets	13,106,030
Fiduciary Fund Statements - Private Purpose Trust Funds, Total Deferred Outflows of Resources	469
Fiduciary Fund Statements - Agency Funds, Total Assets	258,300
Fiduciary Fund Statements - Agency Funds, Total Deferred Outflows of Resources	-
Governmental Fund Statements - Nonmajor Governmental Fund, Total Assets	1,026,505
Proprietary Fund Statements - Nonmajor Enterprise Fund, Total Assets	433,581
Proprietary Fund Statements - Nonmajor Enterprise Fund, Total Deferred Outflow of Resources	11,309
Proprietary Fund Statements - Internal Service Funds, Total Assets	216,569
Proprietary Fund Statements - Internal Service Funds, Total Deferred Outflow of Resources	30,152
Total Assets & Deferred Outflows in 000s	64,876,678
<b>Base Amount Used Above</b>	<b>64,876,678,000</b>

**ALG-CX-2.1: Financial Statement Materiality Worksheet for Planning Purposes**

Governmental Unit:	<input type="text" value="Overall Financial and Single Audit"/>	Financial Statement Date:	<input type="text" value="6/30/2019"/>
Completed by:	<input type="text"/>	Date:	<input type="text"/>

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- Aggregate discretely presented component units
- Aggregate remaining fund information

The two aggregate opinion units (discretely presented component units and remaining fund information) can be combined into one single opinion unit when either of the two aggregate opinion units are quantitatively and qualitatively immaterial to the primary government. Otherwise, a separate materiality determination needs to be made for each of the opinion units listed. Auditors should be familiar with the discussion on materiality in section 306.

Use amounts from the financial statements to be audited or the trial balance from which those financial statements will be prepared. If not available, use annualized amounts from the most recent interim financial statements. When using estimated amounts, take into account the effects of known or expected changes, including significant transactions or adjustments that are expected at the end of the period.

When current amounts are unavailable, significant audit adjustments are expected, or significant changes in the entity's circumstances indicate that current amounts are not representative of an opinion unit's financial results of operations or financial position (fund balance, net position), use historical averages based on the past two or three years (attach the calculation on a separate page) or the government's annual budget.

Choose a benchmark that you think is most appropriate for the opinion unit. Section 306 provides a list of factors to consider in selecting a benchmark. The following tables may be used as guidelines.

If the Benchmark [total assets or total revenue] is:		Planning Materiality is:
Over	But Not Over	
\$0	\$100 thousand	Multiply excess over \$0 by 5%
\$100 thousand	\$1 million	Multiply excess over \$100,000 by 4% and add \$5,000
\$1 million	\$5 million	Multiply excess over \$1 million by 3% and add \$41,000
\$5 million	\$10 million	Multiply excess over \$5 million by 2.5% and add \$161,000
\$10 million	\$50 million	Multiply excess over \$10 million by 2% and add \$286,000
\$50 million +		Multiply excess over \$50 million by 1% and add \$1,086,000

For example, if the benchmark amount is \$3.5 million, then the planning materiality amount from the table would be as follows:  
 $((\$3,500,000 - \$1,000,000) \times .03) + \$41,000 = \$116,000$ .

## Decisions and Calculations

1. **Basis for Materiality Amounts.** Considering the needs and expectations of financial statement users, describe the rationale for the selection of the benchmark and percentages in steps 2-4.

The preliminary amounts used in these calculations were taken from CAFR Draft 2 as of 11/1/19 for the current year. We used revenues as the base for governmental activities and all governmental funds except for the permanent trust lands. We used assets as the base for business-type activities, all proprietary funds, all fiduciary funds, all component units, and the permanent trust lands governmental fund.

2. **Planning Materiality and Performance Materiality/Tolerable Misstatement.** Calculate planning materiality and performance materiality/tolerable misstatement in the calculation grid located at the end of this worksheet for each opinion unit.
  - a. *Certain Large Items.* Qualitative factors, such as large-dollar balances or activity, may distort quantitative materiality calculations for an opinion unit, and the auditor may choose to calculate separate planning materiality for these large items and the remaining amount.
    - ☐ If this is the case, calculate planning materiality based on an adjusted benchmark (benchmark less large items). Then calculate a separate planning materiality for the large items in Step 3.
    - ☐ If this is not the case, adjusting the benchmark and calculating a separate planning materiality (in Step 3) is not necessary.

Large dollar adjustment items to total assets for an opinion unit may include: interfund receivables, agency fund assets, investments, or capital assets. Large dollar adjustment items to total revenue for an opinion unit may include: interfund transfers, debt proceeds, special items, or extraordinary items.

- b. *Performance Materiality/Tolerable Misstatement.* Tolerable misstatement is the application of performance materiality to a particular audit sampling procedure and may be the same as performance materiality (see section 700). Tolerable misstatement is used in computing sample sizes (see ALG-CX-8.2) and in making other scope decisions (see ALG-CX-8.1). To calculate tolerable misstatement for each opinion unit, multiply planning materiality by a factor between 50% and 75%.

The amount to be used for performance materiality/tolerable misstatement in across-fund (or across-opinion unit) testing (e.g., testing capital expenditures as a population consisting of such expenditures for the general fund, major special revenue fund, and major capital projects fund) should be the *smallest* performance materiality/tolerable misstatement amount for an opinion unit in the group. In the calculation grid at the end of this worksheet, describe any across-fund tests and compute both performance materiality/tolerable misstatement and individually significant amounts.

- c. *More Detailed Level.* Audits may also be performed at a more detailed level than the opinion units used for the basic financial statements, such as at the fund type or fund level. If so, replace the opinion unit column caption with the relevant title of the fund type or fund.

3. **Planning Materiality for Certain Large Items.** Determine and document appropriate planning materiality for large dollar items excluded from the calculation of planning materiality for an opinion unit. This step is not necessary if large items were not excluded from the benchmark in Step 2.

<u>Opinion Unit</u>	<u>Financial Statement Item</u>	<u>Planning Materiality</u>	x	<u>Factor</u>	=	<u>Tolerable Misstatement/ Performance Materiality</u>
NCN				0.75		\$0
				0.75		\$0

4. **Lower Level of Planning Materiality for Particular Items.** Identify any financial statement items for which a lower level of materiality should be used, identify the appropriate opinion unit, and apply professional judgment to determine an appropriate planning materiality and performance materiality/tolerable misstatement amount for those items. See Section 306.

**Financial**

**Planning**

**Tolerable Misstatement/**

<u>Opinion Unit</u>	<u>Statement Item</u>	<u>Materiality</u>	x	<u>Factor</u>	=	<u>Performance Materiality</u>
NCN				0.75		\$0
				0.75		\$0

5. **Clearly Trivial Misstatements.** Consider and document the amount of misstatements that will be passed at the workpaper level. (Clearly trivial misstatements are discussed in Section 306.)

See the PJE Accumulation / Clearly Trivial Misstatements line on the following page.

6. **Changes in Planning Materiality Amounts.** Document any changes in planning materiality or performance materiality/tolerable misstatement levels that occur during the audit and how they were determined.

Changes to these materiality levels based on CAFR Draft #4 (final draft) for the current year is NCN. There was no significant changes to the basis used to calculate materiality from Draft 2 to Draft 4.

## OSA Adjusted Materiality Ranges for CAFR Calculation (see #6 on 1/)

### Materiality Range Used on Fund Calculation Tab

Max Amount of Range	Base Amount	% Rate	Incremental Base Amount	Cumulative Base Amount
-	-	5.000%	-	-
100,001	1,000	4.000%	1,000	1,000
1,000,001	11,000	3.000%	10,000	11,000
5,000,001	36,000	2.500%	25,000	36,000
10,000,001	86,000	2.000%	50,000	86,000
50,000,001	211,000	1.750%	125,000	211,000
100,000,001	461,000	1.500%	250,000	461,000
500,000,001	1,336,000	1.325%	875,000	1,336,000
1,000,000,001	2,086,000	1.250%	750,000	2,086,000
5,000,000,001	8,336,000	1.125%	6,250,000	8,336,000
10,000,000,001	20,836,000	1.000%	12,500,000	20,836,000

### Initial Component Materiality Calculations:

Some of the CAFR opinion units contain significant components that are separately audited either by us or by another component auditor that we will reference (see **GB-35**). These opinion units include Business-type Activities, Aggregate Discretely-presented Component Units, Trust Lands, Student Assistance Programs, Pension & Other Employee Benefit Trust Funds, and Private Purpose Trust Funds. The materiality levels for these components are based solely on their individual component financial information. As such, the component materiality will be much less than the group materiality.

We judgmentally reduced group materiality by different percentages for these different opinion units (see the summary materiality memo and individual fund calculations on the following pages). These reductions are considered adequate because the significant components make up a large percentage of their respective opinion unit and have a much lower calculated materiality than the group, which leaves additional materiality to be applied to the non-significant / remainder areas.

## Memorandum

**To:** Directors & In-Charges  
**From:** Hollie and Ryan  
**Date:** 1-Nov-19  
**Subject:** Fiscal Year 2019 CAFR Draft 2 Materiality Limits

See below for the planning materiality levels for our FY19 audit based on CAFR Draft #2 received on 10/30/19. Updates will follow with new CAFR drafts.

		Adjustment			Info Only
		Planning Materiality	Performance Materiality	Clearly Trivial (PJE)	1/3 Performance Materiality
<b>Government-wide Statements:</b>					
Governmental Activities		\$164,000,000	\$123,000,000	\$24,600,000	\$41,000,000 <b>A</b>
Business-type Activities		\$65,500,000	\$49,100,000	\$9,820,000	\$16,360,000 <b>A</b>
Discrete Component Units (DAAA, DBAA, DCAA, DDAA, DEAA)		\$191,000,000	\$143,000,000	\$28,600,000	\$47,660,000
<b>Fund Statements:</b>					
<b>Governmental Funds:</b>					
AAAA	General Fund	\$81,000,000	\$60,700,000	\$12,140,000	\$20,230,000
ABBA	Education Fund	\$69,000,000	\$51,700,000	\$10,340,000	\$17,230,000
ACAA	Transportation Fund	\$16,000,000	\$12,000,000	\$2,400,000	\$4,000,000
ADAA	Transportation Investment Fund	\$11,000,000	\$8,200,000	\$1,640,000	\$2,730,000
AEAA	Trust Lands	\$18,500,000	\$13,875,000	\$2,775,000	\$4,625,000
AFAA	Nonmajor Governmental funds	\$155,800,000	\$116,850,000	\$23,370,000	\$38,950,000 <b>C</b>
<b>Proprietary Funds:</b>					
BAAA	Student Assistance Programs	\$22,000,000	\$16,500,000	\$3,300,000	\$5,500,000
BBAA	Unemployment Compensation Fund	\$10,000,000	\$7,500,000	\$1,500,000	\$2,500,000 <b>B</b>
BCAA	Water Loan Programs	\$10,000,000	\$7,500,000	\$1,500,000	\$2,500,000 <b>B</b>
BEAA	Community Impact	\$10,000,000	\$7,500,000	\$1,500,000	\$2,500,000 <b>B</b>
BDAA, BFAA	ISF and Nonmajor Proprietary Funds	\$62,225,000	\$46,645,000	\$9,329,000	\$15,540,000 <b>C</b>
<b>Fiduciary and Other Funds:</b>					
CAAA, CBAA, CCAA, CDAA, CEAA, CFAA, CGAA	Fiduciary Funds/Aggregate Fund Info	\$340,000,000	\$255,000,000	\$51,000,000	\$85,000,000

**Notes:**

- A** These group materiality levels are used primarily in final CAFR OVR rollup, consolidations, and conversions of CAFR fund types to the government-wide statement presentations. Most CAFR audit areas should use the materiality levels shown below.
- B** Per auditor judgment, we used the lesser of the Unemployment Compensation Fund, Water Loan Programs, and Community Impact Fund materiality for all three opinion units, which is considered reasonable.
- C** Per auditor judgment, we reduced the Nonmajor Governmental Fund and ISF & Nonmajor Proprietary Fund materiality levels to 95% of the Governmental Activities and Business-Type Activities materiality levels, respectively, because these are components of these Government-wide opinion units.



**Calculation by Opinion Unit, Fund Type, or Fund**  
(Use additional pages if necessary)

**Government-Wide Statements**

Name of opinion unit	Government-Wide Governmental activities	Government-Wide Business-type activities	Aggregate discretely- presented component units	
<b>Benchmark (such as total assets, total revenue, or other appropriate base)</b>	Revenues	Assets & Deferred Outflows	Assets & Deferred Outflows	
Benchmark amount	14,390,945,000	5,087,261,000	17,109,382,000	
Less: Certain large items				
Adjusted benchmark	14,390,945,000	5,087,261,000	17,109,382,000	-
Percentage from table for adjusted benchmark (OSA Adjusted)	1.000%	1.125%	1.000%	0.000%
Percent x adjusted benchmark	143,909,450	57,231,686	171,093,820	-
Plus: Base amount (OSA Adjusted)	20,836,000	8,336,000	20,836,000	-
Planning materiality	164,000,000	65,500,000	191,000,000	-
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	123,000,000	49,100,000	143,000,000	-
Clearly Trivial (20% of Performance Materiality)	24,600,000	9,820,000	28,600,000	-
[check] Planning materiality / Adjusted Benchmark	1.140%	1.288%	1.116%	0.000%

**Calculation of Benchmark Amounts used for Government-Wide Statements above:**

CAFR Government-Wide Statements Amounts (in 000's)	Governmental Activities	Business-type Activities	Aggregate discretely- presented component units	
Charges for Services	1,298,064			
Operating Grants and Contributions	4,105,249			
Capital Grants and Contributions	155,265			
General Revenues, Contributions, Transfers	8,976,103			
Transfers - Internal Activities	(143,736)			
Total Revenues in 000s	14,390,945			
<b>Base Amount Used Above</b>	<b>14,390,945,000</b>			
Total Assets		5,075,214	16,825,609	

Total Deferred Outflows of Resources		12,047	283,773	
Total Assets & Deferred Outflows in 000s		5,087,261	17,109,382	
<b>Base Amount Used Above</b>		<b>5,087,261,000</b>	<b>17,109,382,000</b>	

### Governmental Fund Statements

Name of opinion unit	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund
Benchmark (such as total assets, total revenue, or other appropriate base)	Revenues	Revenues	Revenues	Revenues
Benchmark amount	6,509,586,000	5,397,140,000	1,133,995,000	744,898,000
Less: Certain large items				
Adjusted benchmark	6,509,586,000	5,397,140,000	1,133,995,000	744,898,000
Percentage from table for adjusted benchmark (OSA Adjusted)	1.125%	1.125%	1.250%	1.325%
Percent x adjusted benchmark	73,232,843	60,717,825	14,174,938	9,869,899
Plus: Base amount (OSA Adjusted)	8,336,000	8,336,000	2,086,000	1,336,000
Planning materiality	81,000,000	69,000,000	16,000,000	11,000,000
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	60,700,000	51,700,000	12,000,000	8,200,000
Clearly Trivial (20% of Performance Materiality)	12,140,000	10,340,000	2,400,000	1,640,000
[check] Planning materiality / Adjusted Benchmark	1.244%	1.278%	1.411%	1.477%

### Governmental Fund Statements

Name of opinion unit	Group Trust Lands	Component Trust Lands		
Benchmark (such as total assets, total revenue, or other appropriate base)	Assets	% of Group Trust Lands Fund		
Benchmark amount	2,799,803,000	50%		
Less: Certain large items				
Adjusted benchmark	2,799,803,000		-	-
Percentage from table for adjusted benchmark (OSA Adjusted)	1.250%			
Percent x adjusted benchmark	34,997,538			

Component materiality calculations for the aggregate Nonmajor Governmental Funds and Nonmajor Proprietary Funds are calculated directly on the Office

Plus: Base amount (OSA Adjusted)	2,086,000		Proprietary Funds are calculated directly on the Office Memo tab. Due to the lower materiality levels calculated for the related other major funds and because the Nonmajor Governmental and Nonmajor Proprietary Funds line items represent less than 10% of the Gov and Bus Type group opinion units, we feel setting materiality for these components at 95% is deemed reasonable.	
Planning materiality	37,000,000	18,500,000		
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	27,700,000	13,875,000		
Clearly Trivial (20% of Performance Materiality)	5,540,000	2,775,000		
[check] Planning materiality / Adjusted Benchmark	1.322%			
			0.000%	0.000%

### Proprietary Fund Statements

Name of opinion unit	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
<b>Benchmark (such as total assets, total revenue, or other appropriate base)</b>	Assets & Deferred Outflows	Assets & Deferred Outflows	Assets & Deferred Outflows	Assets & Deferred Outflows
Benchmark amount	1,665,727,000	1,203,525,000	1,093,553,000	703,908,000
Less: Certain large items				
Adjusted benchmark	1,665,727,000	1,203,525,000	1,093,553,000	703,908,000
Percentage from table for adjusted benchmark (OSA Adjusted)	1.250%	1.250%	1.250%	1.325%
Percent x adjusted benchmark	20,821,588	15,044,063	13,669,413	9,326,781
Plus: Base amount (OSA Adjusted)	2,086,000	2,086,000	2,086,000	1,336,000
Planning materiality	22,000,000	17,000,000	15,000,000	10,000,000
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	16,500,000	12,700,000	11,200,000	7,500,000
Clearly Trivial (20% of Performance Materiality)	3,300,000	2,540,000	2,240,000	1,500,000
[check] Planning materiality / Adjusted Benchmark	1.321%	1.413%	1.372%	1.421%

### Fiduciary Fund Statements

	Group	Component		
Name of opinion unit	Fiduciary Funds / Aggregate Remaining	Fiduciary Funds / Aggregate Remaining		

Benchmark (such as total assets, total revenue, or other appropriate base)	Assets	% of Group Pension & Other Employee Benefit Trust		
Benchmark amount	66,256,645,000	50%		
Less: Certain large items				
Adjusted benchmark	66,256,645,000		-	-
Percentage from table for adjusted benchmark (OSA Adjusted)	1.000%		0.000%	0.000%
Percent x adjusted benchmark	662,566,450		-	-
Plus: Base amount (OSA Adjusted)	20,836,000		-	-
Planning materiality	680,000,000	340,000,000	-	-
<b>Performance Materiality / Tolerable Misstatement:</b>				
Planning materiality x factor (75%)	510,000,000	255,000,000	-	-
Clearly Trivial (20% of Performance Materiality)	102,000,000	51,000,000	-	-
[check] Planning materiality / Adjusted Benchmark	1.026%		0.000%	0.000%

**Calculation of Benchmark Amounts used for Fiduciary Funds / Aggregate Remaining above:**

CAFR Fund Statements Amounts (in 000's)	Fiduciary Funds / Aggregate remaining fund info
Fiduciary Fund Statements - Pension and Other Employee Benefit Trust Funds, Total Assets	39,048,353
Fiduciary Fund Statements - Pension and Other Employee Benefit Trust Funds, Total Deferred Outflows of Resources	-
Fiduciary Fund Statements - Investment Trust Fund, Total Assets	10,256,964
Fiduciary Fund Statements - Investment Trust Fund, Total Deferred Outflows of Resources	-
Fiduciary Fund Statements - Private Purpose Trust Funds, Total Assets	14,662,750
Fiduciary Fund Statements - Private Purpose Trust Funds, Total Deferred Outflows of Resources	578
Fiduciary Fund Statements - Agency Funds, Total Assets	258,607
Fiduciary Fund Statements - Agency Funds, Total Deferred Outflows of Resources	-
Governmental Fund Statements - Nonmajor Governmental Fund, Total Assets	1,296,754
Proprietary Fund Statements - Nonmajor Enterprise Fund, Total Assets	457,502
Proprietary Fund Statements - Nonmajor Enterprise Fund, Total Deferred Outflow of Resources	11,026
Proprietary Fund Statements - Internal Service Funds, Total Assets	227,866
Proprietary Fund Statements - Internal Service Funds, Total Deferred Outflow of Resources	36,245
Total Assets & Deferred Outflows in 000s	66,256,645
<b>Base Amount Used Above</b>	<b>66,256,645,000</b>

<b>Overall Financial and Single Audit</b>	<b>CX-3.3-1</b>
<b>CX-3.3-1 Management Responses to Fraud Inquiries</b>	<b>06/30/2019</b>

**Purpose:** See #1 on CX-3.3.

**Responses from John Reidhead, Director, Division of Finance:**

1. Do you know of or suspect any fraud affecting the State of Utah or its federal award programs?

**We had a minor fraud in payroll this year due to a phishing scam that our employees didn't prevent. We've had additional training since then and the employees involved were disciplined. And we've been adjusting our processes to better prevent these frauds in the future. It was one payment and it was caught fairly quickly when the employee didn't get paid. I'm not aware any others.**

**Auditor Conclusion:** We do not consider this to be a risk of material misstatement; however, we've discussed this issue with our staff as a reminder to be alert to such fraud possibilities. This issue has also been considered in APE.

2. Are you aware of any allegations of fraud or suspected fraud affecting the State of Utah or its federal award programs (e.g., communications received from employees, former employees, analysts, regulators, or others)?

**No. However, an employee at Agriculture recently contacted us to discuss the new Executive Director and Deputy he brought in. The concern is that the new Director's "tone at the top" is not what it should be. If you want more info on this, please call me.**

**Auditor Conclusion:** We've discussed this issue with our staff as a reminder to be alert to such possibilities of management override of controls and are satisfied with the measures State Finance are taking to address this issue. (see Item #2 in inquiries of Janica Gines and Patricia Nelson below for more information).

3. Do you know of any possible or actual noncompliance or abuses of broad programs and controls occurring during FY18 or FY19 (to date)?

**No, I'm not aware of any.**

4. How, to what extent, and how often does State Finance assess the risk that the State of Utah's financial statements and the schedule of expenditures of federal awards might be materially misstated due to fraud and the controls in place to prevent and detect it?

**At least annually when Janica, and now Patricia, and her section prepare the CAFR and SEFA and do reviews (analytical-type reviews) of the information. Beyond the statement preparation, we certainly make efforts to stay alert to any information that could indicate the financial statements or SEFA could be misstated. This can come through discussions with agency personnel, post-auditing, internal control self-assessments and reviews, concerns from sources outside of an agency, etc.**

As far as preventing and detecting fraud, the risk of material fraud is an important consideration in everything we do. It's considered when we develop policies and procedures; implement processes; configure system controls; prepare self-assessment ICQ's for agencies; prepare training; when we have meetings with agencies etc. As mentioned last year, it's difficult to list all of the controls in place that help prevent and detect fraud. You would have to look at the body of the controls we have. The self-assessment ICQ's state the controls we expect agencies to have in place. We do have some important key controls. These include FINET not allowing the same user to both input and approve a transaction; central bank reconciliation function; post-audit and the internal control program which I believe are good deterrents; and central financial statement preparation.

5. What processes (programs and controls) do you have for identifying, responding to, and monitoring fraud risks including classes of transactions, account balances, or disclosures for which a fraud risk is likely to exist?

Not sure what to add other than my response in 4. above. I believe through our general processes that we are aware of different classes of transactions and balances which may have fraud risk.

6. Does management communicate to employees the importance of ethical behavior and appropriate business practices and if so, how?

Yes. For Finance, we frequently remind employees in staff meetings and through manager meeting minutes. We also communicate these principles in Budget and Accounting Officer and ACT meetings with agencies, and often in our Fineline quarterly publication. We also communicate with agencies through our Post Audit and Internal Control programs. Also done in some of our policies and procedures.

7. What is the nature and extent of State Finance's monitoring of multiple locations, programs, or components and do any of them have a higher level of fraud risk?

Our monitoring consists mainly of: 1) our yearend processes and procedures for the CAFR and SEFA; 2) our post audit program that reviews a sample of transactions at agencies each quarter; and, 3) our internal control self-assessment program with agencies. These monitoring efforts include all three branches of government, but do not include component units. Component units are legally separate and not currently subject to monitoring by Finance or Administrative Services. The Legislative and Judicial Branches are technically not subject to Finance too. We consider their participation as voluntary. Most of our processes and programs are directed at the department level. We generally, don't go down to the individual location or program level. We do rely on the agencies, especially the larger agencies, to also do their own monitoring. I am not currently aware of any departments that have a higher level of fraud risk.

8. Has State Finance reported to those charged with governance about their processes for identifying and responding to fraud risks?

Yes, to some extent. We mainly inform agency finance directors of our processes. We also keep GOMB informed as necessary on various matters, generally verbally in meetings. Also, post-audit findings are reported to agency executive directors. Each year, the DAS executive director and

**executive management also meet with each agency's executive director and executive team to discuss DAS customer service statistics. Post-audit statistics for the year for each agency are discussed in those meetings.**

9. What does State Finance do to ensure that the State of Utah is in compliance with laws, regulations, contracts, and grant agreements?

**Pretty much the same answer as in #6 above. Also, we monitor some compliance with significant laws, such as budgetary procedures laws and ISF related laws. We also monitor compliance with some purchasing laws through the post-audit process. For those things that are our responsibility to monitor, we do. Other compliance is the responsibility of each agency.**

10. Does the State Finance use directives (for example, a code of ethics) and are periodic representations obtained from management-level employees related to compliance with laws and regulations?

**Yes. To the extent we believe it's needed.**

***Responses from Janica Gines, Deputy Director, and Patricia Nelson, Assistant Comptroller, Division of Finance: (Questions were asked face to face with preliminary discussion, with a follow-up email with details)***

1. Do you know of or suspect any fraud affecting the State of Utah or its federal award programs?

**Janica Gines started with the Division of Finance on July 9, 2018 following Marcie Handy's retirement in June 2018. Patricia Nelson started with the Division on September 1, 2019. The only instance of fraud/misappropriation of assets they are aware of is a minor fraud in May 2019 which occurred through a phishing attack. This resulted in an employee's bank account information being updated to a fraudulent account and the employee's bi-weekly pay (approximately \$5,000) being diverted into the fraudulent account. This was caught immediately after the first payment and corrected. Employees were re-trained on how to obtain the proper authorization for bank account changes.**

**Auditor Conclusion:** We do not consider this to be a risk of material misstatement; however, we've discussed this issue with our staff as a reminder to be alert to such fraud possibilities. This issue has also been considered in the Overall APE audit.

2. Are you aware of any allegations of fraud or suspected fraud affecting the State of Utah or its federal award programs (e.g., communications received from employees, former employees, analysts, regulators, or others)?

**No. We were however, notified of a potential control environment concern at the Department of Agriculture. We were approached by an employee of the Department of Agriculture expressing concerns related to a newly appointed commissioner in the department. The employee indicated that they were instructed to ignore state policy and procedures for certain transactions (travel related). Subsequently, the employee was removed from her position and placed in another position. The Division of Finance has taken steps to reiterate the associated policies to cabinet-level personnel and are monitoring the situation.**

**Auditor Conclusion:** We've discussed this issue with our staff as a reminder to be alert to such possibilities of management override of controls and are satisfied with the measures State Finance are taking to address this issue.

3. Do you know of any possible or actual noncompliance or abuses of broad programs and controls occurring during FY18 or FY19 (to date)?

**No**

4. How, to what extent, and how often does State Finance assess the risk that the State of Utah's financial statements and the schedule of expenditures of federal awards might be materially misstated due to fraud and the controls in place to prevent and detect it?

**Throughout the year, the Division of Finance, Financial Reporting and Financial Transaction sections remain alert to indicators of fraud as we review accounting transactions and as we have various discussions with agencies. In addition, in the CAFR/SEFA preparation process, we perform**



analytical reviews of assigned funds and accounts. We remain alert for indicators of fraud as we review variances from expectations.

In terms of controls to prevent/detect fraud, the Division of Finance has controls embedded in FINET to ensure separation of duties for transaction reviews/approvals. In addition, the Division of Finance requires agencies to have established controls to ensure separation of duties for all feeder systems (systems that interface transactions into FINET). The Division of Finance also develops accounting policies to help ensure that agencies have proper controls in place. These policies are available on-line and are discussed in B&A and ACT meetings. As new policies are developed and implemented, the Division of Finance provides training in the same forums on the new policies.

5. What processes (programs and controls) do you have for identifying, responding to, and monitoring fraud risks including classes of transactions, account balances, or disclosures for which a fraud risk is likely to exist?

See response to number 4 above.

6. Does management communicate to employees the importance of ethical behavior and appropriate business practices and if so, how?

The Division of Finance has established a culture where ethical behavior and appropriate business practices are expected. The expectations are communicated to employees in both formal ways through training and informal ways through discussions focusing accuracy and propriety of transactions in the course of daily business.

7. What is the nature and extent of State Finance's monitoring of multiple locations, programs, or components and do any of them have a higher level of fraud risk?

The Division of Finance, Financial Reporting and Financial Transaction sections (sections) work with agencies on a regular basis for ad hoc questions and requests for assistance. In addition, the sections review assigned funds and accounts regularly and provide guidance on any issues identified in these reviews. Annually during the close-out process, the sections meet with agencies identified as needing additional assistance because they have encountered problems in the past or because they are new to the process to provide guidance on close-out requirements. Finally, as legislative and accounting changes impact the reporting entity and required accounting and compliance, the sections work to provide guidance on implementation of changes.

In terms of higher fraud risks, we think that newly established programs, agencies, and component units would potentially be considered higher fraud risks. If a new program is established in an existing agency, we would rely on that agency to establish controls based on Division of Finance policies to address any fraud risks. If a new agency were created, the Division of Finance would provide training and guidance to financial staff as considered necessary. Creation of new agencies is infrequent and we are unaware of any newly created agencies. Finally, for any newly established component units, the Division of Finance works to reach out and ensure that the component unit is aware reporting requirements related to financial reporting.

**However, since component units are legally separate, the Division of Finance does not perform the same level of monitoring for those entities.**

8. Has State Finance reported to those charged with governance about their processes for identifying and responding to fraud risks?

**The Division of Finance works closely with the Governor's Office of Management & Budget for various activities and if significant fraud risks were identified, those risks and proposed processes/controls to mitigate those risks would be communicated to GOMB.**

9. What does State Finance do to ensure that the State of Utah is in compliance with laws, regulations, contracts, and grant agreements?

**The Division of Finance provides accounting policies, procedures and training that help to ensure compliance with laws, regulations, contracts, and grant agreements for which it is required to monitor. In addition, for required monitoring, the Division of Finance has established internal processes/procedures to ensure compliance.**

10. Does the State Finance use directives (for example, a code of ethics) and are periodic representations obtained from management-level employees related to compliance with laws and regulations?

**As considered necessary.**

### Overall Financial and Single Audit

#### CX-3.3-A Summary Fraud Inquiries from Other Areas

**CX-3.3-A**  
**6/30/2019**

## ISSUES IDENTIFIED FROM FRAUD INQUIRIES (FROM INDIVIDUAL AUDIT AREAS)

[illegible]

**Overall Financial and Single Audit  
CX-7.1-A Risk Assessments**

**CX-7.1-A  
6/30/2019**

The following tables are the risk assessments for FY18 for each overall audit area by opinion unit.

The following opinion unit abbreviations are used:

GA	Governmental Activities
BA	Business Type Activities
DCU	Discrete Component Units
GEN	General Fund
EF	Education Fund
TF	Transportation Fund
TIF	Transportation Investment Fund
TL	Trust Land Permanent Fund
NGF	Nonmajor Gov't Funds
SAP	Student Assistance Programs
UCF	Unemployment Compensation Fund
WLP	Water Loan Program
CI	Community Impact
ISF	Internal Service Funds
NPF	Nonmajor Proprietary Funds
FF	Fiduciary Funds

**Risk Assessment Summary**  
**APE**

Incharge Signoff (initial and date) SDS 8/29/2019  
Director Signoff (initial and date) HA 10/22/19  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) HA 10/22/19

See 1/ for definition of Opinion Unit abbreviations.  
Expenditures/Expenses and Accounts Payable and Other Liabilities

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	CO Improper cutoff at year end (CX-3.1 #50)	S					B	Although the assessed RMM for CO assertion is high, the basic audit program steps plus our review of the Div of Finances cut-off review procedures are considered sufficient to address the risks of material misstatements identified.
GEN	x	UCF	x				E/O	M	H	M		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	M	H	M		
TL	x	NPF	x				A/CL	M	H	M		
NGF	x	FF	*				CO	H	H	H		
SAP		DCU										

\* FF are covered on the FID tab

**Payroll and Related Liabilities**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN	x	UCF	x				E/O	M	H	M		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	M	H	M		
TL	x	NPF	x				A/CL	M	H	M		
NGF	x	FF					CO	M	H	M		
SAP		DCU										

**Risk Assessment Summary**  
**CAI**

Incharge Signoff (initial and date) KH 10/23/19  
 Director Signoff (initial and date) KBL 10/29/2019  
 Concurring Signoff (initial and date) See OVR  
 OVR Incharge Signoff (initial and date) RER 11/1/2019  
 OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.

**Cash**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN	x	UCF	x				E/O	M	H	M		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	M	H	M		
TL	x	NPF	x				A/CL	M	H	M		
NGF	x	FF	x				CO	M	H	M		
SAP		DCU										

**Investments and Derivate Instruments**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN	x	UCF	x				E/O	M	H	M		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	M	H	M		
TL	x	NPF	x				A/CL	M	H	M		
NGF	x	FF	x				CO	M	H	M		
SAP		DCU										

**Risk Assessment Summary**  
**INV**

Incharge Signoff (initial and date) WM 10-28-19  
 Director Signoff (initial and date) KBL 10/29/2019  
 Concurring Signoff (initial and date) See OVR  
 OVR Incharge Signoff (initial and date) RER 11/1/2019  
 OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.

**Inventory**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)		Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	X	BA	X	No	None	N/A						L	Analytical procedures are sufficient
GEN	X	UCF	X					E/O	L	H	L		
EF	X	WLP	X					C	L	H	L		
TF		CI	X					R/O	L	H	L		
TIF	X	ISF	X					V	L	H	L		
TL	X	NPF						A/CL	L	H	L		
NGF	X	FF	X					CO	L	H	L		
SAP		DCU											

**Inventory - DABC**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)		Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	There is a risk on accuracy on reported inventory balance and COGS (see further detail on <b>INV GB-20.</b> )	N/A						B	DABC: During our FY18 DABC Special Financial Audit, a FR was issued relating to the Indadequate Controls over Reconciliation of AX to FINET (including an overstatement of inventory reported in FINET). Although the assessed RMM for E/O and V assertions are high for ABC, the basic audit program steps and testing reconciliation and valuation are considered sufficient to address the risks of material misstatements identified.
GEN		UCF						E/O	H	H	H		
EF		WLP						C	M	H	M		
TF		CI						R/O	M	H	M		
TIF		ISF						V	H	H	H		
TL		NPF	X					A/CL	M	H	M		
NGF		FF						CO	M	H	M		
SAP		DCU											

**Inventory - DOT**

						Risks of Material Misstatement		Risk Assessment				Response	
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Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None	N/A					B	
GEN		UCF					E/O	M	H	M		
EF		WLP					C	M	H	M		
TF	X	CI					R/O	M	H	M		
TIF		ISF					V	M	H	M		
TL		NPF					A/CL	M	H	M		
NGF		FF					CO	M	H	M		
SAP		DCU										



Risk Assessment Summary  
TRR

Note that this schedule is based on TAX revenues (for TRR audit) and covers both governmental and proprietary type funds.

See 1/ for definition of Opinion Unit abbreviations.

Tax Revenue and Related Receivables

Incharge Signoff (initial and date) SC 7/18/2019  
Director Signoff (initial and date) JDA 9/9/2019  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/29/19  
OVR Director Signoff (initial and date)

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit*				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	X	X	E/O, V, CO Improper Revenue Recognition (CX-3.1 #50)	S, F					E	Extended procedures for those areas with a High RMM.
GEN	x	UCF					E/O	H	H	H		
EF	x	WLP	X				C	M	H	M		
TF	x	CI					R/O	M	H	M		
TIF	x	ISF					V	H	H	H		
TL		NPF					A/CL	M	H	M		
NGF		FF	*				CO	H	H	H		
SAP		DCU										

\* Opinion Units with no "x" do not have tax revenues and receivables and, therefore, do not have a risk assessment for TRR

# Risk Assessment Summary

## ORR & SIT

Note that this schedule is based on non-tax revenues (for ORR audit) and covers both governmental and proprietary type funds. See below for SIT audit

See 1/ for definition of Opinion Unit abbreviations.

### Other Revenue and Related Receivables

ORR Incharge Signoff (initial and date) WM 09-30-2019

ORR Director Signoff (initial and date) SDS 10-22-2019

Concurring Signoff (initial and date) See OVR

OVR Incharge Signoff (initial and date) RER 10/28/19

OVR Director Signoff (initial and date)

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	E/O, V, CO Improper Revenue Recognition (CX-3.1 #50)	S, F					E	Extended procedures for those areas with a High RMM.
GEN	x	UCF	x				E/O	H	H	H		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	H	H	H		
TL		NPF	x				A/CL	M	H	M		
NGF	x	FF	*				CO	H	H	H		
SAP		DCU										

\* FF are covered on the FID tab

Note that the schedule below is based on non-tax revenues (for SIT audit) and covers the TL opinion unit

SIT Incharge Signoff (initial and date) LAL 7/23/19

SIT Director Signoff (initial and date) JMW 10/5/19

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	E/O, V, CO Improper Revenue Recognition (SIT CX-3.2 & OVR CX-3.1 #50) Mineral Royalty revenue is subject to fluctuation. Complex land sales	S					B	Procedures on SIT AE program plus adapted SIT AD audit program are deemed sufficient to address risks noted
GEN		UCF					E/O	H	H	H		
EF		WLP					C	M	H	M		
TF		CI					R/O	M	H	M		
TIF		ISF					V	H	H	H		
TL	X	NPF					A/CL	M	H	M		
NGF		FF					CO	H	H	H		
SAP		DCU										


**Risk Assessment Summary**  
**GOV**

Incharge Signoff (initial and date) GFH 9/3/19  
 Director Signoff (initial and date) JDA 9/9/2019  
 Concurring Signoff (initial and date) See OVR  
 OVR Incharge Signoff (initial and date) RER 10/28/19  
 OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.


**Capital Assets and Expenditures**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None		N/A					B	
GEN		UCF						E/O	M	H	M		
EF		WLP						C	M	H	M		
TF	x	CI						R/O	M	H	M		
TIF	x	ISF	x					V	M	H	M		
TL		NPF	x					A/CL	M	H	M		
NGF	x	FF						CO	M	H	M		
SAP		DCU											

 = Capital Assets/Expenditures testwork does not apply to this opinion unit (for table above)

**Debt and Debt Service**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None		N/A					B	
GEN		UCF						E/O	M	H	M		
EF		WLP	x					C	M	H	M		
TF	x *	CI						R/O	M	H	M		
TIF		ISF	x					V	M	H	M		
TL		NPF	x					A/CL	M	H	M		
NGF	x	FF						CO	M	H	M		
SAP		DCU											

 = Capital Assets/Expenditures testwork does not apply to this opinion unit (for table above)

\* Applicable when there is a bond issued for highway construction.

Risk Assessment Summary  
FBC

Incharge Signoff (initial and date) AD 10/28/19  
Director Signoff (initial and date) GH 10/28/19  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/29/19  
OVR Director Signoff (initial and date)

See 1/ for definition of Opinion Unit abbreviations.  
Equity and Financial Statement Reconciliations (Net Position / Net Assets)

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None		N/A					B	
GEN	x	UCF	x					E/O	M	H	M		
EF	x	WLP	x					C	M	H	M		
TF	x	CI	x					R/O	M	H	M		
TIF	x	ISF	x					V	M	H	M		
TL	x	NPF	x					A/CL	M	H	M		
NGF	x	FF	x					CO	M	H	M		
SAP		DCU											

**Risk Assessment Summary**  
**FID**

Incharge Signoff (initial and date) LAL 8/29/19  
Director Signoff (initial and date) GFH 9/3/19  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.

**Fiduciary Fund Assets and Additions for Private Purpose Trust and Agency Funds**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None	N/A					B	
GEN		UCF					E/O	L	H	L		
EF		WLP					C	L	H	L		
TF		CI					R/O	L	H	L		
TIF		ISF					V	L	H	L		
TL		NPF					A/CL	L	H	L		
NGF		FF	x				CO	L	H	L		
SAP		DCU										

**Fiduciary Fund Liabilities and Deductions for Private Purpose Trust and Agency Funds**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None	N/A					B	
GEN		UCF					E/O	M	H	M		
EF		WLP					C	M	H	M		
TF		CI					R/O	M	H	M		
TIF		ISF					V	M	H	M		
TL		NPF					A/CL	M	H	M		
NGF		FF	x				CO	M	H	M		
SAP		DCU										

**Pension Trust Fund**

					Risks of Material Misstatement		Risk Assessment				Response	
				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage

**Risk Assessment Summary**  
**FID**

Incharge Signoff (initial and date) LAL 8/29/19  
Director Signoff (initial and date) GFH 9/3/19  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.

Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Significant Risk (S=Significant, F=Fraud)	Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	RMM (H/M/L)	Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN		UCF					E/O	M	H	M		
EF		WLP					C	M	H	M		
TF		CI					R/O	M	H	M		
TIF		ISF	x				V	M	H	M		
TL		NPF	x				A/CL	M	H	M		
NGF		FF	x				CO	M	H	M		
SAP		DCU										

**Other Employee Benefit Trust Fund**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN		UCF					E/O	M	H	M		
EF		WLP					C	M	H	M		
TF		CI					R/O	M	H	M		
TIF		ISF	x				V	M	H	M		
TL		NPF	x				A/CL	M	H	M		
NGF		FF	x				CO	M	H	M		
SAP		DCU										

Risk Assessment Summary  
DCU

Incharge Signoff (initial and date) CW 10/22/2019  
Director Signoff (initial and date) JDA 9/6/2019  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.  
Component Unit Consolidations (All DCUs)

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None							B	
GEN		UCF						E/O	M	H	M		
EF		WLP						C	M	H	M		
TF		CI						R/O	M	H	M		
TIF		ISF						V	M	H	M		
TL		NPF						A/CL	M	H	M		
NGF		FF						CO	M	H	M		
SAP		DCU	x										

Insurance and Self Insurance

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None		N/A					B	See (DCU) LD and LD-1 Audit Programs
GEN		UCF						E/O	M	H	M		
EF		WLP						C	M	H	M		
TF		CI						R/O	M	H	M		
TIF		ISF	x					V	M	H	M		
TL		NPF						A/CL	M	H	M		
NGF		FF						CO	M	H	M		
SAP		DCU											

**Risk Assessment Summary**  
**OVR (UHE Rollup)**

OVR Incharge Signoff (initial and date) RER 9/11/2019  
OVR Director Signoff (initial and date) \_\_\_\_\_  
Concurring Signoff (initial and date) See OVR

See 1/ for definition of Opinion Unit abbreviations.  
Student Assistance Program & my529 Consolidations

					Risks of Material Misstatement		Risk Assessment				Response	
Significant Audit Area	Opinion Units				Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
X	GA		BA		None						L	The UHEAA audits were contracted out for FY17-FY21. The SLGP and SLPP statements are combined to form the SAP opinion unit. The my529 statements (a dba of UESP) are a private purpose trust fund. See CAFR rollup testwork in the BA workpapers of the OVR audit.
	GEN		UCF				E/O	L	H	L		
	EF		WLP				C	L	H	L		
	TF		CI				R/O	L	H	L		
	TIF		ISF				V	L	H	L		
	TL		NPF				A/CL	L	H	L		
	NGF		FF	x			CO	L	H	L		
	SAP	x	DCU									



**Overall Financial and Single Audit  
CX-7.1-A Risk Assessments**

**CX-7.1-A  
6/30/2019**

The following tables are the risk assessments for FY18 for each overall audit area by opinion unit.

The following opinion unit abbreviations are used:

GA	Governmental Activities
BA	Business Type Activities
DCU	Discrete Component Units
GEN	General Fund
EF	Education Fund
TF	Transportation Fund
TIF	Transportation Investment Fund
TL	Trust Land Permanent Fund
NGF	Nonmajor Gov't Funds
SAP	Student Assistance Programs
UCF	Unemployment Compensation Fund
WLP	Water Loan Program
CI	Community Impact
ISF	Internal Service Funds
NPF	Nonmajor Proprietary Funds
FF	Fiduciary Funds

**Risk Assessment Summary**  
**APE**

Incharge Signoff (initial and date) SDS 8/29/2019  
Director Signoff (initial and date) HA 10/22/19  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) HA 10/22/19

See 1/ for definition of Opinion Unit abbreviations.  
Expenditures/Expenses and Accounts Payable and Other Liabilities

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	CO Improper cutoff at year end (CX-3.1 #50)	S					B	Although the assessed RMM for CO assertion is high, the basic audit program steps plus our review of the Div of Finances cut-off review procedures are considered sufficient to address the risks of material misstatements identified.
GEN	x	UCF	x				E/O	M	H	M		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	M	H	M		
TL	x	NPF	x				A/CL	M	H	M		
NGF	x	FF	*				CO	H	H	H		
SAP		DCU										

\* FF are covered on the FID tab

**Payroll and Related Liabilities**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN	x	UCF	x				E/O	M	H	M		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	M	H	M		
TL	x	NPF	x				A/CL	M	H	M		
NGF	x	FF					CO	M	H	M		
SAP		DCU										

**Risk Assessment Summary**  
**CAI**

Incharge Signoff (initial and date) KH 10/23/19  
 Director Signoff (initial and date) KBL 10/29/2019  
 Concurring Signoff (initial and date) See OVR  
 OVR Incharge Signoff (initial and date) RER 11/1/2019  
 OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.

**Cash**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN	x	UCF	x				E/O	M	H	M		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	M	H	M		
TL	x	NPF	x				A/CL	M	H	M		
NGF	x	FF	x				CO	M	H	M		
SAP		DCU										

**Investments and Derivate Instruments**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN	x	UCF	x				E/O	M	H	M		
EF	x	WLP	x				C	M	H	M		
TF	x	CI	x				R/O	M	H	M		
TIF	x	ISF	x				V	M	H	M		
TL	x	NPF	x				A/CL	M	H	M		
NGF	x	FF	x				CO	M	H	M		
SAP		DCU										

**Risk Assessment Summary**  
**INV**

Incharge Signoff (initial and date) WM 10-28-19  
 Director Signoff (initial and date) KBL 10/29/2019  
 Concurring Signoff (initial and date) See OVR  
 OVR Incharge Signoff (initial and date) RER 11/1/2019  
 OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.

**Inventory**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)		Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	X	BA	X	No	None	N/A						L	Analytical procedures are sufficient
GEN	X	UCF	X					E/O	L	H	L		
EF	X	WLP	X					C	L	H	L		
TF		CI	X					R/O	L	H	L		
TIF	X	ISF	X					V	L	H	L		
TL	X	NPF						A/CL	L	H	L		
NGF	X	FF	X					CO	L	H	L		
SAP		DCU											

**Inventory - DABC**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)		Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	There is a risk on accuracy on reported inventory balance and COGS (see further detail on <b>INV GB-20.</b> )	N/A						B	DABC: During our FY18 DABC Special Financial Audit, a FR was issued relating to the Indadequate Controls over Reconciliation of AX to FINET (including an overstatement of inventory reported in FINET). Although the assessed RMM for E/O and V assertions are high for ABC, the basic audit program steps and testing reconciliation and valuation are considered sufficient to address the risks of material misstatements identified.
GEN		UCF						E/O	H	H	H		
EF		WLP						C	M	H	M		
TF		CI						R/O	M	H	M		
TIF		ISF						V	H	H	H		
TL		NPF	X					A/CL	M	H	M		
NGF		FF						CO	M	H	M		
SAP		DCU											

**Inventory - DOT**

				Risks of Material Misstatement		Risk Assessment				Response	
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Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None	N/A					B	
GEN		UCF					E/O	M	H	M		
EF		WLP					C	M	H	M		
TF	X	CI					R/O	M	H	M		
TIF		ISF					V	M	H	M		
TL		NPF					A/CL	M	H	M		
NGF		FF					CO	M	H	M		
SAP		DCU										

Risk Assessment Summary  
TRR

Incharge Signoff (initial and date) SC 7/18/2019  
Director Signoff (initial and date) JDA 9/9/2019  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/29/19  
OVR Director Signoff (initial and date) \_\_\_\_\_

Note that this schedule is based on TAX revenues (for TRR audit) and covers both governmental and proprietary type funds.

See 1/ for definition of Opinion Unit abbreviations.

Tax Revenue and Related Receivables

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit*				Significant Audit Area		Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	X	X		E/O, V, CO Improper Revenue Recognition (CX-3.1 #50)	S, F					E	Extended procedures for those areas with a High RMM.
GEN	x	UCF						E/O	H	H	H		
EF	x	WLP	X					C	M	H	M		
TF	x	CI						R/O	M	H	M		
TIF	x	ISF						V	H	H	H		
TL		NPF						A/CL	M	H	M		
NGF		FF	*					CO	H	H	H		
SAP		DCU											

\* Opinion Units with no "x" do not have tax revenues and receivables and, therefore, do not have a risk assessment for TRR

# Risk Assessment Summary

## **ORR & SIT**

**Note that this schedule is based on non-tax revenues (for ORR audit) and covers both governmental and proprietary type funds. See below for SIT audit**

See 1/ for definition of Opinion Unit abbreviations.

## **Other Revenue and Related Receivables**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)		Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	E/O, V, CO Improper Revenue Recognition (CX-3.1 #50)	S, F						E	Extended procedures for those areas with a High RMM.
GEN	x	UCF	x					E/O	H	H	H		
EF	x	WLP	x					C	M	H	M		
TF	x	CI	x					R/O	M	H	M		
TIF	x	ISF	x					V	H	H	H		
TL		NPF	x					A/CL	M	H	M		
NGF	x	FF	*					CO	H	H	H		
SAP		DCU											

\* FF are covered on the FID tab

**Note that the schedule below is based on non-tax revenues (for SIT audit) and covers the TL opinion unit**

SIT Incharge Signoff (initial and date) LAL 7/23/19

SIT Director Signoff (initial and date) JMW 10/5/19

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)		Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	E/O, V, CO Improper Revenue Recognition (SIT CX-3.2 & OVR CX-3.1 #50) Mineral Royalty revenue is subject to fluctuation. Complex land sales	S						B	Procedures on SIT AE program plus adapted SIT AD audit program are deemed sufficient to address risks noted
GEN		UCF						E/O	H	H	H		
EF		WLP						C	M	H	M		
TF		CI						R/O	M	H	M		
TIF		ISF						V	H	H	H		
TL	X	NPF						A/CL	M	H	M		
NGF		FF						CO	H	H	H		
SAP		DCU											


**Risk Assessment Summary**  
**GOV**

Incharge Signoff (initial and date) GFH 9/3/19  
Director Signoff (initial and date) JDA 9/9/2019  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.


**Capital Assets and Expenditures**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None		N/A					B	
GEN		UCF						E/O	M	H	M		
EF		WLP						C	M	H	M		
TF	x	CI						R/O	M	H	M		
TIF	x	ISF	x					V	M	H	M		
TL		NPF	x					A/CL	M	H	M		
NGF	x	FF						CO	M	H	M		
SAP		DCU											

 = Capital Assets/Expenditures testwork does not apply to this opinion unit (for table above)

**Debt and Debt Service**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None		N/A					B	
GEN		UCF						E/O	M	H	M		
EF		WLP	x					C	M	H	M		
TF	x *	CI						R/O	M	H	M		
TIF		ISF	x					V	M	H	M		
TL		NPF	x					A/CL	M	H	M		
NGF	x	FF						CO	M	H	M		
SAP		DCU											

 = Capital Assets/Expenditures testwork does not apply to this opinion unit (for table above)

\* Applicable when there is a bond issued for highway construction.



Risk Assessment Summary  
FBC

Incharge Signoff (initial and date) AD 10/28/19  
Director Signoff (initial and date) GH 10/28/19  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/29/19  
OVR Director Signoff (initial and date)

See 1/ for definition of Opinion Unit abbreviations.  
Equity and Financial Statement Reconciliations (Net Position / Net Assets)

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A						B	
GEN	x	UCF	x					E/O	M	H	M		
EF	x	WLP	x					C	M	H	M		
TF	x	CI	x					R/O	M	H	M		
TIF	x	ISF	x					V	M	H	M		
TL	x	NPF	x					A/CL	M	H	M		
NGF	x	FF	x					CO	M	H	M		
SAP		DCU											

**Risk Assessment Summary**  
**FID**

Incharge Signoff (initial and date) LAL 8/29/19  
Director Signoff (initial and date) GFH 9/3/19  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.

**Fiduciary Fund Assets and Additions for Private Purpose Trust and Agency Funds**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None		N/A					B	
GEN		UCF						E/O	L	H	L		
EF		WLP						C	L	H	L		
TF		CI						R/O	L	H	L		
TIF		ISF						V	L	H	L		
TL		NPF						A/CL	L	H	L		
NGF		FF	x					CO	L	H	L		
SAP		DCU											

**Fiduciary Fund Liabilities and Deductions for Private Purpose Trust and Agency Funds**

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None		N/A					B	
GEN		UCF						E/O	M	H	M		
EF		WLP						C	M	H	M		
TF		CI						R/O	M	H	M		
TIF		ISF						V	M	H	M		
TL		NPF						A/CL	M	H	M		
NGF		FF	x					CO	M	H	M		
SAP		DCU											

**Pension Trust Fund**

				Risks of Material Misstatement		Risk Assessment				Response	
				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk	Risk Assessment	I/R	C/R	Assessed	Audit

**Risk Assessment Summary**  
**FID**

Incharge Signoff (initial and date) LAL 8/29/19  
Director Signoff (initial and date) GFH 9/3/19  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.

Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Significant Risk (S=Significant, F=Fraud)	Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	RMM (H/M/L)	Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN		UCF					E/O	M	H	M		
EF		WLP					C	M	H	M		
TF		CI					R/O	M	H	M		
TIF		ISF	x				V	M	H	M		
TL		NPF	x				A/CL	M	H	M		
NGF		FF	x				CO	M	H	M		
SAP		DCU										

**Other Employee Benefit Trust Fund**

					Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA	x	BA	x	X	None	N/A					B	
GEN		UCF					E/O	M	H	M		
EF		WLP					C	M	H	M		
TF		CI					R/O	M	H	M		
TIF		ISF	x				V	M	H	M		
TL		NPF	x				A/CL	M	H	M		
NGF		FF	x				CO	M	H	M		
SAP		DCU										

Risk Assessment Summary  
DCU

Incharge Signoff (initial and date) CW 10/22/2019  
Director Signoff (initial and date) JDA 9/6/2019  
Concurring Signoff (initial and date) See OVR  
OVR Incharge Signoff (initial and date) RER 10/28/19  
OVR Director Signoff (initial and date) \_\_\_\_\_

See 1/ for definition of Opinion Unit abbreviations.  
Component Unit Consolidations (All DCUs)

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None							B	
GEN		UCF						E/O	M	H	M		
EF		WLP						C	M	H	M		
TF		CI						R/O	M	H	M		
TIF		ISF						V	M	H	M		
TL		NPF						A/CL	M	H	M		
NGF		FF						CO	M	H	M		
SAP		DCU	x										

Insurance and Self Insurance

						Risks of Material Misstatement		Risk Assessment				Response	
Opinion Unit				Significant Audit Area	Identified Risks / Assertions Affected		Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
GA		BA		X	None		N/A					B	See (DCU) LD and LD-1 Audit Programs
GEN		UCF						E/O	M	H	M		
EF		WLP						C	M	H	M		
TF		CI						R/O	M	H	M		
TIF		ISF	x					V	M	H	M		
TL		NPF						A/CL	M	H	M		
NGF		FF						CO	M	H	M		
SAP		DCU											

**Risk Assessment Summary**  
**OVR (UHE Rollup)**

OVR Incharge Signoff (initial and date) RER 9/11/2019  
OVR Director Signoff (initial and date) \_\_\_\_\_  
Concurring Signoff (initial and date) See OVR

See 1/ for definition of Opinion Unit abbreviations.  
Student Assistance Program & my529 Consolidations

					Risks of Material Misstatement		Risk Assessment				Response	
Significant Audit Area	Opinion Units				Identified Risks / Assertions Affected	Indicate if Significant Risk (S=Significant, F=Fraud)	Risk Assessment Documentation Approach	I/R (H/M/L)	C/R (H/M/L)	Assessed RMM (H/M/L)	Audit Approach (L, B, E, S)	Comments / Linkage
X	GA		BA		None						L	The UHEAA audits were contracted out for FY17-FY21. The SLGP and SLPP statements are combined to form the SAP opinion unit. The my529 statements (a dba of UESP) are a private purpose trust fund. See CAFR rollup testwork in the BA workpapers of the OVR audit.
	GEN		UCF				E/O	L	H	L		
	EF		WLP				C	L	H	L		
	TF		CI				R/O	L	H	L		
	TIF		ISF				V	L	H	L		
	TL		NPF				A/CL	L	H	L		
	NGF		FF	x			CO	L	H	L		
	SAP	x	DCU									

**ALG-CX-7.3: Risk of Material Noncompliance Assessment Worksheet—Federal Award Programs****Instructions**

This form may be used to document your assessment of the risk of material noncompliance for purposes of determining the extent and nature of compliance testing for major federal award programs. Completion of this form documents the applicable compliance requirements for each major program and the identified risks of noncompliance (including fraud risks or other significant risks), the combined risk of material noncompliance, and the audit response by type of compliance requirement for each major program. Complete a separate worksheet for each major program. Your risk assessments should take into account materiality; the results of planning procedures; information obtained about the entity and its environment, including its internal control; the consideration of fraud; engagement team discussions; other engagements performed for the entity; and any other sources that provide information relevant to identifying and assessing risks. (ALG-CX-7.1 documents the assessment of risk that noncompliance may cause the financial statements or schedule of expenditures of federal awards to contain a material misstatement. ALG-CX-7.4 can be used to document your assessment of inherent risk of noncompliance for compliance requirements applicable to major federal award programs.) You need to be familiar with section 403 and Chapter 13 of this *Guide* before completing this form.

Document risks of material noncompliance at the overall major program level and the planned responses in Part I. For identified risks, indicate whether the risks are fraud risks or other significant risks. Management override of controls is a fraud risk at the overall major program level; however, you are not required to document that risk and your response on this form.

The following instructions address completion of the worksheet in Part II.

<b>Column</b>	<b>Instructions</b>
Applicable?	Place a checkmark in the box for each compliance requirement that applies to the major program. (See “Documenting Applicable and Direct and Material Compliance Requirements” in note b.)
Direct and Material?	Place a checkmark in the box for each compliance requirement with a checkmark in the previous column that could have a direct and material effect on major program compliance. (See “Documenting Applicable and Direct and Material Compliance Requirements” in note b.)
Identified Risks	Based on your understanding of the major program obtained when performing risk assessment procedures, list (1) any specifically identified risk that is of a magnitude that could result in material noncompliance of the major program and (2) the related compliance requirement.
Indicate If Significant Risk	Indicate if the identified risk of material noncompliance is a fraud risk or other significant risk by placing an “F” in this column if the risk is a fraud risk or an “S” in this column if the risk is a significant risk other than a fraud risk. If the risk is not a fraud risk or other significant risk, leave the column blank. When considering if an identified risk is a significant risk, determine if it relates to (1) significant compliance, economic, accounting, or other developments needing specific attention; (2) complex transactions; (3) significant related-party transactions; (4) measurements that are subjective or uncertain, especially estimates with a high degree of uncertainty; or (5) significant transactions outside the normal course of activities or that otherwise appear unusual. Treat significant related-party transactions outside the normal course of business as significant risks.

Column	Instructions
Inherent Risk [of Noncompliance]	Document the assessed level of inherent risk of noncompliance as high, moderate, or low (“H,” “M,” or “L”) based on the assessment at <a href="#">ALG-CX-7.4</a> . Inherent risk of noncompliance is the susceptibility of a major program’s compliance requirements to material noncompliance, either individually or when aggregated with other instances of noncompliance, before consideration of any related controls over compliance. Completing <a href="#">ALG-CX-3.1</a> and performing other risk assessment procedures generally provides a basis to assess inherent risk. If considered necessary, a few comments about the nature of the audit area and the related assertions in the comments/linkage column may be used to document additional information to support the basis. <a href="#">ALG-CX-7.4</a> provides considerations that may influence inherent risk of noncompliance.
Control Risk [of Noncompliance]	Document the assessed level of control risk of noncompliance as high, moderate, or low (“H,” “M,” or “L”) based on the understanding of internal control and tests of controls. Control risk of noncompliance is the risk that noncompliance with a compliance requirement that could occur and that could be material to a major program, either individually or when aggregated with other instances of noncompliance, will not be prevented, or detected and corrected, on a timely basis by the entity’s internal control over compliance.
Combined Risk [of Material Noncompliance]	Document the combined assessed risk of material noncompliance as high, moderate, or low. The table at note e may be used to determine the combined assessment. The combined risk of material noncompliance is the risk that material noncompliance exists before the audit. It consists of inherent risk of noncompliance and control risk of noncompliance.
Response— Comments/Linkage	<p>Provide comments as considered necessary about the risk assessment or to clarify the linkage between risks and responses. Comments might include:</p> <ul style="list-style-type: none"> <li>• Information that clarifies how the audit procedures have been tailored to respond to your risk assessment.</li> <li>• Information about the nature, timing, or extent of further audit procedures in response to identified risks, including overall responses for pervasive risks (that is, risks that may affect compliance with multiple compliance requirements).</li> <li>• Descriptions of the procedures that will be performed to specifically respond to identified risks, including fraud risks and other significant risks.</li> </ul> <p>This column may also be used to reference to where documentation of considerations of which compliance requirements are applicable, and which could have a direct and material effect on the program, is located. (See columns 2 and 3.)</p>

**Uniform Guidance and 2017 Compliance Supplement.** OMB’s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is located in 2 CFR part 200. Its audit requirements are located in 2 CFR part 200, subpart F (2 CFR sections 200.500–521). The Compliance Supplement is located in 2 CFR part 200, appendix XI. The most current version of 2 CFR part 200 is in the Electronic Code of Federal Regulations (eCFR) at [www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl). See Chapter 13 .

The auditor may need to test awards that are subject to two different sets of administrative requirements and cost principles. Award recipients have to implement new administrative requirements and cost principles for all new federal awards made on or after December 26, 2014, and for funding increments (additional funding on existing awards) with modified terms and conditions that are awarded on or after that date. Previous awards, including funding increments without modified terms and conditions are subject to the previous administrative requirements and cost principles.

The 2017 Compliance Supplement, which is effective for audits of fiscal years beginning after June 30, 2016, provides guidance on awards that are subject to the administrative requirements and cost principles in the Uniform Guidance and those that are subject to the previous administrative requirements and cost principles.

**ALG-CX-7.3**  
(Continued)

Part 7 of the Compliance Supplement states “the auditor must determine whether the Federal award (or, as applicable, incremental funding provided under the Federal award) includes terms and conditions based on 2 CFR part 200, or the A-102 common rule or OMB Circular A-110, and the OMB cost principles circulars.” Part 3 further explains that during the period covered by the 2017 Compliance Supplement some recipients will still have some federal awards that are subject to the administrative requirements and cost principles in the previous OMB circulars and some that are subject to those in the Uniform Guidance. Part 3 of the Compliance Supplement is divided into two separate sections that apply depending on which requirements are applicable to the award:

- Part 3.1 applies to awards made before December 26, 2014, including funding increments without modified terms and conditions awarded on or after that date.
- Part 3.2 applies to new awards made on or after December 26, 2014, and funding increments with modified terms and conditions awarded on or after that date.

In addition, Part 4 of the Compliance Supplement provides dual references to the administrative requirements and cost principles in the previous OMB circulars and those that are in the Uniform Guidance.



### Noncompliance Risk Assessment Summary Form

Governmental Unit: Overall Financial and Single Audit

Financial Statement Date: 06/30/2019

Completed by: [ ] Date: [ ]

Approved by: [ ] Date: [ ]

Major Program and CFDA Number:[ ]

**This form is completed for certain compliance requirements applicable on a State-wide basis (i.e. allowable costs/cost principles (SWCAP), cash management, and procurement/suspension and debarment). All other compliance areas are applicable to the individual major program rather than on a State-wide basis. Individual audit areas will complete this form for each Federal program determined to be a major program for the fiscal year. Further documentation here is NCN.**

#### Part I—Overall Major Program Level Risks and Responses

1. Describe overall risks at the major program level (that may affect many compliance requirements) and your planned responses. <sup>a</sup> Examples of overall risks include program size, age, complexity, prior findings, and other risk factors considered at [ALG-AP-19](#) and [ALG-CX-1.5](#), [ALG-CX-1.6](#), or [ALG-CX-1.7](#), as applicable, as part of the major program determination process. Responses may include consideration of staffing, increasing the level of supervision, changing the timing of procedures, etc. Indicate if the risk is a fraud risk or other significant risk.

Identified Risk	Indicate If Significant Risk (S = Significant, F = Fraud)	Responses
None	[ ]	[ ]
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]

### Part II—Compliance Requirement Risk Assessment Summary

Document your specific risk assessments by compliance requirement and your response by completing the following table:

			Identified Risks of Material Noncompliance		Risk Assessment of Noncompliance			Response
Compliance Requirement	Applicable? <sup>b</sup> (✓=Yes)	Direct and Material? (✓=Yes)	Identified Risks	Indicate If Significant Risk (S=Significant, F=Fraud)	Inherent Risk (H,M,L) <sup>c, d</sup>	Control Risk (H,M,L) <sup>e</sup>	Combined Risk (H,M,L) <sup>f, g</sup>	Comments/Linkage <sup>h</sup>
A. Activities Allowed and Unallowed	<input type="checkbox"/>	<input type="checkbox"/>						
B. Allowable Costs/Cost Principles	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	None		M	L	L	OVR tests the SWCAP. FBC tests the rate setting process and excess reserves by ISFs. All other compliance requirements in this area are tested at the major program level.
C. Cash Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	None		L	L	L	OVR test the annual interest liability report and check clearance patterns in the CMIA State/Treasury Agreement (TSA). Compliance with the CMIA TSA is tested at the major program level.
E. Eligibility	<input type="checkbox"/>	<input type="checkbox"/>						
F. Equipment and Real Property Management	<input type="checkbox"/>	<input type="checkbox"/>						
G. Matching, Level of Effort, Earmarking	<input type="checkbox"/>	<input type="checkbox"/>						
H. Period of Availability of Federal Funds/Period of Performance	<input type="checkbox"/>	<input type="checkbox"/>						

			Identified Risks of Material Noncompliance		Risk Assessment of Noncompliance			Response
Compliance Requirement	Applicable? <sup>b</sup> (✓=Yes)	Direct and Material? (✓=Yes)	Identified Risks	Indicate If Significant Risk (S=Significant, F=Fraud)	Inherent Risk (H,M,L) <sup>c, d</sup>	Control Risk (H,M,L) <sup>e</sup>	Combined Risk (H,M,L) <sup>f, g</sup>	Comments/Linkage <sup>h</sup>
I. Procurement and Suspension and Debarment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	None		M	L	L	OVR tests State-wide contracts for compliance with procurement (state-wide contract bids and awards) and suspension and debarment requirements. Compliance with procurement or suspension and debarment requirements for nonstate-wide contracts are tested at the major program level.
J. Program Income	<input type="checkbox"/>	<input type="checkbox"/>						
L. Reporting	<input type="checkbox"/>	<input type="checkbox"/>						
M. Subrecipient Monitoring	<input type="checkbox"/>	<input type="checkbox"/>						
N. Special Tests and Provisions	<input type="checkbox"/>	<input type="checkbox"/>						

### Notes

<sup>a</sup> Complete a separate form for each major program.

<sup>b</sup> For federal programs included in the *OMB Compliance Supplement*, the matrix in Part 2 of the Compliance Supplement indicates the compliance requirements that are applicable to the program. (Note: For programs and clusters in Parts 4 and 5 of the 2017 Compliance Supplement, the applicable row from the matrix in Part 2 is presented with each program/cluster.) For federal programs that are not included in the Compliance Supplement, 2 CFR section 200.514(d)(3) states “the auditor must follow the compliance supplement’s guidance for programs not included in the supplement.” Part 7 of the Compliance Supplement provides detailed guidance on identifying the compliance requirements and designing compliance tests for programs not included

### ALG-CX-7.3

(Continued)

in the Compliance Supplement. A program for identifying compliance requirements for federal awards not listed in the Compliance Supplement is presented at [ALG-AP-19](#).

*Documenting Applicable and Direct and Material Compliance Requirements.* The auditor should document in the workpapers the types of compliance requirements that the matrix in Part 2 of the Compliance Supplement indicates are applicable to the major program. This may be accomplished by including a copy of the relevant page of the matrix (from Part 2 or the applicable row of the matrix presented in Parts 4 and 5 for each program/cluster) in the workpapers, developing a matrix that reflects only the auditee's major programs, or preparing a memorandum. In addition, the auditor should document his or her consideration supporting the decision as to which compliance requirements could have a direct and material effect on the program and therefore should be tested. Similar documentation is also necessary to support the auditor's consideration of the types of compliance requirements that apply to a major program that is not included in the Compliance Supplement (see [ALG-AP-19](#)). It is not sufficient to just leave the second or third column on this worksheet blank without further documentation, or merely indicate in the workpapers that a requirement is "N/A" or "Not direct and material." Auditors may document their considerations and conclusions reached on this form or on [ALG-CX-7.4](#) in the Comments/Linkage column, on [ALG-AP-19](#) (for programs not included in the Compliance Supplement), on the compliance audit programs included in *PPC's Government Documents Library* at Gov. Doc. No. 9a ([GSA-AP-5](#)) and Gov. Doc. No. 9b ([GSA-AP-6](#)), or reference to a memo.

Chapter [13](#) includes a detailed discussion about identifying and documenting compliance requirements.

<sup>c</sup> The risk of material noncompliance, the product of inherent risk of noncompliance and control risk of noncompliance, is the auditor's *combined* assessment of the two risks.

<sup>d</sup> Inherent risk of noncompliance is the susceptibility of a major program's compliance requirements to material noncompliance, either individually or when aggregated with other instances of noncompliance, before consideration of any related controls over compliance. The auditor is expected to document the inherent risk assessment for each direct and material compliance requirement. Using professional judgment, assess inherent risk of noncompliance as high, moderate, or low. [ALG-CX-7.4](#) can be used to assist with the auditor's assessment of inherent risk of noncompliance for compliance requirements applicable to major programs.

<sup>e</sup> The risk of material noncompliance, the product of inherent risk of noncompliance and control risk of noncompliance, is the auditor's *combined* assessment of the two risks.

<sup>f</sup> The risk of material noncompliance, the product of inherent risk of noncompliance and control risk of noncompliance, is the auditor's *combined* assessment of the two risks.

<sup>g</sup> Based on the assessed levels of inherent risk of noncompliance and control risk of noncompliance, the combined assessed risk of material noncompliance may be determined as follows:

Inherent Risk of Noncompliance	×	Control Risk of Noncompliance	=	Risk of Material Noncompliance
High		High		High

High	Moderate	High
High	Low	Moderate
Moderate	High	Moderate
Low	High	Low
Moderate or Low	Moderate	Low
Moderate or Low	Low	Low

Use your judgment in determining the combined risk of material noncompliance. Your assessed risk of material noncompliance can be used as a basis for determining the extent of substantive tests applied to the major program.

According to the *GAS/SA Audit Guide, Paragraph 6.34* ([link](#)) , when determining an acceptable level of detection risk of noncompliance, the auditor considers (1) the assessments of inherent risk of noncompliance and control risk of noncompliance and (2) the extent to which he or she wants to restrict the audit risk of noncompliance related to the major program. As the assessed inherent risk of noncompliance or control risk of noncompliance decreases, the acceptable level of detection risk of noncompliance increases. Thus, the nature, timing, and extent of the auditor's compliance tests may be altered based on the assessments of inherent risk of noncompliance and control risk of noncompliance.

<sup>h</sup> Comments might include:

- Information that clarifies how the audit procedures have been tailored to respond to your risk assessment.
- Descriptions of the procedures that will be performed to specifically respond to fraud risks or other significant risks.
- Information about the nature, timing, or extent of further audit procedures in response to identified risks.
- A reference to where tests of controls are performed.
- Documentation of the basis for your assessment of inherent risk of noncompliance.

This column may also be used to reference to where documentation of considerations of which compliance requirements are applicable, and which could have a direct and material effect on the program, is located. (See columns 2 and 3.)

<b>Overall Financial and Single Audit</b>	<b>GC-05</b>
<b>GC-05 Inquiries with Management</b>	<b>06/30/2019</b>

**Purpose:** Per audit steps 5.b-c, 7.b, 8.a. and d and 9.b on **AP-2**, steps 24.a, 25.b, and 26.a. on **AP-3**, and step 6 on **AP-18**.

**Testwork:**

We inquired with Patricia Nelson, Assistant State Comptroller on 11/25/19 regarding the following:

***Commitments/Contingencies (Step 5.b. on AP-2 and step 24.a. on AP-3):***

They are not aware of any unrecorded contingencies or commitments related to the financial statements or to federal award programs for the State of Utah.

***Noncompliance with provisions of contracts or grants, including Federal awards (Step 5.c. on AP-2 and step 24.a. on AP-3):***

They are not aware of any noncompliance with provisions of contracts or grants, including federal awards that could have a material effect on the financial statements.

***Accounting estimates (Step 7.b. and 8.d. on AP-2):***

They are not aware of any new accounting estimates or the need to revise the accounting estimates already made for the CAFR.

***Subsequent Events (Step 8.a. on AP-2, step 25.b. on AP-3, and step 6 on AP-18):***

In order to identify subsequent events, State Finance makes inquiry with component units via email, reviews financial reports, reviews minutes (in some cases), and searches for any bond issuances subsequent to June 30 on the EMMA website. State Finance also inquires of Risk Management, DFCM, GOMB, the Legislative Financial Analyst, and URS, PEHP, UHEAA, UTA and SITFO and reviews component unit financial statements for subsequent event disclosures. They also review the legal representation letter and update to that letter.

They are not aware of any loss or impairment of assets or of any unusual adjustments recorded on FINET. They are not aware of issuance of long-term debt subsequent to 6/30/19. They are not aware of any reports on compliance having been issued to the State of Utah since 6/30/19 other than those issued by the OSA. They are not aware of any subsequent events affecting the SEFA.

***Related Party Transactions (Steps 9.b on AP-2 and steps 26.a. on AP-3):***

There were no related party transactions outside the usual state transactions and all material related-party transactions are being properly recognized/recorded on FINET. There are no additional material related-party transactions that have not been properly disclosed in the financial statements or that affect major programs.

**Summary:** **NEN.** The CAFR disclosures are considered adequate and there is no affect on our single audit testwork/report.

**PURPOSE:** This workpaper evaluates the effect of the PJE

on our opinion units and determines whether the proposed adjustments indicate any internal control weaknesses. See **JE-00-1** for detail of adjustments that are summarized by opinion unit on each tab of this workpaper. See conclusion for each opinion unit and the overall conclusion below.

We discussed all the PJE

s documented on this workpaper with Patricia Nelson, Assistant State Comptroller, on a timely basis to give management an opportunity to correct them. Patricia agreed with the PJE

s. 3 PJE

s were booked (**JE-01, JE-02 and JE-04**) and one PJE was partially booked (**JE-03**). **JE-01** is a reversal and booking of prepaid rental revenue between the Trust Lands permanent fund and the trust lands enterprise fund. **JE-02** was proposed to reclassify the purchase of the Taylorsville State Office Building and Roadhome Homeless Center from general government expenditures to capital outlay expenditures. **JE-03** corrects the booking of capital asset transfers for UVU. The unbooked portion of **JE-03** was to correctly reflect beginning fund balance and expenses for UVU, but State Finance chose not to book this portion for \$25.6 million. **JE-04** properly shows funds not yet invested as of June 30 for the Trust Fund as cash instead of investments. We do not feel that any of the PJE

s were indicative of fraud. There were no additional unbooked PJE

s noted from the various component audits that we would need to consider here in forming our opinion on the State's CAFR (see **GB-36**).

**Conclusion:** Based on the results of the evaluation performed above, as well as the consideration of qualitative factors, uncorrected differences, individually and in aggregate do not cause the financial statements of this opinion unit taken as a whole to be materially misstated.

**Internal Control Considerations:**

Based on our review of the PJE

s (booked/unbooked), we do not consider any of the remaining proposed adjustments, individually or in aggregate, to be indicitive of significant internal control weakness for financial reporting. The unbooked PJE

s do not materially misstate the financial statements (individually or in aggregate); therefore, we will not modify our opinion on any opinion units.

**Qualitative Considerations in Evaluating Materiality:**

The judgment about whether a misstatement is material is influenced by qualitative considerations as well as quantitative considerations. The following are examples of qualitative considerations:

1. The effect of the misstatement on overall trends, for example, a misstatement that changes a decrease in fund balance to an increase in fund balance.
2. The effect of the misstatement on other financial statement components (that is, the pervasiveness of the misstatement).
3. The effect of the misstatement on the government's compliance with legal and contractual provisions, such as revenue misstatements that might affect the entity's compliance with bond covenants.
4. A misstatement that affects management's compensation, for example by satisfying requirements for the award of bonuses or other forms of incentive compensation.
5. The significance of the financial statement element or portion of the entity's activities affected by the misstatement.
6. The effects of misclassifications that could be significant to the financial statement users, for example, misclassification between operating and nonoperating
7. The potential effect on future periods.
8. The character of the misstatement (for example, the precision of the audit differences).
9. The sensitivity of the circumstances surrounding the misstatement, for example, the implications of misstatements involving fraud, possible illegal acts, violations of contractual provisions, or conflicts of interest.
10. The motivation of management with respect to the misstatement, for example, (1) an indication of a possible pattern of bias by management when developing and accumulating accounting estimates or (2) a misstatement precipitated by management's continued unwillingness to correct weaknesses in the financial reporting process.
11. The significance of the misstatement or disclosures relative to politically sensitive matters or known user needs.
12. The existence of statutory or regulatory requirements affecting materiality thresholds.
13. Offsetting effects of individually significant matters.
14. Cost of making the correction.
15. Risk of possible additional uncorrected misstatements.

Opinion Unit:

Governmental Type Activities

						Only include Unbooked PJE's				
PJE #	Workpaper Reference	Booked/ Unbooked	Line Description	Debit	Credit	Assets + DO DR(CR)	Liabilities + DI DR(CR)	Fund Balance DR(CR)	Revenue DR(CR)	Expense DR(CR)
JE-01	SIT TB-00-A	Booked	Governmental Activities - Due to Other Funds	3,703,404						
			Governmental Activities - Due from Other Funds		3,703,404					
JE-04	SIT TB-00	Booked	Governmental Activities - Cash	13,872,255						
			Governmental Activities - Investments		13,872,255					
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						29,490,358,000	(5,541,544,000)	(23,948,814,000)	(14,432,399,000)	13,398,210,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%



Opinion Unit:

Business-Type Activities

						Only include Unbooked PJE's				
PJE #	Workpaper Reference	Booked/ Unbooked	Line Description	Debit	Credit	Assets + DO DR(CR)	Liabilities + DI DR(CR)	Fund Balance DR(CR)	Revenue DR(CR)	Expense DR(CR)
JE-01	SIT TB-00-A	Booked	Business-Type Activities - Due To Other Funds	3,703,404						
			Business-Typ Actvities - Due From Other Funds		3,703,404					
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						5,087,261,000	(1,448,374,000)	(3,638,887,000)	(6,485,129,000)	14,037,407,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%

Opinion Unit: 

Discrete Component Units

						Only include Unbooked PJE's				
						Assets + DO DR(CR)	Liabilities + DI DR(CR)	Fund Balance DR(CR)	Revenue DR(CR)	Expense DR(CR)
PJE #	Workpaper Reference	Booked/ Unbooked	Line Description	Debit	Credit					
JE-03	DCU BD-11	Booked	Non-Major Component Units UVU - Expenses	16,868,000						
			Non-Major Component Units UVU - Capital Grants and Contributions		16,868,000					
JE-03	DCU BD-11	Unbooked	Non-Major Component Units UVU - Expenses	25,569,000		(25,569,000)				
			Non-Major Component Units UVU - Beginning Net Position		25,569,000					
Total Unbooked PJE's						-	-	(25,569,000)	-	25,569,000
Financial statement caption totals						17,109,382,000	(6,016,300,000)	(11,093,082,000)	(9,390,524,000)	8,626,953,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.23%	0.00%	0.30%

						Only include Unbooked PJE's				
PJE #	Workpaper Reference	Booked/ Unbooked	Line Description	Debit	Credit	Assets + DO DR(CR)	Liabilities + DI DR(CR)	Fund Balance DR(CR)	Revenue DR(CR)	Expense DR(CR)
General Fund										
		NONE								
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						1,918,795,000	(680,275,000)	(1,238,520,000)	(6,509,587,000)	7,386,308,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%
Education Fund										
		NONE								
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						1,981,679,000	(777,983,000)	(1,203,696,000)	(5,438,603,000)	4,138,708,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%
Transportation Fund										
		NONE								
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						757,242,000	(245,636,000)	(511,606,000)	(1,133,995,000)	994,803,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%
Transportation Investment Fund										
		NONE								

Opinion Unit:

Major Governmental Funds

						Only include Unbooked PJE's				
PJE #	Workpaper Reference	Booked/ Unbooked	Line Description	Debit	Credit	Assets + DO DR(CR)	Liabilities + DI DR(CR)	Fund Balance DR(CR)	Revenue DR(CR)	Expense DR(CR)
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						678,791,000	(8,496,000)	(670,295,000)	(744,898,000)	612,407,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%
Trust Lands Fund										
JE-01	SIT TB-00-A	Booked	Gov Funds TL Perm Fund - Due to Other Funds	3,703,404						
			Gov Funds TL Perm Fund - Due from Other Funds		3,703,404					
JE-04	SIT TB-00	Booked	Gov Fund TL Perm Fund Cash	13,872,255						
			Gov Fund TL Perm Fund - Investments		13,872,255					
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						2,796,099,000	(133,763,000)	(2,662,336,000)	(148,447,000)	18,435,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%

						Only include Unbooked PJE's				
PJE #	Workpaper Reference	Booked/ Unbooked	Line Description	Debit	Credit	Assets + DO DR(CR)	Liabilities + DI DR(CR)	Fund Balance DR(CR)	Revenue DR(CR)	Expense DR(CR)
Student Assistance Programs										
		None								
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						1,665,727,000	(1,287,482,000)	(378,245,000)	(119,569,000)	114,087,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%
Unemployment Compensation Fund										
		None								
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						1,203,525,000	(14,181,000)	(1,189,344,000)	(196,126,000)	152,359,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%
Water Loan Programs										
		None								
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						1,093,553,000	(26,807,000)	(1,066,746,000)	(65,125,000)	13,744,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%
Community Impact Loan Fund										
		NONE								

Opinion Unit:

Major Proprietary Funds

						Only include Unbooked PJE's				
PJE #	Workpaper Reference	Booked/ Unbooked	Line Description	Debit	Credit	Assets + DO DR(CR)	Liabilities + DI DR(CR)	Fund Balance DR(CR)	Revenue DR(CR)	Expense DR(CR)
Total Unbooked PJE's						-	-	-	-	-
Financial statement caption totals						703,908,000	23,000	(703,885,000)	(13,725,000)	332,000
Unbooked PJE's as a % of F/S Captions						0.00%	0.00%	0.00%	0.00%	0.00%

Opinion Unit: 

Aggregate Remaining Funds

						Only include Unbooked PJE's				
						Assets + DO DR(CR)	Liabilities + DI DR(CR)	Fund Balance DR(CR)	Revenue DR(CR)	Expense DR(CR)
PJE #	Workpaper Reference	Booked/ Unbooked	Line Description	Debit	Credit					
JE-01	SIT TB-00-A	Booked	NM Enterprise Funds - TL - Due To Other Funds	3,703,404						
			NM Enterprise Funds - TL - Due From Other Funds		3,703,404					
JE-02	APE LA-01	Booked	NM Govt Funds - Capital Outlay Expenditures	34,077,000						
			NM Govt Funds - General Govt Expenditures		34,077,000					
						</				

Amounts for Financial Statement Caption Total calculation:

Pension and Other Employee Benefit Trust Funds	39,048,351,000	(1,825,373,000)	(37,222,978,000)	(1,356,261,000)	2,098,237,000
Investment Trust Fund	10,221,331,000	(17,125,000)	(10,204,206,000)	(11,632,161,000)	10,918,171,000
Private Purpose Trust Funds	14,663,530,000	(228,764,000)	(14,434,766,000)	(2,292,417,000)	743,058,000
Agency Funds	258,607,000	(258,607,000)	-		
Nonmajor Governmental Funds	1,296,754,000	(266,364,000)	(1,030,390,000)	(340,619,000)	798,731,000
Nonmajor Enterprise Funds	464,825,000	(164,158,000)	(300,667,000)	(488,785,000)	358,807,000
Internal Service Funds	264,111,000	(231,892,000)	(32,219,000)	(319,721,000)	326,290,000

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Fund Description	
GA-Governmental Activities	BA-Business-type Activities
DCU-Discrete Component Units	GEN-General Fund
EF-Education Fund	TF-Transportation Fund
TIF-Transportation Investment Fund	TL-Trust Land
NGF-Nonmajor Governmental Funds	SAP-Student Assistance Programs
UCF-Unemployment Compensation Fund	WLP-Water Loan Programs
CI-Community Impact Loan Fund	ISF-Internal Service Funds
NPF-Nonmajor Proprietary Funds	FF-Fiduciary Funds

PJE#	FUND	Description	DR Amount	CR Amount	Category							
					Assets	Def Outflow	Liabilities	Def Inflow	Fund Equity	Expenditures	Revenues	Transfers
		WPref			DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)
1		SIT TB-00-A										
		Booked										
	TL	Gov Funds TL Perm Fund - due to other funds	\$3,703,404.45				\$3,703,404.45					
	NPF	NM Enterprise funds - Trust Lands - Due From Other Funds		\$3,703,404.45	(\$3,703,404.45)							
	NPF	NM Enterprise Funds - Trust Lands - Due To Other Funds	\$3,703,404.45				\$3,703,404.45					
	TL	Gov Funds TL Perm Fund -Due From other funds		\$3,703,404.45	(\$3,703,404.45)							
	GA	Governmental Activities - Due to other funds	\$3,703,404.45				\$3,703,404.45					
	BA	Business type Activities - Due From other funds		\$3,703,404.45	(\$3,703,404.45)							
	GA	Governtal Activities - Due from other funds		\$3,703,404.45	(\$3,703,404.45)							
	BA	Business type Activities - Due to	\$3,703,404.45				\$3,703,404.45					
		Reverse and correct entry to reduce the due to/due from between the enterprise fund and the permanent fund by the prepaid rental revenue amount.										
2		APE LA-01										
		Booked										
	NGF	Non-Major Governmental Funds-Capital Outlay Expenditures	\$34,077,000.00							\$34,077,000.00		
	NGF	Non-Major Governmental Funds-General Government Expenditures		\$34,077,000.00						(\$34,077,000.00)		



Fund Description	
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PJE#	FUND	Description	DR Amount	CR Amount	Category							
					Assets	Def Outflow	Liabilities	Def Inflow	Fund Equity	Expenditures	Revenues	Transfers
		WPRef			DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)
		To classify the purchase of the Taylorsville State Office Building and Roadhome Homeless Shelter as Capital Outlay expenditures instead of General Government Expenditures.										
<b>3</b>		DCU BD-11 BD-										
<b>Unbooked</b>												
	DCU	Non-Major Componet Units UVU- Expenses	\$25,569,000.00							\$25,569,000.00		
	DCU	Non-Major Componet Units UVU- Expenses	\$16,868,000.00							\$16,868,000.00		
	DCU	Non-Major Componet Units UVU- Beginning Net Position		\$25,569,000.00					(\$25,569,000.00)			
	DCU	Non-Major Componet Units UVU- Capital Grants and Contributions		\$16,868,000.00							(\$16,868,000.00)	
		To correctly adjust beginning net postion and reflect correct expenses for FY19. To poperly account for capital assets transfers.										
<b>4</b>		SIT-TB-00										
<b>Booked</b>												
	TL	Govt Fund - Perm Fund Cash	\$13,872,254.59		\$13,872,254.59							
	TL	Govt Fund - Perm Fund Investments		\$13,872,254.59	(\$13,872,254.59)							
	GA	Governmental Activities - Cash	\$13,872,254.59		\$13,872,254.59							
	GA	Governmental Activities - Investments		\$13,872,254.59	(\$13,872,254.59)							

Partially booked.  
See JE-00 for final  
conclusion on effect  
of unbooked  
portion.

Fund Description	
GA-Governmental Activities	BA-Business-type Activities
DCU-Discrete Component Units	GEN-General Fund
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FUND	Description	DR Amount	CR Amount	Category							
				Assets	Def Outflow	Liabilities	Def Inflow	Fund Equity	Expenditures	Revenues	Transfers
PJE#	WPRef			DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)	DR (CR)
	Reclass funds at 6/30/19 to cash instead of investments										
		\$119,072,126.98	\$119,072,126.98	(\$14,813,617.80)		\$14,813,617.80		(\$25,569,000.00)	\$42,437,000.00	(\$16,868,000.00)	




<b>Overall Financial and Single Audit</b>	<b>TBFN-21</b>
<b>TBFN-21 Subsequent Events</b>	<b>06/30/2019</b>

**Purpose:** Per step 8.g. on **AP-2**. To tie out the footnote disclosures to ensure that they are reasonable and proper (see **CX-13.1** for disclosure requirements).

**Testwork:** We reviewed the Subsequent Events Footnote see **TBFN-21-1** from CAFR Draft #2. We also reviewed the footnote for propriety and reasonableness with **NMEN**. Per review of step 8 on **AP-2** reflecting the testwork of the CAFR audits regarding subsequent events, we consider the reflection of subsequent events in footnote 21 to be complete. The disclosures appear reasonable. Also see t/m's below. Further testwork is **NCN. NMEN**.

**Summary:** **MC #34 & 37**

**Tickmark Legend:**

-  Rolled from **DCU TB-FN-21** with **NEN**.
-  Per the **TRR** in-charge, the information is reasonable and appropriate with **NEN**.
-  Rolled to CAFR draft 2 (pg 138-139).

<b>Overall Financial and Single Audit</b>	<b>TB-MDA</b>
<b>TB-MDA CAFR Management Discussion &amp; Analysis</b>	<b>06/30/2019</b>

**Purpose:** Per steps 8.f. and 10. a & b on **AP-2**.

**Testwork:** We obtained the MD&A as part of CAFR Draft #2 and read it for consistency with auditor knowledge and with the State of Utah CAFR. We also ensured that it was complied with the required elements listed on **CX-13.1** MD&A Step 2. See hard copy of CAFR Draft #2 for the tie-out of MD&A for FY19. The tied out hard copy of MD&A is stored in a three ring binder on the filing cabinets in the Office of the State Auditor.

Per discussion with Patricia Nelson, Asst Comptroller, the controls over the preparation of MD&A include the controls over the preparation of the financial statements documented on **CX-4.2.1** under "CAFR Preparation" since all the data is taken from the financial statements. It also has the following additional controls:

- The MD&A is assigned to one person who has oversight and full responsibility for its preparation. This person, Julie D'Alesandro, is also assigned primary responsibility for the governmental funds and calculation of the surplus, so is very familiar with the data for the MD&A. Our more experienced staff is assigned this duty.
- Julie assigns out specific areas of the MD&A to those who are more familiar with the debt, capital assets, and enterprise funds.
- The budget section of the MD&A, and changes that are reflected in the budget, are prepared by Julie with input from those agencies who had significant changes in funding. These agencies generally include the Departments of Health, Workforce Services, Human Services, and Transportation.
- The MD&A is reviewed by other financial reporting group staff; Patricia Nelson, Assistant State Comptroller; and John Reidhead, Director of Finance.

We also asked Patricia the following questions regarding the MD&A:

1. Is the MD&A measured and presented in accordance with prescribed guidelines?  
Response – Yes.
2. Have the methods of measurement or presentation been changed from those used in the prior period? If so, what are the reasons for any such changes?  
Response – No, no changes.
3. Were there any significant assumptions or interpretations underlying the measurement or presentation?  
Response – No.

This is considered reasonable. Further testwork is NCN. NEN.

**Summary:** MCs proposed (see MC-FA for final disposition).

**Tickmark Legend:** See TB-01-1