
Update for Financial Professionals in Local Governments

SPRING 2017



Office of the
State Auditor

State Auditor Training Spring 2017

- Role of the Office of State Auditor
- Available Resources
- Updates and Changes
- Fraud in Local Governments



Office of the
State Auditor

Role of the State Auditor

- Financial and Single auditor of State
- Performance audits
- Fraud investigations (hotline)
- Local government oversight



Local Government Oversight

- Ensures uniform accounting, budgeting, and financial reporting by Utah's local governments.
- Reviews audits of all LG entities for compliance
- Trains LG officials and CPAs conducting governmental audits



Info & Resources via our Website

- Online Training
- Publications
 - Auditor Alerts
 - Uniform Accounting Manual
 - Little Manual for Local and Special Districts
 - Audit Guide, AUP, and Self Evaluation
 - Financial Survey
 - Templates



UPDATE:

Recent Publications

- Auditor Alerts

- 2016-02 New County Option Sales Tax for Highways and Public Transit
- 2016-03 Changes to Balance Sheet Submission to Utah Public Finance Website
- 2016-03a Office of the State Auditor will digitize balance sheets for FY2016
- 2016-04 Creation of SSD for the Separation of Federal Mineral Lease Revenue
- 2016-05 Alert of Recent Phishing Scams Attacking Local Governments
- 2016-06 Sixth Allocation of B&C Road Fund Money
- 2016-07 Public Funds Should Not Be Used For Personal Purchases
- 2016-08 Recommend Using Purchase Cards Rather Than Credit Cards



Office of the
State Auditor

UPDATE:

Common Audit Findings in 2016

- Inadequate Internal Control
- Open and Public Meetings Compliance
- Exceeding Budgeted Expenditures
- Fund Balance
 - Negative balance
 - Excess Fund Balance in the General Fund



UPDATE: Reporting Requirements

- Audits \$1,000,000 and greater
- All entities must upload to Transparency
- Balance Sheet digitized by OSA



Fraud in Local Governments

- Common themes of recent audits
 - Personal use of entity credit card
 - Weak oversight by governing boards



Fraud in Local Governments

- Personal use of entity credit card
 - Risks of entity credit card
 - Detection burden is on the entity
 - Collection burden is on the entity



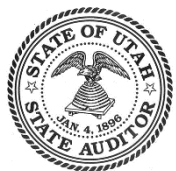
Fraud in Local Governments

- Personal use of entity credit card – Example 1
 - Interlocal Director purchased:
 - Airline tickets with intent of repayment
 - Grabbed wrong card while on personal trip for hotel charges
 - Control Failure:
 - Board Treasurer made only cursory review of statement before approving



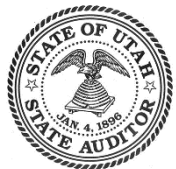
Fraud in Local Governments

- Personal use of entity credit card – Example 2
 - Interlocal CFO purchased:
 - Meals with vendors turned into meals with friends
 - Gradually purchased clothing, vacation expenses, & alcohol
 - Control Failure:
 - Director made only cursory review of statements before approving



Fraud in Local Governments

- Personal use of entity credit card – Example 3
 - Interlocal Admin Assistant purchased:
 - Every day purchases, groceries, fuel, entertainment
 - Used Adobe Pro to change digital statements
 - Control Failure:
 - CFO makes only cursory review of statements before approving



Fraud in Local Governments

- Personal use of entity credit card – Key Points
 - Effective policy was in place
 - Reviewers failed to make a thorough review
 - Receipt to statement comparison
 - Timely monthly review
 - Statements obtained from original source
 - Reviewers must make time for thorough review



Fraud in Local Governments

- Personal use of entity credit card – Recommendations
 - Purchase Cards over Credit Cards
 - Limit number of cards
 - Formalize policy in writing
 - Reviewers need to make time for thorough review
 - Reviewer must be a person who
 - Has ability to act when misuse is detected
 - Understands what type of purchases would be suspicious

