



Auston G. Johnson, CPA
UTAH STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

UTAH STATE CAPITOL COMPLEX
EAST OFFICE BUILDING, SUITE E310
P.O. BOX 142310
SALT LAKE CITY, UTAH 84114-2310
(801) 538-1025
FAX (801) 538-1383

DEPUTY STATE AUDITOR:
Joe Christensen, CPA

FINANCIAL AUDIT DIRECTORS:
H. Dean Eborn, CPA
Deborah A. Empey, CPA
Stan Godfrey, CPA
Jon T. Johnson, CPA

REPORT NO. 05-13

December 13, 2005

Mark L. Shurtleff, Attorney General
Utah State Capitol Complex
East Office Building, Suite E320
Salt Lake City, Utah 84114-2320

Dear Mr. Shurtleff:

We have completed our audit of the financial statements of the State of Utah for the year ended June 30, 2005. Our report thereon, dated October 28, 2005, was issued under separate cover. We have not yet completed the statewide federal compliance audit for the year ended June 30, 2005. Our report on the statewide federal compliance audit for the year ended June 30, 2005 should be issued by April 2006. Any additional findings relating to the Attorney General's Office which result from the completion of the federal compliance audit will be issued to you as a supplement to this letter.

In planning and performing our audits, we considered the internal control over financial reporting and administration of major federal programs of the Attorney General's Office in order to determine our auditing procedures for the purpose of expressing our opinion on the State's financial statements and on the State's compliance with the requirements of its major programs and not to provide assurance on internal control. We noted a certain matter involving the internal control over financial reporting and administration of federal programs of the Attorney General's Office that we consider to be a reportable condition. This condition is identified in the accompanying finding and recommendation and is not believed to be material weaknesses.

Reportable conditions are defined as matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting and compliance that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants.

This report by its nature focuses on exceptions, weaknesses, and problems. This should not be understood to mean there are not also various strengths and accomplishments. Our consideration of the internal control over financial reporting and administration of federal programs would not necessarily disclose all matters in the internal control that might be reportable conditions and,

accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses, particularly since our review was based on our audit of the State as a whole.

This report is intended solely for the information and use of the Attorney General's Office and is not intended to be and should not be used by anyone other than this specified party.

We appreciate the courtesy and assistance extended to us by the personnel of the Attorney General's Office during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please call Joe Christensen, Deputy State Auditor, at (801) 538-1354.

Sincerely,

Auston G. Johnson, CPA
Utah State Auditor

cc: David Stallard, Law Office Administrator

ATTORNEY GENERAL'S OFFICE

FINDING AND RECOMMENDATION
FOR THE YEAR ENDED JUNE 30, 2005

NONCOMPLIANCE WITH PAYROLL POLICY AND SEPARATION OF DUTIES **WEAKNESS** (Reportable Condition)

Federal Agency: **various**
Federal Award Number: **various**
CFDA Number and Title: **various**
Questioned Cost Amount: **\$0**
Pass-through Entity: n/a

As part of our annual audit of State payroll expenditures, we reviewed the reports associated with 42 payroll expenditures to ensure that they were properly reviewed and retained. For the one expenditure selected from the Attorney General's Office, we noted that the Office did not properly document the review of at least one of the Payroll Management Reports ("Time Summary," "Time Edit," "Payroll Results Edit," and "Time Entered After Cutoff"). State Accounting Policies and Procedures (FIACCT 11-17.00) require departments to generate, review, approve, and retain certain payroll reports each pay period to ensure the accuracy and document approval of the payroll transactions entered into the SAP Payroll System. Noncompliance with the policy could allow errors or misappropriations related to payroll expenditures to occur without detection.

Recommendation:

We recommend that the Attorney General's Office generate, review, approve, and retain required payroll reports each pay period to document that payroll transactions entered in the SAP Payroll System are accurate and approved in accordance with State Accounting Policies and Procedures.

Attorney General's Office Response:

Our internal procedures strictly comply with FIACCT 11-17.00; however, for some unknown reason this one-page report (with no activity) was missing. We are being more careful to assure that this does not happen again and do not believe that any corrective action plan is warranted. In effect, our corrective action plan – if one is required – is simply for the Budget Director and the HR Analyst to be more careful to make sure that all payroll reports are properly stored.

Contact Person: David R. Stallard, Assistant Attorney General, (801) 366-0555
Correction Date: December 8, 2005