



The information presented here is intended to provide you with a broad understanding of the role of the Office of the Legislative Auditor General and its procedures for conducting audits.

## ■ Who We Are

The Office of the Legislative Auditor General (OLAG) is constitutionally created by Article VI Section 33 of the *Utah Constitution* which states:

*The legislative auditor shall have authority to conduct audits of any funds, functions, and accounts in any branch, department, agency or political subdivision of this state and shall perform other related duties as may be prescribed by the Legislature. He shall report to and be answerable only to the Legislature.*

The Legislative Auditor General is appointed for a six-year term and is required to be either a Certified Public Accountant or Certified Internal Auditor. Although not statutorily required, all audit managers and supervisors, and some audit staff, are certified or licensed. The Auditor General reports directly to the bipartisan Audit Subcommittee of the Legislative Management Committee. Audits are carried out by OLAG at the direction of the Audit Subcommittee.

## ■ What We Do

Generally, legislators or legislative committees make audit requests. The Audit Subcommittee prioritizes audit requests in the order that subcommittee members determine to be appropriate. Audits are staffed by OLAG according to the assigned priorities and staff availability. Some more limited reviews are initiated by the Auditor General according to Subcommittee policy.

OLAG primarily conducts performance audits to evaluate the efficiency, effectiveness, and operations of governmental agencies or programs. We provide the Legislature and agency management with independent analysis, evaluation, and recommendations regarding the performance of audited activities.

## ■ Access to Information

*Utah Code* 36-12-15(6)(a)(i) gives OLAG access to all records, documents, and reports of any entity that OLAG is authorized to audit, notwithstanding any other provision of law. *Utah Code* 63-2-206(1) clarifies that this access extends to non-public records by stating that “a governmental entity may provide a record that is private, controlled, or protected to another governmental entity . . . if the requesting entity is authorized by state statute to conduct an audit and the record is needed for that purpose.”

Further, federal law specifically authorizes auditor access to health information covered by the Health Insurance Portability and Accountability Act (HIPAA); 45 CFR 164.512(d)(1) states that “a covered entity may disclose protected health information to a health oversight agency for oversight activities authorized by law, including audits; . . . or other activities necessary for appropriate oversight.”

## ■ Audit Process

Most audits consist of these phases:

**Survey Phase:** Once an audit is approved by the audit subcommittee and assigned staff, appropriate agency personnel are contacted and an entrance conference is set up. At the entrance conference, the purpose of the audit is discussed; the audit team is introduced; and logistical questions are discussed (e.g., space needs). Agency personnel are also free to discuss any relevant issues or concerns (e.g., scheduling issues). After the entrance conference, survey work begins. The purpose of survey work is to enable audit staff to become familiar with agency operations and to determine if adequate information exists to enable the audit questions to be answered.

**Field Work Phase:** During this phase, the audit team collects information, observes activities, reviews and tests agency data or processes, and evaluates the results of the various analyses. Often the audit team can retrieve data from files and computer records with minimal assistance from agency staff. In other cases, field work may involve observing staff while on the job, interviewing staff and clients, and other techniques that require agency time.

The audit team prepares working papers to document audit findings. All working papers are considered confidential during the audit. Once an audit is released by the Audit Subcommittee, the working papers become public documents. These public working papers do not contain information that remains confidential by law.

**Report Writing Phase:** Once field work is completed, the audit team prepares an exposure draft of the report. A limited number of agency personnel receive a copy of the exposure draft which is confidential and not to be copied. After agency personnel have reviewed the exposure draft, an exit conference is conducted between agency personnel and the audit team. The purpose of the exit conference is to give the agency an opportunity to point out any errors of fact, call attention to additional information that might have been overlooked, and discuss conclusions and recommendations.

Based on agency comments at the exit conference, the audit team will make appropriate changes to the exposure draft. A final draft, which is also confidential and not to be copied, is sent to the appropriate agency head for a written response for inclusion in the audit report.

### ■ Release of Audit Report

Audit staff will notify the agency of the time and place of the Audit Subcommittee meeting. Twenty-four hours prior to this meeting, an embargoed copy of the report is made available to the news media. Embargoed copies are still confidential documents, but reporters may contact agency officials prior to the subcommittee meeting. At the meeting, a formal

presentation is made by the audit supervisor, and an agency response by the agency head (or other senior official of the audited agency) is also heard. At this meeting, the audit becomes public. Most likely, the Audit Subcommittee will refer the audit to other interested legislative committees.

OLAG's completed audits are distributed to the Audit Subcommittee, the audited agency, and the requesting legislator or legislative committee. Reports are also available to the public in our office and on our website.

### ■ Audit Follow-Up

Between six and eighteen months after the audit's release, the audit team asks the agency for an update on recommendation implementation. Based on information gathered, OLAG's annual report identifies, by audit, which recommendations were fully implemented, partially implemented, and not implemented. An annual report is provided to each legislator at the beginning of every General Session.

### ■ Audited Agency Responsibilities

The agency is expected to accommodate auditor requests for information, records, explanations, and assistance. However, efforts are made to minimize agency staff time. Further, the agency is expected to notify the audit team as to the protection status of the requested information. The audit team will maintain that protection level. If protected agency information is subsequently requested of our office, the person will be instructed to request the information from the agency that provided the information.

The agency also is expected to keep any audit results that we discuss with them confidential until the audit is released by the Audit Subcommittee. Our policy is to keep agency staff informed about our progress throughout the audit. Although we may not be able to discuss some work details, we will discuss preliminary audit findings with agency staff. Preliminary audit results need to be kept confidential.

If agency management has any questions about the audit process, they should ask the audit supervisor, or contact the audit manager or Auditor General if necessary.