



OFFICE OF THE
UTAH STATE AUDITOR

News Release
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**Office of the State Auditor Releases Reports on
Credit Card Internal Controls and Certain Financial Activities for
Four Independent State Entities**

Salt Lake City, UTAH –

The Office of the State Auditor (Office) today released reports on credit card internal controls and certain financial activities for four independent state entities. The Office reviewed financial activities for the Utah Dairy Commission, the Military Installation Development Authority (MIDA), the Utah State Fair Corporation, and the Heber Valley Historic Railroad Authority.

Overall, each entity suffered from a lack of sufficient oversight regarding the use of credit cards. The reports noted various issues, such as (1) a lack of written policies and procedures for credit card use, (2) weaknesses in the approval processes, and (3) lack of training regarding appropriate credit card use. In several cases, there were questionable expenditures, but weak controls made it difficult to draw conclusive determinations. The reports also noted that these entities might improve their financial controls through the use of purchase cards rather than credit cards. Purchase cards can provide transaction limits, daily usage limits, and merchant class restrictions.

The Office continues to have concerns with the Utah Dairy Commission. The report identifies that the Utah Dairy Commission fails to recognize that it is a public entity funded with public monies (a legislatively-imposed dairy assessment). The report also notes missing receipts, questionable expenditures, and lax oversight. "The use of public funds requires compliance with certain public duties," said State Auditor John Dougall. "I expect the Utah Dairy Commission to promptly recognize those duties and to stop operating in the shadows, away from public scrutiny."

Findings concerning the Utah Dairy Commission:

- #1: Inadequate Internal Controls over Credit Cards
- #2: Excessive Issuance of Credit Cards and Inadequate Separation of Duties
- #3: Insufficient Training on Credit Card Use
- #4: Inadequate Review of Credit Card Purchases
- #5: Improper Recording of Employee Gifts
- #6: Increased Risk by Using Credit Cards versus Purchase Cards
- #7: Commission Employees Misunderstand State Oversight

The reports for each of the four entities may be found on the Office's website, auditor.utah.gov, and specifically at:

- Utah Dairy Commission (Commission)
<http://financialreports.utah.gov/saoreports/2016/MAO-16-OA5UDCFinancialActivitiesUtahDairyCommission.pdf>
- Military Installation Development Authority (MIDA)
<http://financialreports.utah.gov/saoreports/2016/MAO-16-OA1MIDACreditCardICsMilitaryInstallationDevelopmentAuthority.pdf>
- Utah State Fair Corporation (SFC)
<http://financialreports.utah.gov/saoreports/2016/MAO-16-OA2SFCCreditCardICsUtahStateFairCorporation.pdf>
- Heber Valley Historic Railroad Authority (HVR)
<http://financialreports.utah.gov/saoreports/2016/MAO-16-OA3HVRCreditCardsICsHeberValleyHistoricRailroadAuthority.pdf>

About the Office of the State Auditor

The Office of the State Auditor provides Utah taxpayers and government officials with an independent assessment of financial operation, statutory compliance, and performance management for state and local government.

Specific activities of the Office include performing financial audits, conducting Federal funds compliance audits, providing local government oversight, conducting agency and program performance audits, performing fraud and compliance audits, and operating the State Auditor Hotline for citizens to report suspected financial issues or improprieties. These capabilities strengthen Utah State Government and help taxpayers have confidence in the integrity of Utah's government agencies.

The State Auditor is a Constitutional Officer of the State of Utah, elected directly by the state's citizens every four years. The role of the State Auditor is authorized in Article VII, Section 15 of the Utah Constitution. For more information, see auditor.utah.gov.

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