



OFFICE OF THE  
STATE AUDITOR

December 7, 2020

Justin Harding, Chief of Staff  
Governor's Office  
Utah State Capitol Building  
350 North State Street, Suite 200  
SLC, Utah 84114

Dear Mr. Harding:

The Office of the State Auditor (OSA) recently completed an audit of the Department of Agriculture and Food. As a result of findings in regards to improper purchasing and reimbursements of the former commissioner, we determined it prudent to review the reimbursement request approval process and the purchase card (P-card) review process for various agencies and offices (agencies) in regards to their executive directors, or in some cases titled commissioner. We selected the following 34 State agencies and offices:

1. Board of Pardons and Parole	2. Board of Regents
3. Capital Preservation Board	4. Commission on Criminal and Juvenile Justice
5. Department of Administrative Services	6. Department of Agriculture and Food
7. Department of Alcoholic Beverage Control	8. Department of Commerce
9. Department of Corrections	10. Department of Environmental Quality
11. Department of Financial Institutions	12. Department of Health
13. Department of Heritage and Arts	14. Department of Human Resource Management
15. Department of Human Services	16. Department of Natural Resources
17. Department of Public Safety	18. Department of Technology Services
19. Department of Transportation	20. Department of Veteran Affairs
21. Department of Workforce Services	22. Governor's Office of Economic Development
23. Governor's Office of Energy Development	24. Inland Port Authority
25. Insurance Department	26. Labor Commission
27. National Guard	28. Point of the Mountain Development Commission
29. Public Lands Policy Coordinating Office	30. Public Service Commission
31. School & Institutional Trust Funds Office	32. School & Institutional Trust Lands Administration
33. Tax Commission	34. Utah Governor's Office of Management & Budget

We reviewed a selection of reimbursement requests submitted by the executive director of each entity as well as a selection of P-card transactions where applicable. Reimbursement requests were submitted through one of two systems:

- ESS (Employee Self Service, the State’s payroll system) or
- FiNET (the State’s financial management system).

**FINDING 1 – COMMON APPROVAL PROCESS PLACES SUBORDINATES IN POSITION WHERE IT IS DIFFICULT TO DENY IMPROPER REIMBURSEMENTS**

- For reimbursement requests submitted through ESS, 42% of those reimbursements were approved by a subordinate of the executive director.
- For reimbursement requests submitted through FINET, 83% of those reimbursements were approved by a subordinate of the executive director.

This raises concerns that approvers for these reimbursements would not be reasonably expected to deny improper reimbursement requests. Having approvals performed by someone other than a subordinate allows for an examination without fear of repercussions from a superior.

**FINDING 2 – EXECUTIVE DIRECTORS SHOULD AVOID USING P-CARDS**

- Ten executive director has personally-assigned P-cards
- For P-card transactions, 86% of all purchases were reviewed by a subordinate of the executive director.

Given the speed with which the State reimburses employees, we question the need for an executive director to have a P-card, as this presents an opportunity to bypass the State Purchasing processes with little oversight and increases the likelihood of purchase or reimbursement mistakes. In particular, we noted that the executive director of one agency mistakenly purchased personal items on eight separate occasions. While these purchases were immediately paid back by that executive director, we believe this is indicative of the unnecessary risk for error and highlights the ease with which fraud could occur without detection. Having P-card reviews performed by someone other than a subordinate allows for an examination without fear of repercussions from a supervisor.

**We recommend that:**

- Supervisors perform approvals, not subordinates.
- Executive directors should avoid using P-cards, except where an overwhelming business case exists.

Sincerely,



Office of the State Auditor  
September 15, 2020



## State of Utah

GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

## Office of the Governor

JUSTIN HARDING  
*Chief of Staff*

December 7, 2020

John Dougall, State Auditor  
Utah State Capitol Complex  
East Office Building, Suite E310  
Salt Lake City, UT, 84114

Dear Auditor Dougall,

Thank you for your recent review of agencies' reimbursement request approval process and purchasing card review process. We appreciate the work of your office in completing this review. We agree with the findings and recommendations contained in the review.

Sincerely,

A handwritten signature in black ink that reads "Justin Harding".

Justin Harding  
Chief of Staff  
Office of the Governor