

STATE OF UTAH
OFFICE OF THE UTAH STATE AUDITOR



TINA M. CANNON
UTAH STATE AUDITOR

**Department of Government
Operations**

Interim Management Letter

For the year ended June 30, 2025

Report No. 25-09

Office of the Utah State Auditor

Audit Leadership:

Tina M. Cannon, State Auditor

Jason Allen, CPA, CFE, Audit Director

Table of Contents

Findings & Recommendations3

**Finding 1. DFCM Did Not Check for Suspension and Debarment Prior to Entering
 into Direct Award Contracts3**



STATE OF UTAH
OFFICE OF THE UTAH STATE AUDITOR



TINA M. CANNON
UTAH STATE AUDITOR

Interim Management Letter No. 25-09

December 4, 2025

Marvin Dodge, Executive Director
Department of Government Operations
4315 South 2700 West
Taylorsville, UT 84129

Dear Director Dodge,

This management letter is provided to communicate, at an interim date, certain deficiencies identified in our audit procedures on the Department of Government Operations' (DGO) portion of the State of Utah's statewide single audit for the year ended June 30, 2025. These audit procedures were performed on the Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing Number 21.027). This communication is based on our audit procedures performed through August 29, 2025. Because we have not completed the statewide federal compliance audit (Single Audit) for fiscal year 2025, additional federal programs at DGO may be tested and additional issues may be identified and communicated in a subsequent management letter.

Our final reports on internal controls and on compliance required under *Government Auditing Standards* and federal *Uniform Guidance* will be issued under separate cover. These reports will also provide further detail as to considerations made during the course of the audit regarding internal controls and compliance, both at the financial statement and at the federal program level, and the limited purposes of those considerations. The purpose of this letter is to communicate with DGO management concerns identified during the course of our audit.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees to prevent or to detect and correct on a timely basis misstatements, errors, or instances of noncompliance. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatements, errors, or noncompliance are not prevented or are not detected and corrected on a timely basis.

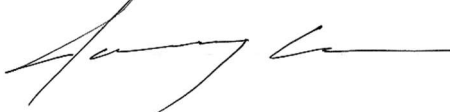
Based on the audit procedures performed, we identified a deficiency in internal control which, while not considered material, we consider to be significant enough to merit the further attention of management and those charged with governance (Finding 1).

DGO's written response to and Corrective Action Plan for this finding will be included in the final reports identified in the second paragraph above.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide an opinion on the effectiveness of DGO's internal control over compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

We appreciate the courtesy and assistance DGO personnel extended to us during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Jason Allen, CPA, CFE

Audit Director

801-808-0716

jasonallen@utah.gov

cc: Jake Hennessey, Finance Director
Duncan Evans, Managing Director of Budget Operations, Governor's Office of Planning & Budget

Findings & Recommendations

Finding 1. DFCM Did Not Check for Suspension and Debarment Prior to Entering into Direct Award Contracts

(Finding Type: Significant Deficiency)

Federal Agency: Department of the Treasury

Assistance Listing Number and Title: 21.027 Coronavirus State and Local Fiscal Recovery Funds

Federal Award Number: Various

Questioned Costs: \$0

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: 2023-019

The Division of Facilities and Construction Management (DFCM) did not perform proper suspension and debarment checks prior to awarding federal funds to potential contracting parties under their direct award process.

In accordance with 2 CFR 180.300, an entity must verify that the person with whom they are intending to do business is not excluded or disqualified prior to entering into a transaction with that person. This verification is done by: (a) checking SAM.gov exclusions; (b) collecting a certification from that person; or (c) adding a clause or condition to the awarding agreement with that person.

DFCM entered into direct award projects totaling \$799,907 without performing the required check or certifications for suspension and debarment. As we were able to verify that none of the vendors associated with those projects were not suspended or debarred, we do not question these costs.

If DFCM does not check for suspension and debarment for these types of contracts, they are at risk of entering into a contract with a vendor that is suspended or debarred, putting the federal funding at risk of being spent inappropriately.

Recommendation

We recommend that DFCM strengthen their internal control over suspension and debarment and perform the required checks and/or certifications.

DGO's Response

The Department of Government Operations agrees with this finding.

Corrective Action Plan

Division of Facilities Construction and Management

DFCM will implement compliant termination or debarment verbiage into both our Short Form Construction Contract, which is used for direct award construction, and Purchase Order Terms and Conditions for both construction and facilities projects and purchases. The division will also look to utilize the sam.gov system to verify if contractors show up with a suspended or debarred UEI.

Contact Person: Jake Hennessy (jakehennessy@utah.gov), Executive Finance Director, Department of Government Operations

Anticipated Correction Date: January 31, 2026