



OFFICE OF THE  
STATE AUDITOR



◦ STATE OF UTAH ◦

# Governor's Office of Economic Opportunity

## Interim Management Letter

For the year ended June 30, 2024

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Report No. 24-07

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### Office of the State Auditor

Audit Leadership:

John Dougall, State Auditor

Jason Allen, CPA, CFE, Audit Director

Abby Potter, CPA, Audit Supervisor

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# Interim Management Letter No. 24-07

October 8, 2024

Ryan Starks, Executive Director  
Governor's Office of Economic Opportunity  
60 East South Temple, Ste 300  
Salt Lake City, UT 84111

Dear Director Starks:

This management letter is provided to communicate, at an interim date, certain deficiencies identified in our audit procedures on the Governor's Office of Economic Opportunity's (GOEO) portion of the State of Utah's single audit for the year ended June 30, 2024. These audit procedures were performed on the Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing Number 21.027) where the Governor's Office of Planning and Budget (GOPB) is the prime recipient. This communication is based on our audit procedures performed through August 29, 2024. Because we have not completed the statewide federal compliance audit (Single Audit) for fiscal year 2024, additional federal programs at GOEO 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 GOEO 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.

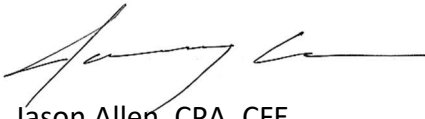
Based on the audit procedures performed, we identified a deficiency in internal control which, while not considered material, we consider to be significant enough to merit the further attention of management and those charged with governance (Finding 1). We also identified Finding 1 as an instance of noncompliance which we are required to report under *Uniform Guidance*.

GOEO's written responses to and Corrective Action Plans for these findings 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 the GOEO'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 GOEO 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: Duncan Evans, Managing Director of Budget Operations, Governor's Office of Planning & Budget  
Lorraine Daly, Support Services Coordinator, Governor's Office of Economic Opportunity

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## Findings & Recommendations

### Finding 1. Misunderstanding Caused Improper Spending of Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

(Finding Type: Significant Deficiency, Reportable Noncompliance)

Federal Agency: Department of the Treasury

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

Federal Award Number: N/A

Questioned Costs: \$559,900

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: N/A

The Governor's Office of Economic Opportunity (GOEO) erroneously recorded \$559,900 of expenditures to the SLFRF program. Sections 602(c)(1)(A-D) of the Social Security Act establish which types of projects recipients may use these funds for. The expended funds did not meet any of the criteria of those sections, and we question these costs. After bringing this error to GOEO's attention, GOEO made an adjustment in fiscal year 2024 to reverse the expenditures so that \$559,900 is no longer charged to the SLFRF program.

This error occurred due to an inexperienced financial analyst using incorrect account coding for these transactions. The individual who normally approves these types of transactions was unable to review these transactions to detect and correct the coding error, and the substitute individual who performed the review did not detect and correct the error before approving the transactions.

#### Recommendation:

To ensure expenditures charged to SLFRF projects comply with requirements, we recommend GOEO:

1. Improve its oversight and monitoring of expenditures.
2. Establish effective internal controls.

#### GOEO's Response:

GOEO agrees with the finding. These expenditures are no longer recorded as charged to the SLRF program.

#### Corrective Action Plan:

1. GOEO will work with GOPB to ensure that all expenditures charged to SLFRF projects comply with program requirements. GOEO will participate in SLFRF trainings about regularly reviewing

project ARPA SLFRF Appropriation Tracking and Documentation Forms, which outline the budget, scope, eligibility, and coding for ARPA SLFRF projects. Implementation of this plan has already begun and will be ongoing.

2. GOEO has improved internal controls. This includes improved review procedures by financial analysts and improved approval procedures by financial managers. Implementation of this plan is complete.

**Contact of Persons Responsible for Corrective Action:**

Kamron Dalton, Managing Director of Operations

Jason Marden, Director of Finance

Greg Jeffs, Agency Internal Audit Director (not responsible, but please cc communications)