



What is the Federal Receipts Report?

By the Financial Reporting Team

Section 63J-1-219 of the Utah Code requires specific state agencies to report federal receipts and a plan to operate agency programs in the event federal receipts are reduced by 5% and 25%. This report is submitted to the Executive Appropriations Committee each November.

Who is responsible for completing these reports?

The following agencies that receive more than \$1 million annually in any grant of federal funding are required to file this report:

- Government Operations
- Agriculture and Food
- Alcoholic Beverage Services
- Commerce
- Cultural and Community Engagement
- Corrections
- Environmental Quality
- Financial Institutions
- Health & Human Services
- Insurance
- Natural Resources
- Department of Public Safety
- Transportation
- Veterans and Military Affairs
- Workforce Services
- Labor Commission
- Office of Economic Opportunity
- Public Service Commission
- Utah Board of Higher Education
- State Board of Education
- State Tax Commission
- Utah National Guard

Annually, the above agencies should review their Schedule of Expenditures of Federal Awards (SEFA) and prepare a Federal Receipts Report for each Assistance Listing number (grant) greater than \$1 million in expenditures, including any grant funding that may have only been one-time.

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What information needs to be submitted?

Grants with similar programs should be reported together in one Federal Receipts Report. Agencies can submit as many or as few Reports as they choose to cover all federal grant programs with more than \$1 million in annual expenditures.

The Division of Finance provides a template for the Report to be used for each program. The first section of the Report utilizes an embedded spreadsheet to calculate the financial impact if federal receipts are reduced 5% or 25%. The second part describes in narrative form the impact the reductions would have on the performance of the program, including the impact on recipients. Expected changes to future levels of federal receipts (such as one-time funding) are also documented here.

When should this be submitted?

Since the State-wide Report is due by statute to the Executive Appropriations Committee on or before December 1st, the Division of Finance sets a submission deadline of **Friday, September 30, 2022** to allow time to review and compile agency reports and resolve any potential issues.

Do I have to submit a Federal Receipts Report for a one-time grant?

Yes, if the funding was greater than \$1 million in the fiscal year. If the funding is not expected to continue in a similar capacity after the year end, you can include that information in the detail portion of the Federal Program Report.

Questions?

Contact Kurt Kleckner (kkleckner@utah.gov) with the Division of Finance.

Internal Controls: ICQs and Hot Spot Problem Areas

By the Internal Control Team

ICQs Are Important Tools for Agencies

Internal Control Questionnaires (ICQs) are important tools to aid the agencies in ensuring that their internal controls are adequately designed and are being followed.

Important reminders:

- ICQs should be completed honestly and accurately. Accurate ICQs help identify weaknesses in controls where processes should be changed. When ICQs reflect procedures as they SHOULD be followed rather than what they currently are, the agency is vulnerable to fraud, and fraud does occur in state agencies. If you have ever experienced fraud in your agency, you will agree you do not want to experience it again.
- ICQs should be completed thoroughly. Including details in the comments section helps keep employees involved in the processes, and also helps keep management informed about the processes and status of internal controls.

- When agencies submit the ICQs in accordance with the required submission schedule on the Division of Finance website (<https://finance.utah.gov/accounting-operations/internal-control/>), always use a fresh, blank ICQ downloaded from our Finance website. The ICQs on our website are the most current version. Using an ICQ previously completed by your agency can cause inaccurate processes to be included.

Hot Spot Internal Control Weaknesses

Post audits of agency disbursements indicate a continuation of several important internal controls not adequately performed or documented:

- Approval to pay (FIACCT 05-02.00)
 - The written approval to pay is the evidence that an employee has determined that the goods/services are valid, appropriate, authorized, and the bill is ready for payment (the internal controls).
- Receiving signature and date (FIACCT 05-02.00)
 - The receiving signature and date is the evidence that an employee verified that the goods/services were actually received (the internal control). Assuming the goods/services were received is never good enough.

Approval to pay and verification that the goods/services were received are two distinct, important internal controls. It is prudent for agencies to ensure the goods/services are valid, appropriate, authorized, and were actually received. These two internal controls must be performed before disbursement transactions are approved in FINET or, in the case of P-card purchases, before the P-card reconciliation is performed by the cardholder or manager. One would not pay a personal bill before knowing the goods/services should be paid and were received. It is a recurring problem that these two controls are not always documented.

P-card reconciliation by the cardholder (FIACCT 05-15.00)

The purpose of the reconciliation by the cardholder is to verify that all purchases made on the P-card:

- Are documented by detailed, **itemized receipts**
- Include **documentation that the purchases were received** (signature and date unless purchased in person is evidenced by documentation)
- Are summarized on a **P-card log**
- Agree to the credit card account statement and the P-card log.

P-card reconciliation by the manager (FIACCT 05-15.00)

The purpose of the reconciliation by the manager is to verify that all purchases made on the P-card:

- Are appropriate purchases and were completed according to purchasing policies and procedures (this is THE approval performed for P-card purchases)
- Are adequately supported by itemized receipts and receiving documentation
- Agree to receipt documentation, the P-card log, and the credit card statement

The P-card reconciliation is THE key internal control related to P-card purchases. Although employees should receive informal approval prior to making P-card purchases, there are inherently no formal pre-approvals of P-card purchases. Therefore, **the cardholder's documentation of the P-card purchases and detailed reconciliations by the cardholder and manager are critical.**

Post audits continue to regularly identify the following errors that indicate inadequate P-card reconciliations:

- Missing signatures and dates on reconciliations
- P-card log totals that do not agree to the credit card statements
- Missing receipts with no missing receipt forms
- Non-itemized receipts

If you have any questions, concerns or would like assistance with your internal controls, please email the Internal Control team at financeicq@utah.gov.

Travel Rate Changes

By State Travel

The Rule and policies reflecting the following travel rate changes will be effective and posted on August 8, 2022:

Private vehicle mileage rates increased to \$0.44/mile for the lower rate and \$0.62/mile for the higher rate.

Meal per diem rates increased to \$13.00 for breakfast, \$15.00 for lunch and \$26.00 for dinner. These rates are the same for both in-state and out-of-state travel.

There was an increase in hotel per diem rates for 17 cities within the State of Utah.

Congratulations!

RETIREMENT: Dana Johnson recently retired with 3 years of dedicated service from the Division of Finance as an Office Specialist. Dana's cheerful personality will be missed.

RETIREMENT: Barbara Sutherland recently retired with 16 years of dedicated service from the Division of Finance as an Office Specialist. We greatly appreciate her service, and wish her the best.

Welcome to the Team!

NEW: Barton Thacker is the new Division of Finance Disbursements Supervisor. Barton has several years of experience at the Division of Finance and we're grateful to have someone with his skill and professionalism stepping in to Paul Bower's former role.

NEW: Mark Smith transferred from the Division of Professional Licensing. He replaces Dana Johnson for front desk and administrative support.