

Department of Audit

❖ *Mission and philosophy*

The mission of the Department of Audit is to protect the public interest by maximizing revenues lawfully due the state; to ensure accountability of governmental entities, including proper financial reporting; and to maintain a financial regulatory system that promotes a stable banking environment and ensures fair consumer financial transactions.

❖ *Results of outcomes*

The first goal for the Department of Audit is to utilize Wyoming residents' dollars wisely and provide quality service at the lowest possible cost. To show that the Department of Audit operates responsibly, effectively, efficiently and in an accountable manner, an outcome was established that transfers of funds between series and divisions would not exceed a target of ten percent of the total budget. The total transfer of funds between series for fiscal year 1998 was 1.81 percent of the total budget. There were no transfers between divisions.

The department completed 506 audits at a direct cost of \$2,535,955 and collected \$14,581,722 in revenue, which equates to approximately \$5.75 for every dollar spent auditing. This compares to 380 audits completed in FY97 at a direct cost of \$1,725,736 and collection of \$10,648,601 in revenue, which equates to approximately \$6.17 for every dollar spent auditing. The additional revenue would not have been collected without the audit function in place. The department's goal is to maximize the return on investment by controlling costs associated with auditing activities each year.

The divisions within the Department of Audit are required to have peer reviews at various intervals ranging from every two to five years. This is to ensure quality service and provide reasonable assurance for compliance with government auditing standards and agreements. The department's outcome is to have no material findings in the peer reviews.

The Public Funds Division had a peer review conducted by representatives from the National Association of State Auditors. A qualified opinion was received; however, the division's appeal of the report convinced the team to overturn the most significant findings in the original review.

In order to provide quality service at the lowest possible cost, it is necessary to retain experienced and knowledgeable auditors. The Department of Audit's outcome is to reduce the turnover ratio from year to year. The overall turnover ratio for the department for FY98 was 11 percent. Within the divisions, the turnover ratio ranged from a high of 29 percent to a low of 0 percent. The turnover ratio has been reduced from both the prior year and the target.

In an effort to retain people and increase their auditing skills and knowledge, the department feels that training and continuing education play an important role. The average training hours per employee was approximately 117 hours.

General information

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Other locations

Powell and Rock Springs, two Excise Tax Division staff positions

Year established

1989

Statutory references

Title 9, W.S. 9-1-403, W.S. 9-1-507 through 9-1-512, W.S. 9-2-2003, Title 13, W.S. 13-1-601, W.S. 13-1-603 through 13-1-606, W.S. 13-2-212, W.S. 13-2-803, W.S. 13-3-104(d), W.S. 13-3-702(c), W.S. 13-7-602, W.S. 13-8-101, W.S. 13-9-201, W.S. 13-9-306, W.S. 16-4-101 through 16-4-124, W.S. 17-16-1631, W.S. 28-1-115, W.S. 31-2-202, W.S. 35-1-627, W.S. 31-18-202, Title 39, W.S. 39-1-101, W.S. 39-6-603, W.S. 39-11-102, W.S. 39-15-107, W.S. 39-16-108, W.S. 39-17-202, W.S. 39-17-208, W.S. 39-18-107, W.S. 40-14-101 through 40-14-702, and W.S. 40-19-101 through 40-19-120.

Number of authorized personnel

Full-time 93

Organization structure

Administration Division, Division of Banking, Excise Tax Division, Mineral Audit Division, Public Funds Division

Clients served

Consumers, lessees, borrowers, rent-to-owns, pawnshops, supervised lenders, out-of-state finance companies, in-state finance companies, collection agencies, post-dated check cashers, trust companies, banks, other financial institutions, general public, Departments of Revenue and Transportation, Secretary of State, International Registration Plan Inc., International Fuel Tax Association Inc., vendors, Canadian provinces, the federal government, Office of State Land and Investments, mineral taxpayers, active state and federal lessees, and state and local government entities.

Budget information

General funds	\$3,448,861
Federal funds	816,664
Trust and agency funds	0
Other	155,000
Total	\$4,420,525

The Department of Audit's practice is to promote from within when positions become vacant. For FY98, the department promoted 19 individuals.

One of the ways the department can control costs is to obtain information in an electronic format and use computer assisted audit techniques (CAATS) to accomplish audits. The final outcome of goal one is to increase the use of CAATS in the performance of audits. The Department of Audit accomplished 59 audits using CAATS, which is an increase from 28 audits in FY97.

Goal two of the Department of Audit is to regulate and review aggressively, but fairly. The purpose and motive of any regulation will be enforced primarily through building trust and incentives to promote compliance. To build trust and promote compliance, the department's outcome is to promote a stable financial environment by performing safety and soundness examinations of state chartered banks within statutory time frames (12 to 18 months) with 100 percent compliance with statutory time frames. Seventy percent of all commercial banks will be examined each fiscal year by the state or federal government, in cooperation with federal regulatory agency agreements.

The Division of Banking promoted a stable financial environment by performing safety and soundness examinations of state chartered banks within statutory time frames of 12 to 18 months. The goal of examining 70 percent of all commercial state chartered banks each fiscal year by the state or federal government in cooperation with federal regulatory agency agreements was exceeded; 87 percent of Wyoming's 31 state chartered banks were examined. The division conducted 14 of the 27 examinations. There were no state chartered banks examined more frequently than statutory requirements.

To build trust and promote compliance, the department implemented a process to establish time frames in order to answer complaints. The outcome to measure this was to decrease the number of complaints answered outside of established time frames. The Department of Audit received 28 complaints, all of which were closed within established time frames.

The final outcome of goal two was the development of a performance measurement audit program. An audit program was developed to ensure the accuracy of the data reported to the governor regarding budget based performance, and four performance measurement audits were completed. Ten percent of the outcomes tested were verifiable. Ninety percent were unable to be verified because the state agencies had not adopted adequate procedures to measure their outcomes.

• *Strategic plan changes*

The department's strategic plan was amended to clarify agency practices. The amendments consisted of a new mission statement with the number of goals reduced to one, and the number of objectives reduced to three.

The new mission statement is: To protect the public interest, the department will audit and regulate to

promote compliance with state revenue collections, financial and banking statutes, and governmental accountability.

The new goal is: The Department of Audit will perform high quality audits and promote regulation through compliance with governing laws.

New objectives are:

- To promote compliance with state and federal laws regarding revenues.

- To ensure that all licensed/chartered financial entities are in compliance with laws.

- To ensure compliance with applicable governmental accounting and performance statutes.

• *Board information*

- The State Banking Board reports to the Department of Audit, Division of Banking. Its seven members meet quarterly.

- The Collection Agency Board reports to the Department of Audit, Division of Banking. Its three members meet monthly.

Department of Audit organization chart

