

**General Information**

Michael Geesey, Director

**Agency Contact**

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**Other Locations**

Casper, Wyoming, one Mineral Audit Division Field Inspector  
Evanston, Wyoming, one Excise Tax Division Audit Position  
Sheridan, Wyoming, one Excise Tax Division Audit Position and one Mineral Audit Division Field Inspector  
Houston, Texas, one Excise Tax Division Audit position

**Statutory References**

Title 9: W.S. 9-1-403: W.S. 9-1-507 through 9-1-513: W.S. 9-2-2003: W.S. 16-4-101 through 16-4-124: W.S. 17-16-1631: W.S. 21-2-203: W.S. 28-1-115: W.S. 31-18-201: W.S. 33-11-101 through 33-11-116: W.S. 35-1-627: Title 39: W.S. 39-11-102: W.S. 39-15-102: W.S. 39-16-102: W.S. 39-17-102: W.S. 39-17-202: W.S. 39-17-208: W.S. 39-18-107: Title 13: W.S. 40-14-101 through 40-14-702: W.S. 40-19-101 through 40-19-120: W.S. 40-22-101 through 40-22-129: and W.S. 40-23-101 through 40-23-123.

**Clients Served**

The Administration Division serves the Department of Audit. The Mineral Audit Division serves the general public, the Federal government, the Department of Revenue, Office of State Land and Investments, mineral taxpayers, active state and federal lessees. The Excise Tax Division serves the general public, the Departments of Revenue and Transportation, the Secretary of State, International Registration Plan, Inc., International Fuel Tax Association, Inc., Wyoming Vendors and Consumers, U.S. States and Canadian provinces. The Public Funds Division serves the general public, state and local government entities. Clients served by the Division of Banking are providers and users of financial services.

**Budget Information**

General Funds	\$ 6,487,131
Federal Funds	\$ 2,102,989
Other Funds	\$ 2,259,077
<b>Total</b>	<b>\$10,849,197</b>

## **BOARDS AND COMMISSIONS**

### **STATE BANKING BOARD**

#### **Agency to Which Your Group Reports**

Department of Audit, Division of Banking

#### **Number of Members**

Seven

#### **Meeting Frequency**

Quarterly

### **COLLECTION AGENCY BOARD**

#### **Agency to Which Your Group Reports**

Department of Audit, Division of Banking

#### **Number of Members**

Three

#### **Meeting Frequency**

Monthly

Name of Department /Division/Program: Department of Audit

Report Period: FY2008 (July 1, 2007 through June 30, 2008)

**Wyoming Quality of Life Result:**

The Department of Audit supports Wyoming state government as a responsible steward of state assets and effectively responds to the needs of residents and guests. (Result #6 Government)

**Contribution to Wyoming Quality of Life:**

To contribute to prosperity, the Department will audit and regulate to promote compliance with state revenue collections, state and local government accounting requirements and the regulation of financial service providers.

**Basic Facts:**

The Department of Audit had 121 authorized positions as of June 30, 2008. The biennial budget for 2007-2008 was \$20.9 million of which \$12.8 million is general funds, \$4.2 million federal money and \$3.9 million other income.

The Department is in the compliance business with three primary functional areas:

**Revenue:** Supports revenue collection by conducting audits to verify payments of the state's self-reporting taxes, fees and royalties at a cost of \$12.0 million for the 2007-2008 biennium including \$4.2 million in federal funds. Without audits, there would be no verification of monies paid to the state or additional collections of \$88.9 million in mineral payments or \$17.4 million in the excise tax payments over the last three years.

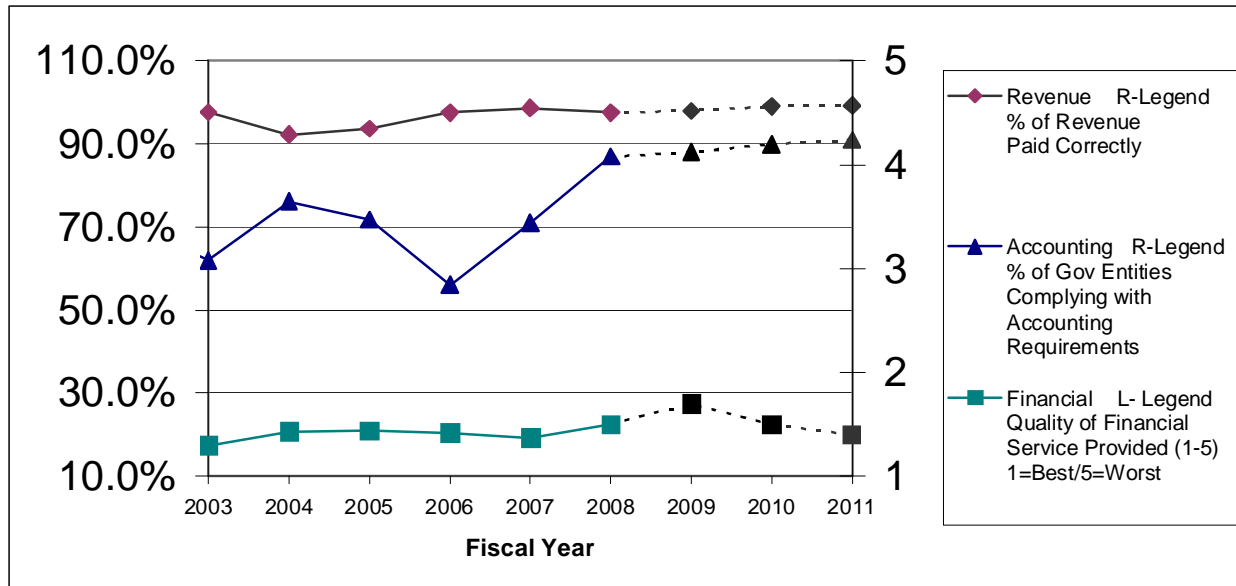
**Accounting:** State and local government accounting offers auditing, verification, and monitoring procedures that provides assurance that funds and assets are properly accounted for and information provided leadership is accurate. The cost is \$4.9 million for the 2007-2008 biennium. Without these audits, federal funds could be at risk as well as the accuracy of accounting information reported to the legislature, state and federal agencies, and the general public.

**Financial:** Regulation and examination of state chartered banks and licensed credit providers protect Wyoming consumers and support the availability of safe and sound financial services at a cost of \$4.0 million for the 2007-2008 biennium. This area is self-funded through the collection of fees and licensing of financial entities regulated.

**Performance Measures**

The performance measures most important to our work are:

- 1: Percentage of State revenue paid correctly.
- 2: Percentage of government entities complying with accounting requirements and regulations.
- 3: Quality of financial service providers (1-5 ranking with 1 being a high quality provider).



**Story Behind The Last Year of Performance:**

**Revenue:** Wyoming’s oil and natural gas production has continued to grow in order to meet worldwide demand. The risk factor for compliance increases significantly with the increased oil and gas activity. The Mineral Audit Division audits the top 100 mineral taxpayers once every three years which make up 95 percent of the taxable value. The Excise Tax Division audit coverage is less than one percent of the total audit population.

**Accounting:** State government changed its strategic planning methods and added a self audit by the state agencies to increase understanding and tracking of performance measures. Performance audits completed in FY08 included only a small number of selected agencies but the accuracy of reported performance measures increased dramatically under the current methods. Compliance with local government accounting and reporting is increasing due to continued assistance, additional training, and increased investigations, audits and enforcement actions. The number of audits of towns and special districts will continue to increase. The School Finance section is in its second three year statutory deadline for auditing school districts to ensure accurate data is used in school funding. Blitz audits were conducted in FY08 which focused on one section of the funding model across all 48 districts. Reporting consistency is steadily improving.

**Financial:** The condition of financial services providers remains quite strong at 1.5 for FY08. With statutorily mandated examinations of state banks and periodic examinations of licensed credit providers, overall financial, managerial, and compliance performance has been satisfactory. The number of regulated entities had declined to 1,463 as of FY08, but is stabilizing. Additionally, the resources dedicated to non-bank entities have significantly increased. The largest risk to the financial industry in Wyoming appears to be the lack of qualified talent.

**What Has Been Accomplished?**

**Revenue:** For FY08, revenue compliance was at 98.4 percent for entities audited. The revenue area assessed \$19.5M and collections for last year totaled \$14.2M. There were 51 mineral audits

and 444 excise tax audits completed last year. The divisions also acquired access to the administrative agencies (Department of Revenue, Department of Transportation, Mineral Management Service) databases, which provides taxpayer information, improves risk analysis and increases focus on high-risk business sectors with low compliance percentages. The divisions continue to provide technical training to auditors as required by Government Auditing Standards. The use of sampling techniques has increased, which allows greater coverage of complex companies while reducing costs.

**Accounting:** Last year the percent of government entities complying with accounting requirements increased to 87 percent. Eight agencies were audited under the changed strategic planning methods with compliance being measured by the accuracy of the reported performance measures. Accuracy went from 38 percent in FY07 to 91 percent in FY08. Compliance with reporting requirements for local government entities decreased to 71 percent. Continued assistance and training is being provided to towns and medium sized special districts. The number of audits of towns and special districts will continue to increase. Thirteen school districts had complete audits of the funding model and all 48 districts were audited under blitz audit procedures. Compliance has been satisfactory.

**Financial:** The division continues to perform quality examinations of state chartered and licensed financial institutions to ensure the availability of quality financial services for Wyoming residents. Twelve safety and soundness examinations were conducted and examiners assisted other regulatory agencies in eleven additional examinations. Two national banks were converted to state charter. The division added two new positions and has begun examinations of mortgage lenders and brokers under the Wyoming Residential Mortgages Practices Act to ensure consumer protection against predatory lending practices and identifying mortgage fraud within the industry. Ninety-five grantors of consumer credit were examined. Work and training is continuing on expanding examination scope and coverage for all financial institutions to ensure compliance with anti-money laundering and anti-terrorism financing requirements, identity theft prevention measures, and Internet banking security.

