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# F I N E T I N E



A Utah Department of Administrative Services, Division of Finance communication service

[www.finance.utah.gov](http://www.finance.utah.gov)

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## Avoiding Audit Findings and Problems During Closeout

Close-out of agency budgets and the subsequent preparation and auditing of the fiscal year 2013 Comprehensive Annual Financial Report (CAFR) went well this year. However, some issues were identified that caused delays or resulted in audit findings for agencies and for the State as a whole. Our hope is that by sharing these issue with agencies it will result in a smoother yearend closeout and reduce the number of future audit findings.

### ***1. Sales of Fixed/Capital Assets Between State Agencies – Asset Value Cannot Change***

There is specific accounting guidance that must be followed if one state agency sells a capital asset to another state agency. The asset must be transferred with the same carrying value that the transferor had on the asset. For example, if an agency has an asset with a carrying value of \$10,000 and sells it to another agency for \$50,000, the asset must retain the carrying value of \$10,000. A gain (or loss) MUST NOT be recorded in FINET for an asset sold to another state agency. Please contact State Finance if you plan to sell an asset to another state agency so we can help you process the FINET documents correctly.

### ***2. Transactions Should be Recorded in the Correct Fiscal Year***

The State Auditor is still finding FINET transactions recorded in the wrong fiscal year. If you anticipate problems receiving timely invoices or documentation for transactions, please contact the Division of Finance and we can help you develop a process to ensure that these transactions are recorded in the correct fiscal year. If you are unsure which year a transaction should be processed in, please give State Finance a call. Also, please have your agency accounting staff attend the Expenditure and Revenue training presented each year after the June Budget and Accounting Officer Meeting.

### ***3. Timely Reconciliation of Subsystems to FINET***

FINET is the official accounting system of the State of Utah and is used for budget closeout and for preparing the CAFR. Therefore, it is very important that any data from an agency accounting subsystem is entered into FINET accurately. Reconciliations between FINET and your subsystem should be done at least monthly and reconciling items resolved quickly. If you are not reconciling your subsystem to FINET and correcting reconciling items each month your agency budget closeout will be delayed and your agency may receive an audit finding from the State Auditor. Remember, Agencies must obtain approval from Finance before implementing or using a subsystem that generates accounting data, including issuing payments.

#### **4. Carefully Review Documentation Submitted to State Finance**

Some agencies provide specific information to State Finance that is used when preparing the CAFR. Please make sure that this information is reviewed thoroughly by management prior to sending it to State Finance. We review the documentation for reasonableness but our review is not intended to pass audit or prevent audit findings. We will assist you as much as possible but because we do not have access to the supporting documentation our review will not catch most potential problems.

Again, we express our gratitude to the budget and accounting officers throughout state government for their assistance in providing information for the CAFR.



## **Frequently Asked Questions**

**Q.** I entered a CR without referencing the RE and now I want to fix it but when I mod the CR, I get an error that tells me I cannot change the referencing information. How do I fix it?

**A.** This is fixable but not in the way you think.

### **What to do?**

If you need to mod a CR to include referencing information, you need to mod that line to a zero dollar amount (or whatever the new amount should be. Then enter a new line and there you will enter the referencing information.

The old line is zeroed out and the new line will have the same amount that was originally on the first line. This will take care of the errors and allow you to fix it.

Call the help desk if you need assistance 801-538-9690.

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# All Bank Accounts Must be Approved by the State Treasurer

## I ❤️ Internal Controls - by Dean Eborn

State Finance recently learned that a couple of state agencies did not follow State Finance Accounting Policies and Procedures when establishing new bank accounts. (See FIACCT 19 - Bank Accounts)

[FIACCT 19.00.00](#) – Bank Accounts – Overview states the following:

***Agencies must obtain approval from the State Treasurer's Office before opening any state bank accounts. Contact the Financial Manager at 801-538-1042.***

The same policy defines State Bank Accounts as follows:

***Bank accounts that are owned, held, or administered by a state agency, regardless of the source of the funds. This includes all types of depository, checking, or savings accounts maintained in any type of financial institution. It also includes accounts held and/or administered by the State for others, including trust accounts.***

During our recent internal-control field reviews, we became aware of a few state bank accounts that had been opened by state agencies without the approval of the State Treasurer and as a result, were not subject to the following important internal controls:

- Reconciliation, budget, and post-audit monitoring controls performed by the State Division of Finance;
- Audit by the Office of the Utah State Auditor;
- Monitoring by the State Treasurer's Office, the Governor's Office of Management and Budget, and the Legislature; and
- Being included in FINET and the CAFR (Comprehensive Annual Financial Report)

We invite all State agencies to review all of the bank accounts they administer to ensure that they are approved by the State Treasurer and are recorded in FINET.

# Trainers' Corner



Trainers Larry Simpson and Brook McElmurry conduct monthly FINET training courses. You can register for classes by going to the Division of Finance web site at [www.finance.utah.gov](http://www.finance.utah.gov), select TRAINING under FINANCE QUICK LINKS, click on the FINET training course you wish to sign up for and then follow the onscreen instructions.

## January and February FINET/DataWarehouse Classes

### *Budget*

*1/16 – 1 pm – 4 pm*

### *Cash Receipts*

*1/23 – 8 am – noon*

### *Data Warehouse*

*1/14 – 1 pm – 4 pm*

### *Fixed Assets*

*1/16 – 8 am – noon*

### *Internal Transactions*

*1/15 - 1 pm – 4 pm*

### *Inventory*

*1/21 – 8 am – noon*

### *Receivables*

*1/22 – 8 am – noon*

### *Requisitions*

*1/14 – 1 pm – 4 pm*

### *Budget*

*2/12 – 1 pm – 4 pm*

### *Cash Receipts*

*2/12 – 8 am – noon*

### *Data Warehouse*

*2/5 – 1 pm – 4 pm*

### *Fixed Assets*

*2/6 – 8 am – noon*

### *Internal Transactions*

*2/6 - 1 pm – 4 pm*

### *Inventory*

*2/11 – 1 pm – 4 pm*

### *Payables*

*2/11 – 8 am – noon*

### *Purchase Orders*

*2/4 – 8 am – noon*

### *Receivables*

*2/5 – 8 am – noon*

### *Requisitions*

*2/4 – 1 pm – 4 pm*