

# Department of Audit

## Mission and philosophy

To protect the public interest, the department will audit and regulate to support compliance with state revenue collections, state regulation of financial institutions and state government accounting requirements.

## Results of outcomes

### Increase Revenue Compliance

The department completed 627 audits at a direct cost of \$2.9 million and assessed 30.7 million in revenue, which equates to approximately \$10.42 for every dollar spent auditing. The objective is to increase compliance with state revenue statutes. The department audited \$723.1 million of state revenue and found 95.75 percent of revenue due was remitted.

The Mineral Audit Division audits companies that extract minerals on state and federal lands to ensure the state receives all ad valorem and severance taxes, and state and federal royalties, which it is legally entitled. There are 1,039 mineral taxpayers, 1,160 active state leases, and 7,307 producing federal leases. The Division completed 74 audits for fiscal year 2005 and assessed \$22.3M. Collections for fiscal year 2005 totaled \$7.4M.

The Excise Tax Division's purpose is to ensure that the state receives all excise taxes and fees to which it is legally entitled. There are 150,000 known sales and use tax accounts, 2,917 fuel tax and mileage accounts, and 39,528 corporate fee accounts. The Division audited 553 entities in fiscal year 2005 and assessed \$8.4M. Collections for fiscal year 2005 were \$12.5M.

### Ensure Compliance with Financial Entities

The Division of Banking supervises all state-chartered financial institutions and is responsible for their safety and soundness examinations. The Division also licenses and examines various grantors of consumer credit to ensure compliance with consumer protection statutes. There are 26 state banks and 34 branches, two trust companies, and 976 licensed consumer credit providers. The Division became responsible for the regulation of entities engaged in mortgage lending and brokering activities on April 1, 2005. Approximately 40 examinations are performed each year. The goal of maintaining financial institutions' risk rating of 1.5 to 2.0 was exceeded. The achievement of a 1 rating, on a scale of 1 to 5, indicates a financial institution is strong healthy and serving the financial needs of our communities. The overall average risk rating achieved by Wyoming's state chartered banks as of June 30, 2005, was 1.45. With statutorily mandated examinations of state banks and periodic examinations

### 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

### Year established

1989

### Statutory references

Title 9: W.S. 9-1-403: W.S. 9-1-507 through 9-1-513: W.S. 9-2-2003: Title 13: 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. 39-17-208: W.S. 39-17-202: W.S. 39-18-107: W.S. 40-14-101 through 40-14-702: W.S. 40-19-101 through 40-19-120: and W.S. 40-22-101 through 40-22-129.

### Number of authorized personnel

103 full time

### Organizational structure

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

### Clients served

The Administration Division serves the Department of Audit. Clients served by the Division of Banking are providers and users of financial services. 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 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 Public Funds Division serves the general public, state and local government entities.

### Budget information

General Funds .....	\$4,893,586
Federal Funds .....	\$1,466,673
Trust and Agency Funds	
Other .....	\$1,183,849
<b>Total .....</b>	<b>\$7,544,108</b>

of licensed credit providers, overall financial, managerial, and compliance performance has been satisfactory.

#### Ensure Accuracy of Government Reporting

The Public Funds Division audits state agency performance measures to verify the accuracy of the reporting. This is measured by the accuracy of the reported performance measures. During fiscal year 2005, the division audited 58 agency outcomes and verified their accuracy at 50.0 percent. Accuracy has been poor due to lack of proper understanding and tracking. The Public Funds Division is responsible for the State's single audit and its comprehensive annual financial report, which are performed through contract audits. Without these audits, federal funds are at risk.

#### Ensure Timely Reporting

Financial reports submitted by local government entities are monitored for accuracy and completeness and are compiled into an annual report. There are 1,105 state and local entities. The strategy to promote compliance with local government accounting and reporting requirements is to track the percentage of required reports that are received within the statutory time frame. During fiscal year 2005, the Department of Audit received 2,394 various reports from local governments. Of these reports, 65.9 percent were received on or before the due date. These reports include audits, census reports, self-audit procedures, proof-of-cash and other required reports depending on the type of entity and size. Public Funds increased efforts to obtain reports from local governments even if they are late. This percentage is expected to increase due to recent legislation.

#### Additional services provided

The majority of the resources during 2005 were directed to special audits. Public Funds worked on several possible embezzlement cases, a special report for the Department of Education, three circuit court audits, and nine other audits done at the request of state agency heads for specific services.

The school finance section audits the Wyoming Funding Model for each of the 48 school districts to verify the accuracy of the reporting. Ten audits were completed during the fiscal year ended June 30, 2005. We audited \$117,936,048 of the Foundation Guarantee distributed to Wyoming School Districts, which represents 16 percent of the total guarantee. This has resulted in the Wyoming Department of Education requesting Foundation Guarantee refunds of \$592,751.

## Goals from new strategic plan

The performance measures most important to our work are:

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

## State Banking Board

#### Agency to which group reports

Department of Audit, Division of Banking

#### Number of members

Seven

#### Meeting frequency

Quarterly

## Collection Agency Board

#### Agency to which group reports

Department of Audit, Division of Banking

#### Number of members

Three

#### Meeting frequency

Monthly

## Department of Audit organizational chart

