



## GLOSSARY

### A

**AICPA.** This is the acronym for the American Institute of Certified Public Accountants.

**AUDIT.** A systematic review or examination of the assertions or actions of a third party to evaluate conformance to some norm or benchmark.

**AUDIT COMMITTEE.** This term refers to a group of individuals (preferably independent of management) whose primary role is to oversee an organization's financial reporting process, internal control system, the audit process, and processes for monitoring compliance with laws, rules, regulations, policies and procedures, and a code of ethical conduct. Within Admin, the Audit Committee is a permanent agency committee consisting of at least four members of the Executive and Management Teams. The members of the Audit Committee include the commissioner, the deputy commissioner, the financial management director, and one or more assistant commissioners, directors, or managers selected by the commissioner on a rotating basis biennially.

**AUDIT FINDINGS.** In the context of a financial audit, audit findings represent weaknesses or deficiencies in internal controls, or instances of noncompliance with applicable laws and regulations, that are presented in an audit report. A typical audit finding is comprised of a statement of condition (i.e. the control weakness or the instance of noncompliance the audit detected), the criteria used to define it (i.e. what control should be in place or what law is in effect), an explanation of the cause of the condition (i.e. why did the weakness result), a preliminary discussion of whether or not management concurs with the finding, and recommendations for improvement. Often the finding will also contain the financial impact of the control weakness or the business risk the agency faces if the weakness is not sufficiently remedied. Findings ordinarily are presented together with a response from management. This response details whether or not management concurs with the auditor's findings and recommendations, management's plans to take corrective action to improve controls, management's target date for full implementation of each audit recommendation, and the person responsible for effecting the corrective action.

**ADVERSE AUDIT OPINION.** An opinion stating the auditor's view that financial statements do not present fairly financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles (GAAP)

### B

**BARGAIN PURCHASE OPTION.** A contractual or lease provision that allows the lessee to purchase leased property for a price that is significantly lower than the expected fair market value of the property at the date the option becomes exercisable. At the inception of the lease, the difference between the option price and the expected fair market value of the leased equipment must be large enough to make exercise of the option reasonably assured. For example, assume you are leasing an automobile with an estimated fair market value of \$12,000. The lease requires you to pay \$450.00 per month for 36 consecutive months. If the lease offers allows you to decide to purchase the car at the end of the lease period for a nominal \$100, the lease contains a bargain purchase option. Clearly, the option to purchase the vehicle for \$100 at the end of the lease period is a bargain to you, the consumer. For accounting purposes, you are required to capitalize this asset.

**BARGAIN RENEWAL OPTION.** A bargain renewal option is a contractual or lease provision allowing the lessee to renew the lease for a rental fee that is lower than the expected fair rental fee at the date the option becomes exercisable. At the inception of the lease, the difference between the renewal rental fee and the expected fair rental fee must be great enough to make the exercise of the option to renew reasonably assured. For example, assume you are leasing a computer for three years at a rental fee of \$100 per month. If the lease contains a provision to extend the lease term for two years at a rental fee of \$10 per month, it contains a bargain renewal option. Clearly, you would choose to exercise the option because it is a bargain to you, the consumer.

**BASE ADJUSTMENT.** Adjustments made to the initial base level budget to reflect total base level funding available to the agency. The list of acceptable base level technical and policy adjustments are included in the biennial budget instructions. Adjustments are generally made on a technical or policy basis. Examples of technical adjustments are one-time appropriations and program sunsets. Examples of policy adjustments are salary increases and space rental changes.

**BETTERMENTS.** An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The capital asset must meet the accountability threshold prior to the inclusion of any betterment cost. Betterment is a term synonymous with improvements. Refer to the [Agency Information Bulletin 03.19 – Property Management Reporting and Accountability](#) for additional information.

**BLUE BOOK.** This is the term commonly used to describe the Government Finance Officers Association publication *Governmental Accounting, Auditing and Financial Reporting*. Initially, the blue book was the authoritative source for GAAP for state and local governments. After the 1968 edition, the National Council on Governmental Accounting (NCGA) began to issue statements and interpretations. Eventually, the NCGA decided that these pronouncements should be authoritative rather than the blue book. The Municipal Finance Officers Association, now the Government Finance Officers Association, continue to issue the blue book, but it is designed to provide practitioners with detailed and practical guidance they need to implement authoritative generally accepted accounting principles (GAAP). In 1984, the responsibility for setting GAAP for state and local governments was transferred from the NCGA to the Governmental Accounting Standards Board (GASB).

**BOND PROCEEDS.** Proceeds generated by the sale of State General Obligation Bonds.

**BUREAU.** This term is interchangeable with the term “Program” within Admin. A program represents major, distinct divisions of an agency’s mission. Programs may be differentiated by orientation to specific client groups, major business functions, or by major state policy objectives. Programs should be defined to highlight major policy issues that are supported by major state policy objectives. Admin consists of five programs which provide an essential array of services to improve the quality and productivity of Minnesota government. The five programs are Facilities Management Bureau, Technology Policy Bureau, InterTechnologies Bureau, Operations Management Bureau, and Administrative Services Bureau.

## C

**CAPITAL ASSETS.** Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, software purchased for internal use, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Refer to the [Agency Information Bulletin 03.19 – Property Management Reporting and Accountability](#) for additional information.

**CAPITAL LEASE.** An agreement that conveys the right to use property (real or personal) usually for a stated period of time, that meet one or more of the criteria set forth in Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*, for lease capitalization.

**CAPITALIZATION THRESHOLD.** A pre-determined dollar amount that a governmental entity uses to determine which property expenditures should be reported as fixed assets. For example, Admin’s capitalization

threshold is \$2,000. This means any property purchased with a total cost of \$2,000 or more is recognized as a fixed asset.

**CERTIFICATE OF OCCUPANCY.** A document certifying that the building erected has been inspected and can be occupied for the purpose stated in the appropriation. It is issued by the city or county in which the project is located.

**CHANGE ITEMS.** This term refers to initiatives to the budget that cannot be reasonably financed from existing agency budgets. Change items are also used to show reallocations of existing funding, funding shifts and consolidations, or significant program transfers. The change item must highlight the important choices and budget policy decisions in an agency budget.

**COGNIZANT FEDERAL AGENCY.** This is the Federal agency responsible for reviewing, negotiating, and approving plans or proposals.

**COMPLIANCE AUDITS.** Compliance audits are internal or external audits performed to evaluate whether systems or processes are designed and operating effectively to ensure compliance with pertinent laws, rules, regulations, and internal policies and procedures.

**CONSTRUCTION GRANT.** A project constructing or remodeling a facility for which the grant is disbursed as expenditures are incurred.

**CONSUMABLE INVENTORY.** Items purchased by an agency/division for (a) reissue/reuse/resale which the agency/division controls as part of its ongoing operations (e.g., office supplies, books, sandbags, or maintenance parts that have a long shelf life and are stocked by the agency); or, (b) items purchased to be incorporated into or attached to an end item during production, including raw materials, or processed materials (e.g., work-in-process, finished goods).

**COST-REIMBURSEMENT BASIS.** The basis of recovering the cost of providing goods and services.

**CYCLE COUNT,** Cycle count of the property inventory is an alternative to the traditional complete physical inventory. A cycle count is an inventory management procedure where a small subset of inventory is counted on any given day. A cycle count contrasts with traditional physical inventory in that physical inventory stops operation at a facility and all items are counted at one time. For example, to conduct a physical inventory in one year through cycle counts, the division can be divided into 12 roughly equal areas. A physical inventory can be completely conducted and reconciled in a different area each month. After 12 months, a physical inventory will have been completed for the entire division.

## **D**

**DECLARATION.** A document that declares that the ownership and operation of a real property shall remain subject to the terms, conditions, provisions, requirements and limitations contained in the grant agreement until restrictions have either been fully complied with or released in writing by the Minnesota Commissioner of Finance.

**DEDICATED REVENUE.** Cash received which by law or statute is appropriated for the agency's use.

**DEMAND SURVEY.** A demand survey, that Admin's Financial Management and Reporting Division provides to the Department of Finance as requested, details the estimated amount of master lease loan proceeds desired for Admin's divisions to acquire capital equipment during the next two-years. This documentation is compiled from worksheets Admin division personnel prepare that specify the type of equipment to be purchased with the loan proceeds, the estimated cost of the equipment, and the financing terms in six-month increments over the life of the loan.

**DEPRECIATION.** The portion of the cost of a fixed asset, other than a wasting asset, that is charged as an expense during a particular period. This amount represents the expiration in the service life of the fixed asset that is attributable to wear and tear, deterioration, action of the physical elements (weather), inadequacy and obsolescence. In accounting for depreciation, the cost of a fixed asset, less any salvage value, is prorated over the estimated service life of the asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

**DIRECT PAY PERMIT.** A direct pay permit is a non-transferable Minnesota Department of Revenue permit that provides its holder, generally a state agency, with the authority to pay Minnesota and local sales and use tax directly to the Minnesota Department of Revenue instead of to the seller for certain goods and services. The use of this permit relieves the seller from the responsibility of collecting the state and local sales tax on sales of tangible items. This permit is also referred to as form "ST-I".

**DISCOUNT RATE.** A discount rate is the rate used to adjust a series of future payments to reflect the time value of money. For capitalized leases, the discount rate used by the lessee is the lessee's incremental borrowing rate unless the lessee is aware of the lessor's implicit rate and that rate is less than the lessee's incremental borrowing rate.

## E

**E-TEAM.** This term refers to Admin's Executive Team. This team is comprised of the commissioner, deputy commissioner, assistant commissioners, administrative secretary for the commissioner, the financial management director, directors for the Human Resources Division and Management Analysis Division, and any other unclassified positions appointed at the commissioner's discretion (i.e. legislative liaison, and communications director).

**ECONOMIC LIFE TEST.** This test is applied to determine whether or not to capitalize leased equipment. The economic life test is a determination if the present value of the minimum lease payments equals or exceeds 90 percent of the fair market value of the leased asset. If it does, then the leased asset should be capitalized because the present value of the minimum lease payments are reasonably close to the market price for the asset purchased. Please note that if more than 75 percent of the useful life of the asset is used up, then the economic life test cannot be applied as a basis to classify a lease as a capital lease. Also, if the inception date of the lease occurs during the last 25 percent of the asset's life, the asset will fail the economic life test and therefore, should be accounted for as an operating lease.

**ECONOMY AND EFFICIENCY AUDITS.** Economy and efficiency audits are internal or external audits performed to determine if a governmental entity is performing its duties in the most economic and efficient manner possible.

**EFFECTIVE CONTROL.** A process that is management-directed, management-authorized, and monitored, with documented actions to provide reasonable assurance that agency goals will be achieved.

**END GRANT.** A grant to a complete a project constructing or remodeling a facility which will be completed before disbursement.

**ENTERPRISE FUND.** A type of proprietary fund that is established to account for operations financed and operated in a manner similar to private business enterprises (i.e. water, gas, and electric utilities; parking garages; transit systems; or airports). For enterprise funds, the governing body intends that the costs of providing goods and services (i.e. operating expenses, including depreciation), to the general public on a continuing basis should be financed or recovered primarily through user charges.

**EXECUTORY COSTS.** Executory costs for leased property include the costs of insurance, maintenance, and taxes incurred during the asset's economic life. If a lessor retains responsibility for the payment of these "ownership-type costs," a portion of each periodic lease payment that represents executory costs should be excluded in computing the

present value of the minimum lease payments because these costs do not represent a reduction of the lease obligation. If the portion of the minimum lease payments that represent executory costs is not determinable from the provisions of the lease, an estimate of such amounts must be made. If the lease agreement specifies that the executory costs are to be assumed by the lessee, then the rental payments can be used without adjustment in the asset's present value computation.

**EXTERNAL AUDITOR.** External auditors, in the public sector, are typically professional employees of a public accounting firm or another governmental entity (i.e. the Office of the Legislative Auditor), who primarily perform financial audits. External auditors performing financial audits are concerned with an organization's financial statements, the accounting information system, and internal controls that impact the financial statements. The external auditor's professional responsibilities emanate primarily from standards promulgated by the American Institute of Certified Public Accountants (AICPA).

## F

**FIELD PURCHASE ORDER (FPO).** A FPO is a MAPS document used for making over-the-counter commodity (not services) purchases that cost less than \$2,500. FPOs should only be used in immediate-need situations and not on a routine basis. FPOs should only be used when the employee is not in his or her primary work location and normal purchasing procedures cannot be followed.

**FINANCIAL AUDITS.** Financial audits are audits internal and external auditors perform to provide financial statement users with assurances concerning the reliability (i.e. the integrity, accuracy, completeness) of the financial information.

**FIXED ASSET.** Long-lived tangible assets include buildings, equipment, leasehold improvements, and betterments. When acquired, this property is recorded at historical cost. The cost of a fixed asset is depreciated over its estimated useful life (see *DEPRECIATION*). For financial reporting purposes, fixed assets are classified on the balance sheet as noncurrent assets and presented at cost net of accumulated depreciation. In the private sector, these assets are referred to most often as property, plant and equipment.

**FOLLOW UP.** This term refers to the process that internal and external auditors employ to determine the adequacy, effectiveness, and timeliness of actions taken by management on reported audit findings.

**FRAUD.** Fraud is a misrepresentation (a misstatement or an omission when the wrongdoer has a duty to disclose) of a material fact that was made with scienter (i.e. the person making the representation knew it was false at the time of making the representation or acted with a reckless disregard for the truth), was intended to induce reliance, was reasonably relied upon, and proximately caused injury or loss to another.

**FRAUD AUDITS.** Fraud audits are audits designed to detect and investigation fraudulent activities (an array of irregularities or illegal acts characterized by intentional deception, perpetrated for the benefit of a person or to the detriment of an organization). The auditor's interest in an investigation is to determine how the fraud was possible, to decide how to correct it, and to specify ways to eliminate future fraud.

## G

**GAAP.** This is the acronym for generally accepted accounting principles.

**GAAS.** This is the acronym for generally accepted auditing standards.

**GAGAS.** This is the acronym for generally accepted governmental auditing standards.

**GASB.** This is the acronym for the Governmental Accounting Standards Board.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.** Generally accepted accounting principles (GAAP) are the minimum standards and guidelines for financial accounting and reporting. They govern the form and content of financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include detailed practices and procedures, and broad guidelines of general application. GAAP provide a standard by which to measure financial presentations among comparable reporting entities. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

**GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS.** Generally accepted governmental auditing standards (GAGAS) are established by the General Accounting Office in its publication *Government Auditing Standards* (commonly referred to as the “yellow book”) for the conduct and reporting of both financial and performance audits. GAGAS detail general standards applicable to both types of audits, and separate fieldwork standards, and reporting standards for each audit type. The GAGAS standards of fieldwork and reporting for financial audits incorporate and build upon generally accepted auditing standards (GAAS) established by the American Institute of Certified Public Accountants.

**GOVERNMENTAL ACCOUNTING.** Governmental accounting is the composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

## H

## I

**INFORMATION ACCESS (IA) WAREHOUSE.** The data warehouse storing the State of Minnesota’s accounting and payroll/personnel transaction history since the implementation of the Minnesota Accounting and Procurement System (MAPS), an integrated financial, procurement, payroll and personnel system, in July 1995.

**INTERNAL AUDITOR.** An Internal auditor is a professional who performs assurance and consulting activities for an organization to whom he/she is an employee. An internal auditor may perform financial, compliance, and performance audits, conduct special investigations, or offer consultant support. By professional standards, internal auditors are independent of the activities they audit.

**INTERNAL CONTROL.** Internal controls are processes, effected by management and other personnel, designed to provide reasonable assurance to ensure:

- Reliable financial and operational information,
- Compliance with policies and procedures, plans, laws, rules, and regulations,
- Assets are safeguarded,
- Operational efficiency, and
- Achievement of established objectives and goals for Admin’s operations and programs.

**INTERNAL SERVICE FUND.** A type of proprietary fund that is used to account for the financing of goods and services provided by one governmental entity, department, or agency to another governmental entity, department, or agency, on a cost-reimbursement basis. For the State of Minnesota, examples of internal service funds include services that Admin’s divisions like Travel Management Division, Materials Management Division, Comm.Media, InterTechnologies Group, Risk Management Division, Management Analysis Division and Real Estate Management Division provide to other state agencies.

**INVENTORY.** Items purchased by an agency/division for (a) reissue/reuse/resale which the agency/division controls as part of its ongoing operations (e.g., office supplies, books, sandbags, or maintenance parts that have a long shelf life and are stocked by the agency); or, (b) items purchased to be incorporated into or attached to an end item during production, including raw materials, or processed materials (e.g., work-in-process, finished goods).

## J

## K

## L

## M

**MANAGEMENT TEAM.** This term refers to all members of Admin's E-Team and Admin employees in a managerial position.

**MAPS FUNDING STRING.** A MAPS funding string is MAPS data that indicates the account into which an encumbrance is established. Elements of a MAPS funding string include: fiscal year; fund number; agency code; organization number; appropriation unit; object code/revenue source code; and if necessary, reporting category, activity code, job number, and/or project number.

**MASTER LEASE.** A master lease is a type of loan that is typically used to finance the purchase of business equipment (e.g., vehicles, servers, and network equipment) that meets Admin's capitalization threshold. Generally, supplies or computer software can not be purchased through the master lease program.

**MATCH REQUIREMENTS.** Funds from non-state sources as required by the capital improvement appropriation.

**MINIMUM LEASE PAYMENTS.** Minimum lease payments are the payments the lessee is obligated to make or can be expected to make in connection with the leased property. Minimum lease payments include the four components. These include: (a) minimum rental payments called for by the lease over the lease term (extended where necessary for a bargain purchase option), (b) the amount of any guarantee by the lessee of any residual value, (c) the amount payable for failure to renew or extend the lease, and (d) any bargain purchase option. Contingent rental fees and executory costs are not included in the lessee's computation of minimum lease payments.

**MINNESOTA ACCOUNTING AND PROCURMENT SYSTEM (MAPS).** An automated system that integrates the State's accounting and procurement functions into a single graphical user interface.

**MINNESOTA MILESTONES.** A publication issued by MN Planning which measures progress towards goals relating to the quality of life in Minnesota.

**MITIGATING CONTROLS.** Internal controls that are designed to mitigate or to lessen the risk that an error or irregularity will occur.

**MONITORING.** Monitoring is a process to verify progress toward achieving goals. Monitoring involves supervising, observing, testing activities, and reporting results and deficiencies to responsible persons. It may be done on an ongoing basis, in a separate evaluation, or in a combination of the two methods.

## N

**NON-DEDICATED REVENUE.** Cash received which by law or statute is deposited into the State's general fund as the collecting agency is not authorized to spend the receipts.

## O

**OIG.** This is the acronym for the Office of the Inspector General of a federal agency.

**OLA.** This is the acronym for the Office of the Legislative Auditor for the State of Minnesota.

**OPERATING LEASE.** A lease agreement that does not meet the criteria for capitalization set forth in Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*.

## P

**PERFORMANCE AUDITS.** This term is commonly used to refer to “economy and efficiency audits”, “program results audits” and/or “operational audits”.

**PHYSICAL INVENTORY,** This is the act of accounting for, and the accurate verification of, information on file for state-owned property.

**POLITICAL SUBDIVISION.** A city, county, or part of a local government.

**PRE-DESIGN.** The stage in the development of a project during which the purpose, scope, cost, and schedule of the complete project are defined and instructions are produced for design professionals.

**PORTABLE DOCUMENT FORMAT (PDF).** A file that is in a portable document format is known as a pdf file. The pdf file is created by Adobe software that creates images of documents which can then be posted on the World Wide Web. A special program, Adobe Acrobat Reader is needed to view these files.

**PROGRAM.** This term is interchangeable with the term “Bureau” within Admin. A program represents major, distinct divisions of an agency’s mission. Programs may be differentiated by orientation to specific client groups, major business functions, or by major state policy objectives. Programs should be defined to highlight major policy issues that are supported by major state policy objectives. Admin consists of five programs which provide an essential array of services to improve the quality and productivity of Minnesota government. The five programs are Facilities Management Bureau, Technology Policy Bureau, InterTechnologies Bureau, Operations Management Bureau, and Administrative Services Bureau.

**PROGRAM RESULTS AUDITS.** Program results audits are audits performed by internal and external auditors aimed at establishing whether government programs and activities are meeting their stated goals and objectives.

**PROPRIETARY FUND.** Proprietary funds are one of three types of fund classifications for a governmental entity. The other two fund types include governmental and fiduciary funds. Proprietary funds are sometimes referred to as income determination or commercial-type funds; their operational activities are similar to those found in private sector businesses. There are two types of proprietary funds: enterprise funds and internal service funds. Generally accepted accounting principles (GAAP) for proprietary funds are similar to GAAP for private industry, with the measurement focus on the determination of net income, financial position, and changes in financial position. However, where the Governmental Accounting Standards Board (GASB) has issued pronouncements applicable to proprietary funds, governmental entities must be guided first by these pronouncements and then by accounting principles promulgated by the Financial Accounting Standards Board, the standard-setting body for commercial businesses and non-profit organizations. The basis of accounting for proprietary funds is the accrual basis. Basic financial statements for proprietary funds include: balance sheet; statement of revenues, expenditures and changes in retained earnings, statement of cash flows, and notes to the financial statements.

**PUBLIC ACCOUNTING.** This is the practice of holding oneself out to be a certified public accountant (CPA) or a public accountant and at the same time performing one or more types of public accounting (i.e. auditing, tax return preparation) services for a client. This term should not be confused with governmental accounting.

## Q

**QUALIFIED AUDIT OPINION.** An opinion stating that “except for” the effect of the matter to which the qualification relates, the financial statements present fairly the financial position, results of operations and (when applicable) changes in financial position in conformity with GAAP. Such an opinion is expressed when a lack of sufficient, competent evidential matter or restrictions on the scope of the auditor’s examination have led the auditor to conclude that an unqualified opinion cannot be expressed, or when the auditor believes, on the basis of his/her examination, that (1) the financial statements contain a departure from GAAP, the effect of which is material, (2) there has been a material change between periods in accounting principles or in the method of their application or (3) there are significant uncertainties affecting the financial statements, and the auditor has decided not to express an adverse opinion or to disclaim an opinion.

## R

**REASONABLE ASSURANCE.** Reasonable assurance, in contrast to absolute assurance, means that errors or other deviations are kept to a tolerable level. For example, in the normal course of their assigned duties, employees will prevent errors or improper acts, or will detect and correct them within a reasonable timeframe, thereby mitigating any detrimental effects that may result.

**RESIDUAL VALUE.** The residual value of the leased property at the end of the lease term is the property’s estimated fair market value.

**RETAINED EARNINGS.** An equity account reflecting the accumulated earnings of an enterprise or internal service fund. This is not equivalent to cash.

## S

**SENSITIVE ITEM,** Sensitive items are generally for individual use, or that could be easily sold and are most often subject to pilferage or misuse. The following are sensitive items:

- personal computers (PCs - both desktop and portable models),
- PC printers,
- network servers and printers under \$5,000 total acquisition cost,
- software for internal use under \$30,000 total acquisition cost,
- wireless technology,
- audio and visual equipment such as televisions, projectors, citizen-band and other two-way radios, cameras, tape recorders, TTY equipment,
- global positioning satellite (GPS) devices,
- cellular phones and pagers,
- facsimile machines,
- personal digital assistants (PDA),
- portable power tools (including tool sets and tool boxes) as determined by the division, and
- firearms and other weapons.

**SINGLE AUDIT.** An audit performed in accordance with the Single Audit Act of 1984 (as amended in 1996) and Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. The Single Audit Act is federal legislation mandating state and local governments who are recipients of federal financial awards (e.g. grants) to have one audit performed that meets the needs of all federal grantor agencies.

**SPECIAL REVIEWS.** This term refers to other non-financial audit services that auditors perform. Examples of special reviews include investigations in response to allegations that state resources were misused or that an individual violated the state code of conduct for employees in the Executive Branch of state government.

**STATEWIDE FINANCIAL AUDIT.** This is the term commonly used in reference to the annual financial audit performed by the Office of the Legislative Auditor's Financial Audit Division staff for the purpose of expressing audit opinions on the state's financial statements.

**SURPLUS PROPERTY,** This is any state-owned property, including commodities, equipment, materials, supplies, books, printed matter, buildings, and other property, that is obsolete, unused, not needed for a public purpose, or ineffective for current use. Any liens against property must be satisfied before the property can be considered surplus.

## T

## U

**USE AGREEMENT.** A lease, management agreement, or other such agreement by and between lessor and lessee, under which lessee acquires from lessor the right to use and operate the facility.

## V

## W

**WORKING CAPITAL RESERVE.** This term is used to refer to the amount of retained earnings allowed by the cognizant Federal agency for cash expenses for normal operating purposes. The basic calculation of the working capital reserve is to first determine the monthly average of the cost of goods sold, operating expenses, and interest expenses less depreciation and amortization. The amount from this calculation is then multiplied by two for the sixty days allowance.

## X

## Y

**YELLOW BOOK.** This is the term commonly used to refer to the United States General Accounting Office publication *Governmental Auditing Standards*. These generally accepted governmental auditing standards are promulgated by the Comptroller General of the United States to set forth general standards (standard minimum requirements), fieldwork standards, and reporting standards for financial and performance audits.

## Z

