BUSINESS COUNCIL

Board of Directors

214 W 15TH ST
CHEYENNE, WY 82002
WYOMINGBUSINESS.ORG

July 1, 2026

To:
Mark Gordon, Governor
Members, Joint Appropriations Committee
Members, Joint Minerals, Business, and Economic Development Committee

RE: Audit of Wyoming Business Council (Issued July 1, 2026)

The staff of the Wyoming Business Council (“WBC”) has been directed to provide a formal response to the recently completed audit of the WBC, which was initiated pursuant to Senate Enrolled Act No. 27, Section 334 of the Sixty-Eighth Wyoming Legislature. The Legislature’s audit follows the annual external audits completed by the WBC since its inception. The WBC Board of Directors takes our oversight responsibilities seriously and welcomes the opportunity to improve on the financial and operational excellence the people of Wyoming deserve from any agency - no less the agency charged with securing a future for them, their children, and their grandchildren.

The WBC Board and staff are focused on continuing the productive work that Governor Mark Gordon and the Legislature have asked us to undertake - better aligning the agency's statutory and regulatory structure with the state's continuing and emerging challenges. Given that focus, we are pleased the audit’s findings are largely, if not completely, unremarkable, although the time and expense required to complete the process unfortunately pulled against the primary work of the WBC.

Measured against any reasonable definition of materiality, Wyoming’s residents can be assured that their statewide economic development agency is demonstrating the same level of financial oversight and accountability as our friends in private industry and business. In fact, the $100,000 appropriated by the Legislature to complete this audit is more than three times the total dollar amount of the errors ('population misstatements') the audit found.

While reassured by the absence of material findings and concerns, the WBC Board and staff remain committed to improvement. This morning, we completed a line-by-line, Objective-by-Objective review of the audit findings to inform efforts to achieve full compliance with all accounting, auditing, operating, and reporting standards going forward. In that review, we discussed the following objectives and offer our responses to each, as follows:

Objectives 1, 2, and 3 required compiling specific lists. The lists for objectives 1 and 2 are included in the audit report. Objective 3 required a list of private funds held by the WBC. A review by the Department of Audit verified that all WBC funds are held in accordance with the state fiscal architecture, and that WBC holds $0 in private, donated, or dissolved Wyoming Economic and Workforce Development (WEWD) 501(c)(3) funds.

WBC Response: No response necessary for objectives 1, 2, and 3.

Objective 4 required testing to determine whether the WBC: Administered, held, expended, and distributed funds in accordance with all applicable laws for the period beginning July 1, 2023, and ending on the statutory effective date of March 6, 2026. The following items were noted:

> *1. Testing revealed that 1 of the 222 total transactions (0.5%) contained discrepancies where the underlying invoice or supporting documentation failed to match the corresponding WOLFS entry. While the actual identified error within this sample totaled $316.32, projecting this error rate across the entire population of 8,904 operational expenditures results in an estimated potential population misstatement of $12,686.99.*
>
> **WBC Response: The actual discrepancy between the WOLFS entry ($316.32) and the underlying documentation ($317.18) in the subject transaction was a minuscule $0.86. Even so, we have directed staff to redouble efforts to match WOLFS entries and limit any potential for the WBC to approach the "estimated potential population misstatement."**
>
> *2. Testing revealed that 9 of the 222 total transactions (4%) lacked the necessary invoice or supporting documentation to substantiate the charges as appropriate or valid. While the actual identified error with this sample totaled $520.61, projecting this error rate across the entire population of 8,904 operational expenditures results in an estimated potential population misstatement of $20,880.68.*
>
> **WBC Response: The supporting documentation for these 9 transactions is available, except where not required by WBC expenditure reimbursement policy.**
>
> - **Two of the nine transactions were for $15, and WBC policy does not require receipts for individual reimbursements for $15 or less. The transactions were for car washes to maintain a state-owned, permanently assigned vehicle. The total of these transactions is $30.00.**
> - **Two of the nine transactions were accidental personal charges on a purchasing card (P-card) that were subsequently reimbursed by the employees. As these were personal charges, no documentation to substantiate a business purpose is required. The WBC has an existing process to collect accidentally incurred charges from employees in all**

cases. The total of these transactions is $70.87 and has been fully documented.
- **One of the nine transactions was a partial expenditure as the full charge relates to a subscription where the subscription period crossed multiple fiscal years. The expenditure was for $170.25.**
- **Four of the nine transactions have documentation to support the charges, but could have used additional context and explanation of the specified business purpose. Going forward, WBC will review purchasing policy best practices with staff. The total amount of these transactions is $249.49.**
- **In all cases, requests for payment or individual expense reimbursements require submitters to sign and certify that, under penalty of perjury, claims are valid and accurate.**

3. Testing revealed that 11 of 222 total transactions (5%) lacked an out-of-state travel request.

WBC Response: WBC management has already initiated a review of the agency's travel policy and is developing a solution to ensure future adherence to all travel policies and procedures, including, but not limited to, pairing all out-of-state travel with an approved request in advance of any such travel.

4. Just under 2% (2 of 120) of a specific transaction sample contained mathematical inaccuracies. One itemized expense report was $76.65 short of the calculated reimbursement total, and another invoice contained an unexplained $11.70 discrepancy caused by a blank dollar amount on a supporting line item.

WBC Response: The WBC will continue to monitor our grant reimbursement process and explore technological solutions to monitor documentation compliance while effectively and efficiently utilizing accounting staff resources.

5. A Market Expansion Grant disbursement included a $333.74 reimbursement for a "cooler" that lacked a sufficiently itemized vendor invoice to verify the expense through the paper trail alone.

WBC Response: The description in WOLFS included the word "cooler," however the invoice from the supplier, Wyldgear, a company that produces coolers, did not specifically contain the word "cooler."

6. A $16.94 transaction for a grant difference lacked appropriate fund classification or support to determine its correct placement.

WBC Response: This transaction refers to a Federal State Trade and Export Program (STEP) Grant reimbursement, in which reimbursements the WBC

received from the U.S. Small Business Administration were $16.94 less than total STEP expenditures disbursed. By the time the federal grant was reconciled, the process of completing the federal reimbursement was rightly deemed more onerous and complicated to address, given the $16.94 at issue. Ultimately, the $16.94 was reclassified as a general fund expenditure to avoid the need to address such a minuscule reconciliation issue with the federal Small Business Administration.

As a concluding remark, the Board is mindful that the fund represented by the testing and reviews conducted pursuant to Objective 4 represent 0.09% ($34,006.70) of the total general fund dollars managed by the WBC in the subject time period ($38,980,578.33). Even then, to reach the wholly immaterial 0.09% that we computed, it required the Council to assume the full extrapolated potential population misstatement over all of the transactions in the period.

The final objective of the audit was to review our annual financial audit performed by an independent Certified Public Accountant. The audit report text outlined the following:

Objective 5 was completed through a comprehensive review of independent CPA prior-year audit reports. Based on that review, we found the WBC ultimately accounted for and expended funds in conformity with generally accepted accounting principles (GAAP), receiving unmodified audit opinions. However, these clean opinions were only achieved after private auditors identified material misstatements requiring significant audit adjustments. Specifically, independent audits for FY2024 and FY2025 identified material weaknesses requiring multi-million-dollar corrections. This included a $3.4 million expense over accrual and a subsequent $810,130 prior-period adjustment within the Pandemic Relief Fund due to delayed subrecipient reimbursement tracking, as well as a $2.2 million prior-period adjustment to correct improperly recognized revenue in the General Fund. Prior to this audit intervention, management's financial reporting failed to adhere to specific provisions of the WBC Policy Manual.

WBC Response: The benefit to any audit is the opportunity it provides to redouble efforts to properly track, account for, and protect funds. Fortunately, the cited findings from FY 2024 and FY 2025 were reported by our third-party auditor in public board meetings in February and December of 2025 (well in advance of this most-current audit) and more importantly, controls and protective mechanisms were immediately implemented to remedy the cited misstatements and adjustments.

Specifically, below are the material misstatements, their causes and related actions taken:

- **Over-accrural and Prior-period Adjustment**
    - **Cause:** ***The over-accrual and the subsequent prior-period adjustment was the result of reimbursements to a broadband***

provider as part of the federally funded Capital Projects Fund (CPF) program for work performed in a previous fiscal year which were not requested and communicated to the WBC by the provider in a timely manner.
    - **Action Taken:** ***Due to these audit findings and upcoming expenditure deadline, our team has increased the frequency of communication with all grantee broadband providers to understand project status and to enforce more timely reimbursement requests. We have also leveraged our relationship with the State Budget Department to support these efforts.***
- **Improperly Recognized Revenue**
    - **Cause:** ***The improperly recognized revenue matter was a result of improper revenue recognition specific to non-purpose-driven appropriations received from the State of Wyoming, as required by Government Accounting Standard #33.***
    - **Action Taken:** ***Accounting staff is currently updating audit workpapers to properly evaluate and report the WBC's general fund appropriations from the state as revenue for its financial reporting purposes.***

While a fiduciary always prefers a clean audit free of any findings, our internal audit policies and procedures worked as designed in this instance: identify material misstatements, recommend adjustments (including sometimes significant adjustments), and trigger corrective action. No public funds were ever at risk, lost, or used inappropriately.

With the legislative audit complete and behind us, the WBC Board and staff remain focused on the future of our great state. We look forward to presenting the comments and suggestions we have heard and continue to solicit from the people of Wyoming - using that information to continue our work to lead economic development initiatives, further strengthening our great state. We welcome your contributions to this effort and hope you will join us as collaborators in Wyoming's future.

Kind regards,

Derek Smith
WBC Board of Directors Co-Chairman