

**REPORT TO  
THE SALT LAKE COUNTY COUNCIL  
AND  
THE SALT LAKE COUNTY MAYOR**

**COUNTY AUDITOR'S**



**SEVENTEENTH ANNUAL REPORT**

**OF**

**INTERNAL AUDITS – 2005**

**SEAN THOMAS**

**COUNTY AUDITOR**



## **SALT LAKE COUNTY AUDITOR'S OFFICE**

**SEAN THOMAS**

September 28, 2006

TO: The Mayor, County Council, Division Directors, Department Directors,  
and Elected Officials

Transmitted herewith is our **SEVENTEENTH ANNUAL REPORT OF INTERNAL AUDITS - 2005**. The purpose of the report is to provide managers at all levels of County Government with information relative to the audits we performed during 2005. Specifically, the report lists each recommendation made in the audits completed and whether those recommendations have been implemented. Release of the report is contingent upon receipt, processing, and organizing all responses from audited organizations. We appreciate the concerted effort by the audited agencies in their cooperation.

In the section entitled **“Recommendations Carried Over From Previous Years,”** recommendations are listed from audits completed in previous years which have not yet been implemented.

We will be happy to meet with appropriate managers to discuss any item contained in the report in order to facilitate the implementation of recommendations.

Sincerely,

James B. Wightman, CPA  
Director, Internal Audit Division

Report to  
The Salt Lake County Council  
And  
The Salt Lake County Mayor  
September 2006

Seventeenth Annual Report  
of  
Internal Audits – 2005

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Salt Lake County Auditor

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## EXECUTIVE SUMMARY

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### **Overview of 2005 Audits and Other Activities**

This Seventeenth Annual Report of Internal Audits reviews the findings and recommendations compiled from audits performed during calendar year 2005, with some carryover recommendations from audits performed in 2004, and prior years. Unlike the past two to three years, the audits performed disclose a gradual yet marked improvement of internal control issues reflecting a renewed, re-energized focus by County administrators. Findings and recommendations contained in our reports have been received more positively and acted upon more consistently.

During 2005, as in other years, our internal control audits turned up several unanticipated findings with important implications for the overall control environment of County operations. The audit of the Parks and Recreation time card system disclosed several individuals who were working as both part-time County employees and independent contractors whose work times could have been overlapping. Parks and Recreation's review of this matter disclosed that the fuzzy line between "employee" and "contractor" had evolved over several years. Parks and Recreation has taken corrective action by reviewing all personnel in this dual status.

We encountered issues at the Animal Services Division of Public Works with Field Officers accounting for cash receipted while on duty in the field. Some receipt book pages were not properly initialed by office personnel indicating that a day's receipts had been turned in to the main office, or alternatively, dropped in the after-hours drop box. Animal Services has implemented a strong procedure to tighten controls.

In our audit of Public Works Engineering, we discovered a number of cash collection deficiencies, including the odd practice of having this office accept the payment for UTA bus passes and tokens, which were maintained in stock and sold from the Mayor's operations. As a result, a complete review of internal controls on the cash collection process has been underway since April 2005, including the evaluation and acquisition of new software. Cash collection for Improvement Districts has been restructured, with payments made either through the Treasurer or Planning and Development Services Division. A manual of policies and procedures has been written. Cash collection for UTA bus passes, including monthly reconciliations to invoices has been moved back to Mayor's Operations department.

Internal Audit was asked to review an employee conflict of interest in the Personnel Division surrounding the recruitment, hiring, and subsequent upgrading of a position in the County Clerk's office. As a result, we recommended that Personnel Division management develop and implement a clear, written and unambiguous policy prohibiting employees who are Managers, Analysts or Specialists from preparing or certifying a recruiting register where family members are applicants, and from conducting market surveys on salaries for a position filled by a family member. Written policies and procedures have been implemented by Personnel.

Our division also performed a limited scope audit of the Personnel Division's oversight of the County Tuition Assistance Program. Numerous deficiencies in the day-to-day operation and oversight of the program were discovered and recommendations made. As a result, a new

Countywide Policy #5560 was adopted, July 12, 2005, changing the program to a “tuition reimbursement” program. This new policy and its procedures addressed the deficiencies in the “tuition advance” policy.

In January 2005, we released a report on a project begun in 2004 for the County Council to examine the effectiveness and efficiency of the County’s vehicle replacement and maintenance program. Major findings of this review were that Fleet management was using an outdated, overstated inflation rate to set the vehicle replacement charge to users each year, and that maintenance charges to organizations were based on prior year budgeted amounts, adjusted for inflation, without reference to actual shop rates and parts. Both of these anomalies created significant build ups in the cash balances in the Fleet Fund. As a result, Fleet moved away from “rapid rotation” of all vehicles, except for those assigned for public safety, used an inflation factor of 3 percent for replacement calculations, and revised maintenance charges to more accurately reflect actual costs attributable to each Fleet shop.

Finally, as an adjunct to the vehicle replacement and maintenance review, we conducted an extensive data extraction and analysis of the County’s use of the GasCard systems to buy fuel and vehicle maintenance services. The auditor assigned to this review used a powerful data analysis tool, Audit Command Language (ACL), to audit virtually all 2004 transactions in the GasCard system, looking for unusual transaction patterns, reconciliation of charges in the GasCard system to actual invoices to the County, and identifying attempts to misuse or defraud the system. A number of issues were raised by these inquiries which we covered in detailed briefings to the Mayor’s Administrative Services Division Director, the Fleet Manager, and officials representing the Division of Fleet and Surplus Services at the State.

As is evident from the preceding, the division’s work was wide-ranging, with audits and analysis performed in organizations under the Mayor’s portfolio: Public Works, Human Services, Personnel, and in other elected offices such as the Clerk’s and District Attorney’s Offices. Enclosed with this *Executive Summary*, in Tables 1, 2, 3, and 4 are matrices of our findings for the audits performed during calendar year 2005. The matrices provide a representation of key findings by organization.

The findings and recommendations are in four primary areas of internal control:

- ***Cash handling and management of public funds – Table 1***
- ***Accountability for “capital” and “controlled” assets – Table 2***
- ***Internal controls over accounts receivable management – Table 3***
- ***Findings not listed in other categories – Table 4***

This executive summary focuses on these areas of concern as a means of heightening awareness and soliciting support of Council Members, the Mayor, and other elected officials to address and correct these violations of Countywide policies and procedures. We have noted during our audits a focused effort on the part of the Mayor’s senior fiscal staff, under direction of the Mayor’s Chief Financial Officer, to review and follow up with their organizations on the recommendations made in our audits.

First, some introductory comments on the internal audit process and the role of both County management and the County internal auditors in this process may be helpful.

## **How Audit Findings and Recommendations are Derived**

The Internal Audit Division of the Salt Lake County Auditor's office follows, with certain exceptions, governmental auditing standards set forth in the *Government Auditing Standards 2003 Revised*, published by the General Accounting Office (GAO), under the authority of the Comptroller General of the United States.

In developing audit findings and recommendations, auditors follow a deductive reasoning process using the following basic steps:

1. **Criteria:** Auditors research "criteria," which establish the framework for an audit and are an integral part of the audit plan. Criteria are developed by reviewing statutes, ordinances, policies, procedures, and "best practices" that govern the department, division, organization, or agency being audited.
2. **Condition:** Using the steps in the audit plan, auditors assess and describe the "condition" that exists under the actual policies, procedures, and practices followed by the organization being audited, which may or may not adhere to the "criteria." A "condition" not in compliance with the "criteria" constitutes the auditor's "finding."
3. **Effect:** This step addresses whether the current "condition" of the organization's operations are producing "effects" that are exceptionally noteworthy, either good (in compliance with criteria) or deficient (out of compliance), and assesses the actual or potential consequences of deficiencies.
4. **Cause:** Next, auditors determine and describe the underlying "cause" contributing to the organization being "in" or "out" of compliance. Assessing the "cause" gets to the root of either the presence or absence of active management oversight, and effective internal control.
5. **Recommendation:** The final step is formulation of recommended actions that should be taken by the management and staff to improve the condition of the organization and its compliance with the governing "criteria." Recommendations are aimed at improving internal financial and operational controls, and enhancing the effectiveness and efficiencies of the organization.

## **Accountability and the Audit Process**

The concept of accountability is inherent in the governing process. Managers and employees who staff public programs are accountable to the public as well as to the government, and increasingly find themselves and their agencies open to scrutiny. One primary tool for quantifying public accountability is the audit process.

County governing bodies, other government officials, and citizens want to know whether:

1. *Government resources are managed properly and used in compliance with laws and regulations,*
2. *Government programs are achieving their objectives and desired outcomes, and,*
3. *Government programs are being provided efficiently and effectively.*

## **Management's Role**

County managers are entrusted with handling public resources. This includes:

1. *Using resources efficiently, effectively, and legally to achieve the purposes for which resources are furnished and programs are established,*
2. *Complying with statutes, ordinances, policies, and procedures, including proactive identification of requirements with which the entity must comply and implementing systems to achieve compliance,*
3. *Establishing and maintaining internal controls to ensure that:*
  - a. Strategic goals and objectives are met,
  - b. Resources are received, economically consumed, and/or safeguarded,
  - c. Laws and regulations are understood and followed, and,
  - d. Reliable data to measure performance is obtained, maintained, and fairly disclosed,
4. *Taking action on findings and recommendations of auditors, and tracking the status of implementation of those findings and recommendations,*
5. *Rendering timely and useful reports to oversight governing bodies, and the public, concerning the services rendered, the efforts expended in personnel and resources, and the outcomes of those programs to the constituent user, and,*
6. *Following sound procurement practices when contracting for services.*

## **Auditor's Responsibilities**

The auditor's essential role is to serve the public interest and maintain the highest standard of integrity, objectivity, and independence, including:

1. *Serving the public interest, honoring the public trust, and upholding professional standards,*
2. *Making decisions consistent with the public interest in the program or activity under audit,*
3. *Broadening and maintaining public confidence by performing work with the highest degree of integrity,*
4. *Remaining objective and free of conflicts of interest in discharging professional responsibilities,*
5. *Exercising sound professional judgment when defining the scope and methodologies of their work, determining the tests and procedures to be performed, conducting the work, and reporting the results, and,*
6. *Helping management, and other users of reports, understand the auditor's responsibilities under governmental auditing standards.*

With this overview of the audit process in mind, the following is a summary of the most important findings of our audits, broken down by category:

- 1. Cash handling and management of public funds,*
- 2. Accountability for “capital” and “controlled” assets,*
- 3. Internal controls over accounts receivable management, and*
- 4. Findings not listed in other categories.*

### **1. Cash Handling and Management of Public Funds**

The first area of concern is cash handling and management of public funds. The primary areas of consistent non-compliance were:

- **Patron receipts, voided by cashiers, were not signed/approved by supervisor.**
  - *Finding in 5 separate audits throughout the County.*
- **Patron refunds were issued out of daily cash receipts.**
  - *Finding in 4 separate audits throughout the County.*
- **Cashiers were not completing over/short log,**  
**Cashiers were not recording the cash/check composition of daily deposit,**  
**Funds were not deposited in bank within three days of receipt,**  
**Mail containing payments for goods or services were opened by one employee,**  
**Change-fund custodian was incorrect on Auditor’s records,**  
**Patron checks were not endorsed by cashier upon receipt, and**  
**Meals authorization form was not completed for food purchases.**
  - *Each of the above findings occurred in 3 separate audits throughout the County.*

We would note here that the occurrence of repetitive findings with regard to the management of public funds has decreased significantly from 2004 to 2005. During 2005, 22 cash audits were performed, and the highest number repetitive finding was “5” as shown above. Five repetitive findings in 22 cash audits translate to a repetitive finding in about one-fourth (25%) of our audits (5/22). By contrast during 2004, 14 cash audits were performed and the highest incidence of a repetitive finding was “9,” which translates to a repetitive finding in about two-thirds (66%) of our audits (9/14).

We attribute much of this improvement to a concerted effort by the Mayor’s Operations fiscal staff to go out to organizations under the Mayor’s portfolio and verify and enforce compliance with recommendations made in our audits. This proactive approach, along with consistent fiscal manager training, has raised awareness throughout the County of the need to comply with policies and procedures contained in Countywide Policy #1062, and other related policies.

## **2. Accountability for Capital and Controlled Assets**

Organizational accountability for the “capital” and “controlled” assets is governed by Countywide Policy #1125, “Safeguarding Property/Assets.” The importance of keeping an accurate, up-to-date inventory of capital and controlled assets at each County organization needs continual, proactive emphasis and review by each organization’s management. Not only does an inventory of assets need to be maintained, but also a yearly count and verification of those items needs to be performed. Organizations must also ensure that all capital assets are tagged with a unique identification number. We recommend tagging of controlled assets as well, at the discretion of the organization property manager. When the useful life of an asset has been met, proper forms must be completed and the asset transferred to the surplus warehouse.

Highlighted below are specific areas of inconsistent compliance discovered during our audits:

- **No “Controlled Assets Inventory – Employee” form was found for individual accountability for assets assigned to employees.**
  - *Finding in 7 separate audits throughout the County.*
- **Recently purchased controlled assets were not included on the controlled asset inventory.**
  - *Finding in 5 separate audits throughout the County.*
- **Controlled asset inventory was not completed/updated recently in annual cycle, Controlled asset listing report was inaccurate when compared to onsite audit inventory, and PM-2 form was not completed for controlled assets transferred or sent to surplus warehouse.**
  - *Each of the above findings occurred in 3 separate audits throughout the County.*

In 2005, the failure of organization asset managers to have employees complete the “Controlled Assets Inventory – Employee” was a recurring problem, slightly more prominent in our findings than in 2004, having occurred in seven of 22 audits, 32 percent, of the audits conducted in 2005, versus four of 14, or 29 percent of the audits performed in 2004. Also, the failure to record purchases of controlled assets on inventory lists reflects a lack of coordination between the organization purchasing person and the organization’s asset manager. Continuous coordination between the purchasing and property management functions is necessary to account for assets that can be easily converted to personal use in the absence of vigilance.

## **3. Internal Controls over Accounts Receivable Management**

The County operates a number of facilities under the Community Services Department, i.e., *golf courses, recreation centers, ice arenas, theatre venues, and a planetarium*, that purchase, hold in inventory, and resell products to their patrons. The purchase for resale of consumer merchandise dictates the need for effective internal controls over various stages of the

process.

Our audit report of July 2000, *Countywide Collections Efforts on Accounts Receivable*, had a significant finding that approximately “62 percent of County organizations have verbal instead of official written policies and procedures” on accounts receivable collections. Written guidelines provide a consistent and effective control over the collection of an organization’s accounts receivables. Our July 2000 audit disclosed that “the County spends upwards of \$2.80 for every \$1.00 recovered” on a delinquent account receivable, once the case has been turned over to the District Attorney’s office for collection. This unacceptable “cost/benefit” ratio is created by the absence of proactive measures to collect the receivable at the organization level. When a receivable ages for over 30 days, it becomes increasingly more difficult to collect.

To provide guidance in this area, our office collaborated with the District Attorney’s office to develop a new Countywide policy entitled: *Management of Accounts Receivable and Bad Debt Collection*. This policy provides organizational level guidelines on billing and collection of accounts receivable and actions to be taken to turn a bad account over for debt collection.

We expect Council approval of this policy with the anticipation that County organizations managing accounts receivable will use it as a guide for developing internal, written guidelines and procedures, training employees, and consistently enforcing best practices.

Outlined below are those areas of non-compliance discovered during our audits in these areas:

- **Organizations did not have a written accounts receivable policy in place.**
  - *Finding in audits of Animal Services, District Attorney’s Debt Collection, Clerk’s Election Division, and Public Works Engineering.*
- **Aging schedule was not prepared monthly,  
A/R Computer software was not fully utilized,  
Outstanding amounts were not monitored,  
Post-event billings were not collected within 30 days,  
Written policy was not followed,  
Collection activities were not documented,  
No routine procedure was in place to organize and document collections, and  
Receivables were written off without approval.**
  - *Each of the above findings occurred in separate audits conducted in the County.*

#### **4. Findings Not Listed in Other Categories**

The following are other findings of non-compliance disclosed by our audits:

- **Supervisors were not periodically observing employees swipe their time card, and Supervisors were not reviewing time sheets for contracted hours worked.**

- *Findings in audit of Parks and Recreation Payroll.*
- **Manager violated Personnel policy,  
Personnel Director did not prepare policy regarding recruitment and classification of family members, and  
Manager recruited for positions Grade 15 or lower.**
  - *Findings in audit of Personnel – Conflict of Interest.*
- **Tuition assistance applications were approved without required documents,  
Grade reports were not submitted to verify class completion,  
Letters requesting grade reports were not sent timely,  
Some employees were paid twice for the same class,  
Tuition assistance payments were made outside of the 60-day policy window,  
Amounts of outside financial aid were not subtracted from tuition assistance money advanced,  
Tuition paybacks were not always netted against amounts in subsequent terms,  
Tuition coordinator extended her own paybacks without review,  
Tuition waivers were not documented,  
Tuition coordinator was not notified when classes were dropped,  
Some payback plans were unreasonably long,  
Terminated employees owing money were difficult to monitor,  
Tuition program was operated manually, and  
Documentation was haphazard and disorganized.**
  - *Findings in audit of Personnel – Tuition Assistance Program.*
- **Transportation passes were not reconciled to UTA invoices,  
Over-the-counter monies received were not deposited timely,  
Receipts were not issued for transit sales, and  
Transit pass collections were sent to Engineering for deposit.**
  - *Findings in audit of Public Works – Engineering.*
- **Rent not always received 30 days prior to event as required by agreement, and  
Proof of liability insurance was not provided for all events.**
  - *Findings in audit of South Towne Exposition Center.*
- **Fleet used 6 percent inflation factor when inflation has been less since 1997,  
Some vehicle makes and models appear to be under-utilized,  
Maintenance costs were higher than expected,**

**Fleet provided vehicles at widely varying replacement charges, and Policies that govern Fleet need to be reviewed and updated.**

- *Findings in audit of Vehicle Replacement – Maintenance.*
- **Vending accounting functions were not in accepted inventory controls methods, Two people were not present for vending collections, and Policies and agreement forms did not have adequate information.**
  - *Findings in audit of Wheeler Historic Farm.*

The remainder of this report outlines the recommendations made by our office to the various organizations, along with their response as to the status of implementation of our recommendations.

**Table 1. Matrix of Findings from Cash Handling and Management of Public Funds from Cash Audits - 2005 Listed by the top ten in order of risk and then by frequency of occurrence. Columns to the right indicate the organization receiving that finding.**

		Animal Services	Antiques Collection	Art Collection	Central City Rec. Center	Community Resources & Development	District Attorney-Debt Collection	East Millcreek Library	Elections Division	Holladay Library	Kearns Library	Mayor's Admin and Mayor's Operations	Parks & Rec Payroll	Personnel - Conflict of Interest	Printing	Public Works Flood Control	Public Works Flood Control	So. Towne Expo. Center	Solid Waste Engineering	Vehicle Management	West Valley Library	Wheeler-Histori Farm	Total
1	Numerical sequence of field officer receipts not reviewed.	x																					1
2	Daily collections did not reconcile.	x																					1
3	Daily receipts used to issue refunds.	x					x	x												x			4
4	Refunds without customer signature, supervisor signature, not documented.	x																					1
5	Separation of duties over special permits not adequate.	x																					1
6	Mail opened by one individual	x														x	x						3
7	Funds retrieved from night drop box by one individual.	x																					1
8	Voids with no cashier or supervisor signature and explanation.	x						x										x		x	x		5
9	Over/short log not complete.	x														x					x		3
10	Cash/check composition not recorded/not accurate.	x							x									x					3
11	Funds not deposited in bank in three days	x		x													x						3
12	Change fund not at authorized amount.	x																					1
13	Change fund custodian not correct.	x														x				x			3
14	One transaction in imprest checking >\$200.	x																					1
15	Meals form not completed for food purchase.	x									x						x						3
16	Unauthorized change fund.				x																		1
17	Over/short logs incomplete or unreviewed.			x														x					2
18	Petty cash fund not used > 1 yr.				x																		1
19	Checks not endorsed on receipt.				x											x	x						3
20	No segregation of duties.				x																		1
21	No written loan agreements.				x																		1
22	No fees charged for loan servicing.				x																		1
23	Past-due notices not sent consistently				x																		1
24	Requests for reconveyance not timely				x																		1
25	Documentation for amounts written off not always evident.				x																		1
26	Weak controls over issuing checks from Litigation account.					x																	1
27	Credit card information not protected.						x																1
28	Supporting documentation not attached to "Daily Cash Balance."						x																1
29	Sales tax paid on petty cash purchases.							x									x						2
30	Change fund not counted/verified at beginning of day.								x											x			2
31	Copy of deposit slip not retained.									x													1
32	Safe combination not changed annually.									x													1
33	Safe not bolted to floor.									x													1
34	Over/short frequent										x												1
35	Individual accountability for over/short not established.										x												1
36	Authorization for use of petty cash for retirement parties not clear.											x											1
37	No documentation for funds transferred between employees.																x				x		2
38	Daily balancing procedures not followed.															x							1
39	No receipt for cash transactions.																x						1
40	Same employee billed and deposited.																x						1
41	No authorization form for credit card transactions.																x						1
42	Invoice paid with petty cash.																x						1
43	Non-fee transactions not explained.																	x					1
44	No identification on checks.															x		x					2
45	Cash fund balance increased significantly and is projected to increase.																		x				1
46	Change fund included vending machine coins.																					x	1
47	Cash receipts duplicated.																					x	1
48	Petty cash policy not followed.																					x	1
49	Endorsement stamps/confidential information not secured.															x							1

**Table 2. Matrix of Findings from Capital and Controlled Assets from Cash Audits - 2005 Listed in order frequency of occurrence. Columns to the right indicate the organization receiving that finding.**

	Animal Services	Antiques Collection	Art Collection	Central City Rec. Center	Community Resources & Development	District Attorney-Debt Collection	East Millcreek Library	Elections Division	Holladay Library	Kearns Library	Mayor's Admin and Mayor's Operations	Parks & Rec Payroll	Personnel - Conflict of Interest	Personnel - Tuition Assistance Program	Printing	Public Works Flood Control	Public Works Engineering	So. Towne Expo. Center	Solid Waste Management	Vehicle Replacement - Maintenance	West Valley Library	Wheeler Histori Farm	Total
1 CA not assigned to individual employees.	x		x	x			x								x	x				x			7
2 Recently purchased CA not included on CA list.	x		x													x	x			x			5
3 Complete inventory not completed recently		x								x					x								3
4 CA reports inaccurate.				x	x			x															3
5 No forms PM-2.															x			x	x				3
6 CA form used not acceptable.	x																x						2
7 Items on CA list could not be found.	x																			x			2
8 Assets on AFIN0801 could not be located.		x																					1
9 Current market value may not be accurate.		x																					1
10 No oversight in place to manage antique		x																					1
11 One oil painting missing.			x																				1
12 Conflict of interest statement not present.			x																				1
13 Declassification of capital assets not reflected on Center records.				x																			1
14 No current CA list.					x																		1
15 One capital asset not on CA list.													x										1
16 Lost/stolen items not reported.																x							1
17 Some CA did not have CA tag.																x							1
18 No form PM-3 for loaned asset.																x							1
19 CA on list found at other facility.																			x				1
20 Antique inventory transferred from county in 1995 not reconciled and updated.																					x		1
21 Annual inventory update not done for 2003 and 2004.																					x		1
22 Assets acquired after 2002 not added to collection list.																					x		1
23 No acceptance documents for items donated since 1995.																					x		1
24 Employees not trained in handling historic objects.																					x		1
25 No records to verify transfer or surplus.																					x		1
26 Inadequate protection of historic items.																					x		1
27 No annual reporting to Museum Board																					x		1

**Table 3. Matrix of Findings from Accounts Receivable from Cash Audits - 2005 Columns to the right indicate the organization receiving that**

	<i>Animal Services</i>	<i>Antiques Collection</i>	<i>Art Collection</i>	<i>Central City Rec. Center</i>	<i>Community Resources &amp; Development</i>	<i>District Attorney-Debt Collection</i>	<i>East Millcreek Library</i>	<i>Elections Division</i>	<i>Holladay Library</i>	<i>Kearns Library</i>	<i>Mayor's Admin and Mayor's Operations</i>	<i>Parks &amp; Rec Payroll</i>	<i>Personnel - Conflict of Interest</i>	<i>Printing</i>	<i>Public Works - Tuition Assistance Program</i>	<i>Public Works Flood Control</i>	<i>So. Towne Expo. Center</i>	<i>Solid Waste Management</i>	<i>Vehicle Replacement - Maintenance</i>	<i>West Valley Library</i>	<i>Wheeler Histori Farm</i>	<i>Total</i>	
1 No AR policy in place.	x				x	x									x								4
2 Aging schedule not prepared monthly.	x																						1
3 Computer software for managing AR not fully used.					x																		1
4 Outstanding amounts not monitored.					x																		1
5 Post-event billings not collected within 30 days.																x							1
6 Not following written policy.																x							1
7 Collection activities not documented.																x							1
8 No routine procedure to organize and document collections.																x							1
9 Receivables written off without approval.																x							1

**Table 4. Matrix of Findings not listed in other categories from Cash Audits - 2005 Listed in order frequency of occurrence. Columns to the right indicate the organization receiving that finding.**

	Animal Services	Antiques Collection	Art Collection	Central City Rec. Center	Community Resources & Development	District Attorney-Debt Collection	East Millcreek Library	Electons Division	Holladay Library	Kearns Library	Mayor's Admin and Mayor's Operations	Parks & Rec Payroll	Personnel - Conflict of Interest	Personnel - Tuition Assistance Program	Printing	Public Works Flood Control	Public Works Engineering	So. Towne Expo. Center	Solid Waste Management	Vehicle Replacement - Maintenance	West Valley Library	Wheeler Historic Farm	Total
1			x																				1
2			x																				1
3										x													1
4										x													1
6											x												1
7											x												1
8											x												1
9												x											1
10												x											1
11												x											1
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## **DEFINITION OF TERMS**

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Capitalization	The process of recording on the County's general ledger property items having an estimated useful life of more than two years and a cost that is equal to or greater than the current capitalization threshold. (Note: Effective January 1, 2002, the County capitalization threshold for personal property was increased from \$3,000 to \$5,000; the capitalization threshold for real property increased from \$10,000 to \$50,000 for improvements to grounds and leasehold improvements, and \$100,000 for buildings and improvements to buildings.)
Change Fund	An amount of cash available to provide change for over-the-counter cash receipts from users.
Capital Asset	(Formerly Fixed Assets) Real property and personal property of significant value having an estimated life expectancy of more than two years used in carrying out the operations of the entity.
Controlled Asset	Personal property items having a cost of \$100 or greater, but less than the current capitalization rate, and which are sensitive to conversion to personal use, thereby necessitating special provisions for safeguarding. Due to the difficulty associated with centralized control of personal communication equipment—pagers, car/cellular phones, portable radios, mobile radios installed in vehicles, walkie/talkies, etc.—this category of property is considered to be “controlled assets” regardless of the cost of the individual items, and is, therefore, subject to the controlled asset procedures.
Imprest Fund	A separate amount of money set aside where, by policy, the cash available to disburse plus the supporting vouchers for money already disbursed must equal an authorized fixed amount (known as the “imprest” amount). Note: All Mayoral approved funds authorized for agency use in change making, petty cash purchases, or special checking accounts are known as imprest funds.
Internal Control	Internal control is the plan of organization and all methods and procedures that are concerned, primarily, with safeguarding of assets, authorization of transactions, and reliability of financial records.

## **DEFINITION OF TERMS**

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Overages/shortages	The difference, either plus or minus, between the amount collected and the amount which should have been collected in any given transaction or series of transactions.
Petty Cash Fund	An amount of cash available for small purchases relating to normal business operations.
Form PM-2	A Form PM-2 is used to transfer, dispose of, or surplus an asset.

## INTRODUCTION

This is the Seventeenth Annual Report of Internal Audits completed by the Audit Division of the Salt Lake County Auditor's Office. The purpose of the report is to provide managers at all levels of County government with information relative to each completed audit and other studies. The information includes the recommendations made in each audit and the status of the implementation of those recommendations. These updates should be useful to the Mayor and the other Elected Officials in directing their respective departments and offices, and the County Council regarding operations of the County generally.

The Audit Division of the Auditor's office performs audits of County organizations, with specific objectives, as the Auditor deems appropriate and necessary under Utah State Code Annotated Section 17-19-1 (3) (d). Generally, an annual schedule of audits is structured and performed based on an updated risk assessment. Other reviews, investigations, and studies are performed at the request of the governing body of the County or other Elected Officials. The Auditor makes every effort to accommodate these requests within the scope and priority of audit work scheduled and in progress. The goal of our efforts is to assist County executives and middle managers in accomplishing their organizational mission, efficiently and effectively, with adequate internal controls to insure financial and operational integrity.

Outlined below is a short narrative of the types of engagements undertaken by our division:

1. ***Performance audits*** systematically examine evidence to independently assess an organization's efficiency and effectiveness against objective criteria, and may provide a forward-looking focus or synthesize information on best practices. The goal is to improve program operations, facilitate decision making by those charged to initiate and oversee corrective action, and to improve public accountability. Performance audits can include elements of any one or a combination of the following audit objectives:

- a. ***Program-effectiveness-and-results audit objective*** is to measure the extent to which a program is meeting its goals and objectives with the intended result or outcome.
- b. ***Internal-control audit objective*** is to examine the processes and procedures for planning, organizing, directing, and controlling program operations, and systems in place to measure, report, and monitor program performance, and may provide reasonable assurance that:
  - i. Resources, such as public funds, are used in compliance with laws, regulations, ordinances and policies.
  - ii. Resources are safeguarded against unauthorized acquisition, use or disposition.

- iii. Information systems are secured to prevent or timely detect unauthorized access, and contingency plans provide for essential backup to prevent disruption of operations.
- iv. Management, accounting, budgetary, and public reports are complete, accurate, and consistent to support organizational performance and decision making.
- c. ***Compliance-audit objective*** is to test and examine organizational operations against criteria established in laws, regulations, contract provisions, and grant agreements that could affect acquisition and use of resources, and the quantity, quality, timeliness, and cost of services produced and delivered.

2. ***Other Activities*** performed by the Audit Division may include work that provides a prospective focus, surveys of best practices, analysis that cuts across organizational or program lines, or forensic accounting services, such as:

- Assisting the legislative body by developing questions or inquiries for use in hearings,
- Developing methods or approaches for evaluating a new or proposed program,
- Forecasting potential program outcomes under various assumptions, and
- Performing investigative work at the request of County District Attorney or other offices of the County.

Audits may have a combination of performance audit objectives, or may have objectives limited to only some aspects of one type of audit. For example, our division conducts audits of government contracts (inter-local agreements) with other government entities, or not-for-profit organizations, which include a combination of performance audit objectives. Over the past several years our division has performed such audits with respect to aspects of the operation of the County jail, the Sheriff's contracting with various municipalities in Salt Lake County, and County's contract with Valley Mental Health.

This annual report reflects audit work resulting in a formal audit report or letter containing recommendations directed to an audited agency. It does not reflect the sum total of all work completed by the Audit Division over the period. Each year, the Audit Division completes numerous engagements designed to collect and analyze data and provide information, but may or may not result in formal recommendations being made to an agency.

The audit reports summarized in this annual report contain recommendations which we believe should be accounted for until they are implemented or until a decision is made, based on facts and sound rationale, not to implement them. Therefore, the section of this report entitled "Recommendations Carried Over From Previous Years," tracks the status of recommendations, from year to year, which in our opinion should be implemented, but have not been for reasons reported to us by the responsible agencies.

## AUDIT STAFF

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**Salt Lake County Auditor: SEAN THOMAS**

**Chief Deputy Auditor: DAVID L. BECK**

**Special Assistant: VICTOR SIPOS**

### AUDIT DIVISION

**Director:**

James B. Wightman, MBA, MAcc, CPA

**Assistant Director:**

Larry Decker, CPA

**Senior Auditors:**

Cherylann Johnson, MBA

Amy McCormick, MAcc, CPA

**Staff Auditors:**

Celestia Cragun, MBA, CFE

Charlie Kulp, CIA

Dal Lawson

Brenda Nelson, MBA

Jeff Wood, MBA, CFE



**IV. 2005 AUDITS – SUMMARY OF AUDITS COMPLETED**

**A. COMMUNITY SERVICES**

**1. ART COLLECTION – COUNTY ART COLLECTION INVENTORY AND REVIEW OF ART ACQUISITION AND DEACCESSIONING PROCESSES (April 2005)**

Salt Lake County has over 400 objects in its public art collection, valued at approximately \$1.6 million. The collection is managed by the County Community Arts Specialist. Two inventory listings existed, one maintained by the County’s financial system “Advantage Financial” (AFIN) and the other generated and maintained by the Community Arts Specialist. Both lists were used to complete the inventory.

The Audit Division completed an inventory and additionally reviewed the processes for art acquisitions and deaccessioning. The status and implementation of each recommendation in the audit letter is listed below.

***RECOMMENDATIONS  
COUNTY ART COLLECTION***

***CURRENT STATUS***

- 1. We recommend that the Community Arts Specialist prepare a letter to the Mayor requesting approval for the missing, and presumed stolen, Mick Riley Golf Course painting to be removed from the AFIN0801 report. (Audit Letter, Page 3)
  
- 2. We recommend that members of the Art Collection Committee complete conflict of interest disclosure statements in such instances where the County would purchase artwork created by a committee member, or from a committee member’s business or business interests. (Audit Letter, Page 5)

- 1. Implemented. The Community Arts Specialist sent a letter to the Mayor on April 18, 2005 requesting approval for the missing Mick Riley golf course painting to be removed from the AFIN0801 report. The painting has been removed from the inventory report.
  
- 2. Partially implemented. To date, eight Art Collection Committee members have completed conflict of interest disclosure statements. The Community Arts Specialist is in the process of obtaining disclosure statement from the remaining committee members. In the future, all Art Collection Committee members will sign a disclosure statement annually whether or not the County has or will purchase their artwork.



**2. CENTRAL CITY RECREATION CENTER – A LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, VENDING, CAPITAL AND CONTROLLED ASSETS, AND STAFFING (April 2005)**

The Central City Recreation Center is located near downtown Salt Lake City. The Center houses a variety of amenities such as a gymnasium, fitness room, swimming pool, and class rooms. The Center serves as a hub for sports and recreation activities in the community.

The Audit Division completed an audit of the cash receipting and depositing, capital and controlled assets and vending. In addition, an unannounced count of all funds at the center was conducted. The following are the recommendations made as well as the responses from the Center.

***CENTRAL CITY RECREATION CENTER  
RECOMMENDATIONS***

***CURRENT STATUS***

- |                                                                                                                                                                                     |                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 1. We recommend that the Center use MPF Form 11, “Cash Over/Short Log,” for recording individual cashier daily over/shorts as required by policy. (Audit Letter, Page 3)            | 1. Implemented. MPF Form “Cash Over/Short Log” in use. |
| 2. We recommend that the change fund remain intact at its authorized limit, and that overs and shorts be reflected in the deposits, and not the change fund. (Audit Letter, Page 3) | 2. Implemented. Recommendation being followed.         |
| 3. We recommend that deposits be made not later than three days after collection in accordance with Countywide policy and State statute. (Audit Letter, Page 3)                     | 3. Implemented. Recommendation being followed.         |
| 4. We recommend that vending machine item counts be compared to expected ending inventory to determine if any theft of either cash or product has occurred. (Audit Letter, Page 5)  | 4. Implemented. Recommendation being followed.         |

***CENTRAL CITY RECREATION CENTER  
RECOMMENDATIONS***

5. We recommend that all newly acquired controlled assets be added to the controlled asset list and affixed with a tag. (Audit Letter, Page 6)
  
6. We recommend that the controlled asset number be recorded on the invoice corresponding to the purchase of an asset as a means of determining whether all newly purchased controlled assets have been entered into inventory. (Audit Letter, Page 6)
  
7. We recommend that all former fixed assets now considered controlled assets be affixed with the Center's tags and added to their controlled asset list. (Audit Letter, Page 7)
  
8. We recommend that management complete, and review annually, the "Controlled Assets Inventory Form—Employee," for any employees within whose possession controlled assets are maintained. (Audit Letter, Page 7)
  
9. We recommend that Parks and Recreation management examine the mission of the Central City Recreation Center, its benefit to the community, and the hours it is open to the public, and that necessary adjustments be made to increase revenue and augment the return on investment. (Audit Letter, Page 9)

***CURRENT STATUS***

5. Implemented. Recommendation being followed.
  
6. Implemented. Recommendation being followed.
  
7. Implemented. Completed.
  
8. Implemented. Management will review annually.
  
9. Implemented. A response to a performance audit of the Central City Recreation Center was submitted on April 26, 2005. This response, prepared by the Parks & Recreation Division, addresses this recommendation made for each area of consideration within the audit report.

***CENTRAL CITY RECREATION CENTER  
RECOMMENDATIONS***

10. We recommend that management evaluate the cost/benefit relationship in hiring more full-time employees at the Center, as opposed to so many part-time employees, with the expectation that additional full-time employees will increase service levels and patron satisfaction. (Audit Letter, Page 9)

***CURRENT STATUS***

10. Implemented. A response to a performance audit of the Central City Recreation Center was submitted on April 26, 2005. This response, prepared by the Parks & Recreation Division, addresses this recommendation made for each area of consideration within the audit report.



### 3. PARKS AND RECREATION DIVISION – TIME CARD AUDIT (September 2005)

The Internal Audit Division surveyed time and attendance records and processes in a limited scope audit of payroll in the Parks and Recreation Division. As part of the audit we surveyed time recording systems, both manual and electronic, and noted whether employees self-reported their in/out status, the manner in which time was rolled up from the reporting mechanism into the County payroll system, and we noted the types of controls in place to help ensure system integrity. Contracts entered into with individuals and companies were examined for performance of specific services to determine whether payments to these individuals and entities were accurately made and reported.

#### ***PARKS & RECREATION TIME CARD RECOMMENDATIONS***

1. We recommend that supervisors periodically observe employees entering time at readers where no cameras are in place to monitor these actions, and that assistant section managers likewise review actions of supervisors and program managers as time allows. (Audit Letter, Page 6)
2. We recommend that supervisors review time reports for any overlap between hours worked as a contractor and hours worked as a County employee, and that any such practices, if discovered, are discontinued. (Audit Letter, Page 6)

#### ***CURRENT STATUS***

1. Implemented. Program managers and supervisors have been instructed to monitor staff as they swipe their cards at the Kronos time card reader. Center staff, merit and part-time, all have varying schedules, so they swipe at different times during the day and night, depending on their assignment. We found it to be more effective for supervisors to review and compare Kronos reports with employee work schedules. Any differences require an explanation and justification.
2. Partially implemented. The Recreation Section is currently working with the District Attorney's Office on a comprehensive review of Division's use of Independent Contractors to assist with Recreation program delivery. The Recreation Section initiated this examination because it has become apparent in several areas that some individuals, currently classified as Independent Contractors, were being treated as employees. This wasn't a deliberate misuse of contractors, but rather an evolution of their relationship with the Division's recreation program delivery. The District Attorney's

***PARKS & RECREATION TIME CARD  
RECOMMENDATIONS***

***CURRENT STATUS***

Office has assigned staff to evaluate all of the Independent Contractor positions. They are currently conducting interviews with Recreation program staff. It is anticipated that their findings will result in a major reduction in the number of Independent Contractors that the Recreation Section uses. On the other hand, we will see a corresponding increase in the number of temporary employees in order to maintain program service levels. The study is expected to be completed by the end of Summer.

The Recreation Section does not yet have a system to adequately control this issue. The scope of this task creates the difficulty to develop a monitoring program. Each pay period, approximately 900 payment vouchers are submitted by contractors. We are attempting to set up a system to identify how many contractors are temporary employees. If, as we anticipate, the District Attorney's study will result in a reduced number of Independent Contractors, it will be easier to put together an adequate monitoring system, and our exposure to manipulation will be reduced.

**4. SOUTH TOWNE EXPOSITION CENTER – A PERFORMANCE AUDIT (April 2005)**

The South Towne Exposition Center is located in Sandy, Utah and was completed in 2000. Yearly revenue is approximately \$2.8 million. South Towne is managed by a company based in Philadelphia, which also manages the Salt Palace under the same contract.

The audit included cash receipting and depositing, accounts receivable and capital and controlled assets management. Utah Food Services vendor contract, rental rates and agreements and payment schedules were also reviewed. Other exposition and convention centers in the western United States were surveyed to gather benchmark data against which to measure South Towne’s performance.

***SOUTH TOWNE EXPOSITION CENTER  
RECOMMENDATIONS***

***CURRENT STATUS***

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1. We recommend that South Towne collect contractually required rent on time or note in the client file any departures from contract terms. (Audit Report, Page 9)                                                        | 1. Implemented. |
| 2. We recommend that SMG develop measures to ensure that clients have a certificate of liability insurance naming SMG and Salt Lake County as additional insured on file before any event begins. (Audit Report, Page 10) | 2. Implemented. |
| 2. We recommend that new forms be implemented, or current forms be modified, to document any transfer of funds, including a space for acknowledging signatures. (Audit Report, Page 14)                                   | 3. Implemented. |
| 3. We recommend that deposit documentation include a reconciliation to source documentation and reviewing signature. (Audit Report, Page 14)                                                                              | 4. Implemented. |
| 4. We recommend that two individuals jointly open the mail and prepare a log noting the receipt of any checks or money. (Audit Report, Page 14)                                                                           | 5. Implemented. |

***SOUTH TOWNE EXPOSITION CENTER  
RECOMMENDATIONS***

***CURRENT STATUS***

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 6. We recommend that South Towne explore ways to ensure compliance with Policy #1062 by restrictively endorsing checks immediately upon receipt or that South Towne apply for an exception to the policy. (Audit Report, Page 15) | 6. Implemented with modifications.  |
| 7. We recommend that all checks be date-stamped upon receipt. (Audit Report, Page 16)                                                                                                                                             | 7. Implemented with modifications.  |
| 8. We recommend that checks be deposited daily whenever practical, but no later than three days after receipt. (Audit Report, Page 16)                                                                                            | 8. Implemented with modifications.  |
| 9. We recommend that the security office remit all funds to the receptionist the same day the funds are collected. (Audit Report, Page 16)                                                                                        | 9. Implemented with modifications.  |
| 10. We recommend that all cash transactions be documented with a pre-numbered receipt, properly completed. (Audit Report, Page 17)                                                                                                | 10. Implemented.                    |
| 11. We recommend that individuals preparing and reviewing deposits reconcile the total amount remitted to the total of receipts issued. (Audit Report, Page 17)                                                                   | 11. Implemented                     |
| 12. We recommend that the duties of billing telecommunication services be separated from posting payments and preparing deposits. (Audit Report, Page 18)                                                                         | 12. Implemented with modifications. |
| 13. We recommend that credit card authorization forms be completed in full, including an authorizing signature, prior to acceptance. (Audit Report, Page 18)                                                                      | 13. Implemented.                    |

***SOUTH TOWNE EXPOSITION CENTER  
RECOMMENDATIONS***

***CURRENT STATUS***

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 14. We recommend that sales tax not be paid on expenditures made by South Towne on behalf of the County. (Audit Report, Page 20)                                                                                                                    | 14. Implemented.                    |
| 15. We recommend that, where practicable, employees of SMG who did not follow proper procedure reimburse the County in the amount of sales tax paid. (Audit Report, Page 20)                                                                        | 15. Implemented.                    |
| 16. We recommend that a Meals Reimbursement Form be completed whenever refreshments are purchased. (Audit Report, Page 20)                                                                                                                          | 16. Implemented with modifications. |
| 17. We recommend that invoices be paid through normal purchasing procedures, not petty cash. (Audit Report, Page 21)                                                                                                                                | 17. Implemented.                    |
| 18. We recommend that whenever theft is suspected, an investigation be conducted, that the Auditor's and District Attorney's Office be contacted, and that a letter be forwarded to the Mayor describing the circumstances. (Audit Report, Page 23) | 18. Implemented.                    |
| 19. We recommend that controlled asset numbers be engraved on dry erase boards and other difficult-to-tag assets, as appropriate. (Audit Report, Page 24)                                                                                           | 19. Implemented.                    |
| 20. We recommend that the controlled asset tag for items that cannot be tagged or engraved be placed on an index card with other identifying information, such as serial numbers. (Audit Report, Page 24)                                           | 20. Implemented.                    |

***SOUTH TOWNE EXPOSITION CENTER  
RECOMMENDATIONS***

***CURRENT STATUS***

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 21. We recommend that all controlled assets be assigned a number and added to the current list of controlled assets as they are received. (Audit Report, Page 25)                                                                                | 21. Implemented.                    |
| 22. We recommend that a Form PM-3 be completed for all fixed assets loaned to other organizations. (Audit Report, Page 26)                                                                                                                       | 22. Implemented.                    |
| 23. We recommend that South Towne work to reduce the time-to-collection for outstanding invoices by implementing a more aggressive collection policy. (Audit Report, Page 29)                                                                    | 23. Implemented.                    |
| 24. We recommend that South Towne adapt an accounts receivable policy that fits the current operating environment and systems configuration. (Audit Report, Page 30)                                                                             | 24. Implemented with modifications. |
| 25. We recommend that copies of statements and letters mailed to past-due customers, as well as notes regarding collection efforts be retained. (Audit Report, Page 31)                                                                          | 25. Implemented.                    |
| 26. We recommend that write-offs be approved in writing by a member of management. (Audit Report, Page 32)                                                                                                                                       | 26. Implemented.                    |
| 27. We recommend that South Towne and the County Community Services Department develop a process to expeditiously prepare and review journal vouchers to ensure that revenue reporting does not lag more than one month. (Audit Report, Page 32) | 27. Implemented.                    |

**5. WHEELER HISTORIC FARM – A LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, CAPITAL AND CONTROLLED ASSETS, ANTIQUE ASSETS HISTORIC COLLECTION ITEMS, VENDING AND COUNTRY STORE, RENTAL POLICIES AND AGREEMENTS, AND STAFFING AND RELATED ISSUES (March 2005)**

Wheeler Historic Farm, located in Murray, was purchased by Salt Lake County in 1969. Wheeler Farm is on both the Utah State and the National register of Historic Places. It was originally started in 1976 as a project of the Bicentennial of the American Revolution, and has evolved through a decade of historical research, reconstruction, and restoration. The restoration was challenging as some buildings were in excellent condition and easily restorable while others were in ruin or had been completely destroyed. Restoration and furnishing the buildings is a continuing responsibility.

Wheeler Historic Farm is a restoration of the turn-of-the-century dairy farm of Henry J. Wheeler and gives to the public the history of Utah family agriculture. It is a representation of the rural lifestyle in Salt Lake County from 1890-1920. Historic demonstrations and exhibits are available to the public. Wheeler Historic Farm is also an outdoor classroom that promotes discovery and inquiry into the farm environment.

***WHEELER HISORIC FARM  
RECOMMENDATIONS***

1. We recommend that cashiers count their change fund at the beginning of their shift and document receipt of the fund and its subsequent return to the safe using MPF Form 7, “Funds Transfer Ledger” or a form with similar format and content. (Audit Letter, Page 3)
2. We recommend that the \$68.00 portion of the change fund be extracted from the vending machines and returned to the change fund, and that the change mechanism in the machine be replenished through coin deposits from patrons as they purchase candy or soft drinks. (Audit Letter, Page 4)

***CURRENT STATUS***

1. Implemented. Cashiers are counting their change fund and documenting the receipt and return of the fund at the beginning and end of their shift. MPF Form is being used.
2. The candy vending machine belonging to the farm was in the Activity Barn. It no longer works and is scheduled to go to surplus. The \$68.00 was extracted and deposited in the vending account before the machine was removed.

***WHEELER HISORIC FARM  
RECOMMENDATIONS***

3. We recommend that the option of contracting vending machine services with an outside company be considered as a means to relieve staff of accountability for vending machines sales. (Audit Letter, Page 4)
4. We recommend that Wheeler Farm use MPF Form 11, "Cash Over/Short Log," as required by policy. (Audit Letter, page 4)
5. We recommend that a separate deposit slip be prepared listing each day's collections as a means of simplifying the reconciliation and administrative review process. (Audit Letter, Page 5)
6. We recommend that a fully integrated computerized cash register system be implemented to completely replace the manual McBee receipting system, and eliminate the duplication that currently occurs in maintaining both a cash register and a McBee receipt ledger. (Audit Letter, Page 5)
7. We recommend that both the cashier and supervisor sign a properly formatted void slip, with explanation, as evidence of adequate review and approval of any voided transactions. (Audit Letter, Page 6)
8. We recommend that petty cash vouchers be numbered and signed by both the payee and the custodian prior to cash being released. (Audit Letter, Page 7)

***CURRENT STATUS***

3. Implemented. Vending machine sales and service is contracted with Swire Coca-cola. Staff is no longer accountable for sales.
4. Implemented. MPF Form 11 is being used.
5. Implemented. Deposit slips are prepared daily.
6. Implementation in process. System has been purchased through Peak Software (Sportsman) to handle all transactions. New computer has been received and request for computer lines has been initiated. System will be in operation by September 2006.
7. Implemented. Void slips are signed and reviewed as recommended.
8. Implemented.

**WHEELER HISORIC FARM  
RECOMMENDATIONS**

9. We recommend that the employee designated as property manager and the employee receiving newly acquired assets coordinate to insure that newly acquired assets meeting the “controlled” asset criteria are added to the controlled asset list at the time of receipt. (Audit Letter, Page 8)
  
10. We recommend that asset identification information be included on both the purchase invoice and the controlled asset list to enable identification and accountability of controlled assets. (Audit Letter, Page 8)
  
11. We recommend that all employees, provided with individually assigned controlled assets, complete the “Controlled Assets Inventory Form—Employee,” and that these forms and assignment of the assets be reviewed and updated annually. (Audit Letter, Page 9)
  
12. We recommend that a determination be made, with the assistance of a professional in the field, as to the status of each collection item, whether it is an antique, otherwise items should be added to the controlled, or fixed asset inventories, as appropriate, or disposed of according to policy. (Audit Letter, Page 11)
  
13. We recommend that the items determined to be valuable antiques be catalogued in accordance with American Association of Museum policies. (Audit Letter, Page 11)

**CURRENT STATUS**

9. The employee designated as property manager, (Program Manager) is often the employee receiving assets; however, the controlled asset list is reviewed with the other full time employee (Program Coordinator).
  
10. Implemented. Currently being done.
  
11. Implemented. The “Controlled Assets Inventory Form –Employee” is being reviewed and updated annually.
  
12. Implementation in progress. A professional appraiser has not been located as of this date. The number of items in the collection has not increased since the audit. The Auditors office will be contacted in August to move forward with the appraisal process which will lead to reducing the size of the inventory currently on the farm.
  
13. Research has been completed to acquire software to catalogue items, i.e., Past Perfect Information is being reviewed and Utah Office of Museum resources will be contacted in July for advisement.

***WHEELER HISORIC FARM  
RECOMMENDATIONS***

14. We recommend that inventories of these potentially valuable, sometimes irreplaceable antiques, be conducted annually in accordance with the applicable policies, and documentation maintained on file for future reference. (Audit Letter, Page 12)
15. We recommend that new acquisitions be added to applicable lists and accounted for as required by policy. (Audit Letter, Page 12)
16. We recommend that “Declaration of Gift” forms be completed properly and according to policy, the signature of the employee receiving the object, and the Mayor’s or Council’s acceptance signature, as appropriate. (Audit Letter, Page 13)
17. We recommend that any persons assigned to account for and exercise control over the collection inventory be given the training necessary to effectively perform this function. (Audit Letter, Page 13)
18. We recommend that Forms PM-2 be used to record disposition of any assets that are de-accessioned, including any assets previously disposed of, if possible. (Audit Letter, Page 14)
19. We recommend that adequately protected displays or proper storage sites be used to protect and preserve antique items from weather-related damage. (Audit Letter, Page 14)

***CURRENT STATUS***

14. Implemented. Inventories are conducted annually.
15. Implemented. No collection items have been acquired since the audit. Future acquisitions will be added to applicable lists.
16. Implemented. “Declaration of Gift” forms will be filled out and signed by proper County authorities on all future acquisitions.
17. Implemented. Persons assigned to account for the collection inventory have been given training.
18. Implemented. PM-2 forms are completed for all items de-accessioned and disposed of.
19. Implemented. All antique items are protected and preserved from weather-related damage. Projects are underway to repair and restore pieces of antique machinery.

***WHEELER HISORIC FARM  
RECOMMENDATIONS***

***CURRENT STATUS***

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20. We recommend that other museums be contacted for sale or transfer of Wheeler Farm equipment or other historic items which are not in use or on display. (Audit Letter, Page 14)                                                                                                                               | 20. Implemented. Wheeler Farm actively participates with other Museums in loaning historic items for exhibition.                                                                                 |
| 21. We recommend that the annual report required by Parks and Recreation Policy #119 be prepared and delivered to the Wheeler Historic Wheeler Farm Museum Board. (Audit Letter, Page 15)                                                                                                                         | 21. Implemented. The annual report has been prepared and delivered to the Board.                                                                                                                 |
| 22. We recommend that management adopt best business practices to control and account for merchandise inventories, by conducting inventory counts consistently and or on a periodic (quarterly) basis comparing the physical count to the computed inventory, per the accounting records. (Audit Letter, Page 16) | 22. Implemented. Inventory counts are conducted on a quarterly basis comparing physical count to computed inventory.                                                                             |
| 23. We recommend that Wheeler Farm and Parks and Recreation consult with County I/S to purchase a computer software program to control and account for merchandise inventories. (Audit Letter, Page 16)                                                                                                           | 23. Currently Researching.                                                                                                                                                                       |
| 24. We recommend that two persons work separately, one to count cash from the machines, and the other to restock the inventory to jointly verify that the funds removed reconcile to the inventory replaced. (Audit Letter, Page 16)                                                                              | 24. The candy machine is no longer in service and the Coca-cola machine is serviced by Coca-cola including the removal of funds. The farm staff no longer has responsibility for this procedure. |

**WHEELER HISORIC FARM  
RECOMMENDATIONS**

25. We recommend that the rental agreements be revised to clarify the per-hour fee and to specify the instances where scheduling may occur less than 30 days prior to the event. (Audit Letter, Page 18)
  
26. We recommend recruiting at the local colleges and high schools for students interesting in working, for example, as a part-time bookkeeper. (Audit Letter, Page 19)
  
27. We recommend recruiting proactively when schools are offering recruiting opportunities, such as “Job Fairs.” (Audit Letter, Page 19)
  
28. We recommend that Wheeler Farm consider revising ticket prices and rental rates to provide the increased revenue to support hiring better qualified employees. (Audit Letter, Page 19)

**CURRENT STATUS**

25. Implemented. Contracts have been revised.
  
26. Students that are hired do not stay because of low pay rate. We do not refrain from hiring them but we are constantly training new employees. We have requested a merit position of Office Manager to replace the one that retired two years ago.
  
27. See # 26
  
28. While the Farm has increased fees in the past two years, increasing revenue does not necessarily mean that we can hire better qualified employees. The Personnel office mandates the hourly rates for part time employees.

**B. HUMAN SERVICES**

**1. COMMUNITY RESOURCES AND DEVELOPMENT – A PERFORMANCE AUDIT  
(January 2005)**

The Salt Lake County Community Resources and Development division was established to assist in meeting the housing, social service, community, and economic development needs of Salt Lake County, as well as administering programs which support people’s lives. The services include: 1) expanding the supply of adequate, affordable housing for people who earn a low or moderate income; 2) revitalizing, upgrading and beautifying neighborhoods; 3) educating people about how to utilize their resources for maximum benefit; 4) addressing the social, vocational, and academic needs of low-income and academically at-risk youth and young adults; 5) providing funding to private, non-profit social service agencies in order to lessen demand on government services; and 6) promoting and cultivating citizen participation and leadership in local government and the community.

The audit was divided into the following sections: 1) Petty Cash Fund and Cash Handling Activities; 2) Youth Employ-Ability Services; 3) Community Planning Development Grant Programs; 4) Loan Servicing; 5) Purchasing Cards; and 6) Capital and Controlled Assets.

***COMMUNITY RESOURCES  
AND DEVELOPMENT  
RECOMMENDATIONS***

***CURRENT STATUS***

1. We recommend that the custodian of the YES Program’s petty cash fund close out the fund by returning the entire \$302.27 to the Auditor’s Office Accounting and Operations Division. (Audit Report, Page 5)
  
2. We recommend that checks be restrictively endorsed immediately upon receipt. (Audit Report, Page 6)

1. Implemented. Recommendation 1.1.1 was completed December 6, 2004. The YES Program’s petty cash fund closed and the entire \$302.27 was turned over to the Auditor’s Office Accounting and Operations Division.
  
2. Implemented. The Reception Clerk is trained.

***COMMUNITY RESOURCES  
AND DEVELOPMENT  
RECOMMENDATIONS***

3. We recommend that the individuals who have access to the accounting records have no duties with regard to cashiering and custody of funds, or alternatively that the deposit and accounting records be reviewed by a second employee to verify that all transactions are posted properly and completely. (Audit Report, Page 6)
  
4. We recommend that written documentation be included with applications to strengthen the evaluation process. (Audit Report, Page 29)
  
5. We recommend that the revised applications for Community Development Block Grant Program (CDBG) funding include a fill-in table for applicants to enter the number or percentage of low- and moderate-income individuals or households who will benefit from the grant funds. (Audit Report, Page 29)

***CURRENT STATUS***

3. Implemented. The Auditor's alternative recommendation is in operation in which a second employee (the Assistant Fiscal Manager) is currently verifying that all transactions are posted properly and completely. However, to further strengthen internal controls, the daily deposit duty was assigned to another staff independent of the Loan accounting system.
  
4. Partially Implemented. The amended SOP was submitted to the Mayor in November 2005. The scoring component was approved at that time. The CEDAC had some problems implementing provisions of the SOP and it is being revised and improved. Training will be provided to CEDAC and implemented in the 2006 application process.
  
5. Implemented. The vast majority of CDBG funded activities fall into the Nation Objective of "Benefit to L/M-Income persons – Limited Clientele" where the qualification criteria is based on the actual number and percentage of clients served who are lower income during the period of performance. Very few activities fit into the criteria of Area Benefit and when it comes up the staff assists in defining the specific service area and the percent of Lower-Income as determined by the latest Census.

**COMMUNITY RESOURCES  
AND DEVELOPMENT  
RECOMMENDATIONS**

6. We recommend that written agreements be executed between Salt Lake County and the cities for which Community Resources and Development performs loan servicing. (Audit Report, Page 34)
  
7. We recommend that Salt Lake County charge and collect a fee for servicing these loans. (Audit Report, Page 34)
  
8. We recommend that the format of the past due notices be finalized and that past due notices be consistently mailed to borrowers with delinquent accounts. (Audit Report, Page 36)

**CURRENT STATUS**

6. In the CDBG program administrative costs are taken out that include loan servicing costs for the County and all participating cities. Agreements are entered into that outline the cities' scope of work. If they make loans, they are included under the County's program. This also encourages the small cities to undertake a housing improvement program. No city makes loans with the HOME funds, and an agreement is already in place with those larger cities.
  
7. Not implemented. The HOME program prohibits charging a fee. The CDBG loans approved by the three cities are all part of the County program and servicing fees are included in the overall project delivery costs of the program
  
8. Implemented. The format of the past due notices have been finalized with the Attorney's Office. Upon some system modification, past due notices will be consistently mailed to borrowers with delinquent accounts.



***COMMUNITY RESOURCES  
AND DEVELOPMENT  
RECOMMENDATIONS***

11. We recommend that a “Request to Collection Committee” form with the committee’s motion to write-off the balance of a loan be completed and filed for every loan which is written off. (Audit Report, Page 39)

12. We recommend that the employee entering the information into the Loan Base Software, to write-off the balance of a loan, document the adjustment with a signature. (Audit Report, Page 39)

13. We recommend that all equipment transferred to the Horizonte and the Midvale Boys and Girls Club be removed from Community Resources and Development’s Controlled Assets Inventory Report. (Audit Report, Page 44)

14. We recommend that the Controlled Assets Inventory Report be updated on a regular basis to reflect changes in ownership statue and/or location of controlled assets. (Audit Report, Page 44)

***CURRENT STATUS***

11. Implemented. A HOME Improvement Program (HIP) Committee was formed in September to review and approve all loan transactions conducted by CRD. Recommendation 4.5.1 is already included in the HIP Committee process and would require that such approval come from the lender whose loans are serviced in CRD. Recommendation 4.5.2, the documenting of the adjustment, is automatically done in the Loan Base System under the operators’ initials.

12. Implemented. See above.

13. Implemented. A revised Operating Procedures for Inventory Control (fixed and controlled assets) was implemented on December 1, 2004. All audit recommendations surrounding Fixed and Controlled Assets are addressed in the new procedures.

14. Implemented. A revised Operating Procedures for Inventory Control (fixed and controlled assets) was implemented on December 1, 2004. All audit recommendations surrounding Fixed and Controlled Assets are addressed in the new procedures.

***COMMUNITY RESOURCES  
AND DEVELOPMENT  
RECOMMENDATIONS***

15. We recommend that the Controlled Assets Inventory Form-Employee be completed for each employee who is assigned fixed or controlled assets. (Audit Report, Page 45)

***CURRENT STATUS***

15. Implemented. A revised Operating Procedures for Inventory Control (fixed and controlled assets) was implemented on December 1, 2004. All audit recommendations surrounding Fixed and Controlled Assets are addressed in the new procedures.

**2. EAST MILLCREEK LIBRARY – A LIMITED SCOPE AUDIT OF CASH HANDLING AND CAPITAL AND CONTROLLED ASSETS (May 2005)**

The East Millcreek Library is located in the Holladay area of Salt Lake County and is a welcome mainstay of the community. Many activities, including children’s story time, are offered at this library.

The Internal Audit Division completed an audit of the change fund, depositing activity, cash handling procedures and capital and controlled asset management. The following recommendations are a result of that audit.

***EAST MILLCREEK LIBRARY  
RECOMMENDATIONS***

***CURRENT STATUS***

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. We recommend that the Library request an exception to Countywide Policy #1062 allowing them to issue cash refunds of less than \$5 out of the current day’s receipted funds. This request should be submitted to the County Steering Committee for consideration. (This is the same recommendation included in the October, 2003 Letter Report.) (Audit Letter, Page 3)</p> <p>2. Should Library Management not wish to implement the recommendation above, we recommend that the practice of issuing refunds from cash collections cease and, in compliance with County policy, that an imprest fund be established at the Library for the purpose of issuing refunds. (Audit Letter, Page 3)</p> <p>3. We recommend that the library “Form AC5-383, Refunds” be modified to include a line for the library manager or designee to sign as an indication of managerial review. (Audit Letter, Page 3)</p> | <p>1. Refunds are no longer made out of cash receipts.</p> <p>2. Implemented.</p> <p>3. Circulation Supervisors have been instructed to review refunds and obtain patron signature on refund card.</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

***EAST MILLCREEK LIBRARY  
RECOMMENDATIONS***

4. We recommend that passwords be required to produce the day's batch report to strengthen controls over private credit card account information. (Audit Letter, Page 4)
  
5. We recommend that a current list of controlled assets be maintained at East Millcreek Library. (Audit Letter, Page 6)
  
6. We recommend that controlled assets be added to the controlled assets list, or the Computer Hardware Inventory Report, as they are acquired. (Audit Letter, Page 6)

***CURRENT STATUS***

4. Implemented. Credit card terminals are not configured to require passwords. Only designated staff members produce batch reports. We will implement having the batch reports initialed by person closing out the batch.
  
5. Implemented. Staff complete a quarterly controlled assets inventory and have been instructed to store such information on their computers for easy access.
  
6. Implemented. This is being done.

**3. HOLLADAY LIBRARY – A LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING AND CAPITAL AND CONTROLLED ASSETS (August 2005)**

The Holladay Library is located in Holladay on the Murray-Holladay Road. It offers a collection of over 100,000 items that includes books, magazines, CD's, DVD's, videocassettes, CD-ROMs, audio books and books on CD. The Holladay Library offers a calendar of events for the Holladay Library and a meeting room for public meetings. They also have a collection of CDs featuring local Salt Lake area bands and a growing number of large print books.

The Internal Audit Division examined cash receipting and depositing and capital and controlled asset management. In each of these areas, we evaluated the effectiveness of the internal control environment.

***HOLLADAY LIBRARY  
RECOMMENDATIONS***

***CURRENT STATUS***

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1. We recommend that there be supervisory review of each voided transaction and that approval of the void be confirmed by the supervisor's signature. (Audit Letter, Page 3)                                                                                                                        | 1. Staff has been instructed to ensure that supervisory approval is made for each voided transaction.                  |
| 2. We recommend that the Library request an exception to Policy #1062, and allow cashiers to issue cash refunds of less than \$5 out of the current day's receipted funds. This request should be submitted to the County Steering Committee for consideration and approval. (Audit Letter, Page 4) | 2. Refunds are no longer made out of cash receipts.                                                                    |
| 3. We recommend that the combination of the safe be changed at least annually and more often as needed per Policy #1062. (Audit Letter, Page 4)                                                                                                                                                     | 3. A new, larger safe is being purchased as part of the Holladay Library remodel so the combination will be different. |
| 4. We recommend that the large safe be bolted to the floor. (Audit Letter, Page 5)                                                                                                                                                                                                                  | 4. The new safe will be secured to either the building or the floor.                                                   |

***HOLLADAY LIBRARY  
RECOMMENDATIONS***

5. We recommend that library administration determine responsibility for hand-held devices and comply with Policy #1125 by administration compiling a common list, or each library manager completing a “Controlled Assets List – Employee” and signing as responsible party. (Audit Letter, Page 6)

***CURRENT STATUS***

6. Implemented.

#### **4. KEARNS LIBRARY – A LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING AND CAPITAL AND CONTROLLED ASSETS (June 2005)**

Kearns Library opened its doors in 1965 and is considered the "family library" by many who enjoy the well-stocked shelves, featuring a wide variety of materials. Patrons can find books on genealogy, science fiction, and bird training; videos and internet access, magazines and databases. They also have meeting rooms for public meetings.

The Internal Audit Division conducted an audit that included cash collections, depositing procedures, and capital and controlled assets. We also conducted an unannounced count of the change fund. Following are the recommendations of that audit.

##### ***KEARNS LIBRARY RECOMMENDATIONS***

##### ***CURRENT STATUS***

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 1. We recommend that Kearns Library cashiers accurately enter payment composition and amounts to reduce the number of voided transactions. (Audit Letter, Page 2)                                                                                                                                                                    | 1. Staff has been instructed to be more careful in their cashiering functions. |
| 2. We recommend that cashiers be instructed in the need to reduce the frequency of daily cash outages. (Audit Letter, Page 4)                                                                                                                                                                                                        | 2. Implemented. Staff has been so instructed.                                  |
| 3. We recommend that the three unrecorded controlled assets found during our inventory be included on the controlled asset report. (Audit Letter, Page 6)                                                                                                                                                                            | 3. Controlled asset inventories are made on a quarterly basis.                 |
| 4. We recommend that the Kearns Library manager communicate delivery of newly purchased items, and also transfers to surplus or other locations, to the Library Administration property manager, or I/S staff, and that Administration update the controlled asset inventory report to reflect these changes. (Audit Letter, Page 6) | 4. Implemented.                                                                |

***KEARNS LIBRARY  
RECOMMENDATIONS***

5. We recommend that an annual inventory of non-computer controlled assets be conducted, as required by Countywide Policy #1125. (Audit Letter, Page 6)

***CURRENT STATUS***

5. Implemented.

**5. WEST VALLEY LIBRARY – A LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING AND CAPITAL AND CONTROLLED ASSETS (May 2005)**

Located near the West Valley City offices and remodeled in 2004, the Library has a fresh new look with a different floor layout, new drive-up book drops, new internet computers, self check out and reconfigured shelving areas.

The Internal Audit Division completed an audit of cash receipting and depositing, and capital and controlled asset management at the West Valley Library. Following are the recommendations resulting from that audit.

***WEST VALLEY LIBRARY  
RECOMMENDATIONS***

***CURRENT STATUS***

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. We recommend that the West Valley Library complete and send MPF Form 2 to the Auditor’s Office to update the “Salt Lake County Cash and Other Imprest Accounts” report with the name of the current change fund custodian. (Audit Letter, Page 2)</p> <p>2. We recommend that at the start of each day, the cashier count the change fund and an independent employee verify the amount and the exchange by a signature on an MPF Form 7 or facsimile. (Audit Letter, Page 3)</p> <p>3. We recommend that there be supervisory review of each voided transaction and that approval of the void be confirmed by the supervisor’s signature. (Audit Letter, Page 3)</p> | <p>1. Completed March 2006.</p> <p>2. Not being done at this time. However, the paperwork is being verified at Administration prior to pickup by the armored truck service.</p> <p>3. Implemented. Staff has been instructed to ensure that supervisory approval is confirmed.</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**WEST VALLEY LIBRARY  
RECOMMENDATIONS**

4. We recommend that the Library request an exception to Policy #1062, and allow cashiers to issue cash refunds of less than \$5 out of the current day's receipted funds. This request should be submitted to the County Steering Committee for consideration and approval. (Audit Letter, Page 3)
  
5. We recommend that the fixed asset list be updated to correctly reflect the location of the microfilm reader-printed and that a Form PM-2 be completed to document the transfer. (Audit Letter, Page 4)
  
6. We recommend that the controlled assets list be updated to reflect disposition of the eight assets and that a form PM-2 be completed to recognize each transfer or disposal. (Audit Letter, Page 5)

**CURRENT STATUS**

4. Refunds are no longer made from cash receipts.
  
5. Asset located at Library storage.
  
6. Implemented. Controlled asset inventories are being conducted and updated on a quarterly basis and should be accurate.

## C. PUBLIC WORKS

### 1. ANIMAL SERVICES – A LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, PETTY CASH, IMPREST, AND CHANGE FUNDS, CAPITAL AND CONTROLLED ASSETS AND ACCOUNTS RECEIVABLE. (September 2005)

Animal Services became a County Division in 1987, however, Animal Control began in Salt Lake County in 1941 when a kennel was opened for animals impounded by Salt Lake County. Salt Lake County merged with Salt Lake City Animal Control Services in 1991. In 1973, the County purchased an already-existing boarding kennel at 511 West 3900 South and then constructed the current shelter at that site in 1992.

Animal Services provides pet adoption, pet licensing, enforcement of animal-related city and county ordinances, shelter for lost and abandoned pets, investigation of complaints of animal cruelty, and responds to emergencies involving injured or aggressive animals. They also offer free in-class humane education programs for schools in the serviced area.

The Internal Audit Division completed an unannounced count of petty cash, imprest checking and change funds. We also audited cash receipting and depositing, capital and controlled assets, and accounts receivable. The audit resulted in the following recommendations.

#### ***ANIMAL SERVICES RECOMMENDATIONS***

1. We recommend that at the time a field officer turns in the field officer Receipt Log, the white copy of the receipt, and the funds collected, that the Office Specialist or cashier always initial the pink copy of the receipt that stays in the used receipt book. When the field officer turns in receipts to the drop box, the officer should write “drop box” on the pink receipt. (Audit Letter, Page 4)

#### ***CURRENT STATUS***

1. Implemented. This process has been reviewed and the following changes have been made.
  - a. The officer turns in all receipts, whether used or voided, in chronological order daily.
  - b. The office specialist or cashier who receives the receipts and money or checks is to initial the pink copy of the receipt and verify that the officer receipt log is consistent with what is received.
  - c. The officers are to write “drop box” on the receipts that are placed in the license drop box and list them on a drop box log as well as their field officer receipt log.
  - d. Receipts are retrieved from the drop box each day by two staff who verify the amount reported against the receipt and money, initial the log then transfer all

***ANIMAL SERVICES  
RECOMMENDATIONS***

2. We recommend that the Office Specialist or cashier ensure that when a Field Officer Log and receipt are turned in that all receipts are accounted for from the last receipt on the previous log to the current unused receipt in the receipt book. (Audit Letter, Page 4)
3. We recommend that cashiers utilize an MPF Form 3, including reconciliation to the beginning balance and register receipts, or an agency-developed form containing the same information. (Audit Letter, Page 4)
4. We recommend that Animal Services apply for an exception to County Policy in order to continue offering refunds through daily cash receipts. (Audit Letter, Page 6)
5. We recommend that a copy of the rabies certificate or written documentation explaining phone or other confirmation be attached to the refund. (Audit Letter, Page 7)

***CURRENT STATUS***

documents and money to an appropriate cashier who processes all transactions.

2. Implemented. The office specialist/cashier verifies that the licenses are in chronological order and that the first number turned in by each officer is the next in the sequence to the last turned in by that officer.
3. Implemented. A new form was developed using the MPF Form 3 as a guide. It is simplified and the list of receipts used by each cashier is documented by the cashbox closing report that details the receipts issued by our Chameleon system for the period indicated.
4. Implementation in process. Currently updating and reviewing applicable policies and procedures prior to submitting a letter requesting the exception.
5. Implemented. Changes in procedure have been put into place requiring that a copy of any rabies or sterilization certificate or other written documentation be attached to the refund receipt.

***ANIMAL SERVICES  
RECOMMENDATIONS***

6. We recommend that the customer sign the refund form whenever possible, and that a supervisor review and sign off on the transaction. (Audit Letter, Page 6)
7. We recommend that Animal Services separate the duties of billing and tracking special permits from receiving and entering payments, or that permits be pre-numbered and additional supervisory review instituted. (Audit Letter, Page 8)
8. We recommend that two individuals open the mail together and prepare a log or adding machine tape to document each payment. (Audit Letter, Page 9)
9. We recommend that each individual opening the mail sign the log or adding machine tape to indicate their agreement with the amount received. (Audit Letter, Page 9)
10. We recommend that management verify that all payment receipts on the log or adding machine tape are processed and deposited. (Audit Letter, Page 9)

***CURRENT STATUS***

6. Implemented. The customer is required to sign for any money refunded and a supervisor signs off on any transaction of this kind.
7. Implemented. The office specialist responsible for licensing sends out renewal forms and forms for new permit applications and maintains the records for all permits. The animal services specialist/cashiers receive and receipt moneys related to permits and provide appropriate documentation to the office specialist.
8. Not implemented. Due to the limited staffing of Animal Services, our phone receptionist accomplishes this task. The mail is opened throughout the day as she accomplishes her other duties. We estimate the time necessary to accomplish this, if it were done as a separate function, without interruption, would be between 2 and 4 hours a day. We do not have two employees who can dedicate this type of time, separate from other duties, to accomplishing this task.
9. Not implemented. See above.
10. Not implemented. See above.

***ANIMAL SERVICES  
RECOMMENDATIONS***

11. We recommend that an explanation be included with the receipt printout of each voided transaction, along with the cashier's signature. (Audit Letter, Page 10)
  
12. We recommend that review of voided transactions be documented with an approving signature. (Audit Letter, Page 10)
  
13. We recommend that cashiers utilize MPF Form 11, or an agency-developed form containing the same information, for tracking overages and shortages. (Audit Letter, Page 11)
  
14. We recommend that cashiers and managers be instructed to record collections by the accurate cash/check/credit card composition presented for payment. (Audit Letter, Page 11)
  
15. We recommend that funds be deposited no later than three days after receipt. (Audit Letter, Page 12)

***CURRENT STATUS***

11. Implemented. The clerk now makes comments on the journal entry receipt explaining why the receipt is a journal entry and the clerk signs this receipt.
  
12. Implemented. The supervisor reviews the receipt and signs it.
  
13. Implemented. We developed a monthly over/short log that reflects each cashier and the days of the month. Any overage or shortage is recorded daily for the affected cashier. This is reviewed at the end of each month, initialed by any cashier with an overage or shortage, and signed by the supervisor.
  
14. Implemented. We changed the form used to transfer the daily receipts to include a count of dollars, checks, and credit card receipts. We modified the cash box closing report to print for each clerk. They use this report to verify that entries are correct for the type of payment. If there is an error it is corrected before the money is transferred.
  
15. Implemented. All deposits to the imprest fund bank account are made daily or within 3 days when a weekend or holiday is involved.

***ANIMAL SERVICES  
RECOMMENDATIONS***

16. We recommend that the \$35 overage in the change fund be deposited with daily collections to bring the change fund total to the authorized amount of \$1,000. (Audit Letter, Page 12)
17. We recommend that Animal Services notify the Auditor's Office of the current change fund custodian by completed MPF Form 2. (Audit Letter, Page 13)
18. We recommend that transactions over \$200 be processed through the County purchasing system. (Audit Letter, Page 13)
19. We recommend that a Meal Reimbursement Form be completed for food purchases occurring at Animal Services. (Audit Letter, Page 13)
20. We recommend that the employee designated as Property Manager and the employee receiving newly acquired assets coordinate their efforts to insure that newly acquired assets meeting the controlled asset criteria are added to the controlled asset list at the time of receipt. (Audit Letter, Page 14)
21. We recommend that the controlled asset list contain substantially the same information as required by Policy #1125. (Audit Letter, Page 15)

***CURRENT STATUS***

16. Implemented. The \$35 overage was returned to the Auditor's office.
17. Implemented. The MPF Form 2 was submitted changing the custodian for the change fund in October 2005.
18. Implemented. Transactions over \$200 are processed through the County Purchasing system.
19. Implemented. The Meal Reimbursement Form is currently in use.
20. Implemented. Newly acquired property is given to the Records Coordinator, who also acts as the Property Coordinator, by the Office Specialist responsible for purchasing to insure these items are recorded appropriately before being assigned to a person or program.
21. Implemented. A new document was developed in Excel that records the information required by Policy #1125.

***ANIMAL SERVICES  
RECOMMENDATIONS***

22. We recommend that all employees who are individually assigned controlled assets complete the “Controlled Assets Inventory Form—Employee,” and that these forms be reviewed annually and signed by the individual in possession of the asset. (Audit Letter, Page 16)
  
23. We recommend that stolen controlled assets be reported to law enforcement officials, the District Attorney’s Office, and the Auditor’s Office. (Audit Letter, Page 16)
  
24. We recommend that stolen or missing controlled assets be removed from the controlled asset list, and that obsolete items be removed from the list after they are sent to the Surplus Section of Contracts and Procurement, accompanied by a Form PM-2. (Audit Letter, Page 16)
  
25. We recommend that Animal Services develop and implement written policies and procedures to manage accounts receivable. (Audit Letter, Page 17)
  
26. We recommend that Animal Services develop an aging report for its accounts receivable. (Audit Letter, Page 17)

***CURRENT STATUS***

22. Implemented. The controlled assets assigned to individual employees, primarily Animal Control Officers, are listed on a form that is signed by the employee. These assets are reviewed with the Property Coordinator as needed and at least yearly and the signatures are updated.
  
23. The recommendations have been implemented.
  
24. Implemented.
  
25. Implementation in progress. Currently reviewing processes and writing policies and procedures related to accounts receivable.
  
26. Implementation in progress.

**2. PUBLIC WORKS FLOOD CONTROL ENGINEERING – A LIMITED SCOPE AUDIT OF CAPITAL AND CONTROLLED ASSETS (September 2005)**

Flood Control Engineering regulates flood control facilities and provides programs designed to reduce and prevent water pollution in the incorporated and unincorporated areas of the County. The Division manages interlocal infrastructure and special improvement programs. Measuring and sampling strategies are used to evaluate hydrology, meteorology and water quality accurately.

The Internal Audit Division completed a limited scope audit which included an inventory of capital and controlled assets and a review of the internal controls in this area. Following is the single recommendation made from that audit.

***FLOOD CONTROL ENGINEERING  
RECOMMENDATIONS***

***CURRENT STATUS***

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| <p>1. We recommend that the property manager complete a Form PM-1 for the H&amp;H Pump 22F-10 and submit the completed form to the Auditor's Office so the asset can be listed on the AFIN0801 Report. (Audit Letter, Page 3)</p> | <p>1. Implemented.</p> |
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**3. PUBLIC WORKS ENGINEERING – A LIMITED SCOPE AUDIT OF CASH HANDLING, CAPITAL AND CONTROLLED ASSETS, ACCOUNTS RECEIVABLE AND BUS PASS DEPOSITS (April 2005)**

The Public Works Engineering Division is responsible for the planning, engineering design and construction of County roads, highways, bridges, curbs, gutters, sidewalks, drainage, and flood control facilities.

The audit completed by the Internal Audit Division included a count of the change fund, a review of the depositing activity, cash handling procedures, accounts receivable and capital and controlled assets. Additionally, the sale of bus passes and tokens were reviewed because collections from these sales were transferred to Engineering for deposit. Recommendations resulting from that audit are listed below.

***PUBLIC WORKS ENGINEERING  
RECOMMENDATIONS***

***CURRENT STATUS***

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. We recommend that Public Works Engineering complete and send MPF Form 2 to the Auditor’s Office to update the “Salt Lake County Cash and other Imprest Accounts” report with the name of the current change fund custodian. (Audit Letter, Page 3) | 1. Implemented.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2. We recommend that the change fund be increased to an appropriate level that will allow for change to be made when customers use cash to pay fees. (Audit Letter, Page 3)                                                                           | 2. The Change Fund was remitted back to the Auditor’s Office. All payments for permits are/must be in the form of a check. Therefore, no change fund is required.                                                                                                                                                                                                                                                                                             |
| 3. We recommend that Public Works Engineering implement a policy of monthly independent review of cash receipting and depositing. (Audit Letter, Page 3)                                                                                              | 3. Implementation in progress. The cash collection, receipting, and depositing process in PW Engineering has been under review for some time. Accordingly, this and many of the recommendations below resulting from this audit have been implemented as much as possible under the existing system. However, a thorough review of the current cash collection process is anticipated. As this review is completed all relevant recommendations will be fully |

***PUBLIC WORKS ENGINEERING  
RECOMMENDATIONS***

***CURRENT STATUS***

implemented as analysis and modifications are completed. Software will be evaluated, internal controls will be further modified, and systems will be implemented to accommodate additional and more adequate internal controls.

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| 4. We recommend that a reconciliation of deposit records to the bank statement be performed each month. (Audit Letter, Page 3)                                                                                                    | 4. Implementation in progress. See #3 above. |
| 5. We recommend that Public Works Engineering balance collections to cash register receipts using an MPF Form 3, "Daily Cash Balance," or a substitute form containing substantially the same information. (Audit Letter, Page 4) | 5. Implemented.                              |
| 6. We recommend that Public Works Engineering implement the recording of cash overages and shortages using MPF Form 11, and that information on the form receive supervisory review. (Audit Letter, Page 5)                       | 6. Implemented (see #3 above).               |
| 7. We recommend that Public Works Engineering require the presence of two people when the mail is opened, and that a log be created of checks received in the mail. (Audit Letter, Page 5)                                        | 7. Implemented.                              |
| 8. We recommend consistent management review of logs created from checks received by mail. (Audit Letter, Page 5)                                                                                                                 | 8. Implemented (see #3 above).               |

***PUBLIC WORKS ENGINEERING  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 9. We recommend that Public Works Engineering personnel comply with Policy #1301 and note personal identification specifics on the face of the check. (Audit Letter, Page 6)                                                   | 9. Implemented (see #3 above). |
| 10. We recommend that Public Works Engineering personnel secure the restrictive endorsement stamp, and check copies, in a locked storage area during non-working hours. (Audit Letter, Page 6)                                 | 10. Implemented.               |
| 11. We recommend that stolen assets be reported to the District Attorney's and Auditor's Offices in accordance with Policy #1304, "Discovery and Reporting of Thefts." (Audit Letter, Page 7)                                  | 11. Implemented.               |
| 12. We recommend that the Property Manager use the "Controlled Assets Inventory Form—Employee" (Exhibit 3 of Countywide Policy #1125) to record controlled assets assigned to each individual employee. (Audit Letter, Page 8) | 12. Implemented.               |
| 13. We recommend that each employee assigned specific assets annually renew their signature on the "Controlled Assets Inventory Form—Employee." (Audit Letter, Page 8)                                                         | 13. Implemented.               |
| 14. We recommend that a yearly inventory of controlled assets be performed and documented. (Audit Letter, Page 8)                                                                                                              | 14. Implemented.               |

***PUBLIC WORKS ENGINEERING  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 15. We recommend that Public Works Engineering management develop and implement written policies and procedures to govern accounts receivable. (Audit Letter, Page 10)                                                                                                                                                                                                                          | 15. Implemented. The process of cash collection for Improvement Districts has recently been restructured. Payments are made either through the Treasurer or through the Planning and Development Services Division cash collection processes. A manual for applicable policies and procedures has been written and monthly training is provided to those involved in the process. |
| 16. We recommend that a monthly reconciliation be completed before payment to UTA. The reconciliation should include: a. Comparison of the number of transportation passes sold to the number billed on the invoice from UTA, and b. Comparison of the revenue received both by payroll deduction and over-the-counter payment to the number of passes and tokens sold. (Audit Letter, Page 12) | 16. This function has been transferred to the Department.                                                                                                                                                                                                                                                                                                                         |
| 17. We recommend that a supervisor review and sign the reconciliation as evidence of review. (Audit Letter, Page 12)                                                                                                                                                                                                                                                                            | 17. See #16 above.                                                                                                                                                                                                                                                                                                                                                                |
| 18. We recommend that cash and checks received for transportation pass sales be deposited at least every three days in accordance with Policy #1062. (Audit Letter, Page 12)                                                                                                                                                                                                                    | 18. See #16 above.                                                                                                                                                                                                                                                                                                                                                                |

***PUBLIC WORKS ENGINEERING  
RECOMMENDATIONS***

***CURRENT STATUS***

19. We recommend that receipts be issued for all transactions. If management believes this requirement is not practical, an exemption may be requested from the steering committee, per Policy #1062. (Audit Letter, Page 13)

19. Implemented (see #3 and #16 above).

20. We recommend that the software program used for transportation pass receipting be modified to provide the cash or check composition of payments, both on the receipt and the daily receipts summary report. (Audit Letter, Page 13)

20. See #16 above.

21. We recommend that the bus pass operating unit prepare its own deposit rather than transferring funds to Engineering for inclusion in the Engineering bank deposits. (Audit Letter, Page 14)

21. See #16 above.



**4. SOLID WASTE MANAGEMENT – CASH RECEIPTING AND DEPOSITING, CAPITAL AND CONTROLLED ASSETS, PETTY CASH, ACCOUNTS RECEIVABLE, TRAVEL, COMPUTER AND NETWORK CONFIGURATION (August 005)**

The Solid Waste Management Division’s landfill at 5600 West California Avenue is jointly owned by Salt Lake City and County, as set forth in an inter-local agreement with Salt Lake City, dated January 1979. Solid Waste Management issues its own audited financial statements, and the County and City divide the reporting of revenues and expenses according to their 50/50 joint ownership.

The Internal Audit Division reviewed the following areas: cash receipting and depositing, petty cash and change funds, accounts receivable, capital and controlled assets, travel, and computer workstations and network configuration. In each of these areas we evaluated the effectiveness of internal controls. The following are the recommendations made as a result of the audit.

***SOLID WASTE MANAGEMENT  
RECOMMENDATIONS***

***CURRENT STATUS***

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| <p>1. We recommend that when it is necessary to void a receipt, all copies be marked “void,” including the original (customer) copy, if available. (Audit Letter, Page 3)</p> <p>2. We recommend that the scalehouse operator who initiates the void record the cause of the voided transaction and its resolution on the front of the voided receipt and in WasteWorks. (Audit Letter, Page 3)</p> | <p>1. Implemented. All operators write “void” on the front of each receipt along with the reason for the void. The software provides a field to record the reason for the void. That reason is recorded on the detail printout for that day’s business. The operators attach their void receipts to their daily cash balance sheet. On a subsequent business day (usually the next business day) the Scalehouse Supervisor compares the voided receipts from the operators to the voids listed on the detail printout. Each receipt and printout item are initialed and dated. The voided receipts are arranged in numerical order and attached to the daily balancing records.</p> <p>2. Implemented. See #1 above.</p> |
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***SOLID WASTE MANAGEMENT  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 3. We recommend that a supervisor not involved with the transaction review and sign the voided receipt along with the scalehouse operator who initiated the void. (Audit Letter, Page 3)          | 3. Implemented. See #1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 4. We recommend that the voided receipts be filed in the proper numerical sequence and kept for audit purposes with the daily balancing documentation. (Audit Letter, Page 3)                     | 4. Implemented. See #1 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 5. We recommend that SWM emphasize the expectation to scalehouse operators that over/short amounts are not to exceed +/- \$2 on a daily basis. (Audit Letter, Page 4)                             | 5. Implemented. When an operator's balancing is outside the division standard, the Scalehouse supervisor and that operator locate the error and discuss it. The discussion makes the operator aware how that error came about and how to avoid it in the future. This action has yielded smaller differences per operator in recent months. As noted in your report, management added an area for the scalehouse operators to initial the over/short report, and an area for the scalehouse supervisor and the fiscal manager to sign the report. |
| 6. We recommend that management instruct scalehouse operators to use greater care in handling cash transactions to reduce the frequency and magnitude of overs and shorts. (Audit Letter, Page 4) | 6. Implemented. See #5 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 7. We recommend that explanations for overs and shorts, if explanations are available, be included on the balance sheet. (Audit Letter, Page 4)                                                   | 7. Implemented. See #5 above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

***SOLID WASTE MANAGEMENT  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 8. We recommend that management review the exempt and non-fee transactions on the detail transaction report and indicate their review by signing the report each day. (Audit Letter, Page 5) | 8. Implemented. A new operating procedure has been written to address the deficiencies. The supervisor reviews each non-fee transaction, initials and dates it. The scalehouse operators are adapting their transaction processing skills to include an explanation of each fee-exempt and non-fee transaction. |
| 9. We recommend that the scalehouse operators use the note or explanation field in WasteWorks to provide more information about the exempt and non-fee transactions. (Audit Letter, Page 5)  | 9. Implemented. See #7 above.                                                                                                                                                                                                                                                                                   |
| 10. We recommend that scalehouse operators enter the correct form of payment for all transactions. (Audit Letter, Page 6)                                                                    | 10. Implemented. We have encouraged all scalehouse operators to take the time to enter the form of payment. The correct “learned behavior” will take time to learn; but we are committed to hold each scalehouse operator accountable with frequent reviews.                                                    |
| 11. We recommend that valid identification information be recorded on checks before they are accepted from patrons. (Audit Letter, Page 6)                                                   | 11. Implemented. The scalehouse operators are changing their personal transaction skills to include correctly tracking cash/check payments in the computer software and adding the valid form of ID on the check.                                                                                               |

***SOLID WASTE MANAGEMENT  
RECOMMENDATIONS***

12. We recommend that the employee designated as Property Manager, and the employee receiving newly acquired assets, coordinate their efforts to insure that newly acquired assets meeting the “controlled” asset criteria are added to the controlled asset list at the time of receipt. (Audit Letter, Page 10)
  
13. We recommend that the controlled assets list include additional information to identify the asset, such as purchase date, acquisition cost, and serial number. (Audit Letter, Page 11)
  
14. We recommend that all employees who individually are assigned controlled assets complete the “Controlled Assets Inventory Form—Employee,” and that these forms annually be reviewed and the signature renewed by the individual in possession of the controlled assets. (Audit Letter, Page 11)

***CURRENT STATUS***

12. Implemented. A recent controlled asset inventory was conducted for computers. The list maintained by the Landfill IS Specialist (with serial numbers for computers) and the list maintained by the Landfill Property Manager were reconciled. All computers purchased in the spring of 2005 have been accounted for and been given a division tag number. The button machine used in the recycling program has also been tagged.
  
13. Implemented. Additional information is being added to the substitute controlled asset form such as a better item description, a purchase date, acquisition cost and/or serial numbers.
  
14. Implemented. The proper form will be used on the next annual controlled asset inventory and all employee signatures will be obtained to ensure the obligation and responsibility of the employee to formally acknowledge control of assets assigned to them.

**D. ADMINISTRATIVE SERVICES**

**1. ANTIQUES COLLECTION INVENTORY – A LIMITED SCOPE AUDIT OF CAPITAL ASSET INVENTORY AND COLLECTION OVERSIGHT (June 2005)**

Salt Lake County has an extensive list of items listed as antiques on the AFIN0801. Some of these were given to the County when they moved into the new government center in 1985. At that time the antiques in the City and County Building were divided between Salt Lake City and Salt Lake County. The Internal Audit Division completed an inventory of the antiques as listed on the AFIN0801 report. The recommendations that follow resulted from that inventory.

***ANTIQUES COLLECTION INVENTORY  
RECOMMENDATIONS***

1. We recommend that an antiques coordinator be assigned to manage the antiques collection and coordinate periodic inventories of these items. (Audit Letter, Page 4)

***CURRENT STATUS***

1. Not implemented. In July 2005 Accounting & Operations and the Director of Facilities Management did explore the possibility of assigning an antiques coordinator. This responsibility would have some similarity to the duties performed by the Arts Collection coordinator, who worked with Facilities Management in the past, but has been funded from the Center for the Arts budget.

However, since that time those involved from an arts perspective no longer have involvement with Facilities, except when new art purchases are proposed for the Government Center (then the funding is placed in the Government Center budget). They are under Community Service Dept. This being the case, perhaps the Mayor should consider moving the responsibility for antiques under Community Services Dept., and in the process determine the level of priority management of antiques should be assigned.

***ANTIQUES COLLECTION INVENTORY  
RECOMMENDATIONS***

2. We recommend conducting a baseline inventory of the antiques collection to determine the number and description of items on hand, and to isolate missing items. (Audit Letter, Page 5)

3. We recommend that Facilities Management prepare a letter to the Auditor's Office accompanied by Forms PM-2, reporting any missing antiques. (Audit Letter, Page 5)

***CURRENT STATUS***

2. Not implemented. In August 2005 we requested that each organization conduct an inventory of known antiques and items that may potentially fit into this category, and to report the results with their required annual inventory of capital assets. Of the 78 organizations with capital assets, 32 responded with a positive confirmation that they had looked for antiques during their inventory. Of these 32, only 3 reported that they located antiques (Criminal Justice, Contracts and Procurement, and the Sheriff). We presume the majority of the remaining organizations who completed inventories did not locate any antiques. Some organizations responded that they felt the probability of finding any antiques was so low they did not feel they should take time to go beyond normal inventory procedures. Although the results of these efforts were helpful in some respects, further inventory work should be done to draw any conclusions.
3. Not implemented. This was discussed in our follow-up meetings. Facilities management was reluctant to process PM-2 form reporting items as "missing" until appropriate inventorying efforts were complete (see also item 2 response).

***ANTIQUES COLLECTION INVENTORY  
RECOMMENDATIONS***

4. We recommend that an inventory of the antiques collection be conducted at least annually in accordance with Countywide policy. (Audit Letter, Page 5)
  
5. We recommend that, after completion of a baseline inventory, the antiques collection be catalogued and professionally appraised to establish a more accurate record of each piece and its current market value. (Audit Letter, Page 6)
  
6. We recommend that antiques be removed from the capital asset system and reclassified to controlled asset status. (Audit Letter, Page 6)
  
7. We recommend that accountability over the antiques collection be decentralized to the individual agency, office, or division where the antiques are located. (Audit Letter, Page 6)
  
8. We recommend that the capital assets section of the Auditor's Office, Facilities Management and the antiques coordinator work together to implement the decentralization process, including preparing antiques listings according to the agency, office, or division where the antiques are located. (Audit Letter, Page 7)

***CURRENT STATUS***

4. Implemented. Beginning June 2005, we amended our annual inventory reminder letter to include conducting an inventory of any antiques held by the organizations, and to report this information with their regular inventory.
  
5. Implementation in progress, pending completion of the baseline inventory.
  
6. Implementation in progress, pending completion of the baseline inventory and better identification of which items should be reclassified and maintained as controlled assets.
  
7. Implementation in progress, pending completion of the baseline inventory and better identification of which items should be reclassified and maintained as controlled assets.
  
8. Implementation in progress, pending completion of the baseline inventory and better identification of which items should be reclassified and maintained as controlled assets.



**2. PERSONNEL – AN INVESTIGATION OF CONFLICT OF INTEREST IN HIRING PRACTICES, RECRUITMENT, HIRING AND COMPENSATION POLICIES AND PROCEDURES (August 2005)**

The Internal Audit Division was asked to review the circumstances regarding a particular recruitment, hiring, and upgrading of a position in a County office. The recommendations following resulted from the review of communicated procedural guidelines to address conflicts of interest.

***PERSONNEL–CONFLICT OF INTEREST  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 1. We recommend that all Personnel Managers, Analysts and Specialists recuse themselves from hiring matters where family members are involved. (Audit Letter, Page 6)                                                                                                                                                                                                               | 1. Implemented.                                                                                                                                    |
| 2. We recommend that the Personnel Division management team implement a clear, written and unambiguous policy prohibiting Managers, Analysts and Specialists from preparing or certifying an employment register where family members are applicants, and from conducting market or salary survey research for a position that is filled by a family member. (Audit Letter, Page 7) | 2. Implemented. Personnel included this type of statement in the Recruitment and Selection SOP as well as the Classification and Compensation SOP. |
| 3. We recommend that comprehensive standard operating procedures also be developed and implemented addressing all aspects of personnel recruitment, hiring, and grading, as required by State statute. (Audit Letter, Page 7)                                                                                                                                                       | 3. Implemented.                                                                                                                                    |
| 4. We recommend that the Personnel Director implement clear written standard operating procedures for the day-to-day recruitment, hiring, and grading for County positions. (Audit Letter, Page 8)                                                                                                                                                                                  | 4. Implemented.                                                                                                                                    |



**3. PERSONNEL – A LIMITED SCOPE AUDIT OF THE TUITION ASSISTANCE PROGRAM (March 2005)**

The Internal Audit Division reviewed the County’s Tuition Assistance Program in addition to Personnel’s cash handling with regards to tuition assistance paybacks and the petty cash fund. In 1992, the County changed from a tuition reimbursement system to an up-front tuition assistance. The opportunity for misuse of the program prompted the audit and the recommendations resulting from that audit follow.

***TUITION ASSISTANCE PROGRAM  
RECOMMENDATIONS***

***CURRENT STATUS***

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| <p>1. We recommend that the Tuition Assistance Program be changed to a reimbursement program where employees pay tuition costs up-front and are reimbursed after successfully completing the course with a “C” or higher and submitting proof of payment. (Audit Letter, Page 4)</p> | <p>1. Implemented. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005.</p> |
| <p>2. We recommend that the County replace the current “advance” approach with a “reimbursement” approach to providing tuition assistance. (Audit Letter, Page 6)</p>                                                                                                                | <p>2. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005.</p>              |
| <p>3. We recommend that the Tuition Coordinator develop standard procedures for application processing which are consistent with Personnel Policy #5560, “Tuition Assistance Program,” with involvement and oversight from the County Training Manager. (Audit Letter, Page 6)</p>   | <p>3. Implemented.</p>                                                                        |
| <p>4. We recommend that applications for tuition assistance be processed and advances made only when the required documentation is received with the applications, if the tuition Assistance Program is not changed to a reimbursement program. (Audit Letter, Page 6)</p>           | <p>4. Implemented.</p>                                                                        |

***TUITION ASSISTANCE PROGRAM  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 5. See Recommendation #1. (Audit Letter, Page 9)                                                                                                                                                                                                                                                                                                                                                                                    | 5. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005. |
| 6. We recommend that a database of employees who have received tuition assistance advances include expanded fields for tracking grade reports received and other measures of compliance, if the Tuition Assistance Program is not changed to a reimbursement program. (Audit Letter, Page 9)                                                                                                                                        | 6. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005. |
| 7. We recommend that the County Training Manager regularly review the work performed by the Tuition Coordinator to ensure that the essential functions of the job are performed consistently and in a timely manner. (Audit Letter, Page 9)                                                                                                                                                                                         | 7. Implemented.                                                           |
| 8. See Recommendation #1. (Audit Letter, Page 11)                                                                                                                                                                                                                                                                                                                                                                                   | 8. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005. |
| 9. We recommend that employees who have not submitted grade reports within the 30-day guideline be notified that reports are due immediately or the amount advanced for tuition assistance will be deducted in full from their paychecks, if the Tuition Assistance Program is not changed to a reimbursement program. Extended payback arrangements should be granted only in exceptional, hardship cases. (Audit Letter, Page 11) | 9. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005. |

***TUITION ASSISTANCE PROGRAM  
RECOMMENDATIONS***

10. We recommend careful, consistent monitoring of the Tuition Assistance Program applications to detect and prevent duplicate advances for the same classes. (Audit Letter, Page 12)
  
11. See Recommendation #1. (Audit Letter, Page 13)
  
12. We recommend that Personnel Policy #5560 regarding the 60-day window for submission of tuition assistance applications be followed, and that advances be made to employees only within that time frame, if the Tuition Assistance Program is not changed to a reimbursement program. (Audit Letter, Page 13)
  
13. We recommend that Personnel Policy #5560 be followed requiring subtraction of one half of any other financial aid received from the 75 percent tuition advance which employees are eligible to receive. (Audit Letter, Page 14)
  
14. We recommend that Personnel discontinue the "netting" practice and deny tuition assistance applications from employees that have outstanding tuition debts owed the County. (Audit Letter, Page 17)

***CURRENT STATUS***

10. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005.
  
11. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005.
  
12. No longer applicable since under the new policy financial aid is no longer subtracted.
  
13. No longer applicable since under the new policy financial aid is no longer subtracted.
  
14. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005 and "netting" practice discontinued.

***TUITION ASSISTANCE PROGRAM  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 15. We recommend that if policymakers decide to continue the “assistance” program, that Personnel Division management regularly review the Tuition Coordinator’s work to prevent potential abuse of established policies and misuse of County monies. (Audit Letter, Page 18) | 15. Implemented.                                                           |
| 16. We recommend that all tuition waivers authorized by the Mayor’s Office be documented and retained in the employee’s file as evidence of valid, proper approval. (Audit Letter, Page 19)                                                                                   | 16. Implemented.                                                           |
| 17. See Recommendation #1. (Audit Letter, Page 20)                                                                                                                                                                                                                            | 17. Implemented.                                                           |
| 18. See Recommendation #1. (Audit Letter, Page 21)                                                                                                                                                                                                                            | 18. Implemented.                                                           |
| 19. We recommend that the Personnel Division charge interest and/or fees on outstanding tuition advances paid back outside the 30-day period, if the current program continues. (Audit Letter, Page 22)                                                                       | 19. Implemented.                                                           |
| 20. See Recommendation #1. (Audit Letter, Page 24)                                                                                                                                                                                                                            | 20. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005. |
| 21. See Recommendation #1. (Audit Letter, Page 25)                                                                                                                                                                                                                            | 21. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005. |
| 22. See Recommendation #1. (Audit Letter, Page 25)                                                                                                                                                                                                                            | 22. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005. |

***TUITION ASSISTANCE PROGRAM  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 23. See Recommendation #1. (Audit Letter, Page 28)                                                                                                                                                                              | 23. Tuition Reimbursement Program, Policy #5560 was adopted July 12, 2005. |
| 24. We recommend that Personnel consider hiring a full-time employee so sufficient time and effort can be spent administering the Tuition Assistance Program if a reimbursement program is not adopted. (Audit Letter, Page 28) | 24. Implemented.                                                           |
| 25. We recommend that the individuals who have access to the accounting records, i.e., posting of payments, have no duties with regard to cashiering and custody of funds. (Audit Letter, Page 32)                              | 25. Implemented.                                                           |
| 26. We recommend that two people open the mail and prepare a log of checks received, and that management regularly review the process. (Audit Letter, Page 32)                                                                  | 26. Implemented.                                                           |
| 27. We recommend that a receptionist restrictively endorse all checks upon receipt. (Audit Letter, Page 33)                                                                                                                     | 27. Implemented.                                                           |
| 28. We recommend that receipts be issued to payers for any payments received at the front desk at Personnel. (Audit Letter, Page 33)                                                                                            | 28. Implemented.                                                           |
| 29. We recommend that management regularly monitors procedures and reviews accounting records related to cash handling, including deposit records, and documents their review with a signature. (Audit Letter, Page 34)         | 29. Implemented.                                                           |

***TUITION ASSISTANCE PROGRAM  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 30. We recommend that the Petty Cash Custodian be an independent function in Personnel, without responsibility or control over receipting of any other operating cash. (Audit Letter, Page 35)     | 30. Implementation in progress. Will be done by Office Manager when the position is filled. |
| 31. We recommend that the petty cash fund be properly reconciled each month. (Audit Letter, Page 35)                                                                                               | 31. Implemented.                                                                            |
| 32. We recommend that the operations of the petty cash fund be reviewed regularly by the custodian's immediate supervisor or someone at an appropriate level of authority. (Audit Letter, Page 36) | 32. Implemented.                                                                            |
| 33. We recommend that each control listing sheet be reviewed and signed by the reviewer. (Audit letter, Page 36)                                                                                   | 33. Implemented.                                                                            |
| 34. We recommend that complete and accurate documentation be included on all petty cash vouchers. Audit Letter, Page 37)                                                                           | 34. Implemented.                                                                            |
| 35. We recommend that the Personnel Director properly approve and date all meal reimbursement forms. (Audit Letter, Page 37)                                                                       | 35. Implemented.                                                                            |
| 36. We recommend that the Personnel Director's signature stamp be properly secured and safeguarded when not in use. (Audit Letter, Page 37)                                                        | 36. Implemented.                                                                            |

***TUITION ASSISTANCE PROGRAM  
RECOMMENDATIONS***

***CURRENT STATUS***

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| 37. We recommend that the Petty Cash Custodian provide employees who purchase items for County use the Utah State Tax Commission Form TC-721 "Exemption Certificate." (Audit Letter, Page 37) | 37. Implemented. |
| 38. We recommend that the Petty Cash Custodian not reimburse employees for amounts paid for sales tax. (Audit Letter, Page 37)                                                                | 38. Implemented. |
| 39. We recommend, where practicable, employees pay the County for sales tax improperly paid for which they were reimbursed. (Audit Letter, Page 37)                                           | 39. Implemented. |
| 40. We recommend that petty cash be strictly used to pay for authorized transactions within the current per-transaction dollar limitation of \$200.00. (Audit Letter, Page 38)                | 40. Implemented. |



**4. VEHICLE REPLACEMENT AND MAINTENANCE PROGRAM – A LIMITED PERFORMANCE AUDIT (January 2005)**

Fleet Management is responsible for acquiring, disposing of, maintaining, and repairing the County’s fleet vehicles. Since 1995 Fleet has operated a unique “fast rotation” program, wherein vehicles are kept for a relatively short period of time before they are replaced. This audit was done to follow-up on issues raised in a letter from the Auditor to the Sheriff. Among other things, that letter suggested that a detailed analysis of replacement and maintenance charges be completed and presented to the County Council. Following are the recommendations from the findings of the audit.

***VEHICLE REPLACEMENT AND  
MAINTENANCE PROGRAM  
RECOMMENDATIONS***

***CURRENT STATUS***

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| <p>1. Assuming the fast rotation program is continued, we recommend that: Fleet management use an up-to-date estimate of inflation to set the replacement calculation inflation factor each year. If possible, the estimate should be specific to vehicle prices, ideally on a model-by-model basis. The Auditor’s Office Economist can assist by providing an annual inflation estimate to Fleet. (Audit Report, Page 17)</p> <p>2. We recommend that Fleet management use the most recent July 1 to June 30 actual work order amounts, adjusted by a reasonable inflation percentage, to set the rates they will use to charge out work orders. (Audit Report, Page 18)</p> <p>3. We recommend that going forward, rates be adjusted based on the annual increase in labor, parts, etc. costs to the County. (Audit Report, Page 18)</p> | <p>1. Fleet has moved away from the fast rotation program to a life-cycle cost model for vehicle replacement that is based upon a combination of estimated life, mileage, and accumulated maintenance costs. The inflation factor currently in use for estimating future costs is 3% per year.</p> <p>2. In December 2005, rates used on work orders were evaluated based upon determining current actual costs attributable to each Fleet shop against the actual work order hours generated by each Fleet shop.</p> <p>3. This will be done annually.</p> |
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**VEHICLE REPLACEMENT AND  
MAINTENANCE PROGRAM  
RECOMMENDATIONS**

**CURRENT STATUS**

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| 4. We recommend that for now, the County continue the fast rotation program, with an on-going evaluation of costs. If any modification or moratorium is implemented, limit such program to lower mileage, non-public safety vehicles. (Audit Report, Page 19)                                                 | 4. The decision has been made to move away from fast rotation and replace units based upon an overall life-cycle cost basis to achieve lower cost-per-mile. |
| 5. We recommend that Fleet Management monitor the impact of implementing the recommendations in sections 3.3 and 3.5 of this report by tracking their effect on the fund cash balance. (Audit Report, Page 19)                                                                                                | 5. Fleet is tracking its fund cash balance and will make adjustments to the maintenance rates and replacement rates accordingly.                            |
| 6. We recommend that as reductions in the costs to user organizations are achieved, Fleet work with the Auditor's Office to have their revised charges compared to peer counties. Based on that comparison, the viability of continuing the fast rotation program should be assessed. (Audit Report, Page 19) | 6. Fast rotation has been assessed against life-cycle cost data, which shows that longer lives will produce lower cost-per-mile results.                    |
| 7. We recommend that Fleet and higher-level County administration work together to determine specific steps that should be taken to improve vehicle utilization Countywide. (Audit Report, Page 22)                                                                                                           | 7. A new Fleet Management Board was instituted at the beginning of 2006 to address this issue among others.                                                 |

**VEHICLE REPLACEMENT AND  
MAINTENANCE PROGRAM  
RECOMMENDATIONS**

**CURRENT STATUS**

- |                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8. We recommend that a detailed analysis of Fleet's maintenance practices and record keeping be conducted to determine: the validity and accuracy of work order charges, including the timing of the charges, and if there are cost effective ways to reduce the gap between the number of vehicles maintained and the number available for use. (Audit Report, Page 23) | 8. Beginning in 2006, Fleet is now charging its users on a live-work-order, cost real-time basis. Charges are no longer delayed or built into a flat budgeted amount. Eliminating quick rotation will eliminate the confusion in the number of vehicles on hand (received but not in service, in service, and out-of-service awaiting sale, against the number of units being maintained). |
| 9. We recommend that Fleet consider standardizing the vehicle makes, models, and options available within each vehicle class. (Audit Report, Page 24)                                                                                                                                                                                                                    | 9. Vehicle standardization is an item that the new Fleet Management Board will address.                                                                                                                                                                                                                                                                                                    |
| 10. We recommend that Fleet provide other than the standard vehicles to user organizations only when valid need justification is presented. (Audit Report, Page 24)                                                                                                                                                                                                      | 10. Fleet agrees, and this issue will be addressed by the new Fleet Management Board.                                                                                                                                                                                                                                                                                                      |
| 11. We recommend that a committee that includes representatives from, at a minimum, Fleet, Public Works Operations, the Sheriff's Office, the District Attorney's Office, the Auditor's Office, and the County Council be formed. (Audit Report, Page 25)                                                                                                                | 11. The new Fleet Management Board was put into place at the beginning of 2006.                                                                                                                                                                                                                                                                                                            |
| 12. We recommend that this committee review and, as necessary, re-draft all written Countywide vehicle-related policies. (Audit Report, Page 25)                                                                                                                                                                                                                         | 12. Countywide Policy on Vehicles (Policy 1350) passed in January 2006, replaced all former County vehicle policies.                                                                                                                                                                                                                                                                       |



**E. SALT LAKE COUNTY CLERK**

**1. ELECTIONS DIVISION – A LIMITED SCOPE AUDIT (April 2005)**

Under the supervision of the Salt Lake County Clerk, the Elections Division is responsible for administering all countywide elections in general election years (even-numbered years). The division is responsible for keeping current on election laws, maintaining voter registration records, managing voting precincts, and identifying polling locations for registered voters across Salt Lake County.

The Internal Audit Division reviewed the following: cash receipting and depositing, capital and controlled assets, and accounts receivable. The effectiveness of internal controls and processes were addressed for each of the areas audited. Following are the recommendations resulting from that audit.

***ELECTIONS DIVISION  
RECOMMENDATIONS***

***CURRENT STATUS***

1. We recommend that sales tax not be paid on purchases made from petty cash, in accordance with Countywide policy. (Audit Letter, Page 3)

1. Implemented. The Clerks Office has made efforts to inform employees who use petty cash of tax exemption forms and of the Countywide policy regarding petty cash. In the instances where employees do not provide the Exemption Certificate to the vendor as evidence of tax-exemption and sales tax has been charged on a receipt the employee has been reimbursed for only the sale and not the sales tax.

2. We recommend that the Elections Clerk management formulate written policies and procedures that address accounts receivable. (Audit Letter, Page 6)

2. Implemented. We have developed an internal accounts receivable procedure which states when billing is to occur, what the allowable remittance time is and the manor and timing in which delinquent accounts should be handled.



**F. SALT LAKE COUNTY DISTRICT ATTORNEY**

**1. DISTRICT ATTORNEY’S DEBT COLLECTION – A LIMITED SCOPE AUDIT OF COLLECTIONS, RECEIPTING AND DEPOSITING, IMPREST CHECK AND PETTY CASH ACCOUNTS (July 2005)**

One of the many duties of the office of the District Attorney is to collect money owed to the County. In many cases, the different departments in the County attempt to recover any money owed that department. However, when the departments do not collect on money owed, they turn the matter over to the District Attorney for collection and they work through the courts to recover the money.

The Internal Audit Division audited the District Attorney’s debt collection function and reviewed the collection process for accounts receivable files, pertinent policies and procedures, and statistical reports prepared by the Attorney’s Office. The recommendations resulting from that audit are listed below.

***DISTRICT ATTORNEY’S  
DEBT COLLECTION  
RECOMMENDATIONS***

***CURRENT STATUS***

1. We recommend that the District Attorney’s Office develop and implement written policies and procedures regarding the management of accounts receivable. (Audit Letter, Page 5)
  
2. We recommend that the District Attorney’s Office modify the input protocol to require standardized data input into the Access database. (Audit Letter, Page 6)

1. Our Office has developed and implemented written policies and procedures regarding the management of accounts receivable. We would be pleased to provide you a copy of these policies if you so desire.
  
2. Our Office implemented a new computer software system for law offices known as TimeMatters. The collection function of the Office now uses this system for all collection activities. As part of our implementation, all information is entered in a standardized format. In addition to developing internal collection procedures that include standardized data input, TimeMatters allows us to standardize key fields from which our employees choose from a list of options as opposed to typing in the field, thereby instantly creating a uniformity that was lacking in the Access database.

***DISTRICT ATTORNEY'S  
DEBT COLLECTION  
RECOMMENDATIONS***

***CURRENT STATUS***

3. In addition, we recommend that the District Attorney's Office explore methods to utilize the data extraction capabilities of Access to increase collections effectiveness. (Audit Letter, Page 6)
  4. We recommend that a feature be included in the District Attorney's Office Accounts Receivable system that will total amounts due to the County and summarize this data by year of referral to the DA's Office. (Audit Letter, Page 8)
  5. We recommend that accounts be aged in an aging report as a means to focus attention on any needed improvements in the collection process. (Audit Letter, Page 8)
  6. We recommend that the custody of the Litigation imprest checking account be assigned to someone outside the claims approval process, or alternatively, that the Risk Manager performs a detailed monthly review of each transaction, and sign accompanying documents as evidence of this review. (Audit Letter, Page 9)
3. The TimeMatters system is designed to provide meaningful outputs. Although we have not fully explored the capabilities of this system to date, as more data is entered and old data converted, our focus will shift to the reporting functions of the system.
  4. We are working with the database to accomplish this task.
  5. The TimeMatters program has the capability to extract data for reports and an accounting function that allows for aging accounts and running accounting reports.
  6. This has been completed.

**G. MAYOR’S OFFICE**

**1. MAYOR’S ADMINISTRATION OFFICE AND MAYOR’S OPERATION OFFICE – A LIMITED SCOPE AUDIT OF PETTY CASH AND CHANGE FUND (September 2005)**

Mayor’s Administration consists of the Mayor, his deputies, and staff. Mayor’s Operations consists of upper management of Community Services, Human Services, Public Works and Administrative Services. Also in Operations are Records Management and Archives, Printing and the Real Estate Division. The Internal Audit Division audited the Petty Cash and Imprest accounts in the Mayor’s Administration Office and the Mayor’s Operation Office. The following recommendation and status resulted from that audit.

***MAYOR’S ADMINISTRATION OFFICE  
AND MAYOR’S OPERATION OFFICE  
RECOMMENDATIONS***

***CURRENT STATUS***

- |                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. We recommend that Mayor’s Operations present to the Steering Committee a position on use of petty cash to cover refreshments at retirement parties, and that the position so adopted be included in “Countywide Policy on County Meals,” #1020. (Audit Letter, Page 4) | 1. Implemented. County Meals policy 1020 states in section 1.5: “Agencies are authorized to spend up to \$200 for food for use at a retirement event for an employee.” Furthermore, the policy states in section 6.1.1.1 that meals “costing \$200 or less may be paid from authorized petty cash.” |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



## **V. RECOMMENDATIONS CARRIED OVER FROM PREVIOUS YEARS**

### **A. COMMUNITY SERVICES**

#### **1. CLARK PLANETARIUM– AUDIT AFTER ONE FULL YEAR OF OPERATION – LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, ACCOUNTS RECEIVABLE, BUILDING RENTAL CONTRACTS, PETTY CASH AND CHANGE FUND, CAPITAL AND CONTROLLED ASSETS AND SCIENCE STORE MERCHANDISE INVENTORY (November 2004)**

##### ***CLARK PLANETARIUM RECOMMENDATIONS***

###### **RECOMMENDATION 1.**

We recommend that an invoice be prepared and sent to the Friends of Planetarium for the building rental that occurred in November 2003 (Audit Letter, Page 13)

###### **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

The division director will prepare a letter discussing this event and the fee waiver

###### **CURRENT STATUS**

Implemented. The division director did prepare the letter regarding the Friends of the Planetarium event discussing the event and issuing a fee waiver. The letter is on file with the building rental contract.

###### **RECOMMENDATION 2.**

We recommend that planetarium management develop a written policy for building rental events. (Audit Letter, Page 14)

###### **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

The marketing manager position, which supervises the building rental program, is currently vacant. It is appropriate to have the new manager write the policy. It will be written when the new manager is hired.

## ***CLARK PLANETARIUM RECOMMENDATIONS***

### **CURRENT STATUS**

Implemented. The division director decided to write the building rental policy himself. It has been discussed with the appropriate staff. It is currently on file.

### **RECOMMENDATION 3.**

We recommend that all employees that have individually assigned assets complete the Controlled Assets Inventory Form – Employee and review them annually. (Audit Letter, Page 20)

### **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

The property manager is in the process of implementing this recommendation.

### **CURRENT STATUS**

Implemented. The property manager (our facilities manager) had each employee individually sign a controlled assets inventory form. Those forms are on file with the property manager. The employees review and sign the form annually.

### **RECOMMENDATION 4.**

We recommend that the agency controlled Assets Inventory form – Organization, contain the required information and format. (Audit Letter, Page 20)

### **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

The property manager is in the process of implementing this recommendation.

### **CURRENT STATUS**

Implemented. The property manager reformatted and edited the form he had been using so it now contains the required information and format.

### **RECOMMENDATION 5.**

We recommend that a physical inventory conducted on a “Cycle Counting” basis be considered as an optional inventory method. (Audit Letter, Page 22)

## ***CLARK PLANETARIUM RECOMMENDATIONS***

### **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

Since there were difficulties with the inventory software in 2004, we wanted to have a full inventory count at least twice in 2005 to ensure that inventory numbers match physical count numbers. The second full-store inventory is to take place in July 2005. We agree to all the advantages of Cycle Counting. We have assigned individual employees to become specialists in specific areas in the store. The science store is poised to start Cycle Counting. We will implement the Cycle Counting method in September 2005.

### **CURRENT STATUS**

Implemented. The Planetarium has implemented the Cycle Counting inventory method. We continue to do a full inventory count twice a year. We are very pleased with the results of Cycle Counting. We believe it keeps management better informed of the inventory.

The Cycle Counting method recommendation from the auditors was smart and very much appreciated.



**2. COUNTY ICE CENTER – LIMITED SCOPE AUDIT OF CASH HANDLING, CAPITAL AND CONTROLLED ASSETS, AND INVENTORY PROCEDURES FOR PRO SHOP, VENDING MACHINE, AND CONCESSIONS (May 2003)**

***COUNTY ICE CENTER RECOMMENDATIONS***

**RECOMMENDATION 1.**

We recommend that cashiers restrictively endorse all checks upon receipt.  
(Audit Letter, Page 4)

**15<sup>th</sup> ANNUAL REPORT STATUS – 2003**

County Ice Center management stated, “The only way we can reasonable endorse all checks upon receipt is to keep a check stamp at each of the registers. During our busiest time of the year, this can be six separate points of sale. When our facility was audited 3 years ago, the audit division was concerned about that many check stamps out at different areas of the facility. With the understanding that about 95% of the checks that come into the facility are accepted at the front desk, the audit advised us to keep a stamp at the front desk register to endorse all those checks immediately upon receipt and endorse the 5% that come in through the other points of sale in the money counting room when the drawers are closed out. This is what we will continue to do based on the audit recommendation.”

**16<sup>th</sup> ANNUAL REPORT STATUS – 2004**

No change from 2003. Current practice is based on prior audit recommendations.

**CURRENT STATUS**

Basically the same, although we now try as much as possible to send all customers paying by check to the front desk, where we still keep an endorsement stamp at all times. This is the same procedure we follow with credit cards, as the front desk is the only POS location that has a credit card terminal.

**RECOMMENDATION 2.**

We recommend that the controlled assets inventory form be revised to provide three separate columns for make, model, and serial number, and that the necessity for including assets’ serial numbers be emphasized to those completing the log. (Audit Letter, Page 11)

## ***COUNTY ICE CENTER RECOMMENDATIONS***

### **15<sup>th</sup> ANNUAL REPORT STATUS – 2003**

Implementation in progress. County Ice Center management stated, “We are currently making changes across the board to our inventory procedures, which bring us into compliance with this policy.”

### **16<sup>th</sup> ANNUAL REPORT STATUS – 2004**

In process. Schedule to be complete within the next couple of months.

### **CURRENT STATUS**

Implementation is complete. It was completed in early 2005.

**3. DIMPLE DELL RECREATION CENTER – LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND CAPITAL AND CONTROLLED ASSETS (September 2002)**

***DIMPLE DELL RECOMMENDATIONS***

**RECOMMENDATION 1.**

We recommend that the property manager use the “Controlled Assets Inventory Form-Employee” (Exhibit 3-Countywide Policy #1125) for the records of controlled assets and have each employee who has been assigned specific assets complete and sign the form. (Audit Letter, Page 5)

**14<sup>th</sup> ANNUAL REPORT STATUS – 2002**

Implementation in progress.

**15<sup>th</sup> ANNUAL REPORT STATUS – 2003**

The master control list is maintained at a central location where changes are made as they occur.

**16<sup>th</sup> ANNUAL REPORT STATUS – 2004**

This procedure is currently under review by the Parks & Recreation Division and the Audit Division.

**CURRENT STATUS**

The master control list is maintained at each recreation facility location. The Program Manager for the center is assigned to maintain the controlled assets list and sign off on all changes.



**4. EQUESTRIAN PARK AND EVENT CENTER – AN AUDIT TO INVESTIGATE REPORTED THEFT (February 2004)**

***EQUESTRIAN PARK THEFT RECOMMENDATIONS***

**RECOMMENDATION 1.**

We recommend that mail-in payments processing include two persons. (Audit Report, Page 38)

**16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

Mail-in payments come in with the rest of the mail. It is not possible to determine which mail includes payments and which do not prior to opening the mail. We designate the front desk receptionist to open the mail and record it in Sportsman.

**CURRENT STATUS**

Implemented. We have hired an assistant to help with payments and there are two people when we open the mail to make sure payments are verified.

**RECOMMENDATION 2.**

We recommend that a log be prepared of mail-in payments received, and a copy accompany the funds and remain in the deposit file as a permanent record. (Audit Report, Page 38)

**16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

Mail-in payments are recorded in Sportsman as mail-in payments. No separate log is maintained.

**CURRENT STATUS**

Implemented. We have a log of mail-in payments and we indicated on the receipt the Sportsman prints that it is a mail-in payment.

**RECOMMENDATION 3.**

We recommend that an honor system for daily rides similar to that used for public parking be adopted and implemented. (Audit Report, Page 38)

## ***EQUESTRIAN PARK THEFT RECOMMENDATIONS***

### **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

Management feels that this would be an additional area where burglary and theft could occur. The benefit does not outweigh the risk. Building attendants randomly verify user compliance.

### **CURRENT STATUS**

We have intensified our efforts to check and verify passes. We have also implemented a wrist band riding pass that both allows us to identify riders in the arena and verify how many passes we have sold each day.

## **5. OLD MILL GOLF COURSE - LIMITED SCOPE AUDIT OF CASH, AND CAPITAL AND CONTROLLED ASSETS, AND INVENTORY (December 2004)**

### ***OLD MILL GOLF COURSE RECOMMENDATIONS***

#### **RECOMMENDATION 1.**

We recommend that golf course personnel enter the correct type of payment into the cash register, whether it is cash, check or credit card, and that cash/check composition become an integral part of the balancing process through use of the "Sales Detail by Invoice" report. (Audit Letter, Page 11)

#### **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

Being implemented.

#### **CURRENT STATUS**

Implemented at all golf courses.

#### **RECOMMENDATION 2.**

We recommend that the Fore Reservation inventory listing be adjusted to the count of goods actually on hand at the pro shop, and that the \$10,059 shortage be reduced to \$0 and explained in a letter to the Mayor, together with an attached listing of the items whose counts are short, and that the \$8,504 overage be adjusted to the actual count of inventory items on hand. (Audit Letter, page 21)

#### **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

Inventory was reconciled immediately following the audit. Back up documentation is being reviewed and forwarded to appropriate personnel.

#### **CURRENT STATUS**

Implemented. Inventory is counted twice a year and spot checked throughout the year and reconciled with Fore Reservations reports. Each course has performed a recent inventory count and loaded the information to the new software Active Golf. All items in Fore Reservations that are no longer in use have been deleted as per the Auditor's recommendation.

#### **RECOMMENDATION 3.**

We recommend that Old Mill golf course employees continue to look for an explanation to missing pages from the punch card log, and also any additional

evidence of punch cards being traded for drugs, and that any findings be reported to the Auditor's and District Attorney's Offices. (Audit Letter, Page 27)

## **16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

Being implemented on a continual basis.

### **CURRENT STATUS**

Implemented. All card numbers that were missing were noted. As players came to play golf each card was verified against the list of missing numbers. No missing numbers reported for play at the golf course. Since this a new log has been implemented with tighter controls. The log is updated daily and sent to the Director of golf monthly for further review. The District Attorney's Office found no evidence of drugs being traded for golf.

**6. SALT LAKE CITY SPORTS COMPLEX – LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, ACCOUNTS RECEIVABLE, CAPITAL AND CONTROLLED ASSETS, VENDING AND PRO-SHOP OPERATIONS (December 2004)**

***SALT LAKE CITY SPORTS COMPLEX RECOMMENDATIONS***

**RECOMMENDATION 1.**

We recommend that immediate action be taken, in coordination with I/S and Peak Software (Sportsman) to insure that the on-line acceptance of payments is achieved in a safe and secure environment, both with respect to the user of the service and the employees and administrators of the County and Sportsman. (Audit letter, Page 3)

**16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

In process. A test site for implementation was established but the provider for the County's credit card processing is changing effective October 1, 2005. We will now need to work with the new provider to establish the system.

**CURRENT STATUS**

Implemented. In response to the audit recommendation, the division has enlisted the services of Payment Tech and Authorize.net to prevent possible identify theft. Once the registration process is completed by the patron on line and they have entered their credit card number, credit card authorization is routed through Authorize.net via a secure, encrypted, dedicated line to verify information. Once the credit card authorization is complete, payment is posted to both the customer's account and the County's account. No unsecured credit card information is displayed or recorded throughout the registration process.

**RECOMMENDATION 2.**

We recommend, based on the variety of items for sale and the sales volume experienced, that a software program be used to control the inventory for the Pro-shop at the Sports complex. (Audit Letter, Page 16)

**16<sup>TH</sup> ANNUAL REPORT STATUS – 2004**

Sportsman software is currently in use. We have requested that a program be developed by the software developers. This is still in process.

**CURRENT STATUS**

Implementation in progress. We are still waiting on Sportsman Software to develop.



**7. SALT PALACE PARKING – LIMITED SCOPE AUDIT OF CASH HANDLING AND CAPITAL AND CONTROLLED ASSETS (April 2004)**

***SALT PALACE PARKING RECOMMENDATIONS***

**RECOMMENDATION 1.**

We request that Salt Palace management initiate correspondence with the Salt Lake County Auditor requesting that the change and Petty Cash funds be segregated into discreet funds and fund types on the Auditor's Office listing of authorized funds. (Audit Letter, Page 6)

**16<sup>th</sup> ANNUAL REPORT STATUS – 2004**

This has not been completed. Our ledger reflects one number for cash distributed to our custody.

**CURRENT STATUS**

Not Completed. Our ledger currently corresponds with County AFIN report.



## **B. HUMAN SERVICES**

### **1. LIBRARY SYSTEM — LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING AND CAPITAL AND CONTROLLED ASSETS (August 1998)**

#### ***LIBRARY SYSTEM RECOMMENDATIONS***

##### **RECOMMENDATION 1.**

The Library replace its cash registers to reflect advanced technology such that a collections total can be produced for each cashier and the cashiering and cataloging systems can be integrated. (Audit Letter, Page 15)

##### **11<sup>th</sup> ANNUAL REPORT STATUS – 1998**

Implementation in progress. Library management stated, “In 1998, we purchased five ‘smart’ cash registers. Other cash registers will be replaced as funding is available and as needed. The Library’s 1990 RFP for automated services asked vendors to supply a system that would integrate circulation transactions with cash register functions. No such system was available then or now that will accomplish these tasks and handle the volume of activity that the County Library has each day. We will continue to work with library system vendors to encourage the development of this capability. Once it becomes available we will consider the cost benefits of purchasing such a system.”

##### **12<sup>th</sup> ANNUAL REPORT STATUS – 1999/2000**

Partially implemented. Library management stated, “Cash registers that are ‘integrated’ with our library automation system are still not available. We have, however, replaced all of our cash registers with new registers which have enforced operator codes, thus making it easier to track individual transactions to the cashier responsible.”

##### **13<sup>th</sup> ANNUAL REPORT STATUS – 2001**

Partially implemented.

##### **14<sup>th</sup> ANNUAL REPORT STATUS – 2002**

Partially implemented. Library management stated, “DYNIX still has not integrated their library automation system with our cash registers. We wish this would happen as we are now contemplating accepting debit and credit cards and the same problem will exist without integration. We will continue to ‘put pressure’ on DYNIX.”

## ***LIBRARY SYSTEM RECOMMENDATIONS***

### **15<sup>th</sup> ANNUAL REPORT STATUS – 2003**

Library management stated, “For six years, we have been told that Dynix was in the process of developing a system that could be integrated with the cash registers. This, however, has not come to fruition and no progress has been made. Consequently, we (our Director, Jim Cooper, Our Associate Director, Gretchen Freeman, and Mike Stoker) met with three representatives from Dynix and indicated to them our concerns about the lack of progress being made relevant to integrating cash registers and the Dynix system. We also expressed concerns about the quality of accounting-type information available to management from the system. They acknowledged our concerns and asked if we would be interested in meeting with them to discuss it further. I have since spoken to Jim Wightman of the Auditor’s Office to determine if the Auditor’s Office would be interested in participating in this discussion.”

### **16<sup>th</sup> ANNUAL REPORT STATUS – 2004**

We changed platforms in December 2004 from Dynix to Horizon. There are still no integrated cash registers available with Dynix. However, we have been told that a company by the name of Envisionware can provide such machines and plan to investigate further as soon as our two new libraries are open and there is more time.

### **CURRENT STATUS**

A Request for Proposal has been written and submitted to Purchasing for purchase of an integrated cashiering system. The requisition number is LI06294.

## **2. SANDY LIBRARY – LIMITED SCOPE AUDIT OF CASH HANDLING AND CAPITAL AND CONTROLLED ASSETS (September 2003)**

### ***SANDY LIBRARY RECOMMENDATIONS***

#### ***RECOMMENDATION 1.***

We recommend that the Library request an exception to Countywide Policy #1062 allowing them to issue cash refunds of less than \$5 out of the current day's receipted funds. This request should be submitted to the County steering Committee for consideration. (Audit Letter, Page 6)

#### **15<sup>th</sup> ANNUAL REPORT STATUS – 2003**

Not implemented. Sandy Library manager, Kent Dean stated, "The current policy and practice of the Salt Lake County Library System is to issue refunds of five dollars or less as appropriate in accordance with library system policies. This policy allows the library system to respond to fiscal matters of nominal amounts in a timely manner. As the library system's Fiscal Administrator, Mike Stoker would be authorized to address this issue with the County Steering Committee."

#### **16<sup>th</sup> ANNUAL REPORT STATUS – 2004**

I have written a request for exception to Policy 1062. However, with a hard disk crash a couple of months ago, it was lost and I have not had the time since then to re-create it.

#### **CURRENT STATUS**

Refunds are no longer made from cash receipts.

#### **RECOMMENDATION 2.**

We recommend that, after the new location code is established, the Property Manager follow the instructions in the Auditor's Accounting Policies and Procedures #5.4 to update the location codes of the four items described above, and any other library assets that need to have their location codes updated. (Audit Letter, Page 8)

#### **15<sup>th</sup> ANNUAL REPORT STATUS – 2003**

Implementation in progress. Sandy Library manager, Kent Dean stated, "After the location code for the library storage facility is established, the

## ***SANDY LIBRARY RECOMMENDATIONS***

assets in question will be documented on the appropriate form under the direction of the library system's Fiscal Administrator.”

### **16<sup>th</sup> ANNUAL REPORT STATUS – 2004**

Not implemented.

### **CURRENT STATUS**

Still trying to find an adequate method of accounting for items which have been sent to library storage pending surplus. Have talked to Purchasing about problem with not being able (due to space constraints) to take items straight to surplus.