

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



NINETEENTH ANNUAL REPORT

OF

INTERNAL AUDITS – 2007

JEFF HATCH

SALT LAKE COUNTY AUDITOR



SALT LAKE COUNTY AUDITOR'S OFFICE

JEFF HATCH
Auditor

June 6, 2008

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

Transmitted herewith is our **NINETEENTH ANNUAL REPORT OF INTERNAL AUDITS - 2007**. The purpose of the report is to provide managers at all levels of County Government with information relative to the audits we performed during 2007. 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
May 2008

Nineteenth Annual Report
of
Internal Audits – 2007

Jeff Hatch
Salt Lake County Auditor

James B. Wightman, CPA
Director, Internal Audit

TABLE OF CONTENTS

I.	Executive Summary	i
II.	Introduction and Management and Audit Staff	1
III.	2007 Audits	5
A.	Administrative Services	5
	1. Contracts & Procurement	5
B.	Community Services.....	17
	1. County Ice Center	17
	2. Fairmont Aquatic & Liberty Pool	19
	3. Gene Fullmer Recreation Center.....	23
	4. Magna Recreation Center	25
	5. Meadow Brook Golf Course	29
	6. Zoo, Arts, & Parks Program	31
C.	Human Services	33
	1. Whitmore Library	33
D.	Public Works	37
	1. Solid Waste Management	37
	2. Sanitation	49
E.	Assessor.....	51
	1. Salt Lake County Assessor	51
F.	Sheriff	53
	1. Salt Lake County Adult Detention Center Pharmaceutical Operation.....	53
	2. Feasibility of Opening the Jail In-Patient Medical Unit Cost/Benefit	59
G.	Surveyor	61
	1. Salt Lake County Surveyor	61

V.	Recommendations Carried over from Previous Years	63
A.	Administrative Services	63
	1. GasCard 2004	63
	2. Vehicle Replacement	71
B.	Community Services.....	73
	1. Parks & Recreation Time Card.....	73
	2. Salt Lake City Sports Complex.....	75
	3. Wheeler Farm.....	77
	4. Salt Lake City Public Health	81
C.	Human Services	83
	1. Library System	83
	2. Sandy Library	85
	3. South Jordan Library	87
D.	Public Works	89
	1. Animal Services.....	89
E.	Recorder.....	91
	1. Salt Lake County Recorder	91

I. EXECUTIVE SUMMARY

Project Undertaken to Improve Internal Control Environment

The Internal Audit Division developed an information technology (IT) audit capability during 2007. An assistant division administrator was hired in November 2006 to lead this effort. Impressive results have been achieved, including:

- **Developing and Implementing of an IT Audit Approach** – An audit team was established with an approach focused on “Risk Identification and Validation.” The team tested the approach by completing an extensive audit, and briefed major departments of the Mayor’s Portfolio, IS, and Records Management on the new approach and findings.
- **Upgrading IT Infrastructure** – The team assisted the first agency to undergo an IT audit by surveying and inventorying IT assets, determining licensing and warranty coverage, and current capacity of some 60 workstations and 8 to 10 network servers. Recommendations were made to improve physical and logical security of assets and information, which resulted in relocation of servers to safer, more secure environment. A non-integrated email system was integrated into the County’s IS domain.
- **Initiating and Leading IT Security Policy Development Team** – Ongoing meetings with County IS were a catalyst in focusing on the County’s need for IT security policy development. Briefings were conducted with all Elected Officials which culminated in a presentation to the Elected Officials Executive Committee on the need to adopt IT security policies and re-energize the IT Governance Committee of the County. Policy development is underway.

Overview of 2007 Audits and Other Activities

This Nineteenth Annual Report of Internal Audits reviews the findings and recommendations compiled from audits performed during calendar year 2007, with carryover recommendations from audits performed in 2006, and prior years. Three major performance audits and one special study were issued. These included:

- Operations of the County Jail pharmaceutical services
- Operations of County Contracts and Procurement division
- Receipt and distribution of funds generated from the Zoo, Arts and Parks (ZAP) tax, and
- Cost/benefit study of opening the Jail in-patient medical unit

These were major undertakings requiring extensive research, discovery and data analysis to develop findings and conclusions.

Additionally, 10 internal control audits were completed focusing on management of public funds and property. Five of these were golf or recreation facilities, two were public works, one was a public library, and two were elected offices. Findings and recommendations contained in our reports continue to be received positively and acted upon more consistently.

Highlights of significant findings in the three performance audits and one special study are outlined below.

Operations of County Jail Pharmaceutical Services

The Jail spent \$957,335 on medications in 2005. Prescriptions ordered totaled 49,041. A total of 21,166 non-duplicate inmates were booked into jail in 2005, for a pharmaceutical cost per inmate of \$45. Overall Jail expenditures in 2005 were \$54,292,976. Therefore, pharmaceutical costs were about two percent of this total. The principal findings of the audit were:

- The per-pill price among medications at the Jail followed national trends of continually increasing pharmaceutical prices
- Some medications at our Jail cost significantly more than at other jails nationwide
- Expenditures on Jail medications increased 550% over the past 10 years
- A 36% increase in costs occurred in 2004 and was attributed to increased use of psychotropic medications for treatment of depression and mental illness
- Invoices were paid at face value without any price verification
- Medications received were not verified against medications ordered, and items returned to the Pharmaceutical Contractor were not tracked and compared to refunded amounts
- A theft of a controlled substance occurred, and inventory controls over these substances were inadequate

Operations of County Contracts and Procurement Division

Between January 1, 2006 and June 30, 2007, Contracts and Procurement issued 3,636 requisitions valued at \$145,474,654. In 2006, the Division of Contracts and Procurement had a staff of 10 full-time equivalents (FTEs) and a budget of \$1,008,888.

The Contracts and Procurement Director feels that workload has increased over the past five years, a claim supported by trends in overtime expenditures. Nominal overtime expenditures were recorded in 2002 and 2003, followed by \$13,000 in 2004, \$11,000 in 2005 and \$25,000 in 2006. All of this occurred as the number of FTE's remained fairly steady at about 10.3.

The major findings of this audit report indicate some lack of attention to important details in oversight of the procurement process. A contributing factor may be lack of adequate staffing to ensure proper training, enforcement and follow through on details. Major findings of this audit were:

- Contractors charged a mark-up fee on permits for construction projects, in violation of contract terms.
- Change orders on two large contracts did not include adequate supporting documentation and contained some mathematical errors.
- Signatures were missing on forms requesting approval for sole-source, standardization, and change order transactions.
- Some original contracts and change orders to contracts were not “approved as to form” by the DA’s office.
- Some purchase orders processed for non-generic medicines did not include a copy of the pertinent, “multi-state” contract in the purchasing file.
- Purchasing rules were circumvented by agencies for some purchases.
- The Mayor’s Office consistently approved claims for unauthorized purchases upon the recommendation of Contracts and Procurement.
- Some agencies submitted claims for purchases made against an expired contract, master agreement, or blanket purchase order.
- Some agencies submitted claims, which did not include a statement of remedial action taken by the agency to prevent future unauthorized purchases.
- Conflict of Interest disclosure statements were not filed for employees who directly or indirectly contracted with the County.

Receipt and Distribution of Funds Generated from the Zoo, Arts and Parks (ZAP) Tax

As designated in State Statute, the County allocates ZAP tax revenues to recreational, zoological, and Tier I and Tier II cultural and arts organizations. These four categories and the percentage of revenues allocated to each are as follows:

Tier I –	48-7/8%
Tier II –	9%
Zoological –	12-1/8%
Recreational –	30%

Our audit was limited to a review of funding for zoological, cultural and arts organizations and did not include the recreational component. We found the ZAP Program to be in compliance with regulations set forth in State Statute and Countywide Policy and had no findings to report to the contrary. The following were the positive findings:

- Voter approval for ZAP has increased since the program’s initial inception in 1997, as illustrated by the 2004 vote.
- ZAP revenues from the tax levy have increased 57.5 percent since program inception, but are expected to decrease in 2008.
- Organizations in 12 of 16 Tier I disciplines have been receiving funding since program inception.
- Organizations that have moved from Tier I to Tier II have received less funding.
- Qualifying Tier II organizations are awarded their funding level once a year following approval through an application process.

- All applications reviewed met guidelines in Countywide Policy for disbursement of ZAP funds.
- All organizations had certified financial statements on file as required.
- The timetable for disbursement of funds was confusing and not conducive to the planning needs of organizations.
- All members of both Advisory Boards completed a Conflict of Interest Statement and that statement was on file at the ZAP Program Office.

Cost/Benefit Study - Opening the Jail In-Patient Medical Unit

This study considered the feasibility of opening of existing in-patient medical facility consisting of:

- Seven existing cells on North side of the facility
- Seven existing cells on South side of the facility
- One negative air unit, with 8 cells for isolation of contagious inmates

The benefits of this initiative would be to:

- Put in use an idle, underutilized asset, the Jail Medical Unit, and
- Avoid costly, routine follow up care given to acute patients in local emergency rooms and hospitals
- Reduce the time, expense and security risk of doubling guarding inmates transported to hospitals

The increased cost would be to:

- Expand the contracted physician services at the jail to replace the physician care provided at the local hospitals
- Hire additional RN staff to provide the in-patient care at the Jail

The following were the findings of this study:

- Guarding in-custody inmates during hospital visits:
 - Is costly and made worse by the Sheriff's double guarding order, but savings from reducing hospital visits would be offset by costs incurred in staffing the inpatient medical unit with RN's and contracted physicians.
 - Compromises security at Jail when M-CIRT staff are pulled away for transport/guarding duties.
- Treating inmates at the Jail in-patient facility would reduce the number of hospital days because the:
 - In-patient facility at the Jail is equipped, secure, and designed to deliver acute care (some additional equipment is needed).
 - Sick inmates will remain in custody with guarding already built into the model and double guarding not required.

- Significant cost reductions may be achieved related to outside hospitals and doctors:
 - Hospital charges and doctor fees are charged at Medicaid rates, which are more costly than services delivered in house.
 - Cost reductions are offset by the need to contract additional doctors at the Jail.
- **Net containment of cost, based on 2006 data, could be slightly more than \$400,000 per year.**

The following pages, v through xi contain a summary of findings from the audits, as set forth in Tables 1 and 2, and a definition of terms used in this report.

1. Matrix of Findings from Cash Handling and Management of Public Funds:
 - a. Cash Receipting and Handling
 - b. Capital and Controlled Assets
 - c. Accounts Receivable
 - d. Concessions/Inventory
 - e. Purchasing Card
2. Matrix of Findings from Performance Audits and Studies
3. Definition of Terms

Conclusion

This summary is meant to increase awareness of significant audit findings and solicit support of Council Members, the Mayor, and other elected officials to address and correct these variances from Countywide policies and procedures. We have again 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.

Table 1. Matrix of Findings from Cash Handling and Management of Public Funds, Capital and Controlled Assets, and Accounts Receivable from Cash Audits - 2007 . (Columns to the right indicate the organization receiving that finding.)

	Assessor's Office	County Ice Center	Fairmont Aquatics	Gene Fullmer Rec. Center	Magna Recreation Center	Meadowbrook Golf Course	Sanitation	Solid Waste Management	Surveyor's Office	Whitmore Library	Total
Cash Receipting and Handling											
1	Funds not deposited timely.	x	x	x	x	x	x	x	x		7
2	Over/Short logs not used and/or signed.		x	x	x	x	x				5
3	Transfer of funds documentation missing.	x	x			x	x	x			5
4	Daily balance sheet approved only by cashier.	x	x				x	x			4
5	Voided not documented in accordance with County policy		x		x		x	x			4
6	Change funds modified without notifying Auditor's Office.		x					x			2
7	Insufficient separation of duties.					x	x				2
8	Safe combination not changed annually.		x		x						2
9	"Ask for Receipt" sign not on display.		x								1
10	Daily balance sheet changed by supervisor without notifying cashier.				x						1
11	Deposit totals did not match payments entered into Library management system.							x			1
12	Deposited funds not reviewed and reconciled to source documents.	x									1
13	Deposits taken home at night prior to depositing.					x					1
14	Excessive use of "no money" taken without documentation.		x								1
15	Fee-exempt and non-fee transactions not always documented correctly.						x				1
16	Fees not charges correctly.						x				1
17	Form of payment not listed correctly.						x				1
18	Funds not adequately safeguarded.						x				1
19	Handwritten receipts used.				x						1
20	No identification on checks.						x				1
21	Overs/Shorts excessive and undocumented.						x				1
22	Overs/Shorts not accounted for in deposits.					x					1
23	Personal identifiers not protected.			x							1
24	Petty cash fund used incorrectly.			x							1
25	Petty cash fund was too large for its actual level of use.							x			1
26	Petty cash vouchers not completed correctly.		x								1
27	Sales tax charged on petty cash purchases.							x			1
28	Shortages in change fund reimbursed by personal funds.						x				1
29	Transactions coded incorrectly.						x				1
30	Waiver forms out of sequence, missing, not pre-numbered, or missing required signatures.							x			1

Table 1 (cont'd). Matrix of Findings from Cash Handling and Management of Public Funds, Capital and Controlled Assets, and Accounts Receivable from Cash Audits - 2007. (Columns to the right indicate the organization receiving that finding.)

	Assessor's Office	County Ice Center	Fairmont Aquatics	Gene Fuller Rec. Center	Magna Recreation Center	Meadowbrook Golf Course	Sanitation	Solid Waste Management	Surveyor's Office	Whitmore Library	Total
Capital and Controlled Assets											
1	Controlled Asset Form - Employee not used.	x					x				2
2	Items on CA list could not be found.	x					x				2
3	Items on CA list need to be reconsidered.							x			1
4	Assets found but not on CA list.						x				1
5	Assets listed in wrong location.			x							1
6	Form PM-2s not on file for unlocated assets.								x		1
7	Surplussed assets still on CA list.		x								1
Accounts Receivable											
1	Outstanding invoices past due.		x				x				2
2	Account balances incorrect.				x						1
3	Account credit limits exceeded.						x				1
4	AR policy not in compliance with Policy #1220.	x									1
5	AR transactions did not always post correctly.						x				1
6	Bills not sent timely.		x								1
7	Hand-written ledger does not match aging report.				x						1
8	Late charges not consistently applied.						x				1
9	Supervisor review not documented.						x				1
Concessions/Inventory											
1	Vending accounting and reporting functions not being followed.		x		x						2
2	Employee pricing incorrect.	x									1
3	Inventories not reconciled regularly.	x									1
Purchasing Cards											
1	Detailed receipts not attached to Purchasing Log.								x		1
2	No internal procedures for tracking gift card purchases made by purchasing card.								x		1
3	Actual use of purchasing card was far less than limit of card.								x		1

Table 2. Matrix of Findings from Performance Audits and Studies - 2007. Listed in order and frequency of occurrence. (Columns to the right indicate the organization receiving that finding.)

		Jail Pharmaceuticals	Zoo, Arts & Park Program	Contracts & Procurement	Total
1	The per-pill price among medications at the Jail followed national trends of continually increasing pharmaceutical prices.	x			1
2	Medication prices at the Salt Lake County Jail compare favorably to prices at other jails nationwide.	x			1
3	Expenditures on Jail medications increased 550% over the past 10 years.	x			1
4	Psychotropic medications accounted for over half of all medications costs.	x			1
5	A 36% increase in costs occurred in 2004 and was attributed to increased use of psychotropic medications for treatment of depression and mental illness.	x			1
6	Coupons valued at over \$90,000 were received by the health Administrator but only \$7,640 could be redeemed.	x			1
7	Invoices were paid at face value without any price verification.	x			1
8	Medications received at the Jail had expiration dates which allowed returns for credit	x			1
9	The County does not receive credit for some returned medications due to the return processing fee.	x			1
10	All drugs were dispensed solely to inmates booked into Jail, but within the Electronic Medical Record, entries in "date" fields were not in logical order.	x			1
11	Medications received at the Jail and medications returned to the Pharmaceutical Contractor were not adequately inventoried.	x			1
12	A theft of a controlled substance occurred, and inventory controls over these substances were inadequate.	x			1
13	The Pharmaceutical Contractor has provided an efficient way for dispensing medications and Jail staff, in general, has been pleased with their efforts.	x			1
14	Pharmaceutical Contractor's statistical reports sometimes contained inconsistent data and Jail administration did not keep many of these reports on file for future reference and analysis.	x			1
15	Voter approval for ZAP has increased since the program's initial inception in 1997, as illustrated by the 2004 vote.		x		1
16	ZAP revenues from the tax levy have increased 57.5 percent since program inception, but are expected to decrease in 2008.		x		1
17	Organizations in 12 of 16 Tier I disciplines have been receiving funding since program inception.		x		1
18	Organizations that moved from Tier I to Tier II have received less funding.		x		1
19	Funding was correctly allocated to each of the four groups.		x		1
20	Qualifying Tier I and Tier II organizations are awarded their ZAP funding level once a year following approval through an application process.		x		1
21	All applications reviewed met guidelines in Countywide Policy for disbursement of ZAP funds.		x		1
22	All organizations had certified financial statements on file as required.		x		1
23	The timetable for disbursement of funds was confusing and not conducive to planning needs of recipient organizations.		x		1
24	Advisory Board membership composition meets specifications outlined in State Statute.		x		1
25	Conflict of Interest Statements were on file for each advisory board member.		x		1

Table 2 (cont'd). Matrix of Findings from Performance Audits and Studies - 2007. Listed in order and frequency of occurrence. (Columns to the right indicate the organization receiving that finding.)

		Jail Pharmaceuticals	Zoo, Arts & Park Prog	Contracts & Procurement	Total
26	Transactions that involved statewide, multiple-award (MA) contracts did not always include written quotes in the contract file.			x	1
27	Documentation was not available to explain the reason approvals were bypassed or rejected in Advantage.			x	1
28	Some POs were not "approved as to form" by the DA's office as required by County Ordinance.			x	1
29	Some original contracts and change orders to contracts were not "approved as to form" by the DA's office.			x	1
30	Purchase Orders did not always include all required signatures.			x	1
31	Some POs processed for non-generic medicines did not include a copy of the contract in the purchasing file.			x	1
32	Signatures were missing on forms requesting approval for sole-source, standardization, and change order transactions.			x	1
33	Contractors charged a mark-up fee on permits for construction projects, in violation of contract terms.			x	1
34	Expenditures for contract NQ0400C exceeded the Guaranteed Maximum Price (GMP) as set forth in the contract.			x	1
35	Change orders on two large contracts did not include adequate supporting documentation and contained some mathematical errors.			x	1
36	Several contract change orders were combined as one "document-line version" rather than individual versions in Advantage in violation of purchasing guidelines.			x	1
37	Construction-related contracts varied in length and content.			x	1
38	Purchasing rules were circumvented by agencies for some purchases.			x	1
39	Procurement-Type IDs were left blank or incorrectly entered on some purchase requisitions.			x	1
40	Contracts and Procurement is proactive in establishing Countywide contracts and blanket purchase orders with vendors.			x	1
41	The Mayor's Office consistently approved claims upon the recommendation of Contracts and Procurement.			x	1
42	Some agencies submitted claims for purchases made against an expired contract, master agreement or blanket purchase order.			x	1
43	Some agencies submitted claims without a statement of remedial action taken by the agency to prevent future unauthorized purchases.			x	1
44	There were some instances when documentation was not submitted to justify the sole-source exemption.			x	1
45	The files for exigency purchases included information reflecting that the need was compelling and of unusual urgency.			x	1
46	No emergency purchases were made between January 1, 2006 and June 30, 2007			x	1
47	Disclosure Statements were not on file with the County Clerk's Office for employees who directly or indirectly contracted with the County.			x	1
48	A conflict of interest existed for a Consultant Selection Committee member who directly supervised a contract recipient.			x	1
49	State mandated insurance coverage was waived by a member of the Consultant Selection Committee.			x	1

DEFINITION OF TERMS

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

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.
MPF Forms	Management of Public Funds (MPF) forms are used to follow the established standards by which public monies are received, recorded and deposited.

II. INTRODUCTION

This is the Nineteenth Annual Report of Internal Audits completed during 2007 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 can 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 Internal Audit Division 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). Audits are performed in compliance with Governmental Auditing Standards (January 2007 Revision) established by the Comptroller General of the United States, Governmental Accountability Office. These standards are referred to as the Yellow Book standards. 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.

Internal Audit's goal 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. As stated in the Yellow Book Standards:

"Government officials entrusted with public resources are responsible for carrying out public functions efficiently, economically, effectively, ethically, and equitably. Government managers are responsible for providing reliable, useful, and timely information for accountability programs...Legislators, government officials, and the public need to know whether (1) government manages public resources and uses its authority properly and in compliance with laws and regulations; (2) government programs are achieving their desired outcomes; (3) government services are provided effectively, efficiently, economically, ethically, and equitably; and (4) government managers are held accountable for use of public resources."

Outlined below is a short narrative of the types of engagements undertaken by the Internal Audit Division in compliance with Yellow Book Standards:

1. **Performance audits** provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria (legal and regulatory requirements, measures, or defined business practices). These audits provide objective analysis so that management and governing bodies can improve program performance, reduce costs, and facilitate decision making of those charged to oversee or initiate 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/Operations Performance Audits***

- i. ***Effectiveness and Results Objective*** – assesses and measures the extent to which a program is meeting its goals and objectives with the intended results or outcomes.
- ii. ***Economy and Efficiency Objective*** – determines whether and to what extent an entity is acquiring, protecting, and using its resources productively to achieve its objectives.

These types of performance audits might include assessing:

- The extent to which legislation, regulatory, or organizational goals and objectives are achieved.
- The relative merit of alternative approaches in achieving better performance or eliminating inhibitors to program effectiveness.
- The relative costs and benefits, or cost-effectiveness of a program or activity.
- Whether a program produced intended results or produced outcomes or effects that were not intended by the program's objectives.
- The extent to which programs duplicate, overlap, or conflict with other related programs.
- The validity and reliability of performance measures determining program efficiency and effectiveness.

b. ***Internal Control/Compliance Performance Audits (Including IT Audits)***

- i. ***Internal Control Objective*** – examines the entity's plans, methods, and procedures for meeting its mission, goals and objectives. Internal controls include processes for planning, organizing, directing, and controlling program operations, and systems in place to measure, report, and monitor program performance.
- ii. ***Compliance Objective*** – examines organizational operations against criteria established in laws, regulations, contract provisions, and grant agreements, and other requirements that could affect acquisition and use of resources, and the quantity, quality, timeliness, and cost of services produced and delivered.

Included in internal control and compliance audits are both fiscal operations audits and information technology (IT) audits. IT audits were our major initiative over the past year. Examples of these audits would include the following:

- Resources, such as public funds, are used in compliance with laws, regulations, ordinances and policies.
- Resources, including sensitive information accessed or stored outside the organization's physical perimeter, are safeguarded against unauthorized acquisition, use or disposition.

- Management information and public reports, such as performance measures, are complete, accurate, and consistent to support performance and decision making.
 - Security over information systems will prevent or timely detect unauthorized access.
 - Contingency plans for information systems provide for essential backup to prevent unwarranted disruption of entity activities and functions.
 - Computer software applications and operating systems are properly licensed before deployment.
 - A program's purpose, manner in which business is conducted, services delivered, outcomes, and/or the population served are in compliance with laws, regulations, contract provisions, grant agreements, or other requirements.
- c. **Prospective Analysis Objective** – provides prospective analysis and/or conclusions about information that is based on projections and assumptions regarding possible future events, along with recommendations of future actions in response to events that the audited entity may choose to take. Examples of prospective analysis might include the following:
- 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
 - Analyzing current and future trends and future potential impact on government programs and services.

During 2007, the Internal Audit Division performed audits examining the risks inherent in the information technology and systems that support major business processes of a County organization, the costing and control of medications provided to jail inmates, the controls over the contracting for and procurement of County goods and services, and a cost/benefit analysis of fully utilizing the County jail acute medical care facility.

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 MANAGEMENT AND STAFF

Salt Lake County Auditor: Jeff Hatch
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III. 2007 AUDITS – SUMMARY OF AUDITS COMPLETED

A. ADMINISTRATIVE SERVICES

1. CONTRACTS & PROCUREMENT – PERFORMANCE AUDIT OF THE SALT LAKE COUNTY DIVISION OF CONTRACTS AND PROCUREMENT (DECEMBER 2007)

The Salt Lake County Division of Contracts and Procurement provides County organizations with goods and services at the most cost-effective price, in a timely and efficient manner. The responsibilities of the division include: establishing contracts for goods and services, managing the County purchasing card program, managing surplus property, and purchasing goods and services for all County agencies except library books (purchased by the County Library System) and bank services (contracted by the County Treasurer).

The scope of our audit was limited to a review of the processes for purchasing goods and services, and did not include responsibilities regarding the County purchasing card or surplus property. The status of each recommendation in the audit letter reported by Contracts and Procurement is indicated below.

<i>CONTRACTS & PROCUREMENT RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
1. Contracts & Procurement should continue to emphasize that County agencies obtain quotes from several Multiple Award (MA) vendors prior to processing POs for goods or services over \$1,000.	1. Contracts and Procurement will continue emphasizing the requirement of obtaining quotes as we have done in the past. Newsletter articles on multiple award contracts were released in August and October 2007. We will continue using our monthly newsletters on training issues that are sent to all fiscal managers and purchasing coordinators to stress the proper steps to be taken. When we conduct training classes in 2008 we will remind those in the training about obtaining quotes from MA vendors.

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
<p>2. Contracts and Procurement should perform spot checks of agency purchasing files to determine whether the required quotes are maintained.</p>	<p>2. If Contracts and Procurement were to do spot checks on agency purchasing files, this could have a negative impact on our work load and the time frames we have committed to getting out bids expeditiously for the using organizations. We feel that this is the role of other organizations in the County. We will continue addressing this issue when we have meetings with various groups within the County as we have done in the past and coordinate with the County's CFO for regular fiscal manager training to remind them of the issues. Two articles have been written in the Contracts and Procurements newsletter dealing with the issues of small-cost purchases and quotes. They were published in May and June 2007.</p>
<p>3. Contracts and Procurement should ensure that the "Document Comments" area in the CGI Advantage-Procurement (Advantage) is used to record and explain the reason for rejected or bypassed approvals, and that awareness of these requirements be raised by training and enforcement.</p>	<p>3. Contracts and Procurement started adding the document comments in either April or May of 2007 to consistently use this new feature in the purchasing system. Prior to May 2007 hard copies explaining why a contract was bypassed was kept by the Contracts Manager. The current process is to insert a comment in AMS [Advantage] as well as to keep a hard copy for review of the reason for the bypass.</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
<p>4. Contracts and Procurement should ensure that all POs above \$25,000 are “approved as to form” by the District Attorney and properly stamped to so indicate, and immediately recorded in the Advantage System.</p>	<p>4. Contracts and Procurement recognizes this issue and has taken steps and made assignments to improve this problem. An additional step has been added by assigning the Office Specialist the auditing responsibilities of all documents received from the District Attorney’s Office to ensure all required pages are stamped appropriately. The District Attorney’s Office is also reviewing the documents before sending them back. This has been a work load issue for both offices.</p>
<p>5. Contracts and Procurement should ensure that all contracts, not in “Standard Contract Form” above \$25,000, are “approved as to form” by the District Attorney.</p>	<p>5. It has always been the practice of this Division to have all qualifying contracts sent to the District Attorney’s Office to be reviewed and stamped by one of their attorneys. A new Contract Administrator who is responsible for processing construction projects and contracts was hired and trained in early 2007. We do not know where the break down originated in the workflow process for those contracts referenced, but we will add additional emphasis to the staff on this issue.</p>
<p>6. Contracts and Procurement should obtain signatures, as appropriate, on each page of the PO from the Purchasing Agent and/or the Mayor, according to dollar threshold requirements, prior to sending the PO to the vendor for processing, indicating a complete and thorough review of its content.</p>	<p>6. Contracts and Procurement recognizes this issue and has taken steps and made assignments to improve this problem. An additional step has been added by assigning the Office Specialist the auditing responsibilities of all documents received from the District Attorney’s Office to ensure all required pages are stamped appropriately. The District Attorney’s Office is also reviewing the documents before sending them back.</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
<p>7. Contracts and Procurement should ensure that the multi-state contracts, price quotes, and supporting documentation used to establish the exception for purchasing without competitive bid are included in the purchasing file.</p>	<p>7. This is not an issue of not knowing that proper documentation should include supporting information but appears to be a problem with quality control. Steps will be taken to set up a quality assurance program to ensure that copies of referenced state contracts are included.</p>
<p>8. Contracts and Procurement should ensure that required signatures are obtained from County agencies and purchasing staff on sole-source, standardization, and change order forms.</p>	<p>8. Contracts and Procurement recognizes this issue and will take steps to make assignments to improve this problem. Buyers and Contracts Administration have been instructed to insure that the referenced forms they are processing have all required signatures.</p>
<p>9. All parties involved in the approval process for change orders should take responsibility for ensuring that contractors are paid appropriately. These role and responsibilities are defined in Section 2.8 on page 25.</p> <p>The fiscal staff in the contracting agency should review and approve all change orders submitted by contractors to verify that the change order is consistent with the original project intent, the established funding requirements for the activity, and has any referenced supporting documentation attached.</p>	<p>9. Contracts and Procurement does receive back-up documentation which may include invoices when change orders are processed. The documents relating to the change orders itself are the only things we approve, not the payment of invoices. It is Contracts and Procurements' role to insure that the process was fair and complete. Our office is responsible to check if the change order was appropriate or if there is a change of scope that should be competitively bid. It is Facilities Management or other organizations' responsibility to assume the role of reviewing and approving all financial transactions such as invoice on contracts. Facilities Management is better able to track the payments of all construction contracts as they are much closer to the activity or service. We don't see requests for payments in this division. The using organizations and the Auditor are responsible for all financial payments.</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
<p>10. Contracts and Procurement should request a legal opinion from the District Attorney on whether change orders, alone, constitute sufficient legal documentation to support project design changes and expenditures above the Guaranteed Maximum Price established in a contract.</p>	<p>10. Many county organizations were represented as part of the construction oversight committee. Minutes were taken at each meeting where the change orders were discussed in much detail. The District Attorney's Office had a representative present and had a vote on the specific construction oversight committee reviewed in the audit. A request will be made to the District Attorney's Office as suggested in the recommendation.</p>
<p>11. Contracts and Procurement should require the Project Manager to submit detailed documentation supporting change orders prior to allowing the change order to be processed further.</p>	<p>11. As state above in Section 2.16 it is not Contracts and Procurement role in approving invoices. That is the responsibility of the managing organizations. We also disagree that the statement above in Section 2.19 that "any other documents or correspondence relating to the acquisition" refers to invoices.</p>
<p>12. Contracts and Procurement should check for math errors on progressive change orders prior to entering the changes in Advantage to avoid error carryovers.</p>	<p>12. Math errors are checked by the Contract Section. Many are returned to Facility Management Project Managers for correction. Obviously more detailed work needs to done in this area. Steps will be taken to set up a quality assurance program to review contract change orders.</p>
<p>13. Contracts and Procurement should create a new single line-item version for each change order entered in Advantage for contracts and POs.</p>	<p>13. Contracts and Procurement and the Accounts Payable Section and others in the Auditor's Office have worked together trying on several occasions to solve problems with the interface between the general ledger system, AFIN, and AMS [Advantage] to avoid contract changes being sent into "suspense". It has been determined that all change orders for one year should be put on one</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
	<p>commodity line with separate accounting line for each change order. We will continue using this procedure until the Auditors Accounts Payable Section gives us a different direction in writing. Contracts and Procurement does not understand the definition this audit is using for a “single line-item version.”</p>
<p>14. Contracts and Procurement should ensure that County agencies understand the process for creating a new version line in Advantage for change orders processed at the agency level.</p> <p>Follow-up: Upon subsequent examination of this issue, and comment from the Contracts and procurement director in Appendix A, we have concluded that the current manner of entering change orders into Advantage does not violate policy. Furthermore, we concur with the Director’s statement in Appendix A that agencies do not have security authorization in Advantage to make changes to contracts.</p>	<p>14. Agencies do not have security [access] to make changes to contracts.</p>
<p>15. Contracts and Procurement, with the assistance of the District Attorney’s Office, should review the process for developing construction contracts to ensure that the County is consistently using the same language and elements in contracts.</p>	<p>15. Contract and Procurement will forward this recommendation to the District Attorney’s Office for their consideration as they have the responsibility to draft and approve all contract language.</p>
<p>16. Contracts and Procurement should continue their ongoing effort to warn agencies against separating purchases into multiple invoices for a single transaction to avoid competitive bidding.</p>	<p>16. Contracts and Procurement agrees with the Audit Section that purchasing transactions should not be split to avoid the competitive bidding policies of the County. Contracts and Procurement has no direct role in purchases under</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
<p>The Auditor's office should establish periodic data queries to detect split transactions.</p>	<p>\$2,500. If purchasing becomes aware of a situation where order splitting was apparent, we would inform the organization about the problem so corrective action can be taken.</p> <p>As for the issue of [using] the small-cost blanket [to split purchases], Contracts and Procurement was not aware that the agency would use the blanket in the way that they did. This blanket usage was under the control of the user organization. Another procurement method probably would have better served their needs.</p>
<p>17. Contracts and Procurement should monitor requisitions and POs to ensure that Procurement Type IDs are entered correctly by agencies, requisitions and POs with "Unclassified" Procurement Type IDs are discarded and new requisition numbers entered.</p>	<p>17. While efforts are made to have the correct Procurement Type ID shown on the documents, the status could even be changed during the process. Some documents require being cancelled and re-entered and re-approved just to change the Procurement Type ID. The buyers do not use this field as a control field as the information can be acquired in other areas of the document. When it is found that the Procurement Type ID is a (1) for unclassified, purchasing will request the correction be made by the requesting organization.</p>
<p>18. Contracts and Procurement should consider whether claims should routinely be approved where there appears to be a consistent disregard of policies and procedures.</p>	<p>18. This office agrees that un-approved purchases should not be made. Each claim is reviewed on its own merits and is not routinely approved by this office. Purchasing will contact the four agencies listed and recommend they improve their purchasing training practices.</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
<p>19. Contracts and Procurement should provide feedback and training on exigency purchase procedures with organizations processing claims that meet exigency criteria.</p>	<p>19. Most training classes offered by Contracts and Procurement, where procurement methods are taught, address the issue of unauthorized purchases and this is usually one of the first issues discussed. Most claims do not meet the “exigency” standards as defined in the ordinance. Claims are submitted by a wide variety of county employees, ranging from elected officials to purchasing coordinators including employees not regularly in the procurement process. As such many of these individuals would not be in the normal purchasing classes. We believe that the organization fiscal managers and directors should become more involved the claim process at the organization level. To this end, Contracts and Procurement will examine the requirements that should be included in all claim requests being submitted. This would include having the signatures of the employee ordering goods or services and both the fiscal manager and Division Director.</p> <p>We agree with the Auditor’s Office that it is prudent to have both the fiscal managers and directors play a more active role in the purchasing process to insure compliance with policies and procedures.</p>
<p>20. Contracts and Procurement should emphasize, as part of their training, the need to minimize unauthorized purchases which result in claims, and how that can be accomplished.</p>	<p>20. See in response 19 above.</p>
<p>21. The Mayor’s Office should consider returning claims to the agency purchasing personnel for further</p>	<p>21. We agree that further justification and explanation of remedial action should be required. We would</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
<p>justification and explanation of remedial action.</p> <p>The Auditor's Office should perform, or assist agencies to perform, on an on-going basis, a review of payments for claim requests to track agencies that have submitted multiple claims. Information regarding excessive claims submitted by an agency would be given to the Department Directors to develop communication and training to limit future claims submitted by those agencies.</p>	<p>recommend that this step occur where the claim happened, preferably at the division and department levels.</p>
<p>22. Contracts and Procurement should better communicate to user agencies the requirement to check the status of contracts, master agreements, or blanket orders before a purchase is processed.</p>	<p>22. This recommendation implies that this is not currently occurring. Contracts and Procurement actively communicates this information in trainings, newsletters and personal interactions. Every issue of the monthly purchasing newsletter has a list of expiring contracts. That information is also readily available in the Advantage Purchasing System and the Sire system which contains the actual document and end dates. Checking status of a contract, master agreement or blanket order before a purchase is made is an agency/user responsibility.</p>
<p>23. Claims should not be processed until an acceptable letter of justification is submitted by the agency.</p>	<p>23. We agree with this statement that claims that don't include the correct information on remedial action should be returned. Claim documentation is a very subjective area, with many claims being returned for better justification. This problem will be reduced with the implementation of a claim letter form that will require this be included in the justification. Claim processing will be discussed with all Department Directors.</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
<p>24. Contracts and Procurement should create a claims form for use by organizations submitting a claim request.</p>	<p>24. We recognize the benefits to this recommendation. A form will be designed to help with the submittal of the claim.</p>
<p>25. Purchases from a sole-source vendor should not be approved without the appropriate documentation included with the PO.</p>	<p>25. We agree that documentation should be with the files and believe this was probably a quality control issue. Additional training will be provided to the staff such as assigning a task to our Office Specialist of checking for all appropriate signatures and backup documentation to verify that the sole source requirements have been met. In the future all sole source purchases above the advertised bid limit will be posted on the County bid distribution system (currently RFP Depot), those sole source requests under the advertised limit may be posted at the discretion of the buyers. This will give us more electronic documentation.</p>
<p>26. Contracts and Procurement, working with the District Attorney, should update Conflict of Interest clauses in contracts using language to more clearly emphasize the legal requirement for filing Disclosures with the County Clerk's Office.</p>	<p>26. Contracts and Procurement agrees that requirements with respect to conflict of interest should be enforced by the County. We inform all vendors with each Request for Bid, Request for Bid and Resulting Contract and Request for Proposals statement concerning Conflict of Interest. Contracts and Procurement does not know who has been hired by the various County organizations, those are Personnel issues. Unfortunately this division can't be the control point for these issues and believes this should be handed at the agency level for the procurement.</p> <p>Before each Request for Proposal selection committee meets for their</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
	<p>discussion on proposals received by the County, each of the committee members fill out a disclosure statement which is kept with the proposal file. If issues are brought to our attention concerning conflicts, those issues are forwarded to the District Attorney's Office.</p>
<p>27. Consultant Selection Committees should carefully consider situations wherein a member has a supervisor/subordinate relationship with a bidder.</p>	<p>27. The above referenced RFP and contract was a request from the Hansen Planetarium. They were moving and needed their historical records archived. This was funded from Hansen Planetarium. [The supervisor of an employee who received the contract] was a [selection] committee member because someone was needed with the subject matter expertise on the committee. Policy 7030 contains the Conflict of Interest and Disclosure Certification that is used. It asks for full disclosure and of all personal or financial interest and fiduciary relationships.</p> <p>The Request for Proposal committee makes the determination if there are any issues that may come up that would require someone to be removed from the committee. The members of the committee contained members of Contracts and Procurement as the Chair, two from the Planetarium, one from Records Management and an attorney from the District Attorney Office. As this selection was conducted in 2003, most of the files have been destroyed as they were past the retention date. There was only one proposal received for this project.</p> <p>There are many assumptions made by the Audit Staff that can't be verified</p>

CONTRACTS & PROCUREMENT RECOMMENDATIONS	CURRENT STATUS
	<p>or discounted because of the passage of time. It therefore appears that the audit assumes that the proper steps were not taken. We don't believe that their assumptions are supported.</p>
<p>28. Contracts and Procurement should review contracts for hand-written amendments and investigate items that may change essential contract provisions.</p>	<p>28. It is agreed that this was a very poor practice. Written documentation from the County Risk Management will be included if standard minimum insurance requirements are modified. Contracts and Procurement will review contracts and amendments looking for changes the vendor has made with their pen. Contracts will then send to the District Attorney's Office for their approval of the changes and flag the document for the Mayor to initial the changes.</p>

B. COMMUNITY SERVICES

1. COUNTY ICE CENTER – A LIMITED SCOPE AUDIT OF CASH HANDING, CAPITAL AND CONTROLLED ASSETS, ACCOUNTS RECEIVABLE, PRO-SHOP AND CONCESSION SALES, AND VENDING (APRIL 2007)

The County Ice Center is located in Murray, Utah and opened in December 1999. It encompasses a 48,000 square foot building with an Olympic-size ice sheet, seven locker rooms, pro shop, equipment rental, concession area, party room, and administrative offices. Services include ice hockey, figure skating, speed skating, public skating, lessons, rentals, and special events. It also houses administrative offices for adult and competitive youth sports programs. A rugby field with bleachers is behind the building.

The Audit Division completed an unannounced count of petty cash and change funds at the County Ice Center. We also conducted a review of the Ice Center's cash receipting and depositing, accounts receivable, fixed and controlled assets, and inventory procedures for the pro shop, vending machine, and concessions. The following recommendations deal with findings at the Center.

COUNTY ICE CENTER RECOMMENDATIONS	CURRENT STATUS
1. We recommend that the MPF Form 11, Cash Over/Short Log, or equivalent be re-implemented and that cashiers and management sign the form. (Audit Letter, Page 3)	1. This was implemented immediately, in April 2007, and has been done consistently ever since.
2. We recommend that the supervisors mandate the completion of the Start-Up Log before the change fund is released to the cashiers. (Audit Letter, Page 3)	2. This was implemented immediately, in April 2007, and has been done consistently ever since.
3. We recommend that a signed contract be on file for every Ice Rental Agreement. (Audit Letter, Page 6)	3. This was implemented immediately, in August 2007, and has been done consistently with every contract ice user group.
4. We recommend that due date and interest rate stated in Paragraph 2 of the current Ice Rental Agreement be modified to comply with Countywide Policy #1220, "Management of Accounts Receivable and Bad Debt Collection." (Audit Letter, Page 6)	4. The Ice Rental Agreement is currently being changed to align with this policy.

COUNTY ICE CENTER RECOMMENDATIONS	CURRENT STATUS
5. We recommend that accounts receivable be aged to expedite the process of tracking overdue customer accounts in compliance with Countywide Policy #1220. (Audit Letter, Page 6)	5. This was implemented in May 2007, and has been maintained consistently ever since.
6. We recommend that the Max facility software vendor be contacted to resolve the issue of adequately tracking and aging accounts receivable, and that the accounts receivable module be installed and used if intended functionality is achieved. (Audit Letter, Page 6)	6. We have implemented what we believe is a more efficient way of building our ice schedule, and are not using Max Facility. We are also tracking our accounts receivable using an aging schedule that the auditor helped us develop.
7. We recommend that concessions inventory reconciliation be completed quarterly and the results be reviewed by the center director. (Audit Letter, Page 8)	7. Inventories are being completed on a quarterly basis, and the reports are being reviewed by the center director.
8. We recommend that the employee pricing policy for concession sales be reviewed and that sales to employees at least recoup the cost of the item sold. (Audit Letter, Page 8)	8. This was implemented in June 2007. Concessions employee pricing used to be 50% off. It is now 30% off.
9. We recommend that County Ice Center management consider ways to reduce the stock of slow-moving Pro-shop items. (Audit Letter, Page 9)	9. A plan has been implemented to review inventory stock at the June 30 inventory. All items over 1 year old are then reduced and advertised.

2. FAIRMONT AQUATIC CENTER & LIBERTY PARK POOL – LIMITED SCOPE AUDIT OF CASH HANDLING, CAPITAL AND CONTROLLED ASSETS, ACCOUNTS RECEIVABLE AND VENDING (DECEMBER 2007)

Fairmont Aquatic Center is located in the heart of Sugarhouse and was fully funded by the Zoo, Arts, and Parks Tax. This facility was designed to integrate the family leisure, fitness, and competitive aspects of aquatic activities. The facility has a leisure pool containing a water slide, current channel, vortex, zero-depth entry and interactive play features, and an eight-lane twenty-five yard lap pool. There is also a poolside activity room for birthday parties and family change rooms in addition to regular men’s and women’s locker rooms.

The Liberty Park Pool is located in Liberty Park and is open in the summer from Memorial Day to Labor Day. The Pool offers summertime aquatic activities: leisure swimming, swim lessons and water safety.

The Audit Division completed a review of the change fund, petty cash fund, cash handling and depositing functions, and capital and controlled assets at both Fairmont Aquatic and Liberty Park Pool. The following recommendations and responses are a result of that audit.

<i>FAIRMONT AQUATIC & LIBERTY POOL RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
1. Collections should be deposited no later than three days after receipt. (Audit Letter, Page 2)	1. Implemented. Deposits will be made daily.
2. Documentation for voided transactions should contain a void slip, explanation, and cashier and supervisor signatures. (Audit Letter, Page 3)	2. Implemented. Void slip will be completed with cashier and supervisor signature and all slips will be reviewed weekly.
3. A monthly over/short log should be completed for each cashier and the supervisor and the employee should sign the log verifying the review. (Audit Letter, Page 4)	3. Implemented. Over/short log will be logged daily as they occur.
4. Management should closely monitor “no-sale” transactions and require cashiers to account for these transactions on a daily basis. (Audit Letter, Page 4)	4. Implemented. Cashiers will note reason for “no money taken” every time it occurs.

<p align="center">FAIRMONT AQUATIC & LIBERTY POOL RECOMMENDATIONS</p>	<p align="center">CURRENT STATUS</p>
<p>5. The Director should sign each daily cash balance form to indicate review. (Audit Letter, Page 5)</p>	<p>5. Implemented.</p>
<p>6. The safe combinations should be changed on an annual basis. (Audit Letter, Page 6)</p>	<p>6. Implemented. Touch pad will be installed to facilitate combination change.</p>
<p>7. The change in the vending machine should be counted and maintained at \$30 to ensure balancing of the change fund to its authorized limit. (Audit Letter, Page 7)</p>	<p>7. Implemented. Director will request additional change fund of \$38 for vending machine.</p>
<p>8. The Auditor's Office should be notified of the \$30 increase in the change fund at Liberty and the corresponding \$30 decrease at Fairmont. (Audit Letter, Page 7)</p>	<p>8. Implemented. Director will request current change fund be reduced and Liberty change fund be increased by \$30.</p>
<p>9. All petty cash disbursements to the fund custodian should be reviewed and signed by an individual independent of the transaction. (Audit Letter, Page 7)</p>	<p>9. Implemented. Distribution of petty cash will not be made to custodian.</p>
<p>10. A collection letter should be mailed when an account becomes ten days past due. (Audit Letter, Page 10)</p>	<p>10. Implemented. All accounts, other than high schools, will be required to pay at the time of service.</p>
<p>11. A procedure should be implemented to ensure that the Program Coordinator is aware of groups that use the pool on account. (Audit Letter, Page 10)</p>	<p>11. Implemented. Groups will be required to pay at the time of service.</p>
<p>12. A timely billing should be processed for all organizations that use the pool. (Audit Letter, Page 10)</p>	<p>12. Implemented. Groups will be required to pay at the time of service.</p>

<p align="center">FAIRMONT AQUATIC & LIBERTY POOL RECOMMENDATIONS</p>	<p align="center">CURRENT STATUS</p>
<p>13. Vending machine item counts should be compared to expected ending inventory to determine if any theft of either cash or product has occurred. (Audit Letter, Page 11)</p>	<p>13. Implemented. A Vending Inventory Control Sheet has been implemented and will be completed monthly.</p>

3. GENE FULLMER RECREATION CENTER – LIMITED SCOPE AUDIT OF CASH HANDLING, CAPITAL AND CONTROLLED ASSETS, VENDING AND PAYROLL (MARCH 2007)

The Gene Fullmer Fitness and Recreation Center includes lap and leisure pools, running track, full size gymnasium, aerobics area, fully equipped fitness room, and drop-in child-care facilities. The Center offers a full range of youth and adult sports and recreation programs. Programs such as fitness classes, aerobics, dance, karate, swimming, tumbling, Junior Jazz Basketball, and many other adult and youth sports and activities are offered every day at the Center. The Center is located in West Jordan, Utah and is one of a dozen recreation facilities built with ZAP (Zoo, Arts, & Park) funds.

The following recommendations represent the findings of the audit.

<i>GENE FULLMER RECREATION CENTER RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
1. We recommend that an MPF Form 11, "Cash Over/Short Log" be prepared and maintained to record outages during the month. (Audit Letter, Page 2)	1. We have been using MPF Form 11 "Cash Over/Short Log" since I arrived at Gene Fullmer the end of February 2007. Balance sheets are being prepared for all till reports.
2. We recommend that the office manager ensure that each employee with an outage during the month sign the Over/Short Log acknowledging the outage and the reason for that outage. (Audit Letter, Page 2)	2. Every employee that is over or short signs the MPF Form 11 on a monthly basis. These forms are recorded in a binder on a monthly basis. They are then pulled out of the binder and filed in a folder at the end of the year. The "reason for the outage" information is entered onto sportsman during reconciliation as well as this information is written on the back of the MPF Form 11. The reason it is on the back is because there is no room on the front of the form.
3. We recommend that cashiers balance collections in their drawer every day using County-approved MPF Form 3 or a similar form. (Audit Letter, Page 3)	3. We do use the MPF Form 3 since the day I arrived at Gene Fullmer.

<p style="text-align: center;">GENE FULLMER RECREATION CENTER RECOMMENDATIONS</p>	<p style="text-align: center;">CURRENT STATUS</p>
<p>4. We recommend that the property manager ensure the timely updating of the controlled assets list. (Audit Letter, Page 4)</p>	<p>4. This is being done on a daily basis. It is updated every time we make a purchase of a single item over \$100.00</p>

4. MAGNA RECREATION CENTER – LIMITED SCOPE AUDIT OF CASH HANDLING, CAPITAL AND CONTROLLED ASSETS, ACCOUNTS RECEIVABLE, AND CONCESSIONS INVENTORY (SEPTEMBER 2007)

The Magna Fitness and Recreation Center, located in Magna, Utah, is a 42,000 square-foot building with a gymnasium, indoor walk/jog track, aerobic/dance room, fully equipped cardiovascular fitness room, locker rooms, childcare classrooms with kitchen, drop-in nursery, and administrative offices. The office also manages the Magna outdoor swimming pool and serves as a hub for sports and recreation activities in the West Valley and Magna areas.

The Audit Division completed an audit of cash handling operations and controlled asset management at the Magna Recreation Center that included an unannounced count of all collections and imprest funds on site. The status and implementation of each recommendation in the report is indicated below.

MAGNA RECREATION CENTER RECOMMENDATIONS	CURRENT STATUS
1. We recommend that a deposit be prepared and delivered to the bank each day where practicable. (Audit Letter, Page 3)	1. Implemented 10-01-07. When feasible, a deposit will be prepared each weekday for the previous day's receipts.
2. We recommend that Magna Recreation train cashiers to check balance sheets for accuracy and perform accurate cash collection counts. (Audit Letter, Page 3)	2. Implemented 10-01-07. This finding was particular to the outdoor pool operation. All pool cashiers are trained at hire to adhere to Policy 1062.
3. We recommend that cashiers enter only the last 4 digits of credit card numbers, in addition to the authorization code, into SportsMan. (Audit Letter, Page 5)	3. Implemented 10-01-07. Magna Center staff has ceased to input any numbers on credit card transactions.
4. We recommend that the user logins "Internet" "Backup" and other generic logins be locked to prevent use by Center cashiers. (Audit Letter, Page 7)	4. Implemented 10-01-07. All generic logins are locked except for office coordinator access.

MAGNA RECREATION CENTER RECOMMENDATIONS	CURRENT STATUS
5. We recommend that Center management truncate existing credit card numbers by using the SportsMan utility that will perform this function. (Audit Letter, Page 7)	5. Implemented 10-01-07. Performed daily in conjunction with the deposit preparation.
6. We recommend that Parks and Recreation administrators assess where credit card numbers are being stored electronically and eliminate complete numbers from SportsMan systems. (Audit Letter, Page 7)	6. Implemented. Division administration determined that credit card numbers were being stored electronically in the Sportsman software. Sportsman made a programming change that eliminated credit card information.
7. We recommend that petty cash reimbursements not be made for invoices addressed to Salt Lake County Accounts Payable. (Audit Letter, Page 8)	7. Implemented 10-01-07 as recommended.
8. We recommend that any discrepancies in account balances between the monthly aging report and the hand-written ledger sheets be investigated and resolved so that balances on both reports match one another. (Audit Letter, Page 9)	8. Implemented 10-01-07. The aging report and the ledger accounts are reconciled and verified by the childcare supervisor. Discrepancies are investigated and resolved in a timely manner.
9. We recommend Childcare software be purchased that includes accounts receivable management. (Audit Letter, Page 10)	9. Forwarded to the division's childcare committee for feasibility and implementation by all centers with childcare services.
10. We recommend that regular spot checks by a second person be performed to verify account balances on ledger sheets until a computerized solution is employed. (Audit Letter, Page 10)	10. Implemented 10-01-07. The childcare supervisor randomly checks ledger accounts at least twice a month.

MAGNA RECREATION CENTER RECOMMENDATIONS	CURRENT STATUS
11. We recommend that ledger entries be made in ink, instead of pencil. (Audit Letter, Page 10)	11. Implemented 10-01-07. All ledger entries are made in ink only.
12. We recommend that the aging report reflect activity cut off at month end. (Audit Letter, Page 11)	12. Implemented 10-01-07. The aging report ends with the last day of the month and is checked for accuracy by the supervisor.
13. We recommend preparation of a monthly Childcare accounts receivable reconciliation that is reviewed and signed by a supervisor. (Audit Letter, Page 12)	13. Implemented 10-01-07. The daily deposit reconciliation report is prepared by the office coordinator and given to the childcare bookkeeper for ledger posting. The childcare supervisor reviews and signs the reconciliation.
14. We recommend that the individual, or individuals, conducting and evaluating the concessions inventory be separate and different from the individual who places orders and buys the product for resale. (Audit letter, Page 13)	14. To be implemented 5-24-08 when the outdoor pool re-opens for the summer. The program coordinator will place orders and the concessions manager will prepare the inventory.

5. MEADOW BROOK GOLF COURSE – LIMITED SCOPE AUDIT OF CASH HANDLING, CAPITAL AND CONTROLLED ASSETS, AND PRO-SHOP AND CONCESSION SALES (JULY 2007)

Meadow Brook Golf Course is located in the center of the Salt Lake Valley. Meadow Brook offers an enjoyable golf experience to all levels of golf. This classic old style course offers 18-holes of golf as well as a practice area. Meadow Brook Golf Course includes a large banquet room and restaurant. The facility has a well stocked pro-shop for golfing needs.

The Audit Division completed an audit of cash receipting, depositing, capital, and controlled assets and merchandise inventory at the Meadow Brook Golf Course. They also reviewed concessionaire payments. Following are the status of recommendations made at the time of the audit.

<i>MEADOW BROOK GOLF COURSE RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
<p>1. We recommend that a written explanation be provided on all voided receipts and that both the cashier and a second employee, usually the supervisor, sign the void as evidence of review and approval. (Audit Letter, Page 2)</p>	<p>1. Implemented. All sales that have been voided by employees are required to give explanation on the receipt and get a signature of approval on the receipt from the Head Golf Professional. The Head Golf Professional will keep all receipts in a file for future review.</p>
<p>2. We recommend that the use of the over/short log, Form MPF 11, or equivalent be implemented to record the balancing of cashiers at each of the two cash registers and that cashiers and management sign the form. (Audit Letter, Page 3)</p>	<p>2. Salt Lake County Golf Courses use the Active over and short key to always keep the dollars in the till. This active report is available at any time or any date to print off for review of over and under transactions.</p>
<p>3. We recommend that all revenue be deposited daily whenever practical, but no later than three days after receipt. (Audit Letter, Page 4)</p>	<p>3. Implemented. All daily deposits are required to be taken to the Bank on a daily basis, with no more than three days without going to the bank in the winter months.</p>

MEADOW BROOK GOLF COURSE RECOMMENDATIONS	CURRENT STATUS
4. We recommend that the combination of the safe be changed at least annually, and more often as required, in accordance with Policy #1062. (Audit Letter, Page 4)	4. Implemented. The safe combination change is done annually. Also the safe combination is changed whenever a Merit employee leaves and is no longer an employee at the facility.
5. We recommend that each time a cashier receives or returns the change fund, the fund be counted to verify the amount. (Audit Letter, Page 5)	5. Implemented. All transactions with the change fund are verified and counted by the Head Golf Professional.
6. We recommend that a log be maintained where the employee signs for the change fund each time it is taken from the cash box and subsequently returned to the box. (Audit Letter, Page 5)	6. Implemented. A log is in place where the employee signs for the change fund each time it is taken from the cash box and returned to the cash box.
7. We recommend that items with old tags be replaced with new tags that match the inventory detail report from the new Active Golf Systems software. (Audit Letter, Page 6)	7. Implemented. All price tags are the tags from the Active Golf System.

6. ZOO, ARTS, & PARKS PROGRAM – PERFORMANCE AUDIT OF THE SALT LAKE COUNTY ZOO, ARTS, & PARKS PROGRAM (OCTOBER 2007)

The Zoo, Arts and Parks (ZAP) Program has been in existence in Salt Lake County since 1997 following voter approval of a sales tax dedicated to financial support of botanical, zoological, cultural, and recreational organizations. One of the purposes of this legislation was to provide predictable support for zoological and large cultural organizations, and enhance operational support for small cultural organizations.

Our audit was limited to a review of funding for zoological, cultural and arts organizations and did not include the recreational component. We found the ZAP Program to be in compliance with regulations set forth in State Statute and Countywide Policy and had no findings to the contrary. There was, however, one recommendation made and the following responds to that recommendation.

ZOO, ARTS, & PARKS PROGRAM RECOMMENDATIONS	CURRENT STATUS
<p>1. We recommend that ZAP administrators continue to advise current recipient organizations of any anticipated decrease in ZAP funding. (Audit Report Page 10)</p>	<p>1. The ZAP recipients have been informed of the anticipated ZAP funding through the recent November 2007 (see attached) newsletter and it is on our website http://www.slcozap.org/zapArts/html/recipients/communications.html</p> <p>The projected funding is also on the website at http://www.slcozap.org/zapArts/html/recipients/revenue.html</p>

C. HUMAN SERVICES

1. WHITMORE LIBRARY – LIMITED SCOPE AUDIT OF CASH HANDLING, CAPITAL AND CONTROLLED ASSETS AND PURCHASING CARD (OCTOBER 2007)

The Whitmore Library, located in Cottonwood Heights, opened in 1974 and was completely renovated in 1993. Whitmore serves as the headquarters for the Administration and support services in the County System. In addition to its regular stock, Whitmore contains a collection of Utah outdoor and recreation materials, microfilm of the Deseret News, Salt Lake Tribune, and the New York Times, and provides a Mail-a-Book program for the homebound. There is a 70-person capacity room available for public meetings.

The Audit Division completed an unannounced count of the change fund and also reviewed cash receipting, depositing, and capital and controlled asset management. Following is the status of the recommendations in the audit letter.

<i>WHITMORE LIBRARY RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
1. Report the \$27.50 change fund shortage in a letter to the Mayor and replenish the fund to the authorized amount. (Audit Letter, Page 3)	1. It has been decided to keep the change fund at the lower amount of \$237.85 at Whitmore Library. Paperwork was submitted to [the Auditor's Accounts Payable Section] on 11/9/07.
2. Establish the change fund at a whole dollar amount without miscellaneous cents being included. (Audit Letter, Page 3)	2. Not yet implemented.
3. Submit the MPF Form 2 to the Auditor's Office to update the designation of the current custodian. (Audit Letter, Page 3)	3. Completed 11/9/07.
4. Whitmore Library should prepare a deposit and deliver it to the bank each day where practicable. (Audit Letter, Page 4)	4. Library disagrees with the recommendation and elects to continue using armored car service due to staff constraints.

WHITMORE LIBRARY RECOMMENDATIONS	CURRENT STATUS
5. Provide a written explanation on all voided receipts and require both the cashier and a second employee, usually the supervisor, to sign the void as evidence of review and approval. (Audit Letter, Page 5)	5. Library Circulation staff have been reminded of the necessity of having supervisory approval of all voids.
6. Staff authorized to complete waiver forms should be better trained in maintaining and accounting for numerical sequence. (Audit Letter, Page 5)	6. Library staff have been reminded of the necessity of accounting for waiver forms.
7. The Library System should proceed with implementation of its anticipated software for integrating library management and cashiering functions. (Audit Letter, Page 7)	7. A contract was awarded in late 2007 to Comprise Technologies Inc. Beta testing on the client side is now in progress with full implementation expected in the Spring of 2008.
8. While the two independent systems, Horizon and off-line cash registers continue to be used, librarians should be reminded to accurately enter data into both systems. (Audit Letter, Page 7)	8. Correction-librarians do not perform this function. Customer Service Specialists do. Staff has been reminded on multiple occasions to be more careful with their data entry.
9. Emails be kept on file directing transfer of controlled assets to the library surplus warehouse. (Audit Letter, Page 9)	9. E-mail was sent to all library managers on 10/3/07 to keep all future transfers on file.
10. Emails directing transfer of assets be matched with Form PM-2s once these are completed. (Audit Letter, Page 9)	10. Library Accountant will match documents as they come in to Administration.

WHITMORE LIBRARY RECOMMENDATIONS	CURRENT STATUS
<p>11. Detailed receipts be attached to purchasing logs, in addition to the credit card receipt, and that webpage screen prints be attached for purchases via the internet. (Audit Letter, Page 11)</p>	<p>11. I disagree with comment in audit report that itemized receipts are usually received. In actual practice, this is not the case. We are at the mercy of the vendor, both with in-person and well as internet purchases, to furnish us with whatever they consider to be a receipt. They vary greatly in the amount of detail. We have asked, however, since this audit finding, that vendors provide as much detail as they possibly can.</p>
<p>12. A log of gift card winners be maintained at each branch and a copy forwarded to the Fiscal Manager. (Audit Letter, Page 12)</p>	<p>12. This has been implemented.</p>
<p>13. Consideration be given to adjusting limits on the purchasing cards based on historical purchasing patterns. (Audit Letter, Page 12)</p>	<p>13. I strongly disagree with this finding. Our purchasing activity is much heavier in the early part of the year so we won't have so much later in this year as we are preparing our next year's budget. Also, this recommendation was made without regard to in-transit purchases that have been logged but not yet billed to the card.</p>

D. PUBLIC WORKS

1. SOLID WASTE MANAGEMENT – LIMITED SCOPE AUDIT OF CASH HANDLING, CAPITAL AND CONTROLLED ASSETS AND ACCOUNTS RECEIVABLE (JUNE 2007)

The Solid Waste Management Division is jointly owned by Salt Lake City and Salt Lake County, as set forth in an inter-local agreement with Salt Lake City. 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, and capital and controlled assets. In each of these areas, we evaluated the effectiveness of internal controls. The following are the recommendations made as a result of the audit.

<i>SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
1. We recommend that a MPF Form 7A be completed when funds are transferred between Solid Waste Management employees. (Audit Letter, Page 6)	1. SWM has created a serially numbered Funds Transfer Receipt form, which is completed by transferor and signed by transferee on all exchanges of cash or checks.
2. We recommend that SWM notify the Auditor's Office and the Mayor's Office when a significant shortage or pattern of shortages occurs in an imprest fund. (Audit Letter, Page 6)	2. This will be done whenever a shortage occurs. We suggest the Auditor appoint a specific individual, and one alternate, to receive these communications.
3. We recommend that employees not reimburse shortages using their own funds unless instructed and approved by a letter from the Mayor's Office. (Audit Letter, Page 6)	3. Action Taken: SWM revised the Daily Cash Report to include an area for Scale House Operators to account for the \$150 change fund assigned to them.
4. We recommend that an employee count the \$1,450 change fund daily and document the count on either an MPF Form 3 or a conforming Daily Cash Report. (Audit Letter, Page 7)	4. The change fund is counted by the receiving employee upon every transfer, or at any other time the current custodian feels appropriate. A report to supervisors is made when discrepancies are noted. Cost/Benefit does not justify a daily count.

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
5. We recommend that SWM management emphasize the importance of safeguarding County imprest funds to SWM staff. (Audit Letter, Page 8)	5. Scalehouse operators have been notified verbally, and reminded repeatedly of the importance of custodial responsibility of the change fund, and the need for safeguarding access, and of their accountability.
6. We recommend that the fund custodian ensure that County funds are in a secure location at all times. (Audit Letter, Page 8)	6. SWM has issued an SOP memorandum instructing operators not to leave keys in change fund or till drawers, and to check for keys daily. Management has conducted random review of this procedure.
7. We recommend that SWM explore ways to make entry of tender type more user-friendly, including software customization. (Audit Letter, Page 11)	7. An updated version of the Waste Works software will be installed shortly. However, it is not expected to change this feature. Operators are reminded to redouble their data entry accuracy.
8. We recommend that Scale House Operators enter the correct form of payment for all transactions. (Audit Letter, Page 11)	8. Current procedures require operators to code their transactions correctly. Periodic review of discrepancies is performed and deficiencies/errors are recorded as part of performance review.
9. We recommend that explanations for overages and shortages be recorded on the daily balance sheet and Over/Short Report, including transaction numbers and amounts. (Audit Letter, Page 12)	9. This has been done consistently since receipt of the Auditor's report. A signed acknowledgement of monthly over/short amounts is included in the month-end reports.

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
10. We recommend that, where the cause of the overage or shortage cannot be determined, that the steps performed to research the variance be noted on the daily balance sheet. Notations should clearly indicate whether the actual cause was known or whether the explanation given was simply a possibility. (Audit Letter, Page 12)	10. This is done whenever possible, with as much specificity as possible. Specific ticket #'s are noted when known. "Possibilities" are noted as such. Operators are given the opportunity to provide specific explanations, and do so when circumstances warrant.
11. We recommend that management at SWM continually emphasize to Scale House Operators that overages and shortages should not exceed \$2 per day. (Audit Letter, Page 12)	11. Operators are informed periodically of this requirement. Positive reinforcement of "Perfect Days" (no over or short amounts) has been done to motivate operators toward greater accuracy.
12. We recommend that SWM work with the WasteWorks software vendor to understand and resolve data loss related to recovery of the Weigh Master Summary Report in the event of printing problems. (Audit Letter, Page 15)	12. The new Internal Services Manager has been able to recover selected data directly from the text export files into Excel or Access data files, where most of the significant data can be recovered. However, certain items such as whether the transaction was a check or credit card cannot currently be recovered.
13. We recommend that SWM review existing balancing procedures to reduce bank errors and increase the accuracy of deposit records. (Audit Letter, Page 15)	13. SWM will initiate a new procedure to monitor and reconcile deposit transactions during each month, utilizing internet banking. This process should reduce auditor-reconciling adjustments after month-end closing.
14. We recommend that the Scale House Operator and the Scale House Supervisor review and sign each Daily Cash Report. (Audit Letter, Page 16)	14. Daily Cash Reports are reviewed and signed each day by the Lead Scalehouse Operator and Internal Services Manager for accuracy and completeness.

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
15. 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 17)	15. Daily cash reports are reviewed and any missing void tickets are noted. Scalehouse operators are reminded to include all voids with their reports.
16. We recommend that a supervisor <u>not involved</u> with the transaction review and sign the voided receipt along with the Scale House Operator who initiated the void. (Audit Letter, Page 17)	16. Currently, either the Lead Scalehouse Operator or the Internal Services Manager review the daily cash reports and void tickets. In no case will the originator and reviewer be the same person.
17. We recommend that the voided receipts be filed in proper numerical sequence and kept for audit purposes with the daily balancing documentation. (Audit Letter, Page 17)	17. The Internal Services Manager reviews each day's cash balancing and notes the Waste Works report if a void ticket is not included with the operator's daily report. Operators are reminded to include void tickets in the future.
18. We recommend that the Scale House Operator who initiates the void record the reason for the void and its resolution on the front of the receipt and in WasteWorks. (Audit Letter, Page 19)	18. Waste Works requires the operator to enter a description to void a ticket. Operators are instructed to hand-write the reason for the void on the face of the ticket and include it with their daily cash report. Compliance is reviewed daily by the Internal Services Manager.
19. We recommend that the Scale House Supervisor work with Scale House Operators to improve the documented explanations. (Audit Letter, Page 19)	19. We have counseled operators to use the briefest CLEAR explanation, but to use more than one word wherever possible. Excessive abbreviations are discouraged and clarity is encouraged.
20. We recommend that SWM explore the possibility of expanding the field-size limitations within WasteWorks to allow for more explanation. (Audit Letter, Page 19)	20. The cost of a custom software modification is excessive. Current space available is adequate with proper operator education and management review.

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
<p>21. We recommend that SWM use an “Exempt Transaction Log” to track non-fee and fee-exempt transactions. (Audit Letter, Page 22)</p>	<p>21. We believe current procedures are adequate to preserve and protect system integrity, and abuse of this area is either diminimus or non-existent. Details of exempt transactions are available from existing Waste Works reports.</p>
<p>22. We recommend that the Scale House Operators use the reference field in WasteWorks to provide a thorough explanation of the fee-exempt and non-fee transactions. (Audit Letter, Page 22)</p>	<p>22. Current fee exemption practices are in a revision process. Under new proposals, exempt customers will have an upper limit on exempt disposals, and excess amounts will be charged a fee. This new process will require periodic review to implement and maintain.</p>
<p>23. We recommend that the Scale House Supervisor compare the exempt transactions on the Daily Detail Report to the “Exempt Transaction Log” to ensure that each exempt transaction is reviewed and clearly explained. The supervisor can initial next to each transaction on the “Exempt Transaction Log” to indicate their review and understanding of each transaction. (Audit Letter, Page 23)</p>	<p>23. The new exempt fee policy will be reviewed and maintained on a monthly basis as part of the monthly collection process. SWM will incorporate the details of the new policy into our procedures as soon as it is finalized by the Landfill Council.</p>
<p>24. We recommend that SWM update the “Fee-Exempt and Non-Fee Transaction” Standard Operating Procedure to include the use of an “Exempt Transaction Log.” (Audit Letter, Page 23)</p>	<p>24. Exempt transactions can be adequately tracked and monitored through existing software reports. In addition, the new policy will require monthly review of all accounts.</p>
<p>25. We recommend that Scale House Operators ensure that the minimum fee is charged for loads that contain minimal weight. (Audit Letter, Page 24)</p>	<p>25. This is already a part of existing procedures. All users meeting the fee requirements are charged either \$6 or \$8 for all individual loads, of whatever minimum size/weight.</p>

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
26. We recommend that Scale House Supervisor occasionally spot check transactions that include roll-off containers to ensure that the correct fee is charged. (Audit Letter, Page 24)	26. Roll-off container tare weights are periodically reviewed. New roll-off containers are weighed upon first use and appropriate identifiers are painted on the container in the presence of Scale House Operators.
27. We recommend that management set WasteWorks to default to the Commercial Account when commercial waste is disposed of at the landfill and transfer station. (Audit Letter, Page 26)	27. Commercial accounts and appropriate material codes are tied to vehicle codes already present in the WasteWorks system. Operators are trained in the selection of the appropriate codes, and management reviews daily operations for apparent exceptions.
28. We recommend that management implement controls to ensure that the health, city, and county fees are being charged on the required transactions. (Audit Letter, Page 26)	28. Health, City, and County fees are coded into the material codes in Waste Works. We have reviewed the material codes and find no reason why the transactions identified were not charged the fees. We are working with the vendor to find a solution.
29. We recommend that Scale House Operators receive additional training on account and material coding for transactions in WasteWorks. (Audit Letter, Page 27)	29. Scale House operators are periodically updated on specific projects and their associated material codes, and instructions are given on the proper coding of these materials.
30. We recommend that management review transactions to ensure that account and material codes are recorded correctly. (Audit Letter, Page 27)	30. Current procedures allow for transaction review through daily cash balancing, A/R transaction processing and daily and monthly tonnage summary reporting. No process can assure perfection, but outliers are noted and addressed.

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
<p>31. We recommend that all funds received by SWM be deposited no later than three days after receipt. (Audit Letter, Page 28)</p>	<p>31. County policy in this regard has been emphasized, and efforts are made to deposit funds no later than 1 day after they are received for A/R checks and salvage sales, and every day for Scalehouse receipts.</p>
<p>32. We recommend that valid identification information be recorded on personal checks before they are accepted from patrons. (Audit Letter, Page 29)</p>	<p>32. Securing identification has been tried in the past and found to cause excessive delays and longer lines during peak times. There have been no known incidents of fraudulent checks, and receipt of bad checks is low. Making identification a requirement would not materially improve collection.</p>
<p>33. We recommend that SWM consider posting a sign instructing clients to have valid identification ready. (Audit Letter, Page 29)</p>	<p>33. The number of patrons paying by check is declining, as more transactions are using credit cards. Additional signs would not be useful, as patrons do not observe current signs in many cases. See item 32.</p>
<p>34. We recommend that SWM implement the use of collection letters to comply with Countywide policy and to bolster its current collection efforts. (Audit Letter, Page 32)</p>	<p>34. The Internal Services Manager will review the A/R Coordinator's collection activities during each month, including the use of a standardized letter to be included with monthly statements.</p>
<p>35. We recommend that SWM work to bring accounts within the established credit limit, including suspending additional charges until the account is paid down. (Audit Letter, Page 33)</p>	<p>35. Current procedures provide for this, and have been implemented regularly. The Internal Services Manager follows up with the A/R Coordinator monthly to assure accounts are brought into terms.</p>

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
36. We recommend that pre-pay accounts be closely monitored and clients be contacted to avoid incurring charges. (Audit Letter, Page 34)	36. Credit balance accounts were recently identified with a special code, Type "C", in Waste Works which allows easier reporting and follow-up. Accounts are monitored on a monthly basis.
37. We recommend that SWM consider adopting the use of a form to document accounts receivable adjustments. (Audit Letter, Page 35)	37. Current procedures which note adjustment information, and contain management signatures on the face of the adjustment ticket are adequate.
38. We recommend that staff compare the monthly adjustment report to copies of adjustments on file to ensure that all adjustments have been retained. (Audit Letter, Page 35)	38. Current procedures will be revised to include a summary adjustments report as a cover sheet and reconciliation tool, and included with the month-end reports.
39. We recommend that reviews of reports are documented with a signature. (Audit Letter, Page 35)	39. The summary adjustment report will be used as a cover sheet and attached to the signed individual adjustment transactions, and signed by either the Fiscal Manager or Internal Services Manager.
40. We recommend that management develop more specific guidelines for individual adjustments requiring a supervisory signature. (Audit Letter, Page 35)	40. All adjustments will be reviewed and/or signed by the Internal Services Manager.
41. We recommend further investigation of the cause of the accounts receivable posting errors both internally and with the vendor. (Audit Letter, Page 37)	41. Database errors in Waste Works were discovered in January 2008. The system generated ticket numbers for adjustments that duplicated daily transaction tickets. The daily ticket was subsequently not imported. We are working with the vendor on a solution.

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
<p>42. We recommend that any differences between adjustments entered into WasteWorks and the adjustment figure recorded on the Daily Cash and Deposit Summary Report be documented and filed with the monthly adjustments. (Audit Letter, Page 37)</p>	<p>42. All adjustment reconciliation documentation will be attached to the month-end reports and retained in the files as described in items 38 and 39.</p>
<p>43. We recommend that management compare the beginning accounts receivable, adjustment, late charge and payment figures used to calculate the ending accounts receivable balance on the Cash Receipts and Deposit Summary Report to the figures found on WasteWorks reports. Variances should be documented and explained. (Audit Letter, Page 37)</p>	<p>43. Current procedures provide for the monthly spreadsheet to be compared to Waste Works reports. This is how the database errors mentioned in #41 were identified.</p>
<p>44. We recommend that adjustments not be completed by the same individual that entered the original transaction. (Audit Letter, Page 38)</p>	<p>44. Current procedure provides for adjustments originated by one to be approved by another.</p>
<p>45. We recommend that all accounts be charged a late fee in keeping with SWM's internal policies. (Audit Letter, Page 38)</p>	<p>45. We agree that equity and fairness dictates all customers should be charged on the same basis. Late fees will only be waived under exceptional circumstances, or to facilitate future collection compliance, and will be reviewed by the Internal Services Manager.</p>
<p>46. We recommend that SWM fiscal personnel recalculate the expected amount of late charges based on amounts outstanding over 30 days and compare it to the amount generated by WasteWorks. Differences should be investigated and resolved. (Audit Letter, Page 39)</p>	<p>46. This Reasonable Test will be incorporated into monthly closing and analysis procedures.</p>

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
47. We recommend that SWM photocopy all checks received prior to deposit. (Audit Letter, Page 40)	47. Checks submitted in payment of salvage and miscellaneous sales are copied. Copying is neither cost effective nor feasible for Scale House checks. We further feel it is not useful for A/R checks as collection activities are conducted by the County Attorney.
48. We recommend that SWM include the County capital asset number in addition to the SWM asset number when completing a Form PM-2. (Audit Letter, Page 42)	48. Fleet Management has informed SWM they no longer use County ID numbers, but will identify assets with the SWM Division ID numbers. Consequently, Forms PM-2 will identify assets with the Division ID.
49. We recommend that SWM ensure that all assets are physically identified when performing the annual inventory of assets. (Audit Letter, Page 43)	49. An annual physical inventory will be conducted by the Billing & Contracts Coordinator (Program Manager), along with the Internal Services Manager.
50. We recommend that a letter be written to the Mayor regarding the missing controlled assets and that Form PM-2 be submitted to the Auditor's Office. (Audit Letter, Page 43)	50. We have determined the assets in question are not missing, but misidentified. Asset # 1894 is really Asset # 1849—a computer at the landfill. The phones were [assigned to two former employees] and may have been returned through personnel upon their exit interview.
51. We recommend that the employee designated as Property Manager, and the employee receiving newly acquired assets, coordinate their efforts to ensure that newly acquired assets meeting the "controlled" asset criteria are added to the controlled asset list at the time of receipt. (Audit Letter, Page 44)	51. The Internal Services Manager coordinates with the Property Manager when receiving documents, including packing slips or purchase invoices, are received to assure capital and controlled assets are identified, tagged and properly reported on Forms PM-1. Disposals of capital and controlled assets are reviewed to assure Form PM-2 is completed and sent.

SOLID WASTE MANAGEMENT (SWM) RECOMMENDATIONS	CURRENT STATUS
<p>52. 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 45)</p>	<p>52. The Internal Services Manager is developing an Access database which incorporates the requested information. A copy of an In-progress report is attached for reference. The database will be updated during future physical inventories.</p>
<p>53. We recommend that the Property Manager add the newly purchased computer equipment to the controlled assets list. (Audit Letter, Page 45)</p>	<p>53. The Property Manager has completed this task—see our previous response on Attachment J. dated May 23, 2007.</p>
<p>54. 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 asset. (Audit Letter, Page 46)</p>	<p>54. The recommended form will be included in the next physical inventory process and made a part of the Controlled Asset inventory records.</p>

2. SANITATION – LIMITED SCOPE AUDIT OF CASH HANDLING (JULY 2007)

Salt Lake County Sanitation provides quality refuse and recycle collection services to the residents of unincorporated Salt Lake County and to the Cities of Herriman, Holladay, Cottonwood Heights and Taylorsville and part of Murray City.

The Audit Division conducted a limited scope audit of the receiving and depositing at Sanitation. The following recommendations are a result of that audit.

SANITATION RECOMMENDATIONS	CURRENT STATUS
1. We recommend that Sanitation prepare a deposit and deliver it to the bank each day where practicable. (Audit Letter, Page 3)	1. Deposits are now being deposited in compliance with policy #1062.
2. We recommend that funds, collections or prepared deposits be stored in the large walk-in safe overnight when immediate delivery to the bank is not possible. (Audit Letter, Page 4)	2. The division is using the large walk-in safe to store collections or prepared deposits overnight. We have an assigned drawer in the safe and all office employees are trained on the use of the walk-in safe.
3. We recommend that all cash be deposited regardless of amount or anticipated error and that all overs and shorts be reflected in the deposit. (Audit Letter, Page 5)	3. We believe the reference noted on page 5 is an isolated incident. Cash short/overs are being accounted for in compliance with County procedures. (January report attached to response.)
4. We recommend that no “adjustments” be made to the deposit detail spreadsheet to force it to match balance sheet detail, and that instead, transactions be re-tallied to ensure accuracy and isolate errors for bringing the deposit spreadsheet into balance with the balance sheet. (Audit Letter, Page 5)	4. The “adjustments” explanation was an isolated incident. The cash short/over report is being utilized by the division.

SANITATION RECOMMENDATIONS	CURRENT STATUS
<p>5. We recommend that the balance sheet be signed by the individual who prepared it, and that a second person verifies the cash count and signs the balance sheet. (Audit Letter, Page 6)</p>	<p>5. The “daily cash balance sheet” has been signed by the one preparing the deposit. A [second] signature line has been added to the form. (Form attached to response.)</p>
<p>6. We recommend that a new employee be hired in the cash handling and office administration area to help with cashiering functions and thus create a more efficient segregation of duties. (Audit Letter, Page 6)</p>	<p>6. During the audit period, the division was short staffed in our office by 50%. We are now fully staffed and have an assistant designated agent cashier to provide adequate coverage.</p>
<p>7. We recommend that, as a short-term solution, the “Sani” on-line system for tracking accounts receivable is programmed to allow for receipt numbers to be entered once payments are made; and that Sanitation management develop an automated cash registering system integrated with an accounts receivable management system. (Audit Letter, Page 7)</p>	<p>7. The division consulted with an outside agency to implement QuickBooks for an automated cash registering system integrated with the accounts receivable system. Until fully operational, the new system is running a parallel system with written receipts. We anticipate full implementation by March 1, 2008.</p>
<p>8. We recommend that Sanitation implement its on-line cashiering system to replace the manual receipting process, and that necessary resources be obtained for its implementation and training in its use, operation and functionality. (Audit Letter, Page 8)</p>	<p>8. See previous response. The implementation and training of personnel is ongoing and is expected to be fully operational by the end of February 2008.</p>
<p>9. We recommend that MPF Form 7A be used whenever funds are transferred to another agency to facilitate verification of receipt by agency personnel. (Audit Letter, Page 8)</p>	<p>9. The referenced check was receipted in error. The receipt was voided and given to the proper County agency. In the future (and on rare occasions when this happens) a MPF Form 7A will be used to transfer a check to another agency.</p>

E. ASSESSOR

1. SALT LAKE COUNTY ASSESSOR – LIMITED SCOPE AUDIT OF CASH HANDLING AND CAPITAL AND CONTROLLED ASSETS (DECEMBER 2007)

The County Assessor is responsible and required by the Utah Constitution to list and annually value all property subject to ad valorem taxation (“according to value”) as of January 1 of each year. The Utah Constitution requires “All tangible property in the State, not exempt under the laws of the United States, or under this Constitution, shall be taxed at a uniform and equal rate in proportion to its value, to be ascertained as provided by law.” The County Assessor also receives tax payment for personal property in Salt Lake County.

The Audit Division conducted a limited scope examination of collections and depositing, the change funds and petty cash fund, and capital and controlled assets. We conducted an unannounced count of the change and petty cash funds as authorized through the Auditor’s Office. The recommendations below represent the significant findings.

<i>ASSESSOR’S OFFICE RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
1. Front counter collections should be deposited no later than three days after receipt. (Audit Letter, Page 3)	1. Implemented.
2. The Information Counter Supervisor should reconcile the deposit to source documents and indicate the review with initials no later than three days after receipt of funds. (Audit Letter, Page 4)	2. Implemented.
3. An individual separate from the cashiering function review, sign, and date the daily cash balance form. (Audit Letter, Page 4)	3. Implemented.
4. Documentation should be included in the daily deposit records for each credit transaction to enable verification of distribution to correct sub-accounts. (Audit Letter, Page 6)	4. A report listing all sub-accounts is already on file with the billing statement. We feel having another copy of the report with the deposit is unnecessary.

ASSESSOR'S OFFICE RECOMMENDATIONS	CURRENT STATUS
5. A supervisor should indicate approval of credit transactions and voids on the documentation included with the daily deposit. (Audit Letter, Page 6)	5. Will be implemented.
6. Management should ensure that the change fund is counted daily and that the documentation indicating the count is retained on file. (Audit Letter, Page 7)	6. Implemented.
7. All employees with individually assigned assets should complete the "Controlled Assets Inventory Form--Employee," and the form should be reviewed and signed annually. (Audit Letter, Page 8)	7. Will be implemented.
8. The controlled assets list should be updated to record the transfer of the two computers, and forms PM-2 should include serial numbers to verify transfer of assets to surplus. (Audit Letter, Page 8)	8. Will be implemented.

F. SHERIFF

1. SALT LAKE COUNTY ADULT DETENTION CENTER PHARMACEUTICAL OPERATION (MAY 2007)

The Salt Lake County Adult Detention Center administers medications to inmates according to existing prescriptions and medical needs. Inmates receive a medical screening after booking that includes assessment of current prescription medication usage. The Jail contracts with a pharmacy based in Pennsylvania to provide all medications, usually by over-night delivery.

The Internal Audit Division examined the processes for ordering, receiving, dispensing and returning medications used by inmates at the Jail. The internal control issues are reflected in the following recommendations.

<p align="center">SALT LAKE COUNTY ADULT DETENTION CENTER RECOMMENDATIONS</p>	<p align="center">CURRENT STATUS</p>
<p>1. We recommend that jail administration periodically compare a sample of medications prices per the invoice to the “Average Wholesale Price,” the “Average Acquisition Price” or other pertinent index, for example “Average Manufacturer Price,” to determine if any unusual increases are occurring at the Jail. (Audit Report, Page 26)</p>	<p>1. We are reviewing pricing, and monitoring for ways to implement best practices related to the results of medication pricing as part of P&T.</p>
<p>2. We recommend that Jail administration follow through with the Pharmaceutical Contractor on the cost of Amitriptyline and Fluoxetine to determine whether a lower price can be obtained and that similar follow-through be pursued on other medications where prices seem excessive. (Audit Report, Page 32)</p>	<p>2. We are working with contractor to review best pricing and prescriptive practices on these medications and others as part of the Pharmacy and Therapeutics (P&T) committee.</p>

<p align="center">SALT LAKE COUNTY ADULT DETENTION CENTER RECOMMENDATIONS</p>	<p align="center">CURRENT STATUS</p>
<p>3. We recommend that the Pharmacy and Therapeutics Committee prepare and submit an annual report to the Sheriff explaining overall trends in pharmaceutical costs, and focusing on such factors as introduction of new medications, addressing price increases from the contractor, changes in Jail population, including new or different inmate medical needs that arose during the year. (Audit Report, Page 42)</p>	<p>3. We are tracking this information as part of P&T, and will be completing the most recent report to the Sheriff by the beginning of next quarter.</p>
<p>4. We recommend that Jail administration continue to explore ways for post-release Seriously Persistently Mentally Ill (SPMI) inmates to follow through on their action plans, including filling of prescriptions and meeting appointments at mental health care providers, such as Valley Mental Health. (Audit Report, Page 49)</p>	<p>4. We have worked with Day Reporting Center (DRC) and Valley Mental Health (VMH) to create project RIO—a diversion from jail—as a way of facilitating referrals and post release follow up for the SPMI population. There are a number of legal considerations that impact the ability to meet these goals. We are meeting with the District Attorney to develop a solution.</p>
<p>5. We recommend that alternatives to incarceration of the mentally ill, including mental health court, be expanded and additional options explored as a way to reduce Jail population and improve individual clinical outcome. (Audit Report, Page 49)</p>	<p>5. We continue to support the Mental Health court program, and are supportive of its expansion.</p>
<p>6. We recommend that the Mental Health Contractor continue efforts to obtain the cost-saving benefits of pharmaceutical coupons to reduce pharmaceutical costs. (Audit Report, Page 53)</p>	<p>6. Vouchers are rarely available from drug companies now, but if they become available, we will continue to track and submit them for reimbursement.</p>

<p align="center">SALT LAKE COUNTY ADULT DETENTION CENTER RECOMMENDATIONS</p>	<p align="center">CURRENT STATUS</p>
<p>7. We recommend that the Medical Contractor and Mental Health Manager continue the collaborative effort to improve the pharmacy formulary. (Audit Report, Page 53)</p>	<p>7. This is a continued effort as part of the P&T committee.</p>
<p>8. We recommend that an internal policy and procedure be developed and communicated to achieve the optimal use of pharmaceutical coupons. (Audit Report, Page 55)</p>	<p>8. A memo has been issued outlining expectations for tracking drug coupons.</p>
<p>9. We recommend that Jail management develop and implement a means of verifying the accuracy of the medication invoices, including considering hiring additional fiscal staff to monitor receipt of orders and reconciliation to invoices. (Audit Report, Page 56)</p>	<p>9. Funding for this position was submitted as part of the jails 2008 budget and was declined. We will request this position again in 2009 budget requests.</p>
<p>10. We recommend that Jail Administration consider engaging a contractor to program an interface between the Electronic Medical Record (EMR) and the Pharmaceutical Contractor's system to facilitate a reconciliation of medications ordered to medications billed. (Audit Report, Page 56)</p>	<p>10. We are working on this as a part of the current contract between our EMR vendor and pharmacy contractor. They are actively engaged in building enhancements to the pharmacy EMR software interface.</p>
<p>11. We recommend that Jail staff compare the date received to the expiration date on one shipment received per quarter. (Audit Report, Page 58)</p>	<p>11. Staff is reviewing expirations with each shipment, and quarterly reviews done.</p>

<p align="center">SALT LAKE COUNTY ADULT DETENTION CENTER RECOMMENDATIONS</p>	<p align="center">CURRENT STATUS</p>
<p>12. We recommend that Jail administration work with the Electronic Medical Record contractor to ensure that data is maintained in a correct format without reversal of start and stop dates. (Audit Report, Page 62)</p>	<p>12. We are working on this as a part of the current contract between our EMR vendor and pharmacy contractor. They are actively engaged in building enhancements to the pharmacy EMR software interface.</p>
<p>13. We recommend that Jail management develop and implement a system of review and reconciliation of medications ordered, received and returned, which in turn reconciles to medications billed and credited. (Audit Report, Page 64)</p>	<p>13. We have automated through the contractor the shipment delivery reconciliation process and can check orders vs. shipment electronically, and are continuing to work to improve this process.</p>
<p>14. We recommend that Jail management hire additional staff, including an accounts payable manager, to oversee these reconciliation processes. (Audit Report, Page 64)</p>	<p>14. Funding for this position was submitted as part of the jails 2008 budget and was declined. It will be resubmitted as part of the 2009 budget request.</p>
<p>15. We recommend that an accountability step be added to produce a comprehensive inventory of all controlled substances by listing all containers or blister packs in the cabinet, and noting those that have been totally consumed, transferred to the safe for destruction, or destroyed. (Audit Report, Page 66)</p>	<p>15. Jail administration reports that a control sheet for all medications in the controlled substances cabinet is now in place, according to procedures outlined in recommendation.</p>
<p>16. We recommend that Controlled Medication Flow Sheets be pre-numbered sequentially and that they be listed on the overall inventory control sheet mentioned in 15 above. (Audit Report, Page 66)</p>	<p>16. We have implemented a numbered tracking system for controlled medications.</p>

<p align="center">SALT LAKE COUNTY ADULT DETENTION CENTER RECOMMENDATIONS</p>	<p align="center">CURRENT STATUS</p>
<p>17. We recommend that packing slip inventories for controlled substances received in the UPS shipment be conducted with two individuals present, that both individuals sign the completed inventory form, and the form be kept on file for two years. (Audit Report, Page 66)</p>	<p>17. We have implemented a two person check in process for controlled substances.</p>
<p>18. We recommend that Formulary Management Reports, including all 22 other attachments, be kept on file for 10 years. (Audit Report, Page 71)</p>	<p>18. We had these records reviewed by the County GRAMA committee, they classified them for a 4 year retention, as per administrative order we will keep them on file for 10 years.</p>
<p>19. We recommend that Jail administration compare monthly cost totals from the Formulary Management Reports to previous reports and to the amount billed to the County, and that any inconsistencies be reported to the Pharmaceutical Contractor and corrected or explained, as necessary. (Audit Report, Page 71)</p>	<p>19. These reviews are ongoing.</p>

2. FEASIBILITY OF OPENING THE JAIL IN-PATIENT MEDICAL UNIT COST/BENEFIT ANALYSIS

The Internal Audit Department was asked to perform a feasibility study to determine the net budgetary impact of opening a Medical Unit at the County Adult Detention Center (Jail). The Study analyzed the impact of opening one block of seven cells, with a 14 to 15 bed capacity, transporting and guarding fewer inmates at hospitals, shortening hospital stays during recovery periods, and reducing emergency room and other doctor visits.

Actual jail medical costs for 2006 were reviewed and analyzed including: total salaries and benefits, guarding hours and costs, inpatient hospital stays and doctor charges, plus related stays, ambulance services, emergency room and inpatient doctors. Following are the findings, recommendations, and benefits resulting from the study.

Finding	Recommendation	Benefits	Cost Added/ (Reduced)
Guarding in-custody inmates during hospital visits is: <ol style="list-style-type: none"> 1. Costly and made worse by double guarding order 2. Compromises security at Jail when M-CIRT staff are pulled away for transport/guarding duties 3. Offset by costs incurred in staffing the Inpatient Medical Unit with RN's. 	Consider opening of existing in-patient facility consisting of: <ol style="list-style-type: none"> 1. 7 cells on North side 2. 7 cells on South side 3. 1 negative air unit for isolation of contagious inmate Note: This study analyzes opening of one 7 cell unit, plus the 1 negative air unit	Benefits include: <ol style="list-style-type: none"> 1. Reduction of double guarding costs 2. Reduces risk of security compromise while M-CIRTs deployed 3. Free-up costly overtime hours for use in staffing in-patient facility 	\$(337,300) Intangible risk reduction measure \$ 643,300

Finding	Recommendation	Benefits	Cost Added/ (Reduced)
<p>Treating inmates at in-patient facility would reduce the number of hospital days:</p> <ol style="list-style-type: none"> In patient facility is equipped, secure, and designed to deliver acute care. Some additional equipment needed. Facility has been under-utilized since the jail opened. Sick inmates remain in custody 	<p>Put in use an idle, wasting asset, the Jail Medical Unit, to avoid costly, routine follow up care given to acute patients in a hospital setting</p>	<p>Benefits include:</p> <ol style="list-style-type: none"> Some minor additional equipment costs must be funded. Hospital days requiring double guarding are reduced. Risk of security compromise while M-CIRTS deployed is reduced. 	<p>\$51,000</p> <p>(\$98,000)</p> <p>Intangible risk reduction measure</p>
<p>Significant cost reductions may be achieved in use of outside hospitals and doctors:</p> <ol style="list-style-type: none"> Charged at Medicaid rates, either capitated, at U of U, or non-capitated, at other local hospitals. Cost reductions are offset by the need to contract additional doctors at the Jail. 	<p>Expand the contracted physician services at the jail to replace the physician care provide at the local hospitals, to achieve net cost reduction</p>	<p>Benefits include:</p> <ol style="list-style-type: none"> Avoidance of outside, offsite hospital and doctor visits produces significant savings Savings are offset by the cost of expanded contracting for physicians to cover the Jail Medical Unit 	<p>\$(924, 100)</p> <p>\$258,200</p>
<p>Net Cost Containment</p>			<p>\$406,900</p>

G. SURVEYOR

1. SALT LAKE COUNTY SURVEYOR – LIMITED SCOPE AUDIT OF CASH HANDLING AND CAPITAL AND CONTROLLED ASSETS (OCTOBER 2007)

The Surveyor is mandated by code to perform many duties, some of which include: Perform surveys, create and maintain a geographical mapping system, preserve the location of section corner monuments, establish and maintain an elevation bench mark system, maintain current and historical aerial photography maps of the County, perform forensic surveys and recreate graphical depictions of crime scenes, and perform surveys as requested by other County Government agencies and by court order.

The Internal Audit Division conducted an audit of the Surveyor's Office cash handling, petty cash and change funds, and capital and controlled assets. The status of each recommendation in the audit letter is indicated below.

<i>SURVEYOR'S OFFICE RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
1. We recommend that the petty cash account be reduced to a level more appropriate to the needs of the Surveyor. (Audit Letter, Page 3)	1. Implemented. The Petty Cash fund has been reduced to a lower amount requiring reimbursement several times a year.
2. We recommend that sales tax not be paid on purchases made from petty cash, in accordance with Countywide policy. (Audit Letter, Page 4)	2. Implemented. There have been isolated cases where sales tax was reimbursed to the employee from Petty Cash funds. We have taken appropriate measures to educate Surveyor staff regarding the exclusion of sales tax on purchases and have made available the County's Exemption Certificate, TC-741, for their use.

<i>SURVEYOR'S OFFICE RECOMMENDATIONS</i>	<i>CURRENT STATUS</i>
<p>3. We recommend that management review capital and controlled assets allocated to the Surveyor's Office and send items to surplus that are no longer used or list them on a separate "antiques" list, as appropriate. (Audit Letter, Page 6)</p>	<p>3. Due to historic significance to this Office of our surveying instrumentation and equipment, we will continue to retain surplus survey equipment on our controlled assets listing and identify them as 'antique'. We will move the 'antique' assets from the capital asset list to the controlled assets listing during 2008.</p>

IV. RECOMMENDATIONS CARRIED OVER FROM PREVIOUS YEARS

A. ADMINISTRATIVE SERVICES

1. GASCARD 2004 – AUDIT OF 2004 GAS CARD TRANSACTIONS (AUGUST 2006)

GAS CARD 2004 AUDIT RECOMMENDATIONS	
RECOMMENDATION 1.	
	We recommend that Fleet continue their efforts to improve the process by which new user names are submitted, including the use of application forms, supervisory signatures and electronic submission of user names to the State. (Audit Letter, Page 10)
18th ANNUAL REPORT STATUS – 2006	
	We are still working to refine this process.
CURRENT STATUS	
	By April 1, 2008 Fleet will use EIN (employee identification numbers) to track employees in the database. Downloads will be done each pay period to bring Fleet's database in line with County payroll records. This will alert Fleet to the removal of employees from the system. Although all employees will be tracked in this database, before an employee can be issued a gas card, their Division Fiscal Manager must send an e-mail to the fuel worker authorizing a gas card.
RECOMMENDATION 2.	
	We recommend that employee names be entered into GasCard to conform with the way that they appear in County payroll, and that a system to validate be developed. (Audit Letter, Page 10)
18th ANNUAL REPORT STATUS – 2006	
	We are still working to refine this process.

GAS CARD 2004 AUDIT RECOMMENDATIONS

CURRENT STATUS

Using EIN's in the database will ensure that information matches the County payroll system.

RECOMMENDATION 3.

We recommend that the County develop and implement policies dictating the products and related charges allowed for Salt Lake County GasCard users, or, (Audit Letter, Page 14)

18th ANNUAL REPORT STATUS – 2006

We have not done this yet.

CURRENT STATUS

By June 30, guidelines will be developed for County use. These will outline the types of services that Fleet Management can provide and those services that will need to be purchased elsewhere. However, gas card can only be used for fuel. Other mechanisms will be used to purchase services.

RECOMMENDATION 4.

We recommend that, in accordance with County Fleet's proposal, use of GasCard be restricted to purchases of fuel. (Audit Letter, Page 14)

18th ANNUAL REPORT STATUS – 2006

We have not done this yet.

CURRENT STATUS

Will be completed by June 30, 2008.

RECOMMENDATION 5.

We recommend that the County and the State of Utah work with Fleetcor to provide product coding restrictions that correspond to the adopted policy. (Audit Letter, Page 14)

18th ANNUAL REPORT STATUS – 2006

We have not done this yet.

GAS CARD 2004 AUDIT RECOMMENDATIONS

CURRENT STATUS

Will be completed by June 30, 2008, for fuel only.

RECOMMENDATION 6.

We recommend that Fleet work to ensure that PINs assigned to terminated employees, volunteers and subcontractors are promptly disabled after they no longer work for the County. (Audit Letter, Page 18)

18th ANNUAL REPORT STATUS – 2006

We are currently working with IS and Personnel to develop a plan to manage this.

CURRENT STATUS

By April 1, the database will be converted to EIN's and reconciled each pay period with the County payroll system.

RECOMMENDATION 7.

We recommend that guidelines regarding car washes, including allowable price range, and approved locations, be implemented and that controls be developed to prevent transactions outside of those limits, or, (Audit Letter, Page 33)

18th ANNUAL REPORT STATUS – 2006

This has not been completed.

CURRENT STATUS

By June 30, 2008, car washes will not be allowed under the gas card program. Contracts will be put into place to allow car washes and divisions will be responsible for the oversight of these purchases.

RECOMMENDATION 8.

We recommend that, in accordance with County Fleet's proposal, use of GasCard be restricted to purchases of fuel. (Audit Letter, Page 33)

GAS CARD 2004 AUDIT RECOMMENDATIONS

18th ANNUAL REPORT STATUS – 2006

We are planning on implementing an internal fueling system this year. We plan on turning car washes over to the divisions. We will contract for all oil changes.

CURRENT STATUS

By April 1, the internal fueling system should be operational. By June 30, contracts will be in place for car washes and oil changes.

RECOMMENDATION 9.

We recommend that the County and the State of Utah work with Fleetcor to provide product coding restrictions that correspond to the adopted policy. (Audit Letter, Page 33)

18th ANNUAL REPORT STATUS – 2006

We have not yet done this.

CURRENT STATUS

By June 30, 2008, the internal fueling system will be operational. Remaining gas cards will be for fuel purchases only. Agreements will be in place for carwashes and oil changes.

RECOMMENDATION 10.

We recommend that agreements with retailers be developed that would specify the amount the County will pay for oil changes and which services will be included. (Audit Letter, Page 36)

18th ANNUAL REPORT STATUS – 2006

We intend to have separate contracts within the next year.

CURRENT STATUS

Will be completed by June 30, 2008.

GAS CARD 2004 AUDIT RECOMMENDATIONS

RECOMMENDATION 11.

We recommend that the price of oil change be monitored for compliance with any guidelines and/or restrictions developed. (Audit Letter, Page 36)

18th ANNUAL REPORT STATUS – 2006

Not complete.

CURRENT STATUS

Will be completed by June 30, 2008.

RECOMMENDATION 12.

We recommend that the County seek a competitively bid contract, paid for and administered outside of GasCard, for all oil changes. (Audit Letter, Page 36)

18th ANNUAL REPORT STATUS – 2006

We intend to complete this in the next year.

CURRENT STATUS

Most oil changes will be performed by Fleet. Those that are not performed by Fleet will not be paid for using gas cards.

RECOMMENDATION 13.

We recommend that agreements with certain retailers be developed that would specify the amount the County will pay for oil changes and which services will be included. (Audit Letter, Page 41)

18th ANNUAL REPORT STATUS – 2006

We intend to complete this in the next year.

GAS CARD 2004 AUDIT RECOMMENDATIONS

CURRENT STATUS

Oil changes not performed by Fleet will be contracted for. The contracts will be developed by June 30, 2008 and will specify a set amount per oil change.

RECOMMENDATION 14.

We recommend that the price of oil change be monitored for compliance with any guidelines and/or restrictions developed. (Audit Letter, Page 41)

18th ANNUAL REPORT STATUS – 2006

Not complete.

CURRENT STATUS

Oil change costs will be monitored.

RECOMMENDATION 15.

We recommend that the County seek a competitively bid contract with a single provider, paid for and administered outside of GasCard, for all oil changes. (Audit Letter, Page 41)

18th ANNUAL REPORT STATUS – 2006

We intend to complete this in the next year.

CURRENT STATUS

Will be completed by June 30, 2008.

RECOMMENDATION 16.

We recommend that Fleet develop and communicate written guidelines regarding oil changes and other maintenance services. (Audit Letter, Page 43)

GAS CARD 2004 AUDIT RECOMMENDATIONS

18th ANNUAL REPORT STATUS – 2006

Not completed.

CURRENT STATUS

Fleet has promoted the concept of a once-a-year checkup for every vehicle by Fleet Management. Most needed services will be performed during this checkup. Fleet Management has developed maintenance schedules for every vehicle in the Fleet. Fleet will notify a division if a vehicle is being overly maintained. They will work with the Division Fleet Manager for approval prior to providing services.

RECOMMENDATION 17.

We recommend that Fleet develop and communicate written guidelines regarding air filters and other maintenance services. (Audit Letter, Page 45)

18th ANNUAL REPORT STATUS – 2006

Not completed.

CURRENT STATUS

This will be part of the maintenance program.

RECOMMENDATION 18.

We recommend that drivers submit all their receipts for oil changes and that they do so on a timely basis. (Audit Letter, Page 47)

18th ANNUAL REPORT STATUS – 2006

Not completed.

CURRENT STATUS

Part of the contract for oil changes will be the stipulation that receipts be sent to Fleet electronically on a regular basis. In our experience, drivers do not consistently provide the information.

GAS CARD 2004 AUDIT RECOMMENDATIONS

RECOMMENDATION 19.

We recommend that Fleet periodically compare oil change receipts to oil changes reported by GasCard to ensure that all receipts have been submitted and entered, or, (Audit Letter, Page 47)

18th ANNUAL REPORT STATUS – 2006

Not completed.

CURRENT STATUS

Will not be applicable once a contract is in place.

RECOMMENDATION 20.

We recommend that the County seek a competitively bid contract with a single provider, paid for and administered outside of GasCard, for all oil changes and that driver receipts be compared to transactions billed by the contractor. (Audit Letter, Page 47)

18th ANNUAL REPORT STATUS – 2006

We intend to complete this in the next year.

CURRENT STATUS

By June 30, 2008, we intend to have a contract in place.

2. VEHICLE REPLACEMENT – LIMITED PERFORMANCE AUDIT (JANUARY 2005)

VEHICLE REPLACEMENT RECOMMENDATIONS	
RECOMMENDATION 1	
	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)
17th ANNUAL REPORT STATUS – 2005	
	Fleet is tracking its fund cash balance and will make adjustments to the maintenance rates and replacement rates accordingly.
18th ANNUAL REPORT STATUS – 2006	
	<p>Each year, inflation rates are adjusted by the Fleet Director based on the economy and research of industry trends.</p> <p>Fleet is still in the process of analyzing shop rates. We have revised the cost accounting system to capture costs related to the different services provided. Through 2007 we will work to further refine our costs in each area and by 2008 will adjust the rates accordingly.</p>
CURRENT STATUS	
	Fleet has analyzed all rates and adjusted accordingly. During 2007, rates for gallon of fuel were lowered to 15 cents per gallon. In 2008, the rate will increase to 20 cents per gallon. The entire rate structure for parts was modified in 2007. Labor rates were analyzed and will be increased by \$5.00 starting in 2008. The rates were reviewed and approved by the Fleet Board. The motor pool program, including rates, is still being looked at and modifications will be made by mid-2008.

B. COMMUNITY SERVICES

1. PARKS AND RECREATION - TIME CARD AUDIT (SEPTEMBER 2005)

PARKS AND RECREATION TIME CARD RECOMMENDATIONS	
RECOMMENDATION 1.	
	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)
17th ANNUAL REPORT STATUS – 2005	
	<p>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 Office has assigned staff to evaluate all of the Independent Contractor positions. They are currently conducting interviews with the 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 the Summer.</p> <p>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.</p>
18TH ANNUAL REPORT STATUS – 2006	
	District Attorney's Review is still on-going and is anticipated to be complete in 2007.

PARKS AND RECREATION TIME CARD RECOMMENDATIONS

CURRENT STATUS

The District Attorney's Office completed their review. Recreation Section implemented the recommendations and moved several positions from independent contractors to employees.

2. 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, 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)
16th 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 progress.
17th ANNUAL REPORT STATUS – 2005	
	Implementation in progress. We are still waiting on Sportsman Software to develop.
18th ANNUAL REPORT STATUS – 2006	
	Sportsman currently creating an inventory control upgrade projected to be installed in August of 2007.
CURRENT STATUS	
	Sportsman stated that their new software program Sequel which will be installed this year by/before Fall 2008 will have the means for controlling inventory in the Pro-shop and Sports Complex. Until then SLC Sports Complex is conducting inventory regularly with their current system.

3. WHEELER FARM – 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 FARM RECOMMENDATIONS	
RECOMMENDATION 1.	
	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)
17th ANNUAL REPORT STATUS – 2005	
	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.
18th ANNUAL REPORT STATUS – 2006	
	Not yet implemented. New Director assigned to the Farm will locate an appraiser.
CURRENT STATUS	
	Wheeler Farm has scheduled a professional appraiser from Bearcat Appraisers to tour the site on February 20, 2008. They will provide an estimated cost to conduct an evaluation of all items as requested by the Auditor's office stated above.
RECOMMENDATION 2.	
	We recommend that the items determined to be valuable antiques be catalogued in accordance with American Association of Museum policies. (Audit Letter, Page 11)

WHEELER FARM RECOMMENDATIONS	
17th ANNUAL REPORT STATUS – 2005	
	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.
18th ANNUAL REPORT STATUS – 2006	
	Not yet implemented. Previous Director retired. New Director will begin researching and implementation of this recommendation.
CURRENT STATUS	
	Wheeler Farm has scheduled a professional appraiser from Bearcat Appraisers to tour the site on February 20, 2008 to provide an estimated cost to catalogue items of value in accordance with American Association of Museum, as requested by the Auditor's office stated above.
RECOMMENDATION 3.	
	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)
17th ANNUAL REPORT STATUS – 2005	
	Currently Researching.
18th ANNUAL REPORT STATUS – 2006	
	Sportsman Software installed March 2007. Sportsman currently creating an inventory control upgrade projected to be installed in August of 2007.

WHEELER FARM RECOMMENDATIONS

CURRENT STATUS

Merchandise inventories are sold at the Country Store at Wheeler Farm. The Sportsman Software is not available at the Country Store. Staff at Wheeler Farm has developed an inventory system that lists the remaining inventories from the store when it closed in 2007. All items purchased and sold in 2008 will be input into this system and accounted for through the end of the 2008 season.

4. SALT LAKE CITY PUBLIC HEALTH – LIMITED SCOPE AUDIT OF CASH HANDLING AND CAPITAL AND CONTROLLED ASSETS (MAY 2006)

SALT LAKE CITY PUBLIC HEALTH CENTER RECOMMENDATIONS	
RECOMMENDATION 1.	
	We recommend that the Health Department continue their efforts to locate the missing assets listed above. (Audit Letter, Page 5)
18th ANNUAL REPORT STATUS – 2006	
	Missing assets have been reduced from 39 to 26, and we are still working on them.
CURRENT STATUS	
	Work has been completed. Missing items reduced to 19.
RECOMMENDATION 2.	
	We recommend that missing <u>capital</u> assets be addressed in a letter to the Mayor, that Form PM-2 be completed and submitted to the Auditor’s Office, and that the status of the asset be noted within the Health Department asset database. (Audit Letter, Page 5)
18th ANNUAL REPORT STATUS – 2006	
	PM-2s will be prepared for all missing capital assets by the end of April 2007.
CURRENT STATUS	
	Completed. PM-2s were completed June 15, 2007.
RECOMMENDATION 3.	
	We recommend that missing <u>controlled</u> assets be addressed in a letter to the Health Department director and that Form PM-2 be completed and submitted to the Auditor’s Office, and that the status of the asset be noted within the Health Department database. (Audit Letter, Page 5)

SALT LAKE CITY PUBLIC HEALTH CENTER RECOMMENDATION

18th ANNUAL REPORT STATUS – 2006

PM-2s will be prepared for all missing controlled assets by the end of April 2007.

CURRENT STATUS

Completed. PM-2s completed 6-15-2007 and submitted to Mayor's Operations. Letter sent to Mayor on 10-30-2007 requesting authority to delete those items from our inventory. We have not yet received a response from the Mayor.

C. HUMAN SERVICES

1. LIBRARY SYSTEM – LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING AND CAPITAL AND CONTROLLED ASSETS (AUGUST 1998)

SALT LAKE COUNTY LIBRARY SYSTEM	
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)
11th 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."
12th 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."
14th 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."

SALT LAKE COUNTY LIBRARY SYSTEM	
RECOMMENDATION 1.	
15th ANNUAL REPORT STATUS – 2003	
	<p>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.”</p>
16th ANNUAL REPORT STATUS – 2004	
	<p>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.</p>
17th ANNUAL REPORT STATUS – 2005	
	<p>A Request for Proposal has been written and submitted to Purchasing for purchase of an integrated cashiering system. The requisition number is L106294.</p>
18th ANNUAL REPORT STATUS – 2006	
	<p>This RFP is pending issuance. The Library conducted various business case analyses as requested and vetted the project through the IT Governance Committee. It is now in the District Attorney’s Office for final review and hopefully should be out for public response shortly. The previous requisition number has been deleted and a new one assigned (LI07199).</p>
CURRENT STATUS	
	<p>A contract was awarded late 2007 to Comprise Technologies Inc. Equipment is on site and beta testing is in progress on the client side with full implementation expected Spring of 2008.</p>

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

SANDY LIBRARY	
RECOMMENDATION 1.	
	We recommend that the Library continue to pursue an integrated cashiering and patron record system. (Audit Letter, Page 4)
18th ANNUAL REPORT STATUS – 2006	
	In progress – RFP #LI07119
CURRENT STATUS	
	A contract was awarded late 2007 to Comprise Technologies Inc. Equipment is on site and beta testing is in progress on the client side with full implementation expected Spring of 2008.
RECOMMENDATION 2.	
	We recommend that the combination of the safe be changed at least annually, and more often as required, in accordance with Policy #1062. (Audit Letter, Page 9)
18th ANNUAL REPORT STATUS – 2006	
	Presently looking into having all safe combinations changed.
CURRENT STATUS	
	Accomplished during 2007 by John Hayford, County Locksmith.

3. SOUTH JORDAN LIBRARY – LIMITED SCOPE AUDIT OF CASH HANDLING AND CAPITAL AND CONTROLLED ASSETS (SEPTEMBER 2006)

<i>SOUTH JORDAN LIBRARY</i>	
<i>RECOMMENDATION 1.</i>	
	We recommend that the Library continue to pursue an integrated cashiering and patron record system. (Audit Letter, Page 4)
18th ANNUAL REPORT STATUS – 2006	
	In progress – RFP #LI07119
CURRENT STATUS	
	A contract was awarded late 2007 to Comprise Technologies Inc. Equipment is on site and beta testing is in progress on the client side with full implementation expected Spring of 2008.
<i>RECOMMENDATION 2.</i>	
	We recommend that the Library explore the development of reports listing materials removed from inventory that could be reviewed and signed off on. (Audit Letter, Page 4)
18th ANNUAL REPORT STATUS – 2006	
	Still under consideration.
CURRENT STATUS	
	We have implemented a new deletion process, which includes supervisory review and approval.

D. PUBLIC WORKS

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

<i>ANIMAL SERVICES RECOMMENDATIONS</i>	
<i>RECOMMENDATION 1.</i>	
	We recommend that Animal Services develop and implement written policies and procedures to manage accounts receivable. (Audit Letter, Page 17)
17th ANNUAL REPORT STATUS – 2005	
	Implementation in progress. Currently reviewing processes and writing policies and procedures related to accounts receivable.
18th ANNUAL REPORT STATUS – 2006	
	Continuing the review. Training new staff and refining processes during the training. This is increasing the accuracy of these policies and procedures. Expect to have them completed within the next 3 months.
CURRENT STATUS	
	The procedure is written and attached to this document. Currently reviewing and updating this procedure as needed.
<i>RECOMMENDATION 2.</i>	
	We recommend that Animal Services develop an aging report for its accounts receivable. (Audit Letter, Page 17)
17th ANNUAL REPORT STATUS – 2005	
	Implementation in progress.

ANIMAL SERVICES RECOMMENDATIONS

18th ANNUAL REPORT STATUS – 2006

Created a Crystal report that searches the Chameleon database for all outstanding debt. Because so much of the debt on the report is old, we are currently researching the older data to verify accuracy. The newer data is being reviewed to determine status and to ensure that the information in the database is accurate.

CURRENT STATUS

Most of the old debt has been updated. We are now working on the more current debt. The Crystal report has been modified to allow a date range selection which can give us an idea of the time frames. However, we have not formally implemented this due to a back log of updates in Chameleon for collections accomplished through the District Attorney's office. Our current goal is to have this information updated in the system within 3 months. Once this data is updated I will continue to modify the Crystal report to give us a more useful aging report.

E. RECORDER

1. SALT LAKE COUNTY RECORDER – LIMITED SCOPE AUDIT OF THE RECORDER’S OFFICE (SEPTEMBER 2006)

RECORDER’S OFFICE	
RECOMMENDATION 1.	
	<p>We recommend that the Contracts & Procurement Director update or establish internal policies to:</p> <ul style="list-style-type: none">• Determine and document when exceptions to the County’s competitive bidding policy apply, such as, the “standardization” and “sole source” justifications.• Enforce the \$10,000 magnitude thresholds above which contract terms require amending.• Carry out statutory authority and responsibility to ensure all aspects of the business transactions are fully resolved, to include price, delivery date, delivery terms, acceptance period, warranties, funding terms, and such other terms and conditions as are appropriate. (Audit Report, Page 37)
18th ANNUAL REPORT STATUS – 2006	
	<p>We agree that current policies be reviewed with the contracting staff. That review was started but has been slowed down due to the resigning of the Contract Manager at the end of 2006. During the training of the new contract administrator emphasis has been placed on compliance to the current ordinances and policies in handling contracts. In addition, a check-off document will be developed for our internal processing to ensure all of the steps are understood and followed. After both of the above steps are completed, a review will be conducted to see what policies should be changed or internal policies should be written.</p>
CURRENT STATUS	
	<p>A review of all the issues was conducted with both members of the Contracting Section. A worksheet/check-off sheet was tested but was found not acceptable and may have to be redesigned. Unfortunately recently we have had to replace the supervisor in the Contract Section during this process again. A new contract administrator will be hired in the next few weeks and one of his/her first duties will be to redesign the work flow and approval processes used by the Division and County to insure all contracts are approved properly. A more deliberate and conscious review of all approvals of contracts handled by the Contracting Section is now in place to avoid future problems.</p>