

A REPORT  
TO THE CITIZENS OF SALT LAKE COUNTY  
BEN McADAMS, MAYOR



An Audit of the Key Controls of  
Business & Economic Development

December 31, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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December 31, 2013

Ben McAdams, Mayor  
Salt Lake County  
2001 S State St #N2100  
Salt Lake City, UT 84114-4575

Re: An Audit of the Key Controls of Business & Economic Development

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Business & Economic Development in compliance with Utah Code Ann. § 17-19a-204. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that we have identified as key to good financial management. We also sought to identify areas of material risk to determine whether we should commit more of our limited resources in further auditing or investigation. A report of our findings and recommendations is attached.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that the system of internal controls was adequate. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may also be instances of noncompliance in areas not examined.

We appreciate the time spent by the staff at Business & Economic Development and the cooperation from Carlton Christensen, Christina Oliver, Jared Steffey, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Business & Economic Development during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins  
Salt Lake County Auditor

By Larry Decker CPA, CIA  
Sr. Deputy Auditor

cc: Carlton Christensen, Director of Regional Development  
Christina Oliver, Director of Business & Economic Development  
Jared Steffey, Fiscal Manager

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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Business & Economic Development. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that are key to good financial management. We also sought to identify areas of material risk.

## Conclusion

Receipts to support a few purchasing card transactions were not on file. Also, the Meal Reimbursement form was not completed in some instances for food purchased and served at Business and Economic Development events.

## Findings and Recommendations

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***Finding # 1 - Receipts were not on file to support some purchasing card transactions.***

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### **Risk Level: Low**

Countywide Policy #7035, "Purchasing Cards," Section 6.1 states:

"Original itemized receipts showing the detail of the goods and/or services purchased shall be retained and maintained for inspection by the Cardholder. The Cardholder shall provide the Agency fiscal manager unrestricted access to the receipts for review."

We found that 6 out of 79 purchasing card transactions examined for the period January through October 2013 were missing receipts. Transactions for these missing receipts represented hotel stays and totaled \$1,299.

Management stated that they thought the receipts were saved electronically, but they could not be located. In the physical file, we found reservations from a travel agency, but not the actual hotel receipts.

Without receipts to support purchasing card expenditures, the purpose for these expenditures may be forgotten, and unauthorized transactions could more easily occur.

### **Recommendation**

We recommend that vendor receipts be maintained on file to support all purchasing card transactions.

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***Finding # 2 - A Meal Reimbursement form occasionally was not on file for food purchases.***

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**Risk Level: Low**

Countywide Policy #1020, "County Meals," Section 6.1 states:

"All requests for payment ... shall be submitted with the attached [Meal Reimbursement] form which contains: the date of the meeting; the location of the meeting; the type of the meeting, whether a breakfast, lunch, or dinner; ... the signature of the Division or Department Director or Elected Official approving the request."

We examined 79 purchasing card transactions for the period January through October 2013 and found that 2 were for purchases of refreshments that did not have the Meal Reimbursement form on file. One purchase for \$166 was for an open house, and the other purchase for \$129 was for a community outreach meeting.

Management stated that they did not know whether a meal reimbursement form should be used for refreshments and, therefore, did not include one on file for these events. The auditor and fiscal manager reviewed the Meal Reimbursement form and found that it does include the designation of "snacks," which would include refreshments.

When the meal reimbursement form is not completed, County funds could be used for unauthorized meals that do not serve a County purpose.

***Recommendation***

We recommend that a meal reimbursement form be completed, signed, and filed for all meal purchases, including refreshments.

## **Additional Information**

### **Background**

The Business and Economic Development Division fosters programs and develops relationships to attract businesses to the area, and to maintain and develop existing businesses. In this capacity, it works in partnership with the private, non-profit Economic Development Corporation of Utah (EDCU). EDCU received County funding of \$250,000 in 2013. The Business and Economic Development Division has 5 employees, and a 2013 budget of \$1.1 million. It is part of the newly formed County Office of Regional Development that also includes the Community Resources and Development Division.

### **Scope**

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Purchasing Card Usage
- Accounts Payable Procedures
- Compliance with Payment Terms in Contracts

Our examination period covered up to twelve months ending October 31, 2013. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices.

Management response to findings in this report, when received, will be attached as Appendix A.







Community Resources and Development Response to Audit  
Dated 1/13/2014

**Ben McAdams**  
Salt Lake County Mayor

**Carlton J. Christensen**  
Office of Regional Development  
Director

**REGIONAL ECONOMIC  
DEVELOPMENT**

**Christina M. Oliver**  
Regional Economic & Business  
Development  
Division Director  
COliver@slco.org

***Finding # 1 - Receipts were not on file to support some purchasing card transactions.***

As was mentioned in the Audit Report the receipts in question were for hotel expenses that were booked through a travel agency. This is not a common occurrence for Business and Economic Development and is not anticipated to happen again. However, if a similar circumstance occurs then the P-Card holder will be required to get a detailed receipt from the hotel after the reservations have been made. The Fiscal Manager will train on the importance of having itemized receipts for all transactions by the end of March 2014.

***Finding # 2 - A Meal Reimbursement form occasionally was not on file for food purchases.***

Fiscal Manager will provide training to the P-Card holders, the accountants in charge of reviewing P-Card purchases and to the general staff of the need for Meal Reimbursement forms and when to fill them out. This will include the need to fill out Meal Reimbursement forms for purchases of refreshments. This training will be conducted by the end of March 2014.

A handwritten signature in dark ink, appearing to be 'COliver', written over a horizontal line.

Division Director Signature

2-21-14

Date