

FOLLOW-UP REPORT

An Audit of the Countywide Petty Cash and Imprest Accounts

JULY 2023



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County Auditor

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AUDITOR'S LETTER

We conducted a follow-up audit of the Countywide Petty Cash and Imprest Account, building on our initial audit issued in October 2022. In this follow-up audit, we evaluated the progress made by the relevant agencies and departments in implementing the recommendations from our prior audit.

Of our 50 recommendations, agencies and departments across the county have fully implemented 20. Further, 7 recommendations are in the process of being implemented, 12 have not been implemented, and 11 recommendations have been closed due to various reasons, including closure of petty cash accounts. It is encouraged that all relevant parties take the necessary actions to fully implement the remaining recommendations before our final follow-up audit.

This audit is authorized pursuant to Utah Code Ann. 17-19a-204 "Auditing Services." We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In regards to the Health Department disagreeing with our recommendations, We appreciate and understand the unique nature of their operations, specifically with regards to the undercover petty cash account. However, it is essential to maintain strong internal controls, even in unique and challenging circumstances, to ensure fiscal responsibility, accountability, and compliance with county policies.

Recommendation 3.2 We understand that due to the unpredictable nature of undercover operations, it might not always be feasible to prepare purchase approval forms in advance. However, every agency and department has to follow county policies and ordinances.

Recommendation 3.3 The aim is to avoid unnecessary costs to the agency by paying sales tax, as Salt Lake County is tax-exempt. We understand that in undercover operations, paying sales tax could be a necessity to maintain the cover. Still, in these instances, we recommend seeking refunds for paid sales tax whenever possible after the operation as county policy prohibits paying sales tax.

Adhering to these recommendations would not only improve the agency's fiscal responsibility but also provide comprehensive documentation, ensuring all expenses are accounted for, justified, and transparent. This is critical for any possible future audits or scrutiny of accounts.

We appreciate the cooperation of all leaders and team members who contributed their time and knowledge to us during the audit. We continue to strive for effective use and management of petty cash across the county to promote fiscal responsibility.

For any questions related to this audit, please contact me at 385-468-7200.

A handwritten signature in black ink that reads "Chris Harding".

Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor

July 2023

Action Since Audit Report

An Audit of the Countywide Petty Cash and Imprest Account

8 key findings and 16 key recommendations for agencies within scope, resulting in 50 agency and department recommendations that were reported in October 2022.

The agencies/departments have fully implemented 20 of the 50 recommendations, 7 are in progress, 12 have not been implemented and 11 were closed.



FULLY
IMPLEMENTED

20



IMPLEMENTATION IN
PROGRESS

7



NOT
IMPLEMENTED

12



CLOSED

11

Remaining Risks

The Salt Lake County Auditor's Office will conduct an additional follow-up.

FINDING 1. BANK BALANCE DID NOT RECONCILE WITH CHECKBOOK RECORDS.

Recommendation 1.1 - We recommend that Human Resources management make efforts to reconcile bank statements to checkbook records.



HUMAN RESOURCES: Agency Action – Implemented our recommendation.

Recommendation 1.2 - We recommend that Human Resources management document any unresolved shortages greater than \$10.00 in a letter to the Mayor, along with a request to approve reimbursement of the shortage.



HUMAN RESOURCES: Agency Action - Implemented our recommendation.

Recommendation 1.3 - We recommend that Human Resource management ensure accounts are periodically reconciled and reviewed by an independent party.



HUMAN RESOURCES: Agency Action - Implementation in Progress - Independent reviews were documented, but the reconciliation and review were not signed. A second follow-up is required.

FINDING 2. RECONCILED BALANCE OF FUND EXCEEDED TWO MONTHS USAGE AND REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER.

Recommendation 2.1 - We recommend that management in the agencies below work with Mayor's Finance to reduce fund balances to reflect the needs of an average two-month period.



ANIMAL SERVICES: Agency action – Implemented our recommendation.




ENGINEERING AND FLOOD CONTROL: Agency action – Not Implemented - Management disagreed with the recommendation. Therefore, the changes were not implemented.


HEALTH DEPARTMENT




ADMINISTRATION: Agency action - Implementation in Progress. Management reduced the fund balance from \$2,000 to \$800. However, this amount continued to exceed the average two-month use of \$155. A second

follow-up is required.


 EPA EMISSIONS: Agency action - Not Implemented - Management disagreed with the recommendation. Therefore, the changes were not implemented.


 COMMUNICABLE DISEASE: Agency action - Recommendation Closed - Management closed the petty cash account.

 TOBACCO INSPECTIONS: Agency action - Not Implemented - Management disagreed with the recommendation. Therefore, the changes were not implemented.


 HUMAN RESOURCES: Agency Action - Implemented our recommendation.


PARKS AND RECREATION


 REDWOOD ROAD: Agency action - Recommendation Closed - Management closed the petty cash account.


 DIMPLE DELL: Agency action - Recommendation Closed - Management closed the petty cash account.


 MILLCREEK: Agency action - Recommendation Closed - Management closed the petty cash account.

 FAIRMONT AQUATIC CENTER: Agency action - Recommendation Closed - Management closed the petty cash account.

 RECORDER'S OFFICE: Agency action - Recommendation Closed - Management closed the petty cash account.



 REGIONAL DEVELOPMENT: Agency action - Implementation in Progress. Management reduced the fund from \$800 to \$500, which continued to exceed two months usage. A second follow-up is required.

 SALT PALACE CONVENTION: Agency action - Implementation in Progress. Management reduced the fund balance from \$1,000 to \$500, however, the balance continued to exceed the average two-month usage of \$250. A second follow-up is required.

 MOUNTAIN AMERICA EXPO CENTER: Agency action - Recommendation Closed - Fund usage increased during the audit period and reflected the needs of an average two-month period.






Recommendation 2.2 - We recommend that Regional Development and Health Department Administration management ensure staff are trained in, and comply with, agency internal

policy regarding reimbursement frequency.

-  HEALTH DEPARTMENT: Agency action – Not implemented. For the audit period, the agency submitted one reimbursement request that covered five months, exceeding the internal policy to submit reimbursements at least quarterly. A second follow-up is required.
-  REGIONAL DEVELOPMENT: Agency action – Not Implemented. Reimbursement requests for the imprest checking account were not submitted in a timely manner in accordance with the agency’s internal policy. A second follow-up is required.


FINDING 3. VOUCHERS AND REIMBURSEMENT REQUESTS WERE INCOMPLETE AND SALES TAX WAS PAID IN SOME INSTANCES.

Recommendation 3.1 - We recommend that management ensure that vouchers are signed by both the person receiving the funds and the custodian of record. If either cannot be obtained, a designee should sign and provide a written explanation.

-  PARKS AND RECREATION: Agency action: Mountain View Golf Course – Recommendation Closed. Management closed the petty cash account.
-  REGIONAL DEVELOPMENT: Agency Action – Implemented our recommendation.
-  SALT PALACE CONVENTION CENTER: Agency action – Implementation in Progress. Management was not sending completed reimbursement forms to Mayor’s finance. A second follow-up is required.
-  MOUNTAIN AMERICA EXPO CENTER: Agency action – Not Implemented. The Center was not sending reimbursement forms to Mayor’s finance. In addition, 2 (15%) out of 13 petty cash vouchers were not signed by the custodian and recipient and 1 (50%) of 2 reimbursement requests were not signed. A second follow-up is required.
-  YOUTH SERVICES: Agency Action – Implemented our recommendation.

Recommendation 3.2 - We recommend that management review voucher documentation to ensure receipts are attached and purchase approval forms are completed, where required by the agency’s internal policy.

HEALTH DEPARTMENT

-  EPA EMISSIONS: Agency action – Not Implemented. Management disagreed with the recommendation. Therefore, the changes were not implemented.



TOBACCO INSPECTION: Agency action – Implementation in Progress. Voucher documentation and receipts were on file for each transaction. However, petty cash purchase approval forms were not on file where they were required by the agency’s internal policy. A second follow-up is required.

Recommendation 3.3 - We recommend that management review receipts for sales tax and seek a refund from the vendor. Where appropriate, we recommend that sales tax not be reimbursed.

HEALTH DEPARTMENT



TOBACCO INSPECTION: Agency action – Implemented our recommendation.



EPA EMISSIONS: Agency action – Not Implemented. Management disagreed with the recommendation. Therefore, the changes were not implemented.



SALT PALACE CONVENTION CENTER: Agency action – Implemented our recommendation.



MOUNTAIN AMERICA EXPO CENTER: Agency action - Not Implemented. Sales tax was paid on 8 (62%) of the 13 receipts submitted for reimbursement. A second follow-up is required.

Recommendation 3.4 - We recommend that Parks and Recreation management at the Redwood Road location ensure that all reimbursement requests are complete using MPF Form 6 or similar, including documented approval of the custodian and manager.



Agency Action – Recommendation Closed - Management closed the petty cash account.

FINDING 4. CUSTODIANS AND/OR CHECK SIGNATORIES DID NOT MATCH THOSE ON RECORD.

Recommendation 4.1 - We recommend that management work with MFA to update the custodian of record by completing and signing MPF Form 7A, “Transfer of Funds Receipt.”




HUMAN RESOURCES: Agency action – Implemented our recommendation.



REGIONAL DEVELOPMENT: Agency action – Implemented our recommendation.



SALT PALACE CONVENTION CENTER: Agency action – Implemented our recommendation.


 MOUNTAIN AMERICA EXPO CENTER: Agency action - Not Implemented. Management has not updated the custodian of record. A second follow-up is required.


 YOUTH SERVICES: Agency action – Implemented our recommendation.

Recommendation 4.2 - We recommend that management update account signatories by submitting a revised Certificate of Authority to the Treasurer’s Office for submission to the bank.

 ANIMAL SERVICES: Agency action – Implemented our recommendation.

HEALTH DEPARTMENT

 COMMUNICABLE DISEASE: Agency action - Recommendation Closed. Management closed the petty cash account.

 REGIONAL DEVELOPMENT: Agency action – Implementation in Progress. One signatory listed during the follow-up period was a former employee. In addition, another signatory had transferred to another division, but still signed four checks during the audit period due to the transition in management. Both individuals have been removed as signatories, and the agency intends to add this step to their internal policy and procedures with staffing changes. A second follow-up is required.

FINDING 5. CHECKS THAT WERE MORE THAN 16 MONTHS OLD WERE NOT SENT TO UNCLAIMED PROPERTY.

Recommendation 5.1 - We recommend that management make efforts to contact the individuals regarding their checks that have not cleared and that checks be reissued where possible.

 ANIMAL SERVICES: Agency action – Implemented our recommendation.

 HUMAN RESOURCES: Agency action – Implemented our recommendation.

Recommendation 5.2 - We recommend that stale checks that cannot be resolved with the payee be reported and funds submitted to the County Treasurer’s office for remission to the State Division of Unclaimed property.

 ANIMAL SERVICES: Agency action – Implemented our recommendation.

 HUMAN RESOURCES: Agency action – Implemented our recommendation.

FINDING 6. MONTHLY BANK RECONCILIATIONS WERE NOT SIGNED BY THE CUSTODIAN.





Recommendation 6.1 - We recommend that in Regional Development monthly bank reconciliation reports be signed by both the preparer and the custodian.

-  REGIONAL DEVELOPMENT: Agency action – Implemented our recommendation.

FINDING 7. RECEIPTS WERE NOT RETURNED TO THE CUSTODIAN IN A TIMELY MANNER.

Recommendation 7.1 - We recommend that management in the Health Department review the internal policy with custodians to have employees return receipts within two working days, or that internal policy be reviewed and updated where appropriate.

HEALTH DEPARTMENT

-  ADMINISTRATION: Agency action - Not implemented. 11 (92%) out of 12 vouchers tested did not have receipts returned within two working days. A second follow-up is required.
-  EPA EMISSIONS: Agency action – Not implemented. The date receipts were returned was not recorded. Using the next voucher number in sequence as an indicator of the date a previous receipt was returned, we found that 10 out of 16 vouchers' receipts were not returned within two working days. The Custodian stated they try to adhere to the policy. However, due to staff schedules, individuals are not always available to 1) unlock the safe and 2) be present to return receipts. A second follow-up is required.
-  COMMUNICABLE DISEASE: Agency action – Recommendation Closed. Management closed the petty cash account.
-  TOBACCO INSPECTIONS: Agency action – Implemented our recommendation for non-undercover receipts. Undercover receipts were not turned in as they are kept by the Unified Police Department as evidence.

FINDING 8. LACK OF SEGREGATION OF DUTIES WITH REGARDS TO PETTY CASH SECURITY.

Recommendation 8.1 - We recommend that management in the Health Department assign a different staff member the combination to the locked safe.

-  HEALTH DEPARTMENT EPA EMISSIONS: Agency action – Implemented our recommendation.