

SECOND FOLLOW-UP REPORT

Salt Lake County Justice Court

JULY 2024



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County Auditor

Office of the Auditor
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AUDITOR'S LETTER

JULY 2024

In keeping with generally accepted government auditing standards and Auditor's Office policy, as authorized by Utah Code Title 17, Chapter 19a, "County Auditor," Part 2, "Powers and Duties," we have a responsibility to monitor and follow up on audit recommendations to ensure county agencies address audit findings through appropriate corrective action and to aid us in planning future audits.

This letter serves as the final follow-up audit report for Salt Lake County Justice Court. The original audit report was issued in April 2022, followed by a preliminary follow-up report in October 2022. The original audit report identified 25 findings with 46 recommendations. In the preliminary follow-up, Justice Court management implemented 27 of the 46 recommendations, 17 were in progress, and 2 were closed.

The Salt Lake County Justice Court initially agreed to implement all 46 recommendations outlined in our April 2022 audit. This commitment was documented in their formal management response.

Unfortunately, during this final follow-up in July 2024, we found that not all recommendations have been implemented.

In this final follow-up, 11 findings and 17 recommendations remained to be tested. Justice Court management has fully implemented 8 of the 17 remaining recommendations, 4 were in progress, 3 were not implemented and 2 were closed. Overall, Justice Court management implemented 35 of 46 recommendations, 4 were in progress, 3 were not implemented and 4 were closed.

Over the past two years, the court has implemented 76% of the recommendations (35 out of 46), including those related to timely deposits, segregation of duties, and reporting unclaimed property. However, it is concerning that 15% (7 recommendations) remain unaddressed. These outstanding recommendations primarily involve improving internal controls over mail handling, record-keeping for the Mail Log, and establishing written policies and procedures for Trust Account disbursements and reconciliations. Fully implementing these recommendations is crucial for enhancing the court's financial management practices and ensuring the safeguarding of public funds.

The Auditor's office has fulfilled its follow-up responsibilities by conducting two follow-up audits on these recommendations. For the outstanding recommendations, it is now the responsibility

of the Justice Court management to implement these recommendations and the County Council to provide oversight and enforcement, if needed, to mitigate the associated risks. The Auditor's Office will no longer be following up on these recommendations. Without sufficient oversight from management, these identified issues and their corresponding recommendations will not be addressed. It is crucial for the Justice Court management and the County Council to ensure these recommendations are implemented to manage the risks effectively.

We performed this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those 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. We appreciate the leaders and team members at the Justice Court who shared their time and knowledge with us during the audit. We appreciate the cooperation and assistance provided by all county stakeholders during this audit.

Please contact me at 385-468-7200 with any questions.

A handwritten signature in black ink, appearing to read "Chris Harding". The signature is fluid and cursive, with the first name "Chris" being more prominent than the last name "Harding".

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

Action Since Audit Report

An Audit of the Salt Lake County Justice Court

Original Audit: Report issued April 2022

25 findings and 46 recommendations reported in April 2022.

Preliminary Follow-up: Report Issued October 2022

The Salt Lake County Justice Court fully implemented 27 of the 46 recommendations, 17 were in progress, and 2 were closed in October 2022.

Final Follow-Up

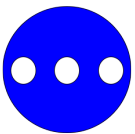
- 17 recommendations remained for testing after the preliminary follow-up.
- 8 recommendations were fully implemented.
- 4 recommendations were in progress.
- 3 recommendations were not implemented.
- 2 recommendations were closed.

Overall, Justice Court management implemented 35 of 46 recommendations, 4 were in progress, 3 were not implemented and 4 were closed.



FULLY
IMPLEMENTED

8



IMPLEMENTATION IN
PROGRESS

4



NOT
IMPLEMENTED

3



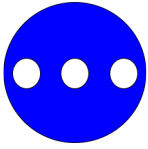
CLOSED

2

Remaining Risks

This secondary follow-up audit concludes the testing of recommendations related to the initial Justice Court Audit report from April 2022. For the outstanding recommendations, the onus is now on management and those charged with governance to implement the remaining 7 recommendations and mitigate the associated risks.

FINDING 1 - The Mail Log was not created using dual controls and procedures were not adequate to ensure that all payments were posted, returned, destroyed, or forwarded to the appropriate party.



We recommend that Management create a written policy and procedure on how to process payments received in the mail or the drop box. Procedures should include the following:

- Requiring two individuals to retrieve payments, log the items retrieved, and agree to the amounts received using signatures.
- Ensuring the Mail Log is completed in full.
- Noting on the Mail Log payments that were not processed that day, were forwarded, returned, or destroyed, and approval of the action taken.
- Selecting the Mail/Drop-Box option in the CORIS Payment Screen when receipting payments, recording the CORIS transaction number and date on the Mail Log, and reconciling CORIS to the log using the CORIS Mail Log Report. The cashier posting payment should initial the log entry.
- Maintaining a copy of the Mail Log with the daily deposit records, including prior day's payments that have not yet been processed, and ensuring items on the log were not removed.

AGENCY ACTION - Implementation in Progress. During follow up testing management provided an updated written policy that included the elements above. However, the policy requirements had not been fully implemented into Justice Court operations.

FINDING 2 - Not all funds were deposited on a timely basis.



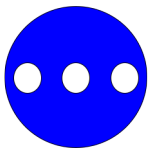
Recommendation 2.1 - We recommend that funds be deposited within 3 days of receipt when conditions permit, and that funds be deposited at least weekly during extenuating circumstances, such as the COVID pandemic.

AGENCY ACTION - Implemented our recommendation.



Recommendation 2.2 - We recommend that the Justice Courts consider training alternate individuals to process small claims and bail bonds and to prepare deposits.

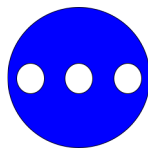
AGENCY ACTION - Implemented our recommendation.



Recommendation 2.3 - We recommend that the Mail Log be used to document funds received but not included in the daily deposit.

AGENCY ACTION – We noted an instance where the mail log indicated that checks received that day were not deposited that day. However, on the date they were deposited, those checks were listed on the mail log again, as if they were received that day. There were no notes indicating they were the checks previously listed. Management indicated that they did not implement this recommendation until after the audit period.

FINDING 3 - Checks received from the State Treasurer were not recorded on the Mail Log nor Cashier's Cash Count.



Recommendation 3.1 - We recommend that all checks received in the mail or drop box be recorded on the Mail Log.

AGENCY ACTION – Implementation in Progress. One sample deposit date that included a check from the State of Utah. However, the check was not listed as having been received on the corresponding Mail Log. Management has indicated that they did not implement this recommendation until after the audit period.



Recommendation 3.3 - We recommend documenting the balance remitted to either the Revenue or Trust Account if the check is to be split between the two accounts.

RECOMMENDATION CLOSED. No testing performed. Current Fiscal Management stated that State Checks were not split during the audit period and there was no requirement to do so. In addition, splitting of the State checks did not occur within our test sample. Because of the change in operations, this recommendation was closed.

FINDING 4 - The Fiscal Manager performed cashiering duties and maintained accounting records, resulting in poor segregation of duties.



Recommendation 4.2 - We recommend that the Justice Courts consider training alternate individuals to process small claims and prepare deposits.

AGENCY ACTION - Implemented our recommendation.

FINDING 6 - Not all fees due to the State Treasurer were remitted.



Recommendation 6.2 - We recommend that the Revenue Distribution Reconciliation and Monthly Report of Cash Receipts be initialed by the preparer and reviewed by a designated employee prior to being submitted to MFA for remittance to the State. The reviewer should use the CORIS Revenue Distribution Summary to ensure all payments are accounted for.

AGENCY ACTION - Implemented our recommendation.

FINDING 7 - Monthly reconciliation of the Jury Witness Fee Account was not performed, and the account was no longer being used.



Recommendation 7.1 - We recommend that the Jury Witness Fee Account be closed through MFA.

AGENCY ACTION - Implemented our recommendation.

FINDING 8 - Stale dated checks were not reported to the Treasurer's Office and were not remitted to the State Division of Unclaimed Property.



Recommendation 8.1 - We recommend that Justice Court Management make efforts to contact the individuals regarding their uncashed checks.

RECOMMENDATION CLOSED. Recommendation is not applicable; the State of Utah Administrative Office of the Courts Accounting Manual, Section 06-11 00 Unclaimed Property, sub section 1.8, states, "Notice is not required for properties totaling \$50 or less." All uncashed checks for the Jury Witness Fee Account were for amounts under \$50.



Recommendation 8.2 - We recommend that Justice Court Management submit a reporting of uncleared checks greater than 16 months old to the County Treasurer's Office.

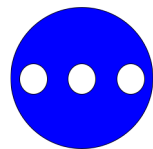
AGENCY ACTION - Implemented our recommendation.



Recommendation 8.3 - We recommend that a check be issued to clear the Authorized Imprest Fund Balance through MFA and close the account.

AGENCY ACTION - Implemented our recommendation.

FINDING 10 - Stale dated checks were not reported to Treasurer's Office and were not remitted to the State Division of Unclaimed Property.



Recommendation 10.2 - We recommend that Justice Court Management submit a reporting of uncleared checks greater than 16 months old to the County Treasurer's Office.

AGENCY ACTION - Implementation in Progress. Management is in the process of implementing this recommendation. They noted they would be mailing out Due Diligence Notices and would be voiding the checks previously reported as unclaimed property that remained listed on reconciliation as outstanding. Additionally, there were two checks that should have been included in the previous reporting of unclaimed property but were not. The Justice Court indicated they would send Due Diligence Notices for those checks as well.

FINDING 12 - Records of Trust Account activity were not always accurate and complete.



Recommendation 12.1 - We recommend that Justice Courts Management create a written policy and procedure regarding reconciliation of QuickBooks, CORIS, and bank records.

AGENCY ACTION - Not Implemented - Management did not provide a policy or procedure regarding the reconciliation of QuickBooks, CORIS, and bank records.

FINDING 13 - Payments from the Trust Account were not made on a timely basis.



Recommendation 13.1 - We recommend that management create a written policy regarding the timing of trust payments once a Judge's order is received, as well as the documentation and approval process.

AGENCY ACTION - Not Implemented - Management did not provide a policy or procedure regarding the timing of trust payments once a Judge's order is received, as well as the documentation and approval process.



Recommendation 13.2 - We recommend that payments are made within 30 days of a judge's order and no later than 60 days.

AGENCY ACTION - Not Implemented - Management indicated that they had not fully implemented this recommendation.


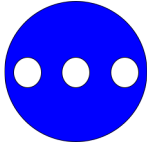


FINDING 16 - Receipts and forms required for meals and travel expenditure were not always on file.



Recommendation 16.2 - We recommend that Justice Court Management verify that all purchase card transactions are for a valid business purpose by using the appropriate Travel and Meal request forms.

AGENCY ACTION - Implemented our recommendation.

Audit Recommendation Implementation Status

 <p style="text-align: center;">Fully Implemented</p>	 <p style="text-align: center;">Implementation In Progress</p>	 <p style="text-align: center;">Not Implemented</p>	 <p style="text-align: center;">Closed</p>
<p>The audit recommendation has been implemented, and the corrective actions effectively address the original issue or finding, as verified by the follow-up audit. No further action is required at this time.</p>	<p>The agency has begun taking corrective actions to address the audit recommendation. However, full implementation has not yet been achieved after two follow-up audits. The onus now falls on the agency to take the necessary steps for implementation and mitigate the associated risks.</p>	<p>The agency has not taken corrective action to address the audit recommendation after two follow-up audits were conducted by the Auditor’s Office. The onus now falls on the agency to take the necessary steps for implementation and mitigate the associated risks.</p>	<p>Circumstances have changed surrounding the original finding or recommendation that make it no longer applicable, or the agency will only implement a portion of the recommendation as verified by the follow-up audit. No further follow-up is required.</p>