

AUDIT REPORT

Salt Lake County, Countywide *Petty Cash and Imprest Account*

OCTOBER 2022



Chris Harding, CPA, CFE, CIA
County Auditor

Office of the Auditor
Salt Lake County

Audit Team

Brenda Nelson, CISA, Audit Manager

Tammy Brakey, Internal Auditor

Audit Management

Chris Harding, CPA, CFE, CIA, Auditor

Richard Jaussi, MBA, Chief Deputy Auditor

Shawna Ahlborn, Audit Division Director



Office of the Auditor
Salt Lake County
2001 S State Street, Ste N3-300
Salt Lake City, UT 84190-1100
Phone: (385) 468-7200

www.slco.org/auditor

Salt Lake County Auditor



Chris Harding, CPA, CFE, CIA
County Auditor

2001 S State Street, Ste N3-300, Salt Lake City, UT 84190
Phone: (385) 468-7200 www.slco.org/auditor

AUDITOR'S LETTER

October 3, 2022

We audited petty cash and imprest accounts in various agencies and departments in Salt Lake County to see if countywide policies were adhered to and best practices followed. I now present the results of this audit.

By implementing recommendations for compliance with countywide policies and procedures, the County can be assured that expenditures are authorized, recorded, reconciled, and replenished properly. Additionally this can ensure there is adequate segregation of duties as required by Countywide Policy 1203 "Petty Cash and Other Imprest Funds."

Engineering and Flood Control addressed valid concerns about the countywide policy on fund balances that potentially could be addressed by the County Council. Ultimately the Auditor's office will conduct an audit to the current and existing policy, any changes would have to come from the County Council.

The Health Department chose to disagree with recommendations that would clearly decrease the likelihood of fraud, waste, or abuse by getting proper approvals of purchases in advance and proper documentation as required by countywide policy. Additionally, having a larger than needed fund balance in petty cash makes an agency more susceptible to undetected errors or loss of funds. Further explanation is in the Auditor's Addendum on page 51.

This audit is authorized pursuant to Utah Code Ann. 17-19a-401 "County Auditor Investigative Powers – Report of Findings." We conducted this audit in accordance with generally accepted government auditing standards (GAGAS), except for the requirement in GAGAS 3.18, which states, "In all matters relating to the GAGAS engagement, auditors and audit organizations must be independent from an audited entity". GAGAS states in 3.21 "Independence comprises the following:

- a. Independence of mind: The state of mind that permits the conduct of an engagement without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional skepticism.
- b. Independence in appearance: The absence of circumstances that would cause a reasonable and informed third party to reasonably conclude that the integrity, objectivity, or professional skepticism of an audit organization or member of the engagement team had been compromised.

Our state statute, 17-19a-206 Performance audit services, reads:

(1)

(a) A county auditor shall, under the direction and supervision of the county legislative body or county executive and subject to Subsections (1)(b) and (2), provide performance audit services for a county office, department, division, or other county entity.

(b) A county auditor may not conduct a performance audit of the auditor's own office.

(2) The county legislative body or county executive shall establish the goals and nature of a performance audit and related services.

Although this audit is not a performance audit, GAGAS 3.19 states: "auditors and audit organizations should avoid situations that could lead reasonable and informed third parties to conclude that the auditors and audit organizations are not independent and thus are not capable of exercising objective and impartial judgment on all issues associated with conducting the engagement and reporting on the work".

A Reasonable and informed third party is defined by GAGAS: "As evaluated by a hypothetical person, a person who possesses skills, knowledge, and experience to objectively evaluate the appropriateness of the auditor's judgments and conclusions. This evaluation entails weighing all the relevant facts and circumstances, including any safeguards applied, that the auditor knows, or could reasonably be expected to know, at the time that the evaluation is made."

Although we are working with the State Legislature, Utah Association of Counties, Utah Association of CPAs, to change this statute, we currently have no control or ability to change this statute. As such there is a risk that readers of our report would conclude that we are not capable of exercising objective and impartial judgment on the audit subject matter.

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. Except for the independence issues above, 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 various agencies and departments who shared their time and knowledge with us during the 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" and last name "Harding" clearly distinguishable.

Chris Harding, CPA, CFE, CIA
Auditor



Salt Lake County Petty Cash and Imprest Accounts - Countywide

OCTOBER 2022

Objective

The objectives of the audit were to evaluate the adequacy of internal controls over petty cash and imprest checking funds to:

1. Determine compliance with internal and Countywide policies and procedures.
2. Determine if expenditures are authorized, recorded, reconciled, and replenished properly, and that there is adequate segregation of duties.

REPORT HIGHLIGHTS

Excessive reconciled fund balance amounts allowed for less frequent reimbursements and undetectable errors.

Countywide Policy 1203 states that fund balances should be sufficient for 2 months of operations. However, we found that many balances were excessive. Because excess funds were on hand, reimbursement was not necessary for long periods, which increased the risk of undetected errors or loss of funds.

Outdated record management allowed for unaccountability of funds.

Countywide Policy establishes accountability for funds through the designation of fund custodians and bank signatories. Some agencies had inconsistencies between the designated custodian and/or signatory on record and the individuals performing the role in practice.

Insufficient documentation increased the risk of fraud, loss, or abuse of funds.

Documentation required by Countywide Policy helps ensure that the use of funds is transparent, is for a valid business need, and is accurate. When transactions are not approved, non-business purchases, violations of County policy, and excessive expenditures may be more likely to occur.

Outstanding checks were unsent to unclaimed property risking agencies and the County fines.

Countywide Policy 1203 and the Utah Unclaimed Property Act (Section 67-4 et.seq), list regulations regarding when stale dated checks must be submitted to the State of Utah Treasurer's Office, Unclaimed Property Division.

Many agencies were not adhering to their internal policies and/or procedures risking loss, theft, or fraud.

Three agencies (representing 6 funds) had internal policies and/or procedures regarding petty cash and imprest checking funds. We found that two of the agencies were not complying with the internal policies regarding bank reconciliations, timing between the voucher and receipt date, and control over petty cash funds. One agency was missing purchase request forms that were required by the agency's internal policy.

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BACKGROUND

The Salt Lake County Auditor’s Office Audit Services Division recently completed an audit of select Salt Lake County Agency petty cash and imprest checking funds. As of December 31, 2021, there were 73 funds held by 32 County agencies. Funds totaled \$345,250. Several agencies had multiple accounts and fund types.

Table 1. **County Petty Cash and Imprest Checking Funds.** As of December 31, 2021, the County had 52 petty cash funds with a total fund balance of \$38,650 (representing 26 agencies) and 21 imprest checking funds with a total fund balance of \$306,600 (representing 14 agencies).

Fund Type	Number of Agencies	Number of Funds	Total dollar amount
Petty Cash	26	52	\$38,650
Imprest Checking	14	21	\$306,600

Based on risk factors such as staff turn-over, length of time since the fund was last reimbursed, and length of time since the fund was last audited, we selected eighteen petty cash funds and three imprest checking funds totaling \$71,750 to audit. At the onset of fieldwork, two petty cash funds selected, totaling \$1,000, had been closed by the agency and were therefore excluded from further testing. For a complete list of agencies and funds included in the audit, see Appendix A.

AUDIT CRITERIA

Countywide Policy (“CWP”) 1203 “Petty Cash and Other Imprest Funds” sets forth procedures for establishing, operating, reconciling, and obtaining reimbursement for petty cash and imprest checking funds. Petty cash funds allow agencies to purchase small-cost, miscellaneous items where the use of the purchase order system is not cost-effective. Other imprest-type funds are established on a case-by-case basis, where it is more cost-effective or efficient than payment through the general warrants system.

Controls over petty cash and imprest checking funds set forth in County policy include ensuring that:

- The fund is properly safeguarded.
- The amount is appropriate for operational needs.
- Disbursements are for authorized, legitimate purposes.
- The fund is periodically reconciled by independent staff.
- The custodian maintains fund records reflecting activities.
- All purchases are supported by signed receipts or equivalent.
- The fund is properly reflected in the financial system.
- Cash plus receipts equal the authorized fund balance.

AUDIT CONCLUSIONS

While we found no evidence of misuse of funds, we determined that internal controls were not always adequate to prevent or detect misuse. Additionally, we noted instances of noncompliance with Countywide Policy. CWP 1203 states that funds should be sufficient for 2 months of operations. However, we found that balances were excessive for 16 (84%) out of 19 funds. Because excess funds were on hand, reimbursement was not required for long periods, which increased the risk of undetected errors or loss of funds. For 12 funds, reimbursement ranged from 71 to 382 average days from the first expenditure to the reimbursement date. One fund had not been reconciled against bank records or reimbursed for 3 years. The checkbook balance disagreed with the fund balance per Mayor's Finance Administration ("MFA") records by approximately \$117. A new custodian was able to resolve the discrepancy.

CWP establishes accountability for funds through the designation of fund custodians and bank signatories. Eight (42%) out of the 19 funds had inconsistencies between the designated custodian and/or signatory on record and the individuals performing the role in practice. Documentation required by CWP helps ensure that the use of funds is transparent, is for a valid business need, and is accurate. We found that 8 (42%) out of the 19 funds had incomplete voucher or reimbursement documentation.

Three agencies (representing 6 funds) had internal policies and/or procedures regarding petty cash and imprest checking funds. We found that two of the agencies were not complying with the internal policies regarding bank reconciliations, timing between the voucher and receipt date, and control over petty cash funds. One agency was missing purchase request forms that were required by the agency's internal policy.



Finding Risk Classifications

Classification	Description
<p>1 – Low Risk Finding</p>	<p>Low risk findings may not have an effect on whether petty cash transactions were recorded accurately, were for a valid business purpose, and that funds were adequately safeguarded from loss or theft. Low risk findings are not included in the report but are verbally communicated to the auditee.</p> <p>Recommendations may or may not be given to address the issues identified in the final audit report. If recommendations are given, management should try to implement the recommendations within one year of the final audit report date if possible. Follow-up audits may or may not focus on the status of implementation.</p>
<p>2 – Moderate Risk Finding</p>	<p>Moderate risk findings may have an effect on whether petty cash transactions were recorded accurately, were for a valid business purpose, and that funds were adequately safeguarded from loss or theft.</p> <p>Recommendations will be given to address the issues identified in the final audit report. Management should implement the recommendations within one year of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p>3 – Significant Risk Finding</p>	<p>Significant risks are the result of one or more findings that may have an effect on whether petty cash transactions were recorded accurately, were for a valid business purpose, and that funds were adequately safeguarded from loss or theft.</p> <p>Recommendations will include necessary corrective actions that address the significant risks identified in the final audit report. Management should implement the recommendations within six months of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p>4 – Critical Risk Finding</p>	<p>Critical risks are the result of one or more findings that would have an effect on whether petty cash transactions were recorded accurately, were for a valid business purpose, and that funds were adequately safeguarded from loss or theft.</p> <p>Recommendations will include necessary corrective actions that address the critical risks identified in the final audit report. Management should implement the recommendations as soon as possible. Follow-up audits will focus on the status of implementation.</p>

FINDING 1 AND RECOMMENDATIONS

Bank balance did not reconcile with checkbook records

Risk Rating: *Critical Risk Finding*

One (6%) out of the 16 petty cash funds did not reconcile to the bank balance. Some agencies chose to deposit petty cash funds into a bank account for ease of use and security of funds. We discovered a discrepancy between the bank statement and the reconciled balance of petty cash checking fund balance for Human Resources agency of approximately \$117. However, it was later determined that the prior custodian had not requested reimbursement for approximately \$221 worth of payments issued and had previous errors including a duplicate reimbursement for one check for \$51 and \$53 in outstanding checks that needed to be voided and/or reissued.

Countywide Policy 1203, Section 5.1.1, states, "*Prior to submission of a reimbursement request from the Custodian to the [MFA's] Office, the applicable Petty Cash or other Imprest Fund Account shall be reconciled by the Custodian. The reconciliation, documented on MPF Form 6, "Reimbursement Request and Control Listing," or similar form, shall reflect the actual count of Petty Cash on hand,"*

Section 5.2.1, states, "*Upon discovery of any shortages, an investigation shall be conducted by the Custodian and his/her supervisor. Under circumstances of gross negligence or intentional wrongdoing, the Custodian may be required to personally replenish the shortage."*

Section 5.2.2, states, "*If the shortage appears related to a theft, the incident shall be reported to the appropriate law enforcement jurisdiction, the District Attorney, Auditor, and Treasurer in accordance with Countywide Policy #1304, "Discovery and Reporting of Wrongdoing or Criminal Activity." 5.2.2.1 Any unresolved shortages greater than \$10.00 shall be explained in writing to the Mayor, along with a request to approve reimbursement of the shortage. If approved, [Mayor's Office Financial Administration] ... will reimburse the amount requested to replenish the account."*

The previous custodian had not been keeping adequate records of checkbook transactions and was not reconciling to the bank statements. Management was not performing proper supervisory oversight of the fund and ensuring reconciliation to bank statement amounts.

Funds that do not reconcile to MFA records and bank records are at greater risk of theft or fraud.

Management was not performing proper supervisory oversight of the fund and ensuring reconciliation to bank statement amounts.

1.1

RECOMMENDATION

Reconcile Bank Statements

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

AGENCY RESPONSE: *AGREE*, IMPLEMENTATION DATE - *COMPLETED*

SEE PAGE 34 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2

RECOMMENDATION

Resolve Fund Shortages

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.

AGENCY RESPONSE: *AGREE*, IMPLEMENTATION DATE - *COMPLETED*

SEE PAGE 34 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.3

RECOMMENDATION

Reconcile and Review Funds

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

AGENCY RESPONSE: *AGREE*, IMPLEMENTATION DATE - *SEPTEMBER 30, 2022*

SEE PAGE 34 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 2 AND RECOMMENDATIONS

Reconciled balance of fund exceeded two months usage and reimbursements were not made in a timely manner

Risk Rating: *Significant Risk Finding*

Fifteen (94%) out of 16 petty cash and 1 (33%) out of the 3 imprest checking funds had balances that exceeded fund expenditures for an average two-month period.

Some agencies had internal policies regarding petty cash and imprest checking procedures. Of those, we determined that 2 of the petty cash funds, and 1 of the imprest checking funds, were not reimbursing funds as frequently as the internal policy required.

Overall, the combined reconciled balances of the 16 funds equaled \$14,450, while the combined two-month average expenditures totaled \$1,424. Funds on hand were sufficient for well over 18 months of transactions. Average days from the first expenditure to the reimbursement date ranged from 71 to 382 days for 12 of the 19 funds.

Regional Development and Health Department Administration did not always comply with their respective agency's internal policy. In 2021, 2 out of the 3 petty cash reimbursements obtained by Regional Development were not completed monthly as required by the department's policy. There was an average of 71 days from the first transaction until reimbursement. In addition, the department's imprest checking account was reimbursed on average every 118 days from the first transaction. One out of two petty cash reimbursements was not made quarterly as required by the Health Department. The first reimbursement was 597 days from the first transaction.

See Appendix B, table 5 for a list of agencies, fund types, and reimbursement averages.

Countywide Policy 1203, Section 3.1.4, states, *"The requested imprest amount should be sufficient to provide adequate operating funds for 2 months."*

Regional Development's Internal Policy on Petty Cash, Section 7, states, *"The Petty Cash Custodian prepares a reimbursement request to Accounts Payable on a monthly basis."* Additionally, the Agency's Imprest Fund policy, Section 6 states, *"Reimbursements for the Imprest account will be made on a monthly basis."*

Excessive fund balances tie up funds that could be used elsewhere and untimely reimbursements could lead to errors, fraud or abuse being undetected.

The Health Department's Internal Policy 0600-FS, Section 2.1.1.12, states, "At least quarterly or when the available balance on an account reaches one fourth of the total authorized available, a reimbursement request must be submitted."

For most agencies funds were used more frequently in the past. However, with the increased use of purchase cards, petty cash funds were used less. Balances were not reduced to reflect the decreased need. In one instance, funds were not used during the transition to a new custodian. For agencies with internal policies and procedures, staff may not have been aware of the policy requirements.

Excessive fund balances tie up funds that could be used elsewhere. Discrepancies may not be detected on timely basis when reimbursements are not needed over an extended period. As a result, errors, fraud, or abuse may be more likely to occur undetected.

2.1

RECOMMENDATION

Reduce Fund Balances

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.

AGENCY RESPONSE AND IMPLEMENTATION DATES:

ANIMAL SERVICES: *AGREE, NOV. 1, 2022*

ENGINEERING AND FLOOD CONTROL: *DISAGREE*

HEALTH DEPARTMENT

ADMINISTRATION: AGREE, NOVEMBER 1, 2022

EPA EMISSIONS: DISAGREE

COMMUNICABLE DISEASE: ACCOUNT CLOSED

TOBACCO INSPECTIONS: DISAGREE

HUMAN RESOURCES: *AGREE, SEPTEMBER 30, 2022*

PARKS AND RECREATION

REDWOOD ROAD: AGREE, NOVEMBER 18, 2022

DIMPLE DELL: AGREE, NOVEMBER 18, 2022

MILLCREEK: AGREE, NOVEMBER 18, 2022

FAIRMONT AQUATIC CENTER: AGREE, NOVEMBER 18, 2022

RECORDER'S OFFICE: AGREE, SEPTEMBER 30, 2022

REGIONAL DEVELOPMENT: AGREE, NOVEMBER 23, 2022

*SMG/SALT PALACE CONVENTION AND MOUNTAIN AMERICA EXPO CENTER: AGREE,
COMPLETED*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 24

2.2

RECOMMENDATION

Train Staff on Internal Policy for Reimbursements

We recommend that Regional Development and Health Department Administration management ensure staff are trained in, and comply with, agency internal policy regarding reimbursement frequency.

AGENCY RESPONSE AND IMPLEMENTATION DATES:

HEALTH DEPARTMENT: *AGREE, COMPLETED*

REGIONAL DEVELOPMENT: *AGREE, COMPLETED*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 24

FINDING 3 AND RECOMMENDATIONS

Vouchers and reimbursement requests were incomplete and sales tax was paid in some instances.

Risk Rating: ***Significant Risk Finding***

8 (50%) of the 16 petty cash funds had incomplete voucher and/or reimbursement documentation. Additionally, 4 (25%) had paid sales tax on purchases.

We found 52 incomplete voucher forms on file with seven agencies. Vouchers were missing the custodian and/or recipient signatures or were signed by someone other than the recipient. Additionally, two were signed by the custodian as custodian and recipient.

Redwood Recreation Center had one reimbursement request form that was missing management approval. MPF Form 6 "Reimbursement Request and Control Listing," indicates that the fund has been reconciled prior to being submitted for reimbursement and should be signed by the custodian and fiscal manager or other member of agency management.

The Health Department had 32 vouchers that were missing purchase request forms required by the agency's internal policy, 3 were missing receipts and at least 4 included reimbursement of sales tax.

The Salt Palace Convention Center and Mountain America Exposition Center had 6 vouchers that included payment of \$15.67 in sales tax on 10 receipts. The Health Department had 4 receipts that included \$9.57 in sales tax. This agency may have paid more in sales tax; however, 15 receipts were missing. The County is exempt from sales tax. Employees are responsible to provide a Form TC-721, Utah Sales Tax Exempt Certificate, to the vendor at the time of purchase. Per County policy, employees that fail to have sales tax exempted may be personally responsible for the sales tax.

Countywide Policy 1203, Section 4.6.1, states, "*Petty cash vouchers (or other appropriate supporting documents for other types of Imprest Funds) are to be used for each disbursement from the Petty Cash Fund. 4.6.2 "The voucher shall be signed by the employee/ Payee and approved by the Custodian, as indicated by his/her signature." 4.6.3: "To ensure proper internal control and separation of duties, if the Custodian is the recipient of the petty cash, he/ she shall sign as Payee, and the Fiscal Manager or other Agency-*

Internal policies on purchasing were not always followed and the County paid sales tax in a few circumstances.

Table 2. **Documentation was not always complete and sales tax was paid in some instances.** Eight agencies had instances of incomplete petty vouchers, reimbursement documentation, or paid sales tax.

Agencies	Fund Type	Number of incomplete vouchers	Number of incomplete reimbursements	Number of transactions with sales tax	Sales Tax
P&R Redwood	Petty Cash		1		
Youth Services	Petty Cash	5			
Regional Development	Petty Cash	9			
Salt Palace Convention Center	Petty Cash	1		1	\$0.67
Mountain America Expo Center	Petty Cash	2		5	\$15.00
Health - EPA Audits	Petty Cash	27		1	\$2.61
Health - Tobacco Inspections	Petty Cash	5		3	\$6.96
Mountain View Golf	Petty Cash	3			
	Total	52	1	10	\$25.24

designated supervisor shall approve and sign as Custodian.” 5.3.2 “Each MPF Form 6, “Reimbursement Request and Control Listing,” shall be signed by the Custodian, and shall be reviewed and signed by Agency Management, the Fiscal Manager, or their designee. The Custodian and reviewer’s signatures on the form indicate that the Imprest Fund has been reconciled and disbursements properly accounted for prior to submission to the Auditor’s office.”

Section 6.1.1, states, “A Backup Custodian may be designated by Agency Management on MPF Form 2 when a Petty Cash or other Imprest Fund is established, or at any time, by completing a new MPF Form 2. If a Backup Custodian has not been designated, the Fiscal Manager or Agency Management designee is deemed to be the Backup Custodian, as determined by Agency Management.”

And,

Section 4.5.1, states, “The County is exempt from sales tax as a governmental entity.”

The Salt Palace Convention Center and Mountain America Exposition Center were operated by an outside contractor. In the existing contract between Salt Lake County and the contractor,

SMG, Section V.C, "Contractor Receipt of County Funds," states that SMG agrees to, "...adhere in all respects to...Countywide policy 1062" . Countywide policy 1062 section II.I.1 refers to guidelines set forth in Countywide Policy 1203 Petty Cash and Other Imprest Funds. Furthermore, in the contract with SMG, section X.A "Law and Ordinances" specifies that SMG "agree to comply with all applicable laws...all applicable ordinances of Salt Lake County."

Youth Services did not have a custodian during the audit period and therefore accountability was not established. We noted that each of their five vouchers were accompanied by a "Petty Cash Request" form, which was signed by a person with authority. The Salt Palace Convention Center had one case where the recipient's signature was missing, there was a notation on the voucher that the funds were given to the recipient "prior to change fund being established."

The Salt Palace Convention Center and Mountain America Exposition Center reimbursed petty cash funds using an internal checking account. The form they were using in place of MPF Form 6 did not require managerial approval. The Mountain America Exposition Center had a recent change in custodian and did not know why sales tax was reimbursed.

For the two vouchers signed by the custodian as recipient and custodian, the custodian of the Mountain View Golf Course was not aware that an independent party should have approved the transaction.

The Health Department Tobacco Inspection program was utilizing minors in undercover operations. In addition to the tobacco purchases, the minors are allotted small meal or snack purchases, the division had not considered that these purchases should be considered tax-exempt.

Not retaining supporting documentation increases the risk that funds may be used inappropriately, lost, or stolen. When transactions are not approved, non-business purchases, violations of County policy, and excessive expenditures may be more likely to occur. Reimbursement of sales tax is in violation of County Policy and wastes County funds that could be used elsewhere.

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.

AGENCY RESPONSE AND IMPLEMENTATION DATES:

PARKS AND RECREATION - MTN VIEW GOLF COURSE: *AGREE, NOVEMBER 18, 2022*

REGIONAL DEVELOPMENT: *AGREE, COMPLETED*

SALT PALACE AND MOUNTAIN AMERICA EXPO CENTERS: *AGREE, IMPLEMENTING NOW*

YOUTH SERVICES: *AGREE, 90 DAYS*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 24

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.

AGENCY RESPONSE AND IMPLEMENTATION DATES:

HEALTH DEPARTMENT

EPA EMISSIONS: DISAGREE

TOBACCO INSPECTION: AGREE, COMPLETED

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 29

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.

AGENCY RESPONSE AND IMPLEMENTATION DATES:

HEALTH DEPARTMENT:

TOBACCO INSPECTION: AGREE, COMPLETED

EPA EMISSIONS: DISAGREE

SALT PALACE AND MOUNTAIN AMERICA EXPO CENTERS: *AGREE, OCTOBER 2, 2022*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 24

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 RESPONSE: *AGREE, IMPLEMENTATION DATE: NOVEMBER 18, 2022*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 39

FINDING 4 AND RECOMMENDATIONS

Custodians and/or check signatories did not match those on record

Risk Rating: *Moderate Risk Finding*

For 5 (31%) out of the 16 petty cash funds and 1 (33%) out of the 3 imprest checking funds, the individuals performing custodian duties were different than the custodian of record, or the custodian was no longer in place.

Additionally, for one petty cash fund and two imprest checking funds individuals had signed checks that were not listed as signatories with the bank.

Countywide Policy 1203, section 8.1.1, states, *“When Agency Management designates a new Custodian, all funds under the control of the current Custodian shall be transferred to the new Custodian. Items transferred include all cash, checks, and petty cash vouchers with supporting documentation. The transfer is accomplished by completing and signing MPF Form 7A, “Transfer of Funds Receipt.” Agency Management or the Fiscal Manager should conduct the transfer with both the outgoing and newly designated Custodians present, if possible.”* Additionally, 6.2.1 states, *“In the*

Table 3. ***Custodians and/or check signatories on record did not match those in practice during the audit period.*** For six funds sampled, the custodian of record did match the custodian in practice. In addition, checks were signed by individuals that were not designated as bank signatories for three agencies.

Agencies	Fund Type	Exceptions Noted
Human Resources	Petty Cash	Custodian
Regional Development	Petty Cash	Custodian
Salt Palace Convention Center	Petty Cash	Custodian
Mountain America Expo Center	Petty Cash	Custodian
Youth Services	Petty Cash	Custodian
Health - CD	Petty Cash/Checking	Signatory
Regional Development	Imprest Checking	Signatory
Animal Services	Imprest Checking	Custodian and Signatory

anticipated extended absence of the Custodian, a cash-fund transfer using MPF Form 7A, "Transfer of Funds Receipt," may be formally made to carry on normal cash-handling functions by the Backup Custodian, as outlined in Section 8.1 below. All MPF Forms 7A shall be retained by the Agency."

And,

Countywide Policy 1203, Section 3.4.1, states "Prior to opening an Imprest/Operating Checking Account with a Qualified Depository, the Custodian shall submit to the Treasurer a copy of MPF Form 2, signed by Agency Management, the Auditor, and the Mayor as applicable per Section 3.3. Attached to MPF Form 2 shall be a list of authorized account signatories, approved by Agency Management, and the name, routing, and account numbers of the Treasurer-approved depository bank."

Section, 3.4.4 states, "Adding or removing authorized account signatories is accomplished by Agency Management submitting a revised Certificate of Authority to the Treasurer for submission to the bank. These certificates are obtained at the Agency's authorized bank."

When custodians and bank signatories change positions, the agency needs to notify Mayor's Financial Administration.

Mayor's Finance Administration maintains a record of custodians responsible for each fund. For Human Resources, the Salt Palace Convention Center, and Mountain America Exposition Center, the acting petty cash custodian did not match MFA's records. A custodian of record was not assigned to Youth Service's petty cash fund for the year, and no designee was established. Finally, Regional Development's petty cash fund was operated by the custodian, however reimbursements were made payable to the Fiscal Manager instead of the custodian.

For the Health Department Communicable Disease division's petty cash, which had been deposited into a checking account, and Regional Development's imprest checking account, we found individuals not listed as signatories with the bank had signed checks. Animal Services Fiscal Manager was temporarily acting in the capacity of custodian for the agency's imprest checking fund. The change was not documented with MPF Form 7A, to transfer the fund. In addition, the signatories had not been updated after one employee left the division.

The Animal Services Fiscal Manager was not aware of the need to transfer the funds using MPF Form 7A while the custodian was on leave. In Human Resources, the custodian took measures to change the signatory with the bank but neglected to fill out MPF Form 7A to change the custodian of record with MFA. The Salt Palace Convention Center and Mountain America Exposition Center were operated by an outside management company which

acted independently and did not communicate fund custodian changes to MFA. When staffing changes occurred management neglected to update check signatories.

Individual accountability for petty cash and imprest funds is lost when staffing changes do not result in updated custodian documentation and bank account signatories. Errors and abuse of funds are more likely to occur undetected.

4.1

RECOMMENDATION

Update Custodian of Record

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

AGENCY RESPONSES AND IMPLEMENTATION DATES:

HUMAN RESOURCES: *AGREE, COMPLETED*

REGIONAL DEVELOPMENT: *AGREE, NOVEMBER 23, 2022*

SALT PALACE AND MOUNTAIN AMERICA EXPO CENTERS: *AGREE, OCTOBER 1, 2022*

YOUTH SERVICES: *AGREE, COMPLETED*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 24

4.2

RECOMMENDATION

Update Bank Signatories

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

AGENCY RESPONSES AND IMPLEMENTATION DATES:

ANIMAL SERVICES: *AGREE, COMPLETED APRIL 2022*

HEALTH DEPARTMENT

COMMUNICABLE DISEASE: *AGREE, ACCOUNT CLOSED*

REGIONAL DEVELOPMENT: *AGREE, COMPLETED*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 24

FINDING 5 AND RECOMMENDATIONS

Checks that were more than 16 months old were not sent to unclaimed property

Risk Rating: *Moderate Risk Finding*

Human Resources petty cash fund, 1 (6%) of the 16 petty cash funds reviewed, and Animal Services imprest checking funds, 1 (33%) out of the 3 imprest checking funds reviewed, had checks outstanding over 16 months that had not been sent to unclaimed property.

Human Resources and Animal Services had five checks totaling \$278 that were older than 16 months, and therefore considered "stale." Management had not made efforts to contact the payees or re-issue the checks. Payments had also not been submitted to the Utah Division of Unclaimed Property.

Countywide Policy 1203, Section 1.12, states, *"Stale-Dated Check - A check that is older than six months from the date of issuance, issued by an Agency from an Imprest Fund. (See Uniform Commercial Code (UCC) § 4-404.)"* *"5.1.4: Copies of Stale-Dated Checks issued from an Imprest Checking/Operating Account, shall be submitted by the Custodian to the Treasurer's Office. In addition, a copy of the MPF Form 6 documenting the original reimbursement detail shall be attached. A check issued by the Custodian for the total of the Stale-Dated-Checks shall be included with the above documentation for submission by the Treasurer to the Utah State Unclaimed Property Division."*

And,

Mayor's Finance Accounting Procedures Manual, Section 3.2.2, Unclaimed Property, states, *"According to the Utah Unclaimed*

Stale checks are a liability to an organization and agencies to contact payees or re-issue checks.

Table 4. **Checks were not sent to unclaimed property.** 5 checks outstanding for more than 16 months were not sent to unclaimed property.

Agencies	Fund Type	Number of Checks	Dollar Amount of Checks
Human Resources	Petty Cash	3	\$52.96
Animal Services	Imprest Checking	2	\$225.00

Property Act (Section 67-4 et.seq), stale dated checks must be submitted to State of Utah Treasurer's Office, Unclaimed Property Division... On a yearly basis, these checks must be sent to the State of Utah as unclaimed property. All unclaimed property is due on November 1st for all stale dated checks that are greater than 16 months."

Human Resources had recently changed custodians. The new custodian reported that they were making efforts to resolve the outstanding checks and did not know why the previous custodian did not resolve them. Animal Services had been sending checks to Unclaimed Property but were waiting much longer than the required 16 months.

By not reporting stale-dated checks outstanding for more than 16 months, the agencies were not adhering to Countywide Policy 1203, or State Statute, and may be subject to fines.

5.1

RECOMMENDATION

Contact Outstanding Check Sendees

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

AGENCY RESPONSES AND IMPLEMENTATION DATES:

ANIMAL SERVICES: *AGREE, OCTOBER 10, 2022*

HUMAN RESOURCES: *AGREE, COMPLETED*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 24

5.2

RECOMMENDATION

Report Stale Checks as Unclaimed Property

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.

AGENCY RESPONSES AND IMPLEMENTATION DATES:

ANIMAL SERVICES: *AGREE, NOVEMBER 1, 2022*

HUMAN RESOURCES: *AGREE, COMPLETED*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 24

FINDING 6 AND RECOMMENDATION

Monthly bank reconciliations were not signed by the custodian

Risk Rating: *Moderate Risk Finding*

Regional Development's imprest checking funds' bank reconciliations were not being signed as reviewed by the custodian.

Opportunities for errors, fraud, or abuse of funds are more likely to occur undetected when reviews are not occurring.

We reviewed bank reconciliations for Regional Development for a 13-month period. One reconciliation included 3 months and 9 (69%) out of the 13 months of reconciliation reports were not signed to indicate they were reviewed and approved by the custodian.

Regional Development's Internal Policy on Imprest Checking Fund, Sections 7 & 8, state, "A monthly reconciliation will be conducted by the Assistant Fiscal Manager (or designee), and will be signed by that individual." and "Monthly reconciliation will be reviewed and signed off by the Imprest Account custodian before submission to the Mayor's Finance Office."

The Fiscal Manager creating the bank reconciliations did not require the custodian to approve with a signature.

6.1	RECOMMENDATION	Obtain Required Signatures
-----	----------------	----------------------------

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

AGENCY RESPONSE AGREE, IMPLEMENTATION DATE: COMPLETED

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 42

FINDING 7 AND RECOMMENDATION

Receipts were not returned to the custodian in a timely manner

Risk Rating: *Moderate Risk Finding*

Health Department petty cash expenditure receipts were not returned to the custodians in a timely manner, as required by the agency's internal policy.

We reviewed 39 vouchers with 227 transactions for the Health Department's Administration, Tobacco Inspection, Communicative Diseases, and EPA Audit Divisions. We found an overall average of 11 days passed between the date that vouchers were created and the date of the supporting receipts. See table 4 for a detail of agencies and average days between voucher and receipt dates.

Health Department's Internal Policy 0600-FS, Section 2.3.1.8, states, "After making the purchase, the employee must turn in the receipt to the custodian within two (2) working days, and the voucher will be updated to reflect the amount used."

In some cases, receipts were being accepted for petty cash voucher transactions months after the transaction date. Custodians at both the EPA and Tobacco locations were not aware of the internal policy. Additionally, they stated that there are times when the custodian is not available and may be on scheduled leave, out sick, etc. When this happens the custodian will issue enough funds to keep the undercover staff working for as long as a week or more. Of the 3 transactions at the CD location, 2 were associated with a retirement party that was held

Opportunities for loss of receipt documentation occurs the longer time passes.

Table 5. **Receipts were not returned to the custodian in a timely manner.** Days between the voucher and receipt average ranged from 3 to 152 days depending on the Division.

Agency	Fund Type	Number of Receipts in 2021	Average of Days Between Voucher and Receipt Dates
Health - Administration	Petty Cash	6	152
Health - EPA Audits	Petty Cash	141	3
Health - CD	Petty Cash	3	24
Health - Tobacco Inspections	Petty Cash	77	16

on a Friday and the employee with the receipts was out on leave the following week, resulting in receipts being submitted over 2 days from transaction date. The custodian at the Administration location is no longer on staff, and no reasoning was discovered by management.

7.1

RECOMMENDATION

Train Staff on Internal Policy for Receipt Returns

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.

AGENCY RESPONSE AND IMPLEMENTATION DATES:

HEALTH DEPARTMENT

ADMINISTRATION: AGREE, COMPLETED

EPA EMISSIONS: AGREE, COMPLETED

COMMUNICABLE DISEASE: ACCOUNT CLOSED

TOBACCO INSPECTIONS: AGREE, COMPLETED

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 29

FINDING 8 AND RECOMMENDATION

Lack of segregation of duties with regards to petty cash security

Risk Rating: ***Moderate Risk Finding***

Opportunities for loss, theft, or fraud are increased in the absence of separation of duties regarding petty cash retrieval.

Petty cash at the Health Department's EPA division was accessible to only the Custodian.

The Health Departments Internal Policy 0500-FS, Section 1.5.1, states, "Each location collecting money and preparing deposits must have a safe and a combination cash box. One employee will be assigned the combination to the safe and another employee the combination to the cash box. No two employees will possess the combinations of both safe and cash box."

Petty cash at the Health Department's EPA division was kept in a combination locked box in a combination locked safe. The Custodian was the only person on staff with either combination.

The staff was not aware of the internal policy requirements and management had not required a two-person procedure for petty cash at this location.

Opportunities for loss, theft, or fraud are increased in the absence of separation of duties regarding petty cash retrieval.

8.1

RECOMMENDATION

Segregate Cash Security

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

AGENCY RESPONSE AND IMPLEMENTATION DATES:

HEALTH DEPARTMENT

EPA EMISSIONS: *AGREE, COMPLETED*

AGENCY FULL RESPONSES CAN BE FOUND STARTING ON PAGE 29

APPENDIX A: ADDITIONAL INFORMATION

Agencies and Fund Types Chosen for Audit

Agencies	Fund Type
Recorder's Office	Petty Cash
Human Resources	Petty Cash
Parks and Recreation - Redwood MP	Petty Cash
Parks and Recreation - Dimple Dell	Petty Cash
Parks and Recreation - Millcreek	Petty Cash
Parks and Recreation - Fairmont Aquatic	Petty Cash
Youth Services - Juvenile Receiving	Petty Cash
Regional Development	Petty Cash
Salt Palace Convention Center	Petty Cash
Mountain America Exposition Center	Petty Cash
Public Works, Engineering & Flood Control	Petty Cash
Health Department - Administration	Petty Cash
Health Department - EPA Audits	Petty Cash
Health Department - CD Bureau	Petty Cash
Health Department - Tobacco Inspections	Petty Cash
Golf - Mountain View	Petty Cash
Regional Development	Imprest Checking
Animal Services	Imprest Checking
Golf - Shop	Imprest Checking

Exclusions: Agency accounts receivable, cash collection, capital and controlled assets, purchasing, and payroll were, were excluded from the audit.

APPENDIX B: REFERENCE MATERIALS

Table 5. **Petty Cash and Change Funds Audited.** Fund exceeded two months of expenditures or reimbursement frequency did not comply with internal policies

Agencies	Fund Type	Fund Balance	Total 2021 transaction:	Number of 2021 reimbursements	Avg Days from 1st trans. to reimbursement	No more than 2 Months of Funds on Hand	Reimbursement Frequency complied with internal policies
Recorder	Petty Cash	\$250	\$80	1	361	x	n/a
Human Resources	Petty Cash	\$500	\$0	0	307	x	n/a
P&R Redwood Road	Petty Cash	\$500	\$132	2	91	x	n/a
P&R Dimple Dell	Petty Cash	\$1,000	\$183	1	204	x	n/a
P&R Millcreek	Petty Cash	\$500	\$63	1	343	x	n/a
P&R Fairmont Aquatic	Petty Cash	\$500	\$113	1	213	x	n/a
Youth Services	Petty Cash	\$300	\$262	1	41	✓	✓
Regional Development	Petty Cash	\$800	\$733	3	71	x	x
Salt Palace Convention Ctr	Petty Cash	\$1,000	\$133	2	47	x	n/a
Mountain America Exp Ctr	Petty Cash	\$300	\$237	0	382	x	n/a
Engineering & Flood Control	Petty Cash	\$500	\$540	3	97	x	n/a
Health - Administration	Petty Cash	\$2,000	\$220	2	352	x	x
Health – EPA Audits	Petty Cash	\$4,000	\$4,763	5	41	x	✓
Health - CD	Petty Cash	\$300	\$139	2	0	x	✓
Health – Tobacco Inspections	Petty Cash	\$800	\$787	3	30	x	✓
Mountain View Golf	Petty Cash	\$500	\$220	1	280	x	n/a
Regional Development	Imprest Checking	\$6,000	\$17,115	6	118	✓	x
Animal Services	Imprest Checking	\$1,000	\$200	1	39	x	n/a
Golf - Shop	Imprest Checking	\$50,000	\$312,362	7	36	✓	n/a

APPENDIX C: SCOPE AND METHODOLOGY

Scope:

The Salt Lake County Auditor's Office Audit Services Division initiated a limited scope financial audit of Countywide Petty Cash and Imprest Accounts. We examined the period from January 1, 2021, to December 31, 2021.

Methodology:

We used several methodologies to gather and analyze information related to the audit objectives. The methodologies included but were not limited to:

- Examined relevant documentation such as key policies, bank statements, and petty cash logs.
- Performed walkthroughs of business processes and asked questions of key personnel to determine if petty cash processes followed county policy.
- Analyzed the design and implementation of internal controls.
- Sampled and tested various cash accounts.
- Re-performed reconciliations on sample accounts, analyzing and comparing to monthly usage and timeliness of reimbursements.
- Checked that Custodians and/or check signatories matched those on file.
- Tested unclaimed property timeliness

AGENCY RESPONSE: ANIMAL SERVICES



September 27, 2022
Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

**ANIMAL SERVICES
DIVISION**

JENNIFER WILSON
SALT LAKE COUNTY MAYOR

SCOTT BAIRD
DIRECTOR
Public Works Department

TALIA BUTLER
Division Director

511 West 3900 South
Salt Lake City
Utah 84123

PHONE (385) 468-7387

FAX (385) 468-6028

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*And the Salt Lake County
Metro Townships ...*

*Copperton
Emigration Canyon
Kearns
Magna
White City
Unincorporated County*

Auditor Harding,

Animal Services has reviewed the draft Countywide Petty Cash and Imprest Checking Account Audit Report and your findings relating to our agency. We are grateful for the recommendations in this audit and feel that they will improve our operations. Please find our response below to each of the recommendations made in your report.

AUDIT 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 agency management work with Mayor's Financial Administration to reduce fund balances to reflect the needs of an average two-month period.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	This will be completed by November 1, 2022	Ann Lee, Administrative & Fiscal Manager

Narrative for Recommendation 2.1 including action plan.

Animal Services will work with Mayor Finance to reduce the amount in our Imprest Checking to the appropriate usage and reimbursements will be made in a timely manner. This adjustment will be completed by November 1, 2022.

AUDIT FINDING 4: Custodians and/or check signatories did not match those on record

RECOMMENDATION 4.2



ANIMAL SERVICES DIVISION

JENNIFER WILSON
SALT LAKE COUNTY MAYOR

SCOTT BAIRD
DIRECTOR
Public Works Department

TALIA BUTLER
Division Director

511 West 3900 South
Salt Lake City
Utah 84123

PHONE (385) 468-7387

FAX (385) 468-6028

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And the Salt Lake County Metro Townships ...

*Copperton
Emigration Canyon
Kearns
Magna
White City
Unincorporated County*

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

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Was completed on 4/25/2022.	Ann Lee, Administrative & Fiscal Manager

Narrative for Recommendation 4.2 including action plan.
This audit finding has been resolved.

AUDIT 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.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	October 10, 2022	Ann Lee, Administrative & Fiscal Manager

Narrative for Recommendation 5.1 including action plan.
Animal Services has sent out two due diligence letters to the payees seeking response by October 10, 2022. Upon this date, we will either issue payees' replacement checks or stale check fund will be sent to the County Treasurer for remission to the State Division of Unclaimed Property.

RECOMMENDATION 5.2



**ANIMAL SERVICES
DIVISION**

JENNIFER WILSON
SALT LAKE COUNTY MAYOR

SCOTT BAIRD
DIRECTOR
Public Works Department

TALIA BUTLER
Division Director

511 West 3900 South
Salt Lake City
Utah 84123

PHONE (385) 468-7387

FAX (385) 468-6028

www.AdoptUtahPets.org

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*And the Salt Lake County
Metro Townships ...*

*Copperton
Emigration Canyon
Kearns
Magna
White City
Unincorporated County*

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.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 1, 2022	Ann Lee Administrative & Fiscal Manager

Narrative for Recommendation 5.2 including action plan.
If payees do not respond by October 10, 2022, stale checks will be reported, and funds submitted to the County Treasurer's office for remission to the State Division of Unclaimed Property on November 1, 2022.

Regards,

Talia Butler
Division Director
Salt Lake County Animal Services

Talia
Butler

Digitally signed by
Talia Butler
Date: 2022.09.27
13:57:40 -06'00'

AGENCY RESPONSE: ENGINEERING AND FLOOD CONTROL



Jenny Wilson
Mayor

September 28, 2022

Catherine Kanter
Deputy Mayor of Regional Operations

Auditor Chris Harding, CPA
Office of the Auditor

Scott R. Baird, P.E.
Director, Public Works Department

Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Kade D. Moncur, P.E., CFM
Director, Flood Control Engineering Division

Auditor Harding,

FLOOD CONTROL ENGINEERING DIVISION

The Engineering and Flood Control Division appreciates the opportunity to respond to the petty cash audit that the Auditor’s Office performed in 2022.

Government Center
2001 South State Street
Suite N3-120
Salt Lake City, Utah 84190
T 385-468-6600
F 385-468-6603
slco.org/flood-control

AUDIT 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 agency management work with Mayor’s Financial Administration to reduce fund balances to reflect the needs of an average two-month period.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Disagree	N/A	Amy McCormick, Fiscal Manager

Engineering and Flood Control (EFC) disagrees with the recommendation to reduce the fund balance of the petty cash account from \$500 to \$200. EFC disagrees for the following reasons:

- At the request of the Public Works Department Director, EFC has processed petty cash reimbursements for the department and other divisions in the department since they do not have a petty cash funds available in their agency for incidental purchases relating to business operations.

- EFC may need to reimburse multiple employees license renewal fees (CDL licenses, etc.) in a short period of time.
- Occasionally EFC uses petty cash for a retirement event. Countywide Policy #1020, County Meals, section 1.7, allows up to \$500 to be spent per event. If the fund balance were reduced, there would not be adequate funds to reimburse employee out-of-pocket expenses without first processing a fund reimbursement if the full \$500 were spent as allowed by County Policy.
- 2021 was the period reviewed for the petty cash audit. 2021 (and 2020) were not typical years for petty cash expenses or reimbursements due to the COVID pandemic. 2019 and prior years are a better indicator of petty cash usage and reimbursement history for EFC.

Audit Finding 2 states that reimbursements were not made in a timely manner. This part of the finding does not apply to Engineering and Flood Control.

In conclusion, EFC prefers to keep the petty cash balance at \$500 to prevent delays in reimbursing employees for out-of-pocket expenses.

Respectfully,

 Digitally signed by Kade Moncur
Date: 2022.09.28 14:44:47 -06'00'

Kade D. Moncur, PE, CFM, Director
Flood Control and PW Engineering Division

CC: Jared Steffey
Scott Baird
Michelle McCabe

KDM/AJM

AGENCY RESPONSE: HEALTH DEPARTMENT



September 27, 2022

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

Auditor Harding,

We appreciate the work of the auditor’s office to assist with making our processes better. Many of the recommendations have already been implemented or will be implemented within the next 60-90 days.

Please find our response below to each of the recommendations made in your report.

AUDIT 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 agency management work with Mayor’s Financial Administration to reduce fund balances to reflect the needs of an average two-month period.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Administration - Agree	11/1/22	Tennielle Fuchs, Billing Supervisor
EPA Emissions - Disagree		
Communicable Disease – Account Closed		
Tobacco Inspections - Disagree		

Administration- Will reduce the account down to better reflect usage.

EPA Emissions- The audit was not a true representation of the program as it has been difficult to recruit and retain Temporary Environmental Health Assistants to conduct undercover audits. If we decrease the funds and then fill the vacant positions, we will not have enough funds budgeted to keep newly hired staff busy.

Communicable Disease- the account has been closed.

Tobacco Inspections- The audit was not a true representation of the program. The program resumed operation in September 2021 – the audit only represents 4 months of funds used, not an entire year. It is also difficult to reduce the fund balances because the needs of the program are so unpredictable and change from week to week. Should the funds be decreased, and the program have a large number of sales one night, it could make completing checks that are scheduled in advance with Unified Police Department difficult to complete without access to enough funds.

RECOMMENDATION 2.2		
We recommend that Health Department Administration management ensure staff are trained in, and comply with, agency internal policy regarding reimbursement frequency.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Administration – Agree	Completed	

Administration- The prior custodian has retired. The new custodian has been trained regarding both the County and internal petty cash policies/standards. The noted reimbursement of 597 days was due to the COVID shut down with the prior petty cash custodian being out from April 2020 until early 2021 as the person was deemed high risk.

AUDIT FINDING 3: Vouchers and reimbursement requests were incomplete and sales tax was paid in some instances.

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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
EPA Emissions – Disagree		
Tobacco Inspection - Agree	Completed	

EPA Emissions- purchase approval forms do not make sense as this is an undercover petty cash account. We do not know in advance if an illicit emission inspection will be made, or the price that will be purchased if a sale occurs. Receipts are generally received.

Tobacco Inspection- For non-undercover purchases, the users have been instructed to obtain a receipt and prior approval. For undercover purchases, we can not have the cadet ensure a receipt is obtained or to have a prior approval due to the undercover nature of the purchase.

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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Tobacco Inspection – Agree	Completed	
EPA Emissions - Disagree		

Tobacco Inspection- For non-undercover purchases, the users have been providing a tax-exempt form to avoid being charged sales tax. For undercover purchases, we can not have the cadet request a tax exemption due to the undercover nature of the purchase.

EPA Emissions- Due to the undercover nature of the purchases being conducted we are not able to provide a tax-exempt form nor seek a refund.

AUDIT FINDING 4: Custodians and/or check signatories did not match those on record.

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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Communicable Disease - Account Closed		

Communicable Disease- the account has been closed.

AUDIT FINDING 7: Custodians and/or check signatories did not match those on record.

RECOMMENDATION 7.1		
We recommend that management 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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Administration - Agree	Completed	
EPA Emissions - Agree	Completed	
Communicable Disease – Account Closed		
Tobacco Inspections - Agree	Completed	

Administration- We reviewed with the petty cash custodian the policy and practice to turn in receipts on vouchers within 2 working days.

EPA Emissions- We reviewed with the petty cash custodian the policy and practice to turn in receipts on vouchers within 2 working days.

Communicable Disease- the account has been closed.

Tobacco Inspections- We reviewed with the petty cash custodian the policy and practice to turn in receipts on vouchers within 2 working days.

AUDIT FINDING 8: Lack of segregation of duties with regards to petty cash security

RECOMMENDATION 8.1		
We recommend that management assign a different staff member the combination to the locked safe.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
EPA Emissions - Agree	Completed	

EPA Emissions- We reviewed the standard with the petty cash custodian to have two cash handlers present when retrieving and returning funds from the safe and locked closet. No individual will have both the safe code and door code. This was brought into compliance effective 8/10/22.

Sincerely,

Angela Dunn

Digitally signed by Angela
Dunn
Date: 2022.09.28
12:27:28 -06'00'

AGENCY RESPONSE: HUMAN RESOURCES



Jennifer Wilson
Salt Lake County Mayor

Darrin Casper
Deputy Mayor

HUMAN RESOURCES DIVISION

Sharon Roux, MPA
Division Director
Human Resources

Salt Lake County
Government Center
2001 South State Street
Suite N4-700
PO Box 144575
Salt Lake City, UT 84114-4575

385 / 468-0570
385 / 468-0571 fax

TTY: 7-1-1

9/20/2022

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Auditor Harding,

Please find our response below to each of the recommendations made in your report.

Respectfully,

Sharon Roux

Sharon Roux,
Human Resources Director

AUDIT 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.

Agree or Disagree with Recommendation	Target date to complete implementation activities:	Name and Title of specific point of contact for implementation:
Agree	This was completed in March/April 2022	Bartley Fraser, HR Operations Manager

Once notified of this discrepancy, a 10 year audit of the petty cash account was done. We were able to discover all discrepancies and completed related adjustments to reconcile checkbook to bank balance. These included duplicate entries, missing checks, math errors and unsubmitted reimbursements.

Going forward, bank account is reconciled monthly ensure compliance. Any issues will be addressed within the month of issue.

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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and Title of specific point of contact for implementation
Agree	This was completed in March 2022	Bartley Fraser, HR Operations Manager

Once notified of this discrepancy, a 10 year audit of the petty cash account was done. We were able to discover all discrepancies and worked with AP to resolve them. All uncashed checks were voided and reissued and have since been cashed. One check was determined to be erroneous as it appears it was never intended to be issued. This check was cancelled, and funds added back to account balance. Going forward, bank account is reconciled monthly ensure compliance. Any issues will be addressed within the month of issue.

RECOMMENDATION 1.3		
We recommend that Human Resource management ensure accounts are periodically reconciled and reviewed by an independent party.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	9/30/2022	Bartley Fraser, HR Operations Manager

Human Resources will implement a procedure by which an independent party will reconcile and review the petty cash account no less frequently than quarterly. We will document this reconciliation and keep records with our secure account documents.

AUDIT 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 Human Resource management work with Mayor's Finance to reduce fund balances to reflect the needs of an average two month period.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	9/30/2022	Bartley Fraser, HR Operations Manager

Human Resources management will work with Mayors Finance to reduce the amount of the petty cash account. As this account is not frequently used, we do not have an 'average two month period' balance to refer to. We recommend reducing our petty cash balance to \$200.00 which should be sufficient to cover any needs. We will reconcile and reimburse the account on a regular basis to ensure this will be a balance we can work within.

AUDIT 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."		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	This was completed in March 2022	Bartley Fraser, HR Operations Manager

It was discovered during the audit that not all steps were taken to remove prior custodian and add new custodian. This was completed in March/April 2022.

Going forward, an SOP has been created outlining steps for updating/changing custodian as well as ensuring steps are taken at termination of current custodian outlining what needs to happen to add a new custodian.

AUDIT 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.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	This was resolved in March 2022.	Bartley Fraser, HR Operations Manager

Once notified of this discrepancy, a 10 year audit of the petty cash account was done. We were able to discover all discrepancies and worked with AP to resolve them.

All uncashed checks were voided and reissued and have since been cashed. One check was determined to be erroneous as it appears it was never intended to be issued. This check was cancelled, and funds added back to account balance.

Going forward, all issued checks will be followed up on until cashed by recipient, attempting to ensure reconciliation within 1 month of issue.

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.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	This was resolved March of 2022	Bartley Fraser, HR Operations Manager

All uncashed checks were voided and reissued and have since been cashed. One check was determined to be erroneous as it appears it was never intended to be issued. This check was cancelled, and funds added back to account balance.

Going forward, all checks will be followed closely to ensure they are cashed in a timely manner. If for some reason a check cannot be cashed and becomes stale, it will be reported to the County Treasurer as recommended.

AGENCY RESPONSE: PARKS AND RECREATION



September 27, 2022

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Auditor Harding,

Salt Lake County Parks & Recreation welcomes the Auditor's Office review of our operations. Pursuant to Utah Code Ann. §17-19a-401, we understand this in an important part of ensuring taxpayer dollars are appropriately utilized, and we embrace this opportunity for improvement.

Please find our response below to each of the recommendations made in your report.

AUDIT FINDING 2: Reconciled balance of fund exceeded two months usage and reimbursements were not made in a timely manner.

Jenny Wilson
Salt Lake County Mayor

Robin Chalhouh
Community Services
Department Director

**PARKS & RECREATION
DIVISION**

Martin Jensen
Division Director

Salt Lake County
Government Center
2001 South State Street
Suite S4-700
Salt Lake City UT 84190

385/ 468-1800
385/468-1799 fax

RECOMMENDATION 2.1

We recommend that agency management work with Mayor's Financial Administration to reduce fund balances to reflect the needs of an average two-month period.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Redwood Road - Agree	11/18/2022	Anna Bostrom, Accountant
Dimple Dell - Agree	11/18/2022	Anna Bostrom, Accountant
Millcreek - Agree	11/18/2022	Anna Bostrom, Accountant
Fairmont Aquatic - Agree	11/18/2022	Anna Bostrom, Accountant

The Parks & Recreation fiscal team will engage Diane Spainhower, Ryan Noyce, and Shanell Beecher and will jointly determine the appropriate amount of petty cash funds. Once that determination is made, the Parks & Recreation fiscal team will work with each petty cash fund custodian to complete and submit MPF Form 2 to adjust each petty cash fund to the appropriate balance.

AUDIT 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 at the Mountain View Golf Course 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.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	11/18/2022	Anna Bostrom, Accountant

The Parks & Recreation fiscal team will meet with the Mountain View Golf Course petty cash custodian, review the vouchers, and obtain the requisite signatures.

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.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	11/18/2022	Anna Bostrom, Accountant

The Parks & Recreation fiscal team will meet with the Redwood Recreation Center petty cash custodian, review the MPF Form 6, and obtain all requisite signatures.

We appreciate the insight into our operations and look forward to future collaborations with your office.

Thanks,



Martin Jensen
Director, Salt Lake County Parks & Recreation

AGENCY RESPONSE: RECORDER'S OFFICE



3 October 2022

Auditor Chris Harding, CPA
Office of the Salt Lake County Auditor
2001 S State Street, Suite N3-300
Salt Lake City UT 84114-4575

Auditor Harding,

Please find our response below to each of the recommendations made in your report.

AUDIT 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 agency management work with Mayor's Financial Administration to reduce fund balances to reflect the needs of an average two-month period.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	30 Sep 2022	Susan Johnston, Fiscal Manager

Given that the Recorder's office so rarely utilizes petty cash, we elected to entirely liquidate the fund. Working with Mayor's Finance, this was accomplished and the cash returned to them on 30 September 2022.

Respectfully,

Susan C. Johnston

Admin & Fiscal Manager
(385) 468-8159 Direct
(801) 898-9057 Mobile
scjohnston@slco.org

Rashelle Hobbs • Salt Lake County Recorder
Will Kocher • Chief Deputy Recorder

Salt Lake County Government Center • 2001 South State Street, Suite N1-600 • Salt Lake City, Utah 84190-1150
Tel (385) 468-8145; TTY 711 • Fax (385) 468-8170 • rhobbs@slco.org

AGENCY RESPONSE: REGIONAL DEVELOPMENT



Jennifer Wilson
Salt Lake County Mayor

Catherine Kanter
*Deputy Mayor
Regional Operations*

**Office of Regional
Development**

Dina W. Blaes
Director

Divisions

- Economic Development
- Environmental Sustainability
- Housing & Community
Development
- Regional Planning & Transportation

09/28/22

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

Auditor Harding,

Please find our response below to each of the recommendations made in your report.

AUDIT 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 agency management work with Mayor’s Financial Administration to reduce fund balances to reflect the needs of an average two-month period.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Goal to have completed in less than 60 days- 11/23/22	Susie Sullivan – Fiscal Coordinator – Petty Cash Custodian

Narrative for Recommendation 2.1 including action plan.

ORD will work with Mayor’s Finance to reduce the petty cash amount from the current \$800 to \$400.

Salt Lake County Office of Regional Development
2001 South State Street, Suite S2-100 | P.O. Box 144575 | Salt Lake City, UT 84114-4575
TTY 7-1-1 | www.slco.org/regional-development



Jennifer Wilson
Salt Lake County Mayor

Catherine Kanter
Deputy Mayor
Regional Operations

**Office of Regional
Development**

Dina W. Blaes
Director

Divisions

- Economic Development
- Environmental Sustainability
- Housing & Community Development
- Regional Planning & Transportation

RECOMMENDATION 2.2

We recommend that Regional Development management ensure staff are trained in, and comply with, agency internal policy regarding reimbursement frequency.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Complete	Roxie McSwain – Fiscal Manager

Narrative for Recommendation 2.2 including action plan.

The internal policy has been updated and reviewed with all staff members to clarify any misunderstandings.

AUDIT 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.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Complete.	Roxie McSwain – Fiscal Manager

Narrative for Recommendation 3.1 including action plan.

ORD acknowledges that it must ensure that all vouchers are signed by the recipient and the custodian, and that the recipient is not reimbursed for sales tax as per county policy.



Jennifer Wilson
Salt Lake County Mayor

Catherine Kanter
Deputy Mayor
Regional Operations

**Office of Regional
Development**

Dina W. Blaes
Director

Divisions

- Economic Development
- Environmental Sustainability
- Housing & Community
Development
- Regional Planning & Transportation

AUDIT 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."		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Goal to have completed in less than 60 days- 11/23/22	Susie Sullivan – Fiscal Coordinator – Petty Cash Custodian

Narrative for Recommendation 4.1 including action plan.

ORD has identified and corrected the roles and segregation of duties; the custodian of record will be updated with Mayor’s Finance to identify the correct individual.

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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Complete	Susie Sullivan – Fiscal Coordinator – Petty Cash Custodian

Narrative for Recommendation 4.2 including action plan.

ORD has updated the Treasurer’s office with new Certificates of Authority and identified the correct signatories for the Imprest account.



Jennifer Wilson
Salt Lake County Mayor

Catherine Kanter
Deputy Mayor
Regional Operations

**Office of Regional
Development**

Dina W. Blaes
Director

Divisions

- Economic Development
- Environmental Sustainability
- Housing & Community
Development
- Regional Planning & Transportation

AUDIT 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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Complete	Roxie McSwain – Fiscal Manager

Narrative for Recommendation 6.1 including action plan.

Some of the monthly reconciliations were not signed by the custodian and preparer. The internal policy has been updated and all staff members have been notified of correct procedures to ensure this does not happen again in the future.

Roxanne McSwain

Admin & Fiscal Manager
Office of Regional Development

AGENCY RESPONSE: SMG



Date 09/30/22

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

Auditor Harding,

Please find our response below to each of the recommendations made in your report.

AUDIT 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 agency management work with Mayor's Financial Administration to reduce fund balances to reflect the needs of an average two-month period.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agreed, the balance has been reduced to \$500 in May 2022	May 2022	Jon Daich

Narrative for Recommendation 2.1 including action plan.

AUDIT 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 all reimbursement requests are complete using MPF Form 6 or similar, including documented approval of the custodian and manager.



Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree, we will include documented approval of custodian and manger	Implemented immediately	Stacy Page

Narrative for Recommendation 3.1 including action plan.

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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree, we will seek reimbursement from Staff member. There is a process whereby they have the necessary information to provide vendors this exempt information.	October 2, 2022	Jon Daich

Narrative for Recommendation 3.3 including action plan.

AUDIT 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."

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	October 1, 2022	Jon DAich

Narrative for Recommendation 4.1 including action plan.

Sincerely,

Dan Hayes



General Manager
ASM Global-Salt Lake
Salt Palace Convention Center

AGENCY RESPONSE: YOUTH SERVICES



Jennifer Wilson, Salt Lake County Mayor
Karen Crompton, Human Services Director
Carolyn Hansen, Division Director

September 28, 2022

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Auditor Harding,

Please find our response below to each of the recommendations made in your report.

AUDIT 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.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	90 days	Ralph Yanni, Accountant

The Youth Services accountant will conduct a training for all custodians within 90 days so that management can ensure that vouchers and reimbursement requests are complete and signed by both the person receiving the funds and the custodian. The training will review Policy #1203 Petty Cash and Other Imprest Funds as well as Youth Services Operating Procedures. Going forward, this training will be held annually and will be mandatory for all custodians.

AUDIT 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."

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Completed 7/8/2022	Ralph Yanni, Accountant

The petty cash box was turned in to the accountant and stored in a locked safe when the custodian terminated employment with Salt Lake County. Shortly afterwards, the COVID19 pandemic occurred and many staff, including custodians, were working from home. It became necessary to use the spare petty cash box occasionally when no other custodians were available. It was felt that these were extenuating circumstances and will not be repeated. The box has since been transferred to a new custodian who filled out MPF Form 7A on 7/8/2022.

Sincerely,



Carolyn Hansen
Youth Services Division Director

AUDITOR'S ADDENDUM - HEALTH DEPARTMENT

Auditor's Addendum to Agency Response for Recommendation 2.1

EPA Emissions: For the period audited there were an average of \$793 of transactions per 2-month period. This amount was far below the reconciled fund balance of \$4,000. Our office noted this in a 2015 audit finding. At that time, we recommended to reduce the fund from \$2,000 to \$1,500. Management chose to reduce the fund to \$4,000 by April of 2016 and re-evaluate the fund over the next few months to ascertain if any further reductions should be made. We recommend that EPA perform an analysis between now and our follow up audit work to determine the appropriate "post-COVID" fund amount.

Tobacco Inspections: With only 4 months of program usage, the fund still averaged \$394 for a 2-month period. This was far below the reconciled fund balance of \$800. We recommended that Management re-evaluate the funds' needs between now and our follow up audit work to determine a more accurate fund amount.

Auditor's Addendum to Agency Response for Recommendation 3.2

EPA Emissions: Ensuring that established policies are followed during actual practice will help to mitigate the risk of fraud, waste, and abuse. We recommend that EPA revise its internal policy to account for undercover work and follow the updated policy. Regardless, fund amounts returned should be reconciled with the receipts in a timely manner.

Auditor's Addendum to Agency Response for Recommendation 3.3

Sales tax should not be being paid on EPA emissions testing, as this is a non-taxable service. For the one receipt found to have sales tax paid, the employee could have requested a corrected receipt based on Utah State Tax Commission publication 5: "Sales Tax Information for Vehicle & Watercraft Dealers and Body & Repair Shops". It is vital to good governance that organizations follow policy. We recommend that EPA update its policies to reflect undercover work and account for instances in which sales tax may be unavoidable.