

# AUDIT REPORT

# Salt Lake County ENGINEERING AND FLOOD CONTROL

JANUARY 2023



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County Auditor

Office of the Auditor  
Salt Lake County

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# Salt Lake County Auditor



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## AUDITOR'S LETTER

January 25, 2023

We audited Engineering and Flood Control 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 for appropriate purposes.

We examined Engineering and Flood Control for compliance with Countywide Policy 1062 "Management of Public Funds" and Policy 1220 "Management of Accounts Receivable and Bad Debt Collection." We also reviewed contracts and interlocal agreements entered into by Engineering and Flood Control.

Management responded with agreement to our recommendations.

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 that reads "Chris Harding". The signature is written in a cursive, flowing style.

Chris Harding, CPA, CFE, CIA  
Auditor

## CONTENTS

RISK CLASSIFICATIONS.....	2
BACKGROUND .....	4
FINDING 1: LATE PAYMENTS AND OVERDUE ACCOUNTS RECEIVABLE BALANCES.....	8
FINDING 2: AR RECONCILIATIONS NOT CONSISTENTLY PREPARED AND REVIEWED .....	11
FINDING 3: MASTER BALANCE SHEETS NOT CONSISTENTLY REVIEWED IN A TIMELY MANNER .....	13
APPENDIXES .....	15

## AGENCY RESPONSE

ENGINEERING AND FLOOD CONTROL .....	18
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## Engineering and Flood Control

JANUARY 2023

### Objectives

The audit objectives were to examine business processes, established controls, and financial transactions at the Engineering and Flood Control Division to provide reasonable assurance that:

- Cash receipts and receivables were recorded and reported accurately and completely, and free from significant error.
- Processes and procedures are in place to ensure that cash receipts and receivables are handled in accordance with all applicable policies and standards.
- Management provides adequate fiscal oversight to ensure that funds are properly safeguarded against fraud, waste, or abuse.

# REPORT HIGHLIGHTS

**Four invoices were settled 126 to 213 days after invoice date instead of Net 30 days as per payment terms stated in contracts.**

The contract terms between Salt Lake County and each of the customers emphasized that for subsequent annual payments, the County shall submit to the "customer" an invoice with the total cost of such services no later than August 15 of each year, which invoice "customer" shall pay within thirty days. We noted that Herriman City, Riverton City and Utah Department of Transportation (UDOT) did not adhere to contract payment terms. We found 4 invoices from these customers that were not paid according to the contract payment terms of net 30 days. The payment delays on the 4 invoices ranged from 126 days to 213 days.

**Preparation, review and approval of accounts receivable reconciliations were not always performed in a timely manner.**

Countywide Policy 1220 emphasizes the ledger of accounts receivable shall be reconciled to invoices and payments at least monthly, and the reconciliation shall be documented and signed by the employee who performed this step. We found 8 out of the 12 monthly reconciliations were performed 17 to 105 days after month-end. Additionally, we found reconciliation reviews and approvals occurred 26 days and 107 days after the reconciliation was performed.

**Review and approval of master balance sheets was not always performed in a timely manner.**

Countywide Policy 1062 emphasizes a master balance sheet shall correspond and reconcile to the daily deposit and that the master balance sheet shall be reviewed and reconciled to the bank deposit slip and signed by another Employee designated by County Agency Management; and if possible, by an individual with equal or higher authority than the individual who prepared the deposit. We found delays in the review of master balance sheets. We found that 23 of 36 (64%,) master balance sheets reviewed in the audit sample were reviewed 6 to 34 days after they had been prepared.



## Finding Risk Classifications

Classification	Description
<b>1 – Low Risk Finding</b>	<p>Low risk findings may not have an impact whether:</p> <ul style="list-style-type: none"><li>• Cash receipts and receivables from Permits and/or non-permits invoices were timely deposited and intact.</li><li>• Cash receipts and receivables from Permits and/or non-permits invoices were recorded and reported accurately, completely, and free from significant error.</li><li>• Permits were approved per County policy.</li><li>• Accounts receivable (AR) were aged correctly and aged per County Policy.</li></ul> <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>
<b>2 – Moderate Risk Finding</b>	<p>Moderate risk findings may have an impact whether:</p> <ul style="list-style-type: none"><li>• Past due amounts are recovered and may eventually become delinquent.</li><li>• Management provides adequate fiscal oversight to properly safeguard against fraud, waste or abuse.</li></ul> <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>

## Finding Risk Classifications

### 3 – Significant Risk Finding

Significant risk findings may have an impact whether:

- Cash receipts and receivables from Permits and/or non-permits invoices were timely deposited and intact.
- Cash receipts and receivables from Permits and/or non-permits invoices were recorded and reported accurately, completely, and free from significant error.
- Permits were approved per County policy.
- Accounts receivable (AR) were aged correctly and aged per County Policy.
- Past due amounts are recovered and may eventually become delinquent.
- Management provides adequate fiscal oversight to properly safeguard against loss, theft, waste or abuse.

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.

### 4 – Critical Risk Finding

Critical risk findings may have an impact whether:

- Cash receipts and receivables from Permits and/or non-permits invoices were timely deposited and intact.
- Cash receipts and receivables from Permits and/or non-permits invoices were recorded and reported accurately, completely, and free from significant error.
- Permits were approved per County policy.
- Accounts receivable (AR) were aged correctly and aged per County Policy.
- Past due amounts are recovered and may eventually become delinquent.
- Management provides adequate fiscal oversight to properly safeguard against loss, theft, waste or abuse.

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.



# BACKGROUND

The Salt Lake County Auditor's Audit Services Division completed an audit of the Salt Lake County Engineering and Flood Control (EFC) Division's cash receipts and accounts receivable for the period of January 1, 2021 to December 31, 2021. Funds received by EFC are related to permits and non-permit fees. EFC is a division of the Public Works Department. According to the EFC website, the Division assists the county in the discharge of its responsibilities to:

- "Gather, control, and dispose of storm drainage and floodwater and conserve such water for beneficial and useful purposes, and maintain a water quality management program. The division also administers all county ordinances pertaining to drainage, flood control and water quality management planning."
- "Provide engineering services to the Greater Salt Lake Municipal Services District (MSD) to build and maintain roadways, and sidewalks, administer encroachment, excavation, and special event permits, and enforce stormwater (MS4) management compliance."

Permit Revenue. Permit revenue is derived from Excavation and Special Event permits.

Salt Lake County currently does not have any ordinances or fee schedules in place for the collection of any fees tied specifically to any reviews of Flood Control Permits, Pipeline License Agreements, or Encroachment Agreements. However, the excavation and special events permits have fees and the fee schedules are available on the County website. The Public Works Engineering Division submits a fee schedule to the County Council to review and approve once every four years. The last fee schedule was submitted to council and approved as Council Resolution #5531 of April 23, 2019. Payments are remitted online, in-person, or through the mail.

Permit fees are collected on behalf of and are remitted monthly to the Municipal Service District (MSD).

Non-Permit Fees. The EFC Division also receives non-permit revenue from the following:

- On a monthly basis the EFC Accountant bills the MSD and other jurisdictions for services rendered.
- The Division bills Kennecott Copper Corporation per the contract to collect Kennecott's agreed share of the Canal Company invoice for removal of trash and debris from the diversion structure for the 8000-west canal.
- Claims and grant revenue from the Utah Division of Water Quality for Salt Lake County's lower Jordan River project.
- Once a year, the Division bills nineteen signatories of the 2017 to

2022 Utah Pollutant Discharge Elimination System (UPDES) media campaign. Fees charged vary by size of the population and terms of the agreement with the respective local authority, but the minimum charge per year is \$5,000. The charges are per terms of the “Utah Interlocal Cooperation Act, section 11-13-101, et seq., U.C.A”.

- Revenue from Property leases.

In the year 2021, EFC collected \$6,096,524 non-permit revenue and \$114,928 excavation and special permit revenue.

## OBJECTIVES AND SCOPE

The audit objectives were to examine business processes, established controls, and financial transactions at EFC to provide reasonable assurance that:

- Cash receipts and receivables were recorded and reported accurately and completely, and free from significant error.
- Processes and procedures are in place to ensure that cash receipts and receivables are handled in accordance with all applicable policies and standards.
- Management provides adequate fiscal oversight to ensure that funds are properly safeguarded against fraud, waste, or abuse.

The audit was a limited-scope financial audit that focused on cash receipts and receivables for excavation permit fees, inspection fees, and other fees assessed and collected by EFC. The scope of the audit period was January 1, 2021 through December 31, 2021.

## AUDIT CRITERIA

### **Countywide Policy (“CWP”) 1062 Management of Public Funds**

establishes procedures for receiving, recording, depositing, and distributing public funds, and to define functions and responsibilities to provide and strengthen internal controls over these procedures. The policy’s purpose is to provide effective safeguards while weighing both risks to be mitigated and costs of maintaining controls. Controls over managing public funds emphasizes:

- Clear segregation of duties between person with custody of funds and/or those performing cashing duties, and those having access to and maintaining accounting records related to public funds.
- Safeguarding and accountability for receipt, deposit, transmittal, and disbursement of funds, including physical security over these activities.
- Duties of opening mail and summarizing the daily receipt of checks should be separate from posting payments.

**Countywide Policy (“CWP”) 1220 Management of Accounts Receivable and Bad Debt Expenses** establishes procedures for management of accounts receivable and procedures for debt collection by County agencies/departments. It acknowledges that each agency has varying operational demands where management may decide to offer goods and services without immediate payment. It states that whenever possible; County departments and agencies should require payment before goods and services are provided, but there are cases where that is not possible or practical. Credit may be granted by County department and agencies so long as sufficient identifying information is available to enable an establishment of accounts receivable record and subsequent collection procedures. The purpose of the policy is to:

- Establish a policy and procedure for management of accounts receivable, including proper filing, record keeping, and follow up with individuals or companies that owe money to Salt Lake County
- Establish guidelines for the approval, control, and accounting for amounts due to Salt Lake County.
- Provide written instructions relating to the collection of amounts due, including procedures to be followed in the event of non-payment.
- Achieve timely collections of accounts receivable and maximize collection of all amounts due, bearing in mind that the older an account becomes, the less likely it is to be collected.

**The Utah Pollutant Discharge Elimination System (UPDES) Media Campaign Contract** numbers PT17115R, PT18115R and PT18125R. “WHEREAS, in connection with the Utah Pollutant Discharge Elimination System, hereinafter “UPDES”, permitting process, the parties desire to cooperate with each other in funding a 2017 through 2022 multi-media public information and education campaign (hereinafter “Campaign”) for the purpose of increasing public awareness about storm water pollution and educating the public about the prevention of storm water pollution in the County”.

## CONCLUSIONS

EFC has put into place internal controls for managing public funds and Accounts Receivable (AR). The internal controls in place for the issuance of excavation and special event permits were overall functioning as expected. We noted some areas of moderate to low risk and would not expect these to result in material loss to the County.

We examined written procedures manuals that include detailed steps for processing permits and processing payments remitted with checks or debit/credit card. The procedures manuals were used by both initiators of

transactions and management for reviewing.

We identified the following control areas needing improvement to minimize the risk of undetected errors and omissions, potential fraud, waste and abuse related to cash receipting and depositing as well as accounts receivable.

### **Accounts Receivable**

We examined accounts receivable and found four invoices that were not paid according to the contract payment terms of net 30 days. We noted significant delays in the preparation and management reviews of the monthly accounts receivable reconciliations.

**Cash Receipts and Deposits** Cash receipts and receivables were recorded and reported accurately and completely and were free from material error. However, the master balance sheets that were prepared to accumulate and balance total receipts and collections were not always reviewed in a timely manner in relation to the date they were prepared by the Temporary Accountant.

# FINDING 1 AND RECOMMENDATIONS

## Late Payments and Overdue Accounts Receivable (AR) Balances.

Risk Rating: **Moderate Risk Finding**

We noted that Herriman City, Riverton City and Utah Department of Transportation settled their invoices outside of the contract terms. Four invoices were settled 126 to 213 days after invoice date instead of Net 30 days as per payment terms stated in Contract numbers PT17115R, PT18115R and PT18125R. UDOT did not pay invoice #EFC0000341 upon approval of the project plans as stated in paragraph 8 of contract PC16118R.

As stated in the contract PT18125R between Salt Lake County and Utah Department of Transportation (UDOT), paragraph 4. "... For subsequent annual payments, the County shall submit to UDOT an invoice with the total cost of such services no later than August 15 of each year, which invoice UDOT shall pay within thirty days."

As stated in Paragraph 8 of contract PC16118R between Salt Lake County and Utah Department of Transportation (UDOT), "Upon approval of the pedestrian safety project plans and satisfactory evidence that the project is ready to proceed, and upon request of the County, UDOT will deliver to the County a lump sum amount of, \$58,500.00, 75% of UDOT's funds for the construction of the facilities covered by this Cooperative Agreement..."

As stated in contract PT17115R between Salt Lake County and Herriman City, paragraph 4. "... For subsequent annual payments, the County shall submit to City an invoice with the total cost of such services no later than August 15 of each year, which invoice the City shall pay within thirty days."

As stated in contract PT18115R between Salt Lake County and Riverton City, paragraph 4. "... For subsequent annual payments, the County shall submit to City an invoice with the total cost of such services no later than August 15 of each year, which invoice the City shall pay within thirty days."

Countywide Policy #1220, Management of Accounts Receivable and Bad Debt Collection section 4.1 states,

"County departments and agencies are required to take all appropriate and cost effective actions to aggressively collect accounts receivable...).

Section 4.2.3 states,

"Follow-up statements should be sent once a month to all patrons with an account balance."

Past due accounts receivables may become difficult to collect and eventually be deemed uncollectible and written-off as bad debt. When contract terms are not enforced there is a risk for non-payment and a breach of contract.

We reviewed the whole population of 43 non-permit AR invoices processed during the year 2021. Our review of the aging and accuracy of the AR balances for EFC identified 3 customers that did not adhere to the payment terms of net 30 days. We found 4 invoices from these customers that were not paid according to the contract payment terms. The payment delays on the 4 invoices ranged from 126 days to 213 days. See Table 1 below for more details.

**Table 1. Three AR customers settled their invoices outside the contract terms.** Four invoices were settled 126 to 213 days after invoice date instead of Net 30 days as per payment terms or upon approval of the project plans.

Invoice Date	Due Date	Invoice #	Name	Amount	Date Paid	Amount Paid	Invoice Age at Payment
8/17/2021	9/16/2021	EFC0000319	Herriman City	\$5,295	12/28/2021	\$5,295	133
8/17/2021	9/16/2021	EFC0000325	Riverton City	\$5,957	12/21/2021	\$5,957	126
8/17/2021	9/16/2021	EFC0000334	UDOT	\$5,000	1/24/2022	\$5,000	160
11/23/2021	12/23/2021	EFC0000341	UDOT	\$58,500	6/24/2022	\$58,500	213

In January 2022, UDOT notified EFC they are holding off payment until the project was finished. Contract terms were not enforced to ensure UDOT paid amounts owed as per the contract terms, which stated “Upon approval of the pedestrian safety project plans and satisfactory evidence that the project is ready to proceed....”

Per the response from the Fiscal Manager, the Stormwater Coalition program manager indicated that he made several follow-up calls to the cities that had not paid UPDES invoices, among them were Herriman and Riverton cities, and second notices were mailed to those who didn’t respond to the phone calls. However, the only documentation we observed were follow-up emails sent to Herriman and Riverton dated 12/13/21, which resulted in payments shortly after.

We recommend that management document collection procedures for past due accounts receivables. The procedures should define what tasks are to be performed, when they occur and who is responsible.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - MARCH 31, 2023

SEE PAGE 16 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend follow-up statements should be sent once a month to all customers with an account balance and collection activity efforts (such as phone call, emails, etc.) should be documented.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - MARCH 31, 2023

SEE PAGE 16 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that management should ensure amounts owed are settled per the contract terms.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - MARCH 31, 2023

SEE PAGE 16 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

# FINDING 2 AND RECOMMENDATIONS

## AR Reconciliations not consistently prepared and reviewed.

Risk Rating: **Low Risk Finding**

In the absence of timely reconciliations and reviews, the risk of errors and/or irregularities not being detected in a timely manner increases.

We noted delays in the preparation and review of AR reconciliations between January and December 2021.

Countywide Policy #1220, Management of Accounts Receivable and Bad Debt Collection section 5.3.2 states,

“The ledger of accounts receivable shall be reconciled to invoices and payments at least monthly, and the reconciliation shall be documented and signed by the employee who performed this step...).

Section 5.4 states, “The employee who maintains the accounts receivable ledger shall be separate from the employee who prepares invoices and the employee who collects payments. In the event that staffing levels prevent such segregation of duties, a supervisor, or second responsible employee, shall review and sign the monthly reconciliation, as a control on the process.”

Monthly AR reconciliations for 2021 were accurately completed, on file, and signed/reviewed by the preparer and the reviewer. However, 8 out of the 12 months during 2021, we found that accounts receivable was reconciled, documented and signed by the employee who performed this step 17 to 105 days after month-end. Reconciliation reviews and approvals occurred 26 days and 107 days after the reconciliation was performed. Table 2 below illustrates the AR reconciliation preparation and review delays.



**Table 2. The monthly AR reconciliations and reviews were not consistently done.** 8 out of the 12 monthly reconciliations were performed 17 to 105 days after month-end. While reviews and approvals for 5 of the 12 occurred 26 days and 107 days after the reconciliation was prepared.

Month-ending (a)	Prepared Date (b)	Reviewed Date (c)	Preparation: Time Lag Days (b-a)	Review: Time Lag Days (c-b)
1/31/2021	3/10/2021	3/15/2021	38	5
5/31/2021	6/28/2021	10/13/2021	28	107
6/30/2021	10/13/2021	10/13/2021	105	0
7/31/2021	9/17/2021	10/13/2021	48	26
8/31/2021	9/17/2021	10/13/2021	17	26
9/30/2021	11/17/2021	12/13/2021	48	26
10/31/2021	11/17/2021	12/13/2021	17	26
12/31/2021	3/1/2022	3/2/2022	60	1

<b>2.1</b>	<b>RECOMMENDATION</b>	<b>Timely Reconciliations</b>
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We recommend that AR monthly reconciliations are performed on at least a monthly basis and reviews are completed monthly so that errors and other irregularities may be detected and corrected on a timely basis.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - MARCH 31, 2023

SEE PAGE 16 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

# FINDING 3 AND RECOMMENDATIONS

## Master Balance Sheets not consistently reviewed in a timely manner

Risk Rating: **Low Risk Finding**

We found that 23 of 36 (64%) “master” balance sheets in the audit sample were reviewed 6 to 34 days after they had been prepared.

Countywide Policy #1062, Management of Public Funds, Section IV.B. states,

In the absence of timely management/supervisory reviews, irregularities and/or errors may not be detected or corrected in a timely manner.

“1. A ‘master’ balance sheet, as discussed in Section III.H.1.b., shall correspond and reconcile to the daily deposit... 2. The ‘master’ balance sheet shall be reviewed and reconciled to the bank deposit slip and signed by another Employee designated by County Agency Management; and if possible, by an individual with equal or higher authority than the individual who prepared the deposit.”

A master balance sheet was used to accumulate funds received for permit fees and non-permit fees. The balance sheet included the cash count total, including the breakdown by cash and check composition.

The master balance sheets were reviewed and reconciled to the bank deposit slip and signed by an individual with equal or higher authority than the individual who prepared the deposit. However, 23 of the 36 master balance sheets in the audit sample were reviewed 6 to 34 days after they had been prepared. See appendix A for the reviewing delays noted during the audit.

3.1

RECOMMENDATION

Timely Reconciliations

We recommend consistency in the timeliness of reviews of the “master” balance sheets so that irregularities and errors may be detected and corrected in a timely manner.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - MARCH 31, 2023

SEE PAGE 16 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION

# APPENDIX A: REVIEW TIME LAG OF MASTER BALANCE SHEETS

Date Payment Received	Deposit Bag #	Deposit #	Master Balance Sheet Amount	Date Master Balance Sheet prepared by Accountant (H)	Date Master Balance Sheet Reviewed by the Fiscal Manager(I)	Review Time Lag (I-H)
1/19/2021	DF45921037	50	\$ 750.00	1/21/2021	1/29/2021	8
2/16/2021	DF26594191	57	\$ 500.00	2/16/2021	2/26/2021	10
3/30/2021	DF26594195	71	\$ 2,875.00	3/30/2021	4/7/2021	8
4/6/2021	DF26594196	72	\$ 1,500.00	4/6/2021	4/13/2021	7
4/14/2021	DF26594197	75	\$ 3,870.00	4/15/2021	4/26/2021	11
4/19/2021	DF26594198	76	\$ 1,000.00	4/20/2021	4/26/2021	6
5/10/2021	DF26594200	87	\$ 375.00	5/11/2021	5/19/2021	8
5/28/2021	DF45921038	94	\$ 1,371.25	5/28/2021	7/1/2021	34
6/11/2021	DF26594204	99	\$ 11,575.00	6/15/2021	7/1/2021	16
6/17/2021	DF26594205	100	\$ 3,900.00	6/17/2021	7/1/2021	14
6/23/2021	DF26594206	102	\$ 250.00	6/23/2021	7/1/2021	8
7/12/2021	DF26594208	108	\$ 50.00	7/12/2021	7/30/2021	18
7/12/2021	DF26594209	110	\$ 16,331.25	7/13/2021	7/30/2021	17
8/10/2021	DF26594211	120	\$ 4,700.00	8/11/2021	8/30/2021	19
9/8/2021	DF26594212	125	\$ 9,125.00	9/8/2021	9/15/2021	7
9/22/2021	DF26594213	130	\$ 1,840.00	9/22/2021	9/29/2021	7
9/28/2021	DF26594214	133	\$ 4,369.50	9/29/2021	10/6/2021	7
10/29/2021	DF26594215	141	\$ 500.00	10/29/2021	11/8/2021	10
11/8/2021	DF26594216	144	\$ 750.00	11/8/2021	11/22/2021	14
11/9/2021	DF26594217	146	\$ 1,100.00	11/9/2021	11/22/2021	13
11/29/2021	DF26594219	151	\$ 625.00	11/29/2021	12/7/2021	8
12/6/2021	DF26594220	154	\$ 375.00	12/6/2021	12/17/2021	11
12/28/2021	DF26594222	160	\$ 93.75	12/29/2021	1/7/2022	9

# APPENDIX B: Additional Information

## Appendix B: Additional Information

<b>Scope &amp; Methodology</b>	<p>The audit review was a limited-scope financial audit that focused on cash receipts and receivables for excavation permit fees, inspection fees, and other fees assessed and collected by the Engineering and Flood Control Division. We examined the period from January 1, 2021, to December 31, 2021.</p> <p>To accomplish the audit objectives, we used several methodologies to gather and analyze information. The methodologies included but were not limited to:</p> <ul style="list-style-type: none"><li>• Performed walkthroughs of business processes and asked questions of key personnel to determine if</li><li>• Analyzed the design and implementation of internal controls.</li><li>• We reviewed cash receipts and deposits and verified controls for safeguarding cash assets. We observed the Engineering and Flood Control Division’s collections procedures to ensure adequate segregation of duties and compliance with County policies.</li><li>• We reviewed controls in place over collecting, recording, depositing, and reporting of cash receipts and deposits.</li><li>• We reviewed the controls in place for applications and issuing of excavation and special event permits.</li><li>• We reviewed the accuracy of permit fees charged by the Division.</li></ul>
<b>Exclusions</b>	<p>We did not review the following areas:</p> <ul style="list-style-type: none"><li>• Capital and Controlled Assets, and Software Inventory</li><li>• Accounts Payable</li><li>• Contracts</li><li>• EFC Payroll</li></ul>
<b>Follow-Up Audit Process</b>	<p>An initial follow-up review to determine the implementation status of open recommendations will be conducted six months after the final audit report date. A final follow-up review will be conducted 12 months after the final audit report date. Results of both follow-up audits will be reported to management and other stakeholders. Additional follow-up audits may be scheduled based on the severity of the risks, or the lack of corrective action to address significant issues noted during the initial audit.</p>

# AGENCY RESPONSE



**Jenny Wilson**  
Mayor

January 18, 2023

**Catherine Kanter**  
Deputy Mayor of Regional  
Operations

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

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

**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 audit that the Auditor's Office performed in 2022.

Government Center  
2001 South State Street  
Suite N3-120  
Salt Lake City, Utah 84190

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

T 385-468-6600  
F 385-468-6603

[slco.org/flood-control](http://slco.org/flood-control)

**AUDIT FINDING 1: Late Payments and Overdue Accounts  
Receivables (AR) Balances.**

<b>RECOMMENDATION 1.1</b>		
We recommend that management document collection procedures for past due accounts receivables. The procedures should define what tasks are to be performed, when they occur and who is responsible.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	March 31, 2023	Amy McCormick, Fiscal Manager

Narrative for Recommendation 1.1 including action plan. Engineering and Flood Control (EFC) agrees with the recommendation and will draft a procedure that outlines the collection procedures for the Division including the tasks to be performed, the timing, and the employee responsible for the tasks.

**SALT LAKE COUNTY**

<b>RECOMMENDATION 1.2</b>		
We recommend follow-up statements should be sent once a month to all customers with an account balance and collection activity efforts (such as phone calls, emails, etc.) should be documented.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	March 31, 2023	Amy McCormick, Fiscal Manager

Narrative for Recommendation 1.2 including action plan. EFC agrees with the recommendation. EFC's collection procedure will also include distributing monthly statements to customers and documenting collection effort activity.

<b>RECOMMENDATION 1.3</b>		
We recommend that management should ensure amounts owed are settled per the contract terms.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	March 31, 2023	Amy McCormick, Fiscal Manager

Narrative for Recommendation 1.3 including action plan. EFC agrees with the recommendation. EFC management will document collection efforts with entities and will diligently take reasonable efforts to hold the entity accountable to the contract terms. EFC's collection procedure will include management monitoring collection efforts.

**SALT LAKE COUNTY**

**AUDIT FINDING 2:** AR Reconciliations not consistently prepared and reviewed.

<b>RECOMMENDATION 2.1</b>		
We recommend that AR monthly reconciliations are performed on at least a monthly basis and reviews are completed monthly so that errors and other irregularities may be detected and corrected on a timely basis.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	March 31, 2023	Amy McCormick, Fiscal Manager

Narrative for Recommendation 2.1 including action plan. EFC agrees with the recommendation. EFC will perform reconciliations and a review of the reconciliations monthly.

**AUDIT FINDING 3:** Master Balance Sheets not consistently reviewed in a timely manner.

<b>RECOMMENDATION 3.1</b>		
We recommend consistency in the timeliness of reviews of the “master” balance sheets so that irregularities and errors may be detected and corrected in a timely manner.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	March 31, 2023	Amy McCormick, Fiscal Manager

Narrative for Recommendation 3.1 including action plan. EFC agrees with the recommendation and will perform review of “master” balance sheets and deposit documentation monthly.

Respectfully,

 Digitally signed by Kade Moncur  
Date: 2023.01.19 15:41:26 -07'00'

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

CC: Scott Baird  
Jared Steffey

KDM/AJM