



## **SALT LAKE COUNTY AUDITOR'S OFFICE**

**SEAN THOMAS**

April 27, 2005

Neil Stack, Director  
Public Works Engineering  
Suite N-3100  
2001 South State Street  
Salt Lake City, UT 84190

Dear Neil:

We recently completed a limited scope audit of Public Works Engineering (Engineering). Our audit included a count of the change fund, a review of the depositing activity for 2004, cash handling procedures, accounts receivable and fixed and controlled assets. We also reviewed the sale of bus passes and tokens because collections from these sales were transferred to Engineering for deposit.

To accomplish our fieldwork, we tested a statistically significant random sample of deposits. We did not test each transaction and, therefore, cannot make any statement as to the accuracy of the deposits as a whole. However, we did find many positive features in the system of internal control within Engineering. Specifically:

- Staff members were professional in fulfilling their duties and were aware of the need for strong internal controls over cash handling and depositing.
- Funds transfer forms were used to document the change in custody of funds from one employee to another.
- A bond to cover potential remediation costs, and evidence of insurance, were required prior to the issuance of excavation permits.

We did find some areas in which internal controls could be strengthened.

### **CASH COLLECTION RECEIPTING AND DEPOSITING**

Engineering collects money for engineering permits and special events permits. Engineering permits are issued for excavation. Special events permits may be issued for such projects as neighborhood parties or gatherings where streets would be blocked off. Most payments are in the form of company checks. Typically, no more than five payments are received in Engineering on any given day. Amounts received may range

from \$5.00 to several thousand dollars. Engineering also includes collections from sales of transportation passes in its deposit.

Findings resulting from our testing were as follows:

- **The change fund custodian listed on Auditor's Office records was not the current custodian.**
- **There was no independent review of cash receipting and depositing.**
- **The cashier did not balance collections to recorded receipt totals.**
- **MPF Form 11, "Cash Over and Short Log," was not used.**
- **Dual controls were not in effect when the mail was opened.**
- **Identification was not recorded on personal checks received over-the-counter.**
- **The restrictive endorsement stamp and other confidential information were not kept in a secure location.**

**The change fund custodian listed on Auditor's Office records was not the current custodian.** Countywide Policy #1203, "Petty Cash and Other Imprest Funds," Section 4.1, states, "*Designating a custodian, and any subsequent changes in custodian shall be processed by completing the MPF Form 2 from Countywide Policy 1062.*" The Auditor's Office produces a report titled "*Salt Lake County Petty Cash and Other Imprest Accounts.*" The report shows all authorized change and petty cash funds Countywide by location, fund type and custodian. The custodian designated in the report for Engineering was an employee who terminated employment in 2003.

In addition, we found that the \$15 authorized change fund was too small for practical use when processing permit applications. In situations where change was needed, the patron was directed to the Treasurer's Office to request exact change. Therefore, the change fund itself was never used. The change fund should be increased to the level necessary to allow for adequate servicing of customer needs. As already mentioned, most payments are made by check. However, circumstances may require that change be made when a customer presents cash for payment.

Policy #1203, Section 2.1, states, "*The requesting organization shall complete an MPF Form 2 request for change or establishment of petty cash or other imprest fund. It shall be forwarded to the Accounting and Operations division of the Auditor's Office. After a review for propriety and internal controls, the Auditor will make a recommendation to the Mayor regarding implementation.*" Attachment A contains an example of MPF Form 2. This form can be obtained from the audit specialist responsible for updating information on petty cash and imprest accounts.

**RECOMMENDATIONS:**

- 1. We recommend that Public Works Engineering complete and send MPF Form 2 to the Auditor's Office to update the "Salt Lake County Cash and Other Imprest Accounts" report with the name of the current change fund custodian.*
- 2. We recommend that the change fund be increased to an appropriate level that will allow for change to be made when customers use cash to pay fees.*

**There was no independent review of cash receipting and depositing.** The Office Supervisor is primarily responsible for cash receipting and depositing. The Supervisor alone prepares the deposit. The deposit is not verified or reviewed by another employee prior to being taken to the bank. As a routine procedure, a supervisor or other employee should re-count checks and cash included in the deposit, compare this count to the daily receipts report, and determine whether the over, short, or no difference amount in collections was calculated correctly. Because relatively few transactions took place each day, no independent review occurred.

In addition, deposits were not reconciled to bank statements. The absence of a bank reconciliation allows for any bank errors or diversion of funds to personal use to remain undetected. Bank reconciliations were not performed because Engineering personnel were not aware of their responsibility to do so.

Countywide Policy #1062, "Management of Public Funds," in the introduction, states, *"Internal control is a system designed to prevent a single employee from exclusively controlling a monetary transaction. The policy provides suggested internal controls for the segregation of duties in such a way that persons who are responsible for the custody of funds and performance of cashiering duties have no part in the keeping of, nor access to, those records which establish accounting control over the funds and operations (and vice versa)."*

The bank reconciliation should be performed by a person who is not receiving cash or preparing the deposit. Moreover, management should regularly review cash receipting and depositing to protect employees, and the division itself, from the perpetration of theft.

**RECOMMENDATIONS:**

- 1. We recommend that Public Works Engineering implement a policy of monthly independent review of cash receipting and depositing.*
- 2. We recommend that a reconciliation of deposit records to the bank statement be performed each month.*

**The cashier did not balance collections to recorded receipt totals.** Policy #1062, Section 3.7.3.1, states, "*Each day, all county agencies should balance collections to register (or receipt log) totals and prepare a deposit, using MPF Form 3 or a facsimile developed for the specific agency.*"

We selected a random sample of 46 days of collection activity from the time period of January through December, 2004. Upon examination of this sample, we found that no reconciliation or balancing of collections to source documents using MPF Form 3, "Daily Cash Balance," or similar form, had been performed. As noted above in the policy, a substitute form may be used if it contains substantially the same information as MPF Form 3. An example of MPF Form 3 is found in Attachment B.

Balancing cash and checks on hand to cash register receipt totals is a basic cash handling function. It allows cashiers and cash management supervisors to account for the accuracy and integrity of collections made during the day. A balance sheet was not prepared because of the few numbers of checks and small amount of cash routinely received each day. Mere observation of the cash and checks before them could provide personnel with an idea of whether collections were over or short. Despite the few number of daily transactions, a balance sheet should nevertheless be completed. The difference—or no difference—arrived at on the balance sheet between collections and receipt totals, is necessary cash management information that should be documented and filed.

#### **RECOMMENDATION:**

***We recommend that Public Works Engineering balance collections to cash register receipts using an MPF Form 3, "Daily Cash Balance," or a substitute form containing substantially the same information.***

**MPF Form 11, "Cash Over and Short Log," was not used.** Countywide Policy #1062, "Management of Public Funds," Section 2.5.3, states, "*All overages and shortages, regardless of the amount, must be recorded and reported daily by the agency on MPF Form 11.*" An example of MPF Form 11 is shown in Attachment C.

Overages and shortages were not recorded on MPF Form 11 because, as noted above, collections were not balanced to cash register receipt totals. Therefore, overages and shortages were not calculated. Even when a deposit was prepared, the required MPF Form 11 was not used because overages and shortages occurred infrequently. Based on our review, it was rare that a deposit was over or short. In fact, our sample of 46 deposits showed two instances where an outage occurred. These two outages were not recorded, nor was there evidence that a supervisor reviewed them for accuracy. Failure to record overages and shortages in the over/short log removes the ability of cashiers and managers to monitor trends in balancing records. Awareness of these trends can elicit an appropriate response from management to prevent significant cash handling problems from occurring in the future.

**RECOMMENDATION:**

*We recommend that Public Works Engineering implement the recording of cash overages and shortages using MPF Form 11, and that information on the form receive supervisory review.*

**Dual controls were not in effect when the mail was opened.** One person alone performed this function. Mail received at Engineering often contains checks for payment of permit fees. Generally, these payments are for additional fees relating to events that could not have been foreseen at the time of payment for the original permit. Such unforeseen events could include the subsequent need for lane closures. The Office Supervisor, alone, opened the mail. She delivered any checks relating to permits to the Permit Coordinator, who then applied the payment to the corresponding permit application. Besides opening the mail alone, the Office Supervisor did not record mailed-in checks in a log before delivering the checks to the Permit Coordinator. No other employee observed or reviewed the receipt of checks in the mail.

The system of internal control as described in Policy #1062, relies upon individual custody of funds followed by supervisory review. Accountability deficiencies exist when only one person opens the mail. On the other hand, two people working together can check and verify one another's actions. The use of dual personnel in opening the mail also provides greater assurance that all checks received have been processed and deposited in the County's bank account.

**RECOMMENDATIONS:**

- 1. We recommend that Public Works Engineering require the presence of two people when the mail is opened, and that a log be created of checks received in the mail.*
- 2. We recommend consistent management review of logs created from checks received by mail.*

**Identification was not recorded on personal checks received over-the-counter.** Countywide Policy #1301, "Acceptance of Checks," Section 3.0, states "*Except as otherwise provided herein, or where prohibited by law, it is the policy of Salt Lake County, when receipting payments for user fees and other revenues (hereinafter referred to as "receipts"), to require that "over-the-counter" receipts, i.e., those not received through the mail, be in the form of a personal check accompanied by a valid form of identification.*"

No identification is required of anyone presenting a check. Companies performing excavation work are bonded, and these bonds are kept on file in the Engineering office. Therefore, there is little chance of a check not being honored by the bank. There is, however, some activity in which patrons might use a personal check e.g., permits for block parties or sales of pamphlets, in which case there is greater probability of the check being dishonored.

Failure to provide personal identification on checks increases the risk of accepting a stolen check, and makes the task of collecting on checks returned for insufficient funds, or other reasons, more difficult.

**RECOMMENDATION:**

*We recommend that Public Works Engineering personnel comply with Policy #1301 and note personal identification specifics on the face of the check.*

**The restrictive endorsement stamp and other confidential information were not kept in a secure location.** During our audit, we found that the restrictive endorsement stamp used to endorse checks received at Engineering was left on the counter of the work area behind the Office Supervisor's desk. We also noted that records of deposit activity, including copies of checks received, were left on the counter or in boxes in the work area.

Identity theft is on the rise. Therefore, it is important to review all safeguards relating to financial transactions to prevent the County and its clients from being victimized by identity theft. The Salt Lake County Records Management & Archives "Record Series Function Form" provides for records which contain personal data elements, including checking or savings account numbers, to be classified as private. These records should be locked in a secure location overnight and on weekends.

**RECOMMENDATION:**

*We recommend that Public Works Engineering personnel secure the restrictive endorsement stamp, and check copies, in a locked storage area during non-working hours.*

**FIXED AND CONTROLLED ASSETS**

Our objective for this part of the audit was to evaluate the adequacy of internal controls over County fixed and controlled assets, including compliance with Countywide Policy #1125, "Safeguarding Property/Assets." A fixed asset is an item of real or personal property owned by the County, having an estimated useful life of more than one year and a cost equal to or greater than the capitalization rate, currently \$5,000. A controlled asset is a property item which is sensitive to conversion to personal use and has a cost of \$100 or greater, but less than the current capitalization rate.

To complete this part of the audit, we inventoried Engineering fixed and controlled assets. We located all fixed assets assigned to Engineering. The Property Manager provided us with a spreadsheet containing 147 controlled assets, 46 of which were designated as "missing, lost/stolen, renumbered—doesn't exist or donated."

We examined a statistically significant random sample of 43 of the 101 remaining controlled assets. We were able to locate 38 out of the 43 items sampled. Three of the missing five assets were counters used to tally the number of vehicles that passed over a particular location where the counter was placed. The counters were easily broken. Many of the previous counters on the controlled assets list were recorded as broken or discarded. The Transportation Engineer stated that the three missing counters were also broken. Another asset not found was a calculator that was probably broken and thrown away. The last missing item was a cell phone assigned to an employee three years ago. This employee received a new phone two years ago, suggesting that the previous phone was broken. During our audit, we found the following:

- **No Forms PM-2 “Salt Lake County Personal Property Transfer/Disposal/Internal Sale” were found for several items designated as missing, lost/stolen, or renumbered.**
- **A current inventory list of controlled assets assigned to individual employees was not maintained.**
- **A complete controlled asset inventory was not conducted every year.**

**No Forms PM-2 “Salt Lake County Personal Property Transfer/Disposal/Internal Sale” were found for several items designated as missing, lost/stolen, or renumbered.** Policy #1125, Section 2.2.3, states, in part, that a Property Manager’s duties are to *“Maintain records as to current physical location of all fixed assets and controlled assets within the organization’s operational and/or physical custody.”* The Form PM-2 “Salt Lake County Personal Property Transfer/Disposal/Internal Sale” is used to transfer fixed and controlled assets to the Surplus section of the Contracts and Procurement Division.

Stolen fixed or controlled assets should be reported to the District Attorney’s and Auditor’s Offices, and to law enforcement, if deemed necessary. Section 2.2.10 of Policy #1125 states, *“Report theft of property to appropriate authorities in accordance with Countywide Policy #1304 on Discovery and Reporting of Thefts.”* Failure to accurately note the status and location of assets, including missing assets, makes detecting a lost or stolen asset difficult, if not practically impossible.

#### **RECOMMENDATION:**

***We recommend that stolen assets be reported to the District Attorney’s and Auditor’s Offices in accordance with Policy #1304, “Discovery and Reporting of Thefts.”***

**A current inventory list of controlled assets assigned to individual employees was not maintained.** The agency did not complete a controlled asset inventory form for employees who had controlled assets assigned to them, as described in Policy #1125. According to Section 4.3 of this policy, *“The Property Manager shall maintain records to manage controlled assets using the following forms and procedures: Controlled*

*Assets Inventory Form-Employee.*” Because the “Controlled Assets Inventory Form – Employee” was not used, employees have not documented their acceptance of responsibility for the assets assigned to them. In addition, Policy #1125, Section 2.3, states, “*Upon termination, transfer, or at least annually, employees assigned fixed or controlled assets shall review the list of assigned assets and provide verification by his/her signature to the Property Manager as to the accuracy and completeness of the list.*”

The Property Manager has a list of controlled assets for the entire agency. However, she was not aware that employees with assignable assets should complete a separate inventory form. An example of “Controlled Assets Inventory Form – Employee” is found in Attachment D.

#### **RECOMMENDATIONS:**

- 1. We recommend that the Property Manager use the “Controlled Assets Inventory Form – Employee” (Exhibit 3 of Countywide Policy #1125) to record controlled assets assigned to each individual employee.***
- 2. We recommend that each employee assigned specific assets annually renew their signature on the “Controlled Assets Inventory Form – Employee.”***

**A complete controlled asset inventory was not conducted every year.** The Property Manager conducted partial inventories as deemed necessary. The Property Manager also verified that controlled assets transferred out of the Division were recorded on Form PM-2, and that newly acquired items were placed on the controlled asset list. However, Engineering staff did not complete an annual inventory of fixed and controlled assets, as required in Countywide policy. Policy #1125, Section 2.2.11, states, “*At least annually, conduct physical inventory of fixed assets and controlled assets, to ensure complete accountability for all property owned by, or assigned to the organization.*”

Inventories were not conducted because the Property Manager was familiar with the location of all fixed and controlled assets within Engineering. Nevertheless, inventory items could easily become missing without being detected. An annual inventory would uncover any missing fixed or controlled assets. Annual inventories of controlled assets protect these items from theft and abuse.

#### **RECOMMENDATION:**

***We recommend that a yearly inventory of controlled assets be performed and documented.***

#### **ACCOUNTS RECEIVABLE**

Accounts receivable arise in Public Works Engineering due to outstanding obligations on permit requests for excavations performed by individuals or companies.



The aging report in Engineering for January, 2005 showed accounts receivable of \$6,123 for accounts outstanding 60 days or more, and \$21,654 for accounts outstanding from 0 to 30 days. Engineering personnel understood and monitored the collection status of older accounts. Some contractors have more than one permit active at a time. Therefore, monthly invoices included outstanding obligations on all active permits. Each past due account was noted on the invoice. Accounts older than 30 days received a follow-up statement on pink paper stock. Accounts older than 60 days warranted a letter demanding payment, and accounts older than 90 days were referred to the District Attorney's Office for collection.

In order to receive excavation permits, contractors must show proof of insurance and a \$10,000 bond to cover remediation costs. We researched five companies with outstanding balances and found that each company had demonstrated proof of the required insurance and bond at the time they were issued the permit.

Occasionally some contractors went out of business, and therefore, any outstanding debt to the County for permit fees could not be recovered. The bond, though required to be in force for three years, could not be used to cover unpaid permit fees. The purpose of the bond was to recover construction costs incurred by Engineering in the event of faulty work by the contractor. During the audit, we found the following:

- **The Division does not have a written accounts receivable policy.**

**The Division does not have a written accounts receivable policy.** The Division has an internal, verbal collection policy addressing management of accounts receivable. However, verbal policies will likely change over time, especially as personnel change. Written policies and procedures would promote effective and efficient management of accounts receivable. In practice, a consistent effort was made to ensure that outstanding accounts receivable were collected.

Engineering referred highly delinquent accounts to the District Attorney's Office for collection. These accounts were referred to the Attorney's Office only after Engineering itself had made several attempts at collection. Referral to the Attorney's Office was made after the account was at least 90 days old. The Attorney's Office notified Engineering when letters demanding payment were sent to contractors. Continued failure to satisfy their obligation to the County resulted in a default designation being placed on the credit report of the individual in default, usually the owner, and not the company itself. Any contractor that has an outstanding debt to the County will not be approved for any new permits, thereby motivating contractors to make timely payments.

Even though Engineering has an established practice for collecting its accounts receivable, a formal policy has not been written. Written policies and procedures create a standard against which decisions and actions can be made. A policy provides understanding, to both the employee and customer, as to the correct handling of accounts

receivable. A written policy is also likely to improve the timeliness of collections because of the consistency in procedural routine that it provides.

**RECOMMENDATION:**

*We recommend that Public Works Engineering management develop and implement written policies and procedures to govern accounts receivable.*

**BUS PASS DEPOSITS**

In its bank deposit, Engineering includes collections from the sale of transportation passes. These collections include cash and checks from over-the-counter sales of bus passes, tokens, and van pool start-up payments. The Fleet Services Specialist conducts these sales and collects payments. His office is located in the Mayor's Operations section on the fourth floor of the Government Center. Transportation passes are sold or issued to County employees. After payments are received and receipted, cash and checks are transferred to Engineering for inclusion in their bank deposit. Engineering staff prepare a journal voucher at the end of each month to record transportation pass revenue in the County's financial information system, "Advantage Financial," or AFIN.

Though transportation pass transactions were not included in Engineering's organizational structure, we nevertheless audited the sale of these passes because collections were subsequently transferred to Engineering. During our audit, we found the following:

- **Transportation pass sales were not reconciled to Utah Transit Authority (UTA) invoices.**
- **Cash and checks received for over-the-counter sales were not deposited timely.**
- **Cash receipts were not issued concurrently with sales, nor did the receipt indicate the form of payment.**
- **Transit pass collections were sent to Engineering for inclusion in their bank deposit.**

**Transportation pass sales were not reconciled to Utah Transit Authority (UTA) invoices.** Transportation passes include bus passes and tokens. The Fleet Services Specialist received bus pass and token inventory stock from UTA once a month. Generally, he received 180 bus passes, 2 paratransit passes, 5 express passes, and 50 packages of 10 tokens each. UTA sent a packing slip to the County in the same packet that included the passes and tokens. At month's end, the Specialist returned to UTA any passes not sold or otherwise used. By the middle of the subsequent month, UTA billed Salt Lake County for passes and tokens retained by the County and not returned to UTA.

The Specialist reviewed and approved the invoice, and sent it to the Office Fiscal Coordinator for payment processing.

Employees may use a payroll deduction option to purchase passes or tokens, or they may use cash or check and make the payment in person or through the County courier. At the time of purchase, the employee completes a request form that requires the employee's name and place of employment, and the type of pass or token preferred. The employee purchasing the pass signs the bottom of the form. The Specialist records the number of the bus pass being issued, and the amount tendered.

After the employee completes the request form and receives the pass or tokens, the form is placed in a locked box together with the check or cash received. When the Specialist prepares a transfer of funds to Engineering, he removes the money and forms from the box, and enters data from the form into an on-line database. The software program generates a sequentially numbered receipt for each sale.

Customers are not given a receipt at the time of payment, unless they specifically request one. Due to the time required to enter the information and print a receipt, the Specialist felt that issuing a receipt to the customer is not feasible. After all collection data is entered, the Specialist generates a list of receipts, and transfers the list, together with the money, to Engineering for inclusion in their deposit. The Specialist was aware that deposits should be made at least every three days.

The introduction to Countywide Policy #1062, "Management of Public Funds," states, "*Internal control is a system designed to prevent a single employee from exclusively controlling a monetary transaction. The policy provides suggested internal controls for the segregation of duties in such a way that persons who are responsible for the custody of funds and performance of cashiering duties have no part in the keeping of, nor access to, those records which establish accounting control over the funds and operations (and vice versa). The duties of individuals should be so divided as to maximize employee protection and minimize the potential for collusion, perpetration of inequities and falsification of accounts.*"

We found that one person alone received bus pass and token inventory from UTA, conducted sales and performed all required bookkeeping functions. The number of passes sold was not reconciled to UTA's invoice. Failure to complete this reconciliation increases the risk that theft of collections and passes could occur and remain undetected. Despite these operational deficiencies, we did not find wide discrepancies between revenue reported by the County and UTA's invoice detail of passes sold. However, the lack of verification and review of accounting processes involved in the County's handling of transportation passes creates opportunities for diverting funds to personal use.

Bus pass and token revenues were received as cash or checks from over-the-counter sales, or as direct payroll deduction posted to the bus pass revenue account. Reconciling revenue to the number of passes sold provides information as to whether all bus passes are accounted for and all sales revenue has been collected. A supervisor

should also review this reconciliation. Completing a reconciliation each month can also alert management to any discrepancies that could indicate a diversion of funds or bus passes to personal use.

#### **RECOMMENDATIONS:**

1. *We recommend that a monthly reconciliation be completed before payment to UTA. The reconciliation should include:*
  - a. *Comparison of the number of transportation passes sold to the number billed on the invoice from UTA, and*
  - b. *Comparison of the revenue received both by payroll deduction and over-the-counter payment to the number of passes and tokens sold.*
2. *We recommend that a supervisor review and sign the reconciliation as evidence of review.*

**Cash and checks received for over-the-counter sales were not deposited timely.** Transportation pass funds were transferred to Engineering using an MPF Form 7A, "Fund Transfer Receipt." The amount transferred is required to be written on the form, segregated by cash and check designation. The form also requires signatures of the person performing the transfer, as well as the person receiving the funds. Based on our review of 46 deposits, Engineering staff deposited funds either the day funds were received, or the next working day.

We reviewed each deposit from 2004 containing transportation pass sales and noted the delay between the date on checks tendered and the date the Specialist transferred funds to Engineering. We found that funds were held at the point of sale an average of 12.4 days before transfer to Public Works Engineering. Countywide Policy #1062, "Management of Public Funds," Section 3.7.2, states, "*As required by Section 51-4-2, Utah Code Annotated, all public funds shall be deposited daily where practicable but not later than three days after receipt.*"

Some delay was possible due to transit time incurred by the courier delivering payments to Engineering from sites outside of the Government Center. Nevertheless, the delay between receipt of funds and their subsequent deposit was excessive even when taking courier transit time into consideration. Funds kept on-site without being deposited are at greater risk of misuse or theft.

#### **RECOMMENDATION:**

*We recommend that cash and checks received for transportation pass sales be deposited at least every three days in accordance with Policy #1062.*

**Cash receipts were not issued concurrently with sales, nor did the receipt indicate the form of payment.** As outlined above, the Specialist entered data from the request form into a database used to record sales of transportation passes. The underlying

program for this database required that the employee name and work location be entered, following which a sequentially numbered receipt was issued. The on-line form allowed for payment to be designated either as cash or check, but neither the receipt nor the summary report of daily receipts indicated the cash/check composition of payments.

Policy #1062, Section 3.5.1, states, “*The Agency Cashier will prepare a receipt for all remittances received. The original receipt will be given to the person tendering payment.*” When receipts are not provided, the purchaser does not have the opportunity to review the transaction for errors. For example, we found several instances where dollar amounts indicative of token purchases were incorrectly entered as “Month Pass.” If a receipt had been issued at the time of purchase, the purchaser might have noticed and advised the Specialist of these errors.

When cash/check composition is not indicated on receipt summary reports, any theft of funds using a scheme of swapping cash for checks could remain undetected. Receipt summaries should separately designate the amount of cash and the amount of checks recorded during the day. These two amounts should then be compared to actual cash and checks on hand, also designated separately. A cash/check composition error is evident if actual cash on hand exceeds the receipt summary report, and actual checks on hand are less than the summary report by the exact amount of excess cash. In this instance, the cashier would have entered cash as a check. The opposite is also true. The daily receipts summary report should indicate cash/check composition, and cashiers should enter the correct cash or check designation when completing a transaction.

#### **RECOMMENDATIONS:**

- 1. We recommend that receipts be issued for all transactions. If management believes this requirement is not practical, an exemption may be requested from the steering committee, per Policy #1062.*
- 2. We recommend that the software program used for transportation pass receipting be modified to provide the cash or check composition of payments, both on the receipt and the daily receipts summary report.*

**Transit pass collections were sent to Engineering for inclusion in their bank deposit.** As discussed above, once over-the-counter sales were receipted, cash and checks were taken to Engineering for inclusion in their bank deposit. Engineering personnel deposited the exact amount transferred to them. No reconciliation of transportation sales to passes on hand, or other independent review, was made.

Engineering only acted as a conduit for depositing bus pass collections. To properly assign responsibility for the handling of funds, the transportation pass operating unit should prepare its own deposit rather than transferring funds to Engineering. Engineering does not earn revenue from performing this function, but they could be subject to embarrassment, or even liability, if funds became missing or stolen. Monthly supervisory review of sales activity should also continue to be performed.

**RECOMMENDATION:**

***We recommend that the bus pass operating unit prepare its own deposit rather than transferring funds to Engineering for inclusion in the Engineering bank deposit.***

In closing, we express our appreciation to the staff at Public Works Engineering and Mayor's Operations for the cooperation and assistance they gave our auditors. We are confident that our work will be of benefit to you and help your organization strengthen internal controls. If we can be of further assistance to you in this regard, please contact us.

Sincerely,

James B. Wightman, CPA  
Director, Internal Audit Division

cc: John Patterson  
Linda Hamilton  
Larry Moeller  
Randy Allen

**REQUEST FOR CHANGE  
OR ESTABLISHMENT OF PETTY CASH  
OR OTHER IMPREST FUNDS**

**SECTION I -- IDENTIFICATION OF AGENCY AND CASHIER**

NAME AND LOCATION OF AGENCY DIRECTOR: \_\_\_\_\_  
ORGANIZATION NAME: \_\_\_\_\_  
FUND NUMBER: \_\_\_\_\_  
ORGANIZATION NUMBER: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
PHONE NO.: \_\_\_\_\_

**SECTION II -- ACTION REQUESTED**

**REQUEST FOR ESTABLISHMENT OF NEW ACCOUNT**

Policy #1203 Ref.	Check One	
1.2	<input type="checkbox"/>	Petty Cash
1.3	<input type="checkbox"/>	Change Fund
1.4	<input type="checkbox"/>	Imprest Checking (Treasurer to determine bank)
2.1.2		..... Custodian's Name _____
2.1.3		..... Custodian's Title _____
		..... Requested Imprest Amount \$ _____
		..... Location / Address _____
		..... Name of Responsible Cashier _____

**REQUEST TO CHANGE AMOUNT, CUSTODIAN OR LOCATION**

	Check One	
1.2	<input type="checkbox"/>	Petty Cash
1.3	<input type="checkbox"/>	Change Fund
1.4	<input type="checkbox"/>	Imprest Checking (Treasurer to determine bank)
	Check All That Apply	Name of Account
	<input type="checkbox"/>	..... Custodian being replaced _____
2.1.2	<input type="checkbox"/>	..... New Custodian _____
	<input type="checkbox"/>	..... New Custodian's Title _____
2.1.3	<input type="checkbox"/>	..... New Requested Amount _____
	<input type="checkbox"/>	..... Effective Date _____
	<input type="checkbox"/>	..... New Location Address _____
	<input type="checkbox"/>	..... New Telephone Number _____
	<input type="checkbox"/>	..... Name of New Responsible Cashier _____

**AGENCY AUTHORIZATION**

Effective Date of Designation _____	Agency Director or Designee _____
	Date -- Month, Day, and Year _____

**AUDITOR'S AUTHORIZATION**

Date _____	Auditor or Designee _____
	Date -- Month, Day, and Year _____

**REQUEST FOR CHANGE  
OR ESTABLISHMENT OF PETTY CASH  
OR OTHER IMPREST FUNDS**

*(Continued)*

**SECTION III -- PURPOSE AND NEED**

2.1.1 Please explain the Purpose and Need for Establishment or Change of Petty Cash, Change Fund or Imprest Checking Accounts:

2.1.4 **INTERNAL CONTROLS OVER ACCOUNT**

2.1.5 **ACCOUNTING DISTRIBUTION FOR REIMBURSEMENT CHARGES**

Fund	Agency	Organiza tion	Object	Activity
------	--------	------------------	--------	----------

_____	_____	_____	_____	_____
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2.1.6 **Estimated Total Annual Dollar Volume to be Spent From Fund**

\_\_\_\_\_

2.1.6 **Estimated Number of Reimbursement Requests per Year**

\_\_\_\_\_

**SECTION VI – INSTRUCTIONS**

- 2.1 1. This completed form is to be submitted to the Auditor's Office, Accounting and Operations Division.
- 2.3 2. All imprest accounts established as checking accounts should be interest-bearing accounts where feasible. Prior to opening an account with a commercial bank, the custodian shall contact the County Treasurer, who may provide guidance regarding which bank to use and may wish to sign on the account.
- 3. The custodian, upon receiving a warrant to establish the petty cash, change fund, or imprest checking account, shall insure that custodian's affidavit is completed and notarized as soon as possible. The Affidavit is to be submitted to the Auditor's Office, Accounting and Operations Division.
- 4. A Petty Cash, Change Fund, or Imprest Checking Account may be terminated using this form. Process as a change in the amount to -0- with no new custodian. Explain fully above. The entire amount in cash and vouchers, with a reimbursement request, should be delivered to the Auditor's Office, Accounting and Operations Division.



*(This form must accompany MPF FORM 2 when making application to become a custodian of a petty cash or imprest fund.)*

**CUSTODIAN'S AFFIDAVIT**

STATE OF UTAH

SS

COUNTY OF SALT LAKE

being duly sworn and upon oath, states as follows:

1. I accept custody of the foregoing Petty Cash, Fund or Imprest Checking Account;
2. I have received a copy of the Salt Lake Countywide Policy on Petty Cash and Other Imprest Funds (#1203) and the Salt Lake County Management of Public Funds Policy (#1062) and Procedures Manual and have read the same and understand the contents and requirements hereof;
3. I understand that I am responsible for the safekeeping of said fund and in the event of loss, due to any act or failure to act on my part, that I may be liable for repayment hereof.

\_\_\_\_\_  
Custodian Signature

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My Commission Expires \_\_\_\_\_

Residing at \_\_\_\_\_

**DAILY CASH BALANCE SHEET**  
Salt Lake County

Agency \_\_\_\_\_ Location \_\_\_\_\_ Receipt Date \_\_\_\_\_

Cashier \_\_\_\_\_ Receipt Numbers \_\_\_\_\_

Currency	Wrapped	Loose	Total
\$100.00	_____	_____	_____
50.00	_____	_____	_____
20.00	_____	_____	_____
10.00	_____	_____	_____
5.00	_____	_____	_____
2.00	_____	_____	_____
1.00	_____	_____	_____
0.50	_____	_____	_____
0.25	_____	_____	_____
0.10	_____	_____	_____
0.05	_____	_____	_____
0.01	_____	_____	_____

A. Total Currency \_\_\_\_\_

B. Total Checks \_\_\_\_\_

1 Total Cash on Hand (Line A + B)	_____	<b>1</b>
2 TOTAL COLLECTIONS PER REGISTER	_____	<b>2</b>
3 Total Cash on Hand (Line 1)	_____	<b>3</b>
4 Authorized Change fund Balance	_____	<b>4</b>
5 Adjusted total (Line 3 minus line 4)	_____	<b>5</b>
6 Overage or [Shortage] (Line 5 minus line 2)	_____	<b>6</b>
7 Total Deposit (Line 5)	=====	<b>7</b>

Deposit Bag Control Number \_\_\_\_\_

**COMMENTS** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# CASH OVER/SHORT LOG

MPF Form 11

DIVISION \_\_\_\_\_

MONTH/YEAR \_\_\_\_\_

EMPLOYEE \_\_\_\_\_

DAY	AMOUNT OVER/SHORT	INITIALS OF CASHIER
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____
10	_____	_____
11	_____	_____
12	_____	_____
13	_____	_____
14	_____	_____
15	_____	_____
16	_____	_____
17	_____	_____
18	_____	_____
19	_____	_____
20	_____	_____
21	_____	_____
22	_____	_____
23	_____	_____
24	_____	_____
25	_____	_____
26	_____	_____
27	_____	_____
28	_____	_____
29	_____	_____
30	_____	_____
31	_____	_____
ACCUMULATIVE OVER/(SHORT)		\$ _____ -

Approved by Agent Cashier \_\_\_\_\_

I have reviewed the above log for propriety and certify that anyt differences between cash receipted and deposited are listed above.

Supervisor's Signature \_\_\_\_\_

Title \_\_\_\_\_

FIXED & CONTROLLED ASSETS INVENTORY FORM  
EMPLOYEE

ORGANIZATION NAME \_\_\_\_\_

ORGANIZATION # \_\_\_\_\_

PROPERTY ASSIGNED TO \_\_\_\_\_

DATE LAST INVENTORIED & BY WHOM (Property Mgr) \_\_\_\_\_

PROPERTY DESCRIPTION	MAKE	MODEL	SERIAL #	PHYSICAL LOCATION	BOUGHT ON PO #	PO DATE	VENDOR	COST	COUNTY ASSET #	CHANGE IN STATUS & DATE

CERTIFICATION:  
I have reviewed this list of equipment and agree that it is an accurate and complete list of equipment assigned to me. I understand I am accountable for the equipment and responsible for it in accordance with applicable County policies. I understand that I may be required to repay the County for negligent loss of an asset, or unaccountability of an asset upon my transfer to another position, or termination from County employment.

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

ATTACHMENT D