

A Performance Audit of the  
Salt Lake County  
Recorder's Office

2016

Performance Audit



Salt Lake County Government Center



Office of the  
Salt Lake County Auditor  
Scott Tingley, CIA, CGAP

Audit Services Division  
[slco.org/auditor/audit-reports/](http://slco.org/auditor/audit-reports/)

Our Mission:

*To foster informed decision making, strengthen the internal control environment, and improve operational efficiency and effectiveness for Salt Lake County, through independent and objective audits, analysis, communication, and training.*

Report Number 2016-03

August 2016



SCOTT TINGLEY  
CIA, CGAP

Salt Lake County Auditor  
[STingley@slco.org](mailto:STingley@slco.org)

CHERYLANN JOHNSON  
MBA, CIA, CFE  
Chief Deputy Auditor  
[CAJohnson@slco.org](mailto:CAJohnson@slco.org)

2001 S State Street, N3-300  
PO Box 144575  
Salt Lake City, UT 84114-4575

(385) 468-7200; TTY 711  
(385) 468-7201 / fax

August 31, 2016

Salt Lake County Legislative Audit Committee  
The Honorable Max Burdick, Chair  
2001 S State Street, Suite N2-200  
Salt Lake City, UT 84114-4575

Re: A Performance Audit of the Salt Lake County Recorder's Office

Dear Chairman Burdick,

Transmitted herewith is our report, *A Performance Audit of the Salt Lake County Recorder's Office* (Report Number 2016-03). An Executive Summary of the report can be found on page one. The overall objective of this performance audit was to review and analyze the selected operational areas within the Recorder's Office, in relation to peer counties and industry best practices.

Based upon our specific audit objectives and our assessment of risk within the Recorder's Office, our audit work was divided into four main areas of the Recorder's Office operations:

- General Operations
- IT Operations
- Human Resource Management
- Financial Management and Controls

We truly appreciate the time and efforts of the Recorder's Office staff throughout the audit. Our work was possible because of their cooperation, help, and prompt attention given to our requests. In our report, we identify findings and recommend actions to improve operations, ensure greater accountability, and better safeguard County assets.

We will be happy to meet with any appropriate committees, council members, or advisors to discuss any item contained in the report for clarification or in order to facilitate the implementation of the recommendations.

Sincerely,

Scott Tingley, CIA, CGAP  
Salt Lake County Auditor

# A Performance Audit of the Salt Lake County Recorder's Office

## Audit Highlights

The Salt Lake County Recorder is an elected official with a staff of 43 full-time equivalent employees. The County Recorder is elected to a four-year term, though his current term was extended to six years due to legislation staggering the election cycles of certain elected officials. The current County Recorder has been re-elected consecutively since first taking office in 2001. The Recorder's current term of office will expire in 2020.

Established in 1852, the Salt Lake County Recorder's Office retains records not only of legal value but also of historical importance. Its main function is to record deeds and other documents that establish title to real property. The Recorder's Office is the official repository of land title for the County.

## Why We Audited the Recorder's Office

In an effort to address public concerns and media reports about possible mismanagement and inappropriate hiring practices within the Recorder's Office, the Salt Lake County Legislative Audit Committee engaged the Auditor's Office to conduct a performance audit of the Recorder's Office. We focused our audit efforts in four main areas of the Recorder's Office operations:

- **General Operations**
- **IT Operations**
- **Human Resource Management**
- **Financial Management and Controls**

## What We Found

- **The County Recorder did not participate directly in the day to day management activities of the office.**

During the audit, we observed that the executive management activities of the Recorder's Office were almost exclusively delegated to the Chief Deputy Recorder and senior managers, with very little oversight or involvement by the elected County Recorder.

- **The Recorder's Office did not have documented strategic plans for each of**

### **the major functional units within the office.**

Strategic objectives were not well-defined or effectively measured. When organizational goals are not effectively defined, management will be less likely to assess risk, develop alternative courses of action, and guide the use of resources to meet their objectives in an efficient and effective manner.

- **The inconsistent application of employee resources in the abstracting function caused a lapse in completing abstract work in a timely manner and impacts the rate of completing future abstract work.**

The abstracting area persistently lags behind several days in abstracting recorded documents. Because employees are not specifically dedicated to abstracting but are rotated among different tasks, a backlog of document processing occurs in the abstracting area. Employees are rotated to different functions to breakup monotony and provide cross-training; however, when employee resources are directed away from the abstract work and moved to other tasks, some efficiency is lost.

- **The Recorder's Office does not accept credit/debit cards as a form of payment.**

Although the Recorder's Office management has considered this option, credit/debit card services are not currently offered.

- **The Recorder's Office did not have any formal documented IT policies or procedures that have been reviewed and approved by management.**

The Recorder did not have formal written IT policies or procedures that had been approved by management.

- **The Recorder's Office did not have a formal, comprehensive project plan for the development and implementation of DARWIN, contrary to industry best practices and sound principles of IT project management.**

Without an appropriate project master plan, management has no method of maintaining control over monitoring time, costs, and project milestones. Furthermore, the lack of a comprehensive project plan could create ambiguity with respect to roles and responsibilities, and does not allow management to easily communicate the plan to employees and project stakeholders.

- **Costs for DARWIN were not properly capitalized according to the County's fixed asset capitalization policy. Because the costs of the DARWIN project were not accounted for accurately, the Recorder's Office could only provide an approximate total cost of the project of roughly \$752,000.**

Instead of separating out the costs for the development of DARWIN, the Recorder's Office has commingled the costs of the IT project with the Recorder's daily operational costs.

## What We Recommend

### To establish a well developed strategic plan for each of the major functional areas that:

- Establishes clear and specific goals, objectives, and strategies.
- Removes uncertainty about where the office is headed.
- Provides clear direction and focus for all employees.
- Points to specific results that are to be achieved.

### To reduce the backlog in abstracting documents:

Dedicate specific resources to the abstracting function. Ensure that someone is focused specifically in this area rather than continually rotating to other office functions.

### To provide more convenience to customers in payment options:

Implement the option for customers to use credit/debit cards as a method of payment.

### To improve IT systems management:

Outline and document IT processes, objectives, and measurement of objectives. In addition, written IT policies and procedures should be

developed and approved by senior management.

### To properly account for the costs for DARWIN:

Track actual time spent and all other costs of the development and implementation of DARWIN. Additionally, prior costs should be researched and accounted for as best as possible, to provide better accountability for the use of public funds.



Office of the  
Salt Lake County Auditor

Scott Tingley, CIA, CGAP

Audit Services Division

[slco.org/auditor/audit-reports](http://slco.org/auditor/audit-reports)

A Performance Audit of the  
Salt Lake County  
**Recorder's Office**

**Report Number 2016-03  
July 2016**

**Scott Tingley, CIA, CGAP  
Salt Lake County Auditor**

**Cherylann Johnson, MBA, CIA, CFE, CRMA  
Chief Deputy Auditor**

**Audit Managers:**

Larry Decker, CPA, CIA  
Anita Kasal, CPA, CFE

**Audit Staff:**

James Fire, MBA/ACC  
Colleen Hilton  
Scott Ball, CISA, CNE, CAN  
Todd Livingston, JD  
Leonardo Flores  
David Lewis, CPA

**Contents**

***Executive Summary* ..... 1**

- Background ..... 1**
- Audit Objectives ..... 1**
- Audit Scope and Methodology ..... 2**
- General Audit Conclusions..... 3**
- Summary of Findings and Recommendations ..... 6**
- Issues for Further Study ..... 9**

***Audit Results* ..... 10**

- General Operations .....10**
- IT Operations .....28**
- Human Resource Management .....35**
- Financial Management and Controls .....41**

***Conclusion*..... 46**

***Appendices*..... 47**

- Appendix A: Recorder’s Office Workflow .....47**
- Appendix B: Recorder’s Office Process Flowchart .....49**
- Appendix C: Expectations of Timeliness – Recorder’s Office .....50**
- Appendix D: Response to the Audit.....51**

## Executive Summary

### Background

In an effort to address public concerns and media reports about possible mismanagement and inappropriate hiring practices within the Salt Lake County Recorder's Office (Recorder), the Salt Lake County Legislative Audit Committee (Audit Committee) engaged the Salt Lake County Auditor's Office (Auditor) to conduct a performance audit of the Recorder's Office, on April 5, 2016. We focused our audit efforts in four main areas of the Recorder's Office operations:

- **General Operations**
- **Information Technology ("IT") Operations**
- **Human Resource Management**
- **Financial Management and Controls**

In Utah, the duties of the County Recorder are defined in State statute, under **Utah Code, Title 17, Chapter 21, Recorder**. The county recorder is the,

*"Custodian of all recorded documents and records required by law to be recorded" (Utah Code § 17-21-1).*

In addition, the County Recorder establishes policies and procedures that the Recorder considers necessary to protect recorded documents and records in the Recorder's custody, including determining the appropriate method for the public to obtain copies of the public record, and supervision of those who search and make copies of the public record (Utah Code § 17-21-1).

The Salt Lake County Recorder's Office was established in 1852, by the Utah Territorial government. The County Recorder is an elected official serving four-year terms without term limits. The Utah State Legislature passed legislation allowing for a one-time six-year term for the County Recorder in the 2014 election year. The current Salt Lake County Recorder was first sworn into office in 2001, and has been re-elected consecutively since 2001. His current term of office will expire in 2020.

The Recorder's Office is statutorily mandated to record and maintain all recorded documents and records for the residents of Salt Lake County, including deeds, mortgages, maps, new plats, military discharges, and all other instruments required to be recorded by law. All of the information maintained by the Recorder's Office is considered public record and the Recorder charges the public for recording, retrieval, and copying these documents. The Recorder's Office has approximately 43 full-time equivalent (FTE) employees and processed 227,985 documents in 2015.

### Audit Objectives

As defined by Generally Accepted Governmental Auditing Standards, promulgated by the Comptroller General of the U.S. Government Accountability Office, performance audits are,

*“Engagements that provide findings or conclusions based on an evaluation of sufficient appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and to contribute to public accountability.”*

The overall objective of this performance audit was to review and analyze the selected operational areas within the Recorder’s Office, in relation to peer counties and industry best practices. Based upon our conclusions, we made recommendations for improvement where applicable. Audit work was divided into four main areas:

- **General Operations.** Evaluate the economy, efficiency, and effectiveness of the Recorder’s Office operational performance, management activities, strategic planning, budgeting, and customer satisfaction.
- **IT Operations.** Determine if the Recorder’s Office IT operations adequately support the mission, goals, objectives, strategic planning activities, statutory requirements, and operational needs of the office. Assess management’s effectiveness in planning and implementing major IT projects and initiatives, and whether IT systems controls are adequate and functioning as intended to properly safeguard IT assets.
- **Human Resource Management.** Evaluate the Recorder’s Office management and staff compliance with statute, ordinance, policies, and legislative intent. Conduct an analysis of the Recorder’s Office organizational structure, staffing, and salaries to identify potential areas to streamline operations and minimize duplication of effort. Review management’s effectiveness in addressing employee issues or concerns.
- **Financial Management and Controls.** Assess the accuracy and reliability of financial management records and reports. Determine if financial controls are adequate and functioning as intended, to mitigate risks and properly safeguard public resources.

## **Audit Scope and Methodology**

This performance audit was conducted in accordance with Generally Accepted Governmental Auditing Standards (GAGAS), promulgated by the Comptroller General of the U.S. Government Accountability Office (GAO), and the International Standards for the Professional Practice of Internal Auditing (IIA Standards), promulgated by the Institute of Internal Auditors (IIA). The standards require that the Auditor plan and conduct the performance audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit findings and conclusions based on the audit objectives.

Audit work was conducted between April 2016 and July 2016. The audit scope included a review and analysis of operational performance related to the Recorder’s Office mission and statutory duties. The audit examined the effectiveness and efficiency of the Recorder’s core business functions, strategic planning, information technology, personnel management, and financial controls. We examined overall costs from 2006 through 2015, and other years as needed, and determined by specific audit objectives.



We analyzed the Recorder's Office revenues, expenses, and staffing trends over time, based on data derived from the County's financial system and Recorder's Office financial records. The audit also examined the economy and efficiency of the recording, abstracting, and platting functions, by gaining an understanding of those processes, determining current levels of efficiency in production, and analyzing the number of documents recorded, over a ten-year period.

We looked at peer counties, within the State of Utah and outside of the state, to establish comparable performance metrics and obtain some limited benchmark data. We formulated customer satisfaction surveys to assess the Recorder's Office customer service. Additionally, we used external organizations and sources to provide comparative information and criteria for our assessments, including the following: Society for Human Resource Management (SHRM), Government Finance Officers Association (GFOA), Governmental Accounting Standards Board (GASB), and the Information Systems Audit and Control Association (ISACA).

The Auditor and the Audit Services Division staff would like to express our appreciation to the Salt Lake County Recorder's Office, the Weber County Recorder's Office, the Davis County Recorder's Office, the Utah County Recorder's Office, and the Washington County Recorder's Office for their cooperation and assistance throughout this audit.

For the purposes of this report, "IT" will refer to the Recorder's Office information technology function, and "IS" will refer to the Salt Lake County Information Services Division.

## General Audit Conclusions

The performance audit found that the Recorder's Office complies with all significant aspects of state statute, County Ordinances, and County Wide Policies related to the Recorder's statutory duties and responsibilities. The services that the Recorder's Office provides are comparable to other county recorder offices both within the State of Utah, and in other parts of the country, that have similar forms of local county government.

In addition, we conducted a customer satisfaction survey of Recorder's Office customers. Customers that participated in the Auditor's customer satisfaction survey reported that they are generally satisfied with the customer service they receive from the Recorder's Office, and that the Recorder's Office provides services at a reasonable price, compared to similar services offered at other county recorders offices around the country.

While the performance audit confirmed that the Recorder's Office practices appear adequate, and that the office fulfills its statutory duties and obligations to the public, we have identified several findings and recommend actions to improve operations, ensure greater accountability, and better safeguard County assets. Our general audit conclusions include:

- **The County Recorder did not participate directly in the day to day management activities of the office.** During the audit, we observed that the executive management activities of the Recorder's Office were almost exclusively delegated to the Chief Deputy Recorder and senior managers, with very little oversight or involvement by the elected County Recorder. Although the County Recorder attended a few meetings during the

audit, he made no comments and did not ask any questions at these meetings. We also observed that he did not engage in any of the conversations related to the general operations, management, or direction of the Recorder's Office.

Although the senior managers in the Recorder's Office have many years of experience and the technical competence to perform the day-to-day activities and business functions of the Recorder's Office, we concluded that the office lacks some of the vision, impetus, and direction that only the top leader can provide, particularly in relation to strategic planning activities and project management.

- **The Recorder's Office did not have documented strategic plans for each of the major functional units within the office.** We found that specific strategic objectives for each of the functional units within the Recorder's Office were not well-defined or effectively measured. Management also did not have an effective system in place for monitoring performance expectations and communicating the results to Recorder's Office employees.

We recommend that the Recorder's Office implement a framework for developing strategic objectives, alternative strategic solutions based upon appropriate risk assessment, key performance indicators, and monitoring indicators for signs of success or failure.

- **The inconsistent application of employee resources in the abstracting function caused a lapse in completing abstract work in a timely manner and impacted the rate of completing future abstract work.** One of our audit objectives was to review the efficiency of the various processes in the Recorder's Office. As part of this objective, we reviewed abstract work performed from 2006 to 2015. A total of 2,599,418 documents were recorded during this period. We calculated the number of days it took to complete abstract work for all 3,401,086 abstracted records. Because of the constant stream of abstract work, if a lapse occurs in completing abstract work in a timely manner, an exponentially growing backlog results until enough employee resources are applied to reduce the backlog. This bottleneck effect is seen between 2006 and 2007; 2012 and 2013; 2013 and 2014; and briefly in 2015.

We recommend that the Recorder's Office dedicate additional resources to reduce the backlog of abstract work, or at times of high demand. This may require hiring additional temporary employees to work as cashiers or front line workers to free up more experienced merit employees to assist with the abstract function.

- **The Recorder's Office did not have a formal comprehensive project plan for the development and implementation of DARWIN, contrary to industry best practices and sound principles of IT project management.** Facing concern over the loss of the County's mainframe system, the Recorder's Office began development of a new software environment in 2011. The new system was designed to not only replace mainframe functions for the Recorder, but also improve efficiency and eliminate some inadequacies in mainframe operations.

We recommend that the Recorder's Office create a comprehensive project master plan for all IT projects. The project master plan should be developed for maintaining control over the entire life of the project. The plan should also include a method for monitoring the time spent on the project; identify major milestones and phases of completion, allocated resources, and a system for accurately accounting for all costs incurred throughout the life of the project.

- **Costs for DARWIN were not properly capitalized according to the County's fixed asset capitalization policy. Because the costs of the DARWIN project were not accounted for accurately, Recorder's Office management could only provide an approximate total cost of the project of roughly \$752,000.** The costs of DARWIN were not properly accounted for. Instead of separating out the costs for the development of DARWIN, the Recorder's Office has commingled the costs of the IT project with the Recorder's daily operational costs. During the audit, Recorder's Office management created a spreadsheet of an estimated percent of time associated with four of their IT Division employees' salaries and benefits since the beginning of development in 2011 through May 15, 2016. The total salary and benefits, and other estimated costs, during the development timeframe of DARWIN are approximately \$752,000.

We recommend that the Recorder work with the Mayor's Finance Capital Asset department to report all of the costs of DARWIN and any other internally generated software, beginning with the 2016 year, and continuing into future accounting years. We further recommend that the Recorder begin tracking actual time spent, and all other costs of the development and implementation of DARWIN. Additionally, prior costs should be researched and accounted for as best as possible, to provide better accountability for the use of public funds.

Please refer to the main sections in the report for more details about these and other findings and recommendations.

## Summary of Findings and Recommendations

Finding No.	Finding	Recommendation	Page No.
F.1.1	The County Recorder did not participate directly in the day to day management activities of the office.	No recommendation.	10
F.1.2	The Recorder's Office did not have documented strategic plans for each of the major functional units within the office.	We recommend that the Recorder's Office implement a framework for developing strategic objectives, alternative strategic solutions based upon appropriate risk assessment, key performance indicators, and monitoring indicators for signs of success or failure.	11
F.1.3	The Recorder's Office lacks a documented set of employee performance measures to evaluate performance, and a system to regularly monitor those performance measures on a consistent basis.	We recommend that the Recorder's Office document a more detailed set of quantitative employee performance metrics while maintaining any useful qualitative measures currently in use.	12
F.1.4	The inconsistent application of employee resources in the abstracting function causes a lapse in completing abstract work in a timely manner and impacts the rate of completing future abstract work.	We recommend that the Recorder's Office dedicate additional resources to reduce the backlog of abstract work, or at times of high demand. This may require hiring additional temporary employees to work as cashiers or front line employees to free up more experienced merit employees to assist with the abstract function.	14
F.1.5	The Recorder's Office had not conducted a formal customer satisfaction survey to assess performance.	We recommend that the Recorder's Office conduct a formal customer satisfaction survey periodically, for obtaining customer feedback and input that could be used to improve operations and provide better customer service. The Recorder's Office could consider a link to a customer satisfaction survey on its website, or mailing a survey directly to customers.	16
F.1.6	The Recorder's Office does not accept credit/debit cards as a form of payment.	We recommend that the Recorder's Office consider accepting payment cards as a method of payment to allow more options and better accommodate customer preferences.	19

<b>F.1.7</b>	The Recorder's Office annual revenues have declined over the last ten years period, while annual expenses have increased.	No recommendation.	20
<b>F.1.8</b>	The Recorder's Office current fee structure is not sufficient to recover all costs of providing services.	We recommend that the Recorder's Office conduct a thorough cost analysis of all costs related to recording documents, and explore options to reduce costs directly related to providing those services. After the analysis, if it is determined that the full cost of recording services cannot be recovered under the current fee structure, then the Recorder's Office should provide, to the County Council, a written explanation of the rationale for this deviation.	22
<b>F.1.9</b>	The Recorder's Office indirect costs for Information Services have increased significantly since 2012.	No recommendation.	23
<b>F.1.10</b>	A nationwide survey showed that the Salt Lake County Recorder's Office provided an economical resource to the public, compared to similar recorders offices throughout the country.	No recommendation.	24
<b>F.2.1</b>	The Recorder's Office did not have any formal documented IT policies or procedures that have been reviewed and approved by management.	We recommend that the Recorder's Office develop and implement a set of written IT policies and procedures that have been reviewed and approved by senior management. We recommend that the set of IT policies and procedures at all levels should: Be documented; appropriately consider risk; address purpose, scope, roles, responsibilities, and compliance; appropriately consider general and application controls; be approved by management; and be periodically reviewed and updated.	29

<b>F.2.2</b>	The Recorder's Office did not have a formal, comprehensive project plan for the development and implementation of DARWIN, contrary to industry best practices and sound principles of IT project management.	We recommend that the Recorder's Office create a comprehensive project master plan for all IT projects. The project master plan should be developed for maintaining control over the entire life of the project. The plan should also include a method for monitoring the time spent on the project, identify major milestones and phases of completion, allocate resources, and provide a system for accurately accounting for all costs incurred throughout the life of the project.	30
<b>F.2.3</b>	Costs for DARWIN were not properly capitalized according to the County's fixed asset capitalization policy. Because the costs of the DARWIN project were not accounted for accurately, the Recorder's Office could only provide an approximate total cost of the project of roughly \$752,000.	We recommend that the Recorder work with the Mayor's Finance Capital Asset Section to report all costs of DARWIN and any other internally generated software, beginning with the 2016 year, and continuing into future accounting years. We recommend that the Recorder begin tracking actual time spent and all other costs of the development and implementation of DARWIN. Additionally, prior costs should be researched and accounted for as best as possible, to provide better accountability for the use of public funds.	31
<b>F.2.4</b>	The significant delays in the County's new property tax administration system project have created the need to interface DARWIN with the County's mainframe legacy tax system.	We recommend that the Recorder's Office work with County IS to develop a comprehensive implementation plan for DARWIN. The plan should be developed with and include the support from the other County stakeholders in the project. We recommend that the Recorder continue to work with County IS to develop a DARWIN interface with the mainframe to ensure business continuity for all County Stakeholders.	33
<b>F.3.1</b>	The Recorder's Office does not have a comprehensive set of internal policies and procedures that are effectively communicated to all employees, in the form of an employee handbook.	We recommend that the Recorder's Office develop a complete and comprehensive employee handbook that is: Updated at least annually or more frequently if needed; reviewed and approved by management; compliant with all County ordinances and Countywide policies; and modified to suit the Recorder's Office culture and practices.	36
<b>F.3.2</b>	The Recorder's Office enforces a sick leave policy that conflicts with Countywide policy.	We recommend that the Recorder's Office obtain proper approval for internal policies that conflict from the general requirements of Salt Lake County Human Resources Policies and Procedures.	37
<b>F.3.3</b>	The Recorder's Office personnel costs have	We recommend that the Recorder's Office perform a cost/benefit analysis on the	38

	increased slightly since 2006, despite a 30% decrease in the number of FTE employees.	maintenance of the IT function and compare that with the cost of obtaining services outside the Recorder's Office.	
<b>F.3.4</b>	In the Employee Engagement Survey analysis, the overall mean survey scores of the Recorder's Office were similar to those for the County.	No recommendation.	40
<b>F.4.1</b>	Inconsistencies in accounting for Data Services customer prepayments have created a \$13,375 discrepancy in the Recorder's Office QuickBooks unearned revenue account.	We recommend that the Recorder's Office discontinue the use of the QuickBooks unearned revenue account to track customer prepayments.	42
<b>F.4.2</b>	The Recorder's cash management system generated erroneous transactions, including duplicate receipt numbers, which required extra effort to void and re-enter the transactions.	We recommend that the Recorder's Office upgrade or replace the current cash management system to eliminate receipting and entry number errors. We recommend that the Recorder's Office senior management periodically review voided transactions to ensure that cashiers and supervisors are signing each voided receipt and providing an accurate explanation for the void.	43

### Issues for Further Study

Auditing standards suggest the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that were outside the scope of the audit. The following are issues that were not reviewed in this audit due to time restraints:

- Determine if the costs for County IS development of DARWIN would have been more or less than the Recorder's development costs. Did the Recorder's Office pursue the most economical choice when deciding whether or not to develop DARWIN in-house or outsource the project?
- Determine the cost of other significant applications (an application that allows the Recorder to meet statutory requirement(s)) used in comparable county recorder offices, and compare the cost of those applications with the in-house development and implementation costs of DARWIN.

## Audit Results

### General Operations

#### Background

The main objectives of this section of the performance audit were to evaluate the economy, efficiency, and effectiveness of the Recorder's Office operational performance. Since the inception of the Recorder's Office in 1852, the office has been responsible for recording documents and maintaining an accurate and searchable record of property ownership for the residents of Salt Lake County. The fees to record documents are established by State Statute and include \$10 for the first page and \$2 for each additional page.

#### Overview of the Recorder's General Operations

The mission of the Salt Lake County Recorder's Office is to protect the citizen's right to hold and own real property by maintaining comprehensive, accurate, and searchable records of all property transactions. In the recording area, documents are checked to confirm they are recordable, fees are collected, and the documents are formally placed into the public record. In the research area, the public can access the information held in the Recorder's Office. The Recorder's Data Services program is the online access for electronic images of recorded documents, as well as the indexes, plats, or maps of all the parcels in Salt Lake County.

#### Audit Objectives for the General Operations Section

- **Objective 1:** Evaluate the economy, efficiency, and effectiveness of the Recorder's Office operational performance, management activities, strategic planning, and budgeting.
- **Objective 2:** Determine if the Recorder's Office is compliant with all applicable statutes, ordinances, policies, and legislative intent. Assess the Recorder's Office economy/efficiency and effectiveness in complying with the Recorder's statutory duties.
- **Objective 3:** Determine if the fees charged for the Recorder's Office Data Services Program are reasonable and adequately cover the Recorder's costs of providing the Data Services Program to customers.

### Findings and Recommendations

#### Finding F.1.1

---

- **The County Recorder did not participate directly in the day to day management activities of the office.**

During the audit, we observed that the executive management activities of the Recorder's Office were almost exclusively delegated to the Chief Deputy Recorder and senior managers, with very little oversight or involvement by the elected County Recorder. Although the County Recorder attended a few meetings during the audit, he made no comments and asked no questions at these meetings. We also observed that he did not engage in any of the



conversations related to the general operations, management, or direction of the Recorder's Office.

Although the senior managers in the Recorder's Office have many years of experience and the technical expertise to perform the day-to-day activities and business functions of the Recorder's Office, we concluded that the office lacks some of the vision, impetus, and direction that only the top leader can provide, particularly in relation to strategic planning activities and project management. This is evidenced by the lack of any formal documented strategic planning activities within the Recorder's Office (see Finding F.1.2).

During the audit, we observed that the Recorder's executive management team, which included the Elected County Recorder, the Chief Deputy Recorder, and appointed staff relied on division administrators and senior managers to report any major issues or concerns, and conduct the day-to-day business of the office. However, compared to similar audits of other elected offices within the County, we noted that the lack of involvement at the elected official level in the Recorder's Office is not typical of what we have observed in other County elected offices.

While the Chief Deputy Recorder did acknowledge that she is responsible for the primary management activities for the office, she stated that this is not a fair comparison to make, due to the differences among the elected officials in each individual's management style and approach. She also stated that the County Recorder gives overall direction for the office but delegates most day-to-day duties to his subordinates. In researching relevant criteria, we found that State Statute is vague with regard to any required level of involvement of county elected officials, and allows those who hold elected office the discretion to appoint deputies and other officers to conduct the business of his or her elected office.

We observed the County Recorder and the overall management functions during the audit and offer the stated observations and conclusions, but make no recommendations due to the lack of existing or compelling criteria.

### Recommendation

- ***No recommendation.***

### Finding F.1.2

---

- **The Recorder's Office did not have documented strategic plans for each of the major functional units within the office.**

We found that specific strategic objectives for each of the functional units within the Recorder's Office were not well-defined or effectively measured. Management also did not have an effective system in place for monitoring performance expectations and communicating the results to employees.

In assessing the effectiveness of an organization, it is necessary to examine its strategic objectives and determine if those objectives are being met. Management is responsible for planning how resources are allocated to projects and operations that need them. The Recorder's Office has several organizational goals currently in process, most notably

implementation of DARWIN. Smaller, but more important goals have been established for the future, including the capability to accept credit cards from customers for payment, real-time tracking of document recording, replacement of the CashPro point-of-sale system, and the development of a mobile phone app. However, strategy goals and office vision have not been documented and no framework for assessing and managing risk currently exists.

Areas of attention or concern currently give management a general idea of how resources should be focused. Management understands many of the opportunities and constraints that could hinder their operational effectiveness. However, we found specific criteria lacking to guide both the action and timing of that action when an opportunity presented itself. Strategic plans provide a useful tool for managers to determine the most appropriate tasks to perform. When organizational goals are not effectively defined, management will be less likely to assess risks, develop alternative courses of action, and guide the use of resources to meet their objectives in an efficient and effective manner. In addition, if management fails to anticipate or prepare for fundamental changes, they may lose valuable lead time and momentum to combat them when they do occur.

Without a coherent strategy and identifiable objectives, it is difficult for management to develop plans that will move the office forward. Additionally, when there is a lack of meaningful information, it is difficult to provide a realistic evaluation of the office's effectiveness.

A well-developed strategic plan:

- **Establishes clear and specific goals, objectives, and strategies.**
- **Removes uncertainty about where the office is headed.**
- **Provides clear direction and focus for all employees.**
- **Points to specific results that are to be achieved.**

### Recommendation

- ***We recommend that the Recorder's Office implement a framework for developing strategic objectives, alternative strategic solutions based upon an appropriate risk assessment, key performance indicators, and monitoring indicators for signs of success or failure.***

### Finding F.1.3

---

- **The Recorder's Office lacks a documented set of employee performance measures to evaluate performance, and a system to regularly monitor those performance measures on a consistent basis.**

Due to the lack of internally developed performance measures, performance metrics have been developed based on comparisons with peer counties both within the State of Utah, and out of state, to accurately assess operational performance in relation to the Recorder's statutory responsibilities and obligations.

During the audit, we reviewed the expectations that employees are given for executing their job tasks in a timely manner. We found that an informal process existed for measuring whether

employees are meeting these expectations. A laminated card located in each functional area of the Recorder's Office has a list of expectations for whichever process the employee is performing that day (see Appendix B for examples). We found that these expectations were not measured in a uniform quantitative fashion. When performance expectations are not measured as effectively as possible, it increases the risk that employee inefficiencies will not be detected and corrected. It also decreases the likelihood that continuous improvements will be achieved by the agency.

According to the ***Training Resources and Data Exchange (TRADE) Performance-Based Management Special Interest Group:***

*“Performance measures quantitatively tell us something important about our products, services, and the processes that produce them. They are a tool to help us understand, manage, and improve what our organizations do. Performance measures let us know: how well we are doing, if we are meeting our goals, if our customers are satisfied, if our processes are in statistical control, and if and where improvements are necessary.”*

The current process allows for a large degree of subjectivity when it comes to evaluating performance. For example, employees are encouraged to complete a minimum amount of batches per day in each area of the office. Each batch contains 25 documents.

The recording section of the office is required to complete a minimum of 5 to 8 batches per day, depending on which area of the office they are working that day. The abstracting function is required to complete a minimum of 18 batches per day. We found that management takes a broad overview of the batches completed but does not formally measure each employee's performance individually. The difficulty in comparing the number of batches completed lies in the fact that some documents by their nature take longer to abstract than other documents. Some batches may include documents that require new property descriptions and re-drawing of property lines. Boundary changes require significantly more time than other tasks such as changing the name on a property. Management does not take these variations into effect when determining if employees are meeting their goals.

If a problem arises in the abstracting function, employees are encouraged to communicate with management immediately so that a solution can be implemented. Taking into account variation in time requirements and communicating problems to management are both examples of applying qualitative measurements to quantitative measures. Qualitative measures were not included in performance measurement criteria in day-to-day operations. Additional performance indicators should be developed to accurately reflect the performance of employees and the office as a whole.

The Recorder's Office should also continue to include qualitative metrics into its analysis as well. This provides the substance behind the numbers that allows management to understand “why” results occurred the way they did. Using a strong combination of both quantitative and qualitative factors would prove a more effective method of measuring performance and should allow the office to continually improve its processes.

## Recommendation

- ***We recommend that the Recorder's Office document a more detailed set of quantitative employee performance metrics while maintaining any useful qualitative performance measures currently in use.***

## Finding F.1.4

---

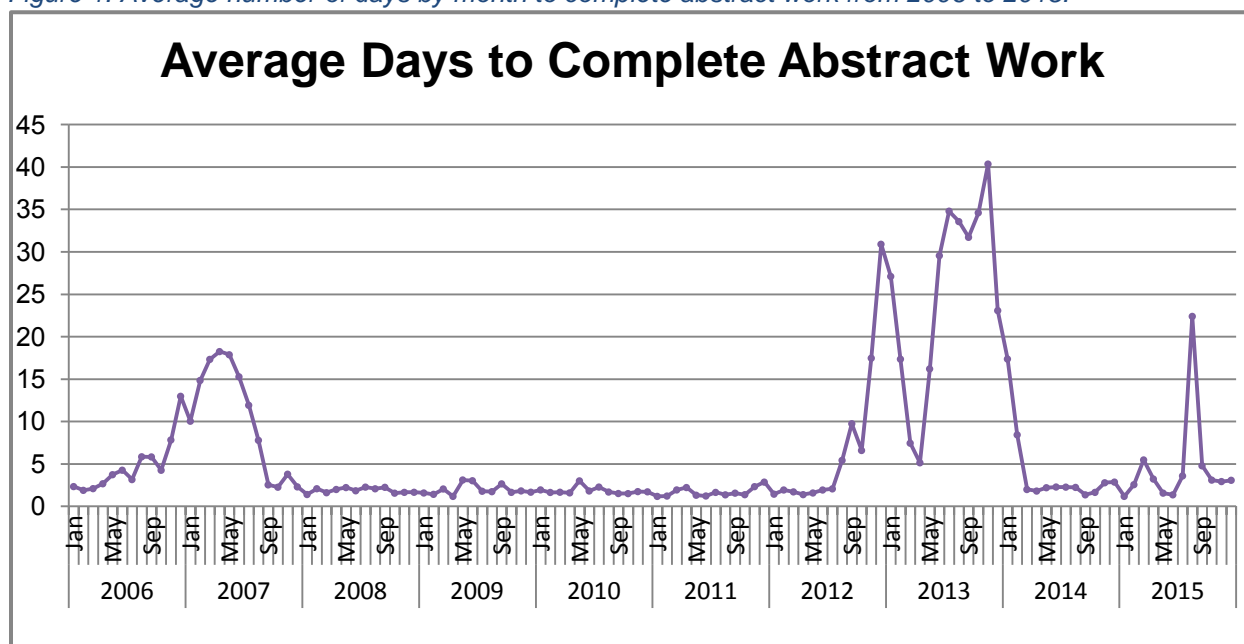
- **The inconsistent application of employee resources in the abstracting function caused a lapse in completing abstract work in a timely manner and impacted the rate of completing future abstract work.**

Abstracting is a part of the work performed by Land Record Specialists at the Recorder's Office. Land Record Specialists are cross trained in several functions including recording, abstracting, platting, indexing, cashiering, and inbound customer service. Each employee is assigned to certain functions and is rotated periodically in order to minimize monotonous work. The overall goal of the cross- training is to create efficiencies and effectively use resources. However, when employee resources are directed away from the abstract work and moved to other tasks, some efficiency is lost.

One of our audit objectives was to review the efficiency of the various processes in the Recorder's Office. As part of this objective, we reviewed abstract work performed from 2006 to 2015. A total of 2,599,418 documents were recorded during this period. During our review, we identified that not all recorded documents are required to be abstracted. We also noted that one recorded document may be required to be abstracted several times due to its relation to multiple parcels of land. Our analysis showed recorded documents were abstracted a total of 3,401,086 times. From 2006 to 2015, a total of 2,537,482 or 98% of recorded documents were abstracted at least once.

We calculated the number of days it took to complete abstract work for all 3,401,086 abstracted records. The number of days was calculated from the day the document was recorded to the day the abstract work was finished. Figure 1 represents the average days to complete abstract work by month from 2006 to 2015.

Figure 1. Average number of days by month to complete abstract work from 2006 to 2015.



*An exponentially growing backlog in abstract work is created until enough resources are used to complete it.*

Because of the constant stream of abstract work, if a lapse occurs in completing abstract work in a timely manner, an exponentially growing backlog results until enough employee resources are applied to reduce the backlog. This bottleneck effect is seen between 2006 and 2007; 2012 and 2013; 2013 and 2014; and briefly in 2015. As seen on the graph above, January 2011 showed the lowest average at 1.18 days and November 2013 showed the highest average at 40.35 days.

Situations that might affect the timely completion of abstract work include: the level of difficulty in abstract work, limited resources, and competing assignments or job functions. When an employee is out of the office or takes leave from an assignment that is higher in priority than the abstract work, e.g., cashiering or recording, an employee from the abstract function is reallocated to cover the higher priority task. This inconsistent application of resources to the abstract function causes a lapse in completing abstract work in a timely manner which then impacts the rate of completing future abstract work.

Some of the current measures used to create efficiencies in the abstract function are:

- **All Land Records Specialist employees are cross trained to perform abstract work.**
- **Over-time is offered.**
- **Employees assigned to other functions complete abstract work when possible.**
- **Abstract work is copied for quick entry when applicable.**

Applying resources that strictly perform abstract work will alleviate and minimize the effects of the situations that impede the timely completion of abstract work. Since a constant stream of abstract work occurs; applying a constant and consistent amount of resources will decrease the bottleneck affect. These resources should not be reallocated to cover other needs since this would affect the consistency of completing abstract work.

State statute 17-21-6-3 requires the Recorder's Office to abstract documents in the tract index. The tract index includes all recorded transactions associated with a parcel of land. Management at the Recorder's Office explained that abstract work should be completed within one day after the document has been recorded. Failing to abstract documents in a timely manner may leave the transaction history for a parcel of land temporary incomplete. Additionally, if the rate in which future documents are abstracted increases, a bottleneck effect is created. This may lead to a residual effect on stakeholders that are in need of correct and updated information in a timely manner.

### Recommendation

- ***We recommend that the Recorder's Office dedicate additional resources to reduce the backlog of abstract work, or at times of high demand. This may require hiring additional temporary employees to work as cashiers or front line workers to free up more experienced merit employees to assist with the abstract function.***

### Finding F.1.5

---

- **The Recorder's Office had not conducted a formal customer satisfaction survey to assess performance.**

We noted that the Recorder's Office had not formally surveyed their customers to gauge satisfaction levels and receive feedback on its services. Management stated that they received customer feedback through emails in which customers commented on various aspects of operations and complimented specific employees for their work.

However, a survey allows citizens to respond to questions and add comments. In addition, an option could be provided for resident to leave their contact information if they would like to speak to a supervisor at a later date.

According to the GFOA publication "***Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting,***" government agencies

*"Should monitor and evaluate stakeholder satisfaction with programs and services. ...These assessments should be conducted regularly."*

Due to the lack of a formal process for obtaining customer opinions, we conducted a satisfaction survey of Recorder's Office customers. To complete this survey, we selected a sample of companies or individuals that regularly recorded documents and/or accessed the website to download document images and research information. In our selection process, we focused on companies producing the largest revenue streams for the Recorder's Office.

Most respondents favorably viewed the service they received in the Recorder's Office. We asked them their overall opinion of the Recorder's Office when considering personnel, efficiency, and technological advancement. Of those that responded, a total of 4 were very satisfied, 13 were satisfied, 7 were neutral, 1 was dissatisfied, and none were very dissatisfied.

As a corollary to overall office satisfaction, we asked respondents how they perceived Recorder's Office administration. Customers were asked to rate the competency of Recorder's Office management. This question partly addressed County Council concerns in requesting a review of management activities to determine if the Recorder's Office is achieving its mission, and doing so with economy and effectiveness. The majority of respondents (56%) viewed Recorder's Office management as organized. Ten respondents were neutral in their perception of administration and one felt management was disorganized.

We realize that recorder's office services are not highly distinguishable from one county to another because tasks performed are largely perfunctory. Efficiency and attention to customer concerns would, therefore, likely influence opinion. Opinions of management could also be influenced by comparing experiences among similar-type offices. As most recurring customers would likely deal with other recorder's offices, we asked respondents to compare services elsewhere to Salt Lake County.

We asked survey participants how the Salt Lake County Recorder's Office compared to other recorder's offices they had worked with when considering overall personnel, efficiency, and technological advancement. We found that about a third of survey respondents viewed Salt Lake County as better than other recorder's offices and almost half (48%) rated Salt Lake County the same as other recorder's offices.

As noted in the paragraphs above, customers were generally satisfied with the majority of programs and services provided by the Recorder's Office; however, some respondents expressed concerns with data access. Among those that ranked the Salt Lake County Recorder's Office as worse than others, we found a certain degree of discontent with the Data Services Division (Data Services). Data Services provides web-based access to recorded deeds, other documents and property records. Data research is used by interested parties and businesses to obtain information for establishing property title and history of ownership.

As part of our survey questions, we asked for specific comments from respondent. The most critical feedback came from a title company that stated:

*"Their online database is years behind most other counties on the Wasatch Front and is by far the worst when it comes to being user friendly."*

Another customer commented:

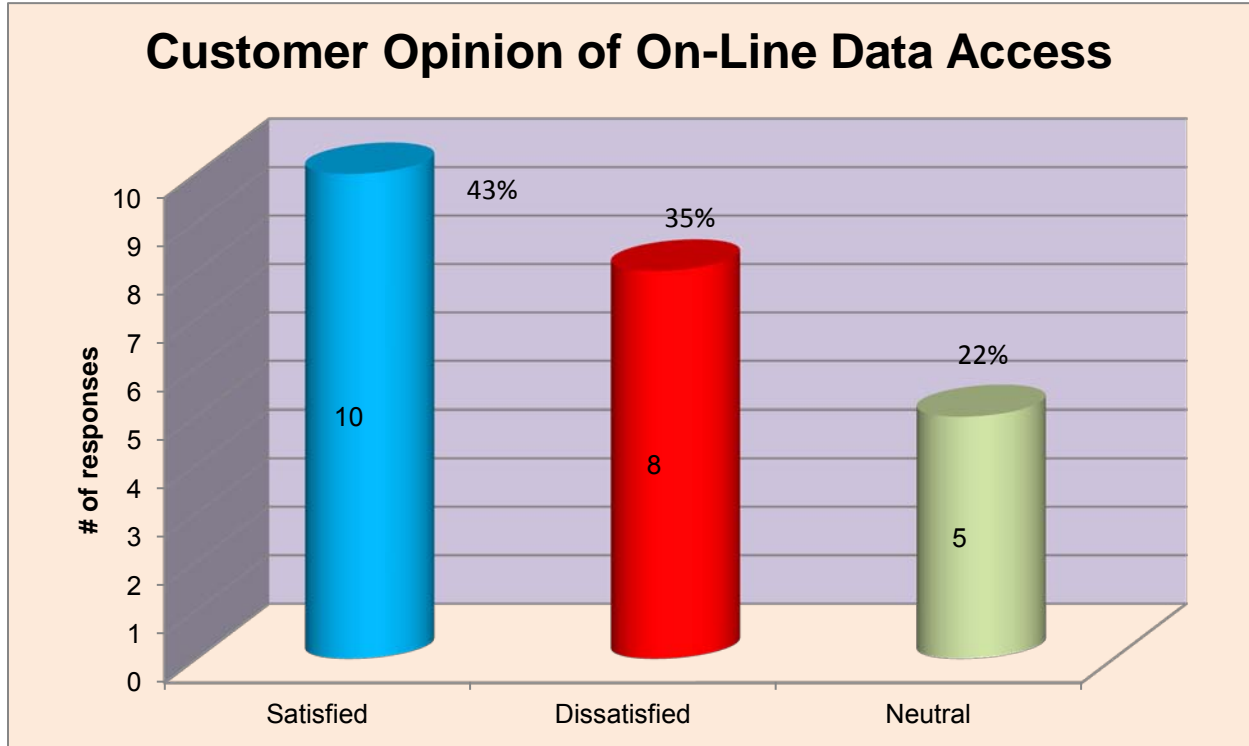
*"The personnel are fine. The problem is the website. It is not reliable, not user friendly, slow, and is down a lot."*

Input from one respondent provided a more equitable opinion:

*“With each iteration of the Salt Lake County website, user interface has become more cumbersome (not just the Recorder’s site; others as well).”*

To parallel customer comments about the website, we also asked several questions regarding web accessibility and usage. When asked how satisfied they were with the Recorder’s Office web-based on-line system for researching documents and title, 43% of respondents were satisfied or very satisfied, while 35% were dissatisfied or very dissatisfied. Figure 2 summarizes customer responses to satisfaction levels of on-line data access.

*Figure 2. Customer opinion of the Recorder’s Office on-line access to documents and other data.*



*Less than half of customers were satisfied with Data Services for accessing Recorder’s Office documents.*

We also asked respondents if they ever experienced difficulty in accessing Recorder’s Office data on-line. Except for one respondent, all reported experiencing difficulty at some time. Though Recorder’s Office management may be aware of customer complaints regarding on-line access to documents, they did not fully acknowledge these complaints to us. Management explained the difficulty for some problems by stating, for example, that the website is slow depending on the time of day, number of users, and the type of and updated status of the customer’s own computer.

By State Statute, the Recorder’s Office is required to provide various indices of documents to the public. This legal mandate, coupled with an unwritten obligation to the public and business community in facilitating the recording of documents that pertain to the selling and acquisition of property, requires an awareness of and sensitivity to customer concerns.



## Recommendation

- **We recommend that the Recorder's Office conduct a formal customer satisfaction survey periodically, for obtaining customer feedback and input that could be used to improve operations and provide better customer service. The Recorder's Office could consider including a link to a customer satisfaction survey on its website, or mailing a survey directly to customers.**

## Finding F.1.6

- **The Recorder's Office does not accept credit/debit cards as a form of payment.**

The Salt Lake County Recorder's Office accepts cash, checks, and electronic transfer funds (EFTs) as forms of payment for the recording of documents or for Data Services. However, credit and debit cards are not accepted as payment.

The recorder's offices of thirteen Counties along the Wasatch Front in Utah were surveyed regarding their acceptable forms of payment. Of those surveyed, 77% (10 out of 13 counties) accepted credit or debit cards. Service charges varied in price from free to a fixed charge and/or a percentage. Table 1 shows the Utah Counties recorder's offices surveyed, whether credit and/or debit cards are accepted, and the service charge, if any.

*Table 1. Acceptance of credit/debit cards and service charges by Utah Counties Recorder's Offices.*

Acceptance of Credit/Debit Cards and Service Charges by Utah Counties Recorder's Offices		
County	Accept Credit/Debit Cards	Service Charge
Weber	Yes	\$1.95
Davis	No	N/A
Utah	No	N/A
Juab	No	N/A
Cache	Yes	\$1.50
Box Elder	Yes	\$1.95 up to certain amount
Summit	Yes	No Charge
Wasatch	Yes	0.35%
Duchesne	Yes	3% /Min. \$1.50
Tooele	Yes	No Charge
Carbon	Yes	\$1.50
Morgan	Yes	Free w/ min of \$5.00 charge
Rich	Yes	.01 to \$49.99 = \$3.00; \$50 to \$99.99 = \$5.00

*Ten of the thirteen Utah Counties recorder's offices surveyed accepted credit and/or debit cards as forms of payment.*

Accepting credit/debit cards reduces the risk of accepting bad checks, which reduces the time that would be spent on the collection efforts for checks returned from the bank from accounts

with non-sufficient funds. In addition, credit card transactions are screened as they are processed to reduce the risk of fraud. Furthermore, collections from credit card transactions are typically deposited into the County's account within a couple of days.

Although the Recorder's Office management has considered this option, credit/debit card services are not currently offered at the Salt Lake Recorder's Office primarily due to the additional fees associated with accepting this form of payment. However, by failing to accept credit and debit cards, customers are limited in their payment options.

### Recommendation

- ***We recommend that the Recorder's Office consider accepting credit and/or debit cards as a method of payment to allow more options and better accommodate customer preferences.***

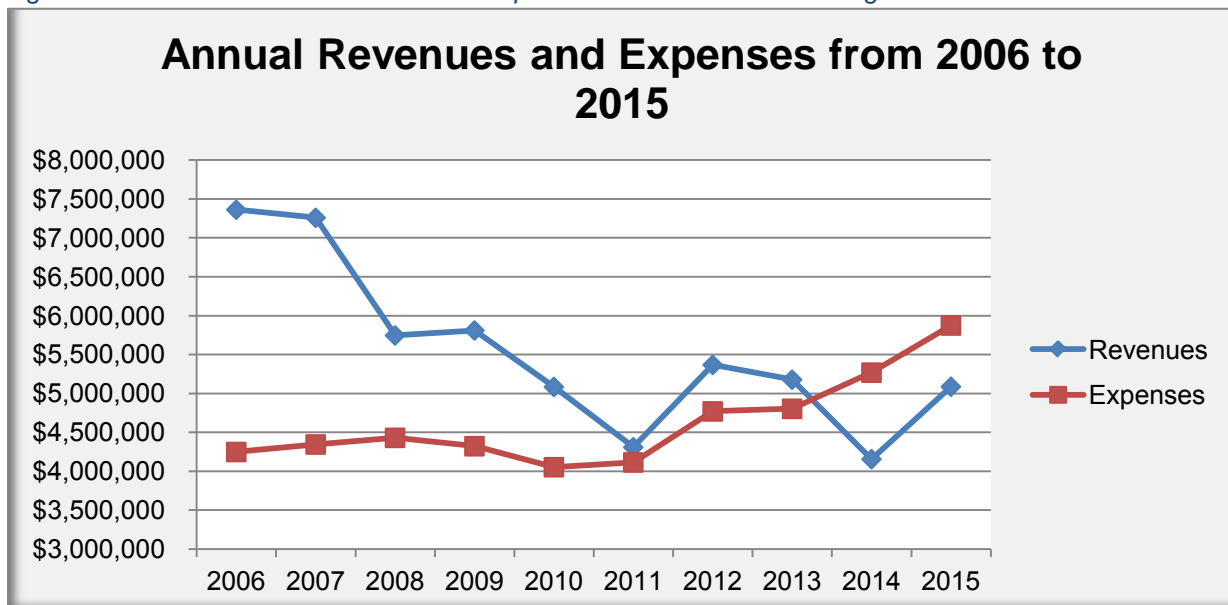
### Finding F.1.7

---

- **The Recorder's Office annual revenues have declined over the last ten year period, while annual expenses have increased.**

During our audit, we examined the revenue and expense trends of the Recorder's Office from 2006 through 2015. Since 2006, the office experienced an overall decline in the amount of revenue they received. Prior to the housing market crash, the Recorder's Office experienced a peak revenue amount of \$7.36 million in 2006. By 2008, in the midst of the great recession, actual revenues had decreased by 22% to \$5.75 million. Revenues declined to the lowest amounts in 2014 at \$4.16 million. Figure 3 illustrates these revenue trends.

*Figure 3. Recorder's Office revenue and expense trends from 2006 through 2015.*



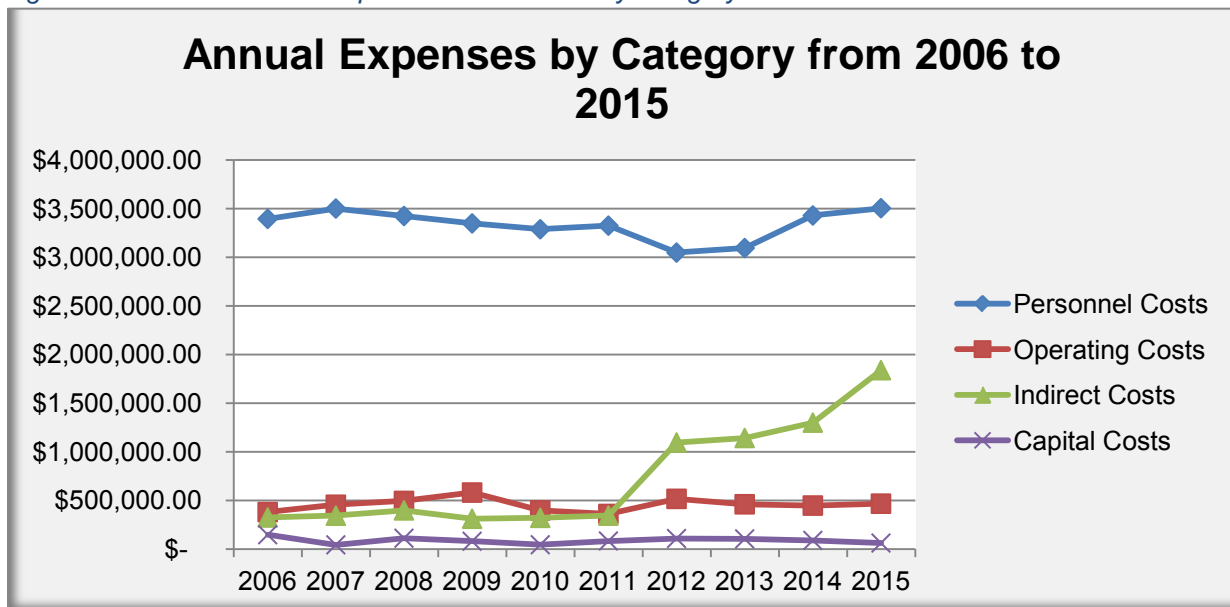
*Revenues have experienced a downward trend while expenses have been increasing.*

According to the Recorder’s Office management, the primary force that influences their revenue stream is the housing market. More properties sold equates to a greater number of documents recorded. The large decline in revenues coincided with the advent of the 2008 housing market crash. As fewer properties were sold, the work available to the Recorder’s Office diminished. In addition, accurately budgeting revenues was more difficult due to the unstable shape of the economy as a whole. This led to an increased difference in the amount of revenues budgeted and actual revenues received.

By contrast, expenses have been steadily increasing since 2006. By 2014, expenses had exceeded revenues. The majority of these costs were due to increased indirect costs being allocated to the Recorder’s Office by County Information Services (IS). These costs were allocated based on CPU usage of the County mainframe. These costs cannot be effectively controlled since the Recorder’s Office work is currently dependent upon storing information in the mainframe. A solution to this issue has been planned for the near future that involves the movement of the Recorder’s Office off the mainframe onto their own independent system.

Aside from indirect costs, the other three categories of costs incurred by the Recorder’s Office are personnel, operating, and capital. An effort was made to reduce personnel costs starting in 2008 by eliminating FTEs through attrition. This strategy was initially successful but expenses started trending upward again due to a combination of pay increases and increasing overtime costs. Operating and capital costs have remained fairly consistent over time. Several budget line items have been cut or reduced over the years to reduce operating costs, including printing, small equipment, travel, and microfilming/blueprinting. Figure 4 illustrates the different categories of expenses and their trends.

Figure 4. Recorder’s Office expense trends sorted by category.



Indirect costs have been responsible for the majority of expense increases.

The Recorder's Office has separate budgets in the General Fund and the Tax Administration Fund of the County. Accounting for government funds focuses on accountability (rather than profitability) and the ability to use current resources effectively. When expenses exceed revenues, government agencies lack incentive to achieve their mission as effectively as possible. New operational strategies will be difficult to develop and implement until costs can be reduced or revenues increased.

### Recommendation

- **No Recommendation.**

### Finding F.1.8

---

- **The Recorder's Office current fee structure is not sufficient to recover all costs of providing services.**

In 2012, the County adopted a new overhead costing methodology to allocate indirect costs that has negatively affected the Recorder's ability to recover the costs of providing services. With the Recorder's current fee structure, fees that are set by State statute and the County Council are no longer sufficient to recover the full costs incurred by the Recorder. The Recorder's Office receives revenue from recording fees as set by the State legislature. They also receive revenues from their Data Services Program, where fees are set by the County Council.

Many factors should be considered when determining a pricing strategy. One factor to consider in pricing strategy is the variability of demand as prices change. Raising prices too high may cause revenues to fall since customers may not be willing to pay the higher price. The Recorder's Office stated that they saw a significant decrease in the number of subscriber accounts for their Data Services Program after the last fee increase in 2010. However, the actual impact of fee increases on the number of subscriber accounts for the Data Services could not be determined due to other factors that may have had an effect on customer demand.

The goal of setting a fee structure for the Recorder's Office should be to reasonably recover the costs of providing services, rather than make a profit. Accordingly, the pricing methodology or fee structure should be tailored to fit that need. A full-costing approach for pricing services, or factoring in both direct and indirect costs, provides a methodology for recovering all costs.

**The GFOA Best Practice Guide** states,

*"If the full cost of a good or service is not recovered, then an explanation of the government's rationale for this deviation should be provided."*

The Recorder's Office has little leverage in changing its recording fees, short of lobbying the legislature. However, they do have some latitude in changing the fee related to data services. Currently the fee is \$25 per month plus \$0.02 per page view. The public does have some sensitivity to charging for web services in as much as many counties, including Utah County, feel that these services constitute a public domain and do not charge for them.

We also found that the revenues derived from data services did exceed the costs associated with managing those services. However, the expenses allocated to data services do not include all of the reciprocal costs associated with recording and abstracting the information that makes up the data. As such, no conclusion could be drawn as to whether the data service area of the office was profitable compared to other areas.

### Recommendation

- ***We recommend that the Recorder's Office conduct a thorough cost analysis of all costs related to recording documents, and explore options to reduce costs directly related to providing those services. After the analysis, if it is determined that the full cost of recording services cannot be recovered under the current fee structure, then the Recorder's Office should provide, to the County Council, a written explanation of the rationale for this deviation.***

### Finding F.1.9

---

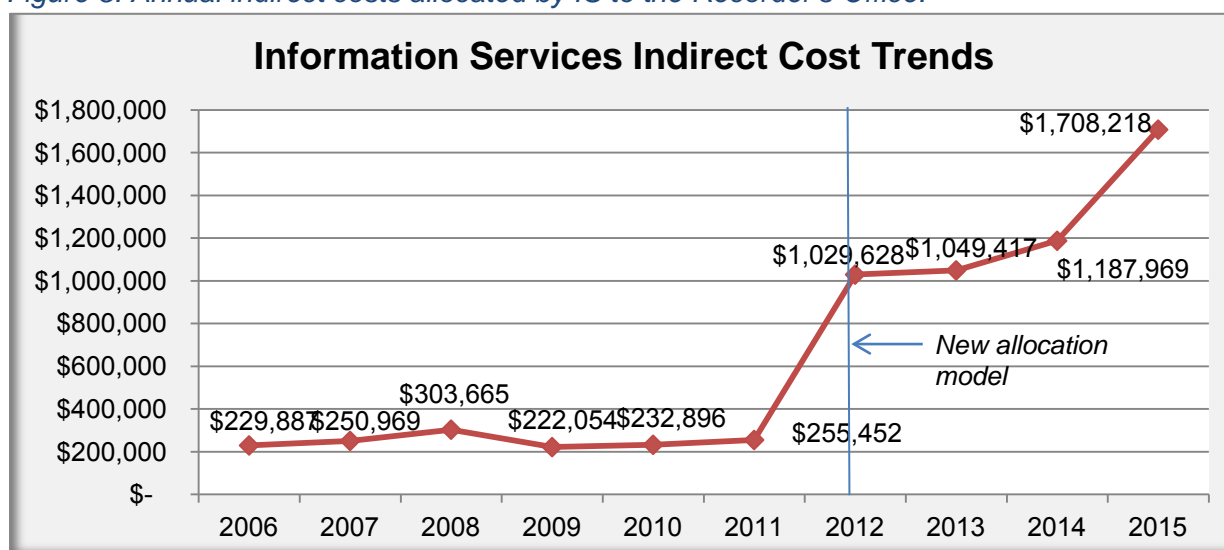
- **The Recorder's Office indirect costs for Information Services have increased significantly since 2012.**

From 2006 until 2011, the indirect costs allocated to the Recorder's Office remained fairly steady. In general, these amounts averaged \$350,000 annually. Beginning in 2012, indirect costs charged to the Recorder's Office increased significantly. This increase was due to a change in the methodology for allocating Information Service (IS) costs to agencies throughout the County.

Indirect costs by their nature are not easily traced to a single product or service. The services provided by County IS meet this definition. They provide support services to numerous agencies throughout the County including the Recorder's Office, from a single pool of resources. The costs accumulated by IS are then charged to the individual agencies during the subsequent year's annual budgeting process. Salt Lake County allocates indirect costs based on a methodology called activity-based costing. This methodology assumes that when various activities are performed resources are consumed. When one County agency performs more of an activity than another, it will incur more of the costs associated with that activity.

In 2011, indirect costs from IS were \$255,452. In 2012, this amount jumped to \$1,029,628, an increase of more than 300%. Figure 5 shows the trend in IS cost allocations to the Recorder's Office.

Figure 5. Annual indirect costs allocated by IS to the Recorder's Office.



Costs allocated to the Recorder's Office increased significantly beginning in 2012.

Previously, a single overhead cost pool was used in County IS when calculating allocation percentages. This allocation was based on the number of network users in each agency. In 2012, when the County adopted the use of "activity-based costing" the number and method of allocation metrics changed. These new metrics more accurately reflect the resources that are used throughout the County. The most prominent activity added to the component mix that caused the Recorder cost spike was CPU usage of the County mainframe. The Recorder's Office is dependent upon the mainframe for storing recorded information and production of its indices of recorded documents. This requirement creates consistently more CPU usage time in the Recorder's Office than any other agency. Thus, the majority of the costs incurred to maintain the mainframe system were allocated to the Recorder's Office. This has caused profitability to decrease as expenses have grown to outpace revenues.

The Recorder's Office is currently in the process of developing and testing a new software system that would free them of most mainframe usage. Once the office migrates off of the mainframe, the Recorder's Office indicated that indirect costs incurred from IS could decrease significantly.

### Recommendation

- **No Recommendation.**

### Finding F.1.10

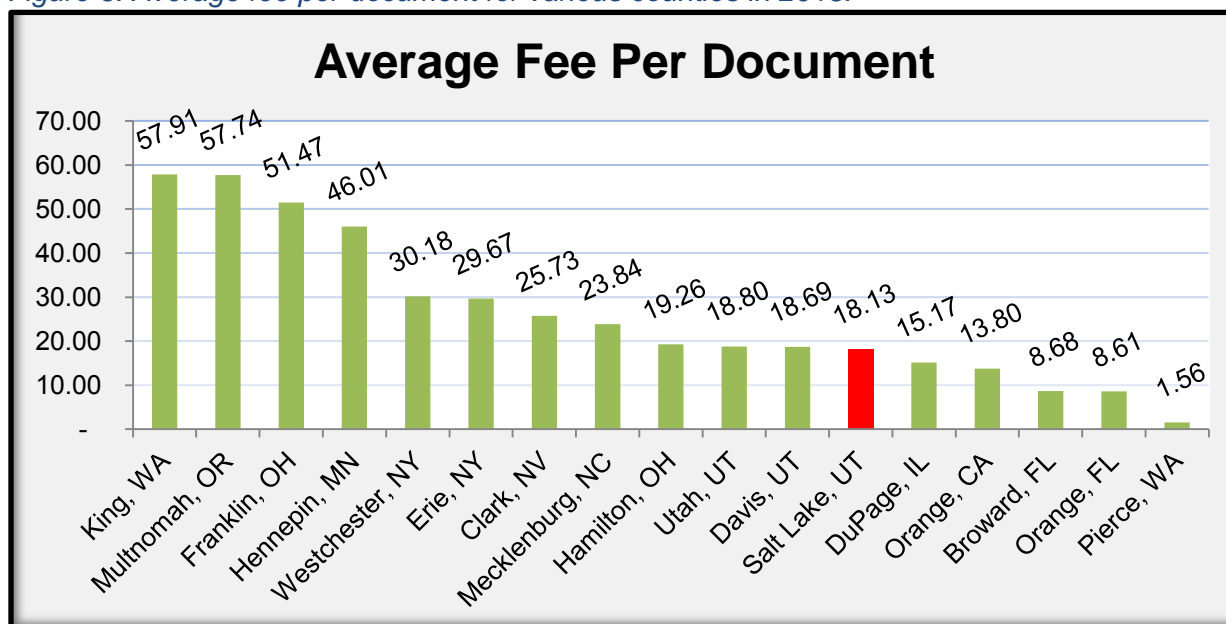
- **A nationwide survey showed that the Salt Lake County Recorder's Office provided an economical resource to the public, compared to similar recorders offices throughout the country.**

As part of our audit, we surveyed counties of similar size throughout the nation in an effort to benchmark the performance, job duties, and pricing structure of other recorder's offices. We

sent a total of 30 surveys to counties outside of Utah, and an additional 3 to other counties within Utah. We received back 17 completed survey questionnaires. Most responding counties had different organizational structures that performed fewer functions than the Salt Lake County Recorder. In general, no official “Recorder’s Office” existed in other counties. The duties performed were divided between various offices such as the County Clerk, Land Records, and the Assessor.

We found certain metrics that were comparable across these different counties. We analyzed the average fee per document that would be charged to patrons. In doing so, we divided total recording fees recorded in 2015 by the total number of documents recorded by each office. We found that the average fee per document in Salt Lake County was similar to some counties and significantly lower than others. King County, Washington had the highest average fee per document while Pierce County, Washington had the lowest. Figure 6 shows the fee per document comparison.

*Figure 6. Average fee per document for various counties in 2015.*

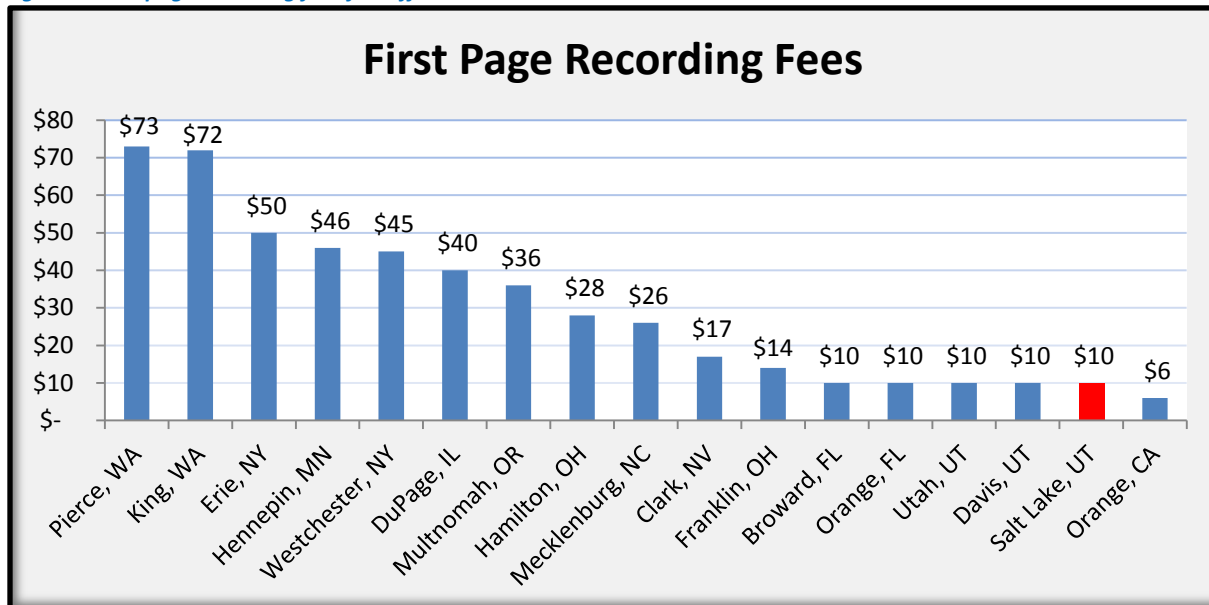


*The Salt Lake County Recorder’s Office had lower fees per document recorded compared to other counties nationwide.*

Another metric we compared was the cost for recording the first page of a document. The majority of counties charged a fee for the first page and then a reduced fee for subsequent pages. There were exceptions to this if patrons recorded a specialized document. Counties in Utah have this fee set by State Statute. We found that the first page fee charged in Utah was significantly lower than the majority of counties surveyed. Figure 7 illustrates this difference. We also looked at the amount that each county charged for viewing documents online. We found that 11 of the counties surveyed did not charge any fee or subscription for online viewing; citing that recorded documents are a public record. Counties that did charge fees for data services did not have similar pricing structures. For instance, Salt Lake County charges a

subscription fee of \$25 per month whereas Westchester County, New York charges a monthly subscription fee of \$100 per month and omits any page view charges.

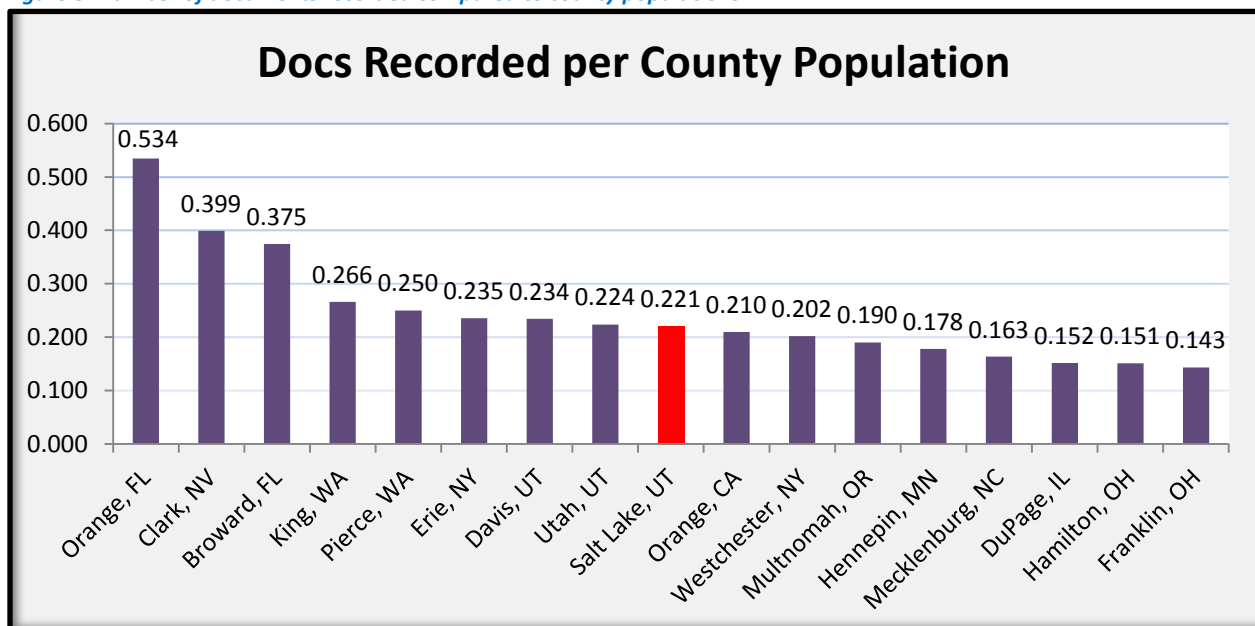
Figure 7. First page recording fees for different counties.



Salt Lake County had low fees per document recorded compared to other counties nationwide.

To determine the overall broad efficiency of Salt Lake County compared to other counties nationwide, we analyzed the number of documents recorded compared to the population of each county. At 0.221 documents recorded per person, we found that Salt Lake County represented the midpoint of all the counties surveyed. Figure 8 illustrates this point.

Figure 8. Number of documents recorded compared to county populations.

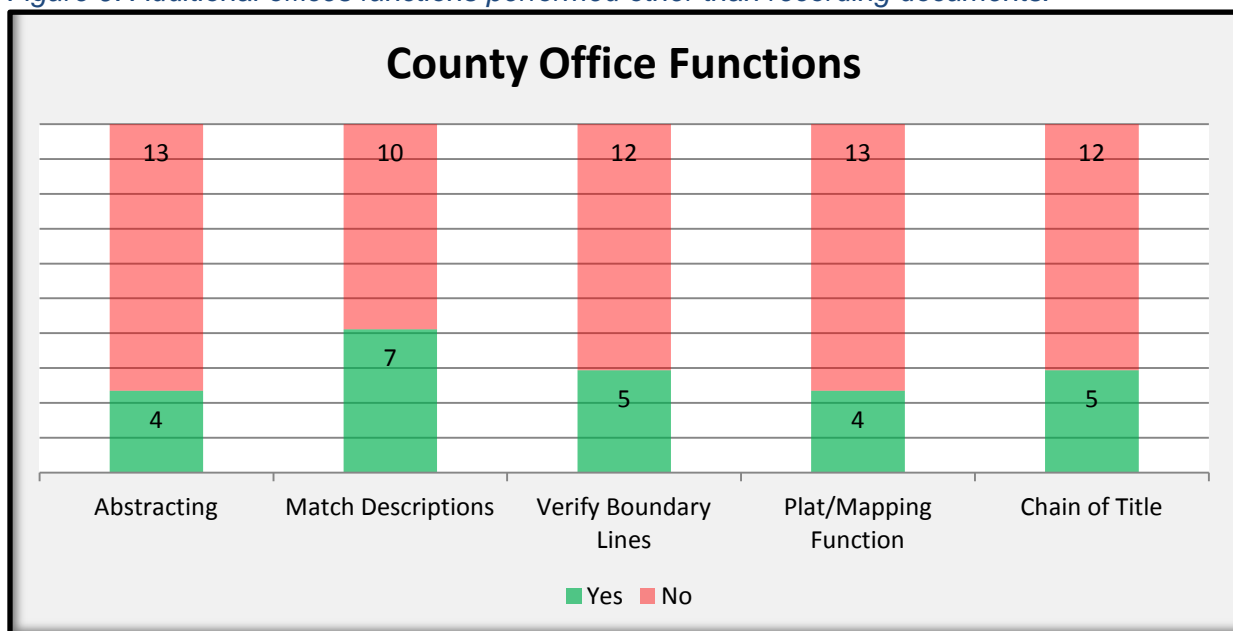


Salt Lake County represented the midpoint of all the counties surveyed.



As a consequence of different office structures in other counties, we found that the Salt Lake Recorder's Office performs several more functions which would often be delegated to other agencies in the other counties that we surveyed. This included abstracting documents, matching deed descriptions, verifying boundary lines, platting/mapping, and maintaining a chain of title. We found that the majority of other offices only performed the basic function of recording documents and left these ancillary tasks to other offices. In particular, the abstracting function was unique to recorder's offices in Utah. Other counties perform similar task, but may not create as many document indices as Salt Lake County. We also found that the task of maintaining a chain of title was almost exclusive to counties within Utah. This function is required by State Statute in Utah, but not by other counties. Figure 9 shows the number of counties that perform these ancillary tasks.

*Figure 9. Additional offices functions performed other than recording documents.*



*The majority of other county recorder offices did not perform additional ancillary tasks that the Salt Lake County Recorder performs.*

Overall, Salt Lake County compared well to other counties throughout the United States. In 2015, the Recorder's Office recorded 227,985 documents and maintained data for 350,000 land parcels. Services are provided to the citizens of the County at an economical price, both in-person and online. They recorded an average amount of documents per person in the population and performed several more duties than the majority of the other counties surveyed.

### Recommendation

- **No Recommendation.**

## IT Operations

### Background

The Recorder's Office information and the related technology are critical public assets. Public entities, including the Recorder's Office, depend on IT to achieve their missions and to record, process, maintain, track and report essential public information. Therefore, the Recorder's Office has an important stewardship responsibility for establishing effective IT controls that provide reasonable assurance of the achievement of management's control objectives, including; the confidentiality, integrity, and availability of data and IT resources. The absence of effective IT controls can result in significant risks to technology assets and business continuity operations.

### Overview of the Recorder's IT Operations

The Recorder has an internal IT operation that delivers the technology required to support their objectives. This consists of eleven servers that host its file and print services, databases, internet access, and application services. In addition, there are five test systems to accommodate development and testing stages of the environment.

The major applications utilized by the Recorder's office are: Hyland/Sire document management system for recording documents and images, a cashiering system, an e-recording environment, GIS for property plat information, Internet web services, DARWIN (Document Abstract Recorder WINDOW), an in-house developed application for the recording process, and various databases to support the multitude of information received and recorded by the office.

The IT operation has six staff members that support the Recorder's IT function, an administrator and five additional analyst and programmers that develop and administer the environment. The IT staff also oversees the IT controls for reasonable assurance of the availability, integrity, and confidentiality of the information utilized by the office.

### Audit Objectives for the IT Operations Section

**Objective 1:** Determine if the IT operations of the Recorder's Office adequately support the offices:

- **Mission, goals, objectives and strategic planning activities;**
- **Statutory requirements and obligations; and**
- **Adherence to applicable statutes, ordinances, policies and legislative intent.**

**Objective 2:** Determine if the Salt Lake County Recorder's Office has developed a project plan for the design and implementation of DARWIN. Assess the plan's effectiveness in addressing:

- **Project scope and objectives**
- **Roles and responsibilities**
- **Required resources and estimated costs, including total cost of ownership**
- **Project budgeting**
- **Milestones and deadlines**
- **Significant project risks and risk mitigation strategies**

- **Quality assurance and testing**
- **Implementation and training**
- **Change management**
- **Disaster recovery and business continuity planning**

**Objective 3:** Determine if the Recorder’s Office has adequately addressed the issues and concerns raised by the Information Services Division’s gap analysis with respect to integration of DARWIN with the County’s mainframe property tax system.

## Findings and Recommendations

### Finding F.2.1

---

- **The Recorder’s Office did not have any formal documented IT policies or procedures that have been reviewed and approved by management.**

When we reviewed the Recorder’s Office IT operations, we found that the Recorder did not have any formal written IT policies or procedures that had been approved by management. The Control Objectives for Information and Related Technologies (“COBIT”) best practices framework, published by the Information Systems Audit and Control Association (“ISACA”) recommends that standard operating procedures for IT should be well documented (i.e., written), updated as needed, and approved by management for better IT management and governance. The best practices framework also recommends a formal written comprehensive technology replacement plan, an IT employee development plan, disaster recovery and business continuity plans, and a cost analysis for alternative IT solutions.

The audit found that the established Recorder’s Office IT procedures and practices adequately supported the Recorder’s statutory requirements and obligations. However, written policies and procedures had not been developed or provided to IT staff for the Recorder’s IT related responsibilities and activities including:

- **A comprehensive software and hardware replacement plan;**
- **Backup, recovery, and scheduling of application data, databases, and programs;**
- **A disaster recovery plan for business continuity;**
- **Software change control management;**
- **Program change request logs to document and substantiate that changes made were appropriately authorized, tested, and approved for implementation;**
- **A mechanism to detect and log program changes being moved to production; and**
- **Whether or not programs were programmed, tested, and moved to production by the same person.**

When we discussed these issues with the Recorder’s IT staff and senior management, we were told that the Recorder relied on the Countywide IT ordinances and policies (e.g., Countywide Policies 1400 series) to guide and direct the IT activities and processes for the office. Without clear written policies and procedures for IT processes, senior management’s directives for

maintaining the integrity of IT systems and data are at an increased risk of concern due to the office not having a uniform set of reference materials covering policies and standard operating procedures specific to the Recorder's own IT systems and hardware.

### Recommendation

- ***We recommend that the Recorder's Office develop and implement a set of written IT policies and procedures that have been reviewed and approved by senior management.***
- ***We recommend that the set of IT policies and procedures at all levels should:***
  - ***Be documented;***
  - ***Appropriately consider risk;***
  - ***Address purpose, scope, roles, responsibilities, and compliance;***
  - ***Appropriately consider general and application controls;***
  - ***Be approved by management; and***
  - ***Be periodically reviewed and updated.***

### Finding F.2.2

---

- **The Recorder's Office did not have a formal, comprehensive project plan for the development and implementation of DARWIN, contrary to industry best practices and sound principles of IT project management.**

Facing concern over the loss of the County's mainframe system, the Recorder's Office began developing a new software environment in 2011. The new system was designed to not only replace mainframe functions for the Recorder, but also improve efficiency and eliminate some inadequacies in mainframe operations.

The DARWIN project lacked a formal project plan. We were supplied some of the components of the project plan documentation: Asana, a website application to track project tasks, a Gantt chart, a milestone chart, a "DARWIN: Items to be done before Go-Live" document, a Visio diagram of the Recorder Tax database used for DARWIN, and tutorials written for the users of DARWIN. However, there were deficiencies in critical components such as scope, costs, variance management with a review and approval process, and risk analysis for a comprehensive communication and control tool. We determined that these planning components did not provide any details with regard to a sufficient risk mitigation strategy or establish project phase approvals for each phase of the project.

According to **COBIT Section 10.7, Planning and Organization**, states,

*"Management should ensure that for each approved project, a project master plan is created which is adequate for maintaining control over the project throughout its life and which includes a method of monitoring the time and costs incurred throughout the life of the project. The content of the project plan should include statements of scope, objectives, required resources, and responsibilities. It also should provide information to permit management to measure progress."*

Without an appropriate project master plan, management has no method of maintaining control over monitoring time, costs, and project milestones. Furthermore, the lack of a comprehensive project plan could create ambiguity with respect to roles and responsibilities, and does not allow management to easily communicate the plan to employees and project stakeholders.

We asked the Recorder's senior management and IT staff for a copy of the project plan, and we were provided only with the documents relating to the project and a task list established on the Asana website. The task list laid out the various development tasks along with timelines estimated for completion, as well as initials of team members for each task. According to management, the task list served as their project plan. We reviewed the task list and determined that it was not a comprehensive master plan as contemplated by COBIT.

### Recommendation

- ***We recommend that the Recorder's Office create a comprehensive project master plan for all IT projects. The project master plan should be developed for maintaining control over the entire life of the project. The plan should also include a method for monitoring the time spent on the project, identify major milestones and phases of completion, allocate resources, and provide a system for accurately accounting for all costs incurred throughout the life of the project.***

### Finding F.2.3

---

- **Costs for DARWIN were not properly capitalized according to the County's fixed asset capitalization policy. Because the costs of the DARWIN project were not accounted for accurately, the Recorder's Office could only provide an approximate total cost of the project of roughly \$752,000.**

Instead of separating out the costs for the development of DARWIN, the Recorder's Office has commingled the costs of the IT project with the Recorder's daily operational costs.

The Mayor's Office of Financial Administration ("Mayor's Finance") reminds all agencies in an annual email request to report all estimated labor costs of \$25,000 or greater of intangible assets, including internally generated computer software. We verified with Mayor's Finance that these email reminders were sent to the Recorder's Office each year from 2011 through 2015.

**GASB 51, Accounting Policy/Procedure for Salt Lake County**, states,

#### *Definitions*

*1.2 Intangible assets are considered internally generated if they are created or produced by the government or an entity contracted by the government, or if they are acquired from a third party but require more than minimal incremental effort on the part of the government to begin to achieve their expected level of service capacity.*

*1.3 There are three stages for internally generated software. Internal labor costs are only capitalized if incurred during the application development stage, otherwise costs are expensed.*

1.3.2 *The application development stage--activities in this stage include the design of the chosen path, including software configuration and software interfaces, coding, installation to hardware, and testing, including the parallel processing phase.*

**Internal labor costs** are calculated using the number of hours devoted to the specified software project multiplied by the employee's hourly cost (payroll + fringe benefits @ 40%). Exact hours were used when available. Where exact hours were not available, reasonable and reliable estimates were used.

**CAPITALIZATION POLICY and THRESHOLDS:** It is the policy of the County to capitalize intangible assets at the government-wide level in the financial statements if they meet the criteria specified in GASB 51, and if they meet the following capitalization thresholds. All other related costs (not meeting these criteria) will be expensed. 2.1.3 If the total direct internal costs of the application development stage for internally generated software are less than \$40,000 or if the software has a useful life of 1 year or less the costs should be expensed. Organizations are encouraged to track costs when the expected total direct internal costs of the application development stage exceed \$25,000; however capitalization is only necessary when these costs exceed \$40,000.

By not properly accounting for the development of DARWIN, the following three effects occur:

- The County does not recognize DARWIN as an intangible asset in its Comprehensive Annual Financial Reports ("CAFR").
- It denies the public accountability for the DARWIN project, based on the belief that the taxpayer has a "right to know," and a right to receive openly declared facts that may lead to public debate by the citizens, and their elected representatives.
- It makes comparability of such assets among state and local governments difficult or impossible for stakeholders and the public.

The Recorder's Office did not keep adequate records on the true development costs of DARWIN and did not respond to the annual email requests sent from the Mayor's Finance Capital Assets Section for the years 2011 through 2015 concerning the expenditures that should have been capitalized as required by Countywide Policy.

#### ***The Recorder's Office Could Only Provide an Approximate Total Cost of the DARWIN Project***

We discovered that the Recorder's Office had not accurately tracked the costs of the DARWIN software project. During the audit, Recorder's Office management created a spreadsheet of an estimated percent of time associated with four of their IT Division employees' salaries and benefits since the beginning of development in 2011 through May 15, 2016. The total salary and benefits expenditures during the estimated development timeframe of DARWIN are approximately \$752,000.

From an article entitled, ***"Why Track Actual Costs and Resource Usage on Projects?" in PM Times, Resources for Project Managers, magazine:***

*“Depending upon the project/business environment, one or more of the following three reasons may underlie the mandate to track actual costs and resource usage on a project:*

- 1. The financial accounting system and/or the managerial accounting system of the project organization may require the complete and accurate documentation of the ultimate actual cost of the project. This is especially true if the organization must report that actual cost to some outside organization.*
- 2. Having knowledge of actuals to date is a requirement for effective cost control while the project is ongoing.*
- 3. Tracking actuals allows the organization to build a historical database that will support budgeting and resource planning on future projects.”*

The effect of not accurately budgeting and tracking project costs causes the following problems:

- **Hinders the County Council and the Mayor’s Office in their efforts to justify and control costs.**
- **Takes away the tool to support the efforts of the project manager to control costs.**
- **Takes away the historical data used by policy makers to support budgeting and resource planning on future projects.**
- **Labor and other DARWIN development and project costs were not tracked as they were incurred, misstating the County’s financial statements.**

#### **Recommendation**

- ***We recommend that the Recorder work with the Mayor’s Finance Capital Asset Section to report all costs of DARWIN and any other internally generated software, beginning with the 2016 year, and continuing into future accounting years.***
- ***We recommend that the Recorder begin tracking actual time spent and all other costs of the development and implementation of DARWIN. Additionally, prior costs should be researched and accounted for as best as possible, to provide better accountability for the use of public funds.***

#### **Finding F.2.4**

---

- **The significant delays in the County’s new property tax administration system project have created the need to interface DARWIN with the County’s mainframe legacy tax system.**

The recording of property deeds and other documents, and the process of entering that information into the Recorder’s legacy system on the County’s mainframe, is of vital importance for the County’s property tax administration system. The other elected offices involved in the administration of the property tax system, including the County Assessor, the County Treasurer, the County Auditor, and several other County agencies rely on the information that is created

and managed by the Recorder's Office, to ensure accurate ownership and address records for over 350,000 parcels of property within Salt Lake County.

The Recorder's current system interfaces seamlessly with the other systems on the County's mainframe. DARWIN was designed in-house by the Recorder's IT staff to interface with the replacement for the County's legacy property tax system. Unfortunately, the County's property tax system replacement project has had some significant delays, while the Recorder has moved ahead with the development and implementation of DARWIN. The Recorder's plan was to fully implement DARWIN in June 2016. Currently, the future of the replacement property tax system is unknown, and after many years of development, the Recorder's Office is anxious to fully implement DARWIN.

A gap analysis between the Recorder's DARWIN system and the County's mainframe was conducted by County IS to address many of the integration issues that the Recorder's Office had identified prior to the audit. However, at the time of the audit, IS had not presented this information to the Recorder's Office, or provided an opportunity for the Recorder to respond to the issues discussed in the analysis. Our audit objectives were developed under the assumption that the Recorder had received a copy of the gap analysis prior to the audit, and that they had an opportunity to respond to the issues identified. However, the Recorder's Office had not received a copy of the analysis until June 23, 2016.

There is disagreement between IS and the Recorder's Office regarding the accuracy of the gap analysis, and the proposed solutions. At the time of this report, both IS and the Recorder have taken steps to remedy the situation, and move forward with creating solutions for interfacing DARWIN with the mainframe. The DARWIN interface project has been identified as an official IT project, and a project manager has been assigned to lead the project from IS.

The preliminary project plan calls for the project manager to conduct a full analysis to review all tables, file by file, field by field, to identify all necessary data in order to integrate DARWIN and the mainframe. The project manager will then head a committee that will include the Recorder and other County stakeholders to consider all of the options available. The DARWIN interface project will go through the full Technology Advisory Board ("TAB") process, and will include a thorough review of project costs, risks, risk mitigation strategies, and a proposed timeline. The Technology Advisory Board will then make a recommendation regarding the priority and execution of the project to the County Council.

### Recommendation

- ***We recommend that the Recorder's Office work with County IS to develop a comprehensive implementation plan for DARWIN. The plan should be developed with and include the support from the other County stakeholders in the project.***
  
- ***We recommend that the Recorder continue to work with County IS to develop a DARWIN interface with the mainframe to ensure business continuity for all County stakeholders.***



## Human Resource Management

### Background

This section of the performance audit focuses on the Recorder's Office human resource management, to evaluate management's compliance with applicable County Human Resource policies, and to assess processes in comparison to best practices and industry standards. Sources of best practices and industry standards include the Society for Human Resource Management (SHRM).

Within the human resource function, the Recorder's Office management is responsible for providing a variety of services, including organizing the duties of staff to accomplish the mission and business objectives of the office, clarifying roles and responsibilities of staff, maintaining appropriate staffing levels, monitoring training needs, providing employees with information on office procedures, clarifying management's expectations, establishing reasonable standards of performance and performance measurement goals, developing positive employee relations, and providing functional leadership.

To gain an understanding of the processes, we interviewed the Recorder's Office management, County Human Resource (HR) management, and Recorder's Office employees.

### Overview of the Recorder's Human Resource Management

The Recorder's budget allows for a total of 43.75 Full Time Equivalent (FTE) positions. The Fiscal Coordinator is currently a .75 FTE while all other positions are 1 FTE. The organizational structure of the Recorder's Office can be broken down into 5 main functional areas:

- **Elected Official and appointees – Recorder, Chief Deputy Recorder, and Exempt Secretary**
- **Finance – Administrative Fiscal Manager and Fiscal Coordinator**
- **Land Operations – Division Administrator, Assistant Division Administrator, Supervisor, and 19 Land Records Specialists**
- **GIS – Division Administrator, Assistant Division Administrator, Supervisor, and 8 GIS CAD Technicians**
- **Information Technology (IT) – Division Administrator and 5 IT Positions**

The general categorization of duties for the 5 functional areas can be summarized as follows:

- **Elected Official and Appointees – Oversees management of the Recorder's Office.**
- **Finance – Performs accounting and fiscal operations including budget development and management.**
- **Land Operations – Assists customers with access to data via phone, email, and in person. Performs duties including imaging, indexing, abstracting, and data services. Performs cashiering duties.**
- **GIS – Prepares and maintains the interdepartmental countywide GIS database. Compiles data required for land record map preparation or revision.**
- **Information Technology – Provides information services to the Recorder's Office including writing fully functional programs, administers security, provides**

assistance to staff regarding use of GIS applications, provides on-line access to Recorder information, and maintains website.

### Audit Objectives for the Human Resource Management Section

- **Objective 1:** Evaluate the Recorder's Office management and staff compliance with Human Resource policies, County ordinances, and legislative intent.
- **Objective 2:** Conduct an analysis of the Recorder's Office organizational structure, staffing, and salaries to identify potential areas to streamline operations and minimize duplication of effort.
- **Objective 3:** Review the Recorder's Office effectiveness in addressing employee issues or concerns. Conduct an analysis of the Recorder's Office significant employment trends including staffing levels, employee turn-over rates, and results of the recent *Countywide Employee Engagement Survey*.

### Findings and Recommendations

#### Finding F.3.1

---

- **The Recorder's Office does not have a comprehensive set of internal policies and procedures that are effectively communicated to all employees, in the form of an employee handbook.**

During the audit we requested the most current copy of the Recorder's written human resource employee policies and procedures documents to review. In response to our request, we received a tri-fold brochure titled *Professional Standards for Recorder Employees*, which was dated May 2014. We reviewed the brochure and found that it lacked any real substance.

For example, the brochure covers general topics including professional standards, fitness center, cell phone usage, computer usage, workplace safety, work hours, and leave practices. However, the brochure does not have sufficient detail to constitute a complete and comprehensive employee handbook that can be easily referenced. In addition, the brochure refers Recorder's Office employees to several County policies that are no longer applicable.

We researched the Society for Human Resource Management's ("SHRM") best practices for creating employee handbooks. SHRM industry standards strongly recommend the following best practices for an effective employee handbook:

- **Employee handbooks should be updated at least annually, or more frequently if needed;**
- **Employee handbooks should be reviewed and approved by management; and**
- **Employee handbooks should be compliant with all federal and state laws and regulations and modified to suit your organization's culture, industry, and practices.**

In an article titled, *"Why is it important to have an employee handbook?" Jules Halpern and Associates, LLC*, it states that a well-drafted employee handbook has many benefits, including:

*Legal Protection: The most vital benefit of having an employee handbook is that it often protects companies from employees' legal claims.*

*Setting Expectations: An employee handbook should clearly describe an employer's policies. Doing so allows all employees to gain access to the same information, and allows employers to set forth their expectations in a comprehensible and consistent manner.*

*Guidance for Managers: Employers can also use employee handbooks as a way of providing managers/supervisors with information on key management policies.*

*Orientation and Time Management: An employee handbook can be a valuable orientation tool for a new employee who has just joined an organization. The handbook can describe the background of the organization and include the employer's "mission statement," providing new employees with a preview of their new employer's "company culture."*

*Answers to Frequently Asked Questions: A comprehensive employee handbook gives employees a source of information to consult when questions arise which can be easily answered without having to approach management.*

*Internalizing Disputes: An employee handbook should contain a policy which describes where to go and whom to seek out in the event that an employee has a problem or grievance.*

The Recorder's Office lack of a comprehensive employee handbook creates an environment where management's expectations are unclear, employee concerns may not be treated fairly or consistently, and exposes the Recorder's Office to a greater risk of employee grievances and lawsuits.

### **Recommendation**

- **We recommend that the Recorder's Office develop a complete and comprehensive employee handbook that is:**
  - **Updated at least annually, or more frequently if needed;**
  - **Reviewed and approved by management;**
  - **Compliant with all County ordinances and Countywide policies; and**
  - **Modified to suit the Recorder's Office culture and practices.**

### **Finding F.3.2**

---

- **The Recorder's Office enforces a stricter sick leave policy than County Wide Policy that has not been reviewed and approved by the County Council.**

The Recorder's Office enforces a stringent internal policy for sick leave that has had no prior review or approval from the Human Resources Director, the District Attorney's Office, and the County Council. The Recorder's Office management has justified that making the policy helps them meet their statutory requirements of recording and maintaining documents.

The Recorder's current practice for sick leave requires that employees provide a doctor's note for any leave taken on days before or after a holiday or any scheduled vacation day. We learned that the Recorder's Office had been advised to change their leave policy to be more in line with overall County practices.

**Salt Lake County Human Resources Policy #4-200, "Leave Practices," Sections J3 and J9** state:

*"Sick Leave may be used for an employee's absence from work due to illness, injury, medical appointments and to care for an ill or injured immediate family member."*

*"Employees using five or more consecutive days of sick leave will be required to provide a note from a health care provider documenting the medical need for the absence."*

According to an investigative report prepared by outside legal counsel, the Recorder's Office current sick leave policy is not illegal. However, the report also states that,

*"Although the practice is not illegal ... I consider the practice a punitive measure, especially as it is applied inconsistently – punishing groups for individual misuse of sick leave."*

**Salt Lake County Human Resources Policy #1-100: "HR Disclaimer," Section II.D** states:

*"County divisions, sections or work units may develop internal policies that conflict from the general requirements of the Salt Lake County Human Resources Policies and Procedures as long as those policies comply with state law, federal law and county ordinance. Each policy will be reviewed by the Human Resources Director and approved as to form by the District Attorney's Office and the County Council."*

When the Recorder's Office sick leave policy conflicts with the Human Resources policy on leave practices, the Recorder's Office is out of compliance with applicable County requirements. Details of the sick leave policy are included in the tri-fold brochure titled *Professional Standards for Recorder Employees* dated May 2014. Recorder's Office management stated that "it has been and continues to be our office policy to only review this pamphlet 'in-house' with Recorder Administration prior to putting out a revised/updated copy."

### Recommendation

- ***We recommend that the Recorder's Office obtain proper approval for internal policies that conflict from the general requirements of Salt Lake County Human Resources Policies and Procedures.***

### Finding F.3.3

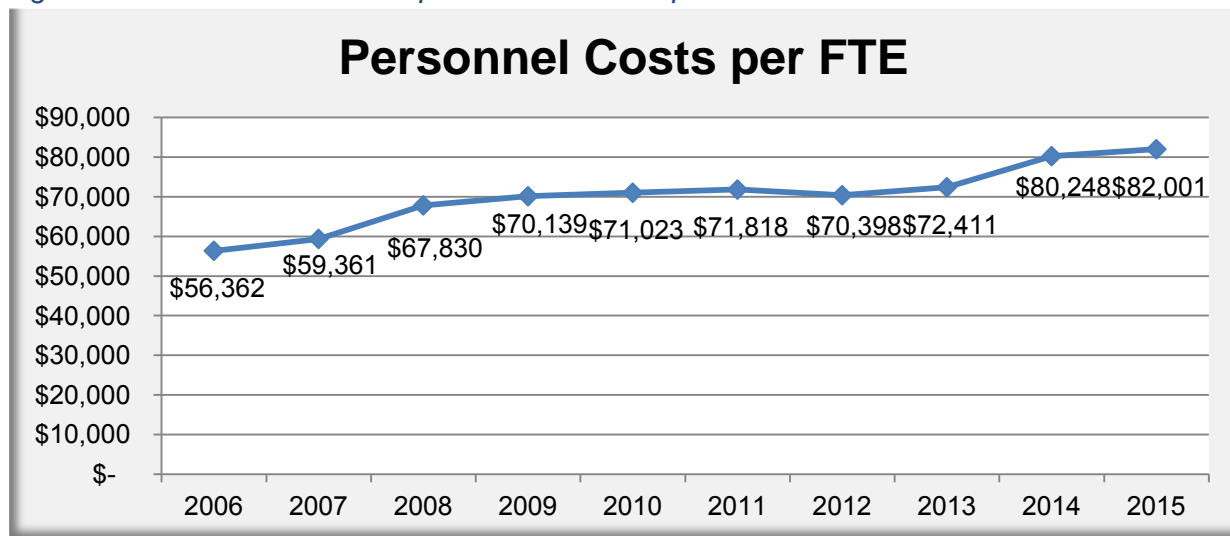
---

- **The Recorder's Office personnel costs have increased slightly since 2006, despite a 30% decrease in the number of FTE employees.**

During the audit, we reviewed total personnel costs for the Recorder's Office and noted that personnel costs have increased despite a decrease in FTEs. Personnel costs for the Recorder's

Office remained fairly steady from 2006 through 2015, increasing only 3% overall. However, we noted that although overall personnel costs had increased slightly, the number of FTE's (full-time equivalents) in the Recorder's Office had decreased from 60.25 in 2006, to 42.75 in 2015, a 30% decrease. It is reasonable to expect personnel costs to decrease in a relatively similar proportion. We analyzed the costs per FTE, by dividing total personnel costs by the number of FTE's and discovered this ratio had increased 45% over ten years. Figure 10 shows this increase.

Figure 10. Personnel costs compared to full-time equivalents.



Over the last ten years, the Recorder's Office personnel costs have increased, even though the overall number of FTEs has decreased by 30%.

The decrease in FTEs was a plan implemented by management to reduce personnel costs beginning in 2008. Several positions, both full-time and temporary, were cut over the next several years. However, these cuts were offset by a combination of salary increases and a reorganization of the Recorder's Office IT section in August of 2012.

The salary increases were due to employees being promoted through the standard County's "career ladder" system. According to Human Resource employees, the average pay increase is approximately 5% per year but can be 10% or higher if an employee's career ladder grade increases.

The attempt to reduce personnel costs by eliminating FTE's created an unfavorable outcome. Management has stated that this leaves them understaffed when workloads increase. This caused them to incur overtime costs and fill additional temporary positions in 2015 to be able to complete the recording process in a timely manner. This indicates that the model used to determine how many positions to cut was flawed and did not accurately reflect the number of positions that needed to be maintained in order to accomplish the mission of the office.

An additional cause of the increase in personnel costs was the reorganization of the IT section. The reorganization increased the pay of the Recorder IT staff to levels that more closely resembled the market rate of similar jobs throughout the County.

To determine if other recorder's offices include an in-house IT function, we gathered information regarding the structure of other recorder's offices in four counties in Utah – Utah County, Davis County, Weber County, and Washington County. We found that of these four counties, only Davis County has in-house IT functions. An information technology function was not part of the recorder's offices of the other counties.

#### Recommendation

- ***We recommend that the Recorder's Office perform a cost/benefit analysis on the maintenance of the IT function and compare that with the cost of obtaining services outside the Recorder's Office.***

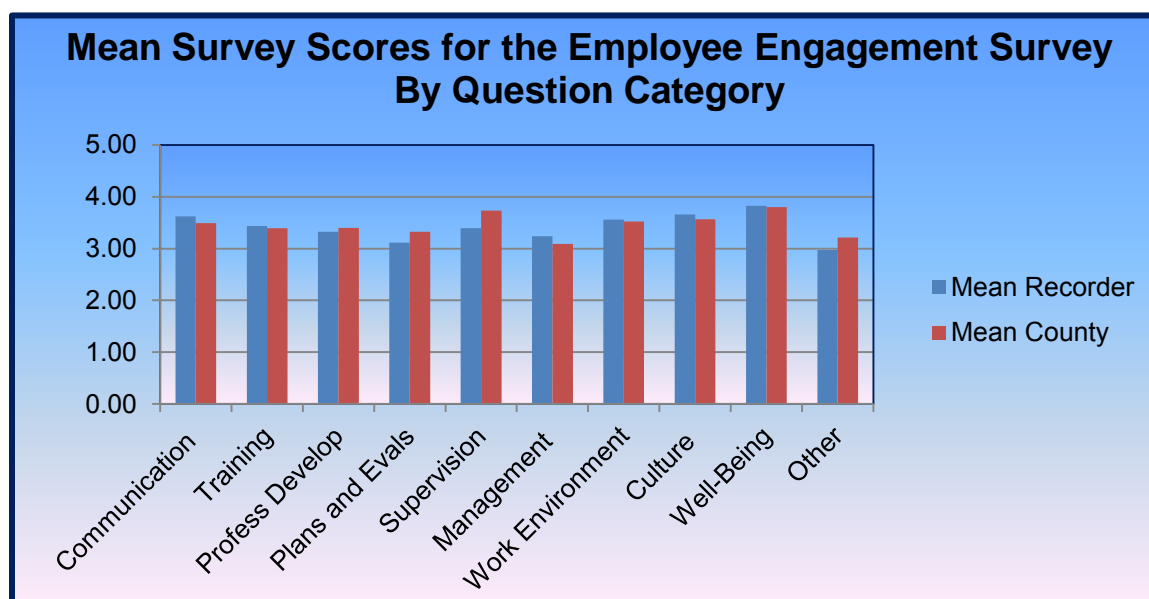
#### Finding F.3.4

---

- **In the Employee Engagement Survey analysis, the overall mean survey scores of the Recorder's Office were similar to those for the County as a whole.**

We reviewed the Employee Engagement Survey that was completed in October 2015 by the University of Utah, to obtain information regarding how Recorder's Office employees feel about the non-monetary aspects of their jobs. The Employment Engagement Survey obtained information on employee attitudes about basic areas of job satisfaction such as communication, training, supervision, work environment, and career opportunities. We analyzed the information and calculated the mean survey scores for the questions in each category. We compared the means survey scores between the Recorder's Office and those of the County overall. The results of our analysis showed that the mean survey scores for the various categories of questions were similar to the mean survey scores for the County. The results can be seen in Figure 11.

Figure 11. Mean survey scores for the Employee Engagement Survey.



The overall mean scores of the Recorder's Office are similar to the overall mean scores for the County.

In addition to reviewing the Employee Engagement Survey, we interviewed a sample of Recorder's Office employees. The sample consisted of employees who had worked in the office from a few months to several decades. Although employees shared that they were motivated by the cross-training, work rotation, the quality of customer service, and learning about abstracting land, they also reported a discontent over stringent Recorder's Office policies in leave practices, as well as, the inability to participate fully in County benefit programs such as flex-scheduling, fitness, and the van pool.

## Financial Management and Controls

### Background

We evaluated the system of internal controls by accessing the ability of individual process controls to achieve control objectives. An entity's system of internal controls includes all of the policies and procedures needed to provide reasonable assurance that financial information is reliable, that operations are effective and secure, and that compliance with applicable laws and regulations is maintained. The Recorder's Office management is responsible for the internal control framework and assuring that internal controls are designed and working to reduce the risk of loss, error, or misuse, ensure safeguards are in place to protect County assets, and that business objectives are met.

### Overview of the Recorder's Financial Management and Controls

The Recorder's Office has 19 full-time equivalent employees designated as Land Records Specialists that perform various duties including accepting payments, recording documents, and abstracting documents. The Land Records Specialists are assigned the various duties on a

rotating basis. They accept payments and perform other cash handling and recording functions at the front counter. They are also assigned to abstract documents. Other related fiscal management functions are the responsibility of the Fiscal Division.

Document recording and processing, and cash receipting are facilitated by a management system developed by Hyland/SIRE Technologies. Integrated within the system is a separate cashiering module called CashPro.

The Recorder's Office also offers internet access to records and documents through the Data Services program. Subscribers to this service are invoiced monthly and payments are received either at the front counter or through the mail. QuickBooks software is used to manage accounts and process payments.

### **Audit Objectives for the Financial Management and Controls Section**

**Objective:** Review the effectiveness and efficiency of financial controls within the Recorder's Office. Determine if internal controls are adequate and functioning as intended. Assess the accuracy and reliability of financial management records and reports.

### **Findings and Recommendations**

#### **Finding F.4.1**

---

- **Inconsistencies in accounting for Data Services customer prepayments have created a \$13,375 discrepancy in the Recorder's Office QuickBooks unearned revenue account.**

When a Data Services customer account is set-up for the first time, the customer prepays the first and last month's fees as part of the Data Services agreement. After the initial set-up, the Recorder's Office prepares an invoice for customers for a \$25 monthly subscription fee plus \$0.02 for each page viewed on-line. The Fiscal Coordinator tracks customer payments and account balances using a version of QuickBooks accounting software. She records the first month's payment in a revenue account and the last month's payment in an unearned revenue account in QuickBooks. When a Data Services customer decides to discontinue the subscription, the entry should have been reversed, and the resulting credit should have been applied to the customer's account for the final month's invoice.

However, we found that this practice has not been followed consistently over time, and has resulted in a \$13,375 discrepancy in the QuickBooks unearned revenue account.

Because adjustments were not made to clear the final month's prepayments for customers, the unearned revenue account balance grew to \$70,275 by August 31, 2013. As a means to adjust this balance to reflect any closeout of customer data services, office personnel made an adjusting entry to reduce the account to a zero balance. However, the prepaid amounts for active accounts on that date should not have been adjusted to zero. Instead, when making the adjusting entry, prepaid amounts for active accounts should have remained in the unearned revenue account.



At the time of our audit, we found that after the adjusting entry in 2013, the unearned revenue account balance had grown to \$5,850 through the period ending April 30, 2016. However, there were 769 active accounts. We multiplied the 769 active accounts by \$25 to arrive at an expected account balance of \$19,225, compared to the actual \$5,850 balance, or a difference of \$13,375. When divided by \$25, the \$13,375 indicates that 535 accounts are not represented in the unearned revenue account. These 535 accounts likely were reversed from the account in the August 31, 2013 adjusting entry or were not entered in the first place.

We must stress that the \$13,375 account discrepancy does not represent missing funds. The Recorder's Office uses QuickBooks independently of the County's financial system, and all prepayments are recognized and deposited as revenue when they are received. The Recorder's Office fiscal personnel only use QuickBooks to create invoices, track customer payments, and produce accounts receivable aging reports; therefore, it is unnecessary to record prepayments in the unearned revenue account,

We want to inform the Recorder's Office that those inconsistencies in accounting for customer prepayments, and past attempts to adjust the unearned revenue account balance have created the potential for errors when invoicing customers, and do not accurately reflect customer account balances.

#### Recommendation

- ***We recommend that the Recorder's Office discontinue the use of the QuickBooks unearned revenue account to track Data Services customer prepayments.***

#### Finding F.4.2

---

- **The Recorder's cash management system generated erroneous transactions, including duplicate receipt numbers, which required extra effort to void and re-enter the transactions.**

In our analysis of the database of receipt transactions in CashPro from May 1, 2015 through April 30, 2016, we found 66 voided transactions, totaling \$21,670, designated as "Machine Error." Management explained that identical entry numbers sometimes appeared on two separate documents, or an identical receipt number appeared on two separate transactions, necessitating a void and re-entering of the transaction. In addition to these two cases requiring voids, we also found from our own analysis 10 instances where the system posted entry numbers with an extra number attached, which required a void and re-entry of the transaction.

**Countywide Policy #1062, "Management of Public Funds," Section 2.4.1,** states:

*"Each Agency shall acquire and maintain the systems and equipment necessary for the accurate receiving, recording, accounting, and safekeeping of public money."*

Researching and analyzing machine errors to correct transactions unnecessarily consumes employee time and runs the risk of incorrectly re-entering transactions. Management stated that they would like to replace the current cashiering system but have been prohibited from doing so

because of the need to coordinate data with other systems and the extent of programming required in fulfilling Recorder’s Office intricacies from entry number retention and sequencing.

In addition, we found that cashiers and supervisors did not always accurately document the actual reason for voided transactions. In the database of CashPro receipt transactions from May 1, 2015 through April 30, 2016, we found 260 voided transactions totaling \$61,647. The largest of these was \$8,291. In their voiding process, the Recorder’s Office uses a handwritten log to record both voids and overages and shortages. Cashiers and supervisors sign this log for each occurrence entered. The office also retains the voided receipt copy that states “void.” In addition, the CashPro management system includes a standard set of reasons from a drop-down menu to explain the void.

In 66 cases, as noted in the section above, we observed use of “Machine Error” to explain voided transactions but viewed this description as inadequate because additional results and outcomes could have been described. Table 2 shows the largest seven voids, and the reason provided.

*Table 2. The seven largest voids by dollar amount in the period from May 1, 2015 through April 30, 2016.*

<b>The Seven Largest Voided Receipts from May 2015 to April 2016</b>				
<b>Date</b>	<b>Receipt Number</b>	<b>Tender Type</b>	<b>Amount</b>	<b>Reason</b>
Jan 4, 2016	1896081	Check	\$8,290.52	Incorrect Item
Jan 12, 2016	1899065	Check	\$6,497.68	Change Tender
Jan 12, 2016	1899097	Check	\$6,037.20	Change Tender
May 8, 2015	1802262	Check	\$5,898.31	Machine Error
Mar 7, 2016	1917721	Check	\$5,853.36	Machine Error
Jul 27, 2015	1834888	Check	\$2,075.00	Docs Could not be Recorded
Sep 23, 2015	1858838	Check	\$1,643.10	Machine Error

*Six of these items were associated with payments for Data Services.*

In three out of seven of the largest voided transactions in the table above, we found that “Machine Error” was selected for the reason for the void. Also, we reviewed a sample of 20 voided transactions, totaling \$36,786, and found 12 that were not signed by a cashier or supervisor on the log. In addition, 5 of the 12 transactions had no documentation, including a physical copy of the voided receipt.

**Countywide Policy #1062, “Management of Public Funds,” Sections 3.7.2 and 3.7.3 state:**

*“The cashier initiating the voided transaction will document, on the front of the voided receipt, the cause of the voided transaction and its resolution ... A supervisor who was*

*not involved with the transaction will review and sign the voided receipt, along with the cashier who initiated the void."*

As an example of voids that lacked adequate documentation, we found three voids on February 5, 2016, one for \$1,205, another one for \$783, and the third one for \$778. All designated as "machine error," these receipts required research from Recorder's Office to provide the exact void reason. Office personnel explained that the \$1,205 represented two transactions combined on the same receipt number. They also stated that the amount on the receipt number for the \$783 void was actually \$392, though in it appeared as \$783 in the database. The \$778 was not otherwise explained. Granted, this represented an extreme case of several large voids in one day, but the situation points to the need for documentation over reliance on memory.

Management stated to us that they understood the deficiency in the void documentation process. Without adequate documentation, explanations for voided transactions become lost as memories fade. Also, the lack of signatures to acknowledge and authorize voids runs the risk of their being used as a mechanism to conceal theft.

#### **Recommendation**

- ***We recommend that the Recorder's Office upgrade or replace the current cash management system to eliminate receipting and entry number errors.***
- ***We recommend that the Recorder's Office senior management periodically review voided transactions to ensure that cashiers and supervisors are signing each voided receipt and providing an accurate explanation for the void.***

## Conclusion

The Salt Lake County Recorder's Office carries out its duties as mandated in State Statute with overall efficiency. Customers are generally satisfied with their experience in the Recorder's Office, but sometimes find accessing documents through the web service as cumbersome. The County Recorder currently manages from a distance, and primary management duties lie with the Chief Deputy Recorder and other office managers.

The consequence of a County Recorder not totally engaged in office operations may manifest itself in planning deficiencies, including the lack of a documented strategic plan, and documented processes in Recorder's Information Technology (IT). The newly in-house developed DARWIN software for abstracting and indexing documents will likely remain dormant for the time being due to needed interfaces with other systems. The Recorder's Office IT director position is currently vacant, creating added strain in planning, coordinating, and supervising of projects.

In addition, several other operational areas require added attention. Expenses exceed revenues due to increased indirect costs to the Recorder's Office. Additional efficiencies and even added personnel are warranted in the abstracting area to reduce the backlog of documents for abstracting. The cash management system produces occasional data errors that require research and correcting. A new, updated system is needed to eliminate these errors from occurring.

## Appendices

### Appendix A: Recorder's Office Workflow

The purpose of the Recorder's Office is to record and protect the citizens' right to hold and own real property. In order to accomplish this mission they have developed a workflow that defines the steps required to record, abstract, map, and update records. During our audit we developed a simplified flowchart of these steps illustrated in Figure 12, below.

State Statute establishes the recording fee as \$10 for the first page and \$2 for each additional page. As recording evidence, personnel stamp the document with an entry number, date, and book and page number.

All recorded documents are scanned and preserved in an archive. Though digitally scanned, the digital image is transferred to microfilm for storage off-site at granite vaults in Little Cottonwood Canyon. Experts estimate the life of microfilm at 500 years, longer than the time documents would remain intact in a digital state.

Approximately 70% of documents recorded today are e-recorded, a process where the customer sends documents to the Recorder's Office via email instead of recording in person. Customers that send documents electronically have accounts established whereby the Recorder's Office automatically withdraws the recording fee out of their bank account. Approximately 1,114 customers use this "ACH" bank withdrawal process.

In our contemporary digital age, a book and page number refers only to document position in cyberspace instead of an actual physical book. Before the advent of computerized systems, the Recorder's Office wrote grantor/grantee names and land descriptions in over-size ledger books to index the documents.

The recording process begins when a client presents a document to be recorded either in person, by mail, or by e-file. The document is initially verified to determine its type and whether all required information has been properly filled out. Once the document and related payment have been accepted the document is recorded into the system and added to a batch.

This batch moves to the abstracting function where the necessary information from each document is indexed and entered into the County system. Documenting and relating details of all transactions associated with a parcel of land is called abstracting. Office personnel abstract each recorded document, entering designated information, including property descriptions as needed, from the document into the on-line index.

Examples of abstracted transactions could include deeds, mortgages, wills, probate records, and legal documents that affect the property. Documents are abstracted in the order they are recorded. The abstract work performed at the Recorder's Office allows for stakeholders to understand the transaction history affecting a parcel of land when researched.

Transactions associated with parcels of land should be abstracted in a timely manner because of their sensitive legal nature. The first level of quality control is implemented during this stage to

provide assurance that necessary information is not missing. From there, the process may or may not move to platting depending upon the type of document in question.

If the deed results in a conveyance, in other words a change in ownership or property boundary, then the document is sent to the platting, or mapping area where personnel change property owner names and redraw boundaries on digital maps, as needed. Particularly as it relates to this mapping process, the Recorder's Office plays an integral role in administration of the County's property tax. By State Statute, the Recorder's Office must provide a parcel map of property ownership to the Assessor's Office by January of each year.

The platting process maps out new land parcels or updates previously entered parcels. It is a complicated process that involves drawing new boundary lines based on the legal description of a document. New ownership, addressing, and tax descriptions are created during this process. Finally, maps can be produced in physical or data forms to be accessed by the end-user.

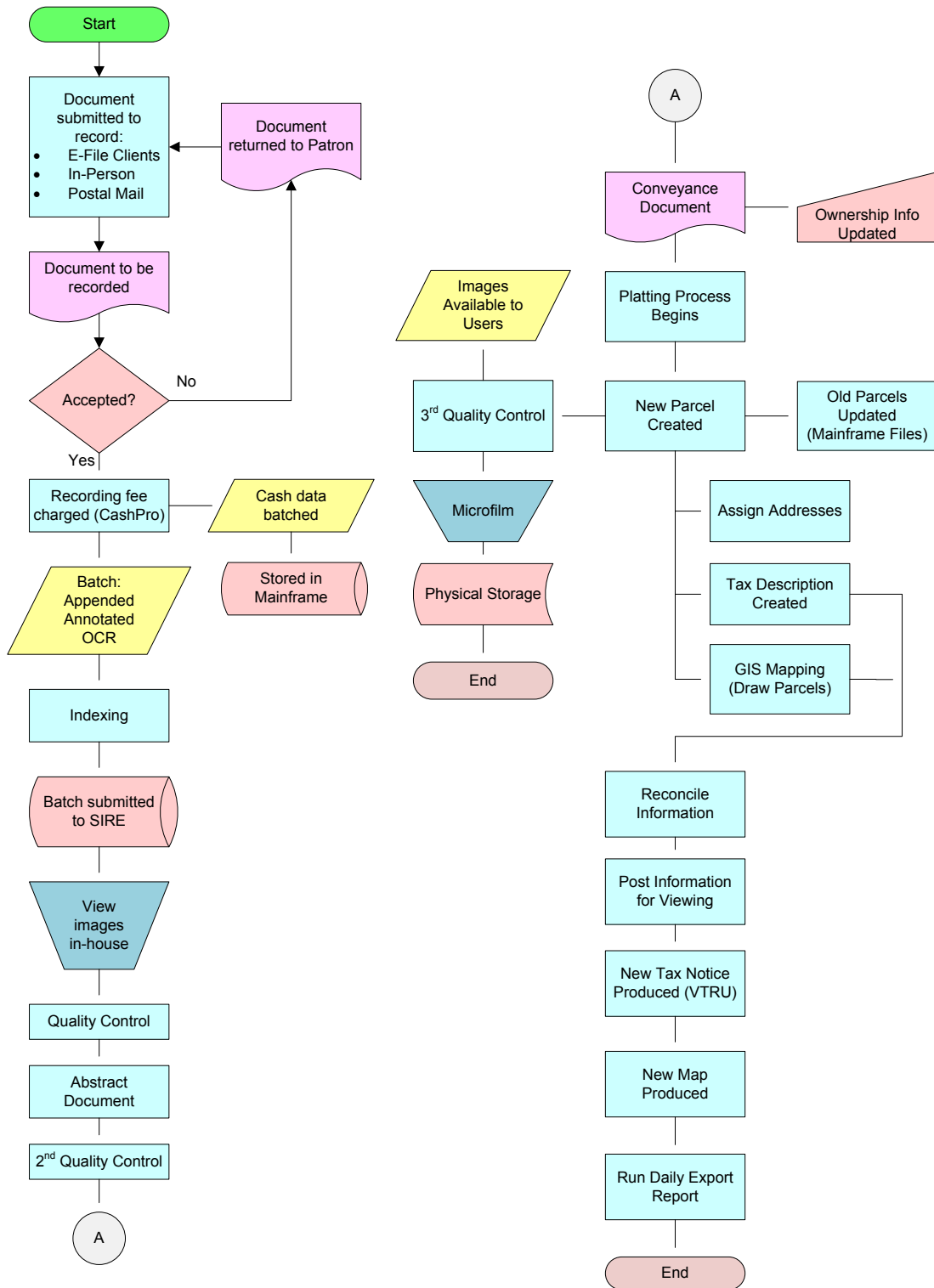
Documents flow from abstracting to platting through the SIRE digital workflow system. Abstractors view documents on their computer screens. The entering of information from documents for index development and maintenance occurs on a mainframe computer application implemented in 1981. The overall process takes a variety of employees with unique skills as well as several different types of software to accomplish tasks from start to finish.

Cashiers and telephone operators need to be trained to record documents, accept payments, and abstract documents when they are not helping customers. These tasks require a functional point-of-sale system as well as unique software used to assist in reading and abstracting the document. The mapping/platting function requires highly trained professionals that are able to accurately create parcel maps using GIS and other software.

The Recorder's Office also has its own IT section which works to ensure that software issues are quickly corrected so that downtime is minimized. Since the Recorder plays a significant function in the area of tax assessment, and Utah is a "race-to-record" state, it is imperative that downtime be minimized as much as possible. The IT section is in the process of developing new recording software that could improve current processes. The new DARWIN system, developed in-house for abstracting and indexing documents, will go live as soon as coordinating issues with ancillary systems and other offices are resolved.

# Appendix B: Recorder's Office Process Flowchart

## Recorder's Office Process Flowchart



## Appendix C: Expectations of Timeliness – Recorder’s Office

### EXPECTATIONS OF TIMELINESS – RECORDER’S OFFICE

#### PHONE DESK

At workstation, logged in and ready to work at 8:00 AM  
Communicates and coordinates with co-workers to ensure daily tasks are completed  
Stay in work area  
Answer phones and provide accurate information in a timely manner  
Check daily cache  
Process & roll film  
Complete 8-12 batches per day with minimal errors  
Sorts/ preps daily outgoing mail promptly and correctly  
Maintain Work area (I.E. Keep phone stations stocked and clean, wipe down PCs, telephones, etc.)

#### IMAGING -

At workstation, logged in and ready to work at 8:00 AM  
Communicates and coordinates with co-workers to ensure daily tasks are completed  
Thoroughly complete cache  
Keep up on adding with no more than 1 batch left at the end of day  
Keep up with scanning/checking with no more than 5 batches left at the end of day  
Promptly and correctly open and price mail for recording \*  
Sorts/ preps daily outgoing mail promptly and correctly \*  
Complete 5-10 batches per day with minimal errors  
Maintain Work area (I.E. Keep imaging stations stocked and clean, wipe down PC's & all equipment in area)

#### RESEARCH/RECORDING

At workstation, logged in and ready to work at 8:00 AM  
Communicates and coordinates with co-workers to ensure daily tasks are completed  
Acknowledge customers promptly  
Rotate staying in Abstract until 10:00 AM  
Utilize knowledge of programs used and which documents can be accepted  
Maintain a balanced/organized cash drawer  
Count change back to customer  
Give customers complete and accurate information  
Record mail in a timely manner  
Complete 5-12 batches per day with minimal errors  
Maintain Recording Station & Public Areas (I.E. Keep recording station stocked & clean, wipe down all public areas, PCs & research equipment)

#### ABSTRACT-

At workstation, logged in and ready to work at 8:00 AM  
Communicates and coordinates with co-workers to ensure daily tasks are completed  
Complete 18-23 batches per day with minimal errors  
Stay at desk in Abstract Area until it is time to offer backup coverage for designated station (lunches/absences)  
Report for mail duties on scheduled days  
Utilize knowledge of programs used and where documents are to be abstracted.  
Be ready to assist Public Area when the Buzzer sounds  
Use time wisely



**Appendix D: Response to the Audit**

September 9, 2016

The Honorable Scott Tingley  
Salt Lake County Auditor  
2001 South State #N3-300  
Salt Lake City, Utah 84190-1100



Dear Auditor Tingley,

Our response to the 2016 Audit is as follows:

**General Response:**

While we concur with the audit findings that the Recorder's Office complies with all significant aspects of State Statute, County Ordinances and County-wide Policies, the audit indicates an apparent lack of understanding of the technical and unique nature of the Recorder's Office, and fails to acknowledge known facts which bear directly on questions posed in the audit itself.

**1. The audit misstates its own chronology.**

The audit states that the audit concluded in July of 2016, yet the Recorder's Office was receiving e-mails from the audit teams as late as August 4, 2016 requesting further information. An e-mail dated August 2, 2016 from one of the audit team leaders stated that the "audit was still ongoing." The final meeting related to the audit did not occur until August 18, 2016.

**2. The audit did not follow the procedures promised in the entrance conference.**

In the initial entrance conference, the Auditor Scott Tingley, in the presence of both audit team leaders, presented expectations and goals, including the promise of an exit interview. In fact, the exit interview did not occur. What sufficed for an "exit conference" was a meeting with Auditor Tingley, held on August 18, 2016. This meeting was held at the request of the Recorder's Office and would not have taken place without the Recorder Office's request.

Following this meeting, a revised draft audit was sent to the Recorder's Office, after hours, on August 25. This document had several changes including the deletion of several findings, the addition of findings, and alternations in the arguments used to substantiate the findings. It appears that after the meeting the auditors revamped their evidence to substantiate their findings. This required the Recorder's Office to rewrite its response to the audit.

While the Recorder's Office was under the impression that the draft audit was confidential and would not be shared with other entities until the Recorder's response could be included, the draft audit was distributed to several entities, including the Council and staff and staff in the Mayor's Office, even before the meeting with the Auditor which substituted for an exit conference.

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

**3. The Recorder's costs for DARWIN have been far less than the 4.8-million-dollar cost of DARWIN's sister project which was managed by the County Information Services Department and outsourced.**

The audit asks the following under "Issues for Further Study" at the end of the Executive Summary:

- **Determine if the costs for County IS development of DARWIN would have been more or less than the Recorder's development costs. Did the Recorder's Office pursue the most economical choice when deciding whether or not to develop DARWIN in-house or outsource the project?**

The answers to those questions are already known.

DARWIN is designed to meet the needs of the Recorder's Office, one of the three principal agencies involved in the County Tax System. DARWIN's sister project, the RealWare system, is meant to meet the needs of the Assessor's office and the Treasurer's office, the other two principal agencies. DARWIN has been developed by the Recorder's Office in-house and RealWare has been developed by IS through outsourcing to a third party.

Comparing the two:

- DARWIN has cost about three-quarters of a million dollars.
- DARWIN is substantially complete after 5 ½ years of work.

Meanwhile:

- We understand that RealWare has cost approximately 4.8 million dollars already, with more being negotiated.
- RealWare has again been postponed and will not go into operation for at least another 2 ½ years – a total of at least eight years.

RealWare has cost about 6.4 times more than DARWIN so far. Even taking into account the broader scope of Realware, the effective cost of outsourcing RealWare under IS supervision has been about 4.8 times the effective cost of DARWIN – with more to come. (See Appendix for calculation.)

So it's not even a close call. The answer to the question of whether County IS development of DARWIN would have been more or less expensive than the Recorder's development is clearly "more." The answer to the question of whether the Recorder's Office made the most economical choice is clearly "yes."

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

**4. Under its own current policies, the County IS Department could not successfully take over the Recorder's IT functions.**

Comparing the costs and results of DARWIN with those of RealWare tells us what we could expect if the Recorder's functions were turned back to IS. As pointed out previously:

- DARWIN has cost three-quarters of a million dollars and will be ready to go live as soon as the interface to the mainframe is finished.
- RealWare has apparently cost 4.8 million dollars so far, and has been postponed for at least 2 ½ more years with more costs to come.

The IS Department's own policies guarantee that the result will be no different if a similar situation arises again. The Technology Principles issued by IS for the new Solutions Review Board (SRB) specifically state:

**Reuse before Buy, Buy before Build ... Unless there is a compelling business reason we will use Commercial off the Shelf (COTS) and Government off the Shelf (GOTS) that meet the requirements of the business before custom building new software.**

The "compelling business reason" standard shifts the burden of proof so heavily against in-house development as to make it substantially impossible to get an in-house development project past the SRB. So under IS' own policies, outsourcing will be practically mandatory and IS will be compelled to go on repeating history into the future. The "meet the requirements of the business" standard makes sense on paper, but provides little assurance when one considers the failure of RealWare to meet the requirements of the business and the high costs and repeated delays which have resulted, in light of the fact that IS approved and undertook the project anyway.

If the Recorder's IT functions were turned over to IS, then the Recorder would be subject to the same practices and rules which governed the development of RealWare, and the Recorder's Office would be forced to risk the same disastrous results.

Although the Recorder's Office has entertained discussions with IS of possibly sharing some services or entering into a service agreement, IS has yet to provide any assurance that it would maintain the current level of service to the Recorder, or keep costs as low as they currently are. Reducing the current level of service would not benefit the Recorder's Office or the Tax System, and may cost a great deal in terms of lost efficiency or loss of website revenues.

**5. The Recorder's Office has led the way in adopting new technology.**

The audit's Finding F.1.1 seems to be an effort to dictate the Recorder's management style – in effect, a recommendation against delegating. However, the relative merits of delegation versus micromanagement should be for the Recorder to decide, leaving the results to speak for themselves. The audit questions the style, but does not and cannot question the results.

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

Since 2001, the Recorder's Office has led the State of Utah and the nation in technological advances. It was one of the first Recorder's Offices in the nation to accept electronic filings and recordings. Under the direction of Recorder Ott the office became the first in the State and one of the first in the nation to design and develop a method of electronic certification of documents. E-certification is now being embraced nationwide.

As already noted, the Recorder's Office has developed the DARWIN system – the Recorder's part of the new County Tax System – at a cost of only three-quarters of a million dollars in 5 ½ years, while the IS Department has supervised its sister RealWare project at a cost of \$4.8 million so far, with more costs to come and with completion delayed for at least 2 ½ more years. The bottom line is, or should be, that the Recorder's management style is working.

**6. The Recorder's Office's strategic plan is contained in the requirements of State Statute itself, as well as in documents produced by the Recorder's Office.**

Although the audit asserts in Finding F.1.2 that the Recorder's Office lacks "documented" strategic plans, we are not aware of any office in the county which contains such a document. To a large extent, the major functions of the office are detailed in State Statute – recording, platting, and providing a searchable index – so for the Recorder's Office to produce another document stating its requirements would be redundant.

**7. The Recorder's Office's employee performance measures are contained in numerous documents.**

The audit's finding F.1.3 that the Recorder's Office lacked documented performance measures is not correct. Minimum requirements have been established for each employee station. A laminated list of duties to be performed, listed in priority order, is posted at each station. The number of document batches completed by each employee is noted each day in the Recorder's BatchTrack application, with which supervisors can review the number of batches each employee completes each day.

In addition, employee job descriptions and evaluations clearly define the expectations of each employee. Evaluations for each employee are reviewed quarterly, not just annually, to ensure that employees have additional feedback and coaching if necessary.

**8. The timely recording of documents must always take first priority; the Recorder needs increased permanent staffing.**

The audit's Finding F.1.4 and Recommendation R.1.4 misunderstand the statutorily-mandated priorities of the Recorder's Office. The primary function of the Recorder's Office and mission is to record documents which protect the citizens' right to hold and own real property. Because Utah is a race-to-record State each document must be recorded at the time and in the order it is presented. Because the entry number is

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

recorded only after a transaction is paid for, cashiering is an intrinsic part of the recording process.

Because timely recording of every document must be the Recorder's Office's first priority, it is sometimes necessary to redirect resources to assure that documents are recorded at the time they are presented and in the order they are received.

Although the audit treats the hiring of temporary employees as though it could be an easy fix for office backlogs, the fact is that the Recorder's cashiering process, unlike that of a typical commercial establishment, requires complex software which goes far beyond the simple use of a cash register. The abstracting process requires months or years of training. Thus the temporary pool with the skills and training to be able to meet the Recorder's needs is very limited.

A better solution would be to increase the Recorder's budget to provide for one or more additional permanent employees. This could be done by allocating the "under expend" currently set aside for the Mayor's office on the first day of each new budget cycle – which creates the illusion that the Recorder's Office has more staff than actually exist – and utilizing that amount to *actually hire* an additional Land Records Specialist, who could receive the necessary training to adequately meet the Recorder's needs.

Indeed, the audit contradicts its own recommendation calling for hiring temporary employees as cashiers. In Appendix B page 55, the audit states that cashiers and telephone operators need to be trained to record and abstract documents – thus seeming to imply that these positions are not *already* cross trained. In fact, all Land Record (abstracting) positions are cross-trained positions and are therefore able to assist with any part of the recording process. Although the auditors were informed that these positions are cross-trained, the audit's statement seems to illustrate that the auditors' lack of understanding of the specifics of the office has nevertheless persisted.

### **9. The Recorder's Office will begin accepting credit cards when it becomes economical to do so.**

The audit's recommendation that the Recorder's Office begin accepting credit cards (Finding F.1.6 and Recommendation R.1.6) ignores the current requirements of State Statute, and the size of the processing fees charged by third parties.

State Statute sets fees for service and doesn't allow for the addition of a service charge or convenience fee. Therefore, the fee for recording a document and the fee for use of a credit card must be kept separate. The requirement of non-mingling of funds and the need to protect the consumers' credit card information would necessitate the use of a third party for processing. To date the Recorder's Office has not found a third party who would provide this service at a reasonable fee.

It is no accident that of the Recorders' offices surveyed (see audit Table 1), the three counties whose Recorders' offices do not accept credit cards are the three largest counties, whose Recorders' offices receive the largest numbers of documents for recording. The Salt Lake County Recorder's Office receives the largest number of

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

documents of any county in Utah, so the cost to Salt Lake County taxpayers of accepting credit cards under the current statutory requirements would be even higher.

If and when a provider can be found who will process credit cards at a fee low enough to be reasonable, the Recorder's Office will welcome the opportunity to begin accepting credit cards.

**10. Charges for mainframe usage should be adjusted to more fairly reflect the Recorder's Office's contribution.**

The audit notes in Finding F.1.7, F.1.8, and F.1.9, without making any recommendation, that the Recorder's revenues have declined while expenses have increased, it's current fee structure is not sufficient to recover all costs of providing services, and that the Recorder's indirect costs for information services have increased significantly since 2012. All of these findings are closely related.

The audit accurately states that revenue is dependent on the economy and the housing market, which is outside the control of the Recorder. The audit also correctly states that the majority of increased expenses – currently \$2 million or 1/3 of the Recorder's budget – consist of indirect costs to support County IT and the mainframe.

With the implementation of DARWIN the Recorder's Office will keep its essential data in its own tables, apart from the mainframe. However, because of the repeated delays in RealWare, DARWIN's sister project, the other offices which use the County Tax System will remain tied to the mainframe for some time yet, and the Recorder's Office will be required to keep *providing* data to the mainframe for use by other agencies.

In order to more accurately measure the benefits provided by the Recorder's Office and the costs of providing those benefits, the Recorder's Office should no longer be charged for mainframe usage and should be credited for usage by other agencies for use of mainframe data originally generated by the Recorder's Office.

**11. The audit underestimates the extent of the Recorder's project planning for DARWIN.**

Although the audit is technically correct that the Recorder's Office did not produce a lengthy document which met the audit's strict definition of a project plan, the audit underestimates the extent to which a plan for the project existed, and the extent to which it was documented from the outset.

The audit notes the existence of a Visio diagram of the Recorder Tax (DARWIN) database but does not seem to attach any particular significance to it, and does not even mention the flowcharts of expected Recorder's Office workflow under DARWIN, which were prepared when DARWIN was begun and were updated throughout its development, and which were provided by the Recorder's Office during the audit.

The database diagram was made and revised extensively before any coding was begun on DARWIN. The purpose of the diagram was to come up with a database design which would have a place for every data item that the Recorder would need to keep in the absence of the mainframe, with proper connections to every related data item but

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

without redundancy between tables (also referred to as a “normalized” database). Preparing the database diagram first was consistent with best practices for software development, which call for a database to be designed before the application which will use it.

In the course of testing, if we learned of some previously-unrecognized business requirement which would require a redesign, the first step was to change the database diagram, before changing the database itself or changing the DARWIN interface or any of the other applications.

Although not in the form recommended by the audit, the database diagram was in effect a project plan, adapted to change if the project requirements changed. To someone who understood the diagram it was a clear statement of the objective – technically the goal of DARWIN was to allow users to read from, add to, edit, and delete from the database shown in the diagram – and it also showed the scope and provided information to measure progress.

It would be enough to simply say that at the time that the Recorder’s Office began DARWIN, we had already been warned of a short timeline for the completion of RealWare, which the Recorder would also have to meet for the completion of DARWIN. With hindsight the original RealWare timeline seems almost laughably unrealistic, but at the time the Recorder’s Office had to assume that it was accurate. Producing a mammoth project plan of the type now called for by the audit before beginning DARWIN would have delayed DARWIN, so that it might not have been ready in time for the predicted go-live date of RealWare and the accompanying shutdown of the mainframe. The Recorder’s Office would have risked being left high and dry and unable to fulfill its statutory duties.

But there’s more to it than that. A binding pre-commencement project plan of the type called for by the audit cannot take account of changing requirements, as repeated product testing by users uncovers issues that even the users had not previously noticed or considered important. If a project plan made at the beginning of a project tries to be all-encompassing and never-changing then either (1) it must be so general as to be nearly meaningless, or (2) it will hamstring project developers’ ability to meet new or changing requirements as they are discovered.

The audit takes sides in an ongoing debate within the software community, without acknowledging that the debate is taking place or that there is another side to it. Many would not agree with the audit’s view that everything should be nailed down in advance. The twelve principles of “agile software development,” which expressly favor “working software over comprehensive documentation,” include:

- [1.] **Our highest priority is to satisfy the customer through early and continuous delivery of valuable software.**
- [2.] **Welcome changing requirements, even in late development...**
- [5.] **Build projects around motivated individuals, give them the environment and support they need and trust them to get the job done.**

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**



[6.] **The most efficient and effective method of conveying information with and within a development team is face-to-face conversation...** “the issue is *not* documentation – the issue is *understanding!*”... [Italics in original.]

And most importantly:

[7.] **Working software is the primary measure of progress.**

(See <https://www.agilealliance.org/agile101/the-agile-manifesto/>, [http://dimoiv.uqac.ca/8INF851/web/part1/introduction/The\\_Agile\\_Manifesto.pdf](http://dimoiv.uqac.ca/8INF851/web/part1/introduction/The_Agile_Manifesto.pdf))

In other words, the proof is in the pudding. The fact remains that for three-quarters of a million dollars, the Recorder’s Office has a solution which works and which can be taken live on short notice, whereas for 4.8 million dollars and counting, IS has a sister project which doesn’t meet the users’ needs and won’t meet them for at least another 2 ½ years.

We believe that given the choice, the average taxpayer would rather live in a well-built, economical house which has imperfect blueprints, than have a perfect set of blueprints but no house.

It speaks volumes that never once does the audit say anything negative or critical about the quality or the cost of DARWIN, but only about the paperwork. We believe that the results of the DARWIN project speak for themselves.

**12. The DARWIN interface project will replace a similar project previously undertaken by the Recorder’s Office and IS and later unilaterally abandoned by IS.**

As discussed under Finding F.2.4 of the audit, the Recorder is working with IS to develop an interface between DARWIN and the County’s existing mainframe tax system. This has been made necessary by the scheduling delays in the RealWare system, DARWIN’s sister project, which was originally intended to replace the mainframe tax system for the Assessor’s and Treasurer’s offices.

The interface project which the audit cites is actually the *second* attempt by the Recorder’s Office and IS to create an interface between DARWIN and the mainframe. Beginning in the first half of 2014, when RealWare had been delayed and it started to appear that DARWIN would be ready before RealWare, the Recorder’s IT manager and the Recorder’s primary DARWIN developer began discussions with the IS Department’s mainframe manager and its mainframe programmer to construct a method to get data from DARWIN into the mainframe, so that the agencies which had originally counted on being able to use RealWare could continue to use the mainframe as they had done before. After a series of meetings and provision of data specifications, IS wrote an API which would be used as an interface to import data from DARWIN to the mainframe.

The decision as to what data the Recorder needed to provide, and what form it would take, was entirely the decision of the IS team as reflected in the API which IS wrote. The Recorder’s task was to write a translator which would convert its data from the

**Gary W. Ott • Salt Lake County Recorder**

**Julie Dole • Chief Deputy Recorder**

DARWIN tables to the API – in other words, to provide what the IS team asked for in the form that they asked for it.

The Recorder's Office completed its translator to the API – the Recorder's part of the project – far enough to begin testing by August of 2014, and worked on improvements and did further testing for some time thereafter. So far as we know, the IS team never completed or tested the mainframe side of the API at all. Finally, at the pre-TAB meeting on July 6, 2016, the IS mainframe manager announced that IS had abandoned the API project, more than two years after having begun it.

The Recorder's Office and the IS Department are now making another attempt to create an interface between DARWIN and the mainframe. The Recorder's Office has confidence in the project manager provided by IS for this second attempt, and is therefore expecting a better result this time.

### **13. The so-called gap analysis cited in the audit was false as to its central point.**

Although it is not mentioned in the Executive Summary, the audit later states its IT objective 3 as:

**Determine if the Recorder's Office has adequately addressed the issues and concerns raised by the Information Services Division's gap analysis with respect to integration of DARWIN with the County's mainframe property tax system.**

However, because the gap analysis was consistently incorrect, the only way to "adequately address" it has been by repeatedly pointing out its falsity. Later the audit says:

**A gap analysis between the Recorder's DARWIN system and the County's mainframe was conducted by County IS to address many of the integration issues that the Recorder's Office had identified prior to the audit ... [Audit, text under Finding F.2.4.]**

To the contrary, the gap analysis did not "address many of the integration issues that the Recorder's Office had identified." In fact the gap analysis cannot even legitimately be called an "analysis," as it was merely a summary bullet-point list of mostly-incorrect or beside-the-point statements, with an incomplete and partly-incorrect spreadsheet and several summary statements of supposed options, one of which assumed incorrect facts and most of which had not been agreed upon.

The central point of the gap analysis was the following statement on its first page:

### **36 data items missing from DARWIN**

In fact, the spreadsheet attached showed only 16 items which its author identified as "missing," not 36. More importantly, the supposedly-missing items were not really missing at all.

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

The IS project manager for the second interface project which has been undertaken between the Recorder and IS has reviewed the list of supposedly-missing items, and has produced a revised spreadsheet which shows their appropriate resolution. The recurring theme throughout the list is that the Recorder can provide the items which IS asks for, but the so-called “missing” items are simply those for which IS didn’t ask until now.

The appropriate time for IS to ask for them would have been during the work on IS’ previous abortive API project discussed in part 12 above, but IS never did so. Now that there is a project interface underway with an IS project manager who has finally asked for them, the Recorder’s Office will provide those data items along with all of the other data items which the Recorder’s Office had already expected to provide.

In a later version of the gap analysis which may or may not have been widely distributed, another false bullet point had been added on the first page:

**No test and implementation planning for DARWIN... lacking project management**

To the contrary, users in the Recorder’s Office had been testing DARWIN for more than two years before the gap analysis appeared. The multi-day conversion sequence from the mainframe to the DARWIN tables, which will have to be done immediately before DARWIN goes live, had already been through multiple complete test runs before the gap analysis appeared. We have previously described the attempt the Recorder’s Office made, as part of the implementation, to work with IS to create an interface to the mainframe – a project for which the Recorder’s Office completed its part but which IS later abandoned. Thus the gap analysis’ statement that there was “no test and implementation planning” is not only wrong, but was apparently made with very little inquiry as to the facts. As to the gap analysis’ assertion of lack of project management, the results of DARWIN speak for themselves.

The audit overstates the credit given to the gap analysis when it says:

**There is disagreement between IS and the Recorder’s Office regarding the accuracy of the gap analysis ...** [Audit, text under Finding F.2.4.]

In fact, the disagreement is between the Recorder’s Office and three specific employees of IS – not with IS as a whole. The IS project manager for the current interface project agrees with the Recorder that the gap analysis was incorrect, and that we have good reason to object to it.

As Mark Twain has said, “A lie can travel half way around the world while the truth is putting on its shoes.” The gap analysis was halfway around the world before the Recorder’s Office even knew that it existed. The Recorder’s Office has been forced to spend a substantial amount of time and effort trying to set the record straight and undo the damage caused by the gap analysis to DARWIN, the interface project, and the development of the new Tax System. The IS Department will need to repair the damage which the gap analysis has done to its own credibility.

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

**14. The audit’s statement that the Recorder’s Office does not have an employee handbook is not correct.**

The audit’s finding F.3.1 incorrectly states that the Recorder’s Office does not have an employee handbook. In fact, given that the Recorder’s Professional Standards for Recorder’s Employees document was shown to the auditors, the debate is not actually over the existence of an employee handbook but over its size.

While not lengthy, the Recorder’s handbook addresses and clarifies any deviations from county policy. The Recorder’s onboarding procedure requires all new employees to attend the employee orientation where county policies are presented and discussed. The Recorder’s Office is very specific that employees will follow and comply with county policies. The county policies are available to all online. Each employee is also presented with his or her individual copy of the Recorder’s Professional Standards document, which outlines office policies and expectations that are more restrictive than county policy. Because the Recorder’s Office requires employees to follow county policies and an additional document is provided to each employee outlining additional specific expectations, it would be redundant to repeat all county policies and present them in the form of a larger employee handbook.

Since receipt of the draft audit and in response to the audit’s recommendation the Professional Standards for Recorder Employees has been updated, with both a digital and hardcopy being distributed to each employee. Links to online county policies were also e-mailed to each employee and hard copies of county policies have been placed throughout the office to insure that all employees have easy access to the policies.

The Recorder will continue its onboarding policy, will update the Professional Standards for Recorder Employees when necessary, and will continue to provide easy access to county policies.

**15. Although the audit misstates the history, the Recorder has relaxed its sick leave policies.**

Under Finding F.3.2 concerning the Recorder’s sick leave policy, the audit states that “[w]e have learned that the Recorder’s Office had been advised to change their leave policy.”

The Recorder’s Office is not aware of any such communication. When, after receipt of the first draft audit, the Recorder’s Office asked the auditors to provide information as to when the office was so advised and by whom, the auditors did not provide the information. Be that as it may, the Recorder’s Office relaxed its sick leave policy prior to the audit, which resulted in employees taking additional sick leave.

**16. The increase in personnel costs is necessary in order to retain highly-trained employees.**

The audit’s finding (F.3.3) that personnel costs have increased slightly is not surprising. The audit specifically cites market-rate adjustments and career-ladder increases as the cause. In addition the County granted cost-of-living increases to employees, which also raised the cost of personnel. The Recorder’s Office has a

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

number of long-term employees with higher than entry-level salaries. Due to the technical nature of the work and limited outside training available, it is necessary to retain these employees after they are proficient in their positions.

However, the audit misstates the reason for the reduction of FTE's in the Recorder's Office. The number of Recorder' staff was reduced, though attrition, at the request of the Mayor's Office and Council to help offset the necessary budget reductions during the recession. This was done over a period of years with the assurance and belief that when the market stabilized and the economy began to recover staff could be restored. However the Council and Mayor have been reluctant to grant the Recorder's request for additional staff. This has kept the Recorder's Office understaffed and created the necessity for overtime and temporary employees to meet statutory duties.

**17. It is already clear that outsourcing the Recorder's IT function would not be cost-effective.**

The audit jumps from a rather generic finding (F.3.3) that the Recorder's personnel costs have increased, to a recommendation (R.3.3) which specifically looks at cutting the Recorder's IT department as a way of cutting personnel costs. In the text under Finding F.3.3, the audit says that of four other counties it looked at, three of them did not have separate IT functions for the Recorders' offices. However, none of the offices which the audit surveys have the amount of digital traffic that the Salt Lake County Recorder's Office does, nor do they generate as much revenue. Moreover, the audit does not ask or answer the necessary follow-up questions:

- What services do each of the other Recorders' offices get from other sources? In the case of Salt Lake County, the Recorder's Office was originally forced to form its own IT department because of the low priority which County IS had been giving to the Recorder's needs. Perhaps other County Recorders have received more complete support from their IS departments. Clearly, County Recorders need IS support, as manifested by the fact that the Recorders for smaller counties in Utah sometimes reach out to the Salt Lake County Recorder's Office when they have IT-related questions.
- What other agencies in Salt Lake County or elsewhere have their own IT staff? The Salt Lake County Assessor has a three-person IT staff. The County Solutions Review Board, which is made up of IT staff, has representatives from 21 County departments. Even the Salt Lake County Auditor, whose office prepared the current audit, has IT staff. Why should the Recorder be singled out to be deprived of the necessary resources?

The audit accurately indicates that costs increased for Recorder IT staff due to a market rate adjustment. The audit, on page 55, outlines the important function the Recorder's IT staff plays in the area of tax assessment and minimizing "down time." A significant amount of revenue is also derived from the Recorder's website which the Recorder's IT staff maintain. Revenue generated from the website typically falls in the range between three-quarters of a million and a million dollars.

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

As already noted in Part 3 above, all indications are that outsourcing the Recorder's IT functions, or turning them over to the IS Department, would be extremely costly to the taxpayers. To reiterate once again:

- The Recorder's in-house DARWIN project has cost about three-quarters of a million dollars.
- DARWIN is substantially complete after 5 ½ years of work.

Meanwhile:

- RealWare, DARWIN's sister project which was administered by County IS and outsourced, has cost approximately 4.8 million dollars already, with more being negotiated.
- RealWare has again been postponed and will not go into operation for at least another 2 ½ years – a total of at least eight years.

RealWare has cost about 6.4 times more than DARWIN so far. It isn't necessary to pay taxpayer's money for another study or a cost-benefit analysis, in order to see the difference.

**18. The auditor misunderstands the cause of the cited entry in the unearned revenue account.**

In Finding F.4.1, the audit incorrectly refers to the \$13,375 unearned revenue entry in QuickBooks as a "discrepancy," and incorrectly refers to the Fiscal Coordinator instead of the actual position title. However, the amount is not in fact a discrepancy but simply a reflection of the one-month minimum charge for the last month, which is charged when a new online subscriber opens an account. If and when the subscriber closes its account in the future that amount will be deducted from the subscriber's last month's bill. The current \$13,375 reflects the \$25 per account for accounts which are currently open.

Our office recognizes all revenue when it is received.

**19. The Recorder's Office is seeking an improved cash management system.**

In Recommendation R.4.2, the audit recommends that the Recorder replace its cash management system. The Recorder agrees with the recommendation in principle, and has been seeking an improved cash-management system for some time. However, it appears that an off-the-shelf cash management system for a Recorder's Office, in a "race-to-the-record" state which requires the Recorder's Office to maintain a tract index, does not exist. In order to replace the current system it will be necessary to develop the system in-house or have it custom-developed by a third party; either option will require an appropriation of additional revenue.

Respectfully,  
Gary W. Ott

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

**APPENDIX 1:**  
**SUMMARY OF AUDITOR FINDINGS AND RECORDER RECOMMENDATIONS**

<b>Finding No.</b>	<b>Auditor Finding</b>	<b>Recorder Recommendation</b>	<b>Page No.</b>
Executive Summary	<i>Issues for Further Study</i>	Comparison of the Recorder's three-quarter million cost for developing DARWIN in-house, with the County Information Services Department's more-than \$4.8 million cost for outsourcing RealWare, show that the Recorder's Office pursued the most economical choice, and that development by County Information Services would have been much more costly.	14
F.1.1	<i>The County Recorder did not participate directly in the day to day management activities of the office.</i>	The Recorder is permitted to follow his own discretion in deciding whether to delegate or micromanage staff or projects. The Recorder's previous success in leading the State and Nation in advances in Recorders' office technology speaks for itself.	15
F.1.2	<i>The Recorder's Office did not have documented strategic plans for each of the major functional units within the office.</i>	The Recorder's Office should continue to follow state statute in achieving the functions of the office.	16
F.1.3	<i>The Recorder's Office lacks a documented set of employee performance measures to evaluate performance, and a system to regularly monitor those performance measures on a consistent basis.</i>	The Recorder's Office should continue to provide a list of priorities and duties to be performed at each station. Employees will continue to be evaluated on a quarterly basis as well as receiving additional timely feedback.	17
F.1.4	<i>The inconsistent application of employee resources in the abstracting function causes a lapse in completing abstract work in a timely manner and impacts the rate of completing future abstract work.</i>	Employees in the Land Record position should continue to be cross-trained. The Recorder further recommends that the \$71,000 designated for the Mayor's underexpend in the Recorder's budget be allocated for additional FTE's.	19
F.1.5	<i>The Recorder's Office had not conducted a formal customer satisfaction survey to assess performance.</i>	The Recorder's Office should continue to respond, in real time, to customer complaints. The Recorder will conduct a customer-service survey when and if it can be done without diverting time and resources from other necessary tasks.	21

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

F.1.6	<i>The Recorder's Office does not accept credit/debit cards as a form of payment.</i>	The Recorder will begin accepting debit and credit cards if a cost-effective agreement can be reached with a third party vendor.	24
F.1.7	<i>The Recorder's Office annual revenues have declined over the last ten years period, while annual expenses have increased.</i>	The Recorder will begin to assess and collect indirect costs from the County Offices, Departments and Divisions that currently utilize data generated and provided by the Recorder's Office.	25
F.1.8	<i>The Recorder's Office current fee structure is not sufficient to recover all costs of providing services.</i>	The Recorder recommends that before resources and time are expended in the endeavor to increase fees to paying customers, fees should be collected from non-paying customers.	27
F.1.9	<i>The Recorder's Office indirect costs for Information Services have increases significantly since 2012.</i>	The Recorder recommends implementing DARWIN to reduce indirect costs.	28
F.1.10	<i>A nationwide survey showed that the Salt Lake County Recorder's Office provided an economical resource to the public, compared to similar recorders offices throughout the country.</i>	The Recorder concurs with the Auditors' finding.	29
F.2.1	<i>The Recorder's Office did not have any formal documented IT policies or procedures that have been reviewed and approved by management.</i>	Management approves everything that the Recorder's IT Department does before implementation. We follow County IT policies. The successes of the Recorder's projects speak for themselves.	34
F.2.2	<i>The Recorder's Office did not have a formal, comprehensive project plan for the development and implementation of DARWIN, contrary to industry best practices and sound principles of IT project management.</i>	Although the Recorder's project plan for DARWIN was not in the form preferred by the Auditor, the low cost and success of the project speak for themselves.	35
F.2.3	<i>Costs for DARWIN were not properly capitalized according to the County's fixed asset capitalization policy. Because the costs of the DARWIN project were not accounted for accurately, the Recorder's Office could only provide an approximate total cost of the project of roughly \$752,000.</i>	The Recorder will follow the Auditor's accounting recommendations for capital assets for large software projects in the future.	36

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**



F.2.4	<i>The significant delays in the County's new property tax administration system project have created the need to interface DARWIN with the County's mainframe legacy tax system.</i>	The Recorder will continue to work with the County IS Department to create a DARWIN interface, to replace the one which the Recorder's Office initiated more than two years ago and which the IS Department unilaterally abandoned.	39
F.3.1	<i>The Recorder's Office does not have a comprehensive set of internal policies and procedures that are effectively communicated to all employees, in the form of an employee handbook.</i>	The Recorder's office should continue its current on-boarding policy. The Recorder has updated the Professional Standards for Recorder Employees and will update, as necessary in the future, as well as continue to make County Policies accessible to employees.	42
F.3.2	<i>The Recorder's Office enforces a sick leave policy that conflicts with Countywide policy.</i>	The Recorder's Office has relaxed its office sick leave policy.	44
F.3.3	<i>The Recorder's Office personnel costs have increased slightly since 2006, despite a 30% decrease in the number of FTE employees.</i>	The Recorder's Office should maintain its current IT function unless and until a more cost-effective third-party solution is available which will continue to provide the same level of service or better than the current IT staff is providing.	45
F.3.4	<i>In the Employee Engagement Survey analysis, the overall mean survey scores of the Recorder's Office were similar to those for the County.</i>	The Recorder concurs with the Auditor's finding.	46
F.4.1	<i>Inconsistencies in accounting for Data Services customer prepayments have created a \$13,375 discrepancy in the Recorder's Office QuickBooks unearned revenue account.</i>	The amount cited is not a discrepancy, but is a way of accounting for advance payments for final months of subscriptions.	48
F.4.2	<i>The Recorder's cash management system generated erroneous transactions, including duplicate receipt numbers, which required extra effort to void and re-enter the transactions.</i>	The Recorder concurs with the auditors' recommendation to upgrade or replace the current cash management system, provided that the necessary funding be obtained.	50

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**

## **APPENDIX 2: CALCULATION OF THE EFFECTIVE COST COMPARISON**

DARWIN was designed to meet the needs of the Recorder's Office, one of the three principal agencies involved in the County Tax System. As such, it could be considered as representing roughly one-third of the total time and effort needed to overhaul the Tax System. DARWIN's sister project, the RealWare system, is meant to meet the needs of the Assessor's office and the Treasurer's office, and would therefore comprise roughly the other two-thirds of the overall Tax System.

DARWIN has been developed by the Recorder's Office in-house and RealWare has been developed by IS through outsourcing to a third party. Comparing the two:

- DARWIN has cost about three-quarters of a million dollars.
- We understand that RealWare has cost approximately 4.8 million dollars so far, with more being negotiated.

So RealWare has cost about 6.4 times more than DARWIN already, with more costs expected.

Three-quarters of a million dollars for one-third of the total would be equivalent to \$2.25 million for the combined DARWIN/RealWare project. \$4.8 million for two-thirds of the total would be equivalent to \$7.2 million for the combined DARWIN/RealWare project. So taking into account the broader scope of Realware, the per-value cost of outsourcing RealWare under IS supervision has been about 3.2 times the per-value cost of DARWIN.

In addition there is the time element:

- DARWIN is substantially complete after 5 ½ years of work.
- RealWare has again been postponed and will not go into operation for another 2 ½ years at the earliest – a total of at least eight years.

If "time is money" and the delays in completing RealWare are also counted as costs, then the estimated time for completing RealWare – 8 ½ years – will be 1.5 times the 5 ½ years that it took to complete DARWIN. Multiplying that by 3.2, the amount by which the per-value cost of RealWare has exceeded the per-value cost of DARWIN, gives a total effective cost for RealWare which is 4.8 times the effective cost of DARWIN – and the costs for RealWare are still increasing.

**Gary W. Ott • Salt Lake County Recorder**  
**Julie Dole • Chief Deputy Recorder**



Office of the  
**Salt Lake County Auditor**  
Scott Tingley, CIA, CGAP  
**Audit Services Division**

Salt Lake County Government Center  
2001 S State Street, Suite N3-300  
Salt Lake City, Utah 84114-4575

For Inquiries:  
Office: (385) 468-7200  
Email: [audit-services@slco.org](mailto:audit-services@slco.org)  
Web: [slco.org/auditor/](http://slco.org/auditor/)