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A Report to the  
Citizens of Salt Lake County  
The County Mayor and the  
County Council

An Audit of Key Controls  
at the Salt Lake County  
Treasurer's Office



OFFICE OF THE  
SALT LAKE COUNTY  
AUDITOR

SCOTT TINGLEY  
COUNTY AUDITOR

August 2018  
Report Number 2018-10

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# An Audit of Key Controls at the Salt Lake County Treasurer's Office

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OFFICE OF THE SALT LAKE COUNTY AUDITOR  
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#### 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.

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**Office of the  
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Scott Tingley, CIA, CGAP**

**Report Number 2018-10  
August 2018**

**An Audit of Key Controls at the  
Salt Lake County Treasurer's Office**

We recently completed an audit of key controls at the Salt Lake County Treasurer's Office ("Treasurer"). The purpose of the audit was to examine financial transactions and business processes in the Treasurer's Office to determine if internal controls related to cash receipts, receivables, capital and controlled assets, purchasing cards, and inventory were properly implemented and functioning as intended. We performed tests of those key controls to provide assurance that accounting records were complete and accurate, financial transactions and processes complied with established policies, procedures, laws and regulations, and that county assets were adequately safeguarded against the risk of loss, theft, waste, or abuse.

Our work was designed to provide reasonable, but not absolute assurance that the system of internal controls was adequate, records current, and daily transactions valid. Since our audit included only a sample of items from the period examined, there is a risk that we would not have discovered issues related to assets or transactions not specifically selected for review.

Audit criteria included the Treasurer's own internal policies and procedures, as well as countywide policies such as Countywide Policy 1203, *Petty Cash and Other Imprest Funds*, Countywide Policy 1062, *Management of Public Funds*, Countywide Policy 1125, *Safeguarding Property/Assets*, Countywide Policy 7035, *Purchasing Card Authorization and Use*, Countywide Policy 1020, *County Meals*, and Countywide Policy 1019, *Authorization and Payment of Travel Related Expenses*.

By its nature, this report focuses on issues, exceptions, findings, and recommendations for improvement. The focus should not be understood to mean that we did not find various strengths and accomplishments in the Treasurer's Office. We truly appreciate the time and efforts of the employees of the Treasurer's Office throughout the audit. Our work was made possible by their cooperation and prompt attention given to our requests.

The Salt Lake County Treasurer's Office is located at 2001 South State Street in Salt Lake City. The Treasurer bills and collects real property taxes assessed against all parcels within the County and these taxes are collected on behalf of all local

government entities within the County. In fact, most of the approximately \$1 billion collected each year is distributed to other taxing entities within the County including cities, school districts, and special service districts.

## Objectives

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The objectives of the audit were to identify and perform tests of key controls in the Treasurer's Office to:

- Determine if internal controls are designed properly and functioning as intended to ensure that county financial transactions are recorded and reported accurately and completely, and free from significant error;
- Determine if financial transactions and business processes comply with applicable laws, regulations, policies, procedures, and contracts;
- Determine if county management provides adequate fiscal oversight, including monitoring the control environment, over financial transactions and business operations to ensure that transactions are valid and appropriate;
- Provide assurance that county assets are properly safeguarded against loss, theft, waste, or abuse.

## Scope and Methodology

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Our audit covered the period from April 1, 2017 to March 31, 2018. However, the period may have been adjusted to include any relevant information, records, or data from outside this period as appropriate.

Our work included an examination of assets, records, and transactions in the following areas:

- Petty Cash and Other Imprest Accounts
- Change Funds
- Cash Handling, Collections, Receipting and Depositing
- Procurement Cards
- Capital and Controlled Assets

## Audit Results

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### 1.0 Petty Cash and Other Imprest Accounts

The Treasurer's Office has an authorized petty cash amount of \$300. Petty cash funds are established to allow County agencies to purchase small-cost items that are of such a nature that the normal purchase order process is not cost-effective. We performed a surprise count of petty cash at the Treasurer's Office and found that it was intact and maintained at the authorized amount. We observed that the petty cash fund was also stored in a locked box and kept in the safe while not in use.

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## Findings and Recommendations

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### **Finding 1.1 – Treasurer's Office management was not following the two-month guideline for adequate operating funds for their petty cash imprest account.**

We performed a count on the \$300 petty cash imprest account at the Treasurer's Office and we found that it was intact and maintained at its authorized amount as recorded by the Mayor's Office of Financial Administration ("Mayor's Finance" or "MFA"). The Treasurer keeps a small portion of the fund in cash, and the rest is held in an imprest checking account. We noted that only two petty cash vouchers had been reimbursed since the last time the fund was replenished, and that the total of the two vouchers was \$143.00. Both petty cash vouchers were over one year old, and the last time that the Treasurer's petty cash fund had been replenished to its authorized amount was over two years ago.

Countywide Policy 1203, Section 3.0, *Establishing or Modifying a Petty Cash Fund*, states:

*"The requested imprest amount should be sufficient to provide adequate operating funds for two months."*

Although the two-month guideline is only an estimate, and individual needs are different for each County entity, we found that the Treasurer's Office had not reviewed their petty cash needs or their use of their petty cash fund in over a year. We also noted that all the recent small cost purchases for the Treasurer had been made using their county-issued purchasing cards, and not their petty cash fund.

Due to the lack of use, and the increased risk of theft or misuse that occurs when petty cash funds sit idle, we recommend that the Treasurer reevaluate their petty cash fund needs, and determine if the authorized amount of their petty cash fund should be reduced or if the account should be closed altogether.

### **Recommendations**

1. We recommend that the Treasurer's Office management submit a request for reimbursement of outstanding vouchers for the Petty Cash Imprest Account.
2. We recommend that the Treasurer's Office management evaluate the need to maintain a petty cash imprest account and either reduce the authorized amount or close the account.

## **2.0 Change Funds**

The Treasurer's Office manages the largest authorized change fund in the County. The Treasurer's change fund is used to provide change for taxpayers that pay their property tax bills in person. The Treasurer's change fund is also used to cash County employee personal checks and provide smaller denominations of change for other County entities that maintain their own change funds.

We performed a surprise count of the Treasurer's change fund and found that it balanced to its authorized amount. We also inspected the Treasurer's physical safeguards and procedures for their change fund and found that the change fund was properly safeguarded while in use and that it is stored in the vault after business hours.

Specific details about the Treasurer's change fund that could compromise the security of the funds, or the safety of the employees of the Treasurer's Office have been intentionally omitted from this report.

## **Findings and Recommendations**

*We noted no significant findings in the area of change funds.*

### **3.0 Cash Handling, Collections, Receipting and Depositing**

We examined whether daily collections, cash handling and depositing procedures at the Treasurer's Office complied with Countywide policies. We also examined whether daily collections were properly accounted for and adequately safeguarded against the risk of loss or theft. CWP 1062, "Management of Public Funds," establishes procedures for receiving, recording, depositing, and disbursing public funds and defines functions and responsibilities to establish and strengthen internal controls over these procedures.

We discussed and reviewed with staff members the cash receipting procedures at the Treasurer's Office. Cashiers were aware of Countywide Policy concerning the management of public funds, and we found that daily collections were properly safeguarded. Additionally, each cashier was provided with an office procedure manual for easy reference.

To determine if depositing procedures complied with Countywide Policy, we selected a sample of 30 deposit dates to examine. For each deposit day reviewed, there were two to six cashiers that processed either one or two deposits each day. The cashiers receive payments for both real property taxes, personal property taxes, and various other cash deposits from County agencies. The Assessor's Office prepares their own deposits for personal property taxes that they have collected and provides payment stubs to the Treasurer's Office cashiers to process the personal property tax payments in the point-of-sale system.

We selected a sample of 30 days' worth of deposits to examine, which included a total of 142 cash receipts deposits (87 for the Treasurer and 55 for the County Assessor). We verified that the amounts listed on the cash register point-of-sale reports matched exactly to the 87 cashier individual cash balance sheets. Further, all individual cash balance sheets contained the signature of a cashier and an accountant as an indication of review.

Out of the 87 individual balance sheets, we determined there was only one \$0.25 cash shortage which was appropriately reported on the daily *Cash Over/Short Log*, as required by County policy. We determined that all funds received for the 142 deposits reconciled to the bank statements and were deposited within three business days as required by County policy and Utah state law.

We identified 22 voided transactions in the sample of 30 business days. All voids had an explanation for the void and had a signature of a supervisor as evidence of review.

We also identified a total of 538 adjusting entries in the audit sample. There were 406 reversal/reapply entries which netted to zero-dollar changes. These entries allowed for the reversal of 406 payments to a

parcel to be reapplied to one or more other parcels. Additionally, there were 132 returned item adjustments that were to reverse payments for returned checks, ACH payments, etc. There was documentation that included an explanation for the adjustment, the signature of an appropriate non-cashier employee who initiated the adjustment, and the signature of a supervisor as evidence of review for all 538 adjusting entries. We found that depositing procedures at the Treasurer's Office complied with Countywide Policy, and the documentation was organized, complete, and accurate.

## Findings and Recommendations

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### **Finding 3.1 – The Treasurer's point-of-sale system and cash drawers are not integrated.**

We found that the point-of-sale system and cash drawer are not integrated. When a sale or transaction is completed, the cash drawer does not automatically open. Further, when the cash drawer is opened without a sale or transaction occurring, there is no record documented by the point-of-sale ("POS") system indicating a no-sale transaction.

The Treasurer's Office management has explored integrated cash drawer systems in the past. However, there has been numerous years of delay in acquiring a new POS system during the development of a County property tax administration system. Compensating controls currently in place to mitigate the risk involved in not having an integrated point-of-sale and cash drawer system in the Treasurer's Office include the following:

- All cash drawers have individual keys that are assigned to an individual cashier and any extra keys to the cash drawers are maintained in a combination safe that requires a manager to access and assign the extra keys to the staff member in case of an unplanned absence.
- All cashier receipts are reconciled daily by an Accountant that is not involved in the daily cash collection process. They will review the receipts and reconcile the cashier's transaction batches before the daily work is finalized to the Mainframe system and General Ledger.
- The Accounting Department will also reconcile each of the deposits from the daily cashier transaction batches and reconcile them with the daily deposits posted to the bank account with Wells Fargo.
- Twenty-one security cameras are placed throughout the Treasurer's Office which were recently upgraded to High Definition giving the ability to accurately determine the denominations of the bills that cashiers are working with in their transactions.

Countywide Policy 1062, *Management of Public Funds*, Section 2.4.1.3, states:

*"If total receipts per day exceeds \$1,000, or the number of transactions processed is 100 or more, then Agency Management shall provide an on-line register with the following features...A cash drawer for each terminal that automatically opens when a sale or transaction is completed."*

Although countywide policy does not address no-sale transactions specifically, we have noted several recent cases of employee theft occurring throughout the county, where cashiers have

pretended to enter sales transactions into the point-of-sale system, and then opened the cash drawer later in the day by entering a no-sale transaction to pocket the cash. One such case occurred at the Holladay Lions Recreation Center in 2015.

In our opinion, supervisors and managers should review daily transaction logs for excessive or suspicious no-sale transactions. When practical, supervisors and managers should establish a review and approval process for all no-sale transactions, which should include a signature of the supervisor conducting the review and authorizing them. Therefore, County supervisors and managers can more effectively monitor no-sale transactions for signs of possible fraud or theft by cashiers manipulating cash sales transactions.

Since the Treasurer's POS system is not integrated and does not create a log of no-sale transactions each time a cash drawer is opened by a cashier, it is currently impossible for supervisors in the Treasurer's Office to follow-up on excessive or unusual no-sales with cashiers. We recommend that the Treasurer continue compensating control activities until the current POS system can be replaced with a fully integrated system.

#### **Recommendation**

We recommend that Treasurer's Office management continue the current compensating control activities until the current POS system can be replaced with a fully integrated system.

## **4.0 Purchasing Cards**

We examined purchasing card ("P-Card") transactions made by Treasurer's Office personnel. We identified two Treasurer's Office employees that were authorized to have and make purchases using P-Cards. Countywide Policy 7035, *Purchasing Cards Authorization and Use* establishes the policies and procedures for obtaining and properly using P-cards. The policy also discusses allowable purchases, reconciliations, and actions to take in case the card is lost or stolen or the cardholder transfers to another department or terminates employment.

We examined all 232 P-Card transactions that the Treasurer's Office made during the audit period. We found that all the purchases remained within single and monthly purchase limits. The County has a process in place that allows the Treasurer's Office management and supervisors to review and approve P-Card purchases that employees have made.

### **Findings and Recommendations**

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#### **Finding 4.1 – Treasurer's Office cardholders paid sales tax on some purchasing card purchases, and efforts were not made to have the sales tax portion of the purchases credited back to the purchasing card accounts.**

We identified 12 out of 232 (5.2%) P-Card purchases where sales tax was paid as part of the sales transaction. The total dollar amount of sales tax that was paid was approximately \$132.00. We also



found 22 P-Card purchases where we were unable to determine if sales tax had been paid because itemized invoices were not included in the purchase documentation.

As a governmental entity, Salt Lake County is exempt from sales tax. This would include the Treasurer's Office and any P-Card purchases that they make. County employees are expected to provide vendors and sellers with a copy of the County's *Utah Sales Tax Exemption Certificate* and taxpayer ID number prior to completing any transaction, to ensure that sales tax is not charged to the County. If sales tax is paid by mistake, then the County agency should try to recover the amount of sales tax paid from the vendor if it is reasonable to do so. If the cost of recovering the sales tax paid is greater than the tax paid, then the employee may be held personally responsible for reimbursing the County for the tax.

Countywide Policy 7035, *Purchasing Cards Authorization and Use*, Section 4.1.1, states:

*"County purchases are exempt from sales tax. Therefore, if sales tax is mistakenly paid and the tax to recover is worth the cost of the recovery effort, the cardholder shall take actions to obtain a credit to the P-Card account for the tax paid. Otherwise, the cardholder may be held responsible, at the discretion of their county agency management, for reimbursing the county for the amount of the sales tax."*

We were not provided any evidence that the Treasurer's Office had tried to recover the sales tax in any of the purchases where sales tax was paid. We also did not see where the cardholders were held personally responsible for reimbursing the County for the sales tax. We determined that there was a lack of education and training with cardholders about this issue in the Treasurer's Office.

If a cardholder continually fails to ensure that he or she does not pay sales tax on P-Card purchases, and efforts are not made by the agency's management to recover the sales tax, then in our opinion, it would be necessary to hold the cardholder personally responsible for reimbursing the County for the amount of the sales tax. We recommend that the Treasurer's Office emphasize with its P-Card cardholders that the County is exempt from paying sales tax and try to recover the sales tax if it is paid by mistake.

### **Recommendations**

1. We recommend that purchasing cardholders use the County's tax-exempt status and ID number and complete a *Utah Sales Tax Exemption Certificate* to provide to vendors when making purchases to ensure that sales tax is not paid.
2. We recommend that Treasurer's Office management emphasize that all County purchases are exempt from sales tax with their cardholders and ensure that sales tax is not paid.

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### **Finding 4.2 – Cardholders did not follow county purchasing card policy and procedures for the authorization and approval of food and travel related purchases.**

We reviewed the entire population of 232 P-card transactions during the audit period for the Treasurer's Office. We found the following:

- Twenty-two of the 232 (9.5%) P-card transactions did not include itemized receipts. The receipts that were kept on file did not provide adequate detail as to what was purchased.
- Fifteen of the 232 (6.5%) P-card transactions were for food items, which requires that a *Meal Reimbursement Form* is completed for each purchase. A *Meal Reimbursement Form* was not completed for any of the 15 meal purchases.
- Six of 232 P-card transactions were for hotel accommodations. We were provided *Travel Allowance Forms* for four of the six hotel transactions; however, the forms were not maintained with the P-card transaction documentation. Two of the six hotel transactions did not have the required *Travel Allowance Form*.

Countywide Policy 7035, *Purchasing Cards Authorization and Use*, Section 6.1, states:

*"Original itemized receipts showing the detail of the goods or services purchased shall be retained and maintained by the agency."*

Further, Section 1.4, states:

*"Any Cardholder training materials and usage guidelines related to the use of a County P-Card are, by reference, incorporated as part of this policy..."*

Countywide Policy 1020, *County Meals*, Section 6.1, states:

*"All requests for payment...shall be submitted with the attached form [Meal Reimbursement Form]."*

Countywide Policy 1019, *Travel*, Section 2.19, *Hotels/Lodging*, states:

*"Travel Coordinator shall include on the Request/or Travel Allowance form the amounts to be paid for lodging. However, no payments for hotel/lodging shall be made prior to an approved and signed Request for Travel Allowance form being obtained by the Agency Travel Coordinator from the Department Director or Elected Official. All hotel/lodging expenses may be paid using a County-issued purchasing card, and so noted on the Request for Travel Allowance form."*

When we presented this issue to the Treasurer's Office management, they acknowledged that they had not implemented a standard process to ensure that the requirements in the Countywide Policies are met. Without the proper forms that are signed and dated by the Elected Official, we could not verify that the purchases were authorized and approved. In addition, when original itemized receipts are not retained, we could not verify whether the purchases were for any items that are disallowed. We recommend that the Treasurer's Office should implement a standard process for food and travel related P-Card purchases to ensure better compliance with those specific countywide policies.

### **Recommendations**

1. We recommend that Treasurer's Office cardholders retain copies of original itemized receipts for all P-Card purchases.

2. We recommend that Treasurer's Office cardholders complete a *Meal Reimbursement Form* that is signed and dated by the Elected Official or Department Director each time that a food purchase is made using the County P-Card.
3. We recommend that Treasurer's Office cardholders complete a *Travel Allowance Form* that is reviewed and authorized by the Elected Official or Division Director each time that a hotel/lodging or transportation purchase is made using the County P-Card.

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**Finding 4.3 – A P-Card purchase approver completed a paper approval log for a transaction without any receipt documentation to determine if the purchase was for a legitimate County business purpose.**

We noted that one of the P-Card purchases that we reviewed did not have any type of purchase receipt or invoice attached. The transaction was for a \$143.00 PayPal purchase made in April 2017. Additionally, the purchase did not get approved through the County's normal electronic approval process in time and had to go through the manual paper approval process. We requested copies of any supporting documentation for the purchase, such as a receipt or invoice, but the cardholder did not retain any records about the charge.

When we obtained a copy of the paper approval log from the Salt Lake County Contracts and Procurement Division ("Contracts and Procurement"), we verified that the transaction was approved by the cardholder's supervisor by the manual paper log method. However, Contracts and Procurement does not maintain copies of the receipt(s) which is the responsibility of the P-Card holder.

*Salt Lake County Purchasing Card Training Manual and Operating Standards, Section 6.3, Monthly Reconciliation, states:*

*"Each cardholder will receive a statement identifying all transactions made against the card during the previous billing cycle...If you did not have your transactions approved electronically in the US Bank system you must submit a paper log. The Log must be signed by your Supervisor and Fiscal Manager to indicate approval. Original documents will be stored and retained in accordance with agency policy consistent with other financial documents."*

The cardholder was not aware that he had not kept a copy of the receipt documentation and the approver did not retain the receipt documentation prior to submitting the paper approval log. The P-Card approval process is a key internal control designed to prevent the misuse or abuse of County purchasing cards. When P-Card transactions are not properly reviewed, authorized, and approved, an opportunity for abuse is created and fraudulent P-Card transactions may go undetected.

**Recommendation**

We recommend that the Treasurer's Office P-Card approvers ensure that all transaction documentation is reviewed prior to approving electronically or by the paper approval process in order to determine that all P-Card transactions are for legitimate County business purposes.

## 5.0 Capital and Controlled Assets

Our audit included an examination of the management of County property and assets, under the Treasurer's Office control, that are necessary for the office to operate and achieve its organizational objectives. *Countywide Policy 1125, Safeguarding Property/Assets*, establishes procedures for the proper management of County capital and controlled assets, including procedures for accounting for, protecting, and disposing of those assets. We reviewed capital and controlled asset management procedures with the property manager at the Treasurer's Office.

We obtained the Treasurer's Office *Annual Capital Asset Inventory Memorandum* from Mayor's Finance and found that the list of capital assets was last verified in January 2018. The Treasurer's Office had three capital assets on the list.

A capital asset is currently defined as costing \$5,000 or more. Two of the capital assets on the Treasurer's list were software packages, which we confirmed were still actively used in the office. The third capital asset on the Treasurer's list was a Dell server.

*Countywide Policy 1125, Safeguarding Property/Assets*, defines a controlled asset as an item of personal property having a cost of \$100 or greater, but less than the current capitalization rate. Controlled assets can be susceptible to conversion to personal use, and, therefore, require special procedures to ensure that they are properly safeguarded. The Property Manager at each County organization is responsible for accounting for all controlled assets within the organization's operational and physical custody.

We obtained the master list of 363 controlled assets from the Treasurer's Property Manager. The Property Manager identified 28 of the 363 assets as being "surplus ready" and being held in a storage room. We selected a sample of 30 controlled assets from the master list that were not surplus ready and were able to physically locate all of them. Additionally, we selected three assets that were deemed surplus ready and traced them back to the master list. We also selected five items at random that fit the definition of a controlled asset in the Treasurer's Office and traced them back to the master list as well.

We observed that work areas, where most controlled assets were located, were secured behind barriers for employees only. Additionally, security cameras were in the public area of the Treasurer's Office and some key employees had those camera views on monitors in their offices to watch live.

### Findings and Recommendations

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#### **Finding 5.1 – The Property Manager had not properly accounted for capital assets on the annual Mayor's Finance inventory verification.**

We reviewed the entire population of three capital assets listed on the Treasurer's Office capital asset listing. We found one of three capital assets could not be physically located. A Dell server that had been purchased in 2005 for the purpose of running the cashiering system was missing. We were advised by the Property Manager that Information Services (IS) would have the server in their offices. Through discussion with IS, we confirmed that the Dell server had been decommissioned in 2014 and the

cashiering system was currently installed on a server in the IS virtual machine environment. A PM-2 was not completed for the transfer or disposal of the Dell Server.

Countywide Policy 1125, *Safeguarding Property/Assets*, Section 2.2, states:

*"Property Manager's Duties . . . At least annually, conduct physical inventory of fixed assets and controlled assets, to ensure complete accountability for all property owned by, or assigned to the organization."*

Further, "Mayor's Finance Accounting Procedures Manual" Chapter and section 4.1.3 states:

*"Responsibilities of County Organization Property Managers . . . Account for all capital assets within the organization's operational and/or physical custody as listed on the MFA\_AM\_INVENTORY 'Salt Lake County Capital Asset Inventory by Department ID' query . . . Maintain records as to current physical location of all capital assets . . . Prepare PM-2 form for capital asset property no longer needed by the organization."*

The Property Manager had not confirmed the annual capital asset inventory by verifying the server was still physically present and in use. When capital assets are not properly accounted for, those assets are at an increased risk of being lost, stolen, or diverted for personal use.

### **Recommendations**

1. We recommend that the Treasurer's Property Manager complete a PM-2 Form to remove the server from the capital asset list.
2. We recommend that the Treasurer's property manager physically verify all capital assets during the annual inventory of capital assets.

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### **Finding 5.2 – The Property Manager had not conducted a of controlled assets inventory in the last 12-months, and controlled asset inventory forms for individual employees had not been updated or reviewed since 2016.**

We found that the Property Manager had not conducted an inventory of controlled assets in the last 12-months. For the audit, we reviewed the Treasurer's master-controlled asset list and found no indication that an inventory had been conducted in the last 12 months. Additionally, we reviewed 28 *Controlled Asset Inventory Forms – Employee* for individual employees in the Treasurer's Office. We found six of the 28 (or 21%) were not signed by the employee to attest to the accuracy of the forms, and that the remaining 22 controlled assets inventory lists had not been updated since August 2016.

Countywide Policy 1125, *Safeguarding Property/Assets*, Section 2.2, states:

*"Property Managers [shall] at least annually, conduct physical inventory of fixed assets and controlled assets, to ensure complete accountability for all property owned by, or assigned to the organization."*

The controlled asset inventory forms establish personal accountability for controlled assets that can be readily assigned to specific employees in the Treasurer's Office. Although the Treasurer's Property

Manager was using the Controlled Asset Inventory Form – Employee as a standard practice, the forms had not been updated or signed and acknowledged by the employees for several years, defeating the purpose of the forms. In addition, the Property Manager was not aware of the requirement to conduct an annual controlled asset inventory to account for controlled assets purchased by the Treasurer's Office. When asset records are not updated in a timely manner, or detective controls are not adhered to properly, then an opportunity for theft or loss is created, and those assets could be at greater risk of being stolen or diverted to personal use.

### **Recommendations**

1. We recommend that the Property Manager conduct an annual inventory of controlled assets, as required by county policy.
2. We recommend that the Property Manager review each *Controlled Assets Inventory Form – Employee* with Treasurer's Office employees at least annually, to ensure that the forms are still accurate and complete.

### **Conclusion**

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We truly appreciate the time spent by the staff at the Treasurer's Office in answering our questions, gathering the necessary documentation and records, and allowing us access during our audit. The Treasurer's Office staff was friendly, courteous, and very helpful throughout the audit process. We trust that implementation of these recommendations will provide for more efficient operations and better safeguarding of County assets. Please feel free to contact our office if you have any further questions.

Cc: K. Wayne Cushing, Salt Lake County Treasurer  
Randy Wightman, Chief Deputy Treasurer  
Phil Conder, Fiscal Manager, Salt Lake County Treasurer's Office  
Ben Umeadi, Division Administrator – Tax Accounting, Salt Lake County Treasurer's Office  
Ann Gallagher, Division Administrator – Tax Collections, Salt Lake County Treasurer's Office  
Angie Vise, Assistant Division Administrator – Tax Collections, Salt Lake County Treasurer's Office

## Agency Response

**Agency Response  
Salt Lake County Treasurer’s Office**

**Finding 1.1 – Treasurer’s Office management was not following the two-month guideline for adequate operating funds for their petty cash imprest account.**

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
<p><b>1. We recommend that the Treasurer’s Office management submit a request for reimbursement of outstanding vouchers for the Petty Cash fund.</b></p>	<p>Agree</p>	<p>We plan to close the petty cash imprest account by the end of the year.</p>	<p>12/31/2018</p>
<p><b>2. We recommend that the Treasurer’s Office management evaluate the need to maintain a Petty Cash fund and either reduce the authorized amount or close the account.</b></p>			

**Finding 3.1 – The Treasurer's point-of-sale system and cash drawers are not integrated.**

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
<p><b>We recommend that Treasurer's Office management continue the current compensating control activities until the current POS system can be replaced with a fully integrated system.</b></p>	<p>Partially Agree</p>	<p>Due to the countless hours spent on the failed Harris/CCI project unfortunately we have not been able to implement an integrated cash register system to date. The currently functioning INovah2 system is in place until we have a replacement system and it financially does not make sense to invest in making improvements to INovah2 when we know we will be moving away from the software at a future date. Management continues to meet with IS four hours a week in documenting business processes to be utilized in developing an in house product or going out for a RFP for a third party vendor's product. The resolution to this issue is dependent on a Countywide decision that has a current unknown time line. Management has made capital improvements as a compensating control to upgrade the camera system to High Definition throughout the office so that a camera view can determine what bills are being presented to the cashiers during any transaction.</p>	<p>1/1/2020</p>



**Finding 4.1 – Treasurer's Office cardholders paid sales tax on some purchasing card purchases, and efforts were not made to have the sales tax portion of the purchases credited back to the purchasing card accounts.**

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
<p>1. We recommend that purchasing cardholders use the County's tax-exempt status and ID number and complete a <i>Utah Sales Tax Exemption Certificate</i> to provide to vendors when making purchases to ensure that sales tax is not paid.</p>	Agree	Have conducted training with all P-cardholders in the Treasurer's Office on the importance of not paying taxes on purchases.	8/24/2018
<p>2. We recommend that Treasurer's Office management emphasize that all County purchases are exempt from sales tax with their cardholders and ensure that sales tax is not paid.</p>			

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**Finding 4.2 – Cardholders did not follow county purchasing card policy and procedures for the authorization and approval of food and travel related purchases.**

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that Treasurer's Office cardholders retain copies of original itemized receipts for all P-Card purchases.	Agree	Have conducted training with all P-cardholders in the Treasurer's Office on: <ul style="list-style-type: none"> <li>• Itemized receipts</li> <li>• Meal reimbursement forms</li> <li>• Travel allowance</li> </ul>	8/24/2018
2. We recommend that Treasurer's Office cardholders complete a <i>Meal Reimbursement Form</i> that is signed and dated by the Elected Official or Department Director each time that a food purchase is made using the County P-Card.			
3. We recommend that Treasurer's Office cardholders complete a <i>Travel Allowance Form</i> that is reviewed and authorized by the Elected Official or Division Director each time that a hotel/lodging or transportation purchase is made using the County P-Card.			

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**Finding 4.3 – A P-Card purchase approver completed a paper approval log for a transaction without any receipt documentation to determine if the purchase was for a legitimate County business purpose.**

<b>Recommendation(s)</b>	<b>Agree/ Disagree</b>	<b>Action Plan</b>	<b>Target Date</b>
<b>We recommend that the Treasurer's Office P-Card approvers ensure that all transaction documentation is reviewed prior to approving electronically or by the paper approval process in order to determine that all P-Card transactions are for legitimate County business purposes.</b>	Agree	Have conducted training with all P-cardholders in the Treasurer's office on the need for receipts on P-card transactions.	8/24/2018

**Finding 5.1 – The Property Manager had not properly accounted for capital assets on the annual Mayor's Finance inventory verification.**

<b>Recommendation(s)</b>	<b>Agree/ Disagree</b>	<b>Action Plan</b>	<b>Target Date</b>
<b>1. We recommend that the Treasurer's Property Manager complete a PM-2 Form to remove the server from the capital asset list.</b>	Agree	A PM-2 has been prepared and is in the process of being executed.	10/1/2018
<b>2. We recommend that the Treasurer's property manager physically verify all capital assets during the annual inventory of capital assets.</b>			

**Finding 5.2 – The Property Manager had not conducted a of controlled assets inventory in the last 12-months, and controlled asset inventory forms for individual employees had not been updated or reviewed since 2016.**

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that the Property Manager conduct an annual inventory of controlled assets, as required by county policy.	Agree	A complete inventory of assets is in progress.	10/1/2018
2. We recommend that the Property Manager review each <i>Controlled Assets Inventory Form – Employee with Treasurer's Office</i> employees at least annually, to ensure that the forms are still accurate and complete.			