

FOLLOW-UP AUDIT REPORT

Salt Lake County *Recorder's Office*

NOVEMBER 2023



Chris Harding, CPA, CFE, CIA
County Auditor

Office of the Auditor
Salt Lake County

Audit Team

Sydney Grigg, Internal Auditor
Chris Scott, Internal Auditor
Audra Bylund, Audit Manager

Audit Management

Chris Harding, CPA, CFE, CIA, County Auditor
Richard Jaussi, MBA, Chief Deputy Auditor
Roswell Rogers, Senior Advisor
Shawna Ahlborn, Audit Division Director

Audit Committee

Marty Van Wagoner, CPA, MBA
Jordan Fuller, CPA, CGMA, CISA



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

www.slco.org/auditor

Salt Lake County Auditor



Chris Harding, CPA, CFE, CIA
County Auditor

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

AUDITOR'S LETTER

November 8, 2023

In accordance with generally accepted government auditing standards and the policy of the Auditor's Office, as authorized by Utah Code, we continue our responsibility to monitor and follow up on audit recommendations to ensure county agencies address audit findings through appropriate corrective action and to aid us in planning future audits.

This letter serves as the follow-up report for the Salt Lake County Recorder's Office, subsequent to the original audit report issued in December 2022. At that time, the audit identified 12 findings with 34 recommendations.

As detailed in the follow-up, the Recorder's Office has fully implemented 21 of the 34 recommendations, with 2 recommendations currently in progress and 11 recommendations closed. This demonstrates a considerable effort on the part of the Recorder's Office to address the concerns raised in the initial audit.

While substantial progress has been made, it is essential to continue efforts to fully implement all outstanding recommendations. We have scheduled an additional follow-up for March 2024 to ensure that continuous improvement is achieved and maintained.

We appreciate the cooperation and assistance provided by the Recorder's Office and all county stakeholders during this audit process. For detailed findings and recommendations, please refer to the enclosed follow-up audit report. Should you have any questions or require further discussion, please do not hesitate to contact me at 385-468-7200.

A handwritten signature in black ink that reads "Chris Harding".





Chris Harding, CPA, CFE, CIA
County Auditor

Action Since Audit Report

Salt Lake County Recorder's Office

12 findings with 34 recommendations found in December 2022.

The Recorder's Office has fully implemented 21 of the 34 recommendations, 2 are in progress and 11 recommendations are closed.

	FULLY IMPLEMENTED	21
	IMPLEMENTATION IN PROGRESS	2
	NOT IMPLEMENTED	0
	CLOSED	11

Remaining Risks

The Salt Lake County Auditor's Office will conduct an additional follow-up around March 2024.

FINDING 1. INADEQUATE CONTROLS OVER MAILED-IN PAYMENTS



Recommendation 1.1 - We recommend that management require at least two cashiers retrieve the mail daily.

Agency Action - Implemented our recommendation.



Recommendation 1.2 - We recommend that management implement a mail log to track the date each payment was received, the cashiers retrieving and recording the checks, whether the check was deposited or returned, and a supervisor's signature.

Agency Action - Implemented our recommendation.



Recommendation 1.3 - We recommend management ensure that checks returned be documented in the closing folder. Documentation may include the original scanned check with notes indicating it was returned (including the address returned to and date) and initials of the employee preparing the return.

Agency Action - Implemented our recommendation.



Recommendation 1.4 - We recommend that management revise existing policies and procedures or draft additional written policies and procedures that incorporate recommendations 1 to 3 or similar compensating controls.

Agency Action - Implemented our recommendation.

FINDING 2. SUPERVISORY APPROVALS WERE NOT ALWAYS PRESENT AND THE FISCAL MANAGER'S REVIEW OF THE CONSOLIDATED DAILY CASH RECEIPT REPORT WAS DISCONTINUED.



Recommendation 2.1 - We recommend that management assign a secondary employee to review and sign cashier till balance reports if a supervisor signs as a cashier.

Agency action - Implemented our recommendation.



Recommendation 2.2 - We recommend that management continue having either the Fiscal Manager or other designated employee perform a final review of the total ending balances and deposit ticket. A review of ending balances can be documented on the Bank Deposit Report. The review should include:

- Documenting variances or exceptions and retaining explanations with the closing documentation and ending balances.
- Ensuring the deposit ticket was initialed by the preparer prior to deposit.

Agency action – Implemented our recommendation.



Recommendation 2.3 - We recommend that management assign a secondary employee to perform reviews of ending balances and deposit tickets when the Fiscal Manager or designated employee is absent.

Agency action – Implemented our recommendation.



Recommendation 2.4 - We recommend that management retain consistent records between the electronic copies in the network drive closing folder and the paper copies. Employees responsible for scanning documentation for electronic copies should also be responsible for ensuring that documents requiring a cashier and/or supervisor signature are complete prior to saving. We recommend that management assign a secondary employee to perform reviews of ending balances and deposit tickets when the Fiscal Manager or designated employee is absent.

Agency action – Implemented our recommendation.

FINDING 3. MISSING DOCUMENTATION AND APPROVALS FOR HIGH-RISK TRANSACTIONS SUCH AS VOIDS, EDITS, AND NO-FEE TRANSACTIONS



Recommendation 3.1 - We recommend that management consider implementing the use of void forms or slips and an edit form. The forms should include the original receipt, the corrected receipt, the reason for the edit or void, the date, signatures from the cashier and supervisor.

Agency action – Implemented our recommendation.



Recommendation 3.2 - We recommend that management retain this documentation as one packet to minimize the risk of missed documentation. Documentation could then be saved in one folder for that corresponding month.

Agency action – Implemented our recommendation.



Recommendation 3.3 - We recommend that management designate a secondary employee as a reviewer when the supervisor signs as a primary.

Agency action – Implemented our recommendation.



Recommendation 3.4 - We recommend that management designate either the Fiscal Manager or other managerial level employee responsibility to review and sign the “Manager Signature” line item on the Cash Short/Over, Void and Edit log.

Agency action – Recommendation is in progress. Second follow up is required due to exceptions noted during testing of missing signatures from the Division Administrator or Designee on the “Manager Signature” line item for the log.



Recommendation 3.5 - We recommend that management require entities that qualify for “No Fees” to submit Fee waiver letters/forms and that a copy be retained with the transaction.

Agency action – Recommendation is closed due to the new structure change of Data Services.

FINDING 4. MISSING AND INCOMPLETE DATA SERVICES AGREEMENTS



Recommendation 4.1 - We recommend that management implement a Data Services policy explicitly addressing the Countywide requirements.

Agency action – Implemented our recommendation.



Recommendation 4.2 - We recommend that management update the agreement to include a clause that the account will not be set up unless the personal guarantee is completed and signed.

Agency action – Recommendation is closed. Management changed their procedure in setting up Data Services Accounts from paper to online agreements and no longer offer credit. Patrons are required to make Data Services payment in advance. It is not necessary for customers to acknowledge and sign a personal guarantee in the contract since Management does not offer credit.



Recommendation 4.3 - We recommend that management ensure that the Recorder’s Office obtains signed agreements for all current customers.

Agency action – Implemented our recommendation.

FINDING 5. DISSOLUTION OF DATA SERVICES RECEIVABLES COLLECTION PROCEDURES AND INSUFFICIENT DOCUMENTATION REGARDING MANAGEMENT OF DATA

SERVICES ACCOUNTS RECEIVABLE



Recommendation 5.1 - We recommend that management update internal written policies and procedures to address extenuating circumstances that may impact their standard collection procedures and that outline:

- When accounts should be suspended, closed, and/or sent to collections.
- Employee(s) responsible for monitoring and collecting past due receivables.
- When letters, statements, and other collection communication should take place.
- Documents to be retained including dates of contact, suspended, reactivated, or closed dates.
- Outline circumstances that may exempt customers from collection efforts and documentation of any agreements.
- Interest or penalties to be included and when. Interest charges should adhere to Countywide Policy 1220.

Agency Action – Recommendation is closed. Due to Management’s change in procedure requiring payment in advance for Data Services, the Data Services Subscription do not require updated written policies and procedures addressing standard collection procedures. The customer will pre-pay how much data they think they will need, and access to their account is shut off once the data is used. They have to purchase more data for additional use. Standard collection procedures for accounts receivable are no longer applicable.



Recommendation 5.2 - We recommend that management update the customer invoice to include a reminder that accounts with ACH will be debited by the County and to address account suspension and closure in the event of non-payment.

Agency Action – Recommendation is closed. Due to Management’s change in procedure requiring payment in advance for Data Services data, invoices will not be necessary or issued.



Recommendation 5.3 - We recommend that management ensure duplicate payments which are applied to a subsequent billing period are documented. Similarly, if credits are issued to clear out old accounts, that documentation or notes regarding why the credit was issued are retained.

Agency Action - Implemented our recommendation. Management’s change in procedures from billing in arrears to pre-payments resulted in documenting duplicate payments to no longer be necessary, that portion of recommendation is closed. The remaining recommendation for sufficient documentation when credits were issued to close old accounts was tested and determined to be implemented.



Recommendation 5.4 - We recommend that management implement a 1.5 percent interest charge per month on overdue accounts, as required by Countywide Policy 1220, Section 4.4

Agency Action – Recommendation is closed. Due to Management’s change in procedure from billing in arrears to requiring pre-payment prior to accessing Data Services Data in 2023, a late fee interest charge is no longer applicable.



Recommendation 5.5 - We recommend that management improve tracking procedures of overdue account balances. The aging report provided by MFA could be used to develop a delinquency log tracking the:

- Dates that delinquency letters or emails were sent to the customer
- Account balance
- Customer Responses
- Account suspensions
- Account closures
- Date accounts were sent to the District Attorney for collections and/or the balance was written off, in accordance with Countywide Policy 1220
- Date the account was paid in full and reactivated
- Initials of the employee(s) tracking the account

Agency Action – Recommendation is closed. Due to Management’s change in the Data Services payment procedures from billing in arrears to pre-payment, the recommendation to improve tracking procedures for delinquent accounts via a log is no longer applicable. Testing was completed to verify that the remaining outstanding account balances were appropriately documented, but developing a delinquency log for tracking accounts would no longer be applicable.



Recommendation 5.6 - We recommend that management retain copies of the emails or delinquency letters.

Agency Action - Implemented our recommendation.



Recommendation 5.7 - We recommend an annual training to remind employees responsible for Data Services Receivables of the internal policies and procedures for managing the accounts.

Agency action – Recommendation is closed. Due to Management’s change in collection procedures after 2022 of Data Services accounts, it will not be necessary for employees to complete annual training for managing the Data Services accounts. There will no longer be accounts receivable since accounts are pre-paid.

FINDING 6. ACH AGREEMENTS RECEIVED VIA UNENCRYPTED EMAIL



Recommendation 6.1 - We recommend that management coordinate with IT, the Office of Data Innovation, and their Division IT Administrator, to develop methods of receiving protected and restricted data that adheres to the County Information Technology Standards.

Agency Action - Implemented our recommendation.

FINDING 7. MISSING JUNE AND SEPTEMBER DATA SERVICES MONTHLY BILLING REPORTS.



Recommendation 7.1 - We recommend that the employee designated to receive the Monthly Billing Reports save the monthly report in the Closing folder to adhere to their Internal Policies and Procedures, Email Retention Schedule, as an annual, financial or statistical report under "Policy and Program Records".

Agency action – Recommendation is closed. Due to Management's change in Data Services Collection procedures from billing in arrears to billing in advance starting in January 2023, monthly billing reports are no longer necessary.

FINDING 8. CLOSED ACCOUNTS REMAINED ACTIVE IN MYFIN.



Recommendation 8.1 - We recommend that management designates an employee to review accounts in MyFin and correct closed accounts to inactive per QuickBooks and the Data Services Intranet site.

Agency action – Recommendation is closed. Due to Management no longer billing Data Services accounts through MyFin starting in 2023, the recommendation to designate an employee to review accounts in MyFin and correct closed accounts to inactive per QuickBooks and the Data Services intranet site, is no longer applicable. Additionally, QuickBooks is no longer in use.

FINDING 9. INADEQUATE SEGREGATION OF DUTIES AND MISSING INFORMATION ON THE FUND TRANSFER LEDGER



Recommendation 9.1 - We recommend management implement procedures that require either a secondary supervisor or employee designee sign the log if a supervisor signs both the "Employee Transferring" and "Employee Receiving" entry.

Agency Action - Implemented our recommendation.



Recommendation 9.2 - We recommend that the supervisor review and ensure the log is completed in entirety during closing procedures. A checkmark or initials may be useful to document that all entries are complete on the log.

Agency Action - Implemented our recommendation.

FINDING 10. DATA SERVICES PAYMENT 10-KEY RECEIPT NOT COMPLETE OR NOT ON FILE.



Recommendation 10.1 - We recommend that management continue to complete and save the 10 key receipts for Data Services documentation.

Agency action – Recommendation is closed. Per Management’s response, the change in Data Services Collection procedures on January 3, 2023, resulted in payments being made online or by debit/credit card in advance rather than check, therefore the 10 key receipt is no longer necessary.

FINDING 11. MISSING RECORDS OF SIGNED CASH HANDLING POLICY FORMS FOR 3 CASHIERS.



Recommendation 11.1 - We recommend management retain the signed copies of the Cash Handling Policy forms for all current employees and for at least one year after employees leave. Forms can be saved electronically or on paper.

Agency Action - Implemented our recommendation.



Recommendation 11.2 - We recommend that when the County’s Human Resources brings back the cashier training, that cashiers who were not able to complete it do so in a reasonable time frame.

Agency Action – Recommendation is in progress, due to the Cashier Training being held by Human Resources and it was still in development. Management will implement the recommendation once the training is available for employees.

FINDING 12. NO DOCUMENTATION ON FILE REGARDING RECONCILIATION OF ACH PAYMENTS.



Recommendation 12.1 - We recommend that management implement policies and procedures that outline accounting processes and reconciliations as well as retention of supporting documentation.

Agency Action - Implemented our recommendation.



Recommendation 12.2 - We recommend that management ensure that ACH variances be reconciled to ensure all payments are accounted for.

Agency action – Recommendation is closed. Due to Management’s change in Data Services payment procedures to be made in advance by credit/debit card or online and no longer receiving ACH payments beginning in January 2023.



Recommendation 12.3 - We recommend that management ensure reconciliation documentation is retained on file in the daily closing folder.

Agency Action - Implemented our recommendation.