

2nd
FOLLOW-UP
REPORT

An Audit of the
Countywide Petty Cash
and Imprest Accounts

MAY 2024



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County Auditor

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AUDITOR'S LETTER

In keeping with generally accepted government auditing standards and Auditor's Office policy, as authorized by Utah Code, we have a 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 final follow-up audit report for Countywide Petty Cash and Imprest Accounts. The original audit report was issued in October 2022, followed by a preliminary follow-up report in July 2023. The original audit report identified 8 findings with 16 key recommendations for agencies within scope, resulting in 50 recommendations. In the preliminary follow-up, agencies fully implemented 20 of the 50 recommendations, 7 were in progress, and 11 were closed.

In this final follow-up, 19 recommendations remained to be tested. Agencies have fully implemented 5 of the 19 remaining recommendations, 4 were in progress, and 10 were not implemented. For 8 of the 10 recommendations that were not implemented agencies stated the accounts will be closed.

In regard to the Health Department disagreeing with our recommendations, we appreciate and understand the unique nature of their operations, specifically with regards to the undercover petty cash account. However, it is essential to maintain strong internal controls, even in unique and challenging circumstances, to ensure fiscal responsibility, accountability, and compliance with county policies.

This is our final follow-up audit, and no further follow-up work will be performed by our office. The onus is now on management and those charged with governance to implement the remaining recommendations and mitigate the associated risks.

We performed this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We appreciate the cooperation of all leaders and team members who contributed their time and knowledge to us during the audit. We continue to strive for effective use and management of petty cash across the county to promote fiscal responsibility. Please contact me at 385-468-7200 with any questions.

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

Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor

Action Since Audit Report

An Audit of Countywide Petty Cash and Imprest Account

Original Audit: Report Issued October 2022

8 key findings and 16 key recommendations for agencies within scope, resulting in 50 recommendations in October 2022.

Preliminary Follow-up: Report Issued July 2023

Agencies fully implemented 20 of the 50 recommendations, 7 were in progress, and 11 were closed.

Final Follow-Up

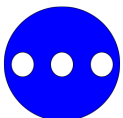
- For the final follow-up, 19 recommendations remain to be tested from the preliminary follow-up.
- Agencies have fully implemented 5 of the 19 remaining recommendations, 4 were in progress and 10 were not implemented. For 8 of the 10 recommendations that were not implemented, agencies stated the accounts will be closed.

Overall, agencies fully implemented 25 of the 50 recommendations, 11 were closed, 4 were in progress and 10 were not implemented.



FULLY
IMPLEMENTED

5



IMPLEMENTATION IN
PROGRESS

4



NOT
IMPLEMENTED

10

FINDING 1.BANK BALANCE DID NOT RECONCILE WITH CHECKBOOK RECORDS.

Recommendation 1.3 - We recommend that Human Resource management ensure accounts are periodically reconciled and reviewed by an independent party.



HUMAN RESOURCES: Agency Action - Implemented our recommendation

FINDING 2. RECONCILED BALANCE OF FUND EXCEEDED TWO MONTHS USAGE AND REIMBURSEMENTS WERE NOT MADE IN A TIMELY MANNER.

Recommendation 2.1 - We recommend that management in the agencies below work with Mayor's Finance to reduce fund balances to reflect the needs of an average two-month period.



ENGINEERING AND FLOOD CONTROL: Agency action - Not Implemented - Management disagreed with the recommendation.

HEALTH DEPARTMENT



ADMINISTRATION: Agency action - Not Implemented. Petty cash balance was not updated and continues to exceed two months of average usage. Management indicated the petty cash account will be closed as soon as outstanding reimbursements were completed.



EPA EMISSIONS: Agency action - Not Implemented - Management disagreed with the recommendation. Management stated the petty cash account will be closed in 2024.



TOBACCO INSPECTIONS: Agency action - Not Implemented - Management disagreed with the recommendation.



REGIONAL DEVELOPMENT: Agency action - Not Implemented - The petty cash amount continues to exceed two months of usage. Management stated they intend to close the petty cash account.



SALT PALACE CONVENTION: Agency action - Implementation in Progress. Management is in the process of closing the account.

Recommendation 2.2 - We recommend that Regional Development and Health Department Administration management ensure staff are trained in, and comply with, agency internal policy regarding reimbursement frequency.



HEALTH DEPARTMENT ADMINISTRATION: Agency action - Implemented our recommendation.



REGIONAL DEVELOPMENT: Agency action - Not Implemented - Petty cash and Imprest checking transactions were not being reimbursed within the policy requirements of 30 days after the transaction. Management stated they intend to close the petty cash account.

FINDING 3. VOUCHERS AND REIMBURSEMENT REQUESTS WERE INCOMPLETE AND SALES TAX WAS PAID IN SOME INSTANCES.

Recommendation 3.1 - We recommend that management ensure that vouchers are signed by both the person receiving the funds and the custodian of record. If either cannot be obtained, a designee should sign and provide a written explanation.



SALT PALACE CONVENTION CENTER Agency Action - Implementation in Progress. Management was in the process of closing the account. No petty cash transactions occurred since preliminary follow up audit.



MOUNTAIN AMERICA EXPO CENTER Agency action - Implementation in Progress. Reimbursement requests were not sent to Mayor's finance. Mountain America Expo center stopped using the account in December 2023 and was in the process of closing the account.

Recommendation 3.2 - We recommend that management review voucher documentation to ensure receipts are attached and purchase approval forms are completed, where required by the agency's internal policy

HEALTH DEPARTMENT



EPA EMISSIONS: Agency action - Not Implemented. Management disagreed with the recommendation. Management stated the petty cash account will be closed in 2024.



TOBACCO INSPECTION: Agency action - Implemented our recommendation.

Recommendation 3.3 - We recommend that management review receipts for sales tax and seek a refund from the vendor. Where appropriate, we recommend that sales tax not be reimbursed.



HEALTH DEPARTMENT EPA EMISSIONS: Agency action – Not Implemented. Management disagreed with the recommendation. Management stated the petty cash account will be closed in 2024.



MOUNTAIN AMERICA EXPO CENTER: Agency action - Implementation in Progress. Sales tax was paid on two of the six (33%) receipts submitted for reimbursement. It is important to note that Mountain America Expo center stopped all petty cash activity in December 2023 and is currently in the process of closing the account with MFA.

FINDING 4. CUSTODIANS AND/OR CHECK SIGNATORIES DID NOT MATCH THOSE ON RECORD.

Recommendation 4.1 - We recommend that management work with MFA to update the custodian of record by completing and signing MPF Form 7A, "Transfer of Funds Receipt."



MOUNTAIN AMERICA EXPO CENTER: Agency Action - Implemented our recommendation.

Recommendation 4.2 - We recommend that management update account signatories by submitting a revised Certificate of Authority to the Treasurer's Office for submission to the bank.



REGIONAL DEVELOPMENT: Agency Action - Implemented our recommendation.

FINDING 7. RECEIPTS WERE NOT RETURNED TO THE CUSTODIAN IN A TIMELY MANNER.

Recommendation 7.1 - We recommend that management in the Health Department review the internal policy with custodians to have employees return receipts within two working days, or that internal policy be reviewed and updated where appropriate.

HEALTH DEPARTMENT



ADMINISTRATION: Agency Action – Not Implemented. Nine of 10 (90%) vouchers did not have receipts returned within internal policy parameters of two workdays. Health Department Management stated that the internal

policy is not clearly written as it only applies to the tobacco petty cash account, and they are currently updating the policy. In addition, management indicated they would close the petty cash account as soon as outstanding reimbursements are completed.



EPA EMISSIONS: Agency Action – Agency action – Not Implemented. Six of the 52 (12%) vouchers tested did not have receipts returned within the internal policy parameters of two workdays. Management stated the petty cash account will be closed in 2024.