

# AUDIT REPORT

# An Audit of Salt Lake County Proprietary Cards and Amazon Purchases

NOVEMBER 2024



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# Salt Lake County Auditor



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## AUDITOR'S LETTER

November 2024

I am presenting our audit of the Salt Lake County Proprietary Cards and Amazon Business Account, covering the period from January 1, 2023, to December 31, 2023. The objective was to provide reasonable assurance of the adequacy of internal controls and compliance with fiscal ordinances, policies, and procedures.

Our audit revealed significant deficiencies across key areas, including oversight and adherence to policies. The findings reflect a pervasive lack of accountability from Salt Lake County management and those charged with governance. This lack of effective "tone at the top" has resulted in management's insufficient engagement in enforcing policy, guiding teams, and ensuring risk mitigation, ultimately affecting operational integrity.

Specific findings included the misuse of proprietary and purchasing cards, inadequate management of gift card inventories, improper shipments to non-county facilities, and cases where terminated employees retained Amazon Business account access. These findings underscore the need for enhanced oversight, consistent training, and policy reinforcement across departments. We observed that many of these issues arise from a general lack of structured oversight by managers and minimal follow-through on policy compliance initiatives.

It is imperative that department leaders and management teams within Salt Lake County take ownership of these responsibilities. I strongly recommend that Contracts and Procurement, along with agency leadership, actively implement the audit recommendations to foster a culture of accountability, compliance, and continuous improvement.

While some efforts have been made, it is evident that more robust action is necessary. Management and those charged with governance must make a concerted effort to acknowledge and address the risks that our audits have continually identified over the past 2.5 years. These audits reveal ongoing vulnerabilities across departments that are unlikely to be resolved without a paradigm shift by management. Effective change starts with establishing a consistent and strong tone at the top—one that prioritizes accountability, rigorous oversight, and proactive risk management outside of the specific departmental expertise and niche that management is responsible for. Without this foundational commitment, policies will continue to be inconsistently applied, and risks inadequately mitigated, leaving the County exposed to preventable operational and financial inefficiencies.

This audit was authorized under Utah Code Title 17, Chapter 19a, "County Auditor", Part 2, "Powers and Duties." We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

We appreciate the cooperation of all involved personnel during this audit. For further details, please refer to the enclosed detailed audit report. Should you require any further information or clarification, please do not hesitate to contact me at 385-468-7200.

A handwritten signature in black ink, appearing to read "Chris Harding". The signature is fluid and cursive, with the first name "Chris" and last name "Harding" clearly distinguishable.

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

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## PROPRIETARY CARDS AND AMAZON AUDIT

NOVEMBER 2024

### Objectives

The audit objectives were to provide reasonable assurance that the internal controls in place are adequate and effective and that purchasing processes comply with all applicable fiscal ordinances, policies, and procedures. We also worked to ensure that County assets are safeguarded against the risk of fraud, waste, or abuse. Areas of audit focus included:

- Program Oversight by Contracts and Procurement
- Youth Services Proprietary Card Use
- Criminal Justice Services Proprietary Card Use
- Countywide Amazon Purchasing

The scope of the audit was from January 1, 2023, to December 31, 2023.

# REPORT HIGHLIGHTS

### Inadequate Oversight and Policy Non-Compliance in County Proprietary Card Use

Contracts and Procurement was not aware of the current use of proprietary cards by two Salt Lake County agencies, and therefore was not overseeing their use. Contracts and Procurement is responsible for division oversight per Salt Lake County Countywide Policy 7036: Charge Cards/Proprietary.

### Improper Gift Cards Purchases for Employees and Volunteers

During the audit period 10 agencies placed 163 orders totaling \$82,119 for 1,914 gift cards. The Office of Regional Development purchased 23 gift cards totaling \$882 that were distributed to employees or volunteers in violation of County policy.

### Inadequate Gift Card Management, Including Excessive Inventory and Control Deficiencies

The Health Department maintained an inventory of 424 gift cards with a combined value of \$4,230 on hand. Some of the gift cards had been purchased up to 15 months prior. Additionally, we randomly sampled 107 cards and found that two cards were missing, and five cards that were supposed to have been distributed were still on hand. Additionally, we noted inconsistent formatting of the gift card distribution lists provided by Health Department management. In some instances, reports included only the last four digits of the card with the recipient's name, or the reason for issuing the gift card on the tracking sheet. One list did not contain card numbers and only had the signature (not printed names) of the recipient.

### Inadequate Training and Oversight Contributes to Misuse of Amazon Business Account

The Amazon Business account is intended for County business purchases only, paid for using a County Purchasing Card (PCard). Access to the business account requires use of an active county network account and password. However, we found five non-county issued payment methods used on 41 orders totaling \$4,063 across three different county agencies. Additionally, one employee used a personal email address to place 32 orders totaling \$667.

### Purchases Shipped to Non-County Facilities

During the audit period 64 distinct account groups made 16,490 orders that were shipped to over 600 different locations. While items were primarily sent to county-owned facilities, some shipments to non-county-owned facilities were necessary due to off-site program use or clientele services provided through agency programs. We found that 13 agencies with 393 orders totaling \$28,176 had shipped to 45 off site locations, without supporting documentation justifying a valid business purpose.



## Finding Risk Classifications

Classification	Description
<p><b>1 – Low Risk Finding</b></p>	<p>Low risk findings may have an effect on providing reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations may or may not be given to address the issues identified in the final audit report. If recommendations are given, management should try to implement the recommendations within one year of the final audit report date if possible. Follow-up audits may or may not focus on the status of implementation.</p>
<p><b>2 – Moderate Risk Finding</b></p>	<p>Moderate risk findings may have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will be given to address the issues identified in the final audit report. Management should implement the recommendations within one year of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p><b>3 – Significant Risk Finding</b></p>	<p>Significant risks are the result of one or more findings that may have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will include necessary corrective actions that address the significant risks identified in the final audit report. Management should implement the recommendations within six months of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p><b>4 – Critical Risk Finding</b></p>	<p>Critical risks are the result of one or more findings that would have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will include necessary corrective actions that address the critical risks identified in the final audit report. Management should implement the recommendations as soon as possible. Follow-up audits will focus on the status of implementation.</p>

# BACKGROUND

The Salt Lake County Auditor's Audit Services Division completed a limited scope financial audit of Salt Lake County Proprietary Cards and Amazon Business Account for the period from January 1, 2023, to December 31, 2023.

Financial institutions issue Proprietary Cards, also known as Private Label Cards, under contractual agreements between financial institutions and third parties, usually large retailers, to facilitate consumer purchases from the retailer. These cards can include debit or credit cards that payment card brands such as VISA or MasterCard issue. Examples of Proprietary Cards include Costco and Target charge cards.

Two Salt Lake County agencies use Proprietary Cards: Criminal Justice Services uses a Sam's Club card and Youth Services uses a Kroger/Smith's card. Like County Purchasing Cards (PCards), the agencies pay for purchases later through Mayor's Finance Administration (MFA) Accounts Payable. The County does not include Proprietary Cards in its County's PCard program. The District Attorney's Office must approve applications for Proprietary Cards, and applications must be signed by the Mayor or designee.

The County's Amazon Business Account was also reviewed during the audit. The account is used to conduct small cost purchases that are under the same Countywide policy requirements as all other county small cost purchases. Contracts and Procurement established the account in 2020 with the goals of saving the County money in Prime membership fees, increasing transparency, and providing access to business account discounts and tax-exempt purchasing. During the audit period, 412 users from 64 account groups (County organizations) placed over 16,000 Amazon orders totaling over \$1.7 million. Purchases from Amazon are initially paid for using a County Issued PCard. Like Proprietary Cards, PCard purchases are paid later through Mayor's Finance Administration (MFA) Accounts Payable.

## OBJECTIVES AND SCOPE

The audit objectives were to provide reasonable assurance that the internal controls in place are adequate and effective and that purchasing processes comply with all applicable fiscal ordinances, policies, and procedures. We also worked to ensure that County assets are safeguarded against the risk of fraud, waste, or abuse. Areas of audit focus included:

- Program Oversight by Contracts and Procurement
- Youth Services Proprietary Card Use
- Criminal Justice Services Proprietary Card Use



- Countywide Amazon Purchasing
- The scope of the audit was from January 1, 2023, to December 31, 2023.

## AUDIT CRITERIA

**Salt Lake County Countywide Policy 1125: Safeguarding Property Assets** establishes a uniform policy that provides direction concerning who is responsible for managing property, defines the types of assets subject to various controls, and refers to various procedures concerning the safeguarding of assets. Procedures and definitions include:

- Controlled assets are items having a cost of \$100 or greater, but less than the current capitalization rate, and which are sensitive to conversion to personal use.
- Property Manager maintains records to manage controlled assets using the appropriate forms.
- Report theft of property to appropriate authorities in accordance with Countywide Policy 1304.

**Salt Lake County Countywide Policy 7021: Small Cost Purchasing Procedures** establishes that the purpose of small cost purchasing is to allow county agencies to purchase goods or services on an expedited basis, without major involvement of the Division of Contracts and Procurement. Delegating small cost purchases to county agencies makes purchases of small cost items more convenient for the initiating county agencies; simplifies and reduces acquisition costs on small cost purchases; and provides for timely payment to the vendor. Procedures and definitions include:

- Establishment of a small cost blanket by Contracts and Procurement.
- Quote requirements.
- Formal solicitation requirements.
- Restriction on split transactions.

**Salt Lake County Countywide Policy 7035: Purchasing Cards Authorization and Use**, establishes guidelines and procedures for the issuances, authorization, and use of the county purchasing card (PCard) by county agencies. Items listed in policy as prohibited include:

- Sales tax.
- Personal purchases.
- Split payments on purchases to circumvent small costs or single transaction limits.
- Gift card purchases for employees or volunteers.
- Shipments to non-county facilities.

**Salt Lake County Countywide Policy 7036 Charge Cards/Proprietary** establishes a set of guidelines for the use and acquisition of proprietary charge cards issued to County employees or divisions. Procedures include:

- Obtaining a proprietary charge card.
- Use and security of the charge card.
- Purchases that include sales tax, gift cards, travel, meals, or personal expenditures, except those specifically allowed under Countywide Policies 1020 and 7035, are prohibited.
- Credit Limits must be in place.
- Reconciliation and retention of supporting documentation.

## **METHODOLOGY**

We used several methodologies to gather and analyze information related to our audit objectives. The methodologies included but were not limited to:

1. Conducted a Countywide survey of Fiscal Managers to identify current proprietary card use.
2. Met with Contracts and Procurement personnel to gain an understanding of related purchasing policies and procedures.
3. Met with agency personnel to gain an understanding of proprietary card procedures and controls.
4. Where appropriate, performed statistical, judgmental, or random sampling to review purchasing card (PCard) transactions through the Amazon Business Account.
5. Examined documentation from the County's financial system, Amazon Business Account Analytics, Youth Service's SharePoint site, and agency contacts. Documents included PCard statements, PCard transaction detail reports, accounts payable vouchers, and controlled asset lists.
6. Observed controls in operation, such as location of proprietary cards and retention of support documentation.

## **CONCLUSIONS**

While we found no evidence of misuse of funds, we determined that internal controls such as management oversight, documented policies and procedures, ongoing training, and monitoring were not always adequate to prevent or detect misuse. We noted instances where use of the Amazon Business Account and agency proprietary cards did not comply with several key controls, including those required by County policy, such as:

- Inadequate Oversight and Policy Non-Compliance in County Proprietary Card Use.

- Improper Gift Card Purchased for Employees and Volunteers.
- Inadequate Gift Card Management, Including Excessive Inventory and Control.
- Inadequate Training and Oversight Contributes to Misuse of Amazon Business Account.
- Purchases Shipped to Non-County Facilities.
- Controlled Asset Purchases Not Tracked.
- Terminated Employees Retained on Amazon Business Account Group Listings.
- Outdated Retention Schedule and Risk Associated with Transferred Employees Access.
- Sales Tax Paid on Amazon Business Account.

Additionally, we noted instances of noncompliance with Countywide Policy. Salt Lake County Countywide Policy 7036: Charge Cards/Proprietary, Part 2.1 Using the Charge Card, states that proprietary cards “must be signed by the cardholder if required.” However, we found that one agency had not only left the card unsigned, but an employee also not named on the card was using it.

Salt Lake County Countywide Policy 7036: Charge Cards/Proprietary, Part 2.2 Using the Charge Card, emphasizes the importance of establishing controls to protect the security of proprietary cards. However, we found that neither agency using these cards requires pre-approval for use and do not consistently document when cards are checked out. Such practices undermine the individual accountability for card use, and increase the risk of waste, fraud or abuse.

To mitigate these risks and improve overall operational effectiveness, it is imperative that Contracts and Procurement ensure that Amazon training links, which explain the customizable reports available in Analytics and provide Group Administrators with essential training tools to help mitigate risk, be provided to Group Administrators for regular annual training of their staff. Additionally, Contracts and Procurement management should re-evaluate Salt Lake County Countywide Policy 7036: Charge Cards/ Proprietary and work with the County Council to either revoke the Policy, which allows Proprietary Cards, or revise the policy to provide additional controls.

# FINDING 1 AND RECOMMENDATIONS

## Inadequate Oversight and Policy Non-Compliance in County Proprietary Card Use

Risk Rating: **Significant Risk Finding**

In the 2015 audit of Salt Lake County Proprietary Card Use, the Auditor’s Office identified 109 proprietary cards used by nine agencies. These cards generated \$187,539 in expenditures in 2014. Audit findings included inaccurate records of proprietary cards, failure to accurately track rebates, payment of sales tax, and other issues.

The 2015 audit findings and Costco’s acceptance of County VISA PCards significantly reduced the number of agencies using proprietary cards. In 2023, only two agencies used proprietary cards, and total expenditures decreased to \$4,535.

In 2015 during discussions with the Mayor’s Finance Associate Accounting Administrator, Contracts and Procurement management discussed eliminating proprietary cards countywide and requiring the use of PCards. However, this action was not taken.

**Table 1. County Agency Proprietary Card use in 2023.** *In 2023, Criminal Justice Services used one Sam’s Club card, while Youth Services used two Kroger/Smith’s Grocery store cards. Together these cards were used for 39 transactions, totaling \$4,535.*

Agency	Proprietary Card	Number of Cards	Number of Transactions	Total Dollar Amounts
Criminal Justice Services	Sam's Club	1	27	\$3,802
Youth Services	Kroger/Smith's Grocery	2	12	\$733
<b>Totals</b>		<b>3</b>	<b>39</b>	<b>\$4,535</b>

Sources: County Accounts Payable Voucher Reporting.

Contracts and Procurement was not aware of the proprietary cards and therefore was not overseeing their use. Contracts and Procurement is responsible for division oversight per Salt Lake County Countywide Policy 7036: Charge Cards/Proprietary.

We interviewed staff and reviewed documentation on file at Criminal Justice Services and Youth Services to assess each agency’s understanding of, and compliance with, Countywide Policy 7036. We found that:

### Criminal Justice Services

- Criminal Justice Services proprietary card was issued in the Fiscal Manager’s name but was unsigned by the cardholder and being used by

another employee.

- One out of the 27 (4%) Criminal Justice Services purchases using the Sam’s Club Card included \$3.53 in sales tax.

### Youth Services

- Youth Services did not consistently use the check-out log for the proprietary cards.
  - Nine out of twelve (75%) transactions did not have a corresponding log entry.
  - Of the three transactions with a log entry, one did not include the reason the card was checked out, and all three had invalid data in the department field.
- There were no single or monthly spending limits on the proprietary cards.

Finally, neither agency conducted annual reviews of card use.

**Table 2. Agency Non-Compliance with Countywide Policy 7036.** *Both Criminal Justice Services and Youth Services exhibited non-compliance with sections 2.0, 3.0, and 8.0 of Countywide Policy 7036.*

Agency (Proprietary Card)	Cards Issued in Name of Employee are Signed	Authorized Use is Documented	Cards have a Single or Monthly Limit	Agency Completes an Annual Audit or Review of Card Usage
Criminal Justice Services (Sam's Club)	Non-Compliant	Non-Compliant	N/A**	Non-Compliant
Youth Services (Kroger/Smith's Grocery)	N/A*	Non-Compliant	Non-Compliant	Non-Compliant

Sources: Agency Management.

\*Kroger/Smiths cards were issued in the agency’s name

\*\*Sam’s Club card had a total credit limit, not a single transaction limit

Salt Lake County Countywide Policy 7036 Charge Cards/Proprietary, Section 2.0 Using the Charge Card, states, “2.1 Immediately upon receipt of the card it must be signed by the cardholder if required. 2.2 The card will be issued in the name of the employee. The cardholder is responsible for the proper usage and safeguarding of the card and is the only authorized user of that card. 2.3 Cards may also be issued in the name of the division. In these cases, the division director or their designee is responsible for the proper usage and safeguarding of the card and is also responsible for any delegation of use of the card. ... 2.5 Each card will have a single or monthly limit and may not exceed the single or monthly limit set for each cardholder.”

Salt Lake County Countywide Policy 7036 Charge Cards/Proprietary, Section 8.0, Audits, states, “Audits of the charge card system may be conducted at any time. Fiscal administrators will review charge card activity in their departments on at least an annual basis.”

Salt Lake County Countywide Policy 7036 Charge Cards/Proprietary, Section 3.1, Unallowable Purchases, states, “Sales tax is not an allowable purchase. If sales tax is paid, the cardholder is responsible for getting a refund from the vendor in the form of a credit back to the charge card or personally reimbursing the county.”

Upon discovering that two agencies continued to use proprietary cards, Contracts and Procurement management agreed that the purchases could be made with a County PCard. They also noted the option of agency-level (shareable) PCards with US Bank that could be used in a similar manner to the Proprietary Cards.

Because of the instances of non-compliance with policy and availability of the County’s centralized PCard system, we inquired with agencies regarding continued need for proprietary cards, as well as their feedback on the exceptions to policy noted above. Agencies indicated that:

### **Criminal Justice Services**

Criminal Justice Services management stated they prefer the Sam’s Club proprietary card over a PCard. At Costco, where the County VISA Pcard can be used, agencies were required to check in at the Costco membership desk prior to purchasing. Another convenience was that, despite the Sam’s Club proprietary card being in the Fiscal Manager’s name, any employee could use it without needing proof of authority. They further stated that discontinuing the Sam’s Club card would result in a need for increased petty cash funds, make checkout and reimbursement of purchases more difficult, and place funds at risk.

Regarding the policy exceptions, management noted that another employee used the card because it was convenient. The Fiscal Manager had not signed the card due to an oversight. Additionally, management did not know why sales tax was charged in one instance but noted that Sam’s Club cashiers do not request proof tax-exempt status. Concerningly, we also noted that when notified of this error, the store issued a \$5 gift card instead of crediting it back to the card.

### **Youth Services**

Youth Services management also expressed a preference for retaining the Smith’s proprietary card over a County-issued PCard. They cited a time when Smith’s did not accept Visa Cards, the merchant brand for County PCards. The Smith’s proprietary card allowed Youth Services to continue making purchases. They were concerned that if that happened again and only PCards were available, they would not be

able to buy necessary items. While management is open to exploring alternatives, their preference is to retain the Kroger/Smith's card.

Management indicated that the missing log entries might have occurred when the Account Payable Coordinator, who oversees the card, was not in her office, and other staff members were filling in for her. Although staff members have been trained on the proper use of the checkout log, the infrequent use of this process may have led to it being overlooked.

PCards offer several advantages over proprietary cards. Unlike proprietary cards, PCards are issued by Contracts and Procurement, with authorized users and spending limits in place. In addition, unlike proprietary cards, PCard transactions are maintained in a centralized application where they receive supervisory approval. Users can also upload supporting documentation for purchases, such as detailed receipts.

Decentralized management of proprietary cards and supporting documentation by agencies can lead to reduced transparency and oversight. Consequently, there is an increased risk of errors and noncompliance with Countywide policy, as well as fraud, waste, or abuse.

1.1

RECOMMENDATION

CW Policy 7036

We recommend that Contracts and Procurement management re-evaluate Salt Lake County Countywide Policy 7036, and either take steps to dissolve it or to implement more oversight and periodic reviews of proprietary card usage countywide.

Agencies Included: Contracts and Procurement

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that agency management evaluate the use of County-issued Pcards instead of proprietary cards. Additionally, they should coordinate with the Contracts and Procurement department to explore the possibility of obtaining shared-use PCards if necessary.

Agencies Included: Criminal Justice Services and Youth Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that Criminal Justice Services management ensure compliance with Salt Lake County Countywide Policy 7036 Charge Cards/Proprietary, Section 2.2, which states that the “card will be issued in the name of the employee. The cardholder is responsible for the proper usage and safeguarding of the card and is the only authorized user of that card.” The name on the Sam’s Club card must match the end user’s name and be signed by that same authorized user.

Agencies Included: Criminal Justice Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.



We recommend that agency management implement measures to enhance card security. This includes allowing access only to pre-authorized individuals and requiring a check-out log entry to track the card's location at any given time.

Agencies Included: Criminal Justice Services and Youth Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that Youth Services management explore implementing spending limitations on the Kroger/Smith's card for single transactions or monthly spending.

Agencies Included: Youth Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that agency management conduct annual reviews of card use.

Agencies Included: Criminal Justice Services and Youth Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that Criminal Justice Services management require card users to present a tax-exempt notification to the Sam's Club cashier at the time of purchase. Although not required by the vendor, this could mitigate the risk of being charged sales tax.

Agencies Included: Criminal Justice Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

# FINDING 2 AND RECOMMENDATIONS

## Improper Gift Card Purchases for Employees and Volunteers

Risk Rating: **Significant Risk Finding**

Salt Lake County utilizes employee gift cards as a way to recognize and reward commendable performance, years of service, or retiring employees. The Employee Services Reserve (ESR) centralizes the employee gift card process, purchasing and managing all requests. Agencies can request employee gift cards by completing the online Gift Card Request Form. Additionally, agencies may purchase gift cards for customers or clients using a County PCard for valid program or business reasons.

We analyzed the 16,490 orders shipped in 2023 to identify gift card purchases made with County issued purchasing cards through the Amazon Business Account. We found that:

- 670 gift cards (totaling \$58,000) were purchased for the Fund Manager for employee recognition. This program was tested during the recent Countywide Payroll Audit and were therefore excluded for further testing.
- Eight county agencies purchased 1,221 gift cards (totaling \$23,237) for their clients or customers. These will be discussed in Finding 3.
- The Office of Regional Development purchased 23 gift cards (totaling \$882) and distributed them to employees or volunteers, which violates Countywide Purchasing Card policy.

**Table 3. Gift Card Purchases in Violation of County Policy.** *The Office of Regional Development made six Amazon purchases for 23 gift cards totaling \$882, which were distributed to two employees and 9 volunteers.*

Gift Card Recipient Type	Quantity of Gift Cards Purchased	Quantity of Gift Cards Disbursed	Quantity of Gift Cards Undisbursed	Average Gift Card Value	Total Dollars Spent
Two Employees	2	2	0	\$36	\$72
Nine Volunteers	21	21	0	\$40	\$810

Sources: Amazon Business Analytics and Contracts and Procurement listing of County PCards.

Salt Lake County Countywide Policy 7035: Purchasing Cards Authorization and Use, Section 4.7 Gift Cards, states, “Except as allowed by Salt Lake County Human Resources Policy 4-800 Service Awards, the purchase of gift cards for employees or volunteers is prohibited on the PCard. Gift cards may be purchased for customers or clients for business-related reasons.”

Office of Regional Development management explained that, in response to COVID, the former Director approved emailing Grubhub gift cards to staff and volunteers so that they could have food delivered during remote meetings. The Director did so to continue the practice of providing meals during meetings while working remote. The current Administrative and Fiscal Manager noted she was not aware of the Countywide policy prohibiting such purchases and relied on the Director's guidance.

Circumventing the ESR process for employee and volunteer gift card purchases poses significant risks. By bypassing established procedures, transparency, oversight and necessary approvals are compromised. This increased vulnerability can result in errors, miscommunication, and misuse of County resources. Furthermore, gift cards distributed to employees or volunteers may not be reported as taxable income, potentially leading to financial implications for both the County and the individuals involved.

2.1

**RECOMMENDATION**

**Gift Cards for Meals**

We recommend that the Office of Regional Development immediately discontinue the practice of purchasing gift cards for employees or volunteers to have meals at meetings.

Agencies Included: Office of Regional Development

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

2.2

**RECOMMENDATION**

**Reporting Requirements**

We recommend that the Office of Regional Development work with the Mayors Administration and Payroll offices to identify any necessary reporting requirements for the gift cards distributed to employees and volunteers.

Agencies Included: Office of Regional Development

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

# FINDING 3 AND RECOMMENDATIONS

## Inadequate Gift Card Management, Including Excessive Inventory and Control Deficiencies

Risk Rating: **Significant Risk Finding**

As noted in Finding 2, eight agencies purchased 1,221 gift cards for their clients or customers. Two agencies had not distributed all the gift cards purchased during the audit period. The Health Department and Parks and Recreation retained a combined inventory of 364 undistributed gift cards, valued at \$4,055. The Health Department accounted for 349 out of the 364 (96%) cards remaining, valued at \$3,680. Due to the significant quantity of cards, we verified that the gift cards were on hand and reviewed supporting Health Department documentation to determine if they were properly tracked.

**Table 4. Inventory of Undistributed Gift Cards.** *Two out of eight County agencies held a combined inventory of 364 undisbursed gift cards, valued at \$4,055.*

Agency Purchasing Cards	Quantity of Gift Cards Purchased	Quantity of Gift Cards Disbursed	Quantity of Gift Cards Undisbursed	Average Gift Card Value	Total Dollars Spent	Total Dollars Undisbursed Cards
Aging and Adult Services	77	77	0	\$25	\$1,890	\$0
Arts & Culture	3	3	0	\$100	\$300	\$0
Behavioral Health	9	9	0	\$53	\$220	\$0
Health Department	613	264	349	\$16	\$6,930	\$3,680
Information Technology	3	3	0	\$25	\$75	\$0
Library Services	136	136	0	\$45	\$3,462	\$0
Parks and Recreation	374	359	15	\$30	\$10,200	\$375
Youth Services	6	6	0	\$27	\$160	\$0
<b>Totals</b>	<b>1,221</b>	<b>857</b>	<b>364</b>	<b>\$30</b>	<b>\$23,237</b>	<b>\$4,055</b>

Sources: Amazon Business Analytics and Contracts and Procurement listing of County PCards.

During our onsite testing at the Health Department, we physically verified 424 gift cards on hand, with a combined value of \$4,230. This included 349 gift cards purchased during the audit period and an additional 75 gift cards acquired through purchases made before or after the audit period. Some of these gift cards had remained on hand for over a year. 47 of the 349

(13%) gift cards purchased during the audit period had remained unused for over 15 months.

We randomly sampled 107 gift cards from the inventory lists and compared them to physical gift cards on hand with Health Department staff. We found the following discrepancies:

- Two gift cards that were listed as undistributed were missing.
- Five gift cards that were reported as distributed were still in the inventory.

Additionally, we noted inconsistent formatting of the gift card distribution lists provided by Health Department management. We found that lists were decentralized and usually included the card number, distribution date, and recipient name/signature. However, signatures were often illegible. In some instances, reports included only the last four digits of the card with the recipient's name, or the reason for issuing the gift card on the tracking sheet. One list did not contain card numbers and only had the signature (not printed names) of the recipient. Because of poor tracking records, we could not verify the quantity of the two types of \$5 gift cards listed.

Salt Lake County Countywide Policy 7035: Purchasing Cards Authorization and Use, Section 4.7, Gift Cards, states, "Agencies shall have internal procedures outlining the acceptable use, safeguarding, and tracking and distribution of gift cards."

Health Department management explained that they have a large inventory of gift cards in preparation for several initiatives planned over the next six months, during which the cards will be distributed. Management provided Salt Lake County Health Department Operating Standard & Procedure 0600-FS Purchasing Procedures, dated January 1, 2020, in response to our request for the agency gift card policies or procedures. The policy stated that, "Gift cards [may not be purchased] unless purchased for clients/customers" but provided no other requirements for safeguarding, tracking or inventorying gift cards. Management indicated the policy was being updated.

The absence of clear guidelines for the purchase, storage, and distribution of gift cards poses significant financial risks. Gift cards, like cash, can be easily misused, lost, or stolen if not properly managed. Implementing a robust policy will help mitigate these risks, ensuring the efficient and secure handling of gift cards.

We recommend that the Health Department management reduce the stock of gift cards to a more reasonable level, such as three-month's worth.

Agencies Included: Health Department

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that Health Department management establish and implement a formal gift card management procedure, incorporating the following key elements:

- Implement a standardized tracking system for both gift card purchases and distributions
  - Include sufficient identifying information, such as the first few and last four digits of the card number, to uniquely identify each gift card
- Require recipient names to be clearly printed or typed, accompanied by a signature from the recipient
- Conduct periodic reconciliations of gift cards purchased, distributed and remaining in inventory.
- Ensure reconciliation accuracy through an independent review and approval.
- Establish maximum inventory levels to prevent excessive stockpiling
- Regularly review and adjust inventory levels based on anticipated needs and usage patterns

Agencies Included: Health Department

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that Contracts and Procurement management work to establish and implement a Countywide policy that outlines systematic procedures for the purchase, tracking, reconciliation, safeguarding, and timely distribution of gift cards intended for customers or clients.

Agencies Included: Contracts and Procurement

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend Contract and Procurement implement an oversight and review process for gift cards purchased for clients or customers. The oversight and review process should include the following activities:

- Regularly review and update gift card policies and procedures to ensure alignment with current best practices, evolving business needs, and compliance standards.
- Ensure that gift cards are properly stored, tracked, and accounted for.
- Identify and assess potential risks associated with gift card programs.
- Ensure compliance with policies related to gift card issuance, usage, and reporting.
- Conduct regular audits and reviews to verify adherence to policies and identify areas for improvement or corrective action.
- Require regular reporting on gift card usage and inventory levels
- Ensure transparency and accountability in gift card management.

Agencies Included: Contracts and Procurement

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.



# FINDING 4 AND RECOMMENDATIONS

## Inadequate Training and Oversight Contributes to Misuse of Amazon Business Account

Risk Rating: **Significant Risk Finding**

The Amazon Business Account provides Salt Lake County employees access to Amazon Prime benefits when using their county issued purchasing card (PCard) and Salt Lake County email address to make agency purchases.

When employees are added to the business account, they receive an invitation through their county domain email address, which is permanently linked to the users' account. Each County agency has one or more Account Group Administrators that configure new users to one of three payment methods:

- Individual Payment Method: The employee provides their payment method (e.g. County Issued PCard).
- Shared Payment Method: The Administrator provides a payment method for the entire group (e.g. Agency PCard).
- Both Shared and Individual Payment Methods: The Administrator provides a payment method for the group, and the employee can also use their own.

We analyzed all 16,490 orders shipped in 2023 to identify transactions made with a credit or debit card that was not a County PCard, or with an account associated with a non-county email address. We found 41 orders totaling \$4,063 by three agencies that were not paid for using a County PCard. Additionally, we found 32 orders totaling \$667 associated with a personal Hotmail email address.

**Table 5: Purchases through the County Amazon Business Account using Non-County Payment Cards. Three agencies made purchases totaling \$4,063 using non-county payment cards.**

Agency	Total of Orders	Total Non-County Payment Cards Used	Total Of Employees	Total Purchase Amount
Aging and Adult Services	11	3	2	\$608
Public Works Operations	1	1	1	\$60
Youth Services	29	1	9	\$3,395
<b>Totals</b>	<b>41</b>	<b>5</b>	<b>12</b>	<b>\$ 4,063</b>

Sources: Amazon Business Analytics and Contracts and Procurement listing of County PCards.

In addition, we discovered three instances where Amazon Business issued Amazon account credits for returned items totaling \$74, rather than refunding the original payment card.

Salt Lake County Countywide Policy 7035: Purchasing Cards Authorization and Use, Section 2.7, states, “A cash, check, or vendor credit that results from a returned purchase must have the credit returned to the PCard. Any transaction credit that is issued should be credited back to the county and documented”. And, Section 4.3, states, “Use of a Pcard for personal purchases and non-business items is prohibited.”

Amazon Business Account Acceptable Use Policy, Business Use and Non-Business Use, states, “You must use Amazon Business exclusively for business purposes. You may not purchase any products through Amazon Business for personal or household use, nor use any Amazon Business services for personal or household use.”

We inquired with each agency regarding the exceptions. Agency management noted that:

- Aging and Adult Services management explained that Aging and Adult Services staff used the County’s Amazon Account to make purchases for Senior Center events using purchasing credit cards belonging to the Aging Services County Advisory Committee, an independent organization.
- Public Works Operations management stated that an employee initially believed he had used his personal Amazon account but discovered he had mistakenly used the Amazon Business account for a personal purchase of \$59.99, resulting in an unauthorized tax exemption.
- Youth Services management explained that the board of the nonprofit organization ShelterKids had authorized Youth Services staff to use the nonprofit’s credit card for purchases benefiting Youth Services programs and clients.

We also reached out to Contracts and Procurement regarding whether purchases through the County’s Amazon Business Account using non-county purchasing cards were authorized. Contracts and Procurement management stated they were not aware of the practice and would not approve of the practice.

Regarding the Hotmail account, Contracts and Procurement noted that Amazon Business grandfathered in some older Amazon accounts with non-county email addresses when the program was created. We confirmed that the employee used a county-issued PCard, and that the Amazon account pre-dated the program’s establishment. We also noted that the employee associated with the account has since terminated and the system recorded no further transactions.

Agency Group Administrators had access to account analytics with customizable reports including fields such as payment identifier and account user email address. However, agencies did not use those functions. Contracts and Procurement management stated that they have not provided additional training since the program's inception in 2020. In addition, at least two Fiscal Administrators we spoke with could not recall agency staff receiving training on the Amazon Business Account from Contracts and Procurement. Contracts and Procurement's intranet site contained a PowerPoint titled "Administrator/Finance Training" that detailed analytic reporting. However, the link to the training did not work. The lack of training and the broken training link likely contributed to agency management's failure to detect these, and other anomalies noted during the audit.

The use of non-county purchasing methods and personal email reduces transparency and increases the risk of potential fraud, waste, or abuse using the Amazon account. One of the purchases made with a personal credit card was for personal items totaling \$59.99, which included a tax exemption of \$2.99 for which the employee was not entitled. In addition, the Amazon Business Account User agreement was violated.

We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically addressing the following:

- **Authorized Users:** Clearly outline the authorized uses of the Amazon Business Account, emphasizing that purchases must be made using County-issued purchasing cards and for County business purposes only.
- **Customizable Reports:** Demonstrate the use of customizable reports to monitor non-county payment methods, account user email addresses, and transaction activity.
- **Transaction Monitoring:** Provide guidance on best practices for transaction monitoring, including identifying and addressing any suspicious or unauthorized activity.

Track attendance and ensure all relevant agency administrators and Pcard users participate in the training. Maintain updated training materials and make them readily accessible to agency staff.

Agencies Included: Contracts and Procurement

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that agency management perform periodic, documented monitoring of Amazon Business Account Purchases to ensure that only appropriate purchasing methods and user accounts are in use.

Agencies Included: Aging and Adult Services, Public Works Operation, and Youth Services.

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that agency management discontinue the use of non-county payment cards and take the necessary measures to remove any associated non-county issued payment methods from their Amazon Business Accounts.

Agencies Included: Aging and Adult Services, Public Works Operation, and Youth Services.

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

# FINDING 5 AND RECOMMENDATIONS

## Purchases Shipped to Non-County Facilities

Risk Rating: **Significant Risk Finding**

During the audit period, agencies shipped 16,490 Amazon orders to over 600 different locations. We used data analytics to test for appropriate business-use of the Amazon Business Account, identified orders shipped to non-county addresses, and then reviewed the supporting documentation to determine if a valid business reason for shipment to these locations was documented.

We identified 13 agencies with 393 (2.4%) orders, totaling \$28,176, that were shipped to 45 non-county locations. We found no supporting documentation or agency management authorization to justify the business need for the shipment to a non-County address.

**Table 6. Amazon Purchases Shipped to Non-County Facilities.** *This table details 393 Amazon orders shipped to 45 non-county facilities. No supporting documentation or approval was provided as required by policy.*

Agency	Total of Orders	Total of Locations	Total of Employees	Total Purchase Amount
Aging and Adult Services	16	4	4	\$720
Animal Services	3	1	1	\$145
Contracts & Procurement	7	4	2	\$3,557
Council	1	1	1	\$32
Criminal Justice Services	1	1	1	\$40
Facilities Management	2	2	2	\$184
Health Department	10	5	5	\$1,181
Library Services	4	2	2	\$127
Mayors Finance	9	6	1	\$911
Parks & Recreation	1	1	1	\$55
Public Works Administration	5	3	1	\$63
Public Works Operations	2	1	1	\$19
Youth Services	332	14	11	\$21,141
<b>Totals</b>	<b>393</b>	<b>45</b>	<b>33</b>	<b>\$28,176</b>

Sources: Amazon Business Analytics and Contracts and Procurement listing of County PCards.

Salt Lake County Countywide Policy 7035: Purchasing Cards Authorization and Use, Section 5.2, states, “Any goods or services delivered to an address other than a county owned or operated facility are prohibited unless authorized in writing by the cardholder’s agency division director/elected official or designee. This approval shall be maintained with all related PCard documentation.”

Agency administrators have access to Amazon Account Analytics, as noted in Finding 4. These analytics include reports that show the shipping address for each order. Unfortunately, Contracts and Procurement did not periodically train agencies on available reports, and their training links on the intranet were not working.

The management response from each of the 14 agencies indicated that the purchases were shipped to non-county locations for legitimate business purposes. Items were shipped to either an employee’s home or an Amazon locker for convenience. Reasons included remote work schedules, the need to expedite items for events, and normal work locations not being conducive to receiving shipments. However, none of the transactions included the required supporting documentation mandated by Salt Lake County Countywide Policy 7035: Purchasing Cards Authorization and Use.

While occasional shipments to non-county facilities may be justifiable, they should be the exception rather than the norm. Despite agency management’s assertion of legitimate business purposes, shipping items to employees’ homes diminishes transparency and increases the risk of fraud, waste and abuse. When a high volume of purchases are shipped to a non-county facility, personal use of the Amazon Business Account and PCard are more difficult to detect.

5.1

RECOMMENDATION

Periodic Training

We recommend that Contracts and Procurement management develop and conduct periodic training for agencies specifically regarding customizable reports, including shipments to non-county locations, and transaction monitoring.

- Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.
- Maintain updated training materials and make them readily accessible to agency staff.

Agencies Included: Contracts and Procurement

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility.

Agencies Included: Aging and Adult Services, Animal Services, Contracts & Procurement, Council, Criminal Justice Services, Facilities Management, Health Department, Library Services, Mayors Finance, Parks & Recreation, Public Works Administration, Public Works Operations, and Youth Services.

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.

Agencies Included: Aging and Adult Services, Animal Services, Contracts & Procurement, Council, Criminal Justice Services, Facilities Management, Health Department, Library Services, Mayors Finance, Parks & Recreation, Public Works Administration, Public Works Operations, and Youth Services.

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.



# FINDING 6 AND RECOMMENDATIONS

## Controlled Asset Purchases Not Tracked

Risk Rating: **Moderate Risk Finding**

A controlled asset is defined by Salt Lake Countywide Policy 1125: Safeguarding Property/Assets, Part 1.0 Definitions, which states, "Personal property items having a cost of \$100 or greater, but less than the current capitalization rate, and which are sensitive to conversion to personal use, thereby necessitating special provisions for safeguarding." County agencies are required to assign a property manager to track and safeguard all controlled assets.

We analyzed Amazon business transactions from 2023 to identify potential controlled asset purchases. Using judgmental filtering based on keywords, we identified 510 transactions that potentially included controlled assets. We then randomly sampled 50 transactions from 20 agencies to verify if controlled assets were listed on their controlled asset inventory records. We found that:

- 15 of the 50 transactions did not meet the criteria for a controlled asset. No further testing was performed on the 15 transactions.
- Five of the remaining 35 (14%) transactions included controlled assets that were not listed on the agency's controlled asset inventory. The agencies with unrecorded assets were Archives, Arts & Culture, the Sheriff's Office, and the Recorders Office.

**Table 7. Unrecorded Controlled Assets from Amazon Purchases.** *We tested 35 transactions across 20 agencies to verify the accuracy of controlled asset records This table identifies four agencies with Amazon purchases of controlled assets that were not recorded on their controlled asset inventory.*

Agency	Number of Orders Tested	Number of Orders Where Assets Were Not Recorded	Purchased Assets that were not recorded
Archives	1	1	Nikon Digital SLR Camera and Lens
Arts and Culture	2	1	Gaming PC
Recorder	1	1	Desk Riser
Sheriff's Office	2	2	Mobile Computer (WASP) & 49" Monitor
<b>Totals</b>	<b>6</b>	<b>5</b>	

Sources: Amazon Business Analytics and agency's Provided Controlled Asset Inventory Records.

Salt Lake Countywide Policy 1125: Safeguarding Property/Assets, Part 1.0 Definitions, states, “1.2 Controlled Asset - personal property items having a cost of \$ 100 or greater, but less than the current capitalization rate, and which are sensitive to conversion to personal use, thereby necessitating special provisions for safeguarding...

Part 2.0 Procedures-General and Administrative, Section 2.2, states, “Property Manager’s Duties – duties may be appropriately delegated to a subordinate, however consistent with basic management principles, Property Managers and County Administrators remain ultimately responsible for management of County property. Property Managers assigned by their Administrators are responsible for the following...2.2.3 Maintain records as to current physical location of all fixed assets and controlled assets within the organization’s operational and/or physical custody. 2.2.8 Coordinate with the organization’s Purchasing Clerk to ensure all newly acquired property is identified and accountability is appropriately established, and fixed assets are appropriately tagged and capitalized.”

We inquired with each agency regarding the exceptions and noted that:

- Archives management explained that they missed adding the purchase to the list.
- Arts and Culture management explained that controlled assets were ready to be input onto the list in December 2023, but they experienced access and workload issues that delayed the entry of the assets making the list not current.
- Recorder’s Office management explained that their asset list had not been updated since 2022 and therefore the purchases had not been added yet.
- Sheriff’s Office management explained that the WASP mobile computer was overlooked during the tagging process. Additionally, they noted that their internal policy does not require separate tracking of monitors. They are instead tracked together with the computers they accompany.

Failure to track all qualifying controlled assets using the established “Controlled Assets Inventory Form” for both the Organization and Employees poses a risk of fraud, waste, or abuse. This heightened risk stems from the lack of accountability and responsibility in safeguarding the controlled assets. Assets are more susceptible to loss or theft. Because monitors are interchangeable with other computers, not tracking them separately increases that risk.

We recommend that agency management regularly review their Amazon purchases for controlled asset purchases and regularly update their controlled asset records.

Agencies Included: Archives, Arts and Culture, Recorder, and Sheriff's Office.

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that Sheriff's Office management reconsider tracking computer monitors as controlled assets separate from the computers they accompany.

Agencies Included: Sheriff's Office

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

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## FINDING 7 AND RECOMMENDATIONS

### Terminated Employees Retained on Amazon Business Account Group Listings

Risk Rating: **Moderate Risk Finding**

When an agency Fiscal Manager or supervisor requests an Amazon Business account, Contracts and Procurement adds the employee to the requesting county agency's "Group Path," with that agency or Department's name. Salt Lake County agencies are responsible for notifying Contracts and Procurement when employees leave the county so that access can be revoked.

To verify that terminated staff no longer had access, we reviewed the Amazon Master List provided by Contracts and Procurement in February 2024. We found that 91 of the 683 (13%) employees no longer worked for Salt Lake County.

Salt Lake County Countywide Policy 7035: Purchasing Cards Authorization and Use, 4.3, states, "Use of a Pcard for personal purchases and non-business items is prohibited."

Amazon Business Account Acceptable Use Policy, Your Access to the Business Account, states, "Your access to, and permission to use, Amazon Business and your individual User Account has been granted to you by the organization which holds the Business Account to which your User Account belongs."

Contracts and Procurement management stated that only active county employees can participate in the program because employees login using single sign on and therefore must have an active network account. However, other audits have determined that County network accounts may not be inactivated on a timely basis. Therefore, the risk exists that some former employees could still login. Moreover, when an employee transfers between agencies, their single sign-on status remains active, which poses the risk of them potentially making purchases on behalf of their previous agency.

Additionally, agency Group Administrators can access their group listing through the Amazon Business Account Business settings. Contracts and Procurement's website offers a PowerPoint presentation titled "Administrator/Finance Training" that details these settings and the ability to add/remove users from a group. However, as mentioned in Finding 4, the training link was not operational, though it has since been corrected.

Lack of awareness and accessibility to crucial training on the Amazon Business Account may have contributed to underutilization of available features and tools, leading to terminated employee access. While single-sign-on prevents non-county employees from accessing the account once their account is disabled, their presence in group listings undermines accuracy and transparency.

**Table 8. Terminated Employees Retained on Amazon Business Account Group Listings.** *We identified 21 county agencies with a combined total of 91 terminated employees still listed on their Amazon Business Group Lists in February 2024. The data shows the number of inactive employees remaining on each agency's list.*

Agency	Number of Inactive Employees Remaining on Group List
Aging and Adult Services	9
Animal Services	2
Arts and Culture	6
Assessor's Office	2
Clark Planetarium	6
Criminal Justice	5
Engineering and Flood Control	3
Facilities Management	3
Health Department	3
Human Resources	1
Information Services	3
Library Services	2
Mayor Administration & Finance	7
Office of Regional Development	5
Parks & Recreation	3
Public Works Operations	5
Recorder	1
Solid Waste Management	2
Treasurer	1
Youth Services	20
Zap	2
<b>Grand Total</b>	<b>91</b>

*Sources: Amazon Master List Provided by Contracts and Procurement and County Employee Records.*

We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically regarding Group Administrators' responsibility to remove inactive employees from their groups.

- Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.
- Maintain updated training materials and make them readily accessible to agency staff.

Agencies Included: Contracts and Procurement

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that Contracts and Procurement take the necessary steps to review and update the county's Amazon Business account group lists. This will ensure access is limited to authorized purchasers and that the list remains current.

- Establish a system for conducting periodic reviews of the Amazon Business account group list to promptly identify and remove employees who have been terminated or transferred but may still have access.
- Provide training to agency fiscal managers and supervisors on the importance of promptly informing Contracts and Procurement of employee changes to maintain accurate and up-to-date group lists.

Agencies Included: Contracts and Procurement

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

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## FINDING 8 AND RECOMMENDATIONS

### Outdated Retention Schedule and Risk Associated with Transferred Employees Access

Risk Rating: **Low Risk Finding**

Records management is essential for ensuring compliance with legal and regulatory requirements, protecting sensitive information, and improving operational efficiency. Salt Lake County Records Management and Archives (Records Management) is responsible for maintaining agency retention schedules.

During the audit period, Records Management listed Youth Services retention schedule for purchasing documentation as nine years. We found that for 49 out of the 96 (51%) vouchers paid during the nine year period, there was no supporting documentation on file.

We also tested to ensure that Youth Services electronic purchasing records were safeguarded against unauthorized access. We found that two out of the 35 (6%) users with access to the relevant SharePoint site, and three out of the 10 (30%) users with access to the agency network folder containing purchasing documentation, were no longer employed by Youth Services, having transferred to other agencies within Salt Lake County.

Salt Lake County Records Management, Salt Lake County Department Retention Schedules, Youth Services, PCard Purchase (Receipts), states, "These records document the procurement of goods and services. These purchases are made using the County Purchasing (credit cards). With a stated retention period of nine years." "Retention required per federal AOD grant programs. Approved by GRAMPA 5/27/2010."

Youth Services management noted the current retention requirement per the Federal Grant programs cited was three years at the time of the audit, not nine. They explained that the retention schedule was outdated. The five former Youth Services employees with access to purchasing documentation had not been removed from the two systems due to an oversight on the part of the agency.

We confirmed that the Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200, Subpart D, Record Retention and Access, part 2 CFR 200.334, states, "pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report,

respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

In addition to non-compliance with federal, state, or local requirements, a failure to retain records that support purchase transactions may result in an inability to support claims and reputational damage of the organization. Additionally, the inability to verify and reconcile financial transactions increases the risk of errors, fraud, waste or abuse of funds. Former or unauthorized persons with access to shared drives containing sensitive purchase records can lead to security breaches and possible data tampering, causing operational interruptions.

8.1

**RECOMMENDATION**

**Retention Policy**

We recommend that Youth Services management complete and implement a new retention policy that aligns with current practices and Federal requirements.

Agencies Included: Youth Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

8.2

**RECOMMENDATION**

**Review Retention Schedules**

We recommend that Youth Services perform periodic reviews of retention schedules to ensure they remain up to date.

Agencies Included: Youth Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.



We recommend that Youth Services management establish and implement procedures to ensure timely communication of employee transfers or terminations to both Human Resources and Information Technology. This will help ensure that network access is promptly revoked for any unauthorized individuals.

Agencies Included: Youth Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that Youth Services management conduct regular reviews of user access privileges to identify and revoke access for terminated or transferred employees.

Agencies Included: Youth Services

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

# FINDING 9 AND RECOMMENDATIONS

## Sales Tax Paid on Amazon Business Account

Risk Rating: **Low Risk Finding**

As a governmental agency, Salt Lake County is exempt from paying sales tax on purchases. Contracts and Procurement stated that one advantage to the Amazon Business Account program was to provide a purchasing platform with built-in tax exemption.

We analyzed all 2023 orders shipped to identify whether sales tax was paid. We found six orders that contained sales tax totaling \$23.81, which had been identified by the responsible agencies and reimbursement received. However, we also identified eleven orders by eight agencies that contained sales tax totaling \$44.19, which had not been reimbursed.

**Table 9. Unreimbursed Sale Tax Paid on Amazon Purchases by Agency.** *Eight Salt Lake County agencies incurred \$44.19 in unreimbursed sales tax on 11 unique Amazon orders placed in 2023. These orders involved a total of nine employees.*

Agency	Total of Orders	Total of Employees	Total Sales Tax Paid
Aging and Adult Services	2	2	\$3.03
Animal Services	1	1	\$2.32
Arts and Culture	2	1	\$21.78
Behavioral Health Services	1	1	\$1.05
Criminal Justice Services	1	1	\$2.50
Mayor Administration	2	1	\$7.69
Parks & Recreation	1	1	\$5.03
Youth Services	1	1	\$0.79
<b>Totals</b>	<b>11</b>	<b>9</b>	<b>\$44.19</b>

*Sources: Amazon Business Analytics and Contracts and Procurement listing of County PCards.*

Salt Lake County Countywide Policy 7035: Purchasing Cards Authorization and Use, Section 4.1, states, “When payment is made utilizing a PCard, sales tax shall not be paid. If sales tax is mistakenly paid, the cardholder shall take action to obtain a credit to the county PCard used.”

While most purchases on the Amazon Business Account default to tax exempt, some third party vendors may still include sales tax. We inquired with each agency regarding the exceptions and noted that:

- Management at Aging and Adult Services, Behavioral Health Management, and Mayor’s Administration stated that employees were unaware of the possibility of sales tax being charged on the Amazon account.
- Animal Services, Parks and Recreation, and Youth Services stated that the tax was overlooked by the employee and PCard reviewer.
- Arts & Culture management stated they did not know why sales tax was charged, but that the employee had been counseled regarding the transaction.
- Criminal Justice management stated that the employee terminated their employment with Salt Lake County soon after the purchase was made, and they did not have the opportunity to speak to them beforehand.

The Amazon Account Analytics available to agency administrators, mentioned in Finding 4, include reports that indicate sales tax paid. However, Contracts and Procurement had not provided training since the program’s inception in 2020 and links to the training were not functioning. The lack of training contributed to agency management’s failure to detect these, and other issues noted.

When sales tax is paid for an item, the County pays more than is obligated. While the total amount of unreimbursed sales tax identified in this review is immaterial, it represents a control deficiency and could lead to larger future errors. The lack of training for agency staff on the Amazon Business Account program and proper tax exemption procedures contributed to these issues.

We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically regarding built-in tax exemption features and the limited circumstances where tax might still be charged.

- Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.
- Maintain updated training materials and make them readily accessible to agency staff.

Agencies Included: Contracts and Procurement

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.

Agencies Included: Aging and Adult Services, Animal Services, Arts and Culture, Behavioral Health Services, Criminal Justice Services, Mayor Administration, Parks & Recreation, and Youth Services.

AGENCY RESPONSE: AGREE

AGENCY RESPONSES BEGIN AT PAGE 53.

# Complete List of Audit Recommendations

This report made the following 29 recommendations.

## RECOMMENDATION 1.1:

We recommend that Contracts and Procurement management re-evaluate Salt Lake County Countywide Policy 7036, and either take steps to dissolve it or to implement more oversight and periodic reviews of proprietary card usage countywide.

Agencies Included: Contracts and Procurement

## RECOMMENDATION 1.2:

We recommend that agency management evaluate the use of County-issued Pcards instead of proprietary cards. Additionally, they should coordinate with the Contracts and Procurement department to explore the possibility of obtaining shared-use PCards if necessary.

Agencies Included: Criminal Justice Services and Youth Services

## RECOMMENDATION 1.3:

We recommend that Criminal Justice Services management ensure compliance with Salt Lake County Countywide Policy 7036 Charge Cards/ Proprietary, Section 2.2, which states that the “card will be issued in the name of the employee. The cardholder is responsible for the proper usage and safeguarding of the card and is the only authorized user of that card.” The name on the Sam’s Club card must match the end user’s name and be signed by that same authorized user.

Agencies Included: Criminal Justice Services

## RECOMMENDATION 1.4:

We recommend that agency management implement measures to enhance card security. This includes allowing access only to pre-authorized individuals and requiring a check-out log entry to track the card’s location at any given time.

Agencies Included: Criminal Justice Services and Youth Services

## RECOMMENDATION 1.5:

We recommend that Youth Services management explore implementing spending limitations on the Kroger/Smith’s card for single transactions or

monthly spending.

Agencies Included: Youth Services

**RECOMMENDATION 1.6:**

We recommend that agency management conduct annual reviews of card use.

Agencies Included: Criminal Justice Services and Youth Services

**RECOMMENDATION 1.7:**

We recommend that Criminal Justice Services management require card users to present a tax-exempt notification to the Sam's Club cashier at the time of purchase. Although not required by the vendor, this could mitigate the risk of being charged sales tax.

Agencies Included: Criminal Justice Services

**RECOMMENDATION 2.1:**

We recommend that the Office of Regional Development immediately discontinue the practice of purchasing gift cards for employees or volunteers to have meals at meetings.

Agencies Included: Office of Regional Development

**RECOMMENDATION 2.2:**

We recommend that the Office of Regional Development work with the Mayors Administration and Payroll offices to identify any necessary reporting requirements for the gift cards distributed to employees and volunteers.

Agencies Included: Office of Regional Development

**RECOMMENDATION 3.1:**

We recommend that the Health Department management reduce the stock of gift cards to a more reasonable level, such as three-month's worth.

Agencies Included: Health Department

**RECOMMENDATION 3.2:**

We recommend that Health Department management establish and implement a formal gift card management procedure, incorporating the following key elements:

- Implement a standardized tracking system for both gift card purchases and distributions
  - Include sufficient identifying information, such as the first few and last four digits of the card number, to uniquely identify each gift card
- Require recipient names to be clearly printed or typed, accompanied by a signature from the recipient
- Conduct periodic reconciliations of gift cards purchased, distributed and remaining in inventory.
- Ensure reconciliation accuracy through an independent review and approval.
- Establish maximum inventory levels to prevent excessive stockpiling
- Regularly review and adjust inventory levels based on anticipated needs and usage patterns

Agencies Included: Health Department

### **RECOMMENDATION 3.3:**

We recommend that Contracts and Procurement management work to establish and implement a Countywide policy that outlines systematic procedures for the purchase, tracking, reconciliation, safeguarding, and timely distribution of gift cards intended for customers or clients.

Agencies Included: Contracts and Procurement

### **RECOMMENDATION 3.4:**

We recommend Contract and Procurement implement an oversight and review process for gift cards purchased for clients or customers. The oversight and review process should include the following activities:

- Regularly review and update gift card policies and procedures to ensure alignment with current best practices, evolving business needs, and compliance standards.
- Ensure that gift cards are properly stored, tracked, and accounted for.
- Identify and assess potential risks associated with gift card programs.
- Ensure compliance with policies related to gift card issuance, usage, and reporting.
- Conduct regular audits and reviews to verify adherence to policies and identify areas for improvement or corrective action.
- Require regular reporting on gift card usage and inventory levels
- Ensure transparency and accountability in gift card management.

Agencies Included: Contracts and Procurement

### **RECOMMENDATION 4.1:**

We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically addressing the following:

- Authorized Users: Clearly outline the authorized uses of the Amazon Business Account, emphasizing that purchases must be made using County-issued purchasing cards and for County business purposes only.
- Customizable Reports: Demonstrate the use of customizable reports to monitor non-county payment methods, account user email addresses, and transaction activity.
- Transaction Monitoring: Provide guidance on best practices for transaction monitoring, including identifying and addressing any suspicious or unauthorized activity.

Track attendance and ensure all relevant agency administrators and Pcard users participate in the training. Maintain updated training materials and make them readily accessible to agency staff.

Agencies Included: Contracts and Procurement

#### **RECOMMENDATION 4.2:**

We recommend that agency management perform periodic, documented monitoring of Amazon Business Account Purchases to ensure that only appropriate purchasing methods and user accounts are in use.

Agencies Included: Aging and Adult Services, Public Works Operation, and Youth Services.

#### **RECOMMENDATION 4.3:**

We recommend that agency management discontinue the use of non-county payment cards and take the necessary measures to remove any associated non-county issued payment methods from their Amazon Business Accounts.

Agencies Included: Aging and Adult Services, Public Works Operation, and Youth Services.

#### **RECOMMENDATION 5.1:**

We recommend that Contracts and Procurement management develop and conduct periodic training for agencies specifically regarding customizable reports, including shipments to non-county locations, and transaction monitoring.



- Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.
- Maintain updated training materials and make them readily accessible to agency staff.

Agencies Included: Contracts and Procurement

#### **RECOMMENDATION 5.2:**

We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility.

Agencies Included: Aging and Adult Services, Animal Services, Contracts & Procurement, Council, Criminal Justice Services, Facilities Management, Health Department, Library Services, Mayors Finance, Parks & Recreation, Public Works Administration, Public Works Operations, and Youth Services.

#### **RECOMMENDATION 5.3:**

We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.

Agencies Included: Aging and Adult Services, Animal Services, Contracts & Procurement, Council, Criminal Justice Services, Facilities Management, Health Department, Library Services, Mayors Finance, Parks & Recreation, Public Works Administration, Public Works Operations, and Youth Services.

#### **RECOMMENDATION 6.1:**

We recommend that agency management regularly review their Amazon purchases for controlled asset purchases and regularly update their controlled asset records.

Agencies Included: Archives, Arts and Culture, Recorder, and Sheriff's Office.

#### **RECOMMENDATION 6.2:**

We recommend that Sheriff's Office management reconsider tracking computer monitors as controlled assets separate from the computers they accompany.

Agencies Included: Sheriff's Office

### **RECOMMENDATION 7.1:**

We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically regarding Group Administrators' responsibility to remove inactive employees from their groups.

- Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.
- Maintain updated training materials and make them readily accessible to agency staff.

Agencies Included: Contracts and Procurement

### **RECOMMENDATION 7.2:**

We recommend that Contracts and Procurement take the necessary steps to review and update the county's Amazon Business account group lists. This will ensure access is limited to authorized purchasers and that the list remains current.

- Establish a system for conducting periodic reviews of the Amazon Business account group list to promptly identify and remove employees who have been terminated or transferred but may still have access.
- Provide training to agency fiscal managers and supervisors on the importance of promptly informing Contracts and Procurement of employee changes to maintain accurate and up-to-date group lists.

Agencies Included: Contracts and Procurement

### **RECOMMENDATION 8.1:**

We recommend that Youth Services management complete and implement a new retention policy that aligns with current practices and Federal requirements.

Agencies Included: Youth Services

### **RECOMMENDATION 8.2:**

We recommend that Youth Services perform periodic reviews of retention schedules to ensure they remain up to date.

Agencies Included: Youth Services

### **RECOMMENDATION 8.3:**

We recommend that Youth Services management establish and implement procedures to ensure timely communication of employee transfers or terminations to both Human Resources and Information Technology. This will help ensure that network access is promptly revoked for any unauthorized individuals.

Agencies Included: Youth Services

### **RECOMMENDATION 8.4:**

We recommend that Youth Services management conduct regular reviews of user access privileges to identify and revoke access for terminated or transferred employees.

Agencies Included: Youth Services

### **RECOMMENDATION 9.1:**

We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically regarding built-in tax exemption features and the limited circumstances where tax might still be charged.

- Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.
- Maintain updated training materials and make them readily accessible to agency staff.

Agencies Included: Contracts and Procurement

### **RECOMMENDATION 9.2:**

We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.

Agencies Included: Aging and Adult Services, Animal Services, Arts and Culture, Behavioral Health Services, Criminal Justice Services, Mayor Administration, Parks & Recreation, and Youth Services.

# APPENDIX A

## Agencies and number of findings by type

Agency	Total Non-County Issued Payment Methods Used	Total Non-County Facilities Shipped To	Quantity of Gift Cards Purchased for Employees or Volunteers	Number of Orders Where Assets Were Not Recorded	Number of Proprietary Cards in Use	Total of Orders with Sales Tax	Total Sales Tax Paid	Number of Inactive Employees Remaining on Group List
Aging and Adult Services	3	4				2	\$3.03	9
Animal Services		1				1	\$2.32	2
Archives				1				
Arts and Culture				1		2	\$21.78	6
Assessor's Office								2
Behavioral Health Services						1	\$1.05	
Clark Planetarium								6
Contracts & Procurement		4						
Council		1						
Criminal Justice Services		1			1	1	\$2.50	5
Engineering and Flood Control								3
Facilities Management		2						3
Health Department		5						3
Human Resources								1
Information Services								3
Library Services		2						2
Mayor Administration & Finance		6				2	\$7.69	7
Office of Regional Development			23					5
Parks & Recreation		1				1	\$5.03	3
Public Works Administration		3						
Public Works Operations	1	1						5
Recorder				1				1
Regional Development			23					5
Solid Waste Management								2
Treasurer								1
Youth Services	1	14			2	1	\$0.79	20
Zap								2
<b>Grand Total</b>	<b>5</b>	<b>45</b>	<b>23</b>	<b>5</b>	<b>3</b>	<b>11</b>	<b>\$44.19</b>	<b>91</b>

# AGENCY RESPONSE



**Jennifer Wilson**  
Salt Lake County Mayor

**AGING & ADULT SERVICES**

**Kelly Colopy**  
Department Director  
Human Services

**Paul Leggett**  
Division Director  
Aging & Adult Services

**SALT LAKE COUNTY**  
**GOVERNMENT CENTER**  
2001 South State St., Ste. S1-600  
Salt Lake City, UT 84114-4575  
Phone (385) 468-3200  
Fax (385) 468-3186  
TTY: 7-1-1

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Auditor Harding,

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 4: Inadequate Training and Oversight Contributes to Misuse of Amazon Business Account**

<b>RECOMMENDATION 4.2:</b> We recommend that agency management perform periodic, documented monitoring of Amazon Business Account Purchases to ensure that only appropriate purchasing methods and user accounts are in use.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	11/01/2024	Doug Larson – Fiscal Manager

Aging & Adult Services will adopt Division Operating Standard #134 – Amazon Business Account and Control to verify Amazon Business account purchases use appropriate purchasing methods and have required documentation quarterly.

<b>RECOMMENDATION 4.3:</b> We recommend that agency management discontinue the use of non-county payment cards and take the necessary measures to remove any associated non-county issued payment methods from their Amazon Business Accounts.
---

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	11/01/2024	Doug Larson – Fiscal Manager

The correction has been completed for the finding. Aging & Adult Services will adopt Division Operating Standard #134 – Amazon Business Account and Control to verify Amazon Business account purchases use appropriate purchasing methods and have required documentation.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<b>RECOMMENDATION 5.2:</b>		
We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	11/01/2024	Doug Larson – Fiscal Manager

Aging & Adult Services will adopt Division Operating Standard #134 – Amazon Business Account and Control to verify Amazon Business account purchases. The Operating Standard will be sent to all P-Card holders and Amazon Business users and will require them to acknowledge.

<b>RECOMMENDATION 5.3:</b>		
We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	11/01/2024	Doug Larson – Fiscal Manager

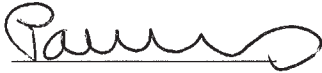
Aging & Adult Services will adopt Division Operating Standard #134 – Amazon Business Account and Control to ensure Amazon Business account purchases have required documentation for any shipment to non-county facility.

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

<b>RECOMMENDATION 9.2:</b>		
We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	11/01/2024	Doug Larson – Fiscal Manager

The request for reimbursement of \$3.03 sales tax was made by Aging & Adult Services staff. Unfortunately, the refund window for transactions with an Amazon third-party seller had passed. Aging & Adult Services will adopt Division Operating Standard #134 – Amazon Business Account and Control to verify Amazon Business account purchases are not charged sales tax, and to document attempts to seek reimbursement in any instance of sales tax paid in a timelier manner.

Sincerely,



Paul Leggett  
Division Director



October 7, 2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Auditor Harding,

Animal Services has reviewed the draft audit report and findings. We agreed to the audit findings and recommendations. Thank you for your time and efforts. Please find our response to each of the recommendations made in our report below.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

**RECOMMENDATION 5.2:**  
We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Completed	Ann Lee, Admin & Fiscal Manager

**Narrative for Recommendation 5.2 including action plan.**

Proprietary card and Amazon account holders have been made aware of and have acknowledged and agreed to verifying the delivery address of all orders to ensure it is the shelter address or a county facility address. Deliveries cannot be sent to a non-county facility without obtaining written authorization from the division director, elected official, or designee.

**RECOMMENDATION 5.3:**  
We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.

**ANIMAL SERVICES DIVISION**

**JENNIFER WILSON**  
SALT LAKE COUNTY MAYOR

**SCOTT BAIRD**  
DIRECTOR  
Public Works Department

**TALIA BUTLER**  
Division Director

511 West 3900 South  
Salt Lake City  
Utah 84123

PHONE (385) 468-7387  
FAX (385) 468-6028

www.AdoptUtahPets.org

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Holladay City  
Midvale City  
Millcreek  
Murray City  
Salt Lake City*

*And the Salt Lake County Metro Townships ...*

*Copperton  
Emigration Canyon  
Kearns  
Magna  
White City  
Unincorporated County*





**ANIMAL SERVICES DIVISION**

**JENNIFER WILSON**  
SALT LAKE COUNTY MAYOR

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DIRECTOR  
Public Works Department

**TALIA BUTLER**  
Division Director

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Murray City  
Salt Lake City*

*And the Salt Lake County Metro Townships ...*

*Copperton  
Emigration Canyon  
Kearns  
Magna  
White City  
Unincorporated County*

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Completed	Ann Lee, Admin & Fiscal Manager

**Narrative for Recommendation 5.3 including action plan.**  
 Proprietary card and Amazon account holders have been made aware of and have acknowledged and agreed to verifying the delivery address of all orders to ensure it is the shelter address or a county facility address. Deliveries cannot be sent to a non-county facility without obtaining written authorization from the division director, elected official, or designee. We will ensure documentation and approvals are on file for any purchases shipped to non-county facilities.

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

RECOMMENDATION 9.2: We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Completed	Ann Lee, Admin & Fiscal Manager

**Narrative for Recommendation 9.2 including action plan.**  
 Animal Services was refunded \$2.32 sales tax that was paid on an Amazon Business account purchase on 4/26/2024.

Talia Butler Digitally signed by Talia Butler  
Date: 2024.10.07 14:38:54 -0600

Talia Butler  
Division Director  
Salt Lake County Animal Services



October 14, 2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Jennifer Wilson  
Mayor

Auditor Harding,

DEPARTMENT OF  
ADMINISTRATIVE SERVICES

Thank you for your feedback regarding the Records Management and Archives Division's handling of controlled asset purchases through Amazon.

MEGAN HILLYARD  
Director

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 6: Controlled Asset Purchases Not Tracked**

RECOMMENDATION 6.1:		
We recommend that agency management regularly review their Amazon purchases for controlled asset purchases and regularly update their controlled asset records.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Target date is 11/01/2024	Maren Slaugh, Division Director

RECORDS MANAGEMENT  
& ARCHIVES

MAREN SLAUGH  
Division Director  
County Records Manager

Our division does regularly conduct checks on controlled asset purchases. However, we acknowledge that the camera lenses purchased through Amazon were overlooked and not recorded on our controlled asset records.

To address this oversight and enhance our processes, we will implement a monthly review schedule for both purchases and controlled asset records, starting November 1, 2024. This proactive approach will help ensure that all controlled assets are accurately tracked and documented moving forward.

SALT LAKE COUNTY ARCHIVES  
4505 SOUTH 5600 WEST  
West Valley City, UT 84120  
385-468-0820 phone  
[www.slco.org/archives](http://www.slco.org/archives)  
TTY: 7-1-1

Thank you for your understanding and support as we work to improve our records management practices.

**Maren Slaugh** Digitally signed by Maren Slaugh  
Date: 2024.10.15 07:36:38 -06'00'

Maren Slaugh  
Records Management and Archives  
Division Director



**Jennifer Wilson**, *Salt Lake County Mayor*  
**Erin Litvack**, *Deputy Mayor*  
**Robin B. Chalhoub**, *Community Services Director*  
**Matthew Castillo**, *Division Director*

10/9/2024

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

Auditor Harding,

This report has been reviewed and responses provided for each finding below.

**AUDIT FINDING 6: Controlled Asset Purchases Not Tracked**

<b>RECOMMENDATION 6.1:</b> We recommend that agency management regularly review their Amazon purchases for controlled asset purchases <b>and</b> regularly update their controlled asset records.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
<b>Agree</b>	<b>Implemented</b>	<b>Sarah Dibble Fiscal Manager</b>

Narrative for Recommendation 5.1 including action plan.

- Our Staff Accountant reviews all PCard statements and logs all purchases identified as containing a controlled asset. This list is sent to the Staff Fiscal Coordinator.
- Our Staff Fiscal Coordinator adds any controlled assets that were purchased via PO to the list and enters the items into the Arts & Culture Inventory site.
- We have recently added a double check where the Staff Accountant verifies that all listed items were added to the Inventory site.

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

<b>RECOMMENDATION 9.2:</b> We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Implemented	Sarah Dibble Fiscal Manager

Narrative for Recommendation 9.2 including action plan.

Each transaction goes through two approvals. Unfortunately, the understanding that the Amazon business account is tax exempt led some to believe that they would not be charged tax when using this account. This is not always the case and notification/clarification has been sent to all Pcard holders.


**Notification:** "This is a quick reminder to all cardholders that we need to double-check all Amazon purchases to ensure that they don't include sales tax.

Even though our Amazon business account is set up for sales tax exemption, outside vendors don't always honor this exemption. If an item is sold by an outside vendor, and not by Amazon directly, please verify each purchase to ensure no sales tax is charged. If an item includes sales tax, you can reach out to the vendor directly and ask them to remove it. If they refuse, please choose another vendor to do business with."

The issue of taxes on Amazon accounts has been reviewed with reviewers. They are aware this can occur with third-party vendors and have agreed to review any charges diligently. The accountant position has added a step to review all Amazon purchases for tax.

Sincerely,

**Matthew  
Castillo**

 Digitally signed by Matthew  
Castillo  
Date: 2024.10.09 13:42:19  
-06'00'

Matt Castillo, Division Director  
Salt Lake County Arts & Culture



10/7/2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

**Jennifer Wilson**  
Salt Lake County Mayor

Auditor Harding,

**Kelly Colopy**  
Human Services  
Department Director

Thank you for this review and feedback!

**Division of Behavioral  
Health Services**

Please find our response below to the recommendation made in your report.

**Timothy M. Whalen**  
Director

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

Administration Office  
2001 South State Street  
Suite S2-300  
PO Box 144575  
Salt Lake City, Utah 84114-4575

(385) 468-4707 front desk  
(385) 468-4740 fax line

<https://slco.org/behavioral-health/>

<b>RECOMMENDATION 9.2:</b>		
We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Corrected on 4/25/24	Laurie Macias Office Supervisor

Upon learning of the mistake from Auditor's Office staff, the office supervisor immediately contacted Amazon and was fully credited the tax amount. She then reviewed all purchases from the previous 10 months to ensure no other similar mistakes were made and found none.

Sincerely,

**Zac Case** Digitally signed by Zac Case  
Date: 2024.10.07 14:51:49 -06'00'

Zac Case,  
Fiscal Manager



October 15, 2024

**Jenny Wilson**  
Salt Lake County Mayor

**Megan Hillyard**  
Administrative Services  
Department Director

**CONTRACTS &  
PROCUREMENT  
DIVISION**

Jason Yocom

Contracts & Procurement  
Division Director  
jyocom@saltlakecounty.gov

Salt Lake County  
Government Center  
2001 South State Street  
Suite N4-600  
Salt Lake City, UT 84190-3100  
385 / 468-0300

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Auditor Harding,

Thank you for your audit and for meeting with us to discuss.

Please find our response below to each of the recommendations made in your report.

Sincerely,

Jason Yocom  
Division Director  
Contracts & Procurement

**AUDIT FINDING 1: Inadequate Oversight and Policy Non-Compliance in County Proprietary Card Use**

<b>RECOMMENDATION 1.1:</b> We recommend that Contracts and Procurement management re-evaluate Salt Lake County Countywide Policy 7036, and either take steps to dissolve it or implement revisions to include an annual review of proprietary card usage countywide.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
We agree to recommend dissolution or revision of policy 7036	January 31, 2025	Jason Yocom, Division Director

Narrative for Recommendation 1.1 including action plan.

Contracts & Procurement is in the process of reviewing and updating ordinances and policies relating to contracting and procurement functions within the county in response to legislative intent requested by the council. As we go through that process, we will recommend dissolution or revision of policy 7036.

A note about proprietary card program oversight. Policy 7036 as currently written does not state that Contracts & Procurement oversees the program. It states that proprietary card applications and credit limits shall be reviewed and approved by the purchasing agent, but all other oversight related to appropriate card use, reconciliation and record-keeping, employee discipline, lost cards, and what to do when an employee is terminated, is placed with the county agencies that hold cards.

**AUDIT FINDING 3: Inadequate Gift Card Management, Including Excessive Inventory and Control Deficiencies**

<b>RECOMMENDATION 3.3:</b> We recommend that Contracts and Procurement management work to establish and implement a Countywide policy that outlines systematic procedures for the purchase, tracking, reconciliation, safeguarding, and timely distribution of gift cards intended for customers or clients.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree to the recommendation but disagree that the implementation should fall on Contracts & Procurement		

Narrative for Recommendation 3.3 including action plan.

Current policy already addresses the procurement of gift cards. While we agree in general with the recommendation, we disagree that Contracts & Procurement should also manage how those procurement items should be tracked, reconciled, safeguarded and distributed after they are purchased. Like asset or petty cash management, this recommendation seems it would be better addressed by Mayor’s Finance.

<p><b>RECOMMENDATION 3.4:</b>  We recommend Contract and Procurement implement an oversight and review process for gift cards purchased for clients or customers. The oversight and review process should include the following activities:</p> <ul style="list-style-type: none"> <li>• Regularly review and update gift card policies and procedures to ensure alignment with current best practices, evolving business needs, and compliance standards.</li> <li>• Ensure that gift cards are properly stored, tracked, and accounted for.</li> <li>• Identify and assess potential risks associated with gift card programs.</li> <li>• Ensure compliance with policies related to gift card issuance, usage, and reporting.</li> <li>• Conduct regular audits and reviews to verify adherence to policies and identify areas for improvement or corrective action.</li> <li>• Require regular reporting on gift card usage and inventory levels</li> <li>• Ensure transparency and accountability in gift card management.</li> </ul>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree to the recommendation but disagree that the implementation should fall on Contracts & Procurement.		

Narrative for Recommendation 3.4 including action plan.

Current policy already addresses the procurement of gift cards. While we agree in general with the recommendation, we disagree that Contracts & Procurement should also manage how those procurement items should be tracked, reconciled, safeguarded and distributed after they are purchased. Like asset or petty cash management, this recommendation seems it would be better addressed by Mayor’s Finance.

**AUDIT FINDING 4:** Inadequate Training and Oversight Contributes to Misuse of Amazon Business Account

<p><b>RECOMMENDATION 4.1</b>  We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically addressing the following:</p> <ul style="list-style-type: none"> <li>• <b>Authorized Users:</b> Clearly outline the authorized uses of the Amazon Business Account, emphasizing that purchases must be made using County-issued purchasing cards and for County business purposes only.</li> <li>• <b>Customizable Reports:</b> Demonstrate the use of customizable reports to monitor non-county payment methods, account user email addresses, and transaction activity.</li> </ul>
---



<ul style="list-style-type: none"> <li>• <b>Transaction Monitoring:</b> Provide guidance on best practices for transaction monitoring, including identifying and addressing any suspicious or unauthorized activity.</li> </ul> <p>Track attendance and ensure all relevant agency administrators and Pcard users participate in the training. Maintain updated training materials and make them readily accessible to agency staff.</p>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
We agree to update training resources and make sure that they are available to agency staff.	December 31, 2024	Shawna Soliz, Operations Manager

Narrative for Recommendation 4.1 including action plan.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<p><b>RECOMMENDATION 5.1:</b></p> <p>We recommend that Contracts and Procurement management develop and conduct periodic training to agencies specifically regarding customizable reports, including shipments to non-county locations, and transaction monitoring.</p> <ul style="list-style-type: none"> <li>• Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.</li> <li>• Maintain updated training materials and make them readily accessible to agency staff.</li> </ul>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
We agree to update training resources and make them accessible to agency staff.	December 31, 2024	Shawna Soliz, Operations Manager

Narrative for Recommendation 5.1 including action plan.

<p><b>RECOMMENDATION 5.2:</b></p> <p>We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from</p>
---

the division director, elected official, or designee whenever purchases are shipped to a non-county facility		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Shawna Soliz, Operations Manager

Narrative for Recommendation 5.2 including action plan.

<b>RECOMMENDATION 5.3:</b> We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Shawna Soliz, Operations Manager

Narrative for Recommendation 5.3 including action plan.

**AUDIT FINDING 7: Terminated Employees Retained on Amazon Business Account Group Listings**

<b>RECOMMENDATION 7.1:</b> We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically regarding Group Administrators' responsibility to remove inactive employees from their groups. <ul style="list-style-type: none"> <li>Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.</li> <li>Maintain updated training materials and make them readily accessible to agency staff.</li> </ul>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
We agree to update training resources and make them accessible to agency staff.	December 31, 2024	Shawna Soliz, Operations Manager

Narrative for Recommendation 7.1 including action plan.

<p><b>RECOMMENDATION 7.2:</b>                  We recommend that Contracts and Procurement take the necessary steps to review and update the county's Amazon Business account group lists. This will ensure access is limited to authorized purchasers and that the list remains current.</p> <ul style="list-style-type: none"> <li>• Establish a system for conducting periodic reviews of the Amazon Business account group list to promptly identify and remove employees who have been terminated or transferred but may still have access.</li> <li>• Provide training to agency fiscal managers and supervisors on the importance of promptly informing Contracts and Procurement of employee changes to maintain accurate and up-to-date group lists.</li> </ul>		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	December 31, 2024	Shawna Soliz, Operations Manager

Narrative for Recommendation 7.2 including action plan.

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

<p><b>RECOMMENDATION 9.1:</b>                  We recommend Contracts and Procurement deliver a comprehensive annual training on the Amazon Business Account program, specifically regarding built-in tax exemption features and the limited circumstances where tax might still be charged.</p> <ul style="list-style-type: none"> <li>• Track attendance and ensure all relevant agency administrators and Pcard users participate in the training.</li> <li>• Maintain updated training materials and make them readily accessible to agency staff.</li> </ul>		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
We agree to update training resources and make them accessible to agency staff.	December 31, 2024	Shawna Soliz, Operations Manager

Narrative for Recommendation 9.1 including action plan.



October 21, 2024

Chris Harding, Salt Lake County Auditor  
2001 S. State St., #N3-300  
Salt Lake County, Utah 84190

Laurie Stringham  
At-Large A, Chair

Dear Auditor Harding,

Suzanne Harrison  
At-Large B

The Salt Lake County Council acknowledges receipt of your draft audit concerning proprietary cards and Amazon purchases, and the associated findings concerning the County Council office, which was initially provided to Council staff on October 2, 2024, and subsequently reviewed in an agreement to the facts meeting held on October 7, 2024. Consistent with the Council's internal policy on audit responses, Council management has prepared specific responses to each of your findings and recommendations, copies of which are included with this correspondence and will be circulated to my Council colleagues.

Jim Bradley  
At-Large C

Arlyn Bradshaw  
District 1

David Alvord  
District 2

As you will see from the Council's management response, the County Council agrees with your audit recommendations and will take steps to enhance and ensure compliance with countywide policy and best management practices.

Aimee Winder Newton  
District 3

Ann Granato  
District 4

Sheldon Stewart  
District 5

Sincerely,

Dea Theodore  
District 6

Laurie Stringham, Chair

A handwritten signature in black ink that reads 'Laurie Stringham' in a cursive script.

Salt Lake County Government Center  
2001 South State Street, Suite N2-200 | P.O. Box 144575 | Salt Lake City, UT 84114-4575  
Tel: 385.468.7501 | Fax: 385.468.7501 | [www.slco.org](http://www.slco.org)

Instructions on how to submit management response to the audit:

The template below is designed to help you respond to the audit in a manner that is easier for the reader to understand. For each recommendation, please provide the following:

1. Note whether you agree or disagree with the recommendation.
2. Provide a target date of implementation.
3. The final box is to identify the specific person responsible for implementation. Please provide their name and job title.

Underneath each table is room for you to provide a narrative response to the finding and recommendation(s).

Please put this on your letterhead, sign, and return it as a PDF. The Auditor's Office will embed your response into the audit.

---

Date

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

Auditor Harding,

(introduction paragraph)

Please find our response below to each of the recommendations made in your report.

### **AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

**RECOMMENDATION 5.2:**

We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility

<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Completed in April 2024 when the Auditor's staff identified this issue.	David Delquadro SLCO Council Fiscal Manager

Narrative for Recommendation 5.2 including action plan.

A set of 10 picture frames was mailed to a Senior Policy Advisor's home address to ensure sufficient time was available to make use of the frames. In the future, should similar circumstances arise, written approval will be obtained and filed.

<b>RECOMMENDATION 5.3:</b> We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	April 2024	David Delquadro SLCO Council Fiscal Manager

Narrative for Recommendation 5.3 including action plan.



**JENNIFER WILSON**  
SALT LAKE COUNTY MAYOR

**KELLY COLOPY**  
SALT LAKE COUNTY  
HUMAN SERVICES  
DEPARTMENT DIRECTOR

**KELE GRIFFONE**  
DIVISION DIRECTOR

**JESSICA THAYER**  
ASSOCIATE DIRECTOR

**MADISEN DRURY**  
ASSOCIATE DIRECTOR

SALT LAKE COUNTY  
CRIMINAL JUSTICE SERVICES  
2001 SOUTH STATE STREET  
SUITE 53-650  
SALT LAKE CITY, UT 84190  
PHONE (385) 468-3500

October 15, 2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 South State Street  
Salt Lake City, UT 84121

Auditor Harding,

Thank you for the feedback to Criminal Justice Services for the Proprietary Card and Amazon Audit.

Please find our response below to each of the recommendations made in the report.

**AUDIT FINDING 1: Inadequate Oversight and Policy Non-Compliance in County Proprietary Card Use**

<b>RECOMMENDATION 1.2:</b>		
We recommend that agency management evaluate the use of County-issued Pcard instead of proprietary cards. Additionally, they should coordinate with the Contracts and Procurement department to explore the possibility of obtaining shared-use Pcards if determined necessary.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Completed 10/4/2024	Scott Rasmussen, Fiscal Manager

**Narrative for Recommendation 1.2:**

CJS has conducted an evaluation as recommended by the auditor and reached out to C&P administration to clarify Policy #7036 to ensure CJS has followed policy 1.0 for obtaining the proprietary card (SAM's card). CJS concluded that usage of the current SAM's card allows authorized CJS staff to efficiently purchase supplies without creating multiple purchasing card holders. CJS will continue to strengthen internal controls for card security and authorized use of the card to ensure CJS is in complete compliance with Policy 7036.

<b>RECOMMENDATION 1.3:</b> We recommend that Criminal Justice Services management ensure compliance with Salt Lake County Countywide Policy 7036 Charge Cards/Proprietary, Section 2.2, which states that the “card will be issued in the name of the employee. The cardholder is responsible for the proper usage and safeguarding of the card and is the only authorized user of that card.” The name on the Sam’s Club card must match the end user's name and be signed by that same authorized user.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Completed.	Scott Rasmussen, Fiscal Manager

Narrative for Recommendation 1.3:

CJS SAM’s card is under both the current fiscal manager’s name and the division’s name. According to Policy #7036 Section 2.3 “Cards may also be issued in the name of the division. In these cases, the division director or their designee is responsible for the proper usage and safeguarding of the card and is also responsible for any delegation of use of the card.” Since the card is under the division’s name, CJS has adopted a process to authorize users to check in/out for card use. CJS will continue strengthening internal controls for card security and authorized use of the card to ensure CJS is completely in compliance with Policy 7036. The fiscal manager signed the SAM’s card.

<b>RECOMMENDATION 1.4:</b> We recommend that agency management implement measures to ensure card security. This includes allowing access only to pre-authorized individuals and requiring a check-out log entry to track the card's location at any given time.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	11/30/2024	Scott Rasmussen, Fiscal Manager. Chardell Gallegos, Fiscal Coordinator.

Narrative for Recommendation 1.4:

CJS current practice is to keep the SAM’s card in a locked filing cabinet in a secure room. Individuals must be pre-approved by the Fiscal Manager to use the SAM’s card. Any authorized user is required to sign and date the check-out log to obtain the card. To enhance internal controls, the Fiscal Coordinator will start reconciling the monthly SAM’s statement with the check-out log to ensure all purchases are accounted for in the log.



<b>RECOMMENDATION 1.6:</b> We recommend that agency management conduct annual reviews of card use.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	2/28/2025	Scott Rasmussen, Fiscal Manager

Narrative for Recommendation 1.6:

The Fiscal Manager reviews card use on an annual basis as part of the year end closing process.

<b>RECOMMENDATION 1.7:</b> We recommend that Criminal Justice Services management require card users to provide the Sam’s Club cashier with a tax-exempt notification at the time of purchase. Although not required by the vendor, this could mitigate the risk of being charged sales tax.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Completed	Scott Rasmussen, Fiscal Manager

Narrative for Recommendation 1.7:

Any authorized users have now been trained to take the certificate to the SAM’s stores and present it to the store cashiers to ensure no sales tax is charged.

## AUDIT FINDING 5: Purchases Shipped to Non-County Facilities

<b>RECOMMENDATION 5.2:</b> We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Immediately	Scott Rasmussen, Fiscal Manager

### Narrative for Recommendation 5.2:

The Fiscal Manager has trained staff of county policy relating to shipments to a non-county location. If this rare situation occurs, staff must document the purpose of the order and obtain written director approval. Written approval must be obtained before the order is placed.

<b>RECOMMENDATION 5.3:</b> We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Immediately	Chardell Gallegos, Fiscal Coordinator. Scott Rasmussen, Fiscal Manager

### Narrative for Recommendation 5.3:

The Fiscal Coordinator will require written approval from the Division Director to enter a non-county address for purchases. The Fiscal Manager will perform regular reviews of the shipping locations to ensure all purchases are shipped to County locations or ensure CJS has the proper documentation.

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

<b>RECOMMENDATION 9.2:</b> We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	10/31/2024	Scott Rasmussen, Fiscal Manager

Narrative for Recommendation 9.2:

Amazon has agreed to issue a \$2.50 refund for sales tax that was paid on a transaction occurring on 3/19/2023.

Sincerely,



Kele Griffone  
Director  
Division of Criminal Justice Services



October 14, 2024  
 Auditor Chris Harding, CPA  
 Office of the Auditor  
 Salt Lake County  
 2001 S State Street  
 Salt Lake City, UT 84121

**JENNIFER WILSON**  
 Salt Lake County Mayor

**Megan Hillyard**  
 Administrative Services  
 Department Director

**Tyson Kyhl**  
 Facilities Management  
 Division Director  
[tkyhl@slco.org](mailto:tkyhl@slco.org)

Salt Lake County  
 Government Center  
 2001 South State Street  
 Suite S3-120  
 Salt Lake City, UT 84114-4575  
 385 / 468-0334

Auditor Harding,

Thank you for the time you and your team took in this audit process. We have reviewed your findings and recommendations and commit to addressing them within 30 days.

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<b>RECOMMENDATION 5.2:</b>		
We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	30 Days	Jerusha Harding, Fiscal & Admin Manager

Narrative for Recommendation 5.2 including action plan.

Annually the fiscal team will send an agency wide email to remind everyone that to ship to non-county facilities it requires approval from the division director. In addition, we will add this to our Internal Policies and Procedures

<b>RECOMMENDATION 5.3:</b> We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	30 Days	Jerusha Harding, Fiscal & Admin Manager

Narrative for Recommendation 5.3 including action plan.

As part of the monthly Pcard reconciliations and approval process we will include a review of shipping locations and ensure compliance to this policy.

Sincerely-

Tyson G. Kyhl

Digitally signed by Tyson G. Kyhl  
DN: E=TKyhl@slco.org, CN=Tyson G. Kyhl,  
OU=Users, O=Utah Facilities Management,  
OU=Regional Items, D=Salt Lake County, DC=utah  
Date: 2024.10.14 16:12:33-0600

Tyson Kyhl  
Director  
Facilities Management

October 14, 2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Auditor Harding,

We appreciate the work of the auditor’s office to assist with making our processes better. Many of the recommendations have already been implemented or will be implemented within the next 60-90 days.

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 3: Inadequate Gift Card Management, Including Excessive Inventory and Control Deficiencies**

<b>RECOMMENDATION 3.1:</b> We recommend that the Health Department management reduce their stock of undisbursed gift cards to a more reasonable level, such as three-month’s worth.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	01/15/2025	Jiten Joshi, Fiscal Manager

Narrative for Recommendation 3.1 including action plan.

Gift cards will be purchased quarterly by fiscal team who will log and provide department tracker to program employees for distributing gift cards. An assigned member of the Fiscal team will audit on hand gift cards each quarter at program locations to ensure security and accountability of the purchased gift cards.

<b>RECOMMENDATION 3.2:</b> We recommend that Health Department management establish and implement a formal gift card management procedure, incorporating the following key elements: <ul style="list-style-type: none"> <li>o Implement a standardized tracking system for both gift card purchases and distributions.</li> </ul>
---

<ul style="list-style-type: none"> <li>○ Include sufficient identifying information, such as the first few and last four digits of the card number, to uniquely identify each gift card.</li> <li>○ Require recipient names to be clearly printed or typed, accompanied by a signature from the recipient</li> <li>○ Conduct periodic reconciliations of gift cards purchased, distributed and remaining in inventory.</li> <li>○ Ensure reconciliation accuracy through an independent review and approval.</li> <li>○ Establish maximum inventory levels to prevent excessive stockpiling</li> <li>○ Regularly review and adjust inventory levels based on anticipated needs and usage patterns</li> </ul>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	01/15/2025	Jiten Joshi, Fiscal Manager

Narrative for Recommendation 3.2 including action plan.

Updates to internal Operating and Standards Procedure, *0600-FS Purchasing Procedures*, to include section 3.6 gift cards (safeguards, tracking, distribution, acceptable use), is being updated by the Fiscal team for formal leadership adoption by implementation deadline.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<p><b>RECOMMENDATION 5.2:</b>          We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility</p>		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	12/31/24	Jiten Joshi, Fiscal Manager

Narrative for Recommendation 2.2 including action plan.

Purchasing training will be conducted the last quarter of 2024 to review all purchasing processes and procedures which includes that any items purchased with County funds need to be shipped to County owned facilities.

<b>RECOMMENDATION 5.3:</b> We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	12/31/24	Jiten Joshi, Fiscal Manager

Narrative for Recommendation 2.3 including action plan.

Training on purchasing procedures last quarter of 2024 regarding shipping procedures. Fiscal team will monitor all shipping locations for purchases and will work with Health Department leadership if shipping to non-county facility approval is needed for purchase.





Jenny Wilson, Salt Lake County Mayor  
 Robin Chalhoub, Community Services Director  
 Joey McNamee, Library Director

10/15/2024

Auditor Chris Harding, CPA  
 Office of the Auditor  
 Salt Lake County  
 2001 S State Street  
 Salt Lake City, UT 84121

Auditor Harding,

The Library has reviewed the audit report for Salt Lake County Proprietary Cards and Amazon Business Account for the period from January 1, 2023, to December 31, 2023.

The finding your team identified from the Library was related to a delivery address function on the Amazon site. We are pleased to note the issue had already been corrected at the time of your report.

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<b>RECOMMENDATION 5.2:</b>		
We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Complete	Carrie Hackworth, Administrative & Fiscal Manager

The library has reminded cardholders to ship only to library locations. We have also updated Amazon with a list of library locations available for staff to choose from. The cardholder should only be able to choose from an address on the list.

<b>RECOMMENDATION 5.3:</b> We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Complete	Carrie Hackworth, Administrative & Fiscal Manager

The library has updated Amazon with a list of library locations available for staff to choose from. The cardholder should only be able to choose from an address on the list.

The Library is committed to providing exceptional service to residents of Salt Lake County. We value the audit process as a tool to help maintain accountability to our patrons and taxpayers.

Sincerely,

  
Joey McNamee  
Library Director



**Jennifer Wilson**  
Mayor

**Erin Litvack**  
Deputy Mayor, County Services

**Darrin Casper**  
Deputy Mayor, Finance and Administration

**Catherine Kanter**  
Deputy Mayor, Regional Operations

**Andrew Roberts**  
Chief of Staff

October 16, 2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Auditor Harding,

We would like to thank the Auditor’s team for their professionalism, thoroughness, and dedication throughout the audit process. We appreciate their valuable insights and will carefully heed your recommendations to enhance our operations.

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

<b>RECOMMENDATION 9.2:</b>		
We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Already completed	Michelle Hicks, Executive Operations Manager

Mayor’s Administration utilizes an Amazon Business account to streamline the purchasing process for office supplies and other essential items. One of the benefits of using Amazon Business is that sales tax is supposed to be automatically removed from all purchases. However, during this audit, it was brought to our attention that some third-party vendors are still charging sales tax on their items.

We appreciate the audit for highlighting this discrepancy, and moving forward, we will ensure that we only purchase from vendors who have sales tax automatically removed. We are also looking forward to participating in contracts and procurements training to better understand and manage this option going forward.

Best,

Michelle Hicks  
Executive Operations Manager

Salt Lake County  
Government Center  
2001 South State Street,  
Suite N-2100  
Salt Lake City, UT  
84114-4575

Tel: 385.468.7000  
www.saltlakecounty.gov



October 16, 2024

Auditor Chris Harding, CPA  
 Office of the Auditor  
 Salt Lake County  
 2001 S State Street  
 Salt Lake City, UT 84121

JENNY WILSON  
*Salt Lake County Mayor*

MAYOR'S  
 FINANCIAL  
 ADMINISTRATION

DARRIN CASPER  
*Deputy Mayor/  
 Chief Financial Officer*

Auditor Harding,  
 Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<b>RECOMMENDATION 5.2:</b>		
<b>We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility.</b>		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
<b>Agree</b>	<b>1/16/2025</b>	<b>Gabe Anguiano, Associate Budget Administrator</b>

<b>RECOMMENDATION 5.3:</b>		
<b>We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.</b>		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
<b>Agree</b>	<b>1/16/2025</b>	<b>Gabe Anguiano, Associate Budget Administrator</b>

Kindest regards,

Darrin Casper  
 Deputy Mayor – Finance and Administration  
 Salt Lake County

Digitally signed by Darrin Casper  
 Date: 2024.10.16 16:32:55  
 0570



**Jennifer Wilson**  
Salt Lake County Mayor

**Catherine Kanter**  
Deputy Mayor  
Regional Operations

**Office of Regional  
Development**

**Dina W. Blaes**  
Director

**Divisions**

- Economic Development
- Environmental Sustainability
- Housing & Community  
Development
- Regional Planning & Transportation

10/16/2024

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

Auditor Harding,

We would like to thank the audit team for their thorough review and valuable insights regarding the procurement practices within the Office of Regional Development. We appreciate the time and effort put into identifying areas of improvement and are committed to addressing the findings to ensure compliance with Salt Lake County's policies and best practices.

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 2: Improper Gift Cards Purchased for Employees and Volunteers**

<b>RECOMMENDATION 2.1:</b>		
We recommend that the Office of Regional Development immediately discontinue the practice of purchasing gift cards for employees or volunteers to have meals at meetings.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Immediately	Roxie McSwain (Fiscal Manager)

We acknowledge and agree with the auditor's finding regarding the purchase of gift cards for employees or volunteers to cover meal expenses at meetings. Upon the retirement of the previous

Salt Lake County Office of Regional Development  
2001 South State Street, Suite S2-100 | P.O. Box 144575 | Salt Lake City, UT 84114-4575  
TTY 7-1-1 | www.slco.org/regional-development



**Jennifer Wilson**  
Salt Lake County Mayor

**Catherine Kanter**  
Deputy Mayor  
Regional Operations

**Office of Regional  
Development**

**Dina W. Blaes**  
Director

**Divisions**

- Economic Development
- Environmental Sustainability
- Housing & Community Development
- Regional Planning & Transportation

manager, who had approved this practice, we identified the issue and promptly discontinued the use of gift cards for this purpose. The Office of Regional Development has ceased this practice and has taken steps to ensure strict compliance with procurement card (P-Card) policies moving forward. We are committed to preventing any recurrence of this issue by enhancing oversight and adhering to all established guidelines.

<b>RECOMMENDATION 2.2:</b>		
We recommend that the Office of Regional Development work with the Mayors Administration and Payroll offices to identify any necessary reporting requirements for the gift cards distributed to employees and volunteers.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	60 days	Roxie McSwain (Fiscal Manager)

We agree with the recommendation and will collaborate with the Mayor's Administration and Payroll offices to ensure that all reporting requirements for gift cards distributed to employees and volunteers are fully understood and adhered to. Moving forward, we will ensure that our staff is informed of these requirements and that proper protocols are followed to maintain compliance.

Digitally signed by Dina Blaes  
Date: 2024.10.18 09:47:34 -06'00'  
**Dina Blaes**  
Director  
Office of Regional Development

Salt Lake County Office of Regional Development  
2001 South State Street, Suite S2-100 | P.O. Box 144575 | Salt Lake City, UT 84114-4575  
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**JENNIFER WILSON**  
 Salt Lake County Mayor

October 18, 2024

**ROBIN B. CHALHOUB**  
 Department Director  
 Community Services

Auditor Chris Harding, CPA  
 Office of the Auditor  
 Salt Lake County  
 2001 S State Street  
 Salt Lake City, UT 84121

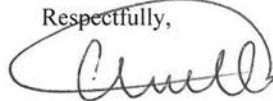
**CHRIS OTTO**  
 Division Director  
 Parks and Recreation

Salt Lake County  
 Government Center  
 2001 S State Street  
 Suite S4-700  
 Salt Lake City, UT 84190  
 (385) 468-1800

Auditor Harding,

Thank you for your feedback. Please find our response below to each of the recommendations made in your report.

Respectfully,



Chris Otto  
 Division Director  
 Salt Lake County Parks and Recreation

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<b>RECOMMENDATION 5.2:</b>		
We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 17, 2024	Xochiatl Thomas, Administrative and Fiscal Manager

All cardholders are required to complete the cardholder training from Contracts and Procurement before receiving a p-card. In August 2024, Parks and Recreation began requiring cardholders to sign an internal annual

agreement acknowledging expectations of using a p-card in Parks and Recreation which includes Countywide Policy 7035. Parks and Recreation will obtain policy acknowledgement statements from p-card holders that specifically identifies the requirements for shipping to non-county facilities.

<b>RECOMMENDATION 5.3:</b> We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Already implemented	Xochiatl Thomas, Administrative and Fiscal Manager

In September 2024, the Parks and Recreation fiscal team began reviewing and approving all Amazon account purchases before the purchase is finalized. Additionally, p-card transaction approvers have been trained on the requirements for shipments to non-county facilities and to monitor for such purchases in the monthly approval process. Parks and Recreation has also added shipping to non-County facilities without proper approval to the internal Parks and Recreation p-card violation procedure. Approval of the non-County facility shipping location will be attached in P-Card Place in the future.

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

<b>RECOMMENDATION 9.2:</b> We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Already implemented	Xochiatl Thomas, Administrative and Fiscal Manager

The cardholder requested the sales tax reimbursement which was credited back to the cardholder’s p-card in May 2024. P-card approvers were trained to monitor for Amazon transactions where sales tax was paid and to ensure the cardholder’s p-card receives reimbursement for the sales tax.





October 15, 2024  
 Auditor Chris Harding, CPA  
 Office of the Auditor  
 Salt Lake County  
 2001 S State Street  
 Salt Lake City, UT 84121

Auditor Harding,

Public Works Administration has reviewed the draft audit report and findings. We are grateful for the recommendations and support from the audit team. We look forward to implementing your recommendations that will provide more transparent service to the people of Salt Lake County. Thank you for your time and efforts. Please find our response below to each of the recommendations made in your report.

**Jenny Wilson**  
 Salt Lake County Mayor

**Catherine Kanter**  
 Deputy Mayor,  
 Regional Operations

**Lisa Hartman**  
 Associate Deputy Mayor,  
 Regional Operations

**Scott R. Baird, P.E.**  
 Director, Public Works and  
 Municipal Services

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<b>RECOMMENDATION 5.2:</b>		
We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	12/31/2024	Jared Steffey, Fiscal Administrator

Public Works Administration agrees with the Auditor's recommendation. The Public Works Fiscal Administrator will prepare and provide a training to all Division Directors and department personnel. This training will be conducted at a regular Division Director meeting. Training will be completed by December 31<sup>st</sup>, 2024.

<b>RECOMMENDATION 5.3:</b>		
We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally</b>	<b>Name and Title of specific point of contact for implementation</b>

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 Tel: 385.468.6700 | www.slco.org/public-works

	<b>expected within 60 to 90 days)</b>	
Agree	immediately and ongoing	Jared Steffey, Fiscal Administrator

Public Works Administration agrees with the Auditor's recommendation. The Public Works Fiscal Administrator will ensure that appropriate authorization is attached to all P-Card purchases that are shipped to non-County facilities. This will be done as part of the monthly P-Card reconciliation and approval process.

Jared Steffey  
Fiscal Administrator  
Salt Lake County Public Works Dept

Jared C Steffey  
Digitally signed by Jared C Steffey  
Date: 2024.10.15 13:53:30 -0600

**SALT LAKE COUNTY**



**Jennifer Wilson**  
Salt Lake County Mayor

**Catherine Kanter**  
Deputy Mayor,  
Regional Operations

**Scott Baird**  
Director, Public Works and  
Municipal Services

**Steven Kuhlmeier**  
Director, Public Works Operations  
SKuhlmeier@saltlakecounty.gov

Administration  
604 West 6960 South  
Midvale, Utah 84047-3483

385-468-6101  
385-468-6107 fax

October 15, 2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Auditor Harding,

This is a response to the countywide Amazon Audit findings for Salt Lake County Public Works Operations.

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 4:** Inadequate Training and Oversight Contributes to Misuse of Amazon Business Account

**RECOMMENDATION 4.2:**

We recommend that agency management perform periodic, documented monitoring of Amazon Business Account Purchases to ensure that only appropriate purchasing methods and user accounts are in use.

Agree or Disagree with	Target date to complete	Name and Title of specific
------------------------	-------------------------	----------------------------

<b>Recommendation</b>	<b>implementation activities (Generally expected within 60 to 90 days)</b>	<b>point of contact for implementation</b>
Agree	90 days	Lynn Erickson, Administrative and Fiscal Manager

We will request from Contracts and Procurement to set up primary and secondary approval levels for Amazon purchases so that they can be checked for appropriateness, payment method and ship to information before the orders are finalized.

<b>RECOMMENDATION 4.3:</b> We recommend that agency management discontinue the use of non-county payment cards and take the necessary measures to remove any associated non-county issued payment methods from their Amazon Business Accounts.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	90 days	Lynn Erickson, Administrative and Fiscal Manager

We have notified all our employees who have access to the County Amazon account and mandated that they only have their County purchasing card saved as a method of payment and that they are not authorized to use other forms of payment nor make personal purchases with the County Amazon account. We will make sure they do not have a personal credit card saved as a payment method. We will work with Contracts and Procurement to monitor the payment methods associated with these individuals on the County Amazon account.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<b>RECOMMENDATION 5.2:</b> We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	90 days	Lynn Erickson, Administrative and Fiscal Manager

We have notified all our employees who have access to the County Amazon account that they may only have orders shipped to one of our County facilities unless they have received an exception letter approved by the Division Director or designee to have an order shipped to an alternate location. We will provide training to inform our employees that they need to have Amazon purchases shipped to our County Facilities and in the rare instance that they need to have something shipped to an alternate location they obtain written approval from the director or designee prior to making the purchase.

<b>RECOMMENDATION 5.3:</b>		
We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	90 days	Lynn Erickson, Administrative and Fiscal Manager

We will require our employees that have received permission to have items shipped to an alternate location to attach the written approval along with their p-card invoices/receipts in Myfin P-card place.

Steven  
Kuhlmei  
er

Digitally signed  
by Steven  
Kuhlmeier  
Date: 2024.10.16  
11:04:22 -06'00'



16 October 2024

Auditor Chris Harding, CPA  
 Office of the Auditor  
 Salt Lake County  
 2001 S State Street  
 Salt Lake City, UT 84190

Auditor Harding,

Please find our response below to the recommendation made in your report.

**AUDIT FINDING 6:** Controlled Asset Purchases Not Tracked.

<b>RECOMMENDATION 5.1</b>		
We recommend that agency management regularly review their Amazon purchases for controlled asset purchases and regularly update their controlled asset records.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Complete; frequent follow-up	Susan Johnston Division Administrator - Fiscal

When initially responding to this audit, we had neglected to include one standing desk purchase from Amazon in the emailed response. That standing desk was already on the list at that time, but its source was not identified as being Amazon. Since that time, all Amazon purchases are tracked meticulously by the division Fiscal Coordinator. Further, the controlled asset records now include sourcing information and the list is updated every time something new is acquired or an existing item is moved.

Respectfully,

*Susan C. Johnston*  
 Division Administrator - Fiscal  
 (385) 468-8159 Direct  
 (801) 898-9057 Mobile  
 scjohnston@slco.org

**Rashelle Hobbs • Salt Lake County Recorder**  
**Will Kocher • Chief Deputy Recorder**

Salt Lake County Government Center • 2001 South State Street, Suite N1-600 • Salt Lake City, Utah 84190-1150  
 Tel (385) 468-8145; TTY 711 • Fax (385) 468-8170 • rhobbs@slco.org

SALT LAKE COUNTY  
SHERIFF'S OFFICE

Rosie Rivera  
Sheriff



October 14, 2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Auditor Harding,  
We appreciate the work that has been done by the audit team and their willingness to work with us on developing best practices.

Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 6: Controlled Asset Purchases Not Tracked**

<b>RECOMMENDATION 6.1:</b> We recommend that agency management regularly review their Amazon purchases for controlled asset purchases and regularly update their controlled asset records.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Completed.	Jim Pierce, Asset Coordinator

The one item that was missed in the tagging process has been tagged and entered into the system.

<b>RECOMMENDATION 6.2:</b> We recommend that Sheriff's Office management reconsider tracking computer monitors as controlled assets separate from the computers they accompany.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	60 days	Jim Pierce, Asset Coordinator

2001 South State Street #S-2700 • Salt Lake City, Utah 84190 • (385) 468-9901 TTY: 711

The Sheriff's Office will begin tagging/tracking monitors and will focus on recent monitor purchases (2023-current) initially. Due to mounting processes that are used in secure areas some monitors will be tagged using a barcode on the front instead of a traditional inventory tag.

I can be reached at 385-468-9901 or by email [rrivera@slco.org](mailto:rrivera@slco.org).

Sincerely,



Rosie Rivera  
Salt Lake County Sheriff





**Jennifer Wilson**  
Salt Lake County Mayor

**DEPARTMENT OF HUMAN SERVICES**

**Kelly Colopy**  
Department Director

**Beth Graham**  
Associate Director

- HUMAN SERVICES DIVISIONS
- AGING SERVICES
- BEHAVIORAL HEALTH SERVICES
- CRIMINAL JUSTICE SERVICES
- HEALTH DEPARTMENT
- INDIGENT LEGAL SERVICES
- YOUTH SERVICES
- USU EXTENSION

**SALT LAKE COUNTY GOVERNMENT CENTER**  
2001 South State St., Ste. N3200  
Salt Lake City, UT 84190-2000  
Phone (385) 468-7060  
Fax (385) 468-7072  
TTY: 7-1-1

October 15, 2024

Auditor Chris Harding, CPA  
Office of the Auditor  
Salt Lake County  
2001 S State Street  
Salt Lake City, UT 84121

Auditor Harding,  
Youth Services management has reviewed and discussed the audit findings.  
Please find our response below to each of the recommendations made in your report.

**AUDIT FINDING 1: Inadequate Oversight and Policy Non-Compliance in County Proprietary Card Use**

<b>RECOMMENDATION 1.2:</b>		
We recommend that agency management evaluate the use of County-issued Pcard instead of proprietary cards. Additionally, they should coordinate with the Contracts and Procurement department to explore the possibility of obtaining shared-use Pcards if determined necessary.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager

Narrative for Recommendation 1.2 including action plan.  
Agency management has already evaluated the use of County-issued P Cards instead of proprietary cards and will close the Kroger/Smith’s account. At this point in time, there is no need to obtain a shared-use Pcard.

<b>RECOMMENDATION 1.4:</b> We recommend that agency management implement measures to ensure card security. This includes allowing access only to pre-authorized individuals and requiring a check-out log entry to track the card's location at any given time.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree / N/A	December 31, 2024	Mary Fackrell – Fiscal Manager

Narrative for Recommendation 1.4 including action plan.

While management agrees that card security is essential, this recommendation will not be applicable when the Kroger/Smith's account is closed.

<b>RECOMMENDATION 1.5:</b> We recommend that Youth Services management explore implementing spending limitations on the Kroger/Smith's card for single transactions or monthly spending.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree / N/A	December 31, 2024	Mary Fackrell – Fiscal Manager

Narrative for Recommendation 1.5 including action plan.

While management agrees that spending limitations are necessary, this recommendation will not be applicable when the Kroger/Smith's account is closed.

<b>RECOMMENDATION 1.6:</b> We recommend that agency management conduct annual reviews of card use.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Jan 31, 2025	Mary Fackrell – Fiscal Manager

Narrative for Recommendation 1.6 including action plan.

The fiscal manager will conduct an annual review of the Kroger/Smith's account use for 2024 by January 31, 2025. Future annual reviews will not be necessary since the account will be closed in 2024.

**AUDIT FINDING 4: Inadequate Training and Oversight Contributes to Misuse of Amazon Business Account**

<b>RECOMMENDATION 4.2:</b> We recommend that agency management perform periodic, documented monitoring of Amazon Business Account Purchases to ensure that only appropriate purchasing methods and user accounts are in use.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager Paul Young - Accountant

Narrative for Recommendation 4.2 including action plan.

A review of the Amazon Business Account by the YS accountant will be added to the monthly P Card reconciliation process to ensure that only appropriate purchasing method and user accounts are in use. An excel document will be created to track the monthly monitoring, any discrepancies, resolution steps, etc.

<b>RECOMMENDATION 4.3:</b> We recommend that agency management discontinue the use of non-county payment cards and take the necessary measures to remove any associated non-county issued payment methods from their Amazon Business Accounts.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager Paul Young - Accountant

Narrative for Recommendation 4.3 including action plan.

On August 14<sup>th</sup>, Amazon users were instructed to remove any non-county payment cards as a payment method on their County Amazon user account. The fiscal manager and accountant will review by December 31, 2024, to ensure that all non-county payment cards have been removed as a payment method.

**AUDIT FINDING 5: Purchases Shipped to Non-County Facilities**

<b>RECOMMENDATION 5.2:</b> We recommend that agency management train employees on the policy requirements. Agency management should specifically train employees to obtain written authorization from the division director, elected official, or designee whenever purchases are shipped to a non-county facility		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	Completed on August 14, 2024	Mary Fackrell – Fiscal Manager Paul Young - Accountant

Narrative for Recommendation 5.2 including action plan.

Amazon users were trained on August 14<sup>th</sup> on Pcard and Amazon policies. They were specifically instructed to have purchases delivered to County Youth Services locations. They were trained that on rare occasions, purchases may be delivered to non-county facilities with PRIOR approval. In these instances, they must include a written authorization in Pcard Place with the receipt.

<b>RECOMMENDATION 5.3:</b> We recommend that agency management monitor purchasing and ensure that documentation and approvals are on file for all purchases shipped to non-County facilities.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager Paul Young - Accountant

Narrative for Recommendation 5.3 including action plan.

Youth Services will update its monthly Pcard reconciliation process to include a review of purchases shipped to non-county facilities to ensure that appropriate approval and documentation is on file.

**AUDIT FINDING 8: Outdated Retention Schedule and Risk Associated with Transferred Employees Access**

<b>RECOMMENDATION 8.1:</b> We recommend that Youth Services management complete and implement a new retention policy that aligns with current practices and Federal requirements.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager

Narrative for Recommendation 8.1 including action plan.

The fiscal manager will review retention policy requirements for the County, grantors, and any other partners to update the Youth Services retention policy.

<b>RECOMMENDATION 8.2:</b> We recommend that Youth Services perform periodic reviews of retention schedules to ensure they remain up to date.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager

Narrative for Recommendation 8.2 including action plan

By completing Recommendation 8.1, the retention policy will be updated and going forward will be reviewed annually.

<b>RECOMMENDATION 8.3:</b> We recommend that Youth Services management establish and implement procedures to ensure timely communication of employee transfers or terminations to both Human Resources and Information Technology. This will help ensure that network access is promptly revoked for any unauthorized individuals.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager Paul Young – Accountant Shauna Briggs – HR Coordinator Jenny Lo – Information Systems Manager

Narrative for Recommendation 8.3 including action plan

Currently, Youth Services has a system in place for supervisors to communicate personnel changes. A Personnel Action Form (PAF) Smartsheet is filled out and automatically sent to YS Fiscal, IT, and Management. An additional step to the process will be added to include a monthly review by the Fiscal and IT teams to ensure that all transferred and terminated employees' access has been revoked.

<b>RECOMMENDATION 8.4:</b> We recommend that Youth Services management conduct regular reviews of user access privileges to identify and revoke access for terminated or transferred employees.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager Paul Young – Accountant Shauna Briggs – HR Coordinator Jenny Lo – Information Systems Manager

Narrative for Recommendation 8.4 including action plan

A monthly review by the Fiscal and IT teams will be performed to ensure that all transferred and terminated employees' access has been revoked.

**AUDIT FINDING 9: Sales Tax Paid on Amazon Business Account**

<b>RECOMMENDATION 9.2:</b> We recommend that agency management seek reimbursement of sales tax paid on Amazon Business account purchases.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 60 to 90 days)</b>	<b>Name and Title of specific point of contact for implementation</b>
Agree	December 31, 2024	Mary Fackrell – Fiscal Manager

Narrative for Recommendation 9.2 including action plan.

The sales tax of \$0.79 was paid over a year ago. Youth Services will make an attempt to collect, but it is reasonable to expect that the attempt will not be successful. If Youth Services is unable to obtain a refund for the sales tax, it will remit a payment of \$0.79 to Mayor’s Finance (as suggested by Contracts & Procurement.)

Sincerely,



Carolyn Hansen

Youth Services Division Director