

AUDIT REPORT

An Audit of the Salt Lake County Foundation

JULY 2025



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AUDITOR'S LETTER

July 28, 2025

I am pleased to present our audit of the Salt Lake County Foundation (Foundation) for the period from January 1, 2023, to May 31, 2024. The objectives of this audit were to examine internal controls to provide reasonable assurance that financial transactions are recorded accurately, timely, completely and free from significant errors and that the Foundation's processes comply with applicable fiscal ordinances, policies and procedures.

Our audit identified opportunities to strengthen governance, compliance, and transparency, including:

- Improving compliance with the State Auditor's training requirements for Governmental Nonprofit Corporation boards
- Ensuring Board meeting minutes are posted in a timely manner to both the Foundation's website and the Utah Public Notice website
- Documenting the Board's review and approval of the annual financial report
- Enhancing reconciliation documentation
- Adopting a formal Cash Reserve Policy
- Requiring Salt Lake County employees to disclose Foundation roles in their annual Conflict of Interest filings
- Providing donors with written disclosures describing the potential uses of contributed funds.

We appreciate the Salt Lake County Foundation for its responsiveness and commitment to promptly implementing our recommendations, which are essential to safeguarding the county's operational and financial integrity.

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".

Chris Harding, CPA, CFE, CIA

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AN AUDIT OF THE SALT LAKE COUNTY FOUNDATION

July 2025

Objectives

Our audit objectives were to provide reasonable assurance that the internal controls in place for financial transactions are adequate and effective and that the Salt Lake County Foundation's processes comply with all applicable fiscal ordinances, policies, and procedures.

The scope of the audit was from January 1, 2023 to May 31, 2024.

REPORT HIGHLIGHTS

Opportunities to Enhance Compliance with Board Member Training Requirements



Utah Code requires all board members of a Governmental Nonprofit Corporation to complete financial training within six months of taking office. We reviewed the training certificates for the Salt Lake County Foundation Board of Directors and found that one board member (33%) had completed the training. However, this training was completed more than six months from the time the board member took office. The Salt Lake County Foundation had not designated an individual to track and retain board member training completion.

Opportunity to Enhance Board Meeting Minute Processes to Support Compliance and Transparency



The Salt Lake County Foundation previously required Board approval for expenditures. In 2023, four expenditures were included on Board Meeting agendas for approval. We were not able to obtain either the approved or draft minutes of the board meeting approving these expenditures.

Opportunity for Enhanced Financial Reporting Accuracy



The Salt Lake County Foundation follows the accrual method for expense recognition and relies on a third-party accounting firm to prepare financial statements. We found that one invoice in 2023 totaling \$632 (9% of total expenditures) was mistakenly omitted from the 2023 financial report.

Opportunity for Improvement in Reconciliation Documentation and Process



The Salt Lake County Foundation's financial transactions are logged in a restricted-access spreadsheet maintained by Mayor's Financial Administration. The spreadsheet does not contain details to identify the person completing the reconciliation or the date the reconciliation was completed.



Finding Risk Classifications

Classification	Description	Action
High Risk	<p>High Risk Findings indicate significant weaknesses in controls and compliance:</p> <ul style="list-style-type: none"> Essential controls are either missing OR are in place but fail to adequately address critical risks. Procedures are either not followed consistently OR are completely missing. Documentation and communication of controls, policies, and procedures are either lacking OR entirely absent. Controls may not be in operation OR may not have been implemented. Material non-compliance (or a critical instance of non-compliance) with legislative requirements (both state law and county ordinances), countywide policies, organization policies, and best practices is common, resulting in inadequate risk management. 	Urgent Corrective Actions are Necessary
Medium Risk	<p>Medium Risk Findings indicate weaknesses in control design and/or implementation, and occasional non-compliance:</p> <ul style="list-style-type: none"> Controls are partially in place but may not fully address all aspects of key risks. Documentation and/or communication of controls, policies, and procedures may be incomplete, unclear, inconsistent, or outdated. Controls might not be operating consistently and/or effectively or may not have been fully implemented. Occasional non-compliance with legislative requirements (both state law and county ordinances), countywide policies, organization policies, and best practices has occurred. Risks are not being effectively managed, which could result in failure to meet organization objectives or could lead to a less effective risk management framework. 	Promptly Implement Recommendations
Low Risk	<p>Low Risk Findings indicate that controls are generally effective, with minor areas for improvement:</p> <ul style="list-style-type: none"> Controls are effectively addressing key risks but may need minor improvements. Documentation and/or communication of controls, policies, and procedures are generally adequate but might require minor updates. Controls are generally operating effectively with minor inconsistencies. Minor deviations from legislative requirements (both state law and county ordinances), countywide policies, organization policies, and/or best practices may exist. Risks are generally well-managed, with minimal areas for improvement identified during testing. 	Implement Minor Improvements and Proactive Enhancements

BACKGROUND

The Salt Lake County Auditor's Audit Services Division completed a limited scope financial audit of the Salt Lake County Foundation (Foundation) revenues and expenditures for the period of January 1, 2023, to May 31, 2024.

The Foundation is a 501(c)(3) governmental nonprofit organization founded in 2023 to act as a charitable intermediary for grants and donations to Salt Lake County. The Board of Directors is comprised of the Salt Lake County Mayor, Treasurer, and a Councilmember. The Foundation officers are comprised of the Salt Lake County Mayor as President, Councilmember as Vice President, Treasurer as Treasurer, and the County Chief Financial Officer as Secretary.

The Foundation was created to act as a distinct entity separate from the County. Foundation Management advised that they intend to follow Salt Lake County Countywide policy in all material ways due to County Council involvement. However, this intention is not formally stated in the Foundation's governing documents, such as its Articles of Incorporation, Bylaws, or resolutions. While the Foundation may voluntarily choose to follow County policies, there is currently no binding commitment requiring it to do so. As such, references to County policies in this audit reflect representations made by Management during the audit and are not based on a formally adopted requirement.

OBJECTIVES AND SCOPE

The objective of this audit was to review the Foundation's financial controls and procedures to provide reasonable assurance that:



Financial transactions and business processes comply with applicable standards, ordinances, policies, statutes, laws, and best practices.



Evaluate internal controls to ensure that financial transactions are recorded accurately, completely, and are free from significant errors.

The scope of this audit was from January 1, 2023, to May 31, 2024.

AUDIT CRITERIA

Utah Code, Title 11: Cities, Counties, and Local Taxing Units, Chapter 13a: Governmental Nonprofit Corporations Act establishes requirements for governance, board meetings, and training for board members.

Utah Code, Title 52: Public Officers, Chapter 4: Open and Public

Meetings Act establishes requirements for notices of public meetings by nonprofit organization's board of directors to ensure that their deliberations and actions are conducted openly. It also establishes public meeting record retention and provision requirements.

Salt Lake County Countywide Policy 1006: Donation of Property or Funds to Salt Lake County establishes a method for the County to receive donations of property, cash, or equivalent and ensure that donations are properly recorded and accounted for.

Salt Lake County Countywide Policy 1060: Financial Goals and Policies, Part 8 Internal Control Policy, Section 8.1 establishes guidelines for the implementation and documentation of internal controls for financial transactions.

Salt Lake County Countywide Policy 1062: Management of Public Funds establishes policies for receiving and handling cash or checks. It also establishes the need to establish adequate internal controls surrounding the receipt of cash and defines an "Operating Checking Account" as similar to an Imprest Account.

Salt Lake County Countywide Policy 1200: Contributions, In-Kind Assistance and Fee Waivers establish guidelines for receipt of contributions made by the County, audit authority over recipient, and reporting requirements.

Salt Lake County Countywide Policy 1203: Petty Cash and other Imprest Funds, Section 5.0: Reconciliation, Fund Discrepancies, Review, and Reimbursement establishes guidelines for monthly reconciliation of imprest accounts.

Salt Lake County Countywide Policy 1430: Professional Ethics and Conflict of Interest establishes guidelines for both written and verbal disclosures of possible conflicts of interest for elected and appointed employees. Additionally, the policy provides guidance on the timing of such disclosures prior to any agreement with an organization where there exists potential for a conflict of interest.

Salt Lake County Utah Code of Ordinances Title 2: Administration and Personnel, Section 07: County Ethics Code, Part 210: Representation of county's interests before non-county entities, Paragraph C establishes expectations while serving on non-county committees, boards, commissions, task forces, and associations that county elected officials and employees should communicate that their individual positions do not represent an official position of the county when it differs from the position established by vote of the council or when a position has not been officially established by vote of the council.

Government Accounting Standards Board Concepts Statement No. 8: Objectives of Financial Reporting, Chapter 1: The Objective of General Purpose Financial Reporting establishes objectives for financial reporting including the usage of the Accrual Accounting method for recognizing revenue and expenditures.

Government Accounting Standards Board Statement Number 33: Accounting and Financial Reporting for Nonexchange Transactions, Section: Recognition Standards, Subsection: Government-mandated and voluntary nonexchange transactions establish guidelines for the timing of recognition of revenues and expenditures.

Internal Revenue Service (IRS) Publication 4839: Annual Form 990 Filing Requirements for Tax-Exempt Organizations establishes filing form and timing requirements for tax-exempt organizations.

Utah NonProfits Association: NonProfit Standards of Ethics establishes ethical expectations for member organizations, including acting with integrity, maintaining transparency and accountability, avoiding conflicts of interest, and complying with all applicable federal, state, and local laws, as well as nonprofit industry standards.

Montana NonProfit Association, Principles and Practice for NonProfit Excellence in Montana. 2017. Principle: Accountability, Transparency and Disclosure establishes expectations for nonprofits to define, measure, and publicly share their performance outcomes. It also requires that information about services and related fees be easily accessible to the public.

Grant Thornton article: The Right Reserves Level for Your Not-For-Profit establishes guidelines for consideration when establishing a cash reserve strategy including:

- What is the appropriate level of reserves.
- What level of liquidity is needed given future plans.
- How to communicate fiscal intentions to key constituents.

METHODOLOGY

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

1. Met with Foundation personnel to gain an understanding of procedures and controls in place over revenue and expenditures. Additionally, understanding of the organizational structure and roles of County employees completing work for the Foundation was obtained during these meetings. Processes and rolls

- observed and described were documented and agreed upon.
2. Performed review of revenue and expenditure transactions within the Foundation's financial system.
 3. Obtained and reviewed documentation from the Foundation. The documents examined included financial statements, transaction log, training certificates, tax filing documents, Imprest account documents, and emails.
 4. Performed unannounced on-site testing for controls over imprest accounts.
 5. Reviewed Utah State Code pertaining to governmental non-profit corporations, IRS publications for tax-exempt organizations, and relevant County policies and codes.

CONCLUSIONS

The audit of the Salt Lake County Foundation for the period of January 1, 2023, to May 31, 2024, provided valuable insights into areas where processes and practices can be enhanced to better align with applicable policies and laws. We believe that the recommendations outlined in this report will assist the Foundation in strengthening internal controls and improving transparency.

We encourage the Foundation's leadership to adopt a proactive approach by prioritizing the development of robust record-keeping practices and internal policies for fund utilization and state mandated training. The opportunities for improvement of the control environment can help the Foundation establish a framework that supports accountability, sustainability, and compliance.

We also encourage the County Council to review applicable policies to provide transparency in its relationship with the Foundation, Foundation board members, and County employees assisting in the Foundation's operation.

We appreciate the cooperation and collaboration of the Foundation's staff and board throughout this audit process. Together, these efforts will help the Foundation continue to fulfill its mission while maintaining the trust and confidence of the public.

Enhancing Foundation Practices Through Audit Insights



Source: Image created by Audit Staff using Napkin.AI

FINDING 1 AND RECOMMENDATIONS

Opportunity to Enhance Compliance with Board Member Training Requirements

Risk Rating: **High Risk Finding**



All board members of a Governmental Nonprofit Corporation are required to complete the Utah State Auditor's financial training within six months after the date a member becomes a board member¹. Members who fail to complete the required training may be disqualified from serving as a board member. We found there was an absence of awareness of the State training amongst Board members due to no formal documentation or due diligence in how starting a governmental non-profit may impact compliance with State Auditor requirements.

The three board members did not complete the mandatory State Auditor provided financial training for Governmental Nonprofit Corporations within the necessary time frame. In response to our finding, one Board Member, the County Treasurer, completed the required training at the time of our testing. Additionally, the Code specifies that a board member must complete the training each time he or she is elected or appointed to a new term. This training is a resource to aid governmental nonprofit corporations in implementing best practices for financial controls and board governance.

Utah Code Title 11: Cities, Counties, and Local Taxing Units, Chapter 13a: Governmental Nonprofit Corporations Act, Section 106: Training for board members , Paragraph 1 states:

"(1)(a) (i) Each member of a board of directors of a governmental nonprofit corporation shall complete the training described in Subsection (2)(a):

(A) within six months after the day on which the member becomes a board member; or

(B) for a member already in the position of board member on May 14, 2019, before November 14, 2019.

(ii) If a board member fails to complete the training described in Subsection (2)(a) within the time period specified in Subsection (1)(a)(i):

(A) the state auditor shall issue a notice of noncompliance to the board member and the relevant board of directors; and

(B) if the board member fails to complete the training

Non-compliance with mandatory State Auditor training requirements places Foundation board members at risk of disqualification.

¹ Utah Code § 11-13a-106 (effective May 15, 2019).

described in Subsection (2)(a) within 30 calendar days after the date of the auditor's notice of noncompliance, the board member is disqualified and may not act as a board member.

(b) For the purposes of Subsection (1)(a), a member of a board of directors of a governmental nonprofit corporation takes office each time the member is elected or appointed to a new term."

Management stated that the Foundation Board was unaware of the required training and does not have a designated individual responsible for ensuring that board members complete training.

Board members that do not complete the training within the necessary time frame may receive a notice of noncompliance from the Utah State Auditor and be disqualified from serving as board members. The Foundation would be required to elect new individuals as board members, which may reduce the efficiency of the management of the Foundation and impair County oversight of the Foundation.

1.1

RECOMMENDATION

Develop Written Policy About State Auditor Training

We recommend that Management implement a written policy requiring board members to complete the State Auditor training for Governmental Nonprofit Corporation boards and designate an individual to track and retain board member training completion.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/15/2025

SEE PAGE 27 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 2 AND RECOMMENDATIONS

Opportunity to Enhance Board Meeting Minute Processes to Support Compliance and Transparency

Risk Rating: **High Risk Finding**

Prior to December 21, 2023, the Board of Directors reviewed and approved expenditures at Board Meetings. We found that we could not corroborate that the Board discussed and approved the expenditures due to the absence of adequate documentation in Board meeting minutes.

The Foundation had four expenditure payments dated prior to December 21, 2023. The agenda for the Board Meeting held August 9, 2023, included these four (100%) expenditures for discussion. However, the Foundation did not retain either the drafted or approved minutes for the August 9, 2023, meeting. The Foundation did not post the Board Meeting Minutes on its website, which was inactive at the time of the audit, nor did they upload them to the Utah Public Notice

Strengthening Board meeting minute processes is crucial to ensure compliance with open meeting ordinances, enhance transparency, and mitigate legal challenges.

Expenditure Review Process



Source: Image created by Audit Staff using Napkin.AI

Utah Code Title 11: Cities, Counties, and Local Taxing Units, Chapter 13a: Governmental Nonprofit Corporations Act, Section 104: Quorum of the governing board – Meetings of the governing board, Paragraph

3(a) states:

“(a) The governing board shall ensure that each meeting of the governing board complies with Title 52, Chapter 4, Open and Public Meetings Act.”

Utah Code Title 52: Public Officers, Chapter 4: Open and Public Meetings Act, Part 2: Meetings, Section 203: Written minutes of open meetings – Public Records – Recording of meetings, Paragraph 4(g) states:

“(g) A public body that is not a state public body or a specified local public body shall:

(i) make pending minutes available to the public within a reasonable time after holding the open meeting that is the subject of the pending minutes;

(ii) within three business days after approving written minutes of an open meeting:

(A) post and make available a copy of the approved minutes and any public materials distributed at the meeting, as provided in Subsection (4)(e)(ii); or

(B) comply with Subsections (4)(e)(ii)(B) and (C) and post to the state website a link to a website on which the approved minutes and any public materials distributed at the meeting are posted; and

(iii) within three business days after holding an open meeting, make an audio recording of the open meeting available to the public for listening.

(h) A public body shall establish and implement procedures for the public body’s approval of the written minutes of each meeting.”

Management stated they could not locate the draft version of the minutes and could not find a record of the minutes’ approval.

Ensuring compliance with Utah Code is vital for maintaining the Salt Lake County Foundation’s reputation and legal standing. Timely and accurate documentation of Board Meetings, including the availability of meeting minutes to the public, is essential for transparency and accountability. It also minimizes the risk of legal challenges.

We recommend that Management develop a written procedure to ensure that Board Meeting minutes and, if applicable, recordings are approved and posted to the Salt Lake County Foundation website and the Utah Public Notices website.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/15/2025

SEE PAGE 28 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 3 AND RECOMMENDATIONS

Opportunity for Enhanced Financial Reporting Accuracy

Risk Rating: **Medium Risk Finding**

Management is responsible for ensuring the accuracy and completeness of financial statements. In 2023, we found that the Foundation did not report one of its expenses in the correct financial reporting period, highlighting an opportunity to improve management's review and oversight of the prepared financials.

The Foundation maintains a spreadsheet of financial transactions and provides the spreadsheet to a third-party accounting firm to prepare the financial statements. The Foundation incurred 11 expenses totaling \$8,247 (excluding contribution checks), ranging from \$13 to \$1,600. Due to an oversight, one of the 11 (9%) expenses, a \$632 item, was excluded from the 2023 financial report. Because Management uses the accrual method of accounting, they should have reported the transaction in 2023. The Foundation then sent the financial statements to the County to be incorporated into the 2023 Salt Lake County Financial Report.

A \$632 expense was not reported in the 2023 financial period, indicating an area for strengthening management's review of prepared financials.

Government Accounting Standards Board Concepts Statement 8: Conceptual Framework for Financial Reporting, Chapter 1: The Objective of General Purpose Financial Reporting states:

"Items that qualify under the definitions of elements of financial statements and that meet criteria for recognition and, therefore would be measured, are accounted for and included in financial statements by using accrual accounting procedures...

Accrual accounting attempts to record the financial effects on an entity of transactions and other events and circumstances in the periods in which those transactions, events, and circumstances occur."



Source: Image created by Audit staff using ChatGPT

Management provided confirmation from the third-party accounting firm that the 2023 Financial Report excluded the invoice because the Foundation Financial Spreadsheet listed the check date as January 9, 2024.

The \$632 expense may be immaterial to the County financial reporting, however maintaining strong financial controls is crucial for the Foundation. Particularly as it develops its role as the charitable intermediary for the County. Incorrect financial reporting may affect the credibility and trustworthiness of the Foundation and Salt Lake County. Additionally, the IRS may impose fines or revoke tax-exempt status.

3.1

RECOMMENDATION

Review and Approve Annual Financial Report

We recommend that Management document and retain the Salt Lake County Foundation Board review and approval of the annual financial report.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 7/18/2025

SEE PAGE 28 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

3.2

RECOMMENDATION

Document Invoice Receipt Dates and Check Payment Dates

We recommend that Management update the Foundation Financial Spreadsheet to include the date of invoices received and the date of the check corresponding to the invoice to better clarify which accounting period the expenditure should be recognized.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: ALREADY IMPLEMENTED

SEE PAGE 29 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 4 AND RECOMMENDATIONS

Opportunity for Improvement in Reconciliation Documentation and Process

Risk Rating: **Medium Risk Finding**

Improving the reconciliation spreadsheet to capture the reconciler and date would provide greater clarity and support verification efforts.

The Foundation maintains an operating checking account to manage contributions and expenses. The Mayor's Financial Administration (MFA) Payroll and Finance Director maintains a check register spreadsheet to log financial transactions for the Foundation. The spreadsheet is electronically stored within an access restricted file. Two MFA employees have access to the spreadsheet: the Payroll and Finance Director and the Internal Services Manager. We found missing fields in the reconciliation spreadsheet, which prevented us from verifying adequate segregation of duties and timeliness of the contribution reconciliation process.

We reviewed the 15 transactions in the check register to confirm they were reconciled. The Foundation's spreadsheet tracks whether a transaction is reconciled by marking an "x" next to the balance, however, it does not record the reconciler's name or date of reconciliation. This lack of information prevents us from verifying the accountability and timeliness of the reconciliation process.

Unveiling the Reconciliation Process Gaps



Source: Image created by Audit staff using Napkin.AI

To assess the adequacy of these reconciliation practices, we considered the Foundation’s stated intent to operate in alignment with relevant County policies. Although the Foundation does not fall under County policies because it operates as a separate legal entity, Foundation representatives stated during the audit that they intend to follow County policy “in all material ways.” Although this verbal commitment is not reflected in the Foundation’s Articles, Bylaws, or resolutions, we used it as the basis for applying County policies such as Countywide Policy 1203 as audit criteria.

Salt Lake County Countywide Policy 1203: Petty Cash and Other Imprest Funds, Section 5.1.3: Reconciliation, Fund Discrepancies, Review, and Reimbursement states:

“In the case of Imprest Checking/Operating Accounts, the account’s bank statement balance shall be reconciled at least monthly by an employee designated by agency Management, who is not the custodian.”

Management stated that they developed the spreadsheet log in lieu of accounting software due to the low number of transactions for the Salt Lake County Foundation.

The lack of documented reconciliation procedures, including the reconciler’s name and date, hinders our ability to ensure adequate segregation of duties and timely reconciliation of the Foundation’s operating checking account. This increases the risk of fraud, waste, or abuse.

4.1	RECOMMENDATION	Strengthen Documentation Standards for Financial Spreadsheet Reconciliation
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We recommend that Management implement written procedures to document the name of the reconciler and the date that the transaction was reconciled on the financial spreadsheet.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/15/2025

SEE PAGE 29 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 5 AND RECOMMENDATIONS

Opportunity to Formalize a Cash Reserve Policy

Risk Rating: **Medium Risk Finding**

Formalizing policies for cash reserves and contribution fund disclosure could enhance the Foundation's financial sustainability and public understanding.

Since the Salt Lake County Foundation operates as a separate legal entity from the County, establishing a cash reserve policy to cover administrative expenses, such as legal, accounting, and corporate registration fees, is a sound governance practice for nonprofit boards. We found that when the Foundation retained \$9,600 of a \$68,000 contribution in 2023 for such expenses, it was not documented that a portion of the contribution would be retained to cover Foundation expenses. It is best to have a formal cash reserve policy to show how the funds are being managed². A cash reserve policy would document how the Foundation uses a portion of the cash funds before transferring them to the County.

Grant Thornton. "The Right Reserves Level for Your Not-For-Profit." A methodology for Reserves Planning. <https://www.grantthornton.com/insights/articles/nfp/2023/the-right-reserves-level-for-your-not-for-profit>:

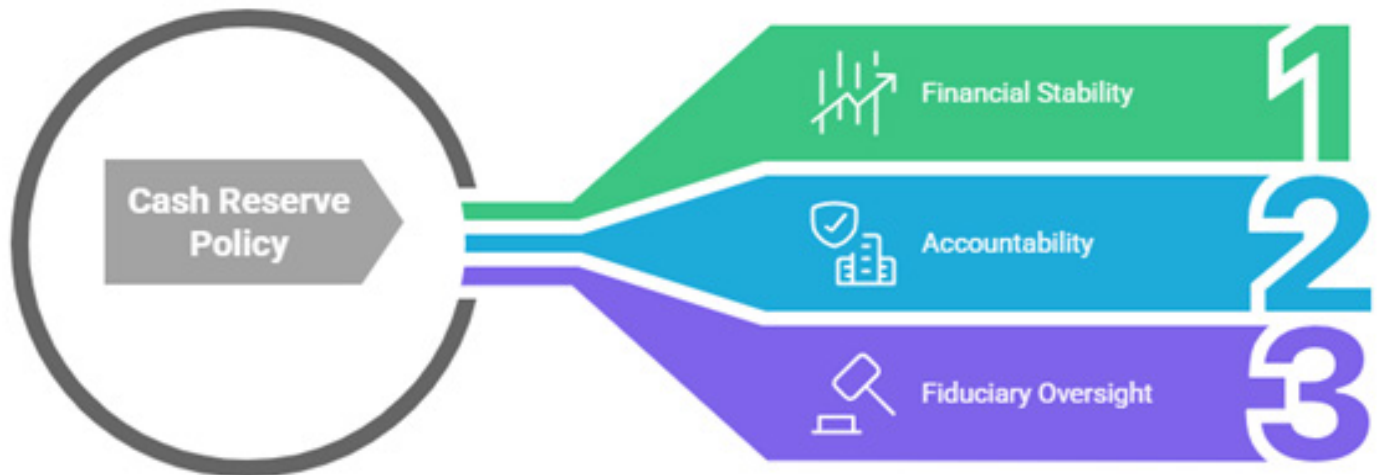
"To approach reserves planning in a thoughtful and comprehensive manner, we recommend that boards, finance executives, leaders and other stakeholders consider the following questions:

- What is an appropriate level of reserves for our organization?
- Given the risks facing our organization and the associated potential financial impact, how can those determinations inform what financial impact they might have on our ability to achieve budgets and financial plans?
- Beyond "risk reserves," what are our organization's needs for liquidity, given future plans and other financial obligations (such as strategic endeavors, growth, capital expenditures and anticipated deficits)?
- Given our present statement of financial position, which assets could legitimately be categorized as reserves? How does this level of resourcing align with our overall reserves target?
- How can management coherently communicate its fiscal intentions to the board, management team and other key constituents?
- How should we consider measuring and evaluating our reserves position moving forward?"

² The National Council of Nonprofits. "Operating Reserves for Nonprofits". The National Council of Nonprofits, <https://www.councilofnonprofits.org/running-nonprofit/administration-and-financial-management/operating-reserves-nonprofits>

Management explained that the Foundation does not have existing policies regarding maintaining a cash reserve.

The Benefits of a Cash Reserve Policy



Source: Image created by Audit Staff using Napkin.AI

By implementing a cash reserve policy, management increases the likelihood that the Foundation meets its financial obligations, such as administrative expenses, and provides clear guidelines on how funds are retained and used. This policy reflects sound nonprofit governance and financial stability, demonstrating consistent financial oversight and management.

5.1

RECOMMENDATION

Develop Written Policy for Cash Reserves

We recommend that Management create a written policy to maintain the cash reserve, specifying the restrictions or limitations on its use and the process for repayment if the reserve is utilized.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/15/2025

SEE PAGE 30 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 6 AND RECOMMENDATIONS

Opportunity to Improve Transparency by Salt Lake County Employees Serving as Foundation Board Members and Officers By Disclosing Foundation Involvement On Their “Conflict of Interest” Disclosures

Risk Rating: **Low Risk Finding**

Salt Lake County Countywide Policy 1430: Professional Ethics and Conflict of Interest outlines when and how a county employee, appointee, or elected official must file a “Disclosure of Personal or Financial Interest” with the County Council and their chain of command. We found to increase the transparency of County elected officials and employees’ involvement with the Salt Lake County Foundation, they should consider disclosing their position during the annual “Conflict of Interest” disclosure process.

We reviewed the “Disclosure of Personal or Financial Interest” filed by the Foundation Board members with the County Council to determine if the Foundation was included in the disclosure. The three board members and one officer did not include the Foundation on the filed forms. Due to the nature of the Foundation being set up as a governmental nonprofit for the County, and the board members and officer being County employees or elected officials, we examined whether “Conflict of Interest” Disclosures were required.

Salt Lake County Countywide Policy 1430: Professional Ethics and Conflict of Interest, defines Financial Interest and a Non-Restricted Conflict of Interest as:

Clarifying disclosure requirements for County officers and employees serving on external entities, like the Salt Lake County Foundation, will enhance transparency and build public trust in the alignment of their responsibilities.

“FINANCIAL INTEREST: Refers, but shall not be limited to, any direct employment by or direct representation as an agent of any individual, corporation, business entity, organization, or committee. A financial interest also includes any beneficial ownership of one percent or more of a corporation or other business entity.”

“NON-RESTRICTED CONFLICT OR NON-RESTRICTED CONFLICT OF INTEREST: Any and all other interests including political, family, fraternal, social, other interests or associations which may create the appearance or the actuality of a conflict of interest between an officer or employee’s outside interest and his or her county responsibilities, other conflicts as defined by state statute and any campaign contribution made to the officer, employee, representative or to any member of his or her household, of more than five hundred dollars during the prior calendar year.”

Additionally, Section 4.0 Restricted and Non-Restricted Conflicts of Interest – Disclosure Required, Subsection 4.2 states:

“Interest in a business entity regulated by the county or doing business with the county: A County officer, employee and

volunteer who is an officer, director, agent, employee or the owner of a substantial interest, as defined under financial interest, in any business entity which is subject to the regulation of the County, including licensure or which does or anticipates doing business with the county."

4.2.2 states:

"Non-Restricted Conflict of Interest: In addition to filing a disclosure form, the County officer, employee or volunteer who has a non-restricted conflict of interest who is also a member of a County body shall publicly disclose such interest to the members of the body immediately prior to any discussion and/ or vote regarding the business entity. The disclosure statement shall be entered in the minutes of the meeting (...)."

4.4 states:

"4.4 Interest creating conflict of interest with duties: A County officer, employee or volunteer or a member of their household who has a personal interest or investment which creates a potential or actual conflict between their personal interests and public duties must disclose the information identified in Section 5.0 and shall publicly disclose such interest to members of the body immediately prior to discussion and/or vote regarding the conflict of interest and the nature of the conflict. The disclosure shall be entered into the minutes of the meeting."

Salt Lake County Code of Ordinances 2.07.210.C - Representation of county's interests before non-county entities states:

"While serving on non-county committees, boards, commissions, task forces, and associations to which they have been appointed by the county, county elected officials and employees, including individual councilmembers, should communicate that their individual positions do not represent an official position of the county when it differs from the position established by vote of the council or when a position has not been officially established by vote of the council."

Utah Code Title 11: Cities, Counties, and Local Taxing Units, Chapter 13a: Governmental Nonprofit Corporations Act, Section 103: Governance – Powers of governing body, Paragraph 2 states:

"(2) Each member of a governing board has and owes a fiduciary duty to the governmental nonprofit corporation."

Countywide Policy 1430, paragraph 4.4 requires that if a county employee or officer has a personal interest that creates a potential or actual conflict between their personal interests and public duties, they must file a disclosure statement. Utah Code § 11-13a-103(2) provides that each governing board member of the Foundation owes a fiduciary duty to the Foundation. Given that board members and officers owe a fiduciary

duty to the Foundation, but also have public duties as county officers and employees, it is possible that those duties could conflict with one another. However, where the current Foundation board members or officers serve on the board because of their county position, it is not clear whether their service on the Foundation board should be considered a “personal interest” for purposes of disclosure.

Transparency in Board Governance



Source: Image created by Audit Staff using Napkin.AI

Given the ambiguity, it is not clear whether county employees serving as Foundation board members or officers are legally obligated to file a disclosure statement or if so, whether those obligations have already been met. County employees and officers should consult with the District Attorney's Office to ensure they comply. However, even if it is not a legal obligation to file a disclosure statement, there is an opportunity to increase transparency regarding the relationship and responsibilities that the Board and officers have both to the Foundation and the County to the public interest. The interests of the Foundation and County should typically align, however, there may be circumstances where this is not the case.

We recommend that the County Council review Countywide Policy 1430 to clarify disclosure requirements for County officers and employees serving on separate legal entities by virtue of their county position, such as the Salt Lake County Foundation.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/15/2025

SEE PAGE 30 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 7 AND RECOMMENDATIONS

Opportunity to Improve Transparency with Written Disclosure of Potential Fund Usage Provided to Donors

Risk Rating: **Low Risk Finding**

To uphold transparency and public trust, the Foundation should adopt a written policy to clearly disclose any retained donor funds for administrative expenses, aligning its practices with nonprofit ethics standards and reducing the risk of donor confusion.

When donations of cash exceeding \$5,000 are made to the County, the authority to accept the donations is made by the County Council. This process includes the donor completing a "Declaration of Donation, Council Approval" that outlines their willingness to donate and any restrictions for county use of the donations³. In June of 2023, a \$68,000 Bank of America grant was awarded to Mayor's Administration for a summer intern program. Bank of America initially sent the grant funds to United Way, a 501(c)(3) charitable intermediary previously utilized by the County, and United Way then routed funds to the Foundation. The Foundation then donated the funds to the County by completing the Declaration of Donation. However, we noted that the Declaration of Donation documented the donation amount as \$58,400 because \$9,600 was retained for the Foundation's administrative expenses.

We reviewed whether the Foundation should have disclosed in the "Declaration of Donation" to the County Council the total \$68,000 of cash funds instead of the remaining balance of \$58,400.

We determined that the Foundation has discretion over the use of funds since it is a separate legal entity from the County. Due to the Foundation's close ties with the County and the risk of donors misunderstanding its separate legal status, increased transparency is recommended. By stating in the "Declaration of Donation" that some donated funds were retained for administrative expenses, the Foundation can reduce confusion about how contributions are used⁴.

Since the Foundation is a governmental non-profit, we identified best practices as our criteria from Utah and Montana's Nonprofit Association related to transparency.

Utah NonProfits Association: NonProfit Standards of Ethics.
<https://www.utahnonprofits.org/nonprofit-standards-of-ethics/>.
Accessed June 5, 2025. states:

"As a member of Utah NonProfits Association, my organization commits to:

- Acting with integrity and upholding the values of transparency

³ Salt Lake County Countywide Policy 1006: Donation of Property or Funds to Salt Lake County, Processing All Donations, Section 4.5.

⁴ The National Council of Nonprofits. "Financial Transparency and Public Disclosure Requirements". The National Council of Nonprofits, <https://www.councilofnonprofits.org/running-nonprofit/ethics-accountability/financial-transparency-and-public-disclosure-requirements>

and accountability in all aspects of our work; avoiding conflicts of interest; ensuring compliance with all federal, state, and local laws as well as industry standards.”

Montana NonProfit Association, Principles and Practice for NonProfit Excellence in Montana. 2017. Principle: Accountability, Transparency and Disclosure:

2. (...) “A nonprofit has a responsibility to establish, achieve, and regularly measure clearly defined levels of performance in their activities and to share those results with the public.
3. (...)
4. Information regarding fees and services are readily available to the public.”

Management explained that the Foundation does not have an existing policy regarding the disclosure of contribution fund usage or retention.

Clarifying the Foundation’s legal status and how it may use donated funds prior to transferring them to the County reduces the risk of reputational harm to the Foundation Board and the County. Establishing written procedures that explain this relationship and disclose how contributions may be used enhances public trust and strengthens financial transparency.

The Foundation should adopt a written policy to ensure it communicates clearly with donors about how it may use contributions. This policy should require the Foundation to disclose—through donation receipts or other public documents—that it may retain a portion of donated funds to cover administrative or operational expenses. By proactively informing donors, the Foundation can reduce confusion, uphold public trust, and align its practices with nonprofit transparency standards. This approach also protects the reputation of both the Foundation and Salt Lake County.

We recommend that Management implement a written policy to clearly disclose the relationship between the Salt Lake County Foundation and Salt Lake County. This disclosure, such as a statement on donation receipts or public-facing documents, should also specify how the Foundation may use funds before donating them to the County, including the retention of funds for administrative and operational Foundation expenditures.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: 9/15/2025

SEE PAGE 31 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

COMPLETE LIST OF AUDIT RECOMMENDATIONS

This report made the following 8 recommendations

RECOMMENDATION 1.1:

We recommend that Management implement a written policy requiring board members to complete the State Auditor training for Governmental Nonprofit Corporation boards and designate an individual to track and retain board member training completion.

RECOMMENDATION 2.1:

We recommend that Management develop a written procedure to ensure that Board Meeting minutes and, if applicable, recordings are approved and posted to the Salt Lake County Foundation website and the Utah Public Notices website.

RECOMMENDATION 3.1:

We recommend that Management document and retain the Salt Lake County Foundation Board review and approval of the annual financial report.

RECOMMENDATION 3.2:

We recommend that Management update the Foundation Financial Spreadsheet to include the date of invoices received and the date of the check corresponding to the invoice to better clarify which accounting period the expenditure should be recognized.

RECOMMENDATION 4.1:

We recommend that Management implement written procedures to document the name of the reconciler and the date that the transaction was reconciled on the financial spreadsheet.

RECOMMENDATION 5.1:

We recommend that Management create a written policy to maintain the cash reserve, specifying the restrictions or limitations on its use and the process for repayment if the reserve is utilized.

RECOMMENDATION 6.1:

We recommend that the County Council review Countywide Policy 1430 to clarify disclosure requirements for County officers and employees serving on separate legal entities by virtue of their county position, such as the Salt Lake County Foundation.

RECOMMENDATION 7.1:

We recommend that Management implement a written policy to clearly disclose the relationship between the Salt Lake County Foundation

and Salt Lake County. This disclosure, such as a statement on donation receipts or public-facing documents, should also specify how the Foundation may use funds before donating them to the County, including the retention of funds for administrative and operational Foundation expenditures.

AGENCY RESPONSE

Salt Lake County Foundation
2001 S State Street, N4-200
Salt Lake City, UT 84190

July 18, 2025
Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Auditor Harding,

We appreciate this audit of the Salt Lake County Foundation. As the Foundation continues to expand donation opportunities for the County, your recommendations will be a great help with ensuring effective and efficient operations, and strong internal controls. Thank you to your team for their professional approach to this audit.

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

AUDIT FINDING 1: Opportunity to Enhance Compliance with Board Member Training Requirements

RECOMMENDATION 1.1: We recommend that Management implement a written policy requiring board members to complete the State Auditor training for Governmental Nonprofit Corporation boards and designate an individual to track and retain board member training completion.		
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	9/15/2025	Darrin Casper, Salt Lake County Foundation Secretary

Narrative for Recommendation 1.1 including action plan: **Will develop written policies for the Foundation and include the training requirement in them.**

AUDIT FINDING 2: Opportunity to Enhance Board Meeting Minute Processes to Support Compliance and Transparency

RECOMMENDATION 2.1: We recommend that Management develop a written procedure to ensure that Board Meeting minutes and, if applicable, recordings are approved and posted to the Salt Lake County Foundation website and the Utah Public Notices website.

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	9/15/2025	Darrin Casper, Salt Lake County Foundation Secretary

Narrative for Recommendation 2.1 including action plan: **The Foundation has not maintained a separate website. Will develop written policies and include the minutes approval and public notice website posting in them.**

AUDIT FINDING 3: Opportunity for Enhanced Financial Reporting Accuracy

RECOMMENDATION 3.1: We recommend that Management document and retain the Salt Lake County Foundation Board review and approval of the annual financial report.

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	7/18/2025	Darrin Casper, Salt Lake County Foundation Secretary

Narrative for Recommendation 3.1 including action plan: **This review and approval will be completed as an annual Foundation board agenda item.**

RECOMMENDATION 3.2: We recommend that Management update the Foundation Financial Spreadsheet to include the date of invoices received and the date of the check corresponding to the invoice to better clarify which accounting period the expenditure should be recognized.

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	Already implemented	Darrin Casper, Salt Lake County Foundation Secretary

Narrative for Recommendation 3.2 including action plan: **This has been implemented, see below**

Check No.	Ck Date	Invoice date	Vendor
1020	05/13/25	04/30/25	Eide Bailly

AUDIT FINDING 4: Opportunity for Improvement in Reconciliation Documentation and Process

RECOMMENDATION 4.1: We recommend that Management implement written procedures to document the name of the reconciler and the date that the transaction was reconciled on the financial spreadsheet.

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	9/15/25	Darrin Casper, Salt Lake County Foundation Secretary

Narrative for Recommendation 4.1 including action plan: **This change has been implemented, see below. Will add to the written policy and procedures.**

Balance		Reconciler	Date
8,316.81	x	GF	6/15/2025

AUDIT FINDING 5: Opportunity to Formalize a Cash Reserve Policy

RECOMMENDATION 5.1: We recommend that Management create a written policy to maintain the cash reserve, specifying the restrictions or limitations on its use and the process for repayment if the reserve is utilized.

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	9/15/25	Darrin Casper, Salt Lake County Foundation Secretary

Narrative for Recommendation 5.1 including action plan: **Will include a cash reserve process/requirement in the written policies.**

AUDIT FINDING 6: Opportunity to Improve Transparency by Salt Lake County Employees Serving as Foundation Board Members By Disclosing Foundation Involvement On Their "Conflict of Interest" Disclosures

RECOMMENDATION 6.1: We recommend that the County Council review Countywide Policy 1430 to clarify disclosure requirements for County officers and employees serving on separate legal entities by virtue of their county position, such as the Salt Lake County Foundation.

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	9/15/25	Darrin Casper, Salt Lake County Foundation Secretary

Narrative for Recommendation 6.1 including action plan: **While we don't believe there is an actual or potential conflict of interest in this situation, we agree with asking the Council to review and advise on the issue.**

AUDIT FINDING 7: Opportunity to Improve Transparency with Written Disclosure of Potential Fund Usage Provided to Donors

RECOMMENDATION 7.1: We recommend that Management implement a written policy to clearly disclose the relationship between the Salt Lake County Foundation and Salt Lake County. This disclosure, such as a statement on donation receipts or public-facing documents, should also specify how the Foundation may use funds before donating them to the County, including the retention of funds for administrative and operational Foundation expenditures.

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	9/15/25	Darrin Casper, Salt Lake County Foundation Secretary

Narrative for Recommendation 7.1 including action plan: **Will include these disclosure requirements in the written policies.**

Sincerely,

Darrin
Casper

Digitally signed by Darrin Casper
Date: 2025.07.18 13:20:03 -06'00'

Darrin Casper
Salt Lake County Foundation Secretary