

**Salt Lake County Auditor's Office**  
Craig B. Sorensen, *AUDITOR*



April 2, 2003

David L. Beck  
*Chief Deputy*

*Salt Lake County  
Government Center  
2001 S. State Street  
Suite N2200  
Salt Lake City  
Utah 84190-1100  
Tel (801) 468-3381  
Fax (801) 468-3296*

Arlene Johnson  
Director, Facilities Management Division  
2001 S. State Street, Suite S3101  
Salt Lake City, UT 84190-2150

Dear Arlene:

The Audit Division recently completed an unannounced review of petty cash and receipting and depositing functions at the Facilities Management Division. Additionally, we reviewed the Division's control of fixed and controlled assets.

We found petty cash to be at its authorized limit of \$1,000. Disbursements from petty cash were for the types of purchases outlined in Countywide Policy #1203, *Petty Cash and Other Imprest Funds*.

**CASH HANDLING**

We noted that the only cash receiving function in Facilities Management is the receipt of four to five checks each month from telecommunications companies in amounts mostly from \$60,000 to \$170,000, as payment for access to County telephone lines and commissions on long distance. In one instance, the County receives a portion of the amount jail inmates pay for their phone calls to outside parties. The County also receives a check for a percentage of sales from the cafeteria and vending machines. Facilities Management does not prepare a deposit, but instead due bills these checks to the Auditor's Office cashier where they are then prepared for deposit into the bank. Facilities Management does not receive any payments in the form of currency or coin. Checks received in the Division office are restrictively endorsed prior to remitting to the Auditor's office, as required by Countywide Policy #1301, *Acceptance of Checks*.

The following finding relating to cash resulted from our work.

- **One person is opening the mail and receiving checks.**

**One person is opening the mail and receiving checks.** Upon questioning, the auditors were informed that one person opens the mail, which on occasion contains checks. As a safeguard, the fiscal manager, Wayne Marion, or his assistant randomly opens the mail and receives checks. In a situation where only one person opens the mail and receives the checks, the person left alone has the opportunity to remove some of the checks without detection. Although we found no evidence that this has occurred, having two staff members present when the mail is opened would strengthen internal controls.

#### **RECOMMENDATION:**

*We recommend that two people open the mail and keep a log of checks received.*

#### **FIXED AND CONTROLLED ASSETS**

The objective of this part of the audit was to evaluate the adequacy of internal controls over County fixed and controlled assets, including compliance with Countywide Policy #1125, *Safeguarding Property/Assets*. A fixed asset is an item of real or personal property owned by the County, meeting the criteria for capitalization, having an estimated life expectancy of more than one year and a cost equal to or greater than \$5,000. A controlled asset is an item of personal property, which is sensitive to conversion to personal use, having a cost of \$100 or greater, but less than the capitalization threshold. Our review of fixed and controlled assets resulted in the following:

- **The controlled assets list is incomplete and all items on the list have not been tagged.**

**The controlled assets list is incomplete and all items on the list have not been tagged.** It was explained to the auditor that due to a recent problem with the server, the previous controlled assets list, which had been kept solely on the computer, was lost. The property manager, Wayne Marion, stated that an inventory had been completed in late December 2002 and the list was lost in late January or early February 2003. At the onset of the audit, Wayne began to recreate the list from 2002 invoices. There is now a list of approximately 213 items.

In addition to recreating the controlled assets list, Wayne distributed a form to the staff to be completed, recognizing all assets in their responsibility that had an original cost of \$200 or more. Wayne indicated that much of what is purchased by the Division costs more than \$100, such as a saw blade, but can be worn out in a few uses. As a result, he made the decision that the threshold for controlled assets in the Division would be \$200.

Additionally, Wayne requested Karl Goodman set up a new object code for the Facilities Management Division to account for those items that are easily consumed. Object code 2134, Consumable Assets, was created on March 20, 2003. Wayne has committed to make the list and

Arlene Johnson, Director  
Facilities Management Division  
April 2, 2003  
Page 3

management of controlled assets a priority and has conveyed the commitment to Division employees by memo.

The auditors took a random sample of the items listed on the controlled assets list completed to the date of our audit. In searching for these items, we found that three did not have the listed tag affixed to the item. These items comprised a straight-cut jigsaw, a key duplicator and a HPC code machine. In each case, the technician was aware that the asset should be tagged, but it had not been done. The technicians indicated that the tag would be affixed in the immediate future.

**RECOMMENDATIONS:**

- 1. We recommend that the controlled assets list be completed so the Division can locate and manage its controlled assets.*
- 2. We recommend that Division personnel continue to find and tag all controlled assets.*

In closing, we express appreciation to the staff of the Facilities Management Division for their cooperation and assistance during our audit. Everyone was willing to help and responded promptly to all requests. We are confident that our work will be of benefit to you and help you to strengthen internal controls throughout the Facilities Management Division. If we can be of further assistance to you in this regard, please contact us.

Sincerely,

James B. Wightman, CPA  
Director of Internal Audit

cc: Wayne Marion