

REPORT TO
THE SALT LAKE COUNTY COUNCIL
AND
THE SALT LAKE COUNTY MAYOR

COUNTY AUDITOR'S

FOURTEENTH ANNUAL REPORT

OF

INTERNAL AUDITS - 2002

CRAIG B. SORENSEN

COUNTY AUDITOR

August 27, 2003

TO: The Mayor, County Council, Division Directors, Department Directors,
and Elected Officials

Transmitted herewith is our **FOURTEENTH ANNUAL REPORT OF INTERNALAUDITS - 2002**. The purpose of the report is to provide managers at all levels of County Government with information relative to the audits wherein the fieldwork was substantially completed during 2002. Two reports related to Sheriff's Contracting and Human Services were not published until early 2003 coincident to their presentation to the County's governing body. Specifically, the report lists each recommendation made in the audits completed and whether those recommendations have been implemented.

In the section entitled **Recommendations Carried Over From Previous Years,** recommendations are listed from audits completed in previous years which have not yet been implemented.

We will be happy to meet with appropriate managers to discuss any item contained in the report in order to facilitate the implementation of recommendations.

Sincerely,

James B. Wightman, CPA
Director, Internal Audit Division

Report to
The Salt Lake County Council
And
The Salt Lake County Mayor
August 2003

Fourteenth Annual Report
of
Internal Audits - 2002

Craig B. Sorensen
Salt Lake County Auditor

James B. Wightman, CPA
Director, Internal Audit Division

DEFINITION OF TERMS

Capitalization	The process of recording on the County's general ledger property items having an estimated useful life of more than two years and a cost that is equal to or greater than the current capitalization threshold. (Note: Effective January 1, 2002, the County capitalization threshold for personal property was increased from \$3,000 to \$5,000; the capitalization threshold for real property increased from \$10,000 to \$50,000 for improvements to grounds and leasehold improvements, and \$100,000 for buildings and improvements to buildings).
Change Fund	An amount of cash available to provide change for over-the-counter cash receipts from users.
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. Due to the difficulty associated with centralized control of personal communication equipment--pagers, car/cellular phones, portable radios, mobile radios installed in vehicles, walkie/talkies, etc.--this category of property is considered to be "controlled assets" regardless of the cost of the individual items, and is, therefore, subject to the controlled asset procedures.
Fixed Asset	Real property and personal property of significant value having an estimated life expectancy of more than two years used in carrying out the operations of the entity.
Imprest Fund	A separate amount of money set aside where, by policy, the cash available to disburse plus the supporting vouchers for money already disbursed must equal an authorized fixed amount (known as the "imprest" amount). Note: All Mayoral approved funds authorized for agency use in change making, petty cash purchases, or special checking accounts are known as imprest funds.
Internal Control	Internal control is the plan of organization and all methods and procedures that are concerned, primarily, with safeguarding of assets, authorization of transactions, and reliability of financial records.

DEFINITION OF TERMS

Overages/shortages	The difference, either plus or minus, between the amount collected and the amount which should have been collected in any given transaction or series of transactions.
Petty Cash Fund	An amount of cash available for small purchases relating to normal business operations.
Form PM-2	A Form PM-2 is used to transfer, dispose of, or surplus an asset.

INTRODUCTION

This is the Fourteenth Annual Report of Internal Audits completed by the Audit Division of the Salt Lake County Auditor's Office. The purpose of the report is to provide managers at all levels of County Government with information relative to the kinds of audits we performed during the year and specific information relative to each completed project and other studies. The information includes the recommendations made and whether those recommendations have been implemented. This information should be useful to the Mayor in directing her respective departments and the Council regarding operations of the County in general. It should also be useful to other elected officials in directing their organizations and activities.

The Audit Division of the Auditor's office performs various types of audits of County organizations as the Auditor deems appropriate and necessary. Other reviews and studies are requested by the governing board of the County or other elected officials. The Auditor makes every effort to accommodate these requests within the scope and priority of audit work in progress and scheduled. The Audit Division has the capability of performing a number of types of audits, reviews and studies which can assist managers in the accomplishment of their organizational tasks and benefit the County in its effort to serve the public in a responsive and efficient manner.

The principal type of audit performed by the Audit Division is the **PERFORMANCE** or **OPERATIONAL** audit. It is designed to determine whether an organization or activity is operating effectively and at the least possible cost to the taxpayer. In past years, this type of audit has been performed in a number of organizations and has proven to be most beneficial to managers desiring to make changes which improve the efficiency and effectiveness of their operations.

The Audit Division also conducts **FINANCIAL** audits for organizations which produce financial statements. Generally, these organizations are not part of the County, but are closely associated with it. An outside, independent auditor is contracted each year to perform a financial audit of the County. This audit includes all County organizations and activities. Due to the need for independence, the Audit Division actually performs very few **FINANCIAL** audits.

Other types of audits which can be performed by the Audit Division include the **PROGRAM** and **COMPLIANCE** audits. A program audit is designed to determine whether a specific program is meeting its intended objective. A compliance audit is designed to determine whether an organization is complying with applicable governmental regulations in performing its functions.

It should be noted that this annual report reflects audit work which resulted in a formal audit report or letter containing recommendations directed to an audited agency. It does not reflect the sum total of all work completed by the Audit Division over the period. Each year, the Audit Division completes numerous assignments which typically are designed to collect and analyze data, and provide information, but which may or may not result in recommendations being made to an agency.

The audit reports summarized in this annual report contain recommendations which we believe should be accounted for until they are implemented or until a decision is made, based on facts and sound rationale, not to implement them. Therefore, the section of this report entitled "Recommendations Carried Over From Previous Years," tracks the status of recommendations, from year to year, which in our opinion should be implemented, but have not been for reasons reported to us by the responsible agencies.

AUDIT STAFF

Salt Lake County Auditor: CRAIG B. SORENSEN

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TABLE OF CONTENTS

EXECUTIVE SUMMARY i

DEFINITION OF TERMS iii

INTRODUCTION 1

AUDIT STAFF 2

SUMMARY OF AUDITS COMPLETED 3

2002-2003

HOLLADAY-LION FITNESS AND AQUATIC CENTER 3

GENE FULLMER RECREATION CENTER 5

CENTENNIAL SWIMMING POOL 6

DIMPLE DELL FITNESS AND RECREATION CENTER 8

SALT LAKE CITY SPORTS COMPLEX 11

FAIRMONT AQUATIC CENTER 14

FLEET MANAGEMENT DIVISION 15

SOUTH MAIN PUBLIC HEALTH CENTER 17

ELLIS R. SHIPP PUBLIC HEALTH CENTER 18

SALT LAKE CITY PUBLIC HEALTH CENTER 21

ENVIRONMENTAL HEALTH 23

SALT PALACE CONVENTION CENTER 25

SALT LAKE COUNTY TREASURER 28

SALT LAKE COUNTY JUSTICE COURTS 29

SALT LAKE COUNTY SHERIFF'S MUNICIPAL SERVICES CONTRACT 31

SALT LAKE COUNTY HUMAN SERVICES DEPARTMENT 34

RECOMMENDATIONS CARRIED OVER FROM PREVIOUS AUDITS 41

SALT LAKE COUNTY LIBRARY SYSTEM 41

UTAH STATE UNIVERSITY EXTENSION SERVICES 44

WHEELER FARM 49

SUMMARY OF AUDITS/SPECIAL PROJECTS COMPLETED

HOLLADAY-LIONS FITNESS AND AQUATIC CENTER—LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated October 2002)

The Holladay-Lions Fitness and Aquatic Center, located at 1661 East Murray-Holladay Road, features a swimming pool, water slide, water toys, jacuzzi, aerobic/dance room, and a fully equipped fitness room. In addition, the Center offers various youth and adult sports and recreation programs. Programs such as swimming, soccer, and fitness classes are available through the Center.

We conducted an unannounced audit of the petty cash and change funds. We also reviewed the Center's cash handling operations and fixed and controlled asset management.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	
1. We recommend that the change fund be replenished to its authorized level to make up for the shortage and the theft. (Audit Letter, Page 2)	Implemented. Parks and Recreation management stated, "Change fund has been replenished to its authorized level as of January 1, 2003."
2. We recommend reporting thefts as required by County Policy #1304. (Audit Letter, Page 2)	Implemented.
3. We recommend that the change in custodian and amount of the change fund be formalized as required by County policy. (Audit Letter, Page 2)	Implemented
4. We recommend that the individual over/short logs be used as intended. (Audit Letter, Page 3)	Implemented. Parks and Recreation management stated, "Individual over/short logs are currently being used by all cashiers."
5. We recommend that the cash balance sheets be revised to a format such as the one suggested in Attachment A. (Audit Letter, Page 3)	Implemented. Parks and Recreation management stated, "The cash balance sheets have been revised in accordance with the suggested attachment."
<u>Status</u>	6. We recommend that all cash balance sheets and void slips be reviewed and signed by a supervisor. (Audit

Letter, Page 4)

Implemented.

7. We recommend that assets be added to the list and tagged as they are received to establish accountability.
(Audit Letter, Page 4)

Implemented.

GENE FULLMER RECREATION CENTER—LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated October 2002)

The Gene Fullmer Fitness and Recreation Center is a 50,000 square foot facility which includes lap and leisure pools, running track, full size gymnasium, aerobics area, fully equipped fitness room and drop in child care facilities. The Center offers a full range of youth and adult sports and recreation programs. Programs such as fitness classes, aerobics, dance, karate, swimming, tumbling, Junior Jazz Basketball, and many other adult and youth sports and activities are offered every day at the center.

We conducted an unannounced audit of the petty cash and change funds at the Gene Fullmer Recreation Center. We also conducted a review of cash receipting and depositing, and fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	<u>Current Status</u>
1. We recommend that the Gene Fullmer Recreation Center follow County policy #1062, and deposit any overage (or withhold shortages from the deposit) on a daily basis, or alternatively, Parks and Recreation officials ask for an exception to the policy. (Audit Letter, Page 2)	Implemented. Parks and Recreation management stated, “Overages are deposited on a daily basis.”

CENTENNIAL SWIMMING POOL–LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated September 2002)

The Centennial Outdoor Swimming Pool, located in Centennial Park (3100 South 5415 West), offers summer time aquatic activities such as lap and leisure swimming, swim lessons, water safety, and water aerobics. This 13,000 square foot swimming pool features a leisure pool, water slide, water toys, and lap lanes. Centennial Swimming Pool is opened from Memorial Day through Labor Day.

Our audit was initiated as a result of a theft that occurred at the Centennial Swimming Pool. Concession cash receipts for the day August 18, 2002 were reported stolen. During our audit we conducted interviews with pool management and staff concerning the circumstances surrounding the stolen money. In addition, we counted Centennial’s change fund and reviewed their cash receipting and depositing processes.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	Implemented.
1. We recommend that the change fund custodian be formalized as required by county policy. (Audit Letter, Page 2)	Implemented.
2. We recommend that Countywide Policy #1062 be followed in the restoration of established balances for all change funds. (Audit Letter, Page 3)	Implemented
3. We recommend that a calculator with a tape be made available for preparation of deposits. (Audit Letter, Page 3)	

Status

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| 4. | We recommend that periodic reviews of cash handling procedures be conducted by agency fiscal officers to make certain summer help is aware of new procedures and the importance of balancing. (Audit Letter, Page 4) | Implemented |
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DIMPLE DELL FITNESS AND RECREATION CENTER–LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated September 2002)

Dimple Dell Fitness and Recreation Center, located 10670 South 1000 East, features a swimming pool (with water playground), three gymnasiums, a fitness room, and a rock wall. A full range of youth and adult sports and recreation programs are available at the Dimple Dell Recreation Center. Programs offered include swimming, tee ball, basketball, softball, aerobics, volleyball, soccer, and rock climbing.

We conducted an audit of Dimple Dell’s cash receipting and depositing functions, petty cash and change funds, and fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	<u>Status</u>
1. We recommend that checks not be accepted in amounts greater than the amount of the purchase. (Audit Letter, Page 2)	Implemented.
2. We recommend that cashiers carefully enter the correct form of payment for transactions whenever possible. (Audit Letter, Page 3)	Implementation in progress.
3. We recommend that adjustments to the cash register till z-tape report have sufficient detail to document the reason for the adjustment. (Audit Letter, Page 3)	Implemented.

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| 4. | We recommend that the office manager review adjustments and that the review be documented with the office manager's signature. (Audit Letter, Page 3) | Implemented |
| 5. | We recommend that the Dimple Dell Fitness and Recreation Center follow the County policy of accounting for overages/shortages with deposits, or, in the alternative, Parks and Recreation officials should ask for an exception to the policy so that Dimple Dell will be in compliance. (Audit Letter, Page 4) | Implemented |
| 6. | We recommend that the individual over/short logs be maintained correctly and the total amount accurately reflected in the monthly over/short log. (Audit Letter, Page 4) | Implemented |
| 7. | We recommend management change the combination of the safes at least once a year, and at each instance when a cashier or other person with knowledge of the combination leaves Center employment. (Audit Letter, Page 4) | Implemented. Parks and Recreation management stated, "Combinations of safes have been changed." |
| 8. | We recommend that the property manager use the "Controlled Assets Inventory Form-Employee" (Exhibit 3-Countywide Policy #1125) for the records of controlled assets and have each employee who has been assigned specific assets complete and sign the form. (Audit Letter, Page 5) | Implementation in progress |

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| 9. | We recommend that the property manager ensure the timely updating of the controlled assets list. (Audit Letter, Page 5) | Implemented |
| 10. | We recommend that the steps in Countywide Policy #1304, “Discovery and Reporting of Thefts,” be followed whenever an employee becomes aware of the loss of County property. (Audit Letter, Page 6) | Implemented |
| 11. | We recommend that a PM-2 form be completed for all assets that are removed from the Center and sent to the surplus warehouse. (Audit Letter, Page 6) | Implemented |

SALT LAKE CITY SPORTS COMPLEX–LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated August 2002)

The Salt Lake City Sports Complex, located 645 South Guardsmen Way, features indoor and outdoor swimming pools, a fitness room, aerobic/dance room, and an ice arena. A full range of youth and adult sports and recreation programs are available at the Complex. Programs offered include swimming, aerobics, dance/cheerleading, hockey, and figure skating.

Our audit of the Salt Lake City Sports Complex was initiated as a result of a theft of funds. In response to the theft, we conducted an unannounced count of all the funds at the Complex. We examined the cash receipting and depositing functions, and the petty cash and change funds. In addition, we reviewed the adequacy of controls over fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

	<u>Recommendations</u>	<u>Status</u>
1.	We recommend that the change in custodian be formalized as required by County policy. (Audit Letter, page 2)	Implemented
2.	We recommend that the petty cash fund be formally increased. (Audit Letter, Page 2)	Implemented
3.	We recommend that new endorsement stamps be secured expeditiously. (Audit Letter, Page 3)	Implemented
4.	We recommend that each shift cashier for the reasons stated in the policy keep over/short logs. (Audit Letter, Page 3)	Implemented

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| 5. | We recommend that the bank be contacted to see if they are able to receive traveler’s checks and/or money orders as cash. (Audit Letter, Page 3) | Implemented |
| 6. | We recommend that the Sportsman software developers be contacted so that the refund issue can be resolved. (Audit Letter, Page 3) | Parks and Recreation management stated, “Implementation is contingent upon available funds for software development for the entire Recreation section |
| 7. | We recommend that this process (deposit preparation) be conducted in a secure area and that two persons be assigned to accomplish these activities. (Audit Letter, Page 4) | Partially implemented. Parks and Recreation management stated, “Deposits are prepared in a secure office located upstairs. This office is the most secure area in the building. Due to budget constraints, only one person is assigned to prepare daily deposits.” |
| 8. | We recommend that all controlled assets purchases be added to the list as they are received. (Audit Letter, Page 5) | Implemented |
| 9. | We recommend that all missing assets be reported on a PM-2 form. (Audit Letter, Page 5) | Implemented |
| 10. | We recommend that the controlled asset list be purged of fixed assets. (Audit Letter, Page 5) | Implemented |

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| 11. | We recommend that all old and/or unusable controlled assets be disposed of. (Audit Letter, Page 5) | Implemented. Park and Recreation management stated, "Disposal of unusable controlled assets is an ongoing process." |
| 12. | We recommend that a checkout system be used for shared property. (Audit Letter, Page 5) | Implemented. Parks and Recreation management stated, "Shared property, such as tools, are purchased to be shared among the staff only." |
| 13. | We recommend that the "Controlled Assets Inventory Form-Organization: be used. (Audit Letter, Page 5) | Implemented |

FAIRMONT AQUATIC CENTER–LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated June 2002)

Fairmont Aquatics Center, located at 1044 East Sugarbush Drive, features a lap and leisure pool, a water playground, a water slide, and an aerobic/dance room. Fairmont offers a variety of youth and adult programs. Programs include swimming, aquarobics, self defense and child safety, Jazzercise, and dance.

We initiated an audit of the Fairmont Aquatic Center following two incidences of theft. In response to the thefts, we conducted an unannounced count of all the funds at the Center. We examined the cash receipting and depositing functions, and the petty cash and change funds.

The status and implementation of each recommendation in the audit letter is indicated below:

	<u>Recommendation</u>	<u>Status</u>
1.	We recommend that cash receipts be deposited daily whenever practicable. (Audit Letter, Page 3)	Implemented
2.	We recommend that periodic reviews of cash handling procedures be conducted by agency fiscal officers. (Audit Letter, Page 3)	Implemented
3.	We recommend that management adequately train employees to double check the safe drop slot after placing a money bag to ensure that it dropped into the safe. (Audit Letter, Page 4)	Implemented

FLEET MANAGEMENT—A LIMITED SCOPE AUDIT OF FLEET VEHICLE SALE PROCEDURES (Dated June 2002)

Fleet Management Division ensures that the transportation needs of all County agencies, in their capacity of providing services to the public, are fulfilled. To meet those needs, Fleet Motor Pool provides use of vehicles on a short and long term basis to meet those needs. Fleet utilizes a truck shop, car shop, body shop, parts shop, heavy equipment shop, and communications shop, to facilitate and maintain operations in providing continuing services. The Division is responsible for maintaining safety and industry standards, repair, vehicle acquisition sales, and customer service.

Fleet Management introduced a “fast rotation” program in 1994. The program was started to reduce the cost of operating the County’s fleet of vehicles. Fast rotation provides a window for selling many vehicles on a wholesale basis at full or near full cost recovery. Since its implementation, the program has evolved to include advertising on the Internet and establishment of a customer base nationally.

Law enforcement vehicles are rotated every year, other light vehicles every two years and heavy vehicles every three years. Management stated that light-duty vehicles normally are sold within a 90-day time frame from the time they are made available for sale. In addition, the vehicle replacement fund is funded to the point that no additional financing is necessary to purchase replacements.

Recommendations

1. We recommend that Fleet accept only certified or cashiers checks, or wire transfers from private car dealers, and all invoices specify payment terms, and titles to vehicles pass only upon receipt of certified funds reflecting full payment of related invoices. (Audit Letter, Page 3)

Implemented. Fleet Management stated, “Fleet is only accepting certified or cashiers checks from private car dealers, and all invoices specify payment terms, and have been for the last two years. Titles are only issued to dealers upon receipt of certified or cashiers check.”

Status

2. We recommend that all checks

received as payment for vehicle sales are reviewed for completeness, including signature, and, prior to deposit into the County's account, be returned to maker if incomplete. (Audit Letter, Page 3)

Implemented. Fleet Management stated, "Public Works Operation Accounts Receivable employees receiving and depositing the checks from sold county vehicles are reviewing the checks for completeness."

RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated December 2002)

The South Main Health Center, located at 3195 South Main Street, provides a variety of low cost health services to their clients. Services offered at South Main include immunizations, Women, Infants, Children (WIC), Baby your baby, and pediatric and prenatal health services.

We conducted an audit of South Main’s cash receipting and depositing functions, petty cash and change funds, and fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	<u>Status</u>
1. We recommend that current asset lists be provided. (Audit Letter, Page 2)	Implementation in progress. Salt Lake Valley Health Department (SLVHD) management stated, “All inventory tracking is being converted to a scanning system. A current asset list will be provided to each Health Department location in August 2003.”
2. We recommend that a yearly audit of fixed and controlled assets be performed and documented. (Audit Letter, Page 2)	Implemented. SLVHD management stated, “Yearly audits of fixed and controlled assets are performed in June. The records are centrally maintained by the Facilities and Controlled Asset Manager, Ricardo Flores, at 610 South 2 nd East. A copy will be maintained at each location beginning in August 2003

ELLIS R. SHIPP PUBLIC HEALTH CENTER–LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated November 2002)

The Ellis R. Shipp Public Health Center, located at 4535 South 5600 West, provides a variety of low cost health services to their clients. Services offered at Shipp Health Center include immunizations, Baby-your-Baby, family planning, breast cancer screening, WIC, Medicaid eligibility, and confidential HIV testing and counseling, pediatric and prenatal health services.

We conducted an audit of Ellis R. Shipp’s operation of the imprest checking account, cash receipting and depositing functions, the change fund, and fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	Implemented
1. We recommend that cashiers prepare receipts immediately upon receiving payment for all transactions. (Audit Letter, Page 3)	Implemented
2. We recommend that monies from separate funds not be commingled at any time (Audit Letter, Page 3)	Implemented
3. We recommend that cashiers document the reason for all “payment received” entries that are replaced by “no payment received” entries on the computerized system and all voided back-up receipts. (Audit Letter, Page 3)	Implemented
<u>Status</u>	4. We recommend that a supervisor

review and, if appropriate, indicate approval of, all void/no sale transactions. (Audit Letter, Page 3)

- 5. We recommend that cashiers always transfer their funds and balancing documentation to another employee for verification. (Audit Letter, Page 4)

Implemented

- 6. We recommend that, where practical, at least one of the deposit reviews always be done by someone entirely independent of the deposit day's cashiering duties. Audit Letter, Page 4)

Implemented. SLVHD management stated, "This has been implemented where practical and controls are in place to ensure checks and balances exist where not practical."

- 7. We recommend that the "Total collected per cash report" line on the Daily cash balance sheet always be completed and that care be taken to minimize other errors on the sheet. (Audit Letter, Page 5)

Implemented

- 8. We recommend that annual inventories be conducted, and fixed asset inventory results be reported to the Auditor's Office, as required by County policy. (Audit Letter, Page 6)

Implemented. SLVHD management stated, "Yearly audits of fixed and controlled assets are performed in June. The records are centrally maintained by the Facilities and Controlled Asset Manager, Ricardo Flores, at 610 South 2nd East. A copy will be maintained at each location beginning in August 2003."

Implemented.

- 9. We recommend that Health Department modified PM-2s be consistently completed on internal

Health asset transfers, including for items being transferred to storage	Implemented
10. We recommend that the Health property manager and purchasing personnel coordinate their efforts to ensure that all newly acquired assets are added to controlled asset lists in a timely manner. (Audit Letter, Page 7)	Will be implemented.
11. We recommend that the Health Department either begin using the prescribed Controlled Asset Inventory Forms or add a certification statement with signature line to their spreadsheets in a manner that will allow it to appear on each location. (Audit Letter, Page 8)	Will be implemented.
12. We recommend that individual employees be listed, and sign the certification statement, as the responsible person for assets in their control. (Audit Letter, Page 8)	Will be implemented.
13. We recommend that the district manager continue to be listed, and sign the certification statement, as the responsible person for assets at their location that are not assigned to individual employees. (Audit Letter, Page 8)	Will be implemented.

SALT LAKE CITY PUBLIC HEALTH CENTER–LIMITED SCOPE AUDIT OF CASH, RECEIPTING AND DEPOSITING AND FIXED AND CONTROLLED ASSETS (Dated November 2002)

The Salt Lake City Public Health Center (SLCPHC), located at 610 South 200 East, provides a variety of low cost health services to their clients, including immunizations, Women, Infants, and Children (WIC), HIV testing and counseling, breast cancer screening, and Tuberculosis testing. Vital records is also located the SLCPHC.

We conducted an audit of SLCPHC’s cash receipting and depositing functions, petty cash and change funds, and fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	
1. We recommend that cashiers ask for and document a form of identification when personal checks are accepted from clients. (Audit Letter, Page 2)	Implemented
2. We recommend that the Health Department research the status of the missing funds, and report any missing funds to the Auditor’s Office and the Attorney’s Office. (Audit Letter, Page 3)	Implemented.
3. We recommend that Vital Records adopt a formal, documented policy regarding receivables collection. (Audit Letter, Page 3)	Implemented
<u>Status</u>	4. We recommend that controlled asset lists be updated on a regular basis, to

reflect an accurate accounting of items on hand. (Audit Letter, Page 4)

5. We recommend that the onsite manager be provided with an updated list and that they assume primary responsibility for asset control and maintenance. (Audit Letter, Page 5)

6. We recommend that a yearly audit of fixed and controlled assets be performed and documented. (Audit Letter, Page 5)

Implemented. SLVHD management stated, "All inventory tracking is being converted to a scanning system. A current asset list will be provided to each Health Department location in August 2003."

Will be implemented.

Implemented. SLVHD management stated, "Yearly audits of fixed and controlled assets are performed in June. The records are centrally maintained by the Facilities and Controlled Asset Manager, Ricardo Flores, at 610 South 200 East. A copy will be maintained at each location beginning in August 2003."

ENVIRONMENTAL HEALTH–LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated November 2002)

The Salt Lake Valley Health Department’s (SLVHD) Environmental Health, located at 788 Woodoak Lane, maintains four bureaus to administer their services. The Food Protection, Air Pollution Control, Sanitation & Safety, and Water Quality & Hazardous Waste bureaus implement programs to promote the health and safety of Salt Lake County residents.

Programs offered by the Environmental Health Services Division include vehicle emissions and inspections, food handlers class, drinking water/wellhead protection, household hazardous waste disposal, and the Safe Kids Coalition, a program dedicated to preventing childhood injuries.

We conducted an audit of all cash funds at the Environmental Health Services Division. We reviewed their petty cash and change funds, and two imprest checking accounts. In addition, we audited cash collection, receipting and depositing, as well as fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

	<u>Recommendation</u>	<u>Status</u>
1.	We recommend that the authorized fund balances be corrected with the Auditor’s Office. (Audit Letter, Page 2)	Implemented
2.	We recommend that the head cashier’s over/short log be reviewed and signed by the next level of supervisor. (Audit Letter, Page 2)	Implemented
3.	We recommend that onsite managers be provided with an updated list and that they assume primary responsibility for asset controls and maintenance. (Audit Letter, Page 3)	Will be implemented. SLVHD management stated, “All inventory tracking is being converted to a scanning system. A current asset list will be provided to each Health Department location in August 2003.”

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| 4. | We recommend that controlled asset lists be updated to reflect an accurate accounting of items on hand. (Audit Letter, Page 4) | Implemented |
| 5. | We recommend that adequate information be recorded, including at least the following: purchase date, purchase amount, serial number, model number, description, location, tag number (if used), and if individually assigned, the individual's name. (Audit Letter, Page 4) | Will be implemented. |
| 6. | We recommend that all fixed and controlled assets be properly accounted for, and disposed items be promptly removed from the asset lists, and all new assets be accounted for as soon as they are acquired. (Audit Letter, Page 5) | Will be implemented. |
| 7. | We recommend that, whenever possible, the listing of controlled assets be updated to reflect transfers between divisions. (Audit Letter, Page 6) | Will be implemented. |
| 8. | We recommend that Environmental Health begin using the "Controlled Asset Inventory Form-Employee" for individually assignable assets. (Audit Letter, Page 6) | Implementation in progress. SLVHD management stated, "We are implementing this recommendation for all divisions in the Health Department by August 2003." |

SALT PALACE PARKING–LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated October 2002)

The Salt Palace Convention Center is a covered parking area that accommodates approximately 500 vehicles. It is open to the general public, as well as individuals attending conferences and events at the Salt Palace. The maximum fee to park a car is \$5.00 per day.

We conducted an audit of the Salt Palace Parking Department’s cash collection and change funds. Furthermore, we reviewed depositing, monthly parking pass procedures, computer vehicle count, and fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	Implemented
1. We recommend that Salt Palace Parking continue to work with the software representatives until the issue of computer close-outs is completely resolved. (Audit Letter, Page 3)	Implemented
2. We recommend that, in the event of system failure, attendants continue to print a report at the beginning of their shift to compare to their shift-end report and reconcile the difference between the two on the Daily Cash Accountability Form. (Audit Letter, Page 3)	Implemented. Salt Palace management stated, “We are continuing to print a report, in the event of a system failure, at the beginning of a shift and we will reconcile it to the daily cash accountability form.”
<u>Status</u>	3. We recommend that cashiers consistently fill out their Daily Cash

Accountability Form. Also, we recommend that one of the two forms be modified to include the amount of sale per the register. (Audit Letter, Page 4)

complete their own form. Supervisors check and confirm all calculations, figures, and revenue. Sales per register are recorded on the daily cash accountability form and cash is reconciled to sales.”

4. We recommend that attendants be given a stamp to restrictively endorse all checks upon receipt. (Audit Letter, Page 4)

Implemented. Salt Palace management stated, “We have continued to have the manager endorse checks. We will begin to have the attendant endorse checks beginning in June 2003.

5. We recommend that Salt Palace Parking document the vehicle reconciliation on the Daily Cash Accountability Form. (Audit Letter, Page 5)

Implemented

6. We recommend that the accounting office prepare a bill for all monthly parking customers. (Audit Letter, Page 5)

Implemented

7. We recommend that the receptionist include monthly parking payment received through the mail on the check log. (Audit Letter, Page 5)

Implemented. Salt Palace management stated, “The receptionist will begin logging checks received for the monthly parking in June.”

8. We recommend that the accounting office review the parking deposit to ensure that monthly parking payments are deposited. (Audit Letter, Page 5)

Implemented

Implemented. Salt Palace management stated, “We now have each attendant

9. We recommend that the property manager prepare a PM-2 form for

- | | |
|---|--|
| asset property no longer needed by the organization prior to disposing of or removing the asset to the surplus | Implemented |
| 10. We recommend that the completed PM-2 form be kept on file and the asset be removed from the asset list. (Audit Letter, Page 6) | Implemented |
| 11. We recommend that the parking supervisor coordinate with the Salt Palace purchasing clerk to ensure all newly acquired property is identified and tagged. (Audit Letter, Page 7) | Implemented. Salt Palace management stated, "We currently have our purchasing agent coordinate with parking to ensure that all new assets are identified and tagged." |
| 12. We recommend that the "Controlled Assets Inventory Form-Employee" be completed for each employee that is assigned fixed or controlled assets as required by Countywide Policy #1125, "Safeguarding Property/Assets." (Audit Letter, Page 7) | Will not be implemented. Salt Palace management stated, "Employees are not issued assets individually. They are assigned to the department and all equipment is available for use by all employees." |

**TREASURER–LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING,
AND FIXED AND CONTROLLED ASSETS (Dated November 2002)**

The County Treasurer is responsible for the billing and collection of real property taxes, administration of statutory tax relief programs, banking, investment, and cash management of all County funds.

We conducted an audit of all cash funds at the Salt Lake County Treasurer’s Office. We reviewed their petty cash and change funds, cash collections, receipting and depositing, as well as their fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	<u>Status</u>
1. We recommend that individually assigned items be controlled by completing the “Controlled Assets Inventory Form-Employee” (Audit Letter, Page 2)	Implemented. The Treasurer’s Office management stated, “ We have established a “Controlled Assets Inventory Form-Employee” to keep track of laptop computers, cell phones, and similar controlled assets. All controlled assets are properly recorded, tagged and listed on an inventory form signed by the cognizant employee.”

JUSTICE COURTS—LIMITED SCOPE AUDIT OF CASH RECEIPTING AND DEPOSITING, AND FIXED AND CONTROLLED ASSETS (Dated December 2002)

The Justice Courts adjudicate class B and C misdemeanors, infractions and violations of County ordinances, including DUIs, committed within the unincorporated Salt Lake County area. The Courts share jurisdiction with the Juvenile Court over minors 16 or 17 years old, who are charged with certain traffic offenses. Justice Courts also handle small claims complaints—cases involving \$5,000 or less.

Salt Lake County’s Justice Court was the first justice court to perform video arraignments from the County Jail. Also, the Court operates two speciality courts—one for first time drug offenders and the other for defendants charged with domestic violence.

Currently, the Salt Lake County Justice Court is presided over by two judges. The courts operate an imprest checking account which is used to pay jurors and witnesses for their services. Also, a trust account is used to write checks to defendants to release money posted as bail.

We conducted an audit the Justice Court’s cash collection and change funds. Furthermore, we reviewed depositing, and fixed and controlled assets.

The status and implementation of each recommendation in the audit letter is indicated below:

<u>Recommendation</u>	<u>Status</u>
1. We recommend that the change in custodians be formalized as required by County policy. (Audit Letter, Page 1)	Implemented. Justice Courts management stated, “All change fund custodians’ signatures were notarized on the official forms in January 2003. These forms were forwarded to the Salt Lake County Treasurer.”
2. We recommend that the Justice Courts report and remit outstanding checks to the State Treasurer Unclaimed Property Divisions in compliance with the Utah Unclaimed Property Act. (Audit Letter, Page 2)	Implementation in progress. Justice Courts management stated, “The information on how this is to be done has been received. The money to be returned remains in the research stage. Our goal is to have a submission by the end of 2003.”
3. We recommend that a formal	

- controlled asset list be prepared showing at a minimum, a description, serial or model number, location or individual assigned, purchase date, and cost of each asset. (Audit Letter, Page 4)
4. We recommend that annual inventories be conducted as required by County policy. (Audit Letter, Page 4)
5. We recommend that individually assigned and shared items be controlled by completing the proper forms. (Audit Letter, Page 4)
6. We recommend that the controlled property list, and assignment forms for controlled assets be maintained current, and annual inventories be conducted. (Audit Letter, Page 4)
- Implemented. Justice Courts management stated, "Our list indicates all serial numbers, purchase invoices, and locations in January 2003. All software licenses and agreements have been added to the inventory file and is now kept in a single inventory binder."
- Implemented. Justice Courts management stated, "A complete inventory was completed in December 2002 of both controlled and fixed assets. Another inventory of controlled assets was just completed in June of 2003 and submitted to the Auditor's Office."
- Implemented. Justice Courts management stated, "The only two individually assigned assets were signed out and notarized in January 2003. Both items have been added to the inventory file."
- Implemented.

A REVIEW OF THE SALT LAKE COUNTY SHERIFF'S MUNICIPAL SERVICES CONTRACT (Dated January 2003)

Salt Lake County population growth, the development and expansion of city police departments, recent legislation and a shrinking unincorporated county, have combined to dramatically change the way in which the Sheriff delivers services.

Senate Bill 168, effective April 30th 2001, required the Sheriff's "detective investigation" functions to be budgeted in the Municipal Services Fund and a General Fund revenue reduction of \$9.2 million. The bill resulted in a \$4.7 million General Fund expenditure transfer to the Municipal Services Fund and a June 2001 budget cut of \$4.5 million.

As a result of this changing environment, as well as pricing and level of service concerns, the Salt Lake County Council requested that the Auditor's Office revisit the Sheriff's methodology for contracting to provide law enforcement services to cities.

Primary objectives for the review of the Sheriff's Municipal Services Contracts were as follows: 1) explore the benefits to unincorporated county residents of Sheriff's contracting. 2) assess the appropriateness of the 2001-2002 contract charges and determine whether all relevant costs were being recovered. 3) calculate the "per-deputy" cost for use in contracting patrol deputies. 4) determine costs relevant to services that cannot be contracted for on a per-deputy basis and calculate each contract city's share of these costs. 5) compare the level of service in the contract cities and unincorporated county to each other and to the surrounding non-contract cities. 6) assess the cost of public safety to the citizens of surrounding non-contract cities.

Primary Findings and Analysis

1. **Contracting to provide public safety can benefit the unincorporated county, but may also result in unintended consequences.** As a larger force due to law enforcement contracts, the Sheriff's Office is better able to offer specialized services and training. In addition, the unincorporated county has the potential for savings that might result with a contribution towards fixed costs and other economies of scale, such as consolidated record keeping and administrative overhead.
2. **The total fixed and variable cost of one Sheriff's Patrol Services Deputy is \$117,341.** One of the first tasks facing the contract review working group was to assess the current contract charge. Upon examination of the Sheriff's 2002 Municipal Services budgets (1410 and 1411) it was determined that the County's cost for a Patrol Services line deputy was projected to be \$117,341. The Sheriff's 2001-2002 contract charge, at

\$90,863, is less than even the variable portion of the total cost, which we projected to be \$104,813.

3. **The fixed and variable cost of the Sheriff's Pooled Essential Services is \$4,240,102.** Pooled Essential Services include: the *SWAT, Homicide/Robbery, Sex Crimes, K-9, Crime Scene Investigations (Crime Lab), Neighborhood Drug Squad, Family Crimes, and Criminal Warrants and Fugitives Units*. Prior to Senate Bill 168 the majority of these services were deemed by statute to be countywide and housed in the General Fund. The cost of these services was not included in the Sheriff's 2001-2002 contracts, even after being transferred to Municipal Services, partly due to the impracticality of contacting for them on a per deputy basis. However, contract cities continued to have the same access to these services as unincorporated county residents, even though these cities were not paying for these services.

As a result of the working group's effort, the contract cities and Sheriff's Office agreed to allocate the cost of pooled services by each city's relative percentage of population, three-year average calls for service, and residential taxable value for the 2002-2003 contract period. These criteria were considered a fair approach to the allocation of the pooled services each city might consume.

At full cost recovery, the pooled approach to specialized services appears to be cost effective. By contributing to the pool, a small city like Bluffdale is given full access to the County's SWAT team, for instance, for just \$1,285 per year. This amount, in effect, represents payment towards an insurance policy for the city. The city could probably not afford the specialized services on their own, and without access to them one incident involving a hostage situation or homicide may require increased taxes or in the worst case scenario, bankrupt the city if charged for the actual time and concentration of effort.

4. **The contract cities and County Council agreed to phase in any cost increases.** An increase in the contract charge that would recover fixed and variable costs, including pooled units, would represent a significant, unplanned expenditure for the contract cities. Because of this, the County Council approved a phased approach for the 2002-2003 contract year, based on a minimum and maximum range. The minimum included one-third of the increase needed to recover variable costs. The maximum also included one-fourth of the increase needed to recover fixed costs, in addition to the one-third recovery of variable costs.

At that time it was also decided that the point between the "floor" and the "ceiling" at which the contract cities would be required to pay would depend on the finding of the newly formed Contract City Advisory Board, composed of members of the Sheriff's Office, Contract Cities, the Council's Fiscal Analyst and representatives from the

Auditor's Office. Initial data regarding actual expenditures during 2002 indicate that, even after cost cutting measures and a significant under expend, the actual cost of services provided exceeded the agreed upon ceiling price. Thus, the contract cities have agreed to pay the ceiling price for their 2002-2003 fiscal year.

5. **Contract cities pay less, on average, than any other city in the valley for law enforcement services.** One way to measure the reasonableness of the charges for Sheriff's services is to view the per capita expenditure for police services in surrounding, non-contract cities. Using the police budgets of non-contract cities like Murray, Sandy and Salt Lake, we found that residents there pay \$172, on average, per capita for police services. Contract city residents pay \$106 dollars less, or just \$66 on average.

6. **The contract cities and the unincorporated county have a lower level of officers per 1,000, on average, than the surrounding non-contract cities.** On average, contract cities have .87 officers per 1,000 residents. The surrounding non-contract cities have, on average, 1.77 officers per 1,000 residents. Prior to our review, concerns arose that contract cities were opting for minimum levels of service and relying on the unincorporated count when and if their needs exceeded their contracted resources. Historically, no detailed tracking of resources has existed. The Sheriff's Office had indicated that the amount of service they provide is limited to the amount of resources paid for.

The historical disparity between the lower contract cities' officers per 1,000 and the higher unincorporated area officers per 1,000 has been eliminated over the recent months. By September of 2002, the contract cities level of officers per 1,000 residents equaled, on average, .87; the unincorporated area's officers per 1,000 equaled .84. One of the tasks facing the new contract city advisory board will be to assess the level of service consumed by area.

A LIMITED REVIEW OF SELECTED DIVISIONS IN THE HUMAN SERVICES DEPARTMENT (Dated March 2003)

In July 2002, the Salt Lake County Council passed a resolution directing the County Auditor to conduct a review of selected divisions in the Human Services Department and the impact of State budget cuts on their program service levels. The review focused on the following four divisions: 1) Mental Health Services, 2) Health, 3) Substance Abuse Services, and 4) Aging Services.

Each division is mandated to provide services as specified in the Utah Code and a portion of their funding is from state and federal contracts. In addition, Salt Lake County provides funding to each division.

The scope of our review consisted of identifying the various programs administered by each division, the funding and expenditures, and clients served. Our primary objectives were as follows: 1) Determine the types of programs offered by the four Human Services divisions and the number of County citizens currently eligible for each program. 2) Review the inter-local agreement between the State and Salt Lake County for each division, and determine the number and category of County citizens contracted to be serviced according to the terms of the agreements. 3) Compare the actual number of citizens served by the divisions to contractual expectations. 4) Determine the reduction in funding to the divisions resulting from state legislature funding cuts. 5) Determine the impact on the number of County citizens that will be served after the State Legislative budget cuts are implemented.

Significant Finding

A. Mental Health Services

- 1. Salt Lake County has statutory responsibility and authority as the local mental health authority.**
- 2. Funding received by Valley Mental Health (VMH) for required services comes from several sources.**

▶ Medicaid fees	\$29,109,000
▶ State contract	\$8,270,000
▶ County contract	\$6,017,000
▶ Other grant/contracts	\$18,564,000
▶ Other Sources	\$7,229,000

3. **Funds spent by VMH are distributed among the mandated services.** Utah Code 17A-3-602 established all county legislative bodies as local mental health authorities and mandates services to be rendered. If the local health authority (the County) contracts services rather than providing them directly, the contract organization (VMH) is required to provide mandated services. These services include, but are not limited to:
 - ▶ inpatient care and services
 - ▶ residential care and services
 - ▶ outpatient care and services
 - ▶ 24-hour crisis care and services
 - ▶ psychotropic medication management

- ▶ **Clients served by VMH are those identified in Utah Code.** Utah Code 62A-15-713 mandates that services will be provided for residents who are indigent and who meet State criteria for serious and persistent mental illness (SPMI - Adults) or severe emotional disturbance (SED - Children).

- ▶ **State budget cuts will impact services provided by VMH.** For fiscal 2002, no cuts were made to base funding. An anticipated shortfall in revenue for FY2003 has been announced and cuts to various programs have been suggested.

B. Health

1. **The Salt Lake Valley Health Department (SLVHD) is the local health authority of Salt Lake County.** Utah Code 26A-1-103 mandates the “governing body of each county shall create and maintain a local health department to work in conjunction with the Utah Department of Health.

2. **The SLVHD receives funding from several sources.**
 - ▶ Taxes \$10,376,716
 - ▶ State grants/contracts \$5,227,675
 - ▶ Federal grants/contracts \$188,539
 - ▶ Miscellaneous contracts \$308,690
 - ▶ Licenses and permits \$5,684,796
 - ▶ Fees-for-service \$2,916,586
 - ▶ Other \$642,459

3. **The SLVHD administers over 50 programs to provide County residents the basic health services established by the Utah Department of Health (UDOH).** The SLVHD provides a variety of programs in order to meet minimum performance standards established by the Utah Departments of Health and Environmental Quality. The State provides grant money to the SLVHD to assist them in meeting minimum performance standards. The SLVHD received \$383,434 of the minimum performance standards grant money in 2001.

In order to satisfy minimum performance standards and provide County residents basic health services, the SLVHD maintains five divisions—Family Health Services, Community Health Services, Medical Services, Environmental Health Services, and Administrative Services. Encompassed in each division is a wide variety of programs designed to help the SLVHD meet their prescribed objectives. Programs include, but are not limited to:

- ▶ STD/HIV Testing
- ▶ Cancer Screening
- ▶ Immunizations
- ▶ Safety/Emissions Testing
- ▶ Safe Kids Coalition
- ▶ Drinking Water/Wellhead Protection

4. **Statewide budget cuts affected state funding amounts received by the SLVHD in 2002.** Statewide budget cuts in the FY2002 (ended June 30, 2002) special legislative sessions affected state funding amounts received by the SLVHD. The cuts resulted in a \$10,000 reduction in base funding and the elimination of SLVHD's portion of Families and Agencies Coming Together (FACT) program money—approximately \$290,000.

The FACT/School Nursing program was a collaborative project between local and state agencies. The program provided emotional support, education, training, and health services to families and youth with multiple, long-term, mental health, chronic illnesses, and economic problems.

Due to its elimination, approximately 3,000 children from 1,350 families will not receive services provided through the FACT/School Nursing program.

SLVHD's portion of FACT/School Nursing program—\$290,000—paid for eight nurses.

Despite the cut, seven of the nurses were retained and reassigned to other areas of SLVHD. In addition, The \$10,000 cut in base funding affected SLVHD's STD/HIV program. However, the Health Department will not discontinue any services provided by this program.

C. Substance Abuse

1. The County has statutory responsibility for substance abuse services. The Division is statutorily mandated to provide substance abuse services to residents of Salt Lake County. Provisions set forth in Utah Code 17A-3-701 require Local Substance Abuse Authorities to:

- ▶ Review and evaluate substance abuse prevention and treatment needs and services.
- ▶ Provide primary prevention, targeted prevention, early intervention, and treatment services.
- ▶ Establish and maintain programs, either directly or by contract.
- ▶ Annually prepare and submit a plan to the State Division of Substance Abuse for funding and service delivery.
- ▶ Promote or establish programs for the prevention of substance abuse within the community setting through community-based prevention programs.

2. The Substance Abuse Services Division uses the funding it receives to provide substance abuse programs and services for the County. Funding sources are as follows:

▶ State contract	\$10,668,025
▶ County general fund	\$1,702,836
▶ Miscellaneous interest	\$19,782
▶ Other sources	\$12,511

3. The County, as the local substance abuse authority, contracts with the State. The scope of the contract between Salt Lake county Substance Abuse Services Division and the State of Utah lists the following service requirements:

- ▶ Substance Abuse Prevention Treatment (SAPT)
- ▶ Collaborative Intervention for Substance Abusing Offenders (CIAO)
- ▶ Drug Court Program (Case Management, Drug Testing, Treatment)

4. **The Substance Abuse Services Division provides substance abuse prevention and treatment services within the County.** Substance Abuse Services funds services for primary prevention, targeted prevention, early intervention, and treatment services. The Division provides assessment and referral services, and subcontracts the majority of its prevention and treatment funds to provide a comprehensive continuum of services for Salt Lake County residents.

5. **The Substance Abuse Services Division has established a priority order for admission to treatment services.** County funded clients are typically indigent, homeless, uninsured, and do not have the means to pay for treatment services. Eligibility for financial aid programs generally qualifies people as County funded. Within this client definition, the Division has established the following priority order for admission to treatment services:
 - ▶ Pregnant and parenting injecting drug users
 - ▶ Pregnant and parenting drug abusers
 - ▶ Injecting drug users
 - ▶ HIV positive drug users
 - ▶ All other substance abusers

6. **The State Legislature budget cuts in 2002 resulted in a reduction to the County of \$82,612 for substance abuse.** The State Legislature budget cuts for FY2001/2002 resulted in a budget reduction to the County of \$82,612. The impact to the County was reduction to treatment services provided through private organizations. Although the County did not eliminate services to existing clients, the Division was not able to admit approximately 66 people (who were not currently being served) into treatment programs in 2002. Currently, the Substance Abuse Services Division is at full capacity of clients. To serve more clients, existing clients must be cycled through the treatment programs more quickly.

D. Aging Services

1. **The County is the Local Area Agency on Aging and is mandated to provide services to older adults residing in the County.** Provisions set forth in Utah Code 62A-3-101 for Local Area Agencies on Aging are:

- ▶ Serve as an effective and visible advocate for the aging population of the County.
- ▶ Design and implement a comprehensive and coordinated system of services and programs for the aged, either directly or by contract.
- ▶ Conduct periodic reviews and evaluations of needs and services to those in the designated planning and service area.
- ▶ Annually prepare and submit an area plan to the State Division.
- ▶ Annually contract with the State Division of Aging and Adult Services to provide aging-services programs.

2. The Division of Aging Services uses the funding it receives to provide programs and services designed to improve the quality of life for the older population in the County. The Aging Services Division receives funding from several sources, which are listed below:

▶ Federal contracts	\$3,697,160
▶ State contract	\$2,659,230
▶ County general fund	\$4,993,927
▶ Donations and fees	\$701,830
▶ Interfund transfers	\$133,775
▶ Other sources	\$17,919

3. The clients served by Aging Services are those with the greatest social and economic needs. Although there are no income restrictions for the majority of programs provided by Aging Services, the Division targets its services to individuals with the greatest social and economic needs, including those that are low income, are frail, homebound, live alone, and those with language barriers.

4. A statewide increase in funding for Aging Services was approved during the 2002 Legislative session but later cut. As a result, some County residents were unable to receive services. There were no cuts to the base budget for Aging Services during 2001 and 2002. However, a statewide increase for FY2001/2002 of \$1.2 million which was approved during the 2002 Legislative session was later cut during special legislative budget sessions. The impact to the County from State cuts resulted in the following number of Salt Lake County residents that did not receive services in 2002:

▶ Meals of Wheels	139
▶ Senior Center Meals	107

- ▶ Transportation 47
- ▶ Caregiver Support 42
- ▶ Alternative Support 28
- ▶ In-Home Elderly Services 27

These are individuals that were not able to join these services in 2002.

RECOMMENDATIONS CARRIED OVER FROM PREVIOUS AUDITS

This section of the report contains recommendations from prior audits which had not

been implemented by the time we prepared our last annual report. Each of these recommendations is listed along with the comments from last year's report which indicates the recommendation had not been fully implemented, and a comment indicating the current status of implementing the recommendation.

A LIMITED SCOPE AUDIT OF SALT LAKE COUNTY LIBRARY SYSTEM (Dated August 1998)

Recommendation

1. Management should evaluate the feasibility of outsourcing collections work if automation is not deemed feasible. (Audit Report, Page 8)

Status Reported in Eleventh Annual Report of Internal Audits - 1998

Implementation in progress. Library management stated, "Management is instituting a comprehensive review of all collections activity. The Library Board has asked for management to make a recommendation for changes in existing processes in the fall of 1998. Outsourcing and additional automation will be considered as part of this review."

Status Reported in Twelfth Annual Report of Internal Audits - 1999/2000

Implementation in progress. Library management stated, "At this point collections will not be outsourced. We have had several discussions with the County Attorney and with collection agencies and continue to look at the feasibility of outsourcing this function."

Status Reported in Thirteenth Annual Report of Internal Audits - 2001

Implementation in progress. Library management stated, "We have met with the Attorney's Office and we are completing an RFP to outsource collections work."

Current Status

Implemented. Library management stated, "A contract has been awarded to *Unique*

Management Services, Inc. The last couple of months have been spent in verifying the accuracy of the nightly data transfers. Actual letters and phone calls began June 1, 2003.”

Recommendation

2. The Library replace its cash registers to reflect advanced technology such that a collections total can be produced for each cashier and the cashiering and cataloging systems can be integrated. (Audit Report, Page 15)

Status Reported in Eleventh Annual Report of Internal Audits – 1998

Implementation in progress. Library management stated, “In 1998, we purchased five “smart” cash registers. Other cash registers will be replaced as funding is available and as needed. The Library’s 1990 RFP for automated services asked vendors to supply a system that would integrate circulation transactions with cash register functions. No such system was available then or now that will accomplish these tasks and handle the volume of activity that the County Library has each day. We will continue to work with library system vendors to encourage the development of this capability. Once it becomes available, we will consider the cost benefits of purchasing such a system.”

Status Reported in Twelfth Annual Report of Internal Audits – 1999/2000

Partially implemented. Library management stated, “Cash register that are “integrated” with our library automation system are still not available. We have, however, replaced all of our cash registers with new registers which have enforced operator codes, thus making is easier to track individual transactions to the cashier responsible.”

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Partially implemented.

Current Status

Partially implemented. Library management stated, “DYNIX still has not integrated their library automation system with our cash registers. We wish this would happen as we are now contemplating accepting debit and credit cards and the same problem will exist without integration. We will continue to “put pressure” on DYNIX.”

Recommendation

1. Cashier enter the correct payment that is tendered for each transaction. (Letter, Page 3)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Implementation in progress. USU Extension Services management stated, “We are working closely with the cashier to ensure that the correct payment amount is entered. When an error is discovered the cashier is made aware of the error and the proper processes to enter the transaction. We have purchased a new cash register system that includes a scanner for bar codes. This will help eliminate input error. We are working through a corrective action plan with the cashier following proper county policy to correct accidental or intentional input error and failure to enter payments.”

Current Status

Implemented. USU Extension Services management stated, “Cashier that was on staff during the audit is no longer employed with the County. We have not had any problems with new staff following procedure and completing transactions correctly. A computerized cash register system has been purchased and installed. The system includes a bar code scanner. All inventory has been bar coded. The system is used for all transactions eliminating the possibility for register input errors.

Recommendation

2. USU Extension Services cashiers follow office policy for all refund transactions. (Letter, Page 4)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Implementation in progress. USU Extension Services management stated, “ We have been working with cashiers over the past year to follow this policy. When a customer returns merchandise they complete a form that indicates what they are returning and the amount that was refunded. Manager reviews all documentation for refunds. When a refund is given without proper documentation the matter is brought to the attention of the cashier for corrective action. When refunds are given for classes or workshops a letter is required signed by a USU Extension agent. Checks are then issued for the USU account.

Current Status

Implemented. USU Extension Services management stated, “New staff follow the proper policy and procedure for returns.”

Recommendation

3. Voids be properly documented at the time of the transaction and that the cashier and supervisor sign the documentation. (Audit Letter, Page 4)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Implementation in progress. USU Extension Services management stated, “We are working with cashiers to follow this policy. A manager reviews all tape register receipts for voids and proper signatures. Since a supervisor is not always available to sign for voids any staff member can sign along with cashier. When a void is given without proper signatures proper corrective action is taken with the cashier.”

Current Status

Implemented. USU Extension Services management stated, “Current staff is following proper policy and procedure to process voids. With the new computerized register there have been very few voids.”

Recommendation

4. Cashiers restrictively endorse checks upon receipt. (Letter, Page 5)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Implementation in progress. USU Extension Services management stated, “We have been working with cashiers over the past year to ensure that checks are restrictively endorsed upon receipt. Spot checks over the past few months have revealed that the cashier is endorsing all checks upon receipt.”

Current Status

Implemented

Recommendation

5. USU Extension Services perform a physical inventory of fixed and controlled assets on an annual basis. (Letter, Page 5)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Partially implemented. USU Extension Services management stated, “Inventory of fixed assets is performed on an annual basis. We are near completion of a complete inventory of all assets. Upon completion we will update our controlled assets list.”

Current Status

Implemented

Recommendation

6. All surplus items be removed from the controlled asset inventory list. (Letter, Page 6)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Will be implemented

Current Status

Implemented

Recommendation

7. Efforts be made to locate PM-2's to ensure that assets were, in fact, transferred to surplus. (Letter, Page 6)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Will be implemented.

Current Status

Implemented. USU Extension Services management stated, "Unable to locate PM-2s. These two controlled assets have been removed from our inventory."

Recommendation

8. USU Extension Services write a publication inventory policy. (Letter, Page 6)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Will be implemented. USU Extension Services management stated, "During the past year we took an inventory twice, and we implemented an inventory reorder system. With the purchase of the new cash register, inventory will be kept by the system."

Current Status

Implemented. USU Extension Services management stated, "Inventory is maintained through the computerized point of sale cash register software."

Recommendation

9. Publication be updated on a more frequent basis. (Letter, Page 6)

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Will be implemented.

Current Status

Implemented

WHEELER FARM (December 2000)

Recommendation

1. Once the current 100% inventory is completed, a list of antiques found during the inventory that were not included on the 1995 museum-collections inventory be submitted to the Auditor's Office Fixed Asset Group for designation as either fixed or controlled assets. (Audit Report, Page 9)

Status Reported in Twelfth Annual Report of Internal Audits – 1999/2000

Implementation in progress. Wheeler Farm management stated, “At completion of the museum-collection inventory, the appropriate inventory listing will be submitted to the Auditor’s Office Fixed Asset Group for designation as either fixed or controlled assets by June 2001.”

Status Reported in Thirteenth Annual Report of Internal Audits - 2001

Implementation in progress.

Current Status

Implemented. Wheeler Farm management stated, “Museum inventory is 100% complete. Copies have been submitted to Parks & Recreation Administration and the Auditor’s Office. During the annual inventory process, there were no antiques found that were not included on the 1995 museum collection inventory or already designated as fixed or controlled assets. Currently, we are adjusting records to more accurately report the location of various pieces featured in our new and expanded exhibits.”

Recommendation

2. The farm increase their living history programming, as described above, through increased use of volunteers. (Audit Report, Page 17)

Status Reported in Twelfth Annual Report of Internal Audits – 1999/2000

Will be implemented. Wheeler Farm management stated, “The Farm program has emphasized activities that are “historical in nature” since the development of South Cottonwood Regional Park. The 2000 activity plan, as well as this year’s activity plan is historic in nature, except for vending and activity barn rental. Current program plans are being implemented, such as the new antique farm machinery exhibit and the art gallery. The staff is also increasing historic tours, demonstrations, and museum display and exhibits, as resources become available.”

Status Reported in Thirteenth Annual Report of Internal Audits – 2001

Implementation in progress. Wheeler Farm management stated, “Increasing “living history” programming through the recruitment of volunteers is a constant and challenging task. While we have acquired tour guides and blacksmiths temporarily, they either find employment elsewhere or agree to stay on if they become part of the payroll. Wheeler Farm staff is utilizing all available resources to recruit volunteers. Volunteers have proven to be more valuable in landscaping and agricultural projects. This includes Utah Master Gardeners, USU Extension Services, Junior Master Gardeners, 4-H, and Millcreek Gardens. We are also concentrating on providing new exhibits and several displays have been completed during the past year. Additions include the Antique Farm Machinery Building, Beverly Wheeler Mastrim Art Gallery and the Rosebud Country Store. Additional displays and exhibits are planned for 2002 to include the Wheeler Farm Photo Gallery in the loft of the Activity Barn and other small mobile displays. It is our intent to display some of those inventory items that have been locked away in various storage locations on the farm.”

Current Status

Implemented. Wheeler Farm management stated, “The Farm has increased living history programming through use of volunteers and expanded exhibits. Volunteers are on site weekly demonstrating historic farm activities and chores. Demonstrations include blacksmith, draft horse harnessing, crafts and chores. Recruitment is a constant challenge. Resources include the Salt Lake County Office of Volunteers, the University of Utah and, high schools and church and civic groups. New exhibits and displays were made possible through Utah Office of Museum Grants and donations from Foundations. A UOM Grant has been awarded again for 2003. The funds this year will be applied to the restoration of the Wheeler Farmhouse. All projects mentioned in the Thirteenth Annual Report have been completed. In addition, the Wheeler Farm Beautification Project is continuing with great success. Landscaping and signage projects were made possible with volunteer efforts and funds from grants and donations. The most recent display, “The Birdhouse” was completed with the help of the JEPS Foundation. This renovated vending shed is the location for resource information and exhibits on birds and wildlife at the Farm. Volunteers from Hawkwatch International have been providing visitors with presentations. To continue “living history” programming and increase the variety of exhibits and activities, volunteer labor and alternative funding are essential.”

