

A REPORT  
TO THE CITIZENS OF SALT LAKE COUNTY  
BEN McADAMS, MAYOR



An Audit of the Key Controls of the  
Salt Lake County District Attorney's Office

June 17, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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GREGORY P. HAWKINS  
Salt Lake County Auditor

LONN LITCHFIELD, JD, LL.M.  
Chief Deputy Auditor

2001 South State Street, N3300  
PO Box 144575  
Salt Lake City, UT 84114-4575

(385) 468-7200  
(385) 468-7201 / fax  
GHawkins@slco.org

June 17, 2013

Ben McAdams, Mayor  
Salt Lake County  
2001 S State St #N2100  
Salt Lake City, UT 84114-4575

Re: An Audit of the Key Controls of the Salt Lake County District Attorney's Office

Dear Mayor McAdams:

We recently completed an analysis of the financial records of the Salt Lake County District Attorney's Office in compliance with Utah Code Ann. § 17-19a-204. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that we have identified as key to good financial management. We also sought to identify areas of material risk to determine whether we should commit more of our limited resources in further auditing or investigation. A report of our findings and recommendations is attached.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that the system of internal controls was adequate. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may also be instances of noncompliance in areas not examined.

We appreciate the time spent by the staff at the Salt Lake County District Attorney's Office and the cooperation from Lisa Ashman, Fred Weidner, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to the Salt Lake County District Attorney's Office during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins  
Salt Lake County Auditor

By Larry Decker CPA, CIA  
Sr. Deputy Auditor

cc: Sim Gill, District Attorney  
Lisa Ashman, Administrative Assistant  
Fred Weidner, Fiscal Manager





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of the Salt Lake County District Attorney's Office. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that are key to good financial management. We also sought to identify areas of material risk.

## Conclusion

The Salt Lake County District Attorney's Office (DA) uses several checking accounts and purchasing cards to pay for various operational expenses, especially those related to prosecution of its cases. More complete and consistently arranged documentation supporting these payments was needed in some instances. On another issue, we noted three missing capital assets, older items likely transferred to surplus but lacking any Form PM-2 on file.

## Findings, Recommendations, and Management Responses

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### ***Finding # 1 - Three assets could not be located during our search for capital assets.***

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#### **Risk Level: Moderate**

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.1 lists one of the property manager's duties as follows:

"Accounting for all capital assets within the organization's operational and/or physical custody as listed on the...'Salt Lake County Capital Asset by Organization' report."

We searched for all 54 capital assets assigned to the DA's Office and were unable to locate three. All three items, surveillance equipment, related to special investigations. Two of the three items were purchased in the 1980s, while the third item was purchased in 2002.

Surveillance equipment is occasionally not tagged due to its sensitive nature in undercover operations. One employee reported two of the three items as sent to surplus, but no Form PM-2 was on file to document this event.

Employees are more likely to commit theft when they see that capital assets are not adequately tracked and accounted for.

#### ***Recommendation***

We recommend that the three missing capital assets be explained in a letter to Mayor's Financial Administration, with a request to remove them from the capital asset list.

***Management Response***

See Appendix A.

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***Finding # 2 - Documentation for one purchasing card was not attached to bank statements and arranged for ready reference.***

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**Risk Level: Moderate**

Countywide Policy #7035, "Purchasing Cards Authorization and Use," Section 6.2 states:

"The cardholder shall reconcile original receipts with the Issuer's statement of monthly activity..."

We noted one purchasing card where receipts and supporting documentation were not attached to monthly bank statements to provide clear accountability and a ready audit trail. The file contained randomly placed receipts, invoices and payment authorizations without any consistent order.

The cardholder, being new to the account, was not familiar with standard practices in account maintenance.

Inconsistent filing obscures documented support and authorization for payment card payments, thereby allowing for unauthorized transactions to occur that would not be readily identified.

***Recommendation***

We recommend that purchasing card invoices and receipts be attached to corresponding bank statements to provide a better audit trail and clearer account reconciliation.

***Management Response***

See Appendix A.

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***Finding # 3 - Authorization for many payments out of the witness checking accounts was not documented.***

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**Risk Level: Moderate**

Countywide Policy #1203, "Petty Cash and Other Imprest Funds," Section 4.6.1 states:

"Appropriate supporting documents for other types of imprest funds are to be used for each disbursement..."

The two witness imprest checking accounts frequently lacked documented authorization for amounts disbursed. Accounts are used to cover expenses for witnesses from out of town who testify in court.

Documentation was overlooked due to the nature of some cases, where witnesses testify on sensitive matters, such as child abuse. A subpoena was always included for the disbursement, but the subpoena did not document the payment amount. Emails from prosecuting attorneys frequently directed that payment be made, but did not state an amount.

Inadequate documentation allows funds to more easily be diverted to personal use without detection.

### ***Recommendation***

We recommend that all disbursements from witness checking accounts include documented authorization for the specific amount of the check issued.

### ***Management Response***

See Appendix A.

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***Finding # 4 - A receipt for transfer of funds to Mayor's Financial Administration was not always included with fund transfer documentation.***

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### **Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 4.5.1 states:

"Balance sheets...and any other supporting documents or materials shall be retained for 4 years from the date of deposit."

The DA's Office receives checks from a third party collection agency for payments on delinquent accounts referred to the office by other County agencies, such as the libraries. Instead of depositing these checks, the DA transfers them to the Mayor's Financial Administration, Accounting section, who then deposits them. The Accounting section provides a receipt showing funds accepted, which the DA occasionally retained on file.

Personnel either forgot to include these receipts in fund transfer documentation, or did not always see the usefulness for them. As a compensating process, the fiscal manager verified fund transfers against postings by the Accounting section in the County general ledger, AFIN.

Without Accounting section receipts on file, an added proof of fund transfers is lacking. The DA's Office does not have bank statements to verify deposits since they do not deposit their own funds. Receipts, therefore, show proof of funds transferred in the absence of bank statements otherwise showing these amounts.

***Recommendation***

We recommend that the Mayor's Financial Administration receipt consistently be included with DA fund transfer documentation.

***Management Response***

See Appendix A.

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***Finding # 5 - Payroll was not always submitted in a timely manner, necessitating subsequent corrections.***

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**Risk Level: Low**

The Salt Lake County "Payroll Manual," under the section designated "Payroll Coordinator Responsibilities," Number 1 states:

"All payroll processing should be...properly and timely handled."

The DA Human Resource Coordinator frequently did not receive timely payroll reports from some supervisors.

The DA's Office recently changed some of its reporting procedures where exempt employees do not use the TCRD on-line reporting system. A standard 40-hour work week is assumed, but sick time, vacation, and other absences are reported directly into the County payroll system without use of or reference to a time card. Supervisors occasionally overlooked timely reporting of these absences.

Lack of timeliness occasionally created unnecessary administrative processing to correct reported time for already issued paychecks.

***Recommendation***

We recommend that all supervisors report employee time, including absences, to the office Human Resource Coordinator within designated time frames to avoid corrections that may later be needed.

***Management Response***

See Appendix A.

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***Finding # 6 - Bank reconciliations for the \$2,500 imprest checking account consistently showed a \$139 shortage.***

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**Risk Level: Low**

Countywide Policy #1230, "Petty Cash and Other Imprest Funds," Section 5.2.1 states:

"Upon discovery of any shortages, an investigation shall be conducted by the Custodian and his/her supervisor."

Reconciliations of the \$2,500 imprest checking account at the Broadway office consistently showed a \$139 shortage from the bank statement. The unresolved \$139 difference occurred nearly three years ago.

Personnel explained the shortage as the excess of advances over reported travel expenses for two attorneys. They were required to refund this excess to the imprest fund custodian but have not done so.

Especially with the passage of time, the reason for unresolved shortages may be forgotten and the shortage would then be covered by County funds.

***Recommendation***

We recommend that repayment of \$139 be made to the purchasing card custodian at the Broadway Office to resolve the reconciling difference in the account.

***Management Response***

See Appendix A.

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***Finding # 7 - Funds from a bank account no longer used had not been transferred to the County Treasurer.***

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**Risk Level: Low**

Countywide Policy #1203, "Petty Cash and Other Imprest Funds," Section 9.3.1 discusses one of the procedures for closing an account as follows:

"The current Custodian, or other designee, shall prepare a check...and deliver it to [Mayor's Financial Administration Accounting section]."

The DA's Office has an open checking account with a balance of \$1,134 representing collections on delinquent accounts submitted by other agencies. Personnel intended to close this account but has not done so.

The DA formerly collected on delinquent accounts submitted by other County agencies, but in the last two years has transferred this responsibility to a third party collection agency. Since transferring this function, the bank account has fallen into disuse. Processing the paperwork to close the account has not been a priority.

Idle funds not deposited with the Treasurer do not accrue interest otherwise earned and are more subject to theft due to inactivity and lack of attention.

***Recommendation***

We recommend that the bank account formerly used for collections on delinquent accounts be closed, as intended, and that funds be deposited with the Salt Lake County Treasurer.

***Management Response***

See Appendix A.

## **Additional Information**

### **Background**

The District Attorney's Office has two divisions, Civil and Prosecuting. Lawyers and others on staff investigate, vet, and prosecute all felony and many misdemeanor crimes within Salt Lake County. The Civil Division, on the other hand, represents the County in legal matters. One of its most visible functions is helping County agencies write contracts and issue bonds.

### **Scope**

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Change fund
- Petty Cash and Imprest Accounts
- Cash Receipting
- Cash Depositing
- Credit / Debit Card
- Capital and Controlled Assets and Software Inventory
- Financial Computer Controls
- Purchasing Card Use
- Payroll Practices

Our examination period covered up to twelve months ending April 30, 2013. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices.





DISTRICT ATTORNEY  
SALT LAKE COUNTY  
SIM GILL

June 7, 2013

Larry Decker  
Senior Deputy Auditor  
Salt Lake County Auditor  
2001 S State St N3300  
Salt Lake City, UT 84114-4575

Dear Mr. Decker,

This letter is in response to the findings of the recently completed Key Controls Audit for the District Attorney's Office. Please see our responses below.

***Finding #1 - Three assets could not be located during our search for capital assets***

The District Attorney's Justice Division recently vacated one of the office suites at our Broadway location that had been occupied for a number of years by our special investigations unit. During this process, an enormous amount of obsolete equipment was sent to County surplus. After further investigation, we have determined that the three items in question were sent to surplus, but the asset tag number was not recorded on the PM-2 form. A request has been sent to Judy Stevens in Mayor's Financial to remove these items from our capital assets inventory. (See Attached) In addition, District Attorney staff authorized to surplus both fixed and controlled assets have been reminded to review our surplus guidelines (See Attached) to ensure that all items sent to surplus are recorded correctly on the PM-2 form.

***Finding #2 - Documentation for one purchasing card was not attached to bank statements and arranged for ready reference***

The current custodian of this account has been trained in the proper organization of receipts and supporting documentation with monthly bank statements. She understands the importance of keeping the documentation properly filed to safeguard the integrity of the account and to provide a better audit trail and clearer account reconciliation.

***Finding #3 - Authorization for many payments out of the witness checking accounts was not documented***

Witnesses are entitled to reimbursement of expenses incurred as a result of their participation in the court process. The District Attorney's office is very sensitive to the needs of witnesses, who

often have little financial means to cover their travel expenses up front. The witness imprest accounts are critical to making sure witnesses and victims can readily participate in necessary court proceedings. The custodians of the witness imprest accounts will ensure that authorization of amounts paid from these accounts is clearly documented.

***Finding #4 – A receipt for transfer of funds to Mayor’s Financial Administration was not always included with fund transfer***

The District Attorney regularly receives checks from a third party collection agency for payments on delinquent accounts referred to our office from other County agencies. District Attorney Fiscal staff will make sure to retain all transfer receipts from Mayor’s Financial with the transfer documentation as added proof of the fund transfer.

***Finding #5 – Payroll was not always submitted in a timely manner, necessitating subsequent corrections***

All District Attorney supervisors and managers have been reminded to report the time of merit exempt employees to the office HR Coordinator by the close of business each Monday to avoid corrections that may later be needed. Our administration will continue to reiterate the importance of this requirement to our supervisors and managers to ensure compliance.

***Finding #6 – Bank reconciliations for the \$2,500 imprest checking account consistently showed a \$139 shortage***

The shortage in this imprest account occurred approximately three years ago, when two District Attorney investigators were advanced travel expenses to pick up witnesses for trial. The previous custodian of this account was aware of the need for these two investigators to repay the amount, but failed to make the collection. Request has now been made for the collection of this outstanding amount to resolve the difference in the account.

***Finding #7 – Funds from a bank account no longer used had not been transferred to the County Treasurer***

The bank account formerly used for collections on delinquent accounts has been closed and the remaining funds deposited with the Salt Lake County Treasurer.

The District Attorney appreciates the guidance provided by this audit and welcomes any further suggestions for improvement of our key controls. If you have any further questions regarding our response, please feel free to contact our office.

Sincerely,



Sim Gill  
Salt Lake County District Attorney



Ralph Chamness  
Chief Deputy  
Civil Division



Jeffrey William Hall  
Chief Deputy  
Justice Division

Blake Nakamura  
Chief Deputy  
Justice Division

DISTRICT ATTORNEY  
SALT LAKE COUNTY  
SIM GILL

June 7, 2013

Judy Stevens  
Salt Lake County Mayor's Finance Office  
2001 South State St. #N4100  
Salt Lake City, Utah 84190

RE: Removal of Capital Assets from our Fixed Asset List

Judy:

When we surplused three capital assets this spring we failed to include the County fixed asset numbers on the PM-2 form. We need you to please remove items 90634, 90635, and 90636 from our capital asset inventory. Attached is a copy of the original form, number 26456 with the County fixed asset numbers added next to the microwave video equipment that was surplused.

If you have any questions please contact me.

Thank You,

Fred W. Weidner  
Administrative & Fiscal Manager  
Salt Lake County District Attorney  
801-468-2682

# SALT LAKE COUNTY DISTRICT ATTORNEY OFFICEWIDE POLICY

## Surplus/Transfer of Assets

**Form PM2** is the Salt Lake County Personal Property Transfer/Disposal/Internal Sale

**Patti Letcher** is listed as the Property Manager of record for the District Attorney's Office. She is listed as the Authorized signer on the PM-2 Form for Transferring Agent.

**Fred Weidner** is also designated and authorized to sign on Patti's behalf as backup. Additionally, Office Managers Janice Redmond, Deana Stith, Karen George and Ryan Shelton are required to review and sign each form containing items from their respective locations.

The District Attorney's Office uses the PM2 for transferring both Fixed and Controlled Assets to Surplus or other organizations:

- Fixed Assets are Inventory items valued at \$5,000+ and have a blue and white tag on it labeled "Property of Salt Lake County." These tags typically have 5 Numbers. Fixed assets should also have a DA Inventory Tag (4 digits).
- Controlled Assets are inventory items valued less than \$5,000. These items should only have DA Inventory Tags.

### **TRANSFERRING INVENTORY TO SURPLUS:**

When filling out PM2 forms, all Fixed Assets must be listed together and kept separate from forms containing controlled asset items.

When completing the PM2's first column called Fixed Asset/Property ID# please do the following:

Fixed Assets: (Record the 5 digit SL-County number from the county inventory tag first. On the same line, also record our internal DA Inventory Tag number.

Controlled Assets: record the DA Inventory Tag number.

Then, If possible please, complete the first three columns on the PM2. When complete, please sign your name at the top of the form, in the middle.

- Transferring Fund #: 110,
- Organization #: 1210.
- Organization Name: District Attorney

**Upon Completion:**

When forms are complete and signed by the Office Manager, send them to Patti Letcher. Note, this form can be scanned and sent via email attachment. Fred Weidner is authorized to sign PM-2 on Patti's behalf. Brian Anderson (Surplus Property Agent) will no longer accept any completed forms unless the Property Manager or the designated backup has signed the PM-2 form.

After the fiscal team reviews and signs the PM2 form and makes the appropriate copies, they will be returned to office managers. Only then can they contact Facilities to pick up and transfer items to Surplus. Copies of the PM2 forms must be given to facilities staff upon pickup, at which point they must sign their name(s) somewhere on the form, preferably on the bottom/middle blank spot. At this point the Surplus Manager reviews and signs the forms, which are then sent to the Mayor's Office and eventually back to Patti, thus completing the process.

**IF TRANSFERRING INVENTORY TO ANOTHER ORGANIZATION:**

Please complete the PM2 and send it to Patti Letcher, who will send them to the Receiving Authorized Agent in the organization to which items are being transferred. Finally, forms are to be taken to Mayor's Financial (Judy Stevens) where they are signed and returned to both the receiving and transferring agencies. Mayor's Financial will remove any Fixed Assets from the District Attorney's Fixed Assets List.

If needed, please refer to County Wide Policy 1100 (Surplus Property Disposition/Transfer/Internal Sale)