

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



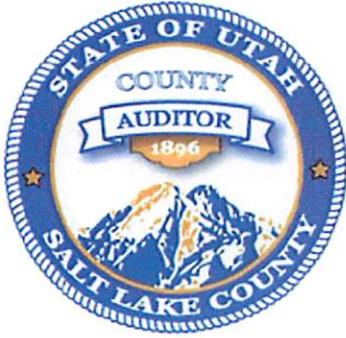
An Audit of the Key Controls of
Salt Lake County Surveyor's Office

March 15, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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March 15, 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 Salt Lake County Surveyor's Office

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Salt Lake County Surveyor'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 Salt Lake County Surveyor's Office and the cooperation from Phil Lanouette, Chief Deputy, Cathleen Anderson, Administrative and Fiscal Manager, Allycen Farnsworth, Payroll Coordinator, Steve Keisel, Office Operations Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Salt Lake County Surveyor'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 Anita C. Kasal
Deputy Auditor

cc: Reid J. Demman, County Surveyor
Phil Lanouette, Chief Deputy
Cathleen Anderson, Administrative and Fiscal Manager



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Salt Lake County Surveyor'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 Surveyor's Office has put into place key internal controls for managing public funds, safeguarding public assets, and payroll reporting. Most risks identified were minor and would not be expected to result in the material loss of County assets. Deficiencies in certain internal controls over transaction numbering in the Cash Pro software have a higher likelihood of leading to loss of County property.

Findings, Recommendations, and Management Responses

Finding # 1 - The PCI-DSS SAQ-A form was not signed.

Risk Level: Low

Countywide Policy #1400-7 "Payment Card Industry Data Security Standard Policy," Section 3.1.1 states:

"PCI-DSS compliance requires among other things that County agencies that accept, process, transmit or store cardholder data shall: Complete the appropriate annual SAQ [and/or AQC] for their merchant category."

The Surveyor's Office did not have a signed copy of the PCI-DSS SAQ-A form.

When the required annual SAQ is not completed, by signing it, then County agency requirements to comply with PCI-DSS are incomplete.

Recommendation

We recommend that the Surveyor's Office sign the SAQ-A to complete its agency requirements.

Management Response

The Fiscal Manager was out of the office from 12-27-12 to 01-18-13 with health issues; therefore, the SAQ-A was not completed and signed in 2012. A signed copy of the 2012 SAQ-A is now available.

Finding # 2 - The petty cash was seldom used and generally carried \$400 plus.

Risk Level: Low

Countywide Policy #1203 "Petty Cash and Other Imprest Funds," Section 3.1.4 states:

"The requested imprest amount should be sufficient to provide adequate operating funds for 2 months".

The Surveyor's Office expended \$25.67 from their \$500 petty cash fund during 2012.

When petty cash funds are higher than an amount sufficient for a two month operating period, funds are at a greater risk. In addition, timely reviews of the petty cash by the custodian are delayed.

Recommendation

We recommend that the Surveyor's Office reduce the petty cash fund to a level sufficient to provide adequate operating funds for 2 months.

Management Response

The Petty Cash fund amount was reduced in 2007 per the recommendation of the Auditor. Although the Auditor has recommended reducing the Petty Cash fund again, the Surveyor will maintain the current level to accommodate emergency needs of this Office. Quarterly reviews and surprise audits by the Fiscal Manager will be conducted throughout the year.

Finding # 3 - The cash receipting report showed that receipt numbers were skipped.

Risk Level: Low

Countywide Policy #1062 "Management of Public Funds," Section 3.5.6 states:

"The online cashiering system shall produce receipts in a sequentially numbered order, and the receipt number shall appear on the receipt issued to the customer."

The Surveyor's Office cash receipting system was not capable of accounting for skipped transaction numbers.

When transaction numbers are missing without supporting documentation, then funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Surveyor's Office work with Cash Pro software vendor to obtain reports showing sequential transaction numbers and transaction detail.

Management Response

The Surveyor's Office uses one terminal for all Cashiers who log in and out after each transaction. When other information is needed from Cash Pro the Cashier logs in and out. Each time a transaction is processed and each log in and out advances the receipt number. The Cash Receipts system will be replaced with the People Soft cash receipt system in the future; therefore, it is not in the best interest of the Surveyor's Office to spend additional money to pursue a temporary change in receipt numbering.

Additional Information

Background

The Salt Lake County Surveyor's Office mission is "Providing quality surveying and mapping services to protect, preserve, and perpetuate property boundary rights." The office is located at 2001 South State Street N-1500, Salt Lake City, Utah. Responsibilities of the office include: performing or arranging all survey work for Salt Lake County; perform property survey services associated with County land to be purchased or sold; review and record private boundary survey plats and provide public access to those records; maintain accuracy and integrity of the original Public Land Survey System (PLSS) and accessory monuments; and re-establish any obliterated PLSS section corner monuments. Also, the office provides professional surveying and mapping services to citizens, businesses, and local municipalities; including centerline addressing for emergency response/E911 dispatching; custom mapping, aerial photography, historical land surveys, and monument permitting. We provide and maintain Salt Lake County's GIS base layer. The Surveyor's office has been a functioning part of Salt Lake County since 1852.

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 January 31, 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.