

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



An Audit of the Key Controls of the  
Salt Lake County Assessor

May 20, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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May 20, 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 Assessor

Dear Mayor McAdams:

We recently completed an analysis of the financial records of the Salt Lake County Assessor 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 Assessor and the cooperation from Kevin Jacobs and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to the Salt Lake County Assessor 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: Lee Gardner, Salt Lake County Assessor  
Kevin Jacobs, Chief Deputy Assessor





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Salt Lake County Assessor. 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

We found a few minor items of concern in the Assessor's Office, including controlled assets not signed for by individual employees. In addition, we found the need for improved documentation on small collections for copies of property descriptions made available to the public.

## Findings, Recommendations, and Management Responses

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### ***Finding # 1 - The change fund was \$20 short of its authorized limit.***

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#### **Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 5.2.2.1 states:

"Any unresolved shortages greater than \$10.00 shall be explained in writing to the Mayor, along with a request to approve reimbursement of the shortage."

We found a \$20 shortage in the change fund. Instead of its \$100 authorized limit, we counted \$80.

Last year, a customer presented a check that exceeded the amount owed to the Assessor's Office by \$20. Cashiers paid him the difference out of the change fund.

When the change fund is used to settle differences in customer balances, fund integrity is compromised. A fund not kept intact could, in some cases, indicate theft.

#### ***Recommendation***

We recommend that a letter be written to the Mayor requesting replenishment of the change fund to make up for the missing \$20 in restoring it to its authorized \$100 balance.

#### ***Management Response***

We agree the change fund is \$20 short, and we will be writing a letter to the Mayor requesting the funds to bring it back to its authorized balance.

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***Finding # 2 - Management did not use the Controlled Asset Form-Employee.***

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**Risk Level: Low**

Countywide Policy #1125, "Safeguarding Property/Assets," Section 4.3.1 lists one of the forms the property manager should utilize to manage controlled assets:

"Controlled Asset Inventory Form – Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual."

Management did not generate a separate Controlled Asset Form - Employee for each employee showing assets assigned to them and requiring their signature on the form.

The Assessor's Office maintained a list assigning assets to individuals employees, but not separate forms for employees to sign. The practice of employees signing for assets assigned to them was discontinued due to their feeling uneasy about bearing responsibility for lost or missing items.

When assets are not assigned to and signed by individual employees, accountability is more difficult to achieve, and assets more easily become lost or stolen. This is especially true in an agency the size of the Assessor's Office where many employees have use of any number of computers and other devices.

***Recommendation***

We recommend that the Assessor's Office use the "Controlled Asset Inventory Form – Employee" in assigning and tracking controlled assets, and that employees sign for assets assigned to them.

***Management Response***

We have given all of our employees a Controlled Asset Form, which they have all signed and returned to us. Use of this form will now be a standard practice in the office.

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***Finding # 3 - Assessor's Office personnel could not provide documentation for some cash receipts.***

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**Risk Level: Low**

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

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

The Assessor's Office does not prepare any deposits. They collect small amounts for copies of property descriptions and transfer this money to the Mayor's Financial Administration, Accounting section. As part of their documentation they include a balance sheet, an MPF Fund Transfer Form 7, an envelope with the amount of funds included written on it, and a Mayor's Office hard copy receipt. In 6 out of 30 fund transfer processes we examined, the transfer form, envelope or Mayor's Office receipt, or all of these items, were missing from documentation.

Lack of a coordinated filing system led to documentation becoming lost or misplaced. Envelopes, fund transfer forms, and receipts were not filed together with balance sheets. In addition, an envelope was completed each day regardless of whether or not any funds were collected. Daily envelopes created a bulky file and were difficult to track.

Without proper transfer documentation, funds could easily become stolen without the theft being detected.

### ***Recommendation***

We recommend that all fund transfer documentation be filed together and include the balance sheet, envelope, MPF Form 7 (fund transfer pink copy), and Mayor's Financial Administration receipt.

We recommend that an envelope not be completed and filed for days where no money is collected, and that a single envelope be prepared for each fund transfer to include notations of all funds collected as well as day where no funds were collected.

### ***Management Response***

We will improve our filing system to ensure that all the appropriate documents are included in the envelope.

## **Additional Information**

### **Background**

The Assessor's Office assesses value on real property for purposes of calculating real property taxes. The office also assesses value for levying taxes on personal property in businesses. The office both audits and appraises personal property by identifying new businesses in the area and reminding businesses to file for their taxes. The Assessor's Office does not prepare bank deposits, but they do transfer small amounts of money collected for copies of property descriptions to the Mayor's Office accounting section, which then deposits funds. The office does receive personal property payment checks in the mail, but a Wells Fargo Bank courier retrieves these for processing and depositing. Personal property tax collections occur in one of three ways, in person at the Treasurer's Office, through a Wells Fargo lockbox, or on-line.

### **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 March 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.