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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

December 01, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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December 01, 2014

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

GREGORY P. HAWKINS  
Salt Lake County Auditor

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

2001 South State Street, N3300  
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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 Byron Goff, Field Operations Manager, Pam Birt, Office Coordinator, Henna Brown, Office Coordinator, 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 Salt Lake County Surveyor has put into place several key internal controls for managing public funds and safeguarding public assets. Most risks identified were minor and would not be expected to result in the material loss of County property. Deficiencies in the cash receipting process, including sequential receipting, have a higher likelihood of leading to loss of County property. The prior audit covered the 2012 accounting records and was published in March 2013. Our scope included a retest of those findings.

## Findings and Recommendations

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### *Finding # 1 - Receipts were not numbered sequentially.*

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

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."

In a previous audit conducted in 2013, we found that the cash receipt report showed that receipt numbers were skipped. The Surveyor's cash receipting system still cannot account for skipped transaction numbers.

Management stated in their response to the prior finding that the cash receipt system would be replaced with the People Soft cash receipt system in the future. The fiscal manager stated in an interview that People Soft no longer provided a solution for the Surveyor's Office.

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 ensure that receipts are produced in sequentially numbered order.

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***Finding # 2 - The authorized petty cash fund balance was excessive.***

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**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."

In a previous audit conducted in 2013, we found that the petty cash was seldom used and generally carried a balance of \$400 or more. Since the prior audit, the petty cash, with an established amount of \$500, was still being replenished for amounts less than \$100 and was only reviewed once or twice a year.

Management stated in response to the prior finding that quarterly reviews and surprise audits would be conducted; however, we found no evidence that quarterly reviews or surprise audits had been conducted.

When excessive funds are retained, County cash flow is restricted, and funds are at a greater risk of being lost, stolen, or diverted for personal use without agency detection.

***Recommendation***

We recommend that management reduce the change fund to a level sufficient to provide operating funds for 2 months.

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***Finding # 3 - Voids were not always handled in accordance with Countywide policy.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 3.7.3 states:

"A supervisor who was not involved with the transaction will review and sign one copy of the voided receipt, along with the cashier who initiated the void."

We reviewed 2 voids in a 30-day period and found that 1 was not signed by the cashier and did not have the agency's "Void/Edit Authorization" form attached.

When voided transactions are not processed according to Countywide policy, funds are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that cashiers document and sign voids on the agency's form, "Void/Edit Authorization" and that a supervisor sign the form as evidence of review.

## **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 reestablish 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
- Accounts Receivable
- Accounts Payable
- Third Party Contracts

Our examination period covered up to twelve months ending January 31, 2014. 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. Retesting of prior audit findings was also performed, where applicable.

Management response to findings in this report, when received, will be attached as Appendix A.





## SALT LAKE COUNTY SURVEYOR'S OFFICE

Reid J. Demman, P.L.S., *Salt Lake County Surveyor*

Phil G. Lanouette, P.E., *Chief Deputy*

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

SUBJECT: Response to the Audit of the Key Controls of Salt Lake County Surveyor's Office

Dear Mayor McAdams:

This letter is in response to the County Auditor's findings in their *Audit of the Key Controls of the Salt Lake County Surveyor's Office*. These findings are in my estimation, minor and do not compromise the public trust. Additionally, adequate internal procedures are in place to mitigate potential loss of County property. Findings one and three relate to the ongoing search to leverage an enterprise point-of-sale solution currently underway by other offices in the County

***Finding #1 – Receipts were not numbered sequentially.***

The current cash receipting system (Cash Pro) is no longer supported by the vendor and is obsolete. The Surveyor's Office has been actively looking for another point of sale solution. It is important that a collaborative, enterprise-grade system be adopted for the benefit of the County citizens.

***Finding #2 - The authorized petty cash fund balance was excessive.***

The Petty Cash fund was reduced per the recommendation of the Auditor in prior years. Even though the Auditor has recommended reducing the Petty Cash fund again, the Surveyor will maintain the current level to accommodate emergency needs of this Office.

***Finding #3 - Voids were not always handled in accordance with Countywide policy***

The current cash receipt system (Cash Pro) requires two authorizations within the system to void a transaction: (1) Cashier who initiated and completed the transaction is the first authorization and (2) their supervisor or other authorized staff is the second authorization. Cash Pro also asks for a reason at the time of the void. The reason is printed on the Void receipt. Therefore, Countywide policy #1062 requirements are met. However, in the future, the Void Authorization form will be completed, the form attached to the Void receipt, and "VOID" written across the front of the erroneous receipt. As in finding #1, Cash Pro is obsolete and no longer supported by the vendor, and a search is underway for an enterprise solution.

We appreciate the professionalism of the audit staff. Please feel free to contact me with any questions.

Respectfully,

Reid J. Demman, PLS  
Salt Lake County Surveyor