
A Report to the
Citizens of Salt Lake County
The County Mayor and the
County Council

Follow-up Audit:
An Audit of Key Controls at
the Salt Lake County
Treasurer's Office



OFFICE OF THE
SALT LAKE COUNTY
AUDITOR

SCOTT TINGLEY
COUNTY AUDITOR

December 2020

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An Audit of Key Controls at the
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OFFICE OF THE SALT LAKE COUNTY AUDITOR
AUDIT SERVICES DIVISION

OUR MISSION

To foster informed decision making, strengthen the internal control environment, and improve operational efficiency and effectiveness for Salt Lake County, through independent and objective audits, analysis, communication, and training.



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December 8, 2020

K. Wayne Cushing, Salt Lake County Treasurer
Salt Lake County Treasurer's Office
2001 S State Street, Suite N1-200
Salt Lake City, UT 84190

Re: Follow-up Audit: An Audit of Key Controls at the Salt Lake County Treasurer's Office, Report Number 2018-10

Dear Wayne,

We have completed final follow-up work on the audit recommendations contained in Report Number 2018-10, An Audit of Key Controls at the Salt Lake County Treasurer's Office, issued August 2018.

Our follow-up audit work found that the Salt Lake County Treasurer's Office ("Treasurer's Office") has successfully implemented 10 out of the 13 recommendations issued in the original audit report. One audit recommendation was closed due to a change in circumstances or the recommendation no longer being applicable, and the remaining two recommendations had not been implemented at the time of our final follow-up review.

We found that sales tax was still being paid on some purchases made using County purchasing cards, and we reminded the Treasurer's staff that as a governmental entity the County Treasurer's Office is exempt from sales tax. Countywide Policy 7035, "Purchasing Cards Authorization and Use," requires cardholders to attempt to reverse any charges for sales tax on purchases made with a County issued purchasing card. If the sales tax charges cannot be reversed by the vendor, then Countywide Policy 7035, Section 4.1.1, states that "the cardholder may be held [personally] responsible, at the discretion of their county agency management, for reimbursing the county for the amount of the sales tax."

We truly appreciate the time and efforts of the employees at the Treasurer's Office throughout the follow-up audit. Our work was made possible by their cooperation and prompt attention given to our requests. If you have any questions, please feel free to contact Shawna Ahlborn, Audit Services Division Administrator, at (385) 468-7179 or Brenda Nelson, Audit Manager, at (385) 468-7178.

Sincerely,


Scott Tingley, CIA, CGAP
Salt Lake County Auditor

Cc: Randy Wightman, Chief Deputy Treasurer
Ann Gallagher, Division Administrator – Collections

K. Wayne Cushing, Salt Lake County Treasurer

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(Cc: Continued)

Angie Vise, Assistant Division Administrator – Collections

Phil Conder, Budget, Fiscal, and Records Officer

Follow-up Audit Results

Finding 1.1	Treasurer's Office management was not following the two-month guideline for adequate operating funds for their petty cash fund.
Recommendation 1	We recommend that the Treasurer's Office submit a request for reimbursement of outstanding vouchers for the petty cash fund.
Status & Action Taken	Implemented. We found that the petty cash fund custodian had requested a replenishment of petty cash funds for the outstanding purchase vouchers. Due to the infrequent use of the Treasurer's petty cash fund, the fund was closed in December 2018.
Recommendation 2	We recommend that the Treasurer's Office evaluate their operational needs and either reduce the authorized imprest amount of the petty cash fund or close the fund to reduce the risk of excess cash sitting idle in the fund.
Status & Action Taken	Implemented. Due to the infrequent use of the Treasurer's petty cash fund, the fund was closed in December 2018.
Finding 3.1	The Treasurer's Office point-of-sale system and cash drawers were not integrated as required by County policy.
Recommendation	We recommend that the Treasurer's Office continue the compensating control activities until the current POS system can be replaced with a fully integrated system.
Status & Action Taken	Closed. The Treasurer's Office will continue to keep the current compensating controls in place while researching solutions for an integrated POS system. No further follow-up is required.
Finding 4.1	Purchasing cardholders paid sales tax on some purchases and had not attempted to have the sales tax credited back to the purchasing card accounts or reimbursed to the County.
Recommendation 1	We recommend that purchasing cardholders provide vendors a copy of the County's sales tax exemption certificate and ID number prior to making any purchases to ensure that sales tax is not paid.
Status & Action Taken	Not Implemented. During our follow-up review, we found that the Treasurer's purchasing cardholders had not provided vendors with a copy of the County's sales tax exemption certificate. We identified an additional 20 purchases since the original audit where sales tax had been charged to the County. The total sales tax that was charged in those transactions was \$113. Further follow-up review may be required for this issue.

Recommendation 2	We recommend that Treasurer's Office management emphasize that all County purchases are exempt from sales tax with their cardholders and ensure that sales tax is not paid.
Status & Action Taken	Not Implemented. As stated above, we found an additional 20 purchases since the original audit where the vendor had charged the Treasurer's Office sales tax. We discussed this issue with the Treasurer's Office and emphasized the need to provide vendors with a copy of the County's sales tax exemption certificate prior to making purchases. Further follow-up review may be required for this issue.
Finding 4.2	Purchasing cardholders did not follow established County policy and procedures for the authorization and approval of food and travel related purchases.
Recommendation 1	We recommend that Treasurer's Office retain copies of original itemized receipts for all cardholder purchases.
Status & Action Taken	Implemented. We found that the Treasurer's Office was retaining copies of original itemized receipts for all cardholder purchases.
Recommendation 2	We recommend that purchasing cardholders complete a "Meal Reimbursement Form," that is signed and dated by the Elected Official or Department Director each time that a food purchase is made using a County purchasing card.
Status & Action Taken	Implemented. We found that purchasing cardholders had completed a "Meal Reimbursement Form," that was properly approved each time that a food purchase was made using a County purchasing card.
Recommendation 3	We recommend that purchasing cardholders complete a "Travel Allowance Form," that is reviewed and authorized by the Elected Official or Division Director each time that a hotel/lodging or transportation purchase is made using a County purchasing card.
Status & Action Taken	Implemented. We found that purchasing cardholders had completed a "Travel Allowance Form," that was properly reviewed and authorized each time that a hotel/lodging or transportation purchase was made using a County purchasing card.

Finding 4.3	A purchasing card transaction was approved without any supporting documentation to verify whether the purchase was for a legitimate County business purpose.
Recommendation	We recommend that the Treasurer's Office require that all purchasing card transactions have adequate supporting documentation, such as itemized receipts or invoices, and that the documentation is reviewed thoroughly prior to approving the transactions.
Status & Action Taken	Implemented. During our follow-up review, we found that all purchasing card transactions had adequate supporting documentation and that the purchases were approved electronically by someone with the proper authority, after a thorough review.

Finding 5.1	The Property Manager had not physically verified all capital assets as part of the annual capital asset inventory process, which caused a server that had been disposed of to remain on the Treasurer's Office certified capital asset inventory list.
Recommendation 1	We recommend that the Property Manager complete a "Salt Lake County Personal Property Transfer/Disposal/Internal Sale Form PM-2," to document the disposal of the server and remove it from the Treasurer's Office capital asset inventory list.
Status & Action Taken	Implemented. We found that the Property Manager had completed a PM-2 form to record that the asset was disposed of and that the server had been removed from the Treasurer's Office capital asset inventory list.
Recommendation 2	We recommend that the Property Manager physically verify that all capital assets assigned to the Treasurer's Office are present and accounted for during the next annual inventory of capital assets and certifying that the inventory is accurate.
Status & Action Taken	Implemented. We reviewed the results and supporting documentation of the most recent annual capital asset inventory that was conducted on October 8, 2019. We determined that the Property Manager had physically verified the location and existence of capital assets assigned to the Treasurer's Office as required by County policy.

Finding 5.2	The Property Manager had not conducted an inventory of controlled assets within the last 12-months, and that controlled asset inventory forms for individual employees had not been updated or reviewed since 2016.
Recommendation 1	We recommend that the Property Manager conduct an annual inventory of controlled assets, as required by County policy.

Status & Action Taken	Implemented. We found that the Property Manager had conducted a complete inventory of all controlled assets within the Treasurer’s Office since the original audit, and that the controlled asset inventory list had been updated.
Recommendation 2	We recommend that the Property Manager review each “Controlled Assets Inventory Form – Employee,” with all employees that have specific controlled assets assigned to them, to ensure that the forms are still accurate and complete.
Status & Action Taken	Implemented. We found that the Property Manager had reviewed and completed all employee-controlled asset inventory forms except one, during the most recent annual controlled asset inventory.

Appendix A: Additional Audit Information

Scope & Objectives	Generally accepted <i>Government Auditing Standards (GAO-18-568G)</i> , require that auditors perform follow-up audit work to determine if appropriate corrective action has been taken to address issues, findings, and deficiencies identified in prior audit engagements. The primary objective of this follow-up audit was to determine the status of management actions to address the findings reported in Report Number 2018-10, An Audit of Key Controls at the Salt Lake County Treasurer's Office, issued August 2018.
Background	The original audit evaluated the effectiveness of the Salt Lake County Treasurer's Office key controls. Our work included an examination of assets, records, and transactions in the areas of petty cash funds, change funds, cash handling, collections, cash deposits, purchasing card expenditures, and the safeguarding of capital and controlled assets. The original audit identified 7 findings related to the audit objectives.

Appendix B: Audit Recommendation Implementation Status			
Implemented	In Process	Not Implemented	Closed
The agency has implemented our recommendation or has adequately addressed the original issue or finding in all respects as verified by the follow-up audit. No further follow-up is required.	The agency is in the process of implementing our recommendation. Additional follow-up may be required.	The agency has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding or recommendation that make it no longer applicable, or the agency will only implement a portion of our recommendation as verified by the follow-up audit. No further follow-up is required.