

AUDIT REPORT

An Audit of Salt Lake County **CONTRIBUTIONS**

NOVEMBER 2023



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AUDITOR'S LETTER

November 2, 2023

I am writing to formally present the results of our recent audit of Salt Lake County contributions conducted for the period of January 1, 2021, to December 31, 2022. This audit is conducted to provide reasonable assurance that established internal controls regarding contributions are both sufficient and effective in safeguarding contributions from fraud, waste, and abuse, and ensuring that contributions adhere to all relevant fiscal ordinances, policies, and procedures.

During our examination, we identified several significant findings that warrant immediate attention and corrective action. These findings pertain to unclear and inconsistent policies and procedures, a lack of formal processes for gathering and evaluating contribution requests, incomplete record-keeping, and a need for improved separation of duties, among other issues.

We strongly urge the relevant county departments and offices to review and promptly implement the recommendations outlined in the attached audit report.

Addressing these issues is critical for maintaining transparency, accountability, and the proper stewardship of public funds. Failure to act on these recommendations could lead to operational inefficiencies, compliance risks, and potential misappropriation or misuse of funds.

This audit was authorized pursuant to Utah Code Title 17, Chapter 19a, "County Auditor", Part 2, "Powers and Duties." We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

We appreciate the cooperation and assistance provided by all county departments, offices, and stakeholders during this audit. I encourage you to review the detailed audit report enclosed for an in-depth analysis of our findings and recommendations. Should you have any questions or require further clarification, please do not hesitate to contact me directly at 385-468-7200.

A handwritten signature in black ink that reads "Chris Harding".

Chris Harding, CPA, CFE, CIA
Auditor

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Contributions NOVEMBER 2023

Objectives

The audit objectives were to examine Salt Lake County contributions to provide reasonable assurance that:

- The internal controls in place are adequate and effective to help ensure accurate financial reporting, and to protect funds from fraud, waste, and abuse.
- Contributions comply with all applicable fiscal ordinances, policies, and procedures.

REPORT HIGHLIGHTS

Unclear and Inconsistent Policies and Procedures

Countywide Policy 1200, “Contributions, In-Kind Assistance, and Fee Waivers,” does not clearly define what expenditures qualify as contributions. Mayor’s Financial Administration’s “Expenditure Account Listing” defines contributions as amounts “paid to entities as approved in the adopted County budget, or as provided by County policies.” Out of the 72 expenditures reviewed, 17 (24%) were related to pass-through grant funds or interlocal agreements for services, which were also listed on the Expenditure Account Listing. The lack of clear guidance in Policy 1200 and in Mayor’s Financial Administration’s “Expenditure Account Listing” resulted in inconsistent coding and lack of clarity regarding which expenditures were subject to policy 1200 requirements.

No Formal Procedure for Gathering, Evaluating, and Ranking Requests for Contributions

A formalized process was not in place to ensure availability of funds was communicated equally to charitable organizations serving County residents. In addition, a formal procedure for gathering, evaluating, and ranking requests for contribution was not in place. The absence of a formal procedure for managing contribution requests raises the risk of unequal treatment or potential bias. In addition, there is a risk of eroding public trust in the County’s contribution practices, which could lead to the County overlooking helpful initiatives and potential partnerships.

Disbursement of Funds Report Not on File or Not Filed Timely

Countywide Policy 1200, Contributions, In-Kind Assistance and Fee Waivers, states that nonprofit entities may request money, in-kind assistance, or fee waivers by submitting an application to the Salt Lake County Council or the Salt Lake County Mayor. We found that an Application Form was not on file for 29 (40%) out of 72 contributions reviewed. While the policy does not state that applications “shall” or “must” be completed, transparency and accountability for how funds are used is diminished when an application is not on file.

Disbursement of Funds Report Not on File or Not Filed Timely

Policy 1200 states that organizations that receive more than \$2,500 must submit a Disbursement of Funds Report within six months of receipt of the contribution. The report should outline what was accomplished with the funds and should be submitted to the Council and Mayor. We found that for 30 (81%) out of the 37 contributions greater than \$2,500, a Disbursement of Funds report was not on file.



FINDING RISK CLASSIFICATIONS

Classification	Description
<p>1 – Low Risk Finding</p>	<p>Low risk findings may not have an effect on providing reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations may or may not be given to address the issues identified in the final audit report. If recommendations are given, management should try to implement the recommendations within one year of the final audit report date if possible. Follow-up audits may or may not focus on the status of implementation.</p>
<p>2 – Moderate Risk Finding</p>	<p>Moderate risk findings may have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will be given to address the issues identified in the final audit report. Management should implement the recommendations within one year of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p>3 – Significant Risk Finding</p>	<p>Significant risks are the result of one or more findings that may have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will include necessary corrective actions that address the significant risks identified in the final audit report. Management should implement the recommendations within six months of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p>4 – Critical Risk Finding</p>	<p>Critical risks are the result of one or more findings that would have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will include necessary corrective actions that address the critical risks identified in the final audit report. Management should implement the recommendations as soon as possible. Follow-up audits will focus on the status of implementation.</p>

BACKGROUND

The Salt Lake County Auditor's Office Audit Services Division completed a limited-scope audit of Salt Lake County Contribution expenditures for the period of January 1, 2021, to December 31, 2022.

Salt Lake County contribution expenditures were paid through the County Council, District Attorney's Office, and various agencies within the Mayor's Office portfolio. Contributions were required to receive Council authorization prior to being paid. During the audit period, 72 expenditures were coded as Contributions totaling \$1.4 million.

Contributions included support for various non-profit organizations such as the Utah Food Bank, Sundance Film Festival, Catholic Community Services, and the International Rescue Committee in support of refugees. In some cases, funds contributed by the County were the result of State or Federal grants passed through to the non-profit organization.

OBJECTIVES AND SCOPE

The audit objectives were to examine Salt Lake County contributions to provide reasonable assurance that:

- The internal controls in place are adequate and effective to help ensure accurate financial reporting, and to protect funds from fraud, waste, and abuse.
- Contributions comply with all applicable fiscal ordinances, policies, and procedures.

The audit was a limited-scope financial audit of Salt Lake County contributions. The scope of the audit period was from January 1, 2021, to December 31, 2022.

METHODOLOGY

We used several methodologies to gather and analyze information related to the audit objectives. The methodologies included but were not limited to:

- Auditors identified expenditures coded as contributions within the County's financial system and reviewed County policy regarding contributions and proper accounting for contributions.
- We met with agency personnel to gain an understanding of procedures and agency controls in place over contributions. Processes observed and described were documented and agreed upon.
- We obtained and reviewed documentation supporting contributions

from the County's financial system, the County Council's legislative software, and from agency contacts. Documents examined included applications, disbursement of funds reports, financial statements, and contribution payment approvals.

- We researched recipients to verify the type of services performed, location of services, and non-profit status.
- Where separation of duties were not in place, we confirmed receipt and use of funds by contacting the recipient. Where no Disbursement of Funds report or other documentation regarding how funds were used was on file, we reached out to the non-profit regarding how funds were spent.

AUDIT CONCLUSIONS

Countywide Policy 1200, "Contributions, In-Kind Assistance, and Fee Waivers," does not clearly define what expenditures qualify as contributions under the policy stating only that, "1.1 Salt Lake County may provide money, in-kind assistance, or fee waivers to nonprofit entities if the Council finds that the requested assistance furthers the health, safety, and welfare of county citizens consistent with the County's policy priorities and objectives and subject to budget restraints." In addition, there was no formal policy or procedure for gathering, evaluating, and ranking requests for Contributions.

The lack of clarity resulted in inconsistent coding and treatment of expenditures reviewed, including:

- Some interlocal agreements and pass through grant funds coded as contributions and others coded as Interlocal Agreements and pass through grants.
- Insufficient documentation and recordkeeping practices.
- Recipient Organization's Application for Funds forms, Financial Statements, and Disbursement of Funds Reports not being collected and tracked.
- Inadequate segregation of duties.

Consequently, these issues increase the likelihood of misunderstandings between the County agencies and recipients regarding the appropriate classification, procedures, roles, and responsibilities associated with contributions. There is also an increased risk of undetected errors, omissions, and the potential for fraud, waste, and abuse.

FINDING 1 AND RECOMMENDATIONS

Unclear and Inconsistent Policies and Procedures

Risk Rating: **Significant Risk Finding**

Countywide Policy 1200, “Contributions, In-Kind Assistance, and Fee Waivers,” does not clearly define what expenditures qualify as contributions under the policy stating only that, “1.1 Salt Lake County may provide money, in-kind assistance, or fee waivers to nonprofit entities if the Council finds that the requested assistance furthers the health, safety, and welfare of county citizens consistent with the County’s policy priorities and objectives and subject to budget restraints.”

In addition, Countywide Policy 1200 did not include requirements regarding when contracts are required stating only that, “Assistance requiring a contract may not be disbursed or provided until the contract has been approved as to form by the District Attorney’s Office and entered in by Salt Lake County and the charitable organization.”

In 2021 and 2022, there were 72 expenditures coded as contributions. Out of the 72 expenditures reviewed, 17 (24%) were related to pass-through grant funds or interlocal agreements for services, such as avalanche services provided by the United States Forest Service and reimbursement to the State of Utah for the Salt Lake County Fire Warden. Additionally, nine of the 17 expenditures were payments to other government entities. 10 expenditures coded as contributions were made under the terms of a contract, per documentation on file.

Mayor’s Financial Administration maintained an “Expenditure Account Listing” to guide agencies on which account should be used to record an expenditure. Contributions were defined as, “Contributions paid to entities as approved in the adopted County budget, or as provided by County policies.” However, there were also specific accounts for interlocal agreements and pass-through grant expenditures.

Mayor’s Finance Accounting Manual section 4.2.1 states, “One responsibility of Mayor’s Financial Administration Accounting Section is to ensure appropriate accounting classification of County expenditures. An underlying concept of generally accepted accounting principles (GAAP) is that governmental entities have a method of classification to ensure consistent and proper accounting and financial reporting.”

Salt Lake Countywide Policy 2: Policy Enactment, Maintenance, and Implementation (2018), section II.4 states, “Should there be any question of the language or intent of the proposed policy, the Mayor’s office or the attorney shall contact the issuing organization for clarification.”

The lack of clear guidance in Policy 1200 and in Mayor’s Financial Administration’s “Expenditure Account Listing” has resulted in inconsistent coding and use of contracts. One agency, Regional Development, noted that they had, “...identified certain payments to other public entities that were coded in the system as ‘contributions,’ but which were cooperative undertakings that should have more appropriately been memorialized in an interlocal agreement. We also identified payments that were made to non-profit entities as grants, membership dues or development advertising, but which were also improperly coded as ‘contributions.’” The Mayor’s Office Executive Operations Manager also noted that three contributions “... were not contributions but pass-thru funds from a grant in 2022.”

When expenditures are not classified consistently it may be harder to compare yearly financial reports. Stakeholders may not have accurate and complete information upon which to base decisions.

In addition, documentation required under Policy 1200 for Contributions may not be gathered and maintained. When written contracts are not established, the risk of fraud, waste, and abuse increases.

1.1

RECOMMENDATION

Modify Policy 1200

We recommend that the County Council modify Countywide Policy 1200 to clearly define the elements of what constitutes a Contribution under the policy, as well as any exclusions.

Agencies include: County Council

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 2/1/24

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2

RECOMMENDATION

Contracts

We recommend that the County Council modify Countywide Policy 1200 to clearly define when Contributions require a contract, as well as any exclusions.

Agencies include: County Council

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 2/1/24

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.3

RECOMMENDATION

Intent

We recommend that, should there be any question of the language or intent of the modified proposed policy, the Mayor's Office or the Attorney's Office request clarification.

Agencies include: District Attorney, Mayor's Administration

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - AS SOON AS MODIFIED POLICY IS AVAILABLE.

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend Mayor's Financial Administration provide direction regarding accounting for Contributions in the Accounting Manual and clarify the definition of Contributions on the Expenditure Account Listing.

Agencies include: Mayor's Financial Administration

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 60-90 DAYS AFTER NEW POLICY IMPLEMENTED

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that both agency management and Mayor's Financial Administration ensure payments are coded appropriately and consistently.

Agencies include (With Agency Response and Implementation Date):

Mayors Financial Administration: Agree, 60-90 days after new policy implemented.

Regional Development: Agree, already incorporated in 2024 budget requests.

Emergency Services: Agree, January 1, 2024.

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 2 AND RECOMMENDATIONS

No Formal Procedure for Gathering, Evaluating, and Ranking Requests for Contributions

Risk Rating: **Significant Risk Finding**

Other than Policy 1200, which is available on the County's public facing website, no information or resources were provided regarding the availability of funds for nonprofit entities. Additionally, there was no designated email address or web link for submitting funding requests. The Mayor's Office, County Council, and District Attorney's Office received written or verbal requests for funds, or they otherwise became aware of non-profit organizations and decided to offer the organizations a Contribution. A formalized process was not in place to ensure availability of funds was communicated equally to charitable organizations serving County residents. In addition, a formal procedure for gathering, evaluating, and ranking requests for contribution was not in place.

Countywide Policy 1200, Purpose section, states, "The purpose of this policy is to provide guidelines to process requests from nonprofit entities for money, in-kind assistance, and fee waivers for the benefit of Salt Lake County citizens."

Due to limited resources and a desire to establish goodwill in the community, contributions have relied on nonprofits having contact with elected officials and on elected officials' awareness of nonprofit organizations.

The absence of a formal procedure for managing contribution requests raises the risk of unequal treatment or potential bias. In addition, there is a risk of eroding public trust in the County's contribution practices, which could lead to the County overlooking helpful initiatives and potential partnerships, which could increase fraud, waste, or abuse.

We recommend that the County Council amend Countywide Policy 1200 to include procedures for:

1. Generating nonprofit awareness of potential contributions on an equitable basis.
2. Gathering, evaluating, and ranking requests for contributions, including clear guidelines and criteria for accepting requests, conducting evaluations, and establishing a transparent ranking system.
3. Roles and responsibilities of individuals involved in the process.

Agencies include: County Council

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 2/1/24

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 3 AND RECOMMENDATIONS

Applications were Not on File, Those on File were not in a Central Location

Risk Rating: **Significant Risk Finding**

An Application for Contribution form (Application Form) was appended to Countywide Policy 1200 for use by organizations seeking contributions. This form requested details from the nonprofit, encompassing information such as its mission, history, and the demographics of those served. The Application Form was used to document the amount and type of assistance requested as well as how the funds will be used. Recipients signed the application as an agreement that funds would be used solely for the approved purpose.

An Application Form was not on file for 29 (40%) out of 72 contributions. This included expenses potentially miscoded as contributions. Examples include:

- Reimbursement to the State for the County's portion of the Salt Lake County fire warden (2 instances)
- Payment for Avalanche Service provided under a contract with the United States Forest Service (2 instances)
- Funds disbursed to an interlocal commission that the County participated in.

Other expenses include:

- Payments were made to sponsor an event, and in return, event tickets were provided.
- Payment was made to a for-profit organization as sponsorship for an event organized by the State.
- Funds were transferred (via a journal voucher) from the District Attorney's office to Criminal Justice Services in order to provide support for a program.

Application Forms were on file for 43 (60%) out of 72 contributions. However, applications were retained in various places such as the County's Financial System for 17 contributions, the County Agency files for 21 contributions and software used by the Salt Lake County Council for 5 contributions.

Countywide Policy 1200, Section 3.1, states, "A nonprofit entity may request money, in-kind assistance, or a fee waiver by submitting the appropriate application to the Salt Lake County Council or the Salt Lake

County Mayor.”

We noted that Policy 1200 lacks explicit and definitive requirements. Management highlighted that the policy contains “may” instead of “must” or “shall” regarding use of the Application Form. A policy or procedure for where documentation should be stored or how long it should be retained was not in place. In addition, the lack of clear guidance regarding which expenditures qualify as Contributions (see Finding 1) may have resulted in expenditures coded as Contributions for which an application may not have been necessary.

When an application is not completed and retained on file, there is an increased risk that funds may be used for purposes that were not authorized or do not benefit the health, safety, and welfare of Salt Lake County citizens. Funds may also be more likely to be issued to for-profit organizations, or nonprofit organizations that are not financially stable.

We recommend that the County Council modify Countywide Policy 1200 to clearly define whether and when an Application for Contribution is required and any retention requirements.

Agencies include: County Council

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 2/1/24

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

Pending Policy 1200 update, we recommend management require that completed applications be submitted with payment requests for all payments that are coded as contributions.

Agencies include (With Agency Response and Implementation Date):

Mayor's Financial Administration: Agree, Implementing Now.

Department of Human Services: Agree, Implementing Now.

Emergency Services: Agree, January 31, 2024.

Office of Regional Development: Agree, Implementing Now.

Community Services: Disagree.

Department of Public Works: Agree, Implementing Now.

District Attorney: Agree, Implementing Now.

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 4 AND RECOMMENDATIONS

Disbursement of Funds Report Not on File or Not Filed Timely.

Risk Rating: **Significant Risk Finding**

Organizations that received more than \$2,500 were required to submit a Disbursement of Funds Report within six months to document how contributions were used. For the audit period, 37 out of 72 contributions were greater than \$2,500. Out of these, 30 (81%) organizations failed to provide the required Disbursement of Funds report. Seven (23%) out of the 30 sent an email or letter documenting use of funds.

A Disbursement of Funds report was on file for seven expenses. However, the report was not submitted within the required six month timeframe for three (42%) of the seven.

Per Recipient Organization's Disbursement of Fund Report Form attached to Policy 1200, "This report is **REQUIRED** for all contributions more than \$2,500. This report is to be filed with the Council and Mayor's Offices within six months of receipt of the money. If further contributions are desired, the report must be filed with the Council and Mayor by September 1st of each year."

Policy 1200 section 3.8 states, "All organizations receiving contributions of more than \$2,500 will be required to submit a 'Disbursement of Funds Report' within six months of receipt of the contribution outlining what was accomplished with the funds. The report is to be submitted to the Council and Mayor and any failure to submit the report on a timely basis will subject the organization to potential legal action for recovery of the contributed amounts."

While Disbursement of Funds Reports were required for contributions greater than \$2,500, the absence of an established policy or procedure resulted in a lack of tracking, receiving, reviewing, and following up on them. The policy also did not indicate individuals responsible for ensuring the documents were submitted. Audit Services reached out to 17 organizations that received more than \$2,500, requesting their Disbursement of Funds Report for evaluation. Impressively, 16 out of the 17 organizations responded to the request and provided the Disbursement of Funds report or alternative documentation detailing how funds were used. One entity was no longer operating and therefore a Disbursement of Funds report was not obtained.

Forms were not on file because there is not a clear procedure, including roles and responsibilities, for receiving Disbursement of Funds Reports and following up with recipients that do not provide them. When

Disbursement of Funds reports are not obtained, recipients are less accountable. In addition, there is an increased likelihood that funds may be used in a manner different than that authorized and that does not benefit the health, safety, and welfare of Salt Lake County citizens.

4.1

RECOMMENDATION

Roles and responsibilities

We recommend that Policy 1200 be updated to include clear procedures and roles and responsibilities for tracking, receiving, reviewing, and following up on Disbursement of Funds Report Forms from recipient organizations.

Agencies include: County Council

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 2/1/2024

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

4.2

RECOMMENDATION

Timely Collection of Disbursement of Funds

We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.

Agencies include (With Agency Response and Implementation Date):

District Attorney: Agree, Implementing Now.

Office of Regional Development: Agree, Implementing Now.

Department of Public Works: Agree, Implementing Now.

Mayor's Office Administration: Agree, Implementing Now.

Emergency Services: Agree, January 31, 2024

Department of Human Services: Agree, Implementing Now.

Mayor's Financial Administration: Agree, Implementing Now.

Community Services: Agree, Implementing Now.

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 5 AND RECOMMENDATIONS

Lack of Approvals or Inadequate Separation of Duties

Risk Rating: **Significant Risk Finding**

Separation of duties is vital in protecting the County from fraud and preventing and detecting errors. The duties of authorizing, recording, and maintaining custody of contribution payments should be performed by different individuals.

For 16 (22%) of 72 contributions, payment was made using a physical check. In these instances, the contributing agency or individual requested that the check be held so that it could be hand delivered. Consequently, those individuals involved in requesting the payment took custody of the check, resulting in a lack of separation of duties.

In addition, for 28 (39%) of 72 contributions there was no agency-level approval to pay within the County's Financial System. Prior to July 2022, formal approval by department was not required as invoices were submitted to Accounts Payable by email. Controls were put in place in July 2022, that require departmental approval through the mandatory use of an automated Accounts Payable Form, which was first launched in the fall of 2021.

Countywide Policy 1060, "Financial Goals and Policies," under section 8, Internal Control Policy, states, "The County shall implement an internal control structure to ensure, on a reasonable basis, all valid financial transactions of the County are identified and recorded accurately and timely. The objectives of the internal control structure shall be to ensure: the proper authorization of transactions and financial activities; the appropriate segregation of the duty to authorize transactions; the duty to record transactions; and the duty to maintain custody of assets. Adequate documents and records shall be designed and used to ensure the proper recording of events; the development of adequate safeguards over access to and use of assets and resources; and the use of independent checks on performance and on the proper valuation of recorded amounts."

The payments where the check was held were for contributions being made from some of the different Council Members' discretionary budgets. For these payments, the checks were held so they could be hand delivered as a gesture of goodwill. Audit Services reached out to all 16 agencies where the payment was hand delivered. In all instances except one, the agencies confirmed the receipt of funds. One organization was no longer operating.

Separation of duties helps mitigate the risk of fraud, waste, and abuse by

ensuring that no single individual has complete control over a transaction. When a check is held for delivery instead of being directly provided to the intended recipient entity, there is a higher risk of it being diverted to personal use, delivered to the wrong entity, lost, or not delivered timely. Likewise, when a single individual is responsible for both creating and approving a voucher in PeopleSoft, the likelihood of fraud, waste, and abuse is heightened.

5.1

RECOMMENDATION

Payments

We recommend payments be made directly to the recipient entities, rather than allowing for payments to be held for delivery or that a funds transfer log be completed and signed to document the amount, date, transferring and receiving individuals.

Agencies include: County Council

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - IMPLEMENTING NOW.

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

5.2

RECOMMENDATION

Lack of Approvals

We recommend having two different users create and approve vouchers in PeopleSoft. We recommend the initiating agency approve vouchers.

Agencies include (With Agency Response and Implementation Date):

Mayor's Financial Administration: Agree, implementing now

Regional Development: Agree, implementing now

Public Works: Didn't respond, says it is County Council responsibility, although payments processed in public works department.

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 6 AND RECOMMENDATIONS

Proof of Non-Profit Status Not on File

Risk Rating: **Moderate Risk Finding**

The Application Form instructs applicants to provide supporting documentation that confirms the organization is nonprofit. Eight (11%) out of 72 Contributions were payments to City, State or Federal agencies. Therefore, evidence of 501C3 status was not applicable. For 20 (31%) of the remaining 64 contributions, proof of nonprofit status was not on file. This included a contribution made to a for-profit organization, a sponsorship for an event by the State.

Countywide Policy 1200, section 3.1, states, “A nonprofit entity may request money, in-kind assistance, or a fee waiver by submitting the appropriate application to the Salt Lake County Council or the Salt Lake County Mayor.” On the Application Form organizations are directed to attach a “Copy of organizations nonprofit status.”

Policy 1200 lacks well defined and clear requirements. The requirement for entities to provide proof of their nonprofit status is not included in Policy 1200; instead, it is outlined on the Application Form included in Policy 1200. Management has also pointed out that the policy incorporates conditional phrasing (“may”) instead of using imperative language (“must”), which would establish clear requirements.

When documentation of nonprofit status is not provided, the County is exposed to the risk of disbursing contributions to ineligible organizations, increasing the likelihood that funds will not be directed towards advancing the health, safety, and welfare of county citizens.

We recommend that the County Council modify Countywide Policy 1200 to clearly state requirements for Contribution recipients to provide proof of nonprofit status, while also outlining any specific documentation retention requirements.

Agencies include: County Council

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 2/1/2024

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

Pending Policy 1200 update, we recommend that Agency management require that proof of nonprofit status be submitted with payment requests for all payments that are coded as Contributions.

Agencies include (With Agency Response and Implementation Date):

Office of Regional Development: Agree, Implementing Now

Mayor's Financial Administration: Agree, Implementing Now

Mayor's Office Administration: Agree, Within 30 days

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 7 AND RECOMMENDATIONS

Financial Statements Not on File

Risk Rating: **Moderate Risk Finding**

The Application Form instructs applicants to provide an independent audit or financial statements, demonstrating that the nonprofit is financially fit. Eight (11%) out of 72 expenses coded as contributions were made to City, State, or Federal agencies. Financial statements were not on file for those agencies. For 18 (28%) out of the remaining 64 contributions, no financial or bank statements were on file. This included a contribution made to a for-profit organization, as sponsorship for an event put on by the State and funds provided to an interlocal commission that the County participated in.

In addition, for 22 (34%) out of the 64 contributions, there were instances where alternative financial documents or incomplete financial statements were provided. These included documents such as IRS Form 990, "Return of Organization Exempt From Income Tax," bank statements, or other incomplete financial records.

For 24 (37%) contributions the non-profit's financial statements were on file. Out of those, 19 (79%) were one file with the agency and four (17%) were retrieved from the County Council's software database.

The Application for Contribution form included in Countywide Policy 1200 requests the entity to attach, "Copy of independent audit. If you do not have one, please enclose a copy of current financial statements."

The Financial Accounting Standards Board issued clarification on what a complete set of financial statements is for a nonprofit entity in FASB Accounting Standards Codification 958-205-45-4, "A complete set of financial statements of an NFP [not-for-profit entity] shall include a statement of financial position as of the end of the reporting period, a statement of activities and a statement of cash flows for the reporting period, and accompanying notes to financial statements [explanation of NFP added]."

The Application for Contribution form includes instructions to attach an independent audit or current financial statements. The requirement is not included in the policy itself nor is the term financial statements defined. This lack of clarity results in confusion regarding the expectations and obligations for nonprofit entities to submit their financial statements and inconsistency in documents provided.

Accurate and timely financial statements are vital for ensuring transparency, accountability, and the proper stewardship of public funds. Not obtaining and reviewing financial statements from nonprofit

entities receiving contribution funding hampers the County's ability to assess the financial health and stability of these organizations. Without obtaining financial statements, the County is exposed to the risk of making contributions to organizations that are not financially sound.

7.1

RECOMMENDATION

Financial Statements

We recommend the Council revise Policy 1200 to establish clear guidance that outlines the requirements for nonprofit entities to provide financial statements for contribution funding, including what financial statements or documents are acceptable.

Agencies include: County Council

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - 2/1/2024

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

7.2

RECOMMENDATION

Document Required

Pending Policy 1200 update, we recommend requiring financial statements be submitted with payment requests for all payments that are coded as contributions.

Agencies include (With Agency Response and Implementation Date):

Office of Regional Development: Agree, Implementing Now

Department of Human Services: Agree, Implementing Now

Mayor's Financial Administration: Agree, Implementing Now

County Council: Agree, Implementing Now

District Attorney: Agree, Implementing Now

Mayor's Office Administration: Agree, When new Policy is Implemented

Department of Public Works: Agree, Implementing Now

SEE PAGE 22 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

Agency Responses



Ralph Chamness
Chief Deputy
Civil Division

Bridget Romano
Chief Deputy
Civil Division

Lisa Ashman
Chief of Administrative
Operations



SIM GILL
DISTRICT ATTORNEY



Jeffrey William Hall
Chief Deputy
Justice Division

Anna Rossi Anderson
Chief Deputy
Justice Division

October 13, 2023
Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Auditor Harding,

The District Attorney's Office has reviewed the draft audit and findings and agrees that current policy 1200 is unclear and should be updated. Our Office has made every effort to follow the policy and comply with all requirements therein. We look forward to an updated policy that provides clear definitions and direction on distributing contributions to our valued community partners.

Please find our response below to each of the recommendations made in your report.

Elizabeth Bayler Digitally signed by Elizabeth Bayler
Date: 2023.10.13 12:18:39 -0600

Elizabeth Bayler, MBA, CGFM
Administrative & Fiscal Operations Director
Salt Lake County District Attorney's Office
ebayler@slco.org
385-228-9836

35 E 500 S, Salt Lake City, UT 84111
Telephone 385.468.7600 · Fax 385.468.7736 · www.districtattorney.slco.org

AUDIT FINDING 1: Unclear and Inconsistent Policies and Procedures

RECOMMENDATION 1.3		
We recommend that, should there be any question of the language or intent of the modified proposed policy, the Mayor's Office or the Attorney's Office request clarification.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	As soon as the modified proposed policy is available.	Ralph Chamness, Chief Deputy District Attorney

The District Attorney's Office will review the modified proposed policy as soon as it is available and will request clarification if there are any questions regarding the language or intent of the modified proposed policy.

AUDIT FINDING 3: Applications were Not on File

RECOMMENDATION 3.2		
Pending Policy 1200 update, we recommend management require that completed applications be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
agree	Now	Elizabeth Bayler, Admin & Fiscal Operations Director

The District Attorney's Office had one transaction coded as a contribution with no application from 2021. This was a funds transfer to Criminal Justice Services via journal voucher that was coded incorrectly due to the ambiguity noted in this audit within policy 1200. It should not have been coded as a contribution. No future transactions will be coded as a contribution without a Contribution Application Form.

AUDIT FINDING 4: Disbursement of Funds Report Not on File

RECOMMENDATION 4.2		
We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Now	Elizabeth Bayler, Admin & Fiscal Operations Director

Going forward, any contribution that is made by the District Attorney's Office shall have a Disbursement of Funds Report on file. The District Attorney's Office will follow the requirements of the current policy 1200 and forward these reports to the Mayor and Council. Additional details on how that should be accomplished and to whom they should be sent are requested.

AUDIT FINDING 7: Financial Statements Not on File

RECOMMENDATION 7.2		
Pending Policy 1200 update, we recommend requiring financial statements be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Now	Elizabeth Bayler, Admin & Fiscal Operations Director

For the 5 contributions that were processed between 2021 and 2022, the District Attorney's Office did submit what we believed to be sufficient documents to satisfy the financial statement requirement listed in the current policy 1200. As noted in the audit finding, the definition of "financial statement" is not in the policy. We will comply with this requirement as it is listed in the pending policy 1200.



Catherine Kanter
Deputy Mayor, Regional
Operations

October 17, 2023

Lisa Hartman
Associate Deputy Mayor,
Regional Operations

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Michael Yei
Emergency Management
Manager

Auditor Harding,

I am writing to acknowledge and express our agreement with the findings under the Mayor's Financial Administration and Emergency Management (Services) Recommendation 1.5: Unclear and Inconsistent Policies and Procedures, Recommendation 3.2: Application were not on file, and Recommendation 4.2: Disbursement of funds report not on file.

I view your audit as an essential tool for improving our operations and maintaining the trust and confidence of each of our offices.

Emergency Management agrees with the Auditor's recommendation that current policy surrounding contributions are vague and in need of modification. Emergency Management will work with Mayor's Administration staff to assist the Council and the District Attorney's Office to ensure an appropriate and strong policy is crafted to help with transparency and make sure we are providing good structure around best administrative practices.

As related to the audit recommendations, please note that Emergency Management's contributions to the State of Utah and the USDA Forest Service are for mitigation services provided by the Fire Warden to protect our residents in the urban wildfire interface areas and Utah Avalanche Control for avalanche control in our canyons. Beginning in fiscal year (FY) 2024 these expenses will be changed from "contributions" to contract service backed by formal interlocal agreements approved by the Council.

Emergency Management agrees with Recommendation 1.5. Beginning FY 2024, Emergency Management will ensure these payments are no longer coded as contributions and the appropriate coding will be applied.

We agree with Recommendation 3.2. Beginning FY 2024, Emergency Management will no longer be coding these as contributions so applications will no longer be required.

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Emergency Management agrees with recommendation 4.2. Beginning FY 2024, Emergency Management will no longer be coding these as contributions so a disbursement of funds report will no longer be required.

Please find my response below to each of the recommendations made in your report.

Thank you,

Michael Yei
Internal Emergency Management Planning Manager

Lisa Hartman

Lisa Hartman
Associate Deputy Mayor of Regional Operations

Salt Lake County Government Center
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Tel: 385.468.7000 | Fax:385.468.7001 | www.slco.org

AUDIT FINDING 1: Unclear and Inconsistent Policies and Procedures

RECOMMENDATION 1.5 We recommend that both agency management and Mayor’s Financial Administration ensure payments are coded appropriately and consistently.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	January 31, 2024	Michael Yei, Internal Emergency Management Manager

The following represent transactions that *may* have been coded incorrectly, which could have contributed to findings and recommendations further in the report. Transactions include those made to other public agencies and cooperative agreements.

Year	Recipient	Amount
2021	USDA FOREST SERVICE	\$ 43,000
2021	STATE OF UTAH	\$ 16,595
2022	STATE OF UTAH	\$ 11,923
2022	USDA FOREST SERVICE	\$ 43,000

Action plan/Narrative:

Emergency Management’s contributions to State of Utah and the USDA Forest Service are for mitigation services provided by the Fire Warden to protect our residents in the urban wildfire interface areas and Utah Avalanche Control for avalanche control in our canyons.

Beginning in fiscal year (FY) 2024 these expenses will be changed from “contributions” to contract service backed by formal interlocal agreements approved by the Council.

Emergency Management will ensure the proper coding is applied in future transactions.

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AUDIT FINDING 3: Applications were Not on File

RECOMMENDATION 3.2		
Pending Policy 1200 update, we recommend management require that completed applications be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	January 31, 2024	Michael Yeji, Internal Emergency Management Manager

An application was not on file for the following recipients and transactions.

Year	Recipient	Amount
2021	USDA FOREST SERVICE	\$ 43,000
2021	STATE OF UTAH	\$ 16,595
2022	STATE OF UTAH	\$ 11,923
2022	USDA FOREST SERVICE	\$ 43,000

Action plan/Narrative:

Emergency Management’s contributions to State of Utah and the USDA Forest Service are for mitigation services provided by the Fire Warden to protect our residents in the urban wildfire interface areas and Utah Avalanche Control for avalanche control in our canyons.

Beginning in 2024 these expenses will no longer be considered contributions, but rather contracted services provided through council-approved interlocal agreements (ILA) between the State and Salt Lake County and between USDA Forest Service and Salt Lake County.

Applications will no longer be required to be on file.

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AUDIT FINDING 4: Disbursement of Funds Report Not on File

RECOMMENDATION 4.2		
We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	January 31, 2024	Michael Yei, Internal Emergency Management Manager

A Disbursement of Funds report was not on file for the following recipients and transactions.

Year	Recipient	Amount
2021	USDA FOREST SERVICE	\$ 43,000
2021	STATE OF UTAH	\$ 16,595
2022	STATE OF UTAH	\$ 11,923
2022	USDA FOREST SERVICE	\$ 43,000

Action plan/Narrative:

Emergency Management’s contributions to State of Utah and the USDA Forest Service are for mitigation services provided by the Fire Warden to protect our residents in the urban wildfire interface areas and Utah Avalanche Control for avalanche control in our canyons.

Beginning in 2024 these expenses will no longer be considered contributions, but rather contracted services provided through council-approved interlocal agreements (ILA) between the State and Salt Lake County and between USDA Forest Service and Salt Lake County.

As a contracted service, a disbursement of funds report will no longer be required.

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Jennifer Wilson
Salt Lake County Mayor

Erin Litvack
Deputy Mayor of
County Services

**DEPARTMENT OF
HUMAN SERVICES**

Katherine Fife
Acting-in Department Director

Beth Graham
Associate Director

HUMAN SERVICES AGENCIES

- AGING & ADULT SERVICES
- BEHAVIORAL HEALTH SERVICES
- CRIMINAL JUSTICE SERVICES
- HEALTH DEPARTMENT
- INDIGENT LEGAL SERVICES
- USU EXTENSION SERVICES
- YOUTH SERVICES

**SALT LAKE COUNTY
GOVERNMENT CENTER**
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Phone (385) 468-7060
Fax (385) 468-7072

October 13, 2023

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

RE: Human Services Department Management Response to the County Contributions
Internal Audit Recommendations

Auditor Harding,

The Human Services Department team would like to express our appreciation for this audit, which provided us a great opportunity to review and examine the current policies, procedures, and applicable internal controls in regards with the County Contributions Policy 1200.

We acknowledge and express our agreement with the Finding 1: Unclear and Inconsistent Policies and Procedures. We also view your audit as an essential tool for improving our operations and maintaining the trust and confidence of each of our agencies.

We agree with the Auditor’s recommendation that current policy surrounding contributions are vague and in need of modification. Our team will work with Mayor’s Administration staff to assist the Council and the District Attorney’s Office to ensure an appropriate and strong policy is crafted to help with transparency and make sure we are providing good structure around best administrative practices.

In anticipation of the new policy, we will work to implement the new standards into our processes within the target date of 60 – 90 days.

The Human Services Department team is committed to follow up on any applicable recommendations of each recommendation, addressed in the pages below, to ensure any proper actions will take place in a timely manner. Should you have any additional questions and concerns, please feel free to reach out to the Human Services administration team members: Katherine Fife, Acting-in Department Director, at KFife@slco.org, Beth Graham, Department Associate Director, at EGraham@slco.org, or Yanping Ding, Department Fiscal Administrator, at Yding@slco.org.

Best Regards,

Katherine Fife 
Digitally signed by
Katherine Fife
Date: 2023.10.13 13:20:48
-06'00'

Katherine Fife, Acting-in Director of Human Services Department

CC: Erin Litvack, Chief Administration Officer, Deputy Mayor of County Services
Darrin Casper, Chief Financial Officer, Deputy Mayor of Finance and Administration
Catherine Kanter, Deputy Mayor of Regional Operations
Andrew Robers, Chief of Staff
Michelle Hicks, Mayor’s Executive Administration

AUDIT FINDING 3: Applications were Not on File

RECOMMENDATION 3.2		
Pending Policy 1200 update, we recommend management require that completed applications be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree with Recommendation (The finding is not required by the current policy)	Completed	Yanping Ding, HS Dept. Fiscal Administration

Year	Recipient	Amount
2022	SALT LAKE CITY JUNIOR LIVESTOCK ASOC	\$ 24,850
2022	SALT LAKE CITY JUNIOR LIVESTOCK ASOC	\$ 2,150
2021	SALT LAKE CITY JUNIOR LIVESTOCK ASOC	\$ 23,350

Narrative for Recommendation 3.2 including action plan.

Through the audit process, HS provided a justification for the lack of an application form for Salt Lake County Junior Livestock Council (the Donated Meat Program). The justification states, "Policy 1200 does not actually require the application ("mays" vs "shalls"). The Council Members determine and approve the contributions through Fall budget process, which is consistent with Policy 1200. Since SLCo Junior Livestock Council did not submit the application form, two pages of the Adopted Budget documents are attached for your reference."

The Auditor recognized in "AUDIT CONCLUSIONS" and "FUNDING 1", County Policy 1200 is not clear if an application form is required for any County contributions. Both the Auditor and the HS team agreed that the current policy does not require an application form. However, the HS team agrees with the auditor on this recommendation to mitigate the risk and consistency. We will obtain a contribution application form for SLCo Jr. Livestock Council going forward.

AUDIT FINDING 4: Disbursement of Funds Report Not on File

RECOMMENDATION 4.2
We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Completed	Yanping Ding, HS Dept. Fiscal Administrator

Disbursement of Funds Reports were not on file for the following recipients and transactions. The Disbursement of Funds report was not obtained within 6 months of receipt of funds for the Rape Recovery Center transactions.

Year	Recipient	Amount
2022	SALT LAKE CITY JUNIOR LIVESTOCK ASOC	\$24,850
2021	SALT LAKE CITY JUNIOR LIVESTOCK ASOC	\$23,350
2022	YWCA UTAH	\$50,000
2021	YWCA UTAH	\$50,000
2022	RAPE RECOVERY CENTER	\$42,124
2021	RAPE RECOVERY CENTER	\$42,124

Narrative for Recommendation 4.2 including action plan.

Through the audit process, the HS team submitted to the Auditor the disbursement reports for YWCA and RRC, and the invoices for SLCo Jr Livestock Council were substituted for the required disbursement report. The reports and the invoices clearly expressed the usage of funds. However, we recognize the reports are required to be obtained within 6 months of the disbursement of funds.

The HS team agrees with this finding and will take actions to implement the recommendation to ensure the disbursement reports in the future be obtained in a timely manner (within 6 months of the contribution payment).

AUDIT FINDING 7: Financial Statements Not on File

<p>RECOMMENDATION 7.2 Pending Policy 1200 update, we recommend requiring financial statements be submitted with payment requests for all payments that are coded as contributions.</p>

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree with Recommendation (The finding is not required by the policy)	Completed	Yanping Ding, HS Dept. Fiscal Administrator

Financial Statements were not on file for the following recipients and transactions. Different supporting financial documents, such as Form 990, or incomplete financial statement, were on file for the 2021 contribution.

Year	Recipient	Amount
2022	SALT LAKE CITY JUNIOR LIVESTOCK ASOC	\$ 24,850
2022	SALT LAKE CITY JUNIOR LIVESTOCK ASOC	\$ 2,150
2021	SALT LAKE CITY JUNIOR LIVESTOCK ASOC	\$ 23,350

Narrative for Recommendation 7.2 including action plan.

During the audit process, the HS team provided the Auditor with either the independent audit reports or equivalent financial information such as Tax Return filings (Form 990) for all three contributions (YWCA, RRC and SLCo Jr Livestock Council).

Although financial statements with contribution payments are not required by Policy 1200, the HS team agrees with the Auditor's recommendation to continue obtaining the financial information in accordance with the updated policy.



October 13, 2023

Jennifer Wilson
Mayor

Erin Litvack
Deputy Mayor,
County Services

Darrin Casper
Deputy Mayor,
Finance and Administration

Catherine Kanter
Deputy Mayor,
Regional Operations

Andrew Roberts
Chief of Staff

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

Auditor Harding,

In summary, we appreciate the thorough audit conducted on our contributions, and we acknowledge the significance of the findings. The audit process has provided valuable insights into our contribution management practices and identified area where improvements are needed. We take these findings seriously and are committed to collaborating with the County Council and the District Attorney's Office to improve, correct, and modernize the current policy.

We want to specifically thank Brenda K. Nielson and her team for her professionalism and collaborative nature in ensuring a fair and transparent process.

As always, please feel free to reach out to me or Andrew Roberts, Mayor Wilson's Chief of Staff, for additional questions or inquiries.

Best,

Michelle Hicks
Operations Manager
Salt Lake County

<please see responses on next page>

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Please find our response below to each of the recommendations made in your report.

AUDIT FINDING 1: Unclear and Inconsistent Policies and Procedures

RECOMMENDATION 1.3		
We recommend that, should there be any question of the language or intent of the modified proposed policy, the Mayor’s Office or the Attorney’s Office request clarification.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
AGREE	We will work with the Council and DA’s Office on a timeline.	Michelle Hicks, Operations Manager

AUDIT FINDING #1

RECOMMENDATION 1.3: Unclear and Inconsistent Policies and Procedures

I am writing to acknowledge and express our agreement with the findings under Recommendation 1.3: Unclear and Inconsistent Policies and Procedures. We view your audit as an essential tool for improving our operations and maintaining the trust and confidence of our office.

We agree that current policy surrounding contributions are vague and in need of modification. Our office will support the Council and the District Attorney’s Office in ensuring an appropriate and strong policy to help with transparency and make sure we are providing structure and clarity around best administrative practices.

AUDIT FINDING 4: Disbursement of Funds Report Not on File

RECOMMENDATION 4.2		
We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
AGREE	Already received and attached to this report.	Michelle Hicks, Operations Manager

Year	Recipient	Amount
2022	INTERNATIONAL RESCUE COMMITTEE INC	\$15,000

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AUDIT FINDING #4

RECOMMENDATION 4.2: DISBURSEMENT OF FUNDS REPORT NOT ON FILE

I am writing to acknowledge and express our agreement with the findings under Recommendation 4.2: Disbursement of Funds Report Not on File.

We agree that current policy discusses that the disbursement of funds report needs to be on file, but we would add that it also requires us to share the document with the County Council. The fund report document states that if the organization would like additional money from the County, they will need to complete the document before additional dollars are contributed. We will continue to request these documents from the International Rescue Committee (IRC) and, when received, share it with the County Council.

As a point of reference, we now have the report from the IRC which was sent to us on May 11, 2023. We first asked for this report on 10/13/2022 and sent them a reminder on 02/13/2023; at that time, they let us know there was staff turnover and would get it to us soon.

I would also like to make you aware that this contract with the IRC is not, practically speaking, a contribution. This was a GRANT that was received by the Office of New Americans for pass-through dollars to the IRC. As such, we treated it like a conduit expenditure per the grant contract and believe this is yet another place where we look forward to engaging in the modernization of the contributions policy to further clarify when the Contributions line item should be used for paying these grant funds or pass-through dollars to non-profit organizations.

ATTACHMENT A – Disbursement of Funds Report for the International Rescue Committee

AUDIT FINDING 6: Proof of Non-Profit Status Not on File

RECOMMENDATION 6.2		
Pending Policy 1200 update, we recommend that Agency management require that proof of nonprofit status be submitted with payment requests for all payments that are coded as Contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
AGREE	30 days	Michelle Hicks, Operations Manager

Year	Recipient	Amount
2022	UTAH MUSLIM CIVIC LEAGUE	\$ 25,000

AUDIT FUNDING #6

RECOMMENDATION 6.2: Proof of Non-Profit Status Not on File

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 2001 South State Street, Suite N-2100 | PO Box 144575 | Salt Lake City, UT 84114-4575
 Tel: 385.468.7000 | www.slco.org

I am writing to acknowledge and express our agreement with the findings under Recommendation 6.2: Disbursement of Funds Report Not on File.

We missed this when we sent it through to the Council for their approval and to the Mayor’s Finance for their payment. I will work to get the paperwork done and put on file in the next 30 days.

I would also like to make you aware that this contract with the Utah Muslim Civic League (UCML) is not, practically speaking, a contribution. This was a GRANT that was received by the Office of New Americans for pass-through dollars to the UMCL. As such, we treated it like a conduit expenditure per the grant contract and believe this is yet another place where we look forward to engaging in the modernization of the contributions policy to further clarify when the Contributions line item should be used for paying these grant funds or pass-through dollars to non-profit organizations.

AUDIT FINDING 7: Financial Statements Not on File

RECOMMENDATION 7.2		
Pending Policy 1200 update, we recommend requiring financial statements be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
AGREE	Pending Policy Update	Michelle Hicks, Operations Manager

Year	Recipient	Amount
2022	UTAH MUSLIM CIVIC LEAGUE	\$ 25,000.00
2022	THE RON MCBRIDE FOUNDATION INC	\$ 1,000.00
2022	FRANK CORDOVA FOUNDATION	\$ 1,500.00

AUDIT FINDING #7

RECOMMENDATION 7.2: Financial Statements Not on File

I am writing to acknowledge our agreement with the findings under Recommendation 7.2: Disbursement of Financial Statements Not on File for the Frank Cordova Foundation.

We understand that financial support documents are helpful for the contribution process and would add that this is yet another place where current policy should be reworked – and we thank the Auditor’s office for highlighting the need. Currently, there is not a requirement for financial documents, but rather, a checked box on the application. Furthermore, policy does not define what constitutes a satisfactory “financial document.” We look forward to

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collaborating with the County Council and the District Attorney's office to clarify and formalize the administrative process including what financial statements are most appropriate.

For reference, there were financial statements on file, and provided to the Auditor's Office for the Utah Muslim Civic League and The Ron McBride Foundation and I have attached them in this response.

Furthermore, even though there is not a policy in place that requires this, we agree strongly with the Auditor and will work proactively to get that report to complete our file.

ATTACHMENT B – Utah Muslim Civic League financial statement

ATTACHMENT C – The Ron McBride Foundation financial statement

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Auditor note: In collaboration with Mayor's Admin, we acknowledge we have attachments B and C, but are leaving them out of this report.



Catherine Kanter
Deputy Mayor, Regional
Operations

Lisa Hartman
Associate Deputy Mayor,
Regional Operations

October 17, 2023

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

RE: Audit Report Response for Attributed Regional Operations Public Works Contributions

Dear Auditor Harding:

I am writing to acknowledge the findings for contributions attributed to the Regional Operations Department of Public Works. Please note that your office requested a response to the Audit of these donations: (1) *2022 Salt Lake Climbers Alliance*; (2) *2021/2022 Granite Community Council*; and, (3) *2021 Sandy Hills Community Council* that you attributed to the Department of Public Works.

Although Jared Steffey is the fiscal agent for the Public Works Department and manages the Unincorporated Salt Lake County Municipal Fund, the policy decisions for these contributions were directed by the Mayor and Council with information gathered by staff from the respective agencies within the Mayor's Administration (*Salt Lake Climbers Alliance*) and Council staff (*Sandy Hills and Granite Community Councils*).

Please note that the Salt Lake County Council directs and manages all aspects of the Sandy Hills and Granite Community Councils. As such, a request for a response to the Audit concerning the Community Councils should be directed to the Council Chair, Aimee Winder Newton, as the Department of Public Works/Regional Operations portfolio does not have the authority to respond on the Council's behalf.

Therefore, this is a response regarding the *2022 contribution to the Salt Lake Climber's Alliance Contribution* in the amount of \$38,000. The Regional Operations Department of Public Works technically agree with Findings 3 and 7 and agree with Audit Finding 4 under the Department of Public Works Audit. And as mentioned above, Audit Finding 5 is not appropriate for Regional Operations Public Works to respond on behalf of the Salt Lake County Council.

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Below is a summary of responses to the audit findings:

We technically agree with Audit Finding 3: Applications were Not on File. While the application included in policy 1200 was not completed by the Salt Lake Climbers Alliance, a letter addressed to Mayor Wilson dated August 9, 2022, requesting the contribution, served essentially the same purpose as the form. This is largely a form over substance issue as both the form and letter essentially served the same purpose.

Regional Operations Public Works technically agrees with Audit Finding 7: Financial Statements Not on File. Financial statements were provided to the Mayor and County Council for consideration of the donation at the August 16, 2022, Council meeting. While the financial documentation is part of the permanent public record and the Council voted unanimously to approve, the financial statement was inadvertently not attached to the approval-to-pay email sent to our fiscal agent.

We agree with Audit Finding 4: Disbursement of Funds Report Not on File or Not Filed Timely. We agree that the Disbursement of Funds report was not collected in the six-month time frame. The Disbursement of Funds report was dated and received on 4/11/2023.

As mentioned previously, Audit Finding 5: Inadequate Separation of Duties is not applicable for Regional Operations Public Works to respond as the Salt Lake County Council is directly responsible for contributions to Granite and Sandy Hills Community Councils.

We view your audit as an essential tool for improving our operations and maintaining our offices' trust and confidence. Regional Operations Department of Public Works will work with the Mayor's Administration staff to assist the Council and the District Attorney's Office to ensure an appropriate and strong policy is crafted to help with transparency and ensure we provide good structure and best administrative practices.

Please find our response below to each of the recommendations made in your report.

Thank you,

Lisa Hartman

Lisa Hartman
Associate Deputy Mayor for Regional Operations

Salt Lake County Government Center
2001 South State Street, Suite N-2100 | PO Box 144575 | Salt Lake City, UT 84114-4575
Tel: 385.468.7000 | Fax: 385.468.7001 | www.slco.org

AUDIT FINDING 3: Applications were Not on File

RECOMMENDATION 3.2 Pending Policy 1200 update, we recommend management require that completed applications be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Technically Agree	Implemented	Michelle Hicks, Executive Operations Manager

An application was not on file for the following recipient and transaction.

Year	Recipient	Amount
2022	SALT LAKE CLIMBERS ALLIANCE	\$ 38,000.00

Narrative: While the application included in policy 1200 was not completed by the Salt Lake Climbers Alliance, a letter addressed to Mayor Wilson dated August 9, 2022, requesting the contribution, served essentially the same purpose as the form. This is largely a form over substance issue as both the form and letter essentially served the same purpose.

AUDIT FINDING 4: Disbursement of Funds Report Not on File or Not Filed Timely.

RECOMMENDATION 4.2 We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Implemented	Michelle Hicks, Executive Operations Manager

A Disbursement of Funds report was not on file for the following recipients and transactions.

Years	Recipient	Amount
2022	GRANITE COMMUNITY COUNCIL	4,480
2022	SALT LAKE CLIMBERS ALLIANCE	38,000
2021	SANDY HILLS COMMUNITY COUNCIL	3,500

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Narrative for Salt Lake Climbers Alliance: We agree with the finding that the Disbursement of Funds report was not collected in the six-month time frame. The Disbursement of Funds report was dated and received on 4/11/2023.

Narrative Granite and Sandy Hills Community Council: The Salt Lake County Council is directly responsible for contributions to the Granite and Sandy Hills Community Councils. Regional Operations Public Works Portfolio does not have the authority to respond on behalf of the County Council.

AUDIT FINDING 5: Inadequate Separation of Duties

RECOMMENDATION 5.2		
We recommend having two different users create and approve vouchers in PeopleSoft. We recommend the initiating agency approve vouchers.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Salt Lake County Council manages Sandy Hills and Granite Community Councils		

Separation of duties over entry of the invoice into PeopleSoft and invoice approval were not in place for the following transaction.

Year	Recipient	Amount
2021	GRANITE COMMUNITY COUNCIL	\$ 2,500
2022	GRANITE COMMUNITY COUNCIL	\$ 4,480
2021	SANDY HILLS COMMUNITY COUNCIL	\$ 3,500

Narrative: Granite and Sandy Hills Community Council: The Salt Lake County Council is directly responsible for contributions to the Granite and Sandy Hills Community Councils. Regional Operations Public Works Portfolio does not have the authority to respond on behalf of the County Council.

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AUDIT FINDING 7: Financial Statements Not on File

RECOMMENDATION 7.2		
Pending Policy 1200 update, we recommend requiring financial statements be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Technically Agree	Implemented	Michelle Hicks, Executive Operations Manager

Financial statements were not on file for the following recipient and transaction. Other documents were provided, such as Form 990 or an incomplete statement.

Year	Recipient	Amount
2022	SALT LAKE CLIMBERS ALLIANCE	\$ 38,000

Narrative: Financial Statements Not on File. Financial statements were provided to the Mayor and County Council for consideration of the donation at the August 16, 2022, Council meeting. While the financial documentation is part of the permanent public record and the Council voted unanimously to approve, the financial statement was inadvertently not attached to the approval-to-pay email sent to our fiscal agent.



Laurie Stringham
At-Large A

Suzanne Harrison
At-Large B

Jim Bradley
At-Large C

Arlyn Bradshaw
District 1

David Alvord
District 2

Aimee Winder Newton
District 3, Chair

Ann Granato
District 4

Sheldon Stewart
District 5

Dea Theodore
District 6

October 31, 2023

Chris Harding, Salt Lake County Auditor
2001 S. State St., #N3-300
Salt Lake County, Utah 84190

Dear Auditor Harding,

I am writing to you to follow up from the letter that I previously sent to your office on October 13, 2023, as well as from the County Council's discussion last week, both concerning the draft audit regarding Salt Lake County contributions.

Consistent with the Council's recently adopted internal policy on audit responses, the Council Chair has prepared – and the Council has reviewed – attached management responses to the more specific findings made in your office's draft audit. I am enclosing them for your review and consideration as you prepare your published audit.

I am also providing a copy of an individual management response submitted by Councilmember Sheldon Stewart for your review and consideration.

Thank you for your time and attention to this matter, and for your appreciation of the Council's unique role within County government.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mitchell F. Park'.

Mitchell F. Park, Legal Counsel

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2001 South State Street, Suite N2-200 | P.O. Box 144575 | Salt Lake City, UT 84114-4575
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Please find our response below to each of the recommendations made in your report.

AUDIT FINDING 1: Unclear and Inconsistent Policies and Procedures

RECOMMENDATION 1.1		
We recommend that the County Council modify Countywide Policy 1200 to clearly define the elements of what constitutes a Contribution under the policy, as well as any exclusions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	February 1, 2024	Mitchell Park, Legal Counsel

The Council will review Countywide Policy 1200 and consider potential revisions that better define contributions, among other issues. Such review will likely occur concomitant with the broader, ongoing Council effort to review existing countywide policies, and will involve the participation of other county stakeholders. Any final action is subject to the vote of the Council acting at its sole legislative discretion.

RECOMMENDATION 1.2		
We recommend that the County Council modify Countywide Policy 1200 to clearly define when Contributions require a contract, as well as any exclusions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	February 1, 2024	Mitchell Park, Legal Counsel

The Council will review Countywide Policy 1200 and consider potential revisions that detail when contributions require a contract, among other issues. Such review will likely occur concomitant with the broader, ongoing Council effort to review existing countywide policies, and will involve the participation of other county stakeholders. Any final action is subject to the vote of the Council acting at its sole legislative discretion.

AUDIT FINDING 2: No Formal Procedure for Gathering, Evaluating, and Ranking Requests for Contributions

RECOMMENDATION 2.1		
We recommend that the County Council amend Countywide Policy 1200 to include procedures for:		
a. Generating nonprofit awareness of potential contributions on an equitable basis.		

<p>b. Gathering, evaluating, and ranking requests for contributions, including clear guidelines and criteria for accepting requests, conducting evaluations, and establishing a transparent ranking system.</p> <p>c. Roles and responsibilities of individuals involved in the process.</p>		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	February 1, 2024	Mitchell Park, Legal Counsel

The Council will review Countywide Policy 1200 and consider potential revisions that address these subjects, among other issues. Such review will likely occur concomitant with the broader, ongoing Council effort to review existing countywide policies, and will involve the participation of other county stakeholders. Any final action is subject to the vote of the Council acting at its sole legislative discretion.

AUDIT FINDING 3: Applications were Not on File

<p>RECOMMENDATION 3.1 We recommend that the County Council modify Countywide Policy 1200 to clearly define whether and when an Application for Contributions is required and any retention requirements.</p>		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	February 1, 2024	Mitchell Park, Legal Counsel

The Council will review Countywide Policy 1200 and consider potential revisions that address whether and when an application for contributions is required, among other issues. Such review will likely occur concomitant with the broader, ongoing Council effort to review existing countywide policies, and will involve the participation of other county stakeholders. Any final action is subject to the vote of the Council acting at its sole legislative discretion.

AUDIT FINDING 4: Disbursement of Funds Report Not on File

<p>RECOMMENDATION 4.1 We recommend that Policy 1200 be updated to include clear procedures and roles and responsibilities for tracking, receiving, reviewing, and following up on Disbursement of Funds Report Forms from recipient organizations.</p>		
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Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	February 1, 2024	Mitchell Park, Legal Counsel

The Council will review Countywide Policy 1200 and consider potential revisions that include an delineation of administrative roles and responsibilities, among other issues. Such review will likely occur concomitant with the broader, ongoing Council effort to review existing countywide policies, and will involve the participation of other county stakeholders. Any final action is subject to the vote of the Council acting at its sole legislative discretion.

AUDIT FINDING 5: Inadequate Separation of Duties

RECOMMENDATION 5.1		
We recommend payments be made directly to the recipient entities, rather than allowing for payments to be held for delivery or that a funds transfer log be completed and signed to document the amount, date, transferring and receiving individuals.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Immediately	David Delquadro, Fiscal Manager

The following checks were hand delivered. When the requester also delivers the payment, SODs are not adequate.

Year	Recipient	Amount
2021	EQUALITY UTAH FOUNDATION	\$ 500.00
2022	BOYS & GIRLS CLUB OF GREATER SALT LAKE	\$ 750.00
2021	HEART & SOUL	\$ 500.00
2021	MILLCREEK CITY	\$ 1,000.00
2021	THE INN BETWEEN	\$ 500.00
2021	THE LEONARDO	\$ 1,000.00
2021	UTAH LABOR COMMUNITY SERVICES	\$ 1,000.00
2022	MALIHEH FREE CLINIC	\$ 750.00
2022	MILLCREEK CITY	\$ 750.00
2022	MURRAY CHILDREN'S PANTRY	\$ 750.00
2022	REPERTORY DANCE THEATER	\$ 750.00
2022	THE LEONARDO	\$ 750.00

2022	UTAH FOOD BANK (AGRANATO)	\$ 750.00
2022	UTAH FOOD BANK (JBRADLEY)	\$ 750.00
2022	UTAH RIVERS COUNCIL	\$ 750.00
2022	VOICES FOR UTAH CHILDREN	\$ 750.00

The Council will review its internal process for issuing approved funds to nonprofit organizations to ensure compliance with countywide and internal Council policies. This response is applicable to contributions originating from the County Council or its members for which the Council has management responsibilities.

AUDIT FINDING 6: Proof of Non-Profit Status Not on File

RECOMMENDATION 6.1		
We recommend that the County Council modify Countywide Policy 1200 to clearly state requirements for Contribution recipients to provide proof of nonprofit status, while also outlining any specific documentation retention requirements.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	February 1, 2024	Mitchell Park, Legal Counsel

The Council will review Countywide Policy 1200 and consider potential revisions that address documentation requirements for nonprofit recipients of county contributions, among other issues. Such review will likely occur concomitant with the broader, ongoing Council effort to review existing countywide policies, and will involve the participation of other county stakeholders. Any final action is subject to the vote of the Council acting at its sole legislative discretion.

AUDIT FINDING 7: Financial Statements Not on File

RECOMMENDATION 7.1		
We recommend the Council revise Policy 1200 to establish clear guidance that outlines the requirements for nonprofit entities to provide financial statements for contribution funding, including what financial statements or documents are acceptable.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	February 1, 2024	Mitchell Park, Legal Counsel

The Council will review Countywide Policy 1200 and consider potential revisions that establish such guidance concerning financial statements, among other issues. Such review will likely occur concomitant with the broader, ongoing Council effort to review existing countywide policies, and will involve the participation of other county stakeholders. Any final action is subject to the vote of the Council acting at its sole legislative discretion.

RECOMMENDATION 7.2		
Pending Policy 1200 update, we recommend requiring financial statements be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Immediately	David Delquadro, Fiscal Manager

Financial statements were not on file for the following recipients and transactions. Except for Equality Utah Foundation, other documents were provided, such as Form 990 or an incomplete statement.

Year	Recipient	Amount
2021	EQUALITY UTAH FOUNDATION	\$ 500.00
2021	REPERTORY DANCE THEATER	\$ 1,000.00
2021	THE LEONARDO	\$ 1,000.00
2021	UTAH LABOR COMMUNITY SERVICES	\$ 1,000.00
2022	GOLDEN HEALER SERVICE DOGS	\$ 750.00
2022	MURRAY CHILDREN'S PANTRY	\$ 750.00
2022	REPERTORY DANCE THEATER	\$ 750.00
2022	UTAH RIVERS COUNCIL	\$ 750.00

The Council will obtain financial statements from recipient nonprofit organizations consistent with policy – as may be amended – to the extent that they are available from the nonprofit organization as required by applicable Internal Revenue Service regulations about financial disclosure. This response is applicable to contributions originating from the County Council or its members for which the Council has management responsibilities.

**Response to Audit Report: An Audit of Salt Lake County Contributions
from Councilmember Sheldon Stewart**

I. FINDING 1 AND RECOMMENDATIONS

Unclear and Inconsistent Policies and Procedures

A. Response: Agree to all findings and recommendations

B. Comment:

Policy 3.1 "A nonprofit entity may request money, in-kind assistance, or a fee waiver by submitting the appropriate application."

I believe this section's use of "may" to be permissive of whether or not to submit a request for assistance, not that using an application to request assistance is optional. It is self-evident documentation of a request for assistance is required. Therefore, I believe contributions without an application violate this policy. Notwithstanding, I agree to the findings and recommendations.

Policy still includes the clause "approve to form," which has been changed in state law.

II. FINDING 2 AND RECOMMENDATIONS

No Formal Procedure for Gathering, Evaluating, and Ranking Requests for Contributions

A. Response: Agree to findings and recommendations

III. FINDING 3 AND RECOMMENDATIONS

Applications were Not of File, Those on File were not in a Central Location

A. Response: Agree to findings and recommendations

B. Comment:

I believe it is self-evident that an application is required, but I do not oppose the finding, analysis of threat and the recommendation.

IV. FINDING 4 AND RECOMMENDATIONS

Disbursement of Funds Report Not on File

A. Response: Agree to findings and recommendations

V. FINDING 5 AND RECOMMENDATIONS

Inadequate Separation of Duties

A. Response: Agree to findings and recommendations

VI. **FINDING 6 AND RECOMMENDATIONS**

Proof of Non-Profit Status Not on File

A. Response: Agree to the findings and recommendations

VII. **FINDING 7 AND RECOMMENDATIONS**

Financial Statements Not of File

A. Response: Agree to findings and recommendations



Friday, October 13, 2023

Re: *Contributions Audit 2023*

Auditor Harding

JENNIFER WILSON
Salt Lake County Mayor

I am writing to acknowledge and express our agreement with the findings under the Mayor’s Administration Recommendation 1.3: Unclear and Inconsistent Policies and Procedures. We also view your audit as an essential tool for improving our operations and maintaining the trust and confidence of each of our offices.

**MAYOR’S
FINANCIAL
ADMINISTRATION**

We agree with the Auditor’s recommendation that current policy surrounding contributions are vague and in need of modification. Our division/agency/department will work with Mayor’s Administration staff to assist the Council and the District Attorney’s Office to ensure an appropriate and strong policy is crafted to help with transparency and make sure we are providing good structure around best administrative practices.

DARRIN CASPER
*Deputy Mayor of Finance
and Administration (CFO)*

In anticipation of the new policy, we will work to implement the new standards into our processes within the target date of 60 – 90 days.
Please find our response below to each of the recommendations made in your report.

RECOMMENDATION 1.4 We recommend Mayor’s Financial Administration provide direction regarding accounting for Contributions in the Accounting Manual and clarify the definition of Contributions on the Expenditure Account Listing.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
<i>Agree</i>	<i>60-90 days post new policy</i>	<i>Shanell Beecher, Director of Accounting</i>

We agree that clarification on the definition of contributions would be beneficial. This recommendation cannot be implemented, however, until the policy is updated to provide that the contribution expenditure account is as direct as it can be with the current policy. Having that account segregated to line up with the current approved contributions is a critical control step in our processes to ensure that contributions are made in accordance with what is approved in the budget.

RECOMMENDATION 1.5 We recommend that both agency management and Mayor’s Financial Administration ensure payments are coded appropriately and consistently.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
<i>Agree</i>	<i>60-90 days post new policy</i>	<i>Shanell Beecher, Director of Accounting</i>

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 Phone 385-468-7070 Fax 385-468-7071

We agree with this statement and work to maintain consistency. Although, there are likely further account classification breakouts that could be done within transactions running through the contribution account those cannot be obtained with the current policy. Procedures in place now require that all items approved as contributions by the Council in the approved budget must be paid out of the contributions account. This ensures that before payment is made they are able to be confirmed as to entity and amount and matched up to the express approvals provided by Council.

AUDIT FINDING 3: Applications were Not on File

RECOMMENDATION 3.2		
Pending Policy 1200 update, we recommend management require that completed applications be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Required now, will create a centralized Mayor's office repository to store all Contribution documentation.	Michelle Hicks, Mayor's Executive Office Admin

Applications were not on file for the following transactions and recipients.

Year	Recipient	Amount
2021	UTAH SPORTS COMMISSION	\$ 50,000
2022	UTAH STATE RESTAURANT ASSOCIATION	\$ 25,000

Narrative for Recommendation 3.2 including action plan. [See above](#)

AUDIT FINDING 4: Disbursement of Funds Report Not on File

RECOMMENDATION 4.2		
We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Required now, will create a centralized Mayor's office repository to store all Contribution documentation.	Michelle Hicks, Mayor's Executive Office Admin

Distribution of Funds Reports were not provided within six months for the recipients and transactions below. A Distribution of Funds Report was not provided for the Utah State Restaurant Association.

Year	Recipient	Amount
2022	UTAH SPORTS COMMISSION	\$50,000
2021	UTAH SPORTS COMMISSION	\$50,000
2022	UTAH STATE RESTAURANT ASSOCIATION	\$25,000

Narrative for Recommendation 4.2 including action plan. [See above](#)

AUDIT FINDING 5: Inadequate Separation of Duties

RECOMMENDATION 5.2 We recommend having two different users create and approve vouchers in PeopleSoft. We recommend the initiating agency approve vouchers.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
<i>Agree</i>	<i>Already Implemented</i>	<i>Shanell Beecher, Director of Accounting</i>

We agree with the recommendation to have documented and complete approvals in PeopleSoft (MyFin). As noted by the audit team, we implemented system controls that moved all approvals into MyFin in 2022. This new process makes all approvals uniform, easy to see, consistent and required by the system with no bypass opportunities. Additionally, we wanted to make note of the separation of duties and approvals that were always in place, although outside the system prior to 2022. All purchase orders were completed in the system with creation and approvals done at the department level. They were then submitted to Accounts Payable in Mayor's Finance where vouchers were created and approved by two different individuals. Direct payments were submitted to Mayor's Finance by departments. Those submissions had approval processes performed via department internal forms or via email. All payments in the Contributions account are subject to additional review and approvals beyond traditional payments. They are approved in the budget process by departments, Mayor and Council. They are listed explicitly by amount and entity. When payments are submitted for that account, confirmation is made that amounts are tied to what is listed in the approved budget. The contribution account is used solely for Council approved contributions.

AUDIT FINDING 6: Proof of Non-Profit Status Not on File

RECOMMENDATION 6.2 Pending Policy 1200 update, we recommend that Agency management require that proof of nonprofit status be submitted with payment requests for all payments that are coded as Contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Required now, will create a centralized Mayor's office repository to store all Contribution documentation.	Michelle Hicks, Mayor's Executive Office Admin

There was no proof of non-profit status for the following transactions and recipients.

Year	Recipient	Amount
2021	UTAH SPORTS COMMISSION	\$ 50,000
2021	SALT LAKE CONVENTION AND VISITORS BUREAU	\$ 350,000

Narrative for Recommendation 6.2 including action plan. [See above](#)

AUDIT FINDING 7: Financial Statements Not on File

RECOMMENDATION 7.2 Pending Policy 1200 update, we recommend requiring financial statements be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Required now, will create a centralized Mayor's office repository to store all Contribution documentation.	Michelle Hicks, Mayor's Executive Office Admin

Financial Statements were not on file for the following transactions and recipients. Different supporting financial documents, such as Form 990, or incomplete financial statement, were on file for the Utah State Restaurant Association.

Year	Recipient	Amount
2021	UTAH SPORTS COMMISSION	\$ 50,000
2022	UTAH STATE RESTAURANT ASSOCIATION	\$ 25,000
2021	SALT LAKE CONVENTION AND VISITORS BUREAU	\$ 350,000

Narrative for Recommendation 7.2 including action plan. [See above](#)

Darrin Casper
 Deputy Mayor – Finance and Administration
 Salt Lake County

Cc: Deputy Mayor Erin Litvack
 Auditor Chris Harding
 Greg Folta, Director of Finance



Jennifer Wilson
Salt Lake County Mayor

Catherine Kanter
Deputy Mayor
Regional Operations

**Office of Regional
Development**

Dina W. Blaes
Director

Divisions

Economic Development
Environmental Sustainability
Housing & Community
Development
Regional Planning & Transportation

10/13/23

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

Auditor Harding,

I am writing to acknowledge and express our agreement with the findings under the Mayor's Administration Recommendation 1.3: Unclear and Inconsistent Policies and Procedures. We also view your audit as an essential tool for improving our operations and maintaining the trust and confidence of each of our offices.

We agree with the Auditor's recommendation that current policy surrounding contributions are vague and in need of modification. The Office of Regional Development will work with the Mayor's Administration staff to assist the Council and the District Attorney's Office to ensure an appropriate and strong policy is crafted to help with transparency and make sure we are providing good structure around best administrative practices.

In anticipation of the new policy, we will work to implement the new standards into our processes within the target date of 60 – 90 days.

Please find our response below to each of the recommendations made in your report.

Salt Lake County Office of Regional Development
2001 South State Street, Suite S2-100 | P.O. Box 144575 | Salt Lake City, UT 84114-4575
TTY 7-1-1 | www.slco.org/regional-development



Jennifer Wilson
Salt Lake County Mayor

Catherine Kanter
Deputy Mayor
Regional Operations

**Office of Regional
Development**

Dina W. Blaes
Director

Divisions

- Economic Development
- Environmental Sustainability
- Housing & Community Development
- Regional Planning & Transportation

AUDIT FINDING 1: Unclear and Inconsistent Policies and Procedures

RECOMMENDATION 1.5		
We recommend that both agency management and Mayor's Financial Administration ensure payments are coded appropriately and consistently.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Immediate and has already been implemented through the 2024 budget proposal submitted in Sept 2023.	Roxie McSwain, Admin & Fiscal Manager

We acknowledge the significance of maintaining consistent coding for payments to ensure the proper handling of operations and to maintain transparency in our financial statements. In response to your audit findings, we are committed to following the guidance provided by the Mayor's Finance Office regarding the correct coding of all contributions to the contributions expense line item. We have initiated the necessary measures to implement these changes promptly and effectively.

AUDIT FINDING 3: Applications were Not on File

RECOMMENDATION 3.2		
Pending Policy 1200 update, we recommend management require that completed applications be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree.	Immediate.	Tiffany Marquez, Office Administrator

We agree with recommendation 3.2 and commit to including the completed applications with the payment requests for all contributions in our future processes.

Salt Lake County Office of Regional Development
2001 South State Street, Suite S2-100 | P.O. Box 144575 | Salt Lake City, UT 84114-4575
TTY 7-1-1 | www.slco.org/regional-development



Jennifer Wilson
Salt Lake County Mayor

Catherine Kanter
Deputy Mayor
Regional Operations

**Office of Regional
Development**

Dina W. Blaes
Director

Divisions

- Economic Development
- Environmental Sustainability
- Housing & Community Development
- Regional Planning & Transportation

AUDIT FINDING 4: Disbursement of Funds Report Not on File

RECOMMENDATION 4.2		
We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree.	Immediate.	Tiffany Marquez, Office Administrator

We agree with recommendation 4.2. Moving forward, we will ensure that the regular reporting we were previously receiving is appropriately recorded in the official disbursement of funds report. This adjustment will enhance our reporting practices and maintain compliance with auditing standards.

AUDIT FINDING 5: Inadequate Separation of Duties

RECOMMENDATION 5.2		
We recommend having two different users create and approve vouchers in PeopleSoft. We recommend the initiating agency approve vouchers.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Immediate. Update to Peoplesoft has already been implemented by Mayor's Finance.	Roxie McSwain, Admin and Fiscal Manager.

We acknowledge the significance of maintaining a consistent method for approving payments to safeguard the integrity of county systems. While the system functions within PeopleSoft were not activated during the audit period, the Office of Regional Development adhered to recommended internal segregation of duties for all purchase orders. Now that the improvements have been activated in the system, we are committed to supporting and following this more streamlined approach county-wide.

Salt Lake County Office of Regional Development
2001 South State Street, Suite S2-100 | P.O. Box 144575 | Salt Lake City, UT 84114-4575
TTY 7-1-1 | www.slco.org/regional-development



Jennifer Wilson
Salt Lake County Mayor

Catherine Kanter
Deputy Mayor
Regional Operations

**Office of Regional
Development**

Dina W. Blaes
Director

Divisions

- Economic Development
- Environmental Sustainability
- Housing & Community Development
- Regional Planning & Transportation

AUDIT FINDING 6: Proof of Non-Profit Status Not on File

RECOMMENDATION 6.2		
Pending Policy 1200 update, we recommend that Agency management require that proof of nonprofit status be submitted with payment requests for all payments that are coded as Contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Immediate	Tiffany Marquez, Office Administrator

We agree with recommendation 6.2 and commit to including the Proof of Non-Profit status with the payment requests for all contributions in our future processes.

AUDIT FINDING 7: Financial Statements Not on File

RECOMMENDATION 7.2		
Pending Policy 1200 update, we recommend requiring financial statements be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	Immediate.	Tiffany Marquez, Office Administrator

We agree with recommendation 7.2 and commit to including the financial statements with the payment requests for all contributions in our future processes.

Dina Blaes Digitally signed by Dina Blaes
Date: 2023.10.13
17:13:44 -06'00'
Director
Office of Regional Development

Salt Lake County Office of Regional Development
2001 South State Street, Suite S2-100 | P.O. Box 144575 | Salt Lake City, UT 84114-4575
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October 13, 2023
 Auditor Chris Harding, CPA
 Office of the Auditor
 Salt Lake County
 2001 S State Street
 Salt Lake City, UT 84121

Auditor Harding,

I am writing to acknowledge and express our agreement with the findings under the Mayor's Administration Recommendation 1.3: Unclear and Inconsistent Policies and Procedures. We also view your audit as an essential tool for improving our operations and maintaining the trust and confidence of each of our offices.

We agree with the Auditor's recommendation that the current policy surrounding contributions is vague and in need of modification. The Community Services Department will work with Mayor's Administration staff to assist the Council and the District Attorney's Office to ensure an appropriate and strong policy is crafted to help with transparency and ensure we are providing good structure around best administrative practices.

In anticipation of the new policy, we will work to implement the new standards into our processes within the target date of 60 – 90 days.

Please find our response below to each of the recommendations made in your report.

Jennifer Wilson
 Salt Lake County Mayor

DEPARTMENT OF
 COMMUNITY SERVICES

ROBIN B CHALHOUB
 Director

JOEY MCNAMEE
 Associate Director

DIVISIONS

ARTS AND CULTURE

CLARK PLANETARIUM

COUNTY LIBRARY

DISCOVERY GATEWAY

PARKS, RECREATION & GOLF

ZOO, ARTS AND PARKS

SALT LAKE COUNTY
 GOVERNMENT CENTER
 2001 South State Street
 Suite N3-200
 Salt Lake City, UT 84190
 385/468-7050
 385/468-7072 fax
 www.slco.org

AUDIT FINDING 3: Applications were Not on File

RECOMMENDATION 3.2		
Pending Policy 1200 update, we recommend management require that completed applications be submitted with payment requests for all payments that are coded as contributions.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Disagree	October 13, 2023	Robin Chalhoub Community Services Department Director

An application was not on file for the following recipient and transaction.

Year	Recipient	Amount
2022	SUNDANCE INSTITUTE	\$ 150,000

Maintaining documentation for our contributions including the application is necessary to properly track our Contributions. The 2022 Sundance Institute application identified as missing was provided to the Auditor in a format not suggested by policy. The application submitted was a proposal for funding and was not on the suggested application form. Pending Policy 1200 update, required applications will be submitted with payment requests for all payments that are coded as contributions.

AUDIT FINDING 4: Disbursement of Funds Report Not on File

RECOMMENDATION 4.2		
We recommend that management ensure that a Disbursement of Funds Report is obtained from recipient organizations within 6 months of receipt of funds.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	October 31, 2023	Robin Chalhoub Community Services Department Director

Distribution of Funds Reports were not provided within six months for the recipients and transactions below. The Sundance Institute Contribution for 2022 was received by the recipient on January 4, 2022. The Distribution of Funds report provided was dated September 8, 2022, which was not within six months of the receipt of funds.

A Distribution of Funds report was not on file for the 2021 transaction below.

Year	Recipient	Amount
2021	SUNDANCE INSTITUTE	50,000
2022	SUNDANCE INSTITUTE	150,000

The required disbursement of funds report ensures that the recipient has used the contribution in a manner that aligns with their application and the County's expectations. Due to changes in personnel and the delegation of responsibility for managing the contribution, documentation for the time period under audit was impacted.

The 2022 distribution of funds to Sundance Institute took place on January 13, 2022, and the report was submitted on September 8, 2022, beyond the required six months. This delay was due to a change in personnel in June, along with the responsibility for maintaining the documentation. Once the responsibility for maintaining the account was reassigned in late August, the documentation was obtained within a couple of weeks. The 2021 distribution of funds report was not located.

The Community Services Department disburses funds to numerous external organizations and maintains a comprehensive process and documentation routine. The findings of this audit are a validation of what we know to be best practices. As we manage the contributions to external organizations using Policy 1200, we will ensure that the proper documentation is on file. In response to these findings, future contribution documentation will be saved to a department-managed content management system.

Future Disbursement of Funds reports will be rigorously managed through a tracking tool by several department employees ensuring oversight and timeliness.

I appreciate the opportunity to evaluate and refine our administrative processes to ensure accountability and transparency. We are committed to instituting process improvements that ensure we meet the requirements of County policy and fiscal guidelines.

Please extend my appreciation to Brenda Nelson for her assistance in addressing my questions regarding the audit.

Sincerely,

Robin B. Chalhoub

Robin B. Chalhoub
Director

Auditor Addendum:

The Community Services department holds a differing perspective concerning our recommendation regarding Finding 3.2, specifically in the context of requiring an application for contributions.

As outlined in Policy 1200, under section 3.5, it is stipulated that “The Council and Mayor may establish internal policies, procedures, and practices for the processing of assistance requests.” Policy 1200 includes an application form, readily available on the County website, which is intended to be employed for all such requests.

While the proposal from the Sundance Institute contains many of the elements required by the form, not all elements are present, including the acknowledgement and agreement section and signature. Therefore, the recommendation to use the form itself was made and could be attached to the proposal going forward.

The Auditor’s recommendation to the Council is to consider providing explicit clarification that the utilization of this application form is mandatory.