

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



An Audit of the Key Controls of  
Utah State University Cooperative Extension

April 15, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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April 15, 2013

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

Re: An Audit of the Key Controls of Utah State University Cooperative Extension

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Utah State University Cooperative Extension in compliance with Utah Code Ann. § 17-19a-204. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that we have identified as key to good financial management. We also sought to identify areas of material risk to determine whether we should commit more of our limited resources in further auditing or investigation. A report of our findings and recommendations is attached.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that the system of internal controls was adequate. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may also be instances of noncompliance in areas not examined.

We appreciate the time spent by the staff at Utah State University Cooperative Extension and the cooperation from Jared C. Steffey, Fiscal Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Utah State University Cooperative Extension during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins  
Salt Lake County Auditor

By Anita C. Kasal  
Deputy Auditor

cc: Jared C. Steffey, Fiscal Manager  
JayDee Gunnell, Director of USUCE  
Michael Gallegos, Division Director, CR&D





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Utah State University Cooperative Extension (USUCE). Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that are key to good financial management. We also sought to identify areas of material risk.

## Conclusion

The Salt Lake County 2012 budget had two contributions to USUCE. One contribution provided funds to the Parks and Recreation Division for the use of the Equestrian Park. The other contribution provided funds to the Salt Lake County Jr. Livestock Council for livestock - purchased, transported, and processed for the Utah Food Bank. Most risks identified were minor and would not be expected to result in the material loss of County assets. Deficiencies in missing invoices from the Salt Lake County Jr. Livestock Council have a higher likelihood of leading to loss of County funds.

## Findings, Recommendations, and Management Responses

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***Finding # 1 - Invoices from the Junior Livestock Council did not total the contribution made.***

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### **Risk Level: Moderate**

Standard business practice requires that contributions be substantiated with invoices that are in lieu of the Disbursement of Funds Report.

Invoices from the Junior Livestock Council did not total the contribution made.

When payment of contributions are not fully substantiated, funds are at a greater risk of being lost, stolen, or diverted for personnel use.

### ***Recommendation***

We recommend that County contributions be fully substantiated through invoices or a Disbursement of Funds Report.

### ***Management Response***

In the future Salt Lake County will require an invoice for the amount of the total contribution. Further the County will require the Junior Livestock to submit an annual report which will include the amount of funds used to purchase the meat, the amount for processing, and any leveraging funds providing by the Utah Food Bank for the processing of the food. This report will be submitted within 90 days of the final payment.

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***Finding # 2 - Accounts receivable collection attempts were not promptly carried out.***

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**Risk Level: Low**

Countywide Policy #1220 "Management of Accounts Receivable and Bad Debt Collection," Section 2.1.1 requires:

"Revenue collection procedures are carried out promptly, professionally, and equitably."

On August 14, 2012 the letter of invoice to the Salt Lake City Council members was issued. At the commencement of the audit on February 26, 2013, no further pursuit of collection efforts could be found.

When accounts receivable collection efforts are not consistent and focused close to the time of product or service, receivables are at a higher risk of not being collected.

***Recommendation***

We recommend that collection efforts be consistent and focused near the delivery of products or services.

***Management Response***

Salt Lake County has decided that it will not pursue the collection of this debt as all animals purchased were processed solely on behalf of Utah Food Bank including, the Cache Hogan hog.

## **Additional Information**

### **Background**

USUCE is a partnership of Federal government (through the US Department of Agriculture), State government (through the land grant university), and County government. Extension programs in Salt Lake County continue to be funded through these three sources as agreed upon in an annual Memorandum of Understanding. The network of county offices and state universities deliver educational programs across the nation, at the grassroots level. Salt Lake County contracts with the University of Utah to deliver these educational programs to County residents.

### **Scope**

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Change fund
- Petty Cash and Imprest Accounts
- Cash Receipting
- Cash Depositing
- Credit / Debit Card
- Capital and Controlled Assets and Software Inventory
- Financial Computer Controls
- Purchasing Card Use
- Payroll Practices

Our examination period covered up to twelve months ending March 04, 2013. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices.