

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



An Audit of the Key Controls of the  
Tourism, Recreation, Cultural, and Convention Fund

January 08, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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January 08, 2014

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

Re: An Audit of the Key Controls of the Tourism, Recreation, Cultural,  
and Convention Fund

Dear Mayor McAdams:

We recently completed an analysis of the financial records of the Tourism, Recreation, Cultural, and Convention Fund 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 of the Tourism, Recreation, Cultural, and Convention Fund and the cooperation from Darrin Casper, Greg Folta, Brad Kendrick, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to the Tourism, Recreation, Cultural, and Convention Fund records during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins  
Salt Lake County Auditor

By Larry Decker CPA, CIA  
Sr. Deputy Auditor

cc: Darrin Casper, County Chief Financial Officer  
Greg Folta, Director of Finance & Payroll  
Steve DeBry, Salt Lake County Council Chair  
Brad Kendrick, Council Budget and Policy Analyst





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of the Tourism, Recreation, Cultural, and Convention Fund. 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

Two projects in 2013 received funding for Tourism, Recreation, Cultural and Convention (TRCC) Facilities that were not vetted by the TRCC advisory board prior to Salt Lake County Council approval. State Statute requires advice from this board for expenditures out of the TRCC fund.

## Findings and Recommendations

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***Finding # 1 - Two projects were not reviewed by the TRCC advisory board prior to approval by the County Council.***

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**Risk Level: Low**

Utah Code § 59-12-603 (6) (e) states:

“The [TRCC] tax advisory board under this Subsection shall advise the county legislative body...on the expenditure of revenues collected...from the [TRCC] taxes...”

For 2013 budgeted expenditures, the TRCC advisory board did not advise the County Council regarding 2 out of 26 projects that received TRCC revenues. These projects represented \$305,000 of the more of \$32 million in TRCC expenditures budgeted, or less than 1%.

Management stated that occasionally projects come before the Council late in the budget process that do not allow for the advisory board to meet. Comprised of nine mayors and citizens from the throughout the County, the board requires advance notice before convening. In a letter to the Council, the board expressed their concerns about these two projects they did not review.

When the TRCC advisory board does not review projects before they are approved by the Council, the viability and purpose of the board is compromised.

## ***Recommendation***

We recommend that the tax advisory board advise the County Council on the expenditure of revenues for all TRCC projects prior to the Council's approval.

## **Additional Information**

### **Background**

The Tourism, Recreation, Cultural, and Convention Facilities (TRCC) tax act allows for a sales tax on restaurant meals, car rentals, and hotel rooms to be used for activities in the title just stated. The Legislature passed TRCC legislation in 1990 largely to address Salt Palace operational deficits, though use of the fund has evolved since that time. In 2012, the County's Parks and Recreation Division received over \$20 million in TRCC funding, making it the greatest recipient of the total \$34 million in TRCC expenditures made. Other cities and private, non-profit arts and cultural groups also receive TRCC funding. The County Mayor and Salt Lake County Council approve all TRCC expenditures. In addition, a TRCC advisory board, and also a Cultural Facilities Support Program board, reviews and recommends projects under consideration for TRCC funding.

### **Scope**

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

- TRCC funding approval processes
- Recording of tax revenues
- Disbursement of funds according to budget guidelines

Our examination period covered up to twelve months ending October 31, 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.

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



**SALT LAKE  
COUNTY**

**DARRIN CASPER**  
Salt Lake County  
Chief Financial Officer

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January 3, 2014

Mr. Larry Decker, CPA, CIA  
Sr. Deputy Auditor  
Salt Lake County Auditor's Office  
2001 S State St, N3300  
Salt Lake City, UT 84190

RE: Management Response to Findings of TRCC Audit

Dear Larry,

The Mayor's Office is in receipt of your recently submitted analysis of the Tourism, Recreation, Cultural and Convention (TRCC) fund completed 12/26/2013. You handled the engagement with professionalism throughout.

There was one finding resulting from the audit with the recommendation the TRCC Advisory Board be "advise the County Council on the expenditure of revenues for all TRCC projects prior to the Council's approval".

Management's response to this recommendation is that we agree with the finding and having already implemented steps to prevent a similar finding/occurrence from happening again in the future. Specifically, during the 2014 budget process, TRCC advisory board meetings were scheduled just prior to the Mayor's proposed budget (which mirrors the process from last year) and also just after the Council meeting on the TRCC budget to review any possible Council additions or adjustments to the Mayor's proposed budget. This process was agreeable to the Council, and seemed to work fine with the TRCC board members as well. No issues were uncovered during this years' process. We believe this process will ensure TRCC advisory board review of all appropriations prior to a final budget being adopted by the County Council.

Please let me know if there is additional information you need to conclude this audit.

Kindest regards,

A handwritten signature in black ink, appearing to read 'D. Casper', with a long horizontal line extending to the right.

Darrin Casper, CFO  
Salt Lake County Mayor's Financial Administration

Cc: Mayor Ben McAdams  
Gregory P. Hawkins, Salt Lake County Auditor  
Greg Folta, Director of Finance and Payroll  
Steve DeBry, Salt Lake County Council Chair  
Brad Kendrick, Council Budget and Policy Analyst