

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



An Audit of the Key Controls of
Marriage and Passport

September 27, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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September 27, 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 Marriage and Passport

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Marriage and Passport 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 Marriage and Passport and the cooperation from Pam Tueller, Marlene Osoro, Lori Keller, Darlyne McPheeters, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Marriage and Passport 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 Todd Livingston
Deputy Auditor

cc: Sherrie Swensen, County Clerk
Dahnelle Burton-Lee, Chief Deputy Clerk
Rozan Mitchell, Director
Pam Tueller, Fiscal Manager
Marlene Osoro, Secretary

GREGORY P. HAWKINS
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Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Marriage and Passport. 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 Marriage and Passport Office has put into place several key controls for managing public funds. Most risks identified were minor and are not expected to result in material loss. Deficiencies in certain internal controls over cashiering functions, payments received through the mail, and providing verification of software purchases for installation have a higher likelihood of leading to a loss of County property.

Findings are Recommendations

Finding # 1 - A fund transfer log was not used.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 2.7.3 states:

"Cashiers shall sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the change fund from the safe or lockbox; and return the fund to the safe or lockbox."

Marriage and Passport did not use an MPF Form 7 or similar log to document cashiers removing and returning funds to and from the safe.

When accountability for funds is not documented, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend an MPF Form 7 "Fund Transfer Ledger" or similar log be used to document cashiers removing and returning change funds to and from the safe.

Finding # 2 - Cashiers were not individually accountable for overages and shortages.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 2.3.1 states:

"The County Agency's Fiscal Manager will ensure that individual accountability and effective security is established and maintained for funds entrusted to each Cashier..."

Marriage and Passport had two cash registers operating at a time. The six cashiers and supervisor each shared the cash drawers. Each cashier has a unique ID number that was put in before a transaction was conducted. This assisted with identifying which cashier conducted a particular transaction, but did not provide individual accountability for funds entrusted to each cashier.

Multiple cashiers accessing a single cash drawer increases the difficulty of tracking potential problems. Additionally, cashiers may feel less responsible than they would if they were wholly responsible for their cash drawer. Moreover, access by multiple cashiers to the same cash drawer increases the risk of County funds being lost, stolen, or diverted for personal use.

Recommendation

We recommend that cashiers be individually accountable for entrusted funds.

Finding # 3 - Employees working as cashiers also prepared the deposit.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," states in the introduction:

"In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties, and those having access to and maintaining accounting records related to those public funds."

The Marriage and Passport employees worked as cashiers and also prepared the daily deposit.

When depositing duties are not segregated from cashiering duties, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the deposit be prepared by an employee that does not perform cashiering duties.

Finding # 4 - Internal controls over payments received through the mail were not adequate.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 3.1.6 states:

"The duties of opening the mail and summarizing the daily receipt of checks should be separated from the duty of posting payments in the cash receipts journal unless Agency Management determines that doing so is operationally burdensome. If operationally burdensome, Agencies shall adopt compensating internal controls to insure that the posting of payments to accounts is consistently overseen and reviewed by Agency Management or Fiscal Managers."

Only one employee is designated to open the mail directed to Marriage and Passport each month. The same employee receiving payments through the mail also processes the transaction.

When mail is not opened under dual control, County funds are at greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the mail be opened in the presence of two persons.

Finding # 5 - Requests for installation did not include proof of software purchase.

Risk Level: Low

Countywide Policy #1400-3, "Information Technology Security Policy: Software Licensing Policy," Section 3.2 states:

"Individuals responsible for installation of software products shall receive approved written verification from County agency management attesting that they have secured the appropriate ownership of or rights to install the software application."

Six of the most recent requests for software installation were reviewed. Of the six requests reviewed, none of them included proof of software purchase.

When proof of software purchase is not provided, the risk of unlicensed software being installed on County machines is greater. Additionally, installation of unlicensed software could result in substantial fines to the agency.

Recommendation

We recommend that proof of purchase be provided when requesting installation of software on County machines.

Additional Information

Background

The Marriage and Passport Office is located at 2001 S. State St. in Salt Lake City on the second floor of the South County Building. In addition to reviewing marriage license applications for compliance with current laws, retaining marriage records for Salt Lake County, and issuing marriage licenses, the Marriage and Passport Division also performs marriage ceremonies, accepts passport applications, and takes passport photographs. The Marriage and Passport Division also submits applications for passport issuance to the US Department of State.

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 June 30, 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.



Sherrie Swensen
Salt Lake County Clerk

Dahnelle Burton-Lee
Chief Deputy Clerk



September 25, 2013

Gregory Hawkins
Salt Lake County Auditor
2001 South State Street, N3300
Salt Lake City, UT 84190

Dear Auditor Hawkins:

I am writing in response to the audit report dated September 6, 2013 prepared by Todd Livingston. I am pleased that all of the identified risks were considered “low level” and we have already implemented processes to further minimize risks where feasible.

Below you will find my responses to the findings for the Marriage/Passport and Election Divisions:

Election Division Audit Response

Response to Finding # 1 – Requests for software installation did not include proof of software purchase. (Risk Level – Low)

When we place an order to have software installed with IT, a statement will be added in the work order that the software has been purchased and the date of purchase will be included. I suggest that IT could implement this by including the license number as part of their work order.

This will be implemented immediately and Loretta Garcia will be responsible for the implementation.

Response to Finding #2 – Internal controls over payments received through the mail were not adequate. (Risk Level – Low)

The Election Division receives huge quantities of mail, especially during election time. The staff wouldn't be able to distinguish a piece of mail that contains a check from an absentee request, registration form, etc. It would be impractical and extremely costly to have two employees open each piece of mail that is submitted to the Election Division. However, if an envelope is identified as coming from a municipality, local district or another entity for which we have contracted to conduct an election, we will instruct staff members that the envelope remain sealed until two people are present to open it. They will then log in the receipt of that check and have two people sign the log. The log will be turned in to the fiscal manager on a monthly basis to be kept with the revenue reports for that month. The check is turned over to the management analyst for deposit through the Mayor's Finance Department and a receipt is emailed to the fiscal manager to show that the deposit has been made.

This change is implemented immediately by Pam Tueller.

Finding #3 – Cashiers were not individually accountable for overages and shortages. (Risk Level – Low)

It isn't possible, nor are we equipped to have each of the staff members count their tills and check in and out as they perform their cashiering duties. The duties of cashiering are shared by all staff members and it would be inefficient and impractical to have those who share in those duties balance in and out and swap cash drawers each time they cashier for a customer. We don't have enough counter space to accommodate separate cash drawers. Our process is secured with our cash registers being under camera surveillance and each cashier enters an ID number and password for each transaction. Additionally, the receipts are reconciled nightly and compared to the deposit submitted to the Treasurer's Office.

Finding #4 – A fund transfer log was not included with the change fund. (Risk Level – Low)

A Fund Transfer Form will be used to document employees removing and returning change funds to and from the safe.

This process is implemented immediately by Pam Tueller.

County Clerk - Marriage/Passport Audit Response

Finding #1 – A fund transfer log was not used (Risk Level – Low)

A Fund Transfer Form will be used to document employees removing and returning change funds to and from the safe. This practice will be implemented immediately by Lorrie Keller.

Finding #2 – Cashiers were not individually accountable for overages and shortages. (Risk Level – Low)

It isn't possible, nor are we equipped to have each of the staff members count their tills and check in and out as they perform their cashiering duties. The duties of cashiering are shared by all staff members and with our high customer volume it would be inefficient and impractical to have those who share in those duties balance in and out and swap cash drawers each time they cashier for a customer. We don't have enough counter space to accommodate separate cash drawers. Our process is secure as our cash registers are under camera surveillance and each cashier enters an ID number and password for each transaction. The receipts are reconciled nightly and compared to the deposit submitted to the Treasurer's Office and against inventory of the items sold in various categories (marriage licenses, in-office ceremony, certified license, passport, etc.).

Finding # 3 – Employees working as cashiers also prepared the deposit. (Risk Level – Low)

All of our employees, including supervisors, perform cashiering duties and it wouldn't be efficient to have one of them prohibited from cashiering in order to prepare a deposit.

Finding #4 – Internal controls over payments received through the mail were not adequate. (Risk Level – Low)

The Marriage/Passport Division receives large quantities of mail, especially at certain times of the year. The staff can't distinguish which pieces of mail contain checks, although they are very limited. It would be inefficient to have two employees open each piece of mail that is submitted to the Marriage/Passport Division. We will have each check logged in and two people will sign the log. The log will be turned in to the fiscal manager on a monthly basis to be kept with the revenue reports for that month. We will make sure someone other than the employee who opens the mail processes the transaction.

We will implement these changes immediately under the direction of Lorrie Keller.


Finding #5 – Requests for installation did not include proof of software purchase. (Risk Level – Low)

When we place an order to have software installed with IT, a statement will be added in the work order that the software has been purchased and the date of purchase will be included. I suggest that IT could implement this by including the license number as part of their work order.

This will be implemented immediately and Loretta Garcia will be responsible for the implementation.

Thank you and if you have any questions or need additional information, please feel free to contact me.

Sincerely,


Sherrie Swensen
Salt Lake County Clerk

cc: Mayor Ben McAdams
✓ Todd Livingston, Deputy Auditor
Dahnelle Burton-Lee, Chief Deputy
Pam Tueller, Associate Director, Fiscal Manager
Rozan Mitchell, Election Director
Lorrie Keller, Marriage/Passport Supervisor
Darylne McPheeters, Marriage/Passport Supervisor
Loretta Garcia, Management Analyst