

SALT LAKE COUNTY COUNCIL'S
COMMENTS REGARDING THE
COUNTY RECORDER'S
RESPONSE TO THE PERFORMANCE AUDIT

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Staff Evaluation of Recorder's Response to the Auditor's 2016 Performance Audit

This evaluation reviews the Recorder's response on an item-by-item basis. The order and numbers replicate the order and numbering used in the Recorder's response.

The email transmitting this effort consolidates and summarizes the items related to the development, cost and purpose of the DARWIN software system. DARWIN was developed in-house by the Recorder's information technology staff—primarily by its manager, Rick Baker. Several months ago, Rick accepted a new job outside the county. As a result, the future sustainability and usefulness of DARWIN is uncertain.

1. The audit misstates its own chronology.

Assessment: Changing the date of the audit from July 2016 to August 2016 would be consistent with the timeline presented by the Auditor to the Legislative Audit Committee (LAC), on September 27th.

2. Audit procedures were not followed.

Assessment: The audit flow chart presented by the Auditor and adopted by the LAC is consistent with the procedures followed for this performance audit.

3. Recorder's costs for DARWIN (estimated at ~ \$752,000 over 5.5 years) have been far less than the dollar cost of the new tax administration software.

Assessment. The development of a new tax administration system involve migrating off the mainframe computer, as well as important budget and policy questions. The Council should consider providing time during the up-coming 2017 budget discussions to obtain a better understanding of these issues from the offices most directly impacted (Assessor, Treasurer, Auditor, Recorder, & IS). The role and responsibilities of IS as it relates to this critical initiative are in flux.

4. The County IS Department could not successfully take over the Recorder's IT functions.

Assessment: The response asserts that IS has adopted a business standard that "shifts the burden of proof so heavily against in-house development as to make it substantially impossible to get an **in-house** development (emphasis added) project. IS should address this issue and opine on the extent to which independent information technology FTEs reside outside of the IS division.

5. Recorder has led the way in adopting new technology.

Assessment: This bullet point responds to the finding that the Recorder has delegated the day-to-day management of his office to his Chief Deputy and senior managers.

6. Strategic plan for the Recorder's office exists in State Statute.

Assessment: This assertion responds to the Auditor's finding that each of the major functional units within the office lacks a strategic plans. The associated audit recommendation is that the Recorder "implement a framework for developing..." such plans to help measure outcomes.

7. Recorder's office performance measures are contained in numerous documents.

Assessment: The Recorder believes that minimum requirements for each job exist and are tracked on a daily basis. The audit findings and associated audit recommendation indicate that a more detailed set of performance metrics is warranted.

8. Recorder needs additional permanent staffing to ensure timely recording of documents.

Assessment: The audit findings suggest that cross-training employees, while desirable, needs to recognize the importance of timely attention to abstract work. The audit suggests hiring temporary employees to help address abstract backlogs that occur in high-demand periods of time; the Recorder prefers to cross-train all of its employees in abstracting and cashiering and argues against part-time employees. Using overtime was not addressed.

9. When it becomes economical, the Recorder will begin accepting credit cards.

Assessment: This responds to the audit finding that other Recorders in Utah accept credit cards. The Recorder observed that none of the three largest counties in Utah accept credit cards.

10. Charges for mainframe usage should be adjusted to reflect the Recorder's office contributions.

Assessment: This responds to the audit finding that the Recorder's revenues are less than its expenses, which suggests fee increases should be considered. The Recorder notes that a large portion of increased expenses derive from overhead costs that support County IS and the mainframe.

11. Audit underestimates the Recorder's project planning for DARWIN.

Assessment: Regardless of how much or how little planning occurred, the policy question remains: Why didn't the Recorder solicit any review, oversight and/or explicit funding from the Council for this endeavor?

12. DARWIN interface project will replace an earlier project previously undertaken by the Recorder in conjunction with IS that IS unilaterally abandoned.

Assessment: In recognition of the need to move off the mainframe computer, the Recorder began developing DARWIN to record and store all of the property deeds and other related information now stored on the mainframe. The other tax-related offices would need to access data from DARWIN to satisfy their statutory responsibilities. Because the individual most responsible for the in-house development of DARWIN no longer works for the Recorder, or for the county, IS has become involved in the testing, operation and maintenance of DARWIN.

13. The so-called gap analysis cited was false as to its central point.

Assessment: The gap analysis relates to the DARWIN feasibility options and associated costs. Questions remain as to how costs should be allocated among the Recorder and other tax-related offices, and the most efficient and affordable testing method to employ. The county would spend at least \$500 thousand in order to introduce and coordinate DARWIN with the existing mainframe tax admin system. This would be in addition to the interface and associated costs incurred to integrate DARWIN with a new tax admin system.

14. The Recorder's office does have an employee handbook.

Assessment: The purpose of an employee handbook is not clearly stated in the Recorder's response. The audit findings suggest that an employee handbook should provide a "set of internal policies and procedures" that are updated annually; compliant with county policies and procedures; and reflect the expectations, culture and practices of the Recorder's office. If the policy makers agree that employee handbooks are beneficial, a countywide policy could be adopted.

15. The Recorder has relaxed its sick leave policies—the audit misstates the history.

Assessment: It is unclear what "relaxed" means, and how it was communicated to the Recorder's employees. The audit determines that the Recorder's sick leave policy was more restrictive than the countywide leave policy because an employee must provide a doctor's note for any leave taken either on days before or after a holiday. HR confirmed that employees have complained about the Recorder's leave policies; however, that was several months ago in September 2015.

16. Personnel cost increases are necessary to retain highly trained employees.

Assessment: The Recorder's recollection of how and when he reduced his staff is inconsistent with the budget hearing minutes. Regardless, the central policy issue is the number and type of information services/technology employees working in the county that are independent from and do not report directly to the county's CIO. A more collaborative approach with other tax-related offices and with IS staff would have produced a more useful system and greater clarity regarding the system's maintenance and functionality.

17. Outsourcing the Recorder's IT functions would not be cost-effective.

Assessment: While DARWIN was produced in-house, a contract was let for the new tax system. That contract has had problems. The original contractor (CCI) filed for bankruptcy. Harris purchased the contract, and has experienced several delays in meeting target dates for delivery. We won't know until June 2017 whether or not Harris is back on track. But comparing DARWIN with the Harris tax system is akin to comparing raisins with watermelons. The Harris tax system consists of two major parts: Real Ware, and Collect Ware. Real Ware provides a framework for the Assessor to value property and document historical changes in the uses and the market values of property. Collect Ware provides the Treasurer with the framework to determine and apply the appropriate tax rates for the county, school districts, municipalities and other taxing entities.

18. The auditor misunderstands the cause of the unearned revenue account entry of \$13,375.

Assessment: The audit findings indicate an accounting inconsistency. It appears to derive from the collection of the first-month and last-month fee payments at the time an account is established. While deserving of resolution, it appears that the Recorder and audit findings remain in dispute.

19. The Recorder is seeking an improved cash management system.

Assessment: The Recorder agrees that a new cash management system is needed, but argues that it will require a customized system. The estimated cost of such a replacement was not specified.