

Salt Lake County Auditor's Office

Craig B. Sorensen, *AUDITOR*



David L. Beck
Chief Deputy

May 4, 2000

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Dear Sherrie,

The Audit Division recently completed a review of fixed and controlled assets and of cash collection, receipting, and depositing functions in the Clerk's Office. Additionally, we examined the office's petty cash and change funds. Many of the recommendations in our previous audit have been implemented and we noted an overall improvement in cash handling activities. We found internal controls to be generally adequate. However, during our review we noted some cash handling procedures which could be improved. In addition, some improvements regarding fixed and controlled assets are needed. We found that:

- **The change fund custodians listed on the Petty Cash Report are not the same as the employees currently using the change funds.**
- **Voided transactions and refunds in the Elections Division are not handled properly.**
- **There is not a current employee inventory list of controlled assets for each employee.**
- **There is not a current organization list of controlled assets.**
- **Regular annual inventories of fixed and controlled assets are not performed.**
- **Some fixed assets are not tagged with County fixed asset tags.**
- **Fixed asset tags for nontaggable items are not kept in a card file.**

Sherrie Swensen, County Clerk

May 4, 2000

Page 2

The change fund custodians listed on the Petty Cash Report are not the same as the employees currently using the change funds. The Clerk's Office has four separate change funds listed on the Petty Cash Report. The custodians listed on three of the funds do not reflect the current person using that fund. The current change fund custodians are to be listed with the Auditor's Office. MPF Form 2, *Request for Change*, should be completed and sent to the Auditor's Office when there are custodian changes.

RECOMMENDATION:

We recommend that the Clerk's Office complete a change request form to update the change fund custodians.

Voided transactions and refunds in the Elections Division are not handled properly. The handling of voided transactions could be improved in the Elections Division. Voided receipts are not always signed by the person reviewing the void. Without a signature, we cannot be sure if someone is reviewing and approving voids. Countywide Policy #1062, *Management of Public Funds*, requires that the voided receipt be signed by a supervisor or designee not involved in the transaction. In addition, refunds to customers were not signed by the person receiving the refund.

RECOMMENDATIONS:

1. *We recommend that voided transactions be signed by a supervisor or designee not involved in the transactions.*
2. *We recommend that a signature from the person receiving the refund be included with the refund documentation.*

There is not a current employee inventory list of controlled assets for each employee or a current organization list of controlled assets. The Clerk's Office has not completed the controlled asset inventory forms as described in Countywide Policy #1125, *Safeguarding Property/Assets*. Specifically, there is not an employee inventory form for each employee as required by Policy #1125. We reviewed the office employee files and found in some employees' files a list of durable items which were assigned to them. However, the lists were not current (they were dated January 20, 1995). Furthermore, the lists contained not only controlled assets but supplies and small items of equipment costing less than \$100 as well.

Sherrie Swensen, County Clerk

May 4, 2000

Page 3

The advantage of using the *Controlled Asset Inventory Form-Employee* is that it fixes accountability for equipment by requiring employees to sign the form indicating their acceptance of responsibility for the items they have been assigned.

In addition to the employee inventory form, there is not a current organization inventory form of controlled assets for property not readily assignable to an individual employee. The Clerk's Office has an outdated list of items (prepared in 1997) which are "items not on fixed asset list." However, there are items on the list which have been surplussed. Additionally, items which have been purchased and are currently in use in the office are not on the list.

According to Countywide Policy #1125, "The Property Manager shall maintain records to manage controlled assets using the following forms and procedures: *Controlled Assets Inventory Form-Employee* and *Controlled Assets Inventory Form-Organization*. Controlled asset forms are to be utilized on a decentralized basis by the organization; they will not be maintained centrally by the Auditor as is done under the fixed asset system. These forms are maintained by, or under the supervision of the Property Manager, and should be available for review or audit by the Auditor's Office upon request."

The controlled assets lists should be dynamic documents. They should be continually updated as new items are purchased or items are surplussed. The lists are a management tool. Having the lists will not prevent theft, but will help management discover the occurrence of theft or missing items. Procedures and controls should be in place in the Clerk's Office to keep the inventory lists of controlled assets current.

The Clerk's Office has recently designated a new property manager. The property manager did not have a copy of the policy and was not aware of the forms which are to be used for controlled assets.

RECOMMENDATIONS:

- 1. We recommend that the Clerk's Office property manager ensure the timely updating of the controlled assets list.***
- 2. We recommend the Clerk's Office use the forms shown as Exhibits 3 and 4 of Countywide Policy #1125 for their records of controlled assets.***

Regular annual inventories of fixed and controlled assets are not performed. The Auditor's Office Fixed Asset Group performed a cleanup inventory of fixed assets in the Clerk's Office

Sherrie Swensen, County Clerk

May 4, 2000

Page 4

in April 1995. The Clerk's Office did not complete another inventory of fixed assets until January 1999. According to Countywide Policy #1125, physical inventories of fixed and controlled assets are to be conducted at least annually. After each annual inventory is complete, a form should be submitted to the Auditor's Office confirming the accuracy and completeness of the listing of fixed assets (the 0801 Report). When annual inventories are not conducted, there is no way to determine if all assets are properly managed and protected.

RECOMMENDATION:

We recommend that the Clerk's Office conduct a physical inventory of fixed and controlled assets at least annually.

Some fixed assets are not tagged with County asset tags. When an organization purchases fixed assets, the Auditor's Office sends fixed asset tags for the new assets. The organization is expected to follow the established tagging procedures and promptly tag the fixed assets upon receipt of the tags. The Clerk's Office purchased four card readers in September 1999. The card readers are listed on the *Fixed Asset Inventory By Organization* (0801 Report), but the County property tags have not been affixed to the items. When tagging procedures are not properly completed, there is no accountability for the items and they may be at risk of being lost or stolen.

RECOMMENDATION:

We recommend that the Clerk's Office follow appropriate procedures for tagging of property items which are fixed assets, and that all fixed assets purchased by the Clerk's Office be properly tagged.

Fixed asset tags for nontaggable items are not kept in a card file. The Clerk's Office has several software items listed on their fixed assets inventory report. Because it is difficult to affix the fixed asset tag to software, the tags have been misplaced. The property manager should set up a card file in consultation with the Fixed Assets Group of the Auditor's Office for assets which are not taggable.

Another item on the fixed asset list which does not lend itself to the usual tagging procedure is the vote recorder. The vote recorders are listed on the fixed asset list as one item costing \$370,466. Actually, there are approximately 3,000 vote recorders which are separate units. They are used during elections for voters to punch their ballot cards. Because it would be arduous to tag each item, the fixed asset tag for the vote recorders should also be kept in the card file.

Sherrie Swensen, County Clerk
May 4, 2000
Page 5

RECOMMENDATION:

We recommend that a card file be established and controlled by the property manager. Fixed asset tags which cannot be reasonably attached to an item should be stored in the card file and be available for review by the Auditor's Office upon request.

We appreciate the cooperation we received at the Clerk's Office and the efforts of you and your staff to implement our audit recommendations. We hope our work will be of benefit to you. If you have any questions, please contact me.

Sincerely,

David L. Beck
Chief Deputy