

Salt Lake County Auditor's Office
Craig B. Sorensen, *AUDITOR*



December 20, 2002

Shauna Graves-Robertson, Presiding Judge
Salt Lake County Justice Courts
2001 South State Street Suite S4200
Salt Lake City, Utah 84190

Dear Judge Graves-Robertson:

David L. Beck
Chief Deputy

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The Audit Division recently completed an unannounced count of all the cash funds at the Justice Courts and an audit of cash handling and fixed and controlled asset procedures. Included in the count were change funds used in the receipting process and distributed to the four court custodians, the previous day's collections on hand for the general revenue account, the trust accounts for the four courts, and the petty cash fund. The change fund and the petty cash fund balanced to their authorized levels. However we found that:

! Change fund custodian designations are not current on Auditor's Office records.

Change fund custodian designations are not current on Auditor's Office records.
The record shows the change fund is divided into four \$100 increments, one for each of the four courts with separate custodians for each individual amount. All four custodians have changed. The change has not been formalized by submission of the Request for Custody/Change in Custody form. This is a requirement of Countywide Policy 1203, *Petty Cash and Other Imprest Funds*, Section 4.0.

RECOMMENDATION:

We recommend that the change in custodians be formalized as required by county policy.

CASH HANDLING

During the audit we reviewed the imprest checking account in use for paying witness fees, and the trust accounts for the four courts. The separation of duties and the controls in place are commendable in light of the limited number of personnel and number of funds under control by the fiscal office. We did find the following in relation to outstanding checks.

! Checks issued from the trust accounts that are outstanding for one year or longer need to be sent to the Utah State Division of Unclaimed Property.

Checks issued from the trust accounts that are outstanding for one year or longer need to be sent to the Utah State Division of Unclaimed Property. *The Utah Unclaimed Property Act*, Title 67 Chapter 4a. requires a holder of unclaimed property **B** property which is presumed to be **A** abandoned @or **A** unclaimed @after the stated dormancy period, which in the case of refunds and payments resulting from judicial or administrative proceedings, remains outstanding for more than one year after it became payable **B** to make a report of their findings before May 1 each year for property reportable as of the preceding December 31. The sum of the amounts held, along with the report, must be remitted to the State Treasurer, Unclaimed Property Division.

Uncashed checks fall under the provisions of this act. A review of the court trust accounts shows that from Court No. 2, there are 25 checks which were issued more than one year ago that remain outstanding and unclaimed totaling \$3,519.06, from Court No. 3, there are 17 checks totaling \$1,797.00, from Court No. 4, there are 17 checks totaling \$1,369.75, and from Court No. 5, there are 24 checks totaling \$1,562.58.

RECOMMENDATION:

We recommend that the Justice Courts report and remit outstanding checks to the State Treasurer Unclaimed Property Division in compliance with The Utah Unclaimed Property Act.

FIXED AND CONTROLLED ASSETS

To determine if fixed and controlled assets are adequately controlled and accounted for, we evaluated compliance with Countywide Policy 1125, *Safeguarding Property/Assets*, and Countywide Policy 1100, *Surplus Property Disposition/Transfer/Internal Sale*.

A fixed asset is an item of real or personal property owned by the County, meeting the criteria for capitalization, having an estimated life expectancy of more than one year and a cost equal to or greater than the existing capitalization rate, which is currently \$5,000. A controlled asset is a personal property item having a cost of \$100 or greater, but less than the current capitalization rate, and which is sensitive to conversion to personal use. Personal communication equipment such as pagers, cell phones and radios regardless of cost are considered to be controlled assets.

We obtained a fixed assets report AFIN 0801, showing the Justice Court = s fixed assets, and with the assistance of the property manager located each of those items. However we note here that:

- **A fixed assets annual inventory report has not been submitted to the Auditor's Office for 2002.**

A fixed assets annual inventory report has not been submitted to the Auditor's Office for 2002. Countywide Policy 1125, section 2.2.11 states **A** At least annually, conduct physical inventory of fixed assets and controlled assets, to ensure complete accountability for all

property owned by, or assigned to the organization...After each annual inventory is complete, submit form(supplied by the Auditor) to the Auditor's office acknowledging accountability for fixed assets as listed in AFIN 0801 "Fixed Asset Inventory by Organization."

In addition we obtained from Justice Courts, a list of typewriters, and a vendor's invoice showing the purchase of computer monitors and CPU's in September of 2001. We chose a sample of items to locate and were able to find all of our sample properties. In addition, we reviewed the PM-2 forms and found those to be complete as of the date immediately prior to our audit. While conducting the controlled asset search we did find that:

- ! **There was no consolidated list of controlled assets, there were 49 controlled assets located but not listed, and there was no evidence of a controlled asset annual inventory having been conducted.**
- ! **We found that required inventory control paperwork had not been completed on one laptop computer, and one hand-held Palm Pilot PDA.**

There was no consolidated list of controlled assets, there were 49 controlled assets located but not listed, and no evidence of a controlled asset annual inventory having been conducted. The organization had two separate lists of controlled assets. One list was typewriters identified as "Justice Court Typewriter Inventory" and the other was a copy of a merchants invoice, listing computer monitors and CPU's.

While conducting a physical inventory to locate our sample items, we found 49 items of personal property not shown on any list including but not limited to printers, faxes, television sets, VCR's, and copiers. Originally on the fixed assets list, they were dropped from this list because they no longer meet the cost threshold. (see attachment A). Countywide Policy 1125, Sections 2 and 4 instruct property managers to account for and maintain records as to current location of all fixed and controlled assets, and at least annually, conduct physical inventory of fixed assets and controlled assets.

We found required inventory paperwork had not been completed on one laptop computer, and one hand-held Palm Pilot PDA. The Controlled Assets Inventory -Employee or Organization form was not completed for these items. Countywide Policy 1125, Section 4.3.1 states "The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information)... 'Controlled Assets Inventory Form- Employee' is used for those assets which, due to their nature, are used by (and therefore readily assignable to) an individual."

Also section 4.3.2 states "Controlled Assets Inventory Form- Organization" is used for property not readily assignable to an individual employee or which is shared by more than one employee." Section 4.3.5 states "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."

RECOMMENDATIONS:

- 1. We recommend that a formal controlled assets list be prepared showing as a minimum for each asset a description, serial or model number, location or individual assigned, purchase date, and cost.***
- 2. We recommend that annual inventories be conducted as required by County Policy.***
- 3. We recommend that individually assigned items and shared items be controlled by completing the proper forms.***
- 4. We recommend that the controlled property list, and assignment forms for controlled assets be maintained current, and annual inventories be conducted.***

In closing, we express appreciation to the staff at the Justice Courts for the cooperation and assistance they gave to us during our audit. We trust that our work will be of benefit to you, as you work to strengthen internal controls throughout the agency. If we can be of further assistance to you in this regard, please contact me.

Sincerely,

James B. Wightman, CPA
Director Internal Audit Division

cc: Betty Langeberg

Justice Courts Controlled Assets List
Inventory of property items in addition to typewriters and computer equipment as of 12-06-02

Description	Manufacturer	Serial Number
Fax	Sharp FO 5500	8010084X
Printer	H.P. Laser Jet 5N	UPKK067465
Printer	H.P. Laser Jet Model 4000N	USEF154524
Printer	OKI Pacemark 3410	908A6028007
Powershredder	Fellowes Powershed 220	Parent Part 38221
Receipt Printer	Thaca	KG002138425
Receipt Printer	Thaca	KG002138445
Receipt Printer	Thaca	AN0020022139
Receipt Printer	Thaca	KG002138444
Printer server	Hewlett Packard	SG14542261
Printer server	Hewlett Packard	SG14542260
Printer server	Hewlett Packard	SG14542262
Printer server	Hewlett Packard	SG14453222
Printer server	Hewlett Packard	SG5012955953
Printer	H.P. Laser Jet 5N	JPKK064291
Printer	H.P. Laser Jet Model 4000N	USEF154505
Powershredder	Fellowes	1173.913
Printer	H.P. Laser Jet 4 plus	JPGH016938
Television	Sharp	311435
VCR	JVC	079T203
Printer	H.P. Laser Jet 4	JPBJ065541
Printer	H.P. Laser Jet 1200	CNDX006668
Scanner	Hewlett Packard	G9460BY0
Palm Pilot V	Court Manager	N/A
Typewriter	IBM ww1500	11WY213
CPU	IBM	23655WD
Fax	Sharp FO 5500	70106011
Printer	H.P. Laser Jet 6	USD0047194
Printer	H.P. Laser Jet 1200	CNDX006658
Television	Sharp	623567
VCR	JVC	079T8180
Printer	H.P. Laser Jet 4	JPBJ067463
Printer	H.P. Laser Jet 4	JPBJ067454
Television	Sharp	623572
VCR	JVC	079T7182
Television	Sharp	623635
VCR	JVC	079T8170
CPU	IBM	23655MY
Printer	H.P. 2100	USGH053315
* Copier	Sharp SF2025 Tag 97209	80533720
* Copier	Sharp SF2025 Tag 97210	80536820

* these items should also be added to a controlled assets list because their original cost was less than \$5,000