



SALT LAKE COUNTY AUDITOR'S OFFICE
CRAIG B. SORENSEN, AUDITOR

CELEBRATING OUR
SESQUICENTENNIAL
150 YEARS OF SERVICE
1852 – 2002

September 23, 2003

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Aaron Kennard, County Sheriff
Salt Lake County Sheriff's Office
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RE: Vice/Licensing Unit Cash Audit.

Dear Sheriff Kennard:

We recently completed an audit of the Vice/Licensing unit cash handling operations. We conducted a count of the change fund, a review of the procedures for processing collection and depositing of license fees, and a review of controlled assets management. The work we performed is part of an ongoing effort to insure the existence and adequacy of cash handling and asset controls.

CASH COUNT

Employees, dancers and professional entertainers in sexually oriented businesses must obtain a license from the County. Vice/Licensing processes these applications, collects the fees and issues the license cards. As a result of our audit we found:

- **The unit has a \$100 change fund that is not authorized through the Auditor's Office.**

The unit has a \$100 change fund that is not authorized through the Auditor's Office. As a necessary resource for its operations, the unit has a change fund in the amount of \$100, which we counted. The fund in possession of the unit is not listed on the Salt Lake County Petty Cash and Other Imprest Accounts list as prepared by the Salt Lake County Auditor's Office.

The Purpose paragraph of Countywide Policy #1203, "Petty Cash and Other Imprest Funds," states, "*Change funds are established to*

provide cash for the purpose of making change when processing over-the-counter cash receipts.” Section 2.1, states, *“The requesting organization shall complete an MPF form 2 request for...establishment of...imprest fund.”*

RECOMMENDATION:

We recommend that an MPF form 2 be prepared and forwarded to the Auditor’s Office for formal recognition of the existing change fund.

CASH HANDLING

We reviewed a sample of deposits for the period September 2002 through August 2003 and all the related documents prepared in the collection and depositing process performed by the unit. Proper deposit slips, cash register Z tape reports and sealed deposit bags were reviewed. However, we found that:

- **The cashiers were not preparing cash balance sheets form MPF 3 for the days funds were received.**
- **Public funds were not being deposited within three days after receipt.**
- **The cashiers were not preparing the MPF form 10, Cash Over/Short Log.**

The cashiers were not preparing cash balance sheets form MPF 3 for the days funds were received. Countywide Policy #1062, “Management of Public Funds,” Section 3.7.3, states, *“Each day, all county agencies should balance collections to register (or receipt log) totals and prepare a deposit, using MPF Form 3 or a facsimile developed for the specific agency.”*

Even though collections are irregular, on those days when there are funds received, policy requires that certain processes are followed and forms used, without exception, to record the receipts and deposits. These processes insure the integrity of the system and protect the person who is performing the process. For example, the form MPF 3 requires that a second person review and sign the daily receipts count for accuracy.

RECOMMENDATION:

We recommend that balance sheet form MPF 3 be used and include the review and signature of a second employee, as required.

Public funds were not being deposited within three days after receipt. Each deposit slip covered the date the deposit slip was made out and several days prior to that date. The date the deposit slip was validated by the bank was either on the date the slip was made out or within three days of the slip date. Deposits were made two or three times a month and as a result covered several days on each deposit, so only the last day on the slip was timely.

Thus, the majority of the daily receipts were deposited late for the purpose of Policy 1062. The reason for this tardiness is the scant collection rate at most times of the year. Nevertheless, County Policy 1062 should be followed, which in Section 3.7.2, states, "As required by Section 51-4-1, Utah Code Annotated, all public funds shall be deposited whenever practicable but not later than three days after receipt."

RECOMMENDATION:

We recommend that funds be deposited no later than three days after receipt in compliance with Countywide Policy.

The cashiers were not preparing the MPF form 10, Cash Over/Short Log. Policy 1062, Section 2.5.3, states, "All overages and shortages, regardless of the amount must be recorded and reported daily on MPF form 10, Cash Over/Short Log." The form is designed for use by each cashier of the agency to maintain and complete an individual log on a daily basis. The form is intended to be used to monitor trends or significant patterns of shortages or overages.

RECOMMENDATION:

We recommend that the individual MPF form 10 Over/Short Log be used in accordance with Countywide Policy.

CONTROLLED ASSETS

Our purpose for this portion of the audit was to determine if management of County controlled assets was in compliance with Countywide Policy #1125, "Safeguarding Property/Assets." The Property Manager provided us with a list of assets assigned to the unit and we conducted a physical inventory comparing the actual assets in place with that list. During our audit we found that:

- **The controlled assets list is not current for assets located in the unit.**

The controlled assets list is not current for assets located in the unit. Two computers had been transferred to another area, and the replacements we inventoried were on the Property Manager's complete list, but the list had not yet been updated to show the transfer. The only other discrepancy, was an electric Smith Corona typewriter, Model 5F Serial number 5FDH 1104688, which was located at the unit but not listed.

RECOMMENDATION:

We recommend that the transferred items discovered during our inventory, as well as the typewriter not listed, be updated on the controlled assets list.

Aaron Kennard, County Sheriff

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In closing we would like to express appreciation to the employee at the Vice /Licensing unit for the cooperation and timely assistance she gave to our auditor. We trust that our work will be of benefit to you as you endeavor to make changes that will strengthen internal controls over these processes. If we can be of further assistance to you in this regard please feel free to call.

Sincerely,

James B. Wightman, CPA
Director, Internal Audit Division

cc: Jared Davis
Captain Dave Burdett