

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



An Audit of the Key Controls of
Small Arts Groups Sales Tax

March 27, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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March 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 Small Arts Groups Sales Tax

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Small Arts Groups Sales Tax 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.

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 Small Arts Groups Sales Tax and the cooperation from Vicki Bourns, ZAP Program Manager, Lori Okino, Fiscal Administrator of Community Services Department, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Small Arts Groups Sales Tax during our audit. The staff was friendly, courteous, and very helpful. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By Cherylann Johnson MBA, CIA, CFE
Sr. Deputy Auditor

cc: Vicki Bourns, ZAP Program Manager
Lori Okino, Fiscal Administrator, Community Services Department



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Small Arts Groups Sales Tax. 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 activities housed in budget organization 3592, "Small Arts Groups Sales Tax," are part of the Zoo, Arts, and Parks (ZAP) Program which is administered through Fund 310. Fund 310 includes the following budget organizations: 3591 - "Large Arts Groups Sales Tax," 3592 - "Small Arts Groups Sales Tax," 3593 - "Zoological Sales Tax," and 3594 - "ZAP Fund Administration." The applicable key controls were reviewed in previous audits that were performed in January and February 2013 of budget organizations 3591 and 3594. We have no material findings to report.

Background

Since 1997, the Zoo, Arts, and Parks (ZAP) Program is committed to fair and equitable access of tax supported funding and educational resources for Salt Lake County's cultural community. The ZAP Program exists to enhance financial support of Salt Lake County's zoological, cultural, and botanical organizations through the imposition, collection, and distribution of a 1/10th of 1 percent County sales and use tax. The program provides adequate predictable support for the organizations within the zoological and Tier I categories and provides enhanced support for the organizations within the Tier II category.

A maximum of 23 organizations can qualify for the Tier I category. Tier II organizations are smaller cultural groups where any number of organizations may apply for funding. Unlike the Tier I category where organizations are required to have a minimum amount of qualifying expenditures to be eligible for ZAP funding, the organizations in the Tier II category are not required to have a minimum amount. Tier II organizations are required to submit an application each year and are approved for funding based on recommendations from an Advisory Board. The funding recommendations from the Advisory Board are submitted to the Salt Lake County Council. The County Council makes the final decisions on funding and is the overarching authority over the ZAP Program.

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 February 28, 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.