

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



An Audit of the Key Controls of the  
Special Deposits Fund

March 27, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

Audit reports are available at  
<http://auditor.slco.org/cfml/IntAudit/IntAuditPubs.cfm>





GREGORY P. HAWKINS  
Salt Lake County Auditor

LONN LITCHFIELD, JD, LLM  
Chief Deputy Auditor

2001 South State Street, N3300  
PO Box 144575  
Salt Lake City, UT 84114-4575

(385) 468-7200  
(385) 468-7201 / fax  
GHawkins@slco.org

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 the Special Deposits Fund

Dear Mayor McAdams:

We recently completed an analysis of the financial records of the Special Deposits Fund 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 Planning and Development Services and the cooperation from Randy Allen, Fiscal Manager, Chara Ellis, Bonding Coordinator, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to the Special Deposits Fund 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: Randy Allen, Fiscal Manager





## **Objectives**

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of the Special Deposits Fund. 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 Special Deposits Fund is used to account for deposits held in trust by Salt Lake County for citizens and businesses relating primarily to construction and development costs. These include subdivision guarantee and performance bonds. If a cashier's check is submitted, a cashier in Planning and Development Services accepts the funds and deposits them. A receipt is printed and a copy of the receipt is kept in the project file. The amounts collected are placed in the Special Deposits Fund. Key controls for change funds, cash receipting, and depositing were reviewed during the audit of Planning and Development Services in November 2012. We have no material findings to report.

## **Background**

The amounts deposited in the Special Deposits Fund are guarantees by citizens or businesses for future improvements. These include subdivision guarantee and performance bonds. When the citizen or business has completed the site and/or land use improvements as specified by the project plan, an inspector, planner, or building official visits the site to verify that the improvements are finished. When the inspection is completed, a recommendation is made that the respective bond be released. The Bonding Coordinator prepares a request for the refund of the bond. After the request has been approved by the Fiscal Manager, it is submitted to the Accounts Payable Section in Mayor's Finance and a warrant is prepared and sent to the citizen/business.

## **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.