

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR



An Audit of the Key Controls of
Bond Debt Service

March 20, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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March 15, 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 Bond Debt Service

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Bond Debt Service 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 Bond Debt Service and the cooperation from Lance Brown and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Bond Debt Service 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

A handwritten signature in black ink, appearing to read "James Fire".

By James Fire MBA/Acc
Deputy Auditor

cc: Lance Brown, Budget Director
Javaid Majid, Fiscal Manager
Bob Reed, Associate Budget Administrator

GREGORY P. HAWKINS
Salt Lake County Auditor

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Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Bond Debt Service. 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

Bond Debt Servicing is significant to maintaining trust between Salt Lake County and investors. Interviews with key personnel emphasized that oversight and involvement from various county agencies ensure that the twice-a-year payments are processed accurately and timely.

The key control audit (KCA) focused on "1323 Accrued Tax Receivable" which had a December 31, 2012 balance of \$1,981,793.47. Discussions with the Mayor's Financial Administration personnel detailed rules governing when delinquent taxes are deemed as a receivable, and which portion is earmarked for bond debt servicing.

Examination of journal vouchers reconciled the account to the year-end balance. As a result, there were no findings associated with this KCA.

Background

Bond Debt Servicing is an important component of the Salt Lake County's financial system. Twice each year, payments for interest and principal are submitted for repayment of bonds held by investors. These payments involve several agencies that closely examine the payments for accuracy and timeliness. Diligent oversight from those agencies contribute to maintain the County's triple-A bond rating from the major bond-rating agencies.

The county is extremely pleased to be numbered among the very few triple-A rated counties in the nation. Such a rating allows the County to borrow money at a lower interest rate than most governments, which translates into substantial interest savings each year for County taxpayers.

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 January 31, 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.