

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



An Audit of the Key Controls of
Emergency Services

May 05, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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May 05, 2014

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 Emergency Services

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Emergency Services 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. A report of our findings and recommendations is attached.

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 Emergency Services and the cooperation from Carlton Christensen, Jared Steffey, Jeff Gravier, Jackie Nicholl, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Emergency Services during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. 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: Carlton Christensen, Director, Office of Regional Development
Jared Steffey, Fiscal Manager
Jeff Gravier, Director, Emergency Services
Jackie Nicholl, Assistant Director, Emergency Services

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Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Emergency Services. 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

Emergency Services has put into place several internal controls for managing public funds and assets. However, some risks and areas of non-compliance with Countywide Policies were identified. Most were minor and would not be expected to result in the material loss of County assets. Risks related to inadequate controls over controlled assets have a higher likelihood of leading to loss of County property. Prior to 2014, Emergency Services was a Division in Mayor Operations. In 2014, Emergency Services was transferred to the Office of Regional Development. A report of the last audit of Mayor Operations was released to the public in August 2013.

Findings and Recommendations

Finding # 1 - "Controlled Assets Inventory Form - Employee" lists needed to be updated.

Risk Level: Moderate

Countywide Policy #1125, "Safeguarding Property/Assets," Sections 2.2.2 and 2.2.4 state that Property Managers are responsible for the following:

"Accounting for all controlled assets within the organization's operational and/or physical custody. ... Safeguard all property subject to this policy for which the organization has custodial responsibility."

Section 2.3.2 states:

"When initiating purchases of property for their use, employees should coordinate with the Property Manager to ensure such assets are properly assigned and accounted for."

During our review of controlled assets, we noted that the "Controlled Assets Inventory Form - Employee" lists were signed and dated in April 2012. Additionally, there was not a "Controlled Assets Inventory Form - Employee" for a new employee that was hired in 2013. Items should be added to or deleted from the respective controlled asset lists as purchases occur or as assets are transferred to surplus or to another agency.

Controlled assets cannot be properly safeguarded if items have not been recorded on the lists. When accountability for assets is not fully established assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that procedures and controls be put into place to ensure that controlled asset lists are updated as necessary.

Finding # 2 - A comprehensive controlled asset inventory had not been conducted since 2012.

Risk Level: Moderate

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.11 states:

"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."

There was no signed and dated documentation on file that showed an annual physical inventory of controlled assets had been performed since April 2012.

When accountability for assets is not fully established by conducting an annual inventory, assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that a comprehensive controlled asset inventory be conducted at least annually.

Finding # 3 - Accountability for some controlled assets was not properly established.

Risk Level: Moderate

Countywide Policy #1125, "Safeguarding Property/Assets" Sections 2.2.3 and 2.2.4 state that Property Managers are responsible to:

"Maintain records as to current physical location of all fixed [capital] assets and controlled assets within the organization's operational and/or physical custody. ... Safeguard all property subject to this policy for which the organization has custodial responsibility."

In addition to reviewing the assets which were on the controlled asset lists, we also looked at assets that were at Emergency Services, but were not on the lists. During the inventory, we found 11 controlled assets that were not on the "Controlled Assets Inventory Form - Employee" lists for three employees.

When accountability for assets is not fully established, assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that Emergency Services report all controlled assets and ensure assets are included on the proper controlled asset lists.

Finding # 4 - Transfer of accountability for controlled assets was not completed.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Sections 4.2, 4.2.1 and 4.2.2 state:

"Transfer of accountability occurs:

1. When an employee transfers organizations and retains a controlled asset for his/her use.
2. When a controlled asset is re-assigned to a different organization."

Section 4.2.3 states:

"Both the receiving and transferring organization should appropriately document transfers of controlled assets."

In 2014, the Emergency Services Division was transferred from Mayor Operations to the Office of Regional Development. However, PM-2 Forms have not been completed to transfer accountability for the controlled assets from Mayor Operations to the Office of Regional Development.

When PM-2 Forms are not used to track the transfer of controlled assets, County property is at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that a PM-2 Form be prepared for all controlled asset transfers.

Finding # 5 - One controlled asset could not be located.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.2 states that Property Managers are responsible for the following:

"Accounting for all controlled assets within the organization's operational and/or physical custody."

During our review of 43 controlled assets, we were unable to locate one controlled asset that was listed on a "Controlled Assets Inventory Form - Employee."

When accountability for assets is not fully established, assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that inventory records be maintained and that a PM-2 form be completed for controlled assets that are transferred to another agency or sent to surplus property.

Finding # 6 - The "Controlled Assets Inventory Form - Organization" was not signed or dated.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Section 4.3.3 states:

"The 'Certification' on Exhibits 3 and 4 states that the employee (for assets assigned to employees), and the Property Manager (for assets not assigned to individual employees) are accountable for all property assigned to them.

The "Controlled Assets Inventory Form - Organization" was not signed by the Property Manager as evidence of accountability for assets not assigned to individual employees.

When accountability for assets is not fully established, assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Property Manager sign and date the "Controlled Assets Inventory Form - Organization" to certify the assets not assigned to individual employees.

Finding # 7 - Some Meal Reimbursement Forms were not signed by the person submitting the requests.

Risk Level: Low

Countywide Policy #1020, "County Meals," Section 6.1 states:

"All requests for payment (including reimbursements from petty cash accounts) shall be submitted with the attached form which contains: the date of the meeting; the location of the meeting; the type of meeting and group attending in relation to County business; the total number of attendees, with employees separated from other attendees; the total payment amount requested; the signature of the person submitting the request; the date the request was signed; the signature of the Division or Department Director or Elected Official approving the request; the date approved by the official; and a copy of the bill or receipt."

During our review of purchasing card transactions, we noted two transactions for meals that had a Meal Reimbursement Form. However, the person submitting the form had not signed or dated it.

Without a Meal Reimbursement Form that is signed and dated by the person submitting the form, we cannot verify that the purchase was valid.

Recommendation

We recommend that the Meal Reimbursement Forms be signed and dated by the person submitting the forms.

Additional Information

Background

Emergency Services provides preparedness, response, and recovery coordination for Salt Lake County. It regularly engages first responding agencies throughout the Greater Salt Lake Valley in a variety of emergency response functions. In addition, it has Countywide responsibility and authority for disaster planning and mitigation, emergency management, hazardous materials response, and bomb and arson investigations.

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
- Accounts Receivable
- Accounts Payable
- Third Party Contracts

Our examination period covered up to twelve months ending March 31, 2014. 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. Retesting of prior audit findings was also performed, where applicable.

Management response to findings in this report, when received, will be attached as Appendix A.



Ben McAdams
Salt Lake County Mayor

**Carlton
Christensen**
Office of Regional
Development

Emergency Services
Jeff Graviet | Director

May 2, 2014

Gregory Hawkins
Salt Lake County Auditor
2001 S State ST #N3300
Salt Lake City, UT 84114-4575

RE: Agency Response to Audit of Emergency Services

Mr. Hawkins:

The recent audit of Emergency Services was helpful to Emergency Services in finalizing certain internal processes associated with the transfer of the office (personnel and assets) from Mayor's Operations to the Office of Regional Development (ORD).

We have identified an Emergency Services employee (Alison Smith) who will serve as the office's property manager and she will coordinate with ORD's property manager to physically tag and update Emergency Services' asset records in ORD's Access database. Our asset records will be audited annually in July as part of ORD's annual audit process. Alison currently receives all deliveries made to Emergency Services. We have modified our internal office process to include updating and signing the appropriate employee controlled asset inventory form when a delivery is made.

We believe these internal changes to Emergency Services' office procedures address the audit's findings and will improve our adherence to County policy in the future. Our response to and subsequent actions for the individual audit findings are attached.

We have appreciated the opportunity to work with and discuss process changes with Cherylann Johnson during this audit. Her input was very helpful. Please contact me at your convenience if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Graviet', is written over a large, faint, light-colored watermark or ghost signature.

Jeff Graviet, Director
Salt Lake County Emergency Services

Ec: Ben McAdams, Salt Lake County Mayor
Carlton Christensen, Director, Office of Regional Development
Jared Steffey, Fiscal Manager
Jackie Nicholl, Assistant Director, Emergency Services
Cherylann Johnson, Sr. Deputy Auditor

**Emergency Services Response to
April 2014 Audit of Key Controls of Emergency Services**

Finding #1 – “Controlled Assets Inventory Form – Employee” lists need to be updated.

Response: Employees’ controlled asset lists will be updated and signed by May 15, 2014. Internal office procedures have been changed to include regular updating of lists as purchases are made and assets received.

Finding #2 – A comprehensive controlled asset inventory had not been conducted since 2012.

Response: Emergency Services assets will be audited annually as part of the annual audit of the Office of Regional Development’s (ORD) assets.

Finding #3 – Accountability for some controlled assets was not properly established.

Response: Employees’ controlled asset lists will be updated and signed by May 15, 2014. Internal office procedures have been changed to include regular updating of employee lists as purchases are made and assets received.

Finding #4 – Transfer of accountability for controlled assets was not completed.

Response: PM-2 forms will be completed and signed by May 15, 2014 as appropriate to document the transfer of personnel and assets to ORD; assets will be tagged by Emergency Services Property Manager using ORD’s process by May 31, 2014. Additionally, PM-2 forms will be completed and signed by May 15, 2014 to document the transfer of a training mannequin to Public Works Operations and the transfer of a printer and scanner to Information Services.

Finding #5 – One controlled asset could not be located.

Response: The asset in question was a scanner that was purchased and reimbursed for with grant funds. The scanner and a printer were delivered to County Information Services to be incorporated in to a technology connectivity cart that I.S. maintains and deploys during emergencies. A PM-2 was not filled out when the scanner (and printer) were delivered but the scanner was generically listed on Emergency Services’ asset list. Emergency Services’ internal processes have changed to avoid this from happening in the future and a PM-2 form will be completed and signed by May 15, 2014 to document this scanner’s location.

Finding #6 – The “Controlled Assets Inventory Form – Organization” was not signed or dated.

Response: The organization’s asset form will be completed and signed by Emergency Services’ Property Manager by May 15, 2014. Internal office procedures have been modified to include regular updating of organization’s asset list as purchases are made and assets received.

Finding #7 – Some Meal Reimbursement Forms were not signed by the person submitting the requests.

Response: The signature process for meal reimbursement forms has been reviewed with personnel.