

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



An Audit of the Key Controls of  
Criminal Justice Services

F gego dgt'53.'4236

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

Audit reports are available at  
<http://www.saltlakecountyauditor.org/site/audit/>





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

F gego dgt "53."4236

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 Criminal Justice Services

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Criminal Justice 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 Criminal Justice Services and the cooperation from Scott Rasmussen, Scarlett Andrew, Connie Young, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Criminal Justice 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 Larry Decker CPA, CIA  
Sr. Deputy Auditor

cc: Gary Dalton, Director  
Scott Rasmussen, Fiscal Manager





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Criminal Justice 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

Our last audit of Criminal Justice Services was released to the public in December 2013. In this audit, we found that bank deposits were not always timely, and accounts receivable reconciliations were not performed. Our revisit of depositing revealed that deposits were still not timely in some cases. Also, we found that accounts receivable reconciliations still were not being performed.

## Findings and Recommendations

---

### ***Finding # 1 - Deposits were not always made in a timely manner.***

---

#### **Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 4.1.2 states:

"As required by § 51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but no later than three days after receipt."

A previous audit conducted in December 2013 found that deposits were not always made in a timely manner. During a retest of this finding, we found that 5 out of 30 deposits examined were deposited more than three days after receipt of collections.

Although this was reported in the previous report, management expressed surprise that deposits were not timely in some cases. They stated that collections could have remained in the office safe past the deadline when the employee responsible for delivery to the bank was on vacation.

When funds are not deposited on a timely basis, they are more susceptible to loss or theft. In addition, interest is lost that would otherwise be accrued.

#### ***Recommendation***

We recommend that funds be deposited on the same day, whenever practicable, but no later than three days after receipt.

---

***Finding # 2 - Accounts receivable reconciliations were not performed and signed by an independent party.***

---

**Risk Level: Low**

Countywide Policy #1220, "Management of Accounts Receivable and Bad Debt Collection," Sections 5.3.2 and 5.3.4 state:

"The ledger of accounts receivable shall be reconciled to invoices and payments at least monthly, and the reconciliation shall be documented and signed by the employee who performed this step. ... The employee who maintains the accounts receivable ledger shall be separate from the employee who prepares invoices and the employee who collects payments. In the event that staffing levels prevent such a segregation of duties, a supervisor, or second responsible employee, shall review and sign the monthly reconciliation, as a control on the process."

A previous audit conducted in December 2013 found that an accounts receivable reconciliation was not performed. During a retest of this finding, an accounts receivable reconciliation still was not performed and signed by an independent party as evidence of review.

Although this was reported in the previous report, management stated that they were not aware of the policy requirement for an accounts receivable reconciliation. They showed the auditor a reconciliation of cash receipts to bank statements, though this did not fully address policy guidelines for accounts receivable reconciliations. Since our last audit report, a new fiscal manager has been hired.

When accounts receivable are not reconciled and reviewed on a monthly basis, misappropriation and errors are more likely to occur and remain undetected.

***Recommendation***

We recommend that monthly accounts receivable reconciliations be performed and signed by an independent party.

## **Additional Information**

### **Background**

The Criminal Justice Services Division (CJS) provides pre-trial, probation, and drug and alcohol treatment services for courts within Salt Lake County. As one of its primary functions, CJS personnel interview recently jailed inmates for pre-trial release. Qualifying inmates are released from jail and periodically report to CJS as a condition of their release. As another function, CJS personnel prepare pre-sentencing reports for State and justice court judges. CJS also offers probation services to the courts for misdemeanants. Case workers monitor individuals on probation and refer them to substance abuse treatment or other programs, as required. As an alternative to jail, CJS provides a Day Reporting Center where both pre-trial and convicted misdemeanants and felons receive training and assistance from case workers and other personnel to find work, provide community service, or fulfill other requirements as mandated by the courts. The Day Reporting Center also provides special supervision for offenders screened as mental health releases.

CJS administers the highly visible and regarded Drug Court program as an alternative to drug offenders. Appearing in court, individuals so charged enter a guilty plea in abeyance. Charges are later dismissed for defendants who stay drug-free and comply with program requirements over a specified period. CJS started in the early 1970s as "pre-trial release." In 1974 they received federal grant money to fund a pre-trial release and probation program known as the "Des Moines replication." Currently, they have 130 employees and receive about 11% of their funding from State and Federal sources and the remainder from the County general fund. The 2014 budget is \$10,948,275.

### **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 December 10, 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

**LORI BAYS**  
Human Services Director

**CRIMINAL JUSTICE  
SERVICES DIVISION**

**GARY K. DALTON**  
DIRECTOR

**RONALD L. OLDROYD**  
ASSOCIATE DIRECTOR

ADMINISTRATION

385-468-3500  
385-468-3431 FAX

COURT & TREATMENT SERVICES

385-468-3559  
385-468-3560 FAX

DAY REPORTING CENTER

385-468-3557  
385-468-3461 FAX

PRETRIAL SERVICES

385-468-3515  
385-468-3430 FAX

PROBATION SERVICES

385-468-3558  
385-468-3522 FAX

145 EAST 1300 SOUTH, SUITE 501  
SALT LAKE CITY, UTAH 84115  
[WWW.CRIMINALJUSTICE.SLCO.ORG](http://WWW.CRIMINALJUSTICE.SLCO.ORG)

January 23, 2015

Scott Tingley  
Salt Lake County Auditor  
2001 South State Street N3300  
Salt Lake City, UT 84114-4575

RE: Audit of Salt Lake County Criminal Justice Services

Dear Mr. Tingley:

The following is the Criminal Justice Services Division response to the Key Control Audit conducted by your office and the findings noted in the report dated December 19, 2014.

Finding #1-Deposits were not always made in a timely manner.

Timely deposits are important to the management of Criminal Justice Services. Some of the deposits referenced in the audit findings were the result of not having proper coverage when our primary person assigned the deposit duty is out of the office. In this situation going forward, the Office Specialist Supervisor will make an assignment to have another person take the deposit to the bank. We anticipate at least three employees that can cover when needed.

Finding #2- Accounts Receivable were not performed and signed by an independent party.

Criminal Justice services finished implementing an Accounts Receivable system in August 2014. The Fiscal Manager will perform and sign an Accounts Receivable Reconciliation at the close of every month going forward.

Thank you for your assistance. Please feel free to contact us with any questions or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kele Griffone".

Kele Griffone

Acting Division Director

Cc: Scott Rasmussen, Fiscal Manager