



November 19, 2012

Mayor Peter Corroon
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Re: Solid Waste Management Audit

Dear Mayor Corroon:

We recently completed an analysis of the financial records of Solid Waste Management (SWM). Our scope was limited to verification of the accuracy and completeness of financial records, and compliance with internal controls related to cash handling procedures and capital and controlled assets management. Our audit included a review of the following areas:

- Cash receipting and depositing
- Petty cash and change funds
- Accounts receivable
- Capital and controlled assets

Audit criteria included Countywide Policy #1062, *Management of Public Funds*, Countywide Policy #1125, *Safeguarding Property/Assets*, Countywide Policy #1220, *Management of Accounts Receivable and Bad Debt Collection*, and SWM's internal policies.

Our work was designed to provide reasonable but not absolute assurance that internal controls were adequate, records were accurate and complete, and daily transactions were valid. Since our audit included only a sample of many items from the period, there is a risk that we may not have discovered problems related to assets or transactions not selected for review. Issues subject to an ongoing investigation may not be disclosed in this report. Not all areas of SWM operations were reviewed, including purchasing, parts inventory, travel reimbursements, or payroll.

Some findings were discussed with SWM personnel at the time of our audit and have not been included in this letter. More significant findings and recommendations are included below and have been divided into the following sections: 1) Petty Cash and Change Funds, 2) Cash Receipting and Depositing, 3) Accounts Receivable, and 4) Capital and Controlled Assets. The SWM written response to our findings and recommendations can be seen in Appendix A.

Several of the findings remain unchanged since our prior audits of SWM, dated August 2005 and June 2007. Efficient internal controls in various operational areas create opportunity for undetected theft(s) to occur. This opportunity will continue to exist until SWM establishes proper internal controls, either by implementing our recommendations or equivalent measures.

PETTY CASH AND CHANGE FUNDS

SWM established a petty cash fund and a change fund with balances of \$1,500 and \$3,350, respectively. Our findings in this area include the following:

- *The change fund was not reconciled and transferred to the new custodian after the former custodian was terminated in 2008.*
- *The change fund was \$525 short.*
- *The change fund was not counted daily, as required by County policy.*
- *Not all petty cash vouchers were approved by an independent party.*

The change fund was not reconciled and transferred to the new custodian after the former custodian was terminated in 2008. The Lead Accounting Specialist (Specialist) acts as the change fund custodian for SWM. The prior Specialist was terminated in June 2008 and the current Specialist started in September 2008. While the new Specialist was instructed to take charge of the change fund, the fund was not reconciled and no paperwork was completed to transfer the funds.

Countywide Policy #1203, *Petty Cash and Other Imprest Funds*, Section 8.3.1, states,

To protect the current custodian from future personal liability, the following steps shall be completed:

8.3.1.1 – The current Custodian, Agency Management, or Fiscal Manager shall reconcile the Petty Cash and/or Imprest Fund and submit a final reimbursement request on MPF Form 6 to the Auditor...

8.3.1.2 – The general warrant, triggered by the submission of a final MPF Form 6 from the current Custodian, shall be issued in the name of and cashed or deposited by the new Custodian.

8.3.2 – Responsibility remains with the current Custodian until the final MPF Form 6 is completed and submitted with the signed MPF Form 2 to the Auditor...In the absence of the current Custodian, Agency Management designee or the Fiscal Manager shall be responsible, as determined by Agency Management [emphasis added].

When the transfer of custody is not documented, accountability for shortages is difficult to determine and losses are more likely to occur. This lack of accountability contributed to the undetected shortage discussed in the following section.

RECOMMENDATION:

We recommend that SWM complete and submit the MPF forms described in Countywide Policy #1203 to transfer custody of the change fund to the acting custodian.

The change fund was \$525 short. An unannounced cash count was performed on May 3, 2012. Unfortunately we were unable to balance the scale house operator's (operator) cash collections for that day because a report of collections from SWM's Point-of-Sale (POS) system was not available. The Fiscal Manager was the only employee with access rights to print the report and he was out that day.

In addition, there were three operators not on duty that day. We were unable to count two of the three operator's change funds because only the operators had the key to the safe compartment. The third operator's change fund was short \$29.93. When questioned, the operator stated he had given an angry customer a refund after he had completed his deposit. Unfortunately there was no documentation to support that assertion, other than a note from the operator. Finally, there was no key for one locking compartment of the safe and SWM staff did not know if the compartment contained cash or not.

SWM obtained full access to the safe and a second unannounced cash count was performed on May 23, 2012. We counted a portion of the change fund, \$1,775, kept in a locked compartment of the safe, and an additional \$1,050 divided equally among seven operators, stored in separate, locking safe compartments at the end of each day. Funds counted totaled \$2,825. That amount is \$525 short of the \$3,350 issued to SWM. *SWM was unable to account for the remaining funds, and were not aware of the correct balance.* The notarized MPF 2 that accompanied the check issued with the latest change fund increase for SWM is attached as Appendix B.

The Fiscal Manager could not recall counting the change fund after the former custodian was terminated. He asserted that he could not remember a time when the portion of the change fund maintained in the safe was over \$2,000.

According to the current Specialist, the portion of the change fund maintained in the safe was \$1,800 when she started. At the time she assumed that the correct amount was on hand. A subsequent \$75 overage and \$100 shortage in 2010 brought the change fund to its current balance. The \$100 shortage was reported to SWM fiscal manager.

Countywide Policy #1203, Section 3.9 states,

*Any unaccounted for funds (shortages) shall be investigated immediately. The custodian, after appropriate investigation may be required to personally replenish the shortage, depending on the circumstances. If the shortage appears to relate to a theft, it shall be reported in accordance with Countywide Policy #1304, 'Discovery and Reporting of Thefts.' **Any shortages not resolved immediately shall be explained in a letter to the Mayor.** The Auditor will reimburse requests to replenish accounts resulting from shortages if authorized by the Mayor through this procedure. [emphasis added]*

RECOMMENDATION:

We recommend that the change fund shortage be explained in a letter to the Mayor, including a request for replenishment of the authorized amount.

The change fund was not counted daily, as required by County policy. As mentioned above, the Fiscal Manager could not recall counting the change fund after the former custodian was terminated and no documented change fund counts from prior to September 2008 were available for review.

The key to the \$1,775 portion of the change fund is transferred among three operators, three times during the week as schedules change. The transfer is documented using a funds transfer form, MPF Form 7, and funds are counted at that time. In addition, the Specialist counts the main change fund once or twice during the week.

Finally, the current Daily Cash Report form does not contain a reconciliation of the operator's change fund, currently maintained at \$150 each. During our review of a random sample of scale house deposits we noted an older version of the Daily Cash Report form, used during 2011, which included an area for reconciling the change fund. Unfortunately, operator's left the area blank.

Countywide Policy #1062, Section 2.4.3, states,

The Agency Cashier and each cashier will verify accountability for their cash advance daily. This will enable the cashiers to quickly detect and identify any discrepancies and promotes appropriate attention to control over and accountability for county funds.

Failure to count the main change fund daily and to account for individual change funds on the Daily Cash Report form were also findings in the 2007 audit. The undetected shortage may not have occurred had SWM fully implemented the Auditor's Office 2007 recommendations. Furthermore, if overages or shortages occur in the main change fund, they should be included on an over/short log, along with an explanation. SWM's current over/short log is maintained in an Excel report. The report does not contain a record of the main change fund variances.

RECOMMENDATIONS:

- 1. We recommend that an employee count the change fund daily and document the count on either an MPF Form 3 or a conforming Daily Cash Report.*
 - 2. We recommend that overages and shortages in the main change fund be recorded on an over/short log.*
 - 3. We recommend that a reconciliation of each employee's individual change fund be included on the Daily Cash Report.*
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Not all petty cash vouchers were approved by an independent party. We reviewed petty cash reimbursement requests and documentation from April 2011 to April 2012. All purchases were appropriate, detailed receipts were attached, and no sales tax was paid. For 33 out of 125 (26%) petty cash vouchers, however, the custodian signed as the recipient and the custodian.

Countywide Policy #1203, Section 4.6.3 states:

To ensure proper internal control and separation of duties, if the Custodian is the recipient of the petty cash, he/she shall sign as Payee, and the Fiscal Manager or other Agency-designated supervisor shall approve and sign as Custodian.

Without independent approval, inappropriate or duplicate purchases are more likely to occur without detection.

RECOMMENDATION:

We recommend that the Fiscal Manager or other supervisor approve petty cash vouchers where the recipient is the petty cash custodian.

CASH RECEIPTING AND DEPOSITING

We selected a random sample of 39 days of scale house deposits, and 37 days of checks received through the mail, from May 2011 through April 2012. Scale house deposits examined contained \$13,240 in cash, \$25,212 in checks, and \$116,548 in credit cards for a total of \$255,000. Each scale house operator creates a separate deposit of funds they receipted. Therefore, a total of 136 individual scale house deposits were reviewed. The average day's scale house deposits totaled to \$6,538. Checks received through the mail on the days sampled totaled \$1,018,528, an average of \$27,528 per day. Our findings include the following:

- *One Operator reviewed her own deposits, her son's deposits, and her niece's deposits.*
- *Full credit card numbers, expiration dates, and security codes were filed with deposit documentation.*
- *The form of payment was not being recorded correctly.*
- *Overages and shortages exceeded the acceptable amount and explanations were poorly documented or absent.*
- *The Over/Short Report was not signed by the operators, a supervisor, or Fiscal Manager.*
- *Deposits were not always made within three days of receipt.*
- *Voided transactions were not handled according to Countywide policy.*
- *Management did not indicate review of fee-exempt and non-fee transactions.*
- *Checks were accepted without recording the patron's driver license number and expiration date on the check.*
- *Manual receipt books were not always adequately safeguarded.*

One operator reviewed her own deposits, her son's deposits, and her niece's deposits. Out of the 39 days sampled, there were 13 days when one operator receipted funds in the scale house and

reviewed scale house deposits for that day. According to the Fiscal Manager, the operator's deposits were reviewed by the Accounts Receivable Coordinator (Coordinator). However, on most days the supervisor signature line was left blank on the Operator's Daily Cash Report, indicating that no secondary review of the operator's deposit was performed. In another conflict of interest, the operator's son and niece also worked as scale house operators and there were ten occasions in our sample where the operator reviewed and signed her son's Daily Cash Reports. She was also responsible for reviewing her niece's Daily Cash Reports during the same time period. Finally, there were six Daily Cash Reports that did not contain a supervisor's signature.

Deposits should be reviewed by an individual without cash receipting duties and with no conflict of interest. Countywide Policy #1062, Purpose Section, states,

Internal control is a system designed to prevent a single employee from exclusively controlling a monetary transaction. The policy provides suggested internal controls for the segregation of duties in such a way that persons who are responsible for the custody of funds and performance of cashiering duties have no part in the keeping of, nor access to, those records which establish accounting control over the funds and operations (and vice versa).

Where limited staffing and budget resources prevent separation of duties, additional supervisory review should be implemented.

Countywide Policy also prohibits supervision of relatives. Salt Lake County Human Resources Countywide Policy #5120, *Nepotism – Employment of Relatives*, Section 2.0 states:

No county officer or employee shall directly or indirectly supervise a relative in any county position or employment paid out of county funds.

RECOMMENDATION:

We recommend that all Daily Cash Reports be reviewed by an independent, non-related, party and that the review be documented with a signature.

ACTION TAKEN:

The Specialist now reviews scale house deposits and signs the operators' Daily Cash Reports.

Full credit card numbers, expiration dates, and security codes were filed with deposit documentation. On 14 of the 39 scale house deposits days examined, and 5 out of 37 days examined for checks received in the mail, full credit card numbers were attached to deposit documentation. This information was found on either a "Phone in Credit Card Form," or was hand written on an email. For 16 of those days, credit card security codes and expiration dates were also present. In some cases the information was marked over with a black magic marker. Unfortunately, the information was still readable.

Salt Lake County Ordinance, Chapter 2.81 defines financial account numbers, such as credit card numbers, as personal identifiers. Section 2.81.020, states,

No agency shall collect or maintain personal identifiers except where provided by law or ordinance, or where necessary to the functioning of the agency...Agencies shall collect or use only those specific personal identifiers which are necessary to government business.

There is no valid business need to maintain credit card numbers among deposit documentation after the card has been processed. In addition, storage of the credit card security code is prohibited by Payment Card Industry Data Security Standards (PCI-DSS).

RECOMMENDATIONS:

- 1. Current deposit documentation should be reviewed and credit card numbers, security codes, and expiration dates should be destroyed or fully redacted.*
- 2. Future credit card numbers and security codes should be destroyed or fully redacted immediately after processing.*

The form of payment was not being recorded correctly. We reviewed 136 daily totals within our sample. The breakdown of receipts by cash, check, and credit card was not available for four of the daily totals, because the Weighmaster Summary Report did not print. On the remaining 132 daily totals, the composition on 54 (41%) of the Daily Cash Reports did not match the WasteWorks Weighmaster Summary Report. This has been a recurring finding for SWM that has appeared in previous audits.

Failure to properly record the amount of cash, checks, and credit cards makes misappropriation of funds more difficult to detect. Composition errors also make finding the cause of overages and shortages more difficult.

When recording payments, operators designate cash, check, or credit card by entering a number in the check number field for checks, recording their initials in the check number field for credit cards, or leaving the check number field blank for cash. In a typical cashiering environment, cashiers simply press different keys for “cash,” “credit card” or “check.” The functionality of the POS program may be partially to blame for the high composition error rate.

RECOMMENDATIONS:

- 1. We recommend that SWM explore ways to make it easier for operators to enter the type of payment, including software customization.*
- 2. We recommend that operators enter the correct form of payment for all transactions.*

Overages and shortages exceeded the acceptable amount and explanations were poorly documented or absent. We reviewed 136 daily totals and found that 47 (35%) had an overage or shortage. The Fiscal Manager indicated that the current threshold for researching overages and shortages is \$5. Of the variances in our sample, 31 were greater than \$5 and ranged from a low of \$45

short to a high of \$90 over. The majority, 94 percent, did not have an explanation for the variance on the Daily Cash Report. Three of those variances were explained on the Over/Short Report. Other notations were made on the Over/Short Report, but they were not clear or did not explain the variance. Some examples included the operator's name and a question mark or "[operator name] cash error."

Salt Lake Valley Solid Waste Management Standard Operating Procedure "Daily Cash Balancing," Section 3.0, states,

When the scale house operator's daily report of cash and checks deposited is compared to the computer printout for that deposit the allowable difference is \$2.00 plus or minus.

The policy goes on to require that variances exceeding \$2.00 be researched. Where the cause of the variances is determined, it should be recorded on the monthly Over/Short Report.

RECOMMENDATIONS:

- 1. We recommend that explanations for overages and shortages be recorded on the Daily Cash Report and Over/Short Report, including transaction numbers and amounts.*
- 2. We recommend that where the cause of the overage or shortage cannot be determined, the steps performed to research the variance be noted on the Daily Cash Report and Over/Short Report.*
- 3. We recommend that management at SWM continually emphasize to operators that overages and shortages not exceed \$5 per day.*
- 4. We recommend that SWM internal policies be updated to include the new over/short threshold of \$5.*

The Over/Short Report was not signed by the operators, a supervisor, or Fiscal Manager. The Specialist maintains an Over/Short Report in Excel and forwards the log to the Fiscal Manager on a monthly basis. The log had not been signed during the period examined. The Fiscal Manager reportedly reviews the log each month, but had stopped obtaining operator's signatures after one operator objected to the log format. She complained that because other operators were listed on the same form they could view other operator's over/short record. The operator in question is the same operator that reviewed her son and niece's Daily Cash Reports. She also made unauthorized Accounts Receivable adjustments, as discussed on page 19.

Countywide Policy #1062, Section 2.5.3, states,

All overages and shortages, regardless of the amount, must be recorded and reported daily by the agency on MPF Form [11], CASH OVER/SHORT LOG. When a significant shortage or a pattern of shortages occurs in the accounts of any cashier, the agency shall conduct an investigation of the circumstances and report its findings to the Auditor.

MPF Form 11 provides an area for the cashier and the supervisor to initial the form. A copy of MPF Form 11 can be seen in Appendix C.

SWM's Over/Short Report contains a listing of each operator's overages and shortages and a place for the operator's signature. However it did not contain a place for a supervisor or Fiscal Manager to sign indicating their review.

Failure of the operators and management to review the form together meant that the operators may have been less aware of their overages and shortages. Patterns of overages and shortages among the operators may be less apparent to management, the accuracy of the report is less certain, and misappropriation of funds is more difficult to detect, when individual overages and shortages are not documented correctly.

RECOMMENDATIONS:

- 1. We recommend that the Over/Short Report be reviewed and signed by each operator on a monthly basis.*
- 2. We recommend that the Over/Short Report be modified to include a place for the Fiscal Manager's signature and the Fiscal Manager sign the report each month.*

Deposits were not always made within three days of receipt. With a few exceptions related to weekends or holidays, scale house deposits were made within three days of receipt, and often appeared on the bank statement the following day. However, for 30 out of the 37 days selected for a review of accounts receivable payments and other checks received in the mail, the deposit was made more than three days after the check was received, taking as long as 13 days to reach the bank.

Countywide Policy #1062, Section 4.1.2 states,

As required by §51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but not later than three days after receipt.

Funds kept on site are more susceptible to being lost or stolen. In addition, interest that would otherwise accrue is lost.

RECOMMENDATION:

We recommend that SWM work to reduce the amount of time between when checks are received in the mail and when they are deposited to no more than three days.

Voided transactions were not handled according to Countywide Policy. There were 139 voids completed on the days in our sample. A receipt was not found for 8 voids (6%). Out of the receipts retained, the operator had not signed 119 (91%) and a supervisor had not initialed or "checked off" 60 (46%). Eleven receipts (9%) had not been marked "void" and there was no explanation written on the face of 31 (24%) of voided receipts examined. SWM also works to ensure that all voided transactions

are accounted for by initialing next to each void in a POS transaction report. For 32 voids (23%), the supervisor had not initialed the voided transaction on the ticket report.

Countywide Policy #1062, Section 3.5.2.2, states,

When it is necessary to void a receipt, all copies will be marked 'void,' including the original (customer) copy, if available. The cashier who initiated the void will document on the front of the voided receipt the cause of the voided transaction and its resolution. A supervisor not involved with the transaction will review and sign the voided receipt along with the cashier who initiated the void. The voided receipts will be filed in proper numerical sequence and kept for audit purposes.

The improper handling of voids, including not obtaining the proper approvals, creates a situation wherein funds could be diverted to personal use. SWM has a Standard Operating Procedure entitled "Scalehouse-Voiding Receipts" that does *not* include instructions to write "void" on the receipt, or for the operator to sign the receipt. This policy should be amended to comply with Countywide Policy.

Although not required by Countywide Policy, certain agencies, such as the Library, have implemented the use of a void form. A sample void form can be seen as Appendix D. The form contains a space for transaction or ticket number, date, cashier name, reason for the void, and the supervisor's and cashier's signatures. The form helps to ensure that each element required by policy is recorded for each voided transaction. The receipt itself is then marked "void" and stapled to the form.

RECOMMENDATIONS:

- 1. We recommend that when it is necessary to void a receipt, all copies be marked "void," including the original (customer) copy, if available.*
- 2. We recommend that a supervisor not involved with the transaction review and sign the voided receipt along with the operator who initiated the void.*
- 3. We recommend that the voided receipts be filed in proper numerical sequence and kept for audit purposes with the daily balancing documentation.*

Management did not indicate review of exempt transactions. An example of a fee exempt load is when an approved charitable organization disposes of waste.

We noted 448 transactions under accounts 150, Exempt Transactions, and 155, for a large charitable organization, where no money was collected. There was no documentation on file with the deposit to validate these transactions and there was no evidence of supervisory review, such as initials or check marks on the WasteWorks Daily Detail Report. The Fiscal Manager stated that he does review exempt transactions that are accompanied by a Landfill voucher and keeps that documentation on file in his office. However, he does not reconcile the vouchers to the ticket report. Therefore undocumented exempt transactions can occur without detection.

Salt Lake Valley Solid Waste Management, Standard Operating Procedure, "Fee Exempt and Non-Fee Transactions," Section 4.1, states,

Daily the Scalehouse Supervisor will review the Daily Detail Report looking especially for Non-fee, Fee-exempt transactions.

In our 2007 audit, we recommended that SWM implement a log to track non-fee and fee-exempt transactions. A sample Exempt Transaction Log can be seen as Appendix E.

RECOMMENDATIONS:

- 1. We recommend that SWM use an "Exempt Transaction Log" to track fee-exempt transactions.*
- 2. We recommend that a supervisor compare the exempt transactions on the Daily Detail Report to the "Exempt Transaction Log" to ensure that each exempt transaction is documented and appropriate.*
- 3. We recommend that a supervisor initial each exempt transaction and sign the log.*
- 4. We recommend that SWM update the "Fee-Exempt and Non-Fee Transaction" Standard Operating Procedure to include the use of an "Exempt Transaction Log."*

Checks were accepted without recording the patron's driver license number and expiration date on the check. During the unannounced cash count we found checks that had been accepted without recording a valid identification number. Countywide Policy #1301, *Acceptance of Checks*, Section 2.0, states,

Except as otherwise proved herein, or where prohibited by law, it is the policy of Salt Lake County, when receipting payments for user fees and other revenues...in the form of personal check [the check shall be] accompanied by a valid form of identification.

Section 4.2 continues,

When a valid form of identification is provided, the following information should be documented on the front of the check: expiration date of identification card and either the account number, guarantee number or driver's identification number."

At the time of our unannounced count, the majority of checks received were from businesses, not individuals. The person presenting the check may be an employee of the company, thus the employee's driver's license number may be of limited value. SWM should particularly stress the importance of recording driver's license numbers on all *personal* checks.

Properly recorded identification information aids collection efforts in the event that a check is presented for insufficient funds.

RECOMMENDATION:

We recommend that valid identification information be recorded on personal checks before they are accepted from patrons.

Manual receipt books were not always adequately safeguarded. Scale house operators are each issued a book of pre-numbered manual receipts that can be issued to customers if the POS system is not working. During our May 3, 2012 unannounced cash count we noted that one of the scale house operator's manual receipt books was being stored in an open file holder, mounted on the scale house wall. The operator in question is the same operator that refused to sign the Over/Short Report and reviewed her son's and niece's Daily Cash Reports.

Other operators' receipt books were stored in their locking cash drawer or their locked compartment in the safe. From an internal control stand point, blank receipt books should be kept in a secure location. Receipts may be issued, and cash collected, that is never deposited. If receipts are available to all staff, accountability for the loss cannot be established.

RECOMMENDATION:

Manual receipt books should be kept in a secure location that is only accessible by the operator to which they were assigned.

ACCOUNTS RECEIVABLE

Organizations establish credit with SWM by posting a payment bond equal to three times the projected average monthly charges or \$1,000, whichever is greater. The credit limit for each account is established at 80 percent of the bond amount. If the account reaches the credit limit, management can refuse additional services until the account is brought within terms or the face value of the bond is increased. SWM can also call in the bond to recover any delinquent charges. Organizations that do not want to post a bond have the option of pre-paying for use of the Landfill.

- **Nineteen to 31 percent of all accounts receivable balances were past due.**
- **Seventeen accounts exceeded their established credit limit by \$103 to \$109,556.**
- **Nine customers that prepaid for use of the Landfill accrued charges that exceeded the amount they had on deposit by a range of \$2.46 to \$643.**
- **Inactive accounts with credit balances totaling \$4,590 were not submitted to the Utah State Division of Unclaimed Property.**
- **Not all adjustment documentation was found on file and some documentation was not adequate.**
- **An operator entered adjustments to correct her son's transactions.**

Nineteen to 31 percent of all accounts receivable balances were past due. We reviewed the aging report for April, May, and June 2012 and found the percentage dollar amount owed less than 30 days ranged from 69 to 80 percent. Table 1, below, contains accounts receivable balances for that time frame. In their written response, SWM stated that they had analyzed certain accounts listed on the aging

report and found problems with the way the software calculates amounts past due. See Appendix A for more details. We have not independently verified SWM analysis.

Accounts Receivable Aging Report Balances					
Date	0-30	31-60	61-90	Over 90	Total
4/30/2012	\$870,641	\$256,372	\$107,776	\$28,025	\$1,262,814
	68.94%	20.30%	8.53%	2.22%	100.00%
5/31/2012	\$954,835	\$224,444	\$3,999	\$3,159	\$1,186,437
	80.48%	18.92%	0.34%	0.27%	100.00%
6/30/2012	\$838,354	\$267,540	\$109,623	\$5,912	\$1,221,429
	68.64%	21.90%	8.97%	0.48%	100.00%

Table 1. The percentage dollar amount owed less than 30 days ranged from 69 to 80 percent.

SWM Standard Operating Procedures, “Credit Policy for Open Accounts,” Section 3.0, states,

Terms are ‘net 30 days’ which means all charges in one month are due in full the following month.

During our October 1999, August 2005, and June 2007 prior audits of SWM, we reviewed aging reports with 97 percent, 94 percent and 78 to 88 percent, respectively, of accounts receivable balances less than 30 days. The longer receivables are outstanding the more likely they are to exceed their credit limit and bond amount, increasing the risk of bad debts.

After 30 days, accounts are charged a late fee of 1.5 percent per month and phone calls should be made. At 60 days, the account can be frozen so that new charges are not incurred. At 90 days the bond may be called in. No collection letters are currently sent, but invoices continue to generate. During June 2009, the Coordinator indicated that the Division Director asked him get his approval before sending collection letters after one customer complained. No collection letters have been sent out since that time.

Countywide Policy #1220, *Management of Accounts Receivable and Bad Debt Collection*, Section 4.5, states,

When an account becomes past due, the debtor shall be mailed a Dunning Letter in which immediate payment is demanded and the assessment of interest charges is explained. The first Dunning Letter should be sent ten days following the account becoming past due.

Section 4.8.1 states that for accounts with a balance of \$200 or greater,

Make telephone contact and get promise to pay. Mail the first Dunning Letter and attach a copy of the original invoice or billing document.

Section 4.8.2 covers accounts with a balance less than \$200 and states,

Mail the first Dunning Letter and attach a copy of the original invoice or billing document.

Dunning letters and phone calls should continue, in compliance with Countywide Policy #1220, until the bond is called in or the account is turned over the District Attorney's Office.

Collection efforts, including date and type of contact and other collection notes, are tracked using a spreadsheet developed by the Coordinator. The Coordinator provided a copy of the May and July collection spreadsheets, but had not created one during June. In addition, not all accounts that were delinquent had been listed.

Countywide Policy #1220, Section 4.5.2, states,

Accurate records of correspondence, telephone calls, and personal contacts with debtors shall be maintained.

Delinquent accounts and slow collections are more likely to occur when collection letters are not sent out, collection efforts are not consistently logged, and not all past due accounts are contacted.

RECOMMENDATIONS:

- 1. We recommend that SWM implement the use of collection letters to comply with Countywide Policy and to bolster collection efforts.***
- 2. We recommend that all collection efforts be documented and collection efforts include all past due accounts.***

Seventeen accounts exceeded their established credit limit by \$103 to \$109,556. We compared account balances per the accounts receivable aging report for April 2012 to the credit limit (80 percent of the bond amount) for each account. We found 17 charge accounts with balances in excess of the credit limit, ranging from \$103 to \$109,556. Accounts with the highest dollar balance in excess of the credit limit are discussed below:

- **Account 319-** Exceeded the credit limit by **\$109,556** during April 2012. Collection notes indicated the Coordinator had contacted the company May 3 and May 17. A payment of \$86,388 was posted on May 25. Unfortunately, charges continued to accrue and the account was **\$43,959** over their \$60,000 credit limit as of the end of June. There was no record of further collection activity as of July 6. The Coordinator stated he talked with the company at least twice during June, but did not document the conversations.
- **Account 204-** Exceeded its credit limit by **\$61,739** during April 2012. Collection notes indicated the Coordinator had contacted the company May 3, May 25, and June 27. However, the account balance continued to grow and was **\$78,355** over the \$8,000 credit limit by the end of June. The Coordinator stated that he was attempting to increase the bond on file for the account.

- **Account 2203-** Exceeded its credit limit by **\$4,389** during April 2012. There were no notations regarding collection activity for the account. A check was received for \$10,000 during the first week of July. Unfortunately, charges had continued to accrue and the remaining balance was still well over the \$2,000 credit limit. The Coordinator indicated that the company had contacted him to let him know about a big project that would result in higher than usual charges.
- **Account 1926-** Exceeded its credit limit by **\$2,742** during April 2012. A collection note indicated the Coordinator had contacted the company May 17 and May 29. As of the end of June, the account was within the \$8,000 credit limit.

When accounts exceed the credit limit, SWM becomes subject to the risk of uncollectable accounts.

RECOMMENDATIONS:

1. *We recommend that SWM work to bring accounts within the established credit limit, including suspending services until the account is paid down.*
2. *We recommend that SWM ensure that each company's bond is appropriate for the volume of charges incurred.*

Nine customers that prepaid for use of the Landfill accrued charges that exceeded the amount they had on deposit by a range of \$2.46 to \$643. Organizations that do not want to post a bond have the option of pre-paying for use of the Landfill. During our review, we noted nine prepay accounts that exceeded the amount on deposit by \$2.46 to \$643 during April 2012. We traced those accounts through to the Accounts Receivable report for June 30, 2012. Table 2, on page 16, contains the account balances for April and June, as well as collection efforts noted.

Prepaid Accounts that Exceeded the Amount on Deposit as of 4/30/12			
Account Number	4/30/12 Balance	6/30/12 Balance	Comments
411	643.32	(719.72)	<i>Account contacted by Coordinator May 3. Credit balance re-established</i>
248	293.75	732.02	<i>Balance continues to grow. Account contacted by Coordinator May 3. No other documented collection efforts noted.</i>
615	233.85	(39.65)	<i>Account contacted by Coordinator May 7. Small credit balance re-established.</i>
206	192.91	1,134.77	<i>Balance continues to grow. Account contacted by Coordinator May 3 and May 17. No other documented collection efforts noted and the account was not listed on the July collections spreadsheet.</i>
1722	161.85	981.62	<i>Balance continues to grow. No documented collection efforts noted. Account was not listed on the May or July collections spreadsheets.</i>
928	85.80	(375.94)	<i>No documented collection efforts noted. Credit balance re-established</i>
306	69.27	(758.51)	<i>Account contacted by Coordinator May 3. Credit balance re-established</i>
451	19.08	55.19	<i>Balance continues to grow. Account contacted by Coordinator May 7. No other documented collection efforts noted. Account was not listed on the July collections spreadsheet.</i>
1714	2.46	(187.54)	<i>No documented collection efforts noted. Credit balance re-established.</i>

Table 2. Prepay accounts had been extended credit up to \$643 during April 2012.

Salt Lake Valley Solid Waste Management Facility, Standard Operating Procedure, “Credit Policy for Open Accounts,” Section 1.1, states,

All firms or individuals wishing to have credit with Salt Lake Valley Solid Waste Management Facility must post a penal (payment) bond equal to three times the average monthly charges or \$1000, whichever is greater.

By allowing prepaid accounts to accrue charges beyond the prepaid amount, SWM has extended credit without first obtaining a bond. When accounts exceed the amount they have on deposit, SWM becomes subject to the risk of bad debts.

RECOMMENDATION:

We recommend that prepaid accounts be closely monitored, clients be contacted to avoid incurring charges, and services be suspended whenever balances accrue.

Inactive accounts with credit balances totaling \$4,590 were not submitted to the Utah State Division of Unclaimed Property. We reviewed the April 2012 Aging Report for accounts with a credit balance that appeared to be inactive based on the last payment date. We noted a total of 19 accounts with credit balances totaling \$4,590.

Inactive Accounts with Credit Balances as of 4/30/12			
	Account Number	April 2012 Balance	Last Payment Date
1	243	(29.53)	04/14/2011
2	254	(52.06)	08/16/2010
3	301	(37.42)	05/21/2009
4	310	(29.28)	05/27/2008
5	320	(33.43)	12/27/2010
6	700	(19.47)	03/23/2011
7	823	(78.07)	11/30/2008
8	830	(28.55)	02/7/2008
9	903	(391.17)	12/22/2008
10	906	(60.00)	05/14/2010
11	1206	(25.94)	02/15/2007
12	1514	(1,500.00)	BLANK
13	1708	(6.76)	12/15/2009
14	1924	(28.12)	05/16/2008
15	1928	(124.14)	07/19/2010
16	2044	(43.32)	11/21/2007
17	2201	(1,641.62)	09/24/2008
18	2408	(364.37)	05/8/2007
19	2429	(96.56)	1/19/2010
	Total	(4,589.81)	

Table 3. *Inactive accounts with credit balances had not been turned over to the Utah State Division of Unclaimed property.*

The Coordinator indicated that he sends out letters to inactive accounts with credit balances asking if they would like to maintain the account or receive a refund. In some cases the business has closed or relocated and no response is received.

The Unclaimed Property Act, Utah Code Ann., § 67-4a-210(1), states, in part:

A person holding tangible or intangible property that is considered abandoned and subject to the state's custody as abandoned or unclaimed property under this chapter shall file a report concerning the property with the administrator before November 1 of each year as of the preceding June 30...

Utah Code annotated, § 67-4a-210, Paragraph (1), further states:

Any intangible property held by...a county...that remains unclaimed for more than one year after it became payable or distributable is considered abandoned.

SWM could achieve compliance with the statute by sending a check for the total credit amount associated with inactive accounts, accompanied by Form ST-2 to the State Treasurer's Unclaimed Property Division. A listing of the companies, individuals, and related amounts must be attached. Forms and information can be found on the State website, www.up.utah.gov.

SWM could also go through the Salt Lake County Treasurer's Office. As in the first option, a check would be issued to the County Treasurer in the total amount of the outstanding credit balances, accompanied by Form ST-2, and the listing described above. The Treasurer would then forward payment to the State.

RECOMMENDATIONS:

- 1. We recommend that unclaimed property, in the form of inactive credit balance accounts, be submitted to the Utah State Division of Unclaimed Property, either directly or through the County Treasurer's Office.*
- 2. We recommend that adjustments be made to remove the inactive account credit balances from SWM's Accounts Receivable.*

Not all adjustment documentation was found on file and some documentation was not adequate. There were 638 adjustments made during April 4, 2011 to April 30, 2012, with a net impact of (\$1,781,914). Adjustments were entered by the Fiscal Manager (264), the Coordinator (302), the former Fiscal Manager (66), and an operator (6).

We consolidated the adjustments by date, account, and the employee that entered the transaction to arrive at a population of 380 net adjustments. We then selected a random sample of 61, and reviewed the documentation on file for compliance with SWM Standard Operating Procedure "A/R Adjustments," Section 3.1, which states,

Print a copy of the transaction to be adjusted. On the face of the printed copy note the reason for the adjustment, the date of the adjustment and who made the adjustment.

In most cases we found copies of the adjusting transactions, along with re-prints of the original transaction. In addition, a ticket report summarizing the batch of adjustments had been printed and filed. A brief explanation, the initials of the operator, and the date of the adjustment(s) was documented. However, we were unable to locate copies of seven adjustments selected for review, with a net impact of (\$661). It may be that the adjustments were misfiled or lost.

In addition, the documentation for nine adjustments was not adequate. For example, an adjustment was made to the material code for one transaction, but did not contain any documentation to substantiate the fact that the wrong material code had been used. Such documentation might include an email from the customer or reference to a statement from a SWM employee.

Another example was an adjustment to reverse and re-apply a payment posted to the wrong account. No photocopies of the check and/or original transaction were attached to substantiate the error. Other explanations were vague, including "Corrects replaces #497127." Documentation should be sufficient enough that an outside person, with no knowledge of the transaction, would be able to determine why the adjustment was made.

Finally, the Fiscal Manager indicated that he reviews adjustments made by the Coordinator. The reviews performed, however, are not documented with a signature. Since the Coordinator manages accounts receivable collections and occasionally works as a scale house employee at the Transfer station, review of his adjustments is particularly important.

RECOMMENDATIONS:

- 1. We recommend that the Fiscal Manager compare the monthly adjustment report to copies of adjustments on file to ensure that all adjustments have been retained.*
- 2. We recommend that sufficient documentation be attached so that an outside person, with no knowledge of the transaction, would be able to determine why the adjustment was made.*
- 3. We recommend that reviews of adjustments be documented with a signature.*

An operator entered adjustments to correct her son's transactions. There were two adjustments in our random sample that had been entered by an operator. No documentation for either adjustment was found on file. The Fiscal Manager had noted the transactions on ticket summary reports from that time but had not documented an explanation. Enough time had passed that the Fiscal Manager could not recall the details. He did say that he was surprised that the operator had access to that function and that it was not appropriate for her to enter adjustments.

We found four additional adjustments during the period examined, for a total of six adjustments that were entered by the same operator. Four of the six transactions referenced an original ticket number that was created by the operator's son, who also worked as an operator. The remaining two transactions were the same amount as transactions entered by her son during the same time period. The Fiscal Manager indicated that the operator in question was probably motivated by a desire to protect her son. The adjustments did not appear to provide any personal monetary benefit to either party. However, they indicate an absence of internal controls that should prevent adjustments from being made by operators.

Countywide Policy #1062, Purpose Section, states,

Internal control is a system designed to prevent a single employee from exclusively controlling a monetary transaction. The policy provides suggested internal controls for the segregation of duties in such a way that persons who are responsible for the custody of funds and performance of cashiering duties have no part in the keeping of, nor access to, those records which establish accounting control over the funds and operations (and vice versa).

The ability to enter adjustments could potentially be used to conceal thefts of funds or improperly credit certain Landfill customers.

RECOMMENDATIONS:

- 1. We recommend that security settings in SWM's POS system be reviewed and user access be set at the lowest level necessary to perform their job function*
 - 2. We recommend that adjustments be fully documented.*
-

CAPITAL AND CONTROLLED ASSETS

Our objective for this part of the audit was to evaluate the adequacy of internal controls over County capital and controlled assets, including compliance with Countywide Policy #1125, "Safeguarding Property/Assets." A capital asset is defined as an item of real or personal property owned by the County, meeting the criteria for capitalization, having an estimated life expectancy of more than one year, and a cost equal to or greater than the capitalization rate, currently \$5,000.

A controlled asset is a personal property item, which is easily converted to personal use, having a cost of \$100 or greater, but less than the current capitalization threshold. Based on our work in this area we found the following:

- A controlled asset inventory had not been performed for at least five years and the controlled asset database had been deleted.*
 - Twenty controlled assets and two capital assets could not be located.*
 - Recently purchased controlled assets had not been tagged or included on a controlled asset list.*
 - SWM's substitute form for the Controlled Assets Inventory Form – Organization did not always contain the make, model, and serial number.*
 - SWM did not use the Controlled Assets Inventory Form – Employee.*
-

A controlled asset inventory had not been performed for at least five years and the controlled asset database had been deleted. The Accounts Receivable Coordinator (Coordinator) acts as the

Property Manager for SWM. When we requested a copy of SWM's controlled asset inventory the Coordinator indicated that assets were tracked using an Access database created and maintained by the Fiscal Manager. The Fiscal Manager, however, stated that he had recently discovered that the database had been deleted from the network. In March 2012 the Fiscal Manager submitted a helpdesk request to County Information Services to have the missing database restored from a backup. The helpdesk ticket indicated none of the backups contained the missing file, indicating it had been missing for at least 30 days prior. The helpdesk ticket indicated that the Fiscal Manager may not have accessed the database for as long as six months.

The Coordinator was able to provide a printout from the database, dated September 11, 2009, which was over two years prior. In addition, only 33 out of 45 pages were available. When asked when the last controlled asset inventory had been performed the Coordinator stated that one had not been completed since at least 2007.

Countywide Policy #1125, 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.

RECOMMENDATIONS:

- 1. We recommend that a full asset inventory be performed and documented by SWM as soon as possible.*
- 2. We recommend that a documented asset inventory be performed on an annual basis going forward.*

Twenty controlled assets and two capital assets could not be located. We selected a random sample of 41 controlled assets from the partial inventory list from 2009 and a random sample of 36 capital assets. We were unable to find twenty controlled assets (that is, about half) and two capital assets. The missing assets are listed in Table 4, on page 22.

Asset #	Asset Type	Manufacturer	Model	Serial Number
99217	Roll-off Container	US TRANSPORTATION	IN R57530	2275003
99218	Roll-off Container	US TRANSPORTATION	IN R57530	2275004
1967	Digital Camera	Kodak	Eash Share M31	KCGLG93007575
1798	Computer	Dell	Precision 350	NOT LISTED
1877	Printer	Star	SP300	NOT LISTED
1245	Server	Dell	Power Edge 4400	NOT LISTED
1773	Switch	3Com	NOT LISTED	NOT LISTED
1872	Switch	Cisco	Catalyst 2940	NOT LISTED
1259	Computer	Dell	Optiplex GX 620	8TQMRB1
1257	Computer	Dell	Precision 8300	H3XS911
1143	Computer	Micron	Millenia	NOT LISTED
1841	Color printer	HP LaserJet	NOT LISTED	NOT LISTED
1852	Computer	Dell	Precision 650	NOT LISTED
1040	Printer	HP LaserJet	NOT LISTED	NOT LISTED
1789	2.5 Ton Jack	NOT LISTED	NOT LISTED	NOT LISTED
1836	Circuit Guard	Hubbell	NOT LISTED	NOT LISTED
1273	TV/ VCR	Sylvania	V9800	V0165 3355
1797	Computer	Dell	Precision 350	NOT LISTED
1806	Pressure Washer	Hotsy	NOT LISTED	NOT LISTED
1142	Printer	Panasonic	KX2524	NOT LISTED
1252	Computer	Dell	Precision 330	53XS911
1470	Radio	Motorola	MC XLT 1500	775tgq1031

Table 4. Twenty out of 41 controlled assets (49%) selected for review could not be located.

The Coordinator stated that some of the assets may have been bundled and set aside to be sent to County surplus. He was not able to provide PM-2s as documentation. He also stated that a full inventory of roll-off containers had been conducted after our fieldwork was complete and that all containers had been located, although some of the tags had worn off. He also reported that asset #1852 was found in the Transfer Station Accounting Office. However, assets located at the Accounting Office had been viewed during our fieldwork and the computer was not noted at that time. It may have been overlooked or moved to that location. We did not independently verify the Coordinator’s assertions.

Accounting and Operations, Accounting Policies and Procedures, addresses the proper procedure for missing capital assets. Section 5.0, Subsection 5.1, Paragraph 5, states,

Form PM-2, ‘Salt Lake County Personal Property Transfer/ Disposal/Internal Sale Form,’ is to be completed for all types of transfers, including, Unaccounted For/Destroyed/Junked/Lost/ Stolen assets.

The policy goes on to state,

Attach explanation of circumstances surrounding destruction, junk status, loss, or stolen status of personal property item. If item was stolen be sure to include case number from appropriate law enforcement agency... [Mayoral] approval is required to dispose of destroyed, junked, or lost items.

The policy does not specify the procedure for missing controlled assets, however, most organizations use Form PM-2 to document controlled asset removal as well.

RECOMMENDATION:

We recommend that a letter be written to the Mayor regarding the missing controlled assets and Form PM-2 be submitted to the appropriate accounting staff in the Mayor's Office.

Recently purchased controlled assets had not been tagged or included on a controlled assets list. We examined invoices of newly purchased items from the period January 2011 to April 2012. We found 21 items that met the definition of a controlled asset. From that list we judgmentally selected 16 assets for review. We were able to locate all of the purchased assets, but noted only two with a controlled asset tag attached. The 16 items can be seen in Table 5 below.

Controlled Asset Purchases Not Included on a Controlled Asset List			
Asset Description	Invoice Date	Quantity	Price (Total)
Dell Computers, Optiplex 990 Ultra Small Form Factor EPA	04/13/12	4	\$5,299
Fellows Shredder, 79ci	01/30/12	1	\$232
HP Printer, LaserJet Monochrome	04/30/12	1	\$266
Scanner, Fujitsu ScanSnap	02/1/11	1	\$405
Angle Grinder, SpeedAire	03/6/12	1	\$212
Right Angle Grinder, Dewalt	01/26/12	1	\$102
Bench Grinder, Dayton	02/9/12	1	\$125
Drill, DeWalt	02/17/12	1	\$189
Cordless Drill, Dewalt	11/18/11	1	\$293
Impact Wrench, Ingersoll Rand	01/16/12	1	\$708
Grass Trimmer, Tanaka	09/28/11	1	\$269
Table Top Display, Fold-n-Go	08/12/11	1	\$165
Trailer (16 foot)	02/8/12	1	\$2,300
	Total	16	\$10,565

Table 5. *Controlled Assets totaling over \$10,000 were not added to a controlled assets list and most had not been not tagged.*

Countywide Policy #1125, Sections 2.2 and 2.2.8, state,

Property Manager's duties- Property Managers assigned by their Administrators are responsible for the following... Coordinate with the organization's Purchasing Clerk to ensure all newly acquired property is identified and accountability is appropriately established...

Newly purchased controlled assets can be easily stolen if they are not tracked by management and included on a controlled assets list. Items could also be purchased for personal use without detection. It is important to note that we only reviewed 16 month's worth of purchasing and only selected certain items for review. Other items purchased may have been misappropriated and gone undetected.

Newly purchased items should be added to the controlled assets list upon receipt. Without identifying the asset conclusively and tying it to the invoice at the time of receipt, the potential for loss is increased.

RECOMMENDATION:

We recommend that the employee designated as Coordinator and the employee responsible for purchasing work together to ensure that newly acquired assets meeting the "controlled" asset criteria are tagged and added to a controlled asset list at the time of receipt.

SWM's substitute form for the Controlled Assets Inventory Form – Organization did not always contain make, model, and serial number. The partial, 2009 controlled asset list provided by the Coordinator contained fields for Tag Number, Item Description, Model, Serial Number, Location, Acquired Date, and Purchase Price. For 25 out of the 41 controlled assets in our sample, no serial number was listed. For 12 of the 41, no model was listed. Acquired date and purchase price were blank for all assets in our sample.

Countywide Policy #1125, Section 4.3, states,

The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures.

Subsection 4.3.2, states,

Exhibit 4 - Controlled Assets Inventory Form- Organization" is used for property not readily assignable to an individual employee or which is shared by more than one employee.

Section 4.3.5, states,

These forms are maintained by, or under the supervision of the Property Manager, and should be available for review or audit by the Auditor's Office upon request.

Section 4.3.6, states,

Although it may be impractical to define exact locations on the forms in circumstances where property is used by more than one employee, or where it is frequently moved or reassigned, Property Managers should use exact locations whenever possible (and update them as needed) to establish better control.

A Controlled Asset Inventory Form – Organization can be seen in Appendix F.

Failure to include purchase dates limits management's ability to determine whether items paid for and noted on the invoice have been included on the controlled assets list. Lack of sufficient information makes asset inventories more difficult and less accurate. The controlled assets list maintained by the Coordinator should contain item descriptions, purchase dates, acquisition costs, model and serial numbers. This information not only positively identifies each asset, but also provides assistance in determining replacement costs and the timing for future agency asset purchases.

RECOMMENDATION:

We recommend that the controlled assets list include additional information to identify the asset, such as purchase date, acquisition cost, and serial number.

SWM did not use the Controlled Assets Inventory Form – Employee. Individually assigned assets – radios, computers, printers, digital cameras, etc. – are listed by name and location on an organizational list, but individuals to whom these items are assigned do not sign for them as evidence of their custody.

Countywide Policy #1125, Section 2.3.4, states,

...at least annually, employees assigned fixed or controlled assets shall review the list of assigned assets and provide verification by his/her signature to the Property Manager as to the accuracy and completeness of the list.

Such verification should be done on the form *The Controlled Assets Inventory Form – Employee*, which can be found as Exhibit 3 of Countywide Policy 1125, as provided by in Section 4.3.1, or a form that contains substantially the same information. The Controlled Assets Inventory Form – Employee can be seen in Appendix G.

Failure to use the form as required circumvents the obligation and responsibility of the employee to formally acknowledge control of assets assigned to them and to notify the Coordinator of any change in asset status. When the employee form is not used, assignment of responsibility for any loss or theft is more difficult to achieve.

RECOMMENDATION:


We recommend that all employees who are individually assigned controlled assets complete the "Controlled Assets Inventory Form – Employee," and these forms be annually reviewed and the signature renewed by the employee in possession of the controlled asset.

We appreciate the cooperation and assistance received from SWM staff during our audit. We are confident our work will be beneficial to you as you endeavor to make changes to strengthen internal controls. If we can be of further assistance to you, please contact us.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By: _____


Brenda Nelson, MBA, CISA
Senior Deputy Auditor

Cc: John Ioannou
Patrick Leary
Larry Hansen



SALT LAKE VALLEY SOLID WASTE MANAGEMENT COUNCIL

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Utah State University

November 8, 2012

Gregory P. Hawkins
Salt Lake County Auditor
2001 South State Street, N3300
Salt Lake City, UT 84114-4575

Dear Mr. Hawkins:

Response to Solid Waste Management 2011-2012 Audit

Following is our response to the various items identified in your audit report of July 31, 2012.

PETTY CASH AND CHANGE FUNDS

The change fund was not reconciled and transferred to the new custodian after the former custodian was terminated in 2008

Auditor Recommendation: We recommend that SWM complete and submit the MPF forms described in Countywide Policy #1203 to transfer custody of the change fund to the acting custodian.

The current Fiscal Manager assumed his Fiscal Manager duties in early 2009 and was not advised by the departing Fiscal Manager the required paperwork had not been completed in 2008. We will complete the necessary forms and forward them to you for the file.

The change fund was \$525 short.

Auditor's recommendation: We recommend that the change fund shortage be explained in a letter to the Mayor, including a request for replenishment of the authorized amount.

Your report asserts our change fund is \$525 short. We dispute this amount. The alleged shortage amount is predicated on a 2007 report indicating a total of \$3,350 was present in the change fund and operator's tills. This report provided the following detail:

Change box	\$2,000
Maria's till	\$ 150
Betty's till	\$ 150
Ingrid's till	\$ 150
Rhonda's till	\$ 150
Dan D.'s till	\$ 150
New-1	\$ 150
New-2	\$ 150
New-3	\$ 150
New-4	<u>\$ 150</u>
TOTAL	\$3,350

The details of this report are inconsistent with the physical capacity of the change fund safe. This safe contains a total of nine compartments, the bottom compartment, which spans the width of the safe, is for the change fund itself. The remaining eight compartments are for operator's tills—three of which have been empty or unfunded since 2007. The list above implies there were ten compartments which is not possible. There has not been a time since 2007 when Solid Waste Management even possessed nine operator tills, the total number of tills on site has never been more than seven, and at least one, and possibly two of those seven tills were not funded with \$150 until 2011 when an additional operator was hired.

All other documentation associated with the change fund increase of 2007 implies the cash was actually received by landfill staff, but where those funds actually were kept is not clearly revealed. Perhaps the actual cash alleged to be missing was never transferred from the general cash account and converted to actual cash as there was physically no place to store said cash.

We contend the most that could have been in the change fund and operator's tills in April of 2007 when this report was signed was \$2,900 because one of the seven existing tills was empty and unfunded. Tills New-3 and New-4 never existed and never had funds. There was physically no place to store the cash alleged to have been provided for these two new tills. If the cash had been included in the change box amount for temporary storage subsequent counting of the change box would have revealed a total of \$2,300, but none ever reported a balance that high.

Using the revised total of \$2,900 would make the 2007 shortage \$75 which is consistent with our recollection of a 2011 shortage of \$100 followed by a subsequent restitution of \$25.

The current change fund is as follows:

Change fund drawer	\$1,770
Betty's till	\$ 150
Veronica's till	\$ 150
Kitty's till	\$ 150
Ray's till	\$ 150
Tresia's till	\$ 150
Temp 1 till	\$ 150
Temp2 till	<u>\$ 150</u>
Total	\$2,820
Current shortage	<u>\$ 80</u>
Revised total	\$2,900

At the time the \$100 shortage occurred the Fiscal Manager was in the process of preparing a report, but did not follow up as required. Since the initial \$100 shortage there was one occasion where the bank shorted us \$5 on a change fund replenishment in August of this year, making the current shortage \$80. We will report the current \$80 shortage in a letter to the Mayor, but do not believe there is, or was, a \$525

shortage. We do not feel the need to request additional funds as the current amount is adequate for our needs.

The change fund was not counted daily, as required by County policy

Auditor's recommendations:

1. *We recommend that an employee count the change fund daily and document the count on either an MPF Form 3 or a conforming Daily Cash Report.*
2. *We recommend that overages and shortages in the main change fund be recorded on an over/short log.*
3. *We recommend that a reconciliation of each employee's individual change fund be included on the Daily Cash Report*

There has been some confusion about the application of Policy # 1062 Section 2.4.3 to the change fund specifically. The text of Section 2.4.3 cited by the auditor implies the daily count requirement applies to the individual tills of each operator, not the change fund itself.

The current policy # 1062 no longer has a section 2.4.3, but the closest section in the current policy is 3.8.2 which states: "*Change funds should be counted, restored to established imprest balance, and any daily shortages or overages recognized and recorded on MPF Form 3A, Cash Balance Sheet, and on MPF Form 11, Cash Over/Short Log....*". This is still somewhat vague, as daily *counting* of the change fund, while implied, is not directly mentioned, only the recording of "daily shortages...".

Scale Operators account for their \$150 fund balance on a daily basis, and while some versions of the Daily Cash Report form used has not had the separate area to list and account for the \$150 each operator generally attaches an adding machine tape listing the denominations and total of their \$150. We have since destroyed all Daily Cash Reports that did not include the till reconciliation section and replaced it with the current version which includes this separate section.

We have since officially changed our policy governing the change fund and removed all scale operators from the custody function. We have reassigned the keys to the change box to Larry Hansen, Debbie Haggard and Dan Davies. Two of the three count the change box daily and document the count and balance on the log sheet previously mentioned. If any shortages occur they will be reflected on this log sheet and reported to the Mayor as required.

Not all petty cash vouchers were approved by an independent party.

Auditor's recommendation: We recommend that the Fiscal Manager or other supervisor approve petty cash vouchers where the recipient is the petty cash custodian.

The Lead Accounting Specialist was not aware until this audit that she was required to get the Fiscal Manager's signature on purchases she made, but has since done so on all her purchases.

CASH RECEIPTING AND DEPOSITING

One operator reviewed her own deposits, her son's deposits, and her niece's deposits.

Auditor's recommendation: We recommend that all Daily Cash Reports be reviewed by an independent, non-related, party and that the review be documented with a signature.

Historically, the landfill has used scale operators as Cash Balancers from time to time, without objection from the auditors. We initially did review all her daily cash reports, but apparently missed signing some reports indicating this review. This operator has since been removed from daily cash balancing duties.

Full credit card numbers, expiration dates, and security codes were filed with deposit documentation

Auditor's recommendations:

1. *Current deposit documentation should be reviewed and credit card numbers, security codes, and expiration dates should be destroyed or fully redacted.*
2. *Future credit card numbers and security codes should be destroyed or fully redacted immediately after processing.*

Inclusion of this credit card data was an oversight and has since been corrected by physically cutting out and shredding the card information on all phone or e-mail payments. All future transactions will be physically removed from documentation.

The form of payment was not being recorded correctly.

Auditor's recommendations:

1. *We recommend that SWM explore ways to make it easier for operators to enter the type of payment, including software customization.*
2. *We recommend that operators enter the correct form of payment for all transactions.*

This has been an ongoing problem with operator performance and is monitored continuously by management. We continue to admonish all operators to code their transactions appropriately as miscoding makes the daily cash balancing more difficult. We have advised them continued failure to code appropriately may result in disciplinary action. Software customization would not be effective in curing this performance problem as it is the result of a data entry error or neglect and getting 100% compliance is unlikely. The current process which uses no entry (blank) for cash transactions, a numeric entry for check transactions, or a text entry for credit card transactions is the only arrangement that can possibly work. As our computer systems currently are only capable of recording either alpha or numeric characters no other solution is available. Traditional database programming making entry in a field required would not allow for a blank field which is currently used to signify a cash transaction.

Overages and shortages exceeded the acceptable amount and explanations were poorly documented or absent.

Auditor's recommendations:

1. *We recommend explanations for overages and shortages be recorded on the Daily Cash Report and Over/Short Report, including transaction numbers and amounts.*
2. *We recommend that where the cause of the overage or shortage cannot be determined, the steps performed to research the variance be noted on the Daily Cash Report and Over/Short Report.*
3. *We recommend that management at SWM continually emphasize to operators that overages and shortages not exceed \$5 per day.*
4. *We recommend that SWM internal policies be updated to include the new over/short threshold of \$5.*

There are multiple causes for overages and shortages. It is not possible for the daily balancing process to discover for a certainty each and every variance. There are so many possibilities that an exhaustive list of potential causes is not possible here. A few examples follow:

Potential Cause	Result
Operator forgot to void a ticket	Shortage
Operator voided another's ticket	One operator over, one operator short
Extension error in deposit slip	Over or short
Change counting error	Over or Short
Weigh-back improperly started or finished	One or more operators over or short
Ticket printing timed-out	Shortage (2 tickets printed only 1 collected)
Wrong material or vehicle code entered	Over or short
No ticket printed	Over

Many of these errors cannot be detected with certainty; even with subsequent input from the operator they often cannot identify the exact cause. When a specific transaction can be identified from operator input that transaction is identified in the over/short log. We will create a worksheet for checking off the most common causes for variances and include a copy with each Daily Cash Report. Operators are well aware of the \$5 tolerance and strive each day to be below that amount. We will update SWM policies or SOP's to include the \$5 threshold.

The Over/Short Report was not signed by the operators, a supervisor, or Fiscal Manager

Auditor Recommendations:

1. We recommend that the Over/Short report be reviewed and signed by each operator on a monthly basis.
2. We recommend the Over/Short Report be modified to include a place for the Fiscal Manager's signature and the Fiscal Manager sign the report each month.

We have found our aging HP 8000 printer will print on 11X17 paper and have now begun to present the monthly over and short report for the operator's and Fiscal Manager's signatures. We now have signed reports for August, September and October and all future months will be signed by all operators.

Deposits were not always made within three days of receipt

Auditor's recommendation:

We recommend that SWM work to reduce the amount of time between when checks are received in the mail and when they are deposited to no more than three days.

We have reviewed the list of alleged late deposits and found that most of the deposits later than 3 days were caused by apparent bank delays and deposits that spanned over a weekend, adding 2 days to the deposit time. We believe we should only be held responsible for the time frame from receipt to the date we place the deposit bag in the scalehouse safe. There are times when Brinks does not get the deposit to the bank until the next day, and the bank has been known to delay processing by one or more days. Of the 29 deposits reviewed we find only 11 days where our deposit was later than the 3 day requirement, and those delays ranged from 1 day to a maximum of 6 days late. We will monitor our performance to assure all future deposits are made within the 3-day limit.

Voided transactions were not handled according to Countywide Policy

Auditor's recommendations:

1. We recommend that when it is necessary to void a receipt, all copies be marked "void", including the original (customer) copy, if available.
2. We recommend that a supervisor not involved with the transaction review and sign the voided receipt along with the operator who initiated the void.
3. We recommend that the voided receipts be filed in proper numerical sequence and kept for audit purposes with the daily balancing documentation.

Until the recent acquisition of the SQL version of WasteWorks we were unable to print a voided ticket report that would identify the specific voided tickets. Under the old DBF version a voided ticket was only identifiable if the daily Batch Close & Update Report were run at the end of each day. We had numerous occasions in 2011 where this daily closing report did not run due to one error or another. We will monitor operator compliance with the Countywide policy in the future and document each operator's file for infractions accordingly. We feel a separate Void form is not needed, as the WasteWorks program requires an entry in the voiding reason field, and that text string is displayed in the void ticket report. We will monitor operator compliance more closely to assure the original ticket is marked void and the reason handwritten on the voided ticket as well as entered in the program.

Management did not indicate review of exempt transactions

Auditor recommendations:

1. *We recommend that SWM use an "Exempt Transaction Log" to track fee-exempt transactions.*
2. *We recommend that a supervisor compare the exempt transactions on the Daily Detail Report to the "Exempt Transaction Log" to ensure that each exempt transaction is documented and appropriate.*
3. *We recommend that a supervisor initial each exempt transaction and sign the log.*
4. *We recommend that SEM update the "Fee-Exempt and Non-Fee Transaction" Standard Operating Procedure to include the use of the "Exempt Transaction Log".*

Having a reviewer physically present when each exempt load comes to the landfill will not provide assurance a particular load is legitimate.

Transactions for account # 155 are typically not reviewed because their containers are clearly marked. This account is monitored for cumulative tonnage to determine when this particular customer is approaching or has exceeded the maximum number of tons they are allowed to dispose of at no charge. Operators routinely inquire of drivers claiming to haul loads for account #155 if the load is indeed exempt. It is beyond the scope of any reviewer's ability to determine if a particular transaction is a valid exempt transaction. This would also be true of "general" exempt transactions under account # 150 which can be entities such as Salvation Army, Big Brother & Big Sisters, etc.

Despite the inability to detect most invalid exempt transactions a more thorough reconciliation will be initiated and appropriate instructions given to scale operators to enter sufficient information in the Reference or Comment field to identify potential invalid transactions. A separate Exempt Transaction log would not be effective as it would require one copy for each scalehouse and would fall into disuse because the logs would require additional work from the operators, be subject to loss, abuse, or neglect, and duplicate information that is already present in the WasteWorks system. If an operator were admitting a known invalid fee-exempt transaction a separate log would not prevent this. For these reasons we feel the recommended solution of a separate exempt transaction log will be ineffective.

Checks were accepted without recording the patron's driver license number and expiration date on the check

Auditor's recommendation:

We recommend that valid identification information be recorded on personal checks before they are accepted from patrons.

We have instructed the operators to obtain and document this information on all personal checks accepted.

Manual receipt books were not always adequately safeguarded

Auditors' recommendation:

Manual receipt books should be kept in a secure location that is only accessible by the operator to which they were assigned.

The operator observed not properly safeguarding her hand ticket book was instructed to safeguard her Manual Receipt Book in the same manner other operators had done, and has done so since that time.

ACCOUNTS RECEIVABLE

Nineteen to 31 percent of all accounts receivable balances were past due

Auditor recommendations:

- 1. We recommend that SWM implement the use of collection letters to comply with Countywide Policy and to bolster collection efforts.*
- 2. We recommend that all collection efforts be documented and collection efforts include all past due accounts.*

We have re-examined the aging report for the month of April used in your conclusion and have found the aging summary to be unreliable. For example, we looked at the details of account # 45000 which reports a total of \$415.72 in the 31 to 60 day category. This balance consists of the following:

Ticket #	Amount	Date	Paid	# Days
03-00653250	\$ 50.24	03/05/12	04/18/12	44
03-00653885	\$ 45.44	03/07/12	04/18/12	42
03-00663302	\$ 260.53	03/29/12	04/18/12	20
03-00010900	<u>\$ 59.51</u>	03/31/12	04/18/12	18
	\$ 415.72			

Two of the four transactions were paid within 30 days or less, yet the Aging Report included them in the 31-60 day category. This trend continues with examination of the details of account # 43000 which reported a total of \$882.18 in the 31 to 60 day category:

Ticket #	Amount	Date	Paid	# Days
01-00010740	\$ -0.47	03/02/12	04/18/12	47
03-00652965	\$ 69.68	03/03/12	04/18/12	46
03-00653462	\$ 146.38	03/06/12	04/18/12	43
03-00653799	\$ 73.07	03/06/12	04/18/12	43
03-00654098	\$ 20.80	03/07/12	04/18/12	42
03-00654868	\$ 41.60	03/09/12	04/18/12	40
03-00655367	\$ 24.70	03/10/12	04/18/12	39
03-00655845	\$ 46.29	03/12/12	04/18/12	37
03-00656075	\$ 11.75	03/13/12	04/18/12	36
03-00656279	\$ 33.02	03/13/12	04/18/12	36
03-00656789	\$ 20.80	03/14/12	04/18/12	35
03-00657815	\$ 41.09	03/16/12	04/18/12	33
03-00658355	\$ 21.58	03/17/12	04/18/12	32
03-00658762	\$ 46.54	03/19/12	04/18/12	30
03-00659144	\$ 26.27	03/20/12	04/18/12	29
03-00659618	\$ 26.78	03/21/12	04/18/12	28
03-00661535	\$ 48.88	03/24/12	04/18/12	25
03-00662071	\$ 28.35	03/26/12	04/18/12	23
03-00662076	\$ 25.49	03/26/12	04/18/12	23

03-00662612	\$ 22.37	03/27/12	04/18/12	22
03-00663204	\$ 22.88	03/28/12	04/18/12	21
01-00010897	\$ 35.96	03/31/12	04/18/12	18
03-00665374	\$ 48.37	03/31/12	04/18/12	18
Total	\$ 846.22			

Nine of the 23 transactions listed in the 31 to 60 day category were less than 30 days old at time of payment and the running of the report on 4/30/2012. Although additional accounts were not analyzed to see if this trend is consistently applied we believe further analysis would reveal the same conditions.

It appears the aging routine in the WasteWorks program does not calculate the aging categories correctly. Consequently, the finding of non-compliance is not fully supported by the facts. We believe the report is aging incorrectly because WasteWorks is currently configured to use a "Balance Forward" rather than an "Open Item" statement method. Under this method accounts receivable payments are applied to the oldest tickets first, even when it is clear the customer's intention was to pay a different set of tickets. We contacted Carolina Software for an explanation of this apparent anomaly and they confirmed this conclusion. We are awaiting further information from them on the feasibility of changing our system to the "Open Invoice" method, which should provide more accurate aging summaries.

We have instructed the AR Coordinator to document his collection efforts on paper and in the customer's account within the WasteWorks software. This will assure a permanent record of collection efforts is available even if paper records are lost or misfiled.

Seventeen accounts exceeded established credit limit by \$103 to \$109,556

Auditor's recommendations:

1. *We recommend that SWM work to bring accounts within the established credit limit, including suspending services until the account is paid down.*
2. *We recommend that SWM ensure that each company's bond is appropriate for the volume of charges incurred.*

Monitoring customer accounts for credit limits and compliance with payment terms is a balancing act between customer relations and minimizing credit risk. A strict application of credit policies can alienate customers and lead to lost business and decreased revenue, a result management is reluctant to embrace. We will watch customer accounts more closely, but balance our approach with the intention to preserve continuing customer relationships, but at the same time be aware of credit risk.

Account # 319 is a commercial excavation company that had a major project during the first half of 2012. They were hauling 10-12 loads per day during April, and at almost \$600 per load their account balance increased quickly. Their account was over the credit limit from March through June, but has been within terms since then. This customer's activity level and payment record illustrates the importance of maintaining vigilance in collection efforts. Despite regular contacts, the account was nevertheless out of terms for four of the last eight months.

Account # 204 is a long-time customer with a record of slow payment, but we have never had a write-off or write-down. The AR Coordinator has been in regular contact with this customer and is in the process of having the customer increase the amount of their bond. The AR Coordinator brought his concerns about this customer to the Executive Director and asked for permission to close their account, but the Director told the Coordinator to keep the account open and continue to work with the customer to accelerate their payments and increase their bond.

While account # 2203 exceeded their credit limit from April through August they are now within terms. Increased emphasis will be given to aging categories and credit limits to assure collection risk is minimized.

The AR Coordinator has been instructed to document all collection contacts on paper and within the WasteWorks software itself.

Nine customers that prepaid for use of Landfill accrued charges that exceeded the amount they had on deposit by a range of \$2.46 to \$643

Auditor's recommendation:

We recommend that prepaid accounts be closely monitored, clients be contacted to avoid incurring charges, and services be suspended whenever balances accrue.

The WasteWorks program does alert scale operators when credit limits are exceeded, but allows the operator to continue and finish the transaction. Office staff is alerted when these conditions exist, and the customers are advised to go to the office and make a payment. If prepaid customers do not re-establish their credit balance their account is suspended until a payment is made. At times this interaction between the AR Coordinator and the customer may take several days to resolve.

Inactive accounts with credit balances totaling \$4,590 were not submitted to the Utah State Division of Unclaimed Property

Auditor's recommendations:

- 1. We recommend that unclaimed property, in the form of inactive credit balance accounts, be submitted to the Utah State Division of Unclaimed Property, either directly or through the County Treasurer's Office.*
- 2. We recommend that adjustments be made to remove the inactive account credit balances from SWM's Accounts Receivable.*

Current credit balance accounts that have been inactive for one year or more will be examined and any unresolved accounts will be forwarded to the Utah State Division of Unclaimed Property and their balances removed from the Accounts Receivable.

Not all adjustment documentation was found on file and some documentation was not adequate

Auditor's Recommendations:

- 1. We recommend that the Fiscal Manager compare the monthly adjustment report to copies of adjustments on file to ensure that all adjustments have been retained.*
- 2. We recommend that sufficient documentation be attached so that an outside person, with no knowledge of the transaction, would be able to determine why the adjustment was made.*
- 3. We recommend that reviews of adjustments be documented with a signature*

The Fiscal Manager is now reviewing and initialing all adjustments made by the AR Coordinator. Thorough documentation will be attached to each adjustment, with the assumption that anyone reviewing these adjustments will have at least a basic understanding about WasteWorks or the waste disposal process.

An operator entered adjustments to correct her son's transactions

Auditor's recommendations:

- 1. We recommend that security settings in SWM's POS system be reviewed and user access be set at the lowest level necessary to perform their job function.*
- 2. We recommend that adjustments be fully documented.*

The Fiscal Manager discovered these adjustments during his regular review process and questioned why the Balancer was making adjustments. She has since had the ability to make adjustments removed from her profile.

A controlled asset inventory had not been performed for at least five years and the controlled asset database had been deleted

Auditor's recommendations:

1. *We recommend that a full asset inventory be performed and documented by SWM as soon as possible.*
2. *We recommend that a documented asset inventory be performed on an annual basis going forward.*

We dispute the conclusion there had been no Controlled Asset inventory made for five years. We have copies of the Capital Asset Inventory transmittal to LeAnne Sarver for 2008, 2009, 2010 and 2011, and we generally do the Controlled Asset Inventory at the same time. We recently discovered a 42-page Controlled Asset report printed from the deleted database dated April 11, 2008 clipped to an unsigned Capital Asset Inventory transmittal memorandum that indicates we had recorded and inventoried our controlled assets in 2008. As Controlled asset inventories are not sent to LeAnne we cannot confirm similar inventories were completed in 2009, 2010 or 2011.

Because Solid Waste Management sometimes does not purchase or dispose of equipment for one or more years it is possible the database could not have been accessed for over six months. We are creating a new database to record the Capital and Controlled assets and will conduct an inventory to confirm entry of the various assets into this database.

Twenty controlled assets and two capital assets could not be located

Auditor's recommendation:

We recommend that a letter be written to the Mayor regarding the missing controlled assets and Form PM-2 be submitted to the appropriate accounting staff in the Mayor's Office.

The two capital assets--roll-off containers-- were subsequently located and confirmed. It does appear however, that the Coordinator did not complete the submission of PM-2 forms required to surplus the other assets listed in your table. We recently discovered completed, but unsigned Forms PM-2 in the Coordinator's files that indicated he was in the process of sending most of the items in your table to surplus. We will confirm the existence of the assets on the Forms PM-2 and instruct the Coordinator to complete the processing of these assets to surplus.

Recently purchased controlled assets had not been tagged or included on a controlled assets list.

Auditor's recommendation:

We recommend that the employee designated as Coordinator and the employee responsible for purchasing work together to ensure that newly acquired assets meeting the "controlled" asset criteria are tagged and added to a controlled asset list at the time of receipt.

All but one of the listed items have been located and confirmed, and will be tagged and included in the controlled asset database previously mentioned.

SWM's substitute for the Controlled Assets Inventory Form-Organization did not always contain make, model, and serial number.

Auditor's recommendation:

We recommend that the controlled assets list include additional information to identify the asset, such as purchase date, acquisition cost, and serial number.

The database in question did allow for the entry of all of the identifying information listed above, but many of the records did not include that information for a variety of reasons. First, not all assets have a model designation and many do not have serial numbers. Second, while a particular asset may have been

inventoried, and its existence verified by inclusion in the database, certain information such as the date of acquisition and purchase price are not resident with the asset itself. We obviously entered what information was apparent from a physical inspection of the asset, but could not determine the purchase date or amount from information available at the time. Many of those assets were acquired years previously and purchase records needed to be researched to determine those dates and amounts. We will be certain to include this information in our new database.

SWM did not use the Controlled Assets Inventory Form-Employee

Auditor's recommendation:

We recommend that all employees who are individually assigned controlled assets complete the "Controlled Assets Inventory Form – Employee," and these forms be annually reviewed and the signature renewed by the employee in possession of the controlled asset.

We have examined Policy # 1125, but do not find the exhibits you reference. We will incorporate the intent of this form into the reports section of our new controlled asset database , and prepare a blank inventory form to be used when conducting our controlled asset inventory. When the inventory is completed we will print this form and get the signature of the appropriate employees.

Conclusion

We recognize that we did not strictly comply with certain policies and procedures, some of our non-compliance was due to error or oversight and some was due to misunderstanding the policy in question. In other instances we had relied on past performance, procedures and understanding for our actions. We will work with your office closely in the future to avoid a repeat of these problems.

John Ioannou, Executive Director

Date

Larry J. Hansen, Fiscal Manager

Date

**REQUEST FOR CHANGE
OR ESTABLISHMENT OF PETTY CASH
OR OTHER IMPREST FUNDS**

RECEIVED APR 16 2007

SECTION I -- IDENTIFICATION OF AGENCY AND CASHIER

NAME AND LOCATION OF AGENCY DIRECTOR: John Ioanou
 ORGANIZATION NAME: Solid Waste Division
 FUND NUMBER: 540-400
 ORGANIZATION NUMBER: 4750 -Z
 ADDRESS: 6030 W. California Ave, Salt Lake City, Utah 84104
 PHONE NO.: [REDACTED]

SECTION II -- ACTION REQUESTED

REQUEST FOR ESTABLISHMENT OF NEW ACCOUNT

Policy #1203	Check	
Ref.	One	
1.2	<input type="checkbox"/>	Petty Cash
1.3	<input type="checkbox"/>	Change Fund
1.4	<input type="checkbox"/>	Imprest Checking (Treasurer to determine bank)
2.1.2	Custodian's Name _____
2.1.3	Custodian's Title _____
	Requested Imprest Amount \$ _____
	 Location / Address _____
	Name of Responsible Cashier _____

REQUEST TO CHANGE AMOUNT, CUSTODIAN OR LOCATION

	Check	
	One	
1.2	<input type="checkbox"/>	Petty Cash
1.3	<input checked="" type="checkbox"/>	Change Fund
1.4	<input type="checkbox"/>	Imprest Checking (Treasurer to determine bank)
	Check	
	All	
	That	
	Apply	Name of Account
2.1.2	<input type="checkbox"/>Custodian being replaced _____
	<input type="checkbox"/>New Custodian _____
	<input type="checkbox"/> New Custodian's Title _____
2.1.3	<input checked="" type="checkbox"/>New Requested Amount <u>Fund increase of \$1,150.00. (Total \$3,350.00)</u>
	<input checked="" type="checkbox"/>Effective Date <u>April 13, 2007</u>
	<input type="checkbox"/>New Location Address _____
	<input type="checkbox"/>New Telephone Number _____
	<input type="checkbox"/> Name of New Responsible Cashier <u>[REDACTED]</u>

AGENCY AUTHORIZATION

April 13, 2007 _____
 Effective Date of Designation Agency Director or Designee

 Date -- Month, Day, and Year

AUDITOR'S AUTHORIZATION _____

 Date Auditor or Designee
4/17/07
 Date -- Month, Day, and Year

**REQUEST FOR CHANGE
OR ESTABLISHMENT OF PETTY CASH
OR OTHER IMPREST FUNDS**
(Continued)

SECTION III -- PURPOSE AND NEED

2.1.1 Please explain the Purpose and Need for Establishment or Change of Petty Cash, Change Fund or Imprest ~~Checking Account:~~

We request that our current change fund of \$2,200 be increased \$1,150 to a total of \$3,350 to better meet the needs of the daily operations at the landfill. The Solid Waste Division often processes over 1,500 vehicles on Saturdays and nearly 1,000 vehicles during the work week. Most of the Saturday traffic/vehicles is citizens bringing waste from their own homes.

Management at the Solid Waste Division has determined to increase the number of tills by four (4 x \$150 = \$600). The additional tills will give flexibility and individual accountability for additional cash handlers needed at the landfill. Also, increasing the amount in the change box by \$550 (from \$1,450 to \$2,000) should allow sufficient funds on hand particularly on Saturdays to meet the change fund needs. Currently, staff goes to the bank both on Friday and Saturday to have sufficient change. Increasing the change fund amount should allow the landfill to better serve both citizen and commercial customers.

2.1.4 **INTERNAL CONTROLS OVER ACCOUNT**

Existing controls as periodically reviewed by the Auditor's Office are considered sufficient.

2.1.5 **ACCOUNTING DISTRIBUTION FOR REIMBURSEMENT CHARGES**

Fund	Agency	Organization	Object	Activity
_____	_____	_____	_____	_____

2.1.6 **Estimated Total Annual Dollar Volume to be Spent From Fund**

2.1.6 **Estimated Number of Reimbursement Requests per Year**

SECTION VI -- INSTRUCTIONS

- 2.1 1. This completed form is to be submitted to the Auditor's Office, Accounting and Operations Division.
- 2.3 2. All imprest accounts established as checking accounts should be interest-bearing accounts where feasible. Prior to opening an account with a commercial bank, the custodian shall contact the County Treasurer, who may provide guidance regarding which bank to use and may wish to sign on the account.
3. The custodian, upon receiving a warrant to establish the petty cash, change fund, or imprest checking account, shall insure that custodian's affidavit is completed and notarized as soon as possible. The Affidavit is to be submitted to the Auditor's Office, Accounting and Operations Division.
4. A Petty Cash, Change Fund, or Imprest Checking Account may be terminated using this form. Process as a change in the amount to -0- with no new custodian. Explain fully above. The entire amount in cash and vouchers, with a reimbursement request, should be delivered to the Auditor's Office, Accounting and Operations Division.

(This form must accompany MPF FORM 2 when making application to become a custodian of a petty cash or imprest fund.)

CUSTODIAN'S AFFIDAVIT

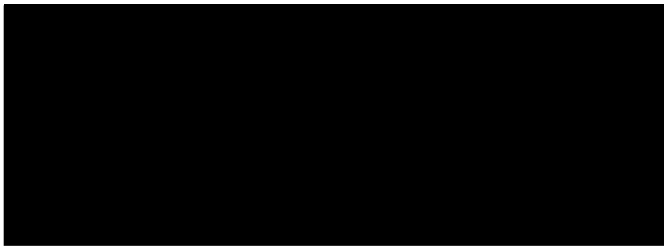
STATE OF UTAH

SS

COUNTY OF SALT LAKE

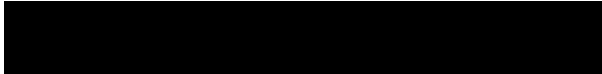
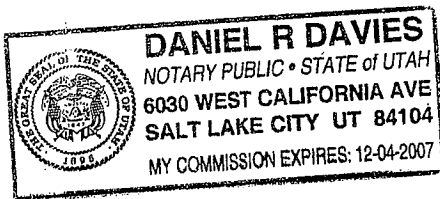
being duly sworn and upon oath, states as follows:

1. I accept custody of the foregoing Petty Cash, Fund or Imprest Checking Account;
2. I have received a copy of the Salt Lake Countywide Policy on Petty Cash and Other Imprest Funds (#1203) and the Salt Lake County Management of Public Funds Policy (#1062) and Procedures Manual and have read the same and understand the contents and requirements hereof;
3. I understand that I am responsible for the safekeeping of said fund and in the event of loss, due to any act or failure to act on my part, that I may be liable for repayment hereof.



Subscribed and sworn to before me

this 16 day of April, 2007



Notary Public

My Commission Expires December 4, 2007

Residing at Salt Lake County

Petty Cash and Other Imprest Funds
Salt Lake Valley Solid Waste Management Facility
April 13, 2007

Change Fund

	<u>Balance</u>
Balance in 1991	\$600
Increase in 1992 (+\$200)	\$800
Increase in 1993 (+\$200)	\$1,000
Increase in 1996 (+\$500)	\$1,500
Increase in 2004 (+\$700)	\$2,200
Increase in 2007 (+\$1,150)	\$3,350
Location:	
Change box	\$2,000
Maria's till	\$ 150
Betty's till	\$ 150
Ingrid's till	\$ 150
Rhonda's till	\$ 150
Dan D.'s till	\$ 150
New - 1	\$ 150
New - 2	\$ 150
New - 3	\$ 150
New - 4	<u>\$ 150</u>
TOTAL	\$3,350

Petty Cash

Increase in 1999 (+\$700)	\$1,500
AFIN TOTAL (account 113)	\$4,850
	=====

Increased change box fund from \$1,450 to \$2,000; added 4 new tills in 2007



**SALT LAKE
COUNTY**

SALT LAKE COUNTY AUDITOR'S OFFICE

JEFF HATCH
Auditor

April 17, 2007

Honorable Mayor Peter Corroon
Government Center, N2100

ATTENTION: Doug Willmore

Dear Honorable Mayor:

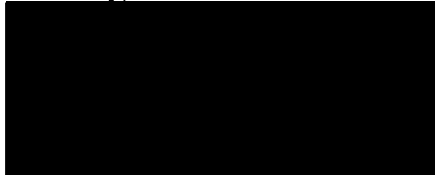
The organization listed below has requested authorization for the following imprest account:

SOLID WASTE DIVISION - This request is to increase their change fund from \$2200.00 to \$3350.00, an increase of \$1150.00, in order to create four additional cash drawers. [REDACTED] will remain the custodian for this account.

We have reviewed this request for appropriateness and for compliance with Countywide Policy 1203 - Petty Cash and other Imprest Accounts, and Policy 1062 - Management of Public Funds, and agree the proposed changes would be beneficial to facilitate County operations.

Unless there are questions or concerns, please approve and return to Accounts Payable Section of Accounting & Operations to complete processing.

Sincerely,



JEFF HATCH
Salt Lake County Auditor

Approved by:



Mayor Peter Corroon or Designee

4/20/07
Date

CASH OVER/SHORT LOG

MPF Form 11

DIVISION _____

MONTH/YEAR _____

EMPLOYEE _____

DAY	AMOUNT OVER / (SHORT)	INITIALS OF CASHIER
1	\$ _____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____
10	_____	_____
11	_____	_____
12	_____	_____
13	_____	_____
14	_____	_____
15	_____	_____
16	_____	_____
17	_____	_____
18	_____	_____
19	_____	_____
20	_____	_____
21	_____	_____
22	_____	_____
23	_____	_____
24	_____	_____
25	_____	_____
26	_____	_____
27	_____	_____
28	_____	_____
29	_____	_____
30	_____	_____
31	_____	_____

ACCUMULATIVE OVER/(SHORT) \$ _____

Approved by Agent Cashier _____

I have reviewed the above log for propriety and certify that any differences between cash received and deposited are listed above.

Supervisor's Signature _____ Title _____

Void Form

Date: _____ Amount \$ _____ Check Cash Credit Card

Ticket Number: _____

Cashier Name: _____

Purpose: _____

Signature of Employee issuing the Void

Signature of Supervisor Reviewing Void

Signature of Customer

Exempt Transaction Log

Date	Time	Transaction Type	Customer Signature	Cashier Initials	Supervisor Initials

COUNTYWIDE POLICY #1125 - SAFEGUARDING PROPERTY/ ASSETS
 EXHIBIT 4
 CONTROLLED ASSETS INVENTORY FORM - ORGANIZATION

ORGANIZATION NAME _____

ORGANIZATION # _____

PROPERTY MANAGER _____

DATE LAST INVENTORIED & BY WHOM (Property Mgr initials) _____

F

PROPERTY DESCRIPTION	MAKE	MODEL	SERIAL #	PHYSICAL LOCATION	BOUGHT ON PO #	PO DATE	VENDOR	COST	COUNTY ASSET #	CHANGE IN STATUS & DATE

CERTIFICATION:
 I have reviewed this list of controlled assets our organization is responsible for (but are not assigned to individual employees) and agree that it is an accurate and complete list of equipment assigned to me. I understand the County Administrator and I are responsible for the property in accordance with all the provisions of this policy. Property Manager's Signature _____ Date _____

Rev 3/93

COUNTYWIDE POLICY #1125 - SAFEGUARDING PROPERTY/ ASSETS
 EXHIBIT 3
 CONTROLLED ASSETS INVENTORY FORM - EMPLOYEE

ORGANIZATION NAME _____

ORGANIZATION # _____

PROPERTY ASSIGNED TO _____

DATE LAST INVENTORIED & BY WHOM (Property Mgr) _____

PROPERTY DESCRIPTION	MAKE	MODEL	SERIAL #	PHYSICAL LOCATION	BOUGHT ON PO #	PO DATE	VENDOR	COST	COUNTY ASSET #	CHANGE IN STATUS & DATE

CERTIFICATION:

I have reviewed this list of equipment and agree that it is an accurate and complete list of equipment assigned to me. I understand I am accountable for the equipment and responsible for it in accordance with all the provisions of this policy.

Employee's Signature: _____ Date: _____

Rev 3/93