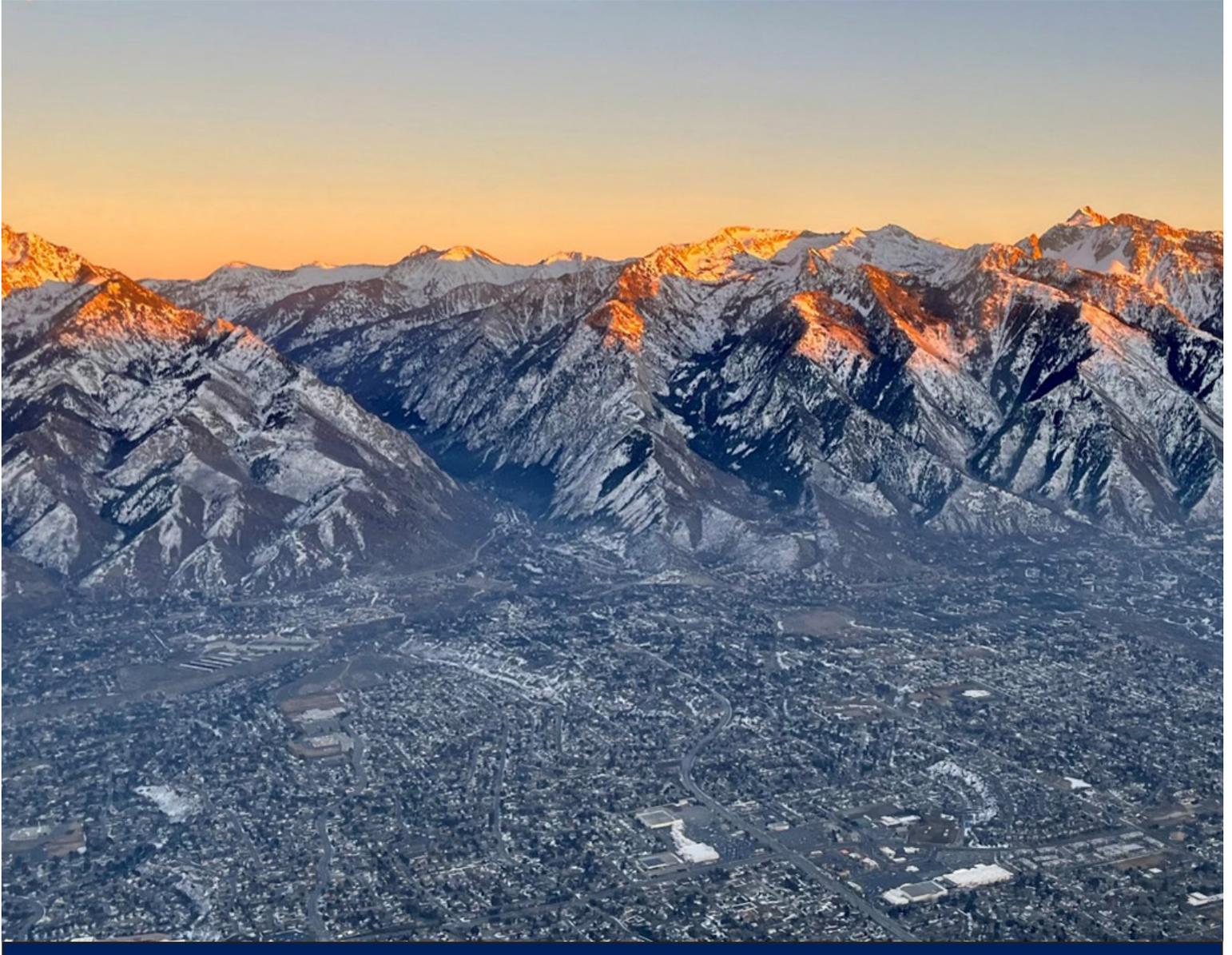


AUDIT REPORT

A Performance Audit of the Granite Community Council

FEBRUARY 2026



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AUDITOR'S LETTER

February 24, 2026

I am pleased to present the performance audit of the Granite Community Council (GCC), covering the period from March 19, 2023, to March 19, 2025. The primary objective of this audit was to provide reasonable assurance that the GCC's use of Salt Lake County contributions complied with state law, Salt Lake County Ordinance 2.56.080, Salt Lake County Countywide Policy 1200: Contributions, and other applicable established policies.

Our review of a statistical sample of expenses found that while 100% of the sampled transactions were approved by the Granite Community Council, we identified areas of improvement related to documentation and cash – handling practices that increase risk and limit the County's ability to verify the appropriate use of tax dollars:

- **Documentation Gaps:** Approximately 8% of sampled expenses lacked supporting invoices or receipts. Without these records, it is difficult to confirm that public funds were used exclusively for authorized community purposes.
- **Cash Prize Accountability:** During the 2024 Fall Festival, \$90 in cash prizes was distributed without a cash log or a documented chain of custody. The absence of tracking who handled or received these funds increases the risk of fraud, waste, or abuse.

These observations highlight a broader risk facing organizations receiving County funds, that contribution- based funding carries inherent risks when organizations do not have strong internal controls, standardized documentation practices, or consistent cash – handling procedures. These risks are not unique to GCC; they are systemic considerations the County must evaluate with all recipients of taxpayer contributions.

We acknowledge the concerns raised by the Granite Community Council regarding the time burden on volunteers and the duration of the audit process. At the same time, the Auditor's Office is required to ensure that every tax dollar, regardless of the contribution size or the capacity of the organization, can be traced, supported, and verified. Salt Lake County Countywide Policy 1200: Contributions, Section 4.0 "Audit" outlines that any nonprofit entity receiving a contribution is acknowledging that the Auditor may perform a performance audit on the use of any money, non-monetary assistance, or fee waiver contributed under the policy.

Performance audits play a critical role in safeguarding public resources. Effective internal controls remain important even for smaller annual contributions amounts because they provide taxpayers with assurance that funds are used legally and as intended.

The findings in this report are intended to help the GCC move toward these best practices. We have made three recommendations to enhance documentation and accountability:

1. Retain complete supporting documentation for all expenses.

Salt Lake County Auditor



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2. Define a clear threshold for reimbursements allowed without receipts.
3. Establish a cash log for future cash prizes to ensure a transparent chain of custody.

GCC's agreement to the three recommendations helps strengthen its own processes while also advancing the shared goal of promoting consistent, scalable controls across all nonprofit entities receiving County contributions. In accordance with GAGAS and internal follow-up procedures, our office will conduct a follow-up review no earlier than six months after the issuance of this report to assess the status and effectiveness of correction actions.

This audit was authorized under Utah Code Title 17, Chapter 19a, "County Auditor", Part 2, "Powers and Duties." We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

We appreciate the cooperation of the GCC volunteers during this process. For further details, please refer to the enclosed report. For further information or clarification regarding this report, please feel free to contact me at 385-468-7200.

Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor

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A Performance Audit of the Granite Community Council

February 2026

Objectives

The audit objectives were to provide reasonable assurance that the Granite Community Council's acceptance and use of contributions from Salt Lake County complied with all applicable state law, county ordinances, and policies. Areas of audit focus included the processes and procedures for the following:

1. Whether contributions to the community council adhere to Salt Lake County Ordinance 2.56.080, Countywide Policy 1200: Contributions, and other relevant regulations.

Scope period: March 19, 2023 - March 19, 2025

REPORT HIGHLIGHTS

Gaps in Expense Source Documentation Limit Verification of Compliance with County Ordinance 02.56.080

Our review identified opportunities to strengthen Granite Community Council's (GCC) documentation practices for County contributions so that the County can verify whether County contributions were used for authorized purposes.

Incomplete Supporting Documentation: GCC members are required to submit invoices or written explanations to support reimbursement requests.

- Two of 24 (8%) expenses were not fully supported by receipts. The remaining 22 (92%) samples were supported by receipts.
- Incomplete documentation limits financial oversight and makes it difficult to confirm that expenses were accurate, allowable, and used for approved community purposes.

Cash Prize Documentation: One reimbursement for \$183 included \$90 in cash for the 2024 Fall Festival. The \$90 was distributed as a cash prize. We found:

- GCC did not maintain documentation showing how the \$90 was distributed
- No cash log was kept identifying who handled or received the funds.
- Without a documented chain of custody, management cannot verify that the funds were in accordance with County contribution requirements. This also increases the risk the funds will not be used for their allowed purpose, but may lead to misuse through fraud, waste, and abuse.



Finding Risk Classifications

Classification	Description	Action
<p style="text-align: center; color: white; font-weight: bold; font-size: 1.2em;">High Risk</p>	<p>High Risk Findings indicate significant weaknesses in controls and compliance:</p> <ul style="list-style-type: none"> Essential controls are either missing OR are in place but fail to adequately address critical risks. Procedures are either not followed consistently OR are completely missing. Documentation and communication of controls, policies, and procedures are either lacking OR entirely absent. Controls may not be in operation OR may not have been implemented. Material non-compliance (or a critical instance of non-compliance) with legislative requirements (both state law and county ordinances), countywide policies, organization policies, and best practices is common, resulting in inadequate risk management. 	<p style="text-align: center;">Urgent Corrective Actions are Necessary</p>
<p style="text-align: center; color: black; font-weight: bold; font-size: 1.2em;">Medium Risk</p>	<p>Medium Risk Findings indicate weaknesses in control design and/or implementation, and occasional non-compliance:</p> <ul style="list-style-type: none"> Controls are partially in place but may not fully address all aspects of key risks. Documentation and/or communication of controls, policies, and procedures may be incomplete, unclear, inconsistent, or outdated. Controls might not be operating consistently and/or effectively or may not have been fully implemented. Occasional non-compliance with legislative requirements (both state law and county ordinances), countywide policies, organization policies, and best practices has occurred. Risks are not being effectively managed, which could result in failure to meet organization objectives or could lead to a less effective risk management framework. 	<p style="text-align: center;">Promptly Implement Recommendations</p>
<p style="text-align: center; color: white; font-weight: bold; font-size: 1.2em;">Low Risk</p>	<p>Low Risk Findings indicate that controls are generally effective, with minor areas for improvement:</p> <ul style="list-style-type: none"> Controls are effectively addressing key risks but may need minor improvements. Documentation and/or communication of controls, policies, and procedures are generally adequate but might require minor updates. Controls are generally operating effectively with minor inconsistencies. Minor deviations from legislative requirements (both state law and county ordinances), countywide policies, organization policies, and/or best practices may exist. Risks are generally well-managed, with minimal areas for improvement identified during testing. 	<p style="text-align: center;">Implement Minor Improvements and Proactive Enhancements</p>

BACKGROUND

The Salt Lake County Auditor's Office Audit Services Division completed a limited-scope performance audit on the use of County contributions to Granite Community Council (GCC) to assess GCC's use of County contributions and compliance with relevant ordinances, policies, and procedures during the period of March 19, 2023 through March 19, 2025.

The GCC is a 12-member nonprofit organization that represents residents of the unincorporated, historic Granite area of Salt Lake County. Based on the 2020 United States Census, the total population of Granite, Utah is 1,076.¹ The GCC members are elected volunteers who serve as stewards of GCC funds.

Each year, the GCC submits a contribution request application to the Salt Lake County Council to fund community events, town hall meetings, hold GCC elections, and cover other administrative costs. The contribution request applications include the following:

- Budget proposals
- Bank statements
- Disbursement of Funds Report
- Other supporting documents

Although the GCC is not a County agency, as a condition of receiving County contribution funds, it has agreed to be audited for compliance on the use of those funds. The requirements for County contributions and for community councils are outlined in Salt Lake County Countywide Policy 1200: Contributions and Salt Lake County Ordinance Code 02.56.080: Salt Lake County contributions and in-kind assistance for community councils, which govern the receipt and use of County contributions by community councils. Additionally, GCC follows its own bylaws, which guide its financial management and operations.

During the audit period, the County provided the GCC with annual contributions ranging from \$3,581 to \$10,911, depending on their budget requests and remaining bank balance(s). **Table 1** shows the GCC's annual contribution amounts disbursed by the County Council.

¹ United States Census Bureau, 2020 Decennial Census for Granite CDP (census-designated place), Utah

Table 1: GCC’s annual contribution amounts disbursed by the Salt Lake County Council, 2023–2025

Year	Salt Lake County Council-Distributed Amount
2023	\$10,911
2024	\$10,624
2025	\$3,581

OBJECTIVES AND SCOPE

The audit objectives were to provide reasonable assurance that the Granite Community Council’s acceptance and use of contributions from Salt Lake County complied with all applicable state law, county ordinances, and policies. Areas of audit focus included the processes and procedures for the following:

1. Determine whether contributions to the community council adhere to Salt Lake County Ordinance 2.56.080, Countywide Policy 1200: Contributions, and other relevant regulations.
2. Verify that contributions were appropriately approved as part of the County’s budget process and funding guidelines.
3. Evaluate whether funds were expended for their intended purpose and in accordance with established policy limitations on administrative and program-related expenses.
4. Review reporting and documentation to ensure proper financial tracking, transparency, and accountability in the use of funds.

The scope of the audit was from March 19, 2023, to March 19, 2025.

AUDIT CRITERIA

Note: Although the Granite Community Council is not a County agency and is not subject to Salt Lake County Countywide Policy 1060 or Government Accountability Office (GAO) requirements, these sources were used as best practice guidance in evaluating financial controls and internal procedures.

Granite Community Council Bylaws, Article VI. “ExCom Duties,” Section 5A outlines the duties of the Treasurer as a financial steward responsible for collecting, reporting on, and disbursing money at the direction of the Chair and approval of the Council. According to this bylaw, all Council checks are to be signed by the Chair or Treasurer and reviewed at the next Council meeting.

Salt Lake County Ordinance Code 2.56.080, Section A. Funding

Requests, governs how community councils may receive and spend county funds on administrative costs, as consistent with state law and county ordinance. Allowable administrative costs include operational and computer equipment costs, communication and outreach via notices and town hall organization, and community and County-sponsored events.

Salt Lake County Countywide Policy 1200: Contributions, Part 3.0 “Procedures” Section 3.3, outlines the documentation requirements for an entity seeking county contributions. Applicants must:

1. Define the contribution’s value
2. Demonstrate their eligibility as a tax-exempt nonprofit.
3. Provide a narrative explaining how the funds serve a public purpose
4. Commit to adhering to all applicable laws and policies regarding fund disbursement and auditing.
5. Agree to return unspent funds.

Salt Lake County Countywide Policy 1060: Financial Goals and Policies, Part 8 “Internal Control Policy,” Section 8.3 details the requirement for adequate documentation to ensure the proper recording and valuation of transactions.

Government Accountability Office (GAO) May 2025 Publication, “Standards for Internal Control in the Federal Government” Principle 10 – Design Control Activities (pages 62-73) requires that management establish internal controls for safeguarding vulnerable assets such as limiting access and ensuring accurate and timely documentation of transactions.

METHODOLOGY

We used several methodologies to gather and analyze information related to our audit objectives. The methodologies included but were not limited to:

1. Met with agency personnel to gain an understanding of financial procedures and controls in place over bank balances, expenses, and financial record-keeping. We inquired with GCC’s elected volunteers regarding the storage location and access rights for the GCC Financial Summary spreadsheet and the safeguarding of the GCC bank checkbook.
2. Performed a review of financial documentation, expenses, and relevant records within the County’s financial system and the GCC Financial Summary spreadsheet. The financial documentation included:
 - Year-end bank balances for 2022 through 2024.
 - Expenses for 2023 and 2024² from the GCC Financial Summary spreadsheet.

² Although the audit scope period was March 19, 2023, through March 19, 2025, the review was expanded to include 2022 year-end bank statements (Step 2.a) to test the 2023 budget and contribution fund requests. In addition, expenses focused on 2023 and 2024 (Step 2.b) because all but one expense occurred between 2023 and 2024.

- Annual Salt Lake County Council contribution amounts from the County's financial system.
 - Supporting documentation (receipts/invoices) for sampled expenses.
 - Approved budget proposals.
 - GCC meeting minutes.
 - Copies of reimbursement checks.
 - Salt Lake County Council minutes and uploaded supporting documents for contribution request applications.
3. Recalculated year-end bank balances for 2023 and 2024, verifying agreement with prior year's ending balances after adding contributions and subtracting expenses. Verified the GCC Financial Summary spreadsheet included annual reconciliations and that our recalculated amounts agreed with the reconciled balances.
 4. Verified compliance with budget and ordinance limits by reviewing total contribution fund expenses for 2023 and 2024 against approved budget proposals, and by reviewing sampled expenses against the limitations in Ordinance 2.56.080.
 5. Assessed approval practices and segregation of duties by:
 - Confirming sampled expenses were approved in GCC meeting minutes prior to the check date.
 - Reviewing supporting documentation and meeting minutes to confirm GCC approval, Treasurer's recording of transactions, and required check signatures.
 6. Reviewed GCC Monthly Minutes to confirm the inclusion of Treasurer Reports detailing expenses and remaining bank funds.
 7. Confirmed County Council approval of GCC's contribution request applications for 2023-2025 and agreement between approved amounts and recorded amounts in the GCC Financial Summary spreadsheet.
 8. Reviewed documentation for GCC contribution request applications for 2023-2025 to confirm the presence of required elements found in Countywide Policy 1200 Section 3.3, such as: contribution value, non-profit eligibility, public purpose narrative, GCC signature, ethical disclosures (if applicable), and Disbursement of Funds Reports. Also confirmed GCC approval of the final budget request for 2024 and 2025.

CONCLUSION

During the audit, we reviewed a statistical sample of 24 out of 52 (46%) expenses to assess compliance with the contribution requirements outlined in Salt Lake County Ordinance 02.56.080 and Salt Lake County Countywide Policy 1200: Contributions. The review identified that GCC members approved the 24 (100%) sampled expenses, helping ensure the expenses were valid and allowable. It also identified that 22 expenses (92%) included sufficient documentation to substantiate their allowability under the ordinance.

While many of the sampled expenses met documentation expectations, the sample included a couple exceptions that warrant attention. We identified two expenses (8%) where we could not verify that GCC used County contributions appropriately due to an absence of supporting documentation (e.g. invoices or receipts). These exceptions indicate opportunities for the Granite Community Council to strengthen safeguards over the County funds they receive and spend. Specifically, GCC can improve the following areas to help the County verify that contributions are used only for allowable purposes:

- Consistently attaching supporting documentation (e.g. invoices, receipts).
- Establishing and maintaining documentation for cash awards to ensure accountability and transparency.

Implementing the recommendations in this report will enhance the safeguarding of County contributions, improve accountability and transparency and help mitigate the risk that County contributions will not be misused through fraud, waste or abuse.

FINDING 1 AND RECOMMENDATIONS

Gaps in Expense Source Documentation Limit Verification of Compliance with County Ordinance 02.56.080

Risk Ranking: **Medium Risk Finding**

Some expenses lacked supporting receipts, reducing accountability and increasing the risk that funds may not have been used for approved community purposes.

Although the Granite Community Council is not a County agency, the receipt of County contributions subjects the GCC to audit on the use of county contributions and GCC is required to cooperate as part of receiving contribution funds³. To sufficiently audit these funds, the GCC must maintain adequate documentation for all financial transactions involving County contributions. Retaining sufficient documentation ensures accurate recording of events, safeguards access to contribution funds and helps to verify that expenditures comply with Salt Lake County ordinance limitations for community council spending⁴.

To determine whether GCC had sufficient documentation, we reviewed a statistical sample of 24 out of 52 (46%) expenses, representing \$6,509 of the total \$17,530 (37%) in expenses during the scope period. We reviewed each transaction to confirm that the expenses complied with Salt Lake County Ordinance 2.56.080 expenditure limitations and to verify the presence of supporting documentation.

Because many GCC expenses occur through member reimbursements, it is important to understand how the reimbursement process works. GCC members may initially pay for community event expenses, supplies, or meeting costs with personal funds and later submit reimbursement requests. These requests must include an invoice or written explanation, receive GCC approval, and are paid from the County contribution funds. The reimbursement process is as follows:

1. Members submit receipts or invoices for expenses.
2. GCC reviews and approves expenses during monthly meetings, and approval is documented in the meeting minutes.
3. The Treasurer issues reimbursement checks for the approved amounts.
4. The Treasurer retains the supporting documentation and records expenses in a tracking spreadsheet.

Our testing revealed the following gaps in the supporting documentation:

Missing Support Documentation

Two of the 24 (8%) expenses reviewed included partial reimbursements that were not supported by receipts. The unsupported reimbursements

³ Salt Lake County Countywide Policy 1200: "Contributions", 4.0 Audit, Subsection 4.1.

⁴ Salt Lake County Ordinance Code 2.56.080: Salt Lake County contributions and in-kind assistance for community councils, Section A. Funding Requests.

totalled \$31, (\$10 and \$21) for food supplies purchased for community events. The remaining 22 (92%) expenses were supported by receipts and applicable documentation.

GCC's elected volunteers explained that the receipts were lost, but the members were reimbursed because the amounts were small. To support these reimbursements, GCC's elected volunteers provided written statements from the GCC members for the expenses missing receipts.

GCC reimbursed \$90 in cash prizes without maintaining a cash log or recipient list, leaving no record to confirm the funds were distributed as intended.

Missing Cash Prize Documentation



As part of GCC's 2024 Fall Festival, a costume contest awarded cash prizes for the best costumes. One GCC member was reimbursed \$183 for event expenses, which included \$90 in cash. The \$90 was documented on the check as for "Granite festival Halloween prizes". GCC clarified that the funds were used as cash prizes for the best Halloween costumes. The \$90 cash prize reimbursement was the only expense in the sample that involved cash.

We requested supporting documentation, such as a cash or event log, to corroborate that the cash was distributed for the permitted contribution uses identified in Salt Lake County Ordinance 02.56.080. However, GCC did not retain documentation corroborating how the \$90 cash prize was distributed, who handled the cash, who received the prizes, or whether winners acknowledged receipt.

To strengthen support that cash prizes issued at community events complied with Salt Lake County Ordinance 02.56.080, implementing a formal cash handling policy that includes completing a cash or event log would be a best practice for enhancing supporting documentation. We applied Salt Lake County and Government Accountability Office (GAO) standards as best practice criteria, which require strong safeguards over cash, such as clear accountability, restricted access, and timely, accurate recordkeeping⁵.



GCC's elected volunteers explained that a panel of judges selected the winners, as described on the event flyers. In lieu of a cash log, GCC's elected volunteers provided a signed statement on August 7, 2025, from GCC members who attended the event. The statement confirmed that those members attended the event and either distributed or witnessed the cash prizes given to residents.

Incomplete supporting documentation, and the absence of a cash log reduces transparency and weakens financial oversight. Without sufficient supporting documentation GCC cannot demonstrate that expenses were accurate, allowable, or used for approved community

⁵ Salt Lake County Countywide Policy 1060: "Financial Goals and Policies" Part 8, "Internal Control Policy," Section 8.3 and Government Accountability Office (GAO) May 2025 Publication, "Standards for Internal Control in the Federal Government" Principle 10 – Design Control Activities, paragraph 10.04: "Control Activities over complete, accurate, and timely recording of valid transactions" and "Appropriate documentation of transactions and control activities" (pp.65-66)

purposes in accordance with County Ordinance 02.56.080. These gaps increase the risk that County contributions are used in a manner that results in fraud, waste, and abuse.

1.1

RECOMMENDATION

Supporting Documentation

We recommend that GCC's elected volunteers obtain and retain complete supporting documentation for all reimbursed expenses. Documentation includes receipts, invoices, or written explanations for each payment.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: IMPLEMENTED (PER MANAGEMENT)

SEE PAGE 14 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.2

RECOMMENDATION

Threshold for Supporting Documentation

We recommend that GCC's elected volunteers define, document, and approve a clear threshold for reimbursements that may be allowed without receipts. For example, reimbursements under a set dollar amount (e.g., \$10) may be eligible for approval without receipts, while all other expenses require full supporting documentation.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: (DATE NOT PROVIDED) TO BE DETERMINED BY MANAGEMENT

SEE PAGE 14 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

1.3

RECOMMENDATION

Maintain a Cash Log

We recommend that GCC's elected volunteers establish and retain a cash log for all future cash prizes. The log must include:

- The name of the individual responsible for handling the cash at each stage.
- The total amount of cash distributed.
- The name and signature of each cash prize recipient acknowledging receipt.
- The date and event where the cash was awarded.

Maintaining a cash log creates a clear chain of custody, improves accountability and enables verification that cash prizes are distributed accurately and transparently.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: (DATE NOT PROVIDED) TO BE DETERMINED BY MANAGEMENT

SEE PAGE 14 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

COMPLETE LIST OF AUDIT RECOMMENDATIONS

This report made the following 3 recommendations.

RECOMMENDATION 1.1:

We recommend that GCC's elected volunteers obtain and retain complete supporting documentation for all reimbursed expenses. Documentation includes receipts, invoices, or written explanations for each payment.

RECOMMENDATION 1.2:

We recommend that GCC's elected volunteers define, document, and approve a clear threshold for reimbursements that may be allowed without receipts. For example, reimbursements under a set dollar amount (e.g., \$10) may be eligible for approval without receipts, while all other expenses require full supporting documentation.

RECOMMENDATION 1.3:

We recommend that GCC's elected volunteers establish and retain a cash log for all future cash prizes. The log must include:

- The name of the individual responsible for handling the cash at each stage.
- The total amount of cash distributed.
- The name and signature of each cash prize recipient acknowledging receipt.
- The date and event where the cash was awarded.

Maintaining a cash log creates a clear chain of custody, improves accountability and enables verification that cash prizes are distributed accurately and transparently.

AGENCY RESPONSE



February 4, 2026

RE: Granite Community Council Management Response Letter for the Salt Lake County Audit

Dear Salt Lake County Residents, Salt Lake County Council, and Salt Lake County Auditing Department

First, we would like to thank the Salt Lake County Auditing Department for their time and effort in completing this audit of the Granite Community Council (GCC). Making sure that the taxpayer funds of Salt Lake County are properly used and accounted for is a critical part of the government process and we thank the auditing department for this. We found the staff to be diligent, hard-working, and experts in their field.

The time period being audited included the 24 months from March 19, 2023 to March 19, 2025, this included one complete calendar year (2024) and two partial years (2023 & 2025). For the three years, 2023 – 2025 the County provided a total of \$25,166 to the GCC This is an average of \$8,372 per year.

It should be noted that the comments below are based on a draft copy of the audit report that was provided to us. We were not provided with a draft copy of the audit letter, so we were unable to respond to the contents of the audit letter.

After reviewing both the draft audit report and our experiences during the audit we have a number of responses and comments. Our comments are detailed in the six items presented below.

Item One: The conclusion that the GCC used the funds provided appropriately and in compliance with Salt Lake County Ordinance 2.56.080.

The audit report and analysis concluded that the Granite Community Council used the funds provided by Salt Lake County in accordance with County Ordinance 2.56.080. In the last sentence of the first paragraph of the Conclusion section of the report the audit department

Page 1 of 5

concluded that the audit “included sufficient documentation to substantiate their allowability under the ordinance.”

The funds received by the GCC were used as expected. No funds were misused, misdirected, or missing. We believe that this is the most important conclusion of this audit and are happy with this positive outcome. We are grateful for this. We have diligently sought to use the funds appropriately for the benefit of both the Granite Community and the County.

We are, however, surprised and disappointed that this conclusion was not more strongly stated and more prominently positioned in the audit report. In the Objectives and Scope section, the first objective of the audit is to “Determine whether contributions to the community council adhere to Salt Lake County Ordinance 2.56.080 ...”

One has to wonder (1) why there isn’t a clearer statement in the report stating the report’s conclusion regarding this objective, and (2) why this statement was not included in a prominent place in the report.

Item Two: The Conclusion that the Accounting Records of the Granite Community Council were sufficient to conclude that the funds were used appropriately.

The audit report concluded that, in all material respects, the financial and accounting records of the Granite Community Council were sufficient to determine whether or not the funds provided by the County were used appropriately, in accordance with County Ordinance. We are happy that our accounting records were complete enough and accurate enough for the successful completion of the audit.

This does not mean that the financial records were perfect. They were not. The audit identified areas and items that could be implemented to improve GCC’s record keeping. We are not professional accountants and recognize the need for improvement, the need for keeping better records. We are willing to implement any record keeping procedures that improve our financial records. The identified areas of improvement are important to us and will be discussed as Item Three of this letter.

We are, however, surprised and disappointed that this conclusion, that the financial records were adequate in all material respects, was not clearly stated in the audit report. In our opinion this is an oversight and should be corrected.

Item Three: The Three Audit Recommendations of the Audit Report

The audit report identified three items of concern and presented suggestions for improvement. We do not disagree with any of them. But we do believe that in two of the three recommendations, GCC is already in compliance.

The first audit finding and recommendation.

“We recommend that GCC’s elected volunteers obtain and retain complete supporting documentation for all reimbursed expenses. Documentation includes receipts, invoices, or written explanations for each payment.”

We agree with this policy that all expenses should have appropriate documentation. There is no disagreement. But we would like to make it clear that the GCC policy is that all expense reimbursements, regardless of amount require receipts for reimbursement. This policy has been and continues to be in force. The only exceptions are those approved by vote of the Council members after discussion in a Community Council meeting.

This recommendation is included because of the two expense reimbursements for \$10 and \$21 that were reimbursed without receipts. While there was a written explanation, there was no receipt. Let us explain how this happened. Two members of the GCC purchased supplies for a community event. The supplies were brought to the event and used. In the Council discussions other GCC members confirmed this. When these two members submitted their requests for reimbursement, they noted that the receipts had been lost. One member lost a receipt for \$10 and the other lost a receipt for \$21.

The Council discussed these missing receipts and decided that since (1) the amounts were small, and (2) it was confirmed that the supplies were actually brought to the event and used, that they would approve the reimbursement without requiring the individuals to obtain a duplicate receipt.

The total amount in question is truly small. The \$31 is 0.5% of the \$6,509 in expenses reviewed by the audit team.

The second audit finding and recommendation.

“We recommend the GCC’s elected volunteers define, document, and approve a clear threshold for reimbursements that may be allowed without receipts.”

This is an appropriate policy for all organizations and as stated in the discussion under the first audit finding and recommendation the GCC policy is that receipts are required for all reimbursement amounts with the only exception being reimbursements approved by vote of the Council members after discussion in a Community Council meeting.

The third audit finding and recommendation.

“We recommend that GCC’s elected volunteers establish and retain a cash log for all future cash prizes. The log must include:

- The name of the individual responsible for handling the cash at each stage.
- The total amount of cash distributed.
- The name and signature of each cash prize recipient acknowledging receipt.
- The date and event where the cash was awarded.

Maintaining a cash log creates a clear chain of custody, improves accountability and enables verification that cash prizes are distributed accurately and transparently.”

The GCC agrees completely that a cash log system as described in this recommendation is the best way to handle cash. But we also want to make sure that you understand that we do not handle or disburse cash in the normal course of our operations. If we were to handle cash in the normal course of operations, we would use a cash log system as described. The one time that we do use cash, is to pay out cash prizes is at our community events, and the cash prizes are awarded to children, typically pre-school or elementary school age children.

For example, this past October (2025), the GCC sponsored a pumpkin painting community Halloween event. Part of the event was a costume competition with three cash prizes given in each category. The three categories were pre-school age, elementary school age, and middle school age or older. The cash prizes were \$5, \$10, and \$15 each in each category for a total of \$90 awarded.

We did not ask the pre-school age children or the elementary school age children or the middle school age children to sign for their cash prize. We do not believe that it is appropriate to ask a child dressed as a superhero, princess, or ghoul to sign for a \$5 - \$15 cash prize. In other circumstances requiring a signature would be appropriate, but not in this case.

It should be noted that we did provide the audit team with an affidavit signed by the GCC members involved in the event, attesting that the cash was distributed to the prize winners and that it was not distributed inappropriately.

Item Four: The effect of the audit on volunteers.

In the past, we have been involved in discussions with county officials about how it is often difficult to find volunteers to assist in community and government efforts to improve our communities, cities, and the county. One of the real issues is the regulatory burden that the County government puts on volunteers. This audit is a good example.

The GCC treasurer spent more time dealing with the audit in calendar 2025 than all of the other treasurer responsibilities combined. One should also consider not only the time, but also the stress involved. The question should be asked. Is there a way to verify that funds are being used appropriately without such a large time requirement? This question should be asked for every regulatory requirement of volunteers.

In the past we have been involved in limited scope audits that consisted of completing a questionnaire, providing bank statements and expenses summaries, and having a conversation

or two (usually by telephone). This audit process only required a few hours of volunteer time. I think something like this would be more appropriate.

Item Five: The time length of the audit.

The GCC received the first notice of this audit on March 19, 2025. Today is February 4, 2026 and we are still working on it. If it is finally completed in February 2026, the total time will be 11-12 months. Nealy a full year. This is too long.

The process needs to be simplified and refined so that it can be completed in a much, much shorter period of time.

Item Six: The length and cost of the audit. Is this an effective use of taxpayer funds? Is there a more efficient and effective way?

We believe it would be appropriate to ask how much time was spent by the audit department to complete this audit and what was the total cost? We don't know the answer to these questions but hope that someone will answer them. Performing the audit is important, but was the audit completed in an efficient and effective way? Was it an efficient use of taxpayer funds?

Twelve months, two auditors working on it part time. Multiple supervisors were also providing input. What was the total number of hours spent on this audit (auditors and supervisors)? Was it more than 100? More than 200? What is the average fully loaded cost of an auditor?

The audit covers 24 months of GCC operations and over the past three years the average funding was \$8,372 per year. Two years at \$8,372 per year is \$16,744. How much money was spent to figure out if \$16,744 of funding provided to the GCC was used appropriately? Is there a cheaper and more efficient way to answer that question?

We would again like to thank the Salt Lake County Auditor's Office for their efforts in performing this audit. We hope that our comments are informative and helpful.

Respectfully submitted,



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