A Report to the
Citizens of Salt Lake County
The County Mayor and the
County Council

Follow-up Audit:
An Audit of the
Salt Lake County
Information Technology
Division

OFFICE OF THE
SALT LAKE COUNTY
AUDITOR

CHRIS HARDING
COUNTY AUDITOR

May 2022

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Information Technology Division

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OUR MISSION
To foster informed decision making, strengthen the internal control environment, and improve operational efficiency and effectiveness for Salt Lake County, through independent and objective audits, analysis, communication, and training.

CHRIS HARDING
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Salt Lake County Auditor

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May 31, 2022

Zach Posner, Chief Information Officer
Information Technology Division
2001 S State Street, Suite S3-600
Salt Lake City, UT 84190

Re: **Follow-up Audit: An Audit of the Information Technology Division**

We have completed our follow-up work on the audit recommendations contained in the report, *An Audit of the Salt Lake County Information Technology Division*, issued February 2021.

Our follow-up audit work found that of the 13 recommendations issued in the original audit, Information Technology Division ("IT") has:

- **Implemented**: 12 recommendations
- **In process**: n/a
- **Not implemented**: n/a
- **Closed**: 1 recommendation

Please see Appendix B at the end of this report for a full description of the four implementation statuses: implemented, in process, not implemented and closed.

We truly appreciate the time and efforts of the IT employees throughout the follow-up audit. Our work was made possible by their cooperation and prompt attention given to our requests. If you have any questions, please feel free to contact Shawna Ahlborn, Audit Services Division Administrator, at (385) 468-7179 or Brenda Nelson, Audit Manager, at (385) 468-7178.

Sincerely,

Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor
Office of the Salt Lake County Auditor

Cc: Cherie Root, Associate Director of Finance & Administration
        Kimball Ball, Administrative and Fiscal Manager
        Megan Hillyard, Department Director of Administrative Services
        Darrin Casper, Deputy Mayor of Finance and Administration CFO

Follow-Up Audit Results

Finding 1	**Billing statement due dates were not always consistent with contract terms which led to IT receiving customer payments after the due dates specified in the service contracts.**
Recommendation	We recommend that the IT Fiscal Manager ensure that the due dates on customer invoices match the contract terms and assess interest charges on any past due account balances according to County policy.
Status & Action Taken	**Implemented.** We found that IT implemented controls to ensure that invoice due dates match contracted terms. Additionally, IT reviews an aging report each month for any past due invoices and assesses interest charges where applicable.

Finding 2	**The IT Contracts Manager made purchases online using another employee's County-issued purchasing card.**
Recommendation	We recommend that the purchasing card information stored with the online account be deleted, to ensure that cardholders are held responsible for their own purchases and to prevent someone other than the cardholder from making an unauthorized purchase.
Status & Action Taken	**Implemented.** The Contracts Manager deleted the p-card information from the online account by the close of the original audit.

Finding 3	**IT did not have a centralized receiving function to ensure that items purchased were received and assigned to the correct employee for accountability purposes.**
Recommendation	We recommend that IT implement a centralized receiving process for receiving items that are purchased, including requiring a person other than the person who authorized the purchase to verify and document the quantity and condition of the items received.
Status & Action Taken	**Closed.** IT implemented the Point of Business ("POB") purchasing module for receiving trackable purchases, such as controlled and capital assets. They also implemented a delivery log, requiring a signature from the receiving employee for all deliveries at the division. However, due to COVID reducing staff presence in the office, the effectiveness of the log was inconsistent. IT stated that they will continue to work on improving the process.

Finding 4	**IT had not conducted an annual controlled asset inventory for at least 10 years, making it difficult for them to accurately account for most of those items purchased during that time.**
Recommendation 1	We recommend that the Property Manager develop internal policies for effectively managing the IT Division's controlled assets. The policies should include creating and maintaining current controlled asset inventory lists and processes to ensure that proper segregation of duties are in place.
Status & Action Taken	**Implemented.** The IT Division has adopted policies and procedures governing tracking, control, and responsibility for controlled assets. The new policy also included segregation of duties.
Recommendation 2	We recommend that the Property Manager conduct an annual inventory of all controlled assets under the control of the IT Division, using the Controlled Assets Inventory Form – Organization or similar form, as required by Countywide Policy 1125. IT management should certify and finalize the results of the inventory upon completion each year.
Status & Action Taken	**Implemented.** The IT Division has conducted a Division-wide inventory of controlled assets. The list is continuously updated using the POB system.
Recommendation 3	We recommend that IT management ensure that IT employees complete and sign a Controlled Assets Inventory Form – Employee, or similar form, to acknowledge personal accountability for controlled assets that have been assigned to them.
Status & Action Taken	**Implemented.** The IT Division established individual employee controlled asset inventory lists. The lists were signed by the responsible employee and continuously updated using the POB system.

Finding 5	**IT did not have a current controlled asset inventory list or standardized process to ensure that new controlled assets are added to their controlled asset inventory list in a timely manner when purchased.**
Recommendation 1	We recommend that the IT Property Manager identify all current controlled assets and create a list with all data components necessary to properly account for them.
Status & Action Taken	**Implemented.** The IT Division conducted a Division-wide inventory of controlled assets. The list was updated when new assets were purchased using the POB system.
Recommendation 2	We recommend that the IT Property Manager develop a process to add all newly acquired controlled assets to the list upon receiving them and assign accountability for them either to individual employees, IT teams, or the organization.

Status & Action Taken	**Implemented.** IT tracked all newly acquired controlled assets as they were purchased in the POB purchasing module. This data is used to develop both the comprehensive and employee lists of controlled assets.
Recommendation 3	We recommend that the IT Property Manager ensure that the controlled asset descriptions and locations on the list are accurate and updated as changes occur.
Status & Action Taken	**Implemented.** IT's new Asset Tracking Policy required employees to update the descriptions and locations of controlled assets assigned to them, as well as review by the Property Manager or designee.
Recommendation 4	We recommend the IT Property Manager develop a controlled asset identification tagging system to better track and identify all controlled assets in the IT Division's custody.
Status & Action Taken	**Implemented.** IT management has assigned a unique ID to each controlled asset.

Finding 6	**IT was not conducting a full inventory of capital assets, even though they had certified that the capital asset list maintained by Mayor's Financial Administration was accurate and complete in 2017 and 2018.**
Recommendation	We recommend that the IT Property Manager develop internal capital asset policies and procedures that specify a more efficient and effective method for conducting a complete and accurate inventory of capital assets every year. The policies and procedures should include verifying the accuracy of information on the capital asset list and improve accountability for capital assets under the IT Division's control.
Status & Action Taken	**Implemented.** IT has adopted a new Asset Tracking Policy which included verifying the accuracy of Capital Asset information. The capital asset inventory was submitted in December 2021 and included evidence of management review such as asset corrections and additions.

Finding 7	**Missing or inaccurate capital asset details on the IT Division's capital asset inventory list made it difficult to locate and identify specific capital assets for verification purposes.**
Recommendation 1	We recommend that the IT Property Manager request that Facilities Management establish a PeopleSoft location code for the State Data Center and any other locations without location codes in the County's financial system.
Status & Action Taken	**Implemented.** Facilities established a location code for the State Data Center and additional locations that did not previously have a designated location code.

Recommendation 2	We recommend that the IT Property Managers report the correct location code for each capital asset to Mayor's Financial Administration when certifying their next annual capital asset inventory.
Status & Action Taken	**Implemented**. The most recent capital asset inventory submission in December 2021 included locations for each asset.

Appendix A: Additional Information

Scope & Objectives	Generally accepted *Government Auditing Standards (GAO-18-568G)*, require that auditors perform follow-up audit work to determine if appropriate corrective action has been taken to address issues, findings, and deficiencies identified in prior audit engagements. The primary objective of this follow-up audit was to determine the status of management actions to address the findings reported in the, *An Audit of the Salt Lake County Information Technology Division*, issued February 2021.
Background	The original audit evaluated the effectiveness of the Information Technology Division's key controls. We examined revenue and collections, procurement and expenditures, payroll and personnel, inventory, and capital asset acquisition. The original audit identified 7 findings related to the audit objectives.

Appendix B: Audit Recommendation Implementation Status

Implemented	In Process	Not Implemented	Closed
The agency has implemented the audit recommendation or has adequately addressed the original issue or finding in all respects as verified by the follow-up audit. No further follow-up is required.	The agency is in the process of implementing the audit recommendation. Additional follow-up may be required.	The agency has taken no action to implement the audit recommendation. Additional follow-up may be required.	Circumstances have changed surrounding the original finding or recommendation that make it no longer applicable, or the agency will only implement a portion of the recommendation as verified by the follow-up audit. No further follow-up is required.