



OFFICE OF THE
STATE AUDITOR

June 19, 2017

Jim Smith
Davis County Audit Committee
61 S. Main Street.
Kaysville UT, 84025

Dear Committee Members:

We have performed the procedures described below to evaluate perceptions of internal audit function at Davis County (County) and specifically procedures performed by the Clerk/Auditor to detect potential fraud by a former employees who allegedly committed serious criminal activities soon after ending employment with the County earlier this year. The purpose of these procedures is to assist the Clerk/Auditor, who has internal audit responsibilities for the County.

- We interviewed employees, department heads, and elected officials.
- We reviewed potential risks and mitigating procedures performed to detect any potential fraud by the former employee.

Our procedures were more limited than would be necessary to express an audit opinion on compliance or on the effectiveness of internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures. Had we performed additional procedures or had we made an audit of the effectiveness of internal control, other matters might have come to our attention that would have been reported to you.

Our findings resulting from the above procedures are included in the attached recommendations section of this report. By its nature, this report focuses on exceptions, weaknesses, and problems. This focus should not be understood to mean there are not also various strengths and accomplishments. We appreciate the courtesy and assistance extended to us by the personnel of the County during the course of the engagement, and we look forward to a continuing professional relationship. If you have any questions, please contact Jeremy Walker, Local Government Manager, at 801-538-1040 or jeremywalker@utah.gov.

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RECOMMENDATIONS

1. Lack of audit trail in accounting software

The in-house developed accounting software does not provide the ability to review all transactions performed by a specific user. Functionality commonly referred to as a “change log” would allow management to the ability to audit all transactions or commands executed by user identification. Without this functionality, the County was unable to audit all transactions initiated by the former employee.

We recommend “change log” functionality be required for the County’s accounting software. We also recommend conducting a cost/benefit to identify cost effective internal control activities.

2. Potential lack of clarity in petty cash policy

During our review of the duties of the former employee, we noted that there may not be a policy that requires the custodian of petty cash to remain with the internal auditor during an audit of petty cash. Though this may seem like common sense, this requirement may eliminate a scenario where the integrity or effectiveness of the internal audit is brought into question.

We recommend that the County review policies regarding petty cash to ensure that the custodian of petty cash remain present during audits of petty cash.

3. Conflicting policies

The Sheriff indicated that his department had been written-up several times by the Clerk/Auditor’s office for violating County policy. He recited several scenarios where he believed that the County policy was not practical for the effective delivery of services provided by his department.

We recommend that the County undertake a process to identify instances where departmental policies conflict with county-wide policies. Where conflicts do exist, we recommend efforts to resolve those conflicts or provide a review process where special circumstances may be considered and allowed on a case-by-case basis.