



OFFICE OF THE
STATE AUDITOR

May 15, 2017

To the Board of Directors
Utah State Fair Corporation
155 North 1000 West
Salt Lake City, Utah 84116-0000
ATTN: Roger L. Beattie, Chair

Dear Board Members:

We have performed the procedures described below for the Utah State Fair Corporation's (SFC's) credit card activity between October 2016 and January 2017 to determine whether SFC implemented recommendations issued in our "Review of Credit Card Internal Controls – Report No. MAO-16-OA2" dated September 14, 2016. We commend SFC for its improvement in establishing credit card policies and in its oversight of credit card purchases and encourage SFC to fully implement the remaining recommendations.

1. We reviewed the credit card policies established by SFC as of July 28, 2016.
2. We reviewed credit card statements for August 2016 through March 2017 and agreed purchases reported on the statements to original receipts. We also reviewed the supporting documentation for the purchases and the reconciliations which SFC performed.

Based on our procedures, the current status of previously-reported recommendations are:

Finding #1, Inadequate Internal Control over Credit Cards

- *Update Written Credit Card Policies and Procedures:* Partially implemented. We noted updated policies and procedures regarding SFC's credit card usage; however, policies related to delegating, terminating, and surrendering of credit cards have not been established.
- *Separate Access to Credit Cards and Reconciliation Duties:* Implemented.
- *Retain All Original, Itemized Receipts:* Partially implemented. We noted one transaction for which SFC had no supporting documentation and four transactions that were missing receipts which SFC was able to provide upon our request. Reasonable explanations were provided at the time of our review but were not requested as part of the original reconciliation.

- *Reconcile Original Receipts, Expense Logs, and Original Statements Monthly and Document the Reconciler and Date:* Partially Implemented. We recommend SFC improve internal controls over credit card expense reviews and approvals.
- *Create Weekly Expense Reports Supported by Original Receipts:* Implemented
- *Review and Approve All Monthly Credit Card Reconciliations:* Implemented
- *Document Attendees and Purpose for Business Meals, as well as Restrictions on Allowable Amounts:* Partially implemented. We identified three instances where the credit card purchases for business meals had insufficient information regarding the business purpose and attendees, and two instances of excess meal per diem. SFC has not established written policy for meal per diem (travel or otherwise).

Finding #2, Improper Credit Card Purchases

- *Discontinue the Practice of Purchasing Employee Gifts with Public Funds:* Not implemented. SFC has not established written policy for appropriate use of public funds. We noted one instance of inappropriate use of public funds for an employee's birthday and ten gift cards that had been purchased but not yet gifted.

Finding #3, Untimely Cancellation of Credit Cards

- *Cancel credit cards immediately when an authorized user terminates employment:* Not implemented. The uncanceled credit card referred to in our original report was not cancelled until three months after our report date, although the individual assigned to the card had terminated employment six months before our report date. Additional transactions were processed on the card during the period it was still open. We recommend SFC establish formal policy and procedures for account termination and credit card surrender.

Finding #4, Increased Risk by Using Credit Cards Instead of Purchase Cards

- *Consider Replacing Credit Cards with Purchase Cards:* Implemented. We determined that the SFC Board considered changing to purchase cards and using merchant code restrictions; however, no changes in this direction had been made at the time of our review.

Our procedures were more limited than would be necessary to express an audit opinion on compliance or on the effectiveness of SFC's 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 SFC's internal control, other matters might have come to our attention that would have been reported to you. We feel the findings outlined above are key internal control weaknesses at SFC. We recommend corrective action be taken to improve or fully implement our recommendations.

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 SFC's personnel during the course of the engagement, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Hollie Andrus". The signature is written in a cursive style with a large initial "H".

Hollie Andrus, CPA, Audit Director
Office of the State Auditor