

**SALT LAKE COUNTY, UTAH**

**SUPPLEMENTAL REPORT  
IN COMPLIANCE WITH  
GOVERNMENT AUDITING STANDARDS  
AND  
OMB CIRCULAR A-133**

**December 31, 2006**

**SALT LAKE COUNTY, UTAH  
SUPPLEMENTAL REPORT  
IN COMPLIANCE WITH  
GOVERNMENT REPORTING STANDARDS  
AND OMB CIRCULAR A-133**

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor Peter Corroon and  
Members of the County Council  
of Salt Lake County, Utah

We have audited the basic financial statements of Salt Lake County, Utah (the County) as of and for the year ended December 31, 2006, and have issued our report thereon, dated June 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 06-1 through 06-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separated letter dated June 21, 2007.

This report is intended solely for the information and use of County management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Barnett & Maxwell, P.C.*

**HANSEN, BARNETT & MAXWELL, P.C.**

Salt Lake City, Utah  
June 21, 2007

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor Peter Corroon and  
Members of the County Council  
of Salt Lake County, Utah

### Compliance

We have audited the compliance of Salt Lake County, Utah (the County) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of its major federal programs for the year ended December 31, 2006. The County's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the compliance of Salt Lake County based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2006. However, the results of our audit procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 06-4.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over

compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Salt Lake County, Utah as of and for the year ended December 31, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Salt Lake County, Utah. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of County management, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Barnett & Maxwell, P.C.*

**HANSEN, BARNETT & MAXWELL, P.C.**

Salt Lake City, Utah  
June 21, 2007

**SALT LAKE COUNTY, UTAH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECMEBER 31, 2006**

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Direct Programs					
U.S. Forest Service	10.xxx	02-LE-11041901-005	U.S.F.S. Canyon Patrolling	10/1/2005 - 9/30/2006	\$ 9,770
Passed through Utah State Department of Agriculture & Food Cooperative Forestry Assistance	10.664	04-DG-11010000-043	USFS WEED MGMT / 2004	7/1/2004 - 6/30/2006	10,000
Passed through the Bonneville Cooperative Weed Management Area Plant and Animal Disease, Pest Control, and Animal Care	10.025	05-8588-0932-CA	APHIS BIOLOGICAL CONTROL	7/1/2005 - 12/14/2005	3,800
Cooperative Forestry Assistance	10.664	05-DG-11010000-009	USFS WEED MGMT / 2005	7/5/2005 - 9/1/2006	3,714
Cooperative Forestry Assistance	10.664	06-DG-11010000-013	USFS WEED MGMT / 2006	6/31/2006 - 12/31/2006	3,700
					<u>7,414</u>
Passed through Utah State Department of Education Child and Adult Care Food Program	10.558	N/A	Food Reimburse 06	1/1/2006 - 12/31/2006	122,252
Passed through Utah State Department of Finance Schools and Roads - Grants to Counties	10.666	N/A	FOREST RESERVE	1/1/2006 - 12/31/2006	44,777
Passed through Utah State Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	60991	WIC 06	10/1/2005 - 9/30/2006	2,200,483
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	71144	WIC 07	10/1/2006 - 9/30/2007	696,561
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	60991	WIC Infrastructure	10/1/2005 - 9/30/2006	7,678
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	Noncash Vouchers	1/1/2006 - 12/31/2007	12,493,724
					<u>15,398,446</u>
Summer Food Service Program for Children	10.559	70712	Summer Food 07	7/1/2006 - 6/30/2007	5,829
Passed through Utah State Department of Human Services Food Donation	10.550	06-0352	USDA	7/1/2005 - 6/30/2006	239,263
Food Donation	10.550	07-0412	USDA	7/1/2006 - 6/30/2007	6,000
					<u>245,263</u>
Passed through the Utah State Office of Education National School Lunch Program	10.555	S4	National School Lunch - Food Reimb	OPEN ENDED	45,171
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>					<u>\$ 15,892,722</u>

(Continued)

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Direct Programs					
Community Development Block Grants/Entitlement Grants	14.218	B-06-UC-49-0001	CDBG	7/1/2005 - 6/30/2007	\$ 3,384,398
Emergency Shelter Grants Program	14.231	S-06-UC-49-0003	Emergency Shelter	7/1/2005 - 6/30/2007	115,126
HOME Investment Partnerships Program	14.239	M-06-DC-49-0206	HOME	7/1/2005 - 6/30/2009	1,895,106
Healthy Homes Demonstration Grants	14.901	UTLHD0030-04	Lead Demonstration	10/1/2004 - 3/30/2008	761,944
Opportunities For Youth - Youthbuild Program	14.243	Y-03-IM-UT-0348	Youthbuild	1/1/2004 - 6/30/2006	15,302
Passed through the City of Salt Lake					
Community Development Block Grants/Entitlement Grants	14.218	AE005238C	Friendly Neighborhood Senior Center	7/1/2004 - 12/31/2006	120,000
Community Development Block Grants/Entitlement Grants	14.218	NN05119C	Central City Multipurpose	7/1/2004 - 6/30/2006	20,000
Community Development Block Grants/Entitlement Grants	14.218	NN05119C	NW Multipurpose	7/1/2004 - 6/30/2006	30,000
					<u>170,000</u>
Passed through the Utah State Department of Economic Development					
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	AE05181C	St. Mark's Tower	1/1/2006 - 6/30/2006	27,280
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	AE06410C	St. Mark's Tower	7/1/2006 - 12/31/2006	28,410
			Wasatch, Calvary, EMC MILCRK & South		
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	Various	Villa FY06	7/1/2005 - 6/30/2006	77,365
			Wasatch, Calvary, EMC MILCRK & South		
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	Various	Villa FY07	7/1/2006 - 6/30/2007	82,335
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	AE06262C	Odd Fellows	4/1/2006 - 3/31/2007	8,604
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	AE05258C	Odd Fellows	4/1/2005 - 3/31/2006	3,156
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	Various	Capital Villa & Willowood FY06	7/1/2005 - 6/30/2006	25,334
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	Various	Capital Villa & Willowood FY07	7/1/2006 - 12/31/2006	19,900
Resident Opportunity and Supportive Services- Homeownership and Family	14.870	AE06614C	SLC Housing Authority	6/15/2006 - 12/31/2006	23,405
					<u>295,789</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>\$ 6,637,665</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>					
Passed through the Utah Division of Water Quality					
U. S. Geological Survey_Research and Data Collection	15.808	06-0848	Emigration Creek Systemic Study	9/1/2005 - 12/31/2006	\$ 60,000
TOTAL U.S. DEPARTMENT OF THE INTERIOR					<u>\$ 60,000</u>

(Continued)

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Direct Programs					
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2005-WE-AX-0025	Violence Against Women	10/1/2005 - 9/30/2007	\$ 294,171
State Criminal Alien Assistance Program	16.606	2005-F119-UT-AP	SCAAP	7/1/2003 - 6/30/2004	623,000
Bulletproof Vest Partnership Program	16.607	BVP01006173	Bullet Proof Vests	5/15/2001 - 12/31/2005	182
Public Safety Partnership and Community Policing Grants	16.710	2002HSWX0059	COPS Train/Tech Assistance	9/1/2002 - 12/31/2005	33,448
U.S. Marshall	16.xxx	SH9123C	Inmate Housing	1/1/2006 - 12/31/2006	1,397,829
U.S. Marshall	16.xxx	IG-SA/DEN9S-7043	Immigration Detention	1/1/2006 - 12/31/2006	252,503
					1,650,332
Evidence Released	16.xxx	13PRMP554	HIDTA	1/1/2006 - 12/31/2006	2,000
Passed through the City of Murray					
High Intensity Drug Trafficking Area	16.xxx	EC-UT-110	Metro Narcotics	10/1/2005 - 9/31/2006	6,932
High Intensity Drug Trafficking Area	16.xxx	EC-UT-110	Metro Narcotics	10/1/2006 - 9/31/2007	27,641
					34,573
Passed through the City of Salt Lake					
Community Capacity Development Office	16.595	2005-WO15-UT-WS	Weed and Seed	9/30/2005 - 9/29/2006	15,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005F2761UTDJ	J.A.G.	4/1/2005 - 3/31/2008	1,236
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0384	Salt Lake Block Grant	10/1/2005 - 12/31/2009	115,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006F0689UTDJ	J.A.G.	1/1/2006 - 12/31/2009	340
					116,576
Passed through the City of West Valley					
Community Prosecution and Project Safe Neighborhoods	16.609	2003-GP-CX-0531	Project Safe Neighborhood	7/1/2004 - 6/30/2007	16,543
Passed through Federal Bureau of Investigation					
Joint Terrorism Task Force	16.xxx	SH49243C	Cost Reimbursement	10/1/2005 - 9/31/2006	5,611
Passed through the Utah Board of Juvenile Justice					
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	6J20	DISCOVERING POSSIBILITIES 2006	10/1/2005 - 9/30/2006	47,095
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	6J20	DISCOVERING POSSIBILITIES 2007	10/1/2006 - 9/30/2007	16,143
					63,238
Passed through State of Utah Commission on Criminal & Juvenile Justice					
Edward Byrne Memorial Formula Grant Program	16.579	5A19	Salt Lake Gang Project	7/1/2005 - 6/30/2006	65,730
Edward Byrne Memorial Formula Grant Program	16.579	2004-DB-BX-0035	Mental Health Court	7/1/2003 - 6/30/2006	66,814
Edward Byrne Memorial Formula Grant Program	16.579	2003-DB-BX-0049	C-Track Enhancement	1/6/2006 - 12/31/2006	44,640
Edward Byrne Memorial Formula Grant Program	16.579	6A19	Salt Lake Gang Project	7/1/2006 - 6/30/2007	87,585
					264,769

(Continued)

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
Passed through the Utah State Department of Human Services Prisoner Reentry Initiative Demonstration	16.202	04-1557	Going Home 06	11/1/2003 - 9/30/2006	\$ 18,611
Passed through the Utah State Department of Public Safety Enforcing Underage Drinking Laws Program	16.727	J130	Cops in Shops W	6/1/2004 - 5/31/2006	7,009
Enforcing Underage Drinking Laws Program	16.727	OJ607	Drinking Control Youth TF	6/1/2005 - 5/31/2007	38,731
					<u>45,740</u>
Passed through the Utah State Office of Crime Victim Reparation Violence Against Women Formula Grants	16.588	04-VAWA-21	Victim Assistance	1/1/2006 - 12/31/2006	<u>10,185</u>
Crime Victim Assistance	16.575	05-VOCA-37	VOCA 2006	7/1/2005 - 6/30/2006	12,031
Crime Victim Assistance	16.575	04-VOCA-39	VOCA 2007	7/1/2006 - 6/30/2007	<u>31,085</u>
					<u>43,116</u>
TOTAL U.S. DEPARTMENT OF JUSTICE					<u>\$ 3,237,095</u>
<b>U.S. DEPARTMENT OF LABOR</b>					
Passed through Utah State Department of Human Services Senior Community Service Employment Program	17.235	06-0352	Title V	7/1/2005 - 6/30/2006	\$ 439,204
Senior Community Service Employment Program	17.235	07-0412	Title V	7/1/2006 - 6/30/2007	<u>22,300</u>
					<u>461,504</u>
Passed through the Utah State Department of Work Force Services WIA Youth Activities	17.259	06-1084	Youth Employability Svcs	10/1/2005 - 6/30/2007	<u>1,567,904</u>
TOTAL U.S. DEPARTMENT OF LABOR					<u>\$ 2,029,408</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Passed through Bluffdale City Recreational Trails Program	20.219	NN04032C	Arrowhead Trailhead	11/22/2004 -   Completion	\$ 109,500
Passed through the Utah State Department of Public Safety State and Community Highway Safety	20.600	No Contract	Safety Restraint - Click It or Ticket	N/A - N/A	12,284
State and Community Highway Safety	20.600	SC06001C	Accident Reconst. Training	3/13/2006 - 3/17/2006	<u>12,000</u>
					<u>24,284</u>
Passed through the Utah State Department of Transportation Occupant Protection	20.602	5591	SL County Car Seat 06	10/1/2005 - 9/30/2006	<u>9,692</u>
Passed through the Utah State Parks & Recreation Recreational Trails Program	20.219	NN06103C	Jordan River Trail Paving	11/1/2005 - 12/31/2007	<u>18,846</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION					<u>\$ 162,322</u>

(Continued)

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
<b>GENERAL SERVICES ADMINISTRATION</b>					
Passed through the Utah State Office of the Lieutenant Governor					
Election Reform Payments	39.011	No Contract		FY03 until Expended	\$ 3,900
Election Reform Payments	39.011	No Contract		FY03 until Expended	<u>3,900</u>
					<u>7,800</u>
TOTAL GENERAL SERVICES ADMINISTRATION					<u>\$ 7,800</u>
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>					
Passed through State of Utah Library Division					
Grants to States	45.310	981530	Library Lending	1/1/1998 - 12/31/2007	<u>\$ 4,766</u>
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES					<u>\$ 4,766</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>					
Direct Programs					
Nonpoint Source Implementation Grants	66.460	04-2038	Little Cottonwood Creek Abandoned Mine Monitoring	5/1/2004 - 6/30/2006	<u>\$ 12,580</u>
Passed through Utah Department of Environmental Quality					
Performance Partnership Grants	66.605	52252	DEQ Lead 06	7/1/2005 - 6/30/2006	1,000
Performance Partnership Grants	66.605	52252	DEQ Lead 07	7/1/2006 - 6/30/2007	1,750
Performance Partnership Grants	66.605	52252	DEQ Radon 06	7/1/2005 - 6/30/2006	150
Performance Partnership Grants	66.605	52252	DEQ Radon 07	7/1/2006 - 6/30/2007	<u>150</u>
					<u>3,050</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	52252	DEQ Drinking Water 06	7/1/2005 - 6/30/2006	3,981
Capitalization Grants for Drinking Water State Revolving Funds	66.468	52252	DEQ Drinking Water 07	7/1/2006 - 6/30/2007	<u>4,019</u>
					<u>8,000</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY					<u>\$ 23,630</u>
<b>US DEPARTMENT OF EDUCATION</b>					
Passed through the Utah State Department of Education					
Adult Education_State Grant Program	84.002	N/A	ESL	8/1/2005 - 6/30/2006	\$ 30,679
Passed through the Utah State Department of Human Services					
Safe and Drug-Free Schools and Communities - State Grants	84.186	060599	GPP 06	7/1/2005 - 6/30/2010	37,817
Safe and Drug-Free Schools and Communities - State Grants	84.186	060599	GPP 07	7/1/2005 - 6/30/2010	<u>157,183</u>
					<u>195,000</u>
TOTAL US DEPARTMENT OF EDUCATION					<u>\$ 225,679</u>

(Continued)

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
<b>ELECTION ASSISTANCE COMMISSION</b>					
Passed through the Utah State Office of the Lieutenant Governor					
HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	90.401	AR1910	HELP AMERICA VOTE	N/A N/A	\$ 3,500
HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	90.401	AR1910	HELP AMERICA VOTE	N/A N/A	5,330
HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	90.401	AR1910	HELP AMERICA VOTE	N/A N/A	16,023
HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	90.401	AR1910	HELP AMERICA VOTE	N/A N/A	<u>5,970</u>
					<u>30,823</u>
TOTAL ELECTION ASSISTANCE COMMISSION					<u>\$ 30,823</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed through the Administration for Children and Families					
Basic Center Grant	93.623	08CY0204/01	RUNAWAY HOMELESS YOUTH 2006	9/1/2005 - 8/31/2006	\$ 149,797
Basic Center Grant	93.623	08CY0204	RUNAWAY HOMELESS YOUTH 2007	9/1/2006 - 8/31/2007	<u>50,025</u>
					<u>199,822</u>
Pass through the Utah State Department of Health:					
Public Health and Social Services Emergency Fund	93.003	61935	HRSA - MRC	3/1/2006 - 12/31/2006	<u>7,550</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	70121	TB Elimination	1/1/2006 - 12/31/2006	<u>82,881</u>
Immunization Grants	93.268	70502	Perinatal 06	7/1/2005 - 12/31/2007	14,000
Immunization Grants	93.268	60960	Immunizations 06	7/1/2005 - 6/30/2006	83,688
Immunization Grants	93.268	70502	Immunizations 07	7/1/2006 - 6/30/2007	50,688
Immunization Grants	93.268	N/A	Vaccine	1/1/2006 - 12/31/2007	<u>1,430,648</u>
					<u>1,579,024</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	60813	Cancer Control 06	7/1/2005 - 6/30/2006	47,928
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	70465	Cancer Control 07	7/1/2006 - 6/30/2007	39,240
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	60813	Cancer Outreach Wkr 06	7/1/2005 - 6/30/2006	14,735
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	70465	Cancer Outreach Wkr 07	7/1/2006 - 6/30/2007	8,902
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	60813	Cancer Promotion 06	7/1/2005 - 6/30/2006	11,254
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	70465	Cancer Promotion 07	7/1/2006 - 6/30/2007	3,000
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	70465	Cancer Scheduling 06	7/1/2005 - 6/30/2006	13,640
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	70465	Cancer Scheduling 07	7/1/2006 - 6/30/2007	16,883
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	In Process	Bioterrorism 07	8/31/2006 - 8/30/2007	247,558
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	61268	Bioterrorism 06	8/31/2005 - 8/30/2006	460,851
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	In Process	Pan Flu 07	8/31/2006 - 8/30/2007	44,601
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	61268	Pan Flu 06	8/31/2005 - 8/30/2006	139,852
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	60813	Asthma 06	7/1/2005 - 6/30/2006	4,075
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	60813	Comprehensive Tobacco 06	7/1/2005 - 6/30/2006	38,359
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	06-1864	Asthma	3/1/2006 - 8/31/2006	3,592
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	70465	Comprehensive Tobacco 07	7/1/2006 - 6/30/2007	<u>39,484</u>
					<u>1,133,954</u>

(Continued)

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
Refugee and Entrant Assistance - State Administered Programs	93.566	70121	Refugee TB 06	1/1/2006 - 12/31/2006	\$ 15,000
Medical Assistance Program	93.778	61013	CHEC Professional 06	7/1/2005 - 6/30/2006	58,504
Medical Assistance Program	93.778	In Process	CHEC Professional 07	7/1/2006 - 6/30/2007	58,125
Medical Assistance Program	93.778	61013	CHEC Admin 06	7/1/2005 - 6/30/2006	3,456
Medical Assistance Program	93.778	In Process	CHEC Admin 07	7/1/2006 - 6/30/2007	4,812
Medical Assistance Program	93.778	61013	CHEC Dental	7/1/2006 - 6/30/2007	1,359
Medical Assistance Program	93.778	30284	Medicaid Home Visitation	5/1/2001 - 12/31/2006	343,763
					<u>470,019</u>
Grants For Preventive Medicine	93.917	51772	Minority Aids	4/1/2004 3/31/2006	<u>982</u>
HIV Prevention Activities - Health Department Based	93.940	70121	HIV Counseling 06	1/1/2006 - 12/31/2006	61,750
HIV Prevention Activities - Health Department Based	93.940	70121	HIV Ethnic Minorities 06	1/1/2006 - 12/31/2006	39,500
HIV Prevention Activities - Health Department Based	93.940	70121	HIV Women's Prevention 06	1/1/2006 - 12/31/2006	31,000
					<u>132,250</u>
Preventative Health Services - Sexually Transmitted Diseases Control Grants	93.977	70121	STD Genersl	7/1/2006 - 12/31/2006	<u>25,172</u>
Preventative Health and Health Services Block Grant	93.991	60813	PBG Injury 06	7/1/2005 - 6/30/2006	23,382
Preventative Health and Health Services Block Grant	93.991	70465	PBG Injury 07	7/1/2006 - 6/30/2007	25,936
Preventative Health and Health Services Block Grant	93.991	60813	Gold Medal Schools 06	7/1/2005 - 6/30/2006	26,599
Preventative Health and Health Services Block Grant	93.991	70465	Gold Medal Schools 07	7/1/2006 - 6/30/2007	21,474
Preventative Health and Health Services Block Grant	93.991	60813	Heart Disease 06	7/1/2005 - 6/30/2006	23,162
Preventative Health and Health Services Block Grant	93.991	70465	Heart Disease 07	7/1/2006 - 6/30/2007	23,541
					<u>144,094</u>
Maternal and Child Health Services Block Grant to the States	93.994	60960	Prenatal to 5 06	7/1/2005 - 6/30/2006	41,173
Maternal and Child Health Services Block Grant to the States	93.994	51404	Prenatal to 5 07	7/1/2006 - 6/30/2007	32,000
Maternal and Child Health Services Block Grant to the States	93.994	60960	MCH 06	7/1/2005 - 6/30/2006	115,407
Maternal and Child Health Services Block Grant to the States	93.994	70502	MCH 07	7/1/2006 - 6/30/2007	115,407
Maternal and Child Health Services Block Grant to the States	93.994	60813	MCH Injurv Prevention 06	7/1/2005 - 6/30/2006	25,150
Maternal and Child Health Services Block Grant to the States	93.994	70465	MCH Injurv Prevention 07	7/1/2006 - 6/30/2007	36,187
					<u>365,324</u>
Passed through the Utah State Department of Human Services					
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	06-0352	Title VII B Ombudsman	7/1/2005 - 6/30/2006	6,347
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals (Thru Tooele County)	93.042	AE05300C	Title VII B Ombudsman	7/1/2005 - 6/30/2006	3,974
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals (Thru Tooele County)	93.042	AE06323C	Title VII B Ombudsman	7/1/2006 - 6/30/2007	1,276
					<u>11,597</u>
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	06-0352	Title III D	7/1/2005 - 6/30/2006	<u>39,683</u>

(Continued)

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	06-0352	Title III B	7/1/2005 - 6/30/2006	\$ 628,391
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	06-0352	Title III B Training	7/1/2005 - 6/30/2006	1,000
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	93.044	07-0412	Title III B	7/1/2006 - 6/30/2007	<u>10,000</u>
					<u>639,391</u>
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	06-0352	Title III C-1, C-2	7/1/2005 - 6/30/2006	821,827
Special Programs for the Aging_ Title III, Part C_ Nutrition Services	93.045	07-0412	Title III C-1, C-2	7/1/2006 - 6/30/2007	<u>17,800</u>
					<u>839,627</u>
National Family Caregiver Support	93.052	06-0352	Title III E	7/1/2005 - 6/30/2006	138,056
National Family Caregiver Support	93.052	07-0412	Title III E	7/1/2006 - 6/30/2007	<u>4,210</u>
					<u>142,266</u>
Social Services Block Grant	93.667	07-0629	SSBG 07	7/1/2006 - 6/30/2007	156,931
Social Services Block Grant	93.667	06-0720	SSBG 06	7/1/2005 - 6/30/2006	<u>229,772</u>
					<u>386,703</u>
Medical Assistance Program	93.778	06-0645	Title XIX Med Waiver	7/1/2005 - 6/30/2006	55,659
Medical Assistance Program	93.778	07-0745	Title XIX Med Waiver	7/1/2006 - 6/30/2007	<u>40,827</u>
					<u>96,486</u>
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	06-0645	Health Insurance Counseling	7/1/2005 - 6/30/2006	<u>6,000</u>
Block Grants for Community Mental Health Services	93.958	06-0305	Mental Health Federal Adult 06	7/1/2005 - 6/30/2010	383,305
Block Grants for Community Mental Health Services	93.958	06-0305	Mental Health Federal Adult 07	7/1/2005 - 6/30/2010	336,448
Block Grants for Community Mental Health Services	93.958	06-0305	Mental Health Federal Child 06	7/1/2005 - 6/30/2010	149,275
Block Grants for Community Mental Health Services	93.958	06-0305	Mental Health Federal Child 07	7/1/2005 - 6/30/2010	<u>127,002</u>
					<u>996,030</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	060599	FTA 06	7/1/2005 - 6/30/2010	3,460,047
Block Grants for Prevention and Treatment of Substance Abuse	93.959	060599	FTA 07	7/1/2005 - 6/30/2010	505,465
Block Grants for Prevention and Treatment of Substance Abuse	93.959	060599	FPL 06	7/1/2005 - 6/30/2010	323,550
Block Grants for Prevention and Treatment of Substance Abuse	93.959	060599	FPL 07	7/1/2005 - 6/30/2010	889,475
Block Grants for Prevention and Treatment of Substance Abuse	93.959	060599	WTA 06	7/1/2005 - 6/30/2010	75,742
Block Grants for Prevention and Treatment of Substance Abuse	93.959	060599	WTA 07	7/1/2005 - 6/30/2010	750,090
Block Grants for Prevention and Treatment of Substance Abuse	93.959	060599	CRC Jail 06	7/1/2005 - 6/30/2010	45,022
Block Grants for Prevention and Treatment of Substance Abuse	93.959	060599	CRC Jail 07	7/1/2005 - 6/30/2010	<u>139,713</u>
					<u>6,189,104</u>
Passed through the Utah State Department of Workforce Services Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	06-1159	TAG	7/1/2005 - 6/30/2007	<u>517,393</u>
Study of Refugee Situation in Utah (One Time Money)	93.566	No Contract	TAG		<u>2,800</u>

(Continued)

<b>Federal Grantor Agency Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Project Number</b>	<b>Project Name</b>	<b>Project Period</b>	<b>Expenditures Year Ended December 31, 2006</b>
Temporary Assistance for Needy Families	93.558	06-1084	Youth Employability Svcs	10/1/2005 - 6/30/2007	\$ 46,858
Temporary Assistance for Needy Families	93.558	04-1680	TAG TANF	11/1/2003 - 6/30/2007	<u>173,784</u>
					<u>220,642</u>
Passed through the Utah State Division of Child and Family Services					
Adoption Opportunities	93.652	061203	ADOPTION RESPITE 2006	7/1/2005 - 6/30/2006	12,507
Adoption Opportunities	93.652	061203	ADOPTION RESPITE 2007	7/1/2006 - 6/30/2007	<u>12,564</u>
					<u>25,071</u>
Foster Care - Title IV-E	93.658	061204	EMERGENCY CARE 2006	7/1/2005 - 6/30/2006	232,254
Foster Care - Title IV-E	93.658	062176	EMERGENCY CARE 2007	7/1/2006 - 6/30/2007	<u>536,967</u>
					<u>769,221</u>
Passed through the Utah State Office of the Lieutenant Governor					
Voting Access For Individuals With Disabilities_Grants To States	93.617	No Contract		FY03 until Expended	<u>3,571</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					<u>\$ 15,041,657</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>					
Direct Programs					
Retired and Senior Volunteer Program	94.002	05SRPUT001	RSVP	1/1/2006 - 12/31/2006	<u>\$ 98,915</u>
Americorps	94.006	Z961005	LEGACY	9/1/2005 - 3/31/2007	22,683
Americorps	94.006	Z991708	LEGACY	9/1/2006 - 3/31/2008	<u>73,614</u>
					<u>96,297</u>
Foster Grandparent Program	94.011	05SFPUT003	FGP	7/1/2005 - 6/30/2006	45,200
Foster Grandparent Program	94.011	05SFPUT003	FGP	7/1/2006 - 6/30/2007	<u>295,871</u>
					<u>341,071</u>
Senior Companion Program	94.016	05SCPUT003	SCP	7/1/2005 - 6/30/2006	282,148
Senior Companion Program	94.016	05SCPUT003	SCP	7/1/2006 - 6/30/2007	<u>39,500</u>
					<u>321,648</u>
Passed through the Utah State Department of Community & Culture					
Americorp-Building Utah Capacity to End Chronic Homelessness	94.006		Americorp-ABUCECH	10/1/2006 - 9/30/2007	<u>50,449</u>
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICES</b>					<u>\$ 908,380</u>

(Continued)

Federal Grantor Agency Pass-Through Grantor Program Title	Federal CFDA Number	Project Number	Project Name	Project Period	Expenditures Year Ended December 31, 2006
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Passed through the Utah State Department of Public Safety State Domestic Preparedness Equipment Support Program	97.004	DES-2004-LETP-002	Homeland Security 2004	12/1/2003 - 5/31/2006	\$ 27,000
State Domestic Preparedness Equipment Support Program	97.004	DES-2004-LETP-003	Homeland Security 2005	4/28/2004 - 5/31/2006	<u>10,000</u>
					<u>37,000</u>
Homeland Security Grant Program	97.067	DES-2005-LETP-002	Homeland Security 2005	10/1/2004 - 3/31/2007	<u>72,334</u>
Buffer Zone Protection Plan	97.078	BZPP-2005-013	Buffer Zone Protection 2005	4/1/2005 - 3/31/2006	<u>14,321</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY					<u>\$ 123,655</u>
<b>Total Federal Awards</b>					<u><b>\$ 44,385,602</b></u>

**SALT LAKE COUNTY, UTAH**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2006**

**NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES**

The following information regarding the Schedule of Expenditures of Federal Awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of federal awards. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Salt Lake County, Utah (the County). Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the accompanying schedule.

**Basis of Accounting** — The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from their presentation in the financial statements.

**NOTE 2 — NONCASH FEDERAL AWARDS**

Noncash federal awards represent commodities consumed and donated equipment received during the year, recorded at market value. The State of Utah estimates the per unit fair market value of the commodities and equipment. The value of noncash federal awards is calculated by multiplying the per unit fair market value by the commodities consumed.

**NOTE 3 — SUBRECIPIENTS**

Amounts of federal awards which have been passed through the County to subrecipients for the year ended December 31, 2006 are as follows:

CFDA #	GRANT NAME	AMOUNT
14.218	Community Development Block Grants/Entitlement Grants	\$ 3,164,845
14.231	Emergency Shelter Grants Program	108,755
14.239	HOME Investments Partnership Program	1,811,450
14.901	Lead Demonstration Program	627,579
16.202	Offender Reentry Program	18,611
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	244,837
17.259	WIA Youth Activities	89,571
84.186	Safe and Drug-Free Schools and Communities - State Grants	195,000
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	40,548
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	13,700
93.558	Temporary Assistance for Needy Families	202,530
93.566	Refugee and Entrance Assistance - State Administered	473,769
93.667	Social Services Block Grant	337,673
93.958	Block Grants for Community Mental Health Services	996,030
93.959	Block Grants for the Prevention & Treatment of Substance Abuse	<u>5,412,863</u>
	TOTAL AMOUNT PASSED THROUGH	<u>\$ 13,737,761</u>

**SALT LAKE COUNTY, UTAH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditor's report expresses an unqualified opinion on the basic financial statements of Salt Lake County, Utah.
2. Significant deficiencies with regard to internal control over financial reporting are described at 06-1 through 06-3 below.
3. No instances of noncompliance material to the financial statements of Salt Lake County, Utah were disclosed as a result of the audit. Certain immaterial instances of noncompliance are reported to management in a separate letter.
4. A significant deficiency with regard to internal control over major federal programs was identified and is described at 06-4 below.
5. The independent auditor's report on compliance over major federal award programs of Salt Lake County, Utah expresses an unqualified opinion.
6. An audit finding relative to major programs which is required to be reported under Section 510(a) of OMB Circular A-133 is described at 06-4 below.
7. The programs tested as major programs include:

<b>Program</b>	<b>CFDA Number</b>
Community Development Block Grants/Entitlement Grants	14.218
Immunization Grants	93.268
Block Grants for Prevention and Treatment of Substance Abuse	93.959
U.S. Marshall	16.xxx
Healthy Homes Demonstration Grants	14.901
State Criminal Alien Assistance Program	16.606
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584
Block Grants for Community Mental Health Services	93.958

8. A threshold of \$1,331,568 was used to distinguish between Type A and Type B programs, as those terms are defined in OMB Circular A-133.
9. For the year ended December 31, 2006, Salt Lake County, Utah qualified as a low risk auditee as that term is defined in OMB Circular A-133.

## **B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

### **06-1 Auditor's Office Mayor's Operations/Contracts and Procurement**

During our review of the expenditure cycle, we discovered that employees in both the Accounts Payable department of the Auditor's Office (A/P) and Contracts and Procurement (Purchasing) maintain control over all vendor files, including all names, addresses, and tax ID numbers. Since the Accounts Payable department initiates and processes General Accounting Expenditures (GAX) for payment, the same people are able to create vendors and approve payment to those vendors. This is only an issue for GAX payments of recurring items which are specifically authorized under County Policy 1202 and appropriately bypass Purchasing. All other expenditures flow through the purchase order system and the related internal controls.

After additional discussion with personnel in A/P, we were able to determine that valid business reason exists for A/P to have access to vendor information. In the past, it has been determined that such access is necessary for A/P personnel to perform their functions. However, since strong internal control systems are established so that the functions of processing payments and creating vendors are separated and given to separate people or departments, we advise that management be aware of the possibility of fraud related to A/P having the ability to create or change vendor information.

Management's Response: Management is aware of the potential risk due to Accounts Payable (A/P) having the capability to access the vendor file. Contracts and Procurement has responsibility to establish vendors, while A/P only updates information necessary to ensure payments are remitted properly. To clarify the management comment above, A/P within the Auditor's Office, does not have authority to approve payments. According to Utah Code Annotated Title 17, Chapter 19, Section 1, the Auditor's Office shall, before any claim is paid, audit each claim for payment and recommend approval or disapproval to the county executive.

We believe the controls in place help minimize the risk of fraud, and that the benefits associated with the business reasons to perform these duties outweigh the potential risk. All GAX payments are subjected to a second audit function by the A/P Manager. In his absence, the payments are second audited by the A/P Team Leader first or another A/P individual different than the individual who paid the invoice. Items verified during this second audit include the following: that the invoice has been approved by the department fiscal manager or someone of equal or higher authority, that the vendor on invoice matches the vendor on the payment document, and that the invoice amount matches the payment amount.

We acknowledge the value of the independent auditor's management comment, and we are continuing to consider if it is feasible to change this procedure in a cost-effective way to eliminate or reduce the risk, while not unduly impacting operations. Those who have responsibilities related to this area (Contracts and Procurement, the Mayor's CFO and selected staff, Accounts Payable and other Auditor's staff) met on June 22, 2007 to explore the options available to address this internal control concern. Because none of the options identified was a clear-cut, cost-effective solution, we decided to do further analysis of the options before a decision is made. The Fiscal Administrator on the Mayor's staff was assigned to organize a follow-up meeting

### **06-2 Mayor's Operations/Center for the Arts - Ticket Office**

During our testing of internal controls over payroll, we noted that controls over time keeping for the ticket office personnel are inadequate. Since ticket office personnel work in multiple

locations, the department uses a white board with the weekly schedule posted for each employee. Each employee marks off hours worked with a check mark and notes any differences from the original schedule. The supervisor notes only the differences and missing checkmarks then sends a signed work summary for payroll processing. No management approval of final time is documented. Under the current system, it is possible for discrepancies to arise due to incorrect hours being recorded instead actual hours worked, or employees recording time for other employees. We recommend using a computerized payroll system similar to that used in the rest of the County, including adoption of standard policies set by the County for all payroll areas.

Management Response: For most of the past few years, the sellers (temporary employees) in the ticket office punched time cards. The shift supervisor in charge of submitting time sheets collected the cards, calculated the hours, transferred the numbers to a time sheet, verified the numbers, and submitted the time sheet to the Office Coordinator to enter on the County payroll system.

However, the sellers often worked in different facilities during the week and would forget to carry their time card with them, resulting in as many as three time cards per week. This was cumbersome for the time sheet supervisor. In addition, the cost of time cards went up, and there were some glitches with the time clocks. As a result, they experimented with using a white board to post schedules, with the shift supervisor at each building "checking off" and adjusting the actual hours worked, and submitting the info to the time sheet supervisor. This approach was being tested during the time period of the audit.

Subsequent to the audit, the shift supervisors decided that the white board system was more susceptible to error and was actually more time consuming for the supervisors, so they went back to the time clock/time card system on an interim basis. Most organizations throughout the County are now using an automated time card system developed by County I.S. known as TCRD. Personnel and the Auditor recommend use of the TCRD system for all County organizations that have access to the County mainframe because the TCRD software features not only address internal control issues, but also provide an efficient and effective solution to payroll timekeeping. We will evaluate whether it is in the best interest of Center for the Arts to use TCRD for the ticket office payroll, and implement it's use if deemed best.

#### 06-3 Mayor's Operations/Health Department

During 2004 the County received \$250,000 cash to close a private landfill. As work is performed, revenue should be recognized and the corresponding liability reduced. We noted that some transactions had not been reported by the division to the auditor's office for revenue recognition. We recommend that all expenditures to close this private landfill be reported to accounting so the appropriate revenue can be recognized and the liability decreased.

Management Response: The Health Department received the \$250,000 in 2004 from Waste Control Management to be held by the county to cover future cleanup costs for the landfill in Magna. To date there have been \$10,571 in costs incurred by the Health Department. Journal vouchers to recognize the revenue and decrease the liability have now been prepared and submitted for these expenditures. These entries will continue to be made as work is performed.

## C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT

**U.S. Department of Health and Human Services**, Community Development Block Grants/Entitlement Grants, CFDA No. 14.218, Award Number B-06-UC-49-0001, Contract year ended June 30, 2007.

06-4 *Statement of Condition:* 24 CFR Section 570.500 requires that Community Development Block Grant recipients who use these funds to make rehabilitation loans establish a loan origination and servicing system which assures that loans are properly authorized, receivables are properly established, earned income is properly recorded and used, and write-offs of uncollectible amounts are properly authorized. In addition, when CDBG funds are used for rehabilitation, the grantee must assure that the work is properly completed.

Our review of CDBG rehabilitation loan files disclosed that one did not have documentation of the loan approval, and another loan file lacked documentation that the work was properly completed.

*Cause:* The County sub-contracts the loan origination, approval, and completion of the project to a third party, who did not obtain the proper documentation for the loan files.

*Recommendation:* Internal controls should exist to ensure proper monitoring of the entity contracted to obtain required documentation of the CDBG rehabilitation loans.

*Management Response:* The audit findings pertained to two loans that Community Resources and Development (CRD) had done for the Community Development Block Grant program. One loan was missing documentation of the loan approval and one loan was missing documentation that the work had been properly completed. CRD would like to distinguish that both of the loans in question were made prior to 2006. In addition, CRD knew about potential problems with lack of documentation and took pro-active steps to address the problems. It is also important to distinguish that Midvale and South Salt Lake contract directly with CDC for their housing rehab. They have a separate loan approval committee made up of three volunteers. CRD just collects the repayments on these loans.

Salt Lake County CRD's response to the audit finding is as follows:

Loan 1: The CDBG Housing Manager has verified that the loan approval was indeed in the file and we have contacted Murray City to get email confirmation that the loan was approved (See Attachments I and II).

Loan 2: CRD has contacted Housing Services of Utah Valley to obtain documentation that the work was properly completed. They have sent us a copy of the check that was made out to both the homeowner and to the sub-contractor. This check has been signed by the homeowner verifying that the work was properly completed and authorizing final payment (See Attachment III).

*Corrective Action Plan:* In addition, CRD has taken the following steps to ensure that these problems will not arise in the future:

The CDBG Housing Manager and the Loan Servicing Manager have weekly meetings regarding the files to verify that all documentation is in place before the loans are placed onto LoanBase.

If any documentation is missing from any file than the payment to the recipient is not processed. The CDBG Housing Manager will call the recipient letting them know that we are holding up payment and which documents are needed.

We will receive email confirmation from Murray City that the loan is approved. After we receive the file on Murray loans we will verify that all documentation is complete. If the file is not complete then CRD will hold up payment until all documentation is provided.

All final payments to the sub-contractors are made in the name of the homeowner and the sub-contractor. This allows the homeowner to refuse payment if the work is not complete. This is standard practice for CRD, Murray, Midvale, and South Salt Lake.

*Contact:* Jared Steffey (801) 468-3611

#### **D. PRIOR YEAR FINDINGS**

**U.S. Election Assistance Commission**, Passed through the State of Utah, Help America Vote Act Requirements Payments, CFDA No. 90.401, Award Number AR1910, Contract period ended December 31, 2006.

05-1 *Statement of Condition:* OMB Circular A-133 §\_\_.310(b) requires that recipients of federal awards prepare a schedule of expenditures of federal awards. At a minimum, the schedule shall include:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

The schedule did not include the voting equipment totaling \$9,760,630 received from the State of Utah under the Help America Vote Act Requirement Payments, CFDA No. 90.401.

*Cause:* County officials and staff directly involved in receipt of these assets were fully aware of this federal award and the nature of this transaction. However, because there was no direct budgetary impact at the fund level (no appropriation was required), the associated amount had been (initially) inadvertently left off the schedule of expenditures of federal awards, and not included for financial reporting purposes.

*Recommendation:* Internal controls should exist to ensure that all expenditures of federal awards, including donated equipment, are reported on the schedule of expenditures of federal awards.

*Corrective Action Plan:* Each year in preparation for the single audit, we send out a checklist that details all schedules and information that we need from the applicable fiscal managers. No item has been included on this checklist in the past specifically addressing non-cash federal grants and assistance. The checklist was also only given to organizations that had grant revenue recorded in the financial system.

Therefore, in order to ensure that non-cash federal receipts are not excluded from the schedules in the future, the single audit checklist will be revised to include a request for non-cash federal grant information. This revised checklist will be given to all county fiscal staff.

*Status:* The audit for the year ended December 31, 2006 did not disclose any additional amounts that had been inappropriately omitted from the schedule of expenditure of federal awards.