



Ricky D. Hatch, CPA
Clerk/Auditor

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Weber County Audit Committee
2380 Washington Blvd.
Ogden, UT 84401

Dear Committee Members:

I recently completed a comprehensive key internal control audit of the Weber/Morgan Children's Justice Center operations and administrative procedures. My purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls. My examination period covered 2020 transactions.

My audit scope included tests from the following Internal Control Questionnaires (ICQ), used as my audit program:

- Cash Receipting and Deposits
- Accounts Payable Disbursements
- General Journal Entries
- Fixed Asset Accounting and Safeguards

Cash Receipting and Deposits:

Scope:

I reviewed all 31 cash receipts and related deposits for calendar year 2020. Net deposits totaled \$399,326.41. The final quarterly billing is not included in this figure. Revenues were budgeted at \$597,624.00 for 2020.

Observations:

1. I was able to locate and review backup for all CRJ transactions.
2. Actual revenues were down \$252,986.81 from budget. However, October thru December 2020 billings could be as much as \$150,000.
3. January thru March services for \$47,868.01 were not funded until October 2020. The original State of Utah payment was either not delivered to the CJC or lost.
4. Cash receipting and depositing procedures are not compliant with best practices for separation of duties. A single employee receives, deposits, and records revenue and expense reimbursements. Separation of duties is not always possible with limited staffing. When this is the case, compensating controls should be considered.

Recommendations: CJC management consider compensating check handling procedures to strengthen internal controls, protect employees, and ensure timely revenue and expense reimbursement deposits.

Accounts Payable Disbursements:

Scope:

There were 259 accounts payable invoice transactions and 31 accounts payable maintenance transactions totaling \$103,946.95. I randomly selected 30 (10.3%) transactions totaling \$9,301.29 (8.9%) for my sample.

Observations:

Two transactions did not have support documentation attached for review in MUNIS. One 2019 transaction for \$905.00 was posted as a 2020 expenditure.

Recommendation:

None

General Journal Entries:**Scope:**

There were 94 general journal entries with 642 line items. Included in this population were 135 purchase card expenditures. I selected a random sample of 64 (10%) line items, which included nine purchase card transactions.

Observations:

1. There were no journal entries created and posted by the same employee.
2. All entries tested were supported by adequate documentation.
3. The majority (35 of 64 (54.7%)) of tested line items were to change project numbers under the same object code. Extrapolating this to the population would mean that 351 line items are for project reallocation.
4. The total number of journal entries and line items and the percentage of those for project reallocations appear inordinately high, based on my reviews of other departments using project accounting.

Recommendation:

CJC management determine the root cause of project reallocations and determine if they can be minimized. I suggest consulting with Weber/Morgan Health Department for its approach to similar project allocations.

Fixed Asset Accounting and Safeguards**Scope and Observation:**

There was only one Class 40 Equipment asset charged to the CJC at the time of my audit: A fully depreciated phone system installed 10/01/2004 for \$21,950.96. Other assets on site that may qualify as capital equipment were provided by a private, non-profit organization. A 2020 purchase of recording systems and equipment will be added to MUNIS fixed asset control by March 2021.

Recommendation:

None

I appreciate the time spent by CJC's management and staff, for their help and support during my audit. They were friendly, courteous, and cooperative, answering my questions, gathering necessary documents and records, and allowing me access to their information.

Sincerely,

Roger K Larsen
Weber County Internal Auditor