



Clerk / Auditor

Davis County Administration Building - P.O. Box 618 - Farmington Utah 84025
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Curtis Koch, MBA, CGFM
Clerk/Auditor

To: Davis County Audit Committee
From: Curtis Koch, Clerk/Auditor; Blake Woodall, Internal Auditor
CC: Lisa Manning – Davis County Assessor
Mark Altom – Davis County Treasurer
Date: September 16, 2022
Re: Issues related; cash handling, deposit preparation, and lack of timely reconciliation

Summary of Key Facts:

Multiple issues with transactions that flow into the County's Collectors account illustrate that significant control deficiencies exist within the cash receipting, recording, and depositing processes. The transactions discussed below demonstrate that basic cash handling functions within the Treasurers and Assessors Offices are not functioning sufficiently to prevent and detect issues related to error or fraud.

1. On May 12, 2022 a Transaction for \$328,015.04 (see [attachment A](#)) was credited to the County's Collectors bank account for the payment of personal property taxes. Assessors and Treasurers Offices were both unaware that this transaction occurred and did not know funds had been received until four weeks later when the Tax payer called the Assessor's Office asking for a refund since this payment was a duplicate payment made in error.
2. On May 13, 2022 a Transaction for \$2,073,478.63 (see [attachment A](#)) was credited to the County's Collectors bank account for the payment of personal property taxes. Assessors and Treasurers Offices were both unaware that this transaction occurred and did not know funds had been received until about six weeks later when the Auditor's Office was preparing the monthly bank reconciliation. Due to the large amount of this transaction, it causes greater concern that the funds were in the bank yet the books were understated by over 2 million dollars because payment had not been applied to the appropriate customer account.
3. Three payments of \$352.52 (see [attachment B](#)) were recorded by the Assessor's Office on June 3, 6, 8 for the same vendor. A deposit prepared on June 7th included the two of these payments. A separate deposit prepared on June 8th for \$352 was also prepared by the Assessor's Office.

Once again when the Auditor's Office was preparing the bank reconciliation weeks after the initial transactions occurred, it was discovered that the County's Collectors bank account was short \$352.52. Upon further research it was discovered that when the Assessor's office handed the funds to the Treasurer's office personnel, a Treasurer Office staff member manually edited the deposit recorded to account for the additional \$352.52. However those funds remain unaccounted for, while the Assessor's Office believe that their personnel prepared an extra deposit of \$352.52 in error. If that is the case then why did the Treasurer's office edit a deposit record to include the \$352.52 and why did the Assessor's office prepare a deposit for that exact amount. At this time the funds are missing and unaccounted for.

Issues/Risks:

The Assessor's office lacks key financial controls over the cash receipting process that has failed to prevent or detect significant error when they occur. This has created an environment where opportunity for fraud exist. While this memo isn't saying that fraud occurred, it is saying the opportunity exist for fraud to occur. It is currently unknown at this time if the transaction for \$352.52 ever existed or was taken or misplaced, but what is known is that a separate transaction for \$352.52 was created along with a deposit. Which then, that recorded deposit was altered and the funds never made it to the bank. In addition, the lack of awareness regarding large transactions which were not addressed in a timely manner, is cause for great concern since this behavior demonstrates a very porous control environment.

Recommendations:

It is critical that appropriate cash handling/depositing processes are implemented within the Assessors and Treasurers Offices.

Timely reconciliation of transactions recorded on the books in comparison to funds received by the bank is absolutely needed and necessary. Further, all funds and deposits received by the Treasurer's office must be accounted for and verified by personnel within the Treasurer's office and an accurate receipt issued to the department who brought it.

Conclusion:

Over a period of two years issues with cash receipts, deposits, differences between the books and bank have manifested itself consistently. As the Treasurer's office serves as the banker of the County, it is imperative that a holistic-comprehensive control environment is implemented in order to avoid the kinds of issues described above, as well as mitigate the risk of errors and fraud. Preventative measures have not been implanted within the Treasurer's office or consistently followed, if they had these issues would not be occurring on a regular basis.

The events noted above illustrate that significant control deficiencies exist in the Assessor and Treasurer's Office cash handling and deposit preparation processes. If appropriate corrective action is not implemented to remediate these issues then Davis County will be exposed to considerable financial risk.

Attachment A

Davis County Collector's Account Discrepancies

Per Books		Less Unrecorded Bounced Transactions		Per Bank		Difference	Balance	Description
Date	Amount	Date	Amount	Date	Amount			
5/3/2022	(93.71)					93.71	93.71	Mark bounced an old SIP transaction - no such amount was recorded by the bank.
				5/9/2022	29.85	29.85	123.56	Bank corrected Assessor deposit - no amount was recorded on the books.
				5/12/2022	328,015.04	328,015.04	328,138.60	Deposit was not recorded by Assessor's Office
				5/13/2022	2,073,478.63	2,073,478.63	2,401,617.23	Deposit was not recorded by Assessor's Office
5/13/2022	592,925.10	5/13/2022	(3,172.51)	5/16/2022	9,894.85	(579,857.74)	(579,657.74)	
		5/13/2022	(49.76)	5/16/2022	13,202.13	13,251.89	(566,605.85)	
		5/13/2022	(293.75)	5/16/2022	27,651.95	27,945.70	(538,660.15)	
		5/13/2022	(25,763.96)	5/16/2022	550,442.99	576,206.95	37,546.80	
		5/16/2022	(1,234.53)	5/17/2022	29,190.93	30,425.46	67,972.26	
		5/16/2022	(2,465.85)	5/17/2022	494,045.24	496,511.09	564,483.35	
		5/17/2022	(51,296.61)	5/18/2022	72,013.75	123,310.36	687,793.71	
		5/18/2022	(7,633.31)	5/18/2022	458,299.15	465,932.46	1,153,726.17	
		5/18/2022	(2,017.41)	5/19/2022	7,299.87	9,317.28	1,163,043.45	
		5/18/2022	(1,396.82)	5/19/2022	42,597.03	43,993.85	1,207,037.30	
				5/20/2022	10,931.38	10,931.38	1,217,968.68	
				5/20/2022	71,542.66	71,542.66	1,289,511.34	
5/23/2022	1,401,418.24			5/23/2022	815.39	(1,400,602.85)	(111,091.51)	
				5/23/2022	4,801.13	4,801.13	(106,290.38)	
				5/23/2022	8,416.08	8,416.08	(97,874.30)	
				5/23/2022	88,760.74	88,760.74	(9,113.56)	
				5/24/2022	1,048.23	1,048.23	(8,065.33)	
				5/24/2022	11,704.44	11,704.44	3,639.11	
5/25/2022	14,001.90			5/25/2022	2,827.72	(11,174.18)	(7,535.07)	
				5/25/2022	3,452.95	3,452.95	(4,082.12)	
				5/26/2022	1,329.45	1,329.45	(2,752.67)	
				5/26/2022	2,752.67	2,752.67	(0.00)	

Attachment A Cont.

WELLS FARGO BANK, NA		STATEMENT OF ACCOUNT		PRINTED: 06-03-22	PAGE 3
ACCOUNT:	1270800616	BANK: 00182	DETAIL CREDITS	PERIOD: 4-30-22 TO 5-31-22	
REFERENCE	POSTED	AS/OF	AMOUNT	TRANSACTION DESCRIPTION	
			29.85	DEPOSIT \$9,866.94 ON 04/20/22 CHECK LISTING ERROR- REF #A-2042200380AZ	
5-09-22			1,498.03	FORTE 178565 220508 CC-0508-92F4A DAVIS CO UT ASSESSOR P1330903620 CC-0508-92F4A R5	
5-09-22			4,197.85	ECS E-BOX SETTLE EBX SETTLE 050922 DAVIS COUNTY TAX9500000986 DAVIS COUNTY TA 07	
5-09-22			8,304.74	FORTE 148503 220508 CCD-0508-25FFE DAVIS CO UT TAX WEB1330903620 CCD-0508-25FFE R4	
5-09-22			9,242.94	CASH VAULT DEPOSIT	
5-09-22			9,716.64	FORTE 178565 220506 CC-0506-6F1B4 DAVIS CO UT ASSESSOR P1330903620 CC-0506-6F1B4 R1	
5-09-22			19,219.50	FORTE 178565 220507 CC-0507-E1DF4 DAVIS CO UT ASSESSOR P1330903620 CC-0507-E1DF4 R3	
5-09-22			23,782.76	CASH VAULT DEPOSIT	
5-09-22			28,760.00	CASH VAULT DEPOSIT	
5-09-22			59,458.03	CASH VAULT DEPOSIT	
5-09-22			74,733.93	FORTE 178565 220506 ACH-0506-3CBCD DAVIS CO UT ASSESSOR P5330903620 ACH-0506-3CBCD O6	
5-09-22			114,053.88	CASH VAULT DEPOSIT	
5-10-22			740.92	FORTE 178565 220509 CC-0509-FB4DB DAVIS CO UT ASSESSOR P1330903620 CC-0509-FB4DB R4	
5-10-22			1,397.18	FORTE 148516 220509 ACHD-0509-626A2 DAVIS CO UT TAX IVR1330903620 ACHD-0509-626A2 R5	
5-10-22			3,674.93	FORTE 148503 220509 ACHD-0509-B24F9 DAVIS CO UT TAX WEB1330903620 ACHD-0509-B24F9 R6	
5-10-22			5,713.00	ECS E-BOX SETTLE EBX SETTLE 051022 DAVIS COUNTY TAX9500000986 DAVIS COUNTY TA 00	
5-10-22			7,774.72	CASH VAULT DEPOSIT	
5-10-22			27,381.02	CASH VAULT DEPOSIT	
5-10-22			49,003.96	CASH VAULT DEPOSIT	
5-10-22			54,315.45	FORTE 178565 220509 ACH-0509-38ED0 DAVIS CO UT ASSESSOR P5330903620 ACH-0509-38ED0 O3	
5-10-22			67,031.72	CASH VAULT DEPOSIT	
5-11-22			1,934.34	CHEVRON 0966 PO/REMIT MAY 11 0025595776 DAVIS COUNTY ASSESSOR3783296114 0025595776 R7	
5-11-22			3,108.14	FORTE 148503 220510 ACHD-0510-8C87B DAVIS CO UT TAX WEB1330903620 ACHD-0510-8C87B R0	
5-11-22			4,948.00	ECS E-BOX SETTLE EBX SETTLE 051122 DAVIS COUNTY TAX9500000986 DAVIS COUNTY TA 07	
5-11-22			18,393.88	FORTE 178565 220510 CC-0510-37063 DAVIS CO UT ASSESSOR P1330903620 CC-0510-37063 R9	
5-11-22			544,862.69	FORTE 178565 220510 ACH-0510-2901C DAVIS CO UT ASSESSOR P5330903620 ACH-0510-2901C O8	
5-12-22			32.92	FORTE 148503 220511 ACHD-0511-ACBA9 DAVIS CO UT TAX WEB1330903620 ACHD-0511-ACBA9 R2	
5-12-22			306.85	FORTE 174604 220511 CC-0511-47F71 DAVIS CO UT TAX POS1330903620 CC-0511-47F71 R4	
5-12-22			1,714.00	ECS E-BOX SETTLE EBX SETTLE 051222 DAVIS COUNTY TAX9500000986 DAVIS COUNTY TA 02	
5-12-22			2,832.39	FORTE 148503 220511 CCD-0511-264ED DAVIS CO UT TAX WEB1330903620 CCD-0511-264ED R3	
5-12-22			6,728.74	CASH VAULT DEPOSIT	
5-12-22			14,365.47	CASH VAULT DEPOSIT	
5-12-22			43,193.94	FORTE 178565 220511 CC-0511-63F84 DAVIS CO UT ASSESSOR P1330903620 CC-0511-63F84 R1	
5-12-22			49,006.26	CASH VAULT DEPOSIT	
5-12-22			53,906.02	CASH VAULT DEPOSIT	
5-12-22			128,845.73	FORTE 178565 220511 ACH-0511-E9894 DAVIS CO UT ASSESSOR P5330903620 ACH-0511-E9894 O0	
5-12-22			328,015.04	1 THE INTERNATIONAL EDI PYMNTS 138738 DAVIS COUNTY ASSESSOR1230419970 138738 O8	
5-12-22			529,536.74	CASH VAULT DEPOSIT	
5-12-22			898,697.08	CASH VAULT DEPOSIT	
5-12-22			8,681,036.77	CHEVRON 0966 PO/REMIT MAY 12 0025596668 DAVIS COUNTY ASSESSOR3783296114 0025596668 R7	
5-13-22			3,853.50	ECS E-BOX SETTLE EBX SETTLE 051322 DAVIS COUNTY TAX9500000986 DAVIS COUNTY TA 01	
5-13-22			40,571.50	FORTE 178565 220512 CC-0512-C5568 DAVIS CO UT ASSESSOR P1330903620 CC-0512-C5568 R6	
5-13-22			285,003.90	FORTE 178565 220512 ACH-0512-90FF0 DAVIS CO UT ASSESSOR P5330903620 ACH-0512-90FF0 O5	
5-13-22			2,073,478.63	2 BIG WEST OIL LLC EDI PYMNTS 156496 RTY-A 20*2073478.63\SE*14*000000006\GE*1*1\IEA*1*58	

Dep 35-120

Davis County Assessor
Treasurer's Report
Collection Date: 6/7/2022
Deposit #: 354918

1. Register

Cash	\$441.66
Cashier Chk/Physical Check	\$43,443.55

Total Register

~~\$43,885.21~~

2. Deposit

722214000	Disburse	\$44,237.73
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Total Deposit

\$44,237.73

+ 352.52

3. Over/Short

\$0.00

6/8/22 deposit = 44679.3

Attachment B Cont.

Davis County Assessor
Treasurer's Report
Collection Date: 6/8/2022
Deposit #: 354920

1. Register			
	Cashier Chk/Physical Check	\$352.52	
	Total Register		\$352.52
2. Deposit			
	722214000 Disburse	\$352.52	
	Total Deposit		\$352.52
3. Over/Short			\$0.00

Attachment B Cont.

Davis County Treasurer

Deposits Banked Report

6/9/2022

Batch # 61724

By JLEE

Date 06/08/2022

Deposit #	Area	Received	Received By	Amount	Entered By	Date
354918	ASSESSOR TAX COLL	06/08/2022	JLEE	44,237.73	John Cowgill	06/08/2022
			Total of deposits	44,237.73		

Attachment B Cont.

Business Detail - ARAMARK REFRESHMENT SERVICES
 Business ID: 42260 PIN: 550900
 Status: Active

Account Locked
 Exemption Claimed
 Paid
 Done Completed
 2022

[Home](#)
 [Taxes](#)
 [Accounts](#)
 [Payment Methods](#)
 [Account Information](#)
 [Help](#)

Account Total
 TOTAL DUE: \$0.00
 TOTAL IN HOLD: \$32.72
 [Refund Hold](#)
 [Transfer All Hold](#)

Yearly Details Years to Show: 8 Calculate to Interest Date: 8/24/2022 [Add Charge](#)

Year	Charge Type	Amount	Balance	Interest	Total	Payment #	Payment Date	Payment Amount	Payment Method	Payment Status
2022	Not exempt	\$0.00	\$0.00	\$0.00	\$0.00					
10	ARAMARK REFRESHMENT SERVICES	\$350.50	\$350.50	\$0.00	\$350.50	18115404	8/6/22 3:57 PM	\$350.50	Partial Payment	Accepted
8	PENALTY	\$1.84	\$352.34	\$0.00	\$352.34					
13	PENALTY	\$19.29	\$371.63	\$0.00	\$371.63	18112600	8/7/22 9:59 AM	\$350.50	Payment in hold	
14	PENALTY	\$12.67	\$384.30	\$0.00	\$384.30					
30	PENALTY	\$0.42	\$384.72	\$0.00	\$384.72	18108255	9/3/22 2:08 PM	\$350.50	Payment in hold	
44	PENALTY	\$8.72	\$393.44	\$0.00	\$393.44					
							8/22/24			TRANSFER FROM HOLD