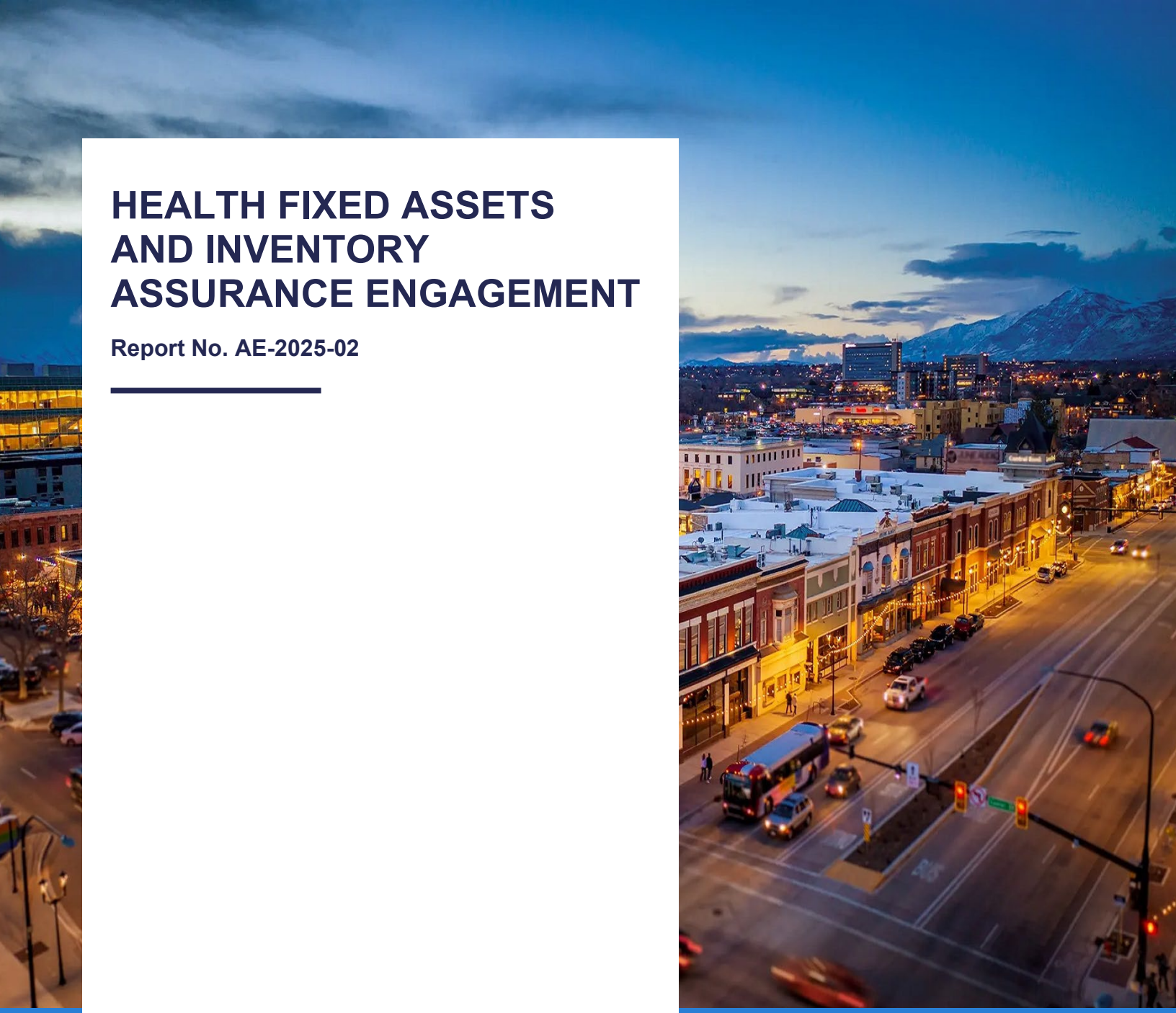

HEALTH FIXED ASSETS AND INVENTORY ASSURANCE ENGAGEMENT

Report No. AE-2025-02

MARCH 3, 2025

Utah County Auditor Internal Audit Division
Internal Audit Manager: Calvin Bergmann, CIA, MPA
Senior Internal Auditor: Mont Wade, CIA

Utah County
HEART of UTAH

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AUDITOR'S LETTER

Office of the County Auditor

Internal Audit Division

March 3, 2025

Eric Edwards, Executive Director
Utah County Health Department
151 South University Avenue
Provo, Utah 84601

Dear Mr. Edwards:

The Internal Audit Division ("Division") performed an assurance engagement of Utah County Health Department select division fixed assets and inventory. During this limited review, we performed the following procedures:

1. Verified County Financial Information System ("COFIS") Health Department users did not change the status of their own created fixed asset to a finalized "DISPOSED" status.
2. Tested Mosquito Abatement Division 2023 and 2024 fixed asset population for *Utah County Asset Management Policy* (Revised 3/21/2022) disposition process compliance.
3. Tested Environmental Health Division 2023 and 2024 fixed asset population for *Utah County Asset Management Policy* (Revised 3/21/2022) disposition process compliance.
4. Tested Community Health Services Division 2023 and 2024 fixed asset population for *Utah County Asset Management Policy* (Revised 3/21/2022) disposition process compliance.
5. Tested Mosquito Abatement Division 2023 and 2024 capital asset purchases greater than $5,000 population for *Utah County Code*, Section 2-1-4(c) (superseded) and *Utah County Procurement Policy (Resolution No. 2024-211)*, Section 2.3 approval compliance, as applicable.
6. Tested Environmental Health Division 2023 and 2024 capital asset purchases greater than $5,000 population for *Utah County Code*, Section 2-1-4(c) (superseded) and *Utah County Procurement Policy (Resolution No. 2024-211)*, Section 2.3 approval compliance, as applicable.
7. Tested Community Health Services 2023 and 2024 capital asset purchases greater than $5,000 population for *Utah County Code*, Section 2-1-4(c) (superseded) and *Utah County Procurement Policy (Resolution No. 2024-211)*, Section 2.3 approval compliance, as applicable.

8. Tested Nursing Division February 2025 inventory sample for existence and accurate inventory system ending balances.
9. Tested Mosquito Abatement Division February 2025 inventory population for existence and accurate inventory system ending balances.
10. Verified that a yearly inventory review was performed by April 30, 2024, per *Utah County Asset Management Policy* (Revised 3/21/2022).
11. Assessed existence of written policy and procedures for inventory and fixed asset handling
12. Evaluated Nursing Division inventory system separation of duties and assessed physical inventory access.
13. Evaluated Environmental Health Division inventory system separation of duties and assessed physical inventory access.
14. Evaluated Mosquito Abatement Division inventory system separation of duties and assessed physical inventory access.
15. Verified Community Health Services Division sample of COFIS "active" status fixed asset existence.
16. Verified Environmental Health Division sample of COFIS "active" status fixed asset existence.
17. Verified Mosquito Abatement Division sample of COFIS "active" status fixed asset existence.

The Division documented five findings and two other matters during the engagement. For finding(s) and other matter(s), we provide recommendations to improve the Health Department fixed asset and inventory control environment. Finding and other matter numbering is correlated with the procedure numbering above.

Note that our report, by nature, disproportionately focuses on weaknesses. This does not mean there were not strengths within the areas reviewed and other areas not reviewed. For example, we note that Nursing Immunizations management created and provided inventory management procedures during the engagement.

The Division appreciates the courtesy and assistance extended to us by County personnel during the engagement process. We look forward to a continuing professional relationship.

Sincerely,

Utah County Internal Audit Division

CC: Tyler Plewe, Deputy Director, Utah County Health Department
Jackie Karsies, Business Manager, Utah County Health Department
Danny Miller, Manager, Mosquito Abatement Division, Utah County Health Department
Jason Garrett, Director, Environmental Health Division, Utah County Health Department

Michael Leman, Director, Nursing Division, Utah County Health Department
Rodney Mann, Utah County Auditor; Utah County Audit Committee Member
Kim Jackson, Utah County Treasurer; Utah County Audit Committee Member
Amelia Powers Gardner, Commissioner, Utah County Board of Commissioners; Utah County Audit Committee Member

FINDING(S) & OTHER MATTER(S)

Finding 1.1: Yearly Inventory Review Not Completed

Condition
The Health Department yearly inventory review was not completed in 2024.

Criteria
Per *Utah County Asset Management Policy* (Revised March 21, 2022), "Before April 30 each year, a yearly inventory review must be done by the departments."

Cause
The Health Department Business Manager communicated that the Business Manager was engaged in other responsibilities, and due to time constraints, the yearly inventory review was not completed. Management does not appear to be prioritizing nor enforcing yearly inventory reviews.

Effect
Asset misappropriation, loss, and theft non-detection risk increases. Financial statement inaccuracy risk increases.

Recommendation
We recommend management enforce and allocate resources to prioritize yearly inventory review completion.

Finding 2.1: Limited Written Policy and Procedures

Condition
While acknowledging that a Nurse Supervisor, during the engagement, created and provided Nursing Immunizations procedures for entering inventory into ECW after it is received, per the Health Department Business Manager, the Health Department does not have comprehensive written inventory management policy and procedures for all divisions.

Criteria
Per the United States Government Accountability Office's ("GAO's") *Standards for Internal Control in the Federal Government*: "Management should implement control activities through policies."

Cause
Management has not prioritized time and resources to draft and enforce comprehensive inventory management policy and procedures.

Effect
Management has decreased assurance that entity objectives (e.g., effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations) will be achieved.

Recommendation
We recommend management draft and enforce comprehensive inventory management policy and procedures.

Finding 12.1: Nursing Division (Immunizations Bureau and Epidemiology Bureau) Inadequate Separation of Duties

Condition
Multiple Immunizations Bureau employees have physical access (i.e., asset custody) to vaccine inventory and can enter inventory (i.e., record) in eClinicalWorks ("eCW") software.

Multiple Immunizations Bureau employees have physical access (i.e., asset custody) to vaccine inventory and can edit doses remaining (i.e. record) in eCW software.

At least one Epidemiology Bureau sexually transmitted infection ("STI") employee has physical access (i.e., asset custody) to vaccine inventory and STI medication and can enter inventory (i.e., record) in eCW software.

Multiple Epidemiology Bureau sexually transmitted infection ("STI") employees have physical access (i.e., asset custody) to vaccine inventory and STI medication and can edit doses remaining (i.e., record) in eCW software.

Criteria

Per the United States Government Accountability Office's ("GAO's") *Standards for Internal Controls in the Federal Government*:

> Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Cause

Previous management that implemented eCW software may not have considered the increase in inventory loss risk which results from not separating asset custody and recording duties.

Effect

Inventory loss risk increases.

Recommendation

We recommend management:

1. separate the duties of asset custody and recording; or
2. implement a recording detective control (i.e., an employee independent of asset custody ability and eCW recording access regularly reconciles eCW adjustment logs, if available, with Utah County Purchase Orders and records of clients served; or
3. implement an asset custody detective control (e.g., keycard door access to vaccines and medication, a camera that records employees who access inventory, etc.).

Finding 12.2: Nursing Division (Epidemiology Bureau Tuberculosis Clinic) Inadequate Separation of Duties

Condition

Two Tuberculosis Clinic employees have physical access (i.e., asset custody) to medication inventory and can both record and adjust (i.e., record) inventory values in a locally stored spreadsheet.

Criteria

Per the United States Government Accountability Office's ("GAO's") *Standards for Internal Controls in the Federal Government*:

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Cause
Management has not comprehensively considered the increase in inventory loss risk which results from not separating asset custody and recording duties.

Effect
Inventory loss risk increases.

Recommendation
We recommend management separate the duties of asset custody and recording.

Finding 13.1: Insecure Emissions Office Garage

Condition
To gain access to the Emissions Office building through the main entrance, a Senior Office Specialist already located within the building must open the main entrance door.

Inside the Emissions Office, a branch hallway contains two doors that lead to the Emissions Office garage. Per management, the first door (which contains a lock), is open throughout the day. The second door (which immediately opens to the garage) does not have a lock.

Criteria
Per the United States Government Accountability Office's ("GAO's") *Standards for Internal Controls in the Federal Government*: "Management establishes physical control to secure and safeguard vulnerable assets."

Cause
Management has not previously comprehensively considered scenarios during which garage assets are more likely to be stolen (e.g., during training events where many non-employees have gained access to the Emissions Office).

Effect
Inventory loss risk increases.

Recommendation
We recommend management close and lock the garage hallway first door during the day.

Other Matter 12.2: Nursing Division (Epidemiology Bureau Tuberculosis Clinic) Inventory Record Insufficient

Condition
The Tuberculosis Clinic medication inventory record spreadsheet includes medication names and a discrete count of medication entered for a month-end date. The inventory record does not include fields that indicate how, which, and when inventory stock was physically changed.

Recommendation
We recommend management incorporate the following into the Tuberculosis Clinic medication inventory record spreadsheet:

- Batch Number
- Manufacturer
- Expiry Date
- Opening Balance
- Stock Received
- Stock Dispensed
- Stock Adjustment (e.g., lost, expired and disposed, and/or returned stock)
- Stock Adjustment Reason
- Closing Balance
- Prescribed By
- Patient
- Recorded By

Other Matter 15.1: Unused Fixed Assets

Condition
While verifying the existence of fixed assets, we noted multiple assets' existence of which management was unaware and/or assets that are longer used.

Recommendation
We recommend management dispose of assets that are no longer in use.

MANAGEMENT RESPONSE(S)

Finding 1.1: Yearly Inventory Review Not Completed

Health Department Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management enforce and allocate resources to prioritize yearly inventory review completion.	Agree	We are reallocating resources by adding an additional staff member to our team. We are prioritizing our yearly inventory on a scheduled annual date for completion.	Jackie Karsies – Business Manager	04/30/2025

*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

Finding 2.1: Limited Written Policy and Procedures

Health Department Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management draft and enforce comprehensive inventory management policy and procedures.	Agree	We are updating our Health Department Policy and Procedures and will include a comprehensive inventory management policy and procedures. Enforcement will start upon new policy adoption.	Tyler Plewe – Deputy Director	12/31/2025

*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

Finding 12.1: Nursing Division (Immunizations Bureau and Epidemiology Bureau) Inadequate Separation of Duties

Health Department Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management: 1. separate the duties of asset custody and recording; or 2. implement a recording detective control (i.e., an employee independent of asset custody ability and eCW recording access regularly reconciles eCW adjustment logs, if available, with Utah County Purchase Orders and records of clients served; or 3. implement an asset custody detective control (e.g., keycard door access to vaccines and medication, a camera that records employees who access inventory, etc.).	Agree	We are in the process of separating the duties of asset custody and recording. Additionally, we are planning to build in a control within a new implementation of our electronic medical records system (CureMD). In researching possibilities for an asset custody detective control, it is not feasible to add a door as PW has determined that it would lead in inadequate air flow required for our vaccine storage. Our next best option will be the installation of a camera above the vaccine storage freezers and refrigerators.	Michael Leman – Nursing Director	09/01/2025

*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

Finding 12.2: Nursing Division (Epidemiology Bureau Tuberculosis Clinic) Inadequate Separation of Duties

Health Department Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management separate the duties of asset custody and recording.	Agree	We are in the process of separating the duties of asset custody and recording. Additionally, we are planning to build in a control within a new implementation of our electronic medical records system (CureMD).	Michael Leman – Nursing Director	09/01/2025

*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

Finding 13.1: Insecure Emissions Office Garage

Health Department Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management close and lock the garage hallway first door during the day.	Agree	The Division Director of Environmental Health has started the process of requesting a key card access on the garage hallway first door. This will be implemented within PW's availability.	Jason Garret – Environmental Health Division Director	12/31/2025

*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

Other Matter 12.2: Nursing Division (Epidemiology Bureau Tuberculosis Clinic) Inventory Record Insufficient

Health Department Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management incorporate the following into the Tuberculosis Clinic medication inventory record spreadsheet: • Batch Number • Manufacturer • Expiry Date • Opening Balance • Stock Received • Stock Dispensed • Stock Adjustments (e.g., lost, expired and disposed, and/or returned stock) • Stock Adjustment Reason • Closing Balance • Prescribed By • Patient • Recorded By	Agree	Division Director of Nursing will assign key staff to create an inventory record spreadsheet. Additionally required information will be populated into spreadsheet by target date.	Michael Leman – Nursing Division Director	04/30/2025

*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.

Other Matter 15.1: Unused Fixed Assets

Health Department Management Response

Recommendation	Agree/Disagree	Corrective Action Plan	Name and Title of Employee Responsible for Implementation	Target Date*
We recommend management dispose of assets that are no longer in use.	Agree	Currently underway and completion by target date	Jillian Porto – WIC Division Director Cara Moody – Senior Services Program Manager Jason Garrett – EH Division Director Linnea Fletcher – Health Promotions Division Director Michael Leman – Nursing Division Director Alisha Earl – Vital Records Program Manager Dan Miller – Mosquito Abatement Manager	04/30/2025

*Entered in MM/DD/YYYY format. Generally, the date should be within 90 days (but no longer than 180 days) of report issuance. If the recommendation has already been implemented, enter the date it was implemented.