

# SALT LAKE CITY DISTRICT OFFICE

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## *Limited Audit of Financial and Administrative Controls*

### INTRODUCTION

The Office of Inspector General conducted a limited audit of selected financial and administrative controls in the Commission's District office in Salt Lake City, Utah (SLDO). The audit procedures included interviewing SLDO staff, reviewing supporting documentation, and conducting limited tests of transactions. The purpose of the audit was to provide the Commission with negative assurance concerning these controls.<sup>1</sup> We performed our audit in July 2001, in accordance with generally accepted government auditing standards.

### BACKGROUND

The SLDO, with approximately fifteen full-time staff, assists the Central Regional Office in Denver, CO (CRO), in carrying out the Commission's programs, subject to Commission oversight, in Arkansas, Colorado, Kansas, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah and Wyoming. The SLDO's administrative officer, in support of the SLDO, performs and maintains records for a broad range of financial and administrative functions, including: time and attendance; purchasing; travel arrangements; property management; and budgeting.

Also, the SLDO employs approximately three law school students (law students) to assist the SLDO's trial counsel in organizing and analyzing evidence to develop information necessary to prove securities cases in court. Without adequate litigation support, the trial counsel himself would have to organize and analyze the evidence, possibly delaying the resolution of some of the cases.

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<sup>1</sup> Negative assurance means that no material internal control weaknesses came to our attention during our limited audit.

## AUDIT RESULTS

During the limited audit described above, except for the matter discussed below, no material weaknesses in the SLDO's financial and administrative controls came to our attention.

We informally discussed a number of non-material findings and recommendations with SLDO management. Management generally concurred with the findings and agreed to implement the recommendations. The recommendation below is intended to enhance security of SLDO staff, records and equipment.

### **Restrict Access to Room**

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During working hours, the public has unrestricted access to the SLDO's reception area. A door with a combination lock, however, restricts access to the SLDO employees' offices.

Access is also unrestricted to the SLDO's former public reference room on the opposite side of the reception area. The door to this room opens into the reception area, is not locked during the day, and is sometimes unattended.

The law students use this room while working on cases. This room contains two desktop computers and an assortment of SLDO records. These records include potentially sensitive enforcement records that the law students organize and analyze. This room appears to be a security risk, both to the SLDO staff that use the room and to the records and equipment in the room.

The SLDO was aware of this problem. It wanted to move the entrance from the reception area to inside the employee office area in order to restrict access, but did not have sufficient funding for the alteration. It plans to initiate the alteration next fiscal year.

### ***Recommendation A***

The SLDO should follow through with its plans to secure this room in order to enhance the safety of the staff that use it and the security of the equipment and records stored in it. The Office of Administrative and Personnel Management should provide the necessary assistance to the SLDO in securing this room.