

# UTAH COUNTY

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Findings and Recommendations  
For the Period January 2010 through June 2013

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Report No. 13-EAGL-8Lb



OFFICE OF THE  
UTAH STATE AUDITOR



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**UTAH STATE AUDITOR**

February 24, 2014

Members of the Utah County Commission  
100 East Center Street, Suite 2300  
Provo, UT 84606

Dear Commissioners:

The Office of the Utah State Auditor has completed its review of Utah County's (County) procedures for awarding Tourism, Recreation, Cultural, and Convention (TRCC) taxes. We performed this review in connection with an investigation at Eagle Mountain City (City). The investigation was performed as a result of allegations received through our hotline regarding certain financial activities at the City. The results of our investigation of the City are included in a report to the City which has been issued under separate cover.

We reviewed certain procedures at the County regarding the awarding of TRCC taxes for the period of January 2010 through June 2013. We also reviewed the County's awarding of TRCC taxes to the City for a pony express rider statue for compliance with State law and contract provisions for the period of January 2010 through January 2011.

Our findings and recommendations resulting from these procedures are attached.

Our procedures were more limited than would be necessary to express an opinion on any of the items referred to above or to express an opinion on the effectiveness of the County's internal control or any part thereof. Accordingly, we do not express such opinions. Had we performed additional procedures or had we made an audit of the effectiveness of the County's internal control, other matters might have come to our attention that would have been reported to you.

By its nature, this report focuses on exceptions, weaknesses, and problems. This focus should not be understood to mean there are not also various strengths and accomplishments. We appreciated the courtesy and assistance extended to us by the personnel of the County during the course of the review, and we look forward to a continuing professional relationship. If you have any questions, please contact Jenifer Vallejos, Special Projects Supervisor, at 801-450-4233 or [jvallejos@utah.gov](mailto:jvallejos@utah.gov).

Sincerely,

John Dougall  
Utah State Auditor

# UTAH COUNTY

## FINDINGS AND RECOMMENDATIONS FOR THE PERIOD JANUARY 10, 2010 THROUGH JUNE 2013

### WEAKNESSES IN AWARDING COUNTY FUNDS

While reviewing the process used by Utah County (County) to award Tourism, Recreation, Cultural, and Convention (TRCC) tax funds, we noted the following problems:

- a. The Tourism Tax Advisory Board (Board) could not provide evidence that it had recommended to the County Commission (Commission) the funding of a pony express statue project in Eagle Mountain City (City). TRCC funds are supposed to be expended by the County based on recommendations from the Board per *Utah Code* 17-31-8. As such, the Board should maintain a prioritized list of projects recommended for funding as required by that law. We were not able to obtain the prioritized recommendations listing the statue project. Therefore, we were unable to determine that the statue project was recommended to the Commission as required by law.
- b. The County's contract with the City related to funding for the pony express statue was deficient. It did not include essential parameters to help ensure that funds were used properly, such as time for completion, matching requirements, or other funding requirements. For example, there was no time for completion specified; as such, the County might not have recourse even though three years later there is no life-size statue and no current plans to complete it. The Commission's prior correspondence indicated that it intended to provide the "last" funds necessary to enable the City to construct the statue; instead, it provided the *only* funds, which allowed the City to construct only a maquette (small preliminary model). In addition, the contract states, "This Agreement shall constitute the entire Agreement between the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either party...." This clause has the effect of restricting any enforcement of the previous intent. Because the contract was inadequate, the County's recourse, if any, against the City for its misuse of funds may be limited.
- c. The Commission does not have a follow-up procedure to ensure that County funds are used properly. Therefore, three years after funds were issued to the City, the Commission was unaware that the City had not constructed and currently has no plans to complete a life-size pony express rider statue as described in the contract between the County and the City. Follow-up procedures are necessary to help ensure that County funds are used properly by those entities receiving funds.
- d. The Commission does not wait until final approval before notifying recipients of the pending funding awards. The Commission failed to communicate in its letter to the City that the Board's recommendation of providing \$25,000 to the City for construction of a life-size pony express rider statue was subject to the approval of the Commission. The County's letter appeared to be an award letter. As such, the City Council approved plans for a maquette to be constructed as the initial phase of the construction of the life-size statue. This situation could have caused a budget problem for the City because the Commission could have decided to not fund the statue prior to their approval. A period of 10 months elapsed between the time the

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## FINDINGS AND RECOMMENDATIONS FOR THE PERIOD JANUARY 10, 2010 THROUGH JUNE 2013

funding was recommended by the Board and final approval was given by the Commission. The Commission should have clearly communicated the funding process to the City Council.

### Recommendations:

**We recommend that the County:**

- a. Maintain documentation evidencing the recommendation of projects by the Board.**
- b. Use contracts that include essential parameters to allow for timely enforcement of requirements.**
- c. Establish adequate follow-up procedures to help ensure the contracted requirements are met.**
- d. Establish procedures to notify recipients of awards only when approved by the Commission, or otherwise clearly indicate that an award is subject to approval by the Commission.**

### County's Response:

*We have appreciated the Tourism, Recreation, Cultural and Convention (TRCC) tax capabilities that have been afforded us by the State Legislature. We have and continue to fund and pay for many good projects and purposes over the years. Originally we were unaware of the requirement to have an established Board for review and recommendation of projects and expenditures. Once we were made aware of this requirement we implemented it. Our process has been to review a schedule of planned expenditures at our meetings with the Board and keep them updated on the plans and results of the uses of TRCC resources.*

*We appreciate your efforts to review our processes and plan to implement the recommendations going forward to enhance our process of utilization of the TRCC taxes to improve the Tourism, Recreation, Cultural and Convention assets and features within Utah County.*