



TINA M. CANNON  
UTAH STATE AUDITOR

## Report No. PLA125SP

April 10, 2025

Mayor Jon Beesley  
Plain City  
4160 W 2200 N  
Plain City, Utah 84404

Dear Mayor Beesley:

The Office of the State Auditor (Office) offers a hotline program through which we receive complaints with financial or compliance implications related to state or local governments. The Office received a complaint alleging potential commingling of public and private funds through the use of personal peer-to-peer payment applications (Payment App) such as Venmo and Cash App for accepting payments due to Plain City (City).

We made inquiries with certain City personnel and reviewed relevant documents for the period of approximately June 2024 to August 2024 and confirmed the substance of the complaint. We also determined there was a lack of internal controls over cash receipting processes at these City-sponsored events. During our inquiry, the City obtained the detailed personal Payment App records for the period and compared the amounts collected to the amount remitted to the City for deposit. The City concluded that the amount remitted was appropriate. After review, we concurred the risk is low that any significant loss occurred related to these events. However, the use of personal Payment Apps and the associated lack of internal controls created a significant risk of loss for the City.

Our findings and recommendations follow.

### **1. COMMINGLING OF PUBLIC AND PRIVATE FUNDS THROUGH USE OF PERSONAL PAYMENT APP**

The City allowed certain employees or volunteers to use their own personal Payment App accounts to collect certain payments such as City concession payments and event fees. The use of a private account for collecting public payments resulted in the commingling public and private funds in violation of *Utah Code* §10-6-146, which requires the City to deposit city funds only to City authorized and controlled accounts. This occurred because the City did not properly establish a controlled method for the receipt of payments for certain City functions. The risks of commingling funds with personal accounts include poor public perception and potential errors, misappropriation, or fraud/theft.

## Recommendation

### We recommend the City:

- **Discontinue and prohibit the use of personal accounts for payment collection or create and control official City Payment App accounts.**
- **As discussed in Finding 2, implement methods for payment collection for concessions, events, etc., that are compliant with statutory requirements and subject to proper internal controls.<sup>1</sup>**

## 2. LACK OF CASH RECEIPTING CONTROLS AND PROCESSES

The City did not require detailed receipt records and supporting documentation to be turned in with the proceeds collected via personal Payment Apps at City-sponsored events. Without these records, the City had no way to determine whether all proceeds collected were in fact remitted to the City for deposit. Without internal controls and processes over cash receipts at City-sponsored events that establish a reliable record of all cash received and deposited in City accounts, there is an increased risk of errors, misappropriation, or fraud/theft.

## Recommendation

**We recommend the City develop and implement a process for cash receipting at City-sponsored events that creates a reliable record of all cash receipts that then allows the City to ensure all cash received is recorded and deposited appropriately.**

Our procedures were limited to matters related to the complaint. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you. We appreciate the courtesy and assistance extended to us by Plain City personnel during our review. We look forward to a continuing professional relationship. If you have any questions, please contact me.

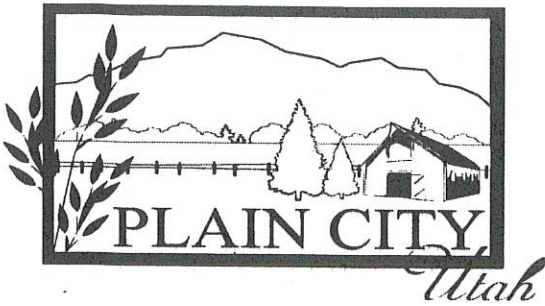
Sincerely,



Matt Edwards  
Special Projects Auditor  
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801-520-9778

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<sup>1</sup> A Payment App account in the name of the City that satisfies statutory requirements regarding proper authorization and oversight by City officers may be an appropriate alternative. Relevant Utah Code sections include, but are not limited to, 10-6-146, 51-7-15, 17-24-11.



March 31, 2025

Office of the Utah State Auditor  
Utah State Capitol, Suite 260  
Salt Lake City, UT 84114

In response to Report No. PLAI25SP

The City has received the findings regarding the use of a Cash App, specifically Venmo at recreational events and the cash receipting controls and processes at those events. In response to those two findings, the City has conducted the following steps to be in accordance with the Utah Code.

1. A Venmo account has been created in the name of Plain City and is now being used instead of a city employee's account. The Plain City Venmo account is @PlainCity.
2. The Venmo account is controlled by the City Treasurer, no other employees or volunteers have access to the account.
3. The Venmo account is reconciled monthly in the City's accounting software.
4. The City Treasurer prints out the full report from Venmo, which is then given to another individual to view the transactions and reconcile them in the software. This is one separation between the treasurer (access to funds) and the accounting over those funds.
5. Additionally, when there are transactions in Venmo the report is also provided to the City Recorder, so she can see the evidence of the transactions and transfers. This is another control feature over the transactions as there are now three people who may view all transactions and transfers with Venmo.
6. A new general ledger account was created in the General Fund to represent the balance in the Venmo account at the end of each month, the account is 10-1011

With respect to the finding over cash receipts, the City will use a cash box that will be reconciled to the cash deposits made twice a week. A register will be maintained to provide a record of each sale of concessions. This register will match up to the funds collected and deposited. However, the use of the Venmo App will be encouraged at these events with displays of the Venmo QR Code as the electronic media is inherently less risky than cash.

Sincerely,

  
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Jon Beesley