



**Keddington & Christensen, LLC**  
Certified Public Accountants

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Members of the Board of Trustees  
Unified Fire Authority  
Salt Lake City, Utah 84119

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees of Unified Fire Authority (UFA). UFA's management is responsible for UFA's accounting records, and the determination of what is considered misuse or abuse. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

UFA's travel policy states: "Travelers should select modestly priced accommodations and attempt to find rates that are in line with the General Service Administration (GSA) Per Diem Rates for lodging (refer to [www.gsa.gov](http://www.gsa.gov))." UFA policy does not indicate that meals need to be under the GSA Per Diem Rate; however, the GSA Per Diem Rate is a useful indicator of amounts spent on meals.

Our procedures and findings are as follows:

1. Review credit card charges and invoices for Chief Michael Jensen and Deputy Chief Gaylord Scott from 6/30/2011 – 7/31/2016 to find possible non-business related expenditures.

Michael Jensen – restaurant credit card purchases

We noted that during the period tested Michael Jensen's UFA credit card had 116 restaurant purchases for an average of 1.9 restaurant purchases per month.

Based on records provided, the average meal (including tax and tip) was over the GSA Per Diem Rate for 15 of these restaurant purchases, or approximately 13 percent of the time. Meals costing more than the GSA Per Diem Rate were purchased from the following restaurants:

Texas Roadhouse	Goodwood BBQ
The Cheesecake Factory	California Pizza Kitchen
Market Street Grill	Desert Edge
Olive Garden	Snowbird
Cantina Southwestern Grill	TGI Fridays
Mimi's Café	Su Casa

Based on the notes written on the receipts, Gaylord Scott and/or Ryan Perry attended these restaurants with Michael Jensen the majority of the time. Ryan Perry was not an employee of UFA; however, he was a part time employee of Unified Fire Service Area (UFSA). We inquired

of UFA's Finance Department and they stated there were no reimbursements from UFSA to UFA for Ryan Perry's meals.

Michael Jensen – other credit card purchases

We noted that during the period tested Michael Jensen's UFA credit card was charged the following amounts:

- \$1,650 in charitable contributions:
  - American Lung Association, \$300
  - National Fallen Firefighters Association, \$800
  - University of Utah Burn Camp, \$550

Gaylord Scott – restaurant credit card purchases

We noted that during the period tested Gaylord Scott's UFA credit card had 168 restaurant purchases for an average of 2.8 restaurant purchases per month.

Based on records provided, the average meal (including tax and tip) was over the GSA Per Diem Rate for 76 of these restaurant purchases, or approximately 45 percent of the time. Meals costing more than the GSA Per Diem Rate were purchased from the following restaurants:

Spencer's	The New Yorker
The Roof	Carvers
Market Street Grill	P.F. Chang's
Tucanos	Brio
Desert Edge	Z'Tejas
Little America Hotel	Hilton Food & Beverage
California Pizza Kitchen	Sizzler
Famous Dave's	Loco Lizard Cantina
Goodwood BBQ	Rancho de Tia Rosa
Longhorn Steakhouse	The Rio Grande
Tsunami	TGI Fridays
Joe's Crab Shack	Faustina
Applebee's	Olive Garden

Based on the notes written on the receipts, Michael Jensen and/or Ryan Perry attended these restaurants with Gaylord Scott the majority of the time. Ryan Perry was not an employee of UFA, however he was a part time employee of UFSA. We inquired of UFA's Finance Department, and they stated there were no reimbursements from UFSA to UFA for Ryan Perry's meals.

Gaylord Scott – other credit card purchases

We noted that during the period tested Gaylord Scott’s UFA credit card had purchases to the following stores:

- Apple Store, \$15,247 in total purchases, including:

2 iMacs	1 Macbook Pro
Windows for Mac	3 Apple Watches
1 GoPro Hero 3	4 Logitech Ultrathin keyboard covers
1 Plantronics Voyager wireless headset	1 Jawbone ERA 2.0 headset
1 Jabra Wave BT Mono headset	1 Jabra Sport BT headphones
1 Powerbeats 2 headphones	1 Jaybird Bluebuds X headphones
3 Apple USB Superdrives	1 Nightstand holder
1 G-Tech G-Drive mobile hard drive	2 AirPort Time Capsules
1 Belkin Charge Dock for iPhone and Apple Watch	1 Incase Reform computer bag

Cases, covers, cords, adapters, chargers, headphones, and other Apple accessories

- Inkley’s, \$3,114 in total purchases, including:

6 Olympus SZ-12 Cameras with accessories  
1 camera costing \$1,685

- Pictureline, \$2,196 in total purchases, including:

1 Nikon 70-300mm Nikon lens	1 Nikon lens filter
1 Nikon SB-910 Speedlight flash	1 Lowepro Magnum DV bag

Other camera accessories with SD cards

- Best Buy, \$2,017 in total purchases, including:

1 Garmin Nuvi 2460LMT GPS unit with accessories	1 Garmin Nuvi 2555LMT GPS unit with accessories
2 Big Jambox wireless speakers	1 iPad keyboard case cover
3 Samsung phone chargers	iPad Mini cases and cords
1 mobile device charging station	1 iPhone armband

Other Apple cases, chargers and accessories

According to UFA employees, after Gaylord Scott resigned, the majority of the equipment and items noted above were returned to UFA, or were located in Gaylord Scott’s UFA vehicle and office. UFA employees performing the inventory could not locate:

2 Apple USB Superdrives	3 Samsung phone chargers
1 G-Tech G-Drive mobile hard drive	1 Powerbeats 2 headphones
1 AirPort Time Capsule	1 Jaybird Bluebuds X headphones

It is possible that other employees have the above items. According to the UFA Finance Department these items individually were below the \$5,000 capitalization policy, and were not accounted for as capital assets.

According to the UFA Information Technology Department (IT) Gaylord Scott purchased many items external to the IT bureau so they were not tracked. Typically equipment purchases are made through the IT bureau and are tracked in the WASP Inventory system. IT will track any assets that can be re-assigned to other employees such as phones, tablets, cameras, and computers. According to IT, of the above equipment, they had record of the two iMacs.

We also noted that during the period tested Gaylord Scott's UFA credit card was charged the following amounts:

- \$2,800 for five separate golf tournaments.
  - \$2,335 to the Historical Armory for the purchase of two guns. According to the UFA Logistics Department, after Gaylord Scott resigned, the guns were returned to UFA.
  - \$1,715 to Skaggs and American Cowboy for uniform-type purchases. Employees are provided a uniform allowance.
  - \$1,610 in charitable contributions:
    - National Fallen Firefighters Association, \$510
    - University of Utah Burn Camp, \$1,100
2. Review travel related charges and invoices for Michael Jensen and Gaylord Scott from June 30, 2011 to July 31, 2016 to find possible non-agency travel related expenditures.

Michael Jensen - travel

Based on travel forms, receipts, credit card charges, and inquiry of UFA's Finance Department, we noted that during the period tested Michael Jensen attended 10 conferences, 5 of which were out of state. Per observation of travel receipts, we noted Michael Jensen arrived early or stayed beyond the meeting dates for two of these conferences, as listed below:

- A conference in Atlanta, Georgia from August 23 to August 27, 2011. Michael Jensen stayed in Atlanta from August 21 to August 24, 2011. Michael Jensen received a per diem for meals from August 21 to August 24, 2011 (August 21 and August 24 were pro-rated amounts).
- A conference in Anaheim, California from December 2 to December 4, 2014. According to UFA employees, one day of this conference was designated for fire chiefs but fire chiefs were welcomed for the other two days, if they chose to attend. Based on gas card receipts, Michael Jensen drove his UFA vehicle to this conference. Michael Jensen indicated that he visited two fire departments in California the day before the conference and one fire department the day after the conference. According to UFA employees, Michael Jensen had family members travel with him. According to Michael Jensen, he visited Disneyland after work hours. Hotel receipts indicated Michael Jensen stayed in Anaheim from November 29 to December 7, 2014 (Marriott for two nights, a Hilton for five nights, and back to the Marriott for an additional night). UFA employees indicated that the additional one night charge at the Marriott was due to cancelling the original reservation without enough notice. Gas card receipts indicated Michael Jensen traveled home on December 6, 2014. Michael Jensen received a per diem for meals from November 30 to December 7, 2014 (November 30 and December 7 were pro-rated amounts).

We noted that for 5 of these 10 conferences, the hotel base room cost was \$50 per night above the GSA Per Diem Rate for the city and date. We did not include the cost of parking, taxes, or other charges.

Based on travel forms, receipts, credit card charges, and inquiry of UFA's employees (current and former), we noted four additional out of state business trips that Michael Jensen took that were not related to a conference, one of which was paid for by UFSA and will not be addressed in this report. The dates, locations and reasons for these trips were:

- Phoenix, Arizona – six nights, Michael Jensen flew down March 4 and flew back March 10, 2013. Michael Jensen received a per diem for meals from March 4 to March 8, 2013 (March 4 and March 8 were pro-rated amounts). Michael Jensen's Travel Reimbursement Form indicated that the hotel was paid for by Zwick Construction; however, it was noted that a UFA Assistant Chief's UFA credit card paid for this hotel. Two other UFA employees (Mike Kelsey and Marlon Jones) drove to Phoenix to attend this meeting with Zwick Construction. Ryan Perry (part-time UFSA employee) also attended. UFA inquired of an employee from Zwick Construction who stated that Zwick Construction did not reimburse UFA, UFSA, or individual travelers for lodging or travel expenses. Zwick Construction also provided a schedule of events and based on the employee's best recollection, the events were as follows:
  - Tuesday, March 5, 2013 – minor league/spring training baseball game paid for by Zwick Construction. Zwick Construction also paid for breakfast and dinner (in addition to the per diem provided by UFA).
  - Wednesday, March 6, 2013 – visited eight or nine stations with a Phoenix architect and Zwick Construction. Dinner that night was paid for by Gaylord Scott's UFA credit card (in addition to the per diem provided by UFA).
  - Thursday, March 7, 2013 – Zwick Construction paid golf fees for two UFA employees (Mike Kelsey and Marlon Jones). Michael Jensen did not attend.
- Cleveland, Ohio – three nights, from May 20 to May 23, 2012. Toured a plant that manufactures turnout gear. Michael Jensen received a per diem for meals from May 19 to May 23, 2012 (May 19 and May 23 were pro-rated amounts).
- St. Louis, Missouri – three nights, from January 14 to January 17, 2014. Presented the history of UFA and the creation of the fire district (currently UFSA) for two fire departments in St. Louis. Per inquiry of employees from both fire departments in St. Louis, the St. Louis fire departments did not pay for any travel costs, with the exception of one meal. Michael Jensen received a per diem for meals from January 14 to January 17, 2014 (January 14 and January 17 were pro-rated amounts). Ryan Perry (a former part-time UFSA employee) also flew to St. Louis to attend this presentation.

We noted that for one of these four business trips, the hotel base room cost was \$50 per night above the GSA Per Diem Rate for the city and date. We did not include the cost of parking, taxes, or other charges.

Michael Jensen's UFA credit card paid for two hotel rooms at the Hilton in Salt Lake City, Utah on the dates noted below:

- March 9, 2014 – per the hotel receipt, Michael Jensen occupied the room.
- February 2, 2015 – no receipt can be located; therefore, we are unsure who occupied the room.

Gaylord Scott - travel

Based on travel forms, receipts, credit card charges, and inquiry of UFA's Finance Department, we noted that during the period tested Gaylord Scott attended 20 conferences, 14 of which were out of state. Per observation of travel receipts, we noted Gaylord Scott arrived early or stayed beyond the meeting dates for six of these conferences, as listed below:

- A conference in Atlanta, Georgia from August 23 to August 27, 2011. Gaylord Scott stayed in Atlanta from August 21 to August 28, 2011. Gaylord Scott received a per diem for meals from August 21 to August 28, 2011 (August 21 and August 28 were pro-rated amounts).
- A conference in Denver, Colorado from August 1 to August 4, 2012. Gaylord Scott stayed in Denver from July 28 to August 4, 2012. Gaylord Scott received a per diem for meals from July 29 to August 5, 2012 (July 29 and August 5 were pro-rated amounts).
- A conference in the Washington, D.C. area from October 22 to October 25, 2012. Gaylord Scott stayed in the area from October 20 to October 28, 2012. Gaylord Scott received a per diem for meals from October 20 to October 28, 2012 (October 20 and October 28 were pro-rated amounts).
- A conference in Chicago, Illinois from August 13 to August 17, 2013. Gaylord Scott stayed in Chicago from August 11 to August 18, 2013. Gaylord Scott received a per diem for meals from August 11 to August 18, 2013 (August 11 and August 18 were pro-rated amounts).
- A conference in Dallas, Texas from August 13 to August 16, 2014. Gaylord Scott stayed in Dallas from August 10 to August 17, 2014. Gaylord Scott received a per diem for meals from August 10 to August 17, 2014 (August 10 and August 17 were pro-rated amounts).
- A conference in Anaheim, California from December 2 to December 4, 2014. Gaylord Scott stayed in Anaheim from November 30 to December 5, 2014. Gaylord Scott received a per diem for meals from November 30 to December 7, 2014 (November 30 and December 7 were pro-rated amounts).

We noted that for 9 of these 20 conferences the hotel base room cost was \$50 per night above the GSA Per Diem Rate for the city and date. We did not include the cost of parking, taxes, or other charges.

Based on travel forms, receipts, credit card charges, and inquiry of UFA's Finance Department, we noted three additional out of state trips that Gaylord Scott took that were not related to a conference, one of which was paid for by UFSA and will not be addressed in this report. The dates, locations and reasons for these trips were:

- Phoenix, Arizona – six nights, Gaylord Scott flew down March 4 and flew back March 10, 2013. Gaylord Scott received a per diem for meals from March 4 to March 8, 2013 (March 4 and March 8 were pro-rated amounts). Gaylord Scott's Travel Reimbursement Form indicated that the hotel was paid for by Zwick Construction; however, it was noted that a UFA Assistant Chief's UFA credit card paid for this hotel. Two other employees (Mike Kelsey and Marlon Jones) drove to Phoenix to attend this meeting with Zwick Construction. Ryan Perry (part-time UFSA employee) also attended. UFA inquired of an employee from Zwick Construction who stated that Zwick Construction did not reimburse UFA, UFSA, or individual travelers for lodging or travel expenses. Zwick Construction also provided a schedule of events and based on the employee's best recollection, the events were as follows:
  - Tuesday, March 5, 2013 – minor league/spring training baseball game paid for by Zwick Construction. Zwick Construction also paid for breakfast and dinner (in addition to the per diem provided by UFA).
  - Wednesday, March 6, 2013 – visited eight or nine stations with a Phoenix architect and Zwick Construction. Dinner that night was paid for by Gaylord Scott's UFA credit card (in addition to the per diem provided by UFA).
  - Thursday, March 7, 2013 – Zwick Construction paid golf fees for two UFA employees (Mike Kelsey and Marlon Jones). Gaylord Scott did not attend.
- Cleveland, Ohio – three nights, from May 20 to May 23, 2012. Toured a plant that manufactures turnout gear. Gaylord Scott received a per diem for meals from May 19 to May 23, 2012 (May 19 and May 23 were pro-rated amounts).
- St. Louis, Missouri – three nights, from January 14 to January 17, 2014. Presented the history of UFA and the creation of the fire district (currently UFSA) for two fire departments in St. Louis. Per inquiry of employees from both fire departments in St. Louis, the St. Louis fire departments did not pay for any travel costs, with the exception of one meal. Gaylord Scott received a per diem for meals from January 14 to January 17, 2014 (January 14 and January 17 were pro-rated amounts). Ryan Perry (a former part-time UFSA employee) also flew to St. Louis to attend this presentation.

Based on receipts, we noted Gaylord Scott rented a vehicle in several cities while attending a conference. We noticed significant miles driven on the rental car, as follows:

- Rental vehicle was driven 485 miles during a conference in Atlanta, Georgia in August 2011. No expense was noted for fuel on Gaylord Scott's UFA credit card nor was a reimbursement for fuel noted on his Travel Return Form.
- Rental vehicle was driven 944 miles during a conference in Emmitsburg, Maryland in September 2011. Gaylord Scott's UFA credit card was charged for fuel three times for a total of \$115.05.

- Rental vehicle was driven 591 miles during a conference in Indianapolis, Indiana in April 2013. Gaylord Scott's UFA credit card was charged for fuel one time for a total of \$59.70.
- Rental vehicle was driven 1,035 miles during a conference in Chicago, Illinois in August 2013. Gaylord Scott's UFA credit card was charged for fuel three times for a total of \$131.05 and an additional fuel charge of \$85.78 when the vehicle was returned.
- Rental vehicle was driven 510 miles during a conference in Dallas, Texas in August 2014. Gaylord Scott's UFA credit card was charged for fuel one time for a total of \$51.52.

Gaylord Scott's credit card paid for eight hotel rooms at the Hilton in Salt Lake City, Utah on the dates noted below:

- April 20, 2013 – four rooms. Per the hotel receipt, one of the rooms was occupied by Gaylord Scott and one of the rooms was occupied by Michael Jensen.
- March 9, 2014 – two rooms. Per the hotel receipt, one of the rooms was occupied by Gaylord Scott.
- January 30, 2015 – two rooms. Per the hotel receipt, one of the rooms was occupied by Gaylord Scott.

3. Review the dates of conferences attended by Michael Jensen and Gaylord Scott in an attempt to determine actual attendance and additional travel costs beyond conference dates.

We do not have any evidence to prove or disprove whether Michael Jensen or Gaylord Scott traveled to a conference or whether they attended all of the meetings. We inquired of UFA employees who traveled with Michael Jensen and Gaylord Scott to these conferences and based upon the information they provided:

- Michael Jensen and Gaylord Scott may not have attended all of the meetings at a conference in Atlanta, Georgia in 2011.
- Michael Jensen and Gaylord Scott may not have attended all of the meetings when they traveled to St. George, Utah for annual training. We noted annual meetings in St. George from 2012 through 2016.
- Gaylord Scott may not have attended all of the meetings at a conference in New York City, New York in 2011.
- Gaylord Scott may not have attended all of the meetings at a conference in Las Vegas, Nevada in 2015.

4. Review gas card charges for Michael Jensen and Gaylord Scott from June 30, 2011 to July 31, 2016 to find possible non-agency gas purchases. We will look for unusual trends and inquire of employees as to their knowledge of potential abuse.

Michael Jensen – gas card

We noted that during the period tested that vehicles consistently used by Michael Jensen had been driven 89,960 miles for an average of 17,992 miles per year (or an average of 360 per week, assuming he worked 50 weeks per year, or 72 miles per day, assuming a five-day workweek). Fuel purchases for those vehicles totaled to \$16,618 for an average of \$3,324 per year. During the same period, 27 (5.4 per year) car washes were purchased at a cost of \$479 (\$96 per year).

Gaylord Scott – gas card

We noted that during the period tested that vehicles consistently used by Gaylord Scott had been driven 144,692 miles for an average of 28,938 miles per year (or an average of 578 per week, assuming he worked 50 weeks per year, or 115 miles per day, assuming a five-day workweek). Fuel purchases for those vehicles totaled to \$30,281 averaging \$6,056 per year. During the same period, 181 (36.2 per year) car washes were purchased at a cost of \$2,411 (\$482 per year).

Our recommendations to UFA are as follows:

1. We recommend that UFA designate an employee as an *internal auditor*. This employee should have adequate accounting/auditing experience. The *internal auditor* would report directly to the UFA Board of Trustees (UFA Board) and review and approve all credit card purchases, all travel-related purchases, and all gas card transactions. The UFA Board would be responsible to hire, perform annual reviews, and terminate the *internal auditor*. No employee, including the Fire Chief, would have the authority to terminate the *internal auditor*.
2. We recommend that UFA purchase computer equipment, camera equipment, cell phones, and similar equipment through the applicable department, following the normal procurement policies, for all employees.
3. We recommend that the UFA Board approve all business meetings where UFA pays for meals. The UFA Board should require that a summary of the meetings be provided. This could be accomplished through a policy or on an individual basis. The *internal auditor* could ensure compliance with the policy, and report findings to the UFA Board.
4. We recommend that the UFA Board oversee all travel related expenditures of management personnel. We recommend that the UFA Board as a whole determine the travel that is beneficial to UFA and have authority to approve or decline travel. Management would then report to the UFA Board on what was gained from each business trip. This could help reduce possible excess travel costs and focus on the travel that is most beneficial to UFA.
5. We recommend that UFA does not offer employees a per diem for meals when the meal is being provided by the conference the employee is attending.
6. We recommend that all charitable contributions and golf tournaments are reviewed and approved by the UFA Board.
7. During our testing, we noted that policies were changed by management without UFA Board approval. This provided an opportunity for management to manipulate policy for their benefit. Using this ability to manipulate policies, management could make or change policies to allow them to misuse UFA's funds and still be following the stated policy. For example, we noted that UFA's travel policy states, "The Fire Chief or Deputy Chief reserve the right to grant exceptions or override any part(s) of the travel policy as they feel necessary for the efficiency or benefit of UFA." We recommend that the UFA Board review and approve all UFA rules, policies, and procedures, and that these policies apply to all employees.

8. If an employer-provided vehicle is used for both business and personal purposes, personal use is taxable to the employee as wages. Management should determine the value of this possible fringe benefit and withhold the corresponding tax from employees' wages to be compliant with IRS regulations. IRS publication 15b states: "A fringe benefit is a form of pay for the performance of services. For example, you provide an employee with a fringe benefit when you allow the employee to use a business vehicle to commute to and from work." There is an exception in IRS publication 15b for qualified nonpersonal use vehicles. Management should withhold tax for this fringe benefit or determine that each employee's vehicle meets this exception.
9. Based on IRS regulations, certain meals provided by employers may be taxable fringe benefits. Due to the significant number of meals purchased for employees, it is possible that some of them fall into this category. Management should determine if these meals are taxable fringe benefits and withhold the corresponding tax from employees' wages as necessary.
10. We recommend that management implement a more detailed process to properly separate UFSA expenses from UFA expenses. When Michael Jensen and Gaylord Scott are traveling to get ideas to build fire stations (Phoenix, AZ), or to consult with fire departments (St. Louis, MO), or to visit fire stations to gain additional knowledge (Anaheim, CA), a process should be in place to determine which entity these expenditures belong to and allocate it accordingly. A similar process should be implemented with business lunches.
11. During our testing we were made aware of similar spending and/or travel expenses of other employees of UFA. As a result, we recommend UFA arrange for similar tests to be performed regarding other employees.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of UFA and is not intended to be and should not be used by anyone other than those specified parties.

*Keddington & Christensen, LLC*

December 20, 2016