

A REPORT  
TO THE CITIZENS OF SALT LAKE COUNTY  
BEN McADAMS, MAYOR



An Audit of the Key Controls of  
Columbus Senior Center

July 02, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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July 02, 2013

Ben McAdams, Mayor  
Salt Lake County  
2001 S State St #N2100  
Salt Lake City, UT 84114-4575

Re: An Audit of the Key Controls of Columbus Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Columbus Senior Center in compliance with Utah Code Ann. § 17-19a-204. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that we have identified as key to good financial management. We also sought to identify areas of material risk to determine whether we should commit more of our limited resources in further auditing or investigation. A report of our findings and recommendations is attached.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that the system of internal controls was adequate. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may also be instances of noncompliance in areas not examined.

We appreciate the time spent by the staff at Columbus Senior Center and the cooperation from Penny L. White, Facility Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Columbus Senior Center during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins  
Salt Lake County Auditor

By Anita C. Kasal  
Deputy Auditor

cc: Sarah Brenna, Division Director  
Jessica Montgomery, Fiscal Manager  
Traci Lee, Centers Program Manager  
Emma Houston, Assistant Centers Program Manager  
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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Columbus Senior Center. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that are key to good financial management. We also sought to identify areas of material risk.

## Conclusion

Columbus Senior Center has put into place key internal controls for managing public funds, safeguarding public assets, and payroll reporting. Most risks identified were minor and would not be expected to result in the material loss of County assets. Deficiencies in cash receipting and the tracking and recording of controlled assets have a higher likelihood of leading to loss of County property.

## Findings, Recommendations, and Management Responses

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### ***Finding # 1 - Receipts were not numbered.***

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#### **Risk Level: Moderate**

Countywide Policy #1062 "Management of Public Funds," Section 3.5.3 states:

"If a County Agency uses manual receipts, they shall be pre-numbered and used in numerical order. All remittances shall be receipted in the manner indicated on the prescribed form of pre-numbered receipts. Each receipt shall be filled out completely."

Receipts were being generated manually using a template on the computer and did not meet policy guidelines for either electronic or manual receipting.

When Aging Services fails to provide a sequential set of numbers for receipting payments, then funds are at a greater risk of being lost, stolen, or diverted for personal use.

#### ***Recommendation***

We recommend that Aging Services provide receipts that are pre-numbered, issued sequentially, and if issued manually, in triplicate format.

#### ***Management Response***

All Senior Center Managers were asked to purchase pre-numbered receipt books in triplicate form. The Assistant Program Manager will meet with the Senior Center Manager and correct this finding by June 30, 2013.

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***Finding # 2 - The controlled asset inventory list for Columbus Senior Center was not accurately maintained.***

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**Risk Level: Moderate**

Countywide Policy #1125 "Safeguarding Property/Assets," Section 2.2.3 under Property Manager's Duties requires the Property Manager to:

"Maintain records as to current physical location of all fixed assets and controlled assets within the organization's operational and/or physical custody."

The controlled asset inventory list contained assets that had been sent to surplus, transferred, or were otherwise no longer at the Columbus Senior Center. These controlled assets were picked-up by Surplus in April 2009 (as noted by Center Manager).

When controlled asset inventory lists are not updated for four years, assets are at a greater risk of being lost, stolen or diverted for personal use.

***Recommendation***

We recommend that the property manager maintain an accurate inventory list.

***Management Response***

Aging Services is in the process of implementing a new inventory system. Agency-wide procedures will be introduced with the new controlled asset system to identify property managers and responsibilities. Agency wide identification of assets with the new controlled asset system is scheduled to begin June 30, 2013.

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***Finding # 3 - Unwanted controlled assets were not properly disposed of in a timely manner.***

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**Risk Level: Moderate**

Countywide Policy #1125 "Safeguarding Property Assets," Section 2.3.3 requires:

"When employees determine property they are using is no longer needed it should be disposed of under supervision of the Property Manager in accordance with Countywide Policy 1100 on Surplus Property."

The Center Manager determined two years ago that several assets were no longer needed. She notified the administration at the time, but the items are still stockpiled in a corner of her office.

The Center Manager indicated she has no funds in her budget to cover the cost of having the assets moved to surplus. She also indicated that administration has decided to leave the assets at her location.

When unneeded assets are not surplused in a timely manner, County assets are not adequately protected against loss through theft, misuse, and abuse.

***Recommendation***

We recommend that the property manager dispose of unneeded assets in a timely manner.

***Management Response***

The Assistant Program Manager will meet with the Senior Center Manager to correct this issue and ensure compliance by June 30, 2013.

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***Finding # 4 - The deposit was not submitted in a sealed, plastic, tamper-proof deposit bag.***

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**Risk Level: Low**

Countywide Policy #1062 "Management of Public Funds," Section 4.3.1 states:

"Agencies will submit their daily deposits in a sealed, plastic, tamper-proof deposit bag."

The Columbus Senior Center was not placing their bank deposits in a sealed, plastic, tamper-proof deposit bag.

When deposits are not submitted in a sealed, plastic, tamper-proof deposit bag, then funds are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that Columbus Senior Center use Aging Service's approved sealed, plastic, tamper-proof deposit bag.

***Management Response***

The Assistant Program Manager will meet with the Senior Center Manager to ensure compliance by June 30, 2013.

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***Finding # 5 - Aging Services had no record of the April 2009 PM-2 form.***

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**Risk Level: Low**

Countywide Policy #1100 "Surplus Property Disposition / Transfer / Internal Sale," Section 3.5 states:

"The transferring organization has the responsibility to see that the form is initiated, fully completed, properly signed, and that a copy is provided to the transferring organization, the receiving organization, and to the County Auditor [Mayor's Finance]. If adequate information is provided with the PM-2 form, then the responsibility for the property will pass to the receiving organization or will be a valid consignment to the surplus property agent."

Neither the Aging Services property manager nor the Columbus Senior Center manager could produce a copy of the PM-2 form for the controlled assets moved in April 2009.

When asset transfers, disposals, or sales are not properly documented, transfers cannot be processed and responsibility for the asset will remain with the transferring organization.

***Recommendation***

We recommend using Form PM-2 when transferring, disposing, or selling assets and that the transferring organization retain a copy for their records.

We recommend that Aging Services Property Manager work with the Columbus Senior Center Manager to obtain a copy of the April 2009 PM-2 form and use that form to update the controlled asset inventory list.

***Management Response***

Agency wide procedures will be introduced with the new controlled asset system. Designated property managers will be retrained on the use of PM-2 forms for the surplus of all agency assets. Agency wide property manager training is anticipated to begin July 15, 2013.

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***Finding # 6 - Receipts were not issued to patrons for payments remitted.***

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**Risk Level: Low**

Countywide Policy #1062 "Management of Public Funds," Section 3.1.2 states:

"All persons remitting payments in the form of currency, check, money order or other negotiable instrument; or by payment card to Salt Lake County, in person 'over-the-counter,' shall be issued a receipt documenting the payment."

Receipts were not provided to patrons under the age of 60 paying for lunch or to patrons purchasing Chuck-A-Rama tickets.

Receiving payments without issuing a receipt increases the risk of funds being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that receipts be issued to patrons for all over-the-counter payments.

***Management Response***

The Assistant Program Manager will meet with the Senior Center Manager to resolve this issue by June 30, 2013.



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***Finding # 7 - A review signature was not consistently found on the deposit reconciliation sheet.***

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**Risk Level: Low**

Countywide Policy #1062 "Management of Public Funds," Section 4.2.2 states:

"The "master" balance sheet shall be reviewed and reconciled to the bank deposit slip, and signed by another employee designated by Agency Management; and if possible, by an individual with equal or higher authority than the individual who prepared the deposit."

A signature representing a review by the center manager was only present about half of the time on the deposit reconciliation sheet.

When reviews for the deposit reconciliation sheet and the bank's deposit slip have not been documented by a second person (if possible, by an individual with equal or higher authority) then funds are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that a review of the deposit reconciliation sheet and the bank's deposit slip be consistently performed by an individual not involved in the deposit preparation.

***Management Response***

The Assistant Program Manager will meet with the Senior Center Manager to correct this issue and ensure compliance by June 30, 2013.

## **Additional Information**

### **Background**

The Columbus Senior Center is a part of the Salt Lake County Aging Services Division and is located at 2531 South and 400 East, in Salt Lake City. The Columbus Senior Center provides seniors with social and learning opportunities, including: meals, classes, computer access, and activities.

### **Scope**

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Change fund
- Petty Cash and Imprest Accounts
- Cash Receipting
- Cash Depositing
- Credit / Debit Card
- Capital and Controlled Assets and Software Inventory
- Financial Computer Controls
- Purchasing Card Use
- Payroll Practices

Our examination period covered up to twelve months ending March 31, 2013. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices.