

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



An Audit of the Key Controls of
Tenth East Senior Center

October 18, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

Audit reports are available at
<http://www.saltlakecountyauditor.org/site/audit/>



October 18, 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 Tenth East Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Tenth East 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 Tenth East Senior Center and the cooperation from Emma Houston, Assistance Centers Program Manager, and John Bennett, Center Supervisor, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Tenth East 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, Administrative and Fiscal Manager
Traci Lee, Center Program Manager

GREGORY P. HAWKINS
Salt Lake County Auditor

LONN LITCHFIELD, JD, LL.M.
Chief Deputy Auditor

2001 South State Street, N3300
PO Box 144575
Salt Lake City, UT 84114-4575

(385) 468-7200
(385) 468-7201 / fax
GHawkins@slco.org



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Tenth East 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

The Tenth East Senior Center has put into place several 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 the controlled asset inventory and the purchasing card documentation have a higher likelihood of leading to loss of County property.

Findings and Recommendations

Finding # 1 - The bank statements for the purchasing card were not found in the cardholder records.

Risk Level: Moderate

Countywide Policy #7035, "Purchasing Cards Authorization and Use," Section 6.6 states that:

"County records, including itemized receipts, quotes, and other supporting documentation discussed in this policy, will be maintained...Therefore, these supporting documents and materials shall be retained according to the general accounting retention schedule either on-site or at the County Records' storage warehouse."

A twelve month review of purchasing card documentation showed that no bank statements had been retained.

When bank statements are missing from the cardholder records, documentation is incomplete, and funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Tenth East Senior Center cardholder retain their purchasing card bank statements with their records.

Finding # 2 - A purchasing card receipt for food had no County Meal authorization.

Risk Level: Moderate

Countywide Policy #1020, "County Meals," states in the Purpose that:

"If meals, refreshments, or other food are served at functions where only employees attend, the food should not be provided at County expense, unless specifically approved by the Elected Official or as authorized by the Department Director."

A receipt from The Pie Pizzeria for food had no County Meal authorization.

When meals are purchased without proper authorization, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Tenth East Senior Center purchasing cardholder obtain the Department Director's authorization before any meal is purchased.

Finding # 3 - The purchasing cardholder was missing receipts for purchases.

Risk Level: Moderate

Countywide Policy #7035, "Purchasing Cards Authorization and Use," Section 6.1 states:

"Original itemized receipts showing the detail of the goods and/or services purchased shall be retained and maintained for inspection by the Cardholder. The Cardholder shall provide the Agency fiscal manager unrestricted access to the receipts for review."

The Tenth East Senior Center purchasing cardholder was missing 6 receipts for purchases during the first quarter of 2013.

When purchasing card transactions are not documented by receipts, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Tenth East Senior Center retain all detailed receipts with their purchasing card documentation.

Finding # 4 - A voided receipt was not reviewed by a supervisor.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section #3.7.3 states:

"A supervisor who was not involved with the transaction will review and sign one copy of the voided receipt, along with the cashier who initiated the void. All voided receipts will be attached to the daily cash balance sheet for audit purposes."

There was only one voided transaction during the 30 day review and it was missing the supervisor's signature.

When voided receipts are not reviewed, and signed by a supervisor, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that a supervisor review and sign all voided receipts.

Finding # 5 - The controlled assets assigned to employees were not properly documented.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Section 4.3 and 4.3.1 states that:

"The Property Manager shall maintain records to manage controlled assets using the following forms... 'Controlled Assets Inventory Form - Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual."

The "Controlled Asset Inventory Form - Employee" was not being used to document employee's assigned controlled assets.

When accountability for assets is not fully established, assets are at a greater risk of being lost or stolen.

Recommendation

We recommend that the "Controlled Asset Inventory Form - Employee" be used to document employee's assigned controlled assets.

Finding # 6 - Cashiers did not consistently sign a transfer log when moving the change fund to and from the safe.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 2.7.3 states:

"Cashiers shall sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the change fund from the safe or lockbox; and return the fund to the safe or lockbox."

The daily change fund movement to and from the safe was not consistently recorded on the MPF Form 7 log. During June, 2013 the Fund Transfer Ledger shows only two entries.

When accountability for funds is not documented, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Tenth East Senior Center cashiers sign the transfer log each time the change fund is moved to and from the safe.

Additional Information

Background

The Tenth East Senior Center is a part of the Salt Lake County Aging Services Division and is located at 237 South 1000 East, Salt Lake City, Utah. The Center recently celebrated its 50th anniversary of providing services to seniors by offering 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 June 30, 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.

Management response to findings in this report, when received, will be attached as Appendix A.



October 9, 2013

Ben McAdams
Salt Lake County Mayor

Lori Bays
Human Services
Department Director

AGING SERVICES

Sarah Brenna
Aging Services Division Director

Information & Referral
385-468-3200

*"Helping you
navigate the transitions
of aging"*

Anita C. Kasal
Salt Lake County Auditor
2001 South State Street, N3300
PO Box 144575
Salt Lake City, Utah 84114-4575

Re: Audit of Tenth East Senior Center

Dear Anita,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated October 1, 2013.

Finding #1 – The bank statements for the purchasing card were not found in the cardholder records.

- A. The Program Manager was aware of inaccurate purchasing card records and was in the discipline process with the purchasing cardholder. The purchasing cardholder no longer works for Aging Services.

Finding #2 – A purchasing card receipt for food had no County Meal authorization.

- B. The Program Manager was aware of inaccurate purchasing card records and was in the discipline process with the purchasing cardholder. The purchasing cardholder no longer works for Aging Services.

Finding #3 – The purchasing card holder was missing receipts for purchases.

- C. The Program Manager was aware of inaccurate purchasing card records and was in the discipline process with the purchasing cardholder. The purchasing cardholder no longer works for Aging Services.

Finding #4 – A voided receipt was not reviewed by a supervisor.

- D. The Program Manager has met with the Acting-In Senior Center manager to review the policy regarding signing voided receipts. The Acting-In Senior Center manager will review the policy with the Tenth East staff. The Program Manager will also review the policy with all Senior Center Managers.

Finding #5 – The controlled assets assigned to employees were not properly documented.

- E. The Program Manager has met with the Acting-In Senior Center Manager; employee specific inventory has been completed for all County employees at the Tenth East Senior Center.

Finding #6 – Cashiers did not consistently sign a transfer log when moving the change fund to and from the safe.

- F. The Program Manager has met with Roger Larsen, Auditor’s Office, to discuss proper controls of the change fund. It was determined that Aging Services has controls in place by using the MPF 7 which identify the employee who has control and responsibility of the change fund. The MPF 7 has been implemented consistently since February of 2013.

Thank you for your assistance and support. Please feel free to contact us with any questions or concerns.

Sincerely,



Sarah Brenna
Director

cc: Jessica Montgomery, Fiscal Manager
Dwight Rasmussen, Aging Services Associate Director
Traci Lee, Active Aging Program Manager
Emma Houston, Active Aging Assistant Program Manager