

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



An Audit of the Key Controls of  
Youth Services Shelter Care Programs

March 25, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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March 25, 2014

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 Youth Services Shelter Care Programs

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Youth Services Shelter Care Programs 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 Youth Services Shelter Care Programs and the cooperation from Elizabeth Bayler, Ann Stoddard, Cara Stephens, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Youth Services Shelter Care Programs 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 Todd Livingston  
Deputy Auditor

cc: Pat Berckman, Division Director  
Elizabeth Bayler, Fiscal Manager  
Cara Stephens, Program Manager





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Youth Services Shelter Care Programs. 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

Youth Services Administration, and Management overseeing the Youth Services Shelter Care program, have put into place key internal controls for managing public funds, safeguarding public assets, and accessing sensitive information. Our findings in this area related to petty cash. Funds available could be reduced and/or consolidated based on use during the period examined, and petty cash vouchers were not filled out completely. A report of the last audit of Youth Services Shelter Program was released to the public in October 2013.

## Findings and Recommendations

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***Finding # 1 - Authorized petty cash fund balances were excessive.***

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### **Risk Level: Low**

Countywide Policy #1203, "Petty Cash and Other Imprest Funds," Section 3.1.4 states:

"The requested imprest amount should be sufficient to provide adequate operating funds for 2 months."

A previous audit conducted in 2013 found that petty cash funds on hand for 2012 were sufficient for over 6 months of expenditures. A retest of this petty cash fund for 2013 expenditures showed that one account was reimbursed once for a total of \$184.92, representing average monthly expenditures of \$15.41. Another account was reimbursed three times for a total of \$202.84, representing average monthly expenditures of \$16.90, and a third account was reimbursed twice for a total of \$284.36, representing average monthly expenditures of \$23.70. Funds on hand were sufficient for 25, 23, and 12 months of expenditures, respectively.

Petty cash is tightly controlled at Youth Services. Staff is encouraged to use the purchasing system or purchasing cards wherever possible. The result has been a decreased reliance on petty cash.

Excess funds are at greater risk for misappropriation. In addition, interest is lost on amounts that could be deposited.

***Recommendation***

We recommend that the Youth Services Shelter Care Programs review and reduce the petty cash fund amount.

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***Finding # 2 - Petty cash vouchers were not filled in completely.***

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**Risk Level: Low**

Countywide Policy #1203, "Petty Cash and Other Imprest Funds," Section 4.6.2 states:

"Petty cash may be released prior to the purchase, or the employee/Payee may be reimbursed after the purchase. In either case, vouchers shall be filled in completely, prior to releasing any cash, indicating the amount released, date, item(s) description, and the reason for the expenditure. The voucher shall be signed by the employee/Payee and approved by the Custodian, as indicated by his/her signature."

Out of 30 petty cash vouchers reviewed for 2013, 7 were not signed by the employee receiving the funds, and one was not signed by the Custodian.

When petty cash vouchers are not filled in completely, County funds are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that petty cash vouchers be filled in completely, prior to releasing any cash.

## **Additional Information**

### **Background**

Youth Services provides safe, temporary residences, for children in custody of the Utah Division of Child and Family Services (DCFS) because of suspected abuse, neglect or dependency. Youth Services Shelter Care program operates three shelters:

- The Christmas Box House
- Boy's Group Home
- Girl's Group Home

The Christmas Box House has space for 34 children, ages 0 to 11, and operates 24 hours a day, 7 days a week. The shelter represents a partnership between Youth Services and the non-profit organization, Christmas Box International (CBI). CBI donated the building, which Youth Services staffs and operates. CBI also handles fundraising for basic needs and recreation. In return, CBI staff have office space on site.

The Boys Group Home and Girls Group Home each have space for 16 youth, ages 11 to 18, and also operate 24 hours a day, 7 days a week. Youth receive health, medical and dental screening. They are also provided with the opportunity to learn new skills, take classes, perform community service and participate in off-site activities. Many of the courses and activities are made possible through community donations and volunteers.

### **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 December 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.

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







March 18, 2014

Roger K Larsen  
Audit Division Director  
Salt Lake County Auditor  
2001 South State Street N3300  
Salt Lake City, Utah 84114-4575

RE: Audit of Salt Lake County Youth Services Shelter Care programs

Dear Roger:

Following is the Division of Youth Services response to the Key Control Audit conducted by your office and the findings noted in the report dated February 5, 2014.

*Finding #1- Authorized petty cash fund balances were excessive.*

While the use of the County purchasing system or purchasing cards are preferred and encouraged, the petty cash fund is available for emergency purposes. Petty cash is tightly controlled. There is no way to predict the nature of an emergency. In Youth Services' history, emergencies can vary from needing to provide medication to food for a restricted diet to basic clothing. The petty cash fund assigned to the Administration programs is for emergency or normal petty cash purposes and is, in reality, utilized by all programs if the petty cash custodian assigned to any one program is out or unavailable. In addition, the petty cash fund itself is strictly safeguarded. At this time, a reduction in the amount of the fund would be imprudent given the possible dramatic fluctuations in need.

*Finding #2- Petty cash vouchers were not filled in completely.*

It is my understanding from speaking with the auditor who performed this review that the petty cash vouchers that were noted as not signed in this finding, were the copies of the vouchers still in the custodians voucher book. All vouchers submitted to the fiscal office for reimbursement requests are reviewed thoroughly for completeness and accuracy. For an unknown reason this particular custodian began removing the voucher from the book before filling it out. Further training has been provided to this custodian to avoid this circumstance in the future.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Pat Berckman'.

Pat Berckman  
Division Director

Cc: Elizabeth Bayler, Fiscal Manager  
Roger Gisseman, Youth Services Associate Director