

**Salt Lake County Auditor's Office**

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Dear Dr. Vedder:

We recently completed an unannounced count of the petty cash and change funds at the Salt Lake City Public Health Center (SLCPHC), South Main Public Health Center, City-County Medical Assessment Center (CCMAC), and Vital Records. We also conducted a review of cash receipting and depositing, and fixed and controlled assets for each location. We will be continuing these same efforts at other clinics with an anticipated letter or report to follow that details any findings and recommendations there.

Cash handling and fixed and controlled assets management are generally adequate but we found some areas where improvements are needed. Major findings and recommendations are discussed below.

**CASH RECEIPTING AND DEPOSITING**

During our review of the cash receipting and depositing process, we found several items that should be improved.

- ! Some SLCPHC deposits were not made in a timely manner.**
- ! Daily transaction summary totals in the Office of Vital Records did not agree to deposits.**
- ! The CCMAC change fund is ten dollars short.**
- ! Cancer screening no-charge transactions are not always approved according to office practice.**
- ! The over/short logs contain mistakes and are not always completed at CCMAC.**

**! Adequate check guarantee procedure is not used when accepting personal checks.**

**Some SLCPHC deposits were not made in a timely manner.** In our review of cash receipting and depositing at the SLCPHC, we found delays ranging from two to six days in depositing cash collections of \$250 or more. Funds that are not deposited on the day they are collected are more susceptible to conversion to personal use. Also, those funds which are not deposited in a timely manner lose interest earnings that would otherwise be gained from short-term investments.

SLCPHC deposits are placed in a second floor safe to be retrieved by an armored car service and taken to the bank. According to clinic supervisors, delays occurred because only one person was attending the reception area and would not have been able to leave to drop the deposit in the upstairs safe.

Nevertheless, Countywide Policy #1062, Management of Public Funds, § 3.8.1.1, states, "*Receipts of \$250 or more (\$50 in cash and \$200 in checks) will be deposited on a daily basis.*" The SLCPHC should make arrangements to ensure that deposits are made daily for receipts of \$250 or more. This would guard against the possibility of conversion of these funds to personal use as well as make the monies available for investment.

**RECOMMENDATION:**

*We recommend that all cash collections totaling \$250 or more be deposited daily.*

**Daily transaction summary totals in the Office of Vital Records did not agree to deposits.** As part of the audit we took a random sample of deposits that occurred between January 1, 1999 and December 31, 1999. For each of these days we compared the amounts recorded on the bank deposit slips to computer-generated transaction reports summarizing daily cash transactions.

Of the 42 deposits examined in 1999, 22 (52 percent) did not match the totals on the transaction reports. During the first five months of 1999 (January through May), the number of deposit amounts that did not agree to transaction totals was even higher, 74 percent. Of those that did not match, half represented shortages, or deposits that were less than what the transaction report stated they should have been. Shortages reached \$93 and overages \$98.

Vital Records personnel attributed these outages to unfamiliarity with and programming errors in a new cash and records management software system installed in January 1999. As the year progressed and staff became more familiar with the software, deposit slip and transaction report totals more regularly agreed.

**RECOMMENDATION:**

*We recommend that management ensure that cash management software used in Vital Records be adequate to accurately report all transactions and that employees are trained in its use.*

**The CCMAC change fund is ten dollars short.** When we did an unannounced cash count at CCMAC, the \$200 change fund amount did not match the amount on record in the Auditor's Office. As a matter of procedure, the \$200 is divided among the four cashiers into increments of \$50 and placed in separate envelopes by cashier name. At the time the shortage occurred, a cash box containing the envelopes was ordinarily placed at the front desk each morning for cashiers to retrieve their respective change funds. Since April 13, 1999, one of these envelopes has unexplainedly been \$10 short.

The CCMAC office supervisor sent a memo to administration in the Health Department explaining the problem. However, the change fund has not been replenished to the amount on record in the Auditor's Office.

Since the shortage occurred, the office supervisor has changed access to the cash box. The supervisor now distributes the change fund to each cashier and has her sign for it. The cash box is locked up after it is removed from the safe and kept in the office supervisor's possession.

**RECOMMENDATION:**

*We recommend the appropriate action be taken to have the CCMAC change fund replenished to the original amount.*

**Cancer screening no-charge transactions are not always approved according to office practice.** Fees charged to patients for cancer screening are based on a sliding fee schedule. The sliding fee schedule takes into account the patient's age and income. Some patients qualify for reduced fees and some patients qualify to receive the services at no charge. CCMAC has followed a practice of requiring the nurse to initial no-charge transactions.

During our audit we found that between July 1, 1999 and December 31, 1999, 8 percent or 20 of the no-charge transactions in our sample of 239 did not contain nurse approval. When the nurse initials the documentation, this indicates that the sliding fee schedule has been used to determine that the patient can receive the services for no charge. The cashier then knows that funds do not need to be collected. If the nurse fails to initial the documentation, funds may be susceptible to misuse.

**RECOMMENDATION:**

*We recommend all documentation for no-charge transactions in cancer screening be initialed by the nurse.*

**The over/short logs contain mistakes and are not always completed at CCMAC.** One cashier at CCMAC did not fill out a monthly over/short log for two months in 1999. Countywide Policy #1062, Management of Public Funds § 5.3.1 states, "All overages and shortages will be accounted for and reflected in the agency's Monthly Report of Cash Receipts."

In addition, during our review several recording mistakes were found on the monthly over/short log. The cashiers often record the incorrect deposit amount on the log. This causes monthly reconciliations to be more difficult. Completely and accurately filling out the over/short log gives assurance that funds are being handled correctly.

**RECOMMENDATION:**

*We recommend that the office supervisor ensure that all cashiers fill out the monthly over/short log and that amounts recorded on the form are correct.*

**Adequate check guarantee procedure is not used when accepting personal checks.** Cashiers do not ask for a form of identification when receiving personal checks. Countywide Policy #1301, Acceptance of Checks, states, "when receipting payments for user fees and other revenues. . . over-the-counter receipts in the form of a personal check [should be] accompanied by a valid form of identification." The following forms of identification are acceptable with a current expiration date: driver's license, Utah identification card or check guarantee card. These forms of identification are necessary for cases when a check is returned for insufficient funds. The individual can then be tracked through the form of identification and funds may still be collectible.

**RECOMMENDATION:**

*We recommend that cashiers ask for a form of identification when personal checks are accepted from clients.*

**FIXED AND CONTROLLED ASSETS**

We recognize and commend the efforts of the Health Department in creating and maintaining an effective database with which to manage fixed and controlled assets, efforts which expedited our audit work.

Fixed assets have a value greater than \$3,000; Controlled assets are items likely convertible to personal use valued at \$100 - \$3,000. In our audit of fixed and controlled assets, we observed four items which should be improved on. Our review of fixed and controlled assets resulted in the following findings:

- ! **One hundred thirty-one obsolete or unused personal computers are being stored in the basement of the SLCPHC.**
- ! **Three fixed assets could not be located/identified.**
- ! **Some controlled assets at the public health centers are tagged twice and some assets do not have tags.**
- ! **Paperwork for controlled assets sent to surplus does not contain the asset numbers.**

**One hundred thirty-one obsolete or unused personal computers are being stored in the basement of the SLCPHC.** In conducting our inventory of the fixed assets at the SLCPHC, we found 131 mostly obsolete personal computers and 130 monitors being stored in the basement. Even though the total market value of these computers and monitors combined is probably less than \$5,000, the sheer numbers make accountability difficult and therefore theft more likely. Also, revenue from the disposition of these items is being delayed and space taken up that could more effectively be utilized.

In disposing of fixed and controlled assets, countywide Policy #1100, Surplus Property Disposition/Transfer/Internal Sale, § 8.1 states, "*The PM2 Transfer/Disposal Form will be initiated by the transferring organization.*" The Health Department should take steps to surplus this equipment or place it in use as deemed appropriate.

#### **RECOMMENDATION:**

***We recommend that the Health Department surplus or place in use the idle 130 computers and monitors in the SLCPHC basement.***

**Three fixed assets could not be located/identified.** We performed an inventory of all fixed assets located at the SLCPHC according to location codes on the AFIN 0801 report. Of the 37 items on the list, we were unable to locate one:

- ! A Hewlett Packard personal computer (#81324). The property manager thought this asset had been sent to surplus because it was acquired in 1986. However, the PM-2 form could not be found and the item is still on the Health Department's fixed assets list.

Additionally, we were unable to identify two fixed assets included in our inventory:

- ! An Ethertwist computer card (#87185). This item, purchased in 1990, had the County asset number written on in marker ink. In addition, the asset serial number did not match the one on the fixed assets list.
- ! A Risograph copy machine (#91089). While this machine is likely the one on the fixed assets list, it did not have a county tag attached to identify it.

Salt Lake Countywide Policy #1125, Safeguarding Property/Assets, § 2.2.1 states, "*Property managers assigned by their Administrators are responsible for . . . accounting for all fixed assets within the organization's operational and/or physical custody as listed on the AFIN0801 'Salt Lake County Fixed Asset Inventory by Organization' report.*"

The Health Department should account for all fixed assets and send a letter to the Auditor's Office requesting removal from the fixed assets list (AFIN 0801) any items that cannot be found.

**RECOMMENDATION:**

***We recommend that the Health Department tag all fixed assets and send a letter to the Auditor's Office requesting removal of fixed assets that cannot be located.***

**Some controlled assets at the public health centers are tagged twice and some assets do not have tags.** Countywide Policy #1125, Safeguarding Property/Assets § 2.2, states, "*Property managers assigned by their Administrators are responsible for . . . accounting for all controlled assets within the organization's operational and/or physical custody.*"

Controlled assets are sensitive to conversion to personal use when they are not closely tracked by management and included on the asset list. Some of the items that were not tagged included a television, printer, and a rolling cart. Also, if a controlled asset has two unique number tags attached, the item may be duplicated on the asset list. Examples of items that were tagged twice included an ear scope and several chairs. Items having two unique tags attached will make inventories more complicated and records inaccurate.

**RECOMMENDATION:**

***We recommend that all controlled assets be tagged, included on the asset list, and have only one tag attached.***

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**Paperwork for controlled assets sent to surplus does not contain the asset numbers.**  
The Health Department has developed an internal policy for tracking controlled assets and transferring them to surplus when they are no longer needed. A centralized system is used requiring the facilities manager of the Health Department to approve all property transfers to surplus. The PM-2 form describes the asset being transferred and lists the tracking number assigned to the asset.

During our audit at the South Main Clinic, five controlled assets in our sample could not be located. The property manager indicated that these items were sent to surplus in October 1998, but the PM-2 form purportedly listing the items did not contain the controlled asset numbers. Since the asset numbers were not listed on the PM-2, (only a description) it could not be verified that the items listed on the PM-2 were actually the ones that could not be found during our audit.

The last completed audit of controlled assets performed by health department personnel was done in the summer of 1999. Since the five items were not taken off the list when they were sent to surplus, they should have been taken off the list at the time of the last inventory.

**RECOMMENDATION:**

***We recommend that the property manager ensure that controlled asset numbers are included on the PM-2 form when the asset is sent to surplus and that items sent to surplus be taken off the controlled asset list.***

In closing, we express appreciation to the staffs at the SCLPHC, CCMAC, and South Main Clinics for the cooperation and assistance they gave to us during our audit. We are confident that our work will be of benefit to you and help you to strengthen internal controls throughout the Health Department. If we can be of further assistance to you in this regard, please contact us.

Sincerely,

David L. Beck  
Chief Deputy

cc: Lewis R. Garrett  
Suzanne Kirkham