

Salt Lake County Auditor's Office
Craig B. Sorensen, *AUDITOR*



December 20, 2002

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Dear Patti:

We recently completed an unannounced count of the petty cash and change funds at the Salt Lake Valley Health Department South Main Clinic. We also conducted a review of cash receipting and depositing, and fixed and controlled assets.

Cash handling controls are generally adequate, and we found that procedurally, the clinic is in compliance with Policy 1062, *Cash Receipting and Depositing*. Our major findings relate to the area of fixed and controlled asset management. Findings and recommendations are discussed below.

FIXED AND CONTROLLED ASSETS

Our objective for this part of the audit was to evaluate the adequacy of internal controls over County fixed and controlled assets, including compliance with Countywide Policy #1125, *Safeguarding Property/Assets*. A fixed asset is an item of real or personal property owned by the County, meeting the criteria for capitalization, having an estimated life expectancy of more than one year and a cost equal to, or greater than, \$5,000. A controlled asset is an item of personal property, which is sensitive to conversion to personal use, having a cost of \$100 or greater. Our review of fixed and controlled assets resulted in the following findings:

- **The list of controlled assets maintained by the property manager is out of date.**
- **A yearly audit of fixed and controlled assets has not consistently been performed.**

The list of controlled assets maintained by the property manager is out of date. The list of controlled assets in the possession of the clinic property manager was dated 1999. Even though an inventory of the fixed and controlled assets had been conducted in the summer of 2002, no updated list had been provided to the clinic property manager.

Using a list of controlled assets provided by the Health Department Property Manager (and based on the summer 2002 inventory), we conducted an inventory of the South Main Clinic assets. We located all of the assets on our judgementally selected sample without difficulty. In addition, assets acquired since the inventory had been tagged and added to the clinic property manager's list.

RECOMMENDATION:

We recommend that current asset lists be provided.

A yearly audit of fixed and controlled assets has not consistently been performed. Countywide Policy #1125, Safeguarding Property/Assets § 2.2.11 states, "At least annually, conduct physical inventory of fixed assets and controlled assets, to ensure complete accountability for all property owned by, or assigned to the organization." The asset list in use at the clinic was dated 1999. From our work at other Health Department sites, we are aware that no annual inventory was completed in 2000 or 2001. However, an inventory was completed during the summer of 2002, although, as discussed above, the updated list was not present in the clinic.

Countywide Policy seeks to make the annual audit as convenient as possible, and indicates that the inventory need not occur on December 31st of each year, but a time most suitable to the individual departments.

RECOMMENDATION:

We recommend that a yearly audit of fixed and controlled assets be performed and documented.

CASH HANDLING, RECEIPTING AND DEPOSITING

During our review of the cash receipting and depositing process, we found that the clinic is in compliance with Countywide Policy 1062 "*Management of Public Funds.*" Because the scope of our work was limited and our review would not necessarily disclose all material weaknesses in the system, we do not express an opinion on the system of internal controls as a whole. However, we did note that the clinic is substantially complying with Policy 1062 and

Patti Pavey, M.S.
Salt Lake Valley Health Department
December 20, 2002
Page 3

other supporting policies. Clinic management is to be congratulated for their efforts in this area.

In closing, we express appreciation to the staff at the Salt Lake Valley Health Department South Main Clinic for the cooperation and assistance they gave 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,

James B. Wightman, CPA
Director, Internal Audit

cc: Kristy Cottrell
Suzanne Kirkham
Leslie Workman