

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



An Audit of the Key Controls of  
Independent Aging Program

October 23, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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October 23, 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 Independent Aging Program

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Independent Aging Program 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 Independent Aging Program and the cooperation from Arlene Zortman, Nutrition Service Manager, and JoAnna McNamee, Assistant Program Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Independent Aging Program 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 Lynn Montgomery, Administrative and Fiscal Manager  
Jeremy Hart, Program Manager  
JoAnna McNamee, Assistant Program Manager  
Arlene Zortman, Nutrition Service Manager

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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Independent Aging Program. 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

Independent Aging Program 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 employee reporting assigned capital and controlled assets have a higher likelihood of leading to loss of County property.

## Findings and Recommendations

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***Finding # 1 - There was no annual "Controlled Assets Inventory Form-Employee" completed and signed for each employee.***

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**Risk Level: [Moderate](#)**

Countywide Policy #1125 "Safeguarding Property/Assets," Sections 4.3 and 4.3.1 state:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. '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 form "Controlled Asset Inventory Form - Employee" was not used to manage capital and controlled assets assigned to employees.

When employees are not verifying their assigned assets, accountability is not fully established and assets are at a greater risk of being lost, stolen, or diverted for personal use.

## ***Recommendation***

We recommend that Independent Aging Program employees verify their assigned controlled assets annually by using the forms "Controlled Asset Inventory Form - Employee" and filing one copy with the Aging Services Property Manager and retaining a second copy with the employee.

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***Finding # 2 - Meal reimbursement requests were not always approved by the Division Director prior to being paid.***

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**Risk Level: Low**

Countywide Policy #1020 "County Meals," Section 6.1 states under Processing Payment Requests:

"All requests for payment (including reimbursements from petty cash accounts) shall be submitted with the attached form which contains: the date of the meeting; the location of the meeting; the type of meeting, whether a breakfast, lunch, or dinner; certification of the purpose of the meeting and the group attending in relation to county business; the total number of attendees, with employees separated from other attendees; the total payment amount requested; the signature of the person submitting the request; the date the request was signed; the signature of the Division or Department Director or Elected Official approving the request; the date approved by the official; and a copy of the bill or receipt."

During review of original receipts, we found that two out of four meal reimbursement requests had not been appropriately authorized prior to payment.

When County Meals are paid for without the proper authorization, funds are at greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that Independent Aging Program reimburse for County Meals only when a Meal Reimbursement Form has been properly authorized.

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***Finding # 3 - Documentation showing that original receipts were reconciled to bank statements was missing in 3 out of 19 months.***

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**Risk Level: Low**

Countywide Policy #7035 "Purchasing Cards Authorization and Use," Section 6.2 states:

"The Cardholder shall reconcile original receipts with the Issuer's statement of monthly activity, and note any items of reconciliation that require further documentation or inquiry."

The log of reconciliation was not found for 3 of the 19 months reviewed.

When documentation showing reconciliation is not present, funds are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that purchasing cardholders reconcile transactions monthly and maintain the appropriate logs.

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***Finding # 4 - The Super Sonic car wash tokens were not inventoried.***

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**Risk Level: Low**

Countywide Policy #1125 "Safeguarding Property/Assets," states in the Purpose that:

"Salt Lake County procures a variety of property and equipment necessary for government operations, which must be properly managed -- meaning, controlled, inventoried and protected."

The Independent Aging Program was not performing an inventory (counting) of the Super Sonic tokens used for the washing and cleaning of oversized vehicles.

When the custodian does not perform routine counts of tokens, accountability for the tokens is not ensured and they are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend the Independent Aging Program perform a periodic inventory on car wash tokens.

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***Finding # 5 - The controlled assets inventory list was not signed or dated.***

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**Risk Level: Low**

Countywide Policy #1125 "Safeguarding Property/Assets," Section 2.2.11 states that the Property Manager's duties are to:

"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 controlled assets inventory list provided to us was not signed or dated.

When controlled assets list are not signed and dated, accountability for assets is not ensured and assets are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that Aging Services complete the annual inventory of the organization's assets by signing and dating the document.

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***Finding # 6 - A cardholder was not in possession of her purchasing card.***

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**Risk Level: Low**

Countywide Policy #7035 "Purchasing Cards Authorization and Use," Section 2.2 states that:

"...the Cardholder shall be responsible for authorized and allowable use and safeguarding of the P-Card."

A cardholder was not in possession of her purchasing card. When the auditor asked to see her card she stated that "it was at home."

When a purchasing card is not in the cardholder's possession, funds are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that Independent Aging Program cardholders safeguard their purchasing card by having them in their possession.

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***Finding # 7 - No comprehensive software inventory was on file.***

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**Risk Level: Low**

Countywide Policy #1400-3 "Information Technology Security Policy: Software Licensing Policy," Section 3.5 states:

"County agency management shall maintain a current software inventory which includes at least the following: number of authorized and actual installations, license agreement, and proof of purchase. County agency management shall conduct an annual review of their software inventory. Software inventories shall be updated whenever new software is acquired and/or installed or software is uninstalled, or the IT resource and/or system is transferred, decommissioned or sent to surplus."

In an interview with Program Managers regarding the unique software Independent Aging Program uses to facilitate transportation and delivery of meals, it was found that no inventory was in place to monitor license agreements.

When a software inventory is not maintained, there is an increased risk of unlicensed software on Independent Aging Program computers, which could result in fines and penalties.

***Recommendation***

We recommend that the Independent Aging Program maintain a current software inventory for software unique to their operation.

We also recommend that the Independent Aging Program work with Aging Services Administration to maintain a software inventory for ServTracker.

## **Additional Information**

### **Background**

The Independent Aging Program (IAP) is located at 2001 South State Street, Salt Lake City in the County government center. The IAP performs the following activities: Congregate Meals which are meals provided to senior centers, Meals on Wheels which are provided to home-bound seniors, and Rides for Wellness which is transportation provided to medical and certain essential activities for seniors. For a senior who is age 60 and older, services have a suggested donation amount set by the County in conjunction with the Aging Services Administration.

### **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 18, 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 Kasal  
Salt Lake County Auditor  
2001 South State Street, N3300  
PO Box 144575  
Salt Lake City, Utah 84114-4575

Re: Audit of the Independent Aging Program

Dear Anita,

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

Finding #1 – There was no annual “Controlled Asset Inventory Form-Employee” completed and signed for each employee.

**Risk Level: Moderate**

1. The Independent Aging (IA) Program Manager will identify program staff that are assigned control assets and have a “Controlled Asset Inventory Form – Employee” completed by December 31 annually for each employee. One copy will be filed with the Aging Services Property Manager and another copy will be given to the employee.

Finding #2 – Meal reimbursement request were not always approved by the Division Director prior to being paid.

**Risk Level: Low**

1. The IA Program Manager will review Countywide Policy #1020 Section 6.1. “County Meals” with the appropriate Independent Program staff by 10/31/2103.
2. The IA Program Manager will ensure that a meal reimbursement form is completed and signed by the Division Director prior to any meal purchases.

Finding #3 – Documentation showing that original receipts were reconciled to bank statements was missing in 3 of 19 months.

**Risk Level: Low**

1. The IA Program Manager will review with all Independent Aging purchasing card holders Countywide Policy #1125 Section 6.2 “Purchasing Cards Authorization and Use” by 10/31/2013.
2. The IA Program Manager and Assistant Program Manager will ensure that the original receipts are reconciled to bank statements each month before signing the purchasing transaction log.

Finding #4 – The Super Sonic car wash tokens were not inventoried.

**Risk Level: Low**

1. The IA Program Manager will review with the Meals on Wheels and Rides for Wellness Supervisors Countywide Policy #1125 “Safeguarding Property/Assets” by 10/31/2013.
2. As of July 2013 an inventory log was developed and regular inventory audits are performed by the Rides for Wellness Supervisor and IA Program Manager.

Finding #5 – The controlled asset inventory list was not signed or dated.

**Risk Level: Low**

1. The IA Program Manager reviewed Countywide Policy #1125 Section 2.2.11 “Safeguarding Property/Assets” on 10/18/2013.
2. As of 10/18/2013 a signed and dated copy of the controlled asset inventory list is on file in the IA Program Manager’s office.

Finding #6 – A cardholder was not in possession of her card.

**Risk Level: Low**

1. The IA Program Manager will review with all Independent Aging purchasing card holders Countywide Policy #7035 Section 2.2 “Purchasing Cards Authorization and Use” by 10/31/2013.
2. The IA Program Manager or Assistant Program Manager will complete an audit quarterly to ensure that all purchasing card holders have their card in their possession.

Finding #7 – No comprehensive software inventory was on file.

**Risk Level: Low**

1. A comprehensive software inventory list for ServTracker and RouteMatch is on file in the Salt Lake County Aging Service’s Administrative Department.

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, Acting Aging Services Associate Director  
Jeremy Hart, Independent Aging Program Manager