

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



An Audit of the Key Controls of  
Mt Olympus Senior Center

November 01, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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November 01, 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 Mt Olympus Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Mt Olympus 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 Mt Olympus Senior Center and the cooperation from Susie Cates, Center Manager and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Mt Olympus 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 James Fire MBA/Acc  
Deputy Auditor

cc: Sarah Brenna, Division Director  
Jessica Montgomery, Fiscal and Administrative Manager  
Susie Cates, Center Manager

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## Objectives

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

Mt Olympus Senior Center management stated that internal controls were updated as a result of recent audits of other County senior centers. This was evident during the review of cash handling, depositing, purchasing cards, capital and controlled assets, and fraud awareness. However, deficiencies in receipting, deposit documentation, and change fund transfers were observed.

## Findings and Recommendations

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### ***Finding # 1 - Receipts were missing from deposit documentation.***

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#### **Risk Level: Moderate**

Countywide Policy #1062, "Management of Public Funds," Section 3.5.1 states:

"Cashiers will prepare a receipt for all remittances made in person "over-the-counter." A receipt will be given to the person tendering payment. The duplicate receipt or electronically stored receipt will be retained on file by the Agency for accounting and auditing purposes."

Section 4.5.1 continues:

"Therefore, balance sheets, deposit slip copies, plastic pre-numbered tabs removed from the deposit bag, and any other supporting documents or materials, shall be retained for 7 years from the date of the deposit, either on-site or at the County Records' storage warehouse."

Of 69 receipts issued during the period from May 17, 2013 to June 28, 2013, 14 were missing.

Without all receipts included in deposit documentation, it is difficult to reconstruct transactions and audit trails.

#### ***Recommendation***

We recommend that deposits be reviewed to ensure that supporting documents or materials are complete for accounting and auditing purposes.

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***Finding # 2 - A receipt log was not used for manual receipt books.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 3.5.4 states:

"The supply of unissued manual receipts shall be secured in a safe, locked drawer, or other secure area. The first and last numbers of receipts should be verified by the Cashier Supervisor and entered into a receipt log maintained by the Agency. As blank receipts are released to Cashiers for use, the log shall be updated, accordingly."

A log for pre-numbered receipt books was not used to indicate which blank receipts were released to cashiers for use.

Without a receipt log, management cannot readily determine where the receipt books are located, verify if receipts are issued sequentially, and expect accountability from cashiers for receipts released to them.

***Recommendation***

We recommend that a receipt log be used to track usage of manual pre-numbered receipts.

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***Finding # 3 - The fund transfer ledger was not signed each time funds were retrieved from or returned to the safe.***

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**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 fund transfer ledger was not signed each time a cashier retrieved funds from or returned funds to the safe.

When logs are not signed each time funds are retrieved from or returned to the safe, accountability as to who is in possession of the funds at any given time is compromised.

***Recommendation***

We recommend that MPF Form 7, Fund Transfer Ledger, or similar log, be updated each time the change fund is retrieved from or returned to the safe.

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***Finding # 4 - Manual receipts were issued out of numerical sequence.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 3.5.3 states:

“If a County Agency uses manual receipts, they shall be pre-numbered and used in numerical order. All remittances shall be receipted in the manner indicated on the prescribed form of pre-numbered receipts. Each receipt shall be filled out completely.”

Eight out of 69 manual receipts were not issued sequentially for the period May 17, 2013 through June 28, 2013.

Manual receipt transactions issued out of numerical sequence are difficult to reconstruct. This hinders verification of when payments were received and other important information.

***Recommendation***

We recommend that issued pre-numbered manual receipts are regularly verified for numeric order.

## **Additional Information**

### **Background**

Mount Olympus Senior Center opened in January 1998 and is located at 1635 East Murray-Holladay Road, next door to the Holladay-Lions Fitness Center in Holladay. A wide variety of classes are offered for seniors 60 and older to interact with other active seniors. Services such as transportation to appointments are available and meals are served daily.

### **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 July 03, 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 14, 2013

James Fire  
Salt Lake County Auditor  
2001 South State Street, N3300  
PO Box 144575  
Salt Lake City, Utah 84114-4575

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"*

Re: Audit of Mount Olympus Senior Center

Dear James,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated October 7, 2013.

***Finding #1 – Receipts were missing from deposit documentation.***

- A. The Program Manager has met with the Senior Center Manager; upon review of the missing receipts, it was found that the missing receipts were for classroom donations. Donations are made anonymously and therefore not receipted. It is our request that this finding be redacted.

***Finding #2 – A receipt log was not used for manual receipt books.***

- B. The Mount Olympus Senior Center receipts all over-the-counter transactions through a triplicate bound receipt book that is kept in a secured drawer. Management understands the risk and does not plan to implement a receipt log to track the usage of pre-numbered receipts.

***Finding #3 – The fund transfer ledger was not signed each time funds were retrieved from or returned to the safe.***

- C. 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 was implemented consistently since January of 2013.

***Finding #4 – Manual receipts were issued out of numerical sequence.***

- D. The Program Manager has met with the Senior Center Manager; Mount Olympus has consolidated their receipt books and now use one bound triplicate book in sequential order.

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  
Susie Cates, Mount Olympus Senior Center Manager  
Emma Houston, Active Aging Assistant Program Manager