

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR



An Audit of the Key Controls of
Sandy Senior Center

November 04, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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November 04, 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 Sandy Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Sandy 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 Sandy Senior Center and the cooperation from Charles Otis, Suzanne Kimball, Diana Butcher, Steve Brown, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Sandy 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 Todd Livingston
Deputy Auditor

cc: Sarah Brenna, Division Director
Emma Houston, Center Operations Director
Jessica Montgomery, Fiscal Manager
Charles Otis, Center Manager
Traci Lee, Center Programs Manager

GREGORY P. HAWKINS
Salt Lake County Auditor

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Objectives

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

The Sandy Senior Center has put into place key internal controls for managing public funds, including safeguarding public assets, purchasing cards, and payroll reporting. Most risks identified were minor and would not be expected to result in the material loss of County assets. However, the risks discovered dealing with failure to track overages and shortages, and inadequate controls over controlled assets assigned to employees have a higher likelihood of leading to loss of County property.

Findings and Recommendations

Finding # 1 - A "Controlled Assets Inventory Form - Employee" was not used for assets that were individually assigned.

Risk Level: Low

Countywide Policy #1125, Safeguarding Property/ Assets, Section 4.3 states:

"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."

Two employees at the Sandy Senior Center have their own office with controlled assets assigned to them. A "Controlled Asset Form-Employee" was not used nor was one on file.

When employee accountability is not established with a signed form, the risk of asset loss and misappropriation is increased.

Recommendation

We recommend that the Sandy Senior Center obtain a signed "Controlled Asset Form-Employee" from all employees with assigned assets.

Finding # 2 - Pre-numbered receipts were not used sequentially.

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."

Ten receipts located in the pre-numbered manual receipt book were not used in numerical order.

Failure to use pre-numbered receipts sequentially increases the risk of funds being lost, stolen, or converted for personal use.

Recommendation

We recommend that pre-numbered receipts be issued sequentially.

Action Taken: Unused receipts were marked "VOID" and signed by the Facility Manager. Cashiers were instructed to follow the sequential order when issuing receipts.

Finding # 3 - Overages/shortages were not tracked on the cash balance sheet.

Risk Level: Low

Countywide Policy #1062 "Management of Public Funds," Section 3.8.2 states:

"Change funds should be counted, restored to the established imprest balance, and any daily shortages or overages recognized and recorded on MPF Form 3A, Cash Balance Sheet, and on MPF Form 11, Cash Over/Short Log. These forms shall be retained by the County Agency in accordance with County records retention guidelines."

The cash balance sheet used by the Sandy Senior Center did not track overages/shortages.

When overages and shortages are not tracked by cashier and reviewed by a supervisor, trends may not be noted and needed training and/or remediation may not occur.

Recommendation

We recommend that the cash balance sheet used by the Sandy Senior Center track daily overages/shortages.

Action Taken: Overages and shortages are now tracked on the cash balance sheet.

Finding # 4 - An MPF Form 11 was not used to record the daily overages and shortages.

Risk Level: Low

Countywide Policy #1062 "Management of Public Funds," Section 5.3.1 states:

"All overages and shortages, regardless of the amount, should be recorded daily by each Cashier on MPF Form 11, Cash Over/Short Log."

The MPF Form 11 was not used at the Sandy Senior Center to record the daily overages and shortages.

Staff stated that MPF Form 11 is not used unless there is an over/short and that an over/short had not occurred.

When overages and shortages are not tracked by individual cashiers and reviewed by a supervisor, trends may not be noted and needed training and/or remediation may not occur.

Recommendation

We recommend that the Sandy Senior Center use an MPF Form 11 to record daily overages and shortages.

We recommend that the supervisor review and sign the over/short logs each month.

Additional Information

Background

The Sandy Senior Center is part of the Salt Lake County Aging Services Division and is located at 9310 South, 1300 East in Sandy. The Center provides seniors with social and learning opportunities, including: meals, classes, computer access, and activities.

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 May 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.



October 21, 2013

Todd Livingston
Salt Lake County Auditor
2001 South State Street, N3300
PO Box 144575
Salt Lake City, Utah 84114-4575
Re: Audit of Sandy Senior Center

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"*

Dear Todd,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated September 26, 2013.

Finding #1 – A “Controlled Assets Inventory Form – Employee” was not used for assets that were individually assigned.

- A. The Program Manager has met with the Senior Center Manager; employee specific inventory has been completed for all County employees at the Sandy Senior Center.

Finding #2 – Pre-numbered receipts were not used sequentially.

- B. The Program Manager has met with the Senior Center manager; the Senior Center Manager has reviewed the receipt book and voided all blank receipts in accordance with County policy. The Senior Center manager has trained employees at the Sandy Senior Center how to properly void and track receipts.

Finding #3 – Overages/shortages were not tracked on the cash balance sheet.

- C. The Sandy Senior Center began using the Cash Balance Sheet in March of 2013. Based on audit results and recommendations by the Auditor’s office, the Active Aging program has revised the Deposit Reconciliation Form and now uses this form to track overages and shortages of the change fund.

Finding #4 – An MPF Form 11 was not used to record the daily overages and shortages.

- D. The Program Manager has met with the Senior Center Manager; the MPF Form 11 was implemented in July of 2013 and has been completed consistently.

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

Sincerely,

A handwritten signature in cursive script that reads 'Sarah Brenna'.

Sarah Brenna
Director

cc: Jessica Montgomery, Fiscal Manager
Dwight Rasmussen, Aging Services Associate Director
Traci Lee, Active Aging Program Manager
Jene Mortensen, Active Aging Assistant Program Manager
Charles Otis, Sandy Senior Center Manager