

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



An Audit of the Key Controls of
Youth Services Shelter Program

October 15, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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October 15, 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 Youth Services Shelter Program

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Youth Services Shelter 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 Youth Services Shelter Program and the cooperation from Yanping Ding, Elizabeth Bayler, Cara Stephens, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Youth Services Shelter 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 Brenda Nelson MBA, CISA
Sr. Deputy Auditor

cc: Yanping Ding, Department Fiscal Administrator
Pat Berckman, Division Director
Elizabeth Bayler, Fiscal Manager
Cara Stephens, Program Manager

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Objectives

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

Youth Services Administration, and Management overseeing the Youth Services Shelter Care program, have put into place key internal controls for managing public funds, safeguarding public assets, accessing sensitive information, and payroll reporting. Our only finding in this area was related to petty cash. Funds available could be reduced and/or consolidated based on use during the period examined. A report of the last audit of Youth Services was released to the public in August 2008.

Findings and Recommendations

Finding # 1 - Authorized petty cash fund balances were excessive.

Risk Level: Low

Countywide Policy #1203, "Petty Cash and Other Imprest Funds," Section 3.1.4, states:

"The requested imprest amount should be sufficient to provide adequate operating funds for 2 months."

Two employees that work in the Christmas Box House or Boys and Girls Group homes are assigned petty cash accounts in the amount of \$400 each. During 2012, one of the accounts was reimbursed a total of \$387, representing expenditures of approximately \$32 per month. The second account was reimbursed a total of \$958, or approximately \$80 per month. Although accounts were reconciled and a replenishment request was made on a quarterly basis, the funds on hand are sufficient for one year to five month's worth of expenditures, respectively.

Petty cash is tightly controlled at Youth Services. Staff is encouraged to use the purchasing system or purchasing cards wherever possible. The result has been a decreased reliance on petty cash.

Excess funds are at greater risk for misappropriation. In addition, interest is lost on amounts that could be deposited.

Recommendation

We recommend that Youth Services review and reduce the amount of petty cash on hand.

Additional Information

Background

Youth Services provides safe, temporary residences, for children in custody of the Utah Division of Child and Family Services (DCFS) because of suspected abuse, neglect or dependency. Youth Services Shelter Care program operates three shelters:

- The Christmas Box House
- Boy's Group Home
- Girl's Group Home

The Christmas Box House has space for 34 children, ages 0 to 11, and operates 24 hours a day, 7 days a week. The shelter represents a partnership between Youth Services and the non-profit organization, Christmas Box International (CBI). CBI donated the building, which Youth Services staffs and operates. CBI also handles fundraising for basic needs and recreation. In return, CBI staff have office space on site.

The Boys Group Home and Girls Group Home each have space for 16 youth, ages 11 to 18, and also operate 24 hours a day, 7 days a week. Youth receive health, medical and dental screening. They are also provided with the opportunity to learn new skills, take classes, perform community service and participate in off-site activities. Many of the courses and activities are made possible through community donations and volunteers.

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 December 31, 2012. 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.



October 11, 2013

Roger K Larsen
Audit Division Director
Salt Lake County Auditor
2001 South State Street N3300
Salt Lake City, Utah 84114-4575

RE: Audit of Salt Lake County Youth Services Shelter Program

Dear Roger:

Following is the Division of Youth Services response to the Key Control Audit conducted by your office and the findings noted in the report dated August 5, 2013.

Finding #1- Authorized petty cash fund balances were excessive.

While the use of the County purchasing system or purchasing cards are preferred and encouraged, the petty cash fund is available for emergency purposes. Petty cash is tightly controlled. There is no way to predict the nature of an emergency. In Youth Services' history, emergencies can vary from needing to provide medication to food for a restricted diet to basic clothing. The Christmas Box House, Boys Group Home and Girls Group operate 24/7/365, therefore, funds for emergency purchases must be available at all times. At this time, a reduction in the amount of the fund would be imprudent given the dramatic fluctuations in need. Youth Services is evaluating the implementation of a purchasing card for this location. Should this be determined to be in the best interest of serving clients, a reduction in the amount of the fund may occur.

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

Sincerely,

Pat Berckman
Division Director

Cc: Elizabeth Bayler, Fiscal Manager
Roger Gisseman, Youth Services Associate Director
Cara Stephens, Shelter Program Manager