

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



An Audit of the Key Controls of
River's Bend Northwest Senior Center

August 29, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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August 29, 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 River's Bend Northwest Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of River's Bend Northwest 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 River's Bend Northwest Senior Center and the cooperation from Cheryl Leach, Center's Manager and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to River's Bend Northwest 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, Aging Services Director
Traci Lee, Center's Program Manager
Jessica Lynn Montgomery, Fiscal & Administrative Manager



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of River's Bend Northwest 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

River's Bend Northwest Senior Center records were well organized and easily located during the audit fieldwork. The Center's Manager was knowledgeable about operations and of controls at the center. The audit found two areas of risk related to sales tax paid with a purchasing card, and a receipt book log not being used.

Findings and Recommendations

Finding # 1 - Sales tax was paid with a purchasing card.

Risk Level: Low

Countywide Policy #7035, "Purchasing Cards Authorization and Use," Section 4.1.1 states:

"County purchases are exempt from sales tax. Therefore, if sales tax is mistakenly paid and the tax to recover is worth the cost of the recovery effort, the Cardholder shall take actions to obtain a credit to the P-Card account for the tax paid. Otherwise, the Cardholder may be held responsible, at the discretion of the their County Agency Management, for reimbursing the County for the amount of the sales tax."

Sales tax of \$14.10 was paid on an October 17, 2012 purchase.

The cardholder stated that management was notified of the sales tax charged and was told it would be remedied. However, examination of the following month's statement revealed that it had not been reversed with a credit to the account.

When sales tax is paid, County resources are depleted without providing benefits to the County.

Recommendation

We recommend the cardholder, at management's discretion, take actions to obtain a credit on the account for the sales tax paid.

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

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.

Management stated that they were not aware of the Countywide policy requirement.

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

Recommendation

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

Additional Information

Background

Salt Lake County has seventeen Senior Centers located throughout the valley. They offer a variety of services that cater to the mature adult such as: caregiver support, chore services, foster grandparent, healthy aging, legal services, nutrition, ombudsman, outreach, senior companion, senior employment, and transportation. They serve as social hubs and gathering places where active, mature adults can explore a multitude of interests.

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 12, 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.



August 13, 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"*

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

Re: Audit of River's Bend Northwest Senior Center

Dear James,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated July 19, 2013.

Finding #1 – Sales tax was paid with a purchasing card.

- A. The Senior Center Manager will obtain a credit on the account for the sales tax paid. This was an isolated incident that occurred with an on-line purchase; the Senior Center Manager has been trained and will ensure that sales tax is not charged when making on-line purchases.

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

- A. The River's Bend Northwest Senior Center receipts all over-the-counter transactions through a triplicate bound receipt book that is kept in a secured drawer.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sarah Brenna', is written over a light blue horizontal line.

Sarah Brenna
Director

cc: Jessica Montgomery, Fiscal Manager
Kristy Cottrell, Aging Services Associate Director
Traci Lee, Active Aging Program Manager
Cheryl Leach, River's Bend Northwest Senior Center Manager
Emma Houston, Active Aging Assistant Program Manager