

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



An Audit of the Key Controls of
Aging and Adult Services Administration

April 24, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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April 24, 2014

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 Aging and Adult Services Administration

GREGORY P. HAWKINS
Salt Lake County Auditor

LONN LITCHFIELD, JD, LL.M.
Chief Deputy Auditor

2001 South State Street, N3300
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Dear Mayor McAdams:

We recently completed an analysis of the financial records of Aging and Adult Services Administration 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 Aging and Adult Services Administration and the cooperation from Jessica Montgomery, Scott Ramussen, Arla Vivona, Susan Hoepfner, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Aging and Adult Services Administration 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 Roger Larsen
Sr. Deputy Auditor

cc: Backy Kapp, Division Director
Jessica Montgomery, Administrative and Fiscal Manager



Objectives

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

Management of Aging and Adult Services Administration has implemented significant internal controls to safeguard County assets. Minor observations were discussed with management. Findings on a personal use purchase using a County purchasing card and deposits exceeding statutory time limits for clearing the bank are discussed in this report. A report of the last audit of Aging and Adult Services Administration was released to the public in December 2012. Our audit included followup on recommendations identified in our 31 December 2012 audit report. There were no repeat findings.

Findings and Recommendations

Finding # 1 - A personal meal was paid for with a County purchasing card.

Risk Level: Moderate

Countywide Policy #7035, "Purchasing Cards Authorization and Use," Section 4.1.3 states that prohibited purchasing card purchases include:

"Personal Purchases. Use of a P-Card for personal purchases is prohibited."

A personal meal was purchased using a County purchasing card. The transaction was not detected through management review.

Aging and Adult Services Administration has strict procedures for the use of County purchasing cards. The personal meal purchase was not detected because the responsible manager had two profiles set up to download purchasing card transactions for review. The meal was purchased by a new purchasing card holder. The transaction was transmitted to the profile that the manager was not aware of. After four months of no review for the new purchasing card holder, and as a result of this audit, the manager questioned the absence of data. Staff at Contracts and Procurement determined that the transactions had been sent to the unused profile. The condition was corrected March 4, 2014. The purchasing card holder subsequently reimbursed the County for the personal meal.

Using a County purchasing card for personal use is a violation of Countywide policy and results in the loss of County assets.

Recommendation

We recommend that Aging and Adult Services management ensure that all purchasing card transactions are reviewed monthly to detect and help prevent prohibited purchases.

Finding # 2 - Deposits were not always made in a timely manner.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 4.1.2, states:

"As required by § 51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but no later than three days after receipt."

We found that 7 out of 13 deposits examined for December 2013 were deposited more than three days after receipt of collections. One deposit was seven days after receipt, one was six, one was five, and four were four days after receipt.

When funds are not deposited on a timely basis, they are more susceptible to loss or theft. In addition, interest is lost that would otherwise be accrued.

Recommendation

We recommend that funds be deposited on the same day, whenever practicable, but no later than three days after receipt.

Additional Information

Background

Aging and Adult Services is a Division of the Salt Lake County Human Services Department. Aging and Adult Services Administration (Administration) is a program of the Division. The Division Administrative and Fiscal Manager directs Administration. Its offices are located at the Salt Lake County Government Center in room S1500. Administration operated with a \$2.7 million budget and 16 full time equivalent (FTE) employees during 2013. Administration provides administrative services for the seven major aging programs throughout the County and 19 operating senior centers.

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
- Accounts Receivable
- Accounts Payable
- Third Party Contracts

Our examination period covered up to twelve months ending December 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. Retesting of prior audit findings was also performed, where applicable.

Management response to findings in this report, when received, will be attached as Appendix A.

Ben McAdams
Salt Lake County Mayor

Lori Bays
Human Services
Department Director

**AGING and ADULT
SERVICES**

Becky Kapp
Division Director
Aging and Adult Services

Information & Referral
385-468-3200

*"Promoting independence
through advocacy, engagement
and access to resources"*

April 23, 2014

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

Re: Aging and Adult Services Administration

Dear Roger,

This letter outlines how Aging and Adult Services Administration will respond, train, and correct the deficiencies found in your letter dated April 15, 2014.

Finding #1 – A personal meal was paid for with a County purchasing card.

- A. The responsible manager was unable to review the transaction due to a duplicate profile in US Bank Access the manager was unaware of. The duplicate profile has been deleted and the manager has proper access to review all purchasing card transaction for her direct reports.
- B. Countywide Policy #7035 has been reviewed with the purchasing card holder and clarifications made regarding meal purchases. The purchasing card holder has repaid the county for the personal meal purchase.

Finding #2 – Deposits not always made in a timely manner.

- A. Deposits will be reconciled with the check log to ensure checks are deposited no later than three days after receipt. The only exception to this practice is in the event of a three day weekend due to a holiday.

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

Sincerely,



Becky Kapp
Director

cc: Jessica Montgomery, Fiscal Manager
Dwight Rasmussen, Associate Director
Anna Dresel, Associate Director