

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



An Audit of the Key Controls of  
International Travel Clinic

December 11, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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December 11, 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 International Travel Clinic

Dear Mayor McAdams:

We recently completed an analysis of the financial records of International Travel Clinic 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 International Travel Clinic and the cooperation from Holly Birich and Gerry Schmidt and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to International Travel Clinic 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: Gary Edwards, Executive Director  
Dagmar Vitek, Director of Medical  
Matthew Ferguson, Fiscal Manager

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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of International Travel Clinic. 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 International Travel Clinic has put into place several key controls for managing funds. Most risks identified were minor and not expected to result in material loss. Deficiencies in internal controls over controlled assets and merchandise inventory have a higher likelihood of being a liability to the County. A report of the last audit of the International Travel Clinic was released to the public in December 2012.

## Findings and Recommendations

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### ***Finding # 1 - Merchandise inventories were not properly tracked.***

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#### **Risk Level: Low**

United States General Accounting Office, Executive Guide, "Best Practices in Achieving Consistent, Accurate, Physical Counts of Inventory and Related Property," Page 5, states:

"Managing the acquisition, production, storage, and distribution of inventory is critical to controlling cost, operational efficiency, and mission readiness. Proper inventory accountability requires that detailed records of produced or acquired inventory be maintained, and that this inventory be properly reported in the entity's financial management records and reports ... The ability to accurately count physical inventories is critical in verifying that inventory actually exists and that on-hand balances agree with financial and logistical records."

The inventory count process did not compare the actual count to the prior inventory count, plus purchases minus the count of items sold. Although damaged and returned items were listed, inventory shrinkage was not otherwise reported.

When inventory is not properly tracked and reconciled, revenue and inventory on hand are at a greater risk of being lost, stolen, or diverted for personal use.

#### ***Recommendation***

We recommend that the International Travel Clinic track and reconcile their merchandise on hand.

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***Finding # 2 - On-line cash drawers were not used.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Sections 2.4.1.3 and 2.4.1.3.1 state:

"If total receipts per day exceeds \$1,000, or the number of transactions processed is 100 or more, then Agency Management shall provide an on-line register with the following features: A cash drawer for each terminal that automatically opens when a sale or transaction is completed."

An average of \$2,349.63 per day was receipted in a sample of 30 days of deposits from October 2013 to September 2014. Receipting stations at the International Travel Clinic used a lockable desk drawer instead of an on-line cash drawer that would open automatically when sales or transactions were completed.

When an on-line cash drawer is not used when required, there is an increased risk of inaccurate receipting, recording, accounting, and improper safekeeping of public money.

***Recommendation***

We recommend that Health Department management provide an on-line cash drawer, for each terminal, that automatically opens when a sale or transaction is completed.

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***Finding # 3 - The "Controlled Assets Inventory Form-Employee" was not completed and signed for each employee.***

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**Risk Level: Low**

Countywide Policy #1125 "Safeguarding Property/Assets," Sections 4.3 and 4.3.1 state:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. ... [The] '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."

A controlled asset inventory was conducted in May 2013 and September 2014. Neither controlled asset inventory was signed by the employees.

When accountability for assets is not fully established, assets are at a greater risk of being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that the International Travel Clinic conduct a controlled asset inventory at least annually and that the "Controlled Asset Inventory Form-Employee" be signed by each employee individually assigned controlled assets.

## **Additional Information**

### **Background**

The International Travel Clinic is located at 2001 South State Street, Suite 2400 in the Salt Lake County South Building. Services provided by the International Travel Clinic include immunizations, travel-related prescriptions, and pre-travel education such as travel safety information, food and water safety tips, information about personal protection measures, and medical kit checklists. The International Travel Clinic successfully accomplishes the mission of the Salt Lake County Health Department by promoting and protecting community and environmental health.

### **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 September 30, 2014. 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.

**Memorandum**

**To:** Todd Livingston, Salt Lake County Auditor's Office

**CC:** Gary Edwards, Dagmar Vitek, Holly Birich, Gerald Schmidt, Jeni Margetts, Ricardo Flores

**From:** Matt Ferguson, Fiscal Manager

**Thru:** Dorothy Adams, Associate Director

**Date:** 11/19/2014

**Re:** Audit of the Salt Lake County Travel Clinic

Thank you for providing the findings of the Travel Clinic audit. We are pleased that they are few in number as well as low in risk. Here is a short response to each finding:

The first finding was, "**Merchandise inventories were not properly tracked.**" We concur with the recommendation to track and reconcile the merchandise on hand. Holly Birich will formulate a monthly procedure to count the repellent and compare the numbers with the record of repellent sales. We hope to begin that process by December 2014.

The second finding was, "**On-line cash drawers were not used.**" As mentioned in the response to other recent audits, the cost to comply with the letter of this policy is greater than the resulting risk reduction. In addition, the Health Department would like to avoid the perception that the clinic is a retail operation. Therefore, we have compensating measures in place to safeguard cash and maintain adequate accountability.

The third finding was, "**The Controlled Assets Inventory Form-Employee was not completed for each employee.**" Inventory management had been briefly interrupted as a result of the recent renovation and remodeling of the work space. As a result, the inventory sheets were temporarily inaccurate and therefore could not be signed by employees. Asset Managers are now working to bring everything current so that all of the relevant documents can be signed. Moreover, the forms will continue to be verified, signed, and collected each year.

In conclusion, thank you for your work. We appreciate learning how and in what areas we can improve our internal controls.