

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR



An Audit of the Key Controls of
Magna Kennecott Senior Center

December 31, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

Audit reports are available at
<http://www.saltlakecountyauditor.org/site/audit/>



GREGORY P. HAWKINS
Salt Lake County Auditor

LONN LITCHFIELD, JD, LLM
Chief Deputy Auditor

2001 South State Street, N3300
PO Box 144575
Salt Lake City, UT 84114-4575

(385) 468-7200
(385) 468-7201 / fax
GHawkins@slco.org

December 31, 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 Magna Kennecott Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Magna Kennecott 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 Magna Kennecott Senior Center and the cooperation from Dee Dee Lobato, Center Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Magna Kennecott 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: Becky Kapp, Division Director
Jessica Montgomery, Administrative and Fiscal Manager
Dee Dee Lobato, Magna Kennecott Senior Center Manager



Objectives

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

We examined several key controls for the Magna Kennecott Senior Center to determine the effectiveness of controls to protect and account for County assets. Areas examined included accounts payable, cash receipting and depositing, controlled assets, fraud, and follow-up to findings of the prior audit. There were control deficiencies noted for capital and controlled assets. A report of the last audit of the Magna Kennecott Senior Center was released to the public in December 2013.

Findings and Recommendations

Finding # 1 - Accountability for some capital assets was not properly established.

Risk Level: **Moderate**

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.8 states one of the property manager's duties is as follows:

"Coordinate with the organization's Purchasing Clerk to ensure ... fixed assets are tagged and capitalized."

In a previous audit dated December 31, 2013, it was found that of the 16 assets we reviewed, none were tagged with County property tags. We retested this finding and found that the same condition existed.

When capital assets are not properly affixed with County property tags, they are subject to theft or to being diverted for personal use.

Recommendation

We recommend that Magna Senior Center properly tag each capital asset.

Finding # 2 - The controlled asset inventory was not up-to-date.

Risk Level: **Low**

Countywide Policy #1125, "Safeguarding Property / Assets," Sections 2.2 and 2.2.3 state:

"Property Managers assigned by their Administrators are responsible for the following: ... Maintain records as to current physical location of all fixed assets and controlled assets within the organization's operational and/or physical custody."

The November 2013 controlled assets inventory included four items that had been disposed of four years earlier. According to internal forms dated April 2010, a copier was transferred to another center, and the remaining three items were sent to surplus.

When records are not maintained as to the current physical location of controlled assets, employee accountability is not established, asset inventories are more difficult to perform, and theft of assets is more likely to occur and remain undetected.

Recommendation

We recommend that inventory records be maintained to show the physical location of all controlled assets within the organization's operation.

Additional Information

Background

The Magna Kennecott Senior Center is located at 9228 West 2700 South in Magna, Utah. It opened in April 2010 and is managed by Salt Lake County Aging & Adult Services Division. 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
- Accounts Receivable
- Accounts Payable
- Third Party Contracts

Our examination period covered up to twelve months ending December 02, 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.



Ben McAdams
Salt Lake County Mayor

Lori Bays
Human Services
Department Director

**AGING & ADULT
SERVICES**

Becky Kapp
Aging & Adult Services
Division Director

Information & Referral
385-468-3200

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

February 13, 2015

Scott Tingley
Salt Lake County Auditor
2001 South State Street, N3-300
PO Box 144575
Salt Lake City UT 84114-4575

RE: Audit of Magna Kennecott Senior Center

Dear Scott,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in the letter dated December 24, 2014.

Finding #1 - Accountability for some capital assets was not properly established.

The Division facilities manager will work with Mayor's Finance Team to acquire the necessary tags. The center manager and facilities manager will ensure that assets are tagged according to County guidelines. This process will no later than April 15, 2015.

Finding #2 - The controlled asset inventory was not up-to-date.

The Division facilities manager and center manager will update the controlled asset inventory list in accordance with County guidelines by April 15, 2015.

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 'Becky Kapp'.

Becky Kapp
Director

Cc: Jessica Montgomery, Fiscal Manager
Kele Griffone, Aging & Adult Services Associate Director
Jeremy Hart, Active Aging Program Manager
Emma Houston, Active Aging Assistant Program Manager
Dee Dee Lobato, Magna Kennecott Senior Center Manager