

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



An Audit of the Key Controls of  
Youth Services Substance Abuse Program

March 24, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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March 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 Youth Services Substance Abuse Program

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Youth Services Substance Abuse 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 Substance Abuse Program and the cooperation from Elizabeth Bayler, Administrative and Fiscal Manager, Ayelet Engelman, Program Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Youth Services Substance Abuse 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 Leonardo Flores  
Deputy Auditor

cc: Pat Berckman, Division Director  
Elizabeth Bayler, Administrative and Fiscal Manager  
Ayelet Engelman, Program Manager  
Michael K. Johnson, Case Management Supervisor





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Youth Services Substance Abuse 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 Substance Abuse Program has put into place several key controls for managing public funds. Most risks identified were minor and not expected to result in material loss. Our finding related to a previous 2013 finding of an excessive petty cash fund balance. Reports of recent audits of Youth Services Substance Abuse Program were released to the public in \_\_\_\_.

## Findings and Recommendations

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***Finding # 1 - The authorized petty cash fund balance was excessive.***

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### **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."

A previous audit conducted in 2013 found that petty cash funds on hand for 2012 were sufficient for one year of expenditures. A retest of this petty cash fund for 2013 expenditures showed that the account was reimbursed twice for a total of \$358.76 within 7 months, representing average monthly expenditures of \$51.25. Funds on hand were sufficient for 5 months of expenditures.

Excess petty cash 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 the petty cash fund balance.

## **Additional Information**

### **Background**

The Youth Services Substance Abuse Program provides Teens with Substance Abuse Treatment through two local facilities located in South Salt Lake and Riverton. The program includes a Substance Abuse Evaluation and Outpatient, Intensive Outpatient, Enhanced Intensive Outpatient and Day Treatment. The Youth Services Substance Abuse Program uses nationally standardized placement criteria, along with best practice treatment approach to assist in recovery.

Utah State Law Section 62A-4A-195 mandates that the State Division of Child and Family Services, or its contractor, shall provide services to children who are at risk of harm or alleged harm due to abuse, neglect, or dependency.

Behavioral Health Services (BHS) administers substance abuse prevention and treatment services within Salt Lake County. BHS does not directly treat clients instead referring them to the appropriate subcontracted provider.

### **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, 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.



March 18, 2014

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 Substance Abuse 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 February 25, 2014.

*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 petty cash fund assigned to the Administration programs is for emergency or normal petty cash purposes and is, in reality, utilized by all programs if the petty cash custodian assigned to any one program is out or unavailable. In addition, the petty cash fund itself is strictly safeguarded. At this time, a reduction in the amount of the fund would be imprudent given the possible dramatic fluctuations in need.

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 'Pat Berckman'.

Pat Berckman  
Division Director

Cc: Elizabeth Bayler, Fiscal Manager  
Roger Gisseman, Youth Services Associate Director