

Salt Lake County Auditor's Office

Craig B. Sorensen, *AUDITOR*



October 26, 2000

David L. Beck
Chief Deputy

Ms Shauna O'Neil, Director
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Dear Shauna:

We have recently completed a cash audit of Aging Services and the Senior Centers. As part of this audit we reviewed the imprest checking accounts and petty cash funds at the Government Center Offices and the petty cash funds and change funds at each of the senior centers. We also reviewed the cash collection and depositing procedures for payments received through the mail. We have detailed, in Table 1 below, the specific findings at each of the centers. While most of the findings are somewhat minor, they reveal a program-wide lack of awareness of County-wide policies. These, and other findings, are discussed in detail below.

FINDINGS BY LOCATION AND TYPE

Table 1

Center	Change Fund Listing Error	Change Fund Count Error	Physical Security Deficient	Safe NOT Bolted to Floor	Loose Cash in Safe	Petty Cash Fund Signed by Only One
Central City	XX					
Columbus South Salt Lake	XX					
Draper					XX	
Friendly Neighborhood		XX				
Harmon Home	XX					
Kearns	XX		XX			
Magna	XX					
Midvale	XX		XX			XX
Mount Olympus		XX			XX	
Northwest		XX				XX
Riverton	XX					
Sandy	XX			XX		
Tenth East	XX				XX	
West Jordan	XX					
Westside Sunday Anderson		XX				

We found that at eleven of fifteen senior centers, the change fund was either not on record with the Auditor's Office or did not have the current custodian listed. Three of the centers were operating the fund at an amount different than the amount on record. Two of the centers did not have adequate security to safeguard the collections. At the Sandy Senior Center, although there was a safe, the safe was not bolted to the floor to prevent removal. Three centers had loose cash in the safe or file cabinet. This cash had not been deposited and was not accounted for. Two of the petty cash fund custodians had signed the Petty Cash Vouchers as both the recipient and custodian. Failure to have two signatures on petty cash vouchers reduces management oversight of petty cash expense.

System wide policy and procedures are not being implemented. During the audit, when we encountered findings, we discussed them with Senior Center staff. We found that there was a lack of awareness of county-wide policies and procedures regarding the requirements for cash depositing, how to change custodians on a change fund, and the need for two different signatures on a petty cash voucher.

While each of the Senior Centers is unique, there are certain requirements common to all. These requirements include establishing procedures for cash receipting and depositing, appointing fund custodians for the change and petty cash funds, insuring physical security for the funds and accounting for donated equipment. These procedures should be in compliance with County-wide policies.

RECOMMENDATION

We recommend that Senior Center staff be provided policy guidance regarding the day-to-day fiscal operations of the centers.

Mail-in payments are not being tabulated by two people. While observing the procedures involved with opening the mail-in payments, we noticed that two people were present while the mail was opened, and both signed-off on the totals. However, one of the observers left the area before the cash was completely tabulated and a total agreed upon. In this situation, the person left alone in custody of the cash has the opportunity to remove some of the cash without detection. While we found no evidence that this is the case, internal controls would be strengthened by having both staff present until the cash has been completely counted and totaled.

RECOMMENDATION

We recommend that two staff be present until the cash received through the mail is completely counted and totaled.

Deposits are not being made daily. At the West Side Sunday Anderson Senior Center we found that in July, 60 percent of the deposits were made late. At every other senior center the donations collected for the congregate meals are counted, summarized and deposited the same day they are collected. Some of the deposits at the West Side Sunday Anderson center were deposited as many ten days after the day they were collected.

Money retained overnight is a greater risk for theft or diversion to personal use. In addition, County-wide Policy 1062 "*Management of Public Funds*", calls for money to be deposited when the amount totals \$50.00 in cash or \$250 in aggregate (Section 3.8.1.1).

RECOMMENDATION

We recommend that money collected be deposited daily in accordance with Policy 1062.

Drivers that accept donations are not provided with locking boxes. Senior Centers provide transportation for some of the clients to the senior center. Some of the transport services are provided by the municipality in which the Senior Center is located. However, others are provided by the County and accept donations for the service. During the audit, we noticed that these drivers are provided with a variety of unsecured containers for holding the donations until their return to the senior center. Internal controls would be stronger if the drivers were provided with a locking box, with the senior center staff retaining the key to open the box at the end of the day.

RECOMMENDATION

We recommend that drivers who accept donations be provided with a locking box.

The petty cash fund at the government center is insufficient. During the audit we found that the petty cash fund at the Government Center Administration requires reimbursement on a monthly basis. County Policy 1203 "*Petty Cash and Other Imprest Funds*" states that the "...amount requested shall provide adequate operating funds for approximately three (3) months". Through the first nine months of 2000, there have been seven reimbursement requests totaling \$8,471.61. Based on the policy, the fund should be increased to at least \$3,000 to provide for quarterly replenishment.

In conjunction with any requested increase, an examination of the ongoing petty cash expenses should be conducted. This examination should include a review of the nature and purpose of the expenses, and whether they meet the criteria of a "true" petty cash expenditure.

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RECOMMENDATION

We recommend that the Administration petty cash account be increased to provide for quarterly reimbursement.

The stipend imprest checking account is well managed. In the course of our work we examined the \$80,000 imprest checking account for the payment of stipends. We found the system of internal controls for this account to be very well managed. You and your staff are to be commended.

In closing, I would like to thank your staff for their cooperation and assistance during our audit. I trust our work will be of benefit to your staff. If we can be of further assistance, please feel free to contact us.

Sincerely,

David L. Beck
Chief Deputy

cc:
Javaid Majid
David Turner