

Salt Lake County Auditor's Office

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Dear Dr. Vedder:

We recently completed an unannounced cash count of the petty cash and change funds at the Ellis R. Shipp Public Health Center (ESPHC), Southeast Public Health Center (SEPHC), West Jordan Public Health Center (WJPHC), and the Rose Park Public Health Center (RPPHC). We also conducted a review of cash receipting and depositing, and fixed and controlled assets for each location.

We did not review assets or cash handling at the Magna Health Clinic since the clinic does not charge patient fees. However, an issue with the change fund for the Magna Clinic did arise during the audit and will be discussed in greater detail in the cash receipting and depositing section of this letter.

Cash handling and fixed and controlled assets are generally adequate but we found some areas where improvements are needed. Major findings and recommendations are discussed below.

CASH RECEIPTING AND DEPOSITING

During our review of the cash receiving and depositing process, we found several items that should be improved.

- ! Patients were not charged for immunization fees for two days at Rose Park Clinic.
- ! Reconciliation between cash receipts and amounts deposited are not performed at the health centers.
- ! The Magna change fund cannot be located.
- ! Nurse approval of fee waivers were omitted occasionally at the West Jordan Public Health

Center.

- ! Over/Shorts are not always documented by cashiers on a daily and monthly basis.
- ! The main cashier at several health centers did not consistently complete a fund transfer receipt.
- ! Pertinent information to summarize daily collections is not always included in deposit documentation.
- ! Sequential order of patient encounter numbers were inconsistent at the West Jordan Public Health Center.
- ! Cashiers at West Jordan Public Health Center completed voids without supervisor approval.
- ! The change fund custodian at the Southeast Public Health Center has not been updated with the Auditor's Office.
- ! Adequate check guarantee procedure is not used when accepting personal checks.

Patients were not charged for immunization fees for two days at Rose Park Clinic.

During our review of cash receipting and depositing at RPPHC we found two days during July 2000 in which the clinic did not charge patients for the immunizations they received. All fees were waived by the nurse supervisor because the agent cashier did not leave the combination to the change fund box before she took some time off.

The Health Department has a fee schedule which outlines the fees to be charged for each immunization that is administered. The nurse has authorization to waive fees in special circumstances. If these circumstances are not met, the fee is to be charged. If the appropriate fees are not charged, the Health Department will not be able to recuperate the costs involved in administering immunizations.

RECOMMENDATION:

We recommend that patients be charged for immunizations according to the Health Department fee schedule.

Reconciliation between cash receipts and amounts deposited are not performed at the health centers. Each health center completes a monthly deposit log. On a daily basis, the deposit amount is written on the monthly deposit log. At the end of the month the log is totaled. The total represents the amount that was deposited in the bank by the clinic for the month.

Each clinic also prints a computer cash receipts report at the end of the month. The report shows the total amount of funds collected for services rendered during that month. In our review of cash receipting and depositing, we found that none of the health clinics are reconciling the monthly deposit log to the computer cash receipts report.

At each clinic, we reconciled the monthly deposit log to the computer cash receipts report and found that the amounts did not match in several instances. A monthly reconciliation is necessary to ensure that funds are not mishandled.

RECOMMENDATION:

We recommend that each public health center reconcile their monthly deposit log to the computer cash receipts report.

The Magna change fund cannot be located. During our review of change funds, Public Health Center Administration stated that the Magna Public Health Center (MPHC) change fund was turned in during 1996 because immunizations were no longer given at the clinic. However, Accounting and Operations of the Auditor's Office still has the change fund listed on the Petty Cash Report.

We examined the detail balance sheet for the Health Department Cash - Petty account (BS Acct 1113) for 1996 and 1997. We could not find an entry to the account that appeared to be for the closure of the Magna Center change fund.

After consulting with personnel in Accounting and Operations and Public Health Center Administration, we could not come to the conclusion that the Magna change fund has been closed.

RECOMMENDATION:

We recommend that Public Health Administration work with Accounting and Operations in the Auditor's Office to resolve the problem with the Magna change fund.

Nurse approval of fee waivers were omitted occasionally at the West Jordan Public Health Center. During our review of documentation for cash receipts, we found eight instances at WJPHC and two instances at RPPHC in which fees were waived without the nurse initialing the documentation to indicate waiver approval. Family health center internal policy requires that documentation for fees waived be initialed by the nurse.

Sometimes when the clinics get busy, the nurse forgets to initial the form to show waiver approval. However, funds could be susceptible to misuse if appropriate approval is not in place.

RECOMMENDATION:

We recommend that all fee waivers be approved and paperwork initialed by the nurse.

Over/Shorts are not always documented by cashiers on a daily and monthly basis.

We found in our sample that cashiers at the ESPHC, SEPHC, and WJPHC were not consistently documenting and explaining their over/short amounts on the fund transfer receipt. Monthly over/short logs were also not being prepared consistently for each cashier at the same locations.

Countywide Policy #1062, Management of Public Funds, §5.3.1.2.2, states “*an Over/Short Log will need to be maintained and a copy signed by the immediate supervisor.*” The Health Department uses the fund transfer receipt to record the over/short amount for each cashier on a daily basis. In addition, the Health Department requires each cashier to complete a monthly over/short log.

Health center supervisors did not ensure at the end of each month that all the paperwork required for over/shorts was completed by each cashier. If over/shorts are not monitored by management, they could accumulate to an excessive amount and go unnoticed.

RECOMMENDATION:

We recommend that each cashier document over/short amounts on a daily and monthly basis.

The main cashier at several health centers did not consistently complete a fund transfer receipt. Current practice at the family health centers is for each cashier to complete a fund transfer receipt. The fund transfer receipt shows a breakdown of the cashier’s currency and checks that will be transferred to the main cashier who prepares the deposit. The main cashier also completes a fund transfer receipt showing her own drawer currency and check breakdown. The main cashier has a second person sign her fund transfer receipt showing the funds were verified by a second individual. The fund transfer receipt is also used for each cashier to explain over/short amounts.

During the periods we sampled, the main cashier at the Ellis Shipp, Southeast, Rosepark, and West Jordan Family Health Centers did not consistently complete a fund transfer receipt. A second individual did not review the main cashier’s collections at an individual level before the deposit was aggregated. In addition, the over/short amount of the main cashier was not documented on an individual basis since the fund transfer receipt was not filled out for her drawer.

Since the main cashier did not complete the fund transfer receipt, proper documentation is not being maintained for each cashier’s collections. Patterns for over/short amounts may be overlooked on an individual basis.

RECOMMENDATION:

We recommend that each cashier, including the main cashier who prepares the deposit, complete a fund transfer receipt.

Pertinent information to summarize daily collections is not always included in deposit documentation. Countywide Policy #1062, Management of Public Funds § 3.7.4.2.3, requires “[each entity] to complete a Daily Cash Balance report. Include with the report all deposit slips, . . . and any other information pertinent to the day’s collection totals.” For the health clinics, the computer-generated reports summarizing transactions is pertinent information to be included with the Daily Cash Balance report.

Some of the deposits included in the sample we examined did not contain the computer reports that summarize the daily transactions. It was difficult to determine the total amount of funds that should have been collected without going through every transaction. Misuse of funds is possible due to amounts collected not being deposited.

The West Jordan Clinic did not start collecting fees for immunizations until February of 1999. During 1999, the clinic did not have a permanent cashier. A cashier was rotated from other clinics in the County to work at the West Jordan Clinic. Because a permanent cashier was not assigned to the location the computer reports were sometimes overlooked and the nurse supervisor who verified the deposit did not ensure that the reports were included with the Daily Cash Balance report and deposit slip.

The Rosepark Clinic started collecting fees for immunizations in July 2000. The first few weeks that fees were being collected the computer reports were not printed due to computer problems and personnel issues.

RECOMMENDATION:

We recommend that the individual who verifies the deposit ensure that all the back-up for the deposit is included with the Daily Cash Balance report.

Sequential order of patient encounter numbers were inconsistent at the West Jordan Public Health Center. When we reviewed the sequential order of patient encounter numbers at the West Jordan Clinic, we noted several gaps in the sequence. Public Health Center Administration was able to print the detail for each patient encounter number that was missing. However, the detail of the transactions should have been included in the back-up for the daily deposit.

Health Department procedures require that each patient be assigned a patient encounter number (PEF#) when they receive a service at a public health center. Patient encounter numbers are assigned in sequential order by the computer. If daily computer reports are not printed and reconciliations not done on a monthly basis, an individual could encounter a patient and collect funds and convert the funds to personal use.

The cashier who prepares the deposit is supposed to write the beginning and ending encounter numbers for the day in the designated place on the Daily Cash Balance Sheet. The supervisor who verifies the deposit should make sure that encounter numbers are in sequential order from the previous day's business and that no gaps occurred during the current day's transactions. This procedure did not always occur at the WJPHC, resulting in the gaps in the sequential order going unnoticed.

RECOMMENDATION:

We recommend that the supervisor who verifies the deposit ensure that patient encounter numbers are in sequential order and that the back-up for each encounter number is included in the folder with the daily deposit.

Cashiers at West Jordan Public Health Center completed voids without supervisor approval. Countywide Policy #1062, Management of Public Funds, § 3.13.1 states, "The cashier who initiated a void will document on the front of the receipt the reason it is voided. A supervisor or designee not involved with the transaction will review and sign the voided receipt along with the cashier who initialed the void." Section 3.13.1.1.1 states, "The original (void) will be attached to the daily cash balance sheet."

At the West Jordan Clinic some patient encounter numbers were voided. The cashier who voided the encounter number did not have a supervisor approve the void. The explanation of the void was not documented. Supervisor approval is necessary to ensure that fees are not actually collected and converted to personal use. The West Jordan clinic only has two employees, a cashier and a nurse, who work in the immunizations part of the clinic. Sometimes the clinic was busy and the nurse did not approve the void.

RECOMMENDATION:

We recommend that all voids be approved by the supervisor and documented properly.

The change fund custodian at the Southeast Public Health Center has not been updated with the Auditor's Office. The person who is listed on the Auditor's Petty Cash Report as

change fund custodian at the SEPHC no longer works at the clinic.

Salt Lake Countywide Policy #1203, Petty Cash and Other Imprest Funds, § 3.1, states “there is to be one person directly responsible for each fund (the Custodian), who is held accountable for the integrity of the amount and operation of the fund.” Section 4.1 states, “designating a custodian, and any subsequent changes of custodians, should be processed by completing the “Request for Custody/Change in Custody” form.”

Communication between the fund custodian and the Auditor’s Office will be delayed if the custodian name is not updated when a change occurs.

Adequate check guarantee procedure is not used when accepting personal checks. Cashiers do not ask for a form of identification when receiving personal checks. Countywide Policy #1301, Acceptance of Checks, states, “when receipting payments for user fees and other revenues. . . over-the-counter receipts in the form of a personal check [should be] accompanied by a valid form of identification.” The following forms of identification are acceptable with a current expiration date: driver’s license, Utah identification card or check guarantee card. These forms of identification are necessary for cases when a check is returned for insufficient funds. The individual can then be tracked through the form of identification and funds may still be collectible.

RECOMMENDATION:

We recommend that cashiers ask for a form of identification when personal checks are accepted from clients.

FIXED AND CONTROLLED ASSETS

As mentioned in our previous letter, we recognize and commend the efforts of the Health Department in creating and maintaining an effective database with which to manage fixed and controlled assets.

Our review of fixed and controlled assets resulted in the following findings:

- ! Four controlled assets at the Southeast Clinic could not be located.
 - ! The transfer of a WIC computer to the State was not documented.
 - ! Some controlled assets at the West Jordan Public Health Center are not tagged.
- Four controlled assets at the Southeast Clinic could not be located.** We performed an

inventory of a sample of controlled assets at the SEPHC. Of the 43 assets in our sample, we were unable to locate the following 5 items: a 2 drawer file cabinet, a wooden cabinet, a paper cutter, a scale, and a table with wheels.

Salt Lake County Policy #1125, Safeguarding Property Assets, § 2.2 states, “*Property managers assigned by their Administrators are responsible for ...accounting for all controlled assets within the organization’s operational and/or physical custody.*”

Personnel in the Health Department believe that the assets were probably sent to surplus. However, a transfer form could not be located to verify that the assets were sent to surplus.

RECOMMENDATION:

We recommend that a PM-2 form be completed when assets are sent to surplus.

The transfer of a WIC computer to the State was not documented. WIC, a program sponsored by the State of Utah, uses space at the Salt Lake County Public Health Centers. Some of the assets located at the clinics are State assets.

The County Health Department tracks the controlled assets of the state along with the county assets. Each state asset has a blue County Health Department controlled asset tag and a red State asset tag attached to it. The County Health Department inventories the assets each year. The State assets are listed on a controlled asset list that also includes County controlled assets for each clinic.

Since County and State assets are on the same list and not uniquely identified, some State assets were included in the sample of controlled assets that we verified. There was one WIC computer at the Southeast clinic that could not be located. County health personnel stated that the computer had been picked up by the State to repair in May 1999.

Even though the County is not required to track State assets, a problem arises when items on the County asset list are missing and property transfer forms are not completed.

Controlled assets are sensitive to conversion to personal use when they are not closely tracked by management. If State assets come up missing, the County could be held responsible for the missing items. An official policy has not been implemented to outline the County’s responsibility for State assets located at County Public Health Centers.

RECOMMENDATION:

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We recommend that a policy be implemented to outline the County Health Department's responsibility in tracking State controlled assets.

Some controlled assets at the West Jordan Public Health Center are not tagged. Salt Lake County Policy #1125, Safeguarding Property Assets, § 2.2 states, "Property managers assigned by their Administrators are responsible for ...accounting for all controlled assets within the organization's operational and/or physical custody."

Controlled assets are sensitive to conversion to personal use when they are not closely tracked by management. Some of the items that were not tagged included two tables and a desk.

RECOMMENDATION:

We recommend that all controlled assets be tagged.

In closing, we express appreciation to the staffs at ESPHC, SEPHC, WJPHC, and RPPHC for the cooperation and assistance they gave to us during our audit. We are confident that our work will be of benefit to you and help you strengthen internal controls throughout the Health Department. If we can be of further assistance to you in this regard, please contact us.

Sincerely,

David L. Beck
Chief Deputy

cc: Lewis R. Garrett
Suzanne Kirkham
Steve Spencer