



SALT LAKE COUNTY AUDITOR'S OFFICE

SEAN THOMAS
Auditor

December 28, 2006

Gary Edwards
Executive Director
Salt Lake Valley Health Department
2001 S. State Street, Suite S2500
Salt Lake City, UT 84190-2150

Re: Limited Scope Audit of the South Main Public Health Center

Dear Gary:

The Audit Division recently completed an audit of cash collection, receipting, and depositing functions at the South Main Public Health Center (Center). We also reviewed the Center's change funds and the petty cash fund. Additionally, we reviewed the process to monitor capital and controlled assets.

CASH HANDLING, RECEIPTING AND DEPOSITING

At the beginning of our review of the cash receipting and depositing process, we performed an unannounced cash count of the collections in cash drawers and also the change fund and the petty cash fund. Collections balanced to the Cash Drawer Balancing Listing and petty cash and change funds balanced to their authorized limits, as designated in the Salt Lake County Petty Cash and Other Imprest Accounts Report.

We further reviewed deposits from a statistically random sample of 57 deposits from the last 12 months. We found that all funds received were deposited and all but one deposit was deposited the next business day after receipt. The one deposit outside the three-day window was over a weekend and was received at the bank on Tuesday. The Center followed Salt Lake Valley Health and Salt Lake County's policies regarding timely deposit of revenues.

We reviewed each deposit for overs and shorts and all but one of the deposits in our sample balanced to daily receipts, with no overs or shorts. Cashiers are required to complete daily a sheet that shows their deposit amounts and any over or short amount. At the end of the month the agent cashier reviews and signs each cashier's sheet, and those sheets are filed with the monthly reports. Review of those sheets did not show excessive overs and shorts either in

number or amount. In the months we reviewed, the highest amount of any single shortage was \$5.00 and the highest amount of any single overage was \$10.00.

The cash/check/credit card composition was correct in all but one of the 239 individual cashier reports we reviewed. In that instance, the client had paid for the service with a card but the cashier entered the revenue as cash. This was corrected at the end of the day when credit cards entries were summarized. We found each cashier had access to only one drawer and each cash drawer had only one cashier assigned to it at a time. The cashier is required to have possession of the key to the drawer at all times. The Health Department data analyst said that cashiers are provided training in cash handling procedures at least once a year. We found that personnel at the Center are diligent in following the policies and procedures set forth by the Health Department and Salt Lake County. We had the following finding:

- **The petty cash fund was too large for its actual level of utilization.**

The petty cash fund was too large for its actual level of utilization. In addition to the unannounced cash count, we reviewed petty cash disbursements for the Center and found them to be appropriate and within the amount allowed by Countywide Policy #1203 "Petty Cash and Other Impress Funds." Tax was charged on two of the expenditures but the employees were not reimbursed for the tax. Proper backup for each purchase was included, as required.

The Center replenished their petty cash account only twice in 2006, January and October. Policy #1203, section 3.7 states, "*The amount requested shall provide adequate operating funds for approximately **three (3) months.***" Reimbursement amounts for the fund which currently has an authorized limit of \$1,000, were \$493.81 in January 2006 and \$781.10 in October 2006. Because of this underutilization, a portion of the fund should be returned to the Auditor's Office, to allow for the earning of interest, or appropriation to other areas of need. Sound cash management practices require that funds be used with specific purposes in mind instead of remaining idle in petty cash accounts.

RECOMMENDATION:

We recommend that the petty cash account be reduced to a level more appropriate to the needs of the Center.

CAPITAL AND CONTROLLED ASSETS

The objective of reviewing the capital and controlled assets was to evaluate the adequacy of internal controls and compliance with Countywide Policy #1125, "Safeguarding Property/Assets." A capital asset is an item of real or personal property owned by the County, meeting the criteria for capitalization, having an estimated life expectancy of more than one year and a cost equal to or greater than \$5,000. A controlled asset is an item of personal property, which is sensitive to conversion to personal use, having a cost of \$100 or greater, but less than the capitalization threshold (currently \$5,000). We found the one capital asset listed in the

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County's financial system "Advantage Financial" (AFIN) and then reviewed a statistically random sample of the controlled assets on the asset list provided by the Health Department. Of the 69 assets in our sample, we found all but one, a vacuum cleaner that subsequently was reported, by the employee responsible for the vacuum, to be in the repair shop.

Countywide Policy #1225, Section 4.3, explains that in addition to the controlled assets inventory for the organization, a *Controlled Assets Inventory Form–Employee* must be completed for each employee who is assigned capital or controlled assets. At the time of our audit assets were assigned to 15 different employees. The property custodian had signed forms from 11 of the employees, with one employee having signed her form at another center. The other three employees have now signed the forms as required by policy. We commend the Center for their improved tracking and handling of capital and controlled assets since our last audit.

In closing, we express appreciation to the staff at the South Main Public Health Center for their cooperation and assistance during our audit. They were most helpful and prompt in responding to our requests. If we can be of assistance to you in the future, please let us know.

Sincerely,

James B. Wightman, CPA
Director of Internal Audit

cc: Kristy Cottrell
Shauna Crosby
Doug Peterson