



December 31, 2012

Ben McAdams, Mayor  
2001 S. State Street # N2100  
Salt Lake City, UT 84114-4575

Re: Aging Services Administration Audit

Dear Mayor McAdams,

We recently completed an analysis of the financial records of Aging Services Administration (Aging Services). Our scope was limited to verification of the accuracy and completeness of financial records, and compliance with internal controls related to:

- Cash Receipting and Depositing
- Petty Cash and Imprest Checking
- Accounts Receivable

Audit criteria included Countywide Policy #1062, *Management of Public Funds*. Our work was designed to provide reasonable but not absolute assurance that internal controls were adequate, records were accurate and complete, and daily transactions were valid.

Since our audit included only a sample of items, there is a risk that we may not have discovered problems related to items not selected for review. In addition, not all areas of Aging Services operations were reviewed, including purchasing, travel reimbursements, and payroll. At the time of our fieldwork Aging Services was deploying over 100 new computers. Because of the ongoing implementation, and in light of the limited timeframe for the audit, assets were not included in the scope and will be reviewed at a future date. Management's response to our audit can be found in Appendix A.

Some minor observations were discussed with Aging Services personnel at the time of our audit and have not been included in this letter. More significant findings and recommendations are included below and can be found in the following sections: 1) Petty Cash, 2) Cash Receipting and Depositing, and 3) Accounts Receivable.

*Deficient internal controls found in operational areas, such as poor separation of duties, create opportunities for undetected thefts to occur. These opportunities will continue to exist until Aging Services establishes proper controls, either by implementing our recommendations or some equivalent control measures.*

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Salt Lake County Auditor

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**PETTY CASH AND IMPREST CHECKING**

Aging Services maintains two imprest checking accounts and two petty cash funds, seen in Table 1 below. With the exception of the \$75,000 imprest checking account, funds are used for small dollar purchases related to day-to-day operations.

<b>Aging Services Administration: Imprest Accounts</b>	
Account Type	Amount
Imprest Checking	\$75,000
Petty Cash	\$3,000
Imprest Checking	\$2,000
Petty Cash	\$300
<b>Total</b>	<b>\$80,300</b>

**Table 1.** *Aging Services Administration maintains two imprest checking and two petty cash funds.*

**\$75,000 Imprest Checking Account**

The \$75,000 imprest checking account is used to pay volunteers a stipend for hours worked, mileage, and meals in connection with the Senior Companion, Foster Grandparent, and RSVP federal grant programs. We found the account to be well managed and balanced to the amount on record. We also found that the risk of misuse of funds had been mitigated by appropriate internal controls.

We obtained data for checks drawn on the account from September 15, 2011 to August 15, 2012. Over 2,900 checks had been issued, totaling over \$657,000. We selected a random sample of 71 checks totaling \$15,396 for review. We found that the timecard completed by each volunteer matched the amount paid for every item in our sample. Proper authorization was found on each timecard sampled except one (1%). Finally, the volunteer’s signature was found on each timecard sampled except four (6%). In accordance with County Policy regarding proper segregation of duties, the Aging Services Account, not the Payroll Coordinator, is responsible for reconciling the account to the bank statement each month. We have no material findings regarding the \$75,000 imprest account.

**Operational Imprest Accounts**

We performed an unannounced count of the petty cash funds and imprest checking account on August 16, 2012. We found that the \$300 petty cash fund and the \$2,000 imprest checking account balanced to the amount on record. The \$3,000 petty cash fund was over \$4.34, a variance of .01%. We also reviewed one year’s worth of expenditures for each account. We found that expenditures were for valid business purposes and had adequate documentation. Vouchers and receipts were maintained in an orderly manner. We commend the account custodians for these positive results. We did find areas for improvement and have the following findings:

- ***Operational petty cash funds and imprest checking balances exceeded the amount needed for operational expenditures.***

- *Aging Services did not have a special policy that was approved by the County Council regarding food served in the congregate meals program.*
- *Not all purchases of meals were accompanied by a meals form, and two were not properly authorized.*
- *The \$2,000 imprest checking account was reconciled by the custodian.*

**Operational petty cash funds and imprest checking balances exceeded the amount needed for operational expenditures.** We found that operational imprest account balances were slightly less than the amount needed for *one year* of expenditures. Countywide Policy, #1203, “Petty Cash and Other Imprest Accounts,” states in Section 3.1.4, that when setting up a new imprest account:

*The requested imprest amount should be sufficient to provide adequate operating funds for 2 months.*

Table 2, below, contains an analysis of current account balances versus the amount needed for 2 to 3 months of actual expenditures.

<b>Imprest Account Balances versus Actual Expenditures</b>					
Account Type	Current Account Balance	One Year Actual Expenditures <i>(per vouchers/ checks examined)</i>	Two Month's Expenditures <i>(Divide by 6)</i>	Three Month's Expenditures <i>(Divide by 4)</i>	Excess Balance <i>(Current balance less 2 to 3 months actual expenditures)</i>
Petty Cash	\$3,000	\$4,171	\$695	\$1,043	\$1,957-\$2305
Imprest Checking	\$2,000	\$670	\$112	\$168	\$1,832-\$1888
Petty Cash	\$300	\$609	\$102	\$152	\$148-\$198
<b>Total</b>	<b>\$5,300</b>	<b>\$5,450</b>	<b>\$908</b>	<b>\$1,363</b>	<b>\$3,937-\$4,392</b>

**Table 2.** *Aging Services Administration operating imprest account balances were \$4,000 in excess of the amount needed.*

The use of petty cash and imprest checking has dropped with the increased use of purchasing cards at the various senior centers. When replenishment requests are submitted on an infrequent basis there is an increased risk of inappropriate use without timely detection. In addition, interest is lost on excess funds kept in the accounts and cash on hand is at risk of theft.

**RECOMMENDATION**

*We recommend that Aging Services Administration reduce and/or combine their petty cash and imprest accounts to an amount equal to two to three month's expenditures.*

**Aging Services did not have a special policy that was approved by the County Council regarding food served in the congregate meals program.** During the course of our review we noted purchases of food on behalf of the congregate meals program at various senior centers. Part of Aging Services mission is to provide meals to low income and/or house bound seniors. The meals served are a vital part of Aging Services mission, and it would not be practical to apply the requirements of the meals policy. Countywide Policy #1020, County Meals, Section 7.1 states:

*County organizations whose circumstances differ widely from those envisioned in this policy should submit a special policy on food and entertainment to the County Council for consideration and approval.*

#### **RECOMMENDATION**

***We recommend that Aging Services develop a written policy on food served to clients for submission and approval by the County Council.***

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**Not all purchases of meals were accompanied by a meals form and one was not properly authorized.** Overall, we examined 113 petty cash and imprest checking expenditures and related documentation. We found four instances where food or meals were purchased for volunteers or employees but no meals form was attached. We found one instance where the meals form was attached, but the Division Director line was left blank. Countywide Policy #1020, County Meals, Section 6.1 states:

*All requests for payment (including reimbursements from petty cash accounts) shall be submitted with the attached form which contains: the date of the meeting; the location of the meeting; the type of meeting, whether a breakfast, lunch, or dinner; certification of the purpose of the meeting and the group attending in relation to county business; the total number of attendees, with employees separated from other attendees; the total payment amount requested; the signature of the person submitting the request; the date the request was signed; the signature of the Division or Department Director or Elected Official approving the request; the date approved by the official; and a copy of the bill or receipt.*

Transactions that were not in compliance with the meals policy can be seen Table 3, on page 5.

<b>Petty Cash and Imprest Checking Meals Findings</b>					
<b>Account</b>	<b>Voucher / Check</b>	<b>Date</b>	<b>Amount</b>	<b>Description</b>	<b>Finding</b>
\$300 Petty Cash	170	04/18/12	\$21.48	Snack and food	No meals form
\$300 Petty Cash	162	11/11/11	\$10.35	Service coordinator conference	No meals form
\$300 Petty Cash	152	09/20/11	\$21.84	Incentive Award Team lunch	No meals form
\$2,000 Checking	3214	10/11/11	\$143.11	SHIP Training	Meals form has no authorizing signature
\$3000 Petty Cash	2120	05/04/12	\$16.14	SHIP refreshments for training	No meals form
		<b>Total</b>	<b>\$212.92</b>		

**Table 3.** Over \$200 in food was purchased without a meals form, or without proper authorization.

When meals are not properly authorized, improper expenditures, such as meals purchased without a valid business reason, are more likely to occur.

**RECOMMENDATION**

*We recommend that all meals purchased for consumption by Aging Services employees and/or volunteers be accompanied by a meals form that contains the proper authorizations.*

**The 2,000 imprest checking account was reconciled by the custodian.** During the course of our review we noted that the \$2,000 imprest checking account was reconciled by the custodian. Countywide Policy #1203, Section 5.1.3 states,

*In the case of Imprest Checking/Operating Accounts, the account's bank statement balance shall be reconciled at least monthly by an employee designated by Agency Management, who is not the Custodian.*

Properly segregating day-to-day account management and reconciliation mitigates the risk of unauthorized or inappropriate expenditures.

**RECOMMENDATION**

*We recommend that the imprest checking account be reconciled by an employee designated by Agency Management, who is not the Custodian.*

**CASH RECEIPTING AND DEPOSITING**

Donations are received through the mail for the Meals on Wheels, transportation, and lunch programs (project income). Although there is no required fee, a recommended donation amount is mailed out to allow and encourage seniors to contribute. Seniors also remit a co-pay in connection with the Alternatives Program, which is designed to help seniors maintain their independence for as long as possible.

Project income donations come with an inherent risk in that receipts are not issued and donors remain anonymous in accordance with Utah Administrative Code R510-104-13. Therefore, there is no separate record of collections, such as copies of manual receipts, or a cash register report, to ensure the amounts deposited match the amount paid by seniors. In accordance with provisions of the Administrative Code cited above, Aging Services has implemented controls to help mitigate this risk. Donations arrive in unique envelopes that are opened, logged, and prepared for deposit by two staff members.

We selected a random sample of 58 days from September 2011 to August 2012 to examine project income deposits. There was no deposit for eight of the days selected; therefore, only 50 deposits containing donations totaling \$215,394 were reviewed.

In addition to donations and co-pays from seniors, Administration receives a variety of checks through the mail related to grants, donations from businesses, insurance payments for flu shots, etc. This non-project income is deposited through the Mayor's Office. Each deposit contains one or more unique receipt numbers. We selected and reviewed a random sample of 38 non-project income receipts from the same one-year period containing \$379,080. In the area of Cash Receipting and Depositing we found that:

- *Non-project income checks received in the mail were not opened under dual control and included on a log.*
- *Deposits were not always made within three days of receipt.*

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**Non-project income checks received in the mail were not opened under dual control and included on a log.** As described previously, project income donations received in the mail from seniors were opened in the presence of two employees and were included on a log. Other types of checks received, such as grant related payments, corporate donations, and payments for flu shots were opened and prepared for deposit by the Aging Services Accountant. No other employees were present and a log of checks received was not created.

Our random sample of non-project income receipts included \$379,080, with an average check value of \$11,030. Countywide Policy #1062, Section 3.1.5 states:

*Agency Management and Fiscal Managers shall establish internal control procedures tailored to their operational requirements. These controls should be designed to prevent payments by check through the mail from being lost, stolen, or diverted to personal use.*

When checks are not opened under dual control and included on a check log, there is an increased risk that funds will be diverted to personal use. Lack of segregation of duties, discussed previously, increases this risk.

**RECOMMENDATIONS:**

1. *We recommend that all checks received in the mail be opened under dual control and included on a check log.*
2. *We recommend that the check log be reconciled to amounts deposited by a different individual than the person who prepares the deposit.*

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**Deposits were not always made within three days of receipt.** As stated previously, we selected a random sample of 58 days of project income deposits for review. There was no deposit for 8 of these days in our random sample. The Aging Services Fiscal Manager indicated that if only one or two donations are received, the deposit will be delayed until more funds have accrued. She also stated that there are times when two trained staff members are not available to complete the deposit. Because no record is created on days with few or no donations, there is no way to be certain whether or not funds were received.

Table 4, below, contains an analysis of the number of days from the sample date to when the deposit appeared on the bank statement.<sup>1</sup>

<b>Days to Deposit for Project Income (Senior Donations)</b>		
Number days to the Bank Statement	Number of Sample Days	Percentage of Total Sample Days
1-2 days	17	29%
3 days	15	26%
4 days	10	17%
5 days	5	9%
6 days	9	16%
7 days	1	2%
8 days	-	-
9 days	1	2%
<b>Total</b>	<b>58</b>	<b>100%</b>

**Table 4.** *Approximately 45 percent of Project Income donations were made more than three days after receipt.*

We also estimated the days-to-deposit for non-project income. As previously described, there was no record, such as a check log, of when insurance, donation, or grant-related checks were received that could be used to determine if deposits were made timely. The fiscal manager estimated that non-project income deposits are made about every 8 to 9 days. We used two methods to estimate the number of days for the checks in our random sample to be deposited.

First we compared the date on the check to the date the funds were taken to the Mayor’s Office for deposit. We found a lag of *one to 96 days*, with an average of 20 days.

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<sup>1</sup> Includes Saturdays but not Sundays, excludes Holidays, except July 24<sup>th</sup>. Where there was no deposit on a sample date funds collected were assumed to be included in the next deposit completed.

Next we reviewed the time lag *between* one non-project income deposit to the next non-project income deposit and found a range of one to 31 days, with an average of 15 days between deposits. The results of this analysis are seen in Table 5 below.

The fact that this measurement provides a shorter time lag than comparing the date on the check to the deposit date suggests that some checks are held prior to being deposited, either by Aging Services or by the payer. Aging Services staff indicated that checks are sometimes initially sent to the wrong division, such as the Health Department, or may require research prior deposit. However, they agreed that time to deposit could be improved.

<b>Estimate of Days to Deposit for Non-Project Income Deposits</b> <i>(Grant Revenue, Flu Shots, etc)</i>	
<u>Days Between Deposits</u>	<u>Number of Deposits</u>
1 - 5	4
6 - 10	1
11 - 15	8
16 - 20	5
21 - 25	2
26 - 30	2
31	1

**Table 5.** *Non project income deposits were made more than three days after receipt.*

Countywide Policy #1062 requires that funds be deposited no later than three days after receipt. Section 4.1.2 states,

*As required by §51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but not later than three days after receipt.*

When funds are not deposited timely, interest is lost. Funds are also more susceptible to theft.

**RECOMMENDATIONS:**

- 1. We recommend that project income and non-project income deposits be made daily whenever practicable, but no later than three days after receipt.**
- 2. We recommend that a daily record of funds received be maintained.**

**ACCOUNTS RECEIVABLE**

Within our random sample of non-project income receipts, we noted a wide variety of revenue sources including donations solicited from businesses, amounts billed for various grant-related programs, and other invoicing. Grant related billing consisted of either:

- Direct requests for reimbursement of expenditures
- Invoices to outside entities for services provided by Aging Services (The outside entity used grant money they received to pay the invoices)



One example of the later is the Service Coordinator program. Aging Services provides various senior housing facilities (congregate housing) with a County employee that assists residents in obtaining supportive social and medical services. Aging Services invoices the housing facilities and the housing facilities, in turn, receive Federal grant money for their participation in the program.

Aging Services provides seniors with Flu Shots and bills Medicare and private insurance for those services. They also invoice outside entities, such as retirement centers and in-home care providers for advertising space in the annual 55+ Senior Resource Directory published by Aging Services. Other types of invoicing may also occur, but were not noted in our random sample.

Our review was limited to an overall evaluation of controls over invoicing, receipt, and deposit of payments within Aging Services Administration. Due to the limited scope and timeframe for the audit we did not review whether all services provided were accurately invoiced or that all payments received were deposited for individual programs. Compliance with grant provisions was also not reviewed. Our findings include:

- *Countywide accounts receivable policy does not provide an exception for insurance or grant related invoicing.*
- *There was no separation of duties over billing, receipt of payment and record keeping in some areas.*
- *Advertising accounts receivable was incorrectly categorized as donations.*
- *Controls over reimbursement requests, soliciting donations, and other invoicing could be strengthened through use of an automated system.*

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**Countywide accounts receivable policy does not provide an exception for insurance or grant related invoicing.** Accounts receivable within the County are generally governed by Countywide Policy #1220, “Management of Accounts Receivable and Bad Debt Collection.” The policy defines Accounts Receivable in Section 1.1 and states:

*Accounts Receivable or Receivables. Any amount due the County from a business entity, individual, or other organization for which payment has not been received by the County, or entity that is servicing the debt, for the provision of goods or services for which payment was not rendered at time of delivery.*

Grant related invoicing such as the Service Coordinator program described previously, and insurance and Medicare invoicing for flu shots meet this definition. However, the policy mandates credit screening and collection efforts, such as the addition of finance charges, which would not apply. The policy does provide exceptions for Interlocal Agreements, taxes, special assessments, and certain other receivables. It should be modified to include an exception for grant-related, insurance and Medicare billing as well.

**RECOMMENDATION:**

*Countywide Policy #1220 should be modified to include an exception for invoicing related to grants, Medicare and insurance billing.*

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**There was no separation of duties over billing, receipt of payment and record keeping in some areas.** Within our random sample of non-project income receipts, there were 11 checks from insurance companies and other sources in payment for flu shots administered at Aging Services. An employee at the Friendly Neighborhood (FNC) Senior Center billed insurance and Medicare for flu shots. Most checks were received through the mail at Administration and then sent to the same employee at the FNC. The employee used the check's remittance advice to track payments and then sent the checks back to Administration where they were prepared for deposit. No funds transfer form was used to document the number or value of checks sent to the FNC and no log of checks received was created. Checks for flu shots were also sometimes mailed directly to the FNC and sent to administration for deposit.

A similar situation occurred with grant reimbursements, billing for service coordinators, and other invoices. The Accountant created the invoice or made the reimbursement request, received and opened the checks, tracked payments and prepared the checks for deposit. He then takes the funds to the Mayor's Office Financial Administration-Accounting staff for deposit.

Having the same person responsible for billing, receiving, and tracking payments is poor segregation of duties. This, along with the lack of compensating controls, such as a check log, creates a situation wherein funds could have been diverted to personal use without detection. Separating these duties to the maximum extent possible is in harmony with the intent of Countywide Policy #1062. The policy's introduction states:

*In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties, and those having access to and maintaining accounting records related to those public funds. Segregating these functions protects the employees involved and mitigates the risk of theft, embezzlement, or misuse of public funds through fraudulent record keeping.*

For effective internal control, a single employee should not be able to exclusively control a monetary transaction. The duties of individuals should be so divided as to maximize employee protection and minimize the potential for diversion of funds and/or falsification of accounts.

Measures to improve separation of duties would include having an employee not involved in invoicing receive and log all payments received in the mail. Ideally, two people should be present. Payments would then be receipted and posted by another employee not involved in invoicing. The log should be reconciled to payments posted by the individual responsible for billing. Where fully separating these duties is not feasible due to resource constraints, additional compensating controls should be implemented.

**RECOMMENDATIONS:**

1. *Aging Services should separate invoicing, receipting and logging the mail, and posting of payments to separate individuals.*
2. *Insurance and Medicare payments for flu shots should be deposited within three days, and a copy of the check remittance be sent to FNC for patient tracking, instead of the original check.*

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**Accounts Receivable related to advertising was incorrectly categorized as donations.** Within our random sample of non-project income, we noted 18 checks totaling \$55,888 for payment in consideration of advertising space in the 55+ Senior Resource Directory published by Aging Services. Aging Services has classified and treated advertising revenue as donations. Revenue was placed in a restricted fund that could be carried over from year to year and used to cover the cost of the Resource Directory as well as expenses related to the annual Senior Expo. Aging has not pursued collection efforts if advertisers failed to pay. Accounts were not aged and no finance charges were applied as required by Countywide Policy #1220, *“Management of Accounts Receivable.”*

The statements sent to advertisers are titled “*Sponsor Invoices*” and include a “*Balance Now Due.*” Some advertisers make a lump sum payment and others pay in installments, per prior agreement, and received monthly statements. No credit checks are performed.

Countywide Policy #1062 defines for donations, stating in Section 1.8:

*Donations – Monies or other gifts given freely, **without consideration**, to Salt Lake County for purposes stated by the donor. Acceptance of donations and gifts is subject to the requirements of Countywide Policy #1006, “Gift Policy.” Donations and gifts, when accepted, will be properly receipted and recognized as revenue by the County [emphasis added].*

Since payment is made in consideration for advertising services, the amounts collected should not be considered a donation, but instead payment of an account receivable (see definition of an Accounts Receivable on page 9).

We were provided with a copy of the 2012 spreadsheet used by the Program Manager to bills and tracks payments received. According to the spreadsheet, thirty advertisers, such as senior living centers, health care providers, insurance companies and a grocery store, had agreed to payments of \$165,500 in return for ad space. Bills were sent between January 11, 2012 and February 28, 2012. A total of \$16,725 remained uncollected as of August 31, 2012. Of that amount \$11,000 was owed by four accounts that not made any payments. The program manager estimated that approximately \$5,000 remained uncollected in any two year period. Vendors are also typically sponsors for the Senior Expo. Aging Services staff indicated that if the account is not paid by the time the Expo is held, the vendor will lose their booth.

According to the Fiscal Manager, accounts were probably originally classified as donations and placed in a restricted account so that funds could be carried over from year-to-year and used to cover any shortfall in funds available for the 55+ Resource Directory and the Senior Expo.

**RECOMMENDATIONS:**

- 1. Aging Services should classify revenue for advertising space in 55+ Senior Resource Guide as an accounts receivable.*
  - 2. Billing, collection and record keeping over advertising accounts receivable should comply with Countywide Policy #1220, "Management of Accounts Receivable."*
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**Controls over grant reimbursement requests, soliciting donations and invoicing could be strengthened through use of an automated system.** Donations are solicited from businesses and amounts are billed for various, mostly grant-related programs by different individuals throughout Aging Services. Invoices are generated by hand using word processing software or a spreadsheet. Adjustments can be made by simply crossing through or typing over amounts. No invoice numbering system is in place. Staff consider the date of the invoice to be the invoice number. However, sometimes invoices were reissued at a later date making tracking of when items were billed versus when they were paid difficult to determine.

There is no centralized account receivable tracking and there is no system that can be used to create invoices or requests for business donations, track payments and adjustments and provide reports to management. Internal control would be increased through use of an automated system. Invoice creation or donation requests, adjustments, and payments would all be recorded in the software. Access controls could be put in place to specify which users could perform which function, and the actions taken by each user would be recorded. The ability to ensure that all amounts billed were received and deposited and to track the results of donation requests would be strengthened through the available reports.

These control features could be achieved through procurement of an off-the-shelf accounting package. Because the County is likely to acquire and implement new, integrated financial software with accounts receivable capabilities in the near future, the Mayor's Office Financial Administration-Accounting staff did not recommend that agencies acquire a new accounting package unless that choice is clearly cost-effective.

Regardless of how invoices are generated, separation of duties should be achieved through changes in procedures.

**RECOMMENDATION:**

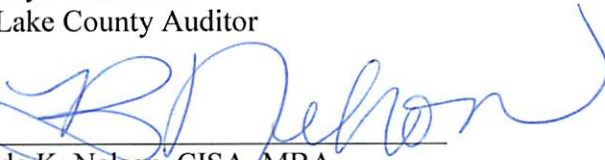
*Aging Services should work with Mayor's Office Financial Administration-Accounting to determine if they can benefit from Accounts Receivable functionality of the anticipated new financial software, or from an off the shelf accounting package.*

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We appreciate the cooperation and assistance received from Aging Services staff during our audit. We are confident our work will be beneficial to you as you endeavor to make changes to strengthen internal controls. If we can be of further assistance to you, please contact us.

Sincerely,

Gregory P. Hawkins  
Salt Lake County Auditor

By: 

Brenda K. Nelson, CISA, MBA  
Senior Deputy Auditor

cc: Sarah Brenna  
Jessica Montgomery  
Scott Rasmussen  
Jean Nielsen





January 17, 2013

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**PETER M. CORROON**  
Salt Lake County Mayor

**Jean Nielsen**  
Human Services  
Department Director

**AGING SERVICES**

**Sarah Brenna**  
Aging Services Division Director

**Information & Referral**  
385-468-3200

"Helping you  
navigate the transitions  
of aging"

Dear Brenda:

Thank you for the opportunity to respond to the analysis of the financial records of Aging Services' Administration. We appreciate the dialogue with your staff and feedback and assessment of our internal controls. This is our response to the recommendations contained in the report dated September 24, 2012.

***Finding #1 – Petty Cash and Imprest Checking***

***Recommendation #1 - We recommend that Aging Services reduce and/or combine their petty cash and imprest accounts to an amount equal to two or three month's expenditures:***

***Agency Response:***

Aging Services will combine the \$300 and \$3,000 petty cash accounts and reduce the account to \$2,000. The imprest checking account will be reduced from \$2,000 to \$1,000 to prevent balances that exceed operational expenditure needs. Petty Cash and Imprest Account balances will be reviewed annually to determine if adjustments are required.

***Recommendation #2 – We recommend that Aging Services develop a written policy of food served to clients for submission and approval by the County Council.***

***Agency Response:***

Aging Services will consider developing a written policy consistent with Countywide Policy #1020 in consultation with Mayor Operations and the Department of Human Services.

***Recommendation #3 – We recommend that all meals purchased for consumption by Aging Services employees and/or volunteers be accompanied by a meals form that contains the proper authorizations.***

***Agency Response:***

Aging Services' accounting staff will ensure the presence of meal reimbursement forms for petty cash reimbursements. Furthermore,

all staff will be trained on the requirement that meals be accompanied by a meal form.

***Recommendation #4*** – *We recommend that the imprest checking account be reconciled by an employee designated by Agency Management, who is not the Custodian.*

***Agency Response:***

Aging Services is changing custodial staff responsibilities to create better separations between custodial responsibilities and reconciliation responsibilities.

**Finding #2 Cash Receipting and Depositing**

***Recommendation #1*** – *We recommend that all checks received in the mail be opened under dual control and included on a check log.*

***Agency Response:***

Non project income checks received in the mail are opened under dual control and logged by front desk personnel. The Senior Accountant will make deposits within three days of receipt. Check logs will be reconciled to AFIN by the Fiscal Manager.

***Recommendation #2*** – *We recommend that the check log be reconciled to amounts deposited by a different individual than the person who prepares the deposit*

***Agency Response:***

Check logs will be reconciled to AFIN by the Fiscal Manager.

***Recommendation #3*** – *We recommend that project income and non-project income deposits be made daily whenever practicable, but no later than three days after receipt.*

***Agency Response:***

Aging Services is currently updating its current cash handling procedure to include a receipt process of all revenues coming into the agency and will include receipt processes for both project income and non-project income revenues.



***Recommendation #4*** – We recommend that a daily record of funds received be maintained.

***Agency Response:***

Non project income checks received in the mail are opened under dual control and logged and maintained by front desk personnel.

**Finding #3 – Accounts Receivable**

***Recommendation #1*** – Countywide Policy #1220 should be modified to include an exception for invoiced related to grants, Medicare and insurance billing.

***Agency Response:***

No response required.

***Recommendation #2*** – Aging Services should separate invoicing, receipting and logging the mail, and posting of payments to separate individuals.

***Agency Response:***

Aging Services will address separation of duties for invoicing, receipting and posting payments through reorganizing assignments of accounting staff and creation of internal billing and cash handling procedures. The agency recognizes the need for increased strength in internal controls and would benefit greatly from a countywide Accounts Receivable System.

***Recommendation #3*** – Insurance and Medicare payments for flu shots should be deposited within three days, and a copy of the check remittance be sent to FNC for patient tracking, instead of the original check.

***Agency Response:***

All payments for flu shots should be routed directly to the administrative office. The Senior Accountant will make deposits within three days of receipt and forward a copy of the payment remittance to FNC for patient tracking.

***Recommendation #4*** – Aging Services should classify revenue for advertising space in 55+ Senior Resource Guide as an account receivable.

***Agency Response:***

Aging Services will consult with Mayor Operations' Office Financial Administration regarding the correct classification of revenue for the 55+ Senior Resource Guide and Senior Expo.

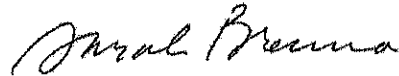
***Recommendation #5 – Billing, collection and record keeping over advertising accounts receivable should comply with Countywide Policy #1220, "Management of Accounts Receivable."***

***Agency Response:***

Aging Services will consult with Mayor Operations' Office Financial Administration regarding the correct classification of revenue for the 55+ Senior Resource Guide and Senior Expo.

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 "Sarah Brenna".

Sarah Brenna  
Director

Cc: Kristy Cottrell  
Jessica Montgomery  
Anna Dresel