

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR



An Audit of the Key Controls of
Magna Kennecott Senior Center

December 31, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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December 31, 2013

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 Magna Kennecott Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Magna Kennecott Senior Center 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 Magna Kennecott Senior Center and the cooperation from Dee Dee Lobato, Center Supervisor, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Magna Kennecott Senior Center 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 Scott Ball
Deputy Auditor

cc: Becky Kapp, Division Director
Jessica Lynn Montgomery, Administrative and Fiscal Manager
Dee Dee Lobato, Center Supervisor

GREGORY P. HAWKINS
Salt Lake County Auditor

LONN LITCHFIELD, JD, LL.M.
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Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Magna Kennecott Senior Center (Magna Senior Center). 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

Magna Senior Center has put into place key internal controls for managing public funds and payroll reporting. Most risks identified were minor and would not be expected to result in the material loss of County assets. Deficiencies in controlled assets have a higher likelihood of leading to loss of County property.

Findings and Recommendations

Finding # 1 - The "Controlled Assets Inventory Form-Employee" was not being used.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Sections 4.3 and 4.3.1 state:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures...[the] 'Controlled Assets Inventory Form - Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual."

The form "Controlled Asset Inventory Form - Employee" was not used to manage controlled assets assigned to employees.

When accountability for assets is not fully established, assets are at a greater risk for being lost or stolen.

Recommendation

We recommend that Magna Senior Center use the "Controlled Asset Inventory Form - Employee" to manage controlled assets readily assignable to an individual.

Finding # 2 - Accountability for some capital assets was not properly established.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.8 states one of the property manager's duties as follows:

"Coordinate with the organization's Purchasing Clerk to ensure ... fixed assets are tagged and capitalized."

Of the 16 capital assets we reviewed, none were tagged with County property tags.

Management stated that they are implementing a new inventory system and had not yet received the tags.

When assets are not properly affixed with County property tags, they are subject to theft or to being diverted to personal use.

Recommendation

We recommend that Magna Senior Center properly tag each capital asset within their custody.

Additional Information

Background

The Magna Senior Center is a part of the Salt Lake County Aging Services Division and is located at 9228 W 2700 S Magna, Utah. The Magna Senior Center provides seniors with social and learning opportunities, including: meals, classes, computer access, and activities.

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 August 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.



February 14, 2014

Ben McAdams
Salt Lake County Mayor

Lori Bays
Human Services
Department Director

**AGING and ADULT
SERVICES**

Becky Kapp
Division Director
Aging and Adult Services

Information & Referral
385-468-3200

Scott Ball
Salt Lake County Auditor
2001 South State Street, N3300
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Salt Lake City, Utah 84114-4575

Re: Audit of Magna Kennecott Senior Center

Dear Scott,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated January 9, 2014.

Finding #1 – The Controlled Assets Inventory Form – Employee was not being used.

- A. The Senior Center Manager has completed a Controlled Asset Inventory Form – Employee for all employees.

Finding #2 – Accountability for some capitol assets was not properly established.

- B. Capital assets are defined and managed by the Mayor's Finance division. We request more information regarding the capital assets which need to be properly established. The agency will review the specific capital assets with Mayor's Finance to determine if action needs to be taken.

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 that reads 'Becky Kapp'.

Becky Kapp
Director

cc: Jessica Montgomery, Fiscal Manager
Dwight Rasmussen, Aging Services Associate Director
Traci Lee, Active Aging Program Manager
Dee Dee Lobato, Magna Kennecott Senior Center Manager
Emma Houston, Active Aging Assistant Program Manager