

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY
BEN McADAMS, MAYOR



An Audit of the Key Controls of
Draper Senior Center

September 09, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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August 08, 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 Draper Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Draper 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 Draper Senior Center and the cooperation from Lisa Campbell, Office Specialist, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Draper 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 Anita C. Kasal
Deputy Auditor

cc: Sarah Brenna, Division Director
Jessica Montgomery, Fiscal Manager
Traci Lee, Center Program Manager
Emma Houston, Assistant Center Program Manager
Cyndi McCarty, Center Manager



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Draper 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

Draper Senior Center has put into place key internal controls for managing public funds, safeguarding public assets, and payroll reporting. Most risks identified were minor and would not be expected to result in the material loss of County assets. Deficiencies in capital assets being tagged, the physical security of keys, and the undocumented change in revenue collection have a higher likelihood of leading to loss of County property.

Findings and Recommendations

Finding # 1 - Capital assets, both purchased and donated, were not tagged nor included on the County Capital Asset Inventory List.

Risk Level: High

Countywide Policy #1006, "Gifts," Section 2.8 states:

"Where applicable, the elected official, department head or division director receiving the gift(s) shall be responsible for following the procedures outlined in the Salt Lake County Fixed Asset Policy and Procedures Manual relative to accounting for the property."

In addition, Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.8 states:

"Coordinate with the organization's Purchasing Clerk to ensure all newly acquired property is identified and accountability is appropriately established, and fixed assets are tagged and capitalized."

There were no County tags on capital assets, either donated or purchased. In addition, these assets were not found on the County Capital Asset Inventory List.

When capital assets (donated or purchased) are not tagged and identified on the County Capital Asset Inventory List, assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Draper Senior Center tag all capital assets and ensure their inclusion on the County Capital Asset Inventory List.

Finding # 2 - Keys to the change fund, donation box, and other areas were left unsecured.

Risk Level: Low

Countywide Policy #1125 "Safeguarding Property/Assets," states in the purpose that:

"Salt Lake County procures a variety of property and equipment necessary for government operations, which must be properly managed -- meaning, controlled, inventoried and protected. This policy provides direction concerning who is responsible for managing property, defines the types of assets subject to various controls, and refers to various procedures covering disposal of property."

Keys for accessing the change fund were left in an unlocked drawer under the supervision of a volunteer. The key to the donation box was hanging on the side of a filing cabinet (with several other keys).

When keys to the change fund and donation box are not safeguarded, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Draper Senior Center safeguard keys with a key lock box when not in use.

We recommend that when keys are in use, staff personally secure them at all times.

Finding # 3 - Multiple cashiers were making change out of the same change fund.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 5.3.1 states:

"All overages and shortages, regardless of the amount, should be recorded daily by each Cashier on MPF Form 11, Cash Over/Short Log."

More than one cashier was making change using the same change fund.

When more than one cashier operates from the same change fund, accountability for any overages and shortages can not be determined.

Recommendation

We recommend that only one cashier at a time be in custody of the change fund.

Finding # 4 - Cashiers did not consistently sign a transfer log when moving the change fund to and from the safe.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 2.7.3 states:

"Cashiers shall sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the change fund from the safe or lockbox; and return the fund to the safe or lockbox."

The daily change fund movement to and from the safe was not consistently recorded on the MPF Form 7 log. On May 17, 2013 the auditor reviewed the Fund Transfer Ledger and discovered that the last entry was dated May 9, 2013.

When accountability for funds is not documented, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that cashiers sign a transfer log each time the change fund is moved to and from the safe.

Finding # 5 - The mandated fee for meals for persons under 60 years of age was received by Valley Services and not the senior center.

Risk Level: Low

The Utah Administrative Code Title R510 "Human Services, Aging and Adult Services Rule," Section 104-13 "Contribution Policy," states in subsection (2) and (3) the following:

"(2) Each eligible participant shall have an opportunity to voluntarily and anonymously contribute toward the cost of a provided meal service. (3) Persons under the age of 60 shall pay the full cost of the meal, which shall be collected and accounted for separately."

The Draper Senior Center was not collecting the mandated \$5.25 for meals purchased by patrons under the age of 60, as they had done in the past. An amendment was added to the Valley Services (County food vendor) contract which added cooking and preparing the senior meals on site. However, no information in the amendment could be found authorizing the receipting of the fee to be switched to Valley Services.

When the collection of funds is changed from a senior center to a vendor without adequate documentation, funds are at a greater risk of being diverted from the County illegally.

Recommendation

We recommend that Valley Services be paid only for meals served to persons over 60 years of age.

Additional Information

Background

The Draper Senior Center is a part of the Salt Lake County Aging Services Division and is located at 1148 East Pioneer Road, Draper, Utah. The Draper Senior Center facility was constructed in 2012 and 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 April 30, 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.



August 23, 2013

Ben McAdams
Salt Lake County Mayor

Lori Bays
Human Services
Department Director

AGING SERVICES

Sarah Brenna
Aging Services Division Director

Information & Referral
385-468-3200

*"Helping you
navigate the transitions
of aging"*

Anita Kasal
Salt Lake County Auditor
2001 South State Street, N3300
PO Box 144575
Salt Lake City, Utah 84114-4575

Re: Audit of Draper Senior Center

Dear Anita,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated August 8, 2013.

Finding #1 – Capitol assets, both purchased and donated, were not tagged nor included on the County Capital Asset Inventory List.

- A. The Draper Senior Center's Assets purchased as part of the construction project are currently managed by the bond. Once the bond has closed the capital and controlled assets will be tagged by the agency. After consulting with Mayor's Finance, PM-1 forms have been submitted for equipment donated to the Draper Senior Center consistent with controlled asset procedures. The Division will create procedures to review non-cash donations for asset recording requirements.

Finding #2 – Keys to the change fund, donation box, and other areas were left unsecured.

- B. The Program Manager has met with the Senior Center Manager to discuss the risk of unsecured keys. The Senior Manager has purchased a locked Key Box and all keys have been secured.

Finding #3 – Multiple cashiers were making change out of the same change fund.

- C. The Program Manager has met with the Senior Center Manager to discuss the risk of multiple cashiers. The Senior Center Manager has provided training for all staff on proper change fund procedures. When the change fund needs to be accessed by another employee, the MPF 7 Form and process is used to transfer funds.

Finding #4 – Cashiers did not consistently sign a transfer log when moving the change fund to and from the safe.

- D. The Program Manager met with Roger Larsen, Division Director Auditor's Office to discuss proper controls of the change fund. It was determined that Aging Services has controls in place by using the MPF 7 which identifies the employee who has control and responsibility of the change fund.



Ben McAdams
Salt Lake County Mayor

Lori Bays
Human Services
Department Director

AGING SERVICES

Sarah Brenna
Aging Services Division Director

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Finding #5 – The mandated fee for meals for persons under 60 years of age was received by Valley Services and not the Senior Center.

- E. The Program Manager has met with the Senior Center Manager to review the process for meals served to persons under age 60. The Draper Senior Center is piloting a meal program in which Valley Services contracts with Salt Lake County Aging to provide both the congregate meal program and a retail meal program. Valley Services collects all food proceeds associated with meals; donations for meals are handled through Draper Senior Center. Senior meals served to persons under 60 years of age are considered retail sales.

Thank you for your assistance and support. Please feel free to contact us with any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads 'Sarah Brenna'.

Sarah Brenna
Director

cc: Jessica Montgomery, Fiscal Manager
Kristy Cottrell, Aging Services Associate Director
Traci Lee, Active Aging Program Manager
Cyndi McCarty, Draper Senior Center Manager
Randy Donnelson, Active Aging Assistant Program Manager