

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



An Audit of the Key Controls of  
Millcreek Senior Center

August 29, 2013

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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August 29, 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 Millcreek Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Millcreek 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 Millcreek Senior Center and the cooperation from Bev Uipi, Center Supervisor, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Millcreek 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 Leonardo Flores  
Deputy Auditor

cc: Sarah Brenna, Division Director  
Jessica Montgomery, Fiscal Manager  
Bev Uipi, 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 Millcreek 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

The Millcreek Senior Center has put into place key internal controls for safeguarding the change fund, purchasing card procedures, and payroll practices. Most risks identified were minor and would not be expected to result in the material loss of County assets. Improper safeguarding of donated funds, untimely depositing, unsecured receipt records, and incomplete controlled asset records were observed.

## Findings and Recommendations

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***Finding # 1 - Donation boxes were unlocked leaving contributions unsecure.***

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### **Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Sections 2.3.1 and 2.3.1.1 state:

"Based on a cost-benefit analysis addressing adequate security, a locking cashbox, safe, or vault shall be provided by County Agencies...If cash is to be stored in a cash box, the box shall have a functioning combination or key-locking device, and the County Agency must provide a lockable desk drawer, file cabinet, or safe where the cash box can be safely secured."

All three donation boxes were not locked, even though money was observed inside one of the boxes.

When money is not secured, it is at a greater risk for being lost or stolen.

### ***Recommendation***

We recommend that the Millcreek Senior Center lock all three donation boxes.

Action Taken: The Millcreek Senior Center will keep all three donation boxes locked at all times.

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***Finding # 2 - MPF Form 11, "Cash Over/Short Log," was not being used.***

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**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."

Cash overages and shortages were not recorded on MPF Form 11.

When overages and shortages are not tracked by a cashier and reviewed by a supervisor, trends may not be noted and needed training and/or remediation may not occur.

***Recommendation***

We recommend that the Millcreek Senior Center record overages and shortages on MPF Form 11.

Action Taken: The Millcreek Senior Center began recording overages and shortages on MPF Form 11 in June of 2013.

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***Finding # 3 - Deposits were not always made within three days of receipt.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 4.1.1 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."

Out of 30 deposits reviewed, 6 were made later than three days after receipt of funds.

When funds are not deposited on a timely basis, they are more susceptible to loss or theft.

***Recommendation***

We recommend that Millcreek Senior Center deposit funds daily, but no later than three days after receipt.

Action Taken: The Millcreek Senior Center began depositing funds daily in June of 2013.

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***Finding # 4 - The manual receipt book was not secured.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 3.5.4 states:

"The supply of unissued manual receipts shall be secured in a safe, locked drawer, or other secure area."

The manual receipt book was kept at the front counter in an unsecure drawer.

When receipts are not secured, there is an increased risk that transactions could be falsified which may result in incomplete or inaccurate financial records or theft of public funds.

***Recommendation***

We recommend that the manual receipt book be secured in a safe, locked drawer, or other secure area.

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***Finding # 5 - The purchasing card was not signed by the cardholder.***

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**Risk Level: Low**

"Countywide Policy #7035, "Purchasing Cards Authorization and Use," Section 2.1 states:

"Immediately, upon receipt of the P-Card, it shall be signed by the Cardholder."

The purchasing card had "See ID" written on the back, however, the cardholder had not signed the purchasing card.

When a purchasing card is not signed, the cardholder can not be easily verified.

***Recommendation***

We recommend that the cardholder sign the purchasing card.

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***Finding # 6 - The "Controlled Assets Inventory Form - Employee" was not used.***

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**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... '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 assets readily assignable to one employee be included on the "Controlled Asset Inventory Form - Employee" and that employees sign for assets under their control.

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***Finding # 7 - The annual comprehensive controlled asset inventory was not verified with a signature and date.***

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**Risk Level: Low**

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.11 states:

"At least annually, conduct physical inventory of fixed assets and controlled assets, to ensure complete accountability for all property owned by, or assigned to the organization."

A "Controlled Asset Inventory Form - Organization" was available, however, the signature and date verifying that the annual comprehensive controlled asset inventory had been performed was missing.

When inventories are not verified by signature and date, accountability for controlled assets is not ensured.

***Recommendation***

We recommend that performance of the annual comprehensive controlled asset inventory is verified with a signature and date.



## **Additional Information**

### **Background**

The Millcreek Senior Center is part of the Salt Lake County Aging Services Division and is located at 2266 E. Evergreen Ave, in Millcreek. The Millcreek 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 June 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 15, 2013

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

Re: Audit of Millcreek Senior Center

Dear Leonardo,

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 – Donation boxes were unlocked leaving contributions unsecure.***

- A. The Program Manager has met with the Senior Center Manager to discuss the finding. It is the responsibility of the Senior Center Manager to ensure that donation boxes are secure at all times; the Senior Center Manager will provide oversight of secured donation boxes.

***Finding #2 – MPF Form 11 Cash Over/Short log was not being used.***

- B. The Senior Center Manager had been trained on proper usage of the MPF Form 11 Cash Over/Short log. The Program Manger has met with the Senior Center Manager and provided additional training on the MPF Form 11; the form was implemented in June of 2013.

***Finding #3 – Deposits were not always made within three days of receipt.***

- C. The Program Manager has met with the Senior Center Manager, deposits are now taking place within three days of receipt.

***Finding #4 – The manual receipt book was not secured.***

- D. The Program Manager has met with the Senior Center Manager to discuss the finding. The manual receipt book is now stored in the safe, except when in use.

***Finding #5 – The Purchasing card was not signed by the card holder.***

- E. The Program Manager has met with the Senior Center Manager and verified that the purchasing card has been signed.

**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"*

***Finding #6 – The Controlled Assets Inventory Form – Employee was not used.***

F. The Senior Center Manager will assign controlled assets to all employees.

***Finding #7 – The annual comprehensive controlled asset inventory was not verified with a signature and date.***

G. The Senior Center Manager will complete a Controlled Asset Inventory Form and verify the form with a signature and date by August 30, 2013. The Program Manager will ensure that this form is completed.

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

Sincerely,



Sarah Brenna

Director

cc: Jessica Montgomery, Fiscal Manager  
Kristy Cottrell, Aging Services Associate Director  
Traci Lee, Active Aging Program Manager  
Bev Uipi, Millcreek Senior Center Manager  
Emma Houston, Active Aging Assistant Program Manager