

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



An Audit of the Key Controls of
Sunday Anderson Westside Senior Center

November 04, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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November 04, 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 Sunday Anderson Westside Senior Center

GREGORY P. HAWKINS
Salt Lake County Auditor

LONN LITCHFIELD, JD, LL.M.
Chief Deputy Auditor

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Dear Mayor McAdams:

We recently completed an analysis of the financial records of Sunday Anderson Westside 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 Sunday Anderson Westside Senior Center and the cooperation from Alice Carling and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Sunday Anderson Westside 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 Todd Livingston
Deputy Auditor

cc: Sarah Brenna, Division Director
Emma Houston, Center Operations Director
Jessica Montgomery, Fiscal Manager
Alice Carling, Center Manager
Traci Lee, Centers Program Manager



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Sunday Anderson Westside 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 Sunday Anderson Westside Senior Center has put into place several key internal controls for managing public funds, including controls over purchasing cards, payroll, and depositing. Most risks identified were minor and would not be expected to result in the material loss of County assets. However, deficiencies discovered dealing with tracking overages and shortages, controlled assets, and receipting may have a higher likelihood of leading to a loss of County property.

Findings and Recommendations

Finding # 1 - The "Controlled Assets Inventory Form - Employee" was not 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... '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 a "Controlled Asset Inventory Form - Employee" be used for assets assigned to individual employees.

Finding # 2 - A PM-2 Form was not found for assets listed as "surplus" on the controlled asset inventory list.

Risk Level: Low

Countywide Policy #1100 "Surplus Property Disposition/Transfer/Internal Sale," Section 3.8 states:

"The PM2 Form serves as both the initiating document and as the receipt, and must be used to document all surplus property transactions."

Of the four items listed as "surplus" on the inventory list, two items could not be traced back to a PM-2.

When PM-2 Forms are not used to document the transfer or disposal of property, assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that a PM-2 Form be used to document all surplus property transactions.

Finding # 3 - The annual comprehensive controlled asset inventory was not verified with a signature and date.

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 comprehensive controlled asset inventory form was available, but was not signed and dated as verification the inventory had taken place.

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 be verified with a signature and date.

Finding # 4 - A voided transaction was not handled in accordance with Countywide policy.

Risk Level: Low

Countywide Policy #1062 "Management of Public Funds," Sections 3.7.2 and 3.7.3 state:

"All copies will be marked 'VOID,' including the customer copy, if available. The cashier initiating the voided transaction will document, on the front of the voided receipt, the cause of the voided transaction and its resolution...A supervisor who was not involved with the transaction will review and sign one copy of the voided receipt, along with the cashier who initiated the void. All voided receipts will be attached to the daily cash balance sheet for audit purposes."

A receipt located in the manual receipt book was marked "VOID," but was not signed by a supervisor nor the cashier, did not state the cause and resolution, and was not included with the daily deposit reconciliation documents.

Failure to sign and include voided receipts with the daily deposit reconciliation documents increases the risk of funds being lost, stolen, or diverted for personal use.

Recommendation

We recommend that voided receipts be documented with the cause and resolution, signed by the cashier and a supervisor, and included with the daily deposit reconciliation documents.

Finding # 5 - An MPF Form 11, Over/Short Log, was not used.

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 Sunday Anderson Senior Center record overages and shortages on MPF Form 11.

Action Taken: The Sunday Anderson Senior Center began recording overages and shortages on MPF Form 11 in April of 2013.

Finding # 6 - The manual receipt book was not secured.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds" Sections 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 out in the open in a file holder at the front desk.

When receipts are not secured, falsifying transactions can easily happen in order to conceal the misappropriation of funds.

Recommendation

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

Additional Information

Background

The Sunday Anderson Westside Senior Center is part of the Salt Lake County Aging Services Division and is located at 868 West 900 South in Salt Lake City. The 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 July 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.



October 21, 2013

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

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"*

Re: Audit of Sunday Anderson Westside Senior Center

Dear Todd,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated October 2, 2013.

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

- A. The Program Manager has met with the Senior Center Manager; employee specific inventory has been completed for all County employees at the Sunday Anderson Westside Senior Center.

Finding #2 – A PM – 2 Form was not found for assets listed as “surplus” on the controlled asset inventory list.

- B. The Program Manager has met with the Senior Center Manager; the Senior Center Manager will complete a PM – 2 Form for all missing items marked surplus on the controlled asset inventory list by October 31, 2013.

Finding #3 – The annual comprehensive controlled asset inventory was not verified with a signature and date.

- C. The Program Manager has met with the Senior Center Manager; the controlled asset inventory has now been verified with a signature and date by the Senior Center manager.

Finding #4 – A voided transaction was not handled in accordance with Countywide policy.

- D. The Program Manager has met with the Senior Center Manager; the Senior Center manager has corrected the voided receipt to include required information and has provided a copy of the receipt for attachment to the Deposit Reconciliation Sheet. The Senior Center manager has trained employees at Sunday Anderson Westside the proper procedure for voiding receipts.

Finding #5 – An MPF Form 11, Over/Short Log, was not used.

- E. The Program Manager has met with the Senior Center Manager; the MPF Form 11 was implemented in April of 2013 and has been completed consistently.

Finding #6 – The manual receipt book was not secured.

- F. The Program Manager has met with the Senior Center Manager; the manual receipt book is now kept in the safe when not in use.

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
Dwight Rasmussen, Aging Services Associate Director
Traci Lee, Active Aging Program Manager
Jene Mortensen, Active Aging Assistant Program Manager
Alice Carling, Sunday Anderson Westside Senior Center Manager