

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



An Audit of the Key Controls of the
Draper Senior Center

December 15, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

Audit reports are available at
<http://www.saltlakecountyauditor.org/site/audit/>



GREGORY P. HAWKINS
Salt Lake County Auditor

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

2001 South State Street, N3300
PO Box 144575
Salt Lake City, UT 84114-4575

(385) 468-7200
(385) 468-7201 / fax
GHawkins@slco.org

December 15, 2014

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 the Draper Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of the 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 the Draper Senior Center and the cooperation from Cyndi McCarty, Jessica Montgomery, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to the 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 Larry Decker CPA, CIA
Sr. Deputy Auditor

cc: Becky Kapp, Director of Aging and Adult Services Division
Jessica Montgomery, Fiscal Manager
Cyndi McCarty, Center Manager



Objectives

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

In our audit of the Draper Senior Center, we found that personnel entered into a contract that was not reviewed by Contracts and Procurement or the District Attorney's Office. The vendor generated the contract based on their own terms and conditions. Our last audit of the Draper Senior Center was released to the public in September 2013.

Findings and Recommendations

Finding # 1 - An employee entered into an unauthorized contract with an outside vendor.

Risk Level: Low

Salt Lake County Ordinances, Title 3, "Revenue and Finance," Chapter 3.16, "Purchasing Agent," paragraph 040(B) states:

"The purchasing agent [the director of the division of contracts and procurement] shall act as sole agent of the county in contracting for labor, materials or service, or for the purchase, lease or sale of personal property, materials, equipment or supplies ... all contracts and purchase orders must be submitted to the mayor for approval and ratification as required in state statute ... "

An employee entered into and signed a contract with an outside vendor without review or approval by Contracts and Procurement or the District Attorney's Office. The contract stipulated that the vendor place and service a soft drink vending machine at the Draper Senior Center. The vendor's boilerplate document contains its own terms and conditions. They pay the center a monthly 20% commission on collections they remove from the machine. Monthly commission checks approximate \$20.

Management stated that due to patron requests for a soft drink machine, personnel contacted the outside vendor who installed the machine and presented the form for signature. Management further stated that their action was inadvertent and that they were unaware of the requirement to contact Contracts and Procurement.

When contracts are not processed through Contracts and Procurement, the County could be liable for unexpected terms of compliance. In addition, Contracts and Procurement is unable to track and monitor all agreements entered into.

Recommendation

We recommend that a contract be processed through Contracts and Procurement for the vending machine at the Draper Senior Center.

Additional Information

Background

The Draper Senior Center provides educational and recreational activities to senior citizens, and serves breakfast and lunch at its on-site restaurant. A third party contractor operates the kitchen and restaurant. Though not required to do so, patrons over age 60 generally donate \$2.50 for lunch in a donation box. Patrons under age 60 pay \$5.25 to the cashier. The current state-of-the-art Draper Senior Center was newly built for that purpose and opened in December 2012. Activities include computer instruction, card playing, billiards, and pottery. Patrons can use exercise machines, participate in aerobics classes, and read books from the small library. Two merit employees staff the center that is open on weekdays from 8:00 to 5:00, and on Saturday from 8:00 to 12:00. About 120 senior citizens patronize the center each day. Patrons swipe a senior center-issued card through a reader upon arrival. An interactive screen then asks them to select their anticipated activities while on-site.

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
- Accounts Receivable
- Accounts Payable
- Third Party Contracts

Our examination period covered up to twelve months ending October 31, 2014. 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. Retesting of prior audit findings was also performed, where applicable.

Management response to findings in this report, when received, will be attached as Appendix A.



December 9, 2014

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

Re: Aging and Adult Services Administration

Dear Larry,

This letter outlines how Aging and Adult Services, Draper Senior Center and Administration will respond, train, and correct the deficiencies found in your letter dated December 2, 2014.

Finding #1 – An employee entered into an unauthorized contract with an outside vendor.

- A. Senior center managers have been instructed in a recent training not to sign any documents on behalf of the county without review and approval of the District Attorney's office.
- B. No later than March 31, 2015, the senior center managers will be provided with training to refresh and update managers on current ordinances and policies pertaining to purchasing and contract processes and will include review of Salt Lake County Ordinance, Title 3, Chapter 3.16.

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 'Becky Kapp'.

Becky Kapp
Director

cc: Jessica Montgomery, Fiscal Manager
Kele Griffone, Associate Director
Anna Dresel, Associate Director

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

*"Promoting independence
through advocacy, engagement
and access to resources"*