

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



An Audit of the Key Controls of
Active Aging Administration

March 19, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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March 19, 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 Active Aging Administration

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Active Aging Administration 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 Active Aging Administration and the cooperation from Traci Lee and the entire Active Aging Administration staff, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Active Aging Administration 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 Roger Larsen
Sr. Deputy Auditor

cc: Becky Kapp, Division Director
Jessica Montgomery, Administrative and Fiscal Manager
Traci Lee, Active Aging Program Manager



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Active Aging Administration (Active Aging). 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

Active Aging has implemented several internal controls to safeguard County assets. Minor observations were discussed with management. Deficiencies in tracking controlled assets and including "Meal Reimbursement Forms" with the sales receipts are presented in this audit report. Neither of the conditions observed would cause material loss of County assets.

Findings and Recommendations

Finding # 1 - A "Meal Reimbursement Form" was not included for two transactions.

Risk Level: Low

Countywide Policy #1020, "County Meals," Section 6.1 states:

"All requests for payment (including reimbursements from petty cash accounts) shall be submitted with the attached form which contains: the date of the meeting; the location of the meeting; the type of meeting, whether a breakfast, lunch, or dinner; certification of the purpose of the meeting and the group attending in relation to County business; the total number of attendees, with employees separated from other attendees; the total payment amount requested; the signature of the person submitting the request; the date the request was signed; the signature of the Division or Department Director or Elected Official approving the request; the date approved by the official; and a copy of the bill or receipt."

During our review of purchasing card transactions, we noted 15 out of 164 transactions made for the year ended 31 December 2013 were for meals. Two of the 15 did not have a "Meal Reimbursement Form" included with the sales receipts.

Without a "Meal Reimbursement Form" that is signed and dated by the Elected Official or Division/Department Director, we cannot verify that the purchases were authorized and approved.

Recommendation

We recommend that a "Meal Reimbursement Form" that is signed and dated by the Elected Official or Division/Department Director accompany each food purchase made using the purchasing card.

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

Risk Level: Low

Countywide Policy 1125-2.2.3, states that property managers are responsible to:

"Maintain records as to current physical location of all fixed assets and controlled assets within the organization's operational and/or physical custody."

The Active Aging Administration's controlled asset inventory list included 101 assets. We sampled 25 of the assets and were unable to locate 2.

Active Aging Administration provides equipment to Westminster College student nurses for medical testing of County patrons. Management believes that the two missing controlled assets were on loan to the nursing students at the time of our audit. However, there was no check out log or other indicators showing that accountability of the assets had been assumed by Westminster.

When records are not maintained as to the current physical location of controlled assets, employee accountability is not established, asset inventories are more difficult to perform, and theft of assets is more likely to occur and remain undetected.

Recommendation

We recommend that inventory records be maintained to show the physical location of all controlled assets within the organization's operation.

Additional Information

Background

Active Aging Administration is located at 1992 South 200 East, Salt Lake City, Utah. It operates under the Active Aging Program Manager and is responsible for health promotion, education, active aging programs, congregate meals and administrative functions for 16 senior centers. It also contracts services with three other senior centers. Active Aging Administration operates with five and one-half full time equivalent (FTE) personnel and three temporary employees.

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 December 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. 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.



March 18, 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

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

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

Re: Audit of Active Aging Administration

Dear Roger,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated March 11, 2014.

Finding #1 – A "Meal Reimbursement Form" was not included for two transactions.

- A. The Program Manager met with Active Aging Administration on March 10, 2014 and re-trained on proper policies regarding Meal Reimbursement Forms; in addition, the Program Manager reviewed the policy with all Senior Center Managers on March 6th, 2014.

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

- B. The Health Promotion Manager has implemented a check-in/check-out log that will show the physical location of all inventories.

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

Sincerely,

A handwritten signature in cursive script that reads 'Becky Kapp'.

Becky Kapp
Director

cc: Jessica Montgomery, Fiscal Manager
Dwight Rasmussen, Aging Services Associate Director
Traci Lee, Active Aging Program Manager