

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



An Audit of the Key Controls of
Liberty Senior Center

December 31, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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December 31, 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 Liberty Senior Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Liberty 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 Liberty Senior Center and the cooperation from Tim Tomer, Arla Vivona, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Liberty 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
Tim Tomer, Center Manager

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 Liberty 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 Liberty Senior Center, we found gaps in receipt number sequencing for deposits prepared on most any given day. Our last audit of the Liberty Senior Center was released to the public in August 2013.

Findings and Recommendations

Finding # 1 - Pre-numbered manual receipts were not used sequentially.

Risk Level: **Low**

Countywide Policy #1062, "Management of Public Funds," Section 3.5.3 states:

"If a County Agency uses manual receipts, they shall be pre-numbered and used in numerical order."

We found 49 manual receipts used out of transactional sequence in deposits over the last 12 months. Receipts eventually appeared in deposit documentation of various other days, but on any given day the deposit documentation showed gaps in numbering sequence.

Management stated that they wanted to group together various types of transactions, such as copy machine fees, on a single day, thus resulting in numbering gaps. Management further stated that they were willing to change this process to provide for receipts in numerical order within deposit documentation.

Failure to use pre-numbered receipts sequentially increases the risk of funds being lost, stolen, or converted for personal use.

Recommendation

We recommend that Liberty Senior Center use pre-numbered manual receipts in numerical order.

Additional Information

Background

The Liberty Senior Center on 7th South in Salt Lake City, provides social, educational, and recreational opportunities to an extremely diverse central city senior citizen population. Activities include English as a second language classes, computer skills, yoga, and exercise classes, pinochle, bridge, shuffleboard, billiards, movies, ceramics, crafts, and bingo. From 11:45 to 12:30, lunch is served to individuals over age 60 for a suggested donation of \$2.50. Individuals under age 60 can purchase lunch for \$5.25. Open Monday through Friday from 8:00 to 5:00, the center has four merit and five temporary employees, and a 2014 operating budget of \$267,664.

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 November 30, 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.



January 27, 2015

Ben McAdams
Salt Lake County Mayor

Lori Bays
Human Services
Department Director

**AGING & ADULT
SERVICES**

Becky Kapp
Aging & Adult Services
Division Director

Information & Referral
385-468-3200

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

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

Re: Audit of Liberty Senior Center

Dear Scott,

This letter outlines how the Active Aging program will respond, train, and correct the deficiencies found in your letter dated December 24, 2014.

Finding # 1 - Pre-numbered manual receipts were not used sequentially.

A. The Senior Center Manager will organize receipts and log in a sequential manner beginning January 1, 2015.

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

Sincerely,

Becky Kapp
Becky Kapp
Director

cc: Jessica Montgomery, Fiscal Manager
Kele Griffone, Aging & Adult Services Associate Director
Jeremy Hart, Active Aging Program Manager
Emma Houston, Active Aging Assistant Program Manager
Tim Tomer, Liberty Senior Center Manager