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SALT LAKE COUNTY AUDITOR'S OFFICE

CRAIG B. SORENSEN, AUDITOR

March 5, 2004

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Glen Lu, Director  
Parks and Recreation Division  
2001 South State Street #S4400  
Salt Lake City, Utah 84190

Re: Theft of County Funds at the Holladay-Lion's Fitness and  
Recreation Center

Dear Glen:

On Wednesday January 28, 2004, our office received notice that cash receipts had been stolen from the Holladay-Lion's Fitness and Recreation Center. The individual suspected of committing the theft, Heather Moore, was a cashier at the center, and had been employed there since March 2003. Following our review of the perpetrator's Z-tape reports, we determined that she had stolen approximately \$1,700 in cash over a six-month period from August 2003 to January 2004

After receiving notice of the theft, and at the request of Parks and Recreation, we interviewed the suspect, during which time she confessed to stealing the money. In addition, we reviewed all of the perpetrator's Z-tape reports during the time of her employment, and also conducted an audit of the Center's cash handling operations.

The perpetrator stole funds when patrons purchased annual/monthly membership passes using cash. She would complete a Pass Application, Agreement & Liability Waiver and record the membership in the Sportsman online management system, but not the receipt of cash, recording instead, "No Money Taken," for the transaction. Therefore, her cash drawer exceeded the amount reported in Sportsman. When balancing out at the end of the day, she deposited the amount corresponding to the Sportsman report, and stole the excess, thereby appearing to have a perfect balancing record.

The theft was discovered when a customer purchased a \$279.90 annual fitness pass on January 21, 2004 and returned the next day, January 22, to add a family member to her membership pass. The cashier pulled up the membership record in the Sportsman program, which indicated that no cash had been collected for the pass, even though a valid membership was recorded in the system, and a hard copy of the customer's Pass Application, Agreement & Liability Waiver was on file.

In an effort to resolve the discrepancy, Holladay-Lion's office manager reviewed the perpetrator's January 21, 2004 Z-tape report, which had recorded each of the previous day's transactions. Indicated on the report were the customer's name, membership number, and the type of pass purchased. However, the paid amount column in the instance of theft showed "No Money Taken." We reviewed Z-tapes from the past 11 months and uncovered 17 transactions where memberships purchased with cash were entered into the Sportsman program as "No Money Taken." Each of these transactions was deemed to be a theft.

During our review of the Holladay-Lion's cash handling operations we noted the following:

- **Receipts were not consistently issued to customers.**
- **"No Money Taken" transactions were not consistently reviewed by management.**
- **Holladay-Lion's Fitness and Recreation Center cashiers were not consistently utilizing over/short logs as required by County Policy #1062.**

**Receipts were not issued to customers.** Countywide Policy #1062, "Management of Public Funds," Section 3.5.1, states, "*The Agency Cashier will prepare a receipt for all remittances received. The original receipt will be given to the person tendering payment.*" In addition, Section 3.5.2, states, "*The receipt forms will be used in numerical order. Unless specifically provided, no remittance will be receipted in manner other than by issuance of the prescribed form of pre-numbered receipt.*"

Staff members at Holladay-Lion's Fitness and Recreation Center stated that receipts were not issued because of the excessive time, approximately 45 seconds to one minute, to print a receipt. Center staff is concerned about customer satisfaction, feeling that customers will be angered if they are required to wait for a receipt.

Nevertheless, in accordance with Countywide Policy #1062, Holladay-Lion's staff should issue a receipt to all customers tendering payment for services. This helps ensure that cashiers are properly accounting for sales and prevents employees from using customer receipts as support for false voids or alterations. A faster printer should be obtained or the current printer or software program examined to see if greater speed can be achieved.

**RECOMMENDATIONS:**

1. *We recommend that Holladay-Lion's cashiers issue a receipt to all customers tendering payment for services.*
2. *We recommend that a faster printer be obtained or the current printer or software program be examined to achieve greater speed in issuing receipts to customers.*

**“No Money Taken” transactions were not consistently reviewed by management.** Free use of the facility by Holladay-Lion's employees, and use by customers presenting gift certificates, appear as “No Money Taken” in the amount paid column of the Z-tape report. These transactions are legitimate. However, the perpetrator entered “No Money Taken” to conceal her theft of money she received for the purchase of membership passes.

A review of “No Money Taken” transactions by Holladay-Lion's management could have prevented her from stealing funds. Any time a transaction occurs and money is not taken or is voided, the transaction should be reviewed by a supervisor. In addition, the reason for the “No Money Taken” transaction should accompany the signature of the supervisor verifying the transaction's legitimacy. Supervisory review of voids, “No Money Taken” and no-sale transactions help protect funds from being diverted to personal use through inappropriate use of such transactions.

**RECOMMENDATIONS:**

1. *We recommend that Holladay-Lion's management review all “No Money Taken” transactions to ensure their legitimacy.*
2. *We recommend that gift certificates be matched to “No Money Taken” transactions as applicable.*

**Holladay-Lion's Fitness and Recreation Center cashiers are not consistently utilizing over/short logs as required by County Policy #1062.** Countywide Policy #1062, Section 2.5.3, states, “All overages and shortages, regardless of the amount, must be recorded and reported daily by the agency on MPF Form 10, CASH OVER/SHORT LOG.” Section 5.2, states, “Any overages will be deposited into the agency's depository account and reported on MPF Form 3, DAILY CASH BALANCE, MPF Form 10, CASH OVER/SHORT LOG, and on the Monthly Report of Cash Receipts. Shortages will be withheld from the deposit to maintain the change fund at the authorized level and will be reported on the MPF Form 3, and MPF Form 10. MPF Form 10 must be maintained and a copy signed by the immediate supervisor shall be attached to the Monthly Report of Cash Receipts that is sent to the Auditor's Office.” The MPF Form 10 is designed to be an individual form, used to record and track overages and shortages for each employee and includes separate lines for the employee's name and the Supervisor's signatures.

The Holladay-Lion's office manager places an over/short log in each cashier's box at the beginning of every month. However, the logs are not consistently used by the cashiers. When cash outages are not tracked on an individual basis, it is difficult to determine each cashier's performance without reviewing all individual Z-tape reports. In addition, patterns of overages and shortages that may exist are difficult to determine when cash outages are not tracked individually.

To establish better accounting control, the cashiers should review the outages on their individual over/short logs, the supervisor should review each cashier's over/short log, and the logs should be signed by both the cashier and the supervisor to indicate review and approval of the amounts listed.

**RECOMMENDATIONS:**

- 1. We recommend that all cashiers complete over/short logs to record cash outages.*
- 2. We recommend that Holladay-Lion's management review over/short logs and that the review be documented with the supervisor's signature.*

In closing, we express appreciation to the staff at Holladay-Lion's Fitness and Recreation Center for the cooperation and assistance they provided to our auditors. We are confident that our work will be of benefit to you as you endeavor to make changes that will strengthen internal controls throughout Holladay-Lion's Fitness and Recreation Center. If we can be of further assistance to you in this regard, please contact us.

Sincerely,

James B. Wightman, CPA  
Director, Internal Audit Division

cc: David Marshall  
Leslie Reberg  
David Yocom  
Paul Ross  
Michele Nekota  
Tracey Gines