

**A Compliance Audit of the
Salt Lake County
Parks and Recreation Division**



Report Number 2015-06

December 2015



**Office of the
Salt Lake County Auditor**



SCOTT TINGLEY
CIA, CGAP

Salt Lake County Auditor
STingley@slco.org

CHERYLANN JOHNSON
MBA, CIA, CFE
Chief Deputy Auditor
CAJohnson@slco.org

2001 S State Street, N3-300
PO Box 144575
Salt Lake City, UT 84114-4575

(385) 468-7200; TTY 711
(385) 468-7201 / fax

November 30, 2015

Martin Jensen
Director, Parks and Recreation Division
Salt Lake County Government Center
2001 S State Street, Suite S4-700
Salt Lake City, UT 84114-4575

Re: A Compliance Audit of the Parks and Recreation Division

Dear Martin,

Our office recently completed an audit of all 19 Recreation facilities, including the Sports Office. We have attached to this letter our report of findings and recommendations from this audit. Our purpose was to discover any theft that might have occurred in our samples selected and to determine compliance with Countywide policies and procedures. Policies and procedures focus on managing County cash and assets and ensuring against their loss.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that practices and systems in place complied with Countywide policies and procedures. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may be instances of noncompliance in areas not examined. David Lewis of our internal audit staff conducted and completed this audit.

We appreciate your time, energy, and thought in helping us finalize this audit, analyze results, and write and review the report. We found management and staff at each of the recreation sites to be helpful in completing this assignment. They gathered documents for us and answered our questions. We thank each of them individually.

We trust that implementation of recommendations made in our report will bring greater compliance to Countywide policy, guard against theft, and provide a better overall working atmosphere within the Parks and Recreation Division.

Sincerely,

Scott Tingley, CIA, CGAP
Salt Lake County Auditor

Cc: Ben McAdams, County Mayor
Darrin Casper, Chief Financial Officer
Erin Litvack, Department of Community Services Director
Lori Okino, Department of Community Services Fiscal Administrator



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Scott Tingley, CIA, CGAP
Salt Lake County Auditor

Cherylann Johnson, MBA, CIA, CFE, CRMA
Chief Deputy Auditor

Audit Manager:
Larry Decker, CPA, CIA

Audit Staff:
David Lewis

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Introduction

The Salt Lake County Parks and Recreation Division provides a number of services to the general public. These include operating and managing recreation facilities for basketball, racquetball, swimming, ice skating, and any number of other recreational activities. They also teach fitness and recreation related classes and sell sports equipment through retail operations. In order to facilitate these services each facility has the ability to collect cash from its patrons.

Audit Scope and Objectives

Our audit scope for each facility included an analysis of petty cash and change fund balances, an analysis of cash receipting and depositing procedures, and a physical examination of controlled assets. We covered a 12-month time period from 2014 through 2015.

Our audit objective was to determine if cash handling and asset procedures and practices complied with Countywide Policies.

Summary of Findings

We audited 19 recreation facilities and found noncompliance with Countywide policies in a few instances relating to cash handling and asset management. To give the reader a brief overview and synopsis of our findings related to these facilities we provide the following summary.

- 1. Voided transactions were not properly documented and signed.*
- 2. Overages and shortages were excessive and not adequately documented.*
- 3. An unusual pattern of overages and shortages was discovered at several facilities.*
- 4. Overages and shortages were not always recorded on an over/short log.*
- 5. Zero-Sales were occurring without sufficient explanation.*
- 6. Controlled assets could not be located and a PM-2 transfer form was not found.*
- 7. Master Balance Sheets did not always reconcile to the sum of individual balance sheets.*
- 8. Deposits were not always made in a timely manner.*
- 9. Individual balance sheets were not always signed by a cashier or supervisor.*
- 10. Some cashiers were unaware of the requirements to issue receipts to patrons when receiving payments.*

11. Petty cash or change fund balances did not always reconcile to their authorized amounts.

12. An unauthorized petty cash purchase occurred at one facility.

In addition, we have graphically represented the location of our findings to help the reader understand and comprehend how they relate to all centers. Table 1 illustrates a consolidated representation of the first 9 findings listed above for each of the audited facilities. The 10th finding related to one facility only. In this table we have calculated a risk score for each facility based on the percentage or number of exceptions noted multiplied by a risk factor, either 1, a low-risk; 2, a medium-risk; or 3, a high-risk. See Appendix A for further detail of these risk factors.

Table 1: Facility Risk Matrix

Facility Risk Matrix											
Facility	Finding Reference*									Risk Score**	
	1	2	3	4	5	6	7	8	9		
Dimple Dell	■	A	B			■		■		■	64
Marv Jensen	■					■		■			53
Kearns						■	■	■			48
Taylorville	■	■				■	■	■	■		104
Redwood	■		■			■	■	■	■		185
Magna		■		■			■	■			51
Fairmont Aquatics		■				■		■			35
Copperview			■							■	15
Millcreek Community	■							■			30
Acord Ice Center	■	■	■	■		■	■	■	■		416
Central City	■					■	■	■			91
Gene Fullmer	■		■					■			152
Sports Complex	■	■			■	■		■			164
Northwest	■		■								130
Sorenson Multicultural	■	■	■	■	■	■	■	■			533
SLCO Sports Office				■				■		■	14
County Ice Center	■	■	■		■	■	■	■			280
Holladay Lions	■	■									163
JL Sorenson	■		■	■	■	■		■			177

■ High-Risk (3) ■ Medium-Risk (2) ■ Low-Risk (1)

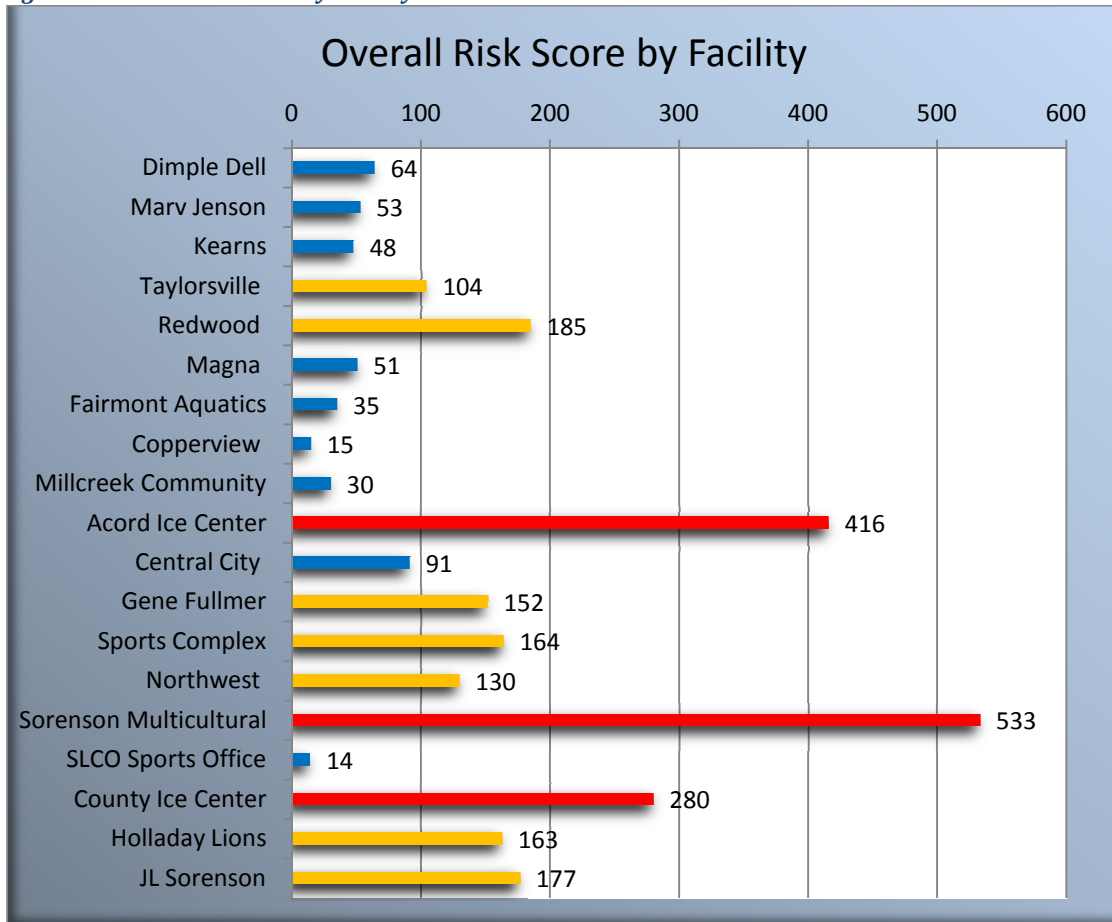
* Relates to the finding numbers listed in the executive summary.

** See Appendix A for detailed risk score calculations

The table indicates which findings were discovered at each Parks and Recreation Facility.

Figure 1 below illustrates the overall risk score assigned to each facility based on the risk score shown in Table 1. Recreation Centers with red bars, indicating higher scores, produced a higher number of risk factors including greater numbers of overages and shortages and voids that were not properly documented and signed.

Figure 1: Overall Risk Score by Facility



Comparative Risk Scores for each Parks and Recreation facility.

Section One

Findings and Recommendations

Finding 1: Voided transactions were not properly documented and signed.

Voided transactions are one of the most common ways employees perpetrate occupational fraud. They allow for an employee to remove a transaction from the accounting system and pocket the cash. During our audit we discovered an unusual pattern of discrepancies related to voided transactions. Eight facilities had documentation deficiencies in excess of 20% of the total voids examined. When management does not review voided transactions there is a greater risk that cash will be stolen.

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

"All copies (of the original receipt) 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."

The most common issues detected were the lack of a voided receipt entirely or the lack of a supervisor's signature. A large pattern of these occurrences indicates that the individual reviewing each cashier's daily balance sheet is either not reviewing the voided receipts or not comparing the voids listed on the cashier's till report to what they have attached to their balance sheets. The breakdown of discrepancies by facility is shown in figure 2 below.

Figure 2: Void Discrepancies by Facility

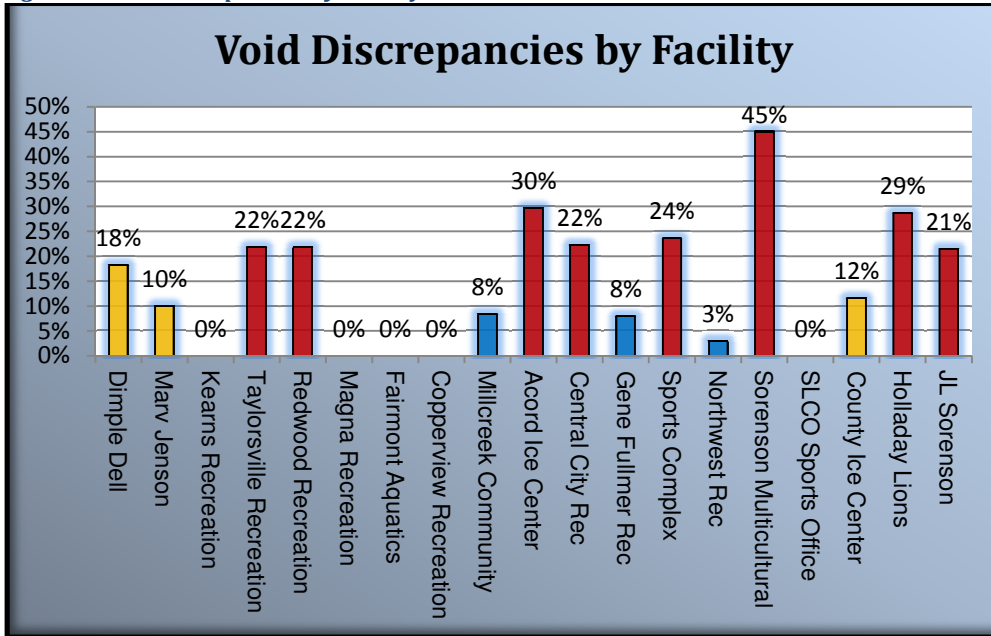
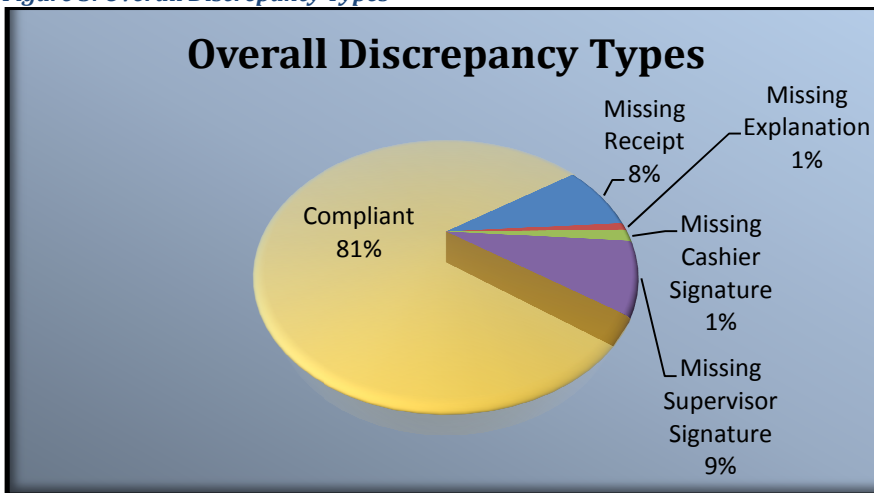


Figure 2 illustrates the breakdown of the different types of discrepancies in handling voids that were discovered during our audit.

Figure 3: Overall Discrepancy Types



The most common discrepancies discovered were missing receipts and the lack of a supervisor's signature.

Recommendation

We recommend that all voided transactions include a documented explanation and a supervisor's signature as evidence of review.

Finding 2: Overages and shortages were excessive and not adequately documented.

Overages and shortages occasionally occur during the normal course of business. They can be caused by patrons refusing to accept their change, a computer input error, or a cashier's mathematical error. A small amount of these discrepancies are normal for any business that handles cash. However, a continual pattern of overages/shortages, or even the complete lack of them, could indicate a problem.

Overage and shortage manipulation is a common way for employees to conceal theft. For instance, an employee could remove money from their till one day, causing a shortage, and replace a portion of it during their next shift, creating an overage. This type of behavior masks theft as a counting error. Having management review and investigate any unusual patterns creates a strong internal control that deters fraudulent behavior. When these controls are not in place the County incurs a greater risk of losing cash assets.



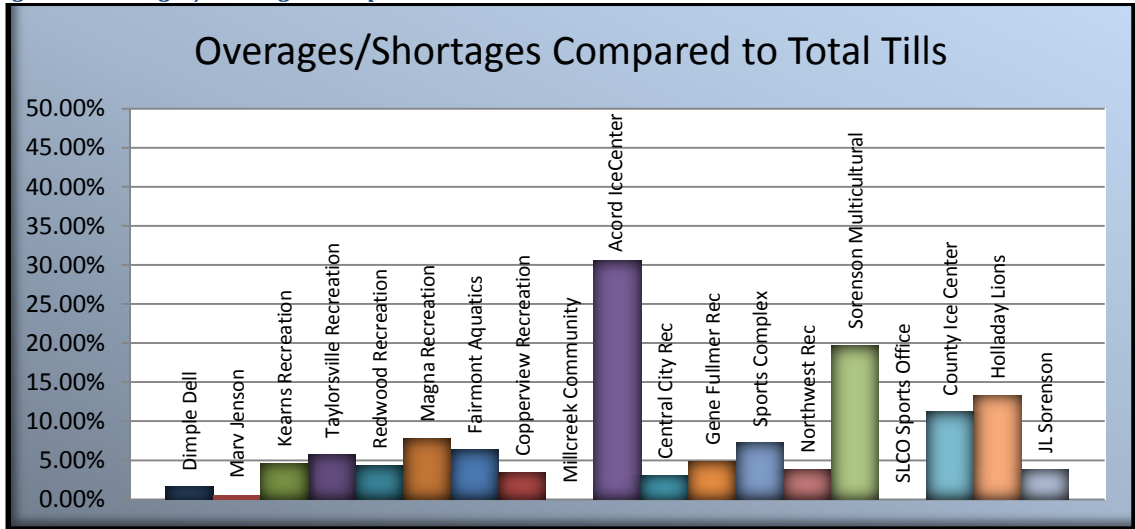
Overage and shortage manipulation is a common way for employees to conceal theft.

Countywide Policy #1062, "Management of Public Funds," Section 5.3.1 states:

"All overages and shortages, regardless of amount, should be recorded daily by each Cashier on MPF Form 11, Cash Over/Short Log. When a significant shortage or a pattern of shortages occurs in the accounts of any Cashier, Agency Management shall conduct an investigation of the circumstances and report their findings to the Auditor's Office."

During our audit we compared the number of overages and shortages discovered to the total number of cashier balance sheets in our sample and discovered that unusual patterns of overages and shortages were occurring at several facilities. Four facilities had overages/shortages that exceeded 10% of their total balance sheets and two of these facilities were 20% or higher. We examined additional samples at these two facilities. Although no specific evidence of fraud was found, we determined that these discrepancies regularly occurred within Parks and Recreation. Figure 4 shows the percentage of overages and shortages detected at each facility compared to the total number of balance sheets we examined.

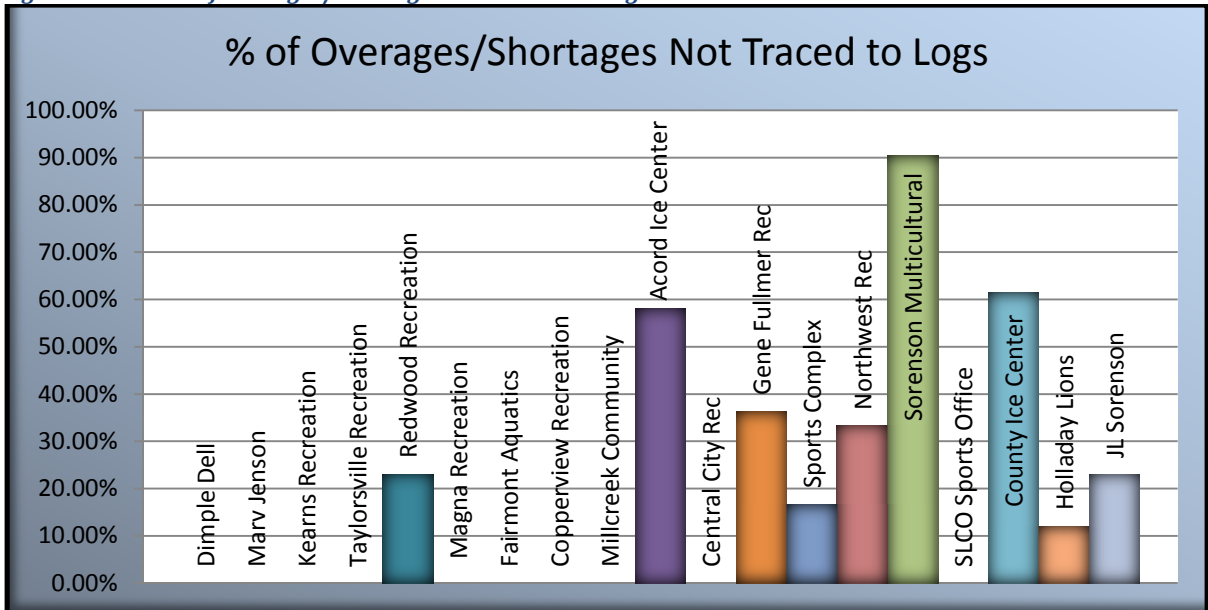
Figure 4: Overages/Shortages Compared to Total Tills



An unusual pattern of overages and shortages compared to total balance sheets was detected.

In addition, we found that 7 of the 19 facilities were not sufficiently maintaining cash over/short logs. Logs were not used, filled out incorrectly, or not signed by a supervisor. In all 7 facilities, more than 20% of overages and shortages that were on a cashier’s balance sheet were not recorded in the log. Three of these facilities were in excess of 50%, with one exceeding 90%. This lack of recordkeeping allows unusual patterns to go undetected for a longer period of time, increasing the County’s risk of loss. Figure 5 shows the total percentage of overages/shortages that could not be found on a facility’s over/short logs.

Figure 5: Percent of Overages/Shortages Not Traced to Logs



Overages and shortages were not always being recorded on MPF Form 11, Over/Short Log.

Finally, although the issues relating to overages and shortages appeared to be a systemic problem overall, some cashiers exhibited a higher pattern of discrepancies than others. Usually, this was limited to one or two employees. However, two facilities, Acord, and Sorenson Multicultural, exhibited a higher rate. Acord Ice Center had 19 employees with overages or shortages in excess of 20% of all 640 balance sheets produced from July 2014 to June 2015, and Sorenson Multicultural Center had 8 employees at this same percentage. The table in Appendix C to this report illustrates employees at each facility with high percentages of overages and shortages.

These findings indicate that proper management oversight is not occurring within these recreation facilities. Facilities with a high number of overall overages/shortages also tended to have the highest number that could not be traced to a log and the highest number of individual employees that exhibited unusual patterns. Overage and shortage patterns only perpetuate when they are not monitored and corrected.

Recommendations

We recommend that:

- 1. All cashiers record overages and shortages in an over/short log.*
- 2. Supervisors review and sign all over/short logs as evidence of review.*

Finding 3: Zero-sale or no-sale transactions were occurring without sufficient explanation.

A “zero-sale or “no-sale” transaction occurs when a cash register is opened without a specific transaction taking place. This can happen for a variety of legitimate reasons such as making change for a patron or making change for the cash drawer. This action can also be used to conceal theft. Specifically, the cashier could appear to conduct a legitimate transaction by opening the drawer but pocketing the cash and failing to record the sale. Three controls should be present to prevent this type of theft:

- Every patron should be provided a receipt. This prevents a transaction from going un-recorded and provides a paper trail to follow if fraud is suspected.*
- Employees should be required to provide a specific explanation each time they open their drawer without a transaction taking place. This creates accountability for each cashier.*
- A supervisor should review these explanations and note any unusual patterns that occur. This creates a stronger control environment that will help to deter theft.*

Countywide policies do not specifically address the treatment of zero-sales. However, monitoring zero-sales is considered an accounting best-practice to guard against theft.

We found that several facilities had unusual patterns of zero-sales. Four facilities exhibited zero-sales that averaged over four for every cashier balance sheet examined. This alone does not indicate a problem. However, Magna, Sorenson Multicultural, and JL Sorenson recreations centers, and Acord Ice Center also exhibited an unusual pattern of cash drawers being opened multiple times in-a-row between regular transactions. See Appendix B for an example. One till we examined was opened twelve times in-a-row between transactions. These zero-sale transactions were not signed off by management and cashiers did not provide an explanation for why they occurred.

We did note one instance where documentation for zero-sale transactions occurred. The bookkeeper at Copperview Recreation Center required that all employees provide explanations for zero-sales on the back of their individual balance sheets. We discovered that this facility had a relatively low number of zero-sales compared to facilities that did not have their cashiers provide documentation.

Recommendations

We recommend that:

- 1. Cashiers provide documented explanations for their zero-sales transactions.*
- 2. A supervisor review and sign zero-sales transactions as evidence of review.*

Finding 4: Controlled assets could not be located and a PM-2 transfer form was not found.

During our audit we conducted a random search for 20 controlled assets at each Recreation facility. At most facilities, we did find most assets recorded in the controlled asset list. If the assets could not be located on-site their transfer or disposition generally could be substantiated by the facility's PM-2 Forms, Salt Lake County Personal Property Transfer/Disposal/Internal Sale Form. The majority of assets not located on-site had been confirmed as sent to surplus for disposal.

Countywide Policy #1125, "Safeguarding of Property/Assets," Section 2.2.2 states that managers are responsible for:

"Accounting for all controlled assets within the organization's operational and/or physical custody ... "

Despite our identifying most controlled assets on-site, we could not locate some assets at five facilities or otherwise substantiate their disposition through a Form PM-2. Table 2 below lists the items that could not be located. When controlled assets are insufficiently tracked the County incurs a greater risk of loss due to theft.

Table 2: Missing Controlled Assets by Facility

Missing Controlled Assets by Facility		
Facility	Asset	Estimated Value
Sports Complex	Planar Touch Monitor	\$ 1,700
Sorenson Multicultural	Lenovo Computer	\$ 200
	Adult CPR Manikin	\$ 260
Sports Office	Rolling Chair	\$ 100
County Ice Center	Lenovo Monitor	\$ 100
JL Sorenson	Digital Camera	\$ 150
	Punching Dummy	\$ 130

The above controlled assets could not be located on-site.

Recommendation

We recommend that missing assets be located or reported to senior management as lost or stolen.

Finding 5: Master Balance Sheets did not always reconcile to the sum of individual balance sheets.

During our audit we discovered instances of master balance sheets not reconciling to the sum of individual cashier balance sheets. Either an error was made on the part of the bookkeeper performing the reconciliation or the cashier inaccurately counted and recorded their cash on the balance sheet.

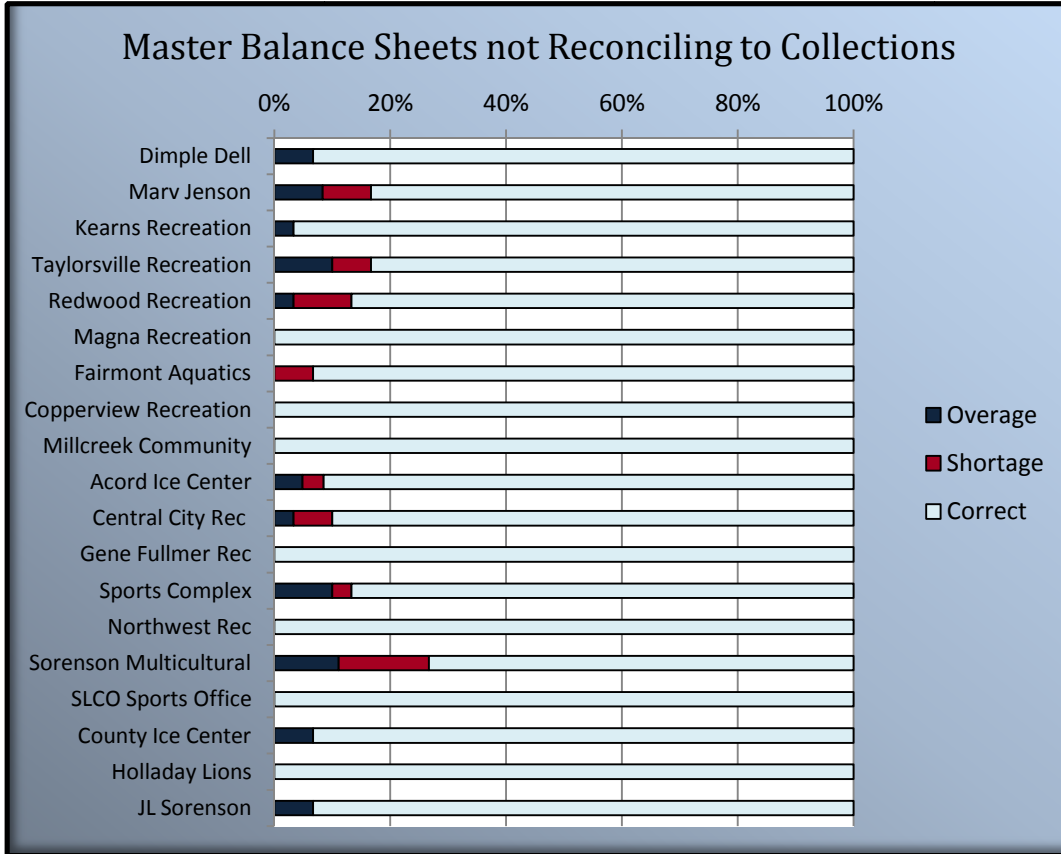
Countywide Policy #1062, “Management of Public Funds,” Section 3.8.1.2 and 3.8.1.3 state:

“A ‘master’ balance sheet may be prepared to accumulate totals of individual balance sheets from each cash register. With any balancing procedure, the cash count total, including the breakdown by cash and check composition, should match the deposit total. To complete the balancing process, all recorded receipts shall be summed to arrive at the amount of total collections.”

When the deposit reconciliation contains an overage compared to the total collections reported by cashiers it generally means that a transaction was not recorded in the system. When the deposit reconciliation contains a shortage compared to the total collections reported it could

indicate that theft is occurring. In either case, the differences should be investigated and explained as management becomes aware of them. Figure 6 illustrates the total percentage of reconciliation discrepancies at each facility.

Figure 6: Master Balance Sheets not Reconciling to Collections



Balance sheets did not always reconcile to the collection reports.

Recommendation

We recommend that all Master Balance Sheets be reconciled to the sum of their associated individual balance sheets and that any discrepancies be investigated and explained.

Finding 6: Deposits were not always made in a timely manner.

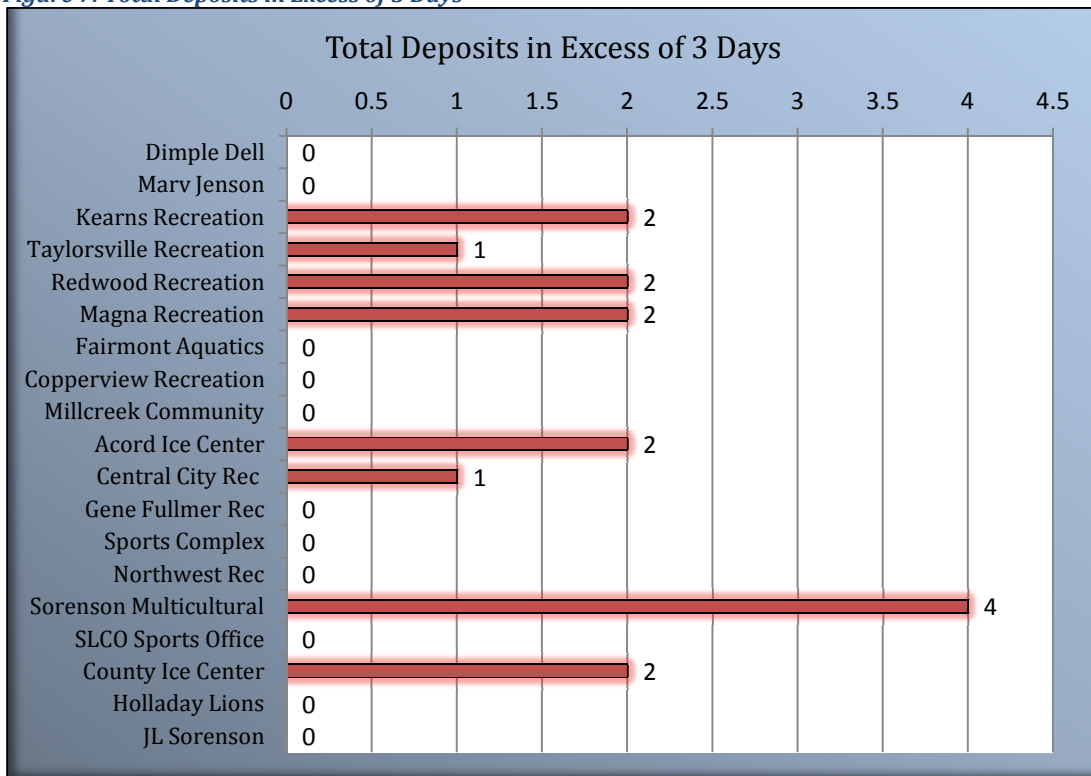
We examined 30 deposits at most of the facilities audited, but examined 45 deposits at Sorenson Multicultural Center and 100 at Acord Ice Center. We found that deposits occurred more than three days after receipt of collections at eight of these facilities. Allowing multiple days' collections to build up before being deposited increases the likelihood of theft and does not allow for interest to be earned. Figure 7 illustrates the total number of deposits at each facility that lapsed three days without being deposited in a financial institution.

Cash should be deposited into a financial institution as soon as possible after it is received, preferably the same day it is received. However, after-hours business operations, weekends, and holidays do not always allow for same-day depositing.

Countywide Policy #1062, “Management of Public Funds,” Section 4.1.2 states:

“As required by §51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but not later than three days after receipt.”

Figure 7: Total Deposits in Excess of 3 Days



Deposits were not always made within three days of cash receipt.

Recommendation

We recommend that all cash receipts be deposited within three days of their initial receipt.

Finding 7: Individual balance sheets were not always signed by a cashier or supervisor.

Typically, we examined 100 to 300 balance sheets at each facility to determine whether cashier and supervisor signatures were present. We found a minimal amount of missing cashier

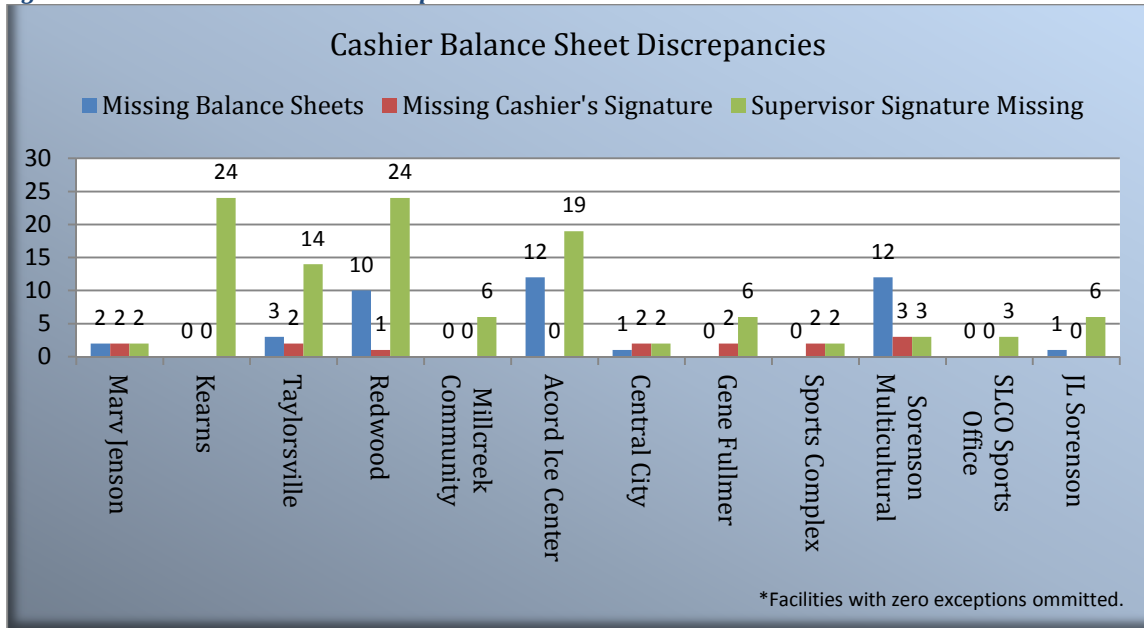
signatures. Also, there were some instances of balance sheets missing from the deposit packet samples. We included these in our analysis of discrepancies which is summarized in Figure 8. Facilities where no discrepancies were detected have been omitted. When balance sheets are not signed or a balance sheet is not filed and on hand, accountability is lost and theft is more likely to occur.

An important aspect of creating a strong control environment is the establishment of accountability. Employees and supervisors should be aware that they are personally responsible for assets that are held in their care. To facilitate this type of accountability for cashiers, Countywide Policy #1062, “Management of Public Funds,” Section 3.8.1.1 states:

“If prepared manually on MPF Form 3A, or similar form, the cash balance sheet should be signed by the cashier for each cash register or location where cash is accepted.”

Countywide policies do not state that a supervisor is required to sign each cashier’s balance sheet. However, we recommend that this practice be implemented since it is commonly used in County cash handling settings and provides an extra layer of control that helps to prevent theft.

Figure 8: Cashier Balance Sheet Discrepancies



Cashier balance sheets were missing or not signed by a cashier or supervisor.

Recommendation

We recommend that all individual balance sheets be signed by both the cashier and a supervisor and included with the daily deposit materials.

Finding 8: Some cashiers were unaware of the requirements to issue receipts to patrons when receiving payments.

During our audit we found that one cashier each at Taylorsville, Redwood, and Magna recreation centers, as well as Acord Ice Center, did not understand Countywide Policies relating to the cash receipting process. Specifically, we looked at whether cashiers knew when to issue a receipt to patrons, and when to check their identification. In these cases the cashiers stated they only issued receipts when patrons requested them instead of for every transaction.

Countywide Policy #1062, “Management of Public Funds,” Section 3.1.2 states:

“All persons remitting payments in the form of currency, check, money order or other negotiable instrument; or by payment card to Salt Lake County, in person “over-the-counter,” shall be issued a receipt documenting the payments.”

A situation related to this finding was noted in another investigation performed by the Auditor’s Office. A patron at Holladay-Lions paid for a membership in cash and did not receive a receipt. The cashier did not record the transaction and kept the money. The employee was caught when the patron tried to use his membership card and was denied access.

Issuing receipts for payments is an important aspect of preventing and detecting fraudulent behavior. When receipts are not issued a paper trail cannot be followed if theft occurs. A receipt protects the County from theft, protects employees who may be falsely accused of theft, and substantiates the information recorded in the County’s accounting system.

Recommendation

We recommend that all patrons be issued a receipt whenever a transaction takes place.

Finding 9: Petty cash or change fund balances did not always reconcile to their authorized amounts.

We found balancing differences in change and petty cash funds at Dimple Dell and Copperview Recreation Centers, and the Sports Office. Our count differed from the authorized amount as recorded by Mayor’s Financial Administration. The amounts of these discrepancies can be seen in Table 3 below.

Table 3: Fund Count Reconciliation to Authorized Amount

FUND COUNT RECONCILIATION TO AUTHORIZED AMOUNT				
Parks and Recreation Division	Fund Type	Authorized Amt (\$)	Amt Counted	Difference
Dimple Dell	Petty Cash	\$ 1,000.00	\$ 1,001.20	\$ 1.20
	Change Fund	\$ 500.00	\$ 500.00	\$ -
Copperview Recreation	Petty Cash	\$ 1,000.00	\$ 998.11	\$ (1.89)
	Petty Cash 2	\$ 500.00	\$ 500.10	\$ 0.10
	Change Fund 1	\$ 135.00	\$ 135.00	\$ -
SLCO Sports Office	Petty Cash	\$ 500.00	\$ 475.00	\$ (25.00)
	Change Fund	\$ 500.00	\$ 500.00	\$ -

Petty cash and change funds did not balance to their authorized amounts.

Countywide Policy #1203, “Petty cash and Other Imprest Funds” Section 5.2.2.1 states:

“Any unresolved shortages greater than \$10.00 shall be explained in writing to the Mayor, along with a request to approve reimbursement of the shortage. If approved, the Auditor will reimburse the amount requested to replenish the account.”

The only shortage that was considered material was the \$25 missing from the petty cash fund at the Sports Office. Management stated that this shortage occurred in 2013 when a vending machine under their care was robbed. The amount stolen has never been replenished in the fund. When funds are not reconciled it increases the risk that a theft could be concealed.

Recommendation

We recommend that the Sports Office write a letter to the Mayor explaining their \$25 loss in petty cash and requesting a reimbursement.

Finding 10: An unauthorized petty cash purchase occurred at one facility.

We discovered an unauthorized petty cash purchase in the amount of \$250 at the County Ice Center. Management stated that this disbursement was to hire coaches for a goalie training clinic that the facility runs.

Countywide Policy #1203, “Petty Cash and Other Imprest Funds,” Section 10.1.1 states:

“No disbursements from petty cash and other imprest funds are allowed in an amount greater than the amount authorized per transaction, currently \$200.”

The purpose of petty cash is to allow facilities to make small purchases for operations in a timely manner. Normal operational expenses should be purchased using standard means rather than petty cash. When petty cash is used for unauthorized purchases it circumvents the internal controls used to protect cash assets.

Recommendation

We recommend that purchases made with petty cash not exceed \$200.

Conclusion

We found a few weaknesses in procedures and practices where these did not comply with Countywide Policy. Specifically, voids sometimes were not documented as to cause and they lacked a supervisor's signature as evidence of review. Excessive unexplained cash drawer opening occurred. Cashier overages and shortages sometimes exceeded what would normally be expected and were not always documented. Some bank deposits were not timely. Some balance sheets were not signed by the cashier or supervisor. A large petty cash difference of \$25 needed to be reimbursed, and one petty cash purchase for \$250 exceeded the \$200 limit allowed in policy.

Appendix

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Appendix A: Risk Matrix Multiplier

Facility Risk Matrix Calculation: Risk Matrix Multiplier X Level of Risk

The risk matrix multiplier was derived by multiplying each specific finding by a factor that makes each facility comparable in a rational manner. For instance, the most comparable multiplier derived from voided transaction discrepancies was the percentage of discrepancies to the total voided transactions examined.

Risk Matrix Multiplier Based on Finding										
Facility	Audit Findings									
	1	2a	2b	3	4	5	6	7	8	9
	Level of Risk									
Dimple Dell	18	1.6	0	0	0	2	0	0.3	0	1
Marv Jenson	10	0.6	0	2.4	0	6	0	2	0	0
Kearns	0	4.6	0	0	0	1	2	28	0	0
Taylorsville	22	5.8	0	0.7	0	5	1	6	1	0
Redwood	22	4.4	23	3.8	0	4	2	12	1	0
Magna	0	7.7	0	7.2	0	0	2	1	1	0
Fairmont Aquatics	0	6.3	0	4	0	2	0	0	0	0
Copperview	0	3.5	0	0.9	0	0	0	0	0	2
Millcreek Community	8	0	0	1.1	0	0	0	3	0	0
Acord Ice Center	30	31	58	7.2	0	14	2	5	1	0
Central City	22	3.1	0	1.7	0	3	1	3	0	0
Gene Fullmer	8	4.9	36	0	0	0	0	4	0	0
Sports Complex	24	7.3	17	0	5	4	0	2	0	0
Northwest	3	3.9	33	3.1	0	0	0	0	0	0
Sorenson Multicultural	45	20	91	4.2	10	12	4	3	0	0
SLCO Sports Office	0	0	0	0.1	5	0	0	3	0	1
County Ice Center	12	11	62	2.6	5	2	2	0	0	0
Holladay Lions	29	13	12	0	0	0	0	0	0	0
JL Sorenson	21	3.9	23	2.3	10	2	0	2	0	0

Risks are weighted by %, #, or average for comparability purposes.

Level of Risk Key

- Based on % of Total Discrepancies
- Based on # of Total Discrepancies
- Based on an Average

The **level of risk** was determined through the use of auditor judgment based on the level of difficulty and/or opportunity that assets could be misappropriated when the conditions of the corresponding finding is present. Findings representing a **high-risk** of asset loss were assigned a weight of 3 points, **medium-risk** 2 points, and **low-risk** 1 point.

Example: Finding #1: Voided transactions were not receiving a sufficient level of management oversight. Facility: Dimple Dell; Finding Risk = High (3-points) X (18 {representing 18%}) = 54 points

Appendix B: Financial Activity Detail Report

SportsMan SQL
TIII 3298 Pool Front Desk

Financial Activity Detail Report

08/13/15 12:03:48 PM
 Page: 12

Opened: 06/09/15 11:32am (Tue) - [REDACTED]
 Closed: 06/09/15 02:57pm (Tue) - [REDACTED]
 Accepted: 06/10/15 11:14am (Wed) - [REDACTED]

TRANSACTION INFORMATION						PAYMENT ACCOUNTS			SALES REVENUE ACCOUNTS					
Trans ID	Qty	Description	Member	Amount	Tax	Payment Type	Amount	Payment Acct	Credits	Type	Discount	Amt Paid	Tax	Sales Acct
RECEIPT/TILL: 196632	1	Pool - Family Season - Quarterly 05/25/20...	[REDACTED]	0.00	0.00	Cash 0.00 TENDERED: 0.00 CASH Cash				Paid				DAILY POOL PASSES
RECEIPT/TILL: 196637	1	Adult Swim Pass	[REDACTED]	3.25	0.00	Credit Card 14.25 VI..9119 CC 3.25 Credit Card				Paid		3.25	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196638	4	Youth Swim Pass	[REDACTED]	11.00	0.00	CC 11.00 Credit Card				Paid		11.00	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196644	1	Youth Swim Pass	[REDACTED]	2.75	0.00	Cash 2.75 TENDERED: 10.00 CASH 2.75 Cash				Paid		2.75	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196645	1	Youth Swim Pass	[REDACTED]	2.75	0.00	Cash 5.50 TENDERED: 6.00 CASH 2.75 Cash				Paid		2.75	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196646	1	Youth Swim Pass	[REDACTED]	2.75	0.00	CASH 2.75 Cash				Paid		2.75	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196647	1	Cash Drawer Opened	[REDACTED]	0.00	0.00	Cash 0.00 TENDERED: 0.00 CASH Cash				Paid				Cash Drawer Opened
RECEIPT/TILL: 196648	1	Cash Drawer Opened	[REDACTED]	0.00	0.00	Cash 0.00 TENDERED: 0.00 CASH Cash				Paid				Cash Drawer Opened
RECEIPT/TILL: 196649	1	Cash Drawer Opened	[REDACTED]	0.00	0.00	Cash 0.00 TENDERED: 0.00 CASH Cash				Paid				Cash Drawer Opened
RECEIPT/TILL: 196650	1	Cash Drawer Opened	[REDACTED]	0.00	0.00	Cash 0.00 TENDERED: 0.00 CASH Cash				Paid				Cash Drawer Opened
RECEIPT/TILL: 196651	2	Adult Swim Pass	[REDACTED]	6.50	0.00	Cash 14.75 TENDERED: 20.00 CASH 6.50 Cash				Paid		6.50	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196652	3	Youth Swim Pass	[REDACTED]	8.25	0.00	CASH 8.25 Cash				Paid		8.25	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196659	1	Youth Swim Pass	[REDACTED]	2.75	0.00	Cash 6.00 TENDERED: 20.00 CASH 2.75 Cash				Paid		2.75	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196660	1	Adult Swim Pass	[REDACTED]	3.25	0.00	CASH 3.25 Cash				Paid		3.25	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196666	1	Cash Drawer Opened	[REDACTED]	0.00	0.00	Cash 0.00 TENDERED: 0.00 CASH Cash				Paid				Cash Drawer Opened
RECEIPT/TILL: 196671	1	Cash Drawer Opened	[REDACTED]	0.00	0.00	Cash 0.00 TENDERED: 0.00 CASH Cash				Paid				Cash Drawer Opened
RECEIPT/TILL: 196674	1	Adult Swim Pass	[REDACTED]	3.25	0.00	Cash 6.00 TENDERED: 20.00 CASH 3.25 Cash				Paid		3.25	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196676	1	Youth Swim Pass	[REDACTED]	2.75	0.00	CASH 2.75 Cash				Paid		2.75	0.00	DAILY POOL PASSES
RECEIPT/TILL: 196678	4	Youth Swim Pass	[REDACTED]	11.00	0.00	Credit Card 14.25 VI..4504 CC 11.00 Credit Card				Paid		11.00	0.00	DAILY POOL PASSES

The above illustrates an example of multiple Zero-Sales occurring in-a-row. Every dash sign or "0.00" amount indicates where a cash drawer opening has occurred.

Appendix C: Large Over/Short Patterns

The following table illustrates the over/short percentage detected for each employee in comparison to their total individual balance sheets examined. Cashiers that operated five or less tills have been omitted for comparability purposes.

Cashiers with Large Over/Short Patterns:				
Facility	Cashier	Total Tills	Total Over/short	% Over/short
Taylorville Recreation	Emp 1	5	2	40.00%
Redwood Recreation	Emp 1	6	3	50.00%
	Emp 2	5	3	60.00%
Magna Recreation	Emp 1	13	4	30.77%
	Emp 2	5	3	60.00%
Copperview Recreation	Emp 1	22	8	36.36%
Acord Ice Center	Emp 1	49	11	22.45%
	Emp 2	11	6	54.55%
	Emp 3	14	6	42.86%
	Emp 4	10	5	50.00%
	Emp 5	71	25	35.21%
	Emp 6	10	4	40.00%
	Emp 7	12	8	66.67%
	Emp 8	52	19	36.54%
	Emp 9	7	2	28.57%
	Emp 10	18	7	38.89%
	Emp 11	12	4	33.33%
	Emp 12	5	3	60.00%
	Emp 13	36	11	30.56%
	Emp 14	9	5	55.56%
	Emp 15	5	2	40.00%
	Emp 16	5	2	40.00%
	Emp 17	6	4	66.67%
	Emp 18	9	3	33.33%
	Emp 19	9	6	66.67%
Central City Rec	Emp 1	8	2	25.00%
Gene Fullmer Rec	Emp 1	7	3	42.86%
	Emp 2	7	3	42.86%
Sports Complex	Emp 1	5	2	40.00%
	Emp 2	7	2	28.57%
Northwest Rec	Emp 1	15	3	20.00%
Sorenson Multicultural	Emp 1	8	3	37.50%
	Emp 2	50	15	30.00%
	Emp 3	19	8	42.11%
	Emp 4*	47	23	48.94%
	Emp 5	48	14	29.17%
	Emp 6	10	4	40.00%
	Emp 7	16	4	25.00%
	Emp 8	9	3	33.33%
County Ice Center	Emp 1	6	4	66.67%
	Emp 2	17	5	29.41%
Holladay Lions	Emp 1*	11	10	90.91%

*These employees were terminated from their positions within the County prior to our audit taking place.

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Response to the Audit

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BEN McADAMS
Salt Lake County Mayor

ERIN LITVACK
Department Director
Community Services

MARTIN JENSEN
Division Director
Parks & Recreation

Salt Lake County Auditor's Office
Larry Decker
2001 South State Street N3-300
Salt Lake City, UT 84190

December 21, 2015

RE: 'A Compliance Audit of the Parks and Recreation Division' Report Number 2015-05

Dear Mr. Decker,

Thank you for the opportunity to review and respond to the Salt Lake County Auditor's Report Number 2015-05 (the "Report"). The Salt Lake County Parks and Recreation Division (the "Division") has reviewed each of the 10 findings in the Report and provided a response for each in Attachment A.

As you are aware the Division's mission is to *Improve Lives through People, Parks and Play*. With over 20 recreation facilities, thousands of acres of parks and open space, 4 golf courses, child development programs, and an annual employee count of over 2,500 it is almost impossible to ensure that every single transaction that we handle is 100% compliant with Salt Lake County Policy and/or Ordinance; almost.

Because of the size and scope of the Division, our partnership with the Salt Lake County Auditor's Office (the "Auditor's Office") is all the more crucial to ensure that our managers are training our staff correctly, creating precise internal policy and standard operating procedures and spot auditing to better account for each and every taxpayer dollar.

As we move into 2016 we request that the Auditor's Office partner with our Division to create a strategic auditing plan that reviews multiple arenas including participation reporting, asset use reporting and a variety of other topics.

Again thank you for your work on the Report. Should you have any questions or concerns regarding our responses to the findings please let me know.

Sincerely,

A handwritten signature in blue ink, appearing to read 'CO', with a long horizontal stroke extending to the right.

Christina M. Oliver
Associate Division Director
Salt Lake County Parks and Recreation

ATTACHMENT A

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1	Voided transactions were not properly documented and signed.	We recommend that all voided transactions include a documented explanation and a supervisor's signature as evidence of review.	All facility cashiers will be provided with training on proper procedures for handling voided transactions in Q1, 2016.
2	Overages and shortages were excessive and not adequately documented.	<p>1. We recommend that all cashiers record overages and shortages in an over/short log.</p> <p>2. We recommend that supervisors review and sign all over/short logs as evidence of review.</p>	<p>Our procedures require all cashiers to record overages and shortages in an over/short log. This requirement will be emphasized with in-service and new hire training.</p> <p>Requirements of supervisors will also be emphasized with an in-service training.</p>
3	Zero-Sales were occurring without sufficient explanation.	<p>1. We recommend that cashiers provide documented explanations for their zero-sales transactions.</p> <p>2. We recommend that a supervisor review and sign zero-sales transactions as evidence of review.</p>	<p>Additional information on why zero-sales are occurring will be gathered at each site.</p> <p>A process to appropriately document and review will be developed and implemented in 2016.</p>
4	Controlled assets could not be located and a PM-2 transfer form was not found.	We recommend that missing assets be located or reported to senior management as lost or stolen.	Appropriate follow up on the identified missing controlled assets will be completed by January 15, 2016.
5	Master Balance Sheets did not always reconcile to the sum of individual balance sheets.	We recommend that all Master Balance Sheets be reconciled to the sum of their associated individual balance sheets and that any discrepancies be investigated and explained.	A new master balance sheet has been developed. Training has been provided to all facility supervisors on requirements of the new form and process. Proper reconciliation and completion of the form was explained and demonstrated. The use of this new master balance sheet will be monitored closely during Q1 of 2016. Additional instruction and training will be provided as needed.
6	Deposits were not always made in a timely manner.	We recommend that all cash receipts be deposited within three days of their initial receipt.	This requirement will be emphasized during in-service training for supervisors and monitored closely by managers during 2016.

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
7	Individual balance sheets were not always signed by a cashier or supervisor.	We recommend that all individual balance sheets be signed by both the cashier and a supervisor and included with the daily deposit materials.	A new master balance sheet has been developed. Training has been provided to all facility supervisors on requirements of the new form and process. Proper reconciliation and completion of the form was explained and demonstrated. The use of this new master balance sheet will be monitored closely during Q1 of 2016. Additional instruction and training will be provided as needed.
8	Some cashiers were unaware of the requirements to issue receipts to patrons when receiving payments.	We recommend that all patrons be issued a receipt whenever a transaction takes place.	All facility cashiers will be provided with training on proper procedures, including the requirement of issuing receipts, in Q1, 2016.
9	Petty cash or change fund balances did not always reconcile to their authorized amounts.	We recommend that the Sports Office write a letter to the Mayor explaining their \$25 loss in petty cash and requesting a reimbursement.	A letter to the Mayor will be prepared and sent by January 15, 2016.
10	An unauthorized petty cash purchase occurred at two facilities.	We recommend that purchases made with petty cash not exceed \$200.	Each of these circumstances has been addressed individually with the employees involved. Countywide Policy #1203 was reviewed and appropriate purchase methods discussed. We are confident this is a fairly isolated occurrence.

NAME AND TITLE OF PERSON RESPONDING:

Christina M. Oliver
Associate Division Director
Salt Lake County Parks and Recreation

DATE PREPARED: December 21, 2015