

Salt Lake County Auditor's Office

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David L. Beck
Chief Deputy

May 15, 2000

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Glen Lu, Director
Parks and Recreation Division
2001 South State Street, #S4400
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Dear Glen:

We recently completed an unannounced count of the petty cash and change funds at Marv Jensen Fitness and Recreation Center. We also conducted a review of Marv Jensen's cash receipting and depositing, daycare collections, purchasing, and fixed and controlled assets.

During our audit, we found some areas where improvements are needed. The major findings and recommendations are discussed below. Other findings and recommendations were discussed verbally with Marv Jensen's director and are not presented in this letter.

CASH RECEIPTING AND DEPOSITING

During our review of the cash receipting and depositing process, we found several items that should be improved. The major findings in the cash receipting and depositing area are:

- **Deposits are not consistently made in a timely manner.**
- **There is inadequate documentation in the Daycare to support funds being deposited.**
- **Cash custodians are not listed correctly with the Auditor's Office.**
- **Checks are not always endorsed upon receipt.**
- **Cashiers are not asking for identification when accepting personal checks.**

Deposits are not consistently made in a timely manner. According to Countywide Policy 1062, "*Receipts of \$250 or more (\$50 cash and \$200 in checks) will be deposited on a daily*

Glen Lu, Director
May 15, 2000
Page 2

basis. Receipts of less than \$250 may be accumulated and deposited when the total reaches \$250; however, deposits will be made no less frequently than weekly regardless of the amount accumulated.” During our review, we examined 152 deposits. Of these deposits, seven percent were not made in a timely manner. Monies not deposited timely lose interest earnings that would otherwise be gained from short-term cash investments.

RECOMMENDATION:

We recommend that deposits be made timely in accordance with Countywide Policy 1062.

There is inadequate documentation in the Daycare to support funds being deposited.

Day care is provided only to patrons while they are using Marv Jensen facilities. Marv Jensen completes a time and attendance receipt for each child that documents the hours the child was at daycare and the amount that the parents paid. However, these receipts were not consistently kept. In addition, daycare employees do not always prepare a balancing sheet for their deposit.

Without proper documentation, balancing cannot take place and funds could be more easily diverted to unauthorized use. Receipts for daycare services should be consistently filled out, balanced to the deposit, and should be pre-numbered.

RECOMMENDATION:

We recommend that receipts be issued for all daycare transactions, that receipts be balanced to the deposit, and that pre-numbered receipts be used.

Cash custodians are not listed correctly with the Auditor’s Office. The custodians listed on the Salt Lake County Auditor’s Petty Cash Report do not match the names of the persons acting as the custodians for both the petty cash fund and the change fund. Countywide Policy 1203, Petty Cash and Other Imprest Funds, § 4.1 states that, “*designating a custodian , and any subsequent changes of custodians, should be processed by completing the ‘Request for Custody/Change in Custody.’*” Because the cash custodians are held responsible for their cash funds, the Auditor’s Office needs to be notified of any changes.

Management at Marv Jensen maintains that they sent in the proper change of custody form . The form was never processed and a copy of this form could not be located during our review. Marv Jensen should reinitiate this process and send a change of custody form to the Auditor’s Office.

RECOMMENDATION:

We recommend that the acting custodians complete and forward the change of custodian forms to the Auditor’s Office.

Checks are not always endorsed upon receipt. During our review of the cash receiving process, we found that checks received from concessions or retail sales registers were not being endorsed at time of receipt. Countywide Policy 1062, Management of Public Funds, § 3.6.1 says, “*As a rule, all checks and other negotiable instruments received by the Agent Cashier will be made nonnegotiable as soon as possible after receipt.*”

Because the cashiers are not stamping the checks immediately, the bookkeeper has to endorse the checks when preparing the deposit the next day. The checks are more susceptible to theft if they are not endorsed. In addition, time is wasted by the bookkeeper having to go through the checks and stamp them with an endorsement.

RECOMMENDATION:

We recommend that cashiers endorse the checks immediately upon receipt.

Cashiers are not asking for identification when accepting personal checks. During our review, we found that cashiers will accept a personal check from customers without asking for identification. This practice is contrary to Countywide Policy 1301, Acceptance of Checks, § 3.0 which states, “*it is the policy of Salt Lake County when receipting payments for user fees and other revenues to require that ‘over-the-counter’ receipts in the form of a personal check be accompanied by a valid form of identification.*” The policy defines a valid form of identification as a current drivers license, a Utah identification card or a check guarantee card.

Marv Jensen personnel should ask for identification when accepting personal checks. By obtaining a proper identification, the cashiers will provide increased protection to the County in the event that the check is dishonored by the bank.

RECOMMENDATION:

We recommend that the cashiers ask for proper identification when accepting a personal check.

PURCHASING

We reviewed the purchasing practices at Marv Jensen. While all purchases we reviewed were appropriate, we did identify some internal controls that could be improved. The key purchasing findings are:

- **Some purchases are being made without the required authorizations.**
- **Newly purchased controlled assets are not being added to the controlled asset list.**

Some purchases are being made without the required authorizations. During our audit work in the purchasing area, we reviewed Parks and Recreation's Internal Purchasing Procedures. Section 6.4 of these procedures requires an employee initiating a purchase to "*sign his/her own signature and then obtain the signature of a Budget Manager, District Director, or Section Manager*" on the purchase request. "*If a Budget Manager initiates a PR (purchase request), the second signature must be that of the District Director or Section Manager.*" These steps ensure that items approved for purchase are appropriate and necessary.

We reviewed 69 purchases from the last six months of 1999 and the first three months of 2000. We found that 10 percent of the 1999 purchases reviewed lacked the second authorizing signature. As a result of a previous audit done by our office, the purchasing coordinator addressed this problem in a memo to all center directors that included a copy of Parks and Recreation's purchasing procedures. After the memo was issued, the number of requests being processed without two signatures dropped dramatically. The purchasing coordinator should continue to monitor the purchase requests for the second authorizing signature.

RECOMMENDATION:

We recommend that all initiators of purchase requests obtain the required authorizing signature before the request is sent to Parks and Recreation Administration.

Newly purchased controlled assets are not being added to the controlled asset list. While reviewing the purchasing documents, we identified several controlled assets purchased for Marv Jensen that were missing from Marv Jensen's controlled asset list. The items we found are listed on the following page.

Controlled Asset	Cost
Body Composition Analyzer	\$1,795
Cholesterol System	\$1,795
Hampton Weight Rack	\$ 270
Kickbox Bags (qty. 4)	\$ 125 (each)
Microwave	\$ 128
Lane Line Reel	\$ 695
Boom Box for Pool	\$ 70

By not listing controlled assets on the controlled asset list, the items would be excluded from the annual inventory and could be lost or stolen without the property manager's knowledge.

RECOMMENDATION:

We recommend that the Center Director update the controlled asset list and ensure all newly acquired assets are added to the controlled asset list.

FIXED AND CONTROLLED ASSETS

Our review of fixed and controlled assets resulted in the following findings:

- **Three treadmills assigned to Marv Jensen were not at the center.**
- **Some items that fit the definition of a controlled asset were not listed on the center's controlled asset inventory log.**
- **Several items on the controlled asset log were not tagged.**

Three treadmills assigned to Marv Jensen were not at the center. There are twelve treadmills listed on the AFIN0801 report which are assigned to Marv Jensen but only nine of these treadmills were physically at the center. We did find three additional treadmills at Marv Jensen but two were untagged and the third was documented as belonging to another recreation center.

Glen Lu, Director
May 15, 2000
Page 6

Marv Jensen conducted an annual inventory in June of 1999. The above discrepancies were noted on the inventory documentation. However, at the completion of our fieldwork, no adjustments had been made to the location codes listed on the AFIN0801 report. Section 5.4 of Accounting and Operations Division's Accounting Policies and Procedures specifically states that, "*It is the responsibility of the Property Manager to ensure accurate location codes are maintained in (AFIN).*"

RECOMMENDATIONS:

We recommend that the division property manager reconcile Marv Jensen's inventory results to the AFIN0801 report and resolve any discrepancies.

Some items that fit the definition of a controlled asset were not listed on the center's controlled asset inventory log. Countywide Policy 1125, Safeguarding Property/Assets, Exhibit 1, lists items that because they are sensitive to conversion to personal use, should be considered controlled assets whether or not they meet the minimum \$100 threshold. We found four items at Marv Jensen from that list that should be classified as controlled assets: (a) stereo boom box, (b) power drill, (c) cellular phone, and (d) pager.

RECOMMENDATIONS:

We recommend that items listed above be added to the controlled asset log.

Several items on the controlled asset log were not tagged. Marv Jensen completed an inventory of fixed and controlled assets in June of 1999. At that time, Marv Jensen's management implemented Parks and Recreation's procedure to tag all controlled assets. From a sample of 44 controlled assets, 21 assets did not have a controlled asset tag attached.

Untagged controlled assets may indicate that they are not on the controlled asset list. Any theft of these assets could go undetected.

RECOMMENDATION:

We recommend that the center director tag all controlled assets.

Glen Lu, Director
May 15, 2000
Page 8

In closing, I would like to express appreciation to the Marv Jensen staff for the cooperation and timely assistance they gave to our auditors. I trust that our work will be of benefit to you as you endeavor to make changes that will strengthen internal controls at Marv Jensen and throughout the Parks and Recreation division. If we can be of further assistance to you in this regard, please give me a call.

Sincerely,

David L. Beck
Chief Deputy

cc: Dave Young