

Salt Lake County Auditor's Office

Craig B. Sorensen, *AUDITOR*



David L. Beck
Chief Deputy

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Salt Lake County
Government Center
2001 S. State Street
Suite N2200
Salt Lake City
Utah 84190-1100
Tel (801) 468-3381
Fax (801)-468-3296

Glen Lu, Director
Parks and Recreation Division
2001 So. State St #S4400
Salt Lake City, UT 84190

Dear Glen:

Your office recently informed us of a theft of funds at the Mick Riley Golf Course. Total cash and checks missing amount to \$4,436.16 and include the entire deposit for June 30th 2001, and the morning shift bag from July 1st.

In response, we have examined the cash, receipting and depositing procedures at the golf course, focusing on transactions that occurred in June and the first four days of July. We also interviewed ten members of your staff, present at the golf course during the time the theft was thought to have occurred. No one we interviewed admitted to the theft.

While we were not able to determine who may have stolen the funds, we have several recommendations that will help prevent similar losses in the future, based on the following findings:

- The safe is routinely left unlocked.
- The office and office door are not conducive to a secure and orderly business environment.
- Check, cash and charge composition in the deposit is not matched against a register report.
- Mick Riley has not changed its procedures to over or short the deposit, if necessary, in accordance with Countywide Policy 1062.
- Pre-numbered petty cash vouchers are out of sequence, with some missing.

The safe is routinely left unlocked. The safe comprises two combination-lock compartment doors, one on top of the other. The bottom safe stores the set-up or change bags used by each employee. There are three of these bags, each containing \$200. The top safe is used to store the daily deposit bag prior to the armored car service picking it up, and also daily

collections that employees drop through a roller slot in the top. An additional change fund used to balance deposits and the petty cash fund are also kept in the top safe.

The June 30th deposit, collections bag from the first shift on July 1st, and an envelope containing junior golf registration fees were stolen from the top safe. One of the change funds and the petty cash fund remained in the safe; they were not part of the theft. See Attachment A for a detailed listing of the composition of the stolen June 30th deposit, and the amount of the stolen first shift bag. The amount of collections in the junior golf registration fee envelope is unknown since these were not rung through the cash register.

During our employee interviews, one employee stated he had always been able to place his collections bag in the safe by opening the door, instead of using the roller slot, because the safe door had always been unlocked.

This employee, who worked the Sunday when the theft occurred, remembered that both the top and bottom safes were open when he started his shift at 10:00 a.m. The safe door itself was closed, but the handle was in the open position.

However, the top safe was locked at 2:00 p.m. when Guardian armored car service arrived to pick up the deposit. The employee on duty does not have the combination to the safe, thus they were unable to retrieve the deposit.

Sometime between 2:30 p.m. and 3:10 p.m., the head golf pro opened the top safe, accessing one of the change funds in a procedure he goes through to even out overages and shortages. He does not remember if he locked the safe following this procedure, nor does he remember whether the deposit bag and the July 1st first shift collections bag were in the top safe at that time.

However, the 10:00 a.m. shift employee, who left work and placed his collections in the safe at 4:00 p.m., did not remember seeing the deposit bag. Moreover, the safe was unlocked at the time, and he placed his collections bag there merely by opening the door. The first shift (morning) collections purportedly were placed in the safe at 1:30 p.m. See Appendix B for a time line of events as they were reported to have occurred.

RECOMMENDATIONS

We recommend that both safes be kept locked at all times.

The office and office door are not conducive to a secure and orderly business environment. Since the theft, Mick Riley has been conscientious about keeping the safe doors locked and the dial spun at all times. Keeping the safe unlocked may be convenient for employees, but it puts funds at risk of being stolen.

The Mick Riley Golf Course office, where the safe is kept, does not seem to have adequate working space, is located in the line of pro shop traffic, as all customers pass by on

their way to the counter, and the office door is difficult to shut. In fact, the door would not lock, but since the theft the door has been fixed so that it now will lock.

The office is in plain view of employees at the counter. However, no one we interviewed remembered seeing non-employees in the office the day of the theft. No one noted anyone suspicious, except for one employee who reported a wily customer in the pro-shop between 4:00 p.m. and 5:00 p.m. The customer laid merchandise on the counter and left, stating he needed to get money, but never returned. However, 4:00 p.m. to 5:00 p.m. is outside the time frame the theft was alleged to have occurred.

No one specifically remembers if the office door was kept shut the day of the theft. It often remains open, but since the theft, the head golf pro is emphasizing closing the door when no employees are in the office, and locking the door whenever circumstances permit.

RECOMMENDATION:

We recommend that a more spacious, uncluttered office be constructed out of the line of pro shop traffic, with a door that closes easily.

Check, cash and charge composition of the deposit is not matched against a register report. Currently, each cashier counts out their shift bag, listing cash, check and charge amounts collected. These totals are then verified by the person completing the day's deposit. However, the report obtained from the computer system only lists a lump sum of sales completed. Under this system, the cash versus check versus credit card composition can not be verified by the person preparing the deposit. Checks or credit cards substituted for cash may go undetected.

RECOMMENDATION

We recommend that Mick Riley run a computer report detailing the composition of checks versus cash versus charge slips. Any differences found should be investigated and resolved during the next morning.

Mick Riley has not changed its procedures to over or short the deposit, if necessary, in accordance with Countywide Policy 1062. County Policy 1062 was recently revised, and now indicates that any overages and shortages from the day be included in the day's deposit. Previously, agencies could chose between this method, or, alternatively, adding and subtracting to the deposit to make it match the day's sales. Overages and shortages were contained in separate fund and balanced out at the end of the month. Section 5.2 now reads "Any overages will be deposited into the agency's depository account... Shortages will be withheld from the deposit to maintain the change fund at the authorized level."

The content of Countywide Policy 1062 and this procedure change was discussed with golf course employees during workshops held on April 16th and 17th. During the course of

workshops with Parks and Recreation, representatives from that agency stated that including overages and shortages with the day's deposit was problematic, due to the wide range of programs they offer.

RECOMMENDATION:

We recommend that management develop procedures to comply with County Policy 1062, or pursue a formal exemption from the policy.

Pre-numbered petty cash vouchers are out of sequence, with some missing. At the time of our count, the petty cash drawer contained no significant variance. However, we did note that the pre-numbered petty cash vouchers skipped over numbers in the sequence. In addition, according to the petty cash control listing, \$100 was taken out in order to buy parts on May 10, 2001. However, as of July 7th 2001 no receipt had been logged in for that purchase.

RECOMMENDATION:

- 1. We recommend that petty cash vouchers be used in sequence, and those not used be retained and documented.***
- 2. We recommend that all receipts be logged into the petty cash control listing on a timely basis.***

In closing, we would like to express our appreciation to you and your staff for their cooperation and openness to suggestions. If you have any questions or concerns please do not hesitate to call me or Larry Decker.

Sincerely,

James B. Wightman, CPA
Director, Internal Audit

Attachments (2)
Cc: Tana Stone
Todd Meyer
Paul Ross
Randy Allen
Leslie Reberg

Mick Riley Golf Course

Composition of Stolen Funds				
Date	Cash	Checks	Total Check & Cash Loss	Charge Card Sales
June 30, 2001	\$2,576.47	730.42	\$3,306.89	\$1,928.97
July 1, 2001	*	*	\$1,129.27	\$398.06
Total Cash and Check Loss	*	*	\$4,436.16	

* The composition of the July 1st shift bag is unknown.

Cash Funds Currently Held at the Course					
	Petty Cash	Over/Short Bag	Spare Change	Change Funds (3 at \$200)	Total
Vouchers	560.75	-	-	-	560.75
Cash Counted	34.59	117.91	496.00	599.76	1,648.01
Total	595.34	117.91	496.00	599.76	2,208.76
Amount on Record	(600.00)	(100.00)	(500.00)	(600.00)	(2,200.00)
Variance	(4.66)	17.91	(4.00)	(0.24)	8.76

Time-line of Events

Sunday, July 1, 2001

- 6:00 a.m. The morning shift employee arrives and retrieves his change bag from the bottom safe which is open. He does not notice if the top safe is open or locked.
- 10:00 a.m. The mid-day employee arrives and retrieves his shift bag from the bottom safe. He notices the top safe is unlocked by the angle of the handle.
- 10:30 a.m. The Head Pro prepares the June 30th deposit for pick up later that day. He places the deposit in the safe and locks the safe door.
- 1:30 p.m. The morning shift employee counts out his receipts for the day, and places them through the slot in the top of the safe. He does not notice if the safe was locked at that time. He leaves for the day at 1:45 p.m.
- 2:00 p.m. Galleon armored car service arrives to pick up the previous day's deposit but is unable to gain access to the safe because the employee on duty does not know the combination.
- 2:15 p.m. The afternoon shift employee arrives late, and retrieves his change fund from the bottom safe as usual.
- 2:45 to 3:10 The Head Pro unlocks the safe, rings up the overage amount for the month, places the overage in the cash register and returns the balanced \$100 overage fund to the safe. He does not remember if he locked the safe at this time.
- 4:00 p.m. The mid-day employee finishes his shift, counts out his receipts and is able to open the door to the top safe and place them inside. He states that the deposit bag was not there at that time.

Monday, July 2, 2001

- 8:30 a.m. Head Pro arrives to process the previous day's deposit. Although the receipt bags from the mid-day and afternoon employees are present, he notices that the receipts bag from the morning shift is missing. He calls the morning shift employee and during the course of events discovers that the armored car service had not picked the June 30th deposit, and that it too is missing. In addition, a bag containing money for the Old Mill tour series from Junior League kids and entry forms for high school golf league are also missing.

ATTACHMENT B