



SALT LAKE COUNTY AUDITOR'S OFFICE

JEFF HATCH
Auditor

October 23, 2008

Bruce Henderson, Director
Salt Lake County Parks and Recreation
2001 S. State Street, S4900
Salt Lake City, Utah 84190

Re: Fairmont Aquatic Center

Dear Bruce:

We recently completed a follow-up audit at Fairmont Aquatic (Fairmont) at the request of Parks and Recreation management. We examined the recommendations made in our December 2007 letter report to your office, and additionally reviewed the payroll process, the chemical inventory, and purchasing card usage. In accordance with the areas examined during our audit, we first summarize the current status of our previous audit recommendations and then discuss the additional topics individually.

Below is a compilation of our prior audit recommendations, along with the responses from Fairmont staff. The third column reflects our findings at the re-examination completed September 2008.

RECOMMENDATIONS DECEMBER 2007	RESPONSE TO RECOMMENDATIONS	STATUS SEPTEMBER 2008
1. Collections should be deposited no later than three days after receipt.	1. Implemented. Deposits will be made daily.	1. All deposits reviewed were deposited within three day limit, most were deposited the next day, except for weekends which were deposited on the following Monday.
2. Documentation for voided transactions should contain a void slip, explanation, and cashier and supervisor signatures.	2. Implemented. Void slip will be completed with cashier and supervisor signature and all slips will be reviewed weekly.	2. Of 28 voids found, all had void slips, explanation, cashier signature, and only one was missing the supervisor's signature.

RECOMMENDATIONS DECEMBER 2007	RESPONSE TO RECOMMENDATIONS	STATUS SEPTEMBER 2008
3. A monthly over/short log should be completed for each cashier and the supervisor and the employee should sign the log verifying the review.	3. Implemented. Over/short log will be logged daily as they occur.	3. In 107 tills, we found 10 tills with outages. Four were recorded on the over/short log. All were recorded in Sportsman.
4. Management should closely monitor "no-sale" transactions and require cashiers to account for these transactions on a daily basis.	4. Implemented. Cashiers will note reason for "no money taken" every time it occurs.	4. Of 107 tills reviewed, we found 375 "no money taken" transactions. Cashiers noted reasons for 291 or 78 percent of the transactions. Supervisors reviewed all transactions.
5. The Director should sign each daily cash balance form to indicate review.	5. Implemented.	5. We reviewed 107 tills and found 105 had all three required signatures.
6. The safe combinations should be changed on an annual basis.	6. Implemented. Touch pad will be installed to facilitate combination change.	6. We observed new touch pads on both safes indicating combinations were changed.
7. The change in the vending machine should be counted and maintained at \$30 to ensure balancing of the change fund to its authorized limit.	7. Implemented. Director will request additional change fund of \$38 for vending machine.	7. Vending change fund has been established for \$35.
8. The Auditor's Office should be notified of the \$30 increase in the change fund at Liberty and the corresponding \$30 decrease at Fairmont.	8. Implemented. Director will request current change fund be reduced and Liberty change fund be increased by \$30.	8. Fairmont change fund was reduced by \$65. Vending change fund established for \$35 and Liberty Pool change fund increased by \$30.
9. All petty cash disbursements to the fund custodian should be reviewed and signed by an individual independent of the transaction.	9. Implemented. Distribution of petty cash will not be made to custodian.	9. Of the 24 petty cash distributions, 5 were distributed to custodian, all with appropriate receipts.
10. A collection letter should be mailed when an account becomes ten days past due.	10. Implemented. All accounts, other than high schools, will be required to pay at the time of service.	10. Recreation management allows organizations to be billed. Accounts are billed on the 10 th of each month. No accounts more than 30 days old.

RECOMMENDATIONS DECEMBER 2007	RESPONSE TO RECOMMENDATIONS	STATUS SEPTEMBER 2008
11. A procedure should be implemented to ensure that the Program Coordinator is aware of groups that use the pool on account.	11. Implemented. Groups will be required to pay at the time of service.	11. Forms are completed when an organization has a billable event and program coordinator receives those forms to bill.
12. A timely billing should be processed for all organizations that use the pool.	12. Implemented. Groups will be required to pay at the time of service.	12. Invoices are sent the 10 th of each month. No accounts are more than 30 days past due.
13. Vending machine item counts should be compared to expected ending inventory to determine if any theft of either cash or product has occurred.	13. Implemented. A Vending Inventory Control Sheet has been implemented and will be completed monthly.	13. Vending inventory control sheets are completed each month.

Table 1. Summary of 2007 Audit, Response to Recommendations, and Status September 2008.

CASH HANDLING

To review cash receipting and depositing, we obtained a statistically relevant sample of deposits from January 1, 2008 to September 22, 2008. We reviewed the sample and reconciled deposits to bank statements on file. Following are the findings for this portion of the audit.

- **Funds collected at Fairmont were deposited in accordance with Countywide policy.**
- **Daily cash balance forms (MPF Form 3A) were consistently signed by staff who prepared the deposit.**
- **Voided transactions were handled in accordance with Countywide policy.**
- **Cashiers did not consistently record overages and shortages in Cash Over/Short Log.**
- **Cashiers recorded reasons for “no money taken” transactions on their z-tapes 78 percent of the time and supervisors reviewed each “no money taken” transaction.**
- **The safe combinations were changed within the last year.**

Funds collected at Fairmont were deposited in accordance with Countywide policy. We examined 25 deposits for Fairmont from January 1, 2008 to

September 22, 2008. We found 23 of the daily collections were deposited within 3 days and 15 of those were deposited the next day. The remaining two deposits, for weekend collections over a holiday weekend, were deposited the first day after the holiday. We found Fairmont to be in compliance with Countywide policy on depositing funds. Table 2 below illustrates our findings.

Summary of Transmittals 2007 – 2008				
	December 2007	Percent Of Total	September 2008	Percent Of Total
Deposits Reviewed	63	100%	25	100%
Deposits more than three days	13	21%	0	0%
Preparer signature missing	7	11%	0	0%
Verification signature missing	5	8%	1	4%
Deposit signature missing	15	24%	0	0%

Table 2. Timeliness of deposits improved since the 2007 audit.

Daily cash balance forms (MPF Form 3A) were consistently signed by staff who prepared the deposit. For the most recent audit, we examined 107 daily cash balance forms. Of those forms, we found only two without the required three signatures. Table 3 below shows the improvement over the 2007 audit.

Summary of Daily Balance Sheets 2007 – 2008				
	December 2007	Percent Of Total	September 2008	Percent Of Total
Tills Reviewed	575	100%	107	100%
One or more signature missing	378	66%	2	2%

Table 3. Number of missing signatures on Daily Balance sheets has decreased significantly.

Voided transactions were handled in accordance with Countywide policy. In our current sample, we found 28 voids. Of the 28 voids, all had accompanying void slips and explanations. All voids had cashier signatures and all but one had a supervisor signature. We found significant improvement in the handling of voids. The following table summarizes the breakdown of the voids by audit.

Summary of Voids for Fairmont 2007 – 2008				
	December 2007	Percent Of Total	September 2008	Percent Of Total
# of Voids	83	100%	28	100%
Missing Explanation	35	42%	0	0%
Missing Cashier Signature	40	48%	0	0%
Missing Supervisor Signature	81	98%	1	4%
Missing Void Slip	39	47%	0	0%

Table 4. Voided transactions are currently well documented and approved.

Cashiers did not consistently record overages and shortages in Cash Over/Short Log. In the period examined, a monthly Cash Over/Short Log was on file for Fairmont. Of the tills we reviewed, ten had outages. Only four of those were

recorded on the Cash Over/Short Log. However, we discovered that each over or short must be accounted for in the Sportsman software and a reason for the over/short must be included for that entry to clear. We reviewed six of the ten z-tapes and found the reason for the outage recorded. Due to the Sportsman record, management is aware of employees' overages or shortages, but if employees do not record in the log, they may not realize the source and frequency of their errors. Management informed the Auditors that Fairmont policy is that each cashier is expected to enter any overage/shortage in the log and those logs are reviewed and signed by management. We did not find any overage or shortage to be excessive.

RECOMMENDATION:

Cashiers should consistently record each overage/shortage in the Cash Over/Short Log, and sign acknowledgement.

Cashiers recorded reasons for “no money taken” transactions on their z-tapes 78 percent of the time and supervisors reviewed each “no money taken” transaction. In June 2007, a new feature was added to the Sportsman software program that recorded each time a cashier opened the cash drawer without processing a transaction. The software recorded this as a “no money taken” transaction. In our 2007 audit, 39 cash register detail reports had no explanation for “no money taken” transactions. Since that time, cashiers were required to note on their printed z-tape the reason for each “no money taken” transaction made on their shift. The employee compiling the tills for the deposit highlighted each “no money taken” transaction noting their review. Table 5 below shows the number of reviews in 2007 and the improvement in 2008.

Summary of “No Money Taken” 2007 – 2008				
	December 2007	Percent Of Total	September 2008	Percent Of Total
Tills Reviewed	39	100%	148	100%
Number of “No money taken”	351	100%	375	100%
Number of explanations for “No money taken”	0	0%	291	78%
Note: Despite the percentage of explanations, we found evidence that management reviewed each incident by highlighting the “no money taken” reference.				

Table 5. *Cashiers and management improved review of reasons for “no money taken” transactions.*

The safe combinations were changed within the last year. Fairmont has two safes and, as a result of the 2007 audit, the program manager stated that a touch pad would be installed to facilitate changing the combination yearly or when merit personnel changed. We observed a touch pad was installed on each safe and therefore the combinations were changed since the December audit. No change in Fairmont merit staff has occurred since the last audit.

CHANGE FUNDS AND PETTY CASH

We conducted an unannounced count of the change funds and Petty Cash account assigned to Fairmont, including the Liberty Pool (Liberty) change fund. We counted all funds on the premises, including cash receipts not yet deposited, the change fund, and petty cash fund. Collections balanced to the Cash Register Till Balance Report; and petty cash and change funds balanced to their authorized limits, as recorded on the Salt Lake County Petty Cash and Other Imprest Accounts Report.

We discovered the following conditions in our examination. The number and amount in each change fund was adjusted as recommended in the 2007 audit and all funds balanced to the authorized amount. We found all petty cash vouchers correctly completed with two signatures, receipts attached, and no tax charged.

- ***The change fund amounts were updated as recommended.***
- ***Five Petty Cash transactions were issued to the custodian.***
- ***The Petty Cash fund was reduced to \$500.***

The change fund amounts were updated as recommended. In the December 2007 audit, Fairmont had a \$400 change fund and Liberty, under the direction of Fairmont, had a \$50 change fund. An uncounted portion of the Fairmont change fund was in the vending machine. As a result of our recommendations, the Fairmont change fund was reduced to \$335. A \$30 portion of that fund was moved to Liberty, which now has a change fund of \$80. The remaining \$35 was moved to create a new Vending Change Fund and is kept in the vending machine for change.

Five Petty Cash transactions were issued to the custodian. In the December 2007 audit, we found eleven vouchers that lacked a second signature because the money was disbursed to the custodian. The custodian recognized that he could not sign as both the recipient and the custodian but was unsure how to document the transfer of funds. We recommended that all petty cash disbursements to the fund custodian be reviewed and signed by an individual independent of the transaction. Management further decided that no disbursements be made to the custodian from that time forward. Review of the latest reimbursement request had five transactions in which the custodian made the purchase. Three of the purchases were for vinyl diapers, required by the health department. Staff stated that because all County pools required vinyl pants in addition to swim diapers, due to the cryptosporidium problem, all merit employees watched for opportunities to purchase vinyl pants when they could be found. There were two other purchases made by the custodian: A fire extinguisher for Liberty when the custodian was the only merit staff working that day, and renewal of the Costco membership. All purchases made by the custodian were accompanied by a receipt and verified by other merit staff.

Parks and Recreation management provided information regarding a Costco sales audit of Fairmont transactions on May 23, 2008. Table 6 below demonstrates the timeline of events.

Transaction Time	Action	Description	Amount
4:23 p.m.	Membership renewed	Paid with Petty Cash	\$185.52
5:45 p.m.	Rebate check cashed	Cash received	\$134.85
5:48 p.m.	Purchase made	Costco credit card used	\$295.77

Table 6. *Timeline of Costco events*

In the original Petty Cash Reimbursement Request, dated July 10, 2008, Voucher No. 193 showed the Amount Received - \$150, Amount Returned - \$0.48 and Amount Used - \$149.52 to account for the membership renewal. This petty cash request was returned to the custodian for corrections. The corrected Petty Cash Reimbursement Request, dated July 28, 2008, changed Voucher No. 193 to reflect Amount Returned of \$135.32 and Amount Used of \$14.67.

Based on our review of this timeline of events a question could be raised as to the time elapsed to accomplish an accurate reconciliation of membership renewal/rebate check issuance and the return of cash of \$135.32. However, we were unable to come to a conclusion as to whether this was an intentional mishandling of funds or a mere oversight that was corrected.

The Petty Cash fund was reduced to \$500. In the December 2007 audit, one program coordinator used a purchasing card and the other program coordinator used funds from petty cash. In September 2008, the second program coordinator was issued a purchasing card. Additionally, the petty cash fund was reimbursed only once in the previous year, indicating the fund total may be too large. Recreation management decided that the petty cash fund no longer needed to be \$1,000. Subsequent to the latest petty cash reimbursement, \$500 was returned to the Auditor's office. The petty cash fund is now \$500.

ACTION TAKEN:

Submission of forms to change the custodian from the Program Manager to the Program Coordinator is in progress.

VENDING

In the December 2007 audit, vending machine management was examined. We found controls were not in place to properly account for product inventory and verify that receipts were processed according to best practices and Countywide policy. In January 2008, Fairmont staff implemented inventory worksheets in response to our recommendation.

Inventory for the vending machine was tracked and compared to expected revenue. Fairmont personnel used a spreadsheet to calculate expected ending inventory based on the equation of beginning inventory, plus purchases, less number of items sold. Personnel compared expected revenue to actual revenue and noted the difference on the worksheet. Additionally, in response to the Mayor's request that County facilities offer healthier options in vending machines, snacks offered were gradually replaced with better choices.

Recreation management requested we investigate if coffee is offered free of charge to staff and patrons. We found that coffee is not available at Fairmont. However, coffee has been sold at swim meets and sales recorded in vending revenue. Coffee supplies stored behind the front desk were left from prior meets.

Vending revenue includes sales from swim meet concessions and rebates, based on a percentage of sales, from: the soft-drink machine, the nut vending machine, and the claw-toy machine. We found Fairmont personnel improved vending machine management.

BIRTHDAY PARTIES

We reviewed contracts for birthday parties scheduled at Fairmont from February 25, 2008 to September 28, 2008. Fairmont's internal control practice is to attach the receipt of payment to the contract. Payment is required at the signing of the contract to reserve the Birthday Party room. The charge for each party is \$75 and includes 8 children open-plunge admissions, 45 minutes in the Party Room, 1 large one-topping pizza, 2 two-liter bottles of drinks, a free shirt for the birthday child, and free parent admission and lifejacket rental. Cake is not part of the package, but can be ordered for an additional charge if requested. Additional charges for parties include \$7.50 for each additional person, \$10 for each additional pizza, and \$1.50 for each additional bottle of soda pop. For every two more children, one pizza is ordered and for every four more children, one drink is added. If an originally scheduled extra child does not attend, that extra admission is not charged, but the originally scheduled pizza and drinks for the extra children are charged as ordered.

We reviewed 141 birthday party contracts and found payment verification for all of them. Fourteen contracts did not have receipts attached to the contract but we were able to verify payment by reviewing information in Sportsman. We reconciled cakes ordered with amount paid extra for cakes and found three cakes ordered and paid for in the period March 15, 2008 to September 28, 2008. Pizza delivery charge has increased from \$1.35 per delivery in January to \$1.75 per delivery in September.

Revenue from birthday parties per Parks and Recreation to August 31, 2008 was \$17,361. Expenditures for birthday parties for that same period per AFIN were \$7,424, which includes labor, food, and supplies.

VISA PURCHASING CARD

The purpose of purchasing cards (cards) is to pay for low dollar-value goods, materials, or services as required as a function of their duties as County employees. Use of cards facilitates purchases over the internet and payment of fees for needed classes and seminars. Program coordinators use the cards rather than petty cash to facilitate their individual programs. Fairmont's two program coordinators have been issued the VISA purchasing card. We found the following:

VISA purchasing card use complied with Countywide Policy. We reviewed purchasing card use with regard to Countywide Policy #7035, "Purchasing Cards." Two of the three merit employees at Fairmont were issued a VISA purchasing card. One employee has had a card for approximately one year and the second employee received his card in September 2008.

We verified with Contracts and Procurement that cardholders had completed applications and were signed by the applicant, supervisor, fiscal manager, and division director. Both cardholders attended the purchasing card training and signed the cardholder agreement. The Purchasing Card program administrator had on file the signed applications for each employee along with verification of attendance at the training class.

Purchasing cards are reconciled every month as required by policy. The cardholder completed the purchasing log and attached original receipts. The log was signed by the cardholder, the supervisor, and then forwarded to the fiscal manager. The supervisor retained copies of the logs and receipts. The original log and original receipts were forwarded to the fiscal manager who filed the originals and forwarded an email copy of the signed log to the VISA program administrator in Contracts and Procurement. Emailed copies of the log are filed by month and sorted by org number. Since January 2008, total charges on both cards were \$9,759.27.

In our review, we found no prohibited purchases on either card. Both cardholders have a limit of \$5,000. One cardholder has a single-purchase limit of \$1,000 and the other has a single-purchase limit of \$5,000. We found no purchases over those limits. We found both cardholders in compliance with the terms of the policy.

ACCOUNTS RECEIVABLE

Fairmont allows groups, such as daycare centers, high school swim teams, and community groups to swim at scheduled times and later bills them for admissions. Accounts receivable was 2.2 percent of revenue for the period of this audit. Table 7, on page 10, summarizes changes subsequent to the December 2007 audit:

Fairmont Aquatics – Accounts Receivable Aging					
Days Outstanding	Dec 2007 Audit	%	Sep 2008 Audit	%	Change
> 120 days	\$1,073.50	46.9	\$0	0.0	-\$1,073.50
90 – 120 days	\$553.50	24.2	\$0	0.0	-\$553.50
60 – 90 days	\$0	0.0	\$0	0.0	\$0
30 – 60 days	\$662.00	28.9	-\$49.50*	0.0	-\$551.50
< 30 days	\$0	0.00	\$7,071.00	100.0	\$7,071.00
Total	\$2,289.00	100%	\$7,021.50	100%	\$4,892.50

*Indian Walk-In Center has a credit balance.

Table 7. Changes in accounts receivable aging

The aging report ending September 2008 has shown a progressive shift of receivables to less than 30 days outstanding. The outstanding items aged over 30 days in December 2007 were verified as either collected or written-off. One invoice for \$28 was incorrectly applied to a wrong vendor and subsequently written off. Also, one exception was noted for the University of Utah/Special Olympics whose invoice payment of \$112 could not be located.

Fairmont addressed the December 2007 audit recommendations as follows:

- *A collection letter should be mailed when an account becomes ten days past due. Action taken: Collection letters are mailed by the Program Coordinator on the 20th each month. Copies of the letters are provided to the Program Manager.*
- *A procedure should be implemented to ensure that the Program Coordinator is aware of groups that use the pool on account. Action taken: A “Daycare Group Billing Information” sheet was created that specifies the organization, contact person, billing address, phone number, date, and number of children and adult admissions. It contains instructions to place the completed form in the Program Coordinator’s box serving as a reminder to bill the organization.*
- *A timely billing should be processed for all organizations that use the pool. Action taken: Billings are processed on the 10th of each month for the prior month’s charges.*

Although Fairmont has improved its accounts receivable management, we have one finding for this section of the report.

A monthly reconciliation of accounts receivable was not performed. A QuickBooks accounts receivable module is used to track receivables billed to various organizations. Payments are received and recorded in the Sportsman system.

However, Sportsman does not have an accounts receivable module and payments should also be recorded in QuickBooks.

Best practices for accounts receivables between two separate systems, is to reconcile both systems to each other. It ensures that payments are correctly applied and recorded.

Payments recorded in Sportsman may not be recorded in QuickBooks, resulting in aged accounts and poor customer service. Accounts receivable aging reports could be overstated.

Front desk staff may not be aware that payments are for accounts receivable and not notify the program coordinator of their receipt. This result in payments that are not recorded in QuickBooks vendor accounts.

RECOMMENDATION:

A monthly reconciliation between QuickBooks accounts receivable aging report and Sportsman should be completed.

CHEMICAL INVENTORY

There are two specific chemical levels measured at the Fairmont pool, pH and chlorine. Testing of these levels is administered by lifeguards on duty in two-hour increments, which exceeds Health Department standards which require three tests during every 24-hour period. The results are logged, along with water temperature and the strength level that the UV filter is emitting.

The benefits of close monitoring are:

- early detection of contaminates for reduced pool closure time
- confirmation that the automated dispensing equipment is functioning
- feedback on needed chemical adjustments for heavy bather loads
- compliance with Health Department requirements

Levels of pH are increased with soda ash. This chemical, stored in dry powder form in 30 lb. bags, is dispersed by mixing it with water and directly pouring it into the pool. According to pool personnel, chemicals are rarely added directly to the pool since automated systems for this purpose are normally reliable and accurate. Chemicals are sometimes added directly to treat the pool after a contamination occurs.

Hydrochloric acid is added to decrease the levels of pH. Sodium bicarbonate is also added as a buffer to the acid. The acid is stored in 55 gallon plastic drums and automatically fed into the water supply through a feeder tube. When a drum is emptied, the feeder tube is moved to another drum. Three drums are stored in the chemical room and are replenished by CEM, the company contracted by the County to maintain the pool's chemical systems.

Chlorine levels are increased by adding chlorine in the form of *Pulsar Plus Briquettes*. Two feeders are used, one for the lap pool and the other for the general use pool. The briquettes are stored in 50 lb. buckets and are added to the feeders by CEM staff. The benefits of using *Pulsar Plus Briquettes* include: a longer shelf life, less storage space, safer to handle, no requirement for secondary containment, easier to transport, and cynuric acid free. Conventional systems use a liquid chlorine tank which requires a substantial area including a secondary containment system. To reduce the levels of chlorine, sodium thiosulfate is mixed in a bucket with water and manually added directly to the pool.

One gallon plastic bottles of hydrochloric acid are also stored in the chemical room. The acid is used by pool staff to clean the calcium deposits from the interior of the Pulsar Feeder and the sensor probes.

Tracking chemical inventory levels is not performed by pool staff. CEM is responsible for ordering, delivery, and replacement of used containers. The automated feeders do not track or report the volume of chemicals dispersed into the systems, which varies according to sensor readings. Shrinkage of stored chemicals would be difficult due to the size and weight of the containers.

A safety and physical security concern regarding public accessibility to pool equipment and chemicals was raised. The main door from the pool leading to the heating equipment room was unlocked. A second door to the equipment room that housed the main pumps, sand, and UV filters was unlocked. The third door to the chemical room was also unlocked.

To confirm the unlocked door status, a second visit to the pool was made the following day. The merit employee on duty demonstrated that all three doors remained unlocked. It was noted that the main lights to all rooms were off, to serve as a deterrent to anyone who may access the areas. Also noted was a facilities safety audit was scheduled and the unlocked doors would be addressed.

PAYROLL

Parks and Recreation Management requested a review of specific areas related to payroll: Liberty timesheets, call-outs, payroll warrant logs, and hiring practices. The purpose was to verify accuracy between manual and county payroll systems, and determine if Countywide policies are followed for hiring staff.

Hand-written timesheets

Liberty is open between Memorial and Labor Day holidays each year. Fairmont uses a Kronos time clock that automatically creates timesheets, unlike Liberty where hand-written timesheets are used because the pool operates seasonally and a Kronos time clock is not cost justifiable.

A sample was taken of all Liberty and Fairmont timesheets, including hand-written and Kronos generated. Of the 441 timesheets for the period examined, the

statistically relevant sample size was 91. Of the 91 timesheets, 33 were hand-written timesheets for employees who worked at Liberty. Instances were found where employees clocked in at Fairmount and later signed out at Liberty, and vice versa.

All of the 33 hand-written time sheets were examined to determine if written times, time clock in/out, missed clock times, and activity codes were the same as reported through the county's payroll system. The timesheets were also examined against pool schedules to determine if hours written coincided with scheduled work hours.

The results of these tests confirmed that written hours, clock-in-and-out, and missed times were accurately recorded in the payroll reports. However, only one time sheet had an activity code written on it. The merit employee who is responsible for the front desk schedules stated that all of the lifeguarding, teaching, and coaching share the same activity code and schedule. A separate schedule and activity code is used for front desk coverage. Schedules were difficult to match against timesheets because a vast majority of the blocked times were simply color-coded without definitive time-in or out. All of the time sheets had a supervisor's signature, but only 26 or 79 percent had the employee's signature. Timesheets were not examined for signatures during the December 2007 audit, thus we were unable to measure any improvement or degradation in this system of control.

Call-Outs

Merit staff scheduling provides for a merit staff to be on-site Monday through Saturday. Recreation workweek is Friday through Thursday. On-call is scheduled for Sunday. We obtained a schedule spreadsheet for merit staff for the time period May 2, 2008 to October 2, 2008. We inquired regarding how call-outs are handled. Staff showed us a schedule of who was to be called out in case of an emergency. We found the distribution to be fairly equal between the three merit staff. Staff also indicated that if the scheduled person was not available, the second person to be called was usually the Program Manager because his home is closest to the pool.

We reviewed the call-out schedule for May 15, 2008 to October 2, 2008 and the Hours Summary Report for the period May 1, 2008 to August 31, 2008. All call-outs were reviewed and approved by the Assistant Recreation Section Manager. Examination of call-outs did not reveal excessive occurrences based on hours awarded for call-outs to hours available in the five-month period analyzed. Table 8, on page 14, shows our summary.

Fairmont Aquatics – Call-Outs for 5/15/08-10/2/08			
	Number of On-Call Days Scheduled	Number of Call-Outs on Scheduled Day	Number of Call-Outs on Unscheduled Day
Program Manager	8	0	5
Program Coordinator 1	7	1	2
Program Coordinator 2	6	0	1
Total	21	1	7
Note: 7 x 4.5 hrs (standard call-out hours awarded) = 31.5 hrs ÷ 2,599.95 (total hours available for three employees for five months) = 1.2%			

Table 8. *On-call days scheduled and number of call-outs.*

Payroll Warrant Logs

At every payroll distribution date, an employee log is provided to record employee signatures when each receives their paycheck or statement of direct deposit. If an employee does not sign for their paycheck or statement, it is returned to the Parks and Recreation’s main office at the Government Center to be mailed. An examination was conducted to determine if any consistent patterns existed of employees not signing the logs. Included was a cross matching of addresses, social security numbers, names, dates of birth, employment hiring, and termination dates.

The statements of direct deposit were excluded in our test on the assumption that individuals on this system are less likely to be phantom employees, leaving a total of 47 checks that were returned to the Government Center for mailing. The checks returned to the Government Center for mailing are not tracked as they are added to the outgoing mail. Cross matching tests of payroll checks not signed for and returned for mailing did not reveal any unusual patterns.

Hiring Practices

Employees are hired to work in two specific areas for Fairmont and Liberty; front-desk support and pool-related positions such as head guards, life guards, and swim instructors. Certification and legal restrictions are adhered to prevent youth under the age of 14 from being hired. For employees who are ages 14 to 15 years of age, specific restrictions apply regarding work hours, times of day, and total hours allowed each week. Part-time employees are restricted to a maximum of 20 hours per week, or 1,040 hours per year. Due to these restrictions and low wages offered, turnover occurs frequently because the majority of employees are high school students.

The process for hiring staff is initiated through various advertising channels such as the local high school paper, free websites, and word-of-mouth. An application is filled out and an interview by the Program Manager is conducted. Supporting documentation such as CPR and Life Guard certifications is necessary to fill certain positions. Proof of age is required, along with other application forms, as part of new-hire processing. The hiring of part-time employees is not administered through the County Human Resources Division and their review or screening is not required. The Program Manager is provided complete latitude to fill positions as needed.

After an applicant is offered and subsequently accepts a position, paperwork is submitted to the Parks and Recreation payroll personnel, who set up a Kronos timecard account for the new employee. An orientation, including sexual harassment training, is conducted for all new employees. Scheduling is performed by the Program Coordinators. The Program Manager was well versed in the requirements and Countywide Policies for hiring employees. There were no negative findings for this portion of the audit.

We express appreciation to the Fairmont staff for their cooperation and assistance during our audit. They continue to be helpful and prompt in responding to all our requests. We are confident our work will be beneficial to your continued efforts to strengthen internal controls. If we can be of assistance to you in the future, please let us know.

Sincerely,

James B. Wightman, C.P.A.
Director of Internal Audit

cc: Erin Litvack
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