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December 31, 2012

Ben McAdams, Mayor
Salt Lake County
2001 South State Street, #N2100
Salt Lake City, UT 84114-4575

Re: An Audit of Mick Riley Golf Course

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Mick Riley Golf Course (Mick Riley). Our scope was limited to verification of the accuracy and completeness of financial records and compliance with internal controls related to cash handling, capital and controlled assets, merchandise inventory, and concessions sales and commissions. Our audit covered the period from August 2011 through July 2012, though dates were adjusted in some test work according to needs and availability of records.

Our objectives were to determine whether:

- Receipts and petty cash were handled according to Countywide Policy #1062, *Management of Public of Funds*, and Policy #1203, *Petty Cash and Other Imprest Funds*, and that good business practice and controls were in place to prevent theft of funds.
- Capital and controlled assets were managed according to Countywide Policy #1125, *Safeguarding Property/Assets*, and are guarded against equipment becoming missing or stolen.
- Merchandise inventory was on hand according to golf course records, and procedures were in place to ensure that all inventory goods purchased were placed for sale in the pro shop.
- Terms of the concessions contract for payment of commission to the County were complied with, and the concessions contractor based the County's commission on accurately reported revenue.

Our work was designed to provide reasonable but not absolute assurance that the system of internal controls was adequate, records current, and daily transactions valid. Since our audit included only a sample of items from the period examined, there is a risk that we would not have discovered misuse or theft of County assets because such actions may have occurred with respect to assets or transactions not selected for review. Management's response to our audit can be found in Appendix A.

Opened in 1965, the 9-hole Mick Riley Golf Course located in Murray provides easy access to many golfers. Green fees, fees for cart rental, collections from merchandise inventory sales in the pro shop, and concessionaire commission fees are intended to sustain golf course operations without the need

for taxpayer money. Figure 1 below compares Mick Riley operating expenses and revenues over the five-year period from 2007 through 2011, and shows that revenues exceeded expenses.

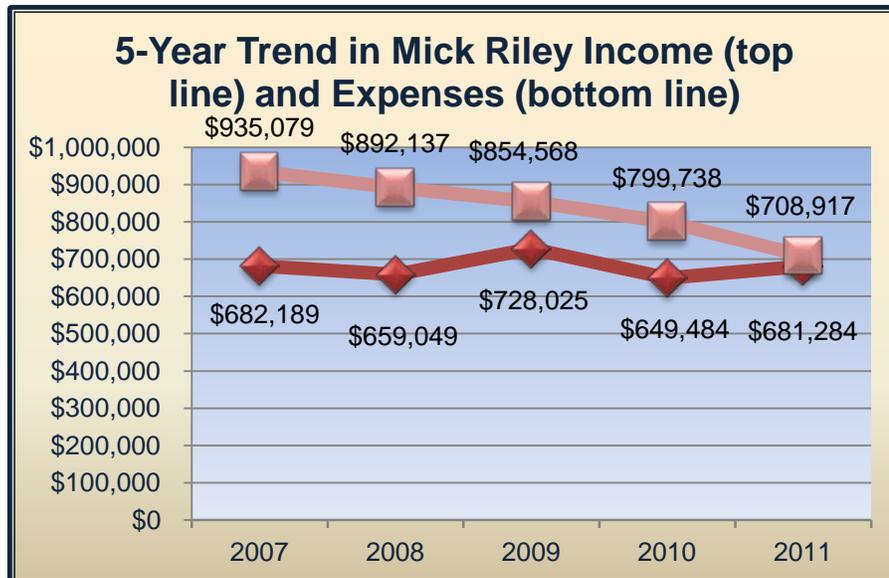


Figure 1. Operating revenues exceeded expenses in all years.

Fore Reservation, the cashiering system used by County golf courses also includes features for tracking tee time reservations and merchandise inventory. The cashiering or cash register module integrates these other features, allowing automatic pricing of reservations and updating of inventory once items are sold, thereby eliminating a number of otherwise needed manual processes. In addition to regular green fee and merchandise sales, Mick Riley, like all other County golf courses, maintains pre-paid credits on gift cards and tournament winnings.

Mick Riley also features a short par-3 course ideal for beginning golfers and youth. Due to its smaller size, Mick Riley collects the least revenue of all the County golf courses, though operating revenues have consistently outpaced expenses. Also because of smaller size, Mick Riley only has two merit employees compared to three at the other courses. A number of seasonal employees also work during the busy summer months.

We found attentive customer service at Mick Riley and a desire among personnel to improve operations and accuracy of accounting records. In our audit, we found several areas for improvement where more effective monitoring and control of cash and County assets could be achieved. We divided our findings into 1) Cash Handling and Depositing, 2) Capital and Controlled Assets, 3) Merchandise Inventory, and 4) Concessions Contract.

CASH HANDLING AND DEPOSITING

Our findings in the area of Cash Handling and Depositing are as follows:

- *Excessive overages and shortages were found in daily collections.*
- *Deposit documentation on file was insufficient to support the amount deposited.*

- *The change fund exceeded its authorized limit by \$186.*
- *Voids were not processed and documented using a void slip.*
- *Required identification was not written on checks received.*

Excessive overages and shortages were found in daily collections. We examined deposits from 25 days in 2011 and 2012, and found 15 (60%) with overages or shortages greater than \$10. The largest overage discovered was \$58, and the largest shortage was \$30. Overages and shortages represented net differences based on up to four cashiers working per day.

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

When a significant shortage or pattern of shortages occurs...Agency management shall conduct an investigation and report their findings to the Auditor's Office [Mayor's Office].

Table 1 below provides detail of the larger overages and shortages we found.

Detail of Net Overages & Shortages > \$10		
Date	Difference	Type
June 9, 2012	(\$30.54)	Shortage
April 29, 2012	(\$15.16)	Shortage
July 2, 2012	(\$12.95)	Shortage
May 4, 2012	\$13.88	Overage
April 10, 2012	\$21.05	Overage
July 14, 2012	\$22.11	Overage
April 30, 2012	\$23.50	Overage
May 23, 2012	\$25.84	Overage
April 4, 2012	\$27.01	Overage
July 12, 2012	\$27.56	Overage
April 9, 2012	\$35.65	Overage
June 30, 2012	\$43.25	Overage
June 1, 2012	\$44.95	Overage
May 19, 2012	\$49.42	Overage
May 22, 2012	\$58.26	Overage

Table 1. *Collection variances were more the norm than the exception.*

The Mick Riley head professional explained that these variances were due to cashier error. An overage or shortage can occur from entering transactions incorrectly into the point-of-sale terminal. Most sales categories, however, include pre-programmed sales amounts that should

leave little room for error. For example, a system-programmed standard green fee of \$14 would require the cashier to override the programmed amount for a different fee.

Given the extensive overages and shortages, the system cannot be relied upon to effectively deter theft. While most variances noted in Table 1 are overages, these should be viewed with equal concern since they could tempt a cashier to convert the difference to personal use, thereby seemingly bringing the account into balance.

We also noted that while an MPF Form 11, Cash Over/Short Log, is used, it records only the net over/short difference for the day. Without also tracking individual cashier variances on separate logs, differences are not as easily monitored or brought to the individual cashier's attention.

RECOMMENDATIONS:

- 1. We recommend that the number and magnitude of overages and shortages be reduced by re-emphasizing the importance of correctly entering each transaction into the point-of-sale terminal.*
- 2. We recommend that an MPF Form 11, Cash Over/Short Log, be maintained for each cashier, and their overages and shortages be reviewed with them.*

Deposit documentation on file was insufficient to support the amount deposited. As routine procedure, Mick Riley did not include balance sheets and Z-tapes in its hard copy deposit documentation file, but instead stores these documents electronically. During our audit we had to request them for our deposit examination. The balance sheet serves to provide detail of actual drawer counts compared to ForeReservations system totals as found on the Z-tapes.

Balance sheets were easy enough to retrieve in their Excel format, but the Z-tapes required a time-consuming search through the ForeReservations system, and in fact, system totals could not be located for at least two cashiers that worked on two of the days examined. The ForeReservations-produced Z-tape is called the Variance Report. In addition, data that the head professional stated could no longer be retrieved from the system in place prior to March 2012, Active Golf, prevented our examining any Z-tapes from 2011.

Policy #1062, Section 4.5.1, states:

...balance sheets, deposit slip copies, plastic pre-numbered tags removed from the deposit bag, and any other supporting documents or materials, shall be retained for 4-years from the date of deposit, either on-site or at the County Records' storage.

Not only was documentation not readily available, but several days' worth of available documentation, including credit card receipt copies, were placed in a single envelope, making retrieval and analysis time consuming. Most notably, cash register count slips by each cashier were mixed among credit card slips in these envelopes.

Since the combined balance sheet was stored electronically, it was not signed, as required by policy. Also, a second employee did not verify the deposit and sign the combined balance sheet as well. The head professional pointed out that with only two merit employees at Mick Riley, second employee verification at times may be difficult due to varying schedules. Finally, for a few months in 2012 balancing documentation for each cashier was not maintained, and instead, all cashier totals were combined into one. Therefore, individual balancing performance could not be ascertained.

The Mick Riley head professional stated that paper conservation motivated the decision to exclude some deposit documentation in the file and to include five or six days' worth of deposit slip copies and credit card receipts in one envelope. Nevertheless, excluding hard copy documentation from the file disallows ready or easy reference, and in some cases as noted above, the information is entirely lost.

RECOMMENDATIONS:

- 1. We recommend that Mick Riley include balance sheets and Z-tapes (individual variance reports) in its daily deposit documentation, and each day's documentation be filed in separate envelopes.*
- 2. We recommend that a second merit employee verify the deposit by counting cash and checks, and then signing the combined balance sheet.*
- 3. We recommend that in the event a second merit employee is not available to verify the deposit, this be noted on the combined balance sheet.*

The change fund exceeded its authorized limit by \$186. In our surprise count of funds on-site during the first day of our audit, we counted \$1,386 in the change fund, compared to its authorized \$1,200 limit, an overage of \$186.

Policy #1062, Section 5.3.1.1, states:

All overages shall be deposited into the Agency's depository account and reported on...the Monthly Report of Cash Receipts.

The Mick Riley head professional was surprised by this overage and did not know how it occurred, but thought that perhaps daily deposit overages had been placed in the change fund. The two point-of-sale terminals at the clubhouse each maintain a \$300 change fund during regular business hours, and at night the funds are placed back in the safe. The additional \$600 of the \$1,200 fund limit is maintained in the safe. It was in the \$600 where we found the overage, counting \$786 instead of \$600. When the change fund is not maintained at its authorized limit, it may indicate other problems with balancing or collection procedures. Moreover, funds are more likely to be stolen given the perceived lack of management oversight.

RECOMMENDATIONS:

- 1. We recommend that the \$186 change fund overage be deposited into the Mick Riley depository account.*

2. ***We recommend that a log be maintained in the safe where change funds are counted and signed for every time they are removed or placed back into the safe.***
-

Voids were not processed and documented using a void slip. As we reviewed deposit documentation, we did not encounter any documents showing a voided transaction. The head professional asserted that voids were rare, but it is very improbable that there would be no voids at all. He also stated that the terminology they used is “reversal of transaction,” not “void”; regardless of the name, voids should be processed and documented as required by Countywide policy. The Mick Riley head professional asserted that he reviewed and signed voided transactions, but we did not see firsthand how voids were handled. Policy #1062, Sections 3.7.2 and 3.7.3, state:

All copies 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.

Practice among many other County golf courses is to document the void with a void slip. The amount, reason, and signatures of the cashier and supervisor are included on this slip then stapled to the voided receipt. The documentation this process provides helps identify the voided transaction. Without it, the voided receipt copy could easily become lost among other documentation, including the hundreds of credit card receipt copies on file for any given day.

RECOMMENDATION:

We recommend that voided transactions (including transactions reversed as a result of a mistake) be documented with a void slip that includes the reason for the void and signatures of the cashier and head professional or other supervisor.

Personal identification was not written on checks received. In our cash count on the first day of the audit we noted that checks did not have personal identification written on them. Personnel were not aware of this requirement.

Countywide Policy #1062, Section 3.1.3, states:

Persons remitting “over-the-counter” payments by means of personal check shall, be required to provide a valid form of identification...

In addition, Countywide Policy #1301, *Acceptance of Checks*, Section 4.2 states:

When a valid form of identification is provided, the following information should be documented on the front of the check: expiration date of identification card and the...driver's identification number.

Generally, a driver's license is considered a valid form of ID. Without documenting identification on the check, the issuer may not be located to recover insufficient funds should the bank return it. In recent years, checks have nearly fallen into disuse at golf courses as almost all payments, aside from cash, are by credit or debit card. Hundreds of debit or credit cards are processed on any given day during the busy summer season.

RECOMMENDATION:

We recommend that identification be required for all over-the-counter personal checks presented for payment, and the number, such as the driver's license number and expiration date be documented on the face of the check.

CAPITAL AND CONTROLLED ASSETS

Our findings in the area of Capital and Controlled Assets are as follows:

- *Computer equipment that Mick Riley personnel reported as removed from the premises by IS technicians remained on the controlled asset list.*
- *Files were not updated to show the disposition of Mick Riley clubhouse controlled assets no longer on-site.*
- *Some items had different property tag numbers than those listed on the controlled asset list.*
- *Two controlled assets found at Mick Riley were not on the controlled asset list.*
- *The controlled asset list did not contain adequate descriptions of the controlled assets.*

Computer equipment that Mick Riley personnel reported as removed from the premises by IS technicians remained on the controlled asset list. Mick Riley divides its controlled assets into three separate lists: 1) maintenance and grounds area, 2) golf carts, and 3) clubhouse. The head professional manages the clubhouse controlled assets whereas the Parks assistant administrator takes charge of golf carts and maintenance equipment. We found all 40 golf carts, and found or accounted for all 31 maintenance and grounds controlled assets. We also located all 45 capital assets assigned to Mick Riley.

From the clubhouse controlled asset list, we selected 30 out of 114 items to search for. Most items on this list were tables and chairs, which we did not include in our search. We mostly looked for computers and electronic equipment.

In our search we found 7 of the 30 items selected, but could not find or had other issues, described below, with the other 23. This section and the next two sections describe our issues with location of controlled assets. Among those items not found, Mick Riley personnel reported that six were computers removed by IS technicians. These six computers, all of them purchased in 2005, are listed in Table 2 below.

Computers Reportedly Removed by IS Technicians		
Description	Tag	Issue
Dell Flat Screen	KK051060	Removal not documented
Dell Computer Tower	KK051062	Removal not documented
Dell Flat Screen	KK051063	Removal not documented
Dell Flat Screen	KK051064	Removal not documented
Dell Computer Tower	KK051059	Removal not documented
Dell Computer Tower	KK051061	Removal not documented

Table 2. Six computers were reported as removed from the premises by IS.

IS personnel do in fact remove computers from golf course sites when replacing and updating equipment, so this action would not be unusual. Mick Riley, however, did not document when or by whom these computers were removed. The head professional stated that removals occurred before he worked at Mick Riley. Nevertheless, without documentation computers could easily be stolen without the theft readily detected.

RECOMMENDATIONS:

- 1. We recommend a log of all IS-removed computer equipment be maintained, and that equipment removed be signed for on the log by both the IS technician and the Mick Riley clubhouse property manager.*
- 2. We recommend that the clubhouse controlled asset list be updated when computer equipment is removed from the premises by IS personnel.*

Files were not updated to show the disposition of Mick Riley clubhouse controlled assets no longer on-site. In addition to the computers noted above, Mick Riley personnel identified other equipment as no longer on the premises. Table 3 on page 9 provides detail of these items.

Controlled Assets No Longer On-Site		
Description	Tag	Issue
Range Ball Dispenser	KK051065	No PM-2 at clubhouse
Refrigerator	KK051035	No PM-2 at clubhouse
Ball Washer	KK051039	No PM-2 at clubhouse
JVC Television	KK051054	No PM-2 at clubhouse
JVC VCR	KK051055	No PM-2 at clubhouse
IBM Computer	KK051037	No PM-2 at clubhouse
IBM Computer	KK051040	No PM-2 at clubhouse
IBM Computer	KK051041	No PM-2 at clubhouse
IBM Computer	KK051042	No PM-2 at clubhouse
HP Printer	KK051054	At employee's home

Table 3. Ten additional items shown here were not on-site.

A Parks and Recreation administrator stated that the clubhouse should maintain a Salt Lake County Personal Property Transfer/Disposal/Internal Sale Form PM-2 on file for all controlled assets sent to surplus. The clubhouse, however, had no PM-2s on file. Again, the head professional stated that computers were removed prior to his tenure.

Countywide Policy #1125, *Safeguarding Property/Assets*, Section 4.1, states:

General accountability for controlled assets is the responsibility of each organization's Property Manager.

While Countywide policy does not require a PM-2 for disposal of controlled assets, the surplus office does require this form for all assets it receives. If these assets were transferred to surplus, a Form PM-2 should be on file at the clubhouse.

Also, the head professional stated that the HP Printer shown in Table 3, and one of the computers, though not specifically identified, was at his home. He reasoned that the home location allowed him computer access in the off season. He revealed this home usage several days after we conducted the inventory. During our inventory he identified these items as "gone," implying they were sent to surplus or taken by IS personnel. County policy does not address the issue of transferring County equipment to a home, but any such use of equipment would require close monitoring and documentation since it could easily allow for conversion to personal use.

RECOMMENDATIONS:

1. *We recommend that the Mick Riley Head Pro obtain Form PM-2s for his files regarding controlled assets listed on the controlled assets list that are no longer found on the premises.*
2. *We recommend that any controlled assets that cannot be located, or for which a Form PM-2 cannot be found, be reported as missing in a letter to the Mayor.*
3. *We recommend that a Form PM-2 be maintained on file for all controlled assets sent to surplus, and other documentation for items otherwise disposed of.*

4. *We recommend that Parks and Recreation administration establish a policy for transfer of computers or other equipment to an employee’s home, and any such transfer be documented on the controlled asset list.*

Some items had different property tag numbers than those listed on the controlled asset list. During our clubhouse controlled asset inventory we noted that some items matched the description on the controlled asset list, but nevertheless had a different tag affixed than the number assigned on the controlled asset list. Table 4 below shows the items with conflicting property tag numbers.

Controlled Assets with Mismatched Tag Numbers		
Description	Listed Tag	Tag as Affixed
Adidas Clothing Display	KK051067	KK0061
Hydaco Power Washer	KK051070	KK0062
HP Printer	KK051072	KK0064
Waxie Janitor Cart	KK051071	KK0063
Royal Cash Register	KK051094	KK0035
Sharp Fax Machine	KK051043	KK0040

Table 4. *Some items on the list need updating for current tag number.*

Mick Riley personnel stated that Recreation administration mandated a new numbering system. Personnel attached the new tags to items shown in Table 4 without updating the controlled asset list.

RECOMMENDATION:

We recommend that the controlled asset list be updated for the current controlled asset tags affixed to Mick Riley clubhouse equipment and fixtures.

Two controlled assets found at Mick Riley were not on the controlled asset list. Items not on the controlled asset list were an HP CP1518 printer in the assistant head professional’s office, and a red utility golf cart with a sign in front stating, “Marshall.” We could not find tags affixed to either of these items, nor were they found on the controlled asset list.

The Parks assistant administrator stated that the golf cart appears on the Mountain View clubhouse controlled asset list as property tag number KM0007. It was transferred to Mick Riley, though no transfer has been made using a Form PM-2 or any other document. Items not tagged or listed can easily be converted to personal use without detection.

RECOMMENDATION:

We recommend that a Form PM-2 be completed to transfer the red utility golf cart from Mountain View Golf Course to Mick Riley, and the cart be tagged and entered on Mick Riley’s controlled asset list.

ACTION TAKEN:

The Mick Riley head professional stated that since our audit fieldwork a tag has been affixed to the HP CP1518 printer and listed on the controlled asset list.

The controlled asset list did not contain adequate descriptions of the controlled assets. Model and serial numbers, where available, are typically included on controlled asset lists. We noted, however, that the Mick Riley clubhouse controlled asset list usually included model numbers, but not serial numbers. Most notably, more recent acquisitions had neither model nor serial number included. For example, four items added this year simply stated, “Computer Dell” without any further information.

Without model and serial numbers, additional information is not available to identify the asset should the property tag number wear off, not be affixed, or be affixed in error. Mick Riley personnel did not see the utility of this additional information given that a Parks and Recreation property tag number was attached. Additional information, however, to describe the asset provides for better management and tracking.

RECOMMENDATION:

We recommend that model and serial numbers, where available, be included for computers and other items on the clubhouse controlled asset list.

MERCHANDISE INVENTORY

Our findings in the area of Merchandise Inventory are as follows:

- *Differences occurred between our merchandise inventory count and the expected count.*
 - *Many merchandise inventory items were not tagged or some were not listed.*
-

Differences occurred between our merchandise inventory count and the expected count. We performed a count of all merchandise inventory items, except for small, loose items in large quantities, such as golf tees. We counted 3,095 items in our pro shop inventory. We compared our count to the expected inventory count recorded in the ForeReservations system, and found 123 items short of system totals and 205 items over. The total cost of the shortage was \$1,464, and the total cost of the overage was \$1,139. A summary of overages and shortages by category is provided in Table 5 on page 12.

Variances in Merchandise Inventory Counts				
Description	Short	Short Variance Cost	Over	Over Variance Cost
Balls – Sleeves	(24)	(\$267.07)	35	\$320.34
Bags	(4)	(\$278.60)	0	\$0.00
Clubs	(1)	(\$200.15)	1	\$96.66
Gloves	(1)	(\$4.62)	1	\$8.11
Accessories	(60)	(\$202.20)	0	\$0.00
Lip Balm	0	(\$0.00)	114	\$174.35
Headwear	(3)	(\$34.25)	4	\$50.26
Socks	(19)	(\$108.72)	36	\$144.00
Clothing	(11)	(\$368.03)	14	\$345.34
Shoes	0	(\$0.00)	0	\$0.00
TOTALS	(123)	(\$1,464)	205	\$1,139

Table 5. *The value of over-counts exceeded under-counts.*

A day or more following our inventory, as Mick Riley personnel reviewed our data, they suggested changes to the count, which we accepted. One of these was a Ping golf set, item tag 1051, and valued at \$471 that personnel showed had been sold, but entered into the point-of-sale terminal under a miscellaneous category. Therefore, it continued appearing as one club set in the merchandise inventory list. In addition, two rental sets, at a cost of \$163 each, item tag 1169, were also sold. Personnel produced detail from the ForeReservations system, and described these items as sold in a miscellaneous category but stated that the cashier did not enter a description. Therefore, we relied on the head professional’s word that these items represented the two rental sets.

In addition, we added 9 pairs of Footjoy Sox, item number 1157, to our original count of 27, making a total of 36. We accepted a count of one Bridgestone Den Caddy bag, item number 1067, that we originally counted as missing. We reduced our excess of one count on a Callaway Diablo driver, item number 1099, and reduced our excess of one count of a Callaway Razor driver. As with any retail operation, a certain amount of retail theft is expected. Vigilant personnel and security cameras in place at Mick Riley are measures taken to help prevent theft.

RECOMMENDATIONS:

- 1. We recommend that Mick Riley personnel continue exercising vigilance in pro shop operations to help guard against theft.***
- 2. We recommend that Mick Riley personnel ring items into the point-of-sale register under the correct item number to ensure removal from the correct inventory category, thus preventing overages and shortages in inventory counts.***

Many merchandise items were not tagged or some were not listed. During our merchandise inventory count we found many non-tagged items in nearly all categories. The tag has a bar-code, the SKU inventory number, and the price. Without the bar coded tag, items

require manual entry of price and inventory numbers at the time of sale. When a bar code is not scanned, entry errors can occur that create incorrect system count totals. Mick Riley personnel stated that they had not finished the tagging process necessitated by the new ForeReservations system installed earlier this year.

Also, we noted untagged sleeves of golf balls. The head professional stated it was a management decision not to tag them to save time. While attaching a tag to each sleeve of golf balls does require a certain amount of time, greater inventory accuracy, again, is lost by not attaching tags.

Finally, we found several items, some of which were tagged, but that were not found on the ForeReservations inventory control listing. Table 6 below provides detail of these items.

Merchandise Inventory Items not on Control Listing		
Description	Tag#	Quantity
Pack of Noodle Balls	None	13
Footjoy Tech Socks	None	8
Footjoy Women's Socks	None	54
Taylor Made Junior Bag	1040	1
Cobra Driver (Club)	None	1
Nike Swingshot Driver	None	1
Nike Lady Long-Sleeve	1135	2

Table 6. *These items were not on the merchandise inventory control listing.*

RECOMMENDATIONS:

- 1. We recommend that all items, including sleeves of golf balls but not extremely small items, have bar code tags attached to allow for scanning at the time of sale.**
- 2. We recommend that all items on the sales floor or in stock be tagged and included in the ForeReservations inventory control listing.**

CONCESSIONS CONTRACT

Our findings in the area of the Concession Contract are as follows:

- ***Remittances to Salt Lake County from the concessionaire were based on inaccurate calculations.***
- ***A transmittal document detailing the amount paid was not sent with the concessionaire's check to Mick Riley.***
- ***A small inconsistency was noted in detailed daily receipts compared to monthly revenue records.***

Remittances to Salt Lake County from the concessionaire were based on an inaccurate calculation. The concessionaire, a small businessperson that operates the clubhouse café, provided us handwritten revenue documentation. The concession contract states that the concessionaire shall pay 13% of monthly gross revenues, less sales tax, to Salt Lake County. They shall also pay a monthly \$85 utilities fee.

As we compared monthly concessionaire-reported revenue totals to the basis used in applying the 13% commission rate, we noted an inaccurate calculation in removing the sales tax, creating a small yet still shorted amount of revenue as the basis. In the calculation, the concessionaire multiplied gross revenues (including sales tax) by the sales tax rate, and subtracted the result from gross revenues. The correct calculation requires dividing gross revenues by “1” added to the tax rate. For example, if the tax rate is .785, then gross revenues would be divided by 1.0785.

After we applied the correct rate, we found that the July 2012 remittance was short \$273. After Mick Riley personnel inquired of the concessionaire about this difference, the concessionaire produced two invoices for repair on an ice maker totaling \$173. However, this still left an unexplained difference of \$100. While the concessionaire did provide records of daily receipts, no detail of how the remittance amount was arrived at was provided

RECOMMENDATIONS:

- 1. We recommend that the concessionaire be instructed to discontinue their current methodology for calculating revenues less sales tax, and instead divide gross revenue by “1” plus the sales tax rate, e.g., 1.0785.***
- 2. We recommend that the concessionaire be instructed to maintain sufficient and easily followed records to show how the revenue basis is arrived at for applying the 13% commission rate.***

A transmittal document detailing the amount paid was not sent with the concessionaire’s check to Mick Riley. Concessionaires at most golf courses include a separate document with their monthly checks detailing revenue on which the remittance is based. It also includes the commission rate applied to arrive at the check amount issued. The Mick Riley concessionaire provided only the check, but no backup.

Without a transmittal document, the golf course lacks a positive affirmation of concessionaire revenues. In addition, Mick Riley had no record of concessionaire commission receipts prior to March of 2012 because the prior system, Active Golf, did not allow data to be extracted from it. Mick Riley only stored this data electronically in its record of receipts, thus no hard copy record of commission receipts was maintained.

RECOMMENDATION:

We recommend that the concessionaire be instructed to include a detailed remittance form with each commission check that shows its monthly revenue multiplied by the commission rate (currently 13%) to arrive at the check amount.

A small inconsistency was noted in detailed daily receipts compared to monthly revenue records. As part of our audit work, we added daily concessionaire cash register summary totals for each day in April and June of 2012, and compared our totals to monthly totals reported by the concessionaire. We found that daily totals for April matched the monthly total, but a small \$71 difference occurred in June. This inconsistency is not surprising in a manual, handwritten system.

Also, Z-tapes providing daily cash register totals were barely readable. We did enter all of these into an electronic spreadsheet as best we could, and then compared them to amounts recorded in the concessionaire's log book. We relied on the concessionaire's record for comparison purposes. Light, nearly unreadable Z-tapes do not provide adequate financial documentation.

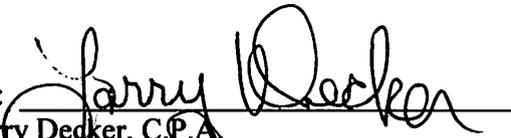
RECOMMENDATIONS:

- 1. We recommend that Mick Riley personnel work with the concessionaire to develop an electronic method for recording revenues that would provide consistency in the accounting flow.*
- 2. We recommend that the concessionaire cash register ribbon be changed, as needed, to ensure readable Z-tapes.*

We appreciate the time spent by Mick Riley staff in answering our questions, researching materials, and allowing us access to records during our audit. We know of the golf professionals' many other duties and concerns, so their willingness to help was especially appreciated, and it provided for timely audit completion. We also appreciate the time and effort spent by the concessions staff in helping us understand their process. We trust that implementation of these recommendations will provide for more efficient golf course operations and better safeguarding of County assets. Please feel free to contact me if you have any further questions.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By: 
Larry Decker, C.P.A.
Senior Deputy Auditor

Cc: Michele Nekota
Paul Ross
Jerry Brewster
Steve Young

Summary of Findings and Recommendations for MICK RILEY GOLF COURSE AUDIT dated August 21, 2012

Response Dated 1/14/13

Finding	Recommendation
Cash Handling and Depositing	
Excessive overages and shortages were found in daily collections	<p>1. We recommend that the number and magnitude of overages and shortages be reduced by re-emphasizing the importance of correctly entering each transaction into the point-of –sale terminal.</p> <p>Response: We will take steps to reduce the number and magnitude of overages and shortages by instituting set methods for each transaction. For example, each customer will be rung up separately and the cash drawer closed after each transaction. Voids will be rectified as they occur and not left for later documentation. On- going training will help to reduce human error on our end and educating the customers will help reduce transaction errors on their end. It is my opinion that errors occur as we try to speed up the transaction and that by more deliberate methods we can operate more efficiently.</p> <p>2. We recommend that an MPF Form 11, Cash over/short log, be maintained for each cashier, and their overages and shortages be reviewed with them.</p> <p>Response: We will log each cashiers overages and shortages and meet monthly to discuss our findings with set goals of acceptable ranges set for the new month.</p>

Finding	Recommendation
<p>Deposit documentation on file was insufficient to support the amount deposited</p>	<p>1. We recommend that Mick Riley include balance sheet and Z-tapes (individual variance reports) in its daily documentation, and each day's documentation be filed in separate envelopes.</p> <p>Response: We will keep balance sheets and Z-tapes on hand (hard copies) and file them in separate envelopes.</p> <p>2. We recommend that a second merit employee verify the deposit by counting cash and checks, and then signing the combined balance sheet.</p> <p>Response: When possible and practical we will have a second merit employee verify cash and checks and sign balance sheet or note that this was not done due to aforementioned practicality.</p> <p>3. We recommend that in the event a second merit employee is not available to verify the deposit, this be noted on the combined balance sheet.</p> <p>Response: When possible and practical we will have a second merit employee verify cash and checks and sign balance sheet or note that this was not done due to aforementioned practicality.</p>
<p>The change fund exceeds its authorized limit by \$186</p>	<p>1. We recommend that the \$186 change fund overage be deposited into the Mick Riley depository account.</p> <p>Response: Overage was rung in to Fore Reservations and receipt keep in daily deposit envelope.</p> <p>2. We recommend that a log be maintained in the safe where change funds are counted, and signed for every time they are removed or placed back into the safe.</p> <p>Response: A log is maintained to track cashiers as they make change. In addition we will keep the change box in the top safe where only merit employees will have access. This fund balance will be verified once a week to ensure its accuracy.</p>

Finding	Recommendation
<p>Voids were not processed and documented using a void slip</p>	<p>1. We recommend that voided transactions (including transactions reversed as a result of a mistake) be documented with a void slip, which includes the reason for the void and signatures of the cashier and head professional or other supervisor.</p> <p>Response: Voids and returns will be documented with a void slip and retained in deposit envelopes.</p>
<p>Required identification was not written on checks received.</p>	<p>1. We recommend that identification be required for all over-the-counter personal checks presented for payment, and the number, such as the driver's license number and expiration date are documented on the face of the check.</p> <p>Response: We receive such a small number of checks and a low dollar amount, with zero bounced checks from our regular customers, which our cashiers struggle to ask for I.D. from someone they know, however we will begin to ask for it in 2013.</p>
<p>Capital and Controlled Assets</p>	
<p>Computer equipment that Mick Riley personnel reported as removed from the premises by IS technicians remained on the controlled asset list.</p>	<p>1. We recommend a log of all IS-removed computer equipment be maintained and that equipment removed be signed for on the log by both the IS technician and the Mick Riley clubhouse property manager.</p> <p>Response: A new form will be generated and implemented beginning in 2013 to track all IS removed computers.</p> <p>2. We recommend that the clubhouse controlled asset list be updated when computer equipment is removed from the premises by IS personnel.</p> <p>Response: We will continue to update our Controlled Asset list as any changes occur.</p>

Finding	Recommendation
<p>Files were not updated to show the disposition of Mick Riley clubhouse controlled assets no longer on-site.</p>	<p>1. We recommend that the Mick Riley Head Pro obtain Form PM-2s for his files regarding controlled assets listed on the controlled assets list, that are no longer found on the premises.</p> <p>Response: We are in the process of tracking and updating our list with the items mentioned. These items are from 2005 and are difficult to track, as I was not here. Of the items listed, the refrigerator should not have been on the list, as it was purchased by Jeff Waters. The HP printer will be returned to Mick Riley and surplused per policy. The computers were dropped at the Government center, as did all the other courses, at the same time. The TV and VCR were discarded as they were outdated. This leaves the range ball and range ball washers, yet to be located.</p> <p>2. We recommend that any controlled assets that cannot be located, or for which a Form PM-2 cannot be found, be reported as missing in a letter to the Mayor.</p> <p>Response: A letter will be written to the Mayor to report any discrepancies.</p> <p>3. We recommend that a Form PM-2 be maintained on file for all controlled assets sent to surplus, and other documentation for items otherwise disposed of.</p> <p>Response: PM-2 forms are used as any item is disposed of from Mick Riley.</p> <p>4. We recommend that Parks and Recreation administration establish a policy for transfer of computers or other equipment to an employee's home, and such transfer be documented on the controlled asset list.</p> <p>Response: This list will be created and implemented in 2013.</p>
<p>Some items had different property tag numbers than those listed on the controlled asset list.</p>	<p>1. We recommend that the controlled asset list be updated for the current controlled asset tags affixed to Mick Riley clubhouse equipment and fixtures.</p> <p>Response: All items have been assigned their correct tag number as reflected on the Controlled Asset list.</p>

Finding	Recommendation
<p>Two controlled assets found at Mick Riley were not on the controlled asset list.</p>	<p>1. We recommend that a Form PM-2 be completed to transfer the red utility golf cart from Mountain View Golf Course to Mick Riley, and the cart be tagged and entered on Mick Riley's controlled asset list.</p> <p>Response: The Mick Riley head Professional stated that since our audit fieldwork, a tag has been affixed to the HP CP1518 printer and listed on the controlled asset list. Printer has been tagged and Garin Lamph will tag the Marshal cart.</p>
<p>The controlled asset list did not contain adequate descriptions of the controlled assets.</p>	<p>1. We recommend that model and serial numbers, where available, be included for computers and other items on the clubhouse controlled asset list.</p> <p>Response: We will list serial numbers and model names on all items going forward.</p>
<p>Merchandise Inventory</p>	
<p>Differences occurred between our merchandise inventory count and the expected count.</p>	<p>1. We recommend Mick Riley personnel continue exercising vigilance in pro shop operations to help guard against theft.</p> <p>Response: We have very little identifiable theft and we will continue to be vigilant to maintain this trend.</p> <p>2. We recommend that Mick Riley personnel ring items into the point-of-sale register under the correct item number to ensure removal from the correct inventory category, thus preventing overages and shortages in inventory counts.</p> <p>Response: Items will be tagged and scanned to ensure accuracy on inventory counts.</p>

Finding	Recommendation
<p>Many merchandise inventory items were not tagged or some were not listed.</p>	<p>1. We recommend that all items, including sleeves of golf balls, but not extremely small items have bar code tags attached to allow for scanning at the time of sale.</p> <p>Response: All items are currently tagged and sleeves of balls will have a master sheet of tags to be scanned.</p> <p>2. We recommend that all items on the sales floor or in stock be tagged and included in the ForeReservations inventory control listing.</p> <p>Response: All items are tagged and all new items will be tagged as received with the exceptions of small items.</p>
Concession Contract	
<p>Remittances to Salt Lake County from the concessionaire were based on inaccurate calculations.</p>	<p>1. We recommend that the concessionaire be instructed to discontinue their current methodology for calculating revenues less sales tax, and instead divide gross revenue by “1” plus the sales tax rate, e.g. 1.0785.</p> <p>Response: A slight variance was detected in methods used to calculate remittance and has since been rectified.</p> <p>2. We recommend that the concessionaire be instructed to maintain sufficient and easily followed records to show how the revenue basis is arrived at for applying the 13% commission rate.</p> <p>Response: : A new remittance form will be submitted beginning February 1st 2013 to easily explain and support amounts.</p>
<p>A transmittal document detailing the amount paid was not sent with the concessionaire’s check to Mick Riley.</p>	<p>1. We recommend that the concessionaire be instructed to include a detailed remittance form with each commission check, which shows its monthly revenue multiplied by the commission rate (currently 13%) to arrive at the check amount.</p> <p>Response: See response above.</p>

Finding	Recommendation
<p>A small inconsistency was noted in detailed daily receipts compared to monthly revenue records.</p>	<p>1. We recommend that Mick Riley personnel work with the concessionaire to develop an electronic method for recording revenues that would provide consistency in the accounting flow.</p> <p>Response: We have recommended that electronic forms be transferred as rent and utility payments are made.</p> <p>2. We recommend that the concessionaire cash register ribbon be changed as needed, to ensure readable Z-tapes.</p> <p>Response: Implemented.</p>

NAME & TITLE OF PERSON RESPONDING: Jerry Brewster, Director of Golf
Date Prepared 1.11.2013