

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY
BEN McADAMS, MAYOR



An Audit of the Key Controls of the
Millcreek Canyon Toll Booth

December 31, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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December 31, 2013

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

Re: An Audit of the Key Controls of the Millcreek Canyon Toll Booth

Dear Mayor McAdams:

We recently completed an analysis of the financial records of the Millcreek Canyon Toll Booth in compliance with Utah Code Ann. § 17-19a-204. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that we have identified as key to good financial management. We also sought to identify areas of material risk to determine whether we should commit more of our limited resources in further auditing or investigation. A report of our findings and recommendations is attached.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that the system of internal controls was adequate. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may also be instances of noncompliance in areas not examined.

We appreciate the time spent by the staff at Parks and Recreation and the cooperation from Lorraine Krause, Nancy Albiston, Wayne Johnson, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to the Millcreek Canyon Toll Booth during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By Roger Larsen
Sr. Deputy Auditor

cc: Michele Nekota, Division Director
Kristen Riker, Assistant Division Director
Wayne Johnson, Assistant Division Director
Lorraine Krause, Facility Manager

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Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of the Millcreek Canyon Toll Booth. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that are key to good financial management. We also sought to identify areas of material risk.

Conclusion

Parks Operations has implemented numerous compensating controls to manage internal control weaknesses created by having a single employee present at the toll booth to collect entry fees, sell season passes, and prepare deposits. We found that additional controls could be implemented to provide even more protection for the County and toll booth employees. Areas where improvement can be made include using a fund transfer log, having supervisory review of voided receipts, disabling the ability to reprint receipts, and staying compliant with PCI standards. A report of the previous audit of the Millcreek Canyon Toll Booth was released to the public in February 2011.

Findings and Recommendations

Finding # 1 - A fund transfer log was not used.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 2.7.3 states:

"Cashiers shall sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the change fund from the safe or lockbox; and return the fund to the safe or lockbox."

A fund transfer log was not used to document the retrieval of funds from or their return to the safe.

When the movement of funds is not documented, accountability for funds is not established, leaving them at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that an MPF Form 7, "Fund Transfer Ledger," or similar log, be used to document the movement of the change fund to and from the safe.

Finding # 2 - An SAQ representing Parks an Recreation's compliance with PCI-DSS had not been completed and was not on file.

Risk Level: Low

Countywide Policy #1400-7 "Payment Card Industry Data Security Standard Policy," Section 3.0 states:

"Any County agency that accepts, processes, transmits or stores cardholder data using any County IT Resource or system shall comply with the Payment Card Industry Data Security Standard (PCI-DSS) in its entirety."

An SAQ representing Parks an Recreation's compliance with PCI-DSS had not been completed and was not on file.

An agency that is not compliant with PCI-DSS is at risk of cardholder data breaches, fines, and loss of the ability to accept credit card payments.

Recommendation

We recommend that Parks and Recreation management complete and sign an annual SAQ and that Millcreek Canyon Toll Booth keep a copy of the SAQ on file to show that they are aware of, and compliant with, PCI requirements.

Finding # 3 - Receipts for prior transactions could be reprinted.

Risk Level: Low

Standard business practice is that cashiers should not be able to reprint receipts from prior transactions.

During the course of our review, we found that receipts for prior transactions could be reprinted. The reprinted receipt was identical to the original receipt.

When receipts can be reprinted, the accuracy of transactions cannot be ensured and the opportunity for misappropriation of funds is increased.

Recommendation

We recommend that the ability for cashiers to reprint receipts be disabled.

Finding # 4 - Voids were not always handled in accordance with Countywide policy.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," 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...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.”

We reviewed all voids for the period January-September 2013 and found that none of them had been documented with an explanation nor signed by a supervisor as evidence of review.

When voided transactions are not processed according to Countywide policy, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that voided receipts be documented with an explanation of the voided transaction and that a supervisor sign the void as evidence of review.

Additional Information

Background

Salt Lake County has an agreement with the U.S. Forest Service giving Salt Lake County Parks and Recreation authority to manage the reservations at Millcreek Canyon's 10 picnic group sites and mountain yurt. The picnic areas are located in three areas of the canyon: Church Fork, Box Elder, and Terraces. The County also manages the toll booth at the mouth of the Canyon. The County retains enough of the toll booth proceeds to maintain the County operations. The rest of the funds are used by the U.S. Forest Service for Canyon improvements.

Scope

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Change fund
- Petty Cash and Imprest Accounts
- Cash Receipting
- Cash Depositing
- Credit / Debit Card
- Capital and Controlled Assets and Software Inventory
- Financial Computer Controls
- Purchasing Card Use
- Payroll Practices

Our examination period covered up to twelve months ending September 30, 2013. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices.

Management response to findings in this report, when received, will be attached as Appendix A.



2014 Summary of Audit of Key Control

Findings and Recommendations

Millcreek Canyon Toll Booth

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	<i>Finding # 1 - A fund transfer log was not used.</i>	We recommend that an MPF Form 7, "Fund Transfer Ledger," or similar log, be used to document the movement of the change fund to and from the safe.	Agree with recommendation and will follow policy, booth staff has form and is in use.
2.	Finding # 2 - An SAQ representing Parks and Recreation's compliance with PCI-DSS had not been completed and was not on file.	We recommend that Parks and Recreation management complete and sign an annual SAQ and that Millcreek Canyon Toll Booth keep a copy of the SAQ on file to show that they are aware of, and compliant with, PCI requirements.	Response to Finding #3 – An SAQ representing Parks and Recreation’s compliance with PCI has not been completed and is not on file. The Payment Card Industry’s Data Security Standard (PCI-DSS) was established approximately thirteen years ago, and the Parks and Recreation Division began practices at that time to safeguard data as information became available. As information was obtained from the Payment Card Industry throughout the years practices were changed to accommodate securing cardholder data as much as possible within the division. In early 2010 - 2011, the Auditor’s Office began looking at this standard for the entire county as much of these standards that had been identified were beyond the knowledge of the county’s departments and division’s on determining merchant levels and completing the SAQ’s. Committees were set up, audits were conducted at each location, and the County was proceeding smoothly in determining policy and procedures, Information Services responsibilities, along with what each division’s SAQ status would be. It was determined at that time that Attestation of Compliance needed to be signed off by the County as a whole once a letter was received by the Mayor from Chase Paymentech regarding our responsibilities to complete the SAQ’s and completing the Attestation of Compliance, along with scans of the systems (A company has one year to complete the SAQ and Attestation of compliance from the date the letter is received). The Auditors were pulled from this development of policy and procedures for data security so each department/division was thrust into working on this again individually. The Parks and Recreation Division has

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
			<p>continued working with Information Services in trying to establish what type of SAQ to complete, update and reinforce our firewall system, and make every effort to strengthen our compliance with the industry's standards as the majority of questions are to be determined/completed by Information Services. In 2011 it was determined that the division would complete the SAQ –D form, however, making changes to cardholder data not being stored on the computer system has moved the division from a D to a possible C or C-Virtual.</p> <p>In 2012, the golf courses were moved to a new accounting program and service provider and the SAQ C and Attestation of Compliance was completed, signed, and submitted in June of 2013, with a copy of the information attainable through the g:drive for each course. What is being done with the golf courses will become the standard for all other departments and division within the county. The recreation centers, along with Parks/Millcreek Canyon will be next for Information Services and the division to work together to complete SAQ's and establish more practices and procedures to provide complete and ongoing compliance for the division.</p>
3.	<p><i>Finding # 3 - Receipts for prior transactions could be reprinted.</i></p>	<p>We recommend that the ability for cashiers to reprint receipts be disabled.</p>	<p>Agree and implemented. Disabling the feature was an oversight when the new software program was installed.</p>
4.	<p>Finding # 4 - Voids were not always handled in accordance with Countywide policy.</p>	<p>We recommend that voided receipts be documented with an explanation of the voided transaction and that a supervisor sign the void as evidence of review.</p>	<p>Agree and implemented.</p>

NAME AND TITLE OF PERSON RESPONDING:
Wayne Johnson- Associate Division Director
Lorraine Krause- Millcreek Canyon supervisor

DATE PREPARED: 2-24-14