

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



An Audit of the Key Controls of
Liberty Park Outdoor Pool

October 18, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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October 18, 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 Liberty Park Outdoor Pool

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Liberty Park Outdoor Pool 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 Liberty Park Outdoor Pool and the cooperation from Kari White, Liberty Park Pool Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Liberty Park Outdoor Pool 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 Scott Ball
Deputy Auditor

cc: Michele Nekota, Division Director
Paul Ross, Assistant Division Director and Fiscal Manager
Kari White, Liberty Park Pool Manager



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Liberty Park Outdoor Pool. 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

Liberty Park Outdoor Pool has put into place key internal controls for managing public funds, safeguarding public assets, and payroll reporting. Most risks identified were minor and would not be expected to result in the material loss of County assets. However, deficiencies discovered dealing with compliance in transaction receipting, change fund controls, over and short logs, depositing, and inventory of concessions have a higher likelihood of leading to loss of County property.

Findings and Recommendations

Finding # 1 - Receipts could be re-printed for prior transactions.

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 re-printed. The reprinted receipt was identical to the original receipt.

When receipts are not sequential and/or can be reprinted, the accuracy and completeness of transactions cannot be ensured. The risk of errors and misappropriation of funds is increased.

Recommendation

We recommend that the ability for cashiers to reprint a receipt for an existing transaction be disabled.

Finding # 2 - The change fund was not accounted for daily.

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."

No documentation was created to track or log each time the cashiers retrieved the change fund from the safe.

When the change fund is not accounted for daily, overages or shortages are less likely to be detected in a timely manner. Failure to document transfers of the change fund from the safe or between employees means that individual accountability is not fully established.

Recommendation

We recommend that a transfer form or log be used whenever change funds are transferred between employees or removed from the safe.

Finding # 3 - The change fund on hand was \$30 less than its authorized limit.

Risk Level: Low

Countywide Policy #1203, "Petty Cash and Other Imprest Funds," Sections 5.2.1 and 5.2.2.1 state:

"Upon discovery of any shortages, an investigation shall be conducted by the Custodian and his/her supervisor...Any unresolved shortages greater than \$10.00 shall be explained in writing to the Mayor, along with a request to approve reimbursement of the shortage."

We counted \$50 in the change fund instead of its authorized \$80 limit, a difference of \$30.

The Liberty Park Outdoor Pool Manager stated that to her knowledge the fund was \$50 and would research the difference.

When a change fund is not at its authorized limit, it may indicate that funds have been stolen. The risk is increased if management is not aware of the authorized change fund amount.

Recommendation

We recommend that management investigate why the change fund is \$30 less than its authorized limit, and if necessary, write a letter to the Mayor explaining that a portion of this fund cannot be located, and request that the fund either be reimbursed or re-established at a new limit.

Finding # 4 - Over/short logs were not being used.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 3.8.2, states:

"Change funds should be counted, restored to the established imprest balance, and any daily shortages or overages recognized and recorded on MPF Form 3A, Cash Balance Sheet, and on MPF Form 11, Cash Over/Short Log."

Over/short logs were not being used.

When overages and shortages are not tracked by cashier and reviewed by a supervisor, trends may not be noted and needed training and/or remediation may not occur.

Recommendation

We recommend that overages and shortages be tracked by cashier using a monthly over/short log.

Finding # 5 - Deposits were not always made within three days of receipt.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 3.7.2 states:

"As required by Section 51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable but not later than three days after receipt."

Out of the 30 days of deposits examined, 12 were deposited more than three days after receipt. This was based on comparing the deposit slip date to the bank posting date.

Funds that are not deposited on a timely basis are more susceptible to loss or theft, and interest that might otherwise have accrued is lost.

Recommendation

We recommend that funds be deposited on the same day whenever practicable, but no later than three days after receipt.

Finding # 6 - No inventory was maintained of concessions stand food products.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Section "Purpose –," states:

"Salt Lake County procures a variety of property and equipment necessary for government operations, which must be properly managed -- meaning, controlled, inventoried and protected."

Management did not maintain an inventory list of food products purchased for the pool concessions stand. Additionally, they did not count or inventory these items and compare the count to actual sales.

Administrators stated that they were not aware of the need to inventory these items. They felt that invoices as proof of purchase for these food items provided sufficient tracking and control.

Food products are particularly vulnerable to theft. Without an inventory list and a regular count, theft could easily occur without detection.

Recommendation

We recommend that an inventory list be maintained of concession food products on hand that is updated each time new products are purchased.

We recommend that administrators conduct an inventory of food products at least annually and compare the value of their count to actual sales.

Additional Information

Background

Liberty Park is a popular public urban park in Salt Lake City, Utah. It is the city's second-largest public park, at 80 acres. The park features a pond with two islands, and is also the location of Tracy Aviary. The park is listed on the National Register of Historic Places. Public facilities include playgrounds, restrooms, bowery, concession stand, children's play areas, picnic areas, large grassy areas, horseshoe pits, a swimming pool, basketball courts, volleyball courts, tennis courts, a jogging path, seasonal amusement rides and a greenhouse. Other seasonal activities and public facilities include paddle boats, recreational games, and festivals. It is a popular jogging, rollerblading and cycling location.

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 June 14, 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.



Parks & Recreation Division Response to Summary of Findings & Recommendation

Liberty Park Pool Center Audit

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	Receipts could be re-printed for prior transactions.	The ability for cashiers to re-print a receipt for an existing transaction be disabled.	ACTION TAKEN: This action is not possible on the current sportsman system. Reprinted receipts must be approved by a supervisor.
2.	The change fund was not accounted for daily.	A transfer form or log be used whenever change funds are transferred between employees or removed from safe.	ACTION TAKEN: Liberty Pool only has 1 beginning change fund, which is stored in the small safe. At the beginning of the shift, only office employees and head life guards have access to the beginning change fund. ACTION TAKEN: MPF Form 7 will be implemented and will be available for management to reference at any time per recommendation of SLCo Auditor's Office.
3.	The change fund on hand was \$30.00 less than its authorized limit.	Management investigate why the change fund is \$30.00 less than its authorize limit, and if necessary, write a letter to the Mayor explaining that a portion of this fund cannot be located, and request that the fund either be reimbursed or re-established at a new limit.	When I became the Facility Director in 2010, I switched the previous custodian over to myself using the MPF Form 2. The change fund has always started at \$50.00. ACTION TAKEN: Submit MPF Form 2 indicating the change fund starting at \$50.00
4.	Over/short logs were not being used.	Liberty Pool uses line 13 on the cash balance sheet to record overages and shortages and maintain an "Over/Short Fund Log" for each cashier.	While there was no specific log, the Bookkeeper checks for overages/shortages with the cash balance sheet. I also go through the transmittals page by page checking for explanations for discrepancies. I mistakenly took this as being satisfactory since it was in writing and attached to the specific transmittal. ACTION TAKEN: MPF Form 11 will be implemented and will be available for management to reference at any time per recommendation of SLCo Auditor's Office.
5.	Deposits were not always made within 3 days of receipt.	Funds will be deposited on the same day whenever practicable, but no later than three days after receipt.	ACTION TAKEN: Funds will be deposited on the same day whenever practicable, but no later than three days after receipt.
6	No inventory was maintained of concessions stand food products	Administrators conduct an inventory of food products at least annually and compare the value of their count to actual sales.	ACTION TAKEN: An inventory spreadsheet will be created and implemented by Program Coordinator to maintain productivity/value of the concessions.

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN

NAME AND TITLE OF PERSON RESPONDING: Kari White, Facility Manager

DATE PREPARED: October 10th, 2013