

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



An Audit of the Key Controls of
Gene Fullmer Fitness and Recreation Center

March 28, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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March 28, 2014

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 Gene Fullmer Fitness and Recreation Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Gene Fullmer Fitness and Recreation Center 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 Gene Fullmer Fitness and Recreation Center and the cooperation from Brad Pitcher, Facility Manager, Liz Lujan, Office Coordinator, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Gene Fullmer Fitness and Recreation Center 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
Kristin Riker, Associate Division Director
Brad Pitcher, Facility Manager



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Gene Fullmer Fitness and Recreation Center (Gene Fullmer Rec Center). 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

The Gene Fullmer Rec Center has put into place several key internal controls for managing public funds and safeguarding public assets. Most risks identified were minor and would not be expected to result in the material loss of County assets. Deficiencies in certain internal controls over cash receipting have a higher likelihood of leading to a loss of County property. A report of the last audit of the Gene Fullmer Rec Center was released to the public in April 2013.

Findings and Recommendations

Finding # 1 - "No-sale" and "no money taken" transactions were not documented with an explanation and reviewed and signed by a supervisor.

Risk Level: Low

Salt Lake County Parks & Recreation Division, "Policies & Procedure for Cash Handling," Section 1.1 states that:

"Agent Cashiers for the Parks & Recreation Division are defined as Program Managers, Assistant Section Supervisors, Director of Recreation. ..." In addition, Section 4.17 states: "The agent cashier shall independently review all transactions for the day and report all inconsistencies, errors, or questionable transactions to the facilities program manager."

The Gene Fullmer Rec Center did not document or have supervisory review of "no-sale" or "no money taken" transactions.

When cashiers can open their cash drawers without documenting the reason and without review by a supervisor, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that cashiers document each "no-sale" or "no money taken" transaction and have a supervisor review that transaction.

Finding # 2 - The "Controlled Assets Inventory Form-Employee" had not been completed or signed by each employee.

Risk Level: Low

Countywide Policy #1125 "Safeguarding Property/Assets," Section 4.3.3 states that:

"The 'Certification' on [Controlled Assets Inventory Form-Employee] states that the employee (for assets assigned to employees), [is] accountable for all property assigned to them."

Section 2.3.4 further states the duties for all employees assigned fixed or controlled assets:

"...at least annually, employees assigned fixed or controlled assets shall review the list of assigned assets and provide verification by his/her signature to the Property Manager as to the accuracy and completeness of the list."

A previous audit conducted in April 2013 found that employees assigned fixed and controlled assets were not annually verifying the property assigned to them. A retest of this finding continued to show that the "Controlled Assets Inventory Form-Employee" was not being completed or signed by each employee.

When accountability for assets is not fully established, assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that Gene Fullmer Rec Center employees that are assigned fixed or controlled assets, sign and date the "Controlled Assets Inventory Form-Employee" to certify the assets assigned to them.

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

Risk Level: Low

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

A previous audit conducted in April 2013 found that cashiers were able to reprint receipts that were identical to the original receipt. A retest of this finding showed that receipts were still able to be reprinted.

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 a receipt be disabled.

Finding # 4 - No comprehensive software inventory was on file.

Risk Level: Low

Countywide Policy #1400-3 "Information Technology Security Policy: Software Licensing Policy," Section 3.5 states:

"County agency management shall maintain a current software inventory which includes at least the following: number of authorized and actual installations, license agreement, and proof of purchase. County agency management shall conduct an annual review of their software inventory. Software inventories shall be updated whenever new software is acquired and/or installed or software is uninstalled, or the IT resource and/or system is transferred, decommissioned or sent to surplus."

A previous audit conducted in April 2013 found that Parks and Recreation did not have a comprehensive software inventory on file. A retest showed that there continues to be no software inventory on file.

Failure to maintain a software inventory increases the risk of unlicensed software on Parks and Recreation computers, which could result in fines and penalties. In addition, available software licenses may not be fully utilized.

Recommendation

We recommend that Parks and Recreation Agency maintain a current software inventory.

Finding # 5 - An SAQ representing Parks and 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."

A previous audit conducted in April 2013 found that an SAQ showing management's compliance with PCI-DSS had not been completed. A retest showed that an SAQ representing Parks and Recreation's compliance with PCI-DSS had still not been completed and was not on file.

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

Recommendation

We recommend that Parks and Recreation management complete and sign an annual SAQ and that Gene Fullmer Rec Center keep a copy of the SAQ on file to show they are aware of and compliant with PCI-DSS requirements.

Additional Information

Background

The Gene Fullmer Rec Center is named after Gene Fullmer who held the title of Middleweight Boxing Champion of the World. It is part of the Salt Lake County parks and Recreation Division and is located at 8015 South 2200 West, West Jordan Utah. Salt Lake County Parks and Recreation was formed on May 11, 1946. Ten days later the organization dedicated its first park. Today, over 60 years later, there are 104 parks and over 20 recreation facilities in operation.

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
- Accounts Receivable
- Accounts Payable
- Third Party Contracts

Our examination period covered up to twelve months ending December 31, 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. Retesting of prior audit findings was also performed, where applicable.

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

Gene Fullmer Fitness and Recreation Center

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	"No-sale" and "no money taken" transactions were not documented with an explanation and reviewed and signed by a supervisor.	We recommend that cashiers document each "no-sale" or "no money taken" transaction and have a supervisor review that transaction.	All cashiers have been trained in a staff meeting on March 18 th to not open their cash drawers except for transactions. If their cash drawers need to be opened for any reason such as giving change, the cashier will document the "No-Sale" or "No money taken" on their financial activity detail report and have a supervisor review the transaction.
2.	The "Controlled Assets Inventory Form-Employee" had not been completed or signed by each employee.	We recommend that Gene Fullmer Rec Center employees that are assigned fixed or controlled assets sign and date the "Controlled Assets Inventory Form-Employee" to certify the assets assigned to them.	Gene Fullmer's Program Manager received an electronic copy of the "Controlled Assets Inventory Form-Employee" from Scott Bell and is in the process of putting it together for the facility. Completion date March 28 th , 2014
3.	Receipts could be reprinted for prior transactions.	We recommend that the ability for cashiers to reprint a receipt be disabled.	This recommendation, to disable cashiers from printing a receipt after a transaction, is not capable on the current Sequel (Peak Software) point of sale program. This issue may be suggested in the future to Sportsman as they update their system or other options may be taken from our department to look for a new point of sale system. This issue is county wide.
4.	No comprehensive software inventory was on file.	We recommend that Parks and Recreation Agency maintain a current software inventory.	All of our computers in our facility have been purchased thru the administration computer purchasing program. When computers are purchased, software records are maintained with administration. If we purchase computers on our own without going thru the administration computer purchasing program, then we would keep record of our own software purchased for those computers.
5.	An SAQ representing Parks	We recommend that Parks and Recreation management complete and sign an annual	Parks and Recreation Administration has and is working on completing PCI compliance and the required SAQ's. Once in place Gene Fullmer's Program Manager

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
	and Recreation's compliance with PCI-DSS had not been completed and was not on file.	SAQ and that Gene Fullmer Rec Center keep a copy of the SAQ on file to show they are aware of and compliant with PCI-DSS requirements.	will ensure all SAQ's are completed and signed annually and a copy kept on file.
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NAME AND TITLE OF PERSON RESPONDING:

**Brad Pitcher
Program Manager
Gene Fullmer Fitness and Recreation Center**

DATE PREPARED:

March 18, 2014