

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



An Audit of the Key Controls of
Copperview Recreation Center

July 17, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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July 17, 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 Copperview Recreation Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Copperview 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 Copperview Recreation Center and the cooperation from Bess Thompson, Facility Manager, Suzanne Rivas-Ville, Office Coordinator, Jennifer Carpenter, Program Coordinator, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Copperview 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: Martin Jensen, Division Director
Kristin Riker, Recreation Associate Division Director
Andrew Keddington, Administrative Associate Division Director
Bess Thompson, Facility Manager

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Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Copperview Recreation 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 Copperview Recreation Center has put into place several key internal controls for managing public funds, safeguarding public assets, and cash receipting and depositing. 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 controlled assets, and purchasing card controls have a higher likelihood of leading to a loss of County property. A report of the last audit of the Copperview Recreation Center was released to the public in August 2013.

Findings and Recommendations

Finding # 1 - An SAQ representing 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 August 2013 found that an SAQ showing compliance with PCI-DSS had not been completed. A retest showed that an SAQ representing Library Services' compliance with PCI-DSS had still not been completed and was not on file.

Not completing this self-evaluating questionnaire for PCI-DSS increases the risk of fines and the inability to accept credit cards as payment.

Recommendation

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

Finding # 2 - The "Controlled Assets Inventory Form-Employee" was not being used.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property and Assets," Section 4.3 states:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. 4.3.1 Exhibit 3 - 'Controlled Assets Inventory Form-Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual."

Within Copperview Recreation Center, some assets, such as computers and printers, were assigned to specific employees. The controlled asset list provided during our fieldwork did not indicate which employee the assets were assigned to. In addition, the "Controlled Assets Inventory Form-Employee" was not in use.

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

Recommendation

We recommend that assets readily assignable to one employee be included on the "Controlled Assets Inventory Form-Employee" and that each employee signs a new form each year.

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.

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 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.

Additional Information

Background

The Copperview Community Center is a part of the Salt Lake County Parks and Recreation Division and is located at 8446 South Harrison Street, in Midvale. It is a safe, clean, and remodeled (with ZAP II funds) fitness & recreation facility. Since 1979 we have been the hidden gem within the great Midvale City community with a variety of activities, programs, gymnasiums, and many more fun and exciting happenings.

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 February 28, 2014. 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

Copperview Recreation Center

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	<p><u>An SAQ representing compliance with PCI-DSS had not been completed and was not on file.</u> #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." Risk Level: Low A previous audit conducted in August 2013 found that an SAQ showing compliance with PCI-DSS had not been completed. A retest showed that an SAQ representing Library Services' compliance with PCI-DSS had still not been completed and was not on file</p>	<p>We recommend that Parks and Recreation Agency management complete and sign an annual SAQ and that Copperview Recreation Center keep a copy of the SAQ on file to show they are aware of and compliant with PCI requirements.</p>	<p>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 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</p>

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
			<p>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. In 2012, the golf courses were moved to a new accounting program and service provider with the expectation that the SAQ C and Attestation of Compliance will be completed, signed, and submitted by the end of April 2013. What is being done with the golf courses will become the standard for all other departments and division within the county. The recreation centers 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>

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
2.	<p>The "Controlled Assets Inventory Form-Employee" was not being used.</p> <p>Countywide Policy #1125, "Safeguarding Property and Assets," Section 4.3 states: "The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. 4.3.1 Exhibit 3 - 'Controlled Assets Inventory Form-Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual."</p> <p>Risk Level: Low</p> <p>Within Copperview Recreation Center, some assets, such as computers and printers, were assigned to specific employees. The controlled asset list provided during our fieldwork did not indicate which employee the assets were assigned to. In addition, the "Controlled Assets Inventory Form-Employee" was not in use.</p>	<p>We recommend that assets readily assignable to one employee be included on the "Controlled Assets Inventory Form-Employee" and that each employee signs a new form each year.</p>	<p>Our inventory form does list a 'user or location' for each asset item but we will be happy to use the recommended Employee form.</p> <p>Copperview and Adaptive recreation programs share one controlled asset list.</p>
3.	<p>Receipts could be reprinted for prior transactions.</p> <p>Standard business practice is that cashiers should not be able to reprint receipts from prior transactions.</p> <p>Risk Level: Low</p> <p>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.</p> <p>When receipts can be reprinted, the accuracy of transactions cannot be ensured and the risk of errors and misappropriation of funds is increased</p>	<p>We recommend that the ability for cashiers to reprint a receipt for an existing transaction be disabled.</p>	<p>This action is not possible on the current Point of Sale (Sportsman) software system.</p>
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7.			
8.			
9.			

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
10.			

NAME AND TITLE OF PERSON RESPONDING: Bess Thompson – Facility Manager

DATE PREPARED: 7/7/2014