

A REPORT  
TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR



An Audit of the Key Controls of  
Kearns Recreation Center

August 18, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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August 18, 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 Kearns Recreation Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Kearns 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 Kearns Recreation Center and the cooperation from David Young, Facility Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Kearns 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  
Andrew Keddington, Associate Division Director  
Kristen Riker, Associate Division Director  
David Young, Facility Manager

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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Kearns 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 Kearns Recreation Center has put into place several key controls for managing public funds. Most risks identified were minor and were not expected to result in material loss. 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 Kearns Recreation Center was released to the public in December 2013.

## Findings and Recommendations

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***Finding # 1 - The "Controlled Assets Inventory Form-Employee" was not used.***

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### **Risk Level: Low**

Countywide Policy #1125 "Safeguarding Property/Assets," Sections 4.3 and 4.31 state:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. ... [The] '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."

The "Controlled Assets Inventory Form-Employee" was not used to manage controlled assets that were assigned to employees.

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 Kearns Recreation 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.

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***Finding # 2 - Receipts could be reprinted for prior transactions.***

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**Risk Level: Low**

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

We found that cashiers were able to reprint receipts that were 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 a receipt be disabled.

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***Finding # 3 - Cashiers were not individually accountable for overages and shortages.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 2.3.1 states:

"The County Agency's Fiscal Manager will ensure that individual accountability and effective security is established and maintained for funds entrusted to each Cashier."

The auditor observed that typically two cashiers shared the cash drawer. This did not provide individual accountability for funds entrusted to each cashier.

Multiple cashiers accessing a single cash drawer makes tracking overages and shortages more difficult, decreases cashier accountability, and increases the risk of funds being lost, stolen, or diverted for personal use.

***Recommendation***

We recommend that individual accountability be established for funds entrusted to each cashier.

## **Additional Information**

### **Background**

The Kearns Recreation Center is located at 5670 South 4800 West in Kearns. It is located adjacent to the Utah Olympic Oval and the Kearns Oquirrh Park Fitness Center and Pool, and is a popular destination for active people. It offers a full-time child care, men's basketball, youth sports, classes such as dance and karate, and community events.

### **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 June 30, 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.



**Parks & Recreation Division Response to  
An Audit of the Key Controls of  
KEARNS RECREATION CENTER**

**Dated July 29, 2014**

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	The "Controlled Assets Inventory Form-Employee" was not used.	We recommend that Kearns Recreation 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.	We will begin using the recommended form when we do our next annual asset inventory.
2.	Receipts could be reprinted for prior transactions.	We recommend that the ability to reprint a receipt be disabled.	The Sportsman SQL software system does not allow for this feature to be disabled.
3.	Cashiers were not individually accountable for overages or shortages.	We recommend that individual accountability be established for funds entrusted to each cashier.	Individual accountability will be established for each employee using standard form MPF-7 to transfer funds from one employee to another during shift changes, each verifying the amount transferred and any over/short funds. The logs will be kept on file at the Kearns Recreation Center.

**NAME AND TITLE OF PERSON RESPONDING: David L. Young, Facility Manager**

**DATE PREPARED: 08/07/2014**