

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



An Audit of the Key Controls of  
County Ice Center

June 02, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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May 23, 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 County Ice Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of County Ice 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 County Ice Center and the cooperation from John Barenbrugge and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to County Ice 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 Roger Larsen  
Sr. Deputy Auditor

cc: Martin Jensen, Acting Director Parks and Recreation  
Kristin Riker, Recreation Associate Director  
Cheryl Crook, Fiscal Manager  
John Barenbrugge, Facility/Program Manager





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of County Ice 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

County Ice Center management has implemented significant internal controls to safeguard County assets. Minor observations were discussed with management. Three findings on missing sequential receipt numbers, no-sale transactions, and cash over/short logs are discussed in this report. A report of the last audit of the County Ice Center was released to the public in December 2012. There were no repeat findings.

## Findings and Recommendations

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### ***Finding # 1 - Missing sequential receipt numbers were not reviewed.***

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#### **Risk Level: Moderate**

Countywide Policy #1062, "Management of Public Funds," Section 3.5.6 states:

"The online cashiering system shall produce receipts in a sequentially numbered order, and the receipt number shall appear on the receipt issued to the customer."

On the September 2013 Financial Activity Detail Report, there were 146 (6.6%) missing receipt numbers out of a total of 2,916.

Sportsman software electronically issued receipt numbers sequentially, in compliance with Countywide Policy. However, when a transaction was not completed, the system considered it an abandoned transaction and the assigned receipt number would not print on the Financial Activity Detail Report. These missing receipt numbers were not being reviewed to discover the cause.

When unreported receipt numbers are not reviewed, the cause is unknown and misappropriations could go undetected.

#### ***Recommendation***

We recommend that County Ice Center management include a daily review of sequential receipt numbers and determine the cause of all missing receipt numbers.

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***Finding # 2 - Some cash over/short logs were not properly maintained.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 5.3.1 states:

"All overages and shortages, regardless of the amount, should be recorded daily by each Cashier on MPF Form 11, Cash Over/Short Log."

Cash over/short logs for September through December 2013 could not be located for audit review. However, we were able to review cash over/short logs for January through August 2013. No exceptions were found on these forms.

Management stated that turnover in the office coordinator position resulted in some confusion as to where the records were kept.

When over/short logs are not maintained properly, balancing trends may go unnoticed by management, and needed remediation may not occur.

***Recommendation***

We recommend that County Ice Center cashiers record all overages and shortages daily on MPF Form 11, Cash Over/Short Log, and maintain the reports for review.

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***Finding # 3 - There was no evidence that no-sale transactions were reviewed by management.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," states in the Purpose that:

"Supervisory oversight enforces the separation of duties, creates an atmosphere of employee accountability, and strengthens the control environment."

On the September 2013 Financial Activity Detail Report, 245 (11.2%) out of 2,196 transactions were no-sales. There were as many as 12 no-sale transactions per shift with the average being 3.36 per shift. The average no-sale transaction per cashier was 17.5. One cashier had 51 no-sales during the month. There was no evidence to show that any of the no-sales had been reviewed by management.

Management stated in an interview that no-sale transactions were rare and that they would be investigated if there were more than three per shift. However, there was no indication of review for any of the 26 shifts in September 2013 that incurred more than 3 no-sale transactions.

When no-sale transactions are not reviewed, theft may be masked and trends may go unnoticed.

***Recommendation***

We recommend that County Ice Center Management daily review the cause of no-sale transactions.

## **Additional Information**

### **Background**

Opened in December, 1999, the Salt Lake County Ice Center is a year-round, indoor ice skating facility located in the heart of Murray, just south of Murray Park. It was the second ZAP (Zoo, Arts, and Parks) tax funded recreation facility to open in Salt Lake County. It provides an Olympic sized ice surface (200' x 100') for open public, hockey, and figure skating and lessons. Equipment rentals, food concessions, and a pro shop are operated by the Ice Center. County Ice Center operates on a \$776,000 budget with 4 full-time equivalent employees and as many as 35 part-time and temporary staff.

### **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

#### Salt Lake County Ice Center

| No. | FINDING  | RECOMMENDATION  | RESPONSE / ACTION TAKEN  |
|-----|--|---|--|
| 1.  | Missing sequential receipt numbers were not reviewed.                        | We recommend that County Ice Center Management include a daily review of sequential receipt numbers and determine the cause of all missing receipt numbers. | Management was aware of the missing receipt numbers for the most part. It occurred during the switch over between the previous Office Coordinator (Jamie Davis), and the present Office Coordinator (Stephanie Standing). When Jamie's County email and computer accounts were deleted, (fall 2013) some of the data was lost. We didn't spend much time reviewing it, because we thought we had a handle on it and understood the cause. Better documentation at the time the files were lost would have provided better clarification of the situation. Going forward, we will also include a better review of receipt numbers by management. Effective immediately, receipt numbers will be reviewed daily by the Office Coordinator, and brought to the attention of management as needed. |
| 2.  | Some cash over-short logs were not properly maintained.                      | We recommend that County Ice Center cashiers record all overages and shortages on MPF Form 11, Cash Over/Short Log, and maintain the reports for review.    | There was a period of time during fall 2013 when over-short logs were not thoroughly maintained. This was during the 3-4 months that we were without an Office Coordinator (in between Jamie Davis leaving and Stephanie Standing's hiring). This is no excuse, however, and we will be more diligent in the future to make sure ALL reports are completed as required. Effective immediately, till overages and shortages will be recorded daily by the Office Coordinator and reviewed monthly by the Office Coordinator and Program Coordinator, Daryl Bacon. All identified balancing concerns will be addressed with employees as needed. Reports will be maintained for review.  |
| 3.  | There was no evidence that no-sale transactions were reviewed by management. | We recommend that County Ice Center Management daily review the cause of no-sale transactions.  | We will implement this change ASAP. Our Office Coordinator is currently working on a procedure to track these no-sales for each of our employees on a daily basis. This is expected to be in place by June 9, 2014.  |
| 4.  |  |   |  |
| 5.  |  |   |  |
| 6.  |  |   |  |
| 7.  |  |   |  |

**NAME AND TITLE OF PERSON RESPONDING:** John Barenbrugge, Ice Center Manager

**DATE PREPARED:** 5/30/2014