
A Report to the
Citizens of Salt Lake County
The County Mayor and the
County Council

Follow-up Audit:
An Audit of Key Controls at
the Redwood Recreation
Center



OFFICE OF THE
SALT LAKE COUNTY
AUDITOR

SCOTT TINGLEY
COUNTY AUDITOR

December 2019

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OUR MISSION

To foster informed decision making, strengthen the internal control environment, and improve operational efficiency and effectiveness for Salt Lake County, through independent and objective audits, analysis, communication, and training.



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December 16, 2019

Martin Jensen, Division Director
Salt Lake County Parks and Recreation Division
2001 S State Street, Suite S4-700
Salt Lake City, UT 84114-4575

Re: **Follow-up Audit: An Audit of Key Controls at the Redwood Recreation Center,
Report Number 2019-01**

Dear Martin,

We have completed final follow-up work on the audit recommendations contained in Report Number 2019-01, *An Audit of Key Controls at the Redwood Recreation Center*, issued February 2019.

Our follow-up audit work found that the Redwood Recreation Center ("Redwood") has successfully implemented nine out of the 12 recommendations issued in the original audit report. Redwood has not implemented one recommendation, one recommendation was closed during the follow-up audit process, and Parks & Recreation administration is in the process of implementing the remaining recommendation.

We truly appreciate the time and efforts of the employees at the Redwood Recreation Center throughout the follow-up audit. Our work was made possible by their cooperation and prompt attention given to our requests. If you have any questions, please feel free to contact Shawna Ahlborn, Audit Services Division Administrator, at (385) 468-7179 or Colleen Hilton, Audit Manager, at (385) 468-7231.

Sincerely,


Scott Tingley, CIA, CGAP
Salt Lake County Auditor

Cc: Brandy Hess, Redwood Recreation Center Facility Manager
Holly Yocom, Department Director, Department of Community Services
Lori Okino, Fiscal Administrator, Department of Community Services
Darian Abegglen, Associate Director – Recreation, Parks & Recreation Division
Andrew Keddington, Associate Director – Fiscal Operations, Parks & Recreation Division

Follow-up Audit Results

Finding 2.1 – A supervisor did not sign a few voided transactions as evidence of review and approval.

Recommendation	Action Taken	Status
<p>We recommend that a supervisor sign all voided transactions as evidence of review and approval as required by countywide policy.</p>	<p>In July 2019, the SportsMan point-of-sale system security was adjusted so that no front desk staff had the ability to void transactions. Since the changes, all voids require a manager's level of access and approval to complete the void. Redwood management have conducted several staff trainings to review proper voiding procedures with all staff. The Facility Manager will continue to conduct periodic reviews of voided transactions to verify that proper procedures are followed.</p>	<p>Implemented</p>

Finding 2.2 – Management did not review and sign for no-sale transactions created by cashiers.

Recommendation	Action Taken	Status
<p>We recommend that a supervisor at Redwood review daily transaction logs and sign-off for all no-sale transactions.</p>	<p>The daily cash balance sheet has been modified to enable staff to document no-sale transactions. The Office Coordinator will do all deposits and review and sign no-sale transactions.</p>	<p>Implemented</p>

Finding 3.1 – Property identification tags were missing from some capital and controlled assets, and management at Redwood had not corrected these issues during the last physical inventory of county-owned assets.

	Recommendation	Action Taken	Status
A.	We recommend that the Property Manager at Redwood ask Parks and Recreation administration to follow-up with Mayor’s Finance to ensure that they receive any capital asset ID tags in a timely manner.	The capital asset that prompted this finding, a copy machine, was sold thereby negating the need for this recommendation. The new copy machine on-site does have the property tag attached.	Implemented
B.	We recommend that the Property Manager at Redwood create new controlled asset ID tags and affix them to all controlled assets that are missing a tag and ensure that those controlled assets with incorrect asset ID tag numbers are properly tagged with new ID tags.	Management has affixed the property tags where feasible and needed.	Implemented

Finding 3.2 – Management at Redwood had not implemented the procedure of using the *Controlled Assets Inventory Form – Employee* to establish personal accountability for controlled assets that were readily assignable to individual employees, as required by countywide policy.

	Recommendation	Action Taken	Status
	We recommend that the Property Manager implement the use of, and have employees sign the <i>Controlled Assets Inventory Form – Employee</i> for all assets assigned to specific employees at Redwood to establish individual accountability over those assets.	The Facility Manager completed verification and affixed property tags to all county equipment, and employees completed and signed a <i>Controlled Asset Inventory Form – Employee</i> for all controlled assets at the facility.	Implemented

Finding 5.1 – Management at Redwood did not track the purchasing or receiving of merchandise inventory items, nor conduct periodic counts of merchandise inventory on hand, to ensure that inventory items were properly accounted for.

	Recommendation	Action Taken	Status
A.	We recommend that Redwood’s Facility Manager implement a process to verify that the quantity, type, and condition of inventory items received matches inventory purchasing records exactly and documents the actual receipt of inventory items in SportsMan as those items are received.		Closed
B.	We recommend that Redwood conduct a physical count of merchandise inventory items at least annually, to determine whether inventory items are accounted for and safeguarded properly.	The Facility Manager has created a system to track and account for merchandise items monthly. The Facility Manager will conduct periodic merchandise inventory counts and follow up with any discrepancies.	Implemented

Finding 6.1 – Management at Redwood was not mailing monthly statements to customers with outstanding receivables balances, notifying customers with past due accounts, or assessing finance charges on accounts with balances more than 30 days past due, as required by countywide policy.

	Recommendation	Action Taken	Status
A.	We recommend that Redwood mail monthly account statements to all customers with outstanding account balances as of the end of each month.	An outstanding customer account balance report has been created and will be reviewed monthly by the Facility Manager. Dunning letters have and will continue to be sent to past due accounts.	Implemented
B.	Redwood should also notify customers of delinquent account balances by sending dunning letters to all customers with unpaid account balances that are greater than 30 days old, and assess a 1.5% per month interest charge, as required by countywide policy.	Redwood management has not implemented this recommendation. Interest charges are not being calculated on customer account balances more than 30 days past due. The management of past due customer account balances at Redwood still does not comply with countywide policy.	Not Implemented

Finding 6.2 – Parks and Recreation administration had not established standard operating procedures for managing accounts receivable for recreation centers to follow.

Recommendation	Action Taken	Status
<p>We recommend that Parks and Recreation administration establish standard operating procedures for managing accounts receivable that can be followed by recreation center employees and management.</p>	<p>Parks & Recreation administration is in the process of developing standard operating guidelines for recreation centers to follow for managing customer accounts receivable.</p>	<p>In Process</p>

Finding 6.3 – Management at Redwood was not performing a monthly reconciliation of accounts receivable balances, resulting in an outstanding balance of \$18,538 that they did not consider as totally accurate.

Recommendation	Action Taken	Status
<p>A. We recommend that the Facility Manager remove uncollectible accounts receivable balances from Sportsman that are not considered legitimate and sufficiently document the reason in SportsMan notes for their removal.</p>	<p>The transactions in question were reconciled in November 2018. An outstanding balance report has been created and will be used to verify past due accounts. Redwood management removed excessively old and therefore likely uncollectible accounts from the ledger, so these accounts no longer appear as outstanding accounts receivable.</p>	<p>Implemented</p>
<p>B. We recommend that management reconcile accounts receivable each month to arrive at a legitimate and verifiable balance.</p>	<p>Accounts receivable is reviewed on a monthly basis by the Facility Manager using the outstanding balance report from Sportsman point of sale software and payments received during the month are reconciled to the balance. .</p>	<p>Implemented</p>

Appendix A: Additional Audit Information

Scope & Objectives	Generally accepted <i>Government Auditing Standards (GAO-18-568G)</i> , require that auditors perform follow-up audit work to determine if appropriate corrective action has been taken to address issues, findings, and deficiencies identified in prior audit engagements. The primary objective of this follow-up audit was to determine the status of management actions to address the findings reported in Report Number 2019-01, <i>An Audit of Key Controls at the Redwood Recreation Center</i> , issued February 2019.
Background	The original audit evaluated the effectiveness of the Redwood Recreation Center’s key controls. We examined assets, records, and transactions in the areas of change funds, petty cash and other imprest accounts, cash handling and daily deposits, customer accounts receivable, capital and controlled assets, purchasing card use, and merchandise inventory. The original audit identified 8 findings related to the audit objectives.

Appendix B: Audit Recommendation Implementation Status			
Implemented	In Process	Not Implemented	Closed
The agency has implemented our recommendation or has adequately addressed the original issue or finding in all respects as verified by the follow-up audit. No further follow-up is required.	The agency is in the process of implementing our recommendation. Additional follow-up may be required.	The agency has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding or recommendation that make it no longer applicable, or the agency will only implement a portion of our recommendation as verified by the follow-up audit. No further follow-up is required.