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

Follow-up Audit:
Salt Lake County Parks
and Recreation Division's
County Ice Center



OFFICE OF THE
SALT LAKE COUNTY
AUDITOR

SCOTT TINGLEY
COUNTY AUDITOR

August 2019
Report Number 2019-9

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OFFICE OF THE SALT LAKE COUNTY AUDITOR
AUDIT SERVICES DIVISION

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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August 16, 2019

Martin Jensen, 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 Salt Lake County Ice Center,
Report Number 2018-MLR13**

Dear Martin,

We have completed follow-up work on the audit recommendations contained in Report Number 2018-MLR13, *An Audit of Key Controls at the Salt Lake County Ice Center*, issued August 2018.

Our follow-up audit work found that the County Ice Center has implemented three (3) out of the 15 recommendations issued in the original audit report and is in the process of implementing 10 recommendations. Additional follow-up audit work may be required in the future to address the remaining recommendations that have not been implemented or closed as of the date of this report.

We truly appreciate the time and efforts of the employees at the County Ice 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 me at (385) 468-7185, or Shawna Ahlborn, Audit Manager, at (385) 468-7179.

Sincerely,


Scott Tingley, CIA, CGAP
Salt Lake County Auditor

Cc: Holly Yocom, Department Director, Department of Community Services
Lori Okino, Fiscal Administrator, Department of Community Services
Andrew Keddington, Associate Division Director – Fiscal Operations
John Barenbrugge, County Ice Center Facility Manager

Follow-up Audit Results

Finding 2.1: The authorized amount of the County Ice Center petty cash fund was too high.

Recommendation	Action Taken	Status
<p>County Ice Center management should evaluate the future needs of the petty cash fund, and request that the imprest amount be reduced to an amount that would provide adequate operating funds for not more than two months of petty cash expenditures.</p>	<p>In the response to the original audit, the facility manager indicated he would reduce the amount of the petty cash fund to \$300. We verified that the fund had been reduced from \$1,000 to \$500. The facility manager said that after further thought, he remembered historical times when additional petty cash was needed. He made the decision to reduce the fund to \$500 rather than \$300.</p>	<p>Implemented</p>

Finding 3.1: County Ice Center management did not retain evidence of cashier orientation training.

Recommendation	Action Taken	Status
<p>County Ice Center management should document the training materials provided to new cashiers and retain an acknowledgement by cashiers that they have received the training and include the date the training occurred.</p>	<p>County Ice Center management retained a dated staff meeting agenda with cashier signatures as an indication of attendance.</p>	<p>Implemented</p>

Finding 3.2: Cash overages and shortages were not recorded on an *MPF Form 11, Cash Over/Short Log*, or similar form, as required by Countywide Policy.

Recommendation	Action Taken	Status
<p>A. Cashiers at the County Ice Center should record all cash overages or shortages from their individual cash balance sheets daily onto an <i>MPF Form 11, Cash Over/Short Log</i>, or similar form, as required by Countywide Policy.</p>	<p>Eighteen County Ice Center employees had completed the logs but only five of those employees had signed every log. It appeared that the forms were being completed after the fact rather than at the end of each</p>	<p>In Process</p>

	shift. We reviewed the purpose of the logs with the supervisor.	
B. Cashier supervisors should review the MPF Form 11 Cash Over/Short Log, at least monthly and sign the form as an indication of review.	All logs were signed by the supervisor as an indication of review.	Implemented

Finding 4.1: The *Controlled Assets Inventory Form – Organization*, was not signed by the Property Manager to indicate that an annual inventory of controlled assets had been completed.

Recommendation	Action Taken	Status
The Property Manager at the County Ice Center should conduct a controlled assets inventory at least annually, and the inventory spreadsheet be updated to allow management to document their review and approval of the annual controlled asset inventory process.	The Property Manager had made some progress. He had separated controlled assets from capital assets, removed all disposed assets off the list, and organized the assets by location. At the time of the follow-up audit, he was working with the Maintenance Coordinator to conduct a physical inventory of all controlled assets.	In Process

Finding 4.2: Management at the County Ice Center were not using the *Controlled Assets Inventory Form – Employee*, or similar form, as required by Countywide Policy.

Recommendation	Action Taken	Status
The Property Manager should implement the use of the <i>Controlled Assets Inventory Form – Employee</i> , or similar form, for all assets that are readily assignable to a specific employee, and have those employees verify the accuracy of the list by signing and dating the forms at least annually.	The Property Manager had separated the controlled assets that could be readily assignable to four merit employees. However, an inventory of those assets with a verifying employee signature had not been completed.	In Process

Finding 4.3: County capital asset records did not match items found on-site at the County Ice Center, and the proper documentation was not completed for some capital assets that had been disposed of several years ago.

Recommendation	Action Taken	Status
A. The Property Manager should coordinate with Mayor’s Finance to correct the County’s capital assets	We determined that as of 1/25/2019, that the two capital	In Process

	<p>records and ensure that all capital assets located at the facility are properly identified. The Property Manager should also ensure that copies of all PM-2 forms are retained to properly document when an asset has been disposed of or sent to surplus.</p>	<p>assets in question were not corrected in the County’s financial system. The CIC Property Manager said he had contacted the Property Manager of Parks and Recreation and the Fleet Manager to correct the issues. Both said the issues would be taken care of.</p>	
B.	<p>The Property Manager should conduct an annual inventory of capital assets at least annually. County Ice Center management should review and sign-off on the results of the capital asset inventory and ensure that any discrepancies that are discovered are corrected in a timely manner.</p>	<p>The CIC Property Manager had separated the capital assets from the controlled assets. He had contacted the Property Manager of Parks and Recreation and the fleet manager to correct discrepancies. Both said the issues would be taken care of.</p>	In Process

Finding 5.1: Employees at the County Ice Center did not submit *Meal Reimbursement Forms* for Division Director approval, prior to purchasing food items using their purchasing cards.

	Recommendation	Action Taken	Status
A.	<p>County Ice Center management should complete a Meal Reimbursement Form for the three events where food items were purchased and submit them to the Parks and Recreation Division Director for approval. The County Ice Center should retain copies of the Meal Reimbursement Forms once the Division Director has approved them.</p>	<p>This recommendation was revised from the draft report. The auditee provided a response to the draft report and was not aware of the recommendation to prepare forms for the three past events.</p>	Not Implemented
B.	<p>County Ice Center management should review Countywide Policy 1020 with cardholders and ensure that Meal Reimbursement Forms are completed and submitted for approval prior to making any meal or food item purchases in the future.</p>	<p>A review of three non-concession food transactions after the indicated implementation date revealed one transaction could be considered a promo item (candy for a parade), one did not have a form completed, and one had a</p>	Not Implemented

form completed and signed by the employee but not the division director.

Finding 6.1: Management at the County Ice Center did not use detailed inventory count sheets to identify merchandise inventory discrepancies.

	Recommendation	Action Taken	Status
A.	County Ice Center management should implement a proper inventory count to ensure accurate inventory records.	Management is waiting for full implementation of the point of sale inventory module to change their inventory count method.	In Process
B.	Management should utilize the inventory module within the point of sale system.	Management stated it is a work in progress. They had added items to the merchandise inventory module with associated barcodes for items already barcoded. For items not already barcoded, they had created reference books with the barcodes. Items now sold are scanned by the cashiers. However, they have not fully implemented the other aspects of the inventory module to enable them to count inventory with the use of the module.	In Process

Finding 6.2: Management did not retain inventory receiving records.

	Recommendation	Action Taken	Status
A.	Management should retain a copy of the packing slip provided by the vendor as a receiving report to document the date the goods were received, the number of items received, and sign and date the packing slip.	Some progress had been made. Of the 25 inventory purchases made after the indicated implementation date, we found 20 packing slips. Of the 20 slips, one slip did not have any initials, and two slips had only one initial.	In Process
B.	The packing slip should be checked against the invoice to confirm the quantity and items received agree to the quantity and items invoiced.	For the 20 packing slips available, all packing slips matched to the invoice. Five invoices could not be matched	In Process

to the packing slips because they were not retained.

Finding 6.3: There was a lack of proper separation of duties for the purchasing, receiving, and management of merchandise inventory.

Recommendation	Action Taken	Status
<p>The duties of the Pro-Shop Manager should be segregated. If this is not practical due to staffing limitations, then compensating controls should be implemented. For example, a second individual should participate in the key functions such as receiving goods and performing inventory counts.</p>	<p>Some progress has been made in segregating duties of the Pro-Shop Manager. See the actions taken in findings 6.1 and 6.2 above indicating the partial implementation of the inventory module for the inventory count process and the retention of receiving reports with a second employee acknowledgement.</p>	<p>In Process</p>

Appendix A: Additional 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 2018-MLR13, <i>An Audit of Key Controls at the Salt Lake County Ice Center</i> , issued August 2018.
Background	The original audit evaluated the effectiveness of the County Ice Center 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, capital and controlled assets, purchasing card use, and merchandise inventory. The original audit identified 10 findings related to the audit objectives.

Appendix B: Follow-up Audit 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 or is taking other appropriate corrective action. 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.