

AUDIT REPORT

An Audit of Kearns Recreation Center Daycare Prompted by Fraud Hotline Tip

AUGUST 2025



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AUDITOR'S LETTER

August 28, 2025

I am pleased to present the results of our audit of Kearns Recreation Daycare. This audit began with a tip reported through the County Auditor's Fraud Hotline, a vital tool that empowers employees, contractors, and the public to report suspected fraud, waste, or abuse. The hotline provides a direct, secure channel to the Auditor's Office, ensuring that tips are screened, prioritized, and thoroughly investigated. Its existence strengthens transparency and accountability and helps uncover misconduct that might otherwise remain hidden. In this case, the tip alleged that a Childcare Supervisor at the Kearns Recreation Center Daycare was canceling charges on their own children's accounts before payments were made. Without this hotline, it is highly likely that this misconduct, which allowed \$7,200 in daycare fees to go unpaid, would have remained undetected.

After the Auditor's Office communicated the tip to Parks and Recreation management, they immediately placed the employee on paid leave and promptly initiated an investigation. Their swift and decisive response helped ensure accountability, and once the investigation concluded, Parks and Recreation management terminated the employee.

Our audit objectives were to review the circumstances that allowed the Childcare Supervisor to avoid paying \$7,200 in daycare fees. We evaluated procedures in place to prevent or detect fraud, waste, or abuse and reviewed whether Kearns Daycare operations complied with all applicable fiscal ordinances, policies, and procedures.

Several factors at the Kearns Recreation Center created an environment highly susceptible to fraud. Weak access controls in new software, unclear documentation requirements, management turnover, inadequate separation of duties, and an overreliance on a trusted employee collectively contributed to the problem. We identified specific areas where improvements could strengthen operations and mitigate the risk of fraud, waste, and abuse, including:

- Defining specific roles and responsibilities for each function and ensuring proper segregation of duties
- Documenting and approving all adjustments, such as voids and refunds
- Reporting and monitoring for compliance
- Reconciling transactions
- Periodically reviewing and evaluating employee access levels, ensuring access levels align with the employee's job function.

These findings emphasize the need for stronger oversight and a clear separation of duties within the billing and payment process. Key tasks, such as generating bills, receiving or reviewing payments, and conducting account reconciliations should be assigned to different individuals to ensure proper accountability and safeguard County revenues.

We urge management of Parks and Recreation and Kearns Daycare to promptly review and implement the detailed recommendations outlined in the attached audit report. Acting on these items will help

further safeguard County funds and services and increase the overall integrity and effectiveness of their systems.

Parks and Recreation management agreed with all 13 audit recommendations.

This audit was authorized under Utah Code Title 17, Chapter 19a, "County Auditor", Part 2, "Powers and Duties." We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

We appreciate the cooperation and assistance provided by Parks and Recreation during this audit. For further information or clarification regarding this report, please feel free to contact me at 385-468-7200.

A handwritten signature in black ink, appearing to read "Chris Harding". The signature is fluid and cursive, with the first name "Chris" and last name "Harding" clearly distinguishable.

Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor

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**An Audit of Kearns
Recreation Center
Daycare Prompted by
Fraud Hotline Tip**

August 2025

Objectives

The audit objectives were to review the circumstances that allowed the Childcare Supervisor to avoid paying \$7,200 in daycare fees, as reported to the Auditor's Office Fraud Hotline. Objectives included evaluating whether procedures were in place to prevent or detect fraud, waste, or abuse and determining whether Kearns Daycare operations complied with all applicable fiscal ordinances, policies, and procedures.

The scope of the audit was from March 1, 2023 to December 31, 2024.

REPORT HIGHLIGHTS

Lack of Oversight and Separation of Duties Allowed a Supervisor to Improperly Waive \$7,200 in Personal Childcare Charges

When the Facility Office Coordinator at Kearns Recreation Center left in December 2023, their billing duties were reassigned to the Childcare Supervisor. This allowed the Childcare Supervisor to not only manage childcare accounts but also handle billing and supervise the childcare providers. This created a serious conflict of interest because the Childcare Supervisor had their own children enrolled in the daycare. Essentially, they became responsible for ensuring their own childcare fees were paid on time.

Because duties were not segregated, the Childcare Supervisor was able to avoid paying \$7,200 in childcare fees without anyone noticing for 16 months. This was done by voiding or partially refunding payments made, changing their children's program end dates, deleting the payment method linked to their children's accounts, and bypassing system alerts.

Lack of Oversight of Voids, Refunds, and Daily Balancing Allowed Fraud to Go Undetected for 16 Months

In March 2023, Kearns Recreation Center Daycare transitioned to a new software system, "KinderTales", for managing daycare operations. Parks and Recreation Management instructed staff to continue using the same forms for refunds, voids, and daily cash balancing. However, staff did not follow this guidance. Voided and refunded transactions were not reviewed or approved, and daily cash balancing was not performed. This lack of oversight allowed the Childcare Supervisor's actions to avoid paying daycare charges to go undetected.

Excessive and Unmanaged Access to KinderTales Increased Risk of Misuse.

Access in the KinderTales system should only be given based on what each employee needs to do their job. With help from the Regional Recreation Manager and Facility Manager, we reviewed 40 employee accounts at the Kearns Daycare. We found that 19 accounts (47.5%) had the correct level of access, four accounts



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REPORT HIGHLIGHTS

(10%) had no reason to have access, and 16 accounts (40%) had more access than needed. Additionally, one employee's account (2.5%) was still active even though they no longer worked there. When employees have more access than needed, there's a higher risk they could void, refund, or avoid charging for daycare services – all features which were used to commit the fraud.

Lack of Written Procedures, Ongoing Training, and Oversight Resulted in Inconsistent Use of KinderTales

When Kearns Recreation Center Daycare switched to KinderTales in March 2023, Parks and Recreation Management did not create written internal procedures regarding expectations for proper handling of voids, refunds, documenting daily balancing, and ensuring oversight through reviews and approvals.

Additionally, there was no monitoring to ensure daycares complied with the initial training provided and no follow-up training was offered. Furthermore, employees that had received the initial training were not required to acknowledge that they received and understood the training and agreed to comply with it.



Finding Risk Classifications

Classification	Description	Action
High Risk	<p>High Risk Findings indicate significant weaknesses in controls and compliance:</p> <ul style="list-style-type: none"> Essential controls are either missing OR are in place but fail to adequately address critical risks. Procedures are either not followed consistently OR are completely missing. Documentation and communication of controls, policies, and procedures are either lacking OR entirely absent. Controls may not be in operation OR may not have been implemented. Material non-compliance (or a critical instance of non-compliance) with legislative requirements (both state law and county ordinances), countywide policies, organization policies, and best practices is common, resulting in inadequate risk management. 	Urgent Corrective Actions are Necessary
Medium Risk	<p>Medium Risk Findings indicate weaknesses in control design and/or implementation, and occasional non-compliance:</p> <ul style="list-style-type: none"> Controls are partially in place but may not fully address all aspects of key risks. Documentation and/or communication of controls, policies, and procedures may be incomplete, unclear, inconsistent, or outdated. Controls might not be operating consistently and/or effectively or may not have been fully implemented. Occasional non-compliance with legislative requirements (both state law and county ordinances), countywide policies, organization policies, and best practices has occurred. Risks are not being effectively managed, which could result in failure to meet organization objectives or could lead to a less effective risk management framework. 	Promptly Implement Recommendations
Low Risk	<p>Low Risk Findings indicate that controls are generally effective, with minor areas for improvement:</p> <ul style="list-style-type: none"> Controls are effectively addressing key risks but may need minor improvements. Documentation and/or communication of controls, policies, and procedures are generally adequate but might require minor updates. Controls are generally operating effectively with minor inconsistencies. Minor deviations from legislative requirements (both state law and county ordinances), countywide policies, organization policies, and/or best practices may exist. Risks are generally well-managed, with minimal areas for improvement identified during testing. 	Implement Minor Improvements and Proactive Enhancements

BACKGROUND

On December 6, 2024, the Auditor's Office received a tip through the County's Fraud Hotline. The tip alleged that a Childcare Supervisor at the Kearns Recreation Center Daycare was canceling charges on their own children's accounts before payments were made.

After receiving the tip, Parks and Recreation management removed the employee's access to the childcare management system and placed the employee on paid leave pending an investigation. Following the investigation, the employee was terminated. Parks and Recreation reached a repayment agreement with the former employee; however, the terms of that agreement were not within the scope of the audit.

Change Involves Risk

Multiple changes at Kearns Recreation Center combined to create ideal conditions for fraud. New software with improper access controls, unclear documentation requirements, eliminated positions, management turnover, and over-reliance on a trusted employee all contributed to the problem.

Between 2023 and 2024, the Kearns Recreation Center Daycare underwent significant operational changes. Organizational transitions inherently involve risk, particularly when shifting from established procedures to new systems. Without careful planning and oversight, these transitions can create opportunities for fraud.

In March 2023, Parks and Recreation management launched new childcare software, KinderTales, across all County daycare facilities. Their primary focus was ensuring the system was up and running to avoid service disruptions for families. However, they did not implement appropriate access controls. As a result, many employees had the ability to void charges and issue refunds—even when their job duties didn't require that level of access.

Management created confusion around documentation procedures by instructing staff to follow the processes used in the previous software. However, KinderTales functioned differently, leading to uncertainty about what procedures to follow. Without updated written guidance or follow-up training, staff misunderstood the correct process. This lack of clarity allowed the Kearns employee to void, refund, and dismiss charges without being detected.

The Kearns Recreation Center faced staffing challenges during this period. In December 2023, the Facility Office Coordinator, who was responsible for daycare billing, left the position. Due to budget constraints, management did not hire a replacement and reassigned billing duties to the Childcare Supervisor. As a result, one employee was responsible for billing, managing family accounts, and supervising childcare providers.

This created a serious conflict of interest because the Childcare Supervisor had their own children enrolled in the daycare. Essentially, the Childcare Supervisor became responsible for ensuring that their

own childcare fees were paid on time.

Parks and Recreation also experienced turnover in key management positions. Both the Regional Recreation Manager (who oversees all county daycares) and the Facility Director at Kearns started their jobs in September 2023.

This management transition, along with the learning curve for new roles, created supervision gaps. No one verified whether staff properly documented voids and refunds, as taught in the training. No one reviewed KinderTales for unusual transactions. No one checked whether employees had appropriate access levels for their positions.

During times of change, organizations often lean on experienced staff. The Childcare Supervisor had worked for Parks and Recreation for over 20 years, all at Kearns Recreation Center. Management viewed them as a trusted and experienced employee.

However, over-reliance on trusted employees is a known fraud risk. Long-term or high-performing employees may gain unchecked authority. Without proper oversight, even trusted employees may take advantage of their position.

Understanding Why Fraud Occurs

People commit fraud for a variety of reasons, but most cases involve three common elements: some sort of incentive or pressure, opportunity, and rationalization. Together, these form what is known as the Fraud Triangle (see Figure 1).

While this audit of the Kearns Recreation Center Daycare focused primarily on how the opportunity for fraud arose, it's important to understand all three components to fully grasp how fraud can occur.

Figure 1. The Fraud Triangle. *The Fraud Triangle illustrates the three key factors typically present when someone commits fraud: Incentive/Pressure, Opportunity, and Rationalization. When all three elements come together, the risk of fraud increases significantly.*



Source: Figure created by Internal Audit based on the "Fraud Triangle" first described by Steve Albrecht.

Incentive / Pressure

“Incentive or pressure” refers to the motivation behind fraud. These motivations can be personal, professional, or organizational. Common examples include:

- Financial pressure (personal debt, unexpected bills)
- Workplace / performance pressure (unrealistic goals, fear of being fired or demoted)
- Social / cultural pressure (family expectations, pressure to maintain a certain image)
- Emotional / psychological incentives (personal gain, feel underappreciated)
- Organizational incentives (lack of adequate oversight, high-stress work environment)

Although identifying the exact motive was beyond the scope of this audit, the Childcare Supervisor benefited financially by not paying \$7,200 in childcare fees. Lack of adequate oversight also made the fraud easier to commit and conceal.

Opportunity

“Opportunity” refers to the situations that make it possible for someone to commit fraud. In most cases, fraud happens because an organization has weak systems in place to make sure rules are followed. Common examples include:

- Weak internal controls (no separation of duties, limited or no supervision)
- Easy access to assets or information (IT systems, financial records)
- Lack of accountability (few checks and balances, managers overriding controls)
- Unclear or complex processes (vague roles, inconsistent enforcement)
- Overreliance on trust (too much trust in long-time employees, informal processes)

At Kearns Recreation Center Daycare, all of these conditions were present. The switch to the KinderTales software caused confusion about how to record voids, refunds, and daily balancing. Many staff were given more access than they needed, and Parks and Recreation management did not provide any follow-up training. Additionally, the Childcare Supervisor who committed the fraud had worked at the center for over 20 years and was considered highly trusted. These gaps in oversight and accountability made it easier for fraud to happen, and harder to detect.

Rationalization

“Rationalization” refers to the internal reasoning a person uses to make fraud feel acceptable. It helps them believe their actions aren’t truly wrong, even though they know they’re breaking the rules. Common examples include:

- Personal (“I deserve this after everything I’ve done”; “It won’t hurt anyone”)
- Work-related (“I’m underpaid and overworked – this is fair”; “They made it too easy – this is on them”)
- Cultural or organizational (“We’re like a family – it’s not a big deal”; “Management doesn’t care about the rules, so why should I?”)

Rationalization is often the hardest part of the Fraud Triangle to detect because it happens entirely in the person’s mind. Still, it plays a critical role. Even when someone feels pressure and has the opportunity, they often won’t commit fraud unless they can justify it to themselves. While identifying the employee’s specific rationalization was beyond the scope of this audit, any of the examples above may have applied.

OBJECTIVES AND SCOPE

The audit objectives were to review the circumstances that allowed the Childcare Supervisor to avoid paying \$7,200 in daycare fees, as reported to the Auditor’s Office Fraud Hotline. Objectives included evaluating whether procedures were in place to prevent or detect fraud, waste, or abuse and determining whether Kearns Daycare operations complied with all applicable fiscal ordinances, policies, and procedures.

The scope of the audit was from March 1, 2023, to December 31, 2024. March 2023 was selected to coincide with the implementation of the new daycare management system, KinderTales.

AUDIT CRITERIA

Salt Lake Countywide Policy 1060: Financial Goals and Policies, provides requirements for adequate documentation to ensure accurate tracking, safeguarding access to assets, and providing independent reviews.

Salt Lake Countywide Policy 1062: Management of Public Funds, provides requirements for appropriate segregation of duties, the proper handling of voided transactions, performing refunds, and daily balancing.

Figure 2. Ensuring Financial Integrity.

Policies and Procedures include safeguards to help ensure County assets are protected. Following policies helps to prevent fraud, waste, and abuse.



Source: Figure created by Internal Audit

Government Accountability Office (GAO) September 2014 Publication, "Standards for Internal Control in the Federal Government", states that management should establish clear policies and procedures, communicated to all personnel. Management is responsible for recruiting, training, and developing staff to help the agency meet its objectives.

Salt Lake Countywide Policy 1400-1: Information Technology Security: Acceptable Use Policy, states that Salt Lake County agency management is responsible for granting users access, limiting access to what employees need to do their job, and removing access in a timely manner.

METHODOLOGY

We used several methodologies to gather and analyze information related to our audit objectives.



1. Collaborative Interviews:

To better understand the situation, we interviewed Kearns Daycare staff about user access, daycare enrollment, billing, and transaction processes. We asked how documentation was created, how changes were recorded, and whether regular checks or reviews were performed. These interviews helped us learn how the system was used each day and helped identify the control weaknesses that allowed the fraud to occur.



2. Direct Observation:

We visited the Kearns Daycare and went through the KinderTales system with help from the facility staff. During this walkthrough, we looked at how clients were charged, how voids and refunds were processed, and how user access settings were established based on employee titles (like Teachers, Directors, and Admins). Observing the system helped us understand the methods the Childcare Supervisor used to commit the fraud.



3. Data Analysis:

We collected and examined transaction data from the KinderTales system, focusing on billing activity linked to the Childcare Supervisor that perpetrated the fraud. We reviewed voided charges, refunds, payment records, and any changes made to client accounts. Our goal was to find patterns in the data and identify specific transactions and methods that were used to conceal theft of services by altering daycare charges.



4. Documentation Review:

We reviewed supporting documentation, including client enrollment emails and system forms, internal training documents, and information provided by Parks and Recreation and Kearns Daycare management. This allowed us to determine whether formal controls were in place and being followed.

CONCLUSIONS

During the audit we identified opportunities for Parks and Recreation and Kearns Daycare management to improve operations to mitigate the risk of fraud, waste, or abuse as well as errors. We recommend strengthening controls to address the following findings:

- Lack of Oversight and Separation of Duties Allowed a Supervisor to Improperly Waive \$7,200 in Personal Childcare Charges.
- Lack of Oversight of Voids, Refunds, and Daily Balancing Allowed Fraud to Go Undetected for 16 Months.
- Excessive and Unmanaged Access to KinderTales Increased Risk of Misuse.
- Lack of Written Procedures, Ongoing Training, and Oversight Resulted in Inconsistent Use of KinderTales.

These findings emphasize the need for stronger oversight and a clear separation of duties within the billing and payment process. Key tasks, such as generating bills, receiving or reviewing payments, and conducting account reconciliations should be assigned to different individuals to ensure proper accountability and safeguard County revenues. In addition, employees should only have system access appropriate to their job responsibilities. This limits the exposure to sensitive information and reduces the risk of unauthorized actions, such as removing valid charges without approval.

To address these concerns and foster operational improvements, we recommend that Parks and Recreation Management establish and implement clear written procedures to address:

- Specific roles and responsibilities for each function

- Documentation and approval processes for all adjustments, such as voids and refunds
- Reporting and monitoring for compliance
- Transaction reconciliations
- Periodic review and evaluation of employee access levels, ensuring access levels align with the employee's job function.

FINDING 1 AND RECOMMENDATIONS

SEPARATION OF DUTIES



Lack of Oversight and Separation of Duties Allowed a Supervisor to Improperly Waive \$7,200 in Personal Childcare Charges

Risk Ranking: **High Risk Finding**

Inadequate separation of duties and oversight allowed a supervisor to manipulate their own childcare accounts, resulting in \$7,200 in unpaid fees.

The Kearns Recreation Center Daycare (Kearns Daycare) offers daycare, before and after school care, and summer camps. The program charges a flat monthly fee, which parents must pay in advance.¹ For example, parents would pay April's fee on March 22nd, regardless of how often the child attends. All payments are submitted through KinderTales, a third-party childcare management software.

In December 2023, the Facility Office Coordinator at the Kearns Recreation Center responsible for billing and account setup in KinderTales left the position. Due to budget constraints, Parks and Recreation assigned these duties to the Childcare Supervisor instead of filling the vacancy. This change created a significant internal control weakness, as one person now controlled multiple aspects of the billing process.

The Childcare Supervisor was responsible for:

- Verifying that parents paid their childcare fees and maintaining accurate billing records.
- Editing and voiding payment records without independent review.

At the same time, the Childcare Supervisor had two children enrolled in Kearns Daycare, creating a conflict of interest. Without adequate oversight in place, the Supervisor:

- Issued unauthorized refunds,
- Canceled charges,
- Ignored system warnings related to unpaid fees on their children's accounts.

As a result, the Childcare Supervisor avoided paying \$7,200 in daycare fees. An additional \$680 remained "outstanding" on the children's accounts.

This violates Countywide Policy, which requires a separation of duties, specifically, that employees responsible for handling money must not

¹ Parents also have the option to split the payment for monthly childcare fees into two payments, due on the 16th and 30th of the month.

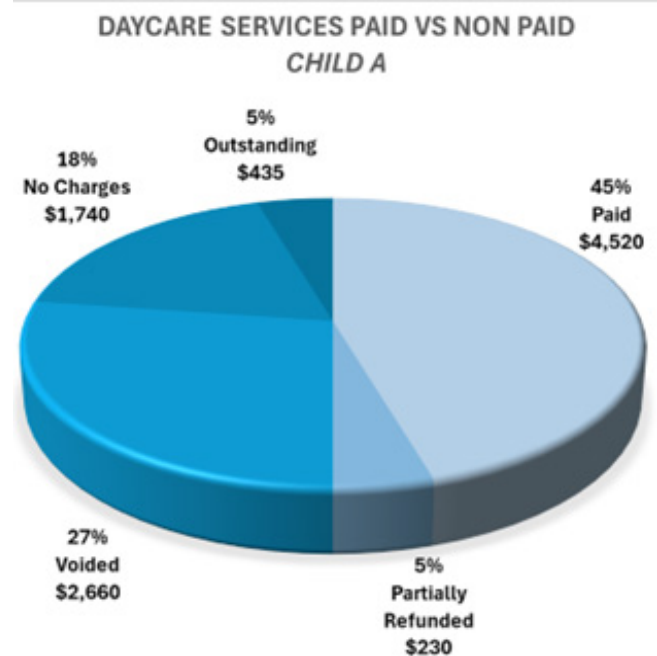
also be responsible for verifying the amounts received.² Countywide Policy also requires that staff independently review each other's work and ensure accurate reporting of financial transactions.³

To determine the amount of unpaid fees for the Childcare Supervisor's children, we reviewed the children's transaction history from March 2023 through December 2024. A summary of findings for the first child (Child A) is presented in Figure 3 and Table 1 below. A summary of findings for the second child (Child B) is presented in Figure 4 and Table 2 on page 13.

Table 1 and Figure 3: Attendance and Payment History for the Childcare Supervisor's First Child (Child A). Charges were paid in full for 10 months, voided for six months, not recorded for four months, and partially refunded for one month.

Note: Child A attendance for March 2023 was paid under the old system (Sportsman), as payments are made a month in advance. KinderTales data starts with April attendance.

Child A					
Month Attended	Days Attended	Due	Paid	Status	Under Paid
Apr-23	14	\$ 460	\$ 460	Paid	\$ -
May-23	15	\$ 460	\$ 460	Paid	\$ -
Jun-23	15	\$ 460	\$ 460	Paid	\$ -
Jul-23	11	\$ 200	\$ 200	Paid	\$ -
Aug-23	19	\$ 460	\$ 460	Paid	\$ -
Sep-23	18	\$ 460	\$ 460	Paid	\$ -
Oct-23	11	\$ 460	\$ 460	Paid	\$ -
Nov-23	11	\$ 460	\$ 230	Partially Refunded	\$ (230)
Dec-23	7	\$ 460	\$ -	Void	\$ (460)
Jan-24	19	\$ 460	\$ 460	Paid	\$ -
Feb-24	10	\$ 460	\$ -	Void	\$ (460)
Mar-24	12	\$ 435	\$ 435	Paid	\$ -
Apr-24	12	\$ 435	\$ 435	Paid	\$ -
May-24	16	\$ 435	\$ -	No Charges	\$ (435)
Jun-24	5	\$ 435	\$ -	Void	\$ (435)
Jul-24	4	\$ 435	\$ -	Void	\$ (435)
Aug-24	4	\$ 435	\$ -	Void	\$ (435)
Sep-24	14	\$ 435	\$ -	Void	\$ (435)
Oct-24	8	\$ 435	\$ -	No Charges	\$ (435)
Nov-24	5	\$ 435	\$ -	No Charges	\$ (435)
Dec-24	3	\$ 435	\$ -	No Charges	\$ (435)
Total		\$ 9,150	\$ 4,520	Difference	\$ (4,630)



Source: Created by internal audit based on analysis of KinderTales' Attendance and Transaction History for March 2023 to December 2024.

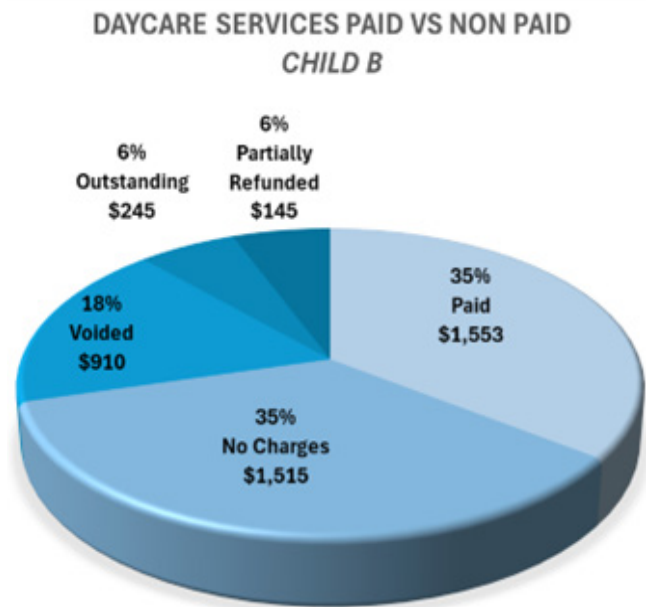
² Salt Lake Countywide Policy 1062: Management of Public Funds, Section IV "Depositing Procedures", Part G.2.

³ Salt Lake Countywide Policy 1060: Financial Goals and Policies, Section 8 "Internal Control Policy", Part 8.3

Table 2 and Figure 4: Attendance and Payment History for the Childcare Supervisor’s Second Child (Child B). Charges were paid in full for six months, voided for three months, not recorded for six months, and partially refunded for one month.

Note: Child B attendance data begins in July 2023, which is the first month this child appears in KinderTales records.

Child B					
Month Attended	Days Attended	Due	Paid	Status	Under Paid
Jul-23	10	\$ 220	\$ 220	Paid	\$ -
Aug-23	14	\$ 118	\$ 118	Paid	\$ -
Sep-23	18	\$ 470	\$ -	Void	\$ (470)
Oct-23	16	\$ 290	\$ 145	Partially Refunded	\$ (145)
Nov-23	18	\$ 290	\$ 290	Paid	\$ -
Dec-23	11	\$ 290	\$ -	No Charges	\$ (290)
Jan-24	19	\$ 290	\$ 290	Paid	\$ -
Feb-24	14	\$ 290	\$ -	Void	\$ (290)
Mar-24	14	\$ 245	\$ 245	Paid	\$ -
Apr-24	19	\$ 245	\$ 245	Paid	\$ -
May-24	19	\$ 245	\$ -	No Charges	\$ (245)
Jun-24	0	\$ -	\$ -	Void	\$ -
Jul-24	0	\$ -	\$ -	No Charges	\$ -
Aug-24	5	\$ 245	\$ -	No Charges	\$ (245)
Sep-24	19	\$ 245	\$ -	No Charges	\$ (245)
Oct-24	17	\$ 245	\$ -	No Charges	\$ (245)
Nov-24	10	\$ 245	\$ -	No Charges	\$ (245)
Dec-24	4	\$ 150	\$ -	Void	\$ (150)
Total		\$4,123	\$1,553	Difference	\$ (2,570)



Source: Created by internal audit based on analysis of KinderTales’ Attendance and Transaction History for March 2023 to December 2024.

1.1	RECOMMENDATION	Define and Enforce Segregation of Duties Policies for Childcare Billing
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We recommend that Parks and Recreation Management develop and enforce written procedures that prohibit any one employee from performing multiple critical tasks in the daycare billing process. At a minimum, separate the following roles:

- Verifying payment from parents.
- Updating account or program information in KinderTales.
- Providing childcare or supervising childcare staff.

The procedures must also include specific guidance requiring additional oversight if an employee with access to billing functions has a child enrolled at the daycare. In these cases, the employee’s child account should be subject to independent review and approval by someone outside the daycare.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 28 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION

1.2	RECOMMENDATION	Restrict User Permissions in KinderTales to Prevent Unauthorized Changes
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We recommend that Parks and Recreation Management work with KinderTales to configure system permissions that restrict users from:

- Editing records tied to their own family,
- Making payment adjustments without a second-level approval,
- Overriding system alerts without documented justification.

Where technical controls are limited, compensating manual review processes must be implemented.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 29 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 2 AND RECOMMENDATIONS



Lack of Oversight of Voids, Refunds, and Daily Balancing Allowed Fraud to Go Undetected for 16 Months

Risk Ranking: **High Risk Finding**

Insufficient oversight and inconsistent reconciliation processes allowed errors and unauthorized transactions to remain unnoticed for over a year.

In March 2023, Kearns Daycare transitioned from using Sportsman software to KinderTales. Parks and Recreation Management instructed staff to continue using the same paper forms for processing refunds, voids, and daily cash balancing that they used with Sportsman. However, during the audit period, staff did not follow this process.

No one reviewed or approved voided or refunded transactions, and daily balancing was not performed. As a result, fraud involving unauthorized voids and refunds went undetected for 16 months.

Salt Lake Countywide Policy sets expectations for voided transactions⁴ and daily balancing. When staff void a transaction, they must mark all receipt copies "VOID," include the reason for the void, and obtain approval from a supervisor who wasn't involved in the original transaction. These voided receipts need to be attached to the daily cash balancing paperwork. Salt Lake Countywide Policy also requires daily comparisons between card payments and electronic reports.⁵

Additionally, Salt Lake Countywide Policy⁶ requires that refunds for card payments must be processed by reversing the original payment and documenting the refund with a signed voucher. The voucher needs to explain the refund and show the supervisor's approval. Copies of the refund and original payment must be kept on file.

Daycare staff were expected to reconcile payments daily using a KinderTales report and a confirmation email showing processed payments. However, the Facility Manager at Kearns Daycare was uncertain whether staff consistently received the confirmation emails needed to complete the reconciliation.

Additionally, the Facility Manager explained that KinderTales didn't provide reports showing voided or refunded transactions. Although the Facility Manager later instructed staff to obtain her approval before voiding or refunding a transaction, KinderTales didn't alert her, or otherwise ask for supervisor approval, before processing refunds or voids. Because of these system limitations, staff were able to process

⁴ Salt Lake Countywide Policy 1062: Management of Public Funds, Section III "Collections", Parts G.2 & G.3.

⁵ Salt Lake Countywide Policy 1062: Management of Public Funds, Section VII "Payment Card Protocols", Part C.

⁶ Salt Lake Countywide Policy 1062: Management of Public Funds, Section VI "Refunds", Part A.1.b.

voids and refunds without the Facility Manager's knowledge.

After the Auditor's Office reported the fraud tip to Parks and Recreation Management, they worked with the KinderTales vendor to retrieve historical transaction data. As a result, additional reporting features were made available, including those for voids, refunds, and failed credit card transactions.

2.1

RECOMMENDATION

Establish Clear Procedures and Oversight for Voids and Refunds

We recommend that Parks and Recreation Management develop and implement clear written procedures for processing voids and refunds. These procedures should include:

- Documentation requirements for each void or refund and approval requirements, including who must approve the transaction.
- Separation of duties to ensure that no individual can both process and approve a transaction.
- Independent review of void and refund transactions by someone who does not have system access to create or approve them or implementation of periodic transaction reviews by an independent party

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 29 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

2.2

RECOMMENDATION

Implement and Enforce Daily Cash Reconciliation Procedures

We recommend that Parks and Recreation Management establish and enforce daily cash reconciliation procedures for KinderTales transactions. These procedures should include:

- Requiring staff to complete a Daily Cash Balance sheet that compares KinderTales reports with payment confirmation emails.
- Ensuring that a supervisor reviews and signs the Daily Cash Balance Sheet each day.
- Retaining all supporting documentation.

Additionally, Parks and Recreation Management should provide initial and ongoing training to staff and supervisors on reconciliation procedures and documentation requirements.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 30 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

2.3	RECOMMENDATION	Monitor for Transaction Anomalies and Investigate Irregularities
<p>We recommend that Parks and Recreation Management write and implement procedures for identifying and investigating transaction anomalies. This should include regularly running KinderTales reports and reviewing patterns such as frequent voids, high refund volumes, or transactions outside of normal operating hours. Management should document any reviews and follow-up actions.</p> <p>AGENCY RESPONSE: AGREE</p> <p>IMPLEMENTATION DATE: November 24, 2025</p> <p>SEE PAGE 31 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION</p>		

2.4	RECOMMENDATION	Standardize Use of County-Approved Refund and Void Forms
<p>We recommend that Kearns Recreation Center Daycare immediately start using the Salt Lake County Parks & Recreation Void slip for all voided transactions and the Salt Lake County Recreation Credit Card Refund Form for all refunds. Staff should receive refresher training to ensure proper and consistent use of these forms.</p> <p>AGENCY RESPONSE: AGREE</p> <p>IMPLEMENTATION DATE: November 24, 2025</p> <p>SEE PAGE 31 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATION</p>		

FINDING 3 AND RECOMMENDATIONS



Excessive and Unmanaged Access to KinderTales Increased Risk of Misuse

Risk Ranking: **High Risk Finding**

Over half of KinderTales users had excessive or unnecessary system access, including a terminated employee.

Access in KinderTales should be limited to what is necessary for an employee's job duties and should support proper segregation of responsibilities. The system includes five access levels, ranging from Teacher to SuperAdmin.

To evaluate whether access was appropriately assigned, we requested the Regional Recreation Manager and Facility Manager review user access levels and compare them to each employee's job function. We also independently reviewed user accounts using names, job title, and access levels of employees at Kearns based on the information management provided to determine whether each employee had appropriate access. We found that:

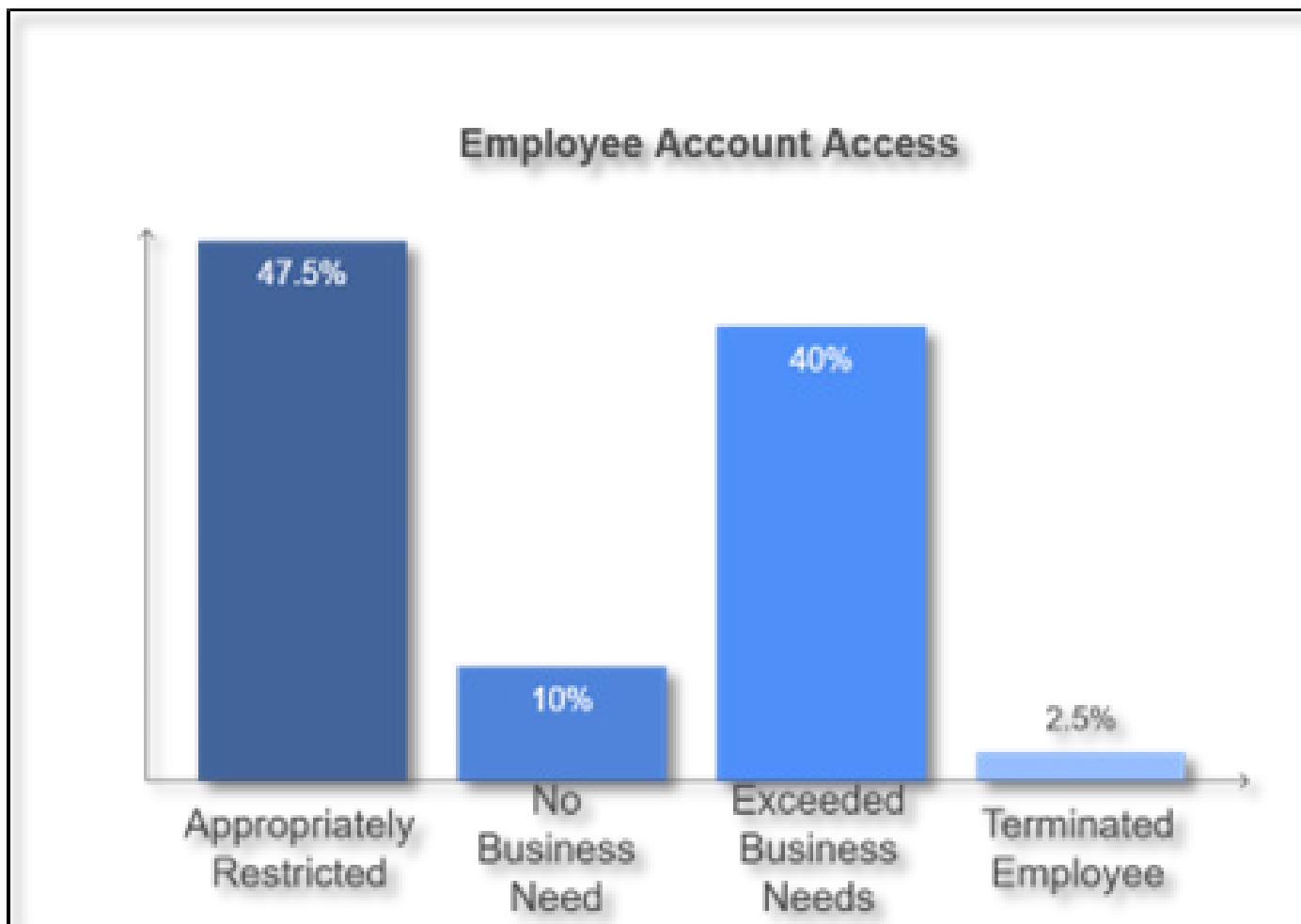
- 19 of 40 (47.5%) accounts had access appropriately restricted based on the employee's business need.
- 4 of 40 (10%) accounts had no business need for access, as confirmed by the Parks and Recreation Regional Manager.
- 16 of 40 (40%) accounts had access that exceeded business needs
- 1 of 40 (2.5%) accounts belonged to an employee who had been previously terminated, yet their system access had not been revoked.

Excessive access increases the risk of misuse, such as unauthorized voids, refunds, or waived charges. For example, merit teachers were assigned Director-level access, which includes billing functions. Parks and Recreation later tested the system and confirmed that teachers could perform all required tasks using the more limited "Restricted Director" role. Until this adjustment, these teachers had the ability to cancel or adjust charges without oversight.

Salt Lake Countywide Policy says that County managers are responsible for giving employees access to only the systems they need to do their jobs and that they must remove that access when it's no longer needed.⁷

⁷ Salt Lake Countywide Policy 1400-1: Information Technology Security: Acceptable Use Policy, Section 3.1.2 "Access and Control"

Figure 5. Application Access. More than 50% of user accounts either were unnecessary or included excessive permissions.



Source: Figure created by internal audit based on analysis of user accounts using information provided by the Parks and Recreation Regional Recreation Manager and Kearns Recreation Center Facility Manager.

The Regional Recreation Manager said that when KinderTales was first implemented, staff were granted broad access to help launch the system and avoid disruptions for families. At the time, it was unclear which roles controlled specific features. However, access was not reviewed or adjusted as employee roles changed.

We recommend that Parks and Recreation management develop and implement clear written procedures for managing user access in KinderTales. These procedures should include:

- Designating responsibility for approving and granting user access
- Defining appropriate access levels based on job duties, ensuring employees have only the access they need
- Monitoring user access regularly and updating user access whenever job responsibilities change
- Promptly revoking access when it is no longer needed

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 32 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 4 AND RECOMMENDATIONS



Lack of Written Procedures, Ongoing Training, and Oversight Resulted in Inconsistent Use of KinderTales

Risk Ranking: **High Risk Finding**

Inadequate procedures, training, and oversight created gaps that enabled fraudulent activity and increased operational risks.

When Parks and Recreation transitioned its daycare centers to KinderTales software in March 2023, KinderTales provided basic training to Parks and Recreation Management then emailed the training videos and instructions to Facility Managers, directing them to share the materials with daycare staff. Management also instructed Facility Managers to continue using the same forms for refunds, voids, and daily cash balancing.

We confirmed that both the current and former Facility Managers at Kearns Recreation Center Daycare received this training. It is important to note the current Facility Manager was not in the Facility Manager position at the time of the training.

Despite these initial efforts, several critical issues remained unaddressed:

1. Management did not verify whether Facility Managers had daycare staff watch the basic training videos.
2. There were no written procedures. Staff learned how to use the software by using the vendor's "knowledge base" in KinderTales.
3. No one monitored whether staff were following the training.
4. Management did not provide additional or refresher training after the initial rollout.
5. Staff were not required to acknowledge receipt or understanding of the training in writing.

We inquired with Parks and Recreation administration regarding the underlying cause for the lack of training, written policies, and monitoring. Management explained that Recreation's program operations have fluctuated between centralized and decentralized models, leading to inconsistencies in operations. They also noted that application support was handled by each Parks and Recreation section which contributed to the absence of user guides and consistent practices.

Furthermore, management cited competing initiatives, turnover, and widespread staffing shortages due to a hiring freeze as contributing factors.

Without written guidance, staff might perform the same tasks in many ways. This inconsistency increases the risk of confusion, missed steps, and errors. Most importantly, lack of documentation makes it difficult to detect errors or fraud. These weaknesses contributed to the Child Care Supervisor's ability to commit fraud.

As a best practice, the Government Accountability Office (GAO) says organizations should clearly write out procedures and fully train staff. The GAO also states management should write expectations and ensure staff have the knowledge to meet them.⁸ Management should tailor training to each person's role and responsibilities.⁹

4.1

RECOMMENDATION

Assign Responsibility for Training, Monitoring, and Procedure Development

We recommend that Parks and Recreation Management develop and implement clear, written procedures indicating which employees are responsible for the following roles and responsibilities:

- Developing and maintaining procedures
- Ensuring employees receive periodic training
- Monitoring to ensure consistent adherence

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 33 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

4.2

RECOMMENDATION

Develop Standard Procedures for Using KinderTales

We recommend that Parks and Recreation Management develop and implement clear, written procedures for using KinderTales. Include task responsibilities, approval processes, and methods for reviewing and verifying transactions.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 33 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

⁸ Government Accountability Office (GAO) September 2014 Publication "Standards for Internal Control in the Federal Government", Section 12.02.

⁹ GAO September 2014 Publication "Standards for Internal Control in the Federal Government", Section 4.05.

We recommend that Parks and Recreation Management develop and provide comprehensive training on KinderTales that covers daily work tasks and reporting requirements specific to Parks and Recreation.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

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We recommend that Parks and Recreation Management ensure new or promoted staff receive training on how to use KinderTales and follow Parks and Recreation reporting rules. Require staff to sign a training acknowledgment form and retain it in their personnel file.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

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We recommend that Parks and Recreation Management establish an annual training schedule to review procedures. After each session, require staff to sign a form confirming their understanding and agreement to comply.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 35 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Parks and Recreation Management implement a process to distribute updates to procedures and ensure all relevant staff are informed and trained on the changes.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE: November 24, 2025

SEE PAGE 35 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

COMPLETE LIST OF AUDIT RECOMMENDATIONS

This report made the following 13 recommendations

RECOMMENDATION 1.1:

We recommend that Parks and Recreation Management develop and enforce written procedures that prohibit any one employee from performing multiple critical tasks in the daycare billing process. At a minimum, separate the following roles:

- Verifying payment from parents.
- Updating account or program information in KinderTales. Providing childcare or supervising childcare staff.

The procedures must also include specific guidance requiring additional oversight if an employee with access to billing functions has a child enrolled at the daycare. In these cases, the employee's child account should be subject to independent review and approval by someone outside the daycare.

RECOMMENDATION 1.2:

We recommend that Parks and Recreation Management work with KinderTales to configure system permissions that restrict users from:

- Editing records tied to their own family,
- Making payment adjustments without a second-level approval,
- Overriding system alerts without documented justification.

Where technical controls are limited, compensating manual review processes must be implemented.

RECOMMENDATION 2.1:

We recommend that Parks and Recreation Management develop and implement clear written procedures for processing voids and refunds. These procedures should include:

- Documentation requirements for each void or refund approval requirements, including who must approve the transaction.
- Separation of duties to ensure that no individual can both process and approve a transaction.
- Independent review of void and refund transactions by someone who does not have system access to create or approve them or implementation of periodic transaction reviews by an independent party

RECOMMENDATION 2.2:

We recommend that Parks and Recreation Management establish and enforce daily cash reconciliation procedures for KinderTales

transactions. These procedures should include:

- Requiring staff to complete a Daily Cash Balance sheet that compares KinderTales reports with payment confirmation emails.
- Ensuring that a supervisor reviews and signs the Daily Cash Balance Sheet each day.
- Retaining all supporting documentation.

Additionally, Parks and Recreation Management should provide initial and ongoing training to staff and supervisors on reconciliation procedures and documentation requirements.

RECOMMENDATION 2.3:

We recommend that Parks and Recreation Management write and implement procedures for identifying and investigating transaction anomalies. This should include regularly running KinderTales reports and reviewing patterns such as frequent voids, high refund volumes, or transactions outside of normal operating hours. Management should document any reviews and follow-up actions.

RECOMMENDATION 2.4:

We recommend that Kearns Recreation Center Daycare immediately start using the Salt Lake County Parks & Recreation Void slip for all voided transactions and the Salt Lake County Recreation Credit Card Refund Form for all refunds. Staff should receive refresher training to ensure proper and consistent use of these forms.

RECOMMENDATION 3.1:

We recommend that Parks and Recreation management develop and implement clear written procedures for managing user access in KinderTales. These procedures should include:

- Designating responsibility for approving and granting user access
- Defining appropriate access levels based on job duties, ensuring employees have only the access they need
- Monitoring user access regularly and updating user access whenever job responsibilities change
- Promptly revoking access when it is no longer needed

RECOMMENDATION 4.1:

We recommend that Parks and Recreation Management develop and implement clear, written procedures indicating which employees are responsible for the following roles and responsibilities:

- Developing and maintaining procedures
- Ensuring employees receive periodic training
- Monitoring to ensure consistent adherence

RECOMMENDATION 4.2:

We recommend that Parks and Recreation Management develop and implement clear, written procedures for using KinderTales. Include task responsibilities, approval processes, and methods for reviewing and verifying transactions.

RECOMMENDATION 4.3:

We recommend that Parks and Recreation Management develop and provide comprehensive training on KinderTales that covers daily work tasks and reporting requirements specific to Parks and Recreation.

RECOMMENDATION 4.4:

We recommend that Parks and Recreation Management ensure new or promoted staff receive training on how to use KinderTales and follow Parks and Recreation reporting rules. Require staff to sign a training acknowledgment form and retain it in their personnel file.

RECOMMENDATION 4.5:

We recommend that Parks and Recreation Management establish an annual training schedule to review procedures. After each session, require staff to sign a form confirming their understanding and agreement to comply.

RECOMMENDATION 4.6:

We recommend that Parks and Recreation Management implement a process to distribute updates to procedures and ensure all relevant staff are informed and trained on the changes.

AGENCY RESPONSE



JENNIFER WILSON
Salt Lake County Mayor

ROBIN B. CHALHOUB
Department Director
Community Services

CHRIS OTTO
Division Director
Parks and Recreation

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2001 S State Street
Suite S4-700
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(385) 468-1800

Auditor Chris Harding, CPA

Office of the Auditor

Salt Lake County

2001 S State Street

Salt Lake City, UT 84121

August 26, 2025

Auditor Harding,

Parks and Recreation has received and reviewed the draft audit and associated findings of the Kearns Childcare audit. We have undertaken immediate action to improve internal controls related to the findings identified and are implementing stronger safeguards to prevent future occurrences.

We appreciate the audit team's diligence and work to understand our operations and identify areas of improvement.

Please find our response below to each of the recommendations made in your report.

Respectfully,

Christopher T.
Otto

Digitally signed by
Christopher T. Otto
Date: 2025.08.26 15:46:50
-06'00'

Chris Otto
Division Director
Parks and Recreation

AUDIT FINDING 1: Lack of Oversight and Separation of Duties Allowed a Supervisor to Improperly Waive \$7,200 in Personal Childcare Charges

RECOMMENDATION 1.1: We recommend that Parks and Recreation Management develop and enforce written procedures that prohibit any one employee from performing multiple critical tasks in the daycare billing process. At a minimum, separate the following roles:

- Verifying payment from parents.
- Updating account or program information in KinderTales.
- Providing childcare or supervising childcare staff.

The procedures must also include specific guidance requiring additional oversight if an employee with access to billing functions has a child enrolled at the daycare. In these cases, the employee's child account should be subject to independent review and approval by someone outside the daycare.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Recreation will develop a SOP outlining the roles and responsibilities within the daycare billing process. The procedure will include separation of duties for verifying parent payments, updating Kindertales account and program information, and providing childcare or supervising childcare staff. Recreation will assign separate personnel for each critical task and require supervisors to regularly review work assignments for separation of duties.

Additionally, Recreation will identify and document employees that have children enrolled in a childcare program and store this list electronically. The Regional Recreation Manager will review and approve these instances and document their approval electronically.

Recreation will enforce this requirement by providing ongoing training to all relevant employees on the new procedures and their responsibilities. Additionally, the Fiscal Accountant will perform a twice-yearly review of identified employees and their roles, to ensure separation of duties is maintained, and store this review electronically.

RECOMMENDATION 1.2: We recommend that Parks and Recreation Management work with KinderTales to configure system permissions that restrict users from:

- Editing records tied to their own family,
- Making payment adjustments without a second-level approval,
- Overriding system alerts without documented justification.

Where technical controls are limited, compensating manual review processes must be implemented.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Anna Bostrom, Accountant Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Parks and Recreation will work with Kindertales to configure system permissions and user access restrictions for editing records tied to a user's own family, making payment adjustments without a second approval, and overriding system alerts without documented justification. Any limitation on technical controls will have compensating manual controls implemented.

AUDIT FINDING 2: Lack of Oversight of Voids, Refunds, and Daily Balancing Allowed Fraud to Go Undetected for 16 Months

RECOMMENDATION 2.1: We recommend that Parks and Recreation Management develop and implement clear written procedures for processing voids and refunds. These procedures should include:

- Documentation requirements for each void or refund approval requirements, including who must approve the transaction.
- Separation of duties to ensure that no individual can both process and approve a transaction.
- Independent review of void and refund transactions by someone who does not have system access to create or approve them or implementation of periodic transaction reviews by an independent party.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Anna Bostrom, Accountant

Parks and Recreation agrees with this recommendation. Fiscal will develop a cash handling SOP for Kindertales that includes clear, written procedures for processing voids and refunds. This SOP will also include procedures for documentation requirements for each void or refund approval, the specific approver of voids and refunds, separation of duties for processing and approving a transaction, and an independent review of void and refund transactions.

RECOMMENDATION 2.2: We recommend that Parks and Recreation Management establish and enforce daily cash reconciliation procedures for KinderTales transactions. These procedures should include:

- Requiring staff to complete a Daily Cash Balance sheet that compares KinderTales reports with payment confirmation emails.
- Ensuring that a supervisor reviews and signs the Daily Cash Balance Sheet each day.
- Retaining all supporting documentation.

Additionally, Parks and Recreation Management should provide initial and ongoing training to staff and supervisors on reconciliation procedures and documentation requirements.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Anna Bostrom, Accountant Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. A cash handling SOP for Kindertales will be created by Fiscal with clear, written procedures for completing the standardized Kindertales Cash Balance sheet that compares the example payout report, payment confirmation emails, refund requests, voids, and subsidy.

The SOP will include procedures that the Cash Balance Sheet will be required to be completed daily by staff and reviewed and signed by the supervisor. The facility manager will be required to ensure the supervisor has signed and reviewed the daily cash balance sheets. The SOP will include procedures for flagging discrepancies for immediate investigation and follow-up.

The Cash Balance Sheet and supporting documentation will be kept in a locked cabinet in the office of the office coordinator or facility manager and also kept per Parks and Recreation's established retention policies.

An initial training and annual refresher training will be provided to staff and supervisors on reconciliation procedures and documentation requirements.

RECOMMENDATION 2.3: We recommend that Parks and Recreation Management write and implement procedures for identifying and investigating transaction anomalies. This should include regularly running KinderTales reports and reviewing patterns such as frequent voids, high refund volumes, or transactions outside of normal operating hours. Management should document any reviews and follow-up actions.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Anna Bostrom, Accountant

Parks and Recreation agrees with this recommendation. Fiscal will create an SOP for identifying and investigating transaction anomalies in Kindertales. The procedures will include reports to run and methods to use for reviewing patterns such as frequent void payments, high refund volumes, and transactions outside of normal operating hours. The review will be documented and saved by Fiscal electronically, including any follow-up actions taken. The review will be performed by the Fiscal Accountant quarterly.

RECOMMENDATION 2.4: We recommend that Kearns Recreation Center Daycare immediately start using the Salt Lake County Parks & Recreation Void slip for all voided transactions and the Salt Lake County Recreation Credit Card Refund Form for all refunds. Staff should receive refresher training to ensure proper and consistent use of these forms.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Recreation will immediately require all staff to use the official Void Slip for voided transactions, the Credit Card Refund Form for all refunds, and ensure both forms are accessible at all points of transaction processing. Recreation will train staff on the correct use of these forms during the initial training and annual refresher training.

AUDIT FINDING 3: Excessive and Unmanaged Access to KinderTales Increased Risk of Misuse

RECOMMENDATION 3.1: We recommend that Parks and Recreation management develop and implement clear written procedures for managing user access in KinderTales. These procedures should include: <ul style="list-style-type: none"> • Designating responsibility for approving and granting user access. • Defining appropriate access levels based on job duties, ensuring employees have only the access they need. • Monitoring user access regularly and updating user access whenever job responsibilities change. • Promptly revoking access when it is no longer needed. 		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Anna Bostrom, Accountant Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Parks and Recreation will develop a SOP that includes clear, written procedures for designating responsibility for granting and approving user access, defining and limiting user access levels based on job duties, monitoring user access regularly to ensure access is limited to what is needed based on current job duties, and promptly revoking access when no longer needed.

AUDIT FINDING 4: Lack of Written Procedures, Ongoing Training, and Oversight Resulted in Inconsistent Use of KinderTales

RECOMMENDATION 4.1: We recommend that Parks and Recreation Management develop and implement clear, written procedures indicating which employees are responsible for the following roles and responsibilities:

- Developing and maintaining procedures
- Ensuring employees receive periodic training
- Monitoring to ensure consistent adherence

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Recreation will develop and implement a Kindertales SOP with clear, written procedures indicating the employees responsible for developing and maintaining procedures, ensuring employees receive periodic training, and monitoring to ensure consistent adherence to procedures.

RECOMMENDATION 4.2: We recommend that Parks and Recreation Management develop and implement clear, written procedures for using KinderTales. Include task responsibilities, approval processes, and methods for reviewing and verifying transactions.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Anna Bostrom, Accountant

Parks and Recreation agrees with this recommendation. Fiscal will create a Kindertales Cash Handling SOP with clear, written procedures for using Kindertales that includes task responsibilities, approval processes, and methods for reviewing and verifying transactions.

RECOMMENDATION 4.3: We recommend that Parks and Recreation Management develop and provide comprehensive training on KinderTales that covers daily work tasks and reporting requirements specific to Parks and Recreation.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Recreation will develop a comprehensive training curriculum that covers daily operational Kindertales tasks (entering payments, processing refunds and voids, updating accounts, etc.); reporting requirements specific to Parks and Recreation; and task responsibilities, approval workflows, and transaction verification consistent with SOPs.

An initial training will be provided to all relevant staff with Kindertales responsibilities, and an annual refresher training will be held that includes updates to procedures and system functionalities.

RECOMMENDATION 4.4: We recommend that Parks and Recreation Management ensure new or promoted staff receive training on how to use KinderTales and follow Parks and Recreation reporting rules. Require staff to sign a training acknowledgment form and retain it in their personnel file.		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Recreation will develop a comprehensive training curriculum that covers daily operational Kindertales tasks (entering payments, processing refunds and voids, updating accounts, etc.); reporting requirements specific to Parks and Recreation; and task responsibilities, approval workflows, and transaction verification consistent with SOPs.

New or promoted staff that will have Kindertales responsibilities as part of their new job duties will receive this training within two weeks of their start date.

Training records will be maintained electronically including attendance lists and acknowledgement forms from each employee.

RECOMMENDATION 4.5: We recommend that Parks and Recreation Management establish an annual training schedule to review procedures. After each session, require staff to sign a form confirming their understanding and agreement to comply.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Recreation will establish an annual refresher training to review Kindertales procedures. A training attendance list will be kept electronically. Employees will be required to sign a training acknowledgement form upon completion of the required training. The training acknowledgement forms will be kept electronically.

RECOMMENDATION 4.6: We recommend that Parks and Recreation Management implement a process to distribute updates to procedures and ensure all relevant staff are informed and trained on the changes.

Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 60 to 90 days)	Name and Title of specific point of contact for implementation
Agree	November 24, 2025	Ryan Roghaar, Regional Recreation Manager

Parks and Recreation agrees with this recommendation. Recreation will email affected staff when a Kindertales SOP is updated and finalized. Employees will be trained on the updated Kindertales SOPs through an interim training once the Kindertales SOPs are updated and finalized and again during the annual Kindertales refresher training. Staff will be required to sign a training acknowledgement form after each training session. The training acknowledgement forms will be kept electronically.