

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



An Audit of the Key Controls of
Centennial Park Pool

October 28, 2013

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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September 18, 2013

Ben McAdams, Mayor
Salt Lake County
2001 S State St #N2100
Salt Lake City, UT 84114-4575

Re: An Audit of the Key Controls of Centennial Park Pool

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Centennial Park Pool in compliance with Utah Code Ann. § 17-19a-204. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that we have identified as key to good financial management. We also sought to identify areas of material risk to determine whether we should commit more of our limited resources in further auditing or investigation. A report of our findings and recommendations is attached.

Our work was designed to provide reasonable but not absolute assurance that records were accurate and complete and that the system of internal controls was adequate. There may be inaccurate or incomplete financial records that were not selected for review. Further, there may also be instances of noncompliance in areas not examined.

We appreciate the time spent by the staff at Centennial Park Pool and the cooperation from Marian King, Accountant, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Centennial Park Pool during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By James Fire MBA/Acc
Deputy Auditor

cc: Michele Nekota, Division Director
Paul Ross, Associate Division Director
Tracey Gines, Recreation Section Manager
Tiffany King, Program Coordinator
Will Kocher, Facility Manager

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Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Centennial Park Pool. Our purpose was to verify the accuracy and completeness of selected financial records and to assess compliance with certain internal controls that are key to good financial management. We also sought to identify areas of material risk.

Conclusion

The Centennial Park Pool operates during the summer from Memorial Day through Labor Day. During the key control audit, specific areas were examined to identify risks to County assets. Our findings relate to deficiencies in receipt numbering, PCI compliance, and merchandise inventory counts.

Findings and Recommendations

Finding # 1 - Point of sale system did not issue numbered receipts.

Risk Level: Moderate

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

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

The Legacy Sportsman point of sale (POS) software did not produce receipt numbers or have a receipt numbering option.

Management stated that a network connection was necessary to upgrade the Sportsman POS software to enable receipt numbering. The distance and cost to install a network line was prohibitive.

Without receipt numbers it is difficult to identify missing, or duplicated transactions, which are important control measures to detect manipulated transactions.

Recommendation

We recommend that the online cashiering system produce receipts in a sequentially numbered order, and that the receipt number appear on the receipt issued to the customer.

Finding # 2 - An SAQ representing Parks and Recreation's compliance with PCI-DSS had not been completed as was not on file.

Risk Level: Low

Countywide Policy 1400-7, "Information Technology Security - Payment Card Industry Data Security Standard Policy," Section 3.0 states:

"Any County agency that accepts, processes, transmits or stores cardholder data using any County IT Resource or system shall comply with the Payment Card Industry Data Security Standard (PCI-DSS) in its entirety."

An SAQ representing Parks and Recreation management's compliance with PCI had not been completed and was not on file.

Parks and Recreation management is aware of the PCI-DSS requirement and is in the process of completing the SAQ.

Not completing this self-evaluating questionnaire for PCI-DSS increases the risk of fines and an inability of accepting credit cards as payment.

Recommendation

We recommend that Parks and Recreation management complete and sign an annual SAQ and that Centennial Pool keep a copy of the SAQ on file to show they are aware of and compliant with PCI requirements.

Finding # 3 - Differences in retail merchandise inventory were not calculated or explained.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," states in the purpose that:

"Salt Lake County procures a variety of property and equipment necessary for government operations, which must be properly managed -- meaning, controlled, inventoried and protected."

The auditor observed on the inventory sheet that columns listing quantity and dollar differences between the hand-counted and calculated balances were not included. The hand count totaled 445 items; the inventory "on stock" worksheet totaled 496, a shortage of 51 items with a calculated retail value of \$207.

Without knowing the differences in quantities and dollar values, issues such as improper recordkeeping, inaccurate counts, sales recording errors, or shrinkage of merchandise inventory, could be masked.

Recommendation

We recommend that all changes, including valuation, be recorded in conjunction with periodic reviews to verify accuracy and explain any differences in merchandise inventory.

Additional Information

Background

Centennial Outdoor Swimming Pool opened for business in 1999. It features two pavilions, a large slide, play features, water geysers, a concessions stand, and is a popular destination having served more than 31,000 patrons in 2012. The pool is opened between Memorial Day and Labor Day each year. Swimming lessons are offered and the pool is available for private rental.

Scope

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Change fund
- Petty Cash and Imprest Accounts
- Cash Receipting
- Cash Depositing
- Credit / Debit Card
- Capital and Controlled Assets and Software Inventory
- Financial Computer Controls
- Purchasing Card Use
- Payroll Practices

Our examination period covered up to twelve months ending June 27, 2007. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices.

Management response to findings in this report, when received, will be attached as Appendix A.



2013 Summary of Audit of Key Control

Findings and Recommendations

Centennial Pool

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	Point of sale system did not issue numbered receipts.	We recommend that the online cashiering system produce receipts in a sequentially numbered order, and that the receipt number appear on the receipt issued to the customer.	Sportsman Legacy system is not capable of producing receipts in a sequentially numbered order. Correction will be made when a new POS software is installed at Centennial Pool. The Recreation Section will be upgrading a new POS system within the next two years. The first step is updating the connectivity at all SLCo facilities, include outdoor pools. Currently, the majority of Outdoor pools do not have the ability to upgrade the POS system to the current SQL system due to the enormous cost to install the adequate internet / network connectivity to these facilities.
2.	An SAQ representing Parks and Recreation's compliance with PCI-DSS had not been completed as was not on file.	We recommend that Parks and Recreation management complete and sign an annual SAQ and that Centennial Pool keep a copy of the SAQ on file to show they are aware of and compliant with PCI requirements.	The recommendation will be followed and adhered. The center staff will work with the Parks and Recreation administration staff to ensure this is completed.
3.	Differences in retail merchandise inventory were not calculated or explained.	We recommend that all changes, including valuation, be recorded in conjunction with periodic reviews to verify accuracy and explain any differences in merchandise inventory.	The recommendation will be followed and adhered to. Accuracy will be corrected once new software is installed at Centennial Pool to support retail merchandise. The current Legacy software does not have a retail sale function. See No 1. Above.

NAME AND TITLE OF PERSON RESPONDING: Tiffany King

DATE PREPARED: 09/30/13