

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



An Audit of the Key Controls of
Marv Jenson Recreation Center

December 31, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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December 31, 2014

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

Re: An Audit of the Key Controls of Marv Jenson Recreation Center

Dear Mayor McAdams:

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

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

We appreciate the time spent by the staff at Marv Jenson Recreation Center and the cooperation from Shaun Perfili, Facility Director, Cheri Brown, Office Coordinator, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Marv Jenson Recreation Center during our audit. The staff was friendly, courteous, and very helpful. We trust that the implementation of the recommendations will provide for more efficient operations and better safeguarded County assets. Please feel free to contact me with any questions.

Sincerely,

Gregory P. Hawkins
Salt Lake County Auditor

By Scott Ball
Deputy Auditor

cc: Martin Jensen, Division Director
Kristen Riker, Associate Division Director
Andrew Keddington, Associate Division Director
Cheryl Crook, Fiscal Manager
Shaun Perfili, Facility Director



Objectives

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

Conclusion

The Marv Jenson Recreation Center and Pool has put into place several key controls for managing public funds. A number of positive control attributes were noted, including strong controls over petty cash, minimal overages and shortages, and having deposits made by a second merit employee. In addition, staff demonstrated a conscientious attitude towards ensuring protection of taxpayer funds. Most risks identified were minor and were not expected to result in material loss. Deficiencies in certain internal controls over cash receipting, controlled assets, and inventory procedures have a higher likelihood of leading to a loss of County property. A report of the last audit of the Marv Jenson Recreation Center was released to the public in April 2013.

Findings and Recommendations

Finding # 1 - Receipts could be reprinted for prior transactions.

Risk Level: Low

Standard business practice is that cashiers should not be able to reprint receipts from prior transactions.

In a previous audit conducted in April 2013, we found that cashiers were able to reprint receipts that were identical to the original receipt. During the course of this audit, we found that identical receipts for prior transactions could still be reprinted.

When receipts can be reprinted, the accuracy of transactions cannot be ensured and the opportunity for misappropriation of funds is increased.

Recommendation

We recommend that the ability for cashiers to reprint a receipt be disabled.

Finding # 2 - Refunds were issued without patrons signing a refund form.

Risk Level: Low

Standard business practice requires the patron sign a refund form, which is retained and included in deposit documentation.

A previous audit conducted in April 2013 found that refund forms provided by the Marv Jenson Recreation Center were also not signed by patrons. During the course of our review, we found that refund forms were still not signed by patrons.

When refund receipts are not signed by the patron, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Marv Jenson Recreation Center have patrons sign a refund form to be retained with the deposit documentation.

Finding # 3 - The "Controlled Assets Inventory Form - Employee" was not used.

Risk Level: Low

Countywide Policy #1125 "Safeguarding Property/Assets," Section 4.3 and 4.31 state:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. ... [The] 'Controlled Assets Inventory Form-Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual."

A previous audit conducted in April 2013 found that the "Controlled Assets Inventory Form-Employee" was not used to manage controlled assets that were assigned to employees. A retest showed that Marv Jenson Recreation Center still was not using this form.

When accountability for assets is not fully established, assets are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that Marv Jenson Recreation Center employees that are assigned fixed or controlled assets, sign and date the "Controlled Assets Inventory Form-Employee" to certify the assets assigned to them.

Finding # 4 - Retail inventory was not properly tracked.

Risk Level: Low

Standard business practice requires that inventory be tracked and reconciled. The actual count should equal the prior inventory count, plus purchases less the cost of items sold.

During the course of our review, we found that merchandise inventory was not properly tracked. A previous audit conducted in April 2013 found that Marv Jenson recreation Center had not established a procedure for tracking retail inventory.

When the inventory procedure does not properly track merchandise, revenue and merchandise on hand are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that the Marv Jenson Recreation Center implement a retail inventory tracking procedure.

Additional Information

Background

The Marv Jenson Recreation Center and Pool, located in South Jordan, opened as a Salt Lake County Parks and Recreation facility in 1997. It features a swimming pool, basketball court, fitness area, and racquetball courts. Additionally, Marv Jenson offers a variety of youth sports, classes, aquatics programs, and activities that serve the residents of Salt Lake County.

Scope

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

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

Our examination period covered up to twelve months ending August 31, 2014. In addition to reviewing financial records, we reviewed and examined current practices through observation. Sampling of daily cash deposits, where applicable, was performed to assess compliance with Countywide policy and standard business and internal control practices. Retesting of prior audit findings was also performed, where applicable.

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



2015 Summary of Audit of Key Control

Findings and Recommendations

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	Receipts could be reprinted for prior transactions	We recommend that the ability for cashiers to reprint a receipt be disabled.	This recommendation, to disable cashiers from printing a receipt after a transaction, is not capable on the current Sequel (Peak Software) point of sale program. This issue may be suggested in the future to Sportsman as they update their system or other options may be taken from our department to look for a new point of sale system. This issue is county wide.
2.	Refunds were issued without patrons signing a refund form	We recommend that the Marv Jenson Recreation Center have patrons sign a refund form to be retained with the deposit documentation	The Marv Jenson Recreation Center currently uses a form that asks for all of the patron information including name, address, phone, program, receipt, till, etc. It does not however have a line specific for Signature. We currently have over 500 pre-printed forms without the signature line. In order to avoid "waste" we have instructed our front desk to ask for a signature, however, this does not always happen. As soon as the 500 pre-printed forms are exhausted, the replacement form already has a signature line on it.
3.	The Controlled Assets Inventory Form—Employee was not used	We recommend that Marv Jenson Recreation Center employees that are assigned fixed or controlled assets, sign and date the "Controlled Assets Inventory Form-Employee" to certify the assets assigned to them.	We agree with this recommendation and will use the "Controlled Assets Inventory Form-Employee" and have this implemented by 3/31/15.
4.	Retail Inventory was not properly tracked	We recommend that the Marv Jenson Recreation Center implement a retail inventory tracking procedure	We agree with this recommendation. Although we did have an inventory tracking system, it was not complete. We are looking at possible software solution to implement. We will have something in place by 3/31/15.
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NAME AND TITLE OF PERSON RESPONDING: Shaun Perfili--Facility Manager

DATE PREPARED: 1/26/15