



## SALT LAKE COUNTY AUDITOR'S OFFICE

**SEAN THOMAS**

*Auditor*

September 29, 2004

Glen Lu, Director  
Parks and Recreation Division  
2001 South State Street #S4400  
Salt Lake City, Utah 84190

Dear Glen:

The Audit Division recently completed an audit of the Crestwood Outdoor Swimming Pool (Crestwood). We reviewed cash receipting and depositing, the change fund, pool concessions, and fixed and controlled assets.

For each of these areas, we addressed the effectiveness of internal controls and the processes employed by Crestwood personnel, to determine compliance with Countywide policies. Our work was designed to provide reasonable, but not absolute, assurance that controls were adequate, records current and daily transactions valid.

### **CASH RECEIPTING AND DEPOSITING**

As part of our audit, we selected a sample of deposits from 35 different days during the current summer season that began on Memorial Day. We compared the daily summary of cash receipts, as found on the Sportsman System, to the balancing sheet and the deposit slip copy. We found the procedures generally well controlled and in conformance with Countywide Policy #1062, "Management of Public Funds." The change fund was correct, intact and counted at the beginning and end of each shift as evidenced by cashiers' signing on MPF Form 7. The change fund was deposited into one safe and the receipts deposited into another safe where they were retrieved by the pool manager and counted prior to deposit. The daily balance sheets were signed by the cashier and the pool manager. Overs and shorts were not excessive and over/short logs were kept. We did find the following:

- **One check was not restrictively endorsed upon receipt.**
- **Cash receipts were not deposited in a timely manner.**
- **Daily Balance sheets completed by the pool manager as cashier were also signed by her as supervisor.**

**One check was not restrictively endorsed upon receipt.** At the unannounced cash count, there were no checks in the cash drawer. At a return visit, we found one check in the cash drawer, which was not restrictively endorsed. Countywide Policy #1062, "Management of Public Funds," Section 3.6.1, states, "*All checks and other negotiable instruments received by the Agency Cashier should be restrictively endorsed immediately upon receipt using the agency's approved endorsement stamp.*" Employees acknowledged that they were aware that checks should be restrictively endorsed, but had simply forgotten to endorse this check. Endorsing checks upon receipt provides additional protection against checks being deposited into the wrong account, or being cashed by an individual. All cashiers should be reminded periodically of this important step.

**RECOMMENDATION:**

*We recommend that cashiers restrictively endorse all checks upon receipt.*

**Cash receipts were not deposited in a timely manner.** We found that of the 35 days reviewed, deposits were more than three days late on eight days in June. On one occasion, with five days' receipts included, receipts totaled \$3,623.30. Policy #1062, Section 3.7.2, states, "*All public funds shall be deposited daily whenever practicable but not later than three days after receipt.*" Failure to deposit in a timely manner delays the opportunity for the revenue to be put to use, and increases the potential loss should a theft or other unpredicted event occur. After completing research on deposits for the summer season, we noted that deposits made in July and August were made in a timely manner from one to three days after receipt.

**RECOMMENDATION:**

- 1. We recommend that receipts be deposited daily or at least every three days in accordance the Countywide policy.*
- 2. We recommend that new employees be informed of this requirement at the beginning of each season.*

**Daily Balance Sheets completed by the pool manager as cashier were also signed by her as supervisor.** Because Crestwood is staffed entirely by seasonal employees, a supervisor is not on site to approve the pool manager's Daily Balance Sheet when she acts as cashier. Best business practices suggest that at least two people count all money received. If a supervisor is not available, another employee, such as the head lifeguard, should count the receipts and verify the count with his or her signature.

**RECOMMENDATION:**

*We recommend that the pool manager have another person sign her daily balance sheet verifying the count of receipts.*

**CONTROLLED ASSETS**

To determine if controlled assets are adequately managed, we evaluated compliance with Countywide Policy #1125, "Safeguarding Property/Assets." A controlled asset is an item of personal property, sensitive to conversion to personal use, and having a cost of \$100 or greater. At last year's audit, we found Crestwood's assets on the same list with Holladay-Lions. We recommended that the assets at Crestwood be listed separately from Holladay-Lions. This year we were given a list of assets for Crestwood separate from Holladay-Lions and were able to locate each item on the list. Because many of the assets are used in the water, the Program Manager appropriately put the tags and the list together in the safe, where we observed them. We commend Crestwood for improving their protection of County assets.

We appreciate the cooperation we received at Crestwood and Holladay-Lions and the efforts of you and your staff. We trust our work will be of benefit to you. If you have any questions, please contact me.

Sincerely,

James B. Wightman, CPA  
Director, Audit Division

cc: Paul Ross  
Chris Buckley  
Tracy Gines