

AUDIT REPORT

An Audit of the Salt Lake County Parks and Recreation – Larry H. Miller Softball Complex

MAY 2023



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AUDITOR'S LETTER

May 30, 2023

We audited the Salt Lake County Larry H. Miller Sports Complex to evaluate business processes, financial transactions, and established controls to ensure the accurate and complete recording of cash receipts and receivables, the compliance with applicable policies and standards, and the adequate fiscal oversight to safeguard against fraud, waste, or abuse. I now present the results of this audit.

The audit at the Softball Complex unveiled substantial risk factors concerning concession inventory management and lack of adequate separation of duties, which could potentially lead to unrecorded sales, errors, or theft. Having the same employee in control of inventory purchases, approvals, and receipt exposes county funds to the risk of fraud, waste, and abuse. The audit also discovered a lack of documentation for individual transactions and daily cash collection counts, the absence of customer receipts, and missing printouts of Point-of-Sale reports.

By implementing our recommendations for stronger policies, review processes, proper segregation of duties, cash collection tracking and reconciliation processes, Parks and Recreation can mitigate risks and provide assurance to management and those charged with governance, as well as county residents, that fiduciary responsibilities are performed.

While no evidence of wrongdoing was found, the audit revealed increased risk of undetected errors, potential fraud, waste, and abuse related to cash receipting, depositing, and concessions inventory. The findings could lead to reputational damage for Salt Lake County, Parks and Recreation, and Sports Office staff. We commend management for agreeing to all of our recommendations, assigning responsibility for implementing the corrections, and committing corrective actions within 60-90 days.

This audit is authorized pursuant to the State of Utah Code, Title 17, Counties, Chapter 19a, County Auditor Section 204, "Auditing Services." 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 based on our audit objectives.

We appreciate the leaders and team members in Parks and Recreation who shared their time and knowledge with us during the audit. Please contact me at 385-468-7200 with any questions.

A handwritten signature in black ink that reads "Chris Harding".

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

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MILLER SOFTBALL COMPLEX

MAY 2023

Objectives

The audit objectives were to examine business processes, established controls, and financial transactions at Larry H. Miller Softball Complex (Softball Complex) Concessions to provide reasonable assurance that:

- Cash receipts are recorded and reported accurately and completely, and free from significant error.
- Processes and procedures are in place to ensure that cash receipts and receivables are handled in accordance with all applicable policies and standards.
- Management provides adequate fiscal oversight to ensure that funds are properly safeguarded against fraud, waste, or abuse.

REPORT HIGHLIGHTS

Insufficient Segregation of Duties (SODs) in the purchase, management, pricing, and sales of concession inventory.

Countywide Policy 1062, Management of Public Funds, states, "In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties, and those having access to and maintaining accounting records related to those public funds..."

The same Countywide policy states, "County Agency Management and Fiscal Managers shall establish Internal Control procedures tailored to their operational requirements."

No record of individual transactions was retained, customer receipts were not provided, and no Point-of-Sale (POS) report of collections was on file.

Countywide Policy 1062, Management of Public Funds, Section 2.F.1, states, "Each Agency shall acquire and maintain the systems and equipment necessary for the accurate receipting, recording, accounting, and safekeeping of public money. The type of equipment used should be based on the daily volume of transactions."

Additionally, Section 3.H.C, states, "To complete the balancing process, all recorded Receipts shall be summed to arrive at the amount of total Collections. A report of total Collections may be in the form of an off-line, cash-register generated summary of daily transactions (Z-tape), an online, cash-registering system generated report, or an adding-machine tape of individual receipt copies where, in limited situations, manual Receipts are issued.

A cash over/short log was not maintained, and the balance sheet was not completed correctly.

Countywide Policy 1062, Management of Public Funds, Section III.H.B, states, "A 'master' balance sheet may be prepared to accumulate totals of individual cash balance sheets from each cash register. With any balancing procedure, the cash count total, including the breakdown by cash and check composition, should match the deposit slip total."



Finding Risk Classifications

Classification	Description
<p>1 – Low Risk Finding</p>	<p>Low risk findings may not have an effect on providing reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations may or may not be given to address the issues identified in the final audit report. If recommendations are given, management should try to implement the recommendations within one year of the final audit report date if possible. Follow-up audits may or may not focus on the status of implementation.</p>
<p>2 – Moderate Risk Finding</p>	<p>Moderate risk findings may have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will be given to address the issues identified in the final audit report. Management should implement the recommendations within one year of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p>3 – Significant Risk Finding</p>	<p>Significant risks are the result of one or more findings that may have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will include necessary corrective actions that address the significant risks identified in the final audit report. Management should implement the recommendations within six months of the final audit report date if possible. Follow-up audits will focus on the status of implementation.</p>
<p>4 – Critical Risk Finding</p>	<p>Critical risks are the result of one or more findings that would have an effect on whether there is reasonable assurance that County funds and assets were protected from fraud, waste, and abuse.</p> <p>Recommendations will include necessary corrective actions that address the critical risks identified in the final audit report. Management should implement the recommendations as soon as possible. Follow-up audits will focus on the status of implementation.</p>

BACKGROUND

The Salt Lake County Auditor's Audit Services Division completed an audit of the Salt Lake County Larry H. Miller Softball Complex (Softball Complex) concessions and cash receipts for the period of May 1, 2022- October 31, 2022 (tournament season).

Softball Complex concessions were offered by Salt Lake County Parks and Recreation Sports Office staff during tournaments hosted at the complex on Fridays and Saturdays during the tournament season. Softball Office staff were responsible for purchasing and managing the concessions inventory, selling the inventory to customers, and safeguarding and depositing the resulting revenue. Total concessions sales reported for the season were \$26,526.

OBJECTIVES AND SCOPE

The audit objectives were to examine business processes, established controls, and financial transactions at Larry H. Miller Softball Complex concessions to provide reasonable assurance that:

- Cash receipts and receivables are recorded and reported accurately and completely, and free from significant error.
- Processes and procedures are in place to ensure that cash receipts and receivables are handled in accordance with all applicable policies and standards.
- Management provides adequate fiscal oversight to ensure that funds are properly safeguarded against fraud, waste, or abuse.

The audit was a limited-scope financial audit that focused on inventory and cash receipts from concessions. The scope of the audit period was from May 1, 2022, to October 31, 2022.

AUDIT CRITERIA

Countywide Policy ("CWP") 1062 Management of Public Funds

establishes procedures for receiving, recording, depositing, and distributing public funds, and to define functions and responsibilities to provide and strengthen internal controls over these procedures. The policy's purpose is to provide effective safeguards while weighing both risks to be mitigated and costs of maintaining controls. Controls over managing public funds emphasize:

- Clear segregation of duties between persons with custody of funds and/ or those performing cashiering duties, and those having access to and maintaining accounting records related to public funds.
- Safeguarding and accountability for receipt, deposit, transmittal, and disbursement of funds, including physical security over these activities.

- The duties of opening mail and summarizing the daily receipt of checks should be separate from posting payments.

United States General Accounting Office Executive Code, (2002), “Best Practices in Achieving Consistent, Accurate, Physical Counts of Inventory and Related Property” establishes procedures for accurately accounting for physical inventory, ensuring that inventory exists, and verifying balances agree with records.

METHODOLOGY

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

1. Auditors met with agency personnel to gain an understanding of procedures and agency controls in place. Processes observed and described were documented and agreed upon.
2. Controls were observed in operation, such as the movement of cash between safes, the change fund, safeguarding of sensitive documents, and Sportsman system.
3. Documents were examined, such as transmittals, cash balance sheets, and change fund logs to determine if reconciliations were performed.
4. The sample was based on the full population of tournaments during the audit period.

CONCLUSIONS

Due to the seasonal nature and remote location of the Softball Complex concessions, operations are more susceptible to a breakdown in adherence to policies and procedures. This risk was elevated with the turnover of key staff at the start of the 2022 tournament season. While we did not find evidence of wrongdoing, we noted operations did not comply with several key controls, including those required by County policy, including:

- Not monitoring and tracking concessions purchasing, inventory, and sales
- Poor segregation of duties
- Not issuing receipts to customers
- Not balancing and not tracking cash collections and the change fund daily
- Not retaining a report or other record of collections per the Point-of-Sale application with deposit documentation

As a result, there is an increased risk of undetected errors and omissions, potential fraud, waste, and abuse related to cash receipting and depositing as well as concessions inventory. Because of the materiality of collections, we would not expect these to result in material financial loss to the County. However, there is a high risk of reputational damage to the County as well as Parks and Recreation and Softball Office staff.

FINDING 1 AND RECOMMENDATIONS

Concession Inventory Was Not Tracked

Risk Rating: **Significant Risk Finding**

The Softball Complex sold concession food items during tournaments, such as energy drinks, ice cream, and pretzels. Softball Office staff provided inventory purchasing records totaling \$5,393 for 2022. Inventory purchases were made through Accounts Payable as well as staff purchasing cards. Total concession sales for the 2022 season were \$26,526.

Record of concessions inventory on hand was not maintained. Staff indicated they checked to see what items were getting low in stock and then purchased more of those specific items. A comparison of the quantity of items purchased, beginning, and ending inventory and the number of items sold was not documented.

United States General Accounting Office, Executive Code, (2002), "Best Practices in Achieving Consistent, Accurate, Physical Counts of Inventory and Related Property," Page 5, states:

"The ability to accurately count physical inventories is critical in verifying that inventory actually exists and that on-hand balances agree with financial and logistical records."

Staff explained inventory may have been tracked in the past, but they had experienced recent employee turnover and were not aware of prior practices. In addition, there were no written policies or procedures requiring it.

When there is no reconciliation of inventory, lost revenue or inventory may be more likely to occur. While revenue more than exceeded amounts spent on inventory, unrecorded sales, errors, shrinkage or theft may have occurred or may occur without detection.

A comparison of the quantity of items purchased, beginning, and ending inventory and the number of items sold was not documented.

We recommend management establish written policies and procedures regarding inventory management including:

- Conducting an inventory count after each tournament.
- Comparing ending inventory to beginning inventory, plus items purchased, less items sold and documenting and investigating any shortages.
- An independent party reviewing and signing off on inventory reconciliations.
- Retaining reconciliations with tournament deposit documentation which is then signed off by management.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - AUGUST 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 2 AND RECOMMENDATIONS

Lack of Separation of Duties (SOD) Over Concession Purchasing, Pricing, and Sales

Risk Rating: **Significant Risk Finding**

There was a lack of separation of duties over purchasing concession inventory using a purchase order. The same employee that purchased the products also approved the invoice before sending it to the Payroll Coordinator for payment. The employee also had access to the inventory items when they were received. In addition, a former employee was responsible for setting the inventory prices in the Point of Sale and purchased inventory along with other duties described. Sales were conducted using the Square Point of Sale (POS) mobile application.

County Wide Policy 1062, "Management of Public Funds," Purpose section, states, "In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties, and those having access to and maintaining accounting records related to those public funds. Segregating these functions protects the employees involved and mitigates the risk of theft, embezzlement, or misuse of public funds through fraudulent record keeping. Supervisory oversight enforces the separation of duties, creates an atmosphere of employee accountability, and strengthens the control environment."

Staff explained they had experienced recent employee turnover and were not aware of prior practices. In addition, staff were not aware of appropriate segregation of duties.

Without proper segregation of duties, there is an increased risk of theft and misuse of County funds and inventory. There is not an opportunity for another authorized employee or supervisor to ensure that all purchases are appropriate, are received and accounted for, and are approved.

Without proper segregation of duties, there is an increased risk of theft and misuse of County funds and inventory.

2.1

RECOMMENDATION

Purchase SOD

We recommend that Management ensure that approval is completed from a separate, authorized employee for all concession-related purchases.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

2.2

RECOMMENDATION

Inventory SOD

We recommend that inventory purchased be received and added to inventory records by someone not involved in the purchase.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

2.3

RECOMMENDATION

Pricing SOD

We recommend that the product pricing as set up in the POS be reviewed prior to the upcoming season, and that the pricing be approved by an independent, authorized employee.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - AUGUST 1, 2023

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FINDING 3 AND RECOMMENDATIONS

No Record of Individual Transactions Was Retained, Customer Receipts Were Not Provided, and a POS Report of Collections Was Not Printed or Retained

Risk Rating: **Significant Risk Finding**

Staff used the POS mobile application on an iPad to record items purchased, generate the amount due, and indicate whether payment was tendered in cash or credit card. A separate iPad was used to process credit card payments. We noted that:

- The POS did not require cashiers to have a unique username and password.
- Receipts were not issued to customers, unless a customer paying via credit card requested an emailed receipt.
- The POS did not retain a record of individual transactions.
- A report of sales from the POS was not printed to verify collections and support the deposit amount. Staff entered the totals on the iPad screen directly into the Parks and Recreation Point of Sale software, Sportsman.

We obtained a record of total sales by item type from the mobile POS for the audit period from the Sports Office staff. We noted that the balances between the mobile POS, Cash Balance Sheet, and Sportsman did not agree for most of the tournament weekends. Variances ranged from \$8 short to \$93 over, with larger variances offset between cash and credit card.

Tournament Dates	MOBILE POS		Cashier Balance Sheets				Total Over/ (Short)
	Cash	Credit Card	Cash	Cash Over/ (Short)	Credit Card	Credit Card Over/ (Short)	
May 24 & 25*	\$0	\$5,906	\$2,274	\$2,274	\$3,631	(\$2,276)	(\$2)
June 2 & 4	\$2,877	\$3,364	\$2,885	\$8	\$3,348	(\$16)	(\$8)
June 24 & 26	\$371	\$198	\$375	\$4	\$197	(\$1)	\$3
July 13 & 17	\$2,596	\$2,801	\$2,608	\$12	\$2,808	\$7	\$19
July 7 & 9	\$2,541	\$3,157	\$2,603	\$62	\$3,189	\$32	\$93
August 11 & 13	\$41	\$64	\$41	\$0	\$94	\$30	\$30
September 30 & October 1	\$1,489	\$992	\$1,216	(\$273)	\$1,261	\$269	(\$4)
Total	\$9,916	\$16,481	\$12,000	\$2,085	\$14,526	(\$1,955)	\$130

* During the first tournament all sales were recorded under "other" which was later used to indicate credit card sales.

without the retention of daily sales, balancing processes may not be accurate and complete.

Management of Public Funds Section 2.F.1, states, “Each Agency shall acquire and maintain the systems and equipment necessary for the accurate receipting, recording, accounting, and safekeeping of public money. The type of equipment used should be based on the daily volume of transactions.”

Additionally, Management of Public Funds states, in Section 3.H.C, “To complete the balancing process, all recorded Receipts shall be summed to arrive at the amount of total Collections. A report of total Collections may be in the form of an off-line, cash-register generated summary of daily transactions (Z-tape), an online, cash-registering system generated report, or an adding-machine tape of individual receipt copies where, in limited situations, manual Receipts are issued.”

Management explained that the mobile POS was used because there was no network access at the Sports Complex, which would allow use of the centralized Parks and Recreation Software, Sportsman. The mobile POS was new during the 2022 season, and therefore the functions and limitations were not fully understood.

Additionally, without the retention of daily sales, balancing processes may not be accurate and complete. Errors and misappropriation of funds may be more likely to occur and be undetected and variances may not be found and/or resolved.

3.1

RECOMMENDATION

Retention

We recommend that individual sales be retained by management for balancing, concessions inventory, and for researching overages and shortages.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - AUGUST 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

3.2

RECOMMENDATION

Report

We recommend a report of totals sales per the mobile POS, or other manual or electronic POS system used onsite, be generated and retained with the deposit documentation.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - AUGUST 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

3.3

RECOMMENDATION

Receipts

We recommend that receipts be provided to both cash and credit card customers as required by Countywide Policy 1062, "Management of Public Funds."

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - AUGUST 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 4 AND RECOMMENDATIONS

Daily Collection Counts Not Documented

Risk Rating: **Moderate Risk Finding**

Tournaments frequently occurred on Friday and Saturday during the 2022 season and concessions were offered for sale on both days. We found that the amount of cash collected at concessions was not documented after Friday games before being stored in the floor safe overnight. Staff explained that cash was counted, but the count was primarily to determine if they needed smaller bills for change, and whether they balanced with the mobile POS. Documentation of the count was not created.

When the amount of collections is not balanced each day, overages/shortages, as well as accountability may be more difficult to resolve.

CWP 1062, "Management of Public Funds," Section IV.B.1, states, "A "master" balance sheet, as discussed in Section III.H.1.b., shall correspond and reconcile to the daily deposit and show the: Agency Name, Total Amount of Currency and Coin, by Denomination, Total Amount of Checks, Total Amount of the Deposit, Deposit Preparation Date, Sealed Deposit-Bag Number (if applicable) [emphasis added]."

Additionally, CWP 1062 states, in Section 3.H.2,

"Change Funds should be counted, restored to the established imprest balance, and any daily shortages or Overages recognized and recorded on MPF Form 3A, Cash Balance Sheet, and on MPF Form 11, Cash Over/Short Log. These forms shall be retained by the County Agency in accordance with County records retention guidelines."

Staff was not aware of policy requirements and elected to group collections together by tournament weekend instead of daily cash counts.

When the amount of collections is not balanced each day, overages/shortages, as well as accountability may be more difficult to resolve. The total amount of daily cash collected cannot be determined where there is no documentation created.

4.1

RECOMMENDATION

Daily Count

We recommend that Management count and record cash collection amounts daily after each tournament day on a Cash Balance Sheet. Management should also sign off when they have completed checking the Cash Balance Sheet.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

4.2

RECOMMENDATION

Overages/Shortages

We also recommend that after each count overages/shortages be recorded on the daily Cash Balance Sheet.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

4.3

RECOMMENDATION

Reconciliation

We recommend that a reconciliation between the mobile POS, Cash Balance Sheet and amounts entered into Sportsman be performed to ensure that all systems are balancing.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - AUGUST 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 5 AND RECOMMENDATIONS

Change Fund Was Not Logged In and Out of the Sports Complex Safe

Risk Rating: **Moderate Risk Finding**

Sports Office staff were assigned a change fund of \$500 for use when conducting concessions at the Softball Complex. The fund was mostly stored at the Softball Office in a safe. During Friday and Saturday tournaments, the fund was transported to the Sports Complex and stored in a safe there.

When the change fund was transported to the Softball Complex, it was logged out of the Softball Office safe using the Change Fund Transfer Log. However, once the fund was at the Sports Complex, amounts were not logged in and out of the safe at that location. Cash collected from patrons during the day and the amount of the change fund stored in the safe overnight on Fridays was not documented or logged.

In addition, we requested the Change Fund Transfer Log from the Sports Office for the audit period and found that a new log had been created during the season and the old log was not retained. The Change Fund Transfer Log was also not completed in full as two dates were illegible.

Countywide Policy 1062, "Management of Public Funds," Section 2.1.3, states, "Cashiers shall sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the Change Fund from the safe or lockbox; and return the fund to the safe or lockbox."

Staff had experienced recent employee turnover and were new to the process. Management indicated that a new log was started after the tournament on May 25, 2022, and the previous log was no longer on file. Staff were unaware whether the log was discarded or misfiled.

When the Change Fund amount is not recorded on the appropriate log(s) before being stored overnight, the risk of theft or misuse of the Change Fund increases.

When the Change Fund amount is not recorded on the appropriate log(s) before being stored overnight, the risk of theft or misuse of the Change Fund increases.

We recommend that cashiers complete and sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the Change Fund from the safe; and return the fund to the safe at both the Softball Office and Softball Complex.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that Management review and retain Change Fund Transfer Logs in accordance with Countywide policy.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

FINDING 6 AND RECOMMENDATIONS

Cash Over/Short Log Was Not Maintained, and the Balance Sheet Was Not Completed Correctly

Risk Rating: **Moderate Risk Finding**

Cash Balance Sheets on file did not contain cash overages or shortages even though they occurred, as noted in finding 3. For 6 (86%) out of 7 balance sheets, the mobile POS totals for the dates included were not accurately recorded, which eliminated the variance. For all 7 balance sheets the credit card totals between the cash balance sheet and the mobile POS did not match. In addition, an Over/ Short log was not maintained.

We also noted that the Change Fund was not being accurately accounted for on the cash balance sheet. Each daily Cash Balance Sheet contains a line for the removal of the starting change fund. The Change Fund transfer log indicated that Sports Office staff removed between \$100 and \$500 from the Sports Office safe for use giving change at the Sports Complex during tournaments. However, we noted that the amount of the change fund recorded on the Cash Balance Sheet varied from \$0 to \$366.

Countywide Policy 1062, "Management of Public Funds," Section 3.2, states, "Change Funds should be counted, restored to the established imprest balance, and any daily Shortages or Overages recognized and recorded on MPF Form 3A, Cash Balance Sheet, and on MPF Form 11, Cash Over/Short Log. These forms shall be retained by the County Agency in accordance with County records retention guidelines."

Staff were new to the process and did not understand policy requirements.

When the change fund amount, mobile POS amount, and overages or shortages are not recorded accurately, variances could be overlooked, and unusual patterns could go unidentified. Errors and/or misappropriation of funds are more likely to occur undetected.

When the change fund amount, mobile POS amount, and overages or shortages are not recorded accurately, variances could be overlooked, and unusual patterns could go unidentified.

We recommend the change fund or start-up fund be accurately accounted for on the Cash Balance sheet.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

We recommend that staff accurately record collections per the mobile POS and that any overages or shortages be recorded, investigated, and management document the discrepancies.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - AUGUST 1, 2023

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We recommend that management implement an overage/short log and ensure that it is completed accurately after each tournament. This log should be reviewed by management and ensure that reasons are given for differences and an explanation.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

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FINDING 7 AND RECOMMENDATIONS

Cash Handling Training Records Were Not Retained

Risk Rating: **Moderate Risk Finding**

Salt Lake County Human Resources offered cash handling training Countywide. However, this training was suspended during 2020 and there was no record of staff operating concessions having completed the Countywide training prior to that date, per Human Resources' County Learning and Education Assistant.

Parks and Recreation Sports Office stated that they continued to provide and track training for all train new cashiers at the center level. However, records were not on file for the 3 merit employees who assist with concessions when cashiers take breaks. In addition, there was no record of cash handling training for 2 out of the 6 cashiers (33%). One (17%) of the 6 completed training after starting work as a cashier.

Countywide Policy 1062 "Management of Public Funds," Section 2.4 States: Newly appointed Cashiers, within a reasonable timeframe, shall read through this policy and attend the Cashier Training, completion of which can be verified by Supervisors through the Employee University.

County Wide Policy 2010 "Public Records Access," Section 3.1 states: The Act and the Salt Lake County Ordinance require that all County records regardless of format be evaluated, designated with a primary classification, and scheduled for retention. Further, section 3.2.1 of Public Records Access states "It is the responsibility of agency representatives, managers, directors, or coordinators to review, classify, and evaluate record series for proper retention in compliance with the Records and Information Management Policy. Proposed retention schedules shall be submitted to the RIM Committee for assistance and approval. Procedures for retention scheduling and its processes are maintained on the Salt Lake County Records Management webpage."

One employee completed cash handling training under a previous manager at the Sports Office, but due to employee turnover, they were unable to locate his training file. Management was unsure where some of the training records were stored. Another employee's cash handling training was reported to have been completed at another location, but no record was on file at either location. When individuals transferred to the Sports Office, the employees' training records were not transferred with them.

Without adequate recordkeeping of training files and dates, there is a risk that an employee is not trained to handle cash prior to working at concessions and processing payments. Failure to comply with County Policy, errors and omissions are more likely to occur and be undetected.

Without adequate recordkeeping of training files and dates, there is a risk that an employee is not trained to handle cash prior to working at concessions and processing payments.

7.1

RECOMMENDATION

Retention of Training

We recommend that management implement a retention policy of cash handling training files in a singular location to ensure that concession employees have completed cash handling training prior to working.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

7.2

RECOMMENDATION

Cash Handling Training

We recommend that employees complete cash handling training if needed, or ensure their records are retained for future reference.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

7.3

RECOMMENDATION

Training Records

We recommend that management ensure that all concession employees have their training completed with dates of completion documented, prior to the employee working as a cashier.

AGENCY RESPONSE: AGREE

IMPLEMENTATION DATE - JUNE 1, 2023

SEE PAGE 20 FOR THE AGENCY'S FULL RESPONSE TO OUR RECOMMENDATION

AGENCY RESPONSE



JENNY WILSON
Salt Lake County Mayor

May 25, 2023

ROBIN CHALHOUB
Department Director
Community Services

Auditor Chris Harding, CPA
Office of the Auditor
Salt Lake County
2001 S State Street
Salt Lake City, UT 84121

MARTIN JENSEN
Division Director
Parks & Recreation

Salt Lake County
Government Center
2001 S. State Street
Suite S4-700
(385) 468-1800

Auditor Harding,

Salt Lake County Parks and Recreation welcomes the Auditor's Office to review our operations and provide opportunities for improvement. Pursuant to Utah Code Ann. §17-19a-401, we understand this in an important part of ensuring taxpayer dollars are appropriately utilized.

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

AUDIT FINDING 1: CONCESSION INVENTORY WAS NOT TRACKED

RECOMMENDATION 1.1

1. We recommend management establish written policies and procedures regarding inventory management including:
 - Conducting an inventory count after each tournament.
 - Comparing ending inventory to beginning inventory, plus items purchased, less items sold and documenting and investigating any shortages.
 - An independent party reviewing and signing off on inventory reconciliations.
 - Retaining reconciliations with tournament deposit documentation.

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	August 1, 2023	Doranne Pittz, Associate Director - Recreation

Recreation will follow these procedures immediately and will document the procedures for counting inventory after each tournament, reviewing inventory, documenting and investigating shortages, reconciling inventory, and retaining reconciliations in its manual of Standard Operating Procedures.

AUDIT FINDING 2: LACK OF SEPARATION OF DUTIES (SOD) OVER CONCESSION PURCHASING, PRICING, AND SALES

RECOMMENDATION 2.1		
We recommend that Management ensure that approval is completed from a separate, authorized employee for all concession-related purchases.		
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	June 1, 2023	Josh Olmstead, Recreation Manager

The Recreation Manager will approve all concession-related purchases.

RECOMMENDATION 2.2		
We recommend that inventory purchased be received and added to inventory records by someone not involved in the purchase.		
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	June 1, 2023	Kylie Neff, Office Coordinator

The Office Coordinator will manage the receiving and updating of concession inventory records and will not be involved with purchasing those items.

RECOMMENDATION 2.3		
We recommend that the product pricing as set up in the POS be reviewed prior to the upcoming season, and that the pricing be approved by an independent, authorized employee.		
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	August 1, 2023	Josh Olmstead, Recreation Manager

The Recreation Manager will review and approve product pricing before upcoming seasons. The Office Coordinator will update approved price changes in the POS.

AUDIT FINDING 3: NO RECORD OF INDIVIDUAL TRANSACTIONS WAS RETAINED, CUSTOMER RECEIPTS WERE NOT PROVIDED, AND A POS REPORT OF COLLECTIONS WAS NOT PRINTED OR RETAINED.

RECOMMENDATION 3.1 We recommend that individual sales be retained by management for balancing, concessions inventory, and for researching overages and shortages.		
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	August 1, 2023	Kylie Neff, Office Coordinator

The Sports Office is in the process of implementing SportsMan Web POS, which will include a cash drawer, receipt printer, and reports for balancing, concession inventory data, and the ability to research overages and shortages.

RECOMMENDATION 3.2 We recommend a report of totals sales per the mobile POS, or other manual or electronic POS system used onsite, be generated and retained with the deposit documentation.		
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	August 1, 2023	Kylie Neff, Office Coordinator

The Sports Office is in the process of implementing SportsMan Web POS, which will provide the ability to generate sales reports to be retained with deposit documentation.

RECOMMENDATION 3.3 We recommend that receipts be provided to both cash and credit card customers as required by Countywide Policy 1062, "Management of Public Funds."		
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	August 1, 2023	Kylie Neff, Office Coordinator

The Sports Office is in the process of implementing SportsMan Web POS, which creates a system generated receipt which can be provided to both cash and credit card customers as required by County Policy 1062, "Management of Public Funds."

AUDIT FINDING 4: DAILY COLLECTION COUNTS NOT DOCUMENTED

RECOMMENDATION 4.1		
We recommend that Management count and record cash collection amounts daily after each tournament day on a Cash Balance Sheet.		
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	June 1, 2023	Kylie Neff, Office Coordinator

The Office Coordinator will use count cash collection amounts daily after each tournament day, and will use record the amounts on the Cash Balance Sheet. A Fiscal Administration Accountant has met with the Office Coordinator to review the requirements and the proper procedures.

RECOMMENDATION 4.2		
We also recommend that after each count overages/shortages be recorded on the daily Cash Balance Sheet.		
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	June 1, 2023	Kylie Neff, Office Coordinator

The Office Coordinator will record overages/shortages on the daily Cash Balance Sheet. A Fiscal Administration Accountant has met with the Office Coordinator to review the requirements and the proper procedures.

RECOMMENDATION 4.3		
We recommend that a reconciliation between the mobile POS, Cash Balance Sheet and amounts entered into Sportsman be performed to ensure that all systems are balancing.		
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	August 1, 2023	Kylie Neff, Office Coordinator

The Sports Office is in the process of implementing SportsMan Web POS, after which the mobile POS will no longer be used. Sales will be entered directly into SportsMan Web.

AUDIT FINDING 5: CHANGE FUND WAS NOT LOGGED IN AND OUT OF THE SOFTBALL COMPLEX SAFE

RECOMMENDATION 5.1		
We recommend that cashiers complete and sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the Change Fund from the safe; and return the fund to the safe at both the Sports Office and Softball Complex.		
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	June 1, 2023	Kylie Neff, Office Coordinator

Cashiers will complete the Fund Transfer Ledger when retrieving and returning the change fund to the safe. The Office Coordinator will complete the Fund Transfer Ledger when transferring between safes. A Fiscal Administration Accountant has met with the Office Coordinator to review the requirements and the proper procedures.

RECOMMENDATION 5.2		
We recommend that Management retain Change Fund Transfer Logs in accordance with Countywide policy.		
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	June 1, 2023	Kylie Neff, Office Coordinator

Change Fund Transfer Logs will be retained for three years at the Sports Office. A Fiscal Administration Accountant has met with the Office Coordinator to review the requirements and the proper procedures.

AUDIT FINDING 6: CASH OVER/SHORT LOG WAS NOT MAINTAINED, AND THE BALANCE SHEET WAS NOT COMPLETED CORRECTLY.

RECOMMENDATION 6.1 We recommend the change fund or start-up fund be accurately accounted for on the Cash Balance sheet.		
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	June 1, 2023	Kylie Neff, Office Coordinator

The start-up fund will be accurately accounted for on the Cash Balance Sheet. The Office Coordinator will ensure that the Change Fund transfer log matches the Cash Balance Sheet. A Fiscal Administration Accountant has met with the Office Coordinator to review the requirements and the proper procedures.

RECOMMENDATION 6.2 We recommend that staff accurately record collections per the mobile POS and that any overages or shortages be recorded, investigated, and documented.		
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	August 1, 2023	Kylie Neff, Office Coordinator

The Sports Office is in the process of implementing SportsMan Web POS, after which the mobile POS will no longer be used. Sales and collections will be recorded directly into SportsMan Web. The Office Coordinator will investigate and document overages/shortages. A Fiscal Administration Accountant has met with the Office Coordinator to review the requirements and the proper procedures.

RECOMMENDATION 6.3		
We recommend that management implement an overage/short log and ensure that it is completed accurately after each tournament.		
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	June 1, 2023	Kylie Neff, Office Coordinator

The Office Coordinator will ensure that the Cash Over/Short Log is completed after each tournament. A Fiscal Administration Accountant has met with the Office Coordinator to review the requirements and the proper procedures.

AUDIT FINDING 7: CASH HANDLING TRAINING RECORDS WERE NOT RETAINED

RECOMMENDATION 7.1		
We recommend that management implement a retention policy of cash handling training files in a singular location to ensure that concession employees have completed cash handling training prior to working.		
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	June 1, 2023	Kylie Neff, Office Coordinator

Cash handling training files will be maintained at the Sports Office. If the cashier is from another center, a copy of the cash handling training record will be sent to the Sports Office. If no training record is provided, the Sports Office will provide cash handling training before allowing the cashier to work tournament concessions.

RECOMMENDATION 7.2		
We recommend that employees complete cash handling training if needed, or ensure their records are retained for future reference.		
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	June 1, 2023	Kylie Neff, Office Coordinator

Cash handling training files will be maintained at the Sports Office. If the cashier is from another center, a copy of the cash handling training record will be sent to the Sports Office. If no training record is provided, the Sports Office will provide cash handling training before allowing the cashier to work tournament concessions.

RECOMMENDATION 7.3		
We recommend that management ensure that all concession employees have their training completed with dates of completion documented, prior to the employee working as a cashier.		
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	June 1, 2023	Kylie Neff, Office Coordinator

Cash handling training files will be maintained at the Sports Office. If the cashier is from another center, a copy of the cash handling training record will be sent to the Sports Office. If no training record is provided, the Sports Office will provide cash handling training before allowing the cashier to work tournament concessions.

We appreciate the insight into our operations and look forward to future collaborations with your office.

Thanks,



Martin Jensen
Director, Salt Lake County Parks & Recreation