

**Salt Lake County Auditor's Office**  
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Dear Ron:

We have completed an unannounced count of cash collections and change funds at the Salt Palace parking department. We also conducted, in the parking department, a review of depositing, monthly parking pass procedures, computer vehicle count, and fixed and controlled assets.

Our audit included examining cash handling procedures to determine whether Countywide Policy #1062, *Management of Public Funds*, is followed. We analyzed the issue of reconciling daily vehicle count totals calculated by the computer software to daily sales. We reviewed the procedures used for handling monthly parking passes to determine whether adequate controls are in place. As part of our review of fixed and controlled assets, we determined whether Countywide Policy #1125, *Safeguarding Property/Assets*, is being followed.

During the audit, we found many aspects within operations that create an atmosphere conducive to sound internal controls. Some of these aspects include the following:

- A control-conscious, professional, and willing-to-learn attitude on the part of the parking supervisor
- A secure safe that is kept locked.
- All bank records reconciled to the deposit slip copy.
- Funds audited in an unannounced cash count were within 25 cents of computer records.
- Monthly parking pass customers are billed in advance. The parking supervisor has an effective means of collecting by simply revoking parking privileges.
- Cashiers are required to sign over funds to one another when changing shifts or taking a break.

The following section of the letter addresses some areas that need improvement to strengthen internal controls in the parking department of the Salt Palace.

### **CASH RECEIPTING AND DEPOSITING**

During our review, we found several areas where controls relating to cash receipting and depositing could be improved. Our findings in this area include the following:

- **Due to a flaw in the parking department's computer system, a daily over/short reconciliation could not be performed in 56 percent of the days sampled.**
- **Check to cash composition did not always match.**
- **The Daily Cash Accountability (balancing) Form was not always completed.**
- **Checks were not restrictively endorsed upon receipt, in accordance with county policy.**

**Due to a flaw in the parking department's computer system, a daily over/short reconciliation could not be performed in 56 percent of the days sampled.** Countywide Policy #1062, *Management of Public Funds* 3.7.3.1 states, "Each day, all county agencies should balance collections to register (or receipt log) totals and prepare a deposit, using MPF Form 3 or a facsimile developed for the specific agency." We sampled Salt Palace parking receipts for 36 randomly selected days, during the months of September 2001 to August 2002.

Salt Palace Parking uses a computerized system to track the number of parking fees sold. At the end of each parking attendant's shift, a report detailing the amount of sales is printed from the register. When functioning correctly, the system returns the balance of sales to zero each evening, in order to accurately track sales on the following day. In 19 of the days selected, however, the system failed to close out one or more previous day's sales. The parking manager was therefore unable to reconcile the amount of sales reported by attendants to an independent, computerized account. We were similarly unable to verify the accuracy of funds collected on the days the failure occurred. This situation represents a significant gap in controls; during which funds could have been taken from the day's receipts without detection.

Parking management has actively sought a solution to the problem through cooperation with the system vendor. The parking manager indicated that the issue had been largely resolved, but the system failure still occurred from time to time. Fortunately, a back-up procedure has been developed to compensate for the loss of control. Attendants now verify whether the register has closed out at the beginning of their shift. If a sales balance appears, the cashier will simply print a report documenting that balance, which is then subtracted from the total sales report printed at the end of their shift. In the course of reviewing deposits, we found two days during which this control activity worked to reconcile sales and collections. The importance of this control activity should be reinforced with attendants. It may also be strengthened if attendants reconcile the two receipts on their Daily Cash Accountability Form.

## **RECOMMENDATIONS:**

- 1. We recommend that Salt Palace Parking continue to work with the software representatives until the issue of computer close-outs is completely resolved.***
- 2. We recommend that, in the event of system failure, attendants continue to print a report at the beginning of their shift to compare to their shift-end report and reconcile the difference between the two on the Daily Cash Accountability Form.***

**Check to cash composition did not always match.** Check to cash composition listed on register reports (z-tapes) should match that counted by the attendant, and that recorded by the supervisor or manager for the day's deposit. Failure to reconcile check to cash composition may put funds at greater risk of theft. Checks may be used to supplement cash taken from the till. Cash to check composition did not match for a majority of the days sampled. This problem was exacerbated by the failure of the software system to close out in the evenings, as discussed above.

## **RECOMMENDATION:**

***We recommend that cash to check composition be closely monitored and kept as accurate as possible.***

**The Daily Cash Accountability Form was not always completed.** Countywide Policy # 1062, section 5.2 states, "Any overages will be deposited into the agency's depository account and reported on MPF Form 3, DAILY CASH BALANCE, and MPF Form 10, CASH OVER/SHORT LOG." Salt Palace Parking has developed their own Daily Cash Balance Form. At the end of their shift, attendants fill out this Daily Cash Accountability Form and an additional form created for their use, called the Parking Department Daily Sales Report.

For six out of 36 days sampled one or more cashiers failed to fill out the Daily Cash Accountability Form. Cashiers consistently completed their Parking Department Daily Sales Report, however, which summarizes the amount of cash and credit card transactions. Neither form contains a line for the amount of sales per register. The Daily Cash Accountability Form does contain a line for the *number* of parking tickets sold-- but does not have one for the *dollar* amount of sales per the register.

For three of the six days, the cashier failing to complete the form had collected a very small amount, \$20 or less. In these instances, the cashier may not see the benefit of filling out two forms for a small amount. The Parking Department Daily Sales Report does not contain a break down of cash versus check composition, however. Therefore, if the Daily Cash Accountability

form is not filled out the relative amount of each cannot be verified. Because both forms lack an area to record the amount of sales, it may be more difficult for cashiers to determine their over/short status and for management to review that status.

**RECOMMENDATION:**

*We recommend that cashiers consistently fill out their Daily Cash Accountability Form. We also recommend that one or both of the forms be modified to include the amount of sales per the register.*

**Checks were not restrictively endorsed upon receipt, in accordance with County policy.** Countywide Policy #1062, 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." Parking lot attendants do not endorse the check upon receipt. The parking manager endorses them the following day, as the deposit is prepared. Management and attendants indicated that they were simply unaware of the requirement. Endorsing checks upon receipt provides additional protection against checks being deposited into the wrong account, or being cashed by an individual.

**RECOMMENDATION:**

*We recommend that attendants be given a stamp to restrictively endorse all checks upon receipt.*

**VEHICLE COUNT RECONCILIATION**

During our review of the procedures used to reconcile the number of cars admitted to the parking facility to the amount of sales collected we found that:

- **Attendants do not reconcile the computer vehicle count to fees collected and non-paying vehicles logged.**

**Attendants do not reconcile the computer vehicle count to fees collected and non-paying vehicles logged.** Customers entering the facility without paying are required to sign a log indicating their name, the date, and who they represent. These logs are included in the back-up documentation for each day's deposit. The parking manager stated he did perform a reconciliation of sales and non-pays to the computer generated number of vehicles admitted. However, we found no documentation to substantiate this statement. The individual cashiers do not perform such a reconciliation on their Daily Cash Accountability Form. Similarly, the parking manager does not perform one on the deposit summary, Parking Daily Sales Report. The number of paying customers is tracked through the day's sales. A reconciliation would show

whether vehicles are admitted to the parking lot without paying or signing the non-pay log. This control activity should be put into place by attendants reconciling the number of counts on the same form receipts are reconciled, the "Daily Cash Accountability Form."

### **RECOMMENDATION:**

*We recommend that Salt Palace Parking document the vehicle reconciliation on the Daily Cash Accountability Form.*

### **MONTHLY PARKING PASSES**

During our review of the procedures used for handling monthly parking passes we found that:

- **Separation of duties between the billing, receipt of payment, deposit preparation, and recording functions is not present in handling monthly parking passes.**

**Separation of duties between the billing, receipt of payment, deposit preparation, and recording functions is not present in handling monthly parking passes.** Currently, the parking supervisor bills monthly customers, collects and records payments, and prepares the bank deposit. Ideally, these duties should be separated between different individuals. Separation of duties serves as a protection to the Salt Palace against mishandling of funds as well as protection to the parking supervisor against any wrongful accusations should a problem occur.

### **RECOMMENDATIONS:**

1. *We recommend that the accounting office prepare a bill for all monthly parking customers.*
2. *We recommend that the receptionist include monthly parking payments received through the mail on the check log.*
3. *We recommend that the accounting office review the parking deposit to ensure that monthly parking payments are deposited.*

### **FIXED AND CONTROLLED ASSETS**

Our objective for this part of the audit was to evaluate the adequacy of internal controls over County fixed and controlled assets, including compliance with Countywide Policy #1125, *Safeguarding Property/Assets*. A fixed asset is an item of real or personal property owned by the County, meeting the criteria for capitalization, having an estimated life expectancy of more than one year and a cost equal or greater than \$5,000. A controlled asset is a personal property item, which is sensitive to conversion to personal use, having a cost of \$100 or greater, but less than

the current capitalization rate. For this audit, we only examined assets assigned to the parking area of the Salt Palace.

During our examination we found that:

- **Three fixed assets and three controlled assets assigned to the Salt Palace parking area could not be located.**
- **Eight controlled assets in the parking area were not tagged and not included on the asset list.**
- **Five controlled assets located in the parking area were tagged but not included on the asset list.**

**Three fixed assets and three controlled assets assigned to the Salt Palace parking area could not be located.** The fixed assets that we did not locate were three portable parking booths. The parking manager explained that two of the booths were damaged and one booth was destroyed in the August 1999 tornado. The damaged booths were sold and management disposed of the destroyed booth. The asset list included a PM-2 number for the two booths that were damaged (Asset #96362, #88465). However, the purchasing coordinator could not find a copy of the PM-2 to show that they had been disposed of. There was not a PM-2 number listed for the third parking booth that was completely destroyed.

In addition, three controlled assets were not found. These include:

<b>Asset Number</b>	<b>Description</b>
12121	Nokia Cellular Phone
94906	PC, 1.2 G HD, CD-ROM, PCI, SUS
2996	Motorola Radio

Salt Lake County Policy #1125 section 2.2.6 states, “prepare a PM-2 form for fixed asset property no longer needed by the organization...” In addition, the policy states in section 2.2, “Property managers assigned by their Administrators are responsible for ...accounting for all controlled assets within the organization’s operational and/or physical custody.”

The parking supervisor indicated the controlled assets that were not found could have broken and been disposed of, but the proper procedures were not taken to remove the items from the asset list.

### **RECOMMENDATIONS:**

- 1. We recommend that the property manager prepare a PM-2 form for asset property no longer needed by the organization prior to disposing of or removing the asset to the surplus warehouse.***

- 2. We recommend that the completed PM-2 form be kept on file and the asset be removed from the asset list.*

**Eight controlled assets in the parking area were not tagged and not included on the asset list.** A new parking system was implemented at the Salt Palace when the underground parking structure was completed. Some hardware that was purchased to operate the system, along with some other assets, have not been added to the asset list. The following items were located in the parking office but did not have tags and were not on the asset list.

- Gateway Laptop, Pentium III
- 500 Mhz CPU with KDS monitor
- HP Deskjet 840C Printer
- Battery back-up
- Linksys Wireless network
- 8 port Hub
- Safe
- Fee Computers with printers located in the parking booths

Controlled assets are sensitive to conversion to personal use when they are not closely tracked by management. Efforts need to be coordinated among employees to insure that newly purchased items are tagged and added to the asset list. We also noted that the "Controlled Assets Inventory Form-Employee" is not being completed for assets assigned to individual employees. Completing this form helps to keep assets within the purview of the Salt Palace by assigning responsibility to individual employees.

#### **RECOMMENDATIONS:**

- 1. We recommend that the parking supervisor coordinate with the Salt Palace purchasing clerk to ensure all newly acquired property is identified and tagged.*
- 2. We recommend that the "Controlled Assets Inventory Form-Employee" be completed for each employee who is assigned fixed or controlled assets as required by Countywide Policy #1125, Safeguarding Property/Assets.*

**Five controlled assets located in the parking area were tagged but not included on the asset list.** While we were locating items on the asset list, we noticed five assets in the parking office that were tagged but were not on the asset list. These five assets include the following:

<b>Asset Number</b>	<b>Description</b>
2985	Motorola Radio
2989	Motorola Radio
96106	PC
1724	Desk
1709	Credenza

These items could have been moved to the parking office and not re-assigned to the parking department of the asset list.

**RECOMMENDATION:**

*We recommend that employees notify the property manager when assets are moved to a different location within the facility so that the asset list can be updated.*

In closing, we express our appreciation to the staff at the Salt Palace for the cooperation and timely assistance they gave to our auditors. We are confident that our work will be of benefit to you and help your organization strengthen internal controls. If we can be of further assistance to you in this regard, please contact us.

Sincerely,

James B. Wightman, CPA  
Director, Internal Audit Division