

Salt Lake County Auditor's Office

Craig B. Sorensen, *AUDITOR*



September 30, 2002

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Chief Deputy

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Re: Cash audit of the Centennial Swimming Pool.

Dear Glen:

Our office received notice of missing concessions receipts for August 18, 2002 at the Centennial swimming pool located at 3100 South 5600, adjacent to the Acord Ice Center. Because of the theft we completed a count of the \$200 change fund at the pool. On the day of the count, the fund was short \$11.00. Because the pool was closed there were no other funds, such as fee collections, to count.

We followed up with interviews of the Acord Center director and staff at the pool concerning the circumstances surrounding the missing funds. According to a memo from the center director, the cashier, age 15, had been convinced against policy, by the head life guard, to allow the guard to count the concessions receipts and prepare the cash balance sheet for the cashier so they could speed up the closing process. The guard took the receipts to the bookkeeper's office, counted the funds, placed the money in a bag, left the bag on the desk, and left the office, without dropping the money bag in the safe.

The following morning, the head concessions person questioned why no receipts were in the safe for the previous day. The head life guard, who had counted the receipts, admitted that she had forgotten to drop the money in the safe, but had no knowledge of what happened to the money bag. She further stated that she actually went to find the concessions cashier to get her to sign the cash balance sheet, and then forgot to do so when she got busy with other things.

The bag containing the receipts and the cash balance sheet were both missing from the desk and a search of the premises produced no trace of the money or bag. The amount of the theft was reconstructed from the register tapes. The bookkeeper's office is not accessible to the public; however a friend of one of the life guards was in the area all day. The head life guard was not certain that the office was locked after she counted the funds and left them on the desk.

The facility uses a combination of concessions and open plunge cash register tapes and the McBee receipt book—for lessons and rentals—to total the daily collections. Each cashier prepares a cash balance sheet at the close of their shift. The individual cash balance sheet totals are then recorded in the McBee journal the following morning by the bookkeeper so that the complete day's collections are recorded in columns. The bookkeeper then prepares the deposit transmittal form reconciled to the McBee and cash balance sheets. The concessions cashier is the only person that is supposed to prepare a cash balance sheet for their shift. We note that Parks and Recreation takes exception to the policy requirement of shorting the deposits. This is due to complications in posting revenues to various budget categories, according to Parks and Recreation management.

CASH HANDLING

During our audit work we found the following:

- ! The change fund custodian as shown on the Auditor's records indicates the previous director.**
- ! The change fund is not being restored to the established balance when overages and shortages are recorded.**

The change fund custodian as shown on the Auditor's records indicates the previous director. We reviewed the change fund records and found that the custodian record has not been formally changed from the previous to the current director. This is a requirement of County wide Policy #1203 *Petty Cash and Other Impress Funds*, Section 4.0.

The change fund is not being restored to the established balance when overages and shortages are recorded. Regarding daily receipts, per Countywide Policy # 1062 *Management of Public Funds* Section 5.2 "Any overages will be deposited in the agency's depository account and reported on M.F. Form 3, DAILY CASH BALANCE, M.F. 10, CASH OVER/SHORT LOG and on the Monthly Report of Cash Receipts. Shortages will be withheld from the deposit to maintain the change fund at the authorized level and will be reported on the M.F. Form 3, and M.F. Form 10. M.F. Form 10 must be maintained..." (exception claimed as above noted).

RECOMMENDATIONS:

We recommend that the change fund custodian be formalized as required by County Policy.

We recommend that Countywide Policy #1062 be followed in the restoration of established balances for all change funds

DEPOSIT PREPARATION

We also audited cash receipting and depositing. We looked at a random sample of the deposit records for the period June through August 2002. We reviewed all of the documents relative to collections and depositing for each day audited, including but not limited to concessions register tapes, cash balancing forms prepared by each cashier, the reconciliation prepared by the bookkeeper, daily entries and receipts related to the McBee journal entries, over/short logs, voids, refunds and deposit slips (including those validated by the bank). We found the following:

- ! The bookkeeper does not have a calculator with a tape to prepare daily deposits.**
- ! Excessive overages occurred.**
- ! Overages/shortages are not consistently recorded.**

The bookkeeper does not have a calculator with a tape to prepare daily deposits. The calculator is a hand held instrument with no tape to assist in the preparation of the reconciliation of the cashiers cash balance sheets and preparing a list of checks for the bank deposit. A calculator with a tape record would allow the bookkeeper to verify all of the above so that each day's computations would balance.

Excessive overages occurred. For two days that we reviewed, the deposit was more than the receipt totals by \$267.10 and \$65.50. The bookkeeper said the difference was that some rentals or lessons were probably not recorded in the McBee. She claims to have not had much training in all of the cash handling processes.

Overages/shortages are not consistently recorded. The over/short log was not consistently maintained and each cashier did not keep one. The bookkeeper was employed for the summer and was not aware that the log was to be kept daily so she totaled it monthly.

RECOMMENDATIONS:

- 1. We recommend that a calculator with a tape be made available for preparation of deposits.**
- 2. We recommend that periodic reviews of cash handling procedures be conducted by**

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agency fiscal officers to make certain summer help is aware of new procedures and the importance of balancing daily.

In closing, we would like to express appreciation to the Centennial pool staff for the cooperation and timely assistance which they gave to our auditor. We trust that our work will be of benefit to you as you endeavor to make changes that will strengthen internal controls over these processes. If we can be of further assistance to you in this regard please feel free to call.

Sincerely

James B. Wightman, CPA
Director, Internal Audit Division

cc: Paul Ross
Pamela Boyles
Brad Pitcher
David E Yocom.