

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR



An Audit of the Key Controls of
Crestwood Outdoor Pool

August 22, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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GREGORY P. HAWKINS
Salt Lake County Auditor

LONN LITCHFIELD, JD, LL.M.
Chief Deputy Auditor

2001 South State Street, N3300
PO Box 144575
Salt Lake City, UT 84114-4575

(385) 468-7200
(385) 468-7201 / fax
GHawkins@slco.org

August 22, 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 Crestwood Outdoor Pool

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Crestwood Outdoor Pool 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 Crestwood Outdoor Pool and the cooperation from Ben Hill, Chris Buckley, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Crestwood Outdoor Pool 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 Larry Decker CPA, CIA
Sr. Deputy Auditor

cc: Martin Jensen, Parks and Recreation Director
Andrew Keddington, Associate Administrative Director
Ben Hill, Crestwood Pool Manager



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Crestwood Outdoor Pool. 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

In our audit of Crestwood Outdoor Pool, we found items on the controlled asset list that had been moved to another recreation center, and one asset transferred to County surplus that did not have a Form PM-2 on file. In addition, we found two controlled assets on-site that were not included on the controlled asset list. In the area of bank deposits, we found instances where deposits were not made within three days after collection, as specified in Countywide policy. A report of the last audit of the Crestwood Pool was released to the public in October 2013.

Findings and Recommendations

Finding # 1 - Some controlled assets were not found on the controlled asset list.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Sections 4.3 and 4.3.2 state:

"The Property Manager shall maintain records to manage controlled assets using the following forms ... "Controlled Assets Inventory Form - Organization" is used for property not readily assignable to an individual employee or which is shared by more than one employee."

We reviewed five controlled assets on-site and found two that were not included on the controlled asset list. These assets comprised a Cisco switch and an Emerson server that were not readily assignable to any one employee.

Management stated that IS personnel were responsible for placing these items at Crestwood Pool, and that management had not yet updated the list for this action.

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 Crestwood Pool records include all controlled assets on-site.

Finding # 2 - Accountability for some controlled assets was not properly established.

Risk Level: Low

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.3 states that property managers are required to:

"Maintain records as to current physical location of all fixed assets and controlled assets within the organization's operational and/or physical custody."

Of the 25 controlled assets we reviewed, 14 could not be found on-site at Crestwood Pool. Thirteen of these items were lounge chairs, and one was a lane line reel.

Management stated that the lounge chairs had been transferred to the Holladay Lions Fitness and Recreation Center. They also stated that the lane line reel had been sent to County surplus. A Form PM-2 for this transfer could not be found at the time of our audit.

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 Crestwood Pool administration properly account for all controlled assets.

Finding # 3 - Deposits were not always made in a timely manner.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Section 4.1.2 states:

"As required by § 51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but no later than three days after receipt."

We found that 7 out of 30 deposits examined were deposited more than three days after receipt of collections.

Management stated that they are aware of the need to ensure deposit timeliness. The distance of the pool from the Holladay Lions Fitness and Recreation Center, where the deposits are prepared, sometimes results in deposits not being prepared in a timely manner.

When funds are not deposited on a timely basis, they are more susceptible to loss or theft. In addition, interest is lost that would otherwise be accrued.

Recommendation

We recommend that funds be deposited on the same day, whenever practicable, but no later than three days after receipt.

Additional Information

Background

Crestwood Outdoor Pool, located at 1700 Siesta Drive (7485 South) in Cottonwood Heights, is operated from Memorial Day to Labor Day. Adjacent to Crestwood Park in a secluded, affluent neighborhood, the 25-yard long pool with six lanes and an L-shaped diving alcove, is one of the smallest in the County Parks and Recreation system. Lap lanes are assigned on an as-needed basis, and swim lessons are available. Lap swimming and open plunge are offered afternoons seven days a week and evenings on weekdays. The small, unique building that houses cashiering functions and locker rooms was built in 1959, and includes a second-floor apartment that in the past has been occupied by Parks and Recreation employees and their families.

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 July 11, 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.

**Parks & Recreation Division Response to
Summary of Findings & Recommendation**

For Crestwood Outdoor Pool - Audit Dated: August 13, 2014

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	<i>Some controlled assets were not found on the controlled asset list.</i>	We recommend that Crestwood Pool records include all controlled assets on-site.	Both of the controlled assets that needed to be tagged and included on the control asset list were tagged and added to the control asset list on Wednesday, August 20, 2014. All other controlled assets have been fully accounted for and we are in compliance with the Countywide Policy.
2.	<i>Accountability for some controlled assets was not properly established.</i>	We recommend that Crestwood Pool administration properly account for all controlled assets.	All 14 items, including the lane line reel were located at the Holladay Lions Fitness and Recreation Center's indoor pool. The controlled asset lists have been updated and the 14 items have been moved from the Crestwood list to the Holladay Lions' list.
3.	<i>Deposits were not always made in a timely manner.</i>	We recommend that funds be deposited on the same day, whenever practicable, but no later than three days after receipt.	We will follow the recommendation as stated in this finding. Chris Buckley, Crestwood's Pool Coordinator, will do everything, within reason, to make sure that funds are deposited on time.
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NAME AND TITLE OF PERSON RESPONDING:

**Ben Hill
Facility Manager**

DATE PREPARED: 8-20-14