

## Salt Lake County Auditor's Office

Craig B. Sorensen, *AUDITOR*



October 1, 2002

David L. Beck  
*Chief Deputy*

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

*Salt Lake County  
Government Center  
2001 S. State Street  
Suite N2200  
Salt Lake City  
Utah 84190-1100  
Tel (801) 468-3381  
Fax (801)-468-3296*

Re: Three additional thefts at the Fairmont Aquatic Center

Dear Glen:

Our office received notice of three more thefts at the Fairmont Aquatic Center, bringing the total to five since May. On Sunday, July 28, 2002, center staff discovered that two bags containing change fund monies of \$100 each had been taken from the small safe located in the lobby. The unusual circumstances suggest a certain sophistication and preparation. An alarm connected to the front door was deactivated at 9:38 a.m. using the director's alarm code. An employee then entered the building at 9:55 a.m., suggesting a 17- minute time frame for the perpetrator to open the door, shut off the alarm, open a safe and be gone before being seen. At any rate, it appears that the thief had some background knowledge of systems and operation.

We interviewed the director on August 26, 2002 concerning the theft and returned August 28, 2002 to conduct a controlled asset inventory, the intent of which was to determine whether after all the cash thefts any assets had been taken. When our auditor arrived for the announced audit, the director told him that a fourth theft had occurred the previous weekend of August 24-25, 2002. This theft had been from the large safe and comprised receipts from Sunday's activities of \$325.50, some \$176 in cash, \$99 in credit cards and \$50.50 in checks. In addition, the director told the auditor that there had been a rash of thefts from patron lockers even when secured by their own locks, both at this center and at the Salt Lake City Sports Complex.

On Thursday September 12, 2002 we were notified of yet another theft that occurred on Friday August 30, 2002. A change bag containing \$60 was taken from the large safe. On Monday September 16, 2002, our auditors visited the center and interviewed the director regarding the latest theft. He suspects the bag may not have dropped into the safe interior because, as he discovered, a cash box inside the safe prevented bags from completely dropping. It was possible to reach in through the drop drawer and retrieve a bag he had inserted for a test. Since that time the box has been removed.

While we were at the center we also placed a commonly used change bag in the drop drawer of the small safe, which is a brand of safe used at all the Parks and Recreation centers. The bag had to be folded over in order for it to be inserted. Folding the bag bound it so tightly in the drawer that it did not always drop into the safe when the drawer was closed.

Concerning the thefts, the center director told us that the District Attorney's Office is currently conducting an investigation and is in process of interviewing all the employees. Center director Gene McIntyre has done some research on video camera surveillance and suggests this may be a viable option to control thefts.

Since we already recently performed a cash audit, we decided to review controlled asset management. We secured a controlled asset list from the center property manager, reviewed the purchase requests for the last 8 months, and reviewed a furniture, fixtures and equipment list that had been prepared when the building was completed. We reviewed Policies #1100 (*Surplus Property Disposition/Transfer/Internal Sale*) and #1125 (*safeguarding Property/Assets*) with the property manager and then did a complete physical inventory of all the controlled assets at the center and the Liberty Park Pool, because the pool is managed from the Fairmont Center. Based on our work, we found the following:

- ! **The controlled asset list did not include 97 items that should have been included, unnecessarily included fixed assets already listed by the Auditor's Office, and contained incomplete and inadequate detail.**
  
- ! **The status of two items, a cell phone and a printer, was not properly documented.**

**The controlled asset list did not include 97 items that should have been included, unnecessarily included fixed assets already listed by the Auditor's Office, and contained incomplete and inadequate detail.** We reviewed the purchase requests from when the building was opened, a listing of furniture, fixtures and equipment, and matched those to the center's controlled asset list. We then conducted a complete physical inventory at the center and Liberty Park Pool. We located 97 items that had not been included on the controlled asset list. (See Attachment A) Some of the item descriptions on the controlled asset list did not provide enough information such as complete serial numbers, purchase dates and complete descriptions, to be supportive in identifying individual items.

**The status of two items, a cell phone and a printer, was not properly documented.** One cell phone was not individually assigned or listed with the controlled assets, and one printer had been loaned to another center for which there was no PM-2 form. We reviewed Policy #1125 to show the manager that certain items, although not costing \$100, needed to be included and assets loaned or transferred to another site needed to be controlled by use of the PM-2 form.

Glen Lu, Director  
October 1, 2002  
Page 3

**RECOMMENDATIONS:**

1. **We recommend that the controlled assets list be updated and kept current.**
2. **We recommend that the cell phone be added to the list and assigned.**
3. **We recommend that assets loaned to other centers be covered by PM-2 forms.**

Again in closing, we would like to express appreciation to the Fairmont Aquatic Center staff for the cooperation and timely assistance which they gave 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  
Gene McIntyre  
David E. Yocom