

Salt Lake County Auditor's Office

Craig B. Sorensen, *AUDITOR*



David L. Beck
Chief Deputy

July 28, 2003

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Glen Lu, Director
Parks and Recreation Division
2001 South State Street #S4400
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Dear Glen:

The Audit Division recently completed a review of cash collections, receipting and depositing function at the Crestwood Pool (Crestwood). We also examined Crestwood's change fund and controlled assets.

CASH RECEIPTING AND DEPOSITING

We found the procedures generally well controlled and in conformance with Countywide Policy #1062, "Management of Public Funds." However, we found some problems that need to be resolved.

- **Change fund balance did not agree with amount authorized by Auditor's office.**
- **Checks were accepted in amounts greater than the amount of purchase.**
- **Deposits were not made timely.**

Change fund balance did not agree with amount authorized by Auditor's office. The Auditor's office records the change fund at Crestwood as \$10.00. The amount currently used at Crestwood is \$40.00. Research found that two years ago, when Holladay Lions Fitness Center (Holladay Lions) became responsible for Crestwood, the change fund in place was \$20.00. Subsequently, Holladay Lions deposited \$20.00 from its change fund to the Crestwood change fund for the summer. The \$20.00 is returned to

Holladay Lions when Crestwood closes each fall. This clarifies the change from \$20.00 to \$40.00 but does not explain the change from \$10.00 to \$20.00.

RECOMMENDATION:

We recommend that \$10.00 be submitted as revenue and a request made to increase the change fund to \$40.00.

Checks were accepted in amounts greater than the amount of purchase. We found several cash register Ztape reports that had transactions indicating that a check was received and cash was given back to the patron. Countywide Policy #1301, "Acceptance of Checks," Section 2.5, states, "*Checks shall not be accepted in amounts greater than the amount of purchase (i.e., the amount of direct goods or services being paid for by the issuer).*" When checks are accepted for more than the amount of purchase and cash is given back, the cash/check composition of the till does not match the cash/check composition as indicated on the cash register till Ztape report. In addition, the integrity of revenue collections cannot be ensured. To maintain the best internal control over cash receipts, checks should only be accepted for the amount of purchase. The office manager stated that as soon as she was aware that cashiers had given change for checks, she instructed them that this was against policy. We did not find change given for checks after June 3, 2003.

RECOMMENDATION:

We recommend that cashiers conform to the policy of not accepting checks greater than the amount of the purchase.

Deposits were not made timely. Countywide Policy #1062, "Management of Public Funds," Section 3.7.2, states, "*All public funds shall be deposited daily whenever practicable but not later than three days after receipt.*" In our review we found that of the 30 days reviewed, deposits have been more than three days late on 19 occasions. On one occasion, with six days receipts included, Crestwood computers were down and reports could not be run. When large amounts of receipts are kept in the facility it is open to the risk of losing money. The pool manager indicated that around the middle of June, she was told that deposits should be made daily if possible. Since that time, records show that deposits have been made daily or at least every two days.

RECOMMENDATION:

We recommend that receipts be deposited daily or at least every three days.

CONTROLLED ASSETS

To determine if controlled assets are adequately managed, we evaluated compliance with Countywide Policy #1125, "Safeguarding Property/Assets." A

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controlled asset is an item of personal property, sensitive to conversion to personal use, and having a cost of \$100 or greater. We obtained copies of the controlled assets list of Holladay Lions and conducted a physical inventory at Crestwood. We found:

- **Assets assigned to Crestwood are intermingled with Holladay Lions controlled assets list, and are listed as surplus.**

Assets assigned to Crestwood are intermingled with Holladay Lions controlled assets list, and are listed as surplus. The controlled assets assigned to Crestwood were found on the Holladay Lions controlled assets list. The three items had a surplus status code. Two of the assets were located. The third asset, a printer, had been transferred to Holladay Lions. We did not find a PM2 to validate this transfer. The printer currently in use at Crestwood is on loan from the program coordinator. Additionally, we found the following assets that were not tagged or recorded: lane dividers, pool vacuum, and two safes. The program coordinator indicated that she could have a separate and complete controlled assets list for Crestwood in a week.

RECOMMENDATION:

1. *We recommend that the Crestwood program coordinator compile a controlled assets list and that she assume primary responsibility for all assets.*
2. *We recommend the removal of disposed or transferred assets from the controlled assets list and recording of newly acquitted assets.*

We appreciate the cooperation we received at Crestwood and Holladay Lions and the efforts of you and your staff. We hope our work will be of benefit to you. If you have any questions, please contact me.

Sincerely,

James B. Wightman, CPA
Director, Audit Division

cc: Paul Ross
Chris Buckley
Tracy Gines