



December 31, 2012

Ben McAdams, Mayor  
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Re: An Audit of Wheeler Historic Farm

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Wheeler Historic Farm. Our scope was limited to verification of the accuracy and completeness of financial records and compliance with internal controls related to cash handling, capital and controlled assets, and merchandise inventory. Our audit covered the period from August 2011 through August 2012.

Our objectives were to determine whether:

- Receipts and petty cash were handled according to Countywide Policy #1062, *Management of Public of Funds*, and Policy #1203, *Petty Cash and Other Imprest Funds*, and good business practice and controls were in place to prevent theft of funds.
- Capital and controlled assets were managed according to Countywide Policy #1125, *Safeguarding Property/Assets*, and are guarded against equipment becoming missing or stolen.
- Objects and artifacts, most of them considered antiques, were systematically tracked to accurately account for them.
- Wheeler Farm store inventory was managed to help ensure against theft, including regular inventory counts compared against a recorded basis of expected items on hand.

Our work was designed to provide reasonable but not absolute assurance that the system of internal controls was adequate, records current, and daily transactions valid. Since our audit included only a sample of items from the period examined, there is a risk that we would not have discovered misuse or theft of County assets because such actions may have occurred with respect to assets or transactions not selected for review. Management's response to our audit can be found in Appendix A.

As an American Revolution Bicentennial project, Wheeler Farm was conceptualized in the 1970s. With support and impetus from the Junior League, Salt Lake County began plans in 1975 to create what is today Wheeler Farm. Initial land purchases occurred prior to that date. The farm includes the Wheeler family house built in 1898, and other smaller buildings, such as the ice house, root cellar, chicken coop, and granary. Smaller buildings are either original to the period or re-built in more recent times.

Wheeler Farm assesses fees for some activities and events. On the farm itself, patrons can view cattle, pigs, horses and other animals free of charge but must pay for wagon rides and guided house tours. The Activity Barn built in the 1990s houses administrative offices and includes a large recreation room rented out for wedding receptions, family reunions, and other events. The annual Hay Bale Maze in late September and October provides a large source of revenue from patron fees.

A full-time farmer and part-time seasonal assistants tend the animals and plant and harvest various crops, including corn and pumpkins. Picnic benches and a pavilion on the south end in an area called South Cottonwood Regional Park provide additional recreational opportunities.

A citizen advisory board, known as Friends of Wheeler Farm, offers input into farm development and historic preservation, and also contributes financially to operations. The historic significance of Wheeler Farm is its role as a late 19<sup>th</sup> Century dairy farm marking a transitional period where products were sold to the community at large and not just used for family consumption. The manager reported that not many farms throughout the country remain where this progressive farm era history is preserved.

As its cashiering system, Wheeler Farm uses Sportsman management software, but another facility, a small store located several yards from the Activity Barn, uses a different off-line cash register. An off-line cash register is also used to collect patron admission fees during the Hay Bale Maze.

Wheeler Farm is a general fund operation. The five-year trend in revenues and expenses, as taken from the County's financial system, AFIN, is shown in Figure 1 below.

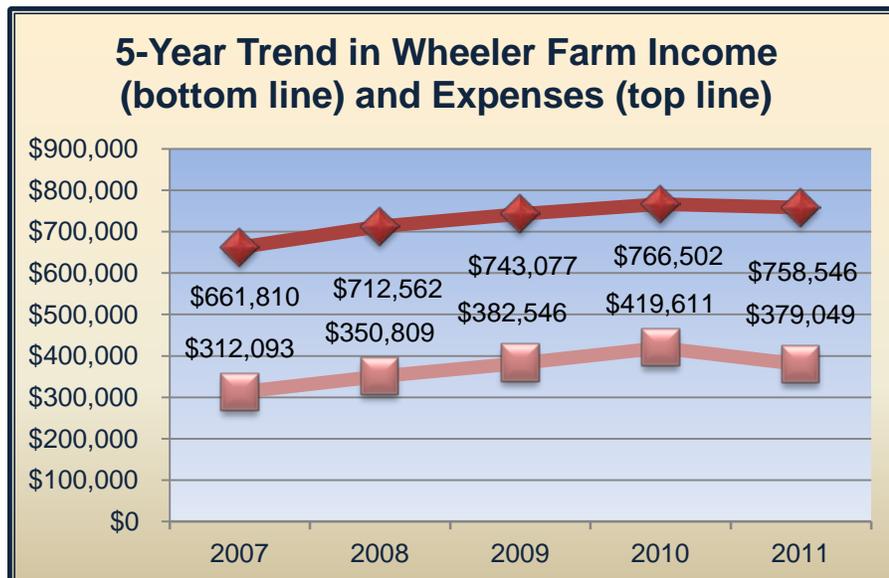


Figure 1. Both revenue and expenses have edged up in recent years.

We found that management wanted to establish and follow proper controls to help ensure against theft of County funds, however, there are areas that needed to be addressed in achieving

greater monitoring of County assets and adherence to Countywide Policy. Our findings are divided into the following sections: 1) Cash Handling and Depositing, 2) Capital and Controlled Assets, and 3) Store Inventory

### **CASH HANDLING AND DEPOSITING**

Our findings in the area of Cash Handling and Depositing are as follows:

- *The change fund exceeded its authorized limit by \$41.37.*
- *Depositing was not timely and deposit documentation was not adequately segregated by date.*
- *Voided receipts and refunds were not adequately documented.*
- *Credit card documentation was not always complete.*
- *The Wheeler Farm store used an off-line cash register and then receipts were re-entered into Sportsman.*
- *A Sportsman Z-tape was altered and re-printed by the bookkeeper.*
- *Required identification was not recorded on checks.*

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*The change fund exceeded its authorized limit by \$41.37.* To initiate our audit we counted all funds on-site. We found the \$1,200 change fund divided among eight separate zipper bags or locations. Three of these bags were in a safe that Wheeler Farm personnel had difficulty opening, and represented funds they estimated had not been used in about a year. After counting all bags, we found the change fund to be \$41.37 over its limit.

Countywide Policy #1062, *Management of Public Funds*, Section 5.3.1.1, states:

*All overages shall be deposited into the Agency's depository account.*

Policy #1062, Section 2.7.3, states:

*Cashiers shall sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the change fund from the safe or lockbox; and return the fund to the safe or lockbox..*

Without proper oversight, change funds become more susceptible to theft. Allocating the change fund to so many locations could have contributed to the overage occurring.

As we discussed the change fund with the Wheeler Farm manager, she felt its authorized \$1,200 limit exceeded operational needs. We concurred with her observation, especially given

infrequent use of some portions of it. A larger fund was needed in the past when additional events, such as the annual Christmas lights display, were held. Such a large fund now, however, only promulgates errors as it is difficult to track.

**RECOMMENDATIONS:**

- 1. We recommend that the \$41.37 change fund overage be deposited into the Wheeler Farm depository account.**
- 2. We recommend that employees verify change fund cash in the zipper bag and sign a log each time the bag is removed from or returned to the safe.**
- 3. We recommend that the change fund be reduced to a level determined by current operational needs.**

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*Depositing was not timely and deposit documentation was not adequately segregated by date.* We examined 32 deposits from August 2011 through August 2012, and found 24 (75%) that were not deposited within the three day limit required by Countywide Policy. Three of these deposits were prepared and then maintained in the safe without delivery to the bank. The other 21 included several days' worth of collections in the same deposit. One deposit included 15 cashier balance sheets covering 7 days. In another instance we found one day where collections for \$299 were not deposited for 12 days. It appeared these funds had been somehow forgotten in the safe.

Policy #1062, Section 4.1.2, states:

*As required by 1-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but not later than three days after receipt.*

Deposit delays occurred because of changeover in personnel performing the deposit, and because the bookkeeper who prepares the deposit works only three days a week. Untimely deposits, however, create opportunity for theft, and lead to greater accounting errors in deposit preparation.

In examining deposit timeliness, we also observed the filing system for deposit documentation. We found documentation for individual deposits sometimes held together with paper clips or rubber bands. Other times, however, papers were loosely filed without any banding. In a box of documentation for several deposits, individual deposit preparation was not clearly segregated. Deposit documentation banded together would include the individual deposit slips, cashier balance sheets, Sportsman reports of daily collections totals, and signed credit card slips.

The filing methodology of placing unclearly segregated items in a box has been a long established procedure. Nevertheless, without clearly segregating documentation for each deposit, paper flow is not easily followed, and funds could remain un-deposited without being easily detected.

**RECOMMENDATIONS:**

- 1. We recommend that funds be deposited daily, where possible, but no longer than three days after receipt.**
- 2. We recommend that each deposit have a separate envelope on file containing deposit documentation, with the deposit slip date and dates of collection marked on it.**

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*Voided receipts and refunds were not adequately documented.* Though infrequent and of small amount, we noted the lack of explanation for voids within deposit documentation.

Policy #1062, Sections 3.7.2 and 3.7.3, state:

*All copies will be marked "VOID," including the customer copy, if available. The cashier initiating the voided transaction will document, on the front of the voided receipt, the cause of the voided transaction and its resolution.*

*A supervisor who was not involved with the transaction will review and sign one copy of the voided receipt, along with the cashier who initiated the void. All voided receipts will be attached to the daily cash balance sheet for audit purposes.*

The process, as stated in the policy above, was not followed. The original receipt was not signed by either the cashier or supervisor, and no explanation was written on the hard copy receipt. Wheeler Farm personnel stated that voids were not documented because an explanation was included on-line within Sportsman. On-line documentation, however, can become lost and is not readily accessible.

We found inadequate documentation for refund transactions as well. No cash is disbursed from the cash drawer in making refunds, only checks are issued, or in the case of credit card transactions, the amount is reversed on the card. Refund checks are issued from the Parks administrative office at the request of Wheeler Farm personnel; farm personnel do not issue refund checks themselves. They do, however, reverse credit card transactions.

Refunds are frequent and necessary because of building and facility rentals. As part of the rental agreement for the Activity Barn or other facilities, patrons pay a cleaning deposit fee ranging from \$20 to \$500. Once the event is over and facilities are judged in good condition, the cleaning deposit is refunded.

For each refund, Sportsman produces a "Refund Check Receipt" stating the patron's name, event, and amount refunded. We only occasionally found hard copies of this document on file. Usually, the only documentation was the credit card slip showing the reversal. While the Refund Check Receipt adds extra paperwork, excluding it from the file does not allow for the refund verification otherwise provided. In addition, Sportsman produces another receipt – a cash register slip – showing deletion of the cleaning fee and reversal of the credit card transaction. This document was also rarely found in the file.

**RECOMMENDATIONS:**

- 1. We recommend that voided receipts be filed with deposit documentation and include a written explanation of the void, together with cashier and supervisor signatures, as evidence of their review and approval.**
- 2. We recommend that the Sportsman-generated “Refund Check Receipt” form showing credit card reversals be included in deposit documentation.**

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*Credit card documentation was not always complete.* The “Daily Report of Electronic Transmitted Activity,” (DRETA) was usually not included with deposit documentation. This report is a small tape printed from the credit card terminal showing daily credit card receipt totals. We found individual signed credit card slips, but not the DRETA. The DRETA is compared to individual credit card slip totals in reconciling the two. In essence, it is a credit card batch totals report. Cashiers either did not see the need to include it, or they forgot to attach it. Excluding it, however, does not allow for credit card balancing accuracy to be ascertained.

In addition, we found credit card errors on the daily transmittal report sent to Recreation administration. This report acts as a combined balance sheet for cash, check, and credit card deposit totals based on individual cashier balance sheets.

In one transmittal report error, we found \$836 excluded in credit card collections. In another instance, \$1,100 refunded by check was erroneously included in the credit card total. While these errors were caught by the Recreation fiscal manager, the imprecision shown indicated a lack of attention to detail that could manifest itself in other areas of deposit preparation.

**RECOMMENDATIONS:**

- 1. We recommend that the Daily Report of Electronically Transmitted Activity (the credit card batch total report) be compared to totals of all individual receipts and attached to the balance sheet.**
- 2. We recommend that credit card totals be accurately entered on the transmittal document sent to Parks and Recreation administration.**

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*The Wheeler Farm store used an off-line cash register and then receipts were re-entered into Sportsman.* This duplicative effort also led, in some instances, to cashiers not recognizing overages or shortages on their balance sheets. As a routine process, cashiers close out the off-line store cash register by printing a Z-tape of totals, and then taking collections to the Activity Barn. Actual cash on hand, and not the Z-tape amount, as well as the sum totals of checks and credit card receipts are then re-entered into Sportsman at the Activity Barn. This is done so a single Wheeler Farm revenue report can be produced.

Therefore, a cashier may refer to Sportsman totals when balancing, and conclude that no overage or shortage occurred. While any overages and shortages were insignificant – under \$5 – this lack of precision and attention to detail could lead to greater errors in the future.

Installing Sportsman software at the store would solve this duplicative effort. The Wheeler Farm manager provided various reasons why installation has not occurred, including

difficulty in running a coaxial cable there, or tearing down parts of the wall or floor to install the cable. These obstacles, however, could likely be overcome.

**RECOMMENDATION:**

- 1. We recommend that store cashiers always balance to store cash register Z-tape totals and not to Sportsmanre-entered totals.**
- 2. We recommend that Sportsman software be installed at the Wheeler Farm store as a way to integrate all cashier operations and eliminate the re-entering of receipts in the Activity Barn point-of-sale terminal.**

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*A Sportsman Z-tape was altered and re-printed by the bookkeeper.* Altered by \$1, the bookkeeper's Sportsman "Cash Till Balance Report" (or Z-tape) showed cash of \$11.25, and a \$1 void. The original cashier-generated Sportsman "Cash Till Balance Report" showed cash of \$12.25, and a \$1 shortage reported on the balance sheet. Normally the two reports by the cashier and bookkeeper agree. In fact, this difference was the only one viewed out of 32 deposits sampled.

As routine procedure, the cashier performs the "closing" function within Sportsman, and the bookkeeper signs off in Sportsman as "accepting" the balance report. Both the cashier and bookkeeper print a Cash Till Balance Report.

While the difference in this case was small, the bookkeeper could change a Sportsman Cash Till Balance Report as a way to hide theft. The mitigating factor is that both cashier and bookkeeper versions of this report are included in deposit documentation. Therefore, any discrepancies could be discovered. The \$1 may have indeed represented a void that the cashier had not entered, but without explanation, or review by another merit employee, this was not known for certain.

**RECOMMENDATION:**

**We recommend that any alterations to the original Sportsman "Cash Till Balance Report" (Z-tape) include a documented explanation signed by the bookkeeper, or deposit preparer, and the Wheeler Farm manager.**

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*Required identification was not recorded on checks.* In our cash count on the first day of the audit we noted that checks did not have personal identification written on them. Personnel were not aware of this requirement.

Countywide Policy #1062, Section 3.1.3, states:

*Persons remitting "over-the-counter" payments by means of personal check shall be required to provide a valid form of identification...*

In addition, Countywide Policy #1301, *Acceptance of Checks*, Section 4.2 states:

*When a valid form of identification is provided, the following information should be documented on the front of the check: expiration date of identification card and the...driver's identification number.*

Generally, a driver's license is considered a valid form of ID. Without documenting identification on the check, the issuer may not be located to recover insufficient funds should the bank return it. In recent years, checks have nearly fallen into disuse as almost all payments, aside from cash, are by credit or debit card.

***RECOMMENDATION:***

**We recommend that identification be required for all over-the-counter personal checks presented for payment, with the number, such as the driver's license number, and expiration date written on the face of the check.**

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**CAPITAL AND CONTROLLED ASSETS**

Our findings in the area of Capital and Controlled Assets are as follows:

- *Three controlled assets were not located during our inventory search.*
- *Several controlled assets not located were reported as sent to surplus, but no Form PM-2 was on file.*
- *Six controlled assets were tagged but not included on the controlled asset list.*
- *Some controlled assets were neither tagged nor listed, and some capital and controlled assets were listed but not tagged.*
- *Adequate description was not made in some cases for items on the controlled asset list.*
- *Antiques, artifacts, and educational props were catalogued and marked.*

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*Three controlled assets were not located during our inventory search.* We selected a statistically random sample of 59 controlled assets out of 160 total. The three controlled assets not located are shown in Table 1 on page 9.

<b>Controlled Assets Not Found During Inventory</b>		
<b>Description</b>	<b>Tag</b>	<b>Reported Location</b>
Planar Computer Monitor	JN00096	Museum Office
Sharp XE-A102 Cash Register	JW00423	Store
Honda Generator	KF00039	Farm Yard

**Table 1.** *The three controlled asset not found were reported in different locations.*

We found two cash registers on-site, as discussed later in this letter, but not the one shown above. The store cash register we viewed was not tagged, nor was it the same model as in Table 1. Additionally, the head farmer, who accompanied us on the inventory, discovered that the Honda generator – recently purchased for \$900 – might have been stolen. He thought one of his employees left it outside, and someone picked it up.

We also noted that a “Controlled Asset Inventory Form – Employee” was not used. When controlled assets specifically used by an employee are not signed for on this form, they lack the additional control it otherwise provides in preventing theft. While useful, the form would not have context for many controlled assets in the farm yard, including the Honda Generator, as they are used by several employees and not specifically assignable.

***RECOMMENDATIONS:***

- 1. We recommend that controlled assets not found either be located or reported as missing or stolen in a letter to the Mayor and then removed from the controlled asset list.**
- 2. We recommend that a “Controlled Asset Inventory Form – Employee” be used for controlled assets assigned to only one employee.**

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*Several controlled assets not located were reported as sent to surplus, but no Form PM-2 was on file.* During our inventory count, we noted the following four controlled assets that either the controlled asset list reported as sent to surplus, or the head farmer reported as sent to surplus. These four assets are listed in Table 2 below.

<b>Controlled Assets For Which No PM-2 is on File</b>		
<b>Description</b>	<b>Tag</b>	<b>Status</b>
Snow Blower Attachment	JW00236	Reported as Surplus
Pretzel Oven	JW00337	Reported as Surplus
HP Laser Jet Printer	JW00403	On Asset list as Surplus
Gas Barbecue	JW00417	Reported as Surplus

**Table 2.** *A Form PM-2 documenting transfer of the asset to surplus was not on file.*

Countywide Policy #1100, *Surplus Property Disposition/Transfer/Internal Sale*, Section 3.8, states:

*The PM2 Form serves as both the initiating document and as the receipt, and must be used to document all surplus property transactions.*

Without the Form PM-2, there is no assurance that a controlled asset has been sent to surplus and not diverted to personal use. Parks and Recreation procedure requires each site to maintain its own file of completed Form PM-2s. Completed forms not maintained on-site make surplus status more difficult to determine. While the Parks and Recreation administrative office does maintain copies, files at their office include completed forms from all recreation centers. Therefore, searching for items from one particular center over another is difficult and time consuming.

**RECOMMENDATIONS:**

1. We recommend that a copy of the Form PM-2 be retained at Wheeler Farm for all items sent to surplus.
2. We recommend that Form PM-2s at the administrative office be researched for items reportedly sent to surplus and that a copy of these forms be placed in Wheeler Farm's files.
3. We recommend that a simple log be maintained of controlled assets removed from the premises, listing the description, controlled asset number, PM-2 number (if applicable), date, and the reason removed.

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*Six controlled assets were tagged but not included on the controlled asset list.* We found the following tagged, but unlisted controlled assets as we conducted our inventory. Items found are shown in Table 3 below.

Controlled Assets Tagged but not Listed		
Description	Tag	Location
Panasonic Microwave Oven	JW00485	Ice House
Sony TV	JW00328	Ice House
Husqvarna 16" Chain Saw	KF00043	Farmer's Workshop
Husqvarna 16" Chain Saw	KF00044	Farmer's Workshop
Tornado Floor Cleaner	JW00515	Museum Office

**Table 3.** *The chain saws were particularly valuable controlled assets.*

Items not listed on the controlled asset list are more susceptible to theft. All equipment in Table 3 could easily be converted to personal use. The chain saws were new, and therefore particularly valuable. We did note, however, that the chain saws were maintained in a locked cabinet, a commendable effort by Wheeler Farm staff. The exclusion of the items in Table 3 from the controlled asset list was an oversight by Wheeler Farm personnel.

**RECOMMENDATION:**

**We recommend that items tagged, but not listed, be included on the controlled asset list.**

*Some controlled assets were neither tagged nor listed, and some capital and controlled assets were listed but not tagged.* Controlled assets that are neither tagged nor found on the controlled asset list are particularly vulnerable to conversion to personal use because no accounting at all has been made for them. Table 4 below lists these items.

<b>Controlled Assets Neither Tagged nor Listed</b>		
Description	Serial/Model	Other Information
Red Husky Air Compressor	20151733	New Purchase
Red 5.0 HP Toro Snow Blower	CCR3000STS	
Red 4.5 HP Toro Snow Blower	CCR2000	
Sharp Cash Register	XE-A406	At the Store
Sharp Cash Register	XE-A406	At the Front Desk
Panasonic Microwave		At the Store
Dayton 10" Contractor Saw		
HP Color Laser Jet Printer	CP2025	Manager's Office
Wood Chopper		Donated Item

**Table 4.** *These items were overlooked when identifying and tagging controlled assets.*

Earlier we noted a missing Sharp cash register. We did find two untagged cash registers, as shown in Table 4, but they did not match the model description for the one on the controlled asset list. As another observation, we did find the contractor saw within a locked cover, a commendable effort, even though it was not found on the controlled asset list.

In addition, in some cases we found items listed but not tagged for both capital and controlled assets. Detail for these items is provided in Table 5 on page 12.

<b>Controlled Assets Listed but not Tagged</b>		
<b>Description</b>	<b>Tag</b>	<b>Capital or Controlled</b>
John Deere F-911 Tractor	87788	Capital
Sharp Digital Copier	99077	Capital
1948 Farmal Tractor	JW00011	Controlled
Massey-Ferguson Tractor	JW00014	Controlled
Hitachi Miter Saw	JW00041	Controlled
Disk	JW00049	Controlled
Hay Rotary Mower	JW00168	Controlled

**Table 5.** *These items were listed on either a capital or controlled asset list but not tagged.*

We also made other observations worth noting for some of these items. The John Deere Tractor we viewed had a different model number than the F-911 shown. No explanation was readily apparent, but personnel felt that the John Deere tractor viewed matched the one listed. Also, the 1948 Farmal Tractor was considered an antique and was on display for public viewing.

***RECOMMENDATIONS:***

- 1. We recommend that controlled assets not tagged or listed be tagged and included on the controlled asset list.**
- 2. We recommend that property tags be obtained and attached to capital and controlled assets where tags are not affixed.**

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***Adequate description was not made in some cases for items on the controlled asset list.***  
We found some items without serial numbers listed. Other missing information, such as cost and purchase date, could help identify assets. The controlled asset list often has low priority due to many other operational concerns, and therefore only minimal information may be shown. Moreover, many pieces of equipment lack readily identifiable serial numbers, or they are located in areas not easily accessed. Nevertheless, lack of this additional information creates more difficulty in identifying the asset should the property tag rub off or not be attached.

***RECOMMENDATION:***

**We recommend that Wheeler Farm management ensure that serial numbers, acquisition dates, and costs, where available, are included on the controlled asset list to further identify items listed.**

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***Antiques, artifacts, and educational props were catalogued and marked.*** We commend the effort made in managing these items. Our positive finding reflects the initiative taken by personnel. Wheeler Farm maintains a list of 6,236 antiques, artifacts and educational props. They track all items using PastPerfect museum software, a collections management system. A museum tracking number is assigned to and painted on each item.

The Wheeler Farm collection encompasses farm implements and equipment, furniture, and household and clothing items from the late 19<sup>th</sup> Century through the 1940s. Also included are educational props from this period or from contemporary times. Props include such items as dolls, bottles, or clothing for use in demonstrations or displays. Though spread throughout the property, the collection is identified as to exact location. Detailed descriptions for most items were included within PastPerfect.

We selected a statistically random sample of 58 items, and found all of them except for three, a wooden chair, a contemporary seat cushion as part of a set of seat cushions, and a “Boyd’s Cap” mason jar lid. The Wheeler Farm employee who oversees these items felt the wooden chair was not correctly marked.

Despite these three missing items, we noted meticulous care in identifying this vast collection. No value was attached as no one at the farm has expertise to do so. Wheeler Farm is anxious to hire a curator to manage the collection and perhaps ascertain a value. A consultant hired a few years ago, together with help from Wheeler Farm employees, implemented the cataloguing system currently in place.

***RECOMMENDATION:***

**We recommend that the value of the antiques and artifacts collection be ascertained as resources allow.**

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**Store Inventory**

Our finding for Store Inventory is as follows:

- ***Wheeler Farm did not track store inventory to determine whether any unexplained reduction in goods on hand occurred.***

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***Wheeler Farm did not track store inventory to determine whether any unexplained reduction in goods on hand occurred.*** The country store – open for business from April through October – reported sales of \$40,000 in 2011, and \$32,483 in 2012 as of September 12<sup>th</sup>. As standard practice, goods are marked up a minimum of 50%. Most items sold are soda pop and candy, but sales also include souvenir items such as T-shirts, baseball caps, and Wheeler Farm etchings.

Wheeler Farm performed its first ever store inventory count on June 20, 2012. We commend them for taking this action. There was, however, no pre-existing count for comparison to determine a count difference, and whether any difference was due to theft instead of sales. Personnel intend to update this count with purchases since that time, but so far the follow-up process is incomplete. Without inventory tracking, theft easily occurs without detection.

Given use of an off-line cash register at the store, only a best estimate can be made in any inventory procedure of expected goods on hand. Any inventory tracking system of this type starts with a store count, as already made, and then adds purchases. Sales less an average of the markup, is subtracted from the prior inventory plus purchases to arrive at expected inventory.

Bar coded items that can be scanned would provide more precise inventory tracking. Items would be entered into the electronic system, and then automatically subtracted when scanned at the time of sale. Sportsman software could provide such a system. Accessing Sportsman at the store was discussed earlier in this letter. The Wheeler Farm manager recognizes the need for a more advanced system to track store inventory.

**RECOMMENDATIONS:**

- 1. We recommend that Wheeler Farm track store inventory by periodically counting items on hand, and comparing this count to the sum of the prior count plus purchases minus sales (less average mark-up on sales).**
- 2. We recommend as a future improvement, that Sportsman Software be installed at the store to provide a perpetual inventory tracking system where goods are automatically subtracted from the inventory list when sold.**

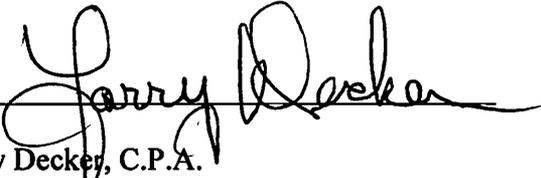
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We appreciate the time and effort by the Wheeler Farm manager and staff during this audit. They willingly answered our questions and helped us in the audit process. We trust that implementation of these recommendations will provide for more efficient operations and better safeguarding of County assets. Please feel free to contact me if you have any further questions.

Sincerely,

Gregory P. Hawkins  
Salt Lake County Auditor

By:

  
Larry Decker, C.P.A.  
Senior Deputy Auditor

Cc: Michele Nekota  
Paul Ross  
Sue Kocher  
Kathleen Bailey

## Summary of Findings and Recommendations for WHEELER FARM dated December 28, 2012

Response Dated 1/14/13

Finding	Recommendation
<b>Cash Handling and Depositing</b>	
<p>The change fund exceeded its authorized limit by \$41.37.</p>	<ol style="list-style-type: none"> <li>1. We recommend that the \$41.37 change fund overage be deposited into the Wheeler Farm depository account. <b>Response: Implemented</b></li> <li>2. We recommend that employees verify change fund cash in the zipper bag and sign a log each time the bag is removed from or returned to the safe. <b>Response: Implemented and in place as of 1/11/2013</b></li> <li>3. We recommend that the change fund be reduced to a level consistent with current operational needs. <b>Response: Will reduce from \$1200 to \$800 by February 1, 2013.</b></li> </ol>
<p>Depositing was not timely and deposit documentation was not adequately segregated by date.</p>	<ol style="list-style-type: none"> <li>1. We recommend that funds be deposited daily, where possible, but no longer than three days after receipt. <b>Response: Deposits are done daily when possible, but not longer than 3 days.</b></li> <li>2. We recommend that each deposit have a separate envelope on file containing deposit documentation, with the deposit slip date and dates of collection marked on it. <b>Response: Each deposit is stapled together (we purchased a super-stapler), including all required paperwork.</b></li> </ol>

Finding	Recommendation
<p>Voided receipts and refunds were not adequately documented.</p>	<p>1. We recommend that voided receipts be filed with deposit documentation and include a written explanation of the void, together with cashier and supervisor signatures, as evidence of their review and approval.</p> <p><b>Response: Voids done on sportsman will have a notation made by the cashier. A void slip will be filled out for supervisor review and approval. Slip will be included in deposit documentation.</b></p> <p>2. We recommend that the Sportsman generated “Refund Check Receipt” form showing credit card reversals be included in deposit documentation.</p> <p><b>Response: A Sportsman generated “refund check receipt” will be included in deposit documentation.</b></p>
<p>Credit card documentation was not always complete.</p>	<p>1. We recommend that the Daily Report of Electronically Transmitted Activity (the credit card batch total report) be compared to totals of all individual receipts and attached to the balance sheet.</p> <p><b>Response: Each cashier runs a batch total report for their till.</b></p> <p>2. We recommend that credit card totals be accurately entered on the transmittal document sent to Parks &amp; Recreation administration.</p> <p><b>Response: Credit card totals will be accurately entered on the transmittal.</b></p>

Finding	Recommendation
<p>The Wheeler Farm store used an off-line cash register and then receipts were re-entered into Sportsman.</p>	<p>1. We recommend that store cashiers always balance to store cash register Z-tape totals and not to Sportsman re-entered totals.</p> <p><b>Response: When we have a cash register (special events, store), we will always balance to the z-tape.</b></p> <p>2. We recommend that Sportsman software be installed at the Wheeler Farm store as a way to integrate all cashier operations and eliminate the re-entering of receipts in the Activity Barn point-of-sale terminal.</p> <p><b>Response: The Farm is scheduled to have coaxial cable run to the out buildings, including the store. We will purchase another Sportsman license, computer and retail scanner. There will be no 2<sup>nd</sup> entry of the financial for the day. The store will have its own sportsman till.</b></p>
<p>A Sportsman Z-tape was altered and re-printed by the bookkeeper.</p>	<p>1. We recommend that any alterations to the original Sportsman “Cash Till Balance Report” (Z-tape) include a documented explanation signed by the bookkeeper, or deposit preparer, and the Wheeler Farm Manager.</p> <p><b>Response: Any changes to the Sportsman “Cash Till Balance Report” will have an explanation and manager approval.</b></p>
<p>Required identification was not recorded on checks.</p>	<p>1. We recommend that identification be required for all over-the-counter personal checks presented to payment, with the number, such as the driver’s license number, and expiration date written on the face of the check.</p> <p><b>Response: All cashiers have been instructed to write identification numbers on checks.</b></p>

Finding	Recommendation
<p><b>Capital and Controlled Assets</b></p> <p>Three controlled assets were not located during our inventory work.</p>	<p>1. We recommend that controlled assets not found either be located or reported as missing or stolen in a letter to the Mayor and then removed from the controlled asset list.</p> <p><b>Response: A complete inventory is being conducted and all items will be located or reported as missing per recommendation.</b></p> <p>2. We recommend that a “Controlled Asset Inventory Form – Employee” be used for controlled assets assigned to only one employee.</p> <p><b>Response: Typically in the past, they have not required this from any of our locations due to the size of our division and turnover/transfers. The location controlled asset inventory has been sufficient but if it is now being required we will use one.</b></p>
<p>Several controlled assets not located were reported as sent to surplus, but no Form PM-2 was on file.</p>	<p>1. We recommend that a copy of the Form PM-2 be retained at Wheeler Farm for all items sent to surplus.</p> <p><b>Response: As of 1/1/2011 a copy of all PM2’s have been and will continue to be kept on site.</b></p> <p>2. We recommend that Form PM-2s at the administrative office be researched for items reportedly sent to surplus and that a copy of these forms be placed in Wheeler Farm’s files.</p> <p><b>Response: The Program Manager has researched the PM2 files in the administrative office and retained a copy of all prior PM2 reports completed for Wheeler Farm prior to 2011 that were available. These reports will be referenced for inventory completion mentioned earlier.</b></p> <p>3. We recommend that a simple log be maintained of controlled assets removed from the premises, listing the descriptions, controlled asset number, PM-2 number (if applicable), date, and the reason removed.</p> <p><b>Response: A log will be maintained of controlled assets removed from the farm listing the description, asset number, PM2 number, and reason for removal.</b></p>

Finding	Recommendation
<p>Six controlled assets were tagged but not included on the controlled asset list.</p>	<p>1. We recommend that items tagged, but not listed, be included on the controlled asset list.</p> <p><b>Response: All tagged items will be added to the current inventory being completed.</b></p>
<p>Some controlled assets were neither tagged nor listed, and some capital and controlled assets were listed but not tagged.</p>	<p>1. We recommend that controlled assets not tagged or listed be tagged and included on the controlled asset list.</p> <p><b>Response: Any item of worth (over \$100) will be tagged and included on the current inventory.</b></p> <p>2. We recommend that property tags be obtained and attached to capital and controlled assets where tags are not affixed.</p> <p><b>Response: New tags will be ordered and attached to capital and controlled assets as needed.</b></p>
<p>Adequate description was not made in some cases for items on the controlled asset list.</p>	<p>1. We recommend that Wheeler Farm management ensure that serial numbers, acquisition dates, and costs, where available, are included on the controlled asset list to further identify items listed.</p> <p><b>Response: Our updated inventory will include detailed information where such information is available and particularly on new acquisitions.</b></p>
<p>Antiques, artifacts and educational props were catalogued and marked.</p>	<p>1. We recommend that the value of the antiques and artifacts collection be ascertained as resources allow.</p> <p><b>Response: A value of antiques and artifacts will be costly. This is not in the current scope of the farm's budget. This request will be implemented as funds allow.</b></p>

Finding	Recommendation
<p><b>Store Inventory</b></p> <p>Wheeler Farm did not track store inventory to determine whether any unexplained reduction in goods on hand occurred.</p>	<p>1. We recommend that Wheeler Farm track store inventory by periodically counting items on hand, and comparing this count to the sum of the prior count plus purchases minus sales (less average mark-up on sales).</p> <p><b>Response: We will use the Sportsman available in the front office to create an inventory and begin to manage store front end sales. Once Sportsman is available in the store, inventory will be tracked along with sales.</b></p> <p>2. We recommend, as a future improvement, that Sportsman Software be installed at the store to provide a perpetual inventory tracking system where goods are automatically subtracted from the inventory list when sold</p> <p><b>Response: We will use the Sportsman available in the front office to create an inventory and begin to manage store front end sales. Once Sportsman is available in the store, inventory will be tracked along with sales.</b></p>

NAME & TITLE OF PERSON RESPONDING: Kathleen Bailey, Program Manager  
Date Prepared: 01/15/13