

A REPORT  
TO THE CITIZENS OF SALT LAKE COUNTY

BEN McADAMS, MAYOR



An Audit of the Key Controls of  
Old Mill Golf Course

May 22, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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May 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 Old Mill Golf Course

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Old Mill Golf Course 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 Old Mill Golf Course and the cooperation from Brian Schramm and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Old Mill Golf Course 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, Acting Director of Parks and Recreation  
Andrew Keddington, Associate Director  
Jerry Brewster, Director of Golf  
Brian Schramm, Head Professional at Old Mill

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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Old Mill Golf Course. 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 the Old Mill Golf Course we could not locate a controlled asset from a sample of 30 controlled assets examined. We also found that the employee who paid invoices for merchandise purchases in the pro shop did not verify invoices against packing slips. Our last audit of the Old Mill Golf Course was released to the public in August 2013. In that audit, we found that supervisors were not signing the monthly over/short logs, and three capital assets were not listed on the capital asset list. Our revisit of these findings revealed that logs still were not signed by supervisors, and the three capital assets had not been listed. In addition, we identified two capital assets purchased since our last audit that had not been listed on the capital asset list.

## Findings and Recommendations

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***Finding # 1 - Invoices did not always have packing slips attached as proof of receipt of the merchandise.***

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**Risk Level: Moderate**

United States General Accounting Office, Executive Guide, "Best Practices in Achieving Consistent, Accurate, Physical Counts of Inventory and Related Property," Page 5, states:

"Managing the acquisition, production, storage, and distribution of inventory is critical to controlling cost, operational efficiency, and mission readiness. Proper inventory accountability requires that detailed records of produced or acquired inventory be maintained, and that this inventory be properly reported in the entity's financial management records and reports."

Merchandise orders accounted for 9 of the 10 paid invoices examined for the period between March 19 and April 23, 2014. None of the 9 invoices had attached packing slips in the documentation as proof of receipt of the merchandise.

Inventory and budgets could be misrepresented when invoices are paid without a packing slip as proof of receipt.

***Recommendation***

We recommend that a signed copy of the packing slip be submitted with the invoice for payment.

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***Finding # 2 - Cash over/short logs were not signed by a supervisor.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 5.3.1.3 states:

"The MPF Form 11 [Cash Over/Short Log], for each Cashier, shall be signed by the Cashier's immediate supervisor."

A previous audit conducted in August 2013 found that supervisors did not sign the over/short logs. During a retest of this item we found that 14 out of 14 over/short logs examined were again not signed by the cashier's immediate supervisor.

Management stated that they had overlooked the signing of the logs, but that they will ensure these are signed in the future.

When over/short logs are not signed by a supervisor as evidence of review, overages and shortages may go unnoticed and needed remediation may not occur.

***Recommendation***

We recommend that an over/short log be maintained for each cashier and that their supervisor review and sign the log each month.

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***Finding # 3 - A few capital assets on-site were not found on the capital asset list.***

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**Risk Level: Low**

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.3 states that the 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."

A previous audit conducted in August 2013 found that a newly purchased Planet Air roller/vericutter costing \$25,000 was not listed on the capital asset list. Additionally, two Kawasaki mules transferred to Old Mill in 2010, with County property tag numbers 97903 and 97904, were not found on the list. During a retest of this finding, the items in question were again not found on the current capital asset list. In addition, three other capital assets purchased since our last audit were not listed, a Pro Gator heavy duty utility vehicle, and two Cushman utility vehicles.

Management stated that a recent change in personnel resulted in these items not being listed.

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 the capital asset list for Old Mill Golf Course be updated to include the assets listed above.

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***Finding # 4 - Accountability for some controlled assets was not properly established.***

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**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 35 controlled assets we reviewed, 1 asset, a push cart, was not located.

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 Old Mill Golf Course management account for all controlled assets.

## **Additional Information**

### **Background**

The Old Mill Course opened in 1998, and was originally built by Salt Lake County. Its scenic views of the Salt Lake Valley attract not only golfers, but also groups and organizations interested in renting its large restaurant for meetings, weddings, and other events. Weekday adult green fees, including a golf cart, are \$46. Three merit employee in the clubhouse, with 40 temporary employees during peak season, perform cashiering functions, teach golf lessons, and maintain pro shop inventories. An additional three merit employees, and other seasonal workers, maintain and groom the course. A private contractor operates the concessions area, serving sandwiches, hot meals, snack foods, and beverages. The contractor pays the County a monthly commission on its sales. The 2014 clubhouse budget, which does not include greens maintenance, is \$790,595.

### **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 March 31, 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.



## 2014 Summary of Audit of Key Control

### Findings and Recommendations

#### Old Mill Golf Course

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	Invoices did not always have packing slips attached as proof of receipt of merchandise	We recommend that a signed copy of the packing slip be submitted with the invoice for payment.	Not all shipments are received with packing slip enclosed. When shipments are received with packing slips enclosed we are and have been retaining signed and dated packing slip of merchandise received. When receiving merchandise into our POS we are only making payment on invoices that match the actual product on hand. We are now producing a received receipt at the time of entry into the POS, and submitting the receipt with payment requests.
2.	Cash over/short logs were not signed by a supervisor.	We recommend that an over/short log be maintained for each cashier and that their supervisor review and sign the log each month.	We maintain an Excel file with each clerk's daily over/short and sign off daily which includes a monthly total. We will continue to monitor and sign off daily and review monthly totals.
3.	A few capital assets on-site were not found on the capital asset list.	We recommend that the capital asset list for Old Mill Golf Course be updated to include the assets listed above.	Capital asset list will be updated during the 2014 season to reflect an accurate account of assets on hand.
4.	Accountability for some controlled assets was not properly established	We recommend that Old Mill golf Course management account for all controlled assets.	The push cart mentioned in the findings has been located in stored area and the management is accounting for all controlled assets on a yearly basis.
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10.			

**NAME AND TITLE OF PERSON RESPONDING: Brian Schramm-Golf Course Manager**

**DATE PREPARED: 5/21/14**