

A REPORT
TO THE CITIZENS OF SALT LAKE COUNTY
BEN McADAMS, MAYOR



An Audit of the Key Controls of
Millcreek Canyon Toll Booth

December 31, 2014

GREGORY P. HAWKINS

SALT LAKE COUNTY AUDITOR

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December 31, 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 Millcreek Canyon Toll Booth

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Millcreek Canyon Toll Booth 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 Millcreek Canyon Toll Booth and the cooperation from Lorraine Krause, Maintenance Management System Coordinator, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Millcreek Canyon Toll Booth 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 Scott Ball
Deputy Auditor

cc: Martin Jensen, Division Director
Kristen Riker, Associate Director
Wayne Johnson, Associate Director
Cheryl Crook, Fiscal Manager
Lorraine Krause, Maintenance Management System Coordinator



Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Millcreek Canyon Toll Booth. 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

Parks Operations has implemented numerous compensating controls to manage internal control weaknesses created by having a single employee present at the toll booth to collect entry fees, sell season passes, and prepare deposits. We found that additional controls could be implemented to provide even more protection for the County and toll booth employees. Areas where improvement can be made include having supervisory review of voided receipts and disabling the ability to reprint receipts. A report of the previous audit of the Millcreek Canyon Toll Booth was released to the public in January 2014.

Findings and Recommendations

Finding # 1 - Voids were not always handled in accordance with Countywide policy.

Risk Level: Low

Countywide Policy #1062, "Management of Public Funds," Sections 3.7.2 and 3.7.3 state:

"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."

A previous audit conducted in December 2013 found that of 11 voids reviewed in a 30-day period, 8 were not attached to the daily cash balance sheet and 3 were not signed by a supervisor as evidence of review. A retest of voided receipts showed that out of the 16 voids reviewed from 35 deposits, none were attached to the daily cash balance sheet or were signed by a supervisor as evidence of review.

When voided transactions are not processed according to Countywide policy, funds are at a greater risk of being lost, stolen, or diverted for personal use.

Recommendation

We recommend that voids be signed by a supervisor as evidence of review and attached to the daily cash balance sheet.

Finding # 2 - Receipts could be reprinted for prior transactions.

Risk Level: Low

Standard business practice is that cashiers should not be able to reprint receipts from prior transactions.

A previous audit conducted in December 2013 found that cashiers were able to reprint receipts that were identical to the original receipt. A retest of this finding showed that receipts were still able to be reprinted.

When receipts can be reprinted, the accuracy of transactions cannot be ensured and the opportunity for misappropriation of funds is increased.

Recommendation

We recommend that the ability for cashiers to reprint receipts be disabled.

Additional Information

Background

Salt Lake County has an agreement with the U.S. Forest Service giving Salt Lake County Parks and Recreation authority to manage the reservations at Millcreek Canyon's 10 picnic group sites and a mountain yurt. The picnic areas are located in three areas of the canyon: Church Fork, Box Elder, and Terraces. The County also manages the toll booth at the mouth of the Canyon. The County retains enough of the toll booth proceeds to maintain the County operations. The rest of the funds are used by the U.S. Forest Service for Canyon improvements.

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 15, 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.



2015 Summary of Audit of Key Control

Findings and Recommendations

Millcreek Canyon

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	Finding # 1 Voids were not always handled in accordance with County wide policy.	We recommend that voids be signed by a supervisor as evidence of review and attached to the daily cash balance sheet	Agree and implemented. Lorraine will sign each daily cash balance sheet with a void.
2.	Finding # 2 receipts could be reprinted for prior transactions.	We recommend that the ability for cashiers to reprint receipts be disabled.	After a detailed review this feature can't be disabled in the Sportsman software program. However, the procedure is to verify that receipts are in sequential order and balanced each day. The reprint does not allow the original receipt to be manipulated. A request will be made to Sportsman to see if this ability can be accommodated within the software.

NAME AND TITLE OF PERSON RESPONDING:
 Wayne Johnson- Associate Division Director
 Lorraine Krause – Millcreek Canyon Supervisor

DATE PREPARED: 1-8-2014