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A Report to the  
Citizens of Salt Lake County  
The County Mayor and the  
County Council

Follow-up Audit:  
An Audit of Key Controls at  
the Old Mill Golf Course



OFFICE OF THE  
SALT LAKE COUNTY  
AUDITOR

SCOTT TINGLEY  
COUNTY AUDITOR

February 2020

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An Audit of Key Controls at the  
Old Mill Golf Course

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OFFICE OF THE SALT LAKE COUNTY AUDITOR  
AUDIT SERVICES DIVISION

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OUR MISSION

To foster informed decision making, strengthen the internal control environment, and improve operational efficiency and effectiveness for Salt Lake County, through independent and objective audits, analysis, communication, and training.

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February 21, 2020

Martin Jensen, Director  
Salt Lake County Parks and Recreation Division  
2001 S State Street, Suite S4-700  
Salt Lake City, UT 84114-4575

Re: **Follow-up Audit: An Audit of Key Controls at the Old Mill Golf Course, Report Number 2018-05**

Dear Martin,

We have completed final follow-up work on the audit recommendations contained in Report Number 2018-05, *An Audit of Key Controls at the Old Mill Golf Course*, issued July 2018.

Our follow-up audit work found that the Old Mill Golf Course ("Old Mill") has successfully implemented four out of the seven recommendations issued in the original audit report. We noted that even though Old Mill management partially agreed with the remaining three recommendations, they have chosen not to implement these recommendations. Old Mill felt that their current processes and practices adequately addressed the risks and findings identified in the original audit report. Future audit work may include a review of these risks and issues that were not addressed by management.

We truly appreciate the time and efforts of the employees at the Old Mill Golf Course throughout the follow-up audit. Our work was made possible by their cooperation and prompt attention given to our requests. If you have any questions, please feel free to contact Shawna Ahlborn, Audit Services Division Administrator, at (385) 468-7179, or Colleen Hilton, Audit Manager, at (385) 468-7231.

Sincerely,

  
Scott Tingley, CIA, CGAP  
Salt Lake County Auditor

Cc: Holly Yocom, Department Director, Department of Community Services  
Lori Okino, Fiscal Administrator, Department of Community Services  
Jerry Brewster, Associate Division Director – Golf, Parks and Recreation Division  
Andrew Keddington, Associate Division Director – Fiscal Operations, Parks and Recreation Division  
Brian Schramm, Old Mill Golf Course Head Professional

## Follow-up Audit Results

**Finding 1.1: Cashiers at Old Mill were not using the MPF Form 7, *Fund Transfer Ledger*, or a similar form, to document that the change fund balanced to the correct amount each time the change fund was transferred to and from the safe, as required in countywide policy.**

Recommendation	Action Taken	Status
<p><b>We recommend that Old Mill management implement an electronic process or log where cashiers can affirmatively state and sign each day that they retrieved the change fund from and returned it to the safe.</b></p>	<p>Management uses an electronic Excel spreadsheet form that each employee uses to record the change fund balance and stated that it was equal to or better than the MPF Form 7, <i>Fund Transfer Ledger</i>. During the original audit, we noted that the spreadsheet forms did not allow Old Mill management to easily identify which employee had made the initial and final count of the change fund each day, creating an opportunity to manipulate change fund counts by someone else with access to the Excel files.</p>	<p><b>Not Implemented</b></p>

**Finding 2.1: Master balance sheets did not have a second employee signature on them indicating an independent review of deposit totals.**

Recommendation	Action Taken	Status
<p><b>We recommend that the deposit-preparer at Old Mill print a hard copy master balance sheet each day, and a second employee reviews and reconciles the hard copy master balance sheet to the bank deposit slip.</b></p>	<p>Old Mill uses an electronic Excel spreadsheet form as the master balance sheet form and has designated one individual to review cashier balance sheets and verify the accuracy of deposits using only the spreadsheet. As we noted during the original audit, using the spreadsheet instead of a hard copy creates an opportunity for anyone with access to the file to manipulate deposit totals and possibly conceal theft. Also, the individual that reviews and verifies deposit totals has nowhere to sign the electronic spreadsheet, indicating that deposits were independently reviewed by someone other than the deposit-preparer.</p>	<p><b>Not Implemented</b></p>

**Finding 2.2: The system total for cash receipts was adjusted by \$76.50 for a non-cash transaction.**

Recommendation	Action Taken	Status
<p><b>We recommend that the issuing of credits to golf league winners be redesigned to avoid confusion, and the processing of non-cash transactions through the cash account.</b></p>	<p>Management continues to record golf league tournament prizes in the point-of-sale system by issuing credits to league accounts and then debiting the accounts when prizes are redeemed by tournament winners. As noted in the original audit report, this practice creates an opportunity for manipulation of cash receipts in the point-of-sale system, which could be used to conceal theft.</p>	<p><b>Not Implemented</b></p>

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**Finding 2.3: Differences between the cashier drawer count and the final count by the deposit preparer were not documented and explained.**

Recommendation	Action Taken	Status
We recommend that the deposit preparer document an explanation and signature for differences found in cashier counts as evidence of review.	We examined original deposit documentation from a random sample of 30 daily deposits made during 2019. We confirmed that differences between the cashier counts and deposits were noted and signed to indicate that they had been reviewed by a supervisor.	Implemented

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**Finding 2.4: Several reversals or negative transaction adjustments discovered in the cashiering system daily transactions activity were not documented on a void slip.**

Recommendation	Action Taken	Status
We recommend that void slips and authorized signatures be included with all transaction reversals or negative transaction adjustments to explain the purpose of the void and provide evidence of supervisor review and approval.	We examined a random sample of 30 daily deposits made during 2019. We identified 96 void slips and verified that all but 4 had complete signatures as evidence that they had been reviewed and approved by a supervisor.	Implemented

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**Finding 3.1: The grounds maintenance Property Manager had not conducted a controlled asset inventory within the past year, as required by County policy.**

Recommendation	Action Taken	Status
We recommend that the grounds maintenance Property Manager perform a complete controlled asset inventory at least annually, as required by County policy.	The grounds maintenance Property Manager provided us with a copy of a controlled asset inventory list dated January 22, 2019, that indicated that a complete controlled asset inventory was taken since the completion of the audit.	Implemented

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**Finding 3.2: Personnel in the Grounds Maintenance area at Old Mill were not using the *Controlled Assets Inventory Form – Employee* to account for assets assigned to specific employees.**

Recommendation	Action Taken	Status
<b>We recommend that management implement the use of the <i>Controlled Assets Inventory Form – Employee</i> to establish personal accountability for any employee that has been assigned specific controlled assets for their use.</b>	We found that Old Mill had implemented this recommendation. Management provided us with copies of completed <i>Controlled Assets Inventory Forms – Employee</i> from staff that were assigned specific controlled assets for their use.	<b>Implemented</b>

## Appendix A: Additional Information

<b>Scope &amp; Objectives</b>	Generally accepted <i>Government Auditing Standards (GAO-18-568G)</i> , require that auditors perform follow-up audit work to determine if appropriate corrective action has been taken to address issues, findings, and deficiencies identified in prior audit engagements. The primary objective of this follow-up audit was to determine the status of management actions to address the findings reported in Report Number 2018-05, <i>An Audit of Key Controls at the Old Mill Golf Course</i> , issued July 2018.
<b>Background</b>	The original audit evaluated the effectiveness of the Old Mill Golf Course key controls. We examined assets, records, and transactions in the areas of petty cash and change funds, cash handling and daily deposits, capital and controlled assets, merchandise inventory, and concessionaire operations. The original audit identified seven findings related to the audit objectives.

Appendix B: Follow-up Audit Implementation Status			
Implemented	In Process	Not Implemented	Closed
The agency has implemented our recommendation or has adequately addressed the original issue or finding in all respects as verified by the follow-up audit. No further follow-up is required.	The agency is in the process of implementing our recommendation. Additional follow-up may be required.	The agency has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding or recommendation that make it no longer applicable, or the agency will only implement a portion of our recommendation as verified by the follow-up audit. No further follow-up is required.