

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



An Audit of  
Park Operations

July 30, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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July 30, 2014

Ben McAdams, Mayor  
Salt Lake County  
2001 S State St #N2100  
Salt Lake City, UT 84114-4575

Re: An Audit of Park Operations

Dear Mayor McAdams:

We recently completed an analysis of Park Operations pursuant to 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. 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 Park Operations and the cooperation from Wayne Johnson, Garin Lamph, Lorraine Krause, Craig Cheney, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Park Operations 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, Parks & Recreation Director  
Andrew Keddington, Associate Administrative Director  
Wayne Johnson, Associate Parks Director

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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Park Operations. Our purpose was to examine cash receipting and depositing, search for capital and controlled assets, verify the existence of newly purchased goods, review the Sugar House Park Authority contracts, and examine deleted transactions within the Sportsman software management system.

## Conclusion

In our audit of Park Operations we found several accounts with balances owed to patrons for fees paid on cancelled park reservations. Also, cashiers did not maintain a daily over/short log, a purchasing card holder had not attended the purchasing card training, and three purchasing card holders had not signed their card. Our last audit of Park Operations was released to the public in December 2012. In this audit we found untimely deposits, voids that were not correctly processed, and fuel logs with inconsistencies between gallons pumped and tank meter readings. Our revisit of these findings revealed that most deposits were still not made within three days after receipt, and voids were again not documented with an explanation or signed. Additionally, fuel logs continued to show differences between the record of gallons pumped for each piece of equipment and readings from the fuel tank meter for overall gallons dispensed.

## Findings and Recommendations

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***Finding # 1 - Several customer accounts had unresolved credit balances.***

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### **Risk Level: Low**

The Park Operations reservation website states:

"The reservation fee for use of a park pavilion is \$75 per day for up to 200 people and \$150 for groups of 201-499 people."

We examined 2,659 accounts from April 1, 2013 through April 30, 2014, and found 48 with outstanding credit balances totaling \$4,600. In these cases, payment was made on reservations that were subsequently cancelled, resulting in a refund owed to the patron. Park Operations personnel do not return reservation fees unless the patron requests it.

Management stated that they have become more aware of these balances since Sportsman automated software was implemented three years ago. Before Sportsman, a manual system was used, and accounts were not as easily tracked. They further stated that they intend to address the issue of lingering account balances.

When credit balances are maintained, the County could be incurring an ever increasing obligation to patrons who have paid fees on reservations that were subsequently cancelled.

***Recommendation***

We recommend that management determine whether to refund fees paid on cancelled reservations or to designate these as non-refundable.

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***Finding # 2 - Cashiers did not maintain a daily over/short log.***

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**Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 3.8.2 states:

"Change funds should be counted, restored to the established imprest balance, and any daily shortages or overages recognized and recorded on MPF Form 3A, Cash Balance Sheet, and on MPF Form 11, Cash Over/Short Log."

Cashiers did not record their daily overages or shortages on an over/short log.

Management stated that the small amount of cash collected on any given day led to the over/short log not being used.

When overages and shortages are not recorded on an over/short log, balancing trends may go unnoticed by management, and needed remediation may not occur.

***Recommendation***

We recommend that all daily overages or shortages be entered onto a monthly MPF Form 11, "Cash Over/Short Log."

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***Finding # 3 - Voids were not handled in accordance with Countywide policy.***

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**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 2012 found that voids were not handled according to Countywide Policy. During a retest of this finding, we reviewed five voids in a 30-day period and found that all five did not have a documented explanation or signature by the cashier originating the transaction and by a supervisor as evidence of review.

Although this was reported in the previous report, management stated that they were not aware of the requirement to document and sign voided transactions.

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 Park Operations document an explanation for all voids and require cashier and supervisor signatures as evidence of review.

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#### ***Finding # 4 - Deposits were not always made in a timely manner.***

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##### **Risk Level: Low**

Countywide Policy #1062, "Management of Public Funds," Section 4.1.2 states:

"As required by § 51-4-2, Utah Code Annotated, all public funds shall be deposited daily whenever practicable, but not later than three days after receipt.

A previous audit conducted in December 2012 found that deposits were not always timely. During a retest of this finding, we found that 18 out of 30 deposits examined were again deposited more than three days after receipt of collections.

Management stated that employee work schedules prevented timely depositing. The deposit preparer works Tuesday through Friday, and the deposit verifier works Monday through Thursday, leaving three common work days between these two employees.

When collections are not deposited timely, they are at greater risk of being stolen, and interest is lost that could otherwise be earned.

#### ***Recommendation***

We recommend that funds be deposited on the same day, whenever practicable, but no later than three days after receipt.

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#### ***Finding # 5 - Fuel usage tracking showed inconsistencies in gallons dispensed.***

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##### **Risk Level: Low**

By verbal policy, Park Operations administration requires use of a standard log for tracking fuel usage in three tanks mounted on the back of pickup trucks. Each day, personnel record gallons dispensed into riding mowers, other large equipment, or gas cans. The daily log requires beginning and ending meter readings from these "pony tanks."

A previous audit conducted in December 2012 found that occasionally the number of gallons pumped was inconsistent with beginning and ending meter readings on the pony tanks. During a retest of this finding, we examined all 111 fuel logs from May 1, 2013 through April 30, 2014 and found several instances where the sum of each fueling occurrence differed from total tank meter readings for the day. For the one gas and two diesel tanks used by Park Operations, we found 10 positive and 24 negative differences of 10 gallons or more. In one case, the sum of individual fueling occurrences was 355 gallons compared to the daily tank meter reading of 520 gallons, a difference of 165 gallons. For the period examined, diesel showed a net negative difference of 189 gallons, while gas showed a net negative difference of 167 gallons.

Management stated that they were aware of fuel log inconsistencies, and since our last audit had been more closely monitoring the differences. They stated that the meter will keep running even when the fuel is below the fill level, and fuel is no longer dispensing from the hose. They also stated that personnel error in recording gallons could cause inconsistencies.

When fuel usage is not accurately recorded on the fuel log, the possibility exists that it was diverted to personal use.

#### ***Recommendation***

We recommend that personnel accurately record fuel usage on pony tank logs.

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#### ***Finding # 6 - Purchasing cards were not signed by the cardholder.***

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#### **Risk Level: Low**

Countywide Policy #7035 "Purchasing Cards Authorization and Use" Section 2.1 states:

"Immediately, upon receipt of the P-Card, it shall be signed by the Cardholder."

Of the eight purchasing cards reviewed, four cards were not signed on the back by the cardholder.

When a purchasing card is not signed, the cardholder cannot easily be verified by a vendor when making transactions.

#### ***Recommendation***

We recommend that cardholders sign their purchasing cards.

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***Finding # 7 - A purchasing card holder had not attended the mandatory purchasing card training.***

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**Risk Level: Low**

Countywide Policy #7035 "Purchasing Cards Authorization and Use," Section 1.3 states:

"The cardholder agreement with the County shall be signed by the Agency-designated applicant / Cardholder. The Cardholder, their supervisor, and the Agency fiscal manager shall attend P-Card training provided by the Division of Contracts and Procurement."

County Contracts & Procurement verified that a Park Operations employee cardholder had not attended the mandatory purchasing card training.

When training meetings are not attended, cardholders may not be aware of all stipulations regarding record keeping, authorized and unauthorized purchases, and procedures in the event of loss or theft of the purchasing card, as taught in the training.

***Recommendation***

We recommend that cardholders attend the mandatory purchasing card training.

## **Additional Information**

### **Background**

Park Operations, a section of the Parks and Recreation Division, oversees planning and maintenance for 109 parks throughout Salt Lake County. Included within its responsibilities is maintenance of much of the Jordan River Parkway. Also, as part of a tri-party agreement entered into in 1957 with the Sugar House Park Authority and Salt Lake City, Salt Lake County has a commitment to maintain Sugar House Park for 99 years. Most mowers, blowers, trimmers, and other equipment are stored in the yard behind the main office at 3383 South 300 East, with other equipment stored at its secondary office at 45th South and Main. Park reservations are taken at the 300 East office. Park Operations also has responsibility for reserving Millcreek Canyon picnic areas. Recently, reservation access via the internet has been made available to patrons. In general, reservations cost \$75 for a Salt Lake County Park, and \$70 for Sugar House Park. With a 2014 budget of \$12 million, Park Operations employs 102 full-time and between 300 to 500 seasonal employees.

### **Scope**

Our work included a formal examination of financial records related to the following key internal controls, to the degree applicable:

- Cash Receipting and Depositing
- Capital Assets
- Controlled Assets
- Purchases of Goods
- Credit/Debit Cards
- Fuel Usage for Mowers and Equipment
- Sugar House Park Authority Contract

Our examination period covered up to twelve months ending April 30, 2014. In addition to reviewing financial records, we reviewed and examined current practices through observation to assess compliance with Countywide policy and standard business and internal control practices.

Management response to findings in this report, when received, will be attached as Appendix A.



## 2014 Summary of Audit

### Findings and Recommendations

#### Park Operations

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	Finding # 1 - Several customer accounts had unresolved credit balances.	We recommend that management determine whether to refund fees paid on cancelled reservations or to designate these as non-refundable.	When reservations are made and payment is accepted, the fee becomes non-refundable and stated on the document patron receives. We advise the patron they have a year to use the credit but do not attempt to get them to use the credit. Research into whether Sportsman will designate the funds non-refundable while tracking the credit is unknown at this time. Staff will attempt to remedy the issue with Sportsman.
2.	Finding # 2 - Cashiers did not maintain a daily over/short log.	We recommend that all daily overages or shortages be entered onto a monthly MPF Form 11, "Cash Over/Short Log."	Implemented. Staff assumed the over\unders log in Sportsman was sufficient.
3.	Finding # 3 - Voids were not handled in accordance with Countywide policy.	We recommend that Park Operations document an explanation for all voids and require cashier and supervisor signatures as evidence of review.	Implemented. Management is aware of this policy and has reviewed the need to comply with staff.
4.	Finding # 4 - Deposits were not always made in a timely manner.	We recommend that funds be deposited on the same day, whenever practicable, but no later than three days after receipt.	Additional efforts will be made to make all deposits within three days of receipt. The number of deposits not in compliance is excessive and cannot be attributed to work schedules. Another staff member will be assigned to make bank deposits when needed to comply with County policy.

5	Finding # 5 - Fuel usage tracking showed inconsistencies in gallons dispensed.	We recommend that personnel accurately record fuel usage on pony tank logs.	Staff will continue to record fuel usage as accurately as possible and managers will review significant over\short logs . Due to the manual system of dispensing fuel, some inconsistencies will continue. We believe the existing control system makes it extremely difficult for theft to occur.
6	Finding # 6 - Purchasing cards were not signed by the cardholder.	We recommend that cardholders sign their purchasing cards.	Implemented.
7	Finding # 7 - A purchasing card holder had not attended the mandatory purchasing card training.	We recommend that cardholders attend the mandatory purchasing card training.	The person in question was the first to receive a purchasing card in the parks section and stated he did attend training. Due to lack of verification, he will attend the next available training session.

NAME AND TITLE OF PERSON RESPONDING:  
Wayne Johnson- Associate Division Director

DATE PREPARED: 7-28-2014