

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



An Audit of the Key Controls of  
Fairmont Aquatic Center

March 20, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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March 20, 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 Fairmont Aquatic Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Fairmont Aquatic Center 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 Fairmont Aquatic Center and the cooperation from Amelia Watts, Facility Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Fairmont Aquatic Center 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: Michele Nekota, Division Director  
Kristin Riker, Associate Division Director  
Cheryl Crook, Accountant  
Amelia Watts, Facility Manager

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## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Fairmont Aquatic Center. 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

The Fairmont Aquatic Center has put into place several key internal controls for managing public funds, safeguarding public assets, and cash receipting and depositing. Most risks identified were minor and would not be expected to result in the material loss of County assets. Deficiencies in certain internal controls over controlled assets, and purchasing card controls have a higher likelihood of leading to a loss of County property.

Reports of the previous audits of the Fairmont Aquatic Center were released to the public in October 2008 and June 2013.

## Findings and Recommendations

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***Finding # 1 - An SAQ representing Parks and Recreation's compliance with PCI-DSS had not been completed and was not on file.***

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**Risk Level: Low**

Countywide Policy #1400-7, "Payment Card Industry Data Security Standard Policy," Section 3.0 states:

"Any County agency that accepts, processes, transmits or stores cardholder data using any County IT Resource or system shall comply with the Payment Card Industry Data Security Standard (PCI-DSS) in its entirety."

An SAQ representing Parks and Recreation management's compliance with PCI-DSS had not been completed and was not on file. This finding continues to be outstanding from the May 2013 audit.

Not completing this self-evaluating questionnaire for PCI-DSS increases the risk of fines and the inability to accept credit cards as payment.

### ***Recommendation***

We recommend that Parks and Recreation management complete and sign an annual SAQ and that Fairmont Aquatic Center keep a copy of the SAQ on file to show they are aware of and compliant with PCI-DSS requirements.

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***Finding # 2 - The "Controlled Assets Inventory Form-Employee" was not being used.***

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**Risk Level: Low**

Countywide Policy #1125, "Safeguarding Property and Assets," Sections 4.3 and 4.3.1 state:

"The Property Manager shall maintain records to manage controlled assets using the following forms (or forms that contain substantially the same information) and procedures. ... [the] 'Controlled Assets Inventory Form-Employee' is used for those assets that due to their nature, are used by and therefore readily assignable to an individual."

Within Fairmont Aquatic Center, some assets, such as computers and printers, were assigned to specific employees. The controlled asset list provided during our fieldwork did not indicate which employee the assets were assigned to. In addition, the "Controlled Assets Inventory Form-Employee" was not in use.

When accountability for assets is not fully established, assets are at a greater risk of being lost or stolen.

***Recommendation***

We recommend that assets readily assignable to one employee be included on the "Controlled Assets Inventory Form-Employee" and that each employee signs a new form each year.

## **Additional Information**

### **Background**

Fairmont Aquatics Center was completed in 2002 and features 36,500 square feet for both leisure and competitive use. The center has an array of features that include: a leisure pool, waterslide, vortex, current channel, water spray features, a competition pool, and the lap pool is also designed for water polo play and equipped with a lift and stairs for accessibility for all patrons.

The center received design awards in 2003 for 'Facilities of Merit' from Athletic Business magazine, and 'Innovative Architecture & Design' from Recreation Management magazine.

### **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

Our examination period covered up to twelve months ending December 31, 2013. 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.

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

#### Fairmont Aquatic Center

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	Finding #1 – An SAQ representing Parks and Recreation compliance with PCI-DSS had not been completed and was not on file	We recommend that Parks and Recreation management complete and sign an annual SAQ and that Fairmont Aquatic Center keep a copy of the SAQ on file to show they are aware of and compliant with PCI-DSS requirements.	<b>ACTION TAKEN:</b> Administration has and is working on completing PCI compliance and the required SAQ's. Once in place Fairmont will ensure all SAQ's are completed and signed annually and a copy kept on file.
2.	Finding #2 – The "Controlled Asset Inventory Form-Employee" was not being used.	We recommend that assets readily assignable to one employee be included on the "Controlled Assets Inventory Form-Employee" and that each employee signs a new form each year.	<b>ACTION TAKEN:</b> The controlled asset inventory is turned in annually in April. I will make changes to the form to indicate those assets that can be assigned to a specific employee to include the employees name and to have each employee sign the new controlled asset form annually before submittal. These changes will be made by April 30, 2014.
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**NAME AND TITLE OF PERSON RESPONDING:** Amelia Watts; Facility Director

**DATE PREPARED:** March 17, 2014