

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



An Audit of the Key Controls of  
Salt Lake County Fitness Center

March 14, 2014

**GREGORY P. HAWKINS**

SALT LAKE COUNTY AUDITOR

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March 14, 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 Salt Lake County Fitness Center

Dear Mayor McAdams:

We recently completed an analysis of the financial records of Salt Lake County Fitness 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 Salt Lake County Fitness Center and the cooperation from Ann Bradshaw, Facility Manager, and other assigned staff members for answering our questions, gathering the necessary documents and records, and allowing us access to Salt Lake County Fitness 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  
Ann Bradshaw, Facility Manager





## Objectives

Pursuant to § 17-19a-204, we analyzed the financial records and internal controls of Salt Lake County Fitness 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 Salt Lake County Fitness Center has put into place key internal controls for managing public funds. 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 capital and controlled assets have a higher likelihood of leading to a loss of County property. A report of the last audit of the Salt Lake County Fitness Center was released to the public in September 2013.

## Findings and Recommendations

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***Finding # 1 - A comprehensive controlled asset inventory had not recently been performed.***

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**Risk Level: Low**

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.11 states:

"At least annually, conduct physical inventory of fixed assets and controlled assets, to ensure complete accountability for all property owned by, or assigned to the organization."

A previous audit conducted in September 2013 found that the Salt Lake County Fitness Center had not recently completed a controlled asset inventory. A retest showed that a controlled asset inventory had still not been performed.

When accountability for assets is not fully established by conducting an annual inventory, assets are at risk of being lost, stolen, or diverted for personal use.

### ***Recommendation***

We recommend that a comprehensive controlled asset inventory be conducted at least annually.

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

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**Risk Level: Low**

Countywide Policy #1125, "Safeguarding Property/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. ... [The] 'Controlled Assets Inventory Form - Organization' is used for property not readily assignable to an individual employee or which is shared by more than one employee."

A previous audit conducted in September 2013 found that the forms, "Controlled Asset Inventory Form - Employee" and "Controlled Asset Inventory Form - Organization," were not on file for assets assigned specifically to the center supervisor and assets used within the center. A retest showed that these forms are still not on file.

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

***Recommendation***

We recommend that Salt Lake County Fitness Center use "Controlled Asset Inventory Form - Employee" and "Controlled Asset Inventory Form - Organization" to manage controlled assets readily assignable to an individual or which are shared by employees.

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***Finding # 3 - Accountability for capital assets was not appropriately established.***

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**Risk Level: Low**

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.8 states:

"Coordinate with the organization's Purchasing Clerk to ensure all newly acquired property is identified and accountability is appropriately established, and fixed assets are tagged and capitalized."

A previous audit conducted in September 2013 found that capital assets, along with tag numbers, were not included on the capital asset list. A retest showed that the capital asset list was still incomplete.

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

***Recommendation***

We recommend that Salt Lake County Fitness Center identify and tag all capital assets located at the facility and update their capital asset inventory list.

## **Additional Information**

### **Background**

The Salt Lake County Fitness Center is operated by Parks and Recreation in conjunction with the Fitness Advisory Committee and is available to merit and non-merit employees, their spouses or significant others, or dependents. It is located in the south building of the Government Center on the fourth floor and includes an exercise studio, exercise equipment, weight room, locker rooms and exercise classes/programs.

### **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 January 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.



## 2013 Summary of Audit of Key Control

### Findings and Recommendations

#### CENTER NAME

No.	FINDING	RECOMMENDATION	RESPONSE / ACTION TAKEN
1.	A comprehensive controlled asset inventory had not recently been performed	Create a comprehensive controlled asset inventory list	Have created a draft for comprehensive controlled asset inventory. Copy attached.
2.	The controlled assets inventory form – employee – and the controlled assets inventory form – organization – was not being used	Transfer my asset information to the form to the established inventory forms	Will transfer my asset information to the established inventory forms
3.	Property must be identified and controlled and fixed assets must be tagged	Tag and/or identify all controlled assets and tag all fixed assets.	All fixed assets have been tagged with the exception of two. Will obtain proper 'Property of the Salt Lake County Employee Fitness Center' tags after they are received. They have been ordered by Jon Hennington. Mark controlled assets with corresponding number which will be kept on the established controlled assets inventory form.
4.			
5.			
6.			
7.			
8.			
9.			
10.			

**NAME AND TITLE OF PERSON RESPONDING:**

**DATE PREPARED:**