

A Key Controls Audit
of the
Salt Lake County
Wheeler Historic Farm

2016

Key Controls Audit



Wheeler Historic Farm



Office of the
Salt Lake County Auditor
Scott Tingley, CIA, CGAP

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.

Report Number 2016-AU08
December 2016



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4 May 2017

To: The Citizens of Salt Lake County, the County Council, and the County Mayor

From: Scott Tingley, CIA, CGAP
Salt Lake County Auditor

Re: A Key Controls Audit of Salt Lake County's Wheeler Historic Farm

Transmitted herewith is our report, ***A Key Controls Audit of Salt Lake County's Wheeler Historic Farm*** (Report Number 2016-AU8). An Executive Summary of the report can be found on page 1. The overall objective of a key controls audit is to determine if critical internal controls related to Countywide Policies and business processes are adequate, properly implemented, and operating as they are intended to prevent fraud, waste, or abuse of County assets.

We reviewed the business processes at Wheeler Farm, specifically in the areas of cash receipting and depositing, capital and controlled asset management, merchandise inventory, and concessions sales. In our report, we identify findings and recommend actions to improve the efficiency and effectiveness of operations, ensure greater accountability, and better safeguard County assets at the Wheeler Farm facilities.

We truly appreciate the time and efforts of the employees of Wheeler Farm throughout the audit. Our work was made possible by their cooperation and prompt attention given to our requests.

We will be happy to meet with any appropriate committees, council members, management, or advisors to discuss any item contained in the report for clarification or to better facilitate the implementation of the recommendations.

Respectfully submitted,

Scott Tingley, CIA, CGAP
Salt Lake County Auditor



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TABLE OF CONTENTS

Executive Summary.....	1
Introduction	3
Background	3
Objectives	4
Scope and Methodology	4
Audit Results	6
Cash Handling and Daily Deposits.....	6
Capital and Controlled Assets	11
Purchases for Store Inventory and Operations.....	14
Farm, Park, and Historical Site Operations	16
Appendix A: Wheeler Farm 2016 Budget/Expenditures Detail	24
Appendix B: Response to the Audit	25

EXECUTIVE SUMMARY

BACKGROUND

We recently completed a Key Controls Audit of Salt Lake County's Wheeler Historic Farm. A Key Controls Audit provides reasonable, but not absolute assurance that key internal controls related Countywide Policies and business processes are adequate, properly implemented, and operating as they are intended. We reviewed the business processes at Wheeler Farm, specifically in the areas of cash receipting and depositing, capital and controlled asset management, purchases, and merchandise inventory. In our report, we identify key findings and recommend actions to improve the efficiency and effectiveness of operations, ensure greater accountability, and better safeguard County assets at Wheeler Farm.

A key controls audit provides assurance that critical internal controls are adequate, properly implemented, and operating as they are intended.

WHAT WE FOUND

A detailed report of daily collections in the point-of-sale system did not reconcile to amounts deposited in the bank.

We used an audit software tool to summarize and total individual transactions for each day over the course of a year as recorded in the point-of-sale software. However, the totals were significantly less than deposit amounts recorded in bank statements. We determined this issue to result from a software or programming deficiency.

The controlled asset list did not account for all assets found on-site.

We searched for controlled assets and found several items not included on the controlled asset list, and some items, though listed, not referenced as to location at the farm.

Wheeler Farm employees used a non-County bank account to purchase livestock and to deposit proceeds from the sale of Wheeler Farm animals.

The Friends of Wheeler Farm bank account used in these instances facilitated animal purchases and sales, but did not comply with County and State rules that require Treasurer-approved bank accounts for transactions.

Livestock purchases greater than \$5,000 were not processed through the County's Contracts and Procurement Division.

Employees did not refer the purchase of two animals for prices greater than \$5,000 to the Contracts and Procurement Division, as required in County guidelines. The nature of the market often requires quick decisions to avoid other interested buyers, prompting employees to seek faster ways to process transactions.

WHAT WE RECOMMEND

To produce more accurate reports from the point-of-sale system:

- Work with the software vendor to isolate the cause and resolve line items discrepancies in the detailed transaction reports.

To ensure that controlled assets are properly accounted for and safeguarded against theft:

- Instruct the property manager to update the controlled asset list for all items on-site and by location.

To ensure that livestock purchases are made in compliance with County procurement policies:

- Seek to establish a County imprest checking account dedicated to animal purchases.

To comply with County guidelines for purchases greater than \$5,000:

- Process animal purchases greater than \$5,000 through the Contracts and Procurement Division. Otherwise, work with the Contracts and Procurement Division to establish a procedure allowing Wheeler Farm personnel the flexibility to make these purchases, considering the spontaneity required in the market.

Please refer to the main sections in the report for more details about these and other findings and recommendations.

INTRODUCTION

Background

KEY CONTROLS AUDITS

We recently completed a Key Controls Audit at Salt Lake County's Wheeler Historic Farm (Wheeler Farm). A key controls audit provides reasonable, but not absolute assurance that key internal controls related to Countywide Policies and business processes are adequate, properly implemented, and operating as they are intended. We reviewed the business processes at Wheeler Farm, specifically in the areas of cash receipting and depositing, capital and controlled asset management, purchases, and merchandise inventory. In our report, we identify key findings and recommend actions to improve the efficiency and effectiveness of operations, ensure greater accountability, and better safeguard County assets at Wheeler Farm.

WHEELER HISTORIC FARM

Wheeler Farm is owned by Salt Lake County and operated by the Salt Lake County Parks and Recreation Division. The County acquired the property in 1969 and developed the property as part of an American Bicentennial Project. Wheeler Farm, which opened in 1976, currently has 6 full-time merit and over 40 part-time County employees.

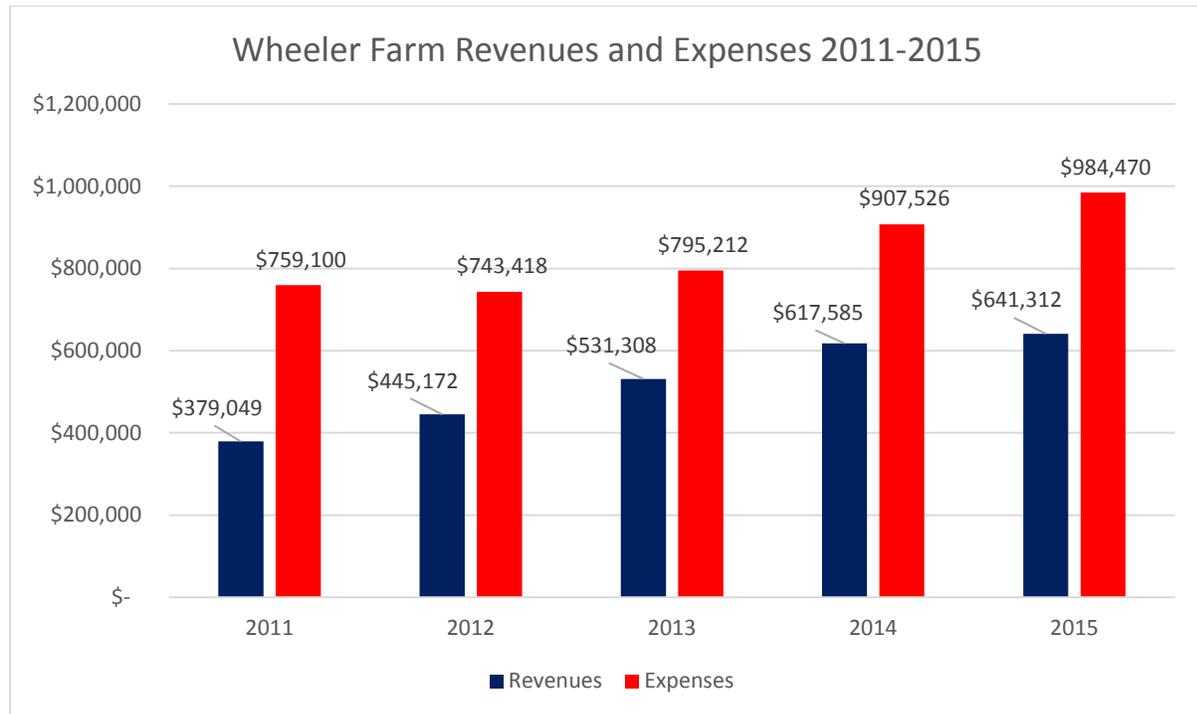
Wheeler Farm provides a farm life experience within the Salt Lake metropolitan area, where children and adults can view farm animals, take wagon rides through countryside surroundings, and see demonstrations of farming and daily activities from the late 19th century. In addition, as a venue for public recreation, education, and visitation, the farm has grassy areas, picnic tables, and pavilions available for public use. A variety of annual events are also offered, including Pumpkin Days, Farm Fest, Easter egg hunt, and summer camps where children ages 6 to 10 tour the farmhouse, ride horses, gather chicken eggs, and groom animals.

The farmhouse, built in 1899, by Henry J. Wheeler, serves as a museum, and patrons may take guided tours of the house and surrounding property.

An activity center architecturally designed as a traditional barn has a recreation hall that individuals and organizations can rent for wedding receptions and other activities. The 19th Century farmhouse, built in 1899 by Henry J. Wheeler, serves as a museum where tour guides show patrons through rooms furnished with antiques. In addition, an acre of land at Wheeler Farm is dedicated to growing crops, including corn, beans, squash, cucumbers, tomatoes, and onions. Wheeler Farm generates revenues from fees charged for tours and other activities, as mentioned above.

For reference, Wheeler Farm budgeted versus actual revenues and expenditures for the 2016 fiscal year are given in Appendix A.

Figure 1: Wheeler Farm Revenues and Expenses 2011 through 2015.



Objectives

Our audit objective was to determine if key internal controls were implemented and functioning in a manner sufficient to provide reasonable assurance against the risk of loss and fraud in the Wheeler Farm management of capital and controlled assets, cash handling, merchandise inventory, and purchases, including the purchase and sale of farm animals.

Scope and Methodology

We analyzed the financial records and procedures of the Wheeler Farm to provide reasonable assurance of compliance with County cash handling and capital and controlled asset policies. We also sought to identify areas of risk. Our examination covered a period of twelve months ending September 30, 2016.

Our work included a formal examination of financial records related to the following operational areas:

- Cash Handling and Daily Deposits
- Capital and Controlled Assets
- Purchases for Store Inventory and Operations
- Farm, Park, and Historical Site Operations

In addition to examining financial records, we reviewed current practices through observation. We verified daily cash deposits, interviewed employees, searched for capital and controlled assets, counted merchandise inventory, and counted petty cash, change funds, and daily cash collections. We also reviewed transactions related to purchase and sale of farm animals.

AUDIT RESULTS

Cash Handling and Daily Deposits

AUDIT OBJECTIVES

- **Determine the accuracy and authorization for petty cash and change funds.**
- **Examine balancing and depositing procedures for accuracy and compliance with Countywide Policy.**
- **Examine Pumpkin Days and Rosebud County Store collections for accuracy and consistency with final deposit records.**

Personnel collect payments from patrons for facility rental, wagon rides, house tours, camps, and other activities. The cash register in the activity barn is used as the point of collection for most transactions. An ancillary cash register in the “Rosebud Country Store” is used for store sales of candy, ice cream, soda pop, and souvenirs. During Pumpkin Days, held in October, employees use a temporary outdoor cash register.

The activity barn cash register operates on the same software as recreation facilities Countywide. However, neither the ancillary cash register nor the temporary outdoor cash register operates on the same software as the activity barn cash register, or ties electronically to it. In fact, the temporary cash register used during Pumpkin Days is off-line, without any underlying software. Because of this lack of connectivity, personnel enter daily collection totals from the ancillary cash registers into the activity barn cash register to produce daily collection and deposit totals.

We examined a statistically random sample of 54 bank deposits prepared from collections at the activity barn. We reviewed deposit timeliness, consistency of underlying data between cashier balance sheets and bank deposits, and proper documentation of voided transactions. In addition to the 54 bank deposits, we reviewed 30 days of collections specifically made at the Rosebud Country Store, and all Pumpkin Days admission sales in October 2015 to determine whether personnel accurately transferred these into the primary software database at the activity barn for bank deposit. To determine whether personnel deposited all collections, we compared collections recorded in the cash collection software to amounts posted on bank statements.

FINDING 1.1: Voids were not always handled in accordance with Countywide Policy.

Risk Ranking: 1 (Low)

During our analysis of Wheeler Farm’s deposit documentation, we reviewed all voided transactions that were included within our selected deposit documentation sample. Of the 17 voided transactions we reviewed, we found that none of them were prepared or documented in compliance with Countywide Policy.

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

All [receipt] copies will be marked 'VOID,' including the customer copy, if available. 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.

Although some of the original voided receipts were maintained with deposit documentation, they lacked the other elements required to be present by Countywide Policy. Figure 2, illustrates the voided transactions we reviewed and the information that was not properly included by either staff or management.

Figure 2: Voided Transactions Reviewed in Daily Deposit Sample

Voided Transactions Reviewed in Daily Deposit Sample						
Date	Till #	Voided Amount	Original Receipt Attached (Y/N)	Explanation (Y/N)	Cashier Signature (Y/N)	Supervisor Signature (Y/N)
3/21/2016	5042	\$ 19.00	Y	Y	N	N
4/1/2016	5069	\$ 5.00	Y	Y	N	N
4/2/2016	5071	\$ 22.00	Y	Y	N	N
10/14/2016	4666	\$ 6.00	Y	Y	N	N
10/23/2015	4724	\$ 6.00	Y	Y	N	N
5/12/2016	5199	\$ 8.00	Y	N	N	N
5/18/2016	5225	\$ 5.00	N	N	N	N
6/4/2016	5293	\$ 20.00	Y	N	N	N
6/15/2016	5350	\$ 20.50	N	N	N	N
6/16/2016	5351	\$ 22.86	N	N	N	N
6/22/2016	5372	\$ 41.25	N	N	N	N
7/14/2016	5465	\$ 7.00	N	N	N	N
7/15/2016	5470	\$ 12.00	N	N	N	N
7/15/2016	5471	\$ 5.00	N	Y	N	N
8/5/2016	5557	\$ 7.00	N	N	N	N
9/2/2016	5666	\$ 4.50	N	N	N	N
9/2/2016	5669	\$ 4.00	N	N	N	N

In addition, we found that the employees' treatment of these voids was inconsistent. Voided transactions were not signed in accordance with Countywide policy. When voided transactions are

not properly documented or reviewed by management it increases the risk that funds could be stolen without detection.

RECOMMENDATION

We recommend that management attach a void form with an explanation of why the transaction was voided, the signature of the cashier that initiated the void, and the signature of a supervisor not involved with the transaction, as evidence of review.

FINDING 1.2: Balancing reports from “Pumpkin Days” cash register tills showed excessive overages and shortages.

Risk Ranking: 1 (Low)

Each October, Wheeler Farm holds their annual “Pumpkin Days” event. For \$10, patrons can walk through the corn maze an unlimited number of times, enjoy a wagon ride, and pick a pumpkin of their choice from the pumpkin patch. This event runs as late as 9 p.m. on the weekends, facilitating the need for employees to use offline cash registers to collect funds for admission.

Sixty-percent of the daily deposits in our sample had either an overage or shortage in the cash balance.

We reviewed the collection and deposit records from the “Pumpkin Days” cash registers for October 2015. We reviewed 28 deposits and noted 17 when amounts collected did not balance to the cash register totals. Overages and shortages were evident in the majority (60%) of employee balance sheets. These discrepancies varied widely in their

amounts, with 11 out of 17 discrepancies more than \$20. Overages and shortages in small amounts are a common risk among any business that accepts cash as payment. However, excessive over/shorts could indicate the occurrence of fraud, and that internal cashiering controls implemented by management are not sufficient to prevent fraud. Figure 3, shows the breakdown of overages and shortages by date.

Figure 3. Pumpkin Days Daily Deposit Overages and Shortages by Date.

Pumpkin Days Daily Deposit Overages/Shortages by Date	
Date	Amount
10/3/2015	\$38.09
10/7/2015	(\$3.00)
10/8/2015	(\$9.00)
10/9/2015	(\$0.25)
10/11/2015	(\$39.00)
10/12/2015	(\$11.00)

10/13/2015	\$63.00
10/15/2015	(\$27.00)
10/16/2015	\$6.00
10/17/2015	\$120.50
10/18/2015	(\$10.00)
10/19/2015	\$77.12
10/21/2015	(\$31.00)
10/24/2015	(\$81.00)
10/25/2015	\$32.00
10/26/2015	\$43.00
10/31/2015	\$1.12

Management stated that these over/shorts were mostly the result of cashier entry errors. A cashier might accidentally enter a cash transaction as a credit card transaction and vice-versa. Cashiers may also have not cleared the register records from the previous day causing a large overage.

Countywide Policy 1062, “Management of Public Funds,” Section 5.3.1:

All overages and shortages, regardless of the amount, should be recorded daily by each Cashier on MPF Form 11, Cash Over/Short Log. When a significant shortage or a pattern of shortages occurs in the accounts of any Cashier, Agency Management shall conduct an investigation into the circumstances and report their findings to the Auditor’s Office. This reporting can be accomplished informally by email.

Although we found that all overages and shortages were being tracked on the appropriate over/short log, no investigation was conducted into the cause of the discrepancies. When excessive overages and shortages can persist, it increases the risk that cash could be stolen.

RECOMMENDATIONS

- We recommend that excessive or unusual overages and shortages be immediately investigated by management and a report be sent to the Auditor’s office explaining the circumstances.
- We recommend that employees that show a pattern of excessive overages and shortages receive additional cashier training to minimize future discrepancies.

FINDING 1.3: Management reconciled the change fund to the wrong amount and not the \$1,200 amount listed in records maintained by Mayor’s Financial Administration.

Risk Ranking: 1 (Low)

We conducted a surprise cash count of the Wheeler Farm change fund. Records from Mayor’s Financial Administration showed that the fund balance at the farm should have been \$1,200. Our count yielded a total of \$1,100. According to management, the \$100 difference was due to the change fund never being replenished to the correct amount after removing vending machines from

the farm in 2011. Management was under the impression the change fund was reduced to \$1,100 and had been reconciling the account to this amount.

This explanation shows that nobody at Wheeler Farm correctly reconciled the change fund for at least five years. A reimbursement request has been submitted by management to Mayor's Financial Administration to replenish the missing \$100. When the change fund is not correctly reconciled, it increases the risk that funds will be lost or stolen.

RECOMMENDATION

We recommend that management periodically reconcile the change fund to the amount listed on Mayor's Financial Administration records.

FINDING 1.4: A detailed report of collections in Wheeler Farm's point-of-sale software did not reconcile to amounts deposited in the bank.

Risk Ranking: 2 (Moderate)

Wheeler Farm currently uses Sportsman software, an application developed for use by Parks and Recreation agencies throughout the country including Salt Lake County. Sportsman includes a variety of functions including point-of-sale capabilities, event scheduling, inventory control, and accounting.

An issue with Wheeler Farm's point-of-sale system caused discrepancies between the daily collections reports and the actual daily bank deposits.

As part of our audit we attempted to match all collections received by Wheeler Farm from October 1, 2015 through September 30, 2016 to the amounts deposited in their bank account. This test using an audit data mining software tool determines if any collections had occurred that were not deposited, indicating fraud. To accomplish this task, we used a data analytics tool to compare each daily summary of

collections to the corresponding bank deposit amounts.

We found that the aggregated daily collections from this report never matched the amounts deposited in the bank. In fact, the report showed significantly less collections than what was deposited. This indicated an inherent problem with the software rather than fraudulent activity. We contacted the software vendor regarding these discrepancies but no conclusive explanation was received. The programmers are currently attempting to resolve this issue. When collections reported by accounting software do not reconcile to deposited amounts, it increases the risk that funds could be lost or stolen and that annual financial statements may be misstated.

In lieu of using the daily summary report, we reconciled a monthly summary of cash and check collections out of the point-of-sale software to what was deposited in the bank. We found that

these did match in all respects. A difference of \$119 was noted which can best be explained by the time lag that occurs between the date funds are received compared to when they are deposited.

RECOMMENDATION

We recommend management and their point-of-sale software vendor continue to investigate and resolve the line-item collection report discrepancy.

Capital and Controlled Assets

AUDIT OBJECTIVES

- **Determine whether capital and controlled assets were properly accounted for.**
- **Ascertain the nature, existence, documentation, and proper management of antiques on-site.**

The 263 controlled and 7 capital assets at Wheeler Farm require special oversight due to their location over a wide farm area, and in many cases in public view. Personnel on-site maintain the controlled asset list and Mayor's Financial Administration maintains the capital asset list. Wheeler Farm reports its count and verification of the existence of its capital assets to Mayor's Financial Administration each year. Capital and controlled assets have numbered tags attached that correspond to numbered items on the controlled asset list. Each of the over 6,000 antique items on-site also have numbered tags attached. There are also several paintings at the farm, mainly in the Wheeler Farm house, that fall under control of the Center for the Arts.

We searched for all seven capital assets and a judgmental sample of 100 controlled assets to verify their existence. Controlled assets, as defined in ***Countywide Policy 1125, "Safeguarding Property/Assets," Section 1.2***, are:

[P]ersonal property items having a cost of \$100 or greater, but less than the current capitalization rate [\$5,000], and which are sensitive to conversion to personal use.

Moreover, we searched for a statistically random sample of 262 antique items. Antiques at the farm form a visually rewarding experience for patrons, but individually have little monetary value.

FINDING 2.1: The property manager did not attach numerical asset tags to three capital assets.

Risk Ranking: 1 (Low)

Salt Lake County capital asset tags could not be located on a John Deere Tractor, Kawasaki Mule 4X4, and a Ford Frontend Loader Tractor.

Countywide Policy #1125, "Safeguarding Property/Assets," Section 2.2.8 states that one of the property manager's duties is as follows:

Coordinate with the organization's Purchasing Clerk to ensure ... fixed [capital] assets are tagged and capitalized.

When management fails to properly affix assets with County property tags, the assets become subject to theft or to being diverted for personal use.

Mayor's Financial Administration issues capital asset tags and distributes them to the Parks and Recreation fiscal manager. We found that tags often remain with the fiscal manager, or other personnel, for an unusually long time without final distribution to Wheeler Farm, where the tags can be attached to corresponding equipment.

The Wheeler Farm director stated that a property tag was previously requested for the Kawasaki Mule 4X4, but was not delivered. Regarding the two tractors, the director stated that it was possible that the assets were once tagged, but that the tag has since fallen off due to the nature of the work

RECOMMENDATION

We recommend that the property manager, or designated employees, ensure all capital assets are tagged.

FINDING 2.2: Mayor's Financial Administration personnel had not listed two Wheeler Farm capital assets in the County's PeopleSoft database.

Risk Ranking: 1 (Low)

We found that two Capital assets, a Kawasaki Mule and a Ford Tractor, were located onsite, but they were not listed in the County's PeopleSoft financial database.

Countywide Policy 1125, "Safeguarding Property/Assets," Section 2.2.8 states one of the property manager's duties as follows:

Coordinate with the organization's Purchasing Clerk to ensure all newly acquired property is identified and accountability is appropriately established, and fixed [capital] assets are tagged and capitalized. Assist the Auditor's Office [now Mayor's Financial Administration] as requested in capitalizing fixed [capital] assets, etc.

When Mayor's Financial Administration fails to list capital assets located on site, those assets are at a risk of being lost, stolen, or diverted for personal use.

The Wheeler Farm director stated that the Ford tractor is believed to be obtained from surplus, or donated. Since it was not purchased, its capitalization and listing was overlooked. The director also stated that Mayor's Financial Administration would be contacted regarding the Kawasaki Mule.

RECOMMENDATION

We recommend that the property manager work with Mayor's Financial Administration to list the Ford tractor and Kawasaki Mule in the PeopleSoft database of capital assets.

FINDING 2.3: Management did not conduct an annual controlled asset inventory.

Risk Ranking: 2 (Moderate)

An annual controlled asset inventory is required per Countywide Policy. We inquired of the Wheeler Farm property manager as to whether the controlled asset inventory had been conducted at Wheeler Farm and found that a comprehensive inventory had not been conducted in the past year.

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

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

When management fails to conduct an annual inventory, assets are at a greater risk of being lost, stolen, or diverted for personal use.

We asked the property manager for documented evidence of a controlled asset inventory but he was unable to produce documentation from within the past year. The property manager stated that items are purchased, tagged, and added to the inventory on the computer, but in the past year, the list was not printed for assets to be checked off.

The Property Manager at Wheeler Farm had not conducted an annual inventory of controlled assets as required by Countywide Policy.

RECOMMENDATION

We recommend that the property manager, or delegated County employee, conduct a physical inventory of controlled assets at least annually.

FINDING 2.4: Management did not list all controlled assets on-site and did not include the physical location of 14 controlled assets, even though they were named in the list.

Risk Ranking: 2 (Moderate)

We searched for a sample of 100 out of 263 controlled assets. We noted that 14 controlled assets could not be located or otherwise identified. Additionally, we identified controlled assets on-site that were not listed, as well as assets recently purchased that had not been added to the controlled asset inventory list.

Countywide Policy 1125, "Safeguarding Property/Assets," Section 2.2.3 states that Property managers are responsible to:

Maintain records as to current physical location of all...controlled assets within the organization's operational and/or physical custody.

When management fails to maintain records as to the current physical location of controlled assets, employee accountability is not established, asset inventories are more difficult to perform, and theft of assets is more likely to occur and remain undetected.

Management stated that the asset list was not updated because the employee normally in charge of conducting the controlled asset inventory retired, and the new employee in charge of conducting the inventory is in the process of being trained.

RECOMMENDATION

We recommend that the property manager maintain inventory records to show the physical location of all controlled assets within the organization's operation.

Purchases for Store Inventory and Operations

AUDIT OBJECTIVES

- **Determine whether purchasing card transactions received authorization and represented legitimate business transactions.**
- **Examine store inventories for practices that allowed for tracking of inventory accuracy and completeness.**

Parks and Recreation administration has issued purchasing cards (P-Card) to six Wheeler Farm employees for use in purchasing supplies and equipment for the farm, including merchandise inventory for the small Rosebud Country Store. Valued at about \$5,000, the store inventory is replenished by management as determined by sales trends and customer preferences.

FINDING 3.1: Management did not adhere to essential business practices in tracking and accounting for merchandise inventory.

Risk Ranking: 2 (Moderate)

Management generally conducts a physical inventory of store merchandise twice a year. However, at the time of the audit in mid-2016, an inventory had not yet been conducted, though inventories were conducted in past years. As part of our audit, we conducted an inventory at the Rosebud Country Store. During our inventory, we noted that staff sold items that were not entered into the tracking system, causing a significant amount of inventory items to show a negative balance of items

on hand. We also noted that the same employee purchasing items for the store, received and entered inventory into the system, and had the ability to adjust the inventory count.

The United States General Accounting Office, Executive Guide, (2002), "Best Practices in Achieving Consistent, Accurate, Physical Counts of Inventory and Related Property," Page 10, provides key factors in achieving consistent and accurate counts of physical inventories, most applicably by training staff, determining frequency of counts, and maintaining a segregation of duties.

When management does not properly establish a merchandise inventory system, merchandise cannot be accurately tracked, actual revenue and shrinkage may not be realized, and the potential of fraud is increased.

Management implemented its inventory tracking system in 2014 and is still in the process of fully utilizing its capabilities as well as establishing an inventory method, training staff, defining duties, and establishing an inventory schedule.

RECOMMENDATIONS

- We recommend that management segregate the duties of ordering, receiving, and updating records of merchandise inventory.
- We recommend that management ensure that records are updated for merchandise purchases before placing the items on the sales floor.
- We recommend that management conduct store inventories by an established schedule and ensure that two employees sign off on the inventory counts conducted, as evidence of review.

FINDING 3.2: Employees ordered goods and services through their personal PayPal and Amazon accounts but paid for these orders on their County P-Cards.

Risk Ranking: 2 (Moderate)

For the last half of 2015 and first half of 2016, there were 90 transactions representing \$7,474 in purchases made with P-Cards through Amazon and PayPal accounts. However, the PayPal and Amazon accounts used for these purchases were Wheeler Farm employees' personal accounts and not County accounts.

Countywide Policy 7035, "Purchasing Cards Authorization and Use," Section 4.1.3 states,

Use of a P-Card for personal purchases and non-business items are prohibited.

Amazon and PayPal can store both personal credit cards and County P-Cards as choices for payment options. Where both are stored, an employee could erroneously choose the County P-Card to pay for personal items instead of their personal credit card. In addition, oversight of the PayPal or Amazon account is restricted to only the employee who setup the account for personal use.

Vendors who provide services and products to Wheeler Farm may not accept P-card payments but will accept PayPal payments. PayPal can be used with the County P-Card as a payment method in

this instance. Employees used a personal Amazon online account because a business account had not been set up for Wheeler Farm.

RECOMMENDATION

We recommend that the facility manager establish Wheeler Farm PayPal and Amazon business accounts to provide greater oversight of purchases.

FINDING 3.3: A Disclosure Statement was not on file for the farmer on staff that had a potential conflict of interest.

Risk Ranking: 1 (Low)

We verified with the County Clerk that a Conflict of Interest Disclosure Statement was not on file for this employee. We observed that 60 of the employee's 90 P-Card transactions reviewed occurred in Box Elder, Weber, Davis, and Tooele Counties. These purchases were for supplies, veterinary services, woodworking, metal fabricating, and feed. When interviewed about the purchases, the manager explained each of them, which appear as legitimate for Wheeler Farm needs. In addition, the manager's personal farm is a beef production farm, which has different needs than Wheeler Farm.

Countywide Policy 1430, "Professional Ethics and Conflict of Interest," Sections 4.1 and 4. state:

A County officer, employee, or volunteer must complete a disclosure statement ... under the following circumstances: ... Interest creating conflict of interest with duties: A County officer, employee or volunteer or a member of their household who has a personal interest or investment which creates a potential or actual conflict between their personal interests and public duties must disclose the information identified in [the Disclosure Statement].

Without awareness of this employee's conflict of interest, management could approve the employee's P-Card transactions without adequate scrutiny. This employee was unaware of Countywide Policy requiring annual disclosure of conflicts of interest.

RECOMMENDATION

We recommend that the farmer submit a Conflict of Interest Disclosure Statement to management.

Farm, Park, and Historical Site Operations

AUDIT OBJECTIVES

- **Examine records for the sale and purchase of farm animals to determine propriety of transactions and proper flow of funds.**

- **Review contracts for compliance with terms of consideration.**
- **Reconcile the checking account and ascertain whether all refunds were based on original receipts of funds and made to legitimate parties.**

In operating the farm, personnel routinely purchase hay and grain to feed livestock, poultry, and other animals. They also decide on the types of animals to acquire and display, focusing on heritage breeds or animals that are less frequently bred today than in the past. Recently, management acquired Guernsey cows, as the Wheeler family used this breed in their dairy operation. Personnel also plant crops on a designated acre of Wheeler Farm land, and maintain fruit trees. In addition to its agricultural function, Wheeler Farm rents to the public the activity barn, other buildings, and park areas with pavilions.

Members of the public using Wheeler Farm facilities sign a standard rental agreement and pay a refundable cleaning deposit in advance of their event or activity. Personnel refund the cleaning deposits after the event is completed by reversing the original credit card charge, or issuing the patron a check for the original amount paid. Wheeler Farm has an imprest checking account with an authorized limit of \$7,000 for this purpose.

In reviewing farm operations, we examined invoices and bills of sale on file and bank accounts used for depositing animal sales proceeds. Also, we examined P-Card transactions and checks issued either through the County purchasing system or Wheeler Farm Friend account for the purchase of new animals. In reviewing the \$7,000 imprest checking account, we matched disbursements recorded in Wheeler Farm's Quicken record to checks recorded in bank statements. We also reviewed contracts on file to determine whether contracted parties met their obligations for payment to the County.

FINDING 4.1: Wheeler Farm personnel used a non-County bank account to deposit and disburse funds from the purchase and sale of animals.

Risk Ranking: 3 (High)

During our audit, we examined the records of the purchase and sale of farm animals, including the flow of funds in completing these transactions. We found that personnel deposited funds from both sales and purchase transactions into the Wheeler Farm Friends, Inc. (Wheeler Farm Friends) bank account instead of using approved Salt Lake County government bank accounts. Wheeler Farm Friends is a non-profit, 501(c)(3) organization whose goal is to solicit and manage funds to be used in the restoration, improvement, and continuation of Wheeler Farm.

They circumvented the County's accounting and oversight in favor of a separate, non-County accounting and banking system. Wheeler Farm Friends, though closely associated with the farm in an advisory and contributory role, is a non-governmental entity.

Countywide Policy 1062, "Management of Public Funds," Sections 4.1.1 states:

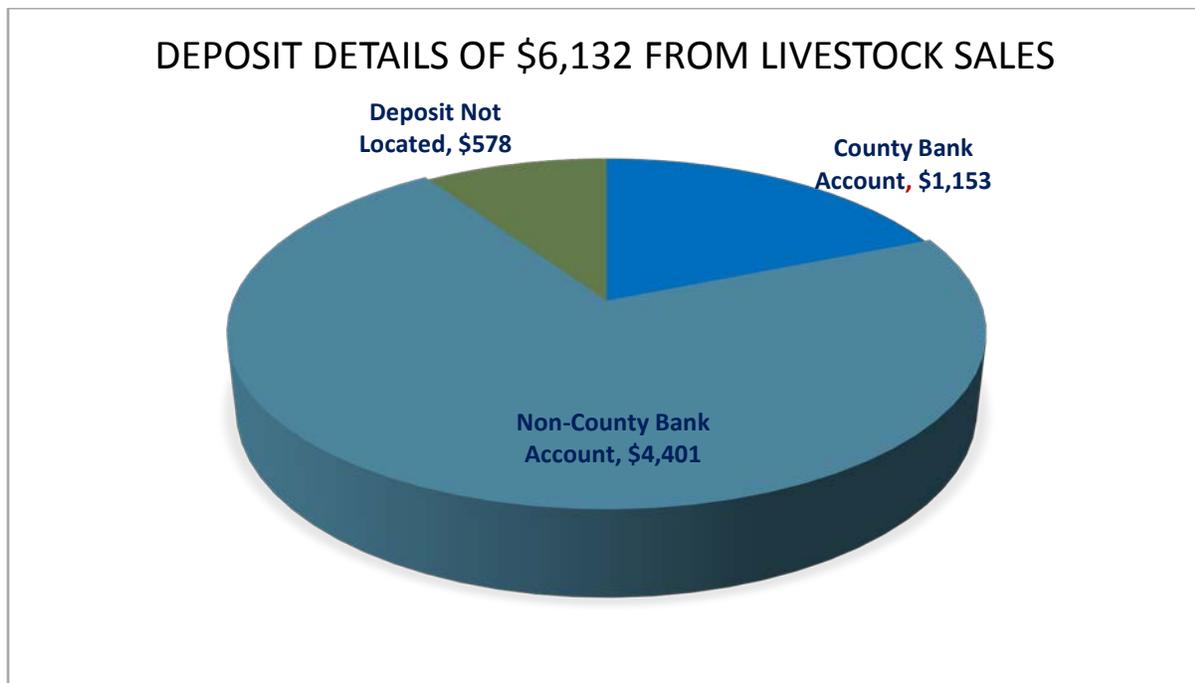
The Treasurer shall establish all depository accounts for use by County Agencies ... Agencies shall not establish bank accounts except as authorized by the Treasurer's Office.

Furthermore, **Utah Code Section 51-4-2 (3) (b)**, "**Deposits by political subdivisions (i.e., County)**," states:

Each officer shall deposit all money he collects into an account controlled by his political subdivision's treasurer.

The Salt Lake County Treasurer does not have control over the Wheeler Farm Friends bank account. Based on archived bills of sale and accounting records, we found 25 animals sold from December 2015 through October 2016. Proceeds from these sales totaled \$6,132, of which \$1,153 was deposited into the County bank account, \$4,401 into a non-County bank account owned by Wheeler Farm Friends, and \$578 was not accounted for in either account. Figure 4, shows the distribution of proceeds for animals sold.

Figure 4. Deposit Details of \$6,132 from Livestock Sales.



As mentioned in the paragraph above, we could not locate a deposit for \$578 from the sale of a black calf at auction. Wheeler Farm personnel were unable to provide a definitive answer on the disposition of the \$578 not located in deposit records, but stated that funds probably were immediately turned around in the purchase of three other animals. We confirmed purchase of these animals through invoice review. Invoices on record showed the cost of these three animals as \$534, a difference of \$44 from the \$578 in question.

In addition to selling animals, management also purchased new animals using funds from the Wheeler Farm Friends bank account. From December 2015 through October 2016, Wheeler Farm spent \$6,011 from this account to purchase animals. In addition, personnel bought other animals with their P-Cards. Purchases of animals through P-Card acquisitions from December 2015 through October 2016 totaled \$10,150. Wheeler Farm paid an additional \$4,950 through the County purchasing system, and acquired another \$534 in animals through trade, as stated in the previous paragraph. Altogether, animal purchases totaled \$21,645 in this period.

Personnel started transferring money into and out of the non-County Wheeler Farm Friends account in December 2015. Farm management desired flexibility in the acquisition and sale of animals, and viewed budgetary constraints as too onerous for the spontaneous decision making often required in purchasing a highly favored or desired animal. Management's goal in depositing proceeds into the Wheeler Farm Friends bank account was self-sufficiency in acquiring animals. They wanted ready purchasing ability to improve the variety and vitality of animals at the farm, and display rare breeds more commonly used in past years to complement the farm's historical mission.

Despite the ease of operating out of the private Wheeler Farm Friends bank account, transferring funds into and out of a non-County bank account not only runs counter to Countywide policy but also lacks the accountability and transparency that a County bank account provides. Transactions occurring in and outside accounts are not readily viewed or apparent to the Mayor, Council, and County financial managers. In this case, a party outside of government controls public funds, thus exposing them to a greater risk of diversion to personal use.

An "off the books" bank account was set up to make livestock purchases, and to deposit the proceeds of Wheeler Farm livestock sales.

As an alternative solution to the outside bank account and to provide flexibility, management could establish a County approved imprest checking account from which checks are written for animal purchases. Conversely, management could request a specific line item in the County's PeopleSoft general ledger designated as "animal sales." Thus, a comparison of revenue to expense efficiency in animal sales and purchases could be achieved.

RECOMMENDATIONS

- We recommend that Parks and Recreation management request an imprest checking account designated for farm animal purchases to replace purchases out of the Wheeler Farm Friends bank account.
- We recommend that Parks and Recreation management request that Mayor's Financial Administration establish a line item or ChartField in the PeopleSoft financial system titled "animal revenue" to segregate and profile proceeds from the sale of animals.
- We recommend that Wheeler Farm personnel stop using the Wheeler Farm Friends bank account for farm animal purchases and sales.

FINDING 4.2: Management did not process animal purchases greater than \$5,000 through the Contracts and Procurement Division as required in guidelines.

Risk Ranking: 2 (Moderate)

Wheeler Farm personnel did not use Contracts and Procurement to facilitate the purchase, and oversee a bidding process, of two purchases costing more than \$5,000 each. **The Contracts and Procurement Division “The Purchasing Decision” flowchart** posted on its website states:

Purchases to be conducted by Contracts and Procurement ... All procurements over \$5,000 without contract.

Management made two payments in each acquisition with the apparent intent of avoiding the \$5,000 threshold that would have required processing through Contracts and Procurement, including bidding, through Contracts and Procurement. In one instance, the farm purchased three Guernsey cows, whose purchase price totaled \$7,632. In another instance, the farm bought two Belgian quarter horses for \$7,000. They divided payments by different means, as shown in Figure 5, below.

Figure 5: Livestock Purchases > \$5,000 not Processed by Contracts and Procurement.

Livestock Purchases > \$5,000 not Processed by Contracts and Procurement			
Animals & Means of Payment	Amount	Animals & Means of Payment	Amount
3 Guernsey Cows		2 Belgian Quarter Horses	
Purchasing Card	\$4,932	Purchasing System	\$4,950
Friends of WF Account	\$2,700	Friends of WF Account	\$2,050
TOTAL PURCHASE PRICE	\$7,632	TOTAL PURCHASE PRICE	\$7,000

The “Friends Account” shown in Figure 5, represents the Friends of Wheeler Farm bank account. Management stated that they spent \$2,700 out of the Friends of Wheeler Farm bank account because they did not have enough money in their County budget. They further stated that this budget shortfall required a donation from the Friends to make up the difference. We note, however, that the money spent from the Friends account was based on proceeds from the sale of animals that Wheeler Farm personnel had deposited into the Friends account, and, therefore, any payments out of the account would not be reasonably considered a donation.

In the second instance, as shown on the right side of Figure 5, management paid for the Belgian Quarter Horses mostly through the County’s purchasing system. They made a purchase request through PeopleSoft, and the County issued a check to the vendor. The remainder, a payment for \$1,000 and another payment for \$1,050, was paid from the Wheeler Farm Friends account with funds, again, representing proceeds from the previous sales of animals at auction.

Management desired speed and flexibility in purchasing animals available at market to beat other interested buyers and secure the desired animals. Such competitiveness only characterizes an eager buyer. At the same time, splitting payment between two different accounts for payment to the same vendor circumvents Countywide policy and its intent for fairness and equity in purchasing from the public. Management has the option to request an exception from the County Council to Countywide Policy, whereby they could purchase animals without getting bids.

RECOMMENDATION

We recommend that Wheeler Farm comply with requirements for processing of animal purchases more than \$5,000 through the Contracts and Procurement Division or seek to establish an exception from the County Council in Countywide Policy that would allow purchases with modified involvement by Contracts and Procurement.

FINDING 4.3: Management has not established a written policy regarding the purchase and sale of farm animals.

Risk Ranking: 1 (Low)

As we examined animal purchases and sales, we found that no policy existed for determining the types of animals to purchase, the objectives in displaying various breeds of animals on-site, or the type of payment to be used.

Wheeler Farm has formulated the following mission statement:

Wheeler Historic Farm provides education, family enjoyment, history preservation and recreational open space within a historic farm setting.

Since the end of 2015, management has embarked on a program to increase revenues from the sale of sheep and cattle offspring, replace mixed breed animals with pure breeds, purchase heritage breeds of animals that had past historical value in agricultural processes, and replace older animals with younger, more vigorous examples to provide a more enjoyable public viewing experience. Older animals may suffer from arthritis or other ailments that create stress for the public in viewing them. Also, when disposing of old animals, management desires to find new owners that will nurture them over putting them to death, thus maximizing humane treatment.

The **KCG Consultant Group**, quoted at the **reference.com** website, states the importance of establishing organizational policies:

Clear policies define the business protocol and ensure that all employees operate according to a consistent prearranged formula.

Management stated that they saw the importance of establishing animal management, sale, and purchase policies, and expressed their desire to do so. Various personnel have a vision for farm

development, as stated in the previous paragraph, but this vision has not been codified in a policy to ensure consistent application.

Management stated that a policy is not in place because only in the last year have they redirected their efforts at rearranging farm animals and establishing a more historically focused viewing experience for the public. Without a policy in place, money could be wasted in buying animals that lack an intended purpose or use on the farm.

RECOMMENDATION

We recommend that management establish a written policy for purchasing, selling, breeding, displaying, and managing farm animals.

FINDING 4.4: Management did not use a specialized agreement when contracting with the farmer's market group that uses Wheeler Farm.

Risk Ranking: 1 (Low)

We reviewed all contracts related to Wheeler Farm and noted that a standard rental agreement was used to contract with the business that operates the Sunday farmer's market at Wheeler Farm. The farm also uses this standard or "boiler plate" agreement for renting the facility to groups, such as wedding parties, that hold events in the activity barn, other buildings, or on outside lawns or in pavilions.

We saw the need to draft a contract specific to the farmer's market operation because of its unique character that sets it apart from groups that would rent the facility on a one-time or infrequent basis. Moreover, Wheeler Farm receives more than \$7,000 in annual revenues from this business.

The standard agreement included an attachment that set forth payment terms of \$1,200 per month due by the 10th of the month, but did not state whether this was the month before or after the market took place. The County's Contract and Procurement Division did not have record of this contract in their files.

We contacted the District Attorney's Office for their comment on this contract, and they provided the following:

In Paragraph 24 [of the standard agreement] it states that any alteration of the standard language would render it void and then the attachment they include alters the standard language. Their attachment charges the Market non-fee schedule rates, changes the stated times the areas are available to rent, dismisses the security deposit requirement and adds a late fee requirement. In short, the agreement is void.

management stated they had received guidance that this standard rental agreement sufficed for the farmer's market management group. A contract tailored specifically for the Farmer's Market, though, more adequately addresses the needs of this function. Without a properly drafted contract, terms and usage for rental of the facility could come into dispute.

RECOMMENDATION

We recommend that Parks and Recreation management work with Contracts and Procurement to draft and maintain a contract between Wheeler Farm and the farmer's market group.

FINDING 4.5: Parks and Recreation management had not updated two contracts.

Risk Ranking: 1 (Low)

We found two contracts that were no longer in effect due to non-compliance of contract terms or lapsing of the contract period. One contract allowed a non-profit group to harvest fruit from trees on Wheeler Farm in exchange for keeping the fruit and distributing it to charitable groups. This contract expired in March 2016. The contract allowed for a series of one-year extensions, but Parks and Recreation administration had not taken necessary steps to extend the period even though the non-profit group continued to care for the orchard. Management stated that failing to extend the contract period was a simple oversight.

In the other contract signed in 2010, Granite School District was designated to build a greenhouse and storage building on Wheeler Farm property. Following construction, Wheeler Farm employees would maintain the storage building and the Granite School District would maintain the greenhouse. The contract required Granite to pay for materials in building the greenhouse, and Wheeler Farm Friends, a non-profit, non-government organization, to pay for materials in building the storage building. In the end, neither building was built.

Management stated that parties to the contract decided to abandon the construction projects. Granite School District disagreed with and was not willing to bear the costs of a Greenhouse restroom, as required by Murray City. The school district abandoned the Wheeler Farm site, and built the greenhouse elsewhere on school district property.

Contracts that are not updated to reflect current status or the intent of contracted parties risk a misunderstanding of obligations by parties involved that could result in legal challenges to the County.

RECOMMENDATIONS

- We recommend that Parks and Recreation management work with Contracts and Procurement to extend the contract with the non-profit group that maintains the fruit orchard.
- We recommend that Parks and Recreation management advise the Contracts and Procurement Division that the Granite School District contract for greenhouse and storage building construction is no longer in effect

APPENDIX A: WHEELER FARM 2016 BUDGET/EXPENDITURES DETAIL

2016 Budget vs. 2016 Actual Expenditures Detail

Wheeler Farm 2016 Budget Compared to 2016 Actual Revenues and Expenditures				
Budget Line Item	Total Budget 2016	Actual Expenditures 2016	Balance Under/(Over)	% Used
Revenues				
Charges for Services	\$601,700	\$678,775	\$77,075	113%
Revenues Total	\$601,700	\$678,775	\$77,075	113%
Expenditures				
Salaries and Benefits				
Salaries and Wages	\$563,950	\$560,115	\$3,835	99%
Fringe Benefits	153,923	139,530	14,393	91%
Salaries and Benefits Total	\$717,873	\$699,645	\$18,228	97%
Operations				
Supplies	\$104,500	\$114,254	-\$9,754	109%
Utilities	54,937	96,594	-41,657	176%
Maintenance	63,300	51,467	11,833	81%
Commissary Provisions	25,000	23,163	1,837	93%
Other Professional Fees	7,040	16,892	-9,852	240%
Facilities Management Charges	14,928	15,035	-107	101%
Janitorial Supplies and Service	9,900	9,905	-5	100%
Equipment and Software	6,200	3,086	3,114	50%
Mileage Allowance	1,825	2,526	-701	138%
Insecticides, Herbicides, and Pesticides	0	2,144	-2,144	0%
Development Advertising	5,500	2,118	3,382	39%
Petty Cash Replenish	2,000	1,720	280	86%
Contracted Labor/Projects	0	1,691	-1,691	0%
Education and Training Materials	1,000	1,556	-556	156%
Food and Clothing Provisions	3,600	1,258	2,342	35%
Rent - Equipment	800	846	-46	106%
Art and Photographic Services	0	724	-724	0%
Postage	725	329	396	45%
Travel and Transportation - Employees	0	257	-257	0%
Subscriptions and Memberships	1,000	255	745	26%
Operations Total	\$302,255	\$345,821	-\$43,566	114%
Expenditures Total	\$1,020,128	\$1,045,466	-\$25,338	102%
Net Income/(Loss)	-\$418,428	-\$366,691	\$102,412	

APPENDIX B: RESPONSE TO THE AUDIT



BEN McADAMS
Salt Lake County Mayor

ERIN LITVACK
Department Director
Community Services

12-28-16

MARTIN JENSEN
Division Director
Parks & Recreation

Attn: Larry Decker

Salt Lake County
Government Center
2001 S. State Street
Suite S4-700
(385) 468-1800

An Audit of Wheeler Historic Farm took place in October/ November 2016. The audit comprised of routine cash and asset audits to verify compliance with related Countywide Policies and best business practices.

As director of Wheeler Farm, I have read the audit findings. The Parks and Recreation Division Director, Martin Jensen, Associate Division Director, Christina Oliver and Associate Division Director, Wayne Johnson have also reviewed the findings.

A document with comments and response has been attached.

If you need any further comments or have any further requests, let me know.

Sincerely,

Kathleen Bailey
Director, Wheeler Historic Farm
Salt Lake County Parks and Recreation
6351 S 900 E, Salt Lake City UT 84121
385-468-1755

Auditors Finding

F.1.1 Finding F.1.1. Management and staff did not fill out and review voided transactions in compliance with Countywide Policy.

Auditors Recommendation

We recommend that management ensure that all void receipts contain an explanation of why the transaction was voided, the signature of the cashier that initiated the void, and the signature of a supervisor not involved with the transaction, as evidence of review.

Farm's Action and/or Response

The facility manager, or designee, will ensure that all employees with funds access at the facility are properly trained on all appropriate sections of Countywide Policy 1062 by an employee of the County's Treasurer's Office, or that offices' designee, upon start date of employment, or start date of funds access, with Salt Lake County. Training may be conducted through the County Employee University (Cashier Training) or by other means as agreed to by the County Treasurer's Office and Parks and Recreation Division Administration. The facility manager shall review at least 24 transactions per quarter to ensure compliance. Training will be repeated for those employees with errors.

F.1.2 Finding F.1.2. Employees responsible for "Pumpkin Days" tills consistently produced excessive cash overages and shortages in their registers.

We recommend that excessive or unusual overages and shortages be immediately investigated by Wheeler Farm management and a report be sent to the Auditor's office explaining the circumstances. We recommend that employees that show a pattern of excessive overages and shortages receive additional cashier training to minimize future discrepancies.

The facility manager, or designee, will investigate all overages and shortages in a timely manner and strictly follow Countywide Policy 1062. The facility manager will email a report of overages and shortages quarterly to the County Auditor's Office and Parks and Recreation Division Administration. The report will include all overages and shortages that occurred during the previous quarter and will include information such as the date, time, transaction amount, any other information determined appropriate by the Auditor's Office. Should patterns of overages and/or shortages by employee(s) emerge the facility manager, or designee, will take appropriate investigative measures. Further the facility will no longer operate the 'Annex' ticket booth. Tickets will be available for sale at the facility's front desk and at the blacksmith shop, which will be hardwired immediately, and tracked in the Division's recreation software Sportsman. Finally the facility manager, or designee, will ensure that all employees with funds access at the facility are properly trained on all appropriate sections of Countywide Policy 1062 by an employee of the County's Treasurer's Office, or that offices' designee, upon start date of employment, or start date of funds access, with Salt Lake County.

F.1.3 Finding F.1.3. Management did not reconcile the change fund to the appropriate \$1,200 amount listed in records maintained by Mayor's Financial Administration.

We recommend that the change fund be periodically reconciled by Wheeler Farm management to the amount listed on Mayor's Financial Administration records.

The facility manager has requested the deposited \$100 be replenished in the change fund to bring it in line with the Mayor's Finance records of \$1200.

F.1.4 Finding F.1.4. A detailed report of collections in Wheeler Farm's point-of-sale software did not reconcile to amounts deposited in the bank.

We recommend Wheeler Farm management and their POS software vendor continue to investigate and resolve the line-item collection report discrepancy as soon as possible.

The facility manager, in consultation with the Parks and Recreation Division fiscal team, will investigate, and where appropriate correct, line-item discrepancies.

<p>F.2.1 Finding F.2.1. Management did not attach numerical asset tags to three capital assets due to miscommunication in the issuance of these tags.</p>	<p>We recommend that property managers, or designated employees, ensure all capital assets are tagged. This process will require communication with all personnel in the administrative chain to ensure that delays in distributing the tags do not occur.</p>	<p>The facility manager has started the process of updating all inventory and tagging items. Estimated completion date of January 31, 2017</p>
<p>F.2.2 Finding F.2.2. County property managers had not listed two Wheeler Farm capital assets due to convoluted movements in their location over time.</p>	<p>We recommend that property managers, or designated employees, ensure all capital assets are tagged. This process will require communication with all personnel in the administrative chain to ensure that delays in distributing the tags do not occur.</p>	<p>The facility manager has started the process of updating all inventory and tagging items. Estimated completion date of January 31, 2017</p>
<p>F.2.3 Finding F.2.3. Management did not annually conduct a controlled asset inventory.</p>	<p>We recommend that the property manager, or delegated County employee, conduct a physical inventory of controlled assets at least annually</p>	<p>The facility manager, or designee, will ensure that a physical inventory of the facility's controlled assets is completed at least once each calendar year. Further a detailed log of the controlled assets will be maintained by the facility manager at all times.</p>
<p>F.2.4 Finding F.2.4. Management did not maintain records as to the physical location of 14 controlled assets, and did not list all controlled assets on-site.</p>	<p>We recommend that management maintain inventory records to show the physical location of all controlled assets with the organization's operation</p>	<p>The facility manager, or designee, will ensure that a physical inventory of the facility's controlled assets is completed at least once each calendar year. Further a detailed log of the controlled assets will be maintained by the facility manager at all times.</p>
<p>F.3.1 Finding F.3.1. The merchandise inventory system established by Wheeler Farm management did not have an inventory schedule, segregate duties, or update the inventory quantity.</p>	<p>We recommend that management segregate the duties of ordering, receiving, and updating records of store inventories, and ensure that records are updated for inventory purchases before placing them on the sales floor. We recommend that Wheeler Farm management conduct store inventories by an established schedule and ensure that two employees sign off on the inventory counts conducted as evidence of review.</p>	<p>In 2015, Wheeler updated the blacksmith store inventory system, to Quickbooks. This system allows facility employees to enter and track inventory. As suggested by the Auditor, the facility manager will ensure that the duties of ordering, receiving, and updating records of store inventories are segregated, and that records are updated for inventory purchases before placing them on the sales floor. The facility manager, or designee, will conduct store inventories by an established schedule and ensure that two employees sign off on the inventory counts conducted as evidence of review.</p>
<p>F.3.2 Finding F.3.2. Employees ordered goods and services through their personal PayPal and Amazon accounts but paid for these orders on their County P-Cards.</p>	<p>We recommend that the facility manager establish Wheeler Farm PayPal and Amazon business accounts to provide greater oversight of purchases.</p>	<p>The Parks and Recreation Division's fiscal team has started the process of creating Amazon accounts for facility employees. Further all Parks and Recreation Division employees have been instructed to cease utilizing personal Amazon and PayPal accounts for facility business purposes.</p>
<p>F.3.3 Finding F.3.3. A member of management owns and operates a farm and has purchasing authority for Wheeler Farm. A conflict of Interest Disclosure for this arrangement was not on file.</p>	<p>We recommend that the employee provide a conflict of interest disclosure with Wheeler Farm management.</p>	<p>The facility manager will ensure that staff fills out a conflict of interest form at least once per calendar year.</p>

<p>F.4.1 Finding F.4.1. Wheeler Farm personnel used a non-County bank account to deposit funds from the sale of animals and to disburse funds in the purchase of new animals.</p>	<p>We recommend that the Wheeler Farm request an imprest checking account designated for farm animal purchases to replace purchases out of the Friend of Wheeler Farm account. We recommend that Parks and Recreation management request that Mayor's Financial Administration establish a line item in the PeopleSoft County general ledger titled "animal revenue" to segregate and profile proceeds from the sale of animals. We recommend that Wheeler Farm personnel stop using the Friends of Wheeler Farm account for farm animal purchases and sales.</p>	<p>The facility manager will ensure that all items for the facility, including but not limited to animals, will be purchased, and when appropriate sold, per Salt Lake County policy. Sales will be deposited as revenue, purchases will be made from operation funds.</p>
<p>F.4.2 Finding F.4.2. Management did not process animal purchases greater than \$5,000 through the Contracts and Procurement Division as required for vetting and bidding.</p>	<p>We recommend that Wheeler Farm comply with requirements for processing of animal purchases in excess of \$5,000 through the Contracts and Procurement Division or seek to establish an exception in County policy that would allow purchases with modified involvement by Contracts and Procurement.</p>	<p>The facility manager will ensure that all items for the facility, including but not limited to animals, will be purchased, and when appropriate sold, per Salt Lake County policy. Sales will be deposited as revenue, purchases will be made from operation funds.</p>
<p>F.4.3 Finding F.4.3. Management did not guide their animal purchases and sales based on any written policy.</p>	<p>We recommend that Wheeler Farm establish a policy for purchasing, selling, breeding, displaying, and managing farm animals.</p>	<p>The facility manager will establish a policy for purchasing, selling, breeding, displaying, and managing farm animals. Policy will be submitted to administration for review by the end of Q1 2017.</p>
<p>Finding F.4.4. Management used a standard rental agreement for use of Wheeler Farm by the farmer's market management group instead of entering into a specialized contract with them.</p>	<p>We recommend that a contract drafted through the Contracts and Procurement Division and maintained by them be executed with the management group that operates the Wheeler Farm farmer's market.</p>	<p>The facility manager is working closely with the County's Contracts and Procurements office on an RFP. It is anticipated that the contract will be awarded in Q1 2017 however in no case will the Farmer's Market take place without a fully executed contract.</p>
<p>Finding F.4.5. Parks and Recreation management had not updated two contracts where one contract had expired and parties to the other contract decided not to carry out contract terms.</p>	<p>We recommend that the fruit orchard contract with the non-profit group be extended, as allowed in the contract terms. We recommend that Parks and Recreation management advise the Contracts and Procurement Division that parties to the Granite School District contract abandoned terms for construction of a greenhouse and storage building and that this contract is no longer in effect.</p>	<p>The facility manager will renew the MOU with "Green Urban Lunchbox" for 2017 and has now cancelled the contract that was never executed with Granite Technical Institute.</p>