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May 9, 2018

Martin Jensen, Director
Parks and Recreation Division
2001 South State Street, Suite S4-700
Salt Lake City, UT 84190

An Audit of Key Controls at Copperview Recreation Center Report Number 2018-MLR12

Dear Martin,

We recently completed an audit of key controls at the Copperview Recreation Center ("Copperview"). The purpose of the audit was to examine financial records and procedures to determine if critical internal controls over areas such as cash handling, daily deposits, capital and controlled asset management, and other public assets, are properly implemented and functioning as intended to help prevent fraud, waste, or abuse. We also reviewed financial processes and procedures to ensure that they complied with Countywide policies and standards.

Our work was designed to provide reasonable, but not absolute assurance that the system of internal controls was adequate, financial records current, and that daily transactions were recorded accurately. Since our audit included only a sample of items from the period we examined, there is a risk that we would not have discovered problems related to assets or transactions not specifically selected for review.

Audit criteria included Countywide Policies such as Countywide Policy 1203, "Petty Cash and Other Imprest Funds," Countywide Policy 1062, "Management of Public Funds," Countywide Policy 1125, "Safeguarding Property/Assets," and Countywide Policy 7035, "Purchasing Card Authorization and Use."

By its nature, this report focuses on issues, exceptions, findings, and recommendations for improvement. The focus should not be understood to mean that we did not find various strengths and accomplishments. We truly appreciate the time and efforts of the employees of Copperview throughout the audit. Our work was made possible by their cooperation and prompt attention given to our requests.

Scope and Methodology

Our audit covered the period from January 1, 2017 to December 31, 2017. However, the period may have been adjusted to include any relevant information, records, or data from outside this period, as appropriate.

The audit included an examination of assets, records, and transactions in the following areas:

- Change Funds

- Cash Handling and Daily Deposits
- Capital and Controlled Assets
- Purchasing Card Transactions and Use
- Merchandise Inventory
- Accounts Receivable

The audit objectives, findings, and recommendations, in each of the areas we examined are as follows:

Audit Objectives, Findings, and Recommendations

1.0 Change Funds

Audit Objectives:

- **Determine if the change fund was maintained at its authorized amount.**
- **Determine if the change fund was properly safeguarded against loss, theft, or misuse.**

The authorized amount of Copperview's change fund is \$135 which we verified with the Mayor's Office of Financial Administration ("Mayor's Finance"). The change fund is used by cashiers to make change for customers and patrons that pay with cash. We performed a surprise count of the change fund that compared the total cash on hand, less the reported daily collections amount, to arrive at the remaining change fund balance. We found that the change fund was intact and balanced to the authorized amount.

We also interviewed the staff at Copperview and reviewed change fund procedures with them. We observed that the change fund was properly safeguarded within the cash register during operating hours and put away in a locked safe at the close of business each day. We reviewed change fund documentation, including *Fund Transfer Ledgers*, and found that although cashiers were recording the change fund balance at the beginning of their shifts, they were not recording the ending change fund balance when the funds were returned to the safe at the end of their shifts.

Our audit finding and recommendation in the area of change funds is as follows:

Finding 1.1: Copperview employees were not using the *MPF Form 7 – Fund Transfer Ledger* to document the transfer of the change funds to and from the safe.

During our audit, we reviewed change fund documentation including Copperview's *MPF Form 7, Fund Transfer Ledger* used by employees to document the change fund balance when funds are removed from the safe at the beginning of each cashier's shift, and the change fund balance when funds are returned to the safe at the close of business each day. We noted that the cashiers were documenting the beginning balance of the change funds when they retrieved the change funds from the safe, but there was no record on the *Fund Transfer Ledger* of the change fund balance when the funds were returned to the safe each day.

Countywide Policy 1062, "Management of Public Funds," Section 2.2.1, states:

"Cashiers shall sign an MPF Form 7, Fund Transfer Ledger, or similar log, each time they retrieve the change fund from the safe or lockbox; and return the fund to the safe or lockbox."

When we asked management at Copperview about the practice, we were told that the current way of using the *Fund Transfer Ledger* had become standard practice some time ago, and that they did not see the need to document the ending balance of the change fund before it was returned to the safe each day.

The purpose of the *Fund Transfer Ledger*, or similar log, is to document that the change fund balances to the authorized amount each time that the fund is removed from and returned to the safe. In addition, the *Fund Transfer Ledger* establishes personal accountability for the change fund, while the funds are in use. By signing the *Fund Transfer Ledger*, employees at Copperview are verifying that all funds are accounted for and that proper custody of the change fund was maintained while the funds were not stored away in the safe.

A *Fund Transfer Ledger* is a key internal control that helps minimize the risk of theft or misuse of the change fund. By not signing the *Fund Transfer ledger* each time that funds are returned to the safe, personal accountability for the change fund is not established, and the risk of theft or misuse is increased. Copperview management should ensure that the *Fund Transfer Ledger* is used properly, and that employees at Copperview abide by countywide policy when retrieving and returning the change fund to and from the safe each day.

Recommendation 1.1:

We recommend that employees at Copperview count the change fund and sign and date the *MPF Form 7, Fund Transfer Ledger*, or similar log, each time the change fund is retrieved from or returned to the safe.

2.0 Cash Handling and Daily Deposits

Audit Objectives:

- **Determine if cash handling and daily deposit procedures comply with Countywide Policy.**
- **Determine if daily cash collections and deposits are properly safeguarded against theft or misuse.**

Our audit examined cash handling and depositing procedures at Copperview to determine if those procedures complied with Countywide Policies. We also examined whether daily collections were properly accounted for and adequately safeguarded against the risk of loss or theft. Countywide Policy 1062, "Management of Public Funds," establishes procedures for receipting, recording, and depositing funds, and defines functions and responsibilities to establish internal controls over these processes.

We observed cash receipting procedures at Copperview and reviewed those procedures with staff. We noted that cashiers were aware of countywide policies concerning the management of public funds, and we found that daily collections were properly safeguarded.

To determine if depositing procedures complied with countywide policies, we examined a judgmental sample of 30 deposits. We analyzed deposit documentation to verify that amounts collected per the cash register transaction reports matched the amounts reported on cashiers' *Daily Cash Balance Sheets*. We also verified that the total amount of cash and check collections were deposited each day, and that deposits were made no later than three days after receipt in accordance with countywide policy.

We interviewed the staff at Copperview and reviewed depositing procedures with them. We found that deposits were properly safeguarded but were not made within three days after receipt. We examined a sample of no-sales reported by the point-of-sale system and voided transactions and found that they were properly documented and reviewed. Overall, we found that depositing procedures at Copperview complied with countywide policy.

Our audit finding and recommendation in the area of cash handling and daily deposits is as follows:

Finding 2.1: Thirty-percent of the daily deposits in our audit sample were not deposited within three days of receipt as required by countywide policy and Utah state law.

During our audit, we selected a sample of 30 daily deposits to review, from April 2017 through March 2018. We compared the date that the funds were received to the bank deposit slip date to verify that daily deposits were made within three days of receipt, as required by countywide policy and Utah State law. As a practical matter, state law allows some leeway to the three-day rule for holidays and weekends, when banks and financial institutions may be closed, preventing government agencies from depositing cash and check receipts within three days.

We noted during the audit that Copperview typically bundled two-to-three days of daily cash collections in each bank deposit due to management's interpretation of countywide policy and the three-day requirement. We found that 9 of the 30 (30%) daily deposits in our audit sample were not made within three days after collection, and we noted that one deposit from September 11, 2017, was not deposited until six days later.

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."

Throughout most the audit sample period, we found that only one employee at Copperview had been trained to prepare daily deposits, which caused deposits to be delayed if that employee was absent or took vacation leave. In addition, the bundling of daily deposits due to management's interpretation of countywide policy also contributed to the problem.

Depositing cash or check collections within three days of receipt is an important internal control activity that helps to ensure that public funds are properly safeguarded against theft, loss, or misuse. When daily deposits are not deposited in a timely manner, or left sitting idle, the risk that those funds could be stolen, misappropriated, or lost is increased. Copperview management should strive to ensure that funds are deposited daily whenever possible.

Recommendation 2.1:

- A. We recommend that management at Copperview ensure that all cash receipts are deposited daily, but no later than three days after receipt.**
- B. We recommend that management at Copperview train additional employees in how to prepare daily deposits, to facilitate more timely depositing of cash collections.**

3.0 Capital and Controlled Assets

Audit Objectives:

- **Determine if capital and controlled assets are identified accurately, physically present, and accounted for properly.**
- **Determine if capital and controlled assets are properly safeguarded against loss, theft, or misuse.**

Our audit included an examination of capital and controlled asset management at Copperview. Countywide Policy 1125, "Safeguarding Property/Assets," establishes the policies and procedures for the proper management of County capital (fixed) and controlled assets, including procedures for safeguarding, accounting for, and disposing of those assets.

Countywide Policy 1125, states that a capital asset is an item with an estimated life of more than one year and a cost equal to or greater than the current capitalization rate, which currently is \$5,000 or greater. Capital assets are recorded in the County's financial system and monitored by Mayor's Finance, in addition to the agency where the asset is located. We verified that the five capital assets assigned to Copperview were on-site, including a statue, artwork, a copy machine, and two high-end treadmills.

We also reviewed a sample of 23 controlled assets. As opposed to a capital asset, Countywide Policy 1125 defines a controlled asset as an item of personal property having a cost of \$100 or greater, but less than the current capitalization rate. Due to their nature, controlled assets are more susceptible to theft, or conversion to personal use than capital assets, and require extra diligence on the part of each county agency to properly protect them from theft, loss, or misappropriation.

The property manager at each County organization has the responsibility to account for all controlled assets within the organization's operational and physical custody. Countywide Policy 1125 also defines employees' duties and responsibilities when capital (fixed) or controlled assets are provided for their use.

Our audit findings and recommendations in the area of capital and controlled assets are as follows:

Finding 3.1: Asset identification tags were missing from some capital and controlled assets, and Copperview's controlled asset list was not maintained properly as required by county policy.

During our audit, we physically located five capital assets and 23 controlled assets from Copperview's asset lists. We found that out of the five capital assets at Copperview, two pieces of artwork did not have a capital asset tag attached. For county capital assets, asset identification tags are created by Mayor's Finance and given to county agencies to affix to the capital assets that have been assigned to each agency.

We understand that it may not be practical to attach asset identification tags to pieces of artwork, or other types of capital assets due to their nature or purpose. However, a reasonable solution that has become standard practice at many county agencies is to keep these tags in a file folder with a written description of the asset, its location, and possibly photographs, of the items they represent. We found that Copperview had not created a file for either of the two pieces of artwork to establish a record of them as capital assets belonging to the county.

Of the 23 controlled assets that we located on-site, we found that two did not have an asset identification tag attached. We were told that the asset tags had probably come off or were never attached to begin with. We also selected a random sample of 15 controlled assets found on-site at Copperview and traced them back to the controlled asset listing. For each of these items we tried to verify that each item had an accurate asset description and the correct asset ID tag.

We found that eight out of the 15 (53%) items that we attempted to trace back to the controlled asset list did not have asset ID tags and did not match any asset descriptions on the controlled asset list. In our opinion, this represents a significant control weakness.

Invoices were not readily available for these eight items to determine whether their cost exceeded the controlled asset threshold of \$100. However, the items were selected based on our opinion that they would meet the criteria of the county's definition of a controlled asset.

Countywide Policy 1125, "Safeguarding Property/Assets," Section 2.2.2, states that property managers at each county agency are responsible for properly accounting for and managing the organization's controlled assets:

"Accounting for all controlled assets within the organization's operational and/or physical custody in accordance with paragraph 4.0 of this policy."

When we presented this finding to the Property Manager at Copperview, we were told that he had overlooked attaching asset ID tags to the controlled assets and that he had neglected to create a file folder for the two pieces of artwork.

Maintaining an accurate and updated controlled asset list is a key internal control designed to help reduce the risk that county assets could be stolen or converted to personal use without being detected by management. In our opinion, the fact that over half of the audit sample of controlled assets we tried to trace back to the controlled asset list were not found on the list demonstrates a significant control weakness and increases the risk that county assets could be stolen or misappropriated without being detected by Copperview management.

Recommendation 3.1:

- A. We recommend that the Property Manager at Copperview create a separate file folder for the two pieces of artwork, and retain the capital asset identification tags, written descriptions of each piece, and possibly photographs in the folders to document the items as capital assets belonging to the County.**
- B. We recommend that the Property Manager at Copperview update the controlled asset list as soon as possible to include recently purchased items and the items that we identified in the audit as missing from the list.**
- C. We recommend that the Property Manager at Copperview ensure that the two controlled assets that were missing their asset ID tags are tagged and properly identified on the controlled asset list as soon as possible.**

Finding 3.2: Management at Copperview could not provide evidence that they had conducted an annual controlled asset inventory as required by county policy.

During our audit, we reviewed the processes and procedures that management at Copperview used to account for and properly safeguard county assets. The Property Manager at Copperview maintained a list of controlled assets in a Microsoft Access database, but we found no evidence of a formal controlled asset inventory being conducted, and documented with a date, signature, or verifying of assets on-site. Countywide policy requires that county entities conduct a physical inventory of capital (fixed) and controlled assets at least annually to ensure that county assets are accounted for and are properly safeguarded against theft or loss.

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."

Management at Copperview stated that a volunteer had conducted a controlled asset inventory in 2017 using the Access database for reference, but we found no signature, date, or documentation of the inventory process that would indicate that management had reviewed and approved the results. Management at each county agency is responsible for ensuring that county assets assigned to their organizations are identified accurately, physically present, and accounted for properly. The annual physical inventory of capital and controlled assets is a key internal control activity that helps reduce the risk that county assets could be stolen or lost without being detected by management. When asset

inventories are not conducted in accordance with countywide policy, the risk that county property could be lost, stolen, or converted to personal use increases.

Recommendation 3.2:

We recommend that the Property Manager at Copperview conduct a physical inventory of capital (fixed) and controlled assets at least annually, and that management reviews and signs-off on the inventory to acknowledge that it was conducted accurately and document Copperview's compliance with countywide policy.

Finding 3.3: Management at Copperview was not using the *Controlled Assets Inventory Form – Employee* to establish individual accountability for controlled assets assigned to specific employees.

During our examination, we noted that management at Copperview was not using the *Controlled Assets Inventory Form - Employee* form to establish individual accountability for controlled assets that had been assigned to specific employees. Upon being told of this issue, the Property Manager requested that all employees at Copperview conduct an inventory of items assigned to them and complete the form.

Countywide Policy 1125, "Safeguarding Property/Assets," Section 4.3.1, states:

"Exhibit 3 – '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 Property Manager at Copperview was not aware of the requirement to use the *Controlled Assets Inventory Form - Employee* in countywide policy to track controlled assets that had been assigned to specific employees. The *Controlled Assets Inventory Form – Employee* is a key internal control that helps ensure that county assets are properly safeguarded against theft or misuse. The forms establish personal responsibility for those assets that are used by and readily assignable to specific employees. Management at Copperview should establish procedures for using the form and ensure that the forms are reviewed periodically.

Recommendation 3.3:

We recommend that the Property Manager at Copperview establish standard procedures for using the *Controlled Assets Inventory Form - Employee* for all assets assigned to specific employees at Copperview and ensure that the forms are reviewed and updated as needed.

4.0 Purchasing Card Transactions and Use

Audit Objectives:

- **Determine if purchasing card transactions are appropriate and complied with Countywide Policy.**
- **Determine if purchasing cards are properly safeguarded against theft or misuse.**

As part of our audit process, we reviewed purchases and transactions made by Copperview staff using their county-issued purchasing card ("p-card"). Countywide Policy 7035, "Purchasing Cards Authorization and Use," establishes county policies for the use and acquisition of purchasing cards including how to obtain a card, allowable purchases, implementing safeguards, credit limits, record keeping and bank reconciliations, audits, and what to do if the card is lost or stolen.

We examined a sample of transactions made during 2017 and found that all p-card transactions in the sample had been properly reviewed and approved by Copperview management. We noted that during most of 2017 there were two authorized p-card holders at Copperview. One of the cardholders had transferred out of Copperview in November 2017. We verified that the other cardholder adequately safeguarded the card. A third p-card holder was approved in December 2017 but did not make any purchases until 2018, which was outside of the scope of our audit procedures.

Copperview does not require pre-approval for purchases. At the close of the p-card billing cycle, management reviews the purchases and approves them.

We noted no significant findings in the area of purchasing card transactions and use.

5.0 Merchandise Inventory

Audit Objectives:

- **Determine if merchandise inventory is accounted for properly and inventory management practices comply with Countywide Policies.**
- **Determine if merchandise inventory is adequately safeguarded against loss, theft, or misuse.**

Our audit included an examination of merchandise inventory and records at Copperview. Copperview keeps an inventory of youth soccer jerseys that are sold to participants in sponsored soccer leagues. The jerseys are sold for \$8.00 each, with a discount given to team coaches. Several thousand jerseys are kept in stock at Copperview, in sizes ranging from youth extra small to adult large. During the audit, we noted that the jerseys were adequately safeguarded against theft during business hours at Copperview.

Staff at Copperview purchase jerseys for re-sale using their p-card and the orders are subject to the same review and approval process for all other p-card purchases. However, we did note that the number of jerseys received are not counted upon delivery, and management at Copperview did not know the total number of jerseys that should be on hand.

Our audit finding and recommendation in the area of merchandise inventory is as follows:

Finding 5.1: The staff at Copperview were not verifying that the number of youth soccer jerseys received matched the total number of jerseys ordered, and therefore did not have an accurate count of jerseys that should be in inventory.

During our audit, we reviewed the practices and internal controls related to merchandise inventory. Copperview sells youth soccer jerseys to participants in youth soccer leagues. Several thousand jerseys are kept on hand at Copperview and sold to program participants. Although the purchases of jerseys are reviewed and approved by management, we found that the staff at Copperview were not verifying that the number of jerseys ordered matched the actual number of jerseys received in each shipment.

Because the packing slips or receiving documents were never verified with the actual number of jerseys ordered in each shipment, we found that management at Copperview did not have an accurate count of the jerseys that should be on-hand in their inventory. Verifying that the number of items ordered were shipped and received is a critical internal control that helps ensure that an entity is not being charged for merchandise inventory items that it did not receive.

Keeping accurate inventory counts, and periodically verifying that those inventory counts reflect the actual number of inventory items on hand is a critical internal control designed to help prevent theft, or loss from occurring.

When we presented this issue to management at Copperview they did not see the need to count the youth soccer jerseys received and verify that the count matched the number of jerseys originally ordered. They also did not see the need to periodically verify merchandise inventory counts to ensure that merchandise inventory is adequately safeguarded against theft or loss (i.e., inventory shrinkage).

When inventory recordkeeping is inaccurate, and management has not implemented sound inventory management practices, these factors contribute to an environment where the likelihood that merchandise inventory could be lost or stolen is increased

Recommendation 5.1:

We recommend that management at Copperview implement an inventory receiving process that verifies and documents the quantity and quality of merchandise received and procedures to ensure that inventory records are accurate and complete.

6.0 Accounts Receivable

Audit Objectives:

- **Determine if credit is granted to county customers and patrons as defined in Countywide Policy 1220, *Management of Accounts Receivable and Bad Debt Collection*.**
- **Determine if the management of accounts receivable complies with countywide policy.**

- **Determine if payments received for accounts receivable are properly recorded, safeguarded, and deposited in compliance with countywide policy.**
- **Determine if collection activities on all past due accounts comply with countywide policy.**

Our audit included an examination of accounts receivables records at Copperview. Countywide Policy 1220, "Management of Accounts Receivable and Bad Debt Collection," establishes the policies and procedures for the proper management of county accounts receivable ("A/R"), including aging schedules, debt collection policies, and accounting practices.

Copperview records deposits and receivables for their childcare programs, room rental charges, and summer camp programs. Generally, parents pay for childcare in advance. However, some parents are unable to pay in advance. If their child still receives care at the facility, a receivable is accrued on their account. Room rentals require a deposit and installment payments of the remaining balance. Day camp programs require two weeks of payments in advance, and the remaining is billed to patrons on account.

Our audit findings and recommendations in the area of accounts receivable are as follows:

Finding 6.1: Outstanding balances on customer accounts were not managed in accordance with countywide policies and seriously delinquent accounts totaled approximately \$33,000.

The Office Coordinator at Copperview manages the center's A/R through the SportsMan point-of-sale system ("SportsMan"). We examined the outstanding balances of customer accounts at the facility that had been recorded in SportsMan. We found that Copperview had a total net accounts receivable balance of \$39,662, in SportsMan, with approximately \$33,000 of that customer debt being several years old.

The current Facility Manager stated that the large A/R balance could have been attributed to prior management at Copperview who did not enforce strict collection policies of past due accounts. These past due accounts were not reported to the District Attorney's ("DA") Office for collection efforts and written off, as required by countywide policy.

In our review, we noted that customer account balances totaled \$39,662, of which \$6,195 is less than a year past due and is likely to be collected. However, the remaining \$33,467 in customer account balances was more than a year outstanding, and unlikely to be collected.

Countywide Policy 1220, "Management of Accounts Receivable and Bad Debt Collection," Section 6.1, states:

"After all collection efforts are completed at the agency level, uncollected accounts are considered problem accounts and are transferred to the District Attorney's Office...For accounting purposes, accounts receivable should be written-off at the point the accounts are transferred to the District Attorney's Office."

We were told by staff at Copperview that the prior Facility Manager did not discontinue service to center patrons that had past due customer account balances to motivate payment of outstanding debt. Also, management at Copperview did not pursue measures to collect past due amounts, which resulted in a large amount of customer debt that was seriously delinquent and could not reasonably be expected to be collected. Outstanding customer debt that has become uncollectible is a financial loss to the County, and the cost of services provided by Copperview to all its customers and patrons increases because of this lost revenue.

Recommendation 6.1:

We recommend that all outstanding customer account balances at Copperview that are greater than one year past due be transferred to the District Attorney's Office for collection efforts and written off as bad debt.

Finding 6.2: Management at Copperview did not maintain an accounts receivable aging schedule, or accurately track seriously delinquent customer accounts that were more than a year past due.

During our audit, we reviewed the customer accounts receivable procedures at Copperview to determine if they complied with County Policy. We found that the staff at Copperview did not maintain an accounts receivable aging schedule of outstanding customer account balances, showing the length of time each account had been outstanding.

Countywide Policy 1220, "Management of Accounts Receivable and Bad Debt Collection," Section 5.5, states:

"Aging information must be collected, maintained, reported, and acted upon in a standardized and consistent manner."

When we presented this issue to management at Copperview, they did not know that maintaining a current accounts receivable aging schedule was required by Countywide Policy, as stated above. In addition, we found that they were mostly unaware that approximately 83% of their total customer accounts receivable balances were more than a year past due, even though we were able to obtain a listing of account balances directly from SportsMan.

Once customer accounts become seriously delinquent, they are harder to collect, and the probability that Copperview would be able to recoup any of the lost revenue from customers decreases dramatically as more time passes. Actively managing A/R balances requires collecting aging information, such as the aging schedule list we obtained from SportsMan and putting forth collection efforts to keep account balances current. Without continual A/R management and collection efforts, the risk that accounts will become uncollectible increases, resulting in lost revenue to the County and higher costs to county residents and Copperview patrons.

Recommendation 6.2:

We recommend that management at Copperview collect and maintain an aging schedule of accounts receivable balances monthly, and that they use that information to pursue collection efforts on all customer accounts more than 30 days past due.

Finding 6.3: We found that Copperview was not performing a monthly reconciliation of customer accounts receivable balances, as required by Countywide Policy.

During our audit, we found that management at Copperview had not performed a monthly reconciliation of accounts receivable balances, as required by countywide policy. A reconciliation of customer accounts receivable balances would compare the prior month's ending balance to the current month's ending balance; subtracting any payments on account, adding or subtracting any adjustments, and adding any new sales on account. The monthly reconciliation of accounts receivable balances ensures that A/R records are accurate and complete.

Countywide Policy 1220, "Management of Accounts Receivable and Bad Debt Collection," Section 5.3.2, states:

"The ledger of accounts receivable shall be reconciled to invoices and payments at least monthly, and the reconciliation shall be documented and signed by the employee who performed this step."

Again, we presented this issue to management at Copperview, and they were not aware of the requirement in countywide policy for a reconciliation of accounts receivable records at least monthly. Furthermore, they stated that they did not have the proper training or instructions on how to perform one.

Monthly A/R balance reconciliations are an important internal control intended to ensure that adjustments to customer accounts are appropriate, and that payments on account are properly recorded. When A/R reconciliations are not performed monthly, the likelihood that errors or unauthorized account adjustments, could occur and go unnoticed increases. This lax control environment could create the opportunity for theft or manipulation of customer accounts. In each monthly reconciliation, management should pay attention to any unauthorized decreases in customer account balances that did not result from payments on account.

Recommendation 6.3:

We recommend that management at Copperview ensure that a monthly reconciliation of accounts receivable is performed, and that the reconciliation is documented and signed by the employee who performed the reconciliation.

Martin Jensen, Director

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May 9, 2018

Conclusion

We truly appreciate the time spent by the staff at Copperview Recreation Center answering our questions, gathering the necessary documentation and records, and allowing us access to the center during our audit. The staff at Copperview were friendly, courteous, and very helpful throughout the audit process. We trust that implementation of these recommendations will provide for better compliance with county policies and processes, and better safeguarding of County assets. Please feel free to contact our office with any questions or concerns that you may have.

Sincerely,



Scott Tingley, CIA, C&AP

Salt Lake County Auditor

Cc: Andrew Keddington, Associate Division Director – Fiscal Operations

Darian Abegglan, Associate Division Director – Recreation

Brent Laulusa, Fiscal Manager

Jennifer Leitner, Copperview Facility Manager

Attachment A: Agency Response

Attachment A
Agency Response

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Agency Response
Copperview Recreation Center

Finding 1.1: Copperview employees were not using the MPF Form 7 – Fund Transfer Ledger to document the transfer of the change funds to and from the safe.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<i>We recommend that employees at Copperview count the change fund and sign and date the MPF Form 7, Fund Transfer Ledger, or similar log, each time the change fund is retrieved from or returned to the safe.</i>	Partially agree	A different form is used for the large safe - I'm not sure about the small safe I've never opened it.	4/22/2018

Finding 2.1: Thirty-percent of the daily deposits in our audit sample were not deposited within three days of receipt as required by countywide policy and Utah state law.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<p><i>A. We recommend that management at Copperview ensure that all cash receipts are deposited daily, but no later than three days after receipt.</i></p> <p><i>B. We recommend that management at Copperview train additional employees in how to prepare daily deposits, to facilitate more timely depositing of cash collections.</i></p>	Agree	Moving forward Copperview has two people who can do deposits instead of one.	5/1/2018

Finding 3.1: Asset identification tags were missing from some capital and controlled assets, and Copperview's controlled asset list was not maintained properly as required by county policy.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<i>A. We recommend that the Property Manager at Copperview create a separate</i>	Agree	Stickers will be placed on items or a folder with a description of the item for	5/31/2018

<p><i>file folder for the two pieces of artwork, and retain the capital asset identification tags, written descriptions of each piece, and possibly photographs in the folders to document the items as capital assets belonging to the County.</i></p> <p><i>B. We recommend that the Property Manager at Copperview update the controlled asset list as soon as possible to include recently purchased items and the items that we identified in the audit as missing from the list.</i></p> <p><i>C. We recommend that the Property Manager at Copperview ensure that the two controlled assets that were missing their asset ID tags are tagged and properly identified on the controlled asset list as soon as possible.</i></p>		<p>things that cannot be reasonably attached.</p>	
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Finding 3.2: Management at Copperview could not provide evidence that they had conducted an annual controlled asset inventory as required by county policy.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<p><i>We recommend that the Property Manager at Copperview conduct a physical inventory of capital (fixed) and controlled assets at least annually, and that management reviews and signs-off on the inventory to acknowledge that it was conducted accurately and</i></p>	<p>Agree</p>	<p>A signed form will be kept on file.</p>	<p>5/31/2018</p>

<i>document Copperview's compliance with countywide policy.</i>			
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Finding 3.3: Management at Copperview was not using the Controlled Assets Inventory Form – Employee to establish individual accountability for controlled assets assigned to specific employees.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<i>We recommend that the Property Manager at Copperview establish standard procedures for using the Controlled Assets Inventory Form - Employee for all assets assigned to specific employees at Copperview and ensure that the forms are reviewed and updated as needed.</i>	Agree	Staff will sign the form.	5/31/2018

Finding 5.1: The staff at Copperview were not verifying that the number of youth soccer jerseys received matched the total number of jerseys ordered, and therefore did not have an accurate count of jerseys that should be in inventory.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<i>We recommend that management at Copperview implement an inventory receiving process that verifies and documents the quantity and quality of merchandise received and procedures to ensure that inventory records are accurate and complete.</i>	Agree	Numbers are counted each month and documented.	5/1/2018

Finding 6.1: Outstanding balances on customer accounts were not managed in accordance with countywide policies and seriously delinquent accounts totaled approximately \$33,000.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<i>We recommend that all outstanding customer account balances at Copperview that are greater</i>	Disagree	We have no idea if the money is truly owed and if the services were used. No balances in 2017 to collect.	None

<i>than one year past due be transferred to the District Attorney's Office for collection efforts and written off as bad debt.</i>		Not planning to implement this suggestion.	
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Finding 6.2: Management at Copperview did not maintain an accounts receivable aging schedule, or accurately track seriously delinquent customer accounts that were more than a year past due.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<i>We recommend that management at Copperview collect and maintain an aging schedule of accounts receivable balances monthly, and that they use that information to pursue collection efforts on all customer accounts more than 30 days past due.</i>	Disagree	We do not have outstanding balances.	None

Finding 6.3: We found that Copperview was not performing a monthly reconciliation of customer accounts receivable balances, as required by Countywide Policy.

RECOMMENDATION(S)	AGREE/ DISAGREE	ACTION PLAN	TARGET DATE
<i>We recommend that management at Copperview ensure that a monthly reconciliation of accounts receivable is performed, and that the reconciliation is documented and signed by the employee who performed the reconciliation.</i>	Agree	Office coordinator will print the form off each month.	5/1/2018