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A Report to the  
Citizens of Salt Lake County  
The County Mayor and the  
County Council

An Audit of  
Salt Lake County  
Golf Courses



OFFICE OF THE  
SALT LAKE COUNTY  
AUDITOR

CHRIS HARDING  
COUNTY AUDITOR

July 2022

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# An Audit of Salt Lake County Golf Courses

July 2022

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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.

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July 13, 2022

Jerry Brewster, Associate Division Director Golf  
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2001 S. State Street, S4-700  
Salt Lake City, Utah 84190

Re: An Audit of Salt Lake County Golf Courses

The Salt Lake County Auditor's Audit Services Division has completed an audit of Salt Lake County Golf Courses. An Executive Summary of the report can be found on page 1. The purpose of the audit was to evaluate internal controls to determine whether Golf Course transactions were recorded and accounted for correctly, records were accurate and reliable, and County funds and assets were properly safeguarded against the risk of loss, theft, or misuse.

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 Golf Courses throughout the audit. Our work was made possible by their cooperation.

We would be happy to answer any questions you may have about the audit or the findings and recommendations contained in this report.

Sincerely,

Chris Harding, CPA, CFE, CIA  
Salt Lake County Auditor

Cc: Martin Jensen, Division Director - Parks and Recreation  
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Wade Olsen, Golf Course Manager  
Troy Watkins, Meadow Brook Golf Course Manager  
Steve Young, Mick Riley Golf Course Manager  
Mark Owen, Mountain View Golf Course Manager  
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## Executive Summary

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### Why Audit Services Division Performed This Audit:

The County Auditor has statutory authority and duty to perform audits on county agencies. Our audit examined processes at the six county golf courses to ensure business processes and internal controls over financial transactions were followed and to identify potential risks to the County.

### Impact on Taxpayers and Residents of Salt Lake County:

Our audits give management, those charged with governance, and citizens of Salt Lake County assurance about whether county organizations and departments are following policy and being wise stewards with taxpayer funds. Making the information in our audits publicly available allows for residents of the county to stay informed on how their tax dollars are being spent and hold government accountable when issues and concerns arise. The six golf courses operated by the county generate millions of dollars in annual revenue, but are also subsidized by taxpayer dollars and therefore audits such as this gives assurances that taxpayer money is protected.

### What Our Audit Found:

Our audit found that there is a lack of management review and oversight. Some of our findings that represent a significant risk to the County are:

- Incomplete monthly reconciliations
- There is no review and sign-off on daily deposit documentation
- Deferred revenue transactions were not accounted for appropriately
- Inadequate league credit oversight, reconciliation, and documentation
- No segregation of duties for concessionaire payments

In addition, we had other findings that represent a moderate risk to the County. These findings, if left uncorrected will expose the County to an increased risk of fraud, waste, and abuse. During our field work it was noted we uncovered and confirmed fraudulent activity for which additional field work was performed and separate report was compiled. At the request of the District Attorney's office, that report will not be made available until law enforcement has concluded its criminal investigation.

### What Audit Services Division Recommends:

The Auditor's office made 30 specific recommendations for the various county operated golf courses related to our 8 audit findings. Additional details can be found within the audit report and the citation of county policies. Management for the golf courses agreed with and committed to implement all our recommendations. Management has already implemented some of our recommendations and have target dates to implement the rest by November 1, 2022 and January 1, 2023. It should be noted that in our opinion, our recommendations can and should be implemented much sooner than these target dates. Preferably within the next 30-60 days.

The Auditor's Office will conduct a follow-up audit later this year to review improvements on each finding.

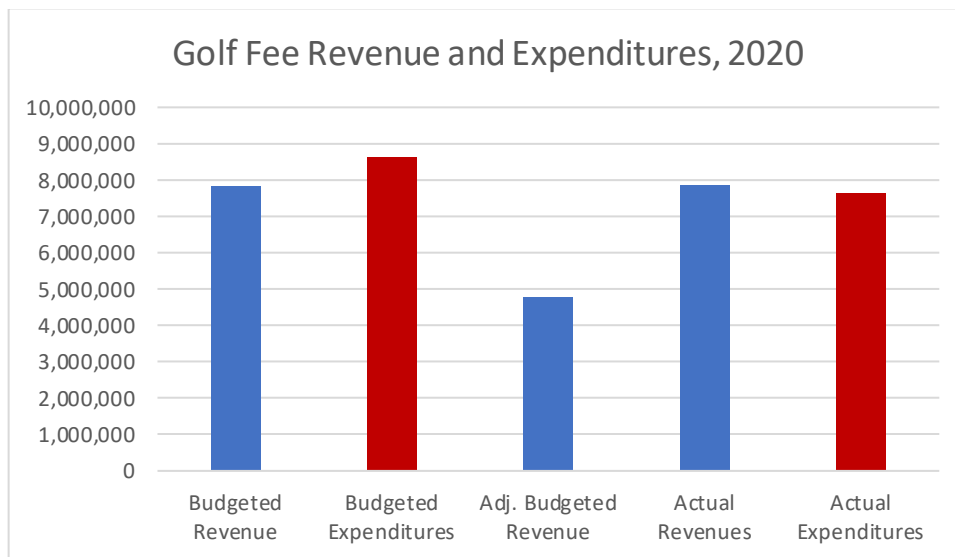
## Background

The Salt Lake County Auditor's Office Audit Services Division completed an audit of the Salt Lake County Golf Courses. Salt Lake County owns and operates six golf courses located throughout the County: Meadow Brook, Mick Riley, Mountain View, Old Mill, Riverbend, and South Mountain. Each course sells golf-related merchandise and equipment in County-operated pro-shops, as well as two types of gift cards that can be used to either purchase pro-shop merchandise or book tee times at any of the six courses. Each Golf Course contracts with concessionaires that sell food, snacks, and beverages for purchase. Concessionaires pay monthly rental fees, and a percentage of sales go back to the Golf Course.

Each golf course oversees and administers golf course leagues. Participants pay to compete each week. The winners of the weekly contest are awarded merchandise credits that can be used at the pro-shop at that course.

In 2020, the Golf Courses originally budgeted \$7.8 million in Revenues. The actual Revenues for Services was \$7.9 million.

**Figure 1. Golf Courses Budgeted v. Actual Revenue and Expenditures in 2020.** *The Golf Courses total budgeted revenue was \$7.8 million and budgeted expenditures was \$8.6 million in 2020. The budget was adjusted to \$4.7 million in response to the COVID-19 pandemic. However, actual revenue was \$7.9 million, more than originally budgeted. Total actual expenditures in 2020 were \$7.6 million.*



*Source: PageCenterX— Agency Summary of Revenues vs. Budget and Obligations vs. Budget reports for FY2020. Revenues do not include other transfers in of \$1.5 million.*

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## Objectives

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Our audit objectives were to examine business processes, established controls, and financial transactions at the County Golf Courses to provide reasonable assurance that:

- Cash receipts and receivables are recorded and reported accurately and completely, and free from significant error.
- Processes and procedures are in place to ensure that cash receipts and receivables are handled in accordance with all applicable County policies and standards.
- Golf course management provides adequate fiscal oversight to ensure that cash receipts are properly safeguarded against loss, theft, waste, or abuse.

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## Strengths and Accomplishments

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Internal control strengths and accomplishments noted during our audit include:

- ✓ Early in 2020 as a response to the COVID-19 emergency, the golf courses implemented a policy of requiring patrons to call ahead and pre-pay for tee times with a credit card. By offering contactless payments and remaining open during the pandemic the Golf Courses Fund's net position increased by \$1.8 million.
- ✓ To confirm the individual making the reservation is the person with the credit card on file, employees either verified the phone number on account or the last four digits of the credit card on the account.
- ✓ We noted that all golf courses had functioning security cameras which enhanced safety for patrons, employees, and facilities.

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## Conclusions

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We found that cash receipts and receivables were recorded and reported accurately and completely and were free from material error. However, cash receipts and receivables were not always handled in accordance with County policy and Accounting Standards. Funds from deferred revenue transactions were incorrectly recognized as revenue at the time of sale, including gift cards, league credits, and rainchecks. In addition, monthly bank reconciliations did not include adequate investigation and documentation of variances and reconciling items.

There were also areas of inadequate fiscal oversight by management, such as no ongoing monitoring of stale credits. In addition, management at Mick Riley and Mountainview Golf course did not review and sign off on daily deposit documentation. The deposit review performed at Old Mill golf course did not include confirmation that funds were received by the bank. This control weakness in combination with inadequate follow-up of bank reconciliation variances, facilitated a theft discovered during the audit that occurred at Old Mill. The theft is further discussed in a separate management letter.

## Change Funds, Cash Receipting, Gift Cards, and Depositing

Countywide Policy #1062, "Management of Public Funds," outlines the proper procedures for receipting, recording, and depositing public funds, and defines the functions and responsibilities to establish and monitor internal controls over these procedures.

We selected a random sample of 71 deposit days for review to determine if Golf Course fees were collected, recorded, and accounted for correctly and in compliance with Countywide policy. For each day selected we verified whether daily deposits were reviewed and signed off on by management, were reconciled to the Point of Sale (POS) system and received by the bank. Additionally, we examined the controls over voids, refunds and the issuance and redemption of rainchecks. We also inspected the physical security, separation of duties, and POS access controls for cash and cash equivalents. Finally, we reviewed golf course gift cards purchased in person or online. Gift cards purchased online were mailed to the address provided at the time of purchase.

Due to COVID, cash payments were not accepted during 2020. In-person payments were allowed under special circumstances and were predominately paid for using a credit card.

## Findings and Recommendations

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### Finding 1. Incomplete monthly reconciliations.

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**Risk Rating:** 3 – Significant Risk Finding

**Summary.** Bank reconciliations did not include investigation and resolution of all variances. Variances attributed to refunds by the Accountant were not documented in the POS system nor accompanied by documentation supporting amounts refunded.

**Criteria.** Countywide Policy 1062, Management of Public Funds, Definitions, Bank Reconciliations, states:

*"A comparison of the bank statement balance of an account to the Agency's general ledger 'cash' balance of that bank account, to identify transactions not common to both documented balances. These transactions explain differences between the two balances and are used to reconcile the Agency's general-ledger balance by starting with the bank statement balance as a reference point. Items used in the reconciliation include In Transit Items."*

Section 4, Deposits, subsection G, Adjustments and Reconciliations, states:

*"A Bank Reconciliation shall be performed at least monthly by an Employee designated by County Agency Management."*

Countywide Policy 1062 Section VI. Refunds A. Same-day Refunds, states:

*"Refunds may be issued out of a cash drawer for transactions that originated on the same day and from the same cash drawer from which the refund is requested and made. The original receipt should be obtained from the patron, and the transaction voided. In case of emergencies, such as a swimming pool closure, where a patron receipt was discarded, a cash refund or 'rain check' could be issued. The void slip, or other documentation used in the refund transaction,*



*shall be signed by the Cashier and a Cashier Supervisor, the reason for the refund recorded on the void documentation, and retained on file at the County Agency."*

**Condition.** Bank reconciliations included \$72,944 in "Bank Debit Memos/Chargebacks" over the audit period. Ninety-two (92%) of the amount occurred from April 2020 to October 2020. The Accountant stated the amounts represented POS refunds. However, we could not trace the amounts to documentation on file, or refunds or other debits in the POS system.

Additionally, during our review of deposits, we noted two Old Mill cash deposits from March 2020 that were not on the bank statements. The bank reconciliation for the month included a \$1,879 shortage for Old Mill. However, there was no follow-up regarding the shortage performed at the time. Upon Audit Services inquiry, management conducted an internal investigation, during which an employee confessed to the theft of funds and resigned.

A reconciliation of credit card fees on the bank statement to the credit card service provider statements was not being performed. American Express vendor statements were not on file. Therefore, Audit Services could not confirm that \$10,070 in fees charged from April 2019 to July 2019 were valid and accurate.

A reconciliation of online gift card sales was not being performed. We compared internal balance sheet reports, credit card service provider statements, and the general ledger revenue journal entries. For 18 of the 19 months reviewed, variances ranged from \$225 more to \$200 less than expected. The variances were about 10% of the total online credit card sales per month. In addition, online gift cards were sold in multiples of \$25, ranging from \$25 to \$150. However, the June 2019 Revenue Report indicated \$4,116 in gift card sales, an amount not divisible by 25.

**Cause.** Clear roles and responsibilities for following up on discrepancies had not been established. The Parks and Recreation Accountant stated that she forwarded bank reconciliations to the Fiscal Coordinator and Accountant and relied on management to review the reconciliations and perform any follow-up needed. In addition, the Parks and Recreation Accountant may have received inadequate training.

**Effect/Risk(s).** When reconciliations of credit cards fees do not occur, there is an increased risk that the Golf Courses may be overcharged by service providers. When variances noted on reconciliations are not followed up on, errors and theft may go undetected. Failure to reconcile online gift card sales to gift card purchases increases the risk that cards remain active, particularly in situations where gift card purchases were contested or later denied and credited back to the credit cardholder. This was noted with a gift card issued July 31, 2020, that was credited back to the customer on September 14, 2020. The gift card remained active at the time of our fieldwork. Management removed the \$25 value from the gift card after Audit Services inquiry.

### **Recommendations**

1. We recommend that management investigate and document the refunds/debit memos on the golf course bank statements to ensure that they match to the refunds/voids processed.
2. We recommend that management reconcile online gift card purchases monthly.
3. We recommend that management reconcile credit card service provider statements of fees charged to bank statements.

4. We recommend that management ensure variances noted during reconciliations are documented, investigated, and, wherever possible, resolved.
5. We recommend that management deactivate gift cards whenever the original payment is refunded or reversed.

**Management Response**

1. **Agree.** We will improve and strengthen the monthly bank reconciliations.
2. **Agree.** We will reconcile and review all gift card balances issued and redeemed monthly.
3. **Agree.** We will improve and strengthen the monthly bank reconciliations.
4. **Agree.** We will continue to reconcile daily deposits, and investigate, notate, and resolve variances on revenue reports. We will improve and strengthen the monthly bank reconciliations.
5. **Agree.** We will continue to deactivate gift cards if the original transaction is refunded.

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**Finding 2. No review and sign-off on daily deposit documentation.**

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**Risk Rating:** 3 – Significant Risk Finding

**Summary.** Mick Riley and Mountain View management were not reviewing and signing off on the daily deposit paperwork. Balance Sheets and daily reconciliations were retained on file but were unsigned electronic copies.

**Criteria.** Countywide Policy 1062, Section III. Collections, Sub-section H. Balancing Procedures states:

*“The ‘Master’ balance sheet shall be reviewed and reconciled to the bank deposit slip and signed by another Employee designated by County Agency Management; and if possible, by an individual with equal or higher authority than the individual who prepared the deposit.”*

**Condition.** We reviewed all six-golf course’s deposit documentation in a sample of 71 deposit days to verify whether balance sheets were signed by the cashier and either the golf pro or assistant golf pro. Signatures are evidence of supervisory review and reconciliation to the bank deposit slip and the POS reports. We found that:

- Management at Mick Riley did not review and sign off on the daily deposit paperwork. Only unsigned electronic copies of the Master Balance Sheets and daily reconciliations were retained on file.
- Management at Mountain View did not review and sign off on deposit documentation. In addition, management did not retain physical master balance sheets for 34 (48%) of the 71 deposit days selected for review.

**Cause.** A policy or practice of periodically training staff on proper deposit procedures and document retention was not in place.

**Effect/Risk(s).** In the absence of supervisory review, errors and misappropriation of funds may occur and remain undetected.

**Recommendations**

1. We recommend that all deposit documentation be retained on file.

2. We recommend that a supervisor, or other designated employee, review individual balance sheets, bank deposit slips and POS Reports. The designated employees should then sign the individual balance sheets as an indication of reviews done as required by policy.
3. We recommend periodic review and training by Golf Course Management to ensure uniformity in filing and reviewing of daily reports.

### **Management Response**

1. **Agree.** We will retain all hard copy deposit documentation at each course in accordance with record retention schedules.
2. **Agree.** We will review individual balance sheets, bank deposit slips, and point-of-sale reports and sign indicating review. To improve and strengthen controls, Parks and Recreation fiscal manager and fiscal team will create a central electronic storage of all deposit documentation and monthly logs for further fiscal review.
3. **Agree.** We will create a uniform central electronic storage of all deposit documentation for review. Fiscal management will report and train golf course management.

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### **Finding 3. Inadequate league credit oversight, reconciliation, and documentation.**

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**Risk Rating:** 3 – Significant Risk Rating

**Summary.** League payments and credits were not reconciled, and documentation was not always retained on file. Patrons redeemed credits more than the amount issued.

**Criteria.** Countywide Policy 1062, Management of Public Funds, Section II, F, states:

*“Each Agency shall acquire and maintain the systems and equipment necessary for the accurate receipting, recording, accounting, and safekeeping of public money.”*

The Salt Lake County Golf Standards and Operations Manual, Section Member Accounts, states:

*“Money may be placed on a Member Account using the following steps: Enter the point of sale, Click on Customer, Enter the customer’s last name in the correct field and click search, Locate the correct customer, verifying address and phone number are still the same, If the customer is not already in the database click on Add New at the top of the screen. Enter the customer including all relevant information; Name, address, phone number”*

Countywide Policy 2070, Grama Records Retention Scheduling Process, Purpose section states:

*“GRAMA and the Salt Lake County Records Management Ordinance requires all County records, whether hard copy, electronic or otherwise, be evaluated, designated with a primary classification and scheduled for retention. Compliance with this policy serves both public and County interests by assuring that records are accessible and administrative, legal, fiscal and historical requirements have been met.*

**Condition.** League members paid participation fees, which were pooled and awarded back to winning participants as merchandise credits. Management stated the sum of league credits was made to match

the sum of league payments in the POS. We found there was documentation of reconciliations for league payments, credits issued, and Winners Sheets.

We also identified 964 (28%) of 3,410 customer accounts with credit balances that had no contact information: such as a phone number, email, or mailing address. The accounts had a total credit balance of \$65,249, which was 19% of the \$335,003 in outstanding credits.

All six golf courses had customer accounts where the participant redeemed more credits than they had been issued. Overall, \$23,788 in excess credits were redeemed, representing 7.6% of the credit balances. Management stated that these accounts were likely offset by a duplicate account for the same customer with a remaining credit balance. However, we found that only 11 (6%) of the 185 accounts had a duplicate account. Management at South Mountain Golf Course identified an older discount card that staff incorrectly coded as a credit which accounted for 44 of 48 accounts at that course and 24% of all overspent credit balances.

In addition, Meadow Brook, Old Mill, and South Mountain Golf Courses only retained the current year's winner's sheets, therefore we could not substantiate all amounts awarded. Mick Riley, Riverbend, and Mountain View golf courses had instances where the credits awarded did not match payout documentation that was retained.

**Table 4. League Credits Sampled.** *Not all credits awarded matched payout documentation on file.*

League Credits Sampled			
Golf Course	Transactions Tested	Exceptions Noted	Percentage
Mountain View	30	7	23.3%
Riverbend	30	4	13.3%
Mick Riley	62	2	3.2%

**Cause.** Management did not monitor outstanding credit balances, or league member profiles to ensure contact information was on file and credits were not used in excess. The assistant golf pro in charge of administrating the golf league(s) was not aware of the need to keep the prior years' winner sheets. In addition, the POS system allowed for credit redemption in excess of the account's credit balance.

**Effect/Risk(s).** The lack of controls increased the risk that credits could be used to conceal theft and that errors may be undetected.

### **Recommendations**

1. We recommend that a review and reconciliation process be performed on the merchandise credits after they have been awarded. The reconciliation and review process should include matching the credits issued to the winner's sheets. We recommend the reconciliation be signed by the employee as well as their direct supervisor.
2. We recommend that management work with the POS software vendor to restrict credits from being redeemed on accounts in excess of those issued.

3. We recommend that customer contact information be maintained on file and that management implement an ongoing process to review customer accounts to ensure contact information is complete.
4. We recommend that a retention schedule for winner's sheets be established and implemented at all courses.
5. We recommend that management implement controls to monitor and manage league credit balances, such as periodic reporting and management reviews.
6. We recommend that the Golf Courses create a written League policy that incorporates the recommendations listed.

**Management Response**

1. **Agree.** We will reconcile and review all league credit balances monthly. Merchandise credit documentation will be signed by the employee and their direct supervisor.
2. **Agree.** New point-of-sale system does not allow a customer to have a negative balance.
3. **Agree.** New point-of-sale system enables updated customer contact information. Golf course management has implemented an on-going process to review customer accounts to ensure information is complete.
4. **Agree.** We will retain all hard copy winner's sheets at each course in accordance with record retention schedules.
5. **Agree.** We will reconcile and review all gift cards, league credits, and rainchecks monthly for financial reporting in accordance with Mayor's Finance accounting procedure manual and accounting standards.
6. **Agree.** We will add a written League policy incorporating the above changes to its operating manual.

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**Finding 4. No segregation of duties for concessionaire payments.**

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**Risk Rating:** 3 – Significant Risk Rating

**Summary.** Golf Pros received, recorded, and deposited payments received from concessionaires. No other employee performed part of the process or supervisory oversight to ensure all amounts were received and deposited.

**Criteria.** According to the Association of International Certified Public Accountants:

*"Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls... The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."*

Countywide Policy 1062, Management of Public Funds, Policy Section, states:  
*"In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties and those having access to and maintaining accounting records related to those public funds."*

Concessionaire Contracts Section 2. Payment, states:

*“C. Contractor shall pay County in arrears on or before the 5th day of each calendar month for the preceding calendar month. Contractor shall submit a verified statement of the previous month's total gross sales, as defined herein, with each payment.*

*D. Contractor shall keep full and accurate records showing all its business transactions, kept in a form satisfactory to the County. Contractor shall maintain these records for at least three years, and keep them on the premises or at another location within Salt Lake County mutually agreeable to the Parties.”*

**Condition.** Outside vendors contracted with Golf Courses to provide concessions. Each concessionaire agreed to remit a percentage of monthly sales to Salt Lake County as well as a fee for utilities. The Golf Pro at each course performed the following duties with regard to the concessionaire's contract:

- Received all payments
- Reviewed concessionaire's statements supporting the amount paid
- Entered payments in the POS
- Retained documentation for the payments received
- Followed up on late or missing payments
- Prepared and deposited payments

No other employee performed part of the process and there was also no review performed by Parks and Recreation Administration to ensure all amounts were received and deposited. In addition, we found that statements submitted by the concessionaires at Meadow Brook, Mick Riley and Old Mill did not include sales data. Therefore, the golf pros could not verify that the amount paid was an accurate percentage of sales.

**Cause.** Golf Courses are geographically dispersed and work directly with vendors to establish concessions as a matter of practicality. Golf Pros may also not be aware of accounting standards, including appropriate segregation of duties.

**Effect/Risk(s).** The lack of proper segregation of duties creates an increased risk of errors, late or missing payments, and misappropriation of funds. For example, Management at Old Mill Golf Course could not explain why there was no concessionaire payment for July 2020 or whether there should have been one. The concessionaire at the time was experiencing health problems. Additionally, four golf courses: Meadow Brook, Mick Riley, Old Mill and Riverbend, had payments made later than contractually agreed, and management could not provide an explanation for the late payment.

### **Recommendations**

1. We recommend that the management establish segregation of duties in the management of concessionaire's contracts and payments.
2. We recommend that management perform independent oversight to ensure that all concessionaire payments are received and are on-time.
3. We recommend that management develop a standard policy regarding the format and information required from concessionaires to support payments remitted.
4. We recommend that payments received from the concessionaires be reconciled to accounting statements submitted by the concessionaire.

**Management Response**

1. **Agree.** We will record the monthly payment due as a receivable, and the concessionaire will mail the check directly to Mayor's Finance.
2. **Agree.** We will work with concessionaires to standardize the required support and ensure that that support is duly submitted.
3. **Agree.** We will record the monthly payment due as a receivable. A separate member of the Parks and Recreation Fiscal Team will monitor the receivable aging reports.
4. **Agree.** We will record the monthly payment due as a receivable. A separate member of the Parks and Recreation Fiscal Team will monitor the receivable aging reports.

**Finding 5. Incomplete voids and refunds documentation.**

**Risk Rating:** 3 – Significant Risk Rating

**Summary.** Not all original and void receipts were retained and not all refunds and voids were documented by a void slip form.

**Criteria.** Countywide Policy 1062, Section III., G. Void Receipts, states:

*"Cashiers making errors on manually prepared or electronically generated Receipts shall not make corrections such as strikeovers, erasures, or alterations of any kind. The erroneous receipt shall be voided by writing "VOID" across the front of the receipt, and a new receipt reflecting the correct information will be issued. 2. All 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. 3. A Cashier 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."*

Countywide Policy 1062 Section VI. Refunds A. Same-day Refunds, states:

*"Refunds may be issued out of a cash drawer for transactions that originated on the same day and from the same cash drawer from which the refund is requested and made. The original receipt should be obtained from the patron, and the transaction voided. In case of emergencies, such as a swimming pool closure, where a patron receipt was discarded, a cash refund or "rain check" could be issued. The void slip, or other documentation used in the refund transaction, shall be signed by the Cashier and a Cashier Supervisor, the reason for the refund recorded on the void documentation, and retained on file at the County Agency."*

**Condition.** Using the POS report, "Sales by Salesperson by Invoice," we identified and reviewed all refunds and voids performed on the 71 sampled deposit dates. A void slip was used to document both refunds and voids since they used the same transaction type in the POS system. We traced each refund and void to void slip forms on file. We reviewed each void slip form for completeness, proof of supervisory review, and timeliness. As seen in Table 6 below, not all void slips were signed by a

supervisor, nor were the original and void receipts retained. Additionally, there was failure to document some refunds and voids with a void slip form.

**Table 6. Sampled Voids and Refunds.** 7 to 75 percent of voids reviewed were not accompanied by a void form. For voids accompanied by a void form, 2 to 74 percent were not reviewed and signed off on by a supervisor.

Sampled Voids and Refunds										
Golf Course	No Supervisor Signature		No Void Form		No Original Receipt		No Void Receipt		Total Voids and Refunds Reviewed	
	QTY	%	QTY	%	QTY	%	QTY	%	QTY	%
Mountain View	23	74%	52	63%	23	28%	0	0%	83	100%
Mick Riley	2	40%	15	75%	3	15%	0	0%	20	100%
Meadow Brook	1	4%	45	63%	26	37%	0	0%	71	100%
Riverbend	17	35%	16	25%	16	25%	25	39%	64	100%
Old Mill	2	2%	17	17%	71	71%	0	0%	100	100%
South Mountain	5	9%	4	7%	9	16%	0	0%	58	100%

**Cause.** Golf Pros and other merit staff are not periodically trained on proper procedures for handling voids.

**Effect/Risk(s).** When negative sales transactions occur without proper oversight and documentation, there is an increased risk of mismanagement of funds due to theft or undetected errors. Additionally, there is an increased risk that refunds are not performed within 24 hours when the original transaction is not on file.

### **Recommendations**

1. We recommend that void slips be completed and retained for all refunds and voids performed.
2. We recommend that management ensure the original receipts and the matching void or refund receipt be retained and attached to completed void slips.
3. We recommend that Golf Course Pros or their designee sign all void slips as evidence of their review.

### **Management Response**

1. **Agree.** Golf course management will complete training on proper procedures for handling voids.
2. **Agree.** The new point-of-sale system maintains all original, void, and refund receipts. Golf course management will continue to process void slips with their daily deposit reconciliations and will retain those records according to applicable record retention standards.
3. **Agree.** Golf course management will continue to sign all void slips as evidence of their review.



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**Finding 6. Deferred revenue transactions were not accounted for appropriately.**

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**Risk Rating:** 2 – Moderate Risk Rating

**Summary.** Revenue from gift card sales, league participation fees, which are converted to merchandise credits, and fees paid but converted to rainchecks were recognized at the time of payment, rather than at redemption. This resulted in overstated sales and unrecognized liabilities.

**Criteria.** Mayor's Finance Accounting Procedures Manual, Section 2.8.2, states:

*"It is also important that revenues be recorded in the proper accounting period... the basic criteria to determine which accounting period revenue should be recorded in, is the year in which it is earned regardless of when it is received, this is known as accrual accounting."*

Financial Accounting Standards Board, Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," Section 606-10-55-46 states:

*"... upon receipt of a prepayment from a customer, an entity should recognize a contract liability in the amount of the prepayment for its performance obligation to transfer, or to stand ready to transfer, goods or services in the future. An entity should derecognize that contract liability (and recognize revenue) when it transfers those goods or services and, therefore, satisfies its performance obligation."*

Section 606-10-55-47 states:

*"A customer's nonrefundable prepayment to an entity gives the customer a right to receive a good or service in the future (and obliges the entity to stand ready to transfer a good or service). However, customers may not exercise all of their contractual rights. Those unexercised rights are often referred to as breakage... the entity should recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer... [or] when the likelihood of the customer exercising its remaining rights becomes remote..."*

**Condition.** Gift card sales, league participation fees converted to merchandise credits, and fees converted to rainchecks, were recognized as revenue when payment was received. Per County Policy and Accounting standards, revenue should not be recognized until it is earned when goods are obtained, or services are performed.

**Gift Cards:** Per POS Gift Card Circulation reports, the golf courses had a total unrecognized liability of \$363,553. Sixty-four (64) percent of which was three years or older. This does not include prior POS system balances that could not be uploaded to the current POS. Older balances were maintained on spreadsheets and a new gift card was issued whenever an older gift card was presented.

**Table 1. Gift Card Balances.** 64% of outstanding gift card balances were more than 3 years old.

Gift Card Balances		
Year Issued	Balance	Percent of \$ Amount
1-3 Years Old	\$ 129,390	36%
3-9 Years Old	\$ 234,163	64%
<b>Totals</b>	<b>\$ 363,553</b>	<b>100%</b>

Source: POS Gift Card reports for January 2012 to October 2020.

**League Credits:** League Credits had an outstanding merchandise credit balance of \$335,003, of which \$215,463 (64%) was more than three years old. League participation fees were recognized as revenue when received and then awarded to winning participants in the form of merchandise credits, essentially functioning as gift cards. Merchandise purchased with the credits was accounted for through the POS software and not recognized as revenue a second time.

**Table 2. League Credits.** 64% of outstanding League Credits were more than 3 years old.

League Credits		
Year Issued	Balance	Percent of \$ Amount
1-3 Years Old	\$ 119,541	36%
3-9 Years Old	\$ 215,463	64%
<b>Totals</b>	<b>\$ 335,003</b>	<b>100%</b>

Source: POS League Credit reports for January 2012 to October 2020.

**Rainchecks-** The golf courses had \$333,320 in outstanding unredeemed rainchecks outstanding. We noted that \$206,508, (62%) of the rainchecks were over three years old. All rainchecks included expiration dates that were 2 years and 9 months from the date issued.

**Table 3. Outstanding Rainchecks.** 62% of outstanding League Credits were more than 3 years old.

Outstanding Rainchecks		
Year Issued	Balance	Percent of \$ Amount
1-3 Years Old	\$ 126,812	38%
3-9 Years Old	\$ 206,509	62%
<b>Totals</b>	<b>\$ 333,321</b>	<b>100%</b>

Source: POS raincheck reports for January 2012 to October 2020.

**Cause.** Staff was not aware of the need to book gift cards and other credits as unearned revenue until redeemed. Golf Course did not have a policy in place to monitor or account for stale-dated gift cards, league credits, or rainchecks to account for breakage.

**Effect/Risk(s).** As a result of these accounting practices, the golf course liabilities were understated, and revenue was overstated. In addition, there was an increased risk that balances may be redeemed by unauthorized parties or used to conceal theft.

### **Recommendations**

1. We recommend that management implement policies and procedures to monitor and manage stale-dated gift cards, league credits, and rainchecks, such as periodic reporting and management review.
2. We recommend that outstanding gift cards, league credits, and rainchecks be recognized as a liability until they are redeemed or until they are recognized as revenue due to breakage, in accordance with FASB Accounting Standards Update 2014-09.

### **Management Response**

1. **Agree.** We will document process to extract gift card, raincheck, and league credit data from point-of-sale system.
2. **Agree.** We will work with Mayor's Finance and/or the Public Funds Policy Committee to determine breakage and revenue recognition for gift cards, league credits, and rainchecks in accordance with accounting standards and Mayor's Finance accounting procedure manual.

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## **Finding 7. Cash overages and shortages not consistently investigated**

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**Risk Rating:** 2 – Moderate Risk Rating

**Summary.** Cash over and short logs were not initialed by cashiers and five of the six golf courses had variances over \$10 that were not investigated or explained.

**Criteria.** Countywide Policy (CW) 1062, Section V, sub-section C., states:

*"All Overages/Shortages, regardless of the amount, shall 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, County Agency Management shall conduct an investigation of the circumstances and report their findings to the Auditor's office. This reporting can be accomplished informally by email".*

*"c. The MPF Form 11, for each Cashier, shall be signed by the Cashier's immediate supervisor. The MPF Form 11 and the Monthly Report of Cash Receipts shall be retained by the Agency and archived according to County Records Management guidelines."*

**Condition.** When funds collected did not match the amount recorded in the POS, an overage or shortage was recorded on a Cash Over/Short Log ("Logs"). Logs reviewed for all golf courses were not initialed by cashiers. Management at Old Mill and Mick Riley golf courses retained only unsigned, electronic log copies.

We also found that variances were not consistently investigated or explained. Variances over \$10 with no explanation are listed below by golf course.

**Table 5.** We noted two to 46 overages or shortages larger than \$10 at Golf Courses without notes or explanations provided.

Overages and Shortages			
Golf Course	No. of Overages/ (Shortages)	Min (Shortage)	Max Overage
Mountain View	46	(\$69)	\$99
Meadow Brook	2	\$0	\$67
Old Mill	10	(\$100)	\$30
South Mountain	35	(\$35)	\$125
Mick Riley	5	(\$27)	\$0

**Cause.** There was no policy or practice of periodically training staff on proper handling of overages and shortages.

**Effect/Risk(s).** When reviews are not consistently performed, there is an increased risk of misappropriation of funds and errors that may go undetected.

#### **Recommendations**

1. We recommend that management ensure cashiers acknowledge overages and shortages initialing the MPF Form 11, Cash Over/Short Log.
2. We recommend that supervisors or designated employees review and sign MPF Form 11, Cash Over/Short Log as evidence of their review.
3. We recommend that overages and shortages be investigated and either the cause or efforts taken to determine the cause, be documented.
4. We recommend that management ensure MPF Form 11, Cash Over/Short Log and the Monthly Report of Cash Receipts are retained on file.

#### **Management Response**

1. **Agree.** We will ensure that MPF Form 11 is completed and signed by the cashier and golf course manager every month for all cashiers to acknowledge and document overages and shortages.
2. **Agree.** We will ensure that MPF Form 11 is completed and signed by the cashier and golf course manager every month for all cashiers to acknowledge and document overages and shortages.
3. **Agree.** We will continue to investigate overages and shortages and will continue to record findings in Golf's electronic cash count form.
4. **Agree.** The hard copy MPF Form 11 log will be retained at each course in accordance with record retention schedules.

**Finding 8. Change funds did not match accounting records for two golf courses.****Risk Rating:** 1 – Low Risk Rating

**Summary.** Change funds at Mountain View and Mick Riley had variances of \$20 or more. In addition, none of the Golf Courses used MPF Form 7, Fund Transfer Ledger, or similar log, each time the Change Fund was accessed or retrieved.

**Criteria.** According to CW Policy 1062, Management of Public Funds, General Procedures - I. Change Fund Establishment, Use, and Security, states:

*“1. Change Funds shall be maintained at the amount authorized by the Mayor’s Financial Administration pursuant to Countywide Policy 1203 and shall not be used as a convenient place for temporarily placing Overages or making up Shortages due to daily cash-handling errors ... 3. 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.”*

Section H. Balancing procedures, states:

*“Change Funds should be counted, restored to the established imprest balance, and any daily Shortages or Overages recognized and recorded on MPF Form 3A, Cash Balance Sheet, and on MPF Form 11, Cash Over/Short Log. These forms shall be retained by the County Agency in accordance with County records retention guidelines. Copies of these forms are attached as appendices.”*

Section 2-I, states:

*“3. 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.”*

**Condition.** We performed a cash count at each golf course and compared the amount on hand to the Petty Cash and Other Imprest Account report, maintained by Mayors Financial Administration. Change funds at Mountain View and Mick Riley had variances of \$20 or more.

**Table 7. Change Fund Variances.** Change fund variances \$20 or more were noted at two of the six golf courses.

Change Fund Variances								
Golf Course	Cashier Drawer #1	Over/Short	Cashier Drawer #2	Over/Short	Reserve Fund	Over/Short	Change Fund Total	Total Over/Short
Meadow Brook	\$300	-	\$300	-	\$1,100	-	\$1,700	-
Mick Riley	\$249	(\$51)	\$296.17	(\$3.83)	\$624	\$24	\$1,169	(\$30.83)
Mountain View	\$300.92	\$0.92	\$300.80	\$0.80	\$622	\$22	\$1,224	\$23.72
Old Mill	\$300	-	\$300	-	\$900	-	\$1,500	-
Riverbend	\$300	-	\$300	-	\$600	-	\$1,200	-
South Mountain	\$300	-	\$300	-	\$600.50	\$0.50	\$1,200.50	\$0.50

Upon inquiry, we found that Mick Riley and Mountain View do not require the cashier to count the change in the drawer prior to starting the shift while Meadow Brook, Old Mill, Riverbend, and South Mountain golf courses do require it. None of the Golf Courses used MPF Form 7, Fund Transfer Ledger, or similar log, each time the Change Fund was accessed or retrieved.

**Cause.** Golf Pros and other merit staff are not periodically trained on proper procedures for handling overages and shortages or use of funds transfer forms.

**Effect/Risk(s).** There is an increased risk that funds may be misappropriated when there is no log of who accessed the safe and the amount of funds removed. Failure to implement consistent policies and practices at each location also increases the risk of a compromised effective overall control environment.

### **Recommendations**

1. We recommend that all golf courses implement a standard of counting the change fund contained in the cashier drawers prior to them being used in the pro shop.
2. We recommend that Mick Riley, Mountain View and South Mountain deposit the change fund overages to the bank in their next deposit.
3. We recommend that MPF Form 7, Fund Transfer Ledger, or similar log, be kept, completed, and signed each time the Change Fund is accessed or retrieved.

### **Management Response**

1. **Agree.** Cash handling policy.
2. **Agree.** Golf course management will continue to deposit any overages in the next deposit. Course change funds balances are \$300.
3. **Agree.** Golf courses will utilize MPF Form 7 or similar log for daily Change Fund access or retrieval.

## Appendix A: Additional Information

Appendix A: Additional Information	
<b>Scope &amp; Methodology</b>	<p>Our audit period was March 1, 2019, to October 31, 2020, but included other time periods as circumstances warranted. During the audit, we examined business processes and financial transactions related to the audit objectives listed above. We examined relevant documentation and made inquiries of key personnel who oversaw those areas. We also performed walkthroughs of business processes and analyzed the design and implementation of internal controls.</p> <p>To accomplish the audit objectives:</p> <ul style="list-style-type: none"><li>• We reviewed cash receipting and depositing data and documentation such as point-of-sale reports, deposit slips, cash balancing reports.</li><li>• We observed Golf Course operations and procedures to ensure adequate segregation of duties and compliance with County policies.</li><li>• We verified controls in place over issuing and accounting for gift card sales, rain checks and league operations.</li></ul>
<b>Exclusions</b>	<p>We did not review capital and controlled assets, payroll, billing, or accounts receivable as a part of this audit.</p>
<b>Follow-Up Audit Process</b>	<p>An initial follow-up review to determine the implementation status of open recommendations will be conducted six months after the final audit report date. A final follow-up review will be conducted 12 months after the final audit report date. Results of the final follow-up audit will be reported to management and other stakeholders. Additional follow-up audits may be scheduled based on the severity of the risks, or the lack of corrective action to address significant issues noted during the initial audit.</p>

## Appendix B: Finding Risk Classifications

Appendix B: Finding Risk Classifications	
Classification	Description
<b>1 – Low Risk Finding</b>	Recommendations may or may not be given to address the issues identified in the final audit report. If recommendations are given, management should try to implement the recommendations within one year of the final audit report date if possible. Follow-up audits may or may not focus on the status of implementation.
<b>2 – Moderate Risk Finding</b>	Recommendations will be given to address the issues identified in the final audit report. Management should implement the recommendations within one year of the final audit report date if possible. Follow-up audits will focus on the status of implementation.
<b>3 – Significant Risk Finding</b>	Recommendations will include necessary corrective actions that address the significant risks identified in the final audit report. Management should implement the recommendations within six months of the final audit report date if possible. Follow-up audits will focus on the status of implementation.
<b>4 – Critical Risk Finding</b>	Recommendations will include necessary corrective actions that address the critical risks identified in the final audit report. Management should implement the recommendations as soon as possible. Follow-up audits will focus on the status of implementation.



## Appendix C: Agency Response

### Agency Response Golf Courses

#### Finding 1 – Incomplete monthly reconciliations.

#### Risk Rating: 3 – Significant Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that management investigate and document the refunds/debit memos on the golf course bank statements to ensure that they match to the refunds/voids processed.	Agree	Parks and Recreation fiscal manager and accountant will improve and strengthen the monthly bank reconciliations to ensure that all discrepancies (deposit errors, refunds, voids, over/short, etc.) between bank statements and point-of-sale system are accounted, documented, investigated, and comply with county policy and Mayor's Finance accounting procedure manual.	07/01/2022
2. We recommend that management reconcile online gift card purchases monthly.	Agree	Parks and Recreation fiscal manager and accountant will reconcile and review all gift card balances issued and redeemed monthly.	07/01/2022
3. We recommend that management reconcile credit card service provider statements of fees charged to bank statements.	Agree	Parks and Recreation fiscal manager and accountant will improve and strengthen the monthly bank reconciliations to ensure that all discrepancies (deposit errors, chargebacks, refunds, voids, over/short, etc.) between bank statements and credit card service providers are accounted, documented, investigated, and comply with county policy and Mayor's Finance accounting procedure manual.	07/01/2022

4.	We recommend that management ensure variances noted during reconciliations are documented, investigated, and, wherever possible, resolved.	Agree	Golf course manager will continue to reconcile daily deposits, and investigate, notate, and resolve variances on revenue reports.  Parks and Recreation fiscal manager and accountant will improve and strengthen the monthly bank reconciliations to ensure that all discrepancies between bank statements, credit card service providers, and point-of-sale system are accounted, documented, investigated, and comply with county policy and Mayor's Finance accounting procedure manual.	07/01/2022
5.	We recommend that management deactivate gift cards whenever the original payment is refunded or reversed.	Agree	Golf course management will continue to deactivate gift cards if original transaction is refunded.	Completed

### Finding 2 – No review and sign-off on daily deposit documentation.

#### Risk Rating: 3 – Significant Risk Finding

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that all deposit documentation be retained on file.	Agree	Parks and Recreation golf course manager will retain all hard copy deposit documentation at each course in accordance with record retention schedules. To improve and strengthen controls, Parks and Recreation fiscal manager and fiscal team will create a central electronic storage of all deposit documentation and monthly logs for further fiscal review.	07/01/2022
2. We recommend that a supervisor, or other designated employee, review individual balance	Agree	Parks and Recreation golf course management will review individual balance sheets, bank	07/01/2022

<p>sheets, bank deposit slips and POS Reports. The designated employees should then sign the individual balance sheets as an indication of reviews done as required by policy.</p>		<p>deposit slips, and point-of-sale reports and sign indicating review. To improve and strengthen controls, Parks and Recreation fiscal manager and fiscal team will create a central electronic storage of all deposit documentation and monthly logs for further fiscal review.</p>	
<p>3. We recommend periodic review and training by Golf Course Management to ensure uniformity in filing and review of daily reports.</p>	<p>Agree</p>	<p>Parks and Recreation fiscal manager and accountant will create a uniform central electronic storage of all deposit documentation for review. Fiscal management will report and train golf course management.</p>	<p>07/01/2022</p>

### Finding 3 – Inadequate league credit oversight, reconciliation, and documentation.

#### Risk Rating: 3 – Significant Risk Rating

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
<p>1. We recommend that a review and reconciliation process be performed on the merchandise credits after they have been awarded. The reconciliation and review process should include matching the credits issued to the winner's sheets. We recommend the reconciliation be signed by the employee as well as their direct supervisor.</p>	<p>Agree</p>	<p>Parks and Recreation fiscal manager and accountant will reconcile and review all league credit balances monthly. Parks and Recreation fiscal manager and accountant will create a uniform central electronic storage for league credit documentation. Merchandise credit documentation will be signed by the employee and their direct supervisor.</p>	<p>07/01/2022</p>
<p>2. We recommend that management work with the POS software vendor to restrict credits from being redeemed on accounts in excess of those issued.</p>	<p>Agree</p>	<p>New point-of-sale system does not allow a customer to have a negative balance.</p>	<p>Completed</p>

3. We recommend that customer contact information be maintained on file and that management implement an ongoing process to review customer accounts to ensure contact information is complete.	Agree	New point-of-sale system enables updated customer contact information. Golf course management has implemented an on-going process to review customer accounts to ensure information is complete.	Completed
4. We recommend that a retention schedule for winner's sheets be established and implemented at all courses.	Agree	Parks and Recreation fiscal manager and accountant will create a uniform central electronic storage for league credit documentation. Merchandise credit documentation will be signed by the employee and their direct supervisor. Golf course managers will retain all hard copy winner's sheets at each course in accordance with record retention schedules.	07/01/2022
5. We recommend that management implement controls to monitor and manage league credit balances, such as periodic reporting and management reviews.	Agree	Parks and Recreation fiscal manager and accountant will reconcile and review all gift cards, league credits, and rainchecks monthly for financial reporting in accordance with Mayor's Finance accounting procedure manual and accounting standards.	07/01/2022
6. We recommend that the Golf Courses create a written League policy that incorporates the recommendations listed.	Agree	Golf course management will add a written League policy incorporating the above changes to its operating manual.	11/01/2022

**Finding 4. No segregation of duties for concessionaire payments.****Risk Rating: 3 – Significant Risk Rating**

<b>Recommendation(s)</b>	<b>Agree/ Disagree</b>	<b>Action Plan</b>	<b>Target Date</b>
<b>1.</b> We recommend that the management establish segregation of duties in the management of concessionaire's contracts and payments.	Agree	To improve segregation of duties, Parks and Recreation fiscal manager and/or assistant fiscal manager and/or accountant will record the monthly payment due as a receivable, and the concessionaire will mail the check directly to Mayor's Finance.	07/01/2022
<b>2.</b> We recommend that management develop a standard policy regarding the format and information required from concessionaires to support payments remitted.	Agree	Golf management will work with concessionaires to standardize the required support and ensure that that support is duly submitted.	01/01/2023
<b>3.</b> We recommend that management perform independent oversight to ensure that all concessionaire payments are received and are on-time	Agree	To improve segregation of duties, Parks and Recreation fiscal manager and/or assistant fiscal manager and/or accountant will record the monthly payment due as a receivable. A separate member of the Parks and Recreation Fiscal Team will monitor the receivable aging reports.	07/01/2022
<b>4.</b> We recommend that payments received from the concessionaires be reconciled to accounting statements submitted by the concessionaire.	Agree	To improve segregation of duties, Parks and Recreation fiscal manager and/or assistant fiscal manager and/or accountant will record the monthly payment due as a receivable. A separate member of the Parks and Recreation Fiscal Team will monitor the receivable aging reports.	07/01/2022

**Finding 5 – Incomplete voids and refunds documentation.****Risk Rating: 3 – Significant Risk Rating**

<b>Recommendation(s)</b>	<b>Agree/ Disagree</b>	<b>Action Plan</b>	<b>Target Date</b>
1. We recommend that void slips be completed and retained for all refunds and voids performed.	Agree	Golf course management will complete training on proper procedures for handling voids. Golf management will add this procedural guidance to the operating manual.	11/01/2022
2. We recommend that management ensure the original receipts and the matching void or refund receipt be retained and attached to completed void slips.	Agree	The new point-of-sale system maintains all original, void, and refund receipts. Golf course management will continue to process void slips with their daily deposit reconciliations and will retain those records according to applicable record retention standards.	Completed
3. We recommend that Golf Course Pros or their designee sign all void slips as evidence of their review.	Agree	Golf course management will continue to sign all void slips as evidence of their review.	Completed

**Finding 6. Deferred revenue transactions were not accounted for appropriately.****Risk Rating: 2 – Moderate Risk Rating**

<b>Recommendation(s)</b>	<b>Agree/ Disagree</b>	<b>Action Plan</b>	<b>Target Date</b>
1. We recommend that management implement policies and procedures to monitor and manage stale-dated gift cards, league credits, and rainchecks, such as periodic reporting and management review.	Agree	Parks and Recreation fiscal manager and accountant will create a uniform central electronic storage for league credit documentation. Parks and Recreation fiscal team will document process to extract gift card, raincheck, and league credit data from point-of-sale system. Parks and Recreation fiscal manager and accountant will reconcile all gift cards, league credit, and raincheck balances monthly between the financial system and the point-of-sale system.	07/01/2022

2. We recommend that outstanding gift cards gift cards, league credits, and rainchecks be recognized as a liability until they are redeemed or until they are recognized as revenue due to breakage, in accordance with FASB Accounting Standards Update 2014-09.	Agree	Parks and Recreation and agency management will work with Mayor's Finance and/or the Public Funds Policy Committee to determine breakage and revenue recognition for gift cards, league credits, and rainchecks in accordance with accounting standards and Mayor's Finance accounting procedure manual. Each month Parks and Recreation fiscal team will recognize outstanding gift cards, league credits, and rainchecks as liabilities, and will recognize revenue as redemption or breakage occurs.	07/01/2022
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#### **Finding 7. Cash overages and shortages not consistently investigated.**

#### **Risk Rating: 2 – Moderate Risk Rating**

Recommendation(s)	Agree/ Disagree	Action Plan	Target Date
1. We recommend that management ensure cashiers acknowledge overages and shortages initialing the MPF Form 11, Cash Over/Short Log.	Agree	The golf course manager will ensure that MPF Form 11 is completed and signed by the cashier and golf course manager every month for all cashiers to acknowledge and document overages and shortages. The hard copy MPF Form 11 log will be retained at each course in accordance with record retention schedules. To improve and strengthen controls, Parks and Recreation fiscal manager and fiscal team will create a central electronic storage of all deposit documentation and logs for further fiscal review.	07/01/2022

2. We recommend that supervisors or designated employees review and sign MPF Form 11, Cash Over/Short Log as evidence of their review.	Agree	The golf course manager will ensure that MPF Form 11 is completed and signed by the cashier and golf course manager every month for all cashiers to acknowledge and document overages and shortages. The hard copy MPF Form 11 log will be retained at each course in accordance with record retention schedules. To improve and strengthen controls, Parks and Recreation fiscal manager and fiscal team will create a central electronic storage of all deposit documentation and logs for further fiscal review.	07/01/2022
3. We recommend that overages and shortages be investigated and either the cause or efforts taken to determine the cause, be documented.	Agree	Golf course management will continue to investigate overages and shortages and will continue to record findings in Golf's electronic cash count form.	Completed
4. We recommend that management ensure MPF Form 11, Cash Over/Short Log and the Monthly Report of Cash Receipts are retained on file.	Agree	The hard copy MPF Form 11 log will be retained at each course in accordance with record retention schedules. Parks and Recreation fiscal manager and fiscal team will create a central electronic storage of all deposit documentation and logs for further fiscal review.	07/01/2022

#### **Finding 8 – Change Funds did not match accounting records for two golf courses.**

##### **Risk Rating: 1 – Low Risk Rating**

<b>Recommendation(s)</b>	<b>Agree/ Disagree</b>	<b>Action Plan</b>	<b>Target Date</b>
1. We recommend that all golf courses implement a standard of counting the change fund contained in the cashier drawers prior to them being used in the pro shop.	Agree	Cash handling policy	11/01/2022
2. We recommend that Mick Riley, Mountain View and South Mountain deposit the	Agree	Golf course management will continue to deposit any overages in the next deposit. Course change funds balances are \$300.	Completed



change fund overages to the bank in their next deposit.

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<b>3.</b> We recommend that MPF Form 7, Fund Transfer Ledger, or similar log, be kept, completed, and signed each time the Change Fund is accessed or retrieved.	Agree	Golf courses will utilize MPF Form 7 or similar log for daily Change Fund access or retrieval.	Completed
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## Appendix D: Management Response Letter

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**Jenny Wilson**  
Salt Lake County Mayor

**Robin Chalhoub**  
Community Services  
Department Director

**PARKS & RECREATION  
DIVISION**

**Martin Jensen**  
Division Director

Salt Lake County  
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385/ 468-1800  
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To: Chris Harding, Salt Lake County Auditor  
RE: Golf Investigation Report 2022  
June 2, 2022

Auditor Harding,

Salt Lake County Parks and Recreation welcomes the Auditor's Office to review our operations and provide opportunities for improvement. Pursuant to Utah Code Ann. §17-19a-401, we understand this in an important part of ensuring taxpayer dollars are appropriately utilized. After a thorough review of the findings and recommendations, we embrace the opportunity for process improvements.

Finding 1: Incomplete monthly reconciliations. We agree and will follow the recommendations. We will improve and strengthen our reconciliation processes, and our new point-of-sale system will allow for greater precision in doing so.

Finding 2: No review and sign-off on daily deposit documentation. We agree and will follow the recommendations. Fiscal management will provide refresher training to golf course management and will create a central electronic repository for the documentation to facilitate timely review.

Finding 3: Deferred revenue transactions were not accounted for appropriately. We agree and will follow the recommendations. Outstanding gift cards, league credits, and rainchecks will be recorded as unearned revenue until redemption or breakage occurs.

Finding 4: Inadequate league credit oversight, reconciliation, and documentation. We agree and will implement the recommendations. Golf course management will formalize and standardize their existing review and approval process, will retain hard copies at the course, and will upload electronic copies to the central electronic document repository that fiscal management will create.

Finding 5: No segregation of duties for concessionaire payments. We agree with the Auditor's recommendations. Going forward, fiscal management will record the amount due as a receivable, and the concessionaires will remit payment directly to Mayor's Finance, who will apply the payment to the receivable.

Finding 6: Cash overages and shortages not consistently investigated. We agree with the Auditor's recommendation. Golf course management will standardize and hone their existing investigation processes and will improve the documentation of their research and findings.

Finding 7: Incomplete voids and refunds documentation. We agree with the Auditor's recommendations and golf course management will review proper procedures for voids. These procedures will also be added to Golf's operating manual.

Finding 8: Change funds did not match accounting records for 3 courses. When the change fund was counted at Meadow Brook the coins of \$20.00 were not included in the count. All other overages have been deposited in the bank and logs are being kept each day. We agree with the Auditor's recommendations and golf course management will review proper change fund protocol.

We appreciate the insight into our operations and are always open to improving processes.

Thanks,

Martin Jensen  
Director, Salt Lake County Parks and Recreation