

OPERATIONS AUDIT REPORT

OF THE

FLATHEAD COUNTY FAIRGROUNDS DEPARTMENT

REPORT NO. 10-01



Flathead County Internal Auditor
Under the Elected Office of Clerk & Recorder/Auditor

**Operations Audit - Flathead County Fairgrounds Department
Report No. 10-01**

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....i - ii
INTERNAL AUDIT REPORT.....1 - 14

Operations Audit - Flathead County Fairgrounds Department
Report No. 10-01
Executive Summary

Background

The Flathead County Fairgrounds Department is governed by a Fair Commission. This is a five member commission with staggered terms of appointment. The Commission is appointed by the Flathead County Commissioners. The fairgrounds department managerial staff consists of a secretary/manager, office assistant, and maintenance supervisor. The Fairgrounds Department is responsible for coordinating the Northwest Montana Fair held at the fairgrounds each August. Maintaining the facilities and generating off-season revenue for the fairgrounds is also a main priority.

Approximately 70% of the fair receipts for fiscal year 2009 came from activities associated with the Northwest Montana fair including gate admissions, concert ticket sales, rodeo ticket sales, carnival ticket sales commission, food booth commissions, exhibitor booth rentals, and advertising. Also included as part of the fair revenue, is winter-season storage for recreational vehicles, and fees for events held in the various buildings during the year. The remaining 30% of fair receipts came from property tax billing, state shared revenues, donations and investment earnings. The County Fair fund milled 1.06 mils to raise \$213,492 for fiscal year 2009.

The purpose of this audit of the Flathead County fairgrounds department was to evaluate the current day-to-day operations of the fairgrounds management office, observe operations during the 2009 Northwest Montana fair and provide relevant, and useful, recommendations for improvement where needed. A primary focus of the audit was to review the current internal control procedures as they relate to the handling and reporting of cash transactions, observe these procedures in action and make recommendations on improvements to the procedures.

Objectives

The Objectives of the audit were to determine:

- What are the daily operations of the fair office?
- Are internal controls in place and effective for policies and procedures, separation of duties and documentation for day-to-day operations?
- Are there management controls for storage and event contracts and the revenue stream from those contracts?
- Are there proper safeguards of cash and checks prior to deposit?
- Is there a timely reconciliation of the information reported by the County's Treasurer and Finance departments in the monthly financial reports to information documents held by the fairgrounds department?

Internal Control Audit - Flathead County Fairgrounds Department
Report No. 10-01
Executive Summary

- Are procedures recommended from prior external audits in place and functioning for the Northwest Montana fair?

Findings

The findings identified during my audit include the following:

- The County general ledger shows \$25 in petty cash, but a surprise cash count revealed no petty cash at the fairgrounds office
- Several cash counts conducted during the fair revealed cash shortages in the cash register tills that were not recorded properly on the till recap
- A surprise count of the cash used for premium payouts found a shortage of \$457
- There is not a clear segregation of duties for financial management
- The current management staff lacks sufficient accounting expertise for the financial affairs of the fairgrounds
- Cash is not being deposited on a timely basis during the off season
- The various fair revenues are coded to a single revenue account in the County general ledger system
- There is no daily reconciliation form to assist in balancing the Treasurer A101s to the daily receipts collected
- During advance ticket sales for the fair, there was a lack of training for temporary staff in cash handling procedures
- A single cash drawer was used by multiple cashiers
- Storage rental at the fairgrounds by the County fair manager was not billed and was not paid on a timely basis
- Revenues are not recorded at gross value for some food rental booths where the County incurs costs, so the expenses are not being recorded in the County general ledger
- The design of the area for advance ticket sales and premium payouts is not ideal
- The credit card sales setup is not ideal
- The front door into the office area is not kept locked at all times
- The cash pickup and change of staff for gate receipts is time consuming and creates risk because of the spread out location of the gate receipt booths
- Security cameras in the gate receipt booths were not functioning at all times
- There is no security camera in the safe room during daily fair operations (there is only a night time security camera)
- The premium payout system is not efficient and has significant risk



FLATHEAD COUNTY INTERNAL AUDIT DIVISION

CINDY M DOOLEY, CPA
Auditor

December 11, 2009

Flathead County Commissioners &
Northwest Montana Fair Commission
800 South Main
Kalispell, Montana 59901

Audit: Operations Audit
Flathead County Fairgrounds Department
No. 10-01

INTRODUCTION

I have completed an audit of the Flathead County Fair Department. The purpose of this audit was to evaluate the current day-to-day operations of the fairgrounds management office, observe operations during the 2009 Northwest Montana fair and provide relevant and useful recommendations where needed. A primary focus for my audit was to review the current internal control procedures as they relate to the handling and reporting of cash transactions. I then observed these procedures in action. This audit was included in the annual audit plan for FY10 approved by the Audit committee.

I reviewed the following areas:

- Petty cash and change funds
- Cash receipting and depositing
- Storage rental and event invoicing
- Building safety and safeguards
- Premium payout software and documentation

In each of these areas, I evaluated the effectiveness of the internal control environment. My work was designed to provide a reasonable, but not absolute assurance that daily transactions were valid, accurate and appropriate according to existing policies.

AUDIT OBJECTIVES

The objectives of my audit were to determine:

- What are the daily operations of the fair office?
- Are internal controls in place and effective for policies and procedures, separation of duties and documentation for day-to-day operations?
- Are there management controls for storage and event contracts and the revenue stream from those contracts?
- Are there proper safeguards of cash and checks prior to deposit?
- Is there a timely reconciliation of the information reported by the County's Treasurer and Finance departments in the monthly financial reports to information documents held by the fairgrounds department?
- Are procedures recommended from prior external audits in place and functioning for the Northwest Montana fair?

SCOPE

My audit did not include an examination of all the functions, activities and transactions of the Flathead County Fair Department. My audit test work was limited to surprise cash counts, employee interviews, internal control observations, completion of internal control questionnaires, review of the Fair Department's QuickBooks program, observations of the number of exhibitor booth rentals to determine if all revenues are recorded, and food booth reconciliations. This report and its conclusions are based on information gathered from my examination of the activities through the completion date of my fieldwork, October 30, 2009, and does not reflect events after that date.

The audit was conducted in accordance with Government Auditing Standards, except Standard 3.49, requiring an external quality control review and accordingly included tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances. My audit is intended only to conclude on the stated objectives. It differs from an examination for the purpose of expressing an opinion on financial statements and records, and accordingly I do not express such an opinion. As the sole auditor of the Internal Audit Division (IAD) I am free from organizational impairments to independence in my reporting on the Flathead County Fair Department as defined by government auditing standards. I report directly to and I am accountable to the Audit Committee and the Flathead County Clerk and Recorder. Final audit reports are made available to the public.

OVERALL EVALUATION

After completing my audit I have concluded that management of the Flathead County Fairgrounds department could be improved significantly. There are deficiencies in various areas as outlined in the Findings and Recommendations that follow.

FINDINGS AND RECOMMENDATIONS

Petty Cash and Change Funds

According to the County's general ledger, the fairgrounds department has a petty cash of \$25 which is used to pay small expenditures. Several months prior to the fair, a change fund of \$2,500 is authorized to make change during advance ticket sales for the fair. One week prior to the fair, additional change fund money is requested for making change at the various gates. Improvements are needed as follows.

1. **The petty cash amount maintained by the fair office does not agree to the County's reported amount for Fund 2160, Account 103000.**
 - a. **Finding.** A surprise cash count of the money on hand revealed that there was no petty cash.

- b. Recommendation.** Steps should be taken to reestablish the petty cash fund. This should be set up as an imprest petty cash fund where the expense receipts and the cash on hand add up to the preset limit at any point in time. The fund should be reconciled monthly by someone other than the custodian of the fund and vouchers should be submitted for reimbursement to the fund at least monthly.
 - c. Management Comments.** The Fairgrounds office will do a claim for \$25.00 to replace the \$25.00 Petty Cash fund. Once this amount is established it will have a receipt booklet attached to it so it will be reconciled monthly, any vouchers will be submitted to the Treasurers or Finance office for reimbursements. This fund will be reconciled by the office assistant at this time so the expensing and the reconciliation will not be done by the same person. NOTE: No one working in the Fairgrounds office at this time or before can remember ever having a \$25.00 Petty Cash fund. I have asked previous office personnel about this and they can not remember ever having this fund.
- 2. Several surprise cash counts of the change funds conducted during the fair revealed cash shortages.**
- a. Finding.** During advance ticket sales, several surprise cash counts were conducted on the change funds in the till drawers and safe. These counts revealed shortages in the amount of cash compared to the X tapes from the registers. A follow-up of the till recap sheets and Z tapes showed that these shortages were not being reported properly.
 - b. Recommendation.** Management needs to screen properly and hire temporary staff that is proficient in cash handling procedures using a cash register and provide proper training on the completion of the till register recap.
 - c. Management Comments.** For the 2010 fair I have talked with Express Personnel, we will offer more money per hour to get better qualified help on the cash handling part of the operation. In these economical times there should be more qualified people to choose from in hiring. These people will be hired for a longer period of time so proper training can be administered. In 2009 I was told to eliminate overtime leaving the Fairgrounds office with limited proficient staff. For the 2010 fair the main office staff should work longer

hours as in past fairs, this will limit the amount of help hired and provide proficiency on all cash handling.

3. **A surprise count of the cash used for premium payouts found a shortage of \$457.**

- a. **Finding.** Each year the fair awards premiums to exhibitors in the various show categories based on whether they receive a blue, red or white ribbon. These premiums were awarded in cash during the fair and for a time period following the fair. A surprise count of the cash revealed a shortage of \$457. This cash is kept in a separate safe and a daily recap of the premium payouts was prepared so this is a material discrepancy. This is a large sum of cash (\$25,000) in small denominations and was not counted at the bank by fair management prior to being transferred to the fair office. It also was not counted prior to distribution of fair premiums. See additional issues related to premium payouts in Finding #19.
- b. **Recommendation.** There are clearly not enough safeguards in place for the storage and distribution of cash premiums by fair management. A Premium Bank should be established by another department of the County such as the Finance office and staffed by at least two people from that department. The Premium Bank would operate during normal business hours during the fair and for one week following the fair. At that time all unpaid premiums would be forfeited.
- c. **Management comments.** I think the Premiums should be paid out by check form in September, after the fair is over to cut down on fair time congestion and the amount of cash handling. This could be done by extra Fairgrounds staff or county employees in a different department or a combined effort. See attached expenditure report on the premium account.

Cash Receipting and Depositing

The fairgrounds office management maintains a receipt ledger with entries by receipt number for tracking fair revenue. Information is transferred from the receipt ledger into the QuickBooks program. Deposits are prepared and hand

delivered to the Treasurer's office. During my review of cash handling procedures I found some areas where improvements can be made. My findings include the following:

4. **There is not a clear segregation of duties for financial management.**
 - a. **Finding.** Often the same person is handling money, posting in QuickBooks, billing accounts, accessing the safe, and preparing the deposits. Without segregation between physical custody of cash and recording of cash transactions or some type of compensating controls with a limited staff, revenue is needlessly exposed to possible theft or loss.
 - b. **Recommendation.** An additional part-time or full time staff person is needed to create an effective separation of duties. This person would be responsible for the accounting functions of the fair operations such as billing for booth rentals, storage rentals, posting in QuickBooks, and month-end reconciliations, and report preparation.
 - c. **Management Comments.** An additional person would be very effective in the accounting operations, this person could even work with the Premium distribution. There used to be a .75 time person who did the accounting and worked with the commercial booths, before and during the fair. This person made up the deposits and the Fair Manager delivered the deposits to the bank.

5. **The current staff lacks sufficient accounting expertise for the financial affairs of the fairgrounds.**
 - a. **Finding.** A review of the QuickBooks data showed a lack of knowledge for data input. There is no reconciliation performed between the County's general ledger and the fairgrounds data each month. It appears that billing for storage rental and events may be incomplete. Receipts are coded incorrectly in the County's general ledger.
 - b. **Recommendation.** The additional staff person as recommended in Finding #4, should be proficient in accounting, understand internal controls for cash handling, be able to properly bill accounts,

and supervise the temporary staff during the fair operation so revenue is properly accounted for.

- c. **Management Comments.** An additional person in this position would be very effective with knowledge in the QuickBooks program and understanding the internal controls in cash handling. This is the way the Fairgrounds used to operate, for years there was a .75 FTE for this position, when this person retired the position was never filled, it has been asked for and it has been denied several times. The person in this position also did all of the pre-fair and fair time work with the commercial booths, that eliminated most of the confusion that was demonstrated at this years fair.

6. **Cash is not being deposited on a timely basis during the off season.**

- a. **Finding.** During the months when revenue collection is slow, money has been held for several weeks before being deposited with the County Treasurer.
- b. **Recommendation.** Deposits should be made daily or at least twice per week during the off season. Deposits should be made each day during the fair and should be picked up by a security service.
- c. **Management Comments.** All deposits will be made twice per week during the off season. Any large amounts are deposited with the use of Grizzly Security. At fair time Grizzly Security does all deposits to the Treasurer's office. This is a service Grizzly Security has done and will continue to do for the Fairgrounds.

7. **The fair revenues are coded to a single revenue account in the County's general ledger.**

- a. **Finding.** Prior to the current fiscal year, the fair revenues were recorded to a single revenue account for all fair revenues. This makes it difficult to compare different types of revenue from year-to-year. For this fiscal year revenues have been broken down into several different categories, but it does not appear that deposits are being coded correctly into these accounts.

- b. Recommendation.** Management should take steps to ensure that deposits are prepared to correctly show the revenues in the County's general ledger.
 - c. Management Comments.** All of the Fairgrounds deposits have gone into one account for years, the Fairgrounds Manager requested more categories, and I feel there should still be more categories to properly code revenue like winter storage and event rental deposits. See attached email from Cindy Dooley to Flathead County Finance department dated 6/17/09.
- 8. During the fair there is no daily sales recap that corresponds to the Treasurer's deposit receipt.**
- a. Finding.** During the fair, money is collected at 5 entrance gates and there are ticket sale booths for events as well as collections at the fair office for events. Each of the separate gates and ticket sale booths has a daily recap sheet and the cash registers have a recap sheet. However, there is no overall daily recap done to correspond with a deposit to the County Treasurer. This makes it very difficult to tie out the sales to the County's general ledger.
 - b. Recommendation.** As previously recommended in Finding #5, a staff person with proficient accounting skills is necessary to make sure that all revenue is accounted for properly. A daily recap sheet should be prepared that gathers information from each individual recap sheet and includes cash long and short information. This recap should be tied to the Treasurer's deposit receipt.
 - c. Management Comments.** Having a permanent staff member in this position would be a great help. All ticket sellers and takers are hired from a temp service or are volunteers, at this time, with a banker from Glacier Bank to do the accounting. This position currently starts at 6:30 A.M. and works until all of the money is ready for deposit, Grizzly Security is called, and the next day's gate money is prepared for early morning ticket selling, this is usually around 10:00P.M. The person in this position should prepare all recap sheets from the five gates and effectively tie these reports to all deposits. By changing the method currently used this it would make the Fairgrounds depositing operation more effective and much easier for the Auditors to reconcile. This should be a one person task to eliminate any errors by having

several people working on the same task. This person should work early morning until finished at night like it used to be.

9. **During advance ticket sales and sales during the fair, it was observed that there was a lack of training for temporary staff using the cash registers.**

- a. **Finding.** Cashiers are not properly supervised during the day. The atmosphere was too chaotic because cashiers did not properly understand their duties. A sample of daily recap sheets showed that the till tapes did not match the recap sheets. Cashiers did not know who to ask when they had questions regarding refunds, incorrect ticket sales and other non-normal transactions.
- b. **Recommendation.** Management should train staff on how to properly code sales into the register and how to complete the daily recap. There should be a supervisor available at all times to assist the cashiers. There should be manuals available at the cash registers that outline the duties of the cashier, the operation of the cash register, the cash register codes and a list of frequently asked questions with answers.
- c. **Management Comments.** The tickets sellers in the Fairgrounds office should work from the starting date tickets go on sale until the close of the fair. By doing this ticket sellers would know the operation of the registers. If the main office assistant worked the office hours as it has been in the past, that person would be in the office to answer any questions on cash registers or questions by the public. This person would be knowledgeable in the Fairgrounds operation, cash registers, tickets, policy on refunds, questions in the Premium book, exhibitor entrees, commercial booths and food concessions. The main Fairgrounds employees must be allowed to work overtime hours the month of the annual fair. Fair time office hours are 7:00AM until 10:00PM. These are the hours people start coming onto the Fairgrounds and 10:00PM is when everything except the carnival is closing down for the day.

10. The cash registers were not operated on a till shift (i.e. one person, one till, one shift then close out and prepare a daily recap).

- a. **Finding.** A single cash drawer was used by multiple cashiers during the day. This creates a lack of responsibility for the till cash. Also in the sample of daily recap sheets, some sheets lacked signatures indicating who the cashier was.
- b. **Recommendation.** Management should prepare a schedule of cashiers' shifts and adhere to it strictly. When the cashiers close their shift, a daily recap should be prepared and signed off on by the cashier and supervisor. A new till drawer should be started for the next cashier.
- c. **Management Comments.** Management does prepare a work schedule for all ticket sellers and ticket takers. This year with high unemployment some temporary workers found better paying spot jobs, causing a shortage at times in the Fairgrounds operations. The main tickets sellers should be paid more hourly money so they will work the entire fair season,[8 days] by doing this a shift schedule would be much easier to enforce. Giving a sense of belonging these employees would take more pride in their work, be more aware of errors, sign selling sheets, and not be so quick to take other short term jobs for better pay.

Storage Rental and Other Invoicing

During the off season, several of the buildings are used for recreational vehicle storage and events are held by private parties which rent buildings and supplies from the County fairgrounds. The storage rental and some events are billed through the QuickBooks program. My findings include the following:

11. A review of the QuickBooks program for storage rental indicates that billing is incomplete.

- a. **Finding.** The fair manager maintained storage at the fairgrounds during the off season. There was no evidence of billing in the QuickBooks program for this and rental was not paid on a timely basis.

- b. Recommendation.** All County employees that use storage at the fairgrounds should be billed and be required to pay rental at the same rates as other patrons.
- c. Management Comments.** The Fair Manager maintained storage at the Fairgrounds during the off season, he brought it to the attention of the Fair Office and to the Chairman of the Fair Commission that he had not been invoiced. The vehicle was removed from storage with the storage fee being paid with in a 45 day period. Several people who store items at the Fairgrounds only pay when they pick up their units, not all customers pay monthly. Spot checks are currently being made that invoicing is done on all storage monthly.

12. Revenues are not recorded at gross values for some food booth commissions.

- a. Finding.** Food booth commissions are collected on the honor system based on a percentage of the sales that the booth receives. There is no standardized form for the booth owners to complete which shows gross sales less any expenses that the County incurs, such as meals for Fair commission members. These expenses are not being recorded in the County's general ledger because of this.
- b. Recommendation.** Management should develop a standardized form to be completed by the food booth owners which shows evidence of the gross sales. Food booth owners should keep track of County expenses at their booth and either be reimbursed by County claim warrant or the food booth commissions should be shown at gross value with a corresponding deduction for the expenses in the County's general ledger.
- c. Management Comments.** Food booths pay the Fairgrounds 20% of their gross sales at fair time. Food booths turn in a copy of their deposits every morning to the Fairgrounds office to show the day before revenue. These are kept for comparison to ending revenues receipts turned in at the end of the fair. Comparisons are done for booth to booth comparison and year to year comparisons. In years past the full time office assistant recorded these transactions daily. The requirement of cash registers would help, although some booths don't make enough to pay for a cash register. If the Fair

Commission chooses to have a meal this can **only** be done at the **County Fair Kitchen**. This food booth is owned by the Fairgrounds and has a contractor serving food who pays the County 20% of the gross sales. At this time the Fair Commission has to sign a food coupon to receive food at no charge. When the contractor pays the 20% he owes he subtracts the charged amount and turns in all food coupons signed by the Fair Commission to balance the 20% owed to the County. One way to stop this is to have the Fair Commission pay for their meals, they can then turn in a request for reimbursement after the fair.

Building Safety and Safeguards

The fair office is used for advance ticket sales, sales during the fair and premium payouts at three cashier windows at the front of the office. The lobby area is narrow. There is no air conditioning in the lobby area. There is a single entry door to the main office area. My findings include the following:

13. The design of the area for advance ticket sales and premium payouts is not ideal.

- a. **Finding.** The lobby area and the front office area do not have air conditioning. It can be extremely uncomfortable for patrons and staff when the outside temperature is hot! Since the lobby area is small, there can often be long lines created that have safety concerns.
- b. **Recommendation.** Management should place air conditioners in the lobby area and the front office area. Ticket sales for gate entrance and events should be made available for purchase online. This will reduce the congestion in the lobby area and reduce the amount of cash that is handled.
- c. **Management Comments.** Air conditioners will be ordered and installed before the 2010 fair to eliminate discomfort for fairgrounds staff. The on-line ticket sales project is an ongoing project for the 2010 fair. This project was started in September 2008. At this time there is a contract in place to sell tickets online to help reduce traffic in the Fairgrounds office. This project required more time than was originally planned because it had to be coordinated with the County IT and Treasurer's offices also. With the online ticket sales this should reduce the traffic in the front lobby at fair time. If

premiums are paid out by check after fair time this would also eliminate traffic in the lobby.

14. The setup for credit card sales processing is not ideal.

- a. **Finding.** There is one cash register at each of the three windows in the fair office. The cashier is forced to leave her till to run credit card sales as there is only one credit card machine sitting on a shelf. It also slows down the processing of sales as cashiers must wait until the prior cashier completes their credit card sale.
- b. **Recommendation.** Management should provide a credit card machine at each cash register so the cashier does not have to leave her till and to speed up sales. If this is not possible, then windows should be designated as cash only, credit/debit only so one window can have easy access to the credit card machine and the other windows can process sales faster. Also as recommended in Finding #12, ticket sales should be available for purchase online to reduce long lines in the lobby area.
- c. **Management Comments.** Tickets will be made available online this year. Also this year we are planning on having tickets available for sale as soon as there are contracts in place for the concerts. This alone will reduce the traffic in the fair office. When there was a full time office assistant in the office at fair time there were credit card lines and cash lines to purchase tickets. Changes had to be made to accommodate the hours worked this year with no overtime being paid. With early online ticket sales and an office assistant available full time at fair time I feel these issues would be resolved.

15. The front office area is not secure to prevent unwanted foot traffic into the main and back offices.

- a. **Finding.** During the initial audit observations, the front door to the office was not kept closed and locked at all times. This was brought to management's attention and a passkey lock was installed. However, it was observed during the fair that the door was left open and people came in that had no official fair identification.
- b. **Recommendation.** The door should remain closed at all time. Passkeys should be issued to fair officials only. All others wishing to

gain entrance should be escorted in. All fair staff should be issued identification to be worn during the fair.

- c. **Management Comments.** The Fairgrounds front office door will be kept closed and all permanent Fairgrounds staff and Fair Commission will be issued pass keys for the 2010 fair. Most of the traffic coming into the fair office the first part of the week is superintendents getting supplies and ribbons. After this part of the fair is completed a very limited amount of people come into the fair office. A pass key will stop all unwanted foot traffic into the office area.

16. Pickup of gate receipts at the fair needs improvement.

- a. **Finding.** There are 5 entrance gates to the fair that are located at various locations around the fairgrounds. It was observed that the collection of gate receipts is very time-consuming because of the spread-out location of the gates and can raise security concerns for the collection of the money.
- b. **Recommendation.** The gates should be consolidated into a main entrance area and possible one other entrance area that would be handicap accessible. Implementation of online purchase of gate tickets should reduce the number of gates that are necessary. Parking issues are still a main concern and would need to be addressed in relation to the gate consolidation.
- c. **Management Comments.** There are 3 gate entrances, one on the north end across from a 14 acre parking lot, this is the only gate that can be used for vehicle/handicap entrance, one across from the Fish and Game building which allows for fair time parking, this gate is the only EXIT for vehicle traffic, and one across from Michaels gas station which people are allowed to park around the Post Office and the old mall at fair time. This gate comes directly into the carnival area, which makes it the most popular gate. Tickets and cash are picked up from these 3 gates at different times with a Fairgrounds employee and a County Posse member. There are 2 walk up event gates on either end of the Grandstand building the money is picked up at different times here also with a Fairgrounds employee and a Posse member.

17. The security cameras were not functioning at times during the fair.

- a. **Finding.** Security cameras are installed in the gate receipt booths (except for the Rodeo entrance gate). The gates are manned by two cashiers and two ticket takers. It was observed that at various times the cameras were not functioning in the gate booths, either because the staff had intentionally or accidentally turned off the power to the camera. There were also line of site issues with the cameras and the fair office.
- b. **Recommendation.** Management should make sure the cameras are set up so they cannot be manipulated by the staff. The line of site issues needs to be resolved.
- c. **Management Comments.** Security cameras were new this year in the north ticket booths and in the Fairgrounds office. The problem with line of site is being worked on by the fair Manager and Marquis Laude with Integrated Security Solutions. This was a new project this year and I think it worked very well, one power cord failed at times at the far north ticket gate, when the problem was discovered it was corrected, the line of site is being worked on at this time.

18. There is no security camera in the safe room to record transactions during the fair.

- a. **Finding.** It was observed that there is no security camera located in the safe room during the fair operations. (There is a night time security camera.) This room is used to count the gate receipts and generally handle all of the cash transactions for the fair.
- b. **Recommendation.** Management should install a security camera that is monitored similar to the gate receipt cameras.
- c. **Management Comments.** The amount of cameras installed was determined by the amount of budget set aside for this project. The safe room is operated by Glacier Bank employees that work the fair every year. The cameras were installed in the most venerable places as the budget allowed. The camera in the safe room is scheduled to be installed and working by December 29, 2009.

Premium Payout Software and Documentation

As discussed in Finding #3, the County pays premiums to show exhibitors based on whether they receive a blue, red or white ribbon. The Fair department uses a program called ShoWorks for tracking the exhibit entries, setting the show categories and the payouts and then processing the premium payouts. This program appears to be one of several programs used by fairs to track premiums. My findings are as follows:

19. The current premium payout system is not efficient and has significant risks.

- a. **Finding.** There are numerous problems that have been consolidated into a single finding:
- During the 2007 fair, the County Finance office requested that the premiums be paid by check. A separate bank account was established at First Interstate Bank to pay premiums. That account had not been reconciled by the County Treasurer's office and the remaining balance in the account (over \$9,000) was not deposited back to the County's bank account until June, 2009 when it was brought to the manager's attention.
 - The request by the Finance office to pay premiums by check was not followed during the 2008 fair and instead, the premiums were paid in cash. The remaining cash (approximately \$6,000) was kept in the fairgrounds safe and was not deposited back into the County's bank account until April, 2009.
 - During the 2009 fair, the manager requested a total of \$25,000 to pay fair premiums. It was observed that approximately \$10,000 was paid during the fair and in the two weeks following the fair. This is less than half requested amount.
 - There was data entry problems for the ShoWorks program that may have been computer related, network related and/or software related. This slowed the data entry process considerably.
 - There were not enough networked computers for data entry and premium payout.

- During the premium payout process, it became evident that some of the exhibitors had not been entered into the system and/or their premiums had not been recorded correctly.

b. Recommendation.

- As discussed in Finding #3, the premium payout process should be handled by a different department in the County. This would eliminate control of the premium cash by the fair management.
- The networking for the computers needs to be set up and tested well in advance of the fair to reduce the chance of problems during the fair.
- The ShoWorks program needs to be updated to the most current version. A review of this program shows that it has a Web portal that can be used by exhibitors to sign up for their show exhibits online. Management should use this online function to reduce congestion at the fair office and to more quickly and accurately get data entered into the system.
- The staff needs additional training on the use of the ShoWorks program to discover its full benefits and reporting capabilities.
- Premium categories are currently entered from the premium book. There should be a master spreadsheet that can be cross-referenced to reports from the ShoWorks program to determine that all categories and payout amounts have been entered.

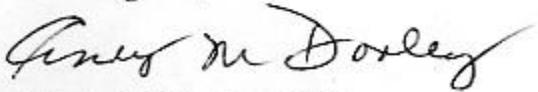
- c. Management Comments.** The Premium payouts should be done by check and not cash. This would eliminate a large amount of cash in the Fairgrounds office. The payouts could be done by a different County department with the Fairgrounds' help. The Fairgrounds is currently working on a master spreadsheet for premium payouts. The ShoWorks entry can only be done at this time by three people, that is all the licenses the Fairgrounds has at this time. The Fairgrounds will purchase more licenses and have the County IT department network more computers to work on this task, additional pay and training will be required to get this task done as recommended. Training on ShoWorks can start when animal entrees close on August 2, 2010, the Exhibitors can also use the online entry. The newest version of ShoWorks will be purchased before the 2010 fair.

Operations Audit
Flathead County Fair Department
December 11, 2009
Page 18 of 18

No. 10-01

I appreciate the cooperation and assistance received from the fair department management and staff during my audit. I am confident that my work will be of benefit to you as you endeavor to make changes to strengthen internal controls and operating procedures. If I can be of further assistance to you, please contact me.

Best regards,

A handwritten signature in cursive script that reads "Cindy M Dooley".

Cindy M Dooley, CPA
Flathead County Internal Auditor

Lora Aspenlieder

From: Cindy Dooley [cindydcpa@centurytel.net]
Sent: Wednesday, June 17, 2009 10:17 AM
To: Joe Garza; Lora Aspenlieder
Subject: Fair revenue accounts

Hi Joe and Lora,

When I was visiting with Jay yesterday afternoon, I mentioned to him that I would like to see the fair revenue broken down into several categories on the County's books. Presently, all the fair revenue goes into one line item called County Fair Revenue (2160-0238-346100). This does not give us very good information. In March, Jay said that he sent you a breakdown of revenue that he would like to see and you had told him that you did not want to do that.

I think it is imperative that we do this for the 2010 budget year. Here is the breakdown that I would like to see:

Fair Revenues:

- 346100 - renamed to Advance Ticket Sales
- 346101 - Gate receipts
- 346102 - Commercial booth revenue
- 346103 - Food concession
- 346104 - Carnival receipts

Off-season and other revenues:

- 360010 - Concession revenues
- 361020 - Building rent
- 361021 - Grounds rent
- 360022 - Table and chair rentals

If the Fair Board needs a more detailed breakdown, that could be accomplished through their Quickbooks program.

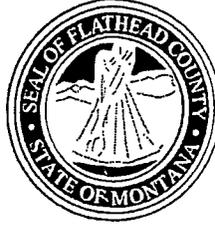
Best regards,

Cindy

Cindy Dooley, CPA
406-883-0900
cindydcpa@centurytel.net

FLATHEAD COUNTY TREASURER

800 South Main
Kalispell, MT 59901



Tax Dept. (406) 758-5680
FAX (406) 758-5864

Receipt # 0909000028

ACCOUNTING MONTH: 0909

A101 RECEIPT

RECEIVED OF: FAIR GROUNDS

FOR: REIMBURSEMENT TO THE PREMIUM FUND

CASH:	\$8,000.00	TOTAL:	\$8,000.00
LINE 1 2160.000.0238.460250.300		AMOUNT:	\$8,000.00

RECEIPTED BY: TFR

TOTAL: \$8,000.00

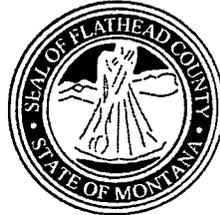
DATE: SEP 02, 2009

TIME: 11:14:13

PAGE 01 OF 01

FLATHEAD COUNTY TREASURER

800 South Main
Kalispell, MT 59901



Tax Dept. (406) 758-5680
FAX (406) 758-5864

Receipt # 0909000372

ACCOUNTING MONTH: 0909

A101 RECEIPT

RECEIVED OF: FAIR GROUNDS

FOR: PREMIUM ACCOUNT RETURN 9/15/09

CASH:	\$4,990.75	TOTAL:	\$4,990.75
LINE 1 2160.000.0238.460250.300		AMOUNT:	\$4,990.75

RECEIPTED BY: TFR

TOTAL: \$4,990.75

DATE: SEP 15, 2009

TIME: 15:08:33

PAGE 01 OF 01

11,995.75+

8,000.00+

4,990.75+

003

24,986.50*+

25,000.00-

24,986.50+

002

- short 13.50*+

NORTHWEST MT FALLS
 245 N MERIDIAN RD
 MT

100s	
50s	
20s	500.00
10s	
5s	500.00
1s	500.00
halves	
quarters	
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	

Beginning Cash (Replenish)	
100s	
50s	
20s	
10s	
5s	
1s	
halves	
quarters	
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	

A + B = (New BCT) 1500.00
 Pay-Out (PO) Z-tape - 268.25 =
 (EC) Ending Cash (BCT-PO=) 1231.75

Showorks Check Register Report
268.25

Physical Ending Cash	
100s	
50s	
20s	240.00
10s	
5s	475.00
1s	478.00
halves	
quarters	38.75
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	<u>1231.75</u>

Long (if EC < PEC)	Ø
Short (if EC > PEC)	Ø

Balanced 8-20-09 L. Hiroshi 5:35 PM
 transferred till to 8-21 \$1231.75

50s	
20s	210.00
10s	
5s	475.00
1s	478.00
halves	
quarters	38.75
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	1231.75

100s	
50s	
20s	
10s	
5s	
1s	
halves	
quarters	
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	

A + B = (New BCT) 1231.75
 Pay-Out (PO) Z-tape - 730.75 =
 (EC) Ending Cash (BCT-PO=) 501.00

Showworks Check Register Report

730.75 ✓

Physical Ending Cash	
100s	
50s	
20s	
10s	
5s	40.00
1s	427.00
halves	
quarters	34.00
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	501.00

Long (if EC < PEC)	Ø
Short (if EC > PEC)	Ø

Balanced 8-21-09 L. Shiroshi 5:51 PM
 [Signature]

Beginning Cash	
100s	
50s	
20s	660.00
10s	
5s	600.00
1s	200.00
halves	
quarters	34.00
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	1494.00

Beginning Cash (Replenish)	
100s	
50s	660.00
20s	660.00
10s	
5s	600.00
1s	200.00
halves	
quarters	40.00
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	1500.00

200
25

A + B = (New BCT) 2994.00 ~~1494.00~~
 Pay-Out (PO) Z-tape -1520.00
 (EC) Ending Cash (BCT-PO=) 1474.00

Showworks Check Register Report

Paul
8-22-09

Physical Ending Cash	
100s	
50s	
20s	600.00
10s	
5s	560.00
1s	250.00
halves	
quarters	64.00
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	1474.00

Long (if EC < PEC)	\emptyset
Short (if EC > PEC)	\emptyset

Balanced 8-22-09 L. Howard 5:51 PM

Beginning Cash	
100s	
50s	
20s	600.00
10s	
5s	560.00
1s	250.00
halves	
quarters	64.00
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	1474.00

Beginning Cash (Replenish)	
100s	
50s	
20s	700.00
10s	
5s	600.00
1s	200.00
halves	
quarters	
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	1500.00

A + B = (New BCT) 1974.00
 Pay-Out (PO) Z-tape -2529.00 =
 (EC) Ending Cash (BCT-PO=) 655.00

Showworks Check Register Report
2529.00

Physical Ending Cash	
100s	
50s	
20s	
10s	
5s	155.00
1s	239.00
halves	
quarters	51.00
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	445.00

Long (if EC < PEC)	0
Short (if EC > PEC)	10.00

Short #10 - L. Lisaoshi 8-23-09 6:22PM
 Short #10 - [Signature] 8-23-09

Beginning Cash	Aug 25
100s	
50s	
20s	
10s	
5s	155.00
1s	239.00
halves	
quarters	51.00
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	445.00

Beginning Cash (Replenish)	
100s	
50s	
20s	
10s	
5s	
1s	
halves	
quarters	
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	

A + B = (New BCT) 1945.00
 Pay-Out (PO) Z-tape - 773.50 =
 (EC) Ending Cash (BCT-PO=) 1171.50

Showworks Check Register Report
773.50

Physical Ending Cash	
100s	
50s	
20s	480.00
10s	
5s	380.00
1s	263.00
halves	
quarters	48.50
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	1171.50

Long (if EC < PEC)	Ø
Short (if EC > PEC)	Ø

Balanced L. L. L. 8-25-09 6:35 PM

Cash	8	Beginning Cash (Replenish)	8-27
100s			
50s			
20s	480.00		700.00
10s			
5s	380.00		600.00
1s	263.00		200.00
halves			
quarters	48.50		
dimes			
nickels			
pennies			
A) Beginning Cash Total (BCT)	1171.50	B) Beginning Cash Total (BCT)	1500.00

A + B = (New BCT) 2671.50
 Pay-Out (PO) Z-tape - 2193.75 =
 (EC) Ending Cash (BCT-PO=) 477.75

Showworks Check Register Report
2193.75

Physical Ending Cash	
100s	
50s	
20s	
10s	
5s	165.00
1s	271.00
halves	
quarters	41.75
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	477.75

Long (if EC < PEC)	Ø
Short (if EC > PEC)	Ø

Beginning Cash	
100s	
50s	
20s	
10s	
5s	165.00
1s	271.00
halves	
quarters	41.75
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	477.75

Beginning Cash (Replenish)	
100s	
50s	
20s	500.00
10s	
5s	600.00
1s	200.00
halves	
quarters	
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	1300.00

A + B = (New BCT) 1777.75
 Pay-Out (PO) Z-tape - 1198.25 =
 (EC) Ending Cash (BCT-PO=) 579.50

Showorks Check Register Report

1199.25

Physical Ending Cash	
100s	
50s	
20s	
10s	
5s	140.00
1s	401.00
halves	
quarters	38.50
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	579.50

1,199.25 +
 1,119.50 +
 908.50 +
 2,193.75 +
 753.25 +
 773.50 +
 268.25 +
 2,529.00 +
 730.75 +
 1,520.00 +
 010.....
 11,995.75 *

Premiums paid
 out at FAIR Office

Long (if EC < PEC)	0
Short (if EC > PEC)	0

Balanced L. Lissoski 8-31-09 5:15AM

Beginning Cash	9/1
100s	
50s	
20s	
10s	
5s	140.00
1s	401.00
halves	
quarters	38.50
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	579.50

Beginning Cash (Replenish)	
100s	
50s	
20s	900.00
10s	
5s	600.00
1s	
halves	
quarters	
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	1500.00

A + B = (New BCT) 2079.50
 Pay-Out (PO) Z-tape - 753.25 =
 (EC) Ending Cash (BCT-PO=) 1326.25

Showorks Check Register Report
753.25

Physical Ending Cash	
100s	
50s	
20s	540.00
10s	
5s	445.00
1s	305.00
halves	
quarters	36.25
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	1326.25

Long (if EC < PEC)	\emptyset
Short (if EC > PEC)	\emptyset

Balanced L. Brown 9-1-09 @ 5:43PM

Beginning Cash	
100s	
50s	
20s	50.00
10s	
5s	45.00
1s	305.00
halves	
quarters	36.25
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	1326.25

Beginning Cash	
100s	
50s	
20s	
10s	
5s	
1s	
halves	
quarters	
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	

A + B = (New BCT)

1326.25

Pay-Out (PO) Z-tape

- 908.50

(EC) Ending Cash (BCT-PO=)

417.75

Shows Check Register Report

908.50

Physical Ending Cash	
100s	
50s	
20s	
10s	175.00
5s	35.00
1s	211.00
halves	
quarters	32.25
dimes	
nickels	
pennies	418.25
Physical Ending Cash Total (PEC)	278.25

Long (if EC < PEC)	1.50
Short (if EC > PEC)	

L. Lisowski 9-9-09

Beginning Cash	
100s	
50s	
20s	
10s	
5s	175.00
1s	207.00
halves	
quarters	32.25
dimes	
nickels	
pennies	
A) Beginning Cash Total (BCT)	418.25

Beginning Cash (Replenish)	
100s	
50s	
20s	700.00
10s	
5s	600.00
1s	200.00
halves	
quarters	
dimes	
nickels	
pennies	
B) Beginning Cash Total (BCT)	1500.00

A + B = (New BCT)

1918.25

Pay-Out (PO) Z-tape

- 1,119.50 =

Showworks Check Register Report

1,119.50

(EC) Ending Cash (BCT-PO=)

~~300.75~~ 798.75

Physical Ending Cash	
100s	
50s	
20s	
10s	
5s	435.00
1s	336.00
halves	
quarters	27.75 300.00
dimes	
nickels	
pennies	
Physical Ending Cash Total (PEC)	798.75

Long (if EC < PEC)	Ø
Short (if EC > PEC)	Ø

L. Showers 9-11-09