

Cache County

Internal Audit – Fair - Promotional Ticket Control

Recently, an audit was engaged to test the controls over Cache County Fair promotional tickets.

Audit Objectives

The objectives of the audit were to:

- Determine what controls exist for Fair promotional tickets;
- Determine if financial transactions and business processes comply with applicable laws, regulations, policies, procedures, and contracts;
- Determine if County management provides adequate fiscal oversight, including monitoring the control environment, over financial transactions and business operations to ensure that transactions are valid and appropriate;
- Provide assurance that County assets are properly safeguarded against loss, theft, waste or abuse.

Scope and Methodology

The audit work covered the time frame from July 5, 2019 – August 10, 2019, and included a formal examination of financial records related to the following area:

- Reconciliation of promotional tickets distributed to outside vendors against tickets purchased, funds collected, and unsold tickets returned.

In addition to examining financial records, business practices and procedures were observed and tested along with the internal controls surrounding those practices. This was accomplished by interviewing Cache County Finance department personnel and others as necessary.

Audit Results

The audit included an examination of number of promotional fair tickets (wristbands) that were distributed to outside vendors to sell and return the proceeds to Cache County. The outside vendors included Cache County (via the Event Center), Macey's Food and Drug, IFA Country Store, Lee's Market Place (Logan location), and Watkins Printing.

Good business practices suggest inventories are taken of tickets received from Browns Amusements, along with the number of tickets distributed to each of the vendors.

Good business practices would include ensuring the correct number of tickets, as indicated by the contract, were provided by Browns Amusements to Cache County. In addition, the promotional tickets should be accurately counted and recorded when distributed to outside vendors to sell.

As unsold tickets and collected funds are returned to Cache County, the dollars collected are compared to number of tickets sold. Number of tickets sold multiplied by the ticket price should equal the cash collected.

Finding and Recommendations

It appears that the number of promotional tickets given to Cache County from Brown's Amusements was not inventoried nor counted to ensure the correct number of tickets were received per the Brown's Amusements Contract.

Cache County events personnel appear to not have maintained 100% control over the promotional tickets allocated to them.

Some of the outside vendors sold tickets for less than the agreed upon price (\$25).

The reconciliation of the dollars collected by the Cache County Finance Department produced adjustments (although not material from a dollars perspective) indicating that better control was needed over the promotional tickets by the Cache County events personnel.

I recommend that the Cache County events personnel are instructed on better business practices in controlling the promotional wristband tickets. The number of promotional tickets received needs to agree to the amusement vendor's contract. The exact number of tickets given to various vendors should be documented along with verification that the correct and same ticket price is charged and collected by all vendors. Additionally, funds received and unsold tickets from outside vendors should be reconciled with initial tickets distributed. And lastly, timely summarize the results, check for accuracy, and compare to the vendors' contracts to verify the accuracy at the end of the fair.