



**A Report to the
Audit Committee**

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Audit of the Fairgrounds Nashville

November 1, 2016

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

November 1, 2016



Why We Did This Audit

The audit was requested by the Board of Fair Commissioners in order to give the new Executive Director insight on the status of current operations and any possible areas of improvement. A new Executive Director joined the Fairgrounds Nashville in August 2016.

What We Recommend

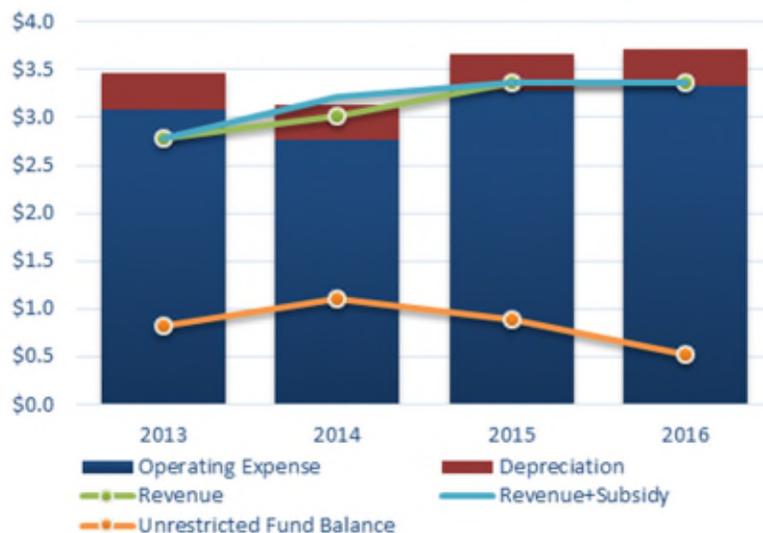
The Fairgrounds Nashville could more efficiently and effectively meet operational objectives by leveraging technology. Controls should be strengthened within the revenue cycle specifically around corporate sales event contracts, and recreational vehicle parking.

Audit of the Fairgrounds Nashville

BACKGROUND

The mission of the Fairgrounds Nashville is “to provide multipurpose venues for a variety of events that serve the interests of the citizens of Nashville and visitors to the city of Nashville. This includes public and private events that showcase consumer products, education, commerce, entertainment, agriculture, technology, and industry.”

Exhibit 1 – Financial Overview by Fiscal Years (in Millions)



Source: Metropolitan Nashville Government’s EnterpriseOne Financial System and Comprehensive Annual Financial Reports

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Controls are in place to provide assurance that the operational objectives and mission of the Fairgrounds Nashville are being accomplished.
- Controls are in place to ensure the proper management of fiscal resources.

WHAT WE FOUND

The Fairgrounds Nashville is achieving their operational objectives and mission which is evidenced by the high satisfaction of their customers. Controls were in place and functioning for procurement and payroll. However, controls should be strengthened for the revenue cycle.

GOVERNANCE

The Fairgrounds Nashville is governed by the Board of Fair Commissioners consisting of five members. The Executive Director reports to the Board of Fair Commissioners and serves as the technical advisor and secretary for the board. The Executive Director is responsible for overseeing the administrative, financial, planning, maintenance, operations, space utilization, and day-to-day operations of the Fairgrounds Nashville.

GENERAL OPERATIONS

The Fairgrounds Nashville has a total of 117 acres with over 120,000 square feet of rentable space. The Fairgrounds Nashville produces revenue from a variety of sources.

- **Nashville Flea Market** – The Nashville Flea Market has been in operation at the Fairgrounds Nashville since 1969. Revenue from booth rentals and flea market parking made up 50 percent of the total revenue at the Fairgrounds Nashville in fiscal year 2016.
- **Corporate Sales** – The buildings, green space, and lots at the Fairgrounds Nashville are available for rent throughout the year. Management views the Fairgrounds Nashville as a community gathering space and works hard to attract a variety of family friendly events.
- **Parking** – A parking fee is charged per vehicle for the flea market and events held at the Fairgrounds Nashville.
- **Concessions Contract** – Concessions for the Flea Market and other events are contracted out to D&D Events, LLC. The Fairgrounds Nashville receives commissions from concessions each month.
- **Fairgrounds Speedway Nashville Contract** – The racetrack at the Fairgrounds Nashville is leased to the Fairgrounds Speedway Nashville Association LLC for seven races a year. The Fairgrounds Nashville receives an amount per race and a percentage of ticket sales.
- **Recreational Vehicle Parking** – There are a total of 87 recreational vehicle parking spots with utility hookups at the Fairgrounds Nashville. Revenue for recreational vehicle parking totaled \$39,181 in fiscal year 2016.

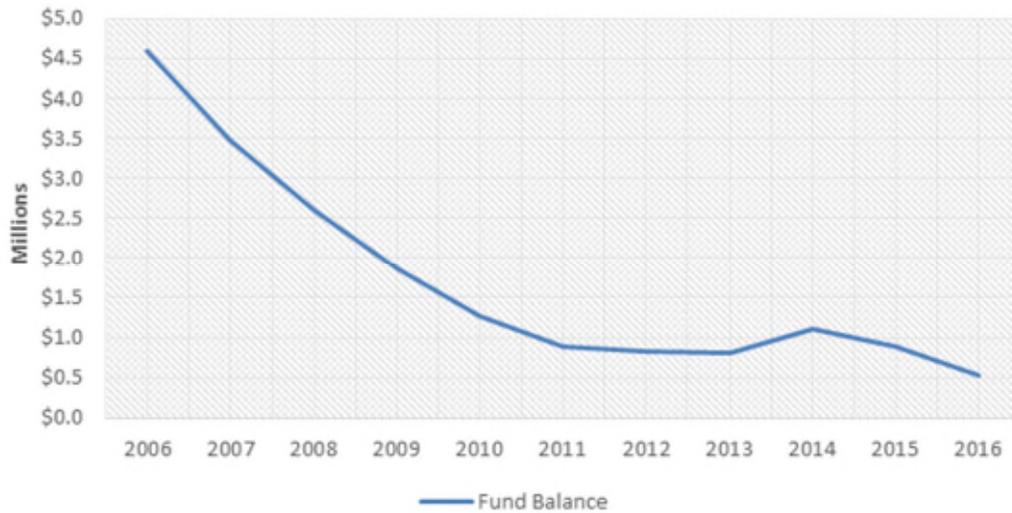
FINANCIAL ENVIRONMENT

The Fairgrounds Nashville is an enterprise fund. Enterprise funds are used to account for services where the costs for those services are fully or partially funded by user fees and charges, similar to the operation of a commercial enterprise. Enterprise fund accounting allows the Fairgrounds Nashville to demonstrate to the public the total costs that are recovered through user charges and, if any, the portion that is subsidized by tax levy or other available funds.

The Fairgrounds Nashville has managed to maintain financial self-sufficiency through the use of their unrestricted fund balance. Exhibit 2 below displays the unrestricted fund balance from June 30, 2006, through June 30, 2016. The fund balance has dropped from \$4,595,322 to \$528,468 in that ten-year period with 2014 being the only year where the balance increased due to a \$200,000 subsidy from the Metropolitan Nashville Government General Fund. Based on the average decrease of \$406,685, the Fairgrounds Nashville may require a subsidy from the general fund starting in the Fiscal Year 2018 budget.

A summary of significant financial information is presented below in Exhibits 2 through 5.

Exhibit 2 – Fairgrounds Nashville Unrestricted Fund Balance for Fiscal Years 2006 to 2016



Source: Metropolitan Nashville Government’s Comprehensive Annual Financial Reports

Exhibit 3 – Top Five Expenditure Categories

Category	FY 2016	FY 2015	FY 2014
Salary & Benefits	\$1,448,618	\$1,465,389	\$1,214,997
Electric	479,304	485,080	426,656
Depreciation	389,176	381,672	374,814
Security Services	188,391	174,884	112,023
Repairs & Maintenance	140,784	185,448	122,972
<i>Total</i>	<i>\$2,646,273</i>	<i>\$2,692,473</i>	<i>\$2,251,462</i>

Source: Metropolitan Nashville Government’s EnterpriseOne Financial System

Exhibit 4 – Top Five Revenue Categories for Fiscal Years 2014, 2015, and 2016

Revenue Source	FY 2016	FY 2015	FY 2014
Flea Market Booth Rentals	\$1,393,269	\$1,473,144	\$1,313,271
Flea Market Parking	284,722	310,206	340,422
Event Parking	250,871	261,883	303,318
Tennessee State Fair Association	180,416	172,370	176,882
Main Concessions	175,766	157,428	118,137
<i>Total</i>	<i>\$2,285,044</i>	<i>\$2,374,851</i>	<i>\$2,252,030</i>

Source: Metropolitan Nashville Government’s EnterpriseOne Financial System

Exhibit 5 – Top Ten Vendors for Three Fiscal Years 2014, 2015, and 2016

Vendor	Amount	Function
Nashville Electric Service	\$1,369,360	Utility
Metro Water Services	360,327	Utility
Industrial Staffing of Tennessee	336,511	Temporary Services
G4S Secure Solutions	256,105	Security
D&D Events LLC	220,154	Security
Piedmont Natural Gas Company	192,364	Utility
CarrMichael Construction LLC	126,657	Construction
Southeast Electric Incorporated	102,153	Maintenance
Adecco USA	92,934	Temporary Services
Boswell's Golf Cart Sales Incorporated	82,237	Maintenance

Source: Metropolitan Nashville Government's EnterpriseOne Financial System

CAPITAL IMPROVEMENTS AT THE NASHVILLE FAIRGROUNDS

A total of \$15 million in capital improvements for the Fairgrounds Nashville was approved in the Metropolitan Nashville Government Fiscal Year 2016-2017 Capital Spending Plan. A study on the condition of the Fairgrounds Nashville along with possible recommendations for improvement was conducted by Commonwealth Development Group and Tennessee State University College of Engineering. The proposed improvements include updating and improving infrastructure and creating community recreational space.

OBJECTIVES AND CONCLUSIONS

1. *Do existing controls provide assurance that operational objectives and the mission of the Fairgrounds Nashville are achieved?*

Generally, yes. Event promoters are satisfied with the service, staff, and facilities of the Fairgrounds Nashville and the Board of Fair Commissioners is actively providing governance. However, technology could be better leveraged to help the Fairgrounds Nashville accomplish its operational objectives. The Fairgrounds Nashville could also ensure fees charged for events are more consistently applied, and contracts are properly approved and retained.

Supporting Objectives and Conclusions

- a) *Are controls in place to provide assurance that event promoters and flea market vendors are being treated in a fair and consistent manner?*

Generally, yes. A survey was conducted of event promoters that held events at the Fairgrounds Nashville between May 1, 2014, and April 30, 2016. Survey results indicated that promoters were very satisfied with the service they received, the staff, and facilities of the Fairgrounds Nashville.

The Fairgrounds Nashville maintains a price list for buildings and flea market booths to ensure consistency and fairness with pricing. There was no documentation of approval from the Executive Director for price list exceptions for 4 out of 11 events reviewed. (See Observation C.)

- b) *Is the Board of Fair Commissioners actively engaged in providing governance to the Fairgrounds Nashville?*

Yes. The Board of Fair Commissioners met 19 times between May 2014 and April 2016. The board receives a financial report, a director's report, and hears public comments at each meeting. A review of the minutes found that each member contributed and discussed a variety of topics including Tennessee State Fair updates, policy additions and amendments, and promoter and event issues.

- c) *Is technology being leveraged to maximize the effectiveness and efficiency of operations at the Fairgrounds Nashville?*

Generally, no. There are multiple areas where technology could be better leveraged to make operations more effective and efficient including a customer relations management system, a work order system, and a recreational vehicle reservation system. (See Observation A.)

The Fairgrounds Nashville does have a reservation, billing, and accounts receivable system in place that is meeting their basic needs. However, access controls for the system are lacking. (See Observation B.)

2. *Are controls in place to ensure proper managements of fiscal resources?*

Generally, yes. Staff is effectively managing procurement activities. However, controls pertaining to revenue and payroll transactions could be enhanced. Technology used to facilitate financial transactions could be enhanced. (See Observations A, B, C, D and E.)

Supporting Objectives and Conclusions

- a) *Are reported revenues complete, accurate, properly secured, and recorded timely?*

Generally, no. Strong controls are in place over parking revenue. Corporate sales events, concessions, and racetrack revenue are complete and accurate. However, controls could be strengthened around event contract approvals and monitoring, concessions contractor monitoring, and the accounts receivable process. (See Observation C, H, and G.)

Flea Market booth rental revenue completeness and accuracy could not be determined. Out of 47 booth rentals selected for testing, the supporting documentation for 24 payments (51 percent) could not be located. (See Observation F.)

Recreational vehicle parking revenue controls are lacking. A total of 82 recreational vehicle night stays were observed over 14 days. The Fairgrounds Nashville could only provide the invoices and deposit documentation for 5 (6 percent) recreational vehicle night stays. Estimated revenue during that time was \$2,870 (82 nights multiplied by \$35 a night). Only \$980 was deposited and recorded in the EnterpriseOne financial system during the 14 days. (See Observation D.)

- b) *Are payroll and timekeeping activities in accordance with the policies of the Fairgrounds Nashville and prudent business practices?*

Yes. Controls are in place to provide assurance that employees are paid the correct amounts, and payroll transactions only involve active employees. Leave balances are accrued, tracked, and recorded. Leave, overtime, and compensatory time requests are approved by management.

- c) *Are reported disbursements complete and accurate?*

Yes. Procurement activities are complete, accurate, and reviewed for each disbursement.

AUDIT OBSERVATIONS

Internal control helps entities achieve important objectives and sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission (*COSO*), *Internal Control – Integrated Framework*, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organization. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A- Leveraging of Technology

Technology is not used to maximize effectiveness and efficiency of operations. Additional information systems could better enhance the effectiveness and efficiency of the Fairgrounds Nashville. The existing UniVerse System is meeting the basic needs of Fairgrounds Nashville as their main system for reservations, billing, and accounts receivables. However, process improvements could be realized by purchasing commercial off-the-shelf software in the following areas:

- **Customer Relations Management System** –The ultimate purpose of a customer relations management system is to compile customer information and documents in a single database allowing users easy access and management of information. Additional areas of improvement surrounding contract approvals and monitoring are detailed in Observation C below. A Customer Relations Management System could streamline the corporate sales event contract approval process and easily allow management to assess, approve, monitor, and retain event contracts. Additionally, it could be possible for a reservation system to include a customer relations module if the Nashville Fairgrounds were to update its current reservation system. Customer relations management systems compile customer information and documents in a single database allowing users to increase the effectiveness and efficiency of the sales and marketing functions with the use of automation. Management can also use this system to track the productivity of sales and marketing staff.
- **Work Order System** – The Fairgrounds Nashville is a total of 117 acres and has over 120,000 square feet of building space, which makes the maintenance function critical to its success. To date, the Fairgrounds Nashville has never had a manual or computerized work order system in place.

The purpose of work order system is to make the maintenance function more effective and efficient while capturing data that will be useful in decision making. A work order system should capture information such as the maintenance service performed, the time it took to complete, the labor cost, the material cost, employees involved, and materials used.

- **Recreational Vehicle Reservation System** – The recreational vehicle parking revenue process is completely manual at the Fairgrounds Nashville. Reservation software would allow guest to choose a site, check availability, read the policies of the lot, make payments, and receive confirmation e-mails.

Criteria:

COSO, Control Activities—Principle 11—The organization selects and develops general control activities over technology to support the achievement of objectives.

Recommendations for management of the Fairgrounds Nashville to:

Leverage technologies that will maximize the effectiveness and efficiency of the operations at the Fairgrounds Nashville. The technology should have strong general and application controls, audit trails, and the ability to generate reports that facilitate financial and operational analysis.

Observation B- Access Controls for UniVerse System

Accountability for transactions recorded within the UniVerse System is diminished due to multiple staff members using the same username and passwords for the system. The Universe System is used to track reservations, billings, and receivables for the Fairgrounds Nashville.

Criteria:

- COSO, Control Activities—Principle 11—The organization selects and develops general control activities over technology to support the achievement of objectives.
- Metropolitan Government of Nashville and Davidson County, Information Security Policy ISM 1, *Acceptable Use of Information Technology Assets Policy*

Recommendations for management of the Fairgrounds Nashville to:

Assign unique usernames and passwords to employees and limit access to applications or functions commensurate with job responsibilities.

Observation C –Event Contracts Controls

Internal Controls around event contracts are lacking in regards to approvals, compliance, and record keeping. The following areas of concern were observed for the 15 events selected for review.

- The Fairgrounds Nashville could not provide original contracts or copies of original contracts for 5 out of 15 (33 percent) events.
- For the 10 contracts provided, 1 was signed by the promoter, but not the Executive Director. The other nine were signed by the Director of Events, not the Executive Director.
- Segregation of duties was lacking as the Director of Events negotiated the contracts, signed the contracts, prepared the invoices, and collected payments.
- Out of the 10 contracts provided, 3 (30 percent) were not signed by the promoter within 10 days, and 8 promoters (80 percent) did not pay the deposit within 10 days of signing the contract.
- Only 7 events (47 percent) paid in full before the move-in date, full payment was eventually received for all events.
- Eleven contracts reviewed for agreement with the Fairgrounds Nashville pricing schedule showed 4 contracts (36 percent) had a price different from the amount on the pricing schedule. There was no documentation of approval from the Executive Director for price list exceptions. The average difference in the building rental rate was \$200.

Criteria:

- COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Fairgrounds Nashville Event Contracts

Recommendation for management of the Fairgrounds Nashville to:

1. Ensure the Executive Director reviews each contract, approves deviations from established price lists, and documents that review by signing the contract.
2. Ensure that contracts are signed within 10 days of contract date, the deposit is paid within 10 days of the contract signing, and payment is made in full by the move-in date.
3. Segregate the billing and revenue collection duties among two different employees.

Observation D – Controls over Recreational Vehicle Parking

Recreational vehicle parking revenue controls are lacking. The Fairgrounds Nashville could only provide the invoices and deposit documentation for 5 (6 percent) recreational vehicle night stays out of 82 recreational vehicle night stays observed over 14 days. Estimated revenue during that time was \$2,870 (82 nights multiplied by \$35 a night). Only \$980 was deposited and recorded in the EnterpriseOne financial system during the 14 days, leaving \$1,890 not specifically explained in the accounting records.

The following excerpts from customer reviews imply problems with the recreation vehicle parking revenue collection process.

“We were told to choose a site and that someone would be by to collect the fee. There were two other rigs there, but no one stopped by.”

“We stayed three nights and no one ever collected fees.”

“We didn’t call ahead, and we were never contacted by anyone to collect payment.”

“No rating for service, no idea where the people collecting money are located.”

The current process involves a maintenance employee collecting the payment each evening and depositing the payment in a lock box for collection and deposit the next business day. The following control weaknesses were noted:

- No monitoring is taking place to ensure that recreational vehicle cash receipts are collected and monitored. Management should be monitoring and documenting the recreational vehicles on site and reconciling those counts with the deposits into EnterpriseOne.
- Supporting documentation for recreational vehicle revenue is not kept in a centralized location as documentation is maintained in both the flea market office and the administration office.
- There is not a process in place to track which recreational vehicles are coming and going. It is possible for a recreation vehicle to come in the evening and leave in the morning without knowledge of the Fairgrounds Nashville staff.

Criteria:

COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Recommendation for management of the Fairgrounds Nashville to:

Assign a process owner over recreational vehicle parking that is outside of the revenue collection process. This individual would monitor recreational vehicles on site, ensure payments have been collected, and maintain supporting documentation.

Observation E – Untimely Depositing and Recording of Cash Receipts

The risk of revenue being lost, misplaced, or lost investment opportunity is enhanced because cash receipts are not consistently deposited in the bank within one business day of receipt. Fifteen deposits out of 57 (26 percent) were not made within one business day, and 15 deposits out of 57 (26 percent) were not recorded within two business days of deposit.

Criteria:

- COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Metropolitan Nashville Government’s Finance Department Policy – Treasury #9 – Cash Deposits, cash receipts are to be deposited within one business day and recorded within two business days of deposit.

Recommendation for management of the Fairgrounds Nashville to:

Ensure cash receipts are deposited within one business day and recorded within two business days of deposit.

Observation F – Maintenance of Payment Documentation

Completeness and accuracy of Flea Market booth rental revenue could not be demonstrated by the Fairgrounds Nashville because supporting documentation (UniVerse System daily closing reports and bank deposit slips) could not be located. This is the case for 24 out of 47 (51 percent) flea market booth rental payments selected for review. Supporting documentation is not maintained in a central location, and the majority of the documents available are stored in boxes in the flea market or administration offices in no particular order.

Criteria:

COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Recommendation for management of the Fairgrounds Nashville to:

Maintain supporting documentation for payments in a centralized location organized by date.

Observation G – Review of Accounts Receivable

The review, communication and monitoring of accounts receivable balances should be enhanced. Outstanding balances are tracked within the UniVerse System and reviewed weekly by the Finance Manager. The Executive Director will also periodically review the report. The current report format breaks balances down by vendor and date of the event. It is difficult to isolate delinquent balances because existing reports do not break down balances into 30, 60, over 90-day categories nor does it list balances by date. Balances from 2013 were still on the UniVerse System. The Fairgrounds Nashville does not have a policy for writing off past due receivables.

Criteria:

- COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Metropolitan Nashville Finance Department Policy – Accounts #22 – Accounts Receivable, proprietary funds should create accounts receivable accounts for exchange transactions when goods or services are provided for a fee, record allowance for doubtful accounts based on accounts receivable aging and on the historical collectability of non-current accounts receivable, and write off bad debts by June 30th of each year

Recommendations for management of the Fairgrounds Nashville to:

1. Book revenue into EnterpriseOne when a receivable is added, record an allowance for doubtful accounts, develop a departmental write-off policy, and complete write-offs by June 30th of each year.
2. Communicate to the Board of Fair Commissioners an aging report of all outstanding balances and or fee adjustments during scheduled meetings. Director review of aging reports should be done on a routine basis.

Observation H – Concessions Contractor Revenue Support

The risk of incomplete or inaccurate commission revenue collections is enhanced due to supporting documentation for the Nashville Fairgrounds food and beverage contractor is not being verified. The food and beverage contract with D&D Events, LLC requires the contractor to document sales with a cash register tape at every point of sale and give the Fairgrounds Nashville the right to inspect all records to verify the accuracy of payments. Additionally, the contract requires that an independent certified public accountant furnish a written statement with an opinion that payments are made in accordance with, and satisfied, the terms of the contract. The Fairgrounds Nashville was unable to provide a copy of the opinion and has not conducted an inspection of D&D Event, LLC's records.

Criteria:

- COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Contract number 321040 between Metropolitan Government of Nashville and Davidson County and D&D Events, LLC.

Recommendation for management of the Fairgrounds Nashville to:

1. Periodically verify the concessions commissions to the source documents to ensure accuracy and completeness.
2. Require D&D Events, LLC to provide a written statement with an opinion from a certified public accountant.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

METHODOLOGY

To accomplish our audit objectives, we performed the following steps:

- Interviewed key personnel within the Fairgrounds Nashville.
- Reviewed and analyzed documentation for compliance with the Tennessee Code Annotated, Metropolitan Nashville Code of Laws, and other applicable laws, regulations, and policies.
- Evaluated internal controls currently in place.
- Reviewed sample selections to determine the effectiveness of internal controls.
- Considered risk of fraud, waste, and abuse.

AUDIT TEAM

Seth Hatfield, CPA, CIA, CFE, In-Charge Auditor

Jim Carson, CIA, CFE, Staff Auditor

Bill Walker, CPA, CIA, Quality Assurance



Date: October 28, 2016
To: Mark Swann, Metropolitan Auditor
From: Laura Schloesser, Executive Director, The Fairgrounds Nashville 
Re: Audit of The Fairgrounds Nashville

The Fairgrounds Nashville has received and reviewed the report titled "Audit of the Fairgrounds Nashville" and we thank you and your team for the thorough review. I would like to thank the Fair Board as well for authorizing this audit. It will be an important tool for me as I begin my career at The Fairgrounds and to our team as we plan for the future.

While the audit confirms that we are achieving our objectives and mission, we acknowledge there are some operational changes that must occur for sustainable success. We have identified the need for written procedures which will ensure consistency and improve accuracy and record-keeping. Staff training will accompany the development of any new and updated procedures.

The need for updated software to manage Flea Market booth rentals, event scheduling and logistics, and recreational vehicle reservations and scheduling is critical. Currently, we are researching options and determining cost of a conversion and realistic timing.

Thank you again for your time, recommendations and assistance to help us with our continuous improvement efforts.

THE FAIRGROUNDS NASHVILLE P.O. Box 40208 Nashville, TN 37204
Office (615) 862-8994 Fax (615) 862-8992
thefairgrounds.com

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We believe that operational management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches, and we encourage them to do so when providing their response to our recommendations.

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<i>Recommendation for management of the Fairgrounds Nashville to:</i>		
A.1: Leverage technologies that will be maximize the effectiveness and efficiency of the operations at the Fairgrounds Nashville. The technology should have strong general and application controls, audit trails, and the ability to generate reports that facilitate financial and operational analysis.	Accept. The Fairgrounds has started researching the availability of new or updated software that will have the ability to document and process rentals and reservations. In addition, the ability to interface with EBS to streamline invoicing and contract payments will be pursued.	July 1, 2017
B.1: Assign unique usernames and passwords to employees and limit access to applications or functions commensurate with job responsibilities.	Accept. Staff will work with current system programmer to develop unique logins for staff with access to the UniVerse System.	December 1, 2016
C.1: Ensure the Executive Director reviews each contract, approves deviations from established price lists, and documents that review by signing the contract.	Accept. Practice is already in place and will ensure procedures are created to document.	December 31, 2016
C.2: Ensure that contracts are signed within 10 days of contract date, the deposit is paid within 10 days of the contract signing, and payment is made in full by the move-in date.	Accept. Procedures will be created to reflect timing requirements. In addition, new software, once implemented, will streamline the process.	December 31, 2016
C.3: Segregate the billing and revenue collection duties among two different employees.	Accept. The Fairgrounds will develop a procedure to ensure compliance with segregation of duties and that an adequate number of staff is trained to ensure timely processing of invoices and receipts.	December 31, 2016
D.1: Assign a process owner over recreational vehicle parking that is outside of the revenue collection process. This individual would monitor recreational vehicles on site, ensure payments have been collected, and maintain supporting documentation.	Accept. An RV parking procedure will be developed along with a new reservation system.	December 31, 2016
E.1 Ensure cash receipts are deposited within one business day and recorded within two business days of deposit.	Accept. Procedures will be created to reflect timing and staff training will occur.	December 31, 2016
F.1 Maintain supporting documentation for payments in a centralized location organized by date.	Accept. Will develop a filing system to ensure organized and accurate payment record.	December 31, 2016

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<p>G.1 Book revenue into EnterpriseOne when a receivable is added, record an allowance for doubtful accounts, develop a departmental write-off policy, and complete write-offs by June 30th of each year.</p>	<p>Accept. The Fairgrounds will present a write-off policy to the Fair Board for their consideration. This project will coincide with other process-related improvement efforts as identified through strategic planning work.</p>	<p>March 31, 2017</p>
<p>G.2 Communicate to the Board of Fair Commissioners an aging report of all outstanding balances and or fee adjustments during scheduled meetings. Director review of aging reports should be done on a routine basis.</p>	<p>Accept. An aging and deviation report will be developed and presented along with the monthly financial reports to the Fair Board. This project will coincide with other process-related improvement efforts as identified through strategic planning work.</p>	<p>March 31, 2017</p>
<p>H.1 Periodically verify the concessions commissions to the source documents to ensure accuracy and completeness.</p>	<p>Accept. The Fairgrounds staff will develop an internal audit schedule to ensure accurate commission payments.</p>	<p>December 31, 2016</p>
<p>H.2 Require D&D Events, LLC to provide a written statement with an opinion from a certified public accountant.</p>	<p>Accept. Finance Manager will be responsible for receiving statement and opinion annually and retaining documentation.</p>	<p>December 1, 2016</p>