



Chambers County Youth Project Show

2014 - 2015 Review

CHAMBERS COUNTY AUDITOR'S OFFICE

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2/4/2016



CHAMBERS COUNTY AUDITOR

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Executive Summary

The Chambers County Auditor's Office has completed an audit of the Chambers County Youth Project Show (CCYPS) and Auction. The audit was conducted for the period of January 1, 2014 through December 31, 2015.

The overall objective of this audit was:

To assess and evaluate operations and financial procedures of the Chambers County Youth Project Show.

Specific audit objectives were to:

1. Determine if the Chambers County Youth Project Show is operating properly under government guidelines.
2. Assess and evaluate the procedures in which financial activities are conducted.
3. Identify any discrepancies in depositing and disbursement of funds.
4. Identify any outstanding auction invoices.
5. Provide recommendations and improvement initiatives.

The Chambers County Parks Department is responsible for supervising all operations of the Chambers County Youth Project Show, and preparing and maintaining CCYPS facilities and grounds.

The Chambers County Agriculture Extension Office is responsible for conducting daily operations for the Chambers County Youth Project Show and Auction which include: maintaining all entries and show records, providing livestock show judges, locating sponsors, purchasing awards, collecting scholarship funds and recording all financial transactions.

Background

The purpose of the Chambers County Youth Project Show (CCYPS) is to provide an opportunity for the youth of Chambers County to meet together in the spirit of friendly competition to exhibit and potentially auction livestock and projects for which they are responsible. CCYPS is open to all youth who either reside in and/or attend public or home school in Chambers County and who have not graduated from the 12th grade.

A Three percent sales commission is charged to all projects which are sold in the auction or barn sale. These funds are used for general operating expenses for the show. All auction exhibitors are required to have a photo taken with their project and with or without the buyer. These photos are presented to the buyer and the fee is deducted from the exhibitor's proceeds. Checks are made available to the exhibitors after payment for their project(s) has been received by CCYPS.

Scholarship money is collected through R.V. rental space fees and donations. These funds are collected by the extension office and then given to the Scholarship Committee for deposit into a separate bank account. The Scholarship Committee, with assistance from school personnel, choose two senior students from each of the three schools in the county to receive scholarship funds. The Scholarship Committee determines the amount awarded to the recipients.



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Documentation

The following documents for 2014 and 2015 CCYPS were collected and reviewed.

- Bank statements and copies of deposits for the Chambers County YPS general operating bank account and scholarship bank account
- Auction buyer forms, add-on donation forms, and barn sale forms
- Buyer activity Invoices
- Exhibitor pre-check statements
- Financial summary reports
- Outstanding auction buyer notices
- CCYPS scrambler donation reports
- CCYPS meeting minutes
- CCYPS Livestock Rulebook

Audit Scope and Procedures

The audit performed was designed to evaluate and identify errors in operation, financial collections and disbursements. We interviewed staff and completed field work on both 2014 and 2015 CCYPS.

The following procedures were used to complete our examination:

- Interviewed Chambers County Extension Agency employees regarding procedures and operations.
- Prepared spreadsheets to itemize all deposits and disbursements made from the general operating bank account and the scholarship bank account.
- Reconciled buyer activity invoices to bank statement deposits and copies of buyer checks.
- Reconciled auction buyer forms, barn sale paperwork, and add-on donation paperwork to buyer activity invoices for each buyer.
- Reconciled CCYPS scrambler's report to scramble donation deposits.
- Compared exhibitor pre-check statements for every exhibitor to the CCYPS buyer activity invoice.
- Reviewed Livestock Committee meeting minutes.
- Attended the December 2015 Committee meeting for clarification of Tax Exempt Identification numbers and bank account information.



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Observations and Findings with Related Recommendations

During the audit, the following observations were noted:

1. The Chambers County Youth Project Show has not been operating correctly as a governmental program.
 - a. Findings:
 - i. CCYPS does not currently operate as either a 501 (C) 3 non-profit organization, or obligate Chambers County as the party responsible for financial and banking transactions.
 - ii. The current tax identification number listed on buyer invoices is incorrect and was unable to be located as a valid number for Chambers County or any other entity. The tax identification number that CCYPS General Account is conducting business under is incorrect and was unable to be located as a valid number for Chambers County or any other entity, nor does it match the incorrect number on the buyer invoice. The CCYPS Scholarship Account is under the correct Chambers County Tax Identification number.
 - iii. Authority and Accountability for management of CCYPS appears to be unclear between the Chambers County Parks Department and the Chambers County Agriculture Extension Office.
 - b. Recommendations: In order to comply with regulations set forth by the state and local government, the CCYPS committee should relinquish banking and financial obligations to the appropriate county officers. The CCYPS & Scholarship Committee's should close both the general account and scholarship bank account at Security State Bank, and issue cashier checks to the County Treasurer. The County Treasurer will open two separate banking accounts with the county depository at Prosperity Bank. These new accounts will be under proper county responsibility with the Chambers County Auditor and County Treasurer as signatories on the accounts. The Chambers County Auditor's office will create two separate funds for the CCYPS fund and the Scholarship fund. CCYPS should follow all county wide purchasing and request for payment policies when issuing claims and payments to vendors and exhibitors, and making purchases. All payments and donations received should be recorded appropriately by the Chambers County Extension Office and then submitted to the Chambers County Treasurer's Office for deposit into the correct bank account. CCYPS and the scholarship fund should conduct business under Chambers County's Federal Taxpayer Identification Number, and make appropriate changes in order to update this information on paperwork, forms, etc. As a county run program, CCYPS should be supervised by the Chambers County Parks Department Director, with daily operations being conducted by the Chambers County Agriculture Extension Office.



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2. Inadequate policies or guidelines.
 - a. Findings:
 - i. CCYPS has a Livestock Rulebook that is updated yearly and only sets forth rules and guidelines pertaining to exhibitors and their project(s). There are inadequate guidelines or policies regarding rules for buyers, auction purchases and payments, and outstanding fund collections.
 - ii. Past due notices are not issued in a timely manner, they are issued at 30 days past due, and again at 120 days past due. One buyer with over \$60,000.00 in purchases did not make payment until September of each year, although buyer paperwork states that payment is due within 30 days. Outstanding invoices totaling \$4,100 for the 2014 show and \$6,050.00 for the 2015 show are still due as February 2016.
 - b. Recommendations: CCYPS needs to develop written policies or guidelines pertaining to operations of CCYPS and financial transactions. These guidelines should set forth policies for buyers regarding purchases and payment for projects, as well as procedures for collection of past due payments. It should also include compliance regulations with the Chambers County purchasing and request for payment policies. Past due notices should be issued monthly until collected, and a stricter process of acquiring these past due funds should be implemented to ensure they are collected in a timely manner.
3. Inconsistency and clerical errors.
 - a. Findings:
 - i. Clerical errors were made during the transfer from auction paperwork to the Showworks Software System which produces buyer invoices and tracks payments. These include discrepancies between the amounts listed on buyer paperwork and the final amounts the buyers actually paid or were invoiced; errors made in specifying the correct exhibitors to receive the designated funds; and cases of exhibitors not being added to their buyer's invoice.
 - ii. Inadequate record keeping of cash received.
 - iii. Failure to finalize the financial records per show. On September 2, 2015, Invoices from 2014 CCYPS were printed, 14 of these invoices still show balances due when they were paid in full.
 - iv. Buyers were invoiced by mistake and then incorrectly errored off in the system. The difference in the correct balance was errored off by showing it was collected, which affects the ending balance and actual amount of funds collected per the financial statement.



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- b. Recommendations: A reconciliation system should be set in place to ensure all auction paperwork balances with buyer invoices, payments received, and exhibitor pre-check statements to eliminate common clerical errors. This should be done prior to any exhibitors receiving funds or buyers being invoiced in order to ensure payment amounts are correct and exhibitors receive the appropriate funds. All cash should be receipted on sequentially numbered receipts to keep accurate records of the payer and amount. Transactions for previous year shows should be entered into the software program regardless of the payment date in order to keep accurate records of each show year.

4. Other Recommendations:

a. Findings:

- i. There is a significant difference between the amount used to purchase awards, and the amount received by donations and sponsorships.

b. Recommendations: Increase the sponsorship amount requested per award in order to recuperate costs spent on purchasing these awards. In 2015, CCYPS asked for \$9,245.00 in donations to purchase awards, and spent \$ 12,800.00 purchasing the awards. In addition to donations, advertising opportunities could be offered to businesses and individuals to generate more money for the scholarship fund.

5. Response:

Response from Tyler Fitzgerald, Chambers County Agriculture Extension Agent is attached.

Friday, Feb. 12, 2016

Chambers County Auditor's Office and Chambers County Commissioners Court,

In response to the Financial Audit performed by the Chambers County Auditor's Office, find my comments below:

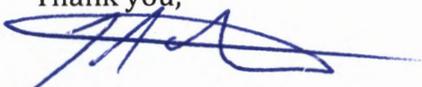
The Chambers County Extension Office Staff appreciate the financial audit that was performed by the Chambers County Auditor's Office.

- 1a ii: The office was using the EIN that was on past years' records, the staff are not signers on the accounts which were in existence before either administrative assistant was hired and thus they had no access to the EIN associated with the bank account
- 1a iii: In the past, management of CCYPS has been a multi-tiered process
 - o for day-to-day operating questions regarding livestock divisions, staff referred to the appropriate YPS Livestock Committee Chairperson
 - o for day-to-day operating questions regarding Exhibit Hall divisions, staff referred to the Exhibit Hall Chairperson
 - o for overall management questions, major issues, billing issues, etc. staff referred to the Chambers County Parks Supervisor/Chambers County YPS General Manager
 - o the CEA-Ag/NR only served in an advisory role and did not make decisions regarding any aspect of the YPS
- 1b: (regarding last line – daily operations being conducted) daily operations are only conduct by support staff who a dual role as both Chambers County Youth Project Show **and** Extension Office secretaries; it has been perceived by Extension Office that in their role as YPS Secretaries they report to Parks Superintendent/YPS General Manager
- 2a ii: No formal rule for issuing past due notices has ever been in place, in the past it has always been the discretion of the Chambers County Parks Superintendent/YPS Livestock General Manager and the YPS Livestock Chairman when those notices would be sent and what action would be taken should those notices be unanswered
- 3a i: Errors were made, moving forward we will make an effort to minimize errors

In conclusion, I again appreciate the assistance that this audit has provided. The office staff acknowledges that errors were made during last years' show and will strive to minimize errors in the future.

Moving forward, the show staff looks forward to assistance from the Auditor's office in the implementation of formal financial procedures.

Thank you,



Tyler Fitzgerald