



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Greater Wenatchee Regional Events Center Public Facilities District (Town Toyota Center)

Chelan County

For the period January 1, 2016 through December 31, 2016

Published September 18, 2017

Report No. 1019756





Office of the Washington State Auditor
Pat McCarthy

September 18, 2017

Board of Directors
Town Toyota Center
Wenatchee, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the District's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Town Toyota Center from January 1, 2016 through December 31, 2016.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Cash receipting
- Procurement

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Town Toyota Center
Chelan County
January 1, 2016 through December 31, 2016**

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of the Town Toyota Center. The State Auditor's Office has reviewed the status as presented by the District.

Audit Period: FY2015	Report Ref. No: 1018763	Finding Ref. No: 2015-001
Finding Caption: The District does not have adequate cash receipting controls, increasing the risk that undetected errors or misappropriation could occur.		
Background: In 2015, the Greater Wenatchee Regional Events Center Public Facilities District receipted about \$530,000 in concessions revenue and \$930,000 in box office ticket sales. In addition, the District receipted approximately \$280,000 and processed refunds totaling approximately \$4,000 from its community ice rink. We reviewed internal controls over receipting and cash handling and noted the following deficiencies: <ul style="list-style-type: none">• The Box Office did not reconcile receipted funds and ticket vouchers to register activity in order to detect and prevent loss.• The District did not reconcile food and beverage inventory to activity reports to detect if a loss had occurred. In addition, the same person who places the food and beverage orders also reconciles the inventory when it is received.• The District did not consistently perform reconciliations of change funds.• The District did not maintain sufficient documentation to support refunds within the community ice rink. In addition, the District's refund form template did not have space to document information required in the District's policy, such as customer phone number. The District's policy also does not require supervisor approval of refunds.• The District did not deposit all receipts within 24 hours as required by state law (RCW 43.09.240).• The District cannot demonstrate that inventory levels reconcile to sales. The District's inventory process does not compare physical inventory to a book inventory, nor does		

the District adequately segregate duties between ordering and receiving food and beverage inventory.

These control weaknesses increase the risk that the District would not identify a potential loss in a timely manner, if at all.

We recommended the District:

- Physically secure receipts and cash, as well as tangible instruments that can be used as cash, such as complimentary tickets. The District should also reconcile complimentary tickets to transaction reports to detect and prevent fraudulent receipting from occurring.
- Properly reconcile all change funds and payment compositions to detect loss in a timely manner.
- Ensure all refunds are reviewed and approved by a supervisor.
- Deposit all receipted funds within 24 hours as required by state law.

Status of Corrective Action:

☒ Fully
Corrected

☒ Partially
Corrected

☐ Not Corrected

☐ Finding is considered no
longer valid

Corrective Action Taken:

Food and beverage inventory: Process for reconciling Community Rink inventory has just been implemented. Results are reviewed with both Rink & Food & Beverage staff to understand differences found. Process for events in F&B concessions is under development with goal to implement for new hockey season.

Comp tickets: A policy covering the comp tickets has been developed. It requires 2 manager's approval and then reconciled with each event. In the event of the comps being for a Wild game, approval must come from their office as well.

Change funds: All change funds are counted on a monthly basis and documented, and signed by both fund manager and finance director. Copies of counts are kept in Finance office.

Refunds: Have been working on the refund since 2015 Audit Exit meeting to find a process that works for all. We have settled on one that includes cashier obtaining name of customer, date, amount, reason for refund, and employee name. New form requires manager signature, and finance is signing off on them after review as well. Policy is being adjusted to reflect what is happening. Results have produced a significant decrease in number and amount of refunds.

Deposits: We have striven to ensure deposits are turned in and taken to bank the next business day. Trips to bank are done earlier to ensure bank has time to process.

RELATED REPORTS

Financial

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

The Greater Wenatchee Regional Events Center Public Facilities District, doing business as Town Toyota Ceneter, was created in June 2006 through an interlocal agreement. The interlocal included the following entities: Chelan and Douglas counties, the cities of Wenatchee, East Wenatchee, Chelan, Cashmere, Entiat, Rock Island and the town of Waterville.

The District was formed for the purpose of developing a regional center in the city of Wenatchee called the Town Toyota Center. The creation of the District allowed for the receipt of 0.033 percent of state sales tax dollars to fund the District. An appointed, seven-member Board of Directors governs the District. Board Members are appointed by their respective entities. The District has approximately 15 full-time employees and 120 part-time employees. For fiscal year 2016, the District's operating budget was approximately \$3.3 million.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Town Toyota Center at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
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