



Item: AF: I-3a

**AUDIT AND FINANCE COMMITTEE**  
Tuesday, October 15, 2013

**SUBJECT: REVIEW OF AUDITS: FAU 12/13-2, AUDIT OF ATHLETICS TICKET  
REVENUE FOR THE FALL 2012 SEMESTER**

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**PROPOSED COMMITTEE ACTION**

Information Only.

**BACKGROUND INFORMATION**

Objectives of the audit were to determine whether adequate controls over the receipt, recording, safeguarding, and deposit of monies collected from athletic event ticket sales were in place; and, if there was proper accountability for unissued and issued athletic event tickets.

Six recommendations were made related to transaction documentation, security procedures and accountability issues.

**IMPLEMENTATION PLAN/DATE**

Management has agreed to implement the recommendations by October 31, 2013.

**FISCAL IMPLICATIONS**

Not Applicable.

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**Supporting Documentation:** Audit Report FAU 12/13-2  
**Presented by:** Mr. Morley Barnett, Inspector General

**Phone:** 561-297-3682

Report No. FAU 12/13-2  
Report Issue Date: April 30, 2013

FLORIDA ATLANTIC  
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*Office of Inspector General*

Audit Report: *Athletics Ticket Revenue*  
For the Fall 2012 Semester

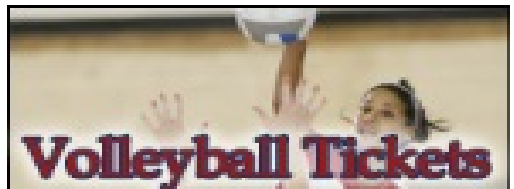
Use of Report

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**REPORT ON THE AUDIT OF  
ATHLETICS TICKET REVENUE**

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**FAU**  
FLORIDA ATLANTIC  
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MEMORANDUM

TO: Dr. Mary Jane Saunders  
President

FROM: Morley Barnett   
Inspector General

DATE: April 30, 2013

SUBJ: AUDIT OF ATHLETICS TICKET REVENUE

In accordance with the University's Internal Audit Plan for fiscal year 2012/13, we have conducted an audit of athletics ticket revenue at Florida Atlantic University for the fall 2012 semester. The report contained herein presents our scope and objectives and provides comments and conclusions resulting from procedures performed.

We have made six recommendations to address our findings. We concur with the responses of the auditee which have been incorporated into the report. In accordance with our established procedures, follow-up will be performed subsequent to the issuance of this report to determine effective implementation of the recommendations by management.

Please call me if you have any questions.

cc: University Provost  
Senior Vice Presidents  
Vice Presidents  
Auditees  
FAU BOT Audit and Finance Committee  
Inspector General, Florida Board of Governors  
Florida Auditor General

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## EXECUTIVE SUMMARY

In accordance with the University's Internal Audit Plan for fiscal year 2012/13, we have conducted an audit of athletics ticket revenue at Florida Atlantic University for the fall 2012 semester.

Our audit objectives were to determine whether adequate controls over the receipt, recording, safeguarding, and deposit of monies collected from athletic event ticket sales were in place; and, there was proper accountability for all unissued and issued athletic event tickets.

Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of daily money collections, ticket order forms, and game-day ticket sales records in order to determine whether control procedures were operating effectively.

Based on our observations and tests performed, we are of the opinion that the athletic event ticketing operations of the Athletics Department were being conducted in general compliance with all applicable university policies and procedures, and sound business practices. We identified deficiencies in the following areas:

- Transaction documentation;
- Security procedures; and,
- Accountability and segregation of duties.

The details of all findings, as well as suggestions for corrective action, can be found in the Comments and Recommendations section of this report.

**FAU**  

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**FLORIDA ATLANTIC  
UNIVERSITY**

April 30, 2013

Dr. Mary Jane Saunders  
President  
Florida Atlantic University  
Boca Raton, Florida

Dear President Saunders:

SCOPE AND OBJECTIVES

In accordance with the University's Internal Audit Plan for fiscal year 2012/13, we have conducted an audit of athletics ticket revenue at Florida Atlantic University for the fall 2012 semester.

Our audit objectives were to determine whether adequate controls over the receipt, recording, safeguarding, and deposit of monies collected from athletic event ticket sales were in place; and, there was proper accountability for all unissued and issued athletic event tickets. Audit procedures included, but were not limited to, the evaluation of internal controls as those controls relate to the accomplishment of the foregoing audit objectives, as well as the performance of compliance testing on samples of daily money collections, ticket order forms, and game-day ticket sales records in order to determine whether control procedures were operating effectively.

We obtained an understanding of the ticketing operations of the Athletic Ticket Office by reviewing written policies and procedures, interviewing key departmental personnel, performing analytical reviews of selected financial information pertaining to money collections, observing actual practices, and evaluating key internal controls. Our assessment of compliance with applicable laws, rules and regulations, and established policies and procedures was based on reviews of pertinent supporting documentation for judgmentally selected departmental transactions. Populations, sample sizes, and selection methods were determined based on our evaluation of internal controls, our assessment of audit risk, the availability of pertinent University records, and other factors including auditor judgment.

We conducted our audit in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

BACKGROUND

The Athletic Ticket Office (ATO) - a unit of the Athletics Department - is the ticketing center for all FAU-sponsored sporting events for which admission fees are charged to the general public. Currently, admission tickets are sold to FAU home games for football, men's basketball, women's basketball, men's soccer, women's soccer, volleyball, baseball, and softball. In addition to home games, the ATO sells tickets to certain of FAU's away football games on a consignment basis. The ATO may also sell tickets for externally-sponsored athletic events held at FAU sports venues.

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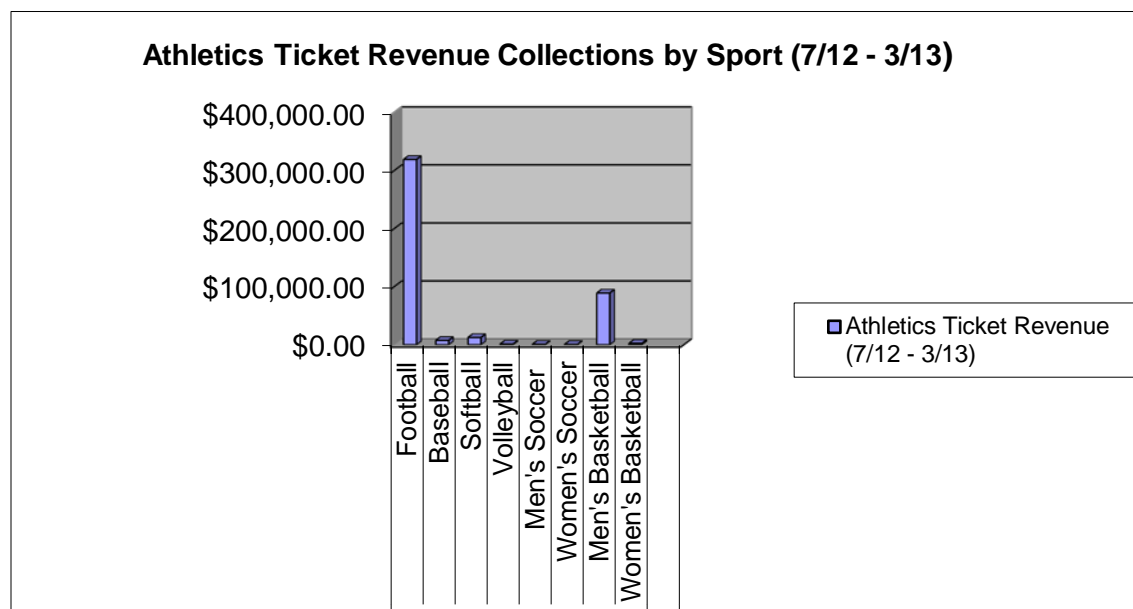
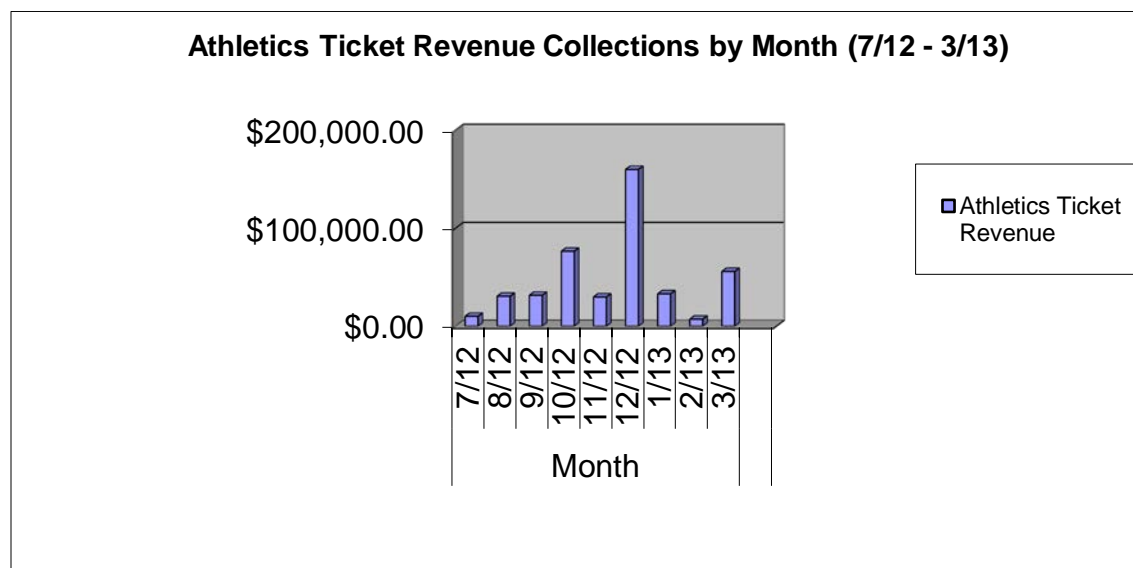
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Currently, the ATO utilizes the TM (Ticketmaster) Archtics and/or Host ticketing systems to sell and issue individual and/or season home game tickets to customers, and issue complimentary tickets for football and men’s basketball home games to authorized individuals. During the fall 2012 semester, the ATO was manned by a core staff of one full-time and one part-time employee supplemented by one or more temporary student-employees working as ticket sellers and/or ticket takers at certain FAU home games. In addition, the university has contracted with a third-party vendor – the Aspire Group – to provide athletic event ticket sales and marketing services for the Athletics Department. During the audit period, the Aspire Group maintained an on-site sales and marketing staff of approximately five employees at the Wally Sanger Owl Club Center where the ATO is housed.

Our review of the pertinent financial records indicated that a total of approximately \$434K had been collected from athletic event ticket sales through the first nine months of the 2012/13 fiscal year. Management has indicated that it expects to collect between \$650K - \$750K from athletic event ticket sales by the end of the current fiscal year.





## COMMENTS AND RECOMMENDATIONS

### **Current Findings and Recommendations**

#### *Incomplete Customer Phone/Mail/In-Person Ticket Order Forms*

In accordance with current established practice, an order form is required to be completed for all athletic event ticket orders placed pre-game by customers via phone, mail, or in-person. Compliance testing of a judgmentally selected sample of 30 phone/mail/in-person ticket orders placed by customers during the audit period indicated the following exceptions:

- 17 of 30 order forms were not initialed/signed and dated by the ticket seller who processed the payment on the TM Archtics system;
- Ten of 30 order forms did not indicate the disposition of the tickets;
- Seven of 30 order forms did not indicate the source of the ticket orders, i.e., in-person, mail, or phone; and,
- Four of 30 order forms were not initialed/signed and dated by the employee receiving the order & payment. As such, we were unable to determine if the ticket seller who processed the payment on the TM Archtics system differed from the employee who initially received the order form/payment.

#### **Recommendation No. 1**

In order to maintain proper accountability for customer order forms and payments received by the ticket office, and comply with current established practice, we recommend all ticket order forms indicate the source of the ticket order and disposition of the tickets, i.e., will call, office pick-up, or mail; and are initialed/signed and dated by the employee receiving the order & payment and the ticket seller who processed the payment on the TM Archtics system. The aforementioned practices should be incorporated into the written policies and procedures of the Athletic Ticket Office to facilitate future compliance by office personnel.

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### **Management's Response**

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#### **Action Plan:**

The order forms used for mail, phone, and in person advance orders have been modified to add the Order and Delivery Method on the bottom of the form to make it easier to complete. Order forms will be stamped PAID after payment is entered into the system and the ATO staff member who processed the payment will initial and date the paid stamp.

#### **Implementation Date:**

October 1, 2013



**Responsible Auditee:**

Patrick Chun, Athletics Director

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**Deficiencies in Daily Money Collection Records**

Compliance testing of the money collection records for ten judgmentally selected transaction batches processed through the TM Archtics ticketing system *during the audit period* indicated the following exceptions:

- The issued tickets did not include appropriate legal disclosures designed to protect the university's interest and mitigate its liability;
- All checks received as payment by the ATO were not restrictively endorsed for deposit to the university immediately upon receipt. Rather, the checks were restrictively endorsed by the Athletics Business Office prior to delivery to the cashier's office;
- The Athletics Department employee who performed the periodic reconciliations of the money collections – cash/checks/money orders – recorded on the deposit transmittal records to the appropriate cashier's receipts and Banner Finance *Organization Detail Activity* reports was not independent of collections and custody of money;
- Two of three cash/check deposits totaling \$1,999 were not delivered to the central cashier's office within three business days of receipt by the ATO as required by established university practice. The deposits were not remitted to the central cashier's office until four to 14 days after the collections were received by the ATO; and,
- Based on inquiry of management, we noted that – effective the end of September 2012 - the ATO discontinued the logging of credit card ticket orders received via mail on the department's *Mail Receipt Log*.

**Recommendation No. 2**

We recommend management ensures:

- All issued tickets indicate appropriate legal disclosures pertaining to areas such as event re-scheduling, patron decorum, and venue re-entry policy;
- The Athletic Ticket Office acquires the requisite bank deposit stamp and all payment checks/money orders are restrictively endorsed promptly upon receipt;
- Documented reconciliations of money collection records to the appropriate Banner Finance reports are performed by an Athletics Department employee independent of collections and custody of money;
- Cash/check/money order deposits are delivered to the central cashier's office within three business days of receipt by the ATO as required by established university practice; and,

- All payments/ticket orders received via mail – cash/checks/money orders/credit cards – are recorded on the department’s *Mail Receipt Log* signed/initialed and dated by a preparer and reviewing supervisor.

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### **Management’s Response**

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#### **Action Plan:**

Legal disclosures will be added to all tickets for the 2013-14 athletic year. Ticket office has also already purchased stamps and begun endorsing checks as they are received. Since February 25, 2013, the ATO now makes all cash and check deposits from ticket office sales directly to the cashier’s office on the business day following the event or collection. ATO has a police escort to and from the cashiers office when making deposit for security. This creates a separation of duty between the ATO depositing the funds and the Athletic Business Office reconciling the deposits in the proper accounts. As of March 28, 2013, the ATO Mail Log has been used for all payments received by mail and signed for by both preparer and reviewing supervisor.

#### **Implementation Date:**

October 1, 2013

#### **Responsible Auditee:**

Patrick Chun, Athletics Director

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#### **Incomplete Departmental Security Procedures**

We noted that the written security procedures included in the *FAU Ticket Office Policies & Procedures Manual* did not address the actions to be taken in the event of a robbery, or the security protocols to be followed by ticket sellers/money handlers on game-days at athletic events. In addition, the existing security procedures were not being periodically reviewed with the ATO and Aspire Group employees who shared the same building.

#### **Recommendation No. 3**

In order to promote greater security awareness, and better protect the personnel and money assets of the ticket office, we recommend the existing security procedures be updated to address the deficiencies cited. We further recommend the updated security procedures be reviewed with the ATO and Aspire Group employees on *at least* a semi-annual basis. To facilitate compliance, a security log or other record documenting the security reviews, including the dates performed and the names and signatures of the employees in attendance, should be established and maintained.

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## **Management's Response**

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### **Action Plan:**

ATO will write a complete security plan and procedures which will be verified and approved by both the Athletic Business Office and Campus Security to make sure it falls in line with campus policies and procedures. Review of this policy will take place every three months for current staff and at the beginning of employment for all new staff.

### **Implementation Date:**

October 1, 2013

### **Responsible Auditee:**

Patrick Chun, Athletics Director

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### **Improper Performance of Surprise Cash Counts of Change Fund**

Under current ATO procedures, an employee independent of money custody and handling is required to perform documented surprise cash counts of the ATO's operating change fund on a quarterly basis. The performance of independent counts of the fund is important for identifying and deterring any loss, theft, or misappropriation of the monies.

Based on inquiry of management, independent surprise cash counts of the ATO's operating change fund were not being performed and documented on a quarterly basis. According to management, the last independent surprise cash count of the ATO's operating change fund was performed in August 2012 but was not documented.

### **Recommendation No. 4**

We recommend management implements the performance of appropriate periodic surprise cash counts of the ATO's operating change fund. The counts should be conducted *at least* quarterly - in the presence of the designated fund custodian - by an employee independent of money custody and handling; documented on a surprise cash count form; and signed-off and dated by both the independent employee and the fund custodian.

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## **Management's Response**

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### **Action Plan:**

Surprise cash counts will be conducted every 2-4 weeks by Athletic Business Staff member and recorded on the Cash Count Sheet. Surprise counts have already been conducted and will continue.

**Implementation Date:**

May 1, 2013

**Responsible Auditee:**

Patrick Chun, Athletics Director

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**Inadequate Accountability for Game-Day Ticket Sales**

In order to provide efficient customer service on game days, the Athletic Ticket Office utilizes the services of student workers as ticket sellers – on an as needed basis – for FAU home games. In accordance with current established policies and procedures, each ticket seller and an Athletic Ticket Office supervisor are required to sign the ticket seller’s game-day sales reconciliation sheet *prior to the start of the game* to document the issuance of the printed tickets and/or assigned change fund. Additionally, university policy requires a criminal background check for all student workers whose duties involve money handling.

Compliance testing of all ticket seller game-day sales reconciliation sheets for a judgmentally selected sample of ten athletic events held during the audit period indicated the following exceptions:

- Three of 25 reconciliation sheets for two football games were not signed-off by the ticket seller to acknowledge receipt of the assigned change fund; and,
- Criminal background checks had not been completed by the Human Resources Department - as of 3/11/13 - for three of 11 student workers of the ATO involved in the handling and/or processing of money payments received at the game-day athletic events. Currently, all three students no longer work for the ATO.

**Recommendation No. 5**

In order to comply with existing policies and procedures, we recommend management ensures all ticket seller’s game-day sales reconciliation sheets are signed-off by the ticket seller and his/her supervisor *prior to the start of the game* to document the issuance of the assigned change fund and/or printed tickets. In addition, we recommend management timely notifies the Human Resources Department to have criminal background checks completed for all future student workers of the ATO involved in money handling.

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**Management’s Response**

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**Action Plan:**

Procedures on game day will be modified to make sure all sales staff members sign both at the beginning and end of their shift verifying their starting and ending cash and ticket sales. Staff will need to check-out at the Main Ticket Office with the Director of Ticket Operations before leaving at the end of their shift to verify sales forms. Criminal backgrounds checks were not completed on 5<sup>th</sup> year athletes, but will be completed going forward for all student workers, whether paid or unpaid.



**Implementation Date:**

October 1, 2013

**Responsible Auditee:**

Patrick Chun, Athletics Director

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*Inadequate Accountability for Game-Day Complimentary Tickets*

Compliance testing of a judgmentally selected sample of 12 athletic events held during the fall 2012 semester at which complimentary tickets or admissions were granted to Athletics Department employees and guests of student-athletes, indicated the following exceptions:

- The Athletics Compliance Office – which was responsible for issuing complimentary tickets to guests of student-athletes attending football away and home games as well as men’s basketball home games – did not sign an appropriate control document to acknowledge receipt of complimentary tickets from the Athletics Ticket Office for the two football away games and two men’s basketball home games tested; and,
- The Athletic Ticket Office did not perform a post-game reconciliation of the complimentary tickets distributed to the Athletics Compliance Office for issuance to registered guests of student-athletes for all three football home games, two football away games, and two men’s basketball home games tested. Without the reconciliation, there was no assurance that all distributed tickets available for issuance were either issued to registered guests or returned as unissued.

**Recommendation No. 6**

In order to maintain proper accountability for the complimentary tickets available for issuance to authorized guests of student-athletes, we recommend management ensures:

- The Athletics Compliance Office signs an appropriate control document to acknowledge receipt of complimentary tickets - from the ATO - for football away games and men’s basketball home games; and,
- The ATO performs a post-game reconciliation of all unissued complimentary tickets (returned by the Athletics Compliance Office) and the signed-off guest pass list to the complimentary tickets distributed pre-game to the Athletics Compliance Office for football home and away games, and men’s basketball home games.

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**Management’s Response**

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**Action Plan:**

The Compliance office and ATO will complete the Complimentary/Consignment Ticket Form when transferring tickets to or from each department. This will be used for both home and away football and men’s basketball games if complimentary or consignment tickets are being used. Player/Coaches pass list will be verified by both ATO and Compliance for distributed

complimentary tickets.

**Implementation Date:**

October 1, 2013

**Responsible Auditee:**

Patrick Chun, Athletics Director

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**Prior Audit Recommendations**

Our examination generally includes a follow-up on findings and recommendations of prior internal audits, where the subjects of such findings are applicable to the scope of the current audit being performed.

Within the past three years, our office has not conducted any audits related to athletics ticket operations. Accordingly, a follow-up on prior audit findings is not applicable.

**CONCLUSION**

Based on the audit work performed, we are of the opinion that the athletic event ticketing operations of the Athletics Department were being conducted in general compliance with all applicable university policies and procedures, and sound business practices. However, we did identify opportunities for improvement in the areas of transaction documentation, security procedures, and accountability and segregation of duties. We believe the recommendations made are cost-beneficial to implement, and will serve to strengthen the overall internal control environment pertaining to the department's operations.

We wish to thank the staffs of the Athletic Ticket Office and Athletics Business Office for their cooperation and assistance which contributed to the successful completion of this audit.



Morley Barnett, CPA, CFE  
Inspector General

Audit Performed By: Mike Hewett, CIA, CGAP, CBA, CFSA  
Allaire Vroman