

**UNM TICKETING SERVICES
AUDIT OF SELECTED BUSINESS PROCESSES**

THE UNIVERSITY OF NEW MEXICO

**Report 2009-15
April 14, 2009**



Audit Committee Members

Raymond Sanchez, Chair
John "Mel" Eaves
Carolyn Abeita

Audit Staff

G. Christine Chavez, Audit Director
Yvonne Cox, Audit Manager

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ABBREVIATIONS

CobiT.....	Control Objectives for Information & Related Technologies
FTE.....	Full Time Employee
GLBA.....	Gramm-Leach-Bliley Act
IT.....	Information Technology
ITS.....	Information Technology Services
Ticketing.....	UNM Ticketing Services
Ticketing Supervisor.....	Customer Sales Representative
UBP.....	University Business Policies and Procedures Manual
University.....	The University of New Mexico
UNM.....	The University of New Mexico

EXECUTIVE SUMMARY

In December 2008, UNM Ticketing Services (Ticketing) management reported to Internal Audit that a Customer Sales Representative (Ticketing Supervisor) recorded a refund for tickets that were used to attend an event. When Ticketing management reviewed other transactions for the Ticketing Supervisor, they noted over \$1,000 of additional transactions similar to the December 2008 shortage. We reviewed Ticketing processes and procedures and interviewed Ticketing staff to determine whether it was standard operating procedure to make entries at the end of a shift to cover up shortages; and to understand the system so that we could make recommendations for improvement.

In summary, the Ticketing Supervisor who covered up the shortage appeared to be the only Ticketing Supervisor who used this method to balance the drawer. Ticketing should standardize and document its ticket selling processes to assure that the all ticket sellers use the same processes, and that the processes comply with University policies and best practices. Ticketing should also address IT security issues to protect its system and confidential data.

The following summary provides management with an overview of conditions requiring attention.

DEVELOPING STANDARD OPERATING PROCEDURES

Ticketing management should develop and document standard operating procedures. The Director of Ticketing stated Ticketing will review cash handling procedures and have a standardized written document by June 30, 2009.

CASH MANAGEMENT POLICY

Ticketing management should review University policies and best practices and make the necessary changes to their processes or ask for exceptions to policy where appropriate. The Director of Ticketing will ask for exceptions to University Policy in selected areas.

INFORMATION TECHNOLOGY

Ticketing management should assure that appropriate changes are made in the technology area to provide the appropriate level of protection to Ticketing data and equipment. The Director of Ticketing agrees to make the appropriate changes.

GUIDELINES FOR MAKING DONATIONS

University Counsel should provide written guidelines for departments outlining when donating items and buying meals for fundraisers are appropriate. University Counsel agreed to provide guidance.

INTRODUCTION

BACKGROUND

Per the Ticketing website, their mission is, “To continue as a proactive leader in the ticketing industry, provide the highest level of service to our customers, represent the University of New Mexico in the most positive manner possible and be the premier ticket source in the Albuquerque/Santa Fe area.”

The Ticketing Business Manager provided the following information. Ticketing manages over 600 ticketed events annually which accounts for \$16.2 million in tickets sold. Their budget for fiscal year 2008 is almost \$1.1 million in revenue and they employ 13.5 Full Time Employee (FTE), including on-call ticket sellers. In 2006, Ticketing implemented [REDACTED], an in-house ticketing system [REDACTED], 19 ticket outlets, a new phone center, web sales and a completely new business model.

The following is historical data for number of tickets sold for the last four years by category.

Comparison of the Number of Tickets Sold

	2004-2005	2005-2006	2006-2007	2007-2008
Fine Arts	21,060	20,592	20,364	16,256
Public Events	165,807	128,078	138,943	119,031
Athletics	649,143	606,374	640,184	629,095
NMSO/Other	51,602	61,811	50,978	45,031
Total	887,612	816,855	850,469	809,413

Ticketing has two offices: one at the Pit and the other at the UNM Bookstore. During an event, Ticketing opens the ticket office at the Arts Center or the additional locations at the Pit, as appropriate. For some events, such as the Olympic sports, Ticketing pre-prints hard tickets, as there are no registers at the locations.

In addition to the [REDACTED] ticketing system mentioned above, Ticketing is responsible for a [REDACTED]. The Lobo Club and Athletics have access to this database.

Because of the issues discussed in this report, the Associate Director of Ticketing worked with the Human Resources Department to discipline the Ticketing Supervisor who balanced the

drawer by showing refunds for tickets actually used. The Ticketing Supervisor terminated employment with The University of New Mexico (University) in February 2009.

PURPOSE

In December 2008, we received an allegation that a Ticketing Supervisor had recorded refunds for tickets that had been used to attend a women's basketball game. The Ticketing Supervisor processed the refunds after the ticketing window was closed. These refunds made it appear that the cash drawer was \$1 over when in fact it was \$88 short. Ticketing management identified an additional \$1,058, since December 2006, where it appeared that entries had been made after the ticketing window was closed to make the drawer balance. We were told, in a meeting with this Ticketing Supervisor, that supervisors routinely make inaccurate entries to make the drawers balance. The purpose of our audit is: to determine whether other supervisors posted refunds after their windows were closed and to gain an understanding of the Ticketing process so that the recommended changes may decrease the likelihood of a recurrence of the December 2008 incident.

SCOPE

Our audit was limited to reviewing documentation and processes for selling tickets. We reviewed Ticketing Supervisors' credit entries from 2006 through December 2008. We did not review the Ticketing expenses. Our field work was completed on March 20, 2009.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

DEVELOPING STANDARD OPERATING PROCEDURES

An organization uses policy documents to record their rules and regulations and to identify how they would like their operations managed. Policies are often structured to comply with Federal and State laws. The University has three primary sets of policies: The University of New Mexico Board of Regents' Policy Manual, the University Business Policy and Procedures Manual (UBP), and the University of New Mexico Office of the Secretary Faculty Handbook.

Within the University, there are over 300 separate organizational areas. Each of these areas is responsible for their own operations. Therefore, these areas must develop and maintain the policies necessary to define the rules and regulations specific to their area.

Procedures identify how the policies are to be implemented to ensure compliance with University policies, departmental policies, and Federal and State laws. Written procedures are used to establish what should be done, as well as how, when and by whom. The procedures normally identify the step-by-step processes of how to implement and carry out the policy, including identifying the specific tasks, and clarifying roles and responsibilities. They should be used to provide consistency in the processes, which can increase overall efficiency. Procedures can also be used to improve communications, establish strong internal controls for regulatory compliance, and standardize bookkeeping to help reduce waste, fraud and abuse.

Well-defined policies and procedures can be used to provide orientation and training for new employees and to refresh the skills of current employees. In addition, they can reduce the risk of confusion, the potential for litigation, and provide documentation for auditors and program reviewers.

Policies and procedures should be widely accessible. This will provide employees with the information needed to effectively make decisions at the most appropriate level, streamline administrative processes, and provide the basis for individual and departmental accountability.

Although Ticketing has a handbook for the ticket sellers, it does not have standard operating procedures for handling transactions, transferring monies and other operating processes. This results in each ticket seller handling transactions differently.

We noted that several of Ticketing's processes were handled differently by the various Ticketing Supervisors, and that some of these processes did not comply with University policies and good business practices. Some examples are listed below.

- When a Ticketing Supervisor refunded tickets, the Ticketing Supervisor resold these tickets instead canceling them.
- One Ticketing Supervisor claimed to wait until the end of the shift to record transaction errors instead of correcting the errors at the time the errors were made.
- The ticket takers confuse the cash receipts with tickets so some ticket sellers do not give the receipts to the customers. Instead they shred them at the end of the evening.
- The activity on the generic logon, which is used when management is already using their logon on another terminal, is only reviewed by the seller who uses it.
- Ticketing does not require a signature for a cash refund.
- Because the Ticketing Supervisors do not have guidelines for when they should give a refund to customer, they have different views regarding their level of authority to override Ticketing's "no refund" policy.
- An employee does not count the starting fund until the employee is at the ticket seller window, while other employees might not count their beginning funds at all.
- A Ticketing Supervisor thought that the [REDACTED] software did not work properly, so the Ticketing Supervisor used booking history when it should not have been necessary. This Ticketing Supervisor stated that some screens in the in [REDACTED] will show that a ticket was printed, while others screens will show that it was not.

The following processes were changed during the audit, but management needs to include these processes in written standard operating procedures.

- Ticketing did not have a compensating control for the internal control weakness that allows a ticket seller to cancel tickets without a supervisor override. During the audit, Ticketing standardized the process by requiring ticket sellers to retain documentation for any credits/refunds, and requiring supervisors to review this documentation at the end of the shifts.
- Ticketing did not have a standard procedure that analyzed overages and shortages. Management now captures this information on an Excel spreadsheet for further analysis.
- At the end of the shifts, management reviewed the bank reconciliations for all of the ticket sellers, but they did not review the reconciliations of the drawers for the Ticketing Supervisor or other management personnel.

Policy 7200. "Cash Management" UBP, gives a general overview of how to handle cash and the Bursar's Office can give advice on best practices.

Recommendation 1

The Director should assure that cash handling procedures are reviewed so that they comply with University policy and best practices.

Response from the Director of UNM Ticketing Services

The Director of UNM Ticketing Services agrees with the recommendation and will perform a full review of all cash handling procedures by June 30, 2009 to comply with University policy and best practices.

Recommendation 2

The Director should assure that the cash handling procedures are written in enough detail to standardize the way ticket sellers process transactions, especially refunds.

Response from the Director of UNM Ticketing Services

The Director of UNM Ticketing Services agrees with the recommendation and all cash handling Procedures will be standardized in a written document by June 30, 2009. Each Ticketing Services employee will be required to review the documentation upon hiring and acknowledge their understanding of these procedures through a signed statement.

CASH MANAGEMENT POLICIES

UNM Ticketing Office is not following University policies for several of their processes. We noted:

- Cash and checks are picked up by armored car three days a week, instead of daily as required by University policy.
- Ticketing personnel pick up the deposit from Bookstore Arts Office without regard to whether there is more than \$500 in cash. Per University policy, deposits of more than \$500 must be picked up by the Bursar's Office.
- At least 8 people have the combination to the safe in the Bookstore Arts Office where a [REDACTED] cash fund is kept. These same employees know the combination to the safe in the ticket office at the ticketing office in the Arts Center. This safe is used on show nights to store a portion of the cash fund.
- Ticketing placed an envelope containing cash from another department into the safe. They did not know the dollar amount in the envelope, and it was not secured in a locked bag. We counted the cash in the envelope: it was \$490.
- The daily reconciliation of the [REDACTED] change fund at the Athletics Ticket Office shows that the fund is consistently over by either \$10 or \$20. Per the Business Manager, the fund has been out of balance for several months.

- When reviewing the contents of the vault and the safe, we found \$50 in a cash box that was not secured in the locking cabinet.
- While only two people have access to the cabinet holding the change fund, five people have access to the vault room.
- Ticketing's reconciliation process is not well documented. When we tested a selection of reconciliations, we found that 5 out of the 8 reconciliations had missing support and/or did not have adequate explanations for reconciling items. Reasons for the missing support may include that the documents are not kept in chronological order, and the bundles of daily work sometimes come apart.
- When it is busy, supervisors will use others' cash drawers and corresponding terminal. They are not always sure who is logged onto the terminal they are using.

In some cases, Ticketing management thinks that some of the policies, such as daily depositing, are not cost effective. In other cases, management was unaware of the impact of not following the policy.

When policies are not followed, it may impact cash operations. For example, not adjusting an over or short in the change fund may send a message that cash does not need to reconcile. If too many Ticketing employees have too much access to the cash, when money is missing from the change fund, it is difficult to determine who may be responsible. Therefore the entire staff is under suspicion, and management may not be able to retrain or discipline the appropriate employee.

Recommendation 3

The Director should review the Policy 7200. "Cash Management" UBP, to assure that Ticketing is complying with this policy. If the Director believes that certain parts of the policy should not be followed, they should ask the Associate Vice President for Financial Services for an exception to the policy.

Response from the Director of UNM Ticketing Services

The Director of UNM Ticketing Services agrees with the recommendation and has reviewed the Policy 7200 “Cash Management” UBP. Accordingly, the Director will be requesting exceptions for the following:

- *Cash and checks are picked up by armored car three days a week, instead of daily as required by University policy.*
- *Ticketing personnel pick up the deposit from Bookstore Arts Office without regard to whether there is more than \$500 in cash. Per University policy, deposits of more than \$500 must be picked up by the Bursar’s Office.*

TRAINING

The ticket sellers do not receive formal training except for the mandatory Cash Management training required by Policy 7200, “Cash Management” UBP. When we interviewed Ticketing employees, they expressed concern that they did not receive on-going training in how to use the ticketing system. They felt on-going training would be beneficial in assuring the Ticketing Supervisors and the ticket sellers continue to be consistent in how they use the systems and process transactions.

Recommendation 4

After management develops the standard operating procedures, they should provide annual training to all staff using the ticketing system.

Response from the Director of UNM Ticketing Services

The Director of UNM Ticketing Services agrees with the recommendation.

As of the date of this document, the SOP (Standard Operating Procedures manual) has been revised.

Although there has been ongoing training for employees, we will formalize the process with annual training sessions each August (on policies, procedures and other relevant topics). Each employee will be required to attend a training session each August.

DISCIPLINARY ACTION

Shortage in December 2008

For a women's basketball game, a ticketing supervisor's drawer was out of balance. The Ticketing Supervisor refunded tickets that were used to attend the game to balance the drawer. Although the Ticketing Supervisor stated that no cash was taken, covering up a shortage makes it appear that there may be missing money. It also raises questions about the integrity of the ticketing process.

Both the Ticketing manual and University policy address cash shortages. On page 11 of *University of New Mexico Ticket Services Policies*, a manual developed by the Ticketing Offices states:

All sellers are responsible for all money, credit card charges and exchanges that they receive during their shift. All shortages and overages will be discussed on a one on one basis between the seller and the supervisor. Repeated and or excessive shortages or overages will be cause for dismissal. Remember that you are less likely to be short or have problems balancing if your drawer is kept neat and orderly.

Employees found stealing anything (Food, Money, Merchandise, Supplies etc.) are subject to immediate dismissal and will be prosecuted to the fullest extent.

The University addresses the shortage issue in Section 1.2. "Cash Management" Policy 7200, UBP: "...Overages and shortages must be recorded immediately upon discovery."

In February 2009, the Ticketing Supervisor terminated employment with the University.

Taking Home the Change Fund in April 2008

Management did not take disciplinary action in April 2008, when the same Ticketing Supervisor returned \$100 to the Bookstore Arts Office. The Ticketing Supervisor stated the cash was inadvertently taken home. The Manager of the Bookstore Arts Office reported the incident to the Business Manager. After speaking to the Ticketing Supervisor, the Business Manager did not report the information to the Associate Director, because she thought the explanation was adequate. The incident was not documented in a formal reprimand which would have sent a message regarding properly handling cash.

Recommendation 5

The Director should communicate to his direct reports what kinds of activities should be reported to him so that he can pursue the appropriate disciplinary action.

Response from the Director of UNM Ticketing Services

The Director of UNM Ticketing Services agrees with the recommendation. As of the date of this document, clear direction will be communicated to the Business Manager and other Ticketing Services personnel by the Director regarding the Director's role in any disciplinary action. Accordingly, the Director will monitor these activities more aggressively.

TICKETS TO ARTS EVENTS

A portion of tickets provided to executive management were improperly reported as taxable income to the employees. The President and the Executive Vice President for Administration received tickets to events at Popejoy Hall to promote Popejoy Hall and the University. Due to a procedural error, UNM Ticketing and Public Events, which manages events in Popejoy Hall, inadvertently reported a portion of these tickets as a taxable employee benefit. The rest of the cost of the tickets was charged to the Public Events budget comp pool which indicates they are related to University business.

When we noted that the tickets were reported both as employee benefits and as University business expenses, we asked management to determine the tickets' uses. In a March 19, 2009 response, the Vice President for Institutional Support Services clarified that the tickets were for University business and will not be processed as an employee benefit in the future.

Recommendation 6

The Director of Public Events should review all tickets charged to the comp pool to assure that no portion of these tickets are included in the employee benefit pool.

Response from the Vice President for Institutional Support Services

The Vice President for Institutional Support Services agrees with the recommendation that the Director of Public Events will review all tickets charged to the comp pool to verify that these tickets are not included in the employee benefit pool. This practice will begin immediately and will be reviewed regularly.

INFORMATION TECHNOLOGY

Security Policies and Procedures

The IT function at UNM Ticketing started to document their security policies and procedures for both the network and the applications, but they have not completed documenting them. This is critical, because UNM Ticketing [REDACTED]. When a department does not document policies and procedures, critical control features may be lost. The following are areas at Ticketing where the control features are not in place.

- A vendor providing software maintenance [REDACTED].
- For the [REDACTED].
- The antivirus software is not programmed to scan at a predetermined time. When we reviewed the scan history, we noted that the antivirus software had not run in 13 days.
- Ticketing has a shared logon and a corresponding password that is used in emergencies or when management is already signed on to another workstation. Five or six employees know the password to this logon.

Since [REDACTED] are considered protected information, Ticketing must assure that they comply with Section 2. Policy 2520 “Computer Security Controls and Guidelines” UBP, which states:

Department heads are responsible for computer security awareness and for ensuring reasonable protection of departmental computing systems against breaches of security, through methods such as virus protection, firewalls, and password usage. Department heads should ensure users of their systems have the necessary training for appropriate use of the system. A portion of available resources is listed at <http://its.unm.edu/training/>.

To comply with this policy, it is helpful to have the information specific to the system in writing. This is addressed by Section 2.5. Policy 2550 “Information Security” UBP, which states:

The success of the Information Security Program depends largely on the employees who implement it. The Director of Information Assurance will coordinate with deans, directors, and heads of departments that have access to protected information to evaluate the effectiveness of departmental procedures and practices relating to access to and use of protected information.

If the employees are not informed of security practices, they could unwittingly give out information, such as credit card information, that violates university policy and state laws. Also, these practices place the system at risk of intrusion from the outside.

Recommendation 7

We recommend Ticketing develop written user security administration procedures [REDACTED]. The procedures should address the following.

- Issuing, approving, and monitoring user access.
- Granting users the minimum access needed to perform their job functions.
- Timely deletion/disabling of user IDs when users are terminated or job responsibilities are changed.
- Procedures for [REDACTED].
- Procedures for issuing, approving, monitoring and deleting generic and system logons.
- Passwords standards requiring changing of passwords every 30 days, [REDACTED].

Response from the Director of UNM Ticketing Services

The Director of UNM Ticketing Services agrees with the recommendation. Security procedures will be in writing by February 28, 2010.

Disaster Recovery

UNM Ticketing has not completed or tested their disaster recovery plan. UNM Ticketing had staff turnover in the IT area which impacted completing this project. If the ticketing system fails, Ticketing will not recover as timely as if they have a tested plan in place.

Best practices include having a tested disaster recovery plan. This is recommended by the Control Objectives for Information & Related Technologies (CobiT) Framework, used for IT guidance. The section, *High –Level Objective*, in CobiT states:

Control over the IT process of ensuring continuous service that satisfies the business requirement to make sure IT services are available as required and to ensure a minimum business impact in the event of a major disruption is enabled by having an operational and tested IT continuity plan and its related business requirements.

Recommendation 8

The Director should prioritize creating the disaster recovery plan.

Response from the Director of UNM Ticketing Services

The Director of UNM Ticketing Services agrees with the recommendation. A Disaster Recovery Plan will be fully documented, tested and 100% ready by February 28, 2010.

██████████

Ticketing has the file server for the ██████████ because housing it at Information Technology Services (ITS) slows the response time. The Systems Analyst intends to move the ██████████ to ITS as soon as he resolves the response time issue. As long as the server is housed ██████████.

The University assigns responsibility for access to the departments. Section 2.1.1. Policy 2520, “Computer Security Controls and Guidelines” UBP, states:

Computer access control also includes physical security to UNM equipment and information, such as: locks on doors/windows for equipment and storage, locking paper files, and paper shredders. The department head or designee ensures proper management of computer accounts and user identification by: ...

Recommendation 9

The Director should assure that the System Analyst prioritizes working with ITS to move the ██████████ to ITS. This ensures that Ticketing will not need to be concerned with physical security.

Response from the Director of UNM Ticketing Services

The Director of UNM Ticketing Services agrees with the recommendation. With cooperation from ITS, the ██████████ will be moved to the ITS server room by February 28, 2010.

UNIVERSITY-WIDE ISSUES

UNM Purchasing Process Regarding Vendors Protecting Private Data

UNM Purchasing does not have a process in place to assure that contractors and vendors have the necessary infrastructure to comply with the requirements for protecting private data. While we were reviewing the IT processes at Ticketing, we noted that Ticketing used vendors to maintain their two software systems. In the new “Information Security” policy, UNM Purchasing is tasked with assuring that vendors have the necessary infrastructure to secure private data.

Purchasing has not set up a procedure to address this relatively new policy issued in June 2008. Section 3. Policy 2550, "Information Security" UBP, states:

Service providers and/or contractors who provide services that may allow them to access protected information must comply with the GLBA safeguard requirements, the University's Information Security Program, and applicable University policies listed in [Section 6](#). herein. The University Purchasing Department is responsible for reviewing prospective service providers and/or contractors to ensure they have and will maintain appropriate safeguards for protected information.

Without a process in place, the University cannot ensure that the vendors have the necessary infrastructure that will protect data as required by Gramm-Leach-Bliley Act (GLBA). This increases the University's risk if a vendor discloses private data.

Recommendation 10

UNM Purchasing should develop a process for reviewing prospective service providers and/or contractors to ensure they have and will maintain appropriate safeguards for protected information. This should include vendors who already have maintenance contracts with the University.

Response from the Chief Procurement Officer

UNM Purchasing lacks the technical expertise and budget to bear the sole responsibility for the University's compliance with the new data security requirements under the GLBA. In order to address this recommendation, UNM Purchasing will work closely with the office of the CIO to develop a strategy to protect and safeguard all confidential information as required by GLBA. Upon reviewing and determining best practices for data security, UNM Purchasing and the Office of the CIO expect to be able to have a comprehensive process in place by July 1, 2010.

Guidelines Relating to Making Contributions

University departments are contributing items or buying meals for fundraisers without guidance on the legality of these types of transactions. When we were reviewing Ticketing, we noted that Ticketing provides tickets to various organizations. Some organizations use tickets as part of fundraisers, such as silent auctions. Other organizations use them as prizes to be given away. Ticketing management needs guidance on when it is appropriate to give these tickets to outside organizations and other University departments.

In 2005, we sent a memo to University Counsel requesting an opinion on donations and we received a response which did not give enough detail so that it could be used as guidance by the departments.

The following are examples of contributions from the 2005 memo:

- Rounds of Golf with carts at the UNM South Golf Course (Beta Alpha Psi Raffle Fundraiser, Fall 2004);
- Popejoy Hall Event Passes (CREATE Expo Fall 2005);
- Sporting Event Tickets (United Way Campaign);
- Free Parking Passes (United Way Campaign);
- Books and other goods from UNM Bookstore (numerous events and organizations); and
- Gift certificates from Maxwell Museum Store (Public Affairs, Staff Appreciation Week 2005).

Some of the contributed items go to UNM employees as door prizes for attending UNM sponsored events. Other items are donated to help fund raising efforts for student and other organizations.

University departments also buy tickets to a dinner at a charitable organization's fundraising event, and the cost of the ticket is more than the actual cost to the organization of providing the meal. For example, departments buy tickets to events, such as the Montezuma Ball, and the Samaritan Counseling Center's Ethics in Business Awards.

The "anti-donation clause" of the Constitution of the State of New Mexico (Article IX., Section 14) states: "Neither the state nor any county, school district or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation...."

Furthermore, these donations of University assets may violate Section 4.7. Policy 4000, "Allowable and Unallowable Expenditures" UBP, which states, "Political and charitable contributions to individuals or organizations *are prohibited.*"

Several times a year, we receive calls from departments asking for guidance on this issue. Without guidance, the departments may handle the requests for donations inconsistently and put themselves at risk for violating University policy and the Constitution of the State of New Mexico.

Recommendation 11

University Counsel should provide a supplemental memo that provides guidelines describing what types of contribution activities are allowed under State Law and University policy.


Response from University Counsel

University Counsel concurs with Recommendation 11 and will provide the supplemental memo within sixty days of approval of the audit.

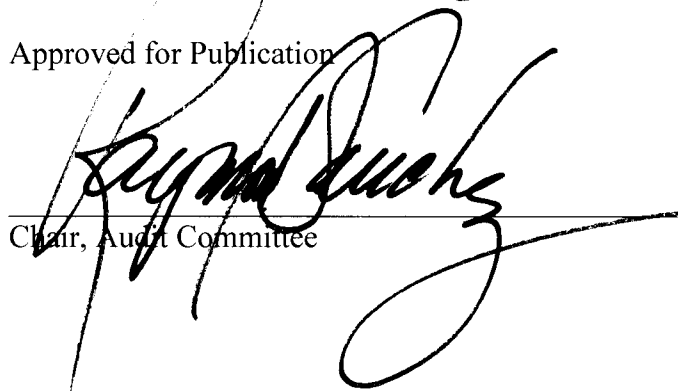
CONCLUSION

The Ticketing Supervisor who refunded tickets that were used to attend the event appeared to be the only Ticketing Supervisor who used this method to balance the bank. Ticketing should standardize and document its ticket selling processes to assure that all ticket sellers use the same processes, and that those processes comply with University policies and best practices. Ticketing should also address the IT security issues to protect its system and confidential data.

APPROVALS


G. Christine Chavez
Director, Internal Audit Department

Approved for Publication


Raymond Sanchez
Chair, Audit Committee