

REVIEW OF TICKETING SERVICES OPERATIONS

THE UNIVERSITY OF NEW MEXICO

Report 2014-08
August 15, 2014



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CONTENTS

REVIEW OF TICKETING SERVICES OPERATIONS.....	1
EXECUTIVE SUMMARY	2
CONCLUSION.....	3
INTRODUCTION.....	5
BACKGROUND	5
PURPOSE, SCOPE AND OBJECTIVES	7
PROCEDURES.....	7
OBSERVATIONS, RECOMMENDATIONS AND RESPONSES.....	9
CASH MANAGEMENT AND ACCOUNTING FUNCTIONS	9
Segregation of duties.....	9
Vault Camera	10
Timely Deposits	10
Cash and Credit Card Receipts	11
UNIVERSITY REQUIRED TRAINING.....	12
INFORMATION TECHNOLOGY GENERAL CONTROLS	13
APPROVALS	15

ABBREVIATIONS

FY.....	Fiscal Year
Information Technologies.....	IT
I&G.....	Instruction and General
Internal Audit	University of New Mexico Internal Audit Department
MOA.....	Memorandum of Agreement
Ticketing Services	UNM Ticketing Services
University.....	The University of New Mexico
UNM.....	The University of New Mexico

Ticketing Services' ticket sales revenue over the past three fiscal years.

<i>FY 2012</i>	<i>\$20,236,415</i>
<i>FY 2013</i>	<i>\$17,792,904</i>
<i>FY 2014</i>	<i>\$15,665,305</i>

Source: Ticketing Services

Ticket Sales Venues

- UNM Arena
- UNM Stadium
- Carlisle Studio
- Conference Center
- Experimental Theatre "X"
- Keller Hall
- Popejoy Hall
- Rodey Theatre
- Student Union Building "SUB"
- Woodward Hall
- Johnson Center
- Track/Soccer Stadium
- Lobo Field
- Lobo Softball Stadium

Ticket Sales Revenue by Venue	
Venue	FY 2014
Athletics	\$ 8,740,439
CFA	\$ 284,191
Popejoy	\$ 5,308,746
Other Venues	\$ 467,710
Service Charges	\$ 642,426
Misc. Items	\$ 221,793
Total Revenue	\$ 15,665,305

Source: Ticketing Services

EXECUTIVE SUMMARY

The University of New Mexico (UNM) Ticketing Services (Ticketing Services) offers tickets to athletic events, art events, and special events. Tickets for athletic and art events can be purchased as season tickets or on an individual event basis. Credit Card payments are accepted by telephone, online, mail-order, or by walking in. Ticketing Services also partnered with Albertson's stores to sell event tickets on the University's behalf. The Ticketing Services office distributes free tickets to UNM students for most athletic events.

Ticketing Services provides UNM with a central management and data system for ticket sales.

CASH MANAGEMENT AND ACCOUNTING FUNCTIONS

Ticketing Services sold \$15,665,305 worth of tickets in FY2014. Internal Audit reviewed the cash management process for Ticketing Services, which involves receiving cash or credit cards, processing credit cards, issuing tickets, and depositing cash. In addition, Ticketing Services reconciles accounts between the ticketing system, the University accounts, and the bank that processes University credit cards.

UNIVERSITY REQUIRED TRAINING

The University required all faculty and staff to take the following three training classes by 12/31/2013: Preventing Sexual Harassment; Ethics: A Framework for Ethical Decision Making; and, Basic Annual Safety Training.

INFORMATION TECHNOLOGY GENERAL CONTROLS

Internal Audit reviewed selected general controls of Ticketing Services.

Ticket Sales Revenue by Method of Payment	
Method	FY 2014
Credit Card	\$ 12,182,362
Cash	\$ 1,307,210
Check	\$ 1,936,104
Voucher	\$ 239,629
Total Amount	\$ 15,665,305

Source: UNM Ticketing Services

According to The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework “Internal control is broadly defined as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- 1. Effectiveness and efficiency of operations.*
- 2. Reliability of financial reporting.*
- 3. Compliance with applicable laws and regulations.”*

CONCLUSION

Ticketing Services should strengthen their internal controls to ensure ticketing practices for cash management and information technology services are adequately protecting University assets in accordance with University policies and best practices.

The following summary provides management with an overview of our recommendations to address areas for improvement noted during the audit.

Key Recommendations

1. Segregation of Duties - The Director of Ticketing Services should review the segregation of duties requirements including: receiving cash, preparing deposits, preparing monthly reconciliations, time entry and time approval, and entering and approving transactions into the Banner system.
2. Cash and Credit Card Receipts - The Director of Ticketing Services should perform periodic checks of cash receipts to ensure that policies are followed.
3. Information technology General Controls - The Director of Ticketing Services should complete and/or implement the Ticketing IT procedure manual.

INTRODUCTION

BACKGROUND

Ticketing Services has outlined their mission and vision and other background information on their website.

Ticketing Services' Mission

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.

Vision

Ticketing Services strives to be known for:

- Excellence in all facets of customer service
- Knowledgeable staff
- Financial stability
- Friendly and positive attitude
- Strong leadership
- Active campus involvement

Ticketing Services earned an average of \$593,072 in ticket service charge revenue over the last eight years. Ticketing Services offers tickets to athletic events, art events, and special events. Tickets for athletic and art events can be purchased as season tickets or on an individual event basis. Credit Card payments are accepted by telephone, online, mail-order, or by walking in. Ticketing Services also partnered with Albertson's stores to sell event tickets on the University's behalf. The Ticketing Services office distributes free tickets to UNM students for most athletic events.

Ticketing Services provides UNM with a central management and data system for the ticket sales of the following venues:

- UNM Arena
- UNM Stadium
- Carlisle Studio
- Conference Center
- Experimental Theatre "X"
- Keller Hall
- Popejoy Hall
- Rodey Theatre
- Student Union Building "SUB"

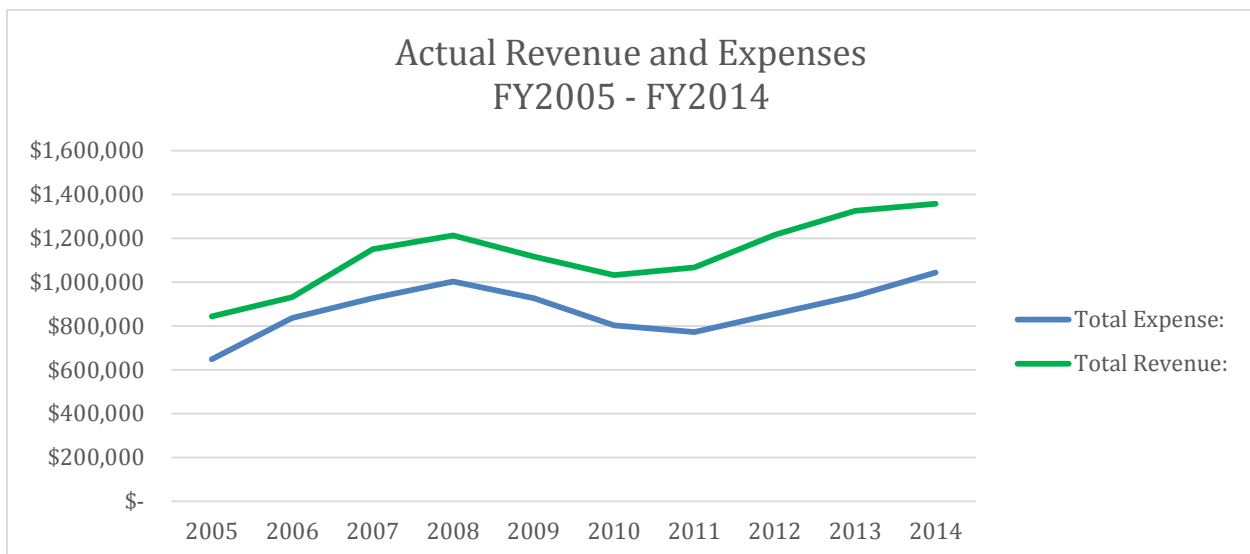
INTRODUCTION

- Woodward Hall
- Johnson Center
- Track/Soccer Stadium
- Lobo Field
- Lobo Softball Stadium

Ticketing Service Charge Revenues increased in FY 2007 because the ticketing function was brought in house on June 11, 2006 to be managed by Ticketing Services. Ticketing receives revenues from the following sources.

- Service charges for tickets sold on the web, over the telephone and through outlets (Albertsons). A service charge is not added for tickets sold in person. The service charge is \$1.75 to \$6.75 based on the ticket price. Ticketing Services transfers the ticket sales price less the service charge to the department sponsoring the event, such as College of Fine Arts, Athletics, etc... Prior to Ticketing Services taking over the ticket sales, the vendor charged \$5.00 per ticket. This is account Event Revenue in the UNM Banner Accounting System Operating Ledger.
- Monthly fees from the College of Fine Arts, Athletics and Popejoy for ticket sales. This is account Auxiliary Sales in the UNM Banner Accounting System Operating Ledger.
- Instruction and General (I&G) allocation. This is account Transfer from I&G in the UNM Banner Accounting System Operating Ledger.

Ticketing Services' revenue from all sources has increased since 2005.



Source: UNM Banner Accounting System

Ticketing Services' budget to actual expenses are shown on the chart below.

Operating Ledger Summary FY2014

Account Description	Budget (FYTD) Adopted	Actuals Fiscal YTD	Balance Available
Revenue			
Event Revenue	\$ 805,000.00	\$ 640,647.90	\$ 164,352.10
Auxiliary Sales	\$ 440,295.00	\$ 453,187.94	\$ (12,892.94)
Transfer from I&G	\$ 75,348.00	\$ 75,348.00	\$ -
Allocations	\$ (400,000.00)	\$ (200,000.00)	\$ (200,000.00)
Reserves	\$ -	\$ 389,287.85	\$ (389,287.85)
TOTAL Revenue	\$ 920,643.00	\$ 1,358,471.69	\$ (437,828.69)
Expense			
Salaries and Benefits	\$ 649,899.00	\$ 707,821.61	\$ (57,922.61)
Other Expenses	\$ 270,744.00	\$ 336,089.79	\$ (163,815.80)
TOTAL Expense	\$ 920,643.00	\$ 1,043,911.40	\$ (221,738.41)
Revenues Over (Under Expenses)	\$ -	\$ 314,560.29	\$ 216,090.28

Source: UNM Banner Accounting System

PURPOSE, SCOPE AND OBJECTIVES

The audit was selected as part of the UNM Internal Audit annual audit plan. The purpose of the audit was to review various Ticketing Services' functions, including: cash handling procedures, departmental financial documentation, and key information technology general controls.

PROCEDURES

Our review included interviewing key personnel, analyzing internal documents, cash controls, key information technology general controls, and performing analytical procedures on financial data.

Internal Audit's procedures included:

- Reviewing departmental documentation and identify key controls;
- Performing cash receipts testing;
- Reviewing information system documentation and identify key controls; and
- Compiling departmental budget to actual costs of the department.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

CASH MANAGEMENT AND ACCOUNTING FUNCTIONS

Segregation of duties

Segregation of duties issues were noted in the review of the Ticketing Services' access into the Banner system as well as within cash management duties. The Associate Director of Business Operations has the ability to:

- Approve purchases in Banner at all levels, i.e., input a purchase, receive the purchase, approve the transaction, and perform journal entries;
- Enter and approve employee time in Banner;
- Act as a cashier, handle deposit monies, enter events and perform accounting and reconciliation functions in the ticketing system; and
- Reconcile monies to the Banner system at month end.

Ticketing Services is a small department with few employees. Properly segregating duties in a small department may be challenging. Employees whose duties are not adequately segregated may be able to access monies in the normal course of their duties and conceal a fraud or error.

Recommendation 1

The Director of Ticketing Services should review the segregation of duties requirements and reassign employee duties to ensure that they are properly segregated. The following duties should be specifically evaluated: receiving cash; preparing deposits; preparing monthly reconciliations; time entry and time approval; and, entering and approving purchase transactions into the Banner system.

Response from the Director of Ticketing Services

Action Items:
<i>Targeted Completion Date: 9/1/2014</i>
<i>Assigned to: Associate Director, Ticketing Services</i>
<i>Corrective Action Planned: We concur. Close-out cards will comply with two signature minimum. Segregation of duties and Banner approval authority will be reviewed.</i>

Vault Camera

The Ticketing Services office does not have a camera in the vault room or directed at the vault door. The camera was installed in the wrong area when the Pit was remodeled; it is directed towards the cashier's window rather than the vault. The cashier's window already has three cameras. Without the camera, the University may not be able to determine what happened if the money was stolen or misplaced while in the vault.

Recommendation 2

The Director of Ticketing Services should request that the appropriate personnel adjust the camera to ensure that all persons entering and leaving the vault are recorded on camera. The University should also consider installing a camera in the vault room.

Response from the Director of Ticketing Services

Action Items:
<i>Targeted Completion Date: 12/31/2014</i>
<i>Assigned to: Director, Ticketing Services</i>
<i>Corrective Action Planned: We concur. We will work with the Facility Director in Athletics, to get camera position adjusted. Camera outside vault door will be moved, so that it ensures a clear angle to the vault door and all activity can be recorded. In addition, we will review the addition of a camera inside the vault room.</i>

Timely Deposits

Internal Audit observed that the Ticketing Services office held a deposit from the weekend until Tuesday. The University Controller has granted an exception for the deposit to be skipped on Mondays. The exception also stated that the Bursar's Office would pick-up the deposit on Thursdays. The bank picks up the deposits on Tuesday, Wednesday, and Friday. The Bursar's Office is not picking up the deposit on Thursdays.

UAPPM – Policy 7200 Cash Management states “Monies received should be deposited at the University Cashiers Department intact by the next working day following receipt. When less than fifty dollars (\$50) is involved, monies may be accumulated up to a week.”

When asked about why the deposit was held until Tuesday, the Ticketing office stated that the Arts office is not open on Mondays, so they do not receive their weekend deposits until Tuesday. They prefer to do a bulk deposit and typically wait for the deposit from the Art

office. The Ticketing office did state that when they anticipate large amounts of cash coming in over the weekend, they try to call and schedule a pickup on Mondays. The Bursar's Office approved an exception for the Monday pick-up.

Large sums of money that are not deposited in a timely manner are vulnerable to theft or misplacement.

Recommendation 3

The Director of Ticketing Services should work with the Controller's Office to ensure that deposits over \$50 are deposited by the next working day or exceptions to the policy are made and documented.

Response from the Director of Ticketing Services

Action Items:
<i>Targeted Completion Date: 10/31/2014</i>
<i>Assigned to: Associate Director, Ticketing Services</i>
<i>Corrective Action Planned: We concur. Ticketing Services will continue with regularly scheduled deposits on Tuesday, Wednesday and Friday. Per the University Controller's approval (June 16, 2009) of an exception on Monday deposits, Ticketing Services will continue to comply. Thursday deposits will be added to the pickup schedule. When a special deposit is deemed necessary on a Monday, Ticketing Services will make arrangements for an armored car pickup.</i>

Cash and Credit Card Receipts

Ticketing services runs daily closeout cards when the registers are closed at the end of the cashier's shift. The cashier counts the cash drawer and balances the receipts to the daily closeout card. The cashier then signs the daily close out card. The cashier's supervisor recounts the money and also balances the receipts to the daily closeout card. The supervisor then signs the daily close out card. Based on Internal Audit's test work of cash and check receipts for the month of April 2014, UNM ticketing is missing 4% (6 of 163) of the daily closeout cards. Of the remaining 157 daily closeout cards, 9 are missing the cashier's approval signature, and 3 are missing the supervisor's approval signature.

Ticketing Services also requires that the supervisor review the refunds/voids issued by the cashier by balancing the refunds/voids to the daily close out cards. Evidence of a void can include the ticket that was voided. Based on Internal Audit's test work, 40% (4 of 10) of the

cash voids/refunds did not include attached voided/refunded tickets or other documentation explaining why the void/refund was performed.

Based on Internal Audit's test work of credit card receipts for the month of April 2014, Ticketing Services is missing 13% (31 of 235) of the daily closeout cards. Of the remaining 204 daily closeout cards, 16 are missing the cashier's approval signature, and 1 is missing the supervisor's approval signature. A majority - 59% (13 of 22) - of the credit card voids/refunds did not include attached voided/refunded tickets or other documentation explaining why the void/refund was performed.

Ticketing Services management stated that a refund or void may be performed when a ticket is not present, therefore there may be no void/refund documentation in the drawer. A void/refund may be issued over the phone before the tickets are sent out or when an event is cancelled.

Without following internal control procedures, Ticketing Services may not prevent or detect any possible errors or irregularities involving monies.

Recommendation 4

The Director of Ticketing Services should ensure his departmental policies involving receipts are followed, including a process to document why a void/refund was performed if the void/refund ticket is not present. Ticketing Services should also perform periodic checks of receipts to ensure that the policies are followed.

Response from the Director of Ticketing Services

Action Items:
<i>Targeted Completion Date: 9/30/2014</i>
<i>Assigned to: Director, Ticketing Services</i>
<i>Corrective Action Planned: We concur. Processes for cash refunds/voids will be put in place, to prevent and detect potential money irregularities.</i>

UNIVERSITY REQUIRED TRAINING

The University required all faculty and staff to take the following three training classes by 12/31/2013: Preventing Sexual Harassment; Ethics: A Framework for Ethical Decision Making; and, Basic Annual Safety Training. As of December 31, 2013, Ticketing Services had 9 full-time and 24 part-time or student employees. The full time employees completed all the

required training, but only 8% (2 of 24) of part-time or student employees completed the training.

UAPPM - Policy 3290 Professional Development and Training states "The University President may designate specific training courses as mandatory for all faculty and staff. These courses are either required by federal or state regulations or address a legal, financial, or physical risk that could significantly impact the University. Failure to complete mandatory training in the required time-frame may result in disciplinary action. Examples of mandatory training courses include, but are not limited to, courses pertaining to sexual harassment and ethics for staff and faculty."

Recommendation 5

The Director of Ticketing Services should ensure that all staff members, including part-time and student employees, take the University's required annual training.

Response from the Director of Ticketing Services

Action Items:
<i>Targeted Completion Date: 12/31/2014</i>
<i>Assigned to: Associate Director, Ticketing Services</i>
<i>Corrective Action Planned: We concur. All staff (full-time, part-time, students, on-call) will complete the three UNM training classes.</i>

INFORMATION TECHNOLOGY GENERAL CONTROLS

Ticketing Services has either not completed written procedures or has not implemented procedures for several key information technology general controls.

According to UAPPM - Policy 2520: Computer Security Controls and Access to Sensitive and Protected Information Section 5.4 all computing systems that store or process sensitive or protected information department heads or designees are responsible for developing, maintaining and executing procedures for computerized University information.

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. The procedures should be used to provide consistency in the processes, which

can increase overall efficiency. Procedures can also be used to improve communications and establish strong internal controls for regulatory compliance.

Written procedures are critical because the lack of a systems failure plan will cause delays in restoring service and may result in additional costs and unwanted publicity.

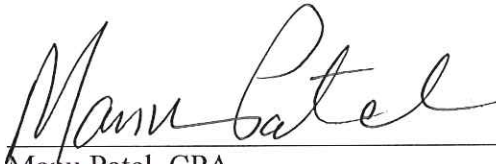
Recommendation 6

The Director of Ticketing Services should complete and implement key IT general controls procedures.

Response from the Director of Ticketing Services

Action Items:
<i>Targeted Completion Date: 12/31/2014</i>
<i>Assigned to: Director, Ticketing Services</i>
<i>Corrective Action Planned: We concur. Procedures will be completed and implemented.</i>

APPROVALS



Manu Patel, CPA
Director, Internal Audit Department

Approved for Publication



Chair, Audit Committee