



UNIVERSITY OF  
**TEXAS**  
ARLINGTON

**COLLEGE PARK CENTER OPERATIONS REVIEW**  
**(UTATickets Box Office)**

**NOVEMBER 29, 2016**

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## MEMORANDUM

**TO:** Dr. Vistasp Karbhari  
President

**FROM:** David A. Medrano   
Chief Audit Executive

**DATE:** January 9, 2017

**SUBJECT:** College Park Center Operations Review (UTATickets Box Office) Dated  
November 29, 2016

### EXECUTIVE SUMMARY

We completed the College Park Center Operations Review as included in our Fiscal Year 2016 Audit Plan. The objective was to determine whether the controls and procedures over the ticketing services at the UTATickets Box Office are adequate and in compliance with the University's policies and procedures.

Based on the results of the audit procedures performed and samples tested, we determined that, overall, the Box Office's procedures for the sale of tickets are adequate. However, opportunities for improvement were noted in the following control and operational processes such as segregation of duties, outdated procedures, timely deposits, and documentation.

The reportable findings and recommendations in this audit were deemed significant to the department or process. None of the findings are deemed as a "priority finding" to the University. A priority finding is defined as *"an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT Institution or the UT System as a whole. Standard factors for determining a priority finding have been established in three categories: namely, Organizational Controls, Quantitative Risks, and Qualitative Risks."*

We appreciate the courtesy and cooperation we received from the UTATickets Box Office staff throughout this audit.

**MEMORANDUM:** January 9, 2017

**SUBJECT:** College Park Center Operations Review (UTATickets Box Office) Dated  
November 29, 2016

cc: Sharon Carey, Executive Director, Special Event Facilities, UT Arlington  
*Institutional Audit Committee Voting Members:*

Ronald Elsenbaumer, Interim Vice Provost and Vice President for Academic Affairs, UT Arlington

Kelly Davis, Chief Financial Officer and Vice President, UT Arlington

John Hall, Vice President for Administration and Campus Operations, UT Arlington

Chandra Subramaniam, Interim Dean, College of Business, UT Arlington

Randal Rose, Managing Director, JP Morgan Private Bank

Brian Gutierrez, Vice Chancellor for Finance and Administration, Texas Christian University

Stephen Frimpong, Vice President, Internal Audit, Kimberly-Clark Corporation

## **BACKGROUND INFORMATION**

The UTATickets Box Office (Box Office) is located at the College Park Center (CPC) and manages aspects of ticketing for events held at the CPC and other University venues. The Executive Director of the CPC, Maverick Stadium, and Texas Hall is also in charge of the Box Office that includes four more full-time staff and a minimum of 20 part-time cashiers at any time. Tickets are available for purchase in person at the Box Office, through the web site, or by the phone and may include complimentary, season, consignment, and other individual tickets.

The Box Office contracted with Veritix, an online ticketing services application vendor, to account for event ticket sales of different venues at the University. The contract with Veritix has been in place since 2013, and training to operate their system was provided to staff at that time and also during Fiscal Year (FY) 2016.

In FY 2016, the University started hosting Women's National Basketball Association (WNBA) games per a contract with the Dallas Wings. Their event tickets were issued through the Box Office and resulting in a significant increase of ticket sales in FY 2016.

The Box Office service charges include a per ticket service charge that applies to all tickets for University-related events, and a negotiable per ticket service charge applies for non-University organizations with the amount negotiated by the CPC Director and approved by the VP of Administration and Campus Operations. The sponsoring University department or the non-University organization is responsible for setting the ticket price, which should be inclusive of the service charge. The Box Office retains the service charge.

The Box Office's ticket sales over the past three fiscal years were as follows:

<i>FY 2014</i>	<i>\$862,761</i>
<i>FY 2015</i>	<i>\$824,600</i>
<i>FY 2016</i>	<i>\$1,980,323</i>

### **Venues Which Used the Box Office for Ticket Sales in FY 2016**

College Park Center (CPC)	Fine Arts Building
Texas Hall	Irons Recital Hall
Maverick Stadium	Bluebonnet Ballroom
Clay Gould Ballpark	The Planetarium at UT Arlington
College Park Center Garages	Rosebud Theatre
Allan Saxe Field	Studio Theatre (Fine Art)
Globe Life Park	

*86% of ticket sales, were from CPC events such as UTA Athletics, Dallas Wings & others.*

## **OBJECTIVES**

1. Determine if the responsibilities and authorization per job classification and policies and procedures were available and communicated to employees;
2. Determine if the Box Office conforms to UTA's Procedure 2-14, *Cash and Check Handling*, and controls are adequate as related to cash deposits, checks, cash drawers, safe/vault, and credit card transactions;
3. Determine if the ticket sales processes were adequately documented for event reconciliation, sales of consigned tickets, distribution of complimentary tickets and season tickets sales;
4. Determine if ticketing system security and controls are adequate;
5. Determine whether performance metrics were performed for certain events to assess financial impact.

## **CRITERIA**

- UTA Procedure 2-14, *Cash and Check Handling*
- UTS 166, *Cash Management and Cash Handling Policy*
- Texas Administrative Code (TAC) 202 Security Control Standards Catalog: AC-2, *Account Management*
- College Park Center Box Office Manual

## **SCOPE AND METHODOLOGY**

Scope: Box Office's ticket sales and processes during fiscal year 2016.

Methodology: We utilized the following techniques to support our verification and testing:

- Interviewed key personnel in the Box Office department;
- Reviewed available policies and procedures;
- Tested cash receipt samples for proper segregation of duties, timely deposit, adequate documentation, & deposit reconciliations with ticketing system reports;
- Performed analytical procedures.

## **AUDIT RESULTS**

### **OBJECTIVE 1: POLICIES AND PROCEDURES**

The Box Office was established to meet the needs of patrons attending different events at the University. The guidelines applied to the Box Office processes were documented in the Box Office Manual which was created as in-house guidelines by the Box Office Management to be applied in the Box Office's daily operations.

**Criteria:**

Procedure 2-14, *Cash and Check Handling*, and UTS166, *Cash Management and Cash Handling Policy*, provide guidance in completing daily cash handling.

**Observation:** Outdated Procedures

Internal Audit reviewed the Box Office Manual in comparison to the criteria and noted that updates in the following areas are needed:

- Cash and check handling
- Vault and safe room procedures
- Segregation of duties
- Processes and procedures pertaining to complimentary tickets

**Consequence:**

Lack of an updated manual could lead to University policy and procedures not being followed.

**Recommendation (Low):**

1. The Box Office Management should review and update the Box Office Manual to comply with Procedure 2-14, *Cash and Check Handling*, and UTS166, *Cash Management and Cash Handling Policy*, in order to meet the Box Office's current and future challenges.

**Management Response:**

*The Box Office Manual will be updated with the above policy and procedures referenced and will be used as a training tool for ticket sellers on cash handling going forward. Additionally, the UT Arlington Operational Guidelines – Special Events Facilities manual has been reviewed for inclusion of Procedure 2-14 and UTS166 and more comprehensive information regarding cash handling in general.*

**Target Implementation Date:**

*June 1, 2017*

**Responsible Parties:**

*Executive Director-Special Events Facilities*

**OBJECTIVE 2: CASH AND CHECK HANDLING**

Internal Audit interviewed the Box Office personnel, reviewed documentation, and observed the safe room at the Box Office. A sample of 15 out of 142 (11%) deposit packages in FY 2016 was randomly selected for testing, and the following were identified.

**Criteria:**

Segregation of duties as recommended by the University Management Leadership Tool, were not noted in the review of departmental deposit slips as well as within staff job duties.

**Observation:** Segregation of duties

1. Five of 15 (33%) deposits packages included 13 deposit slips that were prepared by a Box Office Manager and verified or reviewed by another who is not authorized to verify or review the deposit slip form. Although the two managers have the authority to prepare deposit slips, a third manager with authority should review and verify deposits as required in their job duties.
2. Internal Audit observed that the Box Office Manager has the ability to act as a cashier, handle cash over the counter, record and authorize cash receipt transactions for voids and refunds.

**Consequence:**

Allowing employees the authority to prepare and verify the same official document or to collect and void/refund transactions does not support an effective internal control system and creates an internal control weakness due to the lack of segregation of duties.

**Recommendation (Low):**

2. The Box Office Management should review requirements of segregation of duties and re-assign duties accordingly. The following should be specifically addressed: receiving cash, authorizing void/refund transactions, preparing and verifying deposits.

**Management Response:**

*We will review the segregation of duties as well as job descriptions and the organizational chart, and update where appropriate to ensure appropriate segregation of duties does exist. The UT Arlington Operational Guidelines – Special Event Facilities manual, Section X, will address refunds/voids procedures. Also, we are currently working with Veritix, Ticketing System, for a customized report that can be generated and printed by the Director of UTATickets showing all refunds/voids, order number, seller, date range, and individual authorizing transaction.*

**Target Implementation Date:**

*June 1, 2017*

**Responsible Parties:**

*Executive Director-Special Events Facilities*

**Criteria:**

Procedure 2-14, *Cash and Check Handling*, requires that money the University receives is to be deposited in the Bursar's Office on a daily basis if the receipts of cash and/or checks total \$500 or more, and twice a week if these receipts total less than \$500.

**Observation:** Timely Deposits

During our review of selected deposits, we noted that 3 out of 15 (20%) deposits had a deposit delay from 2 to 5 days. These deposits were over \$500 and were not deposited daily as required.

**Consequence:**

Cash receipts not deposited in a timely manner are vulnerable to theft or misplacement.

**Recommendation (Low):**

3. The Box Office Management should ensure that all deposits are taken to the Bursar's Office on a daily basis if the receipts of cash and/or checks total \$500 or more, and twice a week if these receipts total less than \$500 as per Procedure 2-14, *Cash and Check Handling*.

**Management Response:**

*The Box Office hired a full time staff as a Director of UTATickets in FY 2016 and one of her responsibilities is to monitor the deposit timeliness through a deposit verification process established at the Box Office. This process will be emphasized more going forward to deposit even the \$200 or more daily.*

**Target Implementation Date:**

*Implemented November 15, 2016*

**Responsible Parties:**

*UTATickets Box Office Director*

**Criteria:**

UTS166, *Cash Management and Cash Handling*, states that safes and drop safes should be bolted in place and smaller receptacles secured in locked areas.

**Observation:** Safe Room Vault

In validating access controls over the vault at the Box Office, we observed that the vault in the safe room was not bolted to the floor. We interviewed the Box Office Manager and requested documentation to verify that the safe combination was changed on an annual basis as required by their departmental practices. The documentation was not provided and we were unable to validate such security practice.

**Consequence:**

Not having the safe properly secured or the safe combination periodically changed could allow for theft or unauthorized access.

**Recommendation (Low):**

4. The Box Office Management should request that the appropriate personnel rivet and bolt the vault in the safe room and periodically update the safe's combination.

**Management Response:**

*A work order was entered, and this work was completed on October 4, 2016. Also, a schedule to change the safe password has been added to our Outlook calendars and a safe combo policy has been added to the UT Arlington Operational Guidelines – Special Event Facilities manual.*

**Target Implementation Date:**

*Implemented October 4, 2016*

**Responsible Parties:**

*UTATickets Box Office Manager*

**Criteria:**

The College Park Center Box Office Manual requires specific information and documentation to be included with the deposit packages.

**Observation:** Adequate Documentation

Through testing of 15 deposit packages and associated refunds documentation, we observed that the required forms were missing or contained incomplete information that the Box Office Manual requires.

1. Seven of the 15 (47%) deposit packages should have included 18 Cashier Balancing Reports. These were either incomplete or missing as follows: 14 of 18 reports had the cash and credit card amounts reversed; 7 of 18 reports were not signed by a manager; and 2 of 18 reports were missing. The Box Office Manual states that both the cashier and the Box Office Manager should sign the Cashier Balancing Report for accuracy and completeness of the information.
2. Eleven of 90 (12%) refund forms included 10 forms with missing signatures from either the employee or the Box office Manager and one form was signed by someone other than a Box Office Manager. The Box Office Manual states that any cash refunds or credit to customers for returned tickets must get approved by supervisor.
3. The Box Office Manual states that the Box Office Report of Overages/Shortages must be completed if there is a discrepancy. The Complimentary Ticket Form must also be completed at the conclusion of each event by the Box Office Manager. We were unable to locate and verify documentation for overage/shortage discrepancies and complimentary tickets because they were not used by the Box Office staff.

**Consequence:**

Incomplete documentation of reports and reviews could allow errors being overlooked and not detected and could lead to noncompliance with Box Office guidelines.

**Recommendation (Medium):**

5. The Box Office Management should update the Box Office Manual and provide thorough training to ensure that proper documentation and appropriate signatures are adequately documented by the Box Office Staff.

**Management Response:**

*Additional clarifications will be added to the Box Office Manual to emphasize this important process. Instructional tools and training will be provided to Box Office staff to enhance cash handling including documentation and signatures.*

**Target Implementation Date:**

*June 1, 2017*

**Responsible Parties:**

*UTATickets Box Office Director*

**OBJECTIVE 3: TICKET SALES PROCESSES**

We tested samples of season and complimentary tickets for adequate processing and found no issue. There were no consigned tickets for FY 2016, therefore, no testing needed to be completed. We reviewed the event reconciliations performed by the Box Office at end of the semester or season and found no issue.

**OBJECTIVE 4: TICKETING SYSTEM SECURITY AND CONTROLS**

The Box Office uses an online ticketing system to account for the sales of tickets. Internal Audit observed the following during fieldwork.

**Criteria:**

- TAC 202 Security Control Standards Catalog: AC-2, Account Management: management approvals are required to create information system accounts and reviews of accounts for compliance with account management requirements.
- Written procedures as recommended by the University Management Leadership Tool, were not available.

**Observation:** Access and Review Procedures

1. The Box Office Managers (3) have similar editing capabilities in the ticketing system with no documented processes in place for review, verification and approval.

2. The user access to the ticketing system has no scheduled reviews by the Box Office Management. If a cashier is terminated, one of the Box Office Managers will use his/her administrative role to delete and remove the cashier's name in the system. We found that two inactive cashiers were in the system -- their operator IDs were not deleted after their termination.
3. Passwords were not changed on a regular basis as required by the UTA password policy related to information security.
4. Documented authorization for creating or issuing of an ID was not available. Per TAC 202, Security Control Standards Catalog, AC-2, Account Management, requires security controls that establishes conditions for group and role membership, specifies authorized users of the information system, group and role membership, and access authorizations privileges for each account.

**Consequence:**

Without written procedures to establish what should be done, how, when, and by whom, processes will be inconsistent and overall efficiency can be decreased.

**Recommendation (Medium)**

6. The Box Office Management should develop and implement procedures for the ticketing system. These procedures should include assigned responsibilities to review, authorize and approve tasks in the system. Procedures surrounding creation of passwords and requirements to periodically change passwords should also be included.

**Management Response:**

*Procedures, to include that the Director of UTATickets will review all access privileges on a monthly basis with a log of this review, will be written and included in the UT Arlington Operational Guidelines – Special Event Facilities manual. Currently, we are discussing with Veritix, Ticketing System, to see what aspects of this can be automated or need manual processes. We will also address the Ticketing System event set-up review process in the UTATickets Box Office Manager Desk Manual.*

**Target Implementation Date:**

*June 1, 2017*

**Responsible Parties:**

*Executive Director-Special Events Facilities*

**Overall General Management Response:** *UTATickets is working diligently to address all recommendations now. Most recommendations are already being implemented, and for those not fully implemented, modifications have been made in the interim.*

## **OBJECTIVE 5: PERFORMANCE METRICS**

The Director/General Manager at the College Park Center (CPC) prepared a Profit and Loss (P&L) metric to evaluate the financial impact of the Dallas Wings events at the CPC during their first season in FY 2016. He tracked the revenues and allocated expenses and recognized a net profit. Internal Audit reviewed and consolidated the 18 profit and loss statements of the Dallas Wings events in FY 2016 and documented a net profit as calculated.

The outcome of this first season could be the benchmark for the Profit and Loss Report. This P&L key accounting metric can help easily calculate the event's net profit and determine whether or not the net profit is consistent over periods.

## **Conclusion**

Based on the results of the audit procedures performed and samples tested, we determined that, overall, the Box Office's procedures for the sale of tickets are adequate. However, opportunities for improvement were noted in the following control and operational processes such as segregation of duties, outdated procedures, timely deposits, and documentation.

Our examination was conducted in accordance with guidelines set forth in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. These *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department. UT System policy UTS 129 titled "Internal Audit Activities" requires that we adhere to the *Standards*.

We appreciate the courtesy and cooperation we received from the UTATickets Box Office staff throughout this audit.