



**Decentralized Cash Collections Audit:
Athletics Department
Report: 19-20-0003**



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October 4, 2019



Assurance Service 19-20-0003

EXECUTIVE SUMMARY

WHAT WE DID

We audited the decentralized cash collection procedures and on-site football game day cash collections for the Athletics department. We tested the first two home games on September 1, 2018, and September 15, 2018, and observed the third home game on September 22, 2018. The audit included processes associated with the Box Office, Game Day Operations, and Parking.

WHAT WE FOUND

Cash collection processes were satisfactory in the areas of: internal controls, proper segregation of duties, cash deposits, and game day operations including parking and concessions.

OPPORTUNITIES FOR IMPROVEMENT

Areas that needed improvement included, proper safeguarding of cash, Box Office manual, post-game reconciliation, and ticket validity/void processes. To better align with the University's Cash Collection and Controls manual, we recommend the Athletics Department and the Controller's Office consider the following items:

Athletics Department

- Securing the cash room with sufficient locks;
- Timely completing post-game reconciliations;

Controller's Office

- Enhancements to the ticket void/reissue process;
- Upgrading the Ticket Scanner System;
- Preparing a comprehensive manual to include guidance on preprinted tickets, vault access, and segregation of duties processes; and
- Timely deposit of proceeds by the Cashier's Office.



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BACKGROUND

Cash Collection points are authorized operations within the University which collect cash at various sites. The University Cashier’s Office is the primary collection point; however, collection points are authorized to assist in streamlining cash collections as well as for the convenience of students and customers.

The university has designated seventeen collection sites. This audit covers one site: FAMU Athletics Department. The Athletics Department is responsible for collecting payments associated with sporting events, hosted events, and parking fees associated with football games.

The Division of Audit conducted this audit as part of our annual work plan. Prior decentralized cash collection audits and input from the Athletics Taskforce¹ confirmed the need to perform a decentralized cash collection audit for Athletics.

OBSERVATIONS SUMMARY

Observation	Description	Owner	Risk Level	Remediation Deadline
Observation 1	Cash Room	John Eason	High	Corrected
Observation 2	Reconciliation Process	John Eason	High	Corrected
Observation 3	Ticket Security	Richard Schweigert	Medium	Corrected
Observation 4	Ticket Scanners	Richard Schweigert	Medium	Corrected
Observation 5	Ticket Void/Reissue Process	Richard Schweigert	Medium	October 31, 2019
Observation 6	University Processing Timely Deposit	Richard Schweigert	Medium	Corrected

¹ The Athletics Taskforce was established February 2, 2018, for the purpose of providing oversight. The Athletics Taskforce is composed of staff members from the Athletics department, Finance and Budget office, Provost office, Controller’s office, Foundation, Division of Audit, and Office of Compliance and Ethics. Other staff members attend if their area of specialization is needed or requested.



OBSERVATION DETAILS

Observation 1: Cash Room

Observation Information

Criteria: University Cash Collection & Controls Manual 1.3.C.3

Condition: The cash room at Bragg Stadium, which serves to collect cash from the concession vendors and provide change, remained unlocked. The Bragg Stadium cash room is not equipped with sufficient locks and a properly functioning door (the door would stick when completely closed). During game day operations security personnel and/or police are present in the area.

Cause: Management did not ensure proper maintenance of the door or a proper lock/key prior to the start of football season for the designated cash room.

Effect: Without sufficient cash room security, the risk of theft and robbery are increased.

Recommendation: We recommend the Bragg Stadium cash room be equipped with sufficient locks or relocated to a more secure room.

Management Response/Remediation Plan: An alternative, secure room to serve as a cash handling hub for game day will be determined prior to the 2019 Football season.

Remediation Status: Corrected.



Observation 2: Reconciliation Process

Observation Information

Criteria: University Cash Collection & Controls Manual 2.2.H.5.a.4

Condition: Post-game reconciliations could not be supplied upon request; however, audit testing determined that general ledger and deposit transmittal information agreed.

Cause: Management did not perform post-game reconciliations timely due to workload and staffing.

Effect: Without performing post-game reconciliations, deposit amounts or chart field information could be incorrectly recorded into the university Peoplesoft system.

Recommendation: We recommend post-game reconciliations be completed within one week after the game as outlined in Game Day Operations manual.

Management Response/ Remediation Plan: Both Concessions staff and Ticket Office staff will perform reconciliations timely to confirm accurate deposits within Peoplesoft general ledger.

Remediation Status: Corrected



Observation 3: Ticket Security

Observation Information

Criteria: University Cash Collection & Controls Manual 2.2.B

Condition: Controls around Ticket Box Office procedures including preprinted tickets, vault access, and segregation of duties are not comprehensive as presented in the revised Ticket Office Procedures manual dated September 2018.

Cause: Adequate procedures, training and staffing was not in place due to restructuring within the Athletics Department.

Effect: Improper access restrictions could lead to inadequate segregation of duties and/or personnel having access to the ticketing system that does not match their responsibilities. Collectively this situation could lead to an increased risk of theft and a loss of revenue.

Recommendation: We recommend management readdresses the Ticket Office Procedures manual to include comprehensive controls around preprinted tickets, vault access, and segregation of duties processes. Ticket Box Office should assist with the revision of the Investing in Champions packages and process development as it relates to the preprinting of tickets. Vault procedures should include dual controls or compensating controls such as cameras to ensure proper security of preprinted tickets and money.

Management Response/ Remediation Plan: Beginning with the Fall 2019 season, the Ticket Office plans to cease all pre-printed ticketing for Investing in Champions. Tickets will be printed as needed, which will be dependent on member payment status. Cameras are located in the Ticket Office (at the safe location) as well as in the Cashier's Office (at the vault location). The Controller's Office maintains restricted access to both locations. The Ticket Office manual will be revised accordingly

Remediation Status: Corrected



Observation 4: Ticket Scanners

Observation Information

Criteria: University Cash Collection & Controls Manual 1.3.C.3

Condition: Fan-created duplicate tickets could not be detected at the gate due to ticket scanners malfunctioning.

Cause: Ticket scanner equipment did not consistently connect to the stadium wireless and when not connected, did not perform the automated check for duplicate tickets.

Effect: Poor scanning capabilities increase the risk of fraudulent tickets and lost revenue.

Recommendation: We recommend the Ticket Box Office upgrade the ticket scanner system or invest in other low-cost ticket security features such as holograms, glossmark printing, or ultraviolet technology to assist in ticket fraud prevention.

Management Response/ Remediation Plan: New scanning equipment has been ordered and will be functional by the 2019 football season.

Remediation Status: Corrected



Observation 5: Ticket Void/Reissue Process

Observation Information

Criteria: University Cash Collection & Controls Manual 1.3.C.3

Condition: The process for reissuing tickets did not always void the original ticket, allowing persons in possession of either ticket (original and reissued) game entrance. System controls do not include proper job-related access restrictions and segregation of duties for the ticket reissuing processes.

Cause: As used, the Ticketmaster reissue process did not effectively void the originally issued ticket.

Effect: Without proper job-related access restrictions and segregation of duties, personnel could improperly void and reissue tickets without detection. This could lead a single seat being sold to two customers.

Recommendation: We recommend Box Office management implement Ticketmaster access restrictions for all ticket voids or reissued tickets. If the Ticketmaster system does not provide for such access restrictions then Ticketmaster void and reissue reports should be printed and reviewed by a supervisor as part of the daily close out procedures.

Management Response/ Remediation Plan: Tickets that are reissued properly in the system void the original tickets. However, ticket reissues will be monitored more closely and approved on a timely basis.

Remediation Status: In Process – October 31, 2019.



Observation 6: University Timely Deposit

Observation Information

Criteria: University Cash Collection & Controls Manual 2.2.H.4

Condition: Timely deposit of gameday proceeds were not entered into the University's system.

Cause: University Cashier's Office did not process gameday proceeds within the Peoplesoft system in a timely manner due to workload and staffing.

Effect: Without proper accounting controls over depositing money at the earliest point possible, intact and in a timely manner, the university is more susceptible to theft and fraud.

Recommendation: We recommend the Cashier's Office process deposits in a timely manner which will ensure deposits are properly accounted, as well as assist departments with their post reconciliation process as outlined in the Cash Collection Manual.

Management Response/ Remediation Plan: The Cashier's Office will take necessary steps to ensure adequate staffing levels during peak periods. Additional OPS budgets have been requested for the 2019-20 fiscal year.

Remediation Status: Corrected



APPENDICES

APPENDIX A – PURPOSE, SCOPE, AND METHODOLOGY

The **purpose** of this audit was to obtain an understanding and make overall judgments as to whether internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the operations are performed efficiently and achieve desired results; the financial and operational records and reports are reliable and possess integrity; and the safeguarding of assets from fraud, waste, or abuse. The areas of focus were Ticket Box office process, Game Day operations, and the Parking process. The objective of each area are as follows:

Ticket Process

- To determine whether policies and procedures for voiding and replacing tickets within the Ticket Master ticketing system are adequate;
- To determine whether security of preprinted tickets are adequate to prevent unauthorized access and shortages;
- To determine adherence to FAMU Athletics’ policies and procedures regarding distribution of complimentary tickets for student athletics and potential student athletics;
- To determine whether FAMU Athletics’ operational procedures regarding Athletic Ticket Sales for football are functioning properly and effectively including accurate and valid ticket information.

Game Day Cash Operations

- To determine whether security for game day cash collection deposits are adequate;
- To determine whether adequate controls are in place to ensure authentic access to events /activities;
- To determine adherence to FAMU Athletics’ policies and procedures regarding game day operations;
- To determine whether proper cash controls are in place including segregation of duties and reconciliations.

Parking Process

- To determine whether adequate parking records are kept;
- To determine adherence to FAMU Ticket Box office policies and procedures regarding paid parking operations;
- To determine whether security for paid parking cash collection is adequate.

The **scope** of the engagement included the first two home games on September 1, 2018, and September 15, 2018 (tested) and the third home game on September 22, 2018 (observed).

The **methodology** included obtaining an understanding of the internal controls by interviewing University personnel and, as appropriate, applying procedures to determine that internal controls were



working as designed as described in the Cash Collection & Controls manual, and to determine the University's compliance related to our objectives. We reviewed the Game Day Operations Manual which outlined the game day, concessions and parking process; cash collection procedures; observed the cash collection activities onsite; and examined records related to cash collected, deposited, reconciled, and recorded. These procedures included reviewing policies and procedures, current year's event records, walkthroughs, interviews, onsite-observation, and testing of selected transactions.



APPENDIX B – UNIVERSITY CASH COLLECTIONS & CONTROLS MANUAL

1.3. C - INTERNAL CONTROLS OVER CASH RECEIPTS/HANDLING

3. Safeguarding of Assets - By their nature, cash receipts are prone to theft or misappropriation.

Accordingly, it is important to have the following internal controls in place to safeguard these assets.

- a. Physical access to cash must be strictly limited to authorized individuals.
- b. During working hours cash must be kept in locked boxes or drawers, or closed cash register drawers, out of sight of, out of reach of, and otherwise inaccessible to unauthorized individuals.

2.2. B - OPENING PROCEDURE GUIDELINES

Each Cash Collection Point must develop comprehensive and fully descriptive procedures for the daily opening of the collection activity. These procedures must include, at a minimum, the following elements:

1. Description of the process for removal of the cash drawer from overnight safekeeping (note: where the term “cash drawer” is used, it means any physical vehicle for the temporary storage of cash during periods of time when transactions are being conducted).
2. A procedure for determining that the opening amount is correct.
3. A procedure for setting up to accept and process transactions.

2.2. H - DEPOSIT PROCEDURE GUIDELINES

4. Cash transmittal forms are provided by the Cashier’s Office and are to be used to accompany and record a Cash Collection Point’s indirect deposit of cash with the Cashier’s Office, and to support Direct Deposits made by authorized Cash Collection Points. The Cashier’s Office will generate the accounting entries to record the transaction so it is essential that all required information is provided by the department making the deposit. Each Cash Collection Point will have responsibility for controlling the use of the forms under their control

5. Cash transmittal forms must be prepared and deposits made according to the following guidelines:

a. For Indirect Deposits made to the Cashier’s Office:

- 1) Complete all standard information required on each cash transmittal form, being sure to include the department number. Leave the cash receipt number blank, as this will be entered by the Cashier’s Office.
- 2) Credit and debit card transactions should be recorded on a separate cash transmittal form.
- 3) A copy should be retained by the Cash Collection Point. The original and a copy should accompany the deposit to the Cashier’s Office.
- 4) The Cashier’s Office will enter the deposit and return a copy of the cash transmittal form and PeopleSoft receipt or an A-receipt to the originating department. Departments should use this copy of the cash transmittal and receipt to verify the amount received by the Cashier’s Office and to reconcile the recording of the transaction on a monthly ledger sheet



DISTRIBUTION

Responsible Managers:

Dr. John Eason, Athletics Director

Richard Schweigert, VP for Finance and Administration/CFO

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- Kelvin Rosier, Associate Director of Athletics
- Erica Wilcox, Director of Athletics Budget
- D Andrea Cotton, Ticket Manager

External Distribution:

Julie Leftheris, Inspector General and Director of Compliance, Board of Governors



PROJECT TEAM

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STATEMENT OF ACCORDANCE

The Division of Audit and Compliance's mission is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. It helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

We conducted this assurance service in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the advisory service to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our engagement objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please address inquiries regarding this report to the Division of Audit at (850) 412-5479.

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