

January 31, 2014

EDWARD J. SPRIGGS
Associate Vice Chancellor
0015

EARL W. EDWARDS
Athletic Director
0531

Subject:*Intercollegiate Athletics***Audit & Management Advisory Services Project 2013-08**

The final audit report for Intercollegiate Athletics, Audit Report 2013-08, is attached. We thank all members of the department for their cooperation and assistance during the audit.

Because we were able to reach agreement regarding corrective actions to be taken in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the corrective actions. At that time, we may need to perform additional audit procedures to validate that actions have been taken prior to closing the audit findings.

UC wide policy requires that all draft audit reports, both printed (copied on tan paper for ease of identification) and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents, or destroy them, at the conclusion of the audit exit conference. We also requests that draft reports not be photocopied or otherwise redistributed.

David Meier
Assistant Vice Chancellor
Audit & Management Advisory Services

Attachment

cc: N. Bodrian
 A. Houston
 J. Hughes
 D. Larson
 G. Matthews
 W. Taylor May
 S. Vacca

UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Intercollegiate Athletics
January 2014

Performed By:

Unita Herrick, Auditor

Approved By:

David Meier, Assistant Vice Chancellor

Project Number: 2013-08

Intercollegiate Athletics
Audit & Management Advisory Services Project 2013-08

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I. Background

Audit & Management Advisory Services (AMAS) completed a review of cash handling in Intercollegiate Athletics (ICA) as part of the approved audit plan for Fiscal Year 2012-2013. This report summarizes the results of our review.

UC San Diego Athletics sponsors a large number of men's and women's intercollegiate sports to promote the pursuit of excellence, strength of character, teamwork, ethical conduct, and diversity, as well as other lessons that competitive sports teach. As the University and UC San Diego Athletics continue to grow and evolve, management envisions the UCSD athletics program as being one of the premiere National Collegiate Athletic Association (NCAA) athletics programs in the nation, setting the standard in all aspects of competitive success, academic excellence, ethical conduct, student-athlete experience, campus pride, the development and retention of coaches and staff, and the establishment of lifelong relationships. Management has pledged to continue to make UC San Diego Athletics organizationally and financially viable for future campus, conference, and divisional opportunities.

The ICA Internal Operations unit, managed by the Senior Associate Athletic Director Internal Operations, served as the primary support unit for UC San Diego Athletics, including cash handling and related activities. Of the \$8.6 million in ICA funds in FY2012, \$6.9 were allocated from student registration fees and athletic fees. The ICA collected the remaining \$1.7 million in cash or cash equivalents by several methods and in numerous venues, including the following:

1. Student employees sold tickets at volleyball and basketball games at RIMAC, water polo matches at the Canyon View Pool, baseball games at the Triton Ballpark and track and field events at Triton Field. One ICA staff member was also generally at the event to assist with student ticket sales. Current students were admitted free of charge, however, the general public were charged a nominal entry fee. Income from ticket sales accounted for approximately 10% of collected ICA income for Fiscal Years 2010-2011 and 2011-2012.
2. Students and coaches raised funds at special events such as golf tournaments, swimming tournaments, auctions, banquets, and receptions. Student fund-raising activities were generally supervised by the respective coaches. Moneys from fundraising activities were processed and forwarded to UCSD Gift Processing for deposit. Income from students and coaches fund raising accounted for approximately 3% of collected ICA income for Fiscal Years 2010-2011 and 2011-2012.
3. Payment of registration fees for summer camps and clinics were paid over the Internet via ICAs MyOnLine Camps, by mail, or in person on the first day of camp or

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clinic. Income from camps and clinics accounted for approximately 75% of collected ICA income for Fiscal Years 2010-2011 and 2011-2012.

4. The ICA Business Office also received miscellaneous money via the mail for donations, NCAA service fees, tournament entry fees, gift income, financial guarantees, and corporate sponsorship. Donations were processed and forwarded to UCSD Gift Processing for deposit. All other moneys were forwarded to the Director of Travel and Camps (DTC) for deposit. Miscellaneous revenues accounted for approximately 12% of collected ICA income for Fiscal Years 2010-2011 and 2011-2012

The UCSD Box Office had a limited role in ICA activities. The Box Office is the central campus box office managed by the University Events Office. The Box Office provides ticketing services for all UCSD student, staff, or faculty organizations and departments which charge admission, accept donations, or wish to control admissions to an event through use of ticketing.

Box Office staff electronically scanned student identification cards at most athletic events to validate their eligibility for free admission. After events, the Box Office staff provided demographic data for the events to ICA based on the scanned identification cards. The Box Office also was allocated a portion of tickets to the annual golf tournament, held by the Professional Golfers Association (PGA) in January, for sales to the general public. The Century Club, a non-profit organization, procured tickets for the event and distributed the tickets to various educational entities throughout San Diego. Some tickets were distributed to the UCSD golf program, and ICA allocated a portion of these to the Box Office. PGA Tournament ticket sales proceeds, less a Box Office service fee, were transferred to ICA via journal entry.

II. Audit Objective, Scope, and Procedures

The primary objective of our review was to evaluate cash handling practices for ticket sales, fund raising, and tournament and registration fees. The scope of our review did not include on-line processing, as the electronic application was reviewed in prior audits.

In order to achieve our objectives, we completed the following:

- Reviewed the Department's website, and the Department's organizational structure for cash handling and related activities;
- Reviewed the system-wide "Policy for Cash and Cash Equivalents Received" (BUS-49) and ICA policies and procedures governing the handling of cash and cash equivalents, including procedures for ticket sales;
- Interviewed management and staff from ICA, the Box Office, UCSD Staff Development, Gift Processing, Business and Financial Office and the Travel Office;

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- Identified all places where cash was collected;
- Conducted walk-throughs of key processes related to cash handling, using a small sample of transactions.
- Evaluated the processes for adequate separation of responsibilities and ensured there were multiple personnel involved in key activities;
- Requested cashiers' training histories from Staff Education & Development;
- Examined procedures for security for cash receipts during the business day, and overnight, and examined the rationale for overnight storage of cash receipts;
- Reviewed how cash receipts and bank deposits were credited to accounts;
- Traced a sample of receipts in customer accounts to supporting documents to validate the accuracy of posting;
- Assessed review and monitoring procedures for ensuring the completeness of cash transactions;
- Observed cash (and check) handling practices;
- Performed an unannounced count of the contents of the safe in the presence of the custodian;
- Reviewed the Athletic Ticket Report Sheets (ATRS) for the months of February and March 2013 for all ticketed events (38 reports):
 - Analyzed collection and deposit data,
 - For cash receipt and bank depositing, reviewed whether deposits being made were for cash sales occurring on the day of deposit (or the previous day),
 - Calculated the elapsed time between collection and deposit posting; and
- Analyzed practices for conformance with University policy and ICA policies and procedures.

III. Conclusion

We concluded that a number of ICA cash handling practices were not conducted in strict compliance with University policy, or ICA policies and procedures. We also concluded that compliance with University policy, as well as overall student employee safety, could potentially be improved by consolidating athletic event ticketing and cashiering activities in the Box Office. These issues are discussed further in the remainder of this report.

IV. Observations and Management Corrective Actions

A. Compliance with Policy

We noted a number of cash handling practices were not conducted in strict compliance with University policy, or written ICA policies and procedures. Specifically, we noted the following.

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1. Deposit Procedures

ICA deposit procedures were not in strict compliance with UC policy.

We conducted an unannounced cash count of the contents of the ICA safe on March 14, 2013. The contents of the safe totaled \$31,859: \$1,000 of this amount was the change fund. Therefore, the safe contained \$30,859 in un-deposited funds. University policy requires that collections at departments be deposited at the Main Cashiering station at least weekly or whenever collections exceed \$500 (BUS 49).

The table below summarizes the contents of the safe, excluding the \$1,000 change fund, on March 14, 2013:

Description	Amount to be deposited	Date on Document	Deposit Posted
Triton Athletes Council (TAC)	\$1,907	6/07/12	NO
Track and Field Ticket Sales	\$2,045	3/11/13	3/18/13
Golf Tournament Entry Fees	\$17,400	3/13/13	3/18/13
Track Banquet Proceeds	\$2,680	3/13/13	3/18/13
Fencing Merchandise Sales	\$207	3/13/13	3/18/13
Golf Fund-raiser for Soccer Team	\$6,620	2/12/13 to 3/06/13	Yes—on Gift Fund
Total	\$30,859.00		

As of March 14, 2013, the safe contained \$1,907 of student TAC funds. Review of documentation associated with the funds indicated that the last activity on this fund was an addition on June 12, 2012. The ICA Business Officer advised that because an index number had never been authorized for TAC activities, the funds in the safe were being used similar to a student organization petty cash account. The funds were used for student TAC expenses as incurred and then replenished with proceeds from TAC fund-raising activities.

We were advised that the \$6,620 for Golf Fundraising was being held pending Gift Processing approval to deposit. The event was approved allowing ICA to collect funds, however, an account had not been established. Gift Processing indicated that departments were never advised to hold on to funds meant for

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donations and that Gift Processing had created a holding account called Cash Received Undistributed (CRU) specifically for these types of gift transactions.

We also reviewed the ATRS for all 38 ticketed events for the months of February and March 2013. The proceeds of each event were traced to the deposit on the general ledger and the event date was compared to the posting date. We noted that, on the average, deposits were processed approximately 10 days after the event. One deposit was not posted until 25 days after the receipt and another not until 17 days after the receipt. Our review of the ICA processes indicated that, generally, deposits were prepared on Tuesdays, verified on Wednesdays, index and fund numbers were verified on Thursdays, and deposits were picked up by campus security for transfer to the Main Cashier on Fridays. Deposits were posted on the next business day. University policy BUS 49 requires department collections to be deposited weekly, or whenever collections exceed \$500. Cash on hand for extended periods is susceptible to loss.

Management Corrective Actions:

ICA has revised its deposit procedures to reduce the length of time that cash remains on hand, and the average amount of cash on hand.

ICA has returned the cash to the student TAC. ICA will explore with the Controller's Office the possibility of getting approval for a student TAC off campus bank account. ICA will refrain from using revenues of any kind as a petty cash fund.

2. Event Ticketing and Cash Handling Practices

ICA event ticketing practices were not in strict compliance with written ICA policies and procedures.

ICA internal procedures stated that one person at the gate was responsible for the cash, while the other student was responsible for the tickets. However, our review of the staffing at sampled ticketed events held during February and March 2013 indicated that 11 of 38 events (29%) were staffed by only one student. Revenues for those 11 days totaled \$12,363. Nine of the eleven events were held outside at the Track and Field or Baseball venues. The Marketing Director stated that a staff member was always present at sporting events. However, at one event that we observed, the Marketing Director was at the venue but not always at or near the gate, where the cash was kept.

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Management Corrective Actions:

Additional staff have been hired to ensure that gate procedures requiring that two persons are involved in ticketing and cash handling duties at all times are enforced.

3. Individual Accountability for Cash

ICA practices did not provide individual accountability for cash and cash equivalents (tickets).

When student employees worked at the ticketing gate, only one change fund was provided. The Assistant Athletic Director of Marketing stated that generally one employee received the cash while a second employee issued the ticket and retained the ticket stub. When they took breaks, each employee had access to both tickets and the cash drawer. University policy recommends that individual accountability be maintained for cash at all times (BUS 49).

The Assistant Athletic Director of Marketing advised that at times he needed to get additional change in the evenings or weekends and, therefore, required access to the main compartment of the safe as well as the drop box. However, the Director of Travel and Camps who served the main change fund custodian did not know who had access to the safe. The purpose for the drop box is to provide security and accountability for cash deposits during evenings and weekends, and eliminate the need for access to the safe during off hours.

Management Corrective Actions:

Additional staff have been hired to improve individual accountability for cash and tickets.

The main change fund has been increased, allowing the Assistant Athletic Director of Marketing to procure more change funds for weekend events eliminating his necessity to access the safe during off hours.

4. Change of Custody Logs

Cash transfers were not adequately documented.

We noted that the Change Fund Transactions log showed that \$900 was transferred from the safe to the Marketing Director on March 7, 2013. However, per the deposit form submitted by the Marketing Director on March 11, 2013, only \$600 was returned to the safe. Further inquiry showed that a \$300 change

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fund was transferred from the Marketing Director to another staff member, who then transferred the change fund to a student for merchandise sales. This transfer was not documented. At the end of the sales event, the staff member submitted a deposit form for the sales proceeds and the change fund to the DTC. The form did not include the change fund amount. Additionally, other than the forms that go with the cash which were signed when received, no other change of custody logs were used.

Management Corrective Actions:

ICA has revised the ATRS and implemented a new system to ensure that changes of custody of cash are properly documented.

5. Cash Handling Training

Employees who handled cash had not received the required training

UCSD Staff Education and Development advised that four of the 24 ICA employees who handled cash had not received the required annual cash handling training. University policy requires that cash handling training be provided to all new staff and annually to all staff handling cash (BUS-49).

Management Corrective Actions:

ICA management has improved their record keeping for personnel with cash handling responsibilities, and will ensure that these individuals receive cash handling training annually.

B. Oversight of Ticketing and Sales

ICA managed ticket sales and cash handling at intercollegiate athletic events even though the Box Office may be better suited from both a compliance and safety perspective to manage these activities.

In addition to the cash handling and policy compliance issues noted above, we have concerns about UCSD students handling cash at athletic events from both an operational and safety perspective. The wide range of ticketed activities and venues where cash is collected, and the transitory nature of the student employee workforce may create difficulties in ensuring a consistent workforce trained in University cash handling policy. The employment of students in cash handling activities may also place them at significant personal risk from criminal elements. Another University of California location had an incident in which a student experienced this firsthand. University policy states that departments are responsible for establishing procedures

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that ensure that at all times individuals who handle cash and cash equivalents are protected from physical harm. The risks to students could potentially be mitigated by transferring responsibility for oversight of ticketing to the Box Office, and requiring the Box Office to use non-student employees in all cash handling activities.

The Box Office sells event tickets at walk-up windows at the Price Center, and also sells tickets over the internet, and at events. There is no charge to departments for tickets sold during regular Box Office hours. Organizations requesting the services of the Box Office must have tickets and/or be supervised according to University procedures through the University Events Office. The number of ticket sellers, ticket takers, or supervisors is determined by the University Events Office. Organizations are charged for event set up fees, ticket stocking fee for printed tickets, and event staffing. One reason that ICA does not use the Box Office extensively to sell tickets to ICA events is the distance between event locations (e.g., Canyonview Pool, east campus baseball field, etc.) and the Box Office.

Based on the retail nature of Box Office operations, including physical safeguards, they may be better suited to manage ticket sales and cash to ensure sound business practices, compliance with policy, and reduce safety risks to students. In addition, this transition may better position Student Affairs for anticipated growth in athletic event attendance and revenue, as the program considers future conference and divisional opportunities.

Management Corrective Actions:

Student Affairs management will maximize the use of security escorts and Police transports to ensure the safety of ICA personnel including students.

Student Affairs management will also evaluate the use of the Box Office on a pilot basis for large individual events to reduce the use of student employees and enhance student safety.