CENTRAL TICKET OFFICE

RECHARGES

AUDIT REPORT #19-2210

Audit & Advisory Services

August 2019

CENTRAL TICKET OFFICE

RECHARGES

AUDIT REPORT #19-2210

Background

In accordance with the Administration fiscal year 2018-19 audit plan, Audit & Advisory Services (A&AS) conducted a review of the Central Ticket Office’s (CTO) recharge activities.

In 1979, the Chancellor chartered CTO in order to create a completely centralized ticketing operation where a customer would be able to purchase tickets for every event on campus. CTO provides additional services to the campus community and the general public through its Ticketmaster sales outlet, and by selling bus passes, movie, and amusement park tickets. CTO utilizes web-based sales, bar-code control functionality, and print-at-home technology.

CTO is responsible for the servicing, processing, selling, and distributing tickets for on-campus and off-campus events sponsored by a variety of clients including various student groups, Intercollegiate Athletics, Center for the Art of Performance at UCLA, campus academic units, and other registered organizations or units. CTO distributes in excess of 1.4 million tickets to over 600 events, handles 68,000 walk-up customers, processes 41,000 internet transactions, and answers over 46,000 calls annually.

CTO's revenue totaled approximately $3 million for fiscal year 2017-18, of which $1.6 million was recharge activity. CTO operates five days a week, and employs 14 career and approximately 50 student employees. The CTO Director, who reports to the Administrative Vice Chancellor, oversees the operation.

Purpose and Scope

The primary purpose of the review was to ensure that the organizational structure and controls surrounding CTO’s business practices related to recharge activities are conducive to accomplishing its business objectives. Where applicable, compliance with University policies and procedures was also evaluated.

The scope of the review focused on the following:

* Recharge Rates
* Recharge Transaction Processing
* Recharge System Access

The review was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included interviews, tests, and other procedures considered necessary to achieve the objective.

Summary Opinion

Based on the results of the work performed within the scope of the audit, CTO’s organizational structure and controls related to recharge activities are generally conducive to accomplishing its business objectives. There were no significant control weaknesses identified during the audit.

The audit results are detailed in the following sections of this report.

Audit Results and Recommendations

Recharge Rates

UCLA’s recharge rates and other aspects of sales and service activities having a financial impact on the campus are governed by the Policy Committee on Sales and Service Activities and Service Enterprises (POSSSE). UCLA Policy 340, established by POSSSE, serves as the guideline for the establishment, operation, review, and closure of all sales and service activities at UCLA. POSSSE is responsible for annually reviewing the Budget and Rate Proposal of any sales and service activity that serves the entire campus and generates an annual income of greater than $1 million.

A&AS obtained and reviewed CTO’s fiscal year 2018-19 Rate Proposal, a departmental recharge rate document that outlines to campus units how they will be assessed direct charges and administrative fees for CTO services, and the most recent recharge rate approval letter (dated April 25, 2018) documenting that CTO’s POSSSE submission was appropriate and approved by the Vice Chancellor/CFO. Based on the work performed, CTO’s recharge rates, rate proposal, and methodology appeared adequate and were properly approved.

There were no significant control weaknesses noted in this area.

Recharge Transaction Processing

CTO prepares expense statements that are used to recharge each event to the appropriate UCLA campus department. The expense statement records key event information such as date and time of the event, venue, ticket seller hours, supervisor hours, credit card charges and Ticketmaster sales, and billing information (i.e., rates and accounts used). CTO uses a Master Events Calendar to track recharge events for billing and supporting documentation is maintained in event files.

CTO’s billing and recharge practices were evaluated to determine whether controls ensured the accuracy, completeness, and timeliness of billing, and the adequacy of supporting documentation. A&AS reviewed a sample of 15 event files selected from the Master Events Calendar from July 2018 to February 2019. The purpose of our review was to verify that all events were recharged timely, fees assessed were calculated correctly based on approved rates, recharge amounts were properly recorded in the campus General Ledger, and Post Authorization Notifications (PANs) were reviewed timely by CTO mandatory reviewers. In addition, billing reconciliation procedures were evaluated to determine their adequacy for identifying potential variances, and that event billing reconciliations were adequately performed.

There were no significant control weaknesses noted in this area.

Recharge System Access

Recharge system access was evaluated for effective delegation of authority in initiating, processing, and reviewing recharge transactions, and for adherence to the UCLA Financial Policy on “Principles of Financial Accountability.” According to the UCLA Financial Policy, maintaining and securing an effective accountability structure should provide for the routine update of the Distributed Administrative Computing Security System (DACSS) to ensure that proper access is granted to inquire, prepare, and/or review transactions.

A&AS created a query to extract the names of users who are authorized to create a recharge transaction for CTO (department code 3865) from the Campus Data Warehouse. Based on this query, four current employees were identified and determined to be appropriate. CTO management later confirmed that these were authorized users for recharge transactions. In addition, an online report was generated from DACSS to identify those employees who are authorized to review recharge transactions for CTO. This report identified two employees – the CTO Director and the Assistant Director for Administration and Finance. Both of these employees were determined to have appropriate roles based on their positions.

Based on our review of the listings of users with access to prepare recharge transactions, and to review recharge transactions for CTO within the Recharge system, A&AS determined that existing access is appropriate and limited to authorized individuals.

There were no significant control weaknesses noted in this area.

190506-2

REP