

# **Ticket Operations**

*Intercollegiate Athletics*

*August 2021*



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**The University of Texas at Austin**  
**Office of Internal Audits**  
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**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

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August 10, 2021

President Jay C. Hartzell  
The University of Texas at Austin  
Office of the President  
P.O. Box T  
Austin, Texas 78713

Dear President Hartzell,

We have completed our audit of Intercollegiate Athletics (Athletics) Ticket Operations as part of our Fiscal Year 2021 Audit Plan. The objective of the audit was to determine whether internal controls related to user access, asset management, and reconciliation processes have been established and are effective. An integrated audit approach to address IT controls was used. The specific audit objectives were to:

- Determine whether users are assigned proper roles in Paciolan and whether user roles provide for segregation of duties
- Determine whether system access is up-to-date and processes terminate users' system access timely
- Determine whether Paciolan users with ticket selling permissions sold assets to themselves
- Determine whether the reconciliation between Paciolan and \*DEFINE is functioning as intended
- Determine whether internal controls prevent prior period adjustments in Paciolan from going undetected

Overall, there are opportunities to improve the culture and control environment in the Athletics Ticket Office. Athletics should require the Ticket Office to implement internal processes, a stronger culture of compliance, and additional oversight of operations. The report, including management's corrective actions, is attached for your review.

During the audit, Athletics management hired an Assistant Athletics Director, Ticket Sales and Operations, who started July 12, 2021. The Assistant Athletics Director has begun to implement immediate changes, such as limiting user permissions for those with highest-level access to only three staff and precluding staff from processing transactions on their own accounts. The Assistant Athletics Director, with full support of Athletics management, plans to implement and document procedures for each of the corrective actions outlined in the report by the estimated completion dates.

President Hartzell  
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Please let me know if you have questions or comments regarding this audit.

Sincerely,



Sandy Jansen, CIA, CCSA, CRMA  
Chief Audit Executive

cc: Ms. Nancy Brazzil, Deputy to the President  
Mr. Chris Del Conte, Vice President and Athletics Director  
Mr. Shawn Eichorst, Deputy Athletics Director, COO  
Ms. Lori Hammond, Senior Associate Athletics Director  
Ms. Monica Horvat, Director of Administration, Office of the President  
Mr. Corbin Hunt, Assistant Athletics Director, Ticket Sales and Operations  
Mr. Andrew Martin, Executive Sr. Associate Athletics Director  
Mr. Rob Novak, Associate Athletics Director, CFO  
Ms. Christine Plonsky, Executive Sr. Associate AD, Chief of Staff and SWA



## OFFICE OF INTERNAL AUDITS REPORT: ATHLETICS TICKET OPERATIONS

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## Executive Summary

Ticket Operations  
Intercollegiate Athletics  
Project Number: 21.007

### Audit Objective

The objective of this audit was to determine whether internal controls related to user access, asset management, and reconciliation processes have been established and are effective.

### Conclusion

There are opportunities to improve the culture and control environment in the Intercollegiate Athletics (Athletics) Ticket Office. Athletics should require the Ticket Office to implement internal processes, a stronger culture of compliance, and additional oversight of operations.

### Audit Observations<sup>1</sup>

Recommendation	Risk Level	Estimated Implementation Date
System User Permissions	High	January 2022
System User Access	Medium	January 2022
System Access Termination	Medium	January 2022
Paciolan <sup>2</sup> Standards of Conduct Form	Medium	October 2021
Ticket Seller Transactions	Priority	August 2021
Daily and Monthly Balancing Procedures	High	January 2022
Ticket Voids	High	October 2021

### Engagement Team

Ms. Autumn Gray, CIA, Auditor III  
Ms. Sandy Jansen, CIA, CCSA, CRMA, Chief Audit Executive  
Ms. Erika Lobsinger, Auditor I

<sup>1</sup> Each observation has been ranked according to The University of Texas System Administration (UT System) Audit Risk Ranking guidelines. Please see the last page of the report for ranking definitions.

<sup>2</sup> Athletics' event management and ticketing system



## Audit Results

There are opportunities to improve the culture and control environment in the Athletics Ticket Office. Athletics should require the Ticket Office to implement a stronger culture of compliance and monitor for adherence to internal policies and procedures. In addition, Athletics should develop and document stronger procedures for Paciolan user roles, access, and termination. Finally, the Ticket Office should implement balancing and monitoring controls to provide additional oversight of ticket operations.

The following seven recommendations will enhance the culture and controls and improve Ticket Office operations.

Culture represents the invisible belief systems, values, norms, and preferences of the individuals that form an organization. Conduct represents the tangible manifestation of culture through the actions, behaviors, and decisions of these individuals.

Measuring Conduct and Culture:  
A How-To Guide for Executives  
(New York: Oliver Wyman,  
2018)

### Observation #1 System User Permissions

The Ticket Office management team, including program managers, are granted the highest-level access and permissions within t.Res<sup>3</sup> (system). Athletics does not use role-specific templates to mitigate risks related to segregation of duties conflicts. While the access granted to program managers corresponds to their job descriptions, this level of access presents the opportunity to override/circumvent controls and policies. Not limiting user access or separating duties within the system creates the potential for fraud and abuse (e.g., ability to sell assets to themselves).

Paciolan's best practice guidance states that job functions can be defined and tightly controlled via operator access controls. Furthermore, separation of duties can be enforced with proper system access.

**Recommendation:** Management should review ticket operation processes and assess program manager responsibilities to create role-specific templates within t.Res. In cases where access is required that results in a lack of separation of duties, compensating control(s) should be designed and implemented. In addition, program managers granted the highest-level access should be given two accounts – an account for ticket selling activities and an account for performing duties requiring elevated privileges. A separate (or independent) manager should periodically review privileged account activity.

**Management's Corrective Action Plan:** The Athletics Ticket Office will review Paciolan best practices, and in consultation with staff, develop role-specific user accounts within t.Res with separation of duties or compensating control(s) established. Effective immediately, only three Athletics Ticket Office staff (Assistant Athletics Director, Ticket Sales and Operations; Assistant Director, Ticket Operations; and Assistant Director, Ticketing, Event Planning, Settlement) will

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<sup>3</sup> Paciolan's back office software used to manage ticket operations



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maintain highest-level (superuser) access. Those user accounts will be monitored by the Assistant Athletics Director, Ticket Sales and Operations. In addition, managers holding user accounts with the highest-level (superuser) access will use accounts that fit their day-to-day roles for processes not requiring elevated privileges, which was communicated to all Athletics Ticket Office staff in a meeting July 20, 2021.

**Responsible Person:** Assistant Director, Ticketing, Event Planning, Settlement

**Planned Implementation Date:** January 31, 2022

### Observation #2 System User Access

User access is not well defined or periodically reviewed for appropriateness. The Ticket Office uses several forms to document and track user access. However, the system process list used to determine access is not tailored for all user roles. Poor access control can expose the Athletics' data to unauthorized access.

Paciolan's best practice guidance suggests organizations limit and monitor operator access to:

- Effectively manage what users do in the system.
- Control what users can (and cannot) access.
- Monitor all activity to ensure the highest possible level of security.

**Recommendation:** Athletics should define and document system access needed for each job function and implement periodic review of user access.

**Management's Corrective Action Plan:** The Athletics Ticket Office will define and document roles and access at multiple levels using Paciolan best practices for Operator Administration: Managing Roles and Access. Once completed, an annual review of user roles and access will be performed to ensure staff are within their stated roles and have appropriate access.

**Responsible Person:** Assistant Director, Ticketing, Event Planning, Settlement

**Planned Implementation Date:** January 31, 2022

### Observation #3 System Access Termination

The system access termination process is not formalized. The Ticket Office does not have a process to monitor or verify access is terminated or terminated timely for separated employees.

Informal access-termination processes can expose Athletics data to unauthorized access or compromise Athletics data. The termination procedure should be designed to prevent incidents or malicious intents that can compromise security. According to Paciolan, institutions should limit and monitor operator access to ensure the highest possible level of security.



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**Recommendation:** Athletics should formalize the access termination process and coordinate efforts among Athletics Human Resources, Athletics Information Technology, and other Athletics departments.

**Management's Corrective Action Plan:** The Athletics Ticket Office, Athletics Human Resources, and Athletics Information Technology will evaluate and enhance the current process to ensure timely removal of access for separated employees and appropriate documentation of terminated access and controls within systems. A bi-annual review of user access will take place at the start of each academic semester by the Assistant Athletics Director, Ticket Sales and Operations, and Assistant Director, Ticketing, Event Planning and Settlement.

**Responsible Person:** Assistant Director, Ticketing, Event Planning, Settlement

**Planned Implementation Date:** January 31, 2022

### Observation #4 Paciolan Standards of Conduct Form

Although Athletics requires system users to sign a Paciolan Standards of Conduct form (conduct form) prior to gaining access to the system, the form is not on file for all ticket sellers. Internal Audits performed detailed testing on 15 ticket sellers and found that two part-time Frank Erwin Center staff did not have a signed form on file.

The conduct form highlights and reinforces specific policies regarding the sale and distribution of tickets to ticketed events. By not requiring this form, management reinforces a culture of non-compliance.

**Recommendation:** Ticket Office management should ensure that signed conduct forms are received before granting access. In addition, Athletics should consider requiring individuals with responsibilities involving ticket sales and/or distribution of tickets to sign the conduct form on an annual basis.

**Management's Corrective Action Plan:** The Athletics Ticket Office will update the Paciolan Standards of Conduct form and ensure that all users sign when software access is granted and that the form is on file for review by management. In addition, all current software users will sign the updated Paciolan Standards of Conduct form, and those will be kept on file for review by management. The Paciolan Standards of Conduct form will be signed annually by all users with access to ticket sales and/or distribution of tickets for the academic year.

**Responsible Person:** Assistant Athletics Director, Ticket Sales and Operation

**Planned Implementation Date:** October 31, 2021

### Observation #5 Ticket Seller Transactions

The Ticket Office does not monitor Paciolan transactions to identify unusual or noncompliant transactions and trends, including transactions involving employees selling assets, assigning





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complimentary tickets to their own accounts, or posting test transactions. Although the Paciolan Standards of Conduct prohibits employees from selling tickets to themselves, the audit identified employees in the Ticket Office and the Frank Erwin Center Box Office who processed transactions on their own customer accounts. Furthermore, internal policies state that the assistant director of ticket operations will “periodically review complimentary ticket allocations to ensure compliance with policies.” However, a monitoring control has not been implemented. Without management oversight, employees could violate policy, abuse authority, or commit fraud.

**Recommendation:** Athletics management should monitor employee accounts/transactions to ensure compliance with ticket policies. The Ticket Office should implement a planned review process to review complimentary ticket reports on a quarterly basis. This review should include verifying that ticket operators did not assign complimentary tickets to themselves. In addition, management should implement a monitoring report to review for employees processing transactions on their own accounts. Finally, management should ensure individuals with responsibilities for ticket sales and/or distribution of tickets do not perform account maintenance and transactions on their own accounts.

**Management’s Corrective Action Plan:** Athletics Ticket Office employees will immediately stop placing orders, assigning tickets, or processing payments, including complimentary tickets, on their individual personal accounts with the exception of bulk processes when their accounts are within the bulk process. Orders, assigning of tickets, or processing of payments for Athletics Ticket Office staff individual personal accounts will only be processed in Paciolan by another employee in the Athletics Ticket Office.

The Coordinator, Ticket Operations, will run quarterly reports for all complimentary tickets by event for review by the Assistant Athletics Director, Ticket Sales and Operations, and the Executive Senior Associate Athletics Director, External Affairs. In addition, the Assistant Athletics Director, Ticket Sales and Operations, will run quarterly reports for all staff with system access and individual personal accounts and review with the Executive Senior Associate Athletics Director, External Affairs.

Policy #TIX-11020, Ticket Operations Internal Controls that went into effect on March 22, 2021, will be revised to include this corrective action.

**Responsible Person:** Assistant Athletics Director, Ticket Sales and Operation

**Planned Implementation Date:** August 31, 2021

### **Observation #6 Daily and Monthly Balancing Procedures**

The Ticket Office does not conduct daily or monthly balancing (reconciliation) procedures for ticket sales. Because reconciliation processes are not implemented, prior period adjustments or other types of transactions may go undetected. This environment creates opportunities for errors and fraud.



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**Recommendation:** Ticket Office management should improve controls by performing the following:

- Gain an adequate understanding of the reconciliation process and reporting methods to ensure Paciolan is reconciled to \*DEFINE based on accurate financial activity
- Collaborate with the Athletics Business Office to ensure accurate accounting records
- Require staff to complete reconciliations timely and accurately
- Require employees responsible for the preparation of components of the reconciliation process to attend training and utilize available tools and resources
- Develop supplemental written guidance, including step-by-step procedures for reconciliations to assist staff in clearly understanding their responsibilities
- Require that transactions not be corrected or processed in a way that obscures their true intent
- Ensure corrections and the correction batches are appropriately reviewed and included in reconciliations, where appropriate
- Ensure the individual performing reconciliations is independent (i.e., not able to process transactions) or implement a management review, if staffing does not allow for independence

**Management's Corrective Action Plan:** The Athletics Ticket Office will collaborate with the Athletics Business Office in the development of a comprehensive reconciliation process documenting expectations for sports/events ticket managers reconciling events on a regular basis. The daily balance and reconciliation of receipts will be documented and adjusted, as needed, in collaboration with the Athletics Business Office.

Athletics Ticket Office staff will attend Paciolan Learning Series training to better understand the reconciliation process and the tools and resources available to them and will prepare step-by-step procedures for reconciliations. Reconciliations will be performed in an independent fashion, when able, but because of the small office, we will implement management review for certain sports/events when staffing does not allow for independence.

**Responsible Person:** Assistant Director, Ticketing, Event Planning, Settlement

**Planned Implementation Date:** January 31, 2022

### **Observation #7 Ticket Voids**

The ticket office has not implemented proper management and oversight of ticket voids.

In a memo dated October 31, 2016, the Athletics Director at the time indicated that a process had been established requiring multiple levels of management approval for voided tickets. Since 2016, this process seems to have been discontinued creating significant risk to the athletics ticketing and integrity of the process. In particular, Athletics reported that "ticket staff are responsible for documenting, reporting, and explaining all post event voided tickets to management through the weekly reporting process."



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Lack of management oversight of processes allows for errors or fraud to occur.

**Recommendation:** Ticket Office management should re-establish a monitoring procedure to review all voided tickets on a periodic basis. Athletics should require the Ticket Office to implement the proposed plan to review ticket void reports and define how often and/or what types of events will be reviewed.

**Management's Corrective Action Plan:** The Ticket Office will implement procedures for reporting and oversight of voids, as part of the game reconciliation process. Voided tickets should include one of the justifications: lost or stolen; returned to Box Office; unused tickets from event day allotments (tickets left in Will Call); or customer service issues related to an experience at the event.

Quarterly void reports will be reviewed by the Assistant Athletics Director, Ticket Sales and Operations, or the Executive Senior Associate Athletics Director, External Affairs, (as determined necessary by the Assistant Athletics Director) to verify that valid reasons and documentation is available to justify voided tickets.

**Responsible Person:** Assistant Director, Ticket Operations

**Planned Implementation Date:** October 31, 2021

## Other Considerations

### Data Entry

Athletics does not have prescribed naming conventions for employee (operator) and season ticket holder (customer) account names in Paciolan. Athletics enters nicknames and inconsistently uses middle initials and prefixes (e.g., Mr., Mrs., Dr., etc.). Lack of account naming conventions makes it difficult for management to monitor ticket seller transactions. Athletics management should consider developing uniform naming conventions for customer account names and operator names.

### Generic Accounts

Thirteen of 117 Paciolan generic (or house) accounts are active; however, it is unclear whether all the generic accounts serve a business purpose. Additionally, house accounts are used by multiple operators, and some operators complete transactions in the house accounts when not assigned to the account. Athletics should consider developing a policy requiring operators using house accounts not assigned to them to document the reason the house account was used (e.g., cancellations, returns, voids).

### Transaction Testing

Athletics Ticket Office staff test system functionality by using their own customer accounts and personal credit cards to process transactions. Athletics should consider obtaining a procard or



other type of card for testing credit card transactions. Further, Athletics management should work with Ticket Office staff to create a process to test transactions that does not involve staff customer accounts.

## Scope, Objectives, and Methodology

This audit was conducted in conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

The scope of this review included Ticket Office policies and procedures, Paciolan user access controls, ticket seller transactions, and reconciliation processes in place from January 1, 2017 - December 31, 2020. Specific audit objectives were to:

- Determine whether users are assigned proper roles in Paciolan and whether user roles provide for segregation of duties
- Determine whether system access is up-to-date and processes terminate system access timely
- Determine whether Paciolan users with ticket selling permissions sold assets to themselves
- Determine whether reconciliation between Paciolan and \*DEFINE is functioning as intended
- Determine whether internal controls prevent prior period adjustments in Paciolan from going undetected

The following procedures were conducted:

- Reviewed Ticket Office policies and procedures
- Interviewed staff regarding user access controls, asset management, and reconciliation processes
- Reviewed staff roles in Paciolan to determine whether user profiles are appropriate for the position held by the employee and provides for segregation of duties
- Selected a judgmental sample of terminated employees to test system access termination processes
- Reviewed ticket seller transactions from January 1, 2017 – December 31, 2020



## Observation Risk Ranking

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.

Risk Level	Definition
Priority	If not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of The University of Texas at Austin (UT Austin) or the UT System as a whole.
High	Considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
Medium	Considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
Low	Considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

In accordance with directives from UT System Board of Regents, Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.

## Report Distribution

The University of Texas at Austin Institutional Audit Committee

- Mr. Darrell Bazzell, Senior Vice President and Chief Financial Officer
- Mr. Cameron Beasley, Chief Information Security Officer
- Mr. James Davis, Vice President for Legal Affairs
- Mr. Jeffery Graves, Chief Compliance Officer, University Compliance Services
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