

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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The Honorable Jeffrey V. Kessler, President
West Virginia State Senate
Post Audits Sub-Committee, Co-Chair
Room 227 M, Building 1
State Capitol Complex
Charleston WV 25306

The Honorable Timothy R. Miley, Speaker
West Virginia House of Delegates
Post Audits Sub-Committee, Co-Chair
Room 228 M, Building 1
State Capitol Complex
Charleston, West Virginia

Dear Co-Chairs:

We have completed a post audit of revenues accounted for through West Virginia University's (WVU) Paciolan Ticketing Software System. The audit was conducted at the request of the Legislative Auditor. We conducted this audit, which is a performance audit, in accordance with the standards applicable to performance audits contained in Generally Accepted Government Auditing Standards (GAGAS). Our audit period was from July 1, 2012 through June 30, 2013. Our audit scope included a review of applicable internal controls and compliance with W.Va. Code §12-2-2, best business practices, and WVU Athletic Department internal policies and procedures applicable to WVU Athletic Department revenues accounted for in the Paciolan Ticketing Software System (Paciolan). Our review of internal controls and compliance with various criteria was limited to only those areas necessary to accomplish our audit objectives listed in this letter. Concluding on the adequacy of internal controls regarding WVU as a whole was not an objective of this audit.

Our objectives and conclusions are stated below:

Objective 1: Determine that ticket sales and other transactions were adequately recorded into the Paciolan¹ ticketing software system.

Conclusion: Based on the work performed, we believe revenues were properly recorded in the Paciolan ticketing system. All transactions selected for testing included the proper payment detail and transaction detail necessary to determine the source of the revenues and that proper accounts were credited for payments.

Objective 2: Determine within a reasonable degree of certainty that voided tickets cannot be used to gain access to a sporting event and that duplicate refunds cannot be made.

Conclusion: Based upon our walkthrough of voided tickets, we determined that WVU, in conjunction with the controls programmed in the Paciolan ticketing system, has adequate safeguards to mitigate the risk of improper entry into a sporting event by use of previously voided tickets. Further, we determined that controls are in place to prevent a duplicate refund for a single voided ticket.

Objective 3: Determine if adequate safeguards are in place to mitigate the risk of inappropriate or fraudulent alterations to previously recorded Paciolan accounting records. These safeguards could include, but may not be necessarily limited to, restricting the ability to perform alterations to select employees and/or having system controls whereby it requires the involvement of Paciolan representatives to perform such alterations.

Conclusion: We obtained a third-party assertion from a Paciolan representative stating that recorded transactions cannot be deleted. Corrections to erroneous entries require the entry of an additional correcting transaction; however, the original transaction remains as part of the permanent record of transactions. Based on this assertion, as well as our audit tests results, our interviews with WVU Athletic Department personnel and our observations and walk throughs, we concluded WVU has adequate safeguards in place to mitigate the risk to an acceptable level of the possibility of improper and unauthorized alterations to previously recorded transactions.

Objective 4: Determine that no refunds were given for ticket sales in accordance with the West Virginia University Athletic Department (WVUAD's) policy posted on their website, which states in part that "...All ticket orders are final. There are no refunds or exchanges..." If refunds were given, determine that controls are in place and procedures are present to mitigate the chance of fraud occurring through use of refunds.

Conclusion: Based upon our procedures, we concluded WVU rarely issued refunds for tickets. Tickets approved for a refund must be voided in Paciolan to complete the return process. All refunds in Paciolan will have a matching void transaction. The WVU Ticket Manager said refunds were exceedingly rare. We found no refunds in our test samples or in our review of the

¹ Paciolan is the ticketing software and accounting system used by WVU to track and account for athletic event ticket sales, sky suites sales and other miscellaneous sales made by the WVU Athletic Department. Paciolan is an industry-leading provider of ticketing, marketing, fundraising and sales automation solutions to more than 500 live entertainment organizations.

Paciolan records during our reconciliation of sales to receipts for randomly selected sales days. However, we used auditor judgment to select a few refund transactions recorded in the Paciolan system and matched these refund transactions to the original sales transaction recorded in Paciolan. We noted no differences between the original sales amounts and amounts refunded. After excluding from total revenues the receipts for sponsorships and suite contracts for fiscal year 2012 that were recorded in Paciolan, refunds were only 0.39% of remaining fiscal year 2012 recorded sales.

Objective 5: Determine if WVUAD performs regular reconciliations of ticket disbursements (booked as debits) to the receipts (booked as credits) recorded in the Paciolan system (zero-sum balance of debits and credits) and verify that those reconciliations are overseen and approved by proper authority (management employee). In doing so we will test whether tickets distributed had corresponding payments collected.

Conclusion: Based upon procedures, interviews, and a review of the reconciliations, we determined WVU performed reconciliations of ticket disbursements recorded in Paciolan to MAP² (Mountaineer Administrative Processes), which are verified and approved by the appropriate personnel. We noted no differences in these reconciliations. These reconciliations provided sufficient and appropriate audit evidence that receipts recorded in the Paciolan system were properly deposited into the correct accounts³. Also, as noted in the conclusion for Objective 1 above, all ticket sales tested had a corresponding receipt for the proper amount.

Objective 6: Determine what miscellaneous items are recorded through Paciolan. Miscellaneous items include, but are not limited to, tent rentals and advertisements. We will formulate tests to assess the controls and accuracy of these items.

Conclusion: Based on the work performed, we found no issues in recording miscellaneous sales. Transactions were properly recorded in Paciolan and all revenue transactions were properly supported with the appropriate documentation (e.g., price lists, rental forms, sales sheets, etc).

Objective 7: WVU allows online tickets that can be transferred from one person to another user. Once the transfer is complete, the old bar code is deactivated and a new bar code enabled. Tickets can be printed at home for a single game and tickets can be scanned by some smart phones. We will formulate procedures to assess the effectiveness of controls on these transactions to prevent unauthorized entry.

Conclusion: We observed that deactivated tickets cannot be used to gain entry during a walkthrough of the process. The deactivation of the original barcode and the activation of a new barcode for tickets is a fully automated process in Paciolan.

² Mountaineer Administrative Processes (MAP) is the primary accounting system used by WVU to account for all WVU receipts and disbursements.

³ Ticket, parking and other miscellaneous receipts accounting for in the Paciolan System are deposited to the credit of WVU's Auxiliary and Auxiliary Capital Fees Fund. Certain other receipts accounted for in the Paciolan System, such as donations and suite rentals, are transferred to Mountaineer Athletic Club (MAC) accounts.

In summary, based upon our work and review of WVU's Paciolan Ticket Software System operations, pertaining to our objectives, we conclude WVU Athletics is operating in compliance with W.Va. Code §12-2-2, best business practices, and internal policies and procedures applicable to WVU Athletic Department revenues accounted for in the Paciolan Ticketing Software System. Our review of internal controls and compliance with various criteria was limited to only those areas necessary to accomplish our audit objectives listed in this letter. Concluding on the adequacy of internal controls regarding WVU as a whole was not an objective of this audit.

Respectfully submitted,



Denny Rhodes, Director
Legislative Post Audit Division

Cc: Aaron Allred, Legislative Auditor
E. Gordon Gee, WVU President
James W. Dailey, II, Chairman, WVU Board of Governors
Oliver Luck, WVU Athletic Director
Mike Szul, WVU Senior Associate Athletic Director
Douglas Maatman, WVU Internal Auditor

Enclosure

Performance Review

WVU Athletics Paciolan Ticketing Software System

Methodology

To achieve our objectives we reviewed applicable W.Va. Code sections, applicable rules and regulations, and policies of WVU Athletic Department. All provisions considered significant were documented and compliance with those requirements verified by interviews, observations of WVU Athletics operations, and through inspections of documents and records. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Additionally, we interviewed WVU Athletic Department personnel to obtain an understanding of the various items processed in the Paciolan ticketing and accounting system and the internal controls relevant to the scope of our audit. In planning and conducting our audit, we focused on the Athletic Department's Paciolan ticketing software systems operations based on assessments of significance and risk.

To select transactions for testing, a combination of non-statistical and statistical sampling (RAT-STATS) was used. Our samples were designed to provide conclusions about the validity of transactions, as well as internal control and compliance attributes. Some transactions for testing were selected randomly; other transactions were selected for testing using professional judgment.

Testimonial evidence obtained by the audit team was evaluated for objectivity, credibility, reliability and was obtained under conditions in which the employee was able to speak freely without intimidation. In every case where testimonial evidence was relied upon to accomplish our audit objectives, the evidence was supported by either substantive audit tests or third-party verification (Paciolan System employee representatives). Each employee had direct knowledge of their working area and there was no evidence that the employees were biased. Additionally, we assessed the sufficiency and appropriateness of computer processed information provided by WVU Athletic Department Staff. We did so by conducting interviews, conducting walkthroughs of processes and procedures, completing an Internal Control Questionnaire, assessing the reliability and integrity of data, performing analytical reconciliations, and testing supporting documentation.

We believe our audit presents sufficient, appropriate evidence to support our conclusions as they relate to the audit objectives. This determination was based on our audit work, which includes: conducting interviews and documenting agency processes and procedures, reviewing copies of source documents, evaluating internal controls, evaluating audit risks, and evaluating data reliability and integrity. In addition, we believe the audit work was adequately supervised by the Auditor-in-Charge and by the Audit Manager.

Audit Manager: Stanley D. Lynch, CPA

Staff Auditors: Micah C. Veres, Senior Auditor

Michael "Les" Harbour, Senior Auditor

Amanda S. Arbaugh, Auditor

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