



**Athletics Operations – HR & Payroll, Development,
and Electronic Ticketing**

*August 29, 2024
ACUA Sideline Committee*



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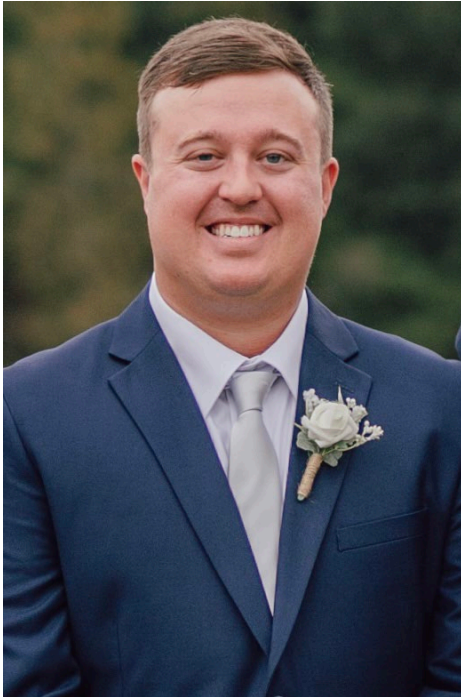
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The Sideline Committee's Previous Webinars

- 2022: Athletic Auditing 101 – Establishing an Athletic Auditing Foundation
 - Gain an understanding of risks associated with Athletics.
 - Learn how to start an Athletics-focused audit program.
- 2023 – Partnering with Intercollegiate Athletics to Identify and Address Financial and Operational Risks
 - Identify critical operational/financial risks for Division I, II, III, and other athletic departments.
 - Discuss highly-valued financial engagements you can perform to enhance your relationship with your athletic department.
 - Discuss the organizational culture of intercollegiate athletic departments and describe how that culture can impact your engagements.

See ACUA Website (TRAINING & NETWORKING > Webinars) for copies of these presentations.



Our Press Conference Topics

1. HR & Payroll
2. Development
3. Electronic Ticketing





Our Press Conference Objectives

1. Assess risks of the electronic ticket system, development operations, and general HR and payroll processes within the athletics environment.
2. Develop audit programs to determine if controls are in place and working as expected to mitigate the risks in these areas within your athletics department.
3. Foster stronger relationships and trust with your athletics staff, leaders, and influencers.



Polling Question #1

Are you attending the event at the College Football Hall of Fame at AuditCon?

- a. Yes, I'm looking forward to it!
- b. No, but I'll be at the conference
- c. No, I can't make it to the conference
- d. Not sure yet



Topic 1: HR & Payroll

- Onboarding Processes
- Offboarding Processes
- Timekeeping
- Coaching Contracts and Incentives
- Taxation of Fringe Benefits



Risks and Controls – Onboarding Processes

- Onboarding Processes
 - Risks: Ineffective or nonexistent onboarding processes
 - Controls: Documented procedures for new employees, including completing appropriate new hire forms (I-9, background check) and attending new hire orientation, rules education for new coaches/staff, facility/system accesses.
 - Because hiring happens very quickly and can be in mass, these processes are usually accelerated in Athletics!
 - **Ohio State** AD Ross Bjork points to executing four head coaching searches since the end of hoops season as a fast track to learning the intricacies of the university: “...in this case I could just ask Gene (Smith). It allowed me to accelerate that learning curve, versus, ‘Hey can you describe how this works’ and I take notes. Instead, I got to live it out. Nobody wants to go through coaching changes — it’s people’s lives — but the fact it happened and it happened in the overlap, it allowed me to see this is how the systems work and that these are the procedures.”



Risks and Controls – Offboarding Processes

- Offboarding Processes
 - Risks: Ineffective or nonexistent termination processes
 - Controls: Documented procedures for departing employees, such as removing access and participating in an exit interview.
 - Additional Considerations:
 - Review contracts for contractual employees to note if they are owed a buyout or any other amounts such as leave.
 - What benefits do they receive? Are they making sure that those benefits end when their employment ends?
 - What can employees take with them?



Risks and Controls – Timekeeping

- Timekeeping
 - Risks: Inaccurate time data submitted by employees
 - Controls: Knowledge of non-exempt employee's time by appropriate approver
 - Additional Considerations:
 - Athletics usually has a larger number of seasonal and hourly employees than a typical university unit.
 - What kind of plans does the Athletics Department have regarding the proposal from the Department of Labor on increasing the minimum salary threshold for exempt employees, which will change overtime pay rules?
 - How are sports camps handled, and what processes are in place to make sure appropriate individuals are working camps?
 - Trainings, background checks, independent contractor forms, etc.



Risks and Controls – Coaching Contracts and Incentives

- Coaching Contracts and Incentives
 - Risks: Employees do not receive proper compensation according to their contracts, Incentives are not awarded properly or in line with contracts
 - Controls: Supporting documentation, Proper approval of performance incentives, Periodic review of compensation and incentives
 - Additional Considerations:
 - Are performance incentives documented? What is the process to award them and how soon are they awarded?
 - Can non-contractual employees receive performance bonuses? What documentation supports their bonuses?



Risks and Controls – Taxation of Fringe Benefits

- Taxation of Fringe Benefits
 - Risks: Fringe benefits are improperly taxed
 - Controls: Supporting documentation, Collaboration with Tax Office for proper taxation of fringe benefits
 - Additional Considerations:
 - Athletics typically has more available fringe benefits including vehicles, athletic apparel, complimentary tickets, guest travel, and country club memberships. Are these being properly administered and taxed?



Other HR/Payroll Hot Topics

- How are athletics departments addressing the high turnover trend? What other benefits are they offering to employees?
- Athletics HR is a sensitive area with a lot of high-profile individuals and subject to a lot of scrutiny. The pressures on athletics departments are extremely high.
- Title IX considerations – are services provided by HR applied equally to both men's and women's sports teams?
- Student-athlete employment is potentially on the horizon. If applicable, consider leveraging other work done as part of the NCAA Agreed-Upon Procedures guidelines.



Polling Question #2

Which of these areas do you see as the biggest area of concern in your university's Athletics Department?

- a. Onboarding processes
- b. Offboarding processes
- c. Timekeeping
- d. Coaching contracts and incentives
- e. Taxation of fringe benefits



Topic 2: Development

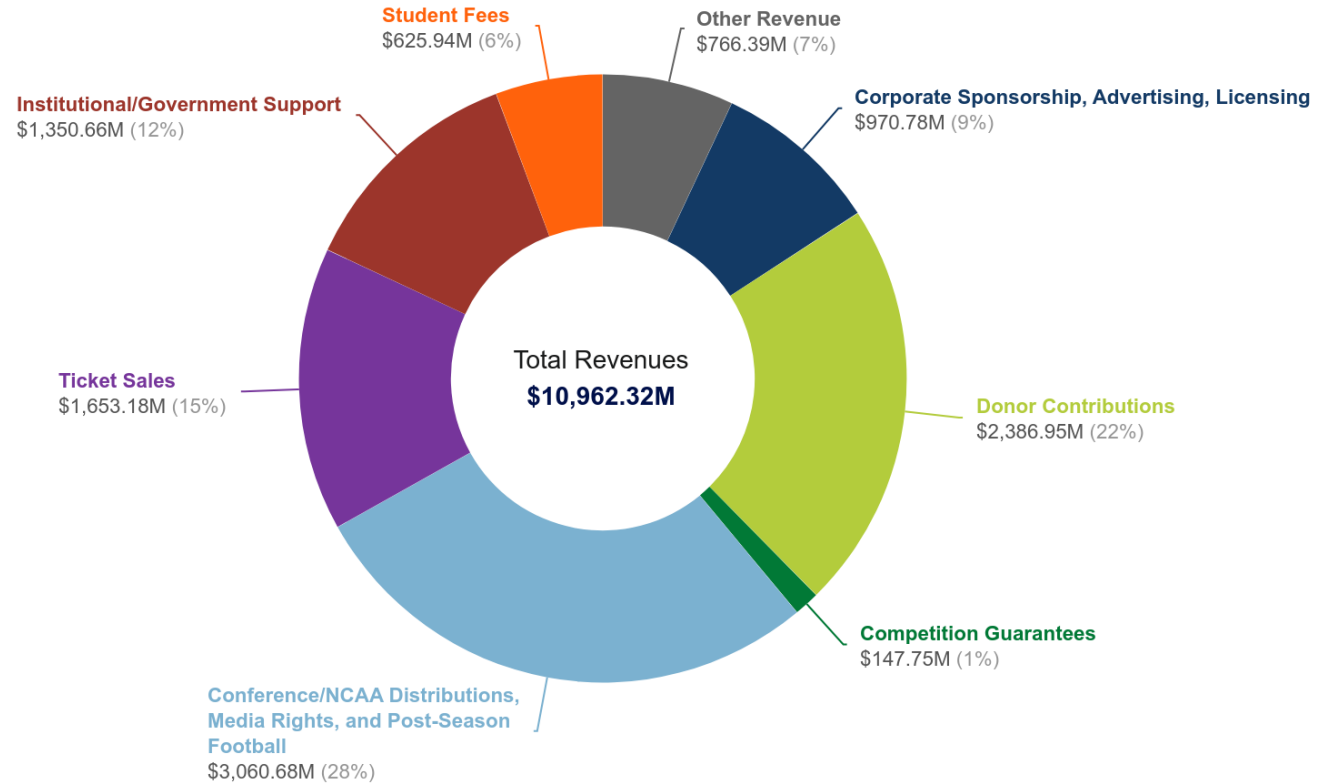
Take an athletics focus on the donation life cycle:

- Identification
- Research and Qualification
- Cultivation
- Solicitation
- Stewardship



Where the money comes from: Football Bowl Subdivision

FBS TOTAL | College Athletics Database - 2023

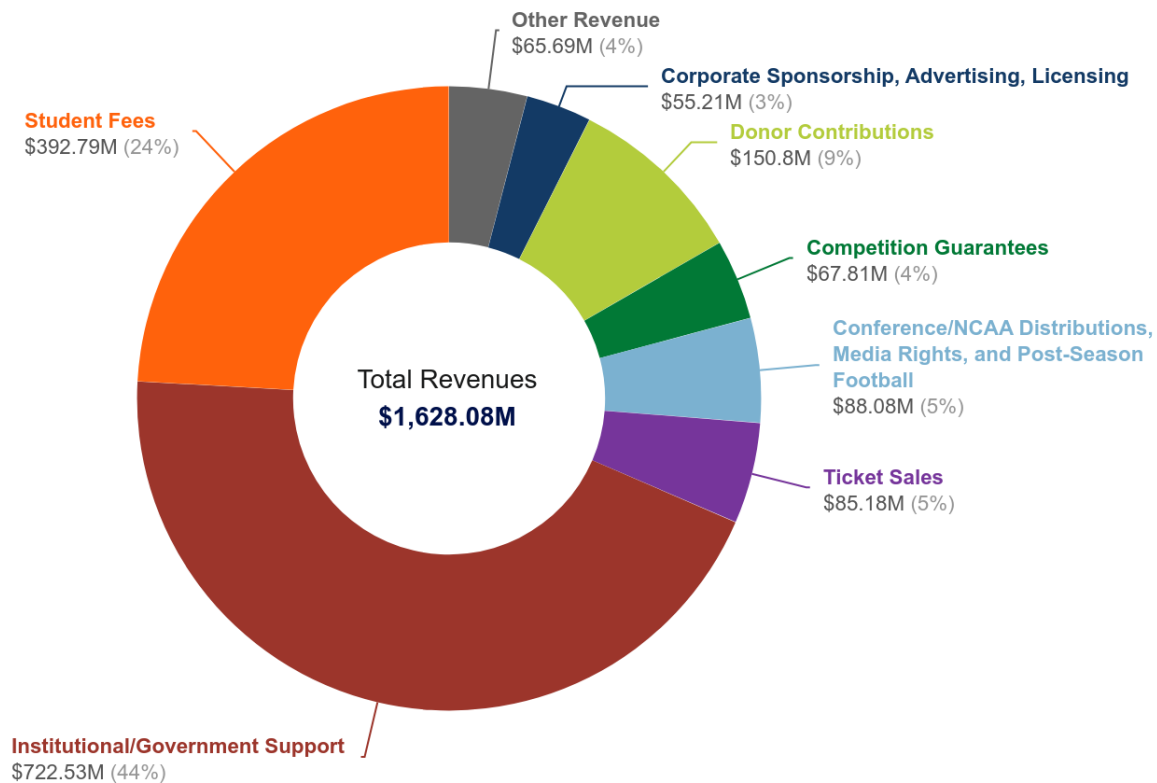


* Amounts reflect current dollars.
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Where the money comes from: Football Championship Subdivision

Football Championship Subdivision | College Athletics Database - 2023



* Amounts reflect current dollars.
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NIL vs Donation

NIL (name, image, likeness) is compensation to a student-athlete for using their athletic ability, name, image, etc.

Donations can be given to certain collectives who identify themselves as non-profits, but the IRS recently ruled that these are not necessarily (and not likely) tax-deductible donations. The collective bears the burden to qualify as tax-exempt which is hard to do because they operate *primarily* to benefit the private interests of student-athletes rather than a charitable cause.

Ref: IRS Chief Counsel Memorandum AM 2023-004

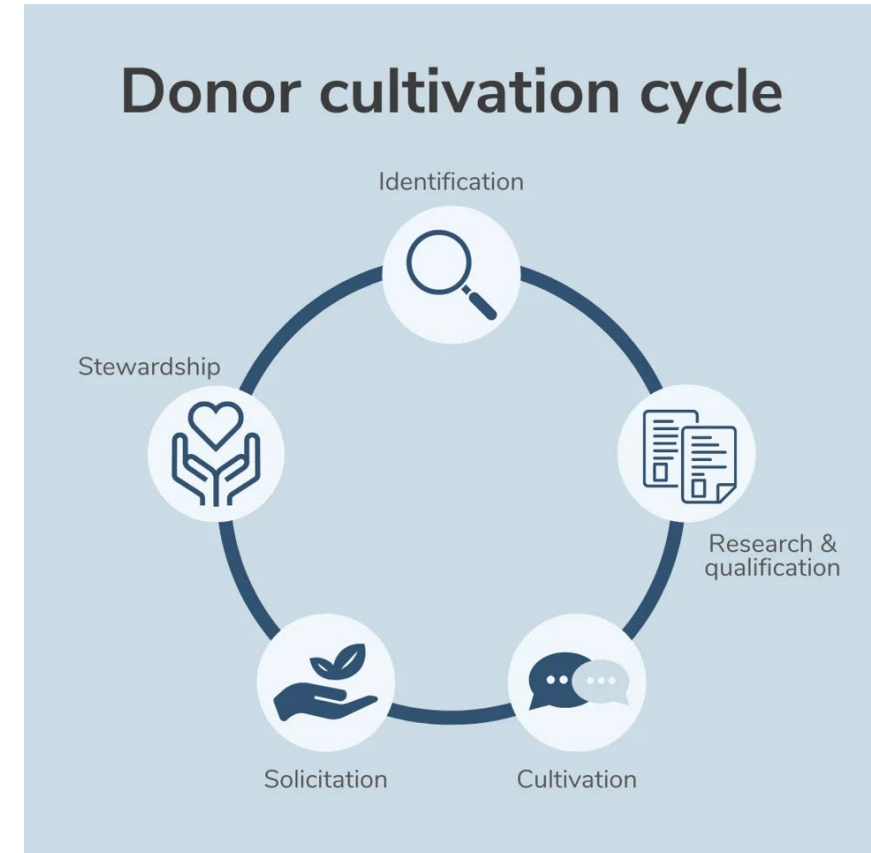
Donations cannot be designated to a particular student-athlete and must be spent according to the terms of the gift. The more specific the terms of the gift are, the more difficult it can be to use it which is why many higher-ed institutions try to bring in donations through a campaign where they control what the gift can be spent on.

NCAA Bylaw 15.01.4 Contributions by Donor. An individual may contribute funds to finance a scholarship or grant-in-aid for a particular sport, but the decision as to how such funds are to be allocated in the sport shall rest exclusively with the institution. It is not permissible for a donor to contribute funds to finance a scholarship or grant-in-aid for a particular student-athlete.

The Donor Pyramid



Images from <https://www.nonprofits.freewill.com/resources/blog/donor-stewardship>



The Donation Cycle



Donor Identification

(find prospective donors)

Processes Involved

- Collecting and storing lots of data
- Protecting data
- Sending surveys
- Collecting ticket sales data
- Alumni involvement
- Student data
- Data maintenance (names/addresses)
- Information sharing

Risks to Consider

- Data security (cloud)
- Shadow systems / Redundancy
- Donor privacy
- System access (vendor access?)
- COI
- Database management
- Encryption
- System backups
- Vendor contract management



Research and Qualification

(determining capacity / likelihood to give)

Processes Involved

- Collecting and storing more personal data (employment info, salaries, homeownership, credit rating, other philanthropic involvement, other charitable giving)
- Purchasing information/data
- Benchmarking

Risks to Consider

- All the same data protections from previous slide
- Return on investment
- Record retention



Cultivation (relationship building)

Processes Involved

- Making contact through phone, email, text, social media.
- Offering special events/opportunities
- In person contact for VIPs
- Sending small gifts

Risks to Consider

- Collecting more data
- Larger potential donors – travel expenses, hosting expenses.
- Conflicts with other giving programs/initiatives



Solicitation (making the ask)

Processes Involved

- Making contact / recording donor interactions.
- Could involve significant travel, entertainment expense, alcohol.
- Making offers for goods/services/experiences in exchange for donations/gifts
- Coaches may have contractual obligations to participate in development functions.

Risks to Consider

- Are the gift levels and what can be offered clear?
- Are authorities to negotiate a gift agreement clear with major gift officers?
- Are solicitations duplicative or contain inaccurate information?
- Coaches soliciting gifts
 - Value of their appearances?
 - Diminishing value (leverage) of athletics development's gift campaigns that might benefit all sports?



Polling Question #3

Have you audited your Athletics Department's development function in the past 5 years?

- a. Yes
- b. No
- c. I don't know



Stewardship (*College/University policies apply)

Acceptance	Acknowledgment	Use and Recognition	Reporting
<p>System processing to record the gift:</p> <ul style="list-style-type: none"> • donor side (right person) • financial side (right account/fund) • Endowment distributions <p>Reconciling</p> <ul style="list-style-type: none"> • Gift logs • Online giving records • Endowment distributions • Preferred Seat Donations (points) <p>Safekeeping / Courier Credit Cards – PCI Cash / Virtual Currency Timely Deposits ACH resubmission (2 times) Gifts in kind (goods/services/assets) Gift agreement retention Gifts without a gift agreement?</p>	<p>Written acknowledgement program/plan. (Pre-determined levels of acknowledgement and deadlines)</p> <ul style="list-style-type: none"> • Could include: Phone call, email, thank you card, small token, personal letter from AD. Special events, naming rights, wall plaques, etc. • Should include strict deadlines • Handled by systems <p>Timely, personalized, mission-based purpose/description.</p> <p>Athletics has lots of “valuables” to pass out (ex, signed footballs, hockey pucks, memorabilia). <i>Inventory processes, physical security could become a risk.</i></p>	<p>Spend was in line with donor intent and NOT given directly (or indirectly through a scholarship) to a particular student-athlete.</p> <p>Unspent funds</p> <ul style="list-style-type: none"> • Monitoring/awareness • Unspendable gifts – renegotiate terms of the gift? <p>Public recognition of donors for large, mission- based achievements made possible through gifts. Social media, news. (ex. ribbon cutting, photo opp.)</p> <p>Title IX – are gifts distributed equitably across men's and women's teams? Equipment and experiences?</p>	<p>Use of metrics –dashboards (Tableau)</p> <ul style="list-style-type: none"> • Access / data sharing <p>KPIs (number of contacts, email response rates, snail mail response rates, staff performance metrics)</p> <p>Budget/financial reporting Pledge write offs (separation of duties)</p> <p>Campaign progress reporting</p> <p>Long term, strategic plans/fundraising goal reporting</p> <p>Effectiveness of incentive/reward program for development staff</p>



Other Development Considerations

- Training and professional development programs for development staff
- Performance evaluations of development staff
- Policy on spending money from donors before it is received
- Position on using student-athletes to woo potential donors (RARA)
- Keeping donors away from prospective student-athletes during events, practices, games to prevent improper gift offerings



Polling Question #4

Which electronic ticketing platform does your Athletics Department use?

- a. Paciolan
- b. Ticketmaster
- c. Other (enter in chat)



Topic 3: Electronic Ticketing

- Data Protection and Contingency Plans
- Ticket Management, including transferring and selling tickets
- Complimentary Tickets

Security Risks

- Data breaches
- Fraud
- Phishing Attacks

Financial Risks

- Excessive chargebacks
- Lost revenue due to ticket pricing errors

System Reliability

- Server failures, downtime
- Scalability issues (during high demand periods)
- Mobile app failures

Operational Risks

- Compatibility issues with payment systems or venue management tools
- Data accuracy – incorrect seating, pricing issues

Compliance Risks

- Data protections laws (GDPR , CCPA)
- Accessibility issues

Reputational Risk for all of the above



Risks and Controls – Data Protection and Contingency Plans

- Data Protection and Contingency Plans
 - Risks: Unauthorized user access to ticketing software, data is not secure, no contingency plan
 - Controls: Technology safeguards, strong access controls, periodic review of users, maintaining a contingency plan for outages

Industry

Paciolan Outage Brings Chaos for Mobile-Only College Football Tickets

Dave Clark, 2 years ago

<https://www.ticketnews.com/2022/09/paciolan-outage-brings-chaos-for-mobile-only-college-football-tickets/>

Tech Company Outage Leaves College Football Fans Without Ticket Access

ASSOCIATED PRESS • SEP 10, 2022

<https://www.si.com/college/2022/09/11/tech-company-outage-leaves-college-football-fans-without-ticket-access>



Recent Electronic Ticketing Failures at Sporting Events

2024 UEFA Champions League Final (May 2024)

Incident: The ticketing system for the Champions League final experienced technical issues, causing problems with ticket distribution and access. Some fans reported being unable to access their digital tickets or experiencing errors during the entry process.

Impact: The disruptions led to long queues and delays at the stadium entrance, causing frustration among fans and impacting the overall experience of the event.

2023 FIFA Women's World Cup (July-August 2023)

Incident: During the early stages of the tournament, there were reports of issues with electronic ticketing systems, including problems with scanning digital tickets and accessing seating areas. The issues were linked to software glitches and high demand.

Impact: Some attendees faced difficulties entering the stadium, leading to delays and crowd management challenges. The incident highlighted the need for better system robustness and customer support.

2022 Winter Olympics in Beijing (February 2022)

Incident: The ticketing system for the Winter Olympics faced issues related to ticket distribution and verification. Some ticket holders reported problems with accessing their tickets through the mobile app, and there were delays in ticket delivery.

Impact: These issues caused inconvenience for attendees, particularly for those traveling to the event, and added stress to the logistics of managing a major international sporting event.

2021 Tokyo Olympics (July-August 2021)

Incident: While primarily held without spectators due to COVID-19 restrictions, there were significant issues related to the electronic ticketing system for those few allowed to attend. Problems included difficulties with ticket registration and verification.

Impact: The issues led to confusion and frustration among attendees and contributed to the overall challenges of organizing an event under pandemic conditions.



Risks and Controls – Ticket Management

- Ticket Management
 - Risks: Revenue collected from tickets is inaccurate or incorrectly recorded, ticket fraud, illegal resale of tickets, improper use of additional e-ticket services (food/parking), equipment failure (scanners)
 - Controls: Periodic reconciliations with supervisory review, clear ticket resale and use/acceptance policies, equipment maintenance procedures and monitoring
 - Additional considerations:
 - How often do reconciliations occur, and who is responsible for performing reconciliations? What kind of reports are generated from the ticketing software and the University's accounting system?
 - How are ticket policies disclosed? At the time of purchase, within ticket operations department, to event staff/volunteers?



Risks and Controls – Complimentary (Comp) Tickets

- Complimentary Tickets
 - Risks:
 - Comp tickets do not follow NCAA bylaws (limits to student-athletes, prospects, outside coaches, etc.) or are sold by recipients for personal gain.
 - Annual comp tickets are not used for intended purposes (third parties, other university employees/units).
 - Controls:
 - Ongoing monitoring activities such as having processes to track and reconcile comp tickets and identify improper use or resale
 - Policies specific to university staff use of comp tickets
 - Training provided for student-athletes and coaches on limits and what is allowed
- Additional considerations
 - Taxable benefits – collaboration with Tax Office?
 - Comp tickets can be physical tickets or electronic tickets. Electronic tickets have historically been used at only postseason events, but more universities are moving toward electronic comp tickets.



Other Electronic Ticket Control Considerations

- Strong access controls (user authentication, limited role-based access, regular access reviews)
- Use of anti-fraud mechanisms, algorithms to monitor unusual patterns/behaviors
- Redundancy and load testing – backup servers and data centers to handle high traffic or system failures
- Periodic validation checks for transaction integrity
- Audit Trails – maintain/review logs of transactions, system changes, user actions and system errors
- Strong vendor due diligence process / contract review process
- Strong accounting/reconciliation processes with separation of duties
- Regular software maintenance/upgrades, patching
- Change management process to review/approve system changes before deployed
- Handheld device inventory processes
- Incident response plan with regular drills/testing
- Reporting process for unusual activity or suspected fraud/counterfeit tickets
- Performance monitoring/metrics

Questions & Final Thoughts



Kalen DeBoer Named Head Coach of Alabama Football

1/12/2024 6:21:00 PM | Football



Sherrone Moore Named Michigan's Head Football Coach

1/26/2024 7:00:00 PM | Football



Stay in touch

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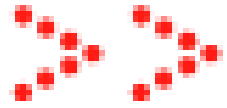
Upcoming ACUA Webinar

October 3rd - Artificial Intelligence and Analytics

To be presented by Wolter's Kluwer



Registration ends on September 13th, 2024



New Kick Starter Available!

Exploratory and Descriptive Analytics

Download in the members-only Audit Tools section of www.ACUA.org





Stay Updated

- The College and University Auditor is ACUA's official journal. Current and past issues are posted on the ACUA website.
- News relevant to Higher Ed internal audit is posted on the front page. Articles are also archived for your reference under the Resources/ACUA News.

Solve Problems

- Discounts and special offers from ACUA's Strategic Partners
- Kick Starters
- Risk Dictionary
- Mentorship Program
- NCAA Guides
- Resource Library
- Internal Audit Awareness Tools
- Governmental Affairs Updates
- Survey Results
- Career Center.....and much more.

Get Involved

- The latest Volunteer openings are posted on the front page of the website.
- Visit the listing of Committee Chairs to learn about the various areas where you might participate.
- Nominate one of your colleagues for an ACUA annual award.
- Submit a conference proposal.
- Present a webinar.
- Become a Mentor
- Write an article for the C&U Auditor.
- Write a Kick Starter.

Connect with Colleagues

- Subscribe to one or more Forums on the Connect ACUA to obtain feedback and share your insights on topics of concern to higher education internal auditors.
- Search the Membership Directory to connect with your peers.
- Share, Like, Tweet & Connect on social media.

Get Educated

- Take advantage of the several FREE webinars held throughout the year.
- Attend ACUA **AuditCon (September 15-19)**

Contact ACUA Faculty for training needs.



**Join us for
our upcoming
webinar.**

