



**MEMORANDUM**

**DATE:** August 12, 2019

**TO:** Audit Committee of the School Board of the City of Virginia Beach

**FROM:** Terrie L. Pyeatt, CPA *TL*  
Director, Office of Internal Audit

**SUBJECT:** **Athletics Ticket Sales and Inventory Audit**

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**BACKGROUND**

As part of the FY19 Audit Work Plan, the Office of Internal Audit (IA) has performed an Athletics Ticket Sales and Inventory Audit.

The Office of Student Leadership (OSL), within the Department of School Leadership, is responsible for administering the athletic programs at each of the middle and high schools. Virginia Beach City Public Schools (VBCPS) has eleven high schools and fourteen middle schools that offer athletic programs for their students. Each of the eleven high schools and twelve of the middle schools have a Student Activities Coordinator (SAC). The two remaining middle schools share the resources of one SAC. The SACs are responsible for, among other duties, the organization and coordination of all athletic events. These athletic programs include: baseball, basketball, cheerleading, cross country, field hockey, football, golf, gymnastics, indoor track, soccer, softball, swimming, tennis, track and field, volleyball, and wrestling.

**AUDIT OBJECTIVES**

This audit was performed to meet the following audit objectives:

- To determine the accuracy and adequacy of documentation of athletic ticket inventory, gate receipts, and disbursements for support payments; and
- To determine the selected schools' compliance with policies and procedures.

## AUDIT SCOPE AND METHODOLOGY

Inquiry and examination of documents and data, as well as site visits, were the methods of reviewing internal controls. The audit period was July 1, 2018 through May 10, 2019. Total gate receipts recorded in the general ledger for all schools for this period were approximately \$440,000. The athletic programs at the following schools were the focus of this audit:

- Bayside Middle School
- Corporate Landing Middle School
- Kempsville Middle School
- Landstown Middle School
- Larkspur Middle School
- Virginia Beach Middle School
- Bayside High School
- Floyd E. Kellam High School
- Landstown High School

IA examined the sales documentation and related internal controls for one event of each of the selected school's athletic sports in which tickets were sold to determine if the sales process was in compliance with the *Student Activities Resource Book 2018-2019*, the *Business Manual for Schools*, and the *Business Manual for Central Offices*. IA also reviewed the payments made to support and police personnel for the selected events. In addition, IA examined the physical ticket inventory at each school and traced it through supporting documentation for the year.

## CONCLUSION

The results of the audit were discussed with management. We thank management and staff of the Office of Student Leadership and others that were contacted for their cooperation throughout the audit. A summary of the audit results, audit recommendations, as well as responses from management, is included in this report. These recommendations are intended to further strengthen compliance with policies and procedures and also to strengthen internal controls.

In our opinion, the results of the audit indicate from the sample tested that the documentation for athletic ticket inventory, gate receipts, and disbursements for support payments was substantially accurate and executed in accordance with policies and procedures.

cc: Mr. Michael B. McGee, Director, Office of Student Leadership  
Dr. Donald E. Robertson, Jr., Chief Schools Officer

Mr. Daniel F. Keever, Senior Executive Director of High Schools  
Mrs. Cheryl R. Woodhouse, Senior Executive Director of Middle Schools  
Dr. Freddie P. Alarcon, Jr., Principal, Corporate Landing Middle School  
Dr. Cheryl C. Askew, Principal, Landstown High School  
Dr. D. Alex Bergren, Principal, Virginia Beach Middle School  
Dr. Patti T. Jenkins, Principal, Kempsville Middle School  
Dr. Paula Johnson, Principal, Bayside Middle School  
Dr. Mark G. Makovec, Principal, Landstown Middle School  
Mr. Carey C. Manugo, Principal, Larkspur Middle School  
Mr. James D. Miller, Principal, Bayside High School  
Mr. Ryan C. Schubart, Principal, Floyd E. Kellam High School

## AUDIT RESULTS AND MANAGEMENT'S RESPONSES

### **Finding No. 1: Ticket Sales and Inventory Procedures**

We noted several issues with regard to ticket sales and inventory procedures. These issues included the following:

- Ticket rolls of less than 50 tickets were not destroyed at the end of the school year at Kempsville Middle School and Bayside High School;
  - A small amount of remaining tickets may be difficult to track, so they are required to be destroyed at the end of the year.
- One or more ticket control worksheets (TCW) were completed inaccurately at Bayside High School and Floyd E. Kellam High School;
  - Beginning cash was not included in the total cash counted for the event. Reflecting all cash on the TCW at the end of the event assists in ensuring that ticket sales are recorded accurately.
- Five support workers were not paid for their time worked at one event at Bayside High School; and
- A bank deposit of \$2,434 was made two working days following one athletic event at Bayside High School.
  - When funds are deposited the next working day, it reduces the risk of loss or theft.

Generally, the procedures related to these topics are outlined in the *VBCPS 2018-2019 Student Activities Resource Book*. These issues were primarily caused by a lack of understanding of existing procedures and/or a lack of oversight/follow-up by the SAC and OSL. Failure to follow proper procedures could result in employees not being paid properly, ticket sales being improperly recorded, and an increased risk of loss or theft.

#### ***Recommendations:***

We recommend that OSL:

- Actively monitor these issues through observations, spot checks, and review of the athletic event packages submitted by the SACs and provide additional training as needed;
- Process the payments for the five support workers from Bayside High School;
- Monitor support payment requests from the SACs and ensure they are complete; and
- Provide additional training to SACs on ticket destruction guidelines and the importance of thoroughly reviewing TCWs.

#### ***Management's Response:***

OSL concurs with the recommendations and will:

- Continue monitoring the items noted above and provide training as needed beginning in the fall of 2019;
- Ensure that payment is made to the five support workers at Bayside High School by September 2019;
- Monitor that support payment requests are received from SACs ensuring timely payments to support workers; and
- In the fall of 2019 provide reminders to the SACs of the ticket destruction requirements and the importance of thoroughly reviewing the TCWs.

## AUDIT RESULTS AND MANAGEMENT'S RESPONSES, CONTINUED

### **Finding No 2: Family Season Pass Sales and Inventory**

Family season passes are being sold for \$150 which are valid for regular season Beach District high school athletic events. The application to purchase a family season pass states that "Family passes will admit two heads of household and their children." IA noted at two schools that the family season passes are being issued to each person listed on the application even if they do not meet this criterion. This includes additional adults, adult children attending college, and other individuals without identifying their age or school. OSL stated that SACs had been given latitude to issue family season passes without limiting them to the two heads of household and children as indicated on the application. Without a consistent application process, family season passes may be improperly issued.

In addition, each person listed on the family pass application receives their own family pass card. There are no controls in place to account for the pre-numbered family pass cards issued at each school, and any excess cards are destroyed at the end of the year. OSL stated that they are aware that this process needs to have additional controls in place. Family passes are the highest dollar-value athletic tickets sold with the fewest internal controls in place. Without proper accountability, there is an increased risk that funds could be misappropriated.

#### ***Recommendations:***

We recommend that OSL institute additional internal controls over the family pass sale and inventory process.

#### ***Management's Response:***

OSL will no longer be offering a family season pass. Instead, individual VBCPS athletic passes will be sold for SY19-20. In addition, OSL has contracted with a third party vendor that will assist with offering electronic season passes. OSL will outline internal controls for the sale of VBCPS athletic passes (including electronic and physical passes) by the start of SY19-20.