



# Columbus Consolidated Government

*Georgia's First Consolidated Government*

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## **LIMITED SCOPE AUDIT OF CASH COLLECTIONS AND REFUNDS AT COLUMBUS CIVIC CENTER FINAL DATE: JUNE 19, 2015**

### **AUDIT AUTHORIZATION**

In March 2015, Ross Horner, Director of Columbus Civic Center (CCC) requested that the Internal Audit Department review the procedure of posting sales to the Deferred Revenue account. During this account review, several concerns were raised about the accounting process and procedures for recording sales, cash, and refunds by the Box Office and Finance Department. As a result of this account review, Mr. Horner requested that the Internal Audit Department perform a review of accounting processes and procedures of sales, cash collections, and refunds of Box Office and Finance Department.

The City Council authorized Limited Scope Audit of Cash Collections and Refunds on May 12, 2015. The audit began immediately during the administration of Mayor Teresa P. Tomlinson.

### **BACKGROUND/HISTORY**

CCC provided accounting information for events that are held inside the center and for activities that occur at the ice rink. The Box Office is responsible for financial reporting to CCG Finance Department and the CCC Finance Manager is responsible for event reporting and cash settlement with event promoters.

Financial data is reported separately for events, including hockey and football, and ice rink. CCC uses Ticketmaster software and services to track sales and seats for all events and ice rink activities. Ticketmaster tracks all seat sales, complimentary tickets, and refunds for each event. The reports produced by Ticketmaster provide the basis for immediate cash settlement with the promoters.

Ticketmaster also tracks sales by payment type, ticket level, and cashier. However, because of the structure of Ticketmaster reports they were not used as a financial reporting mechanism to CCG Finance Department. Excel spreadsheets were developed to provide this financial data. This data was also forwarded to CCC Finance Manager. The CCC finance Manager was responsible for event reconciliation and cash settlement. However the current process that was used for balancing the Excel reports lacked the necessary detail to balance it to the Ticket Master

Reports, and additional coordination of financial information between Box Office and Finance Manager was needed.

### **AUDIT SCOPE**

The Auditor reviewed the process and procedures for recording sales, cash, and refunds by the Box Office and Finance Department and related event accounting.

### **AUDIT PROCESS**

The audit process began with the City Council's authorization. Because of the initial work performed during the review of the procedure of posting sales to the Deferred Revenue, the staff was aware of the purpose and scope of the audit. Following the field work, a draft report is presented to Mr. Horner for review, discussion, and response. A final report including the departmental response is then prepared and distributed to the Mr. Horner, Mayor, and City Council concurrently. A presentation to City Council is scheduled to address any questions or concerns and to make the report available to the public. The Auditor conducts follow-up at a later date to insure that agreed upon recommendations have been implemented and are properly functioning.

### **A. CURRENT OPERATIONS**

#### **FOCUS**

The focus of the audit was to evaluate and develop processes and procedures for improvement of accuracy of financial reporting to CCG Finance Department and for the reconciliation of event settlement reporting by:

- ♦ reconciling Ticketmaster reports and financial data reported to CCG Finance department
- ♦ balancing event settlement reports to financial information reported to CCG Finance Department and Ticketmaster reports
- ♦ ticket refunding due to event cancellations
- ♦ accounting for cashier overages and shortages
- ♦ accounting for consignment tickets
- ♦ accounting for complimentary tickets

#### **AUDIT PROCESS**

The auditor spoke with the staff; reviewed and analyzed data reported on the Excel spreadsheets and reconciled this data to Ticketmaster reports; reviewed cash settlement reports; reviewed and analyzed event cancellation ticket refunding financial data; reviewed complimentary ticket information; and reviewed consignment ticket reporting data. The data reviewed spanned the fiscal years 2012 through 2015.



## FINDINGS

Overall, the process and procedures in place to facilitate accurate reporting and reconciling CCG Finance Department data with Ticketmaster Reports needed to be strengthened. Apparently, this had not previously been detected as refunds occur rather infrequently and normally would be less than the materiality threshold used by other auditors. The inadequacy of the existing process is more clearly revealed when a show or concert is cancelled after a significant number of tickets have been sold and the refund process becomes more complex.

## RECOMMENDATIONS

### *Changed format for daily reporting of financial data to CCG Finance Department*

- The daily reports are balanced with Ticketmaster reports and include reporting of cashier cash over/short and refunding of tickets. Additionally reports are now balanced with Visa, MasterCard, and Discover daily totals.

### *Changed format for event accounting*

- Event accounting now includes all information associated with the event. Prior reporting only tracked deferred revenue which made reconciliation to Ticketmaster reports impossible.
- Event accounting now also includes balancing ticket count
- All revenue from the event is consolidated through the deferred revenue account to facilitate reconciliation

### *Implemented procedures to track cash provided by CCG Finance to CCC for refunding of tickets for cancelled events*

- If an event was cancelled and there were a significant number of tickets sold for cash, CCC would receive a check from CCG Finance Department to fund the cash bank needed to make refund to the ticketholders. The transaction was processed though revenue and there was no recompilation procedures to track the funds. The surplus money was held for indefinite period and then ultimately re-deposited as revenue without reconciling to actual tickets refunded. Stringent controls have now been implemented to track all funds received and reconciled to actual tickets refunded. Funds not paid out after 30 days are returned to CCG Finance Department.
- A customer policy has been posted informing the public of the cash refund policy.

### *Implemented cashier cash overage and shortage tracking*

- Previously cashier overages and shortages were not tracked by cashier, only in total. Overage and shortages are now tracked by cashier.

### *Change processing of consignment*

- Previously consignment tickets were not tracked through Ticketmaster but recorded as a bulk transaction that did not match actual cash transactions. Consignment tickets are now processed through a Ticketmaster account that facilitated tracking and reconciling of tickets.

*Complimentary tickets reconciled with Ticketmaster reports*

- Previously a file was maintained with copy of emails and ticket requests but reconciliation to Ticketmaster reporting was not performed. Complimentary tickets are now balanced with Ticketmaster reports.

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*06/19/2015*

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Date