

**SCHOOL DISTRICT OF ESCAMBIA COUNTY  
INTERNAL AUDITING DEPARTMENT**

**SPECIAL INVESTIGATION OF  
PINE FOREST HIGH SCHOOL  
FOOTBALL TICKET SALES**

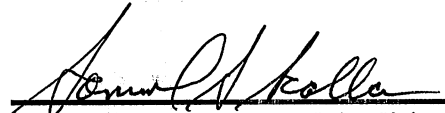
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**Director, Internal Auditing**

**THE SCHOOL DISTRICT OF ESCAMBIA COUNTY  
PINE FOREST HIGH SCHOOL  
FOOTBALL TICKET SALES**

**INVESTIGATION REPORT**

**Introduction**

Articles appearing in the Pensacola News/Journal as well as coverage in local broadcast media have chronicled, in detail, the events surrounding the football ticket scandal that occurred at Pine Forest High School in December 1999. The purpose of this report is to document this department's (Internal Auditing) involvement in the investigation of these events.

**Chronology of Events**

Internal Auditing was contacted in late January 2000 by the Human Resource Management Department regarding football ticket sales at Pine Forest High School. Allegations had been received regarding apparent wrongdoing surrounding ticket sales at a recent football game at Pine Forest High School.

The internal auditor along with department heads from Risk Management and Human Resources initiated an investigation. Various employees were interviewed at the school regarding the sale of football tickets at Pine Forest High School during their playoff game with Escambia High School on December 3, 1999. Unused tickets for that game were reconciled to ticket sales reports by our department. Revenues for those sales were reconciled to school's official receipts, which were traced to deposits in the school's bank account. The accounting for that game appeared to be in order.

On a subsequent visit to the school, the internal auditor attempted to locate a large sum of money that may have been received by Pine Forest High School based on a tip they had received. While reconciling daily collections to receipts for the month of January, previously unreported funds of approximately \$1,700 were located in the school's safe. When questioned regarding the money, the school bookkeeper explained that those funds had been in the safe since the week following the December 3, 1999 playoff game.

In the days that followed, district staff and subsequently the Escambia County Sheriff's Department conducted additional interviews with the Pine Forest High School's principal, assistant principal, bookkeeper and other school employees present the night of the game. District officials learned that school personnel had been involved in a scheme to double sell tickets the night of the game. According to statements from those involved, the principal and assistant principal agreed before the game to instruct the ticket taker at the main gate to collect tickets from patrons as they entered the stadium but to not tear those tickets in half, as is typically done when collecting tickets of this type, and tickets could then be resold. Again, based on statements taken, the purpose of the scheme was to divert funds from the sale of the tickets such that those funds would not have to be divided between Escambia High School and the Florida High School Activities Association (FHSA). Proceeds would then be used to benefit Pine Forest High School.

**Pine Forest High School  
Football Ticket Sales Investigation Report  
August 28, 2001  
Page 2**

The night of the game, the ticket/stadium manager periodically collected whole tickets from a ticket taker at the main gate and returned them to one of the ticket sellers who were instructed to resell them. At the end of the night, ticket sellers were required to "balance out" as normal with one seller ending up with extra funds from reselling tickets. Based on interviews we learned that the "extra" money generated eventually showed up in the canvas ticket bag along with the unused tickets when brought to the bookkeeper's office on or around December 6 or 7, 2000. At the conclusion of the investigation on February 4, 2000, a press release was prepared and the Superintendent of Schools made a public announcement of these findings.

### **Contributing Factors**

In any review of this nature, we attempt to identify weaknesses in the internal control structure that may have led to the defalcation. Based on our review, we have concluded that internal controls over tickets sales were adequately designed and had been placed in operation. However, the misappropriation occurred and went undetected for two reasons: First, the incident occurred through collusion between key school administrators, no (cost effective) internal controls or audit routines have ever been developed to prevent or detect collusion. While ticket takers and sellers questioned instructions given to them that night, they did not refuse to do as instructed by senior school officials.

The other factor that contributed to the defalcation was the lack of dual controls over cash reconciliation's the week following the game. The bookkeeper picked up the sealed moneybags the following Monday, counting the contents alone, without a witness (lack of dual controls) thereby becoming involved in the scheme.

### **Summary**

It is impossible to determine whether the amount of funds recovered from the safe, \$1,740.00, represented the total amount of funds generated from the scheme due to its very nature. Comparisons made to other ticket seller's volume that night indicated a marked difference in the volume of sales. This difference represented the approximate amount of funds recovered and based only on this fact; we have concluded that most of the funds were recovered.

### **Actions Taken**

Amended game reports were filed with the Florida High School Activities Association and additional checks were issued to FHSAA and Escambia High School representing their share of the funds discovered. The principal and assistant principal were subsequently removed from their jobs and their involvement in the scheme was reported to the Professional Practices Commission. The coach (stadium/ticket manager) was suspended and the school's bookkeeper received a letter of reprimand for failing to report the unaccounted for funds to district officials.

In addition to specific action taken against those directly involved in the scheme, district officials have held meetings to discuss ways to prevent such a situation from occurring in the future and to strengthen controls over entrance to school athletic events. Specific guidelines/instructions for ticket takers, ticket sellers, stadium/ticket manager, pass gate sentry, and bookkeepers have been developed. School bookkeepers have received instructions regarding acceptable procedures for handling cash including requirements for dual control.

### Related Issues

During the course of the investigation, crowd estimates were obtained from law enforcement officers working at the game in an attempt to determine whether total attendance could be reconciled to the total number of tickets sold, including those that were sold twice. After accounting for estimates of band members, concession workers, and others who entered legitimately without purchasing a ticket, we concluded that approximately 3,500 people were in attendance at that game, which could not be accounted for.

To control unauthorized entrance to athletic events, district procedures/guidelines have been developed for distribution to all secondary schools that will address entrance to sporting events defining those individuals and groups to be admitted into a game without a ticket, specific procedures for the sentry at the pass gate, and which athletic passes will be honored at various sporting events. Internal Auditing will test these procedures as part of future audits of those schools.

At the conclusion of the investigation, the Superintendent had strong words for school bookkeepers stating he held them to a higher level of accountability because of their position. With that in mind, additional guidance has been provided to school bookkeepers during their annual summer workshop. These issues were discussed, including to what extent they may be called upon to report apparent misappropriations or other violations of rules and regulations.

### Conclusions and Recommendations

Internal control consists of five interrelated components: The first component is the *Control Environment*, "—The core of any business is its people—their individual attributes, including integrity, ethical values and competence—and the environment in which they operate."<sup>1</sup> This "*Tone at the Top*", as it is referred to, represents management's consciousness and emphasis of the control environment, including the ethical climate of the organization.

We believe that nothing would have been more effective in preventing the incident from occurring at Pine Forest High School than a continual emphasis on sound ethical values. During an annual workshop for administrators held during the summer following the events that occurred at Pine Forest High School, a short presentation by the district's Assistant Superintendent for Finance and Business Services was made on the topic of professional ethics and core values. We feel that this should not be a one-time presentation, but a continual process of emphasis to educate employees about professional ethics and core values. Such values should emanate from the highest levels of management and be constantly reinforced through policies and procedures at all levels.

<sup>1</sup>Internal Control-Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission (COSO), 1992