



Athletics Audit

Audit Report No. R2413 | *August 30, 2024*



Executive Summary

Audit Objective

To evaluate financial and accounting processes, internal control systems, and the effectiveness and efficiency of related operations and controls within the Athletics Department.

Controls and Strengths

Athletics:

- has consolidated the cost center reconciling process, making the process more consistent.
- holds semi-monthly compliance training courses for the entire department.
- has instituted a cashless system to mitigate the risk of fraud or theft of cash.

Overall Conclusion

Opportunities exist to strengthen financial and accounting processes and controls related to payroll, student travel, payment acceptance, expenses, property, and contracts.

Observations by Risk Level

Management has reviewed the observations and has provided responses and anticipated implementation dates. Detailed information is included in the attached report.

Observation	Risk Level	Management's Implementation Date
1. Comply with Campus Employment Regulations	High	August 30, 2024
2. Improve Controls over Student Travel	High	August 31, 2024
3. Develop Procedures to Comply with the Payment Acceptance Policy	High	August 31, 2024
4. Strengthen Controls over Expenses	High	August 31, 2024
5. Enhance Controls over Property	Medium	August 31, 2024
6. Develop Procedures to Ensure Payments from Contracts Are Received in a Timely Manner	Medium	September 30, 2025

For details about the audit and methodology, explanation of risk levels, and report distribution, please see Appendices A, B, and C, respectively, in the attached report.



Detailed Audit Results

Observation	Risk Level/Effect	Recommendation ¹
1. Comply with Campus Employment Regulations		High Risk
<p>Controls over payroll expenses for hourly employees were tested to ensure compliance with various policies and procedures, including federal regulations.</p> <p>8 CFR 214.2(f)(9), <i>Employment</i>², states that students authorized to work on campus must not work more than 20 hours a week while school is in session. One F-1 visa student tested worked more than the 20-hour limit for five weeks from FY21-23, and there are no exceptions to the rule. Departmental procedures do not exist for hourly employees, including students with visas.</p> <p>At the time this was discovered, Internal Audit shared the information with Athletics as well as the Primary Designated School Official in the International Students and Scholars Office (ISSO).</p>	<p>Without proper controls in place to ensure compliance with federal regulations, students could be in violation of their immigration status. If students do not follow these requirements, they could be considered “out-of-status” and may be subject to deportation.</p>	<p>Athletics management should comply with campus employment regulations by having procedures in place to ensure staff understand the laws surrounding international employment, and work with the Career Center and the ISSO to ensure proper disposition of the exceptions noted during the audit.</p>

¹ See Appendix B on page 18 for definitions of observation risk rankings. Minimal risk observations were communicated to management separately.

² <https://www.ice.gov/sevis/schools/reg>



Observation	Risk Level/Effect	Recommendation ¹
<p>Management’s Action Plan: Athletics has developed new protocols designed around communication with the Career Center. Due to the Career Center not informing departments that students are international with F-1 Visa status, the department has implemented a policy that limits all student workers to no more than 20 hours per week, regardless of work status.</p> <p>Responsible Party Name and Title: Associate Athletic Director Internal Affairs, Rob Bogardus</p> <p>Estimated Date of Implementation: Implemented as of August 30, 2024</p>		
<p>2. Improve Controls over Student Travel</p>		<p>High Risk</p>
<p>UT Dallas policy UTDBP3023, Travel and Risk Related Activities, outlines requirements to promote safe travel by students to and from events and activities. Student travel expenses were tested for compliance with this policy. Thirty-three of 50 (66%) student travel expenses tested did not have the travel documentation required by the policy.</p> <p>In addition, UT System policy UTS 157 <i>Automobile Insurance Coverage for Officers and Employees and General Requirements for the Use of Vehicles</i>³ states that employees who drive</p>	<p>Without strong controls over student travel, there are increased risks related to student safety.</p>	<p>Athletics should put controls in place over student travel to ensure compliance with University and UT System policies.</p>

³ <https://www.utsystem.edu/sites/policy-library/policies/uts-157-automobile-insurance-coverage-officers-and-employees-and-general-requirements-use-of-vehicles>



Observation	Risk Level/Effect	Recommendation ¹
<p>students must be on an authorized drivers list, which includes employees going through a Motor Vehicle Record (MVR) check and taking specific driver training on a periodic basis.</p> <p>Five of 11 employees tested that drove students during various trips were not on the authorized driver list obtained from Institutional Risk and Safety.</p>		
<p>Management’s Action Plan: Athletics updated policies on Team travel paperwork and workflows to ensure all University policies are adhered to. All paperwork must be signed off by both the sport supervisor and the Business Administrator with both areas having the ability to kick back paperwork that is incomplete for any reason. The Department is working with Risk Management to monitor the driver eligibility list.</p> <p>Responsible Party Name and Title: Associate Athletic Directors, Rob Bogardus, Bill Petitt, and Marci Allison</p> <p>Estimated Date of Implementation: August 31, 2024</p> <p><i>Audit and Consulting Services will test the implementation of this recommendation during the first quarter of FY25.</i></p>		
<p>3. Develop Procedures to Comply with the Payment Acceptance Policy</p>		<p>High Risk</p>
<p>Athletics receives payments primarily from external sales (facility rentals, summer camps) and gifts. The Athletics department received \$905,933 in FY23 and \$909,004 in FY24 through July 2024.</p>	<p>Without strong controls, including documented procedures, over payment acceptance, there is an increased risk of fraud and mismanagement of revenues.</p>	<p>Athletics should develop procedures to comply with the Payment Acceptance policy.</p>



Observation	Risk Level/Effect	Recommendation ¹
<p>UTDBP3040 – <i>Payment Acceptance Policy</i>⁴ provides guidance regarding requirements for departments that accept payments. In reviewing the department’s compliance with the policy, the following opportunities were noted:</p> <ul style="list-style-type: none">• The current procedures in place for handling checks received in the mail should be strengthened to allow for improved safeguarding. Best practices include a check log prepared by the individual who opens the mail and reconciliation to the check log to ensure it was deposited by someone other than the individual who makes the deposit. The check log should be retained in accordance with University records retention requirements.• UTD policy sets forth requirements for receiving and depositing checks, and it does not appear that the current process complies with these requirements due to the current procedures in place. We were unable		

⁴ <https://policy.utdallas.edu/utdbp3040>



Observation	Risk Level/Effect	Recommendation ¹
<p>to test for compliance with the deposit requirements, because the check logs are not retained.</p> <ul style="list-style-type: none"> The policy requires that departments that routinely accept payments must maintain written procedures that detail how the requirements of the policy are met; however, no departmental procedures are in place. Departmental procedures should describe the chain of custody, deposit reconciliation, and reporting and ensure a proper separation of duties between receipt, deposit, and reconciliation. The current process does not allow for an adequate separation of duties. 		
<p>Management’s Action Plan: Athletics implemented new check logging procedures to include policies and procedures and a digital check log with clear separation of duties. We were able to implement this early in the audit process as we were made aware of the issue.</p> <p>Responsible Party Name and Title: Associate Athletic Director Internal Affairs, Rob Bogardus</p> <p>Estimated Date of Implementation: The new check log was implemented February 20, 2024, and the Policies and Procedures were written July 1, 2024.</p> <p><i>Audit and Consulting Services will test the implementation of this recommendation during the first quarter of FY25.</i></p>		



Observation	Risk Level/Effect	Recommendation ¹
4. Strengthen Controls over Expenses		High Risk
<p>Athletics expenses totaled \$5,238,394 for FY23 and \$4,070,250 for FY24 through July 2024. In testing controls over expenses, including compliance with expense-related university policies and procedures, the following was noted:</p> <p><u>General Expenses</u></p> <ul style="list-style-type: none"> • Eleven of 60 expenses tested had business purposes unrelated to the purpose of the cost center. • Ten of 60 expenses tested did not have sufficient documentation, including a bid requirement and business meal documentation. <p><u>Travel Expenses</u></p> <ul style="list-style-type: none"> • Nine of 50 expenses tested did not have a completed and signed travel authorization. • Eight of 50 expenses tested used cost centers that are not meant to be used for travel. • Five of 50 expenses tested were over the allowable per diem amount. • Four of 50 expenses tested did not have valid, itemized receipts or used 	<p>Without strong controls over expenses, there is an increased risk of error, fraud, noncompliance, and inefficiency.</p>	<p>Strengthen controls over the processing of operating expenses, including supplemental payments.</p>



Observation	Risk Level/Effect	Recommendation ¹
<p>the same receipt for different purchases.</p> <ul style="list-style-type: none">Two of 50 expenses tested did not have sufficient business purposes. <p><u>Supplemental Payments</u> UTDPP1097 – <i>Additional Pay for Employees of UT Dallas</i>⁵ provides guidelines for departments related to additional compensation beyond their normal regular pay. We tested 25 supplemental payments for compliance with the policy and noted the following:</p> <ul style="list-style-type: none">Fourteen supplemental payments, totaling \$51,065, did not have adequate supporting documentation.Two supplemental payments, totaling \$45,866, were prepared by the employee receiving the payment but were not reviewed for accuracy before payment was made, resulting in a lack of separation of duties.Departmental procedures do not exist for handling supplemental pay.		

⁵ <https://policy.utdallas.edu/utdpp1097>



Observation	Risk Level/Effect	Recommendation ¹
<p>Management’s Action Plan: Athletics implemented policies and procedures for supplemental pay (both camps and game day work).</p> <p>For supplemental pay for camps, an internal worksheet was created by the Business Administrator which must be approved by the camp administrator via e-mail before the supplemental pay ePAR is created. A worksheet and subsequent e-mail approval is attached to the ePAR as documentation.</p> <p>Athletics is working with Purchasing on bid requirements for projects that require it and providing additional oversight for staff on obtaining any possible missing receipts for OneCard purchases. Per e-mail from Liz Ramirez on 8/21/24, travel expenses are allowable from the revenue cost centers verified by the Office of Budget and Finance.</p> <p>Responsible Party Name and Title: Associate Athletic Director Internal Affairs, Rob Bogardus</p> <p>Estimated Date of Implementation: August 31, 2024</p> <p><i>Audit and Consulting Services will test the implementation of this recommendation during the first quarter of FY25.</i></p>		
<p>5. Enhance Controls over Property</p>		<p>Medium Risk</p>
<p>UTDBP3066 – <i>Property Administration</i>⁶, outlines policies and procedures surrounding university property and states that each department head is responsible for the “proper custody, maintenance, and safekeeping of UTD property assigned to their department.” As of the date of our audit, Athletics property totaled \$1,137,109. Controls</p>	<p>Not having strong controls over property can lead to the loss or misuse of assets and can result in financial losses, reputational risks, and noncompliance with policies and procedures.</p>	<p>Develop procedures to ensure an accurate accounting of asset locations.</p>

⁶ <https://policy.utdallas.edu/utdbp3066>



Observation	Risk Level/Effect	Recommendation ¹
<p>over property, including compliance with university policies, were tested and the following was noted:</p> <ul style="list-style-type: none"> • Seven of 25 assets tested were not located in the location reported in PeopleSoft. • Four assets were transferred to a new department, but asset transfer forms were not completed by Athletics to reflect the change. • A golf cart was traded in for a newer model, which is allowable; however, Inventory and Surplus was not notified of the transaction. 		
<p>Management’s Action Plan: Athletics is working with the University on assigning official names to locations where inventory resides and will continue annual inventory audits and tracking. Most issues on this audit were either eSports (no longer housed in Athletics) or Outdoor Maintenance Equipment (doesn’t have an official University location).</p> <p>Responsible Party Name and Title: Associate Athletic Director Internal Affairs, Rob Bogardus</p> <p>Estimated Date of Implementation: August 31, 2024</p> <p><i>Audit and Consulting Services will test the implementation of this recommendation during the first quarter of FY25.</i></p>		



Observation	Risk Level/Effect	Recommendation ¹
6. Develop Procedures to Ensure Payments from Contracts are Received in a Timely Manner		Medium Risk
<p>Athletics has revenue-producing contracts with various groups for field rentals and sponsorships. In FY23 – FY24 (through July 2024), the contractual amounts from these contracts totaled \$954,854.</p> <p>In testing the timeliness of contract payments, two payments from 13 contracts were not received by the due date.</p> <p>The Assistant Athletic Director is responsible for monitoring the contracts, and the Business Administrator records the payments when received, but each has a separate tracking system for monitoring the payments which can result in inefficiencies.</p>	<p>Not monitoring payment due dates could result in lost revenues.</p>	<p>Develop procedures to ensure payments for contracts are received in a timely manner.</p>
<p>Management’s Action Plan: Athletics administration is partnering with the Office of Budget and Finance to implement an online payment option that will incentivize vendors to make credit card payments online in lieu of issuing checks. Staff determined that physical checks often were sent to the wrong location on campus, delaying their receipt by days or weeks. The online marketplace system should reduce the time between invoicing and payment.</p> <p>Responsible Party Name and Title: Associate Athletic Director Internal Affairs, Rob Bogardus</p> <p>Estimated Date of Implementation: September 30, 2025</p>		



Overall Conclusion

Opportunities exist to strengthen financial and accounting processes and controls related to payroll, student travel, payment acceptance, expenses, property, and contracts.



Appendix A: Information Related to the Audit

Background

As outlined in their mission statement⁷, the purpose of Athletics at UT Dallas is to “provide competitive opportunities to students, which foster physical, social and emotional benefits along with a sense of sportsmanship.” UT Dallas has initiated its transition to Division II of the NCAA, accepting an invitation to join the Lone Star Conference as a full member with the goal of being a full Division II member on September 1, 2026.⁸

The Athletics Department is led by the Director of Athletics who reports to the Vice President for Student Affairs and is also a member of the President’s Executive Leadership Team. Financial and operational information is shown below.

FY20 – FY24 (through July 2024) Operating Information⁹

Totals	2020	2021	2022	2023	2024
Revenues	\$ 552,136	\$ 522,454	\$ 886,947	\$ 905,933	\$ 909,004
Expenses	\$ 3,335,008	\$ 3,810,905	\$ 4,466,974	\$ 5,238,394	\$ 4,070,250
Transfers	\$ 4,173,778	\$ 4,574,760	\$ 4,738,283	\$ 5,294,642	\$ 5,651,157

⁷ https://utdcomets.com/sports/2013/2/14/NEWS_0214132732.aspx?tab=athleticsmissionstatement

⁸ <https://news.utdallas.edu/campus-community/ncaa-ii-approval-2024/>

⁹ Operating information from UTD reporting console



FY24 Sports and Student Athletes

Sport	Number of Student Athletes
Men's Basketball	21
Men's Cross Country	21
Men's Golf	16
Men's Soccer	36
Men's Tennis	13
Men's Track & Field	40
Softball	25
Women's Basketball	14
Women's Cross Country	10
Women's Golf	7
Women's Soccer	17
Women's Tennis	10
Women's Track & Field	20
Women's Volleyball	9
Baseball	54
Grand Total	313

Objective

To evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls within the Athletics Department.



Scope

The scope of the audit was FY23 and the first quarter of FY24. Fieldwork was conducted from February through July 2024, and the audit concluded on July 31, 2024.

Methodology

The audit was conducted in conformance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards (GAGAS). Both standards are required by the Texas Internal Auditing Act, and they require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The Office of Audit and Consulting Services is independent in both standards for internal auditors.

GAGAS also requires that auditors assess internal control when it is significant to the audit objectives. We used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework in assessing internal controls¹⁰.

Our audit methodology included interviews, observations of processes, reviews of documentation, and testing. The following table outlines our audit procedures and overall controls assessment for each of the audit area objectives performed.

Audit Area	Methodology	Observations Related to the Audit Area
Gaining an Understanding of Operations of the Athletics Department	Gained an understanding of operations by interviewing key responsible parties and reviewing policies, procedures, and other related documentation, as necessary.	N/A

¹⁰ <http://www.coso.org>



Audit Area	Methodology	Observations Related to the Audit Area
	Performed a risk assessment to identify areas of high risk within operations, and focused audit procedures on those risks.	
Expenses	Determined if controls over expenses were adequate to ensure the efficiency and effectiveness of processes, the achievement of organizational objectives, the reliability of and integrity of financial information, and compliance with laws, regulations, policies, procedures, gifts and contracts.	Observation #4
Revenues	Tested the effectiveness of controls over the payment acceptance policy.	Observation #3
Property and Assets	Determined if controls over assets were adequate to ensure the efficiency and effectiveness of processes, the reliability of and integrity of financial information, the safeguarding of assets, and compliance with laws, regulations, policies, procedures, and contracts.	Observation #5
Contract Management	Tested the timeliness of payments received, the accuracy of the payments, and the proper authorization of the contracts.	Observation #6
Travel and Student-Athlete Transportation	Tested the effectiveness of controls over travel and safety and driver contract policy and authorizations.	Observation #2
Payroll	Tested the effectiveness of controls over hourly employees and supplemental pay for coaches.	Observation #1
Cost Center Reconciliations	Tested the effectiveness of controls over cost center reconciliations.	N/A



Follow-up Procedures

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. Requests for extension to the implementation dates may require approval from the UT Dallas Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.



Appendix B: Observation Risk Rankings

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.

Risk Level	Definition
Priority	If not addressed immediately, a priority observation has a significant probability to directly impact the achievement of a strategic or important operational objective of UT Dallas or the UT System as a whole. These observations are reported to and tracked by the UT System Audit, Compliance, and Risk Management Committee (ACRMC).
High	High-risk observations are considered substantially undesirable and pose a high probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Medium	Medium-risk observations are considered to have a moderate probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Low	Low-risk observations are considered to have a low probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Minimal	Some recommendations made during an audit are considered of minimal risk, and the observations are verbally shared with management during the audit or at the concluding meeting.



Appendix C: Report Submission and Distribution

We thank the Athletics management and staff for their support, courtesy, and cooperation provided throughout this audit.

Respectfully Submitted,

DocuSigned by:

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Toni Stephens, CPA, CIA, CRMA, Chief Audit Executive

Distribution List

Members and ex-officio members of the UT Dallas Institutional Audit Committee

Responsible Vice President

- Dr. Gene Fitch, Vice President of Student Affairs

Persons Responsible for Implementing Recommendations:

- Mr. Robert Bogardus, Associate Athletic Director
- Mr. Bill Pettitt, Associate Athletic Director
- Ms. Marci Allison, Associate Athletic Director

Other Interested Parties

- Dr. Chad Thomas, Senior Associate VP of Student Affairs
- Ms. Angela Marin, Director of Athletics
- Mr. Dave Wester, Athletics Business Administrator

External Parties

- The University of Texas System Audit Office
- Legislative Budget Board
- Governor's Office
- State Auditor's Office

Engagement Team

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