

Audit Report

Operation Fast Start Audit - Director of Athletics

March 2023

Summary – Operation Fast Start Audit – Director of Athletics

We recently completed an *Operation Fast Start (OFS)* audit for the Director of Athletics. OFS audits are designed to assist recently transitioned UTA leadership by providing information for general areas within their department. The background, audit objective, scope and ratings are detailed on page 12 of this report. Overall, the audit identified the need to enhance understanding of UTA policies in the areas of check/cash handling, human resources, timekeeping, expenses and records retention. Specific observations from the audit are provided below:

Recommendations	Rating	Count
<h1>5</h1>	Priority	0
	High	0
	Medium	5
	Low	0

Observations	Recommendations	Rating	Page
A. Procedural Training, Employee Knowledge, Preparation Accuracy and Management Review of Expense Reports Needed Improvement	1. Training is needed to help improve employees' understanding of allowable expenses, application of procedures, adequate supporting documentation, preparation of expense reports and establishment of an effective review process.	Medium	Page 5
B. Improve Financial Monitoring Processes	2. Provide training to help ensure that cash and check handling practices consistently follow UTA policy.	Medium	Page 6
	3. Establish processes to help ensure cash/check handling procedures are adequately segregated.	Medium	Page 7
C. Human Resources Processes Need Improvement	4. Training is needed for Human Resources related policies and procedures.	Medium	Page 9
D. Enhance Records Management Processes	5. UTA Records Management and Retention policy should be followed to help reduce the risk of exposing confidential information.	Medium	Page 11

Further details can be found on the following pages. Other less significant opportunities were communicated to management separately.

We appreciate the outstanding courtesy and cooperation received from the Department of Athletics.

Observation A – Procedural Training, Employee Knowledge, Preparation Accuracy and Management Review of Expense Reports Needed Improvement

Training Is Needed To Help Improve Employees' Understanding Of Allowable Expenses, Application Of Procedures, Adequate Supporting Documentation, Preparation Of Expense Reports and Establishment Of An Effective Review Process

As part of this audit, a large sample of expenses (travel, non-travel, ProCard, and other) was reviewed to determine whether procedures were consistently followed. The Department of Athletics has a significant amount of expense reports. They also have a Travel Card which functions as a combination of a credit card and a Purchasing Card (ProCard). In addition, there is a specific travel policy written specifically to address Athletics Team Travel and Expenses. Our review disclosed that this policy, along with the general UTA travel and expense policies, require in-depth employee knowledge and attention to detail to properly execute. The following policies and procedures were used to evaluate expenses processed by employees in Athletics:

BF-T-PR-09 UTA Athletics Team Travel and Expense Procedure

- Travel Requests and Authorizations
- Ground Transportation
- Rental Cars
- Mileage Reimbursements
- Air Transportation
- Meal Expenses Travel Status
- Meal Expenses - Student Athletes and Staff
- Recruitment Meals
- Student Athlete Per Diem
- Hotel Rooms Contain Names of Occupants
- Travel Cards Not To Be Used for Personal Expenses
- Cash Advances - Travel and Non-Travel
- Semester Break Periods Athlete Per Diem Non-Travel Status
- Non-Travel Team Meals for Home Games, Non-Game Day Practices and Workouts

BF-T-PR-03 Meals, Lodging, and Misc. Travel Expenses for Contiguous Travel – Local Funds

- Business/Entertainment Meals - Conference expenses

BF-PGC-PR-12 Purchasing Card (ProCard) Program

- ProCard Purchases
- Controlled Asset Purchases
- Gift Cards
- Purchases Are Tax Exempt
- Expenses Do Not Include Disallowed Purchases

Additional Policies or Procedures:

BF-T-PR-13 Travel Card Procedure

BF-T-PR-05 Transportation Options in Travel Status

BF-PGS-PR-08 Reimbursements and Payments Other Than for Travel and Purchase Orders Procedure

Accuracy and Management Review of Expense Reports Needed Improvement – continued

Procedural exceptions and/or errors existed in every expense report reviewed during the audit. The total dollar amount of these procedural exceptions and/or errors was not material. However, the prevalence of mistakes and oversights clearly indicated a significant opportunity exists to improve procedural training, employee knowledge, preparation accuracy, and management review of expense reports. The following are examples of opportunities noted during our review. This list is not meant to be complete or comprehensive:

- Non-travel expenses were improperly recorded on a travel expense report.
- The team list was not included with the team travel expense reports as required.
- The majority of the Official Occasion Expense Forms (OOEF) were not filled out correctly.
- Illegible receipts were included as documentation. As a result, in these cases, we were unable to determine what products were purchased.
- Hotel receipts did not show correct arrival and departure dates and did not show the names of occupants of the rooms.
- Documentation was not consistently in place to help ensure that per diem was not exceeded on hotel room rates.
- Hotel bills had duplicate room charges and incorrect taxes charged. This is a clear indication that the review process was not effective.
- Detailed/itemized receipts were not provided for all meals, especially on team meals. A detailed Banquet Event Order should have been attached for team meals at hotels.
- Expense reports were incorrectly prepared. For example, meal charges were included as taxes on the report.
- Food charges to employee rooms did not have supporting itemized receipts.
- Credit cards appeared to be used by someone other than cardholder. Card sharing should not be allowed.
- Spa charges did not identify the beneficiary or business purpose.
- Uber tips were not based on the trip fare amount.
- Tips exceeded allowable amounts per policy.
- Expenses were coded incorrectly. For example, gas expenses for a vehicle were coded as team nutrition.
- Outstanding invoices were paid late. While an exception was received, it should be noted that an additional \$1,132 was charged for using a credit card, instead of ACH. Paying invoices on a timely basis will avoid unnecessary fees.
- Vendors were paid from a statement and not by invoice. When documentation is missing, vendors should be contacted to provide supporting invoices.
- The Lost or Unavailable Receipt Form was not dated and was improperly signed by someone other than the cardholder. The form was approved by Athletics management who should have identified the signature was not that of the cardholder.

Observation A – Procedural Training, Employee Knowledge, Preparation

Medium

Accuracy and Management Review of Expense Reports Needed Improvement – continued

Recommendation 1:

Provide detailed procedural training and invest the time needed to improve employee knowledge related to expense report preparation. Ensure employees involved in the process understand whether expenses are reimbursable, and the documentation requirements outlined in the procedures. Additional care and attention to detail should be exercised in the preparation of expense reports. Finally, an effective management review and approval process must be developed. Given the number of mistakes and oversights observed in our sample, regular sample reviews should be regularly performed by Athletics' leadership.

Management Response:

Management will ask the Director of Disbursements to conduct a training class for all current employees in Athletics who travel and those who are responsible for preparing expense reports so there is an understanding of the requirements related to travel. Time will be set aside in staff meetings to address specific current policies and/or changes that have taken place. Athletic administrators/reviewers will be more conscientious in performing their reviews before approving. If an expense report has errors or disallowable expenses, it will be sent back to the originator and training conducted as to how the errors should be corrected.

All new employees will meet with the appropriate administrative personnel to go over University policies and regulations as it pertains to reimbursable expenses and travel. In addition, they will also be required to take the *How to Travel for the University* training course.

Target Implementation Date:

November 1, 2023

Responsible Party:

Senior Associate Athletic Director for Finance

Observation B – Improve Financial Monitoring Processes

Medium

Provide Training To Help Ensure That Cash And Check Handling Practices Consistently Follow UTA Policy

Check logs are not maintained in accordance with UTA Procedure BF-AS-PR14 *Cash and Check Handling*. Out of 198 deposits recorded in UTShare, 25 were not recorded in a check log. In addition, check logs did not include the receipt date or initials of the employee receiving the check, or cost center to be credited. Due to the missing receipt dates, we could not determine whether deposits were made on a timely basis in accordance with the procedure.

Receipts of cash and checks are processed at two locations for Athletics – College Park Center and the Gilstrap Athletic Center. Employees at both locations were not aware that a copy of the cash receipt form from the cash receipt book should be retained, and one employee was not aware a cash receipt book should be used to record cash deposits.

Strong internal controls when receiving cash and checks are necessary to prevent mishandling of funds and to help ensure checks are not stolen or altered in the process.

Recommendation 2:

Management should require employees, responsible for cash/check handling, complete appropriate training to gain a solid understanding and working knowledge of UTA Procedure BF-AS-PR14 *Cash and Check Handling*. Importantly, regular reviews should be performed by Athletics leadership to ensure accuracy, completeness, and procedural compliance.

Management Response:

A review of BF-AS-PR-14 has been provided to all Athletic Departmental employees responsible for handling cash and checks. A check log will be maintained by the Administrative Assistant at Gilstrap Athletic Center, and by the Executive Assistant at College Park Center. This log will reflect, received from, reason for check, check amount, date received, cost center deposited into, cash receipt # if appropriate, and date of receipt. The Senior Associate Athletic Director for Finance will be responsible for quarterly reviews to ensure compliance.

Target Implementation Date:

November 1, 2023

Responsible Party:

Senior Associate Athletic Director for Finance

Establish Processes To Help Ensure Cash/Check Handling Procedures Are Adequately Segregated

Inadequate separation of job functions for cash and check handling exists at both locations where cash and checks are processed, and for Maverick Club donations collected during fund raising events. At one location, the person who reconciles the accounting records has custody of checks while preparing deposit forms. In addition, the person who opens the mail and records checks received in a log also makes deposits. For the other location, the same individual records check detail in the log, as well as prepares and makes the deposit. For Maverick Club donations made during fundraising events, cash and checks are collected and delivered to Gift Processing by the same individual.

Segregation of Duties is a basic concept of internal control where key steps in a process are assigned to different people in order to improve accountability and reduce instances where theft or other fraudulent activities go undetected. The mail should be opened by an assigned individual(s) who stamps checks received with the UTA Restrictive Endorsement Stamp, and records the date received and remaining check information in a check log in accordance with UTA Procedure BF-AS-PR14 *Cash and Check Handling*. The check log and checks should then be delivered to the individual assigned to make deposits. Lastly, the check log reconciliation should be performed by an individual who does not receive or deposit funds.

Recommendation 3:

Management should establish a process to help ensure cash/check handling procedures are adequately segregated among receiving/recording of funds, depositing funds, and reconciling deposits on the statement of accounts. Importantly, quarterly observations by management should be established to help ensure completeness, compliance with procedures and accuracy.

Management Response:

A review of BF-AS-PR-14 has been provided to all Athletic Departmental employees responsible for handling cash and checks. At Gilstrap Athletic Center, the Administrative Assistant will open the mail, prepare the check log, then prepare and make the deposit. The Athletic Business Manager will verify the deposit (prior to the deposit being made) and reconcile the Statement of Accounts to the check log and deposit slips. At the College Park Center, the Executive Assistant will open the mail and prepare the check log. The Administrative Assistant will prepare and make the deposit. The Athletic Business Manager will verify the deposit (prior to the deposit being made) and reconcile the Statement of Accounts to the check log and deposit slips. The check logs at both locations will reflect, received from, reason for check, check amount, date received, cost center deposited into, cash receipt # if appropriate, and date of receipt. The Senior Associate Athletic Director for Finance will be responsible for quarterly reviews to ensure compliance.

Observation B – Improve Financial Monitoring Processes – continued

Medium

Target Implementation Date:

November 1, 2023

Responsible Party:

Senior Associate Athletic Director for Finance

Observation C – Human Resources Processes Need Improvement

Medium

Training Is Needed For Human Resources Related Policies and Procedures

The Athletics department does not use Employee Clearance forms for terminating employees as required by UTA Procedure HR-E-PR-10 *Employee Separation and Clearance Process*. The purpose of the clearance form is to help ensure all UTA property is returned, outstanding debts are cleared, and all required forms are prepared prior to the employee's departure.

In addition, two terminated employees did not receive payment for unused vacation as required by UTA Procedure BF-P-PR-07 *Accrued Vacation, Sick Leave, Death Benefits, Excessive Absences and Mid-Month Terminations*. Athletics administration believed that one terminated employee failed to record vacation time in the University's time keeping system. As a result, the employee's vacation hours were likely overstated in the timekeeping system. Therefore, an Athletics' employee made the decision not to pay the employee for any vacation time at the time of termination. Because there was no documentation or support for the employee's actual vacation taken, we could not determine whether the terminated employee was properly compensated.

Lastly, two employee evaluations were not performed in 2022 as required by UTA Policy HR-SPE-PO-01 *Annual Performance Evaluations*. Annual evaluations are essential to help identify areas in which employees need improvement and to set goals for future development.

Recommendation 4:

Management should require training for all employees involved in Human Resources related activities, such as managing employees, reviewing, and approving time sheets, processing and/or approving off boarding procedures, etc., to help ensure that these employees consistently follow UTA policies and procedures.

Management Response:

Management will require each supervisor who is involved in the time keeping process, to take a refresher course specific to time keeping reviews and approvals. In addition, persons involved in the processing and/or approving of off boarding procedures will review the new *Employee Clearance and Release Resource Guide* to ensure they have a full understanding of the requirements. Finally, any HR policy updates will be communicated at the quarterly departmental all staff meeting. Each manager will be reminded that it is their responsibility on an ongoing basis that all HR procedures should be monitored and initiated.

Observation C – Human Resources Processes Need Improvement – continued

Medium

Target Implementation Date:

November 1, 2023

Responsible Party:

Senior Associate Athletic Director for Finance and the Executive Assistant

Observation D – Enhance Records Management Processes

Medium

UTA Records Management And Retention Policy Should Be Followed To Help Reduce The Risk Of Exposing Confidential Information

The Athletics department is not in compliance with UTA Policy GA-LA-PO2 *Records Management and Retention* which requires all official records such as paper, electronic, or any other media, to be retained for the minimum periods as stated in the Records Retention Schedule. The department records custodian, who has been in her current position for three years, stated that she has not had a chance to purge records but is aware of older documents, such as timesheets. Older documents may contain confidential, personal or financial information which is required to be stored securely. Failure to comply with state and federal privacy laws by destroying or not maintaining records before the end of a required retention period could result in penalties or legal issues.

Recommendation 5:

Management should ensure that the department records custodian fully understands and follows UTA Policy GA-LA-PO2 *Records Management and Retention* and the related *Records Retention Schedule*.

Management Response:

The record custodian now has the official online policy and is working through it to understand the expectations. The Athletics agency items will be reviewed for updates and implementation. Additional training will be requested from the Office of Legal Affairs. A procedure will be developed and implemented by the record custodian for review twice a year and proper disposal of documents whose retention period has expired.

Target Implementation Date:

November 1, 2023

Responsible Party:

Executive Assistant

Background, Audit Objective, and Scope & Methodology

Background

UTA has an unprecedented number of key open leadership positions. Many of these positions have been open for extended periods. This time of transition presents unique challenges and risks. To help the new management get an overview of the shape of their departments, and areas that they may need to address first, it was requested that the Office of Audit and Consulting Services conduct audits called Operation Fast Start. These audits would be scaled down departmental audits designed to look at key areas such as Statement of Accounts; Cash Receipts; Purchasing; ProCards; Travel; Hiring and Termination, Timekeeping, Inventory and IT access.

Audit Objective

The objective of the audit was to assist the Director of Athletics identify administrative control opportunities, system security and unit specific concerns in their areas.

Audit Scope and Methodology

The scope of the audit was fiscal year 2022.

Audit methodology included interviewing key personnel, reviewing processes, performing analytical procedures and testing of supporting documentation.

Our examination was conducted in accordance with guidelines set forth in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Ranking Criteria – Operation Fast Start Audit – Director of Athletics

Ranking Criteria

All findings in this report are ranked-based on an assessment of applicable qualitative, operational control and quantitative risk factors, as well as the probability of a negative outcome occurring if the risk is not adequately mitigated. The criteria for these rankings are as follows:

Priority	An issue identified by an internal audit that, if not addressed on a timely basis, could directly impact achievement of a strategic or important operational objective of UTA or the UT System as a whole.
High	A finding identified by an internal audit that is considered to have a medium to high probability of adverse effects to UTA either as a whole or to a significant college/school/unit level.
Medium	A finding identified by an internal audit that is considered to have a low to medium probability of adverse effects to UTA either as a whole or to a college/school/unit level.
Low	A finding identified by an internal audit that is considered to have minimal probability of adverse effects to UTA either as a whole or to a college/school/unit level.

None of the findings from this review are deemed as a “Priority” finding.

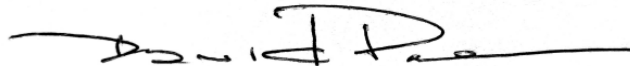
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