

Donor Scholarships



November 2015

**The University of Texas at Austin
Office of Internal Audits
UTA 2.302
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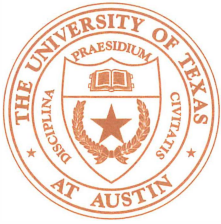
The University of Texas at Austin Office of Internal Audits

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**Donor Scholarships Audit
Project Number: 15.006**



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

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November 30, 2015

President Gregory L. Fenves
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Fenves,

We have completed our audit of donor scholarships. Our scope included reviewing donor scholarships and ensuring they were awarded in compliance with scholarship guidelines and donor-specified requirements during fiscal year 2014.

Based on interviews with relevant staff and testing a sample of 42 accounts, we conclude that donor scholarships awarded by the colleges/schools/units are generally in compliance with scholarship guidelines and donor-specified requirements. No recommendations were necessary.

We appreciate the cooperation and assistance of staff from the 23 colleges/schools/units throughout the audit and hope that the information presented herein is beneficial.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael W. Vandervort".

Michael W. Vandervort, CPA
Chief Audit Executive

cc: Institutional Audit Committee Members
Ms. Nancy Brazzil, Deputy to the President and Chief of Staff
Dr. Judith Langlois, Executive Vice President and Provost, *ad interim*
Ms. Patricia Ohlendorf, Vice President for Legal Affairs
Mr. Jeff Treichel, Associate Director, Office of Internal Audits



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EXECUTIVE SUMMARY

Conclusion

Based on our audit, it appears that donor scholarships awarded by colleges/schools/units (CSUs) are generally in compliance with scholarship guidelines and donor-specified requirements. No recommendations were necessary.

Audit Scope and Objective

The scope of this audit included donor scholarships awarded during fiscal year 2014. The audit objective was to ensure donor scholarships are awarded in compliance with scholarship guidelines and donor-specified requirements.

Background Summary

Donor scholarships originate from gifts that have been contributed by individuals or foundations to a CSU for the benefit of students. The scholarships are held in gift funds at The University of Texas at Austin that can be endowed or non-endowed.

During fiscal year 2014, there were more than 3,600 endowed and non-endowed gift accounts with the authority to award scholarships. All donor scholarships are awarded and monitored by the CSUs. Furthermore, as a result of their connection with an endowment, the Development Office reviews one-third of all Endowment Distribution and Expenditure Funds awarded each year. The Development Office's results are reported to UT System on an annual basis.

The audit was conducted as part of our Fiscal Year 2015 Audit Plan.



BACKGROUND

Donor scholarships originate from gifts that have been contributed by individuals or foundations to a college/school/unit (CSU) for the benefit of students. The scholarships are held in gift funds at The University of Texas at Austin (UT Austin). There are three types of gift funds that are used to record gifts and related expenditures from donors that do not exhibit characteristics of sponsored projects.¹ Donor scholarships can be located in two of the three types of gift funds: General Gift Funds or Endowment Distribution and Expenditure Funds (EDE).

General accounts hold unrestricted non-endowed gift funds and are used for various purposes, including scholarship awards to students. EDE accounts receive quarterly investment distributions from an endowment. In either type, the donor may stipulate broad or specific selection criteria for the award; however, according to The University of Texas System (UT System) policy on Gift Acceptance Procedures (UTS138), "U. T. will make reasonable efforts to honor preferences specified by a donor as provided in this paragraph; however, as provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the U. T. System Administration or any U. T. institution, on the basis of race, color, national origin, religion, sex, age, veteran status, or disability."²

During fiscal year 2014, there were more than 3,600 endowed and non-endowed gift accounts with the authority to award scholarships. It should be noted that the donor does not always specify award criteria. All donor scholarships are awarded and monitored by the CSUs. Furthermore, as a result of their connection with an endowment, the Development Office reviews one-third of all EDE awards each year. The Development Office's results are reported to UT System on an annual basis.

The audit was conducted as part of our Fiscal Year 2015 Audit Plan.

SCOPE, OBJECTIVES, AND PROCEDURES

The scope of this audit included donor scholarships awarded during fiscal year 2014. The audit objective was to ensure donor scholarships are awarded in compliance with scholarship guidelines and donor-specified requirements.

To achieve the objective, the Office of Internal Audits:

- Interviewed relevant staff and collected information from administrators of the scholarship accounts;
- Analyzed relevant donor criteria and UT Austin policies; and
- Reviewed scholarship awardees and financials.

¹ Gift funds – 30 accounts: http://www.utexas.edu/business/accounting/hbp/02_accounting/accounting2-6.html

² UTS138 Section 9.3(b) - <http://utsystem.edu/board-of-regents/policy-library/policies/uts138-gift-acceptance-procedures>



This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

AUDIT RESULTS

Based on our audit procedures, the following 42 accounts were selected for testing using random sampling:

WOMACK ENDOWED PRESIDENTIAL SCHOLARSHIP (EPS) – Fine Arts	J.J. PICKLE REGENTS CHAIR IN CONGRESSIONAL STUDIES – Liberal Arts
WALTHER ENDOWMENT SCHOLARSHIP – Dept. of French and Italian	RAPOPORT CENTENNIAL CHAIR – Liberal Arts
DOTY SOCIETY – Fine Arts	STILES PROFESSORSHIP IN HUMANITIES – Liberal Arts
RHODES EPS IN THEATRE – Fine Arts	CIVIL ENGINEERING SCHOLARSHIPS – Civil Engineering
COUPER EPS GRADUATE-PIANO - Fine Arts	IDC HERZLIYA PARTNERSHIP PROGRAM – LBJ School of Public Affairs
FAIRCHILD EPS IN MUSIC - Fine Arts	MCQUEEN FIELD EXPERIENCE ENDOWMENT – Geological Sciences
CALHOUN ENDOWED SCHOLARSHIP –Computer Science	ANDERSON ENDOWMENT FOR GRAD STUDIES – Geological Sciences
PSY -VARIOUS DONORS-VARIOUS PURPOSES – Psychology	WEINER ENDOWED SCHOLARSHIP – Geological Sciences
SOCIETY OF IRANIAN AMERICAN WOMEN – International Office	YATES MEMORIAL ENDOWMENT FOR GRAD FELLOWSHIPS IN PETR ENG – Engineering
ENVIRONMENTAL SCIENCE DEGREE PROGRAM – Geological Sciences	ACAD of DISTING GRADUATES ENDOWED SCHOLARSHIP IN CAEE - Engineering
COOPER ENDOWED AIR FORCE ROTC EXC – Air Force Science	ALY SALIM KHAWAJA ENDOWED SCHOLARSHIP – Engineering
ART HISTORY ANNUAL GIVING: VAR DON – Art History	TWICHELL CENT END PRES SCHOLARSHIP - Engineering
FAITH FDN-JR FELLOW SCHOLARSHIP PROGRAM – Liberal Arts	CHING YEW ENDOWED DESIGN SCHOLARSHIP – Engineering
HOWARD MILLER EXCELLENCE ENDOWMENT – Religious Studies	DUNCAN ENDOWMENT FOR PHOTOJOURNALISM – Humanities Research Center
ARMSTRONG MUSIC LEADERSHIP ENDOWMENT – School of Music	HUTCHISON STUDENT ENDOWMENT FUND - Office of Financial Aid
HUDSON ENDOWED SCHOLARSHIP – School of Music	DEDMAN NATIONAL MERIT SCHOLAR AWARD - Office of Financial Aid
HENO-EPPRIGHT DEVELOPMENT FUND – School of Human Ecology	EL PASO SCHOLARS ENDOWED SCHOLARSHIP – Office of Financial Aid
PROTHRO CENTENNIAL SCHOLARSHIP FUND – School of Business	MICHAEL SACKS EXCELLENCE FUND – Institute for Computational Engineering and Science
THORINGTON EPS IN BUSINESS - School of Business	STOCK SCHOLARSHIP IN LAW – Law School
STEAD, JR. ENDOWED SCHOLARSHIP - School of Business	SCURO ENDOWED SCHOL IN HISTORY – History
HUNSAKER SCHOLARSHIP – Law School	PATTERSON EPS – Law School



Internal Audits tested the scholarships awarded in the above accounts to:

- Confirm that awardees met the conditions and selection criteria of the donor, if applicable;
- Reconcile account balances and amounts awarded and disbursed;
- Compare results from the Development Office to ensure consistency with results from Internal Audits;
- Inquire about departmental conflict of interest policies, if applicable; and
- Determine whether specialized training was required for administrators.

Of the 23 CSUs responsible for the scholarships above, all appear to be administering scholarships according to donor's requirements and scholarship guidelines.

CONCLUSION

Based on our audit, it appears that the donor scholarships awarded by CSUs are generally in compliance with scholarship guidelines and donor-specified requirements. No recommendations were necessary.