

The University of Texas
Rio Grande Valley

.....
Brownsville • Edinburg • Harlingen

**Division of Institutional Advancement's Support to the
International Women's Board Audit**

Report No. 17-03

January 2017

Office of Audits & Consulting Services

January 19, 2017

Dr. Guy Bailey, President
The University of Texas Rio Grande Valley
2102 Treasure Hills Blvd.
Harlingen, TX 78550

Dear Dr. Bailey,

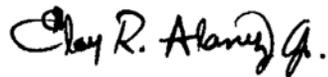
At your request, the Office of Audits and Consulting Services completed an audit of the Division of Institutional Advancement's Support to the International Women's Board (IWB) of The University of Texas Rio Grande Valley Foundation (Foundation). The objective of this audit was to evaluate the services provided to the IWB. Our audit was limited to interviews with departmental employees, review of departmental records and processes.

Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

The recommendation in this report will provide management with information necessary to manage and continue its relationship with the IWB and the Foundation. The detailed report is attached for your review.

We appreciate the assistance provided by UTRGV's management and other personnel. We hope the information and analysis presented in our report is helpful.

Sincerely,



Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Executive

cc: Dr. Kelly Scrivner Cronin, Vice President for Institutional Advancement
UTRGV Internal Audit Committee
UT System Audit Office
Governor's Office of Budget, Planning and Policy
Sunset Advisory Commission
State Auditor's Office
Legislative Budget Board

Office of Audits and Consulting Services

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EXECUTIVE SUMMARY

At the request of the President, we completed an audit of the Division of Institutional Advancement's Support to the International Women's Board (IWB) of The University of Texas Rio Grande Valley Foundation.

The objective of this audit was to evaluate the services provided to the IWB. Our audit was limited to interviews with departmental employees, review of departmental records and processes.

Based on the procedures performed, the Division of Institutional Advancement staff performs tasks for the IWB and in some cases has affected the productivity of its employees. In addition, there is no evidence to support that adequate reimbursement for all IWB services has occurred in accordance with the Memorandum of Understanding and with U.T. System *Regent's Rule 60306*.

BACKGROUND

The University of Texas Rio Grande Valley (UTRGV) was created by the Texas Legislature on December 7, 2012, and it combined the resources and assets of The University of Texas-Pan American (UTPA) and the University of Texas at Brownsville (UTB) effective September 1, 2015. UTRGV has locations in Brownsville, Edinburg and Harlingen and it continues its transitional phase working through various strategic, operational and logistical challenges.

The University of Texas-Pan American Foundation (UTPAF) was established in 1982 and recognized as a tax-exempt organization under Internal Revenue Code *Section 501(c)(3)*. Subsequent to the establishment of UTRGV, the UTPAF amended its name with the Internal Revenue Service to become The University of Texas Rio Grande Valley Foundation (Foundation).

In October of 2015, the Foundation amended its *Memorandum of Understanding* (MOU) with UTPA to incorporate UTRGV. This MOU was created between the Foundation and the University to comply with U.T. System *Regent's Rule 60306: Use of University Resources*, which states that "the use of equipment, facilities, or services of employee of the U.T. System or any of the institutions by an external nonprofit corporation or external entity...shall be permitted only in accordance with a negotiated agreement that provides for the payment of adequate compensation for such equipment, facilities or services." The MOU summarizes the overall relationship between Foundation and UTRGV, describing the responsibilities of each entity.

The Foundation has been a valuable organization supporting UTPA and now UTRGV. It was formed exclusively for charitable, education, and scientific purposes of "supporting all programs of the University; furthering education research and financial assistance to deserving recipients; accepting donations for particular objectives to accomplish such purposes; and cooperating with the advancement of the general welfare of the University as a whole. The policies of the Board of Trustees include the activities of securing and administering funds for the benefit of the University."

The International Women's Board (IWB) is one of several projects that emerged from the Foundation. The IWB was founded in 1989 and its mission is to contribute to the breadth, depth and quality of education at UTPA, act as ambassadors for the University, provide scholarships and meet other special needs. IWB has awarded scholarships to upperclassmen and graduate students for summer study abroad programs, provided travel grants to students invited to present papers at international conferences, hosted receptions for visiting speakers, luncheons for scholarship recipients and international students. The IWB has in excess of 250 active members lead by an Executive Council (EC) consisting of 25 members. The IWB EC meetings are typically held at the UTRGV Alumni Center. All financial activity is recorded in Foundation's financial statements and payments for IWB expenses are disbursed from a Foundation bank account.

AUDIT OBJECTIVE

The objective of this audit was to evaluate the services provided by the Division of Institutional Advancement to the International Women's Board.

SCOPE OF WORK

The scope of our work included interviews with departmental employees, review of departmental records and processes. We focused on the use of UTRGV resources, such as equipment, facilities and services of employees. See the audit results for the detailed audit steps that were performed. Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to those *Standards*.

AUDIT RESULTS

We conducted interviews with personnel from the Division of Institutional Advancement (DIA) and obtained other information related to activities conducted by DIA on behalf of the IWB. One of DIA's staff, the special gifts officer, managed the day to day operations of the IWB for 11 years. The specific duties carried out by this UTRGV employee included the following:

1. Prepare for the Executive Council (EC) meetings held every 1st Thursday of the month, which included EC meeting packets (agenda, financial report, and meeting minutes).
2. Process accounts receivables and payables in coordination with the IWB President, Treasurer and DIA accounting staff.
3. Schedule and prepare for on and off campus events (prepare catering bids, submit work orders to physical plant, conduct mail-outs, account for reservations via online, telephone and through mail, schedule speakers, write media story and submit to print media).
4. Provide membership reports, prepare membership dues reminder letters, collect dues at events and membership drives, and prepare membership directory.
5. Promote IWB scholarships via campus student electronic bulletin boards, email scholarship application to faculty and staff, organize an average of 120 student scholarship applications received for the scholarship committee's review, and process scholarship award letters to approximately 100 students.

These tasks accounted for about 95% of the employee's time. In addition to this work, the DIA accountant has prepared the financial activities report for the IWB, IWB member expense

reimbursements and vendor payments. The amount of time it's taken the accountant to prepare this report, process reimbursements and pay IWB invoices is approximately one to two days. The DIA gifts processing specialists have prepared receipts for all IWB gifts and other revenues and on average, it's taken one to two hours per week depending on the number of transactions that must be entered into the specialized gifts software.

In an effort to improve its operations and meet its fundraising goal, the UTRGV Vice President for Institutional Advancement (VPIA) assessed and streamlined its processes to address budget constraints as a result of UTRGV's transition. In a memo dated August 21, 2015, addressed to the IWB President, the VPIA outlined a proposal for dividing responsibilities between UTRGV and the IWB. Many of the special gifts officer's responsibilities were shifted to the IWB officers and its committees. All IWB scholarships would be managed by the UTRGV Scholarship Office and the Office of International Programs. The DIA's Special Events Office would handle all internal logistics for the events committee. These changes allowed the special gifts officer to devote more time to work with the deans of colleges to solicit funding for college priorities and stewarding gifts. In March of 2016, the special gifts officer stopped performing tasks for the IWB.

While many duties were divided between the entities, DIA continues to perform tasks for the IWB such as preparing and recording financial transactions, internal events logistics, receipting, gift acceptance and processing. Some DIA staff stated that there was not ample time to complete their UTRGV duties because of these IWB tasks, and in some instances, they had to put University business on hold to complete the IWB work.

In accordance with the MOU, the Foundation is to "pay to the University all direct costs borne by the University in support of Foundation projects". UTRGV provides support to the Foundation for various tasks and the DIA is reimbursed for those services. Those tasks include processing financial transactions, preparing financial information for the Foundation Board of Trustees, gift acceptance and processing. However, the time spent on these and all IWB activities are not documented; therefore, we are unable to determine whether adequate compensation has been provided to UTRGV.

Recommendation:

The DIA staff should track and document all time spent on activities for the IWB. The VPIA should then evaluate whether the costs for services are included in the current compensation to UTRGV in accordance with the MOU and with *Regent's Rule 60306*.

Management's Response:

Because the need for private support is greater than ever, the Division of Institutional Advancement was charged with raising more money than ever before. Thus, we had to reorganize our division, which meant we could no longer provide a full-time employee to assist the IWB, a task that was affecting productivity in the office. DIA remains grateful

for the support that the IWB offers to the UTRGV students. We want to continue a healthy working relationship with the board, albeit in an abbreviated fashion due to budget and manpower constraints. In reviewing the tasks and workload, the office of institutional advancement has begun tracking all time spent on activities of the IWB. This tracking system will be used for UT System reporting as well as providing accurate costs for reimbursement from the UTRGV Foundation.

Implementation Date:

Implemented

CONCLUSION

Based on the procedures performed, the Division of Institutional Advancement staff performs tasks for the IWB and in some cases has affected the productivity of the employees. In addition, there is no evidence to support that adequate reimbursement for all IWB services has occurred in accordance with the Memorandum of Understanding and with U.T. System *Regent's Rule 60306*.