



February 12, 2019

Sandra Woodley, Ph.D., President  
The University of Texas Permian Basin  
4901 East University  
Odessa, Texas 79762

Dear President Woodley:

On January 15, 2019, The University of Texas (UT) System Audit Office issued a Report on the Application of Agreed-Upon Procedures (AUP) for the Department of Intercollegiate Athletics (Athletics) at UT Permian Basin (UTPB) for the Fiscal Year (FY) Ended August 31, 2018.

Subsequent to the issuance of the original AUP report, we identified additional material variances that we did not previously detect and that required revision to Athletics' FY 2018 Statement of Revenues and Expenses (SRE). The SRE categories affected were Athletic Student Aid and Direct Institutional Support. The total reported Athletic Student Aid did not change, but there were material misclassifications among sports. However, the total for Direct Institutional Support did change and has been reduced by \$791,246.90. The amounts reported for the other SRE categories and sports remain unchanged.

Because of the material changes, we are providing you with a reissued report on the AUP engagement, which includes details of the changes noted above and a restated SRE. In addition, UTPB management agreed to revise its SRE to reflect the changes noted above and contacted the National Collegiate Athletic Association (NCAA) to correct its FY 2018 SRE submission. The revised submission was completed and acknowledged by the NCAA on January 29, 2019.

We appreciate the continued assistance provided to us by the various departments at UTPB.

Sincerely,

J. Michael Peppers, CPA, CIA, QIAL, CRMA  
Chief Audit Executive

cc: Steven Leslie, Ph.D., Executive Vice Chancellor for Academic Affairs  
Cesario Valenzuela, Vice President for Business Affairs and Chief Financial Officer  
Scott Farmer, Director of Athletics  
Felecia Burns, Director, Office of Accounting  
Glenn Spencer, Chief Audit Executive

**The University of Texas Permian Basin  
Department of Intercollegiate Athletics**

**Independent Auditor's Report on the  
Application of Agreed-Upon Procedures  
For the Fiscal Year Ended August 31, 2018**



**January 2019**

*Reissued February 12, 2019*

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE  
210 WEST SEVENTH STREET  
AUSTIN, TX 78701  
(512) 499-4390



**The University of Texas Permian Basin  
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**INDEPENDENT<sup>1</sup> AUDITOR'S REPORT  
ON THE APPLICATION OF AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the President of The University of Texas Permian Basin (UTPB), solely to assist UTPB management in evaluating whether the accompanying Statement of Revenues and Expenses (SRE) of UTPB's Department of Intercollegiate Athletics (Athletics) is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 6.2.3.1 for the Fiscal Year (FY) ended August 31, 2018. UTPB's management is responsible for the SRE and compliance with NCAA requirements.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The following pages outline the required procedures and results. Reportable findings are defined as errors or misclassifications equal to or greater than one percent of total revenues or expenses. Also attached to this report are the following appendices: **Appendix A**, Restated SRE of Athletics for the Fiscal Year Ended August 31, 2018; **Appendix B**, Notes to the SRE; **Appendix C**, Restated Variance Analysis; **Appendix D**, Restated Findings and Recommendations; and **Appendix E**, Follow-Up on Prior Year's Findings and Recommendations.

**Agreed-Upon Procedures for Revenues, Expenses, and Other Reporting Items**

- Agree the amounts reported on the SRE to UTPB's general ledger.

*Three material adjustments were identified as a result of agreeing the initial SRE to the general ledger and supporting schedules. Management agreed to record material adjustments to three SRE categories: Direct Institutional Support, Athletic Student Aid, and Recruiting. The specific material adjustments identified and recorded for the affected SRE categories are described under the respective procedures in the results below. See Recommendation 1 in **Appendix D**. Additionally, other immaterial adjustments are reflected in the final SRE located in **Appendix A** of this report.*

*In addition, there are certain items recorded on the SRE that are not required to be recorded in UTPB's general ledger, including indirect institutional support and gifts-in-kind. The NCAA requires that these items be reported on the SRE to fully reflect the operations of the Athletics Department.*

- Perform the following procedures for all revenue and expense categories applicable to the SRE:
  - ❖ Compare and agree each operating revenue and expense category reported in the SRE during the reporting period to supporting schedules provided by UTPB. If a specific reporting category is less than 4.0% of the total revenues, no procedures are required for that specific category.

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<sup>1</sup> The NCAA requires this agreed-upon procedures engagement to be conducted by an independent accountant. For purposes of this engagement, the NCAA considers the UT System Audit Office to be independent.



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- ❖ Compare and agree a sample of operating revenue receipts and operating expenses obtained from the above supporting schedules to adequate supporting documentation.
- ❖ Compare each major revenue and expense account over 10% of the total revenues/expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.

*These procedures were performed for the revenue and expense categories listed below, except for those less than 4.0% of the total revenues or total expenses, as stated in the procedures. If applicable, any material exceptions are noted below under the respective category. The results of the variance analysis are included in **Appendix C**.*

- Identify and document aspects of UTPB's internal control structure that are unique to Athletics. Test specific elements of the control environment and accounting systems that (1) are unique to Athletics and (2) have not been addressed in connection with the audit of UTPB's financial statements.

*No material exceptions were noted as a result of this procedure.*

- Identify all intercollegiate athletics related affiliated and outside organizations and obtained those organizations' financial statements for the reporting period.

*UTPB does not have any athletics-related affiliated and outside organizations.*

### **Agreed-Upon Procedures Related to Revenues**

#### **Ticket Sales**

1. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by UTPB in the SRE and the related attendance figures and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

#### **Student Fees**

2. Compare and agree student fees reported by UTPB in the SRE for the reporting period to student enrollments during the same reporting period and recalculate totals.
3. Obtain documentation of UTPB's methodology for allocating student fees to intercollegiate athletics programs.
4. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

*No material exceptions were noted as a result of these procedures. Procedure 4 was not applicable.*



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**Direct State or Other Governmental Support**

5. Compare direct state or other governmental support recorded by UTPB during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate totals.

*UTPB identified two Athletics support staff that were compensated from State-appropriated funds because they were assigned to other University departments within UTPB’s human resources system, but they functionally work for Athletics and have Athletics department position titles. Article III, Section 9 of the General Appropriations Act states, “No educational and general funds appropriated may be used for the operation of intercollegiate athletics.” The total amount paid from a State-funded source was \$131,083.63. See Recommendation 2 in Appendix D.*

**Direct Institutional Support**

6. Compare the direct institutional support recorded by UTPB during the reporting period with institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

*Direct Institutional Support was understated by a net amount of \$224,963.60 due to two material variances:*

- *UTPB initially recorded \$1,514,291.84 in Direct Institutional Support as being entirely sourced from a set-aside of designated tuition to fund scholarships. During our review of the Athletic Student Aid category, we found that \$872,382.94 in scholarship expenses were funded from designated tuition, which is a form of direct institutional support. The remainder of the scholarship expenses, \$641,908.90, were actually sourced from Athletics’ auxiliary or gift funds and are not forms of direct institutional support.*
- *Direct Institutional Support was understated by \$866,872.50. Amounts provided from the Distance Education/Academic Partnership fees and the Bookstore, as well as amounts used to fund spirit groups and lump-sum vacation payouts, had been omitted from the initial SRE.*

<i>Direct Institutional Support Components</i>	<i>Initial SRE</i>	<i>Final SRE</i>	<i>Difference</i>
<i>Designated Tuition Scholarships</i>	<i>\$1,514,291.84</i>	<i>\$872,382.94</i>	<i>\$(641,908.90)</i>
<i>Distance Education/Academic Partnership Fee Transfer</i>	<i>0.00</i>	<i>644,000.00</i>	<i>644,000.00</i>
<i>Graduate Student Assistants (transfer from Bookstore)</i>	<i>0.00</i>	<i>132,000.00</i>	<i>132,000.00</i>
<i>Spirit Groups</i>	<i>0.00</i>	<i>58,526.81</i>	<i>58,526.81</i>
<i>Lump-sum Vacation Payouts</i>	<i>0.00</i>	<i>32,345.69</i>	<i>32,345.69</i>
<b><i>Total Revised Direct Institutional Support</i></b>	<b><i>\$1,514,291.84</i></b>	<b><i>\$1,739,255.44</i></b>	<b><i>\$224,963.60</i></b>

*UTPB corrected the final SRE that appears in Appendix A of this report. See Recommendation 1 in Appendix D.*

**Transfers Back to Institution**

7. Compare the transfers back to UTPB with permanent transfers back to institution from the athletics department and recalculate totals.



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*This procedure was not applicable. Athletics did not have any transfers back to the institution.*

**Indirect Institutional Support**

8. Compare the indirect institutional support recorded by UTPB during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Guarantees**

9. Select a sample of settlement reports for away games during the reporting period and agree each selection to UTPB's general ledger and/or the SRE and recalculate totals.
10. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period. Compare and agree each selection to UTPB's general ledger and/or the SRE and recalculate totals.

*No material exceptions were noted as a result of these procedures.*

**Contributions**

11. Obtain and review supporting documentation for any contributions of moneys, goods, or services received directly by the intercollegiate athletics program from any affiliated or outside organization that constituted 10% or more of all contributions received for intercollegiate athletics during the reporting period and recalculate totals.

*No material exceptions were noted as a result of this procedure. UTPB received two individual contributions that each accounted for more than ten percent of all contributions received by Athletics during FY 2018. See Appendix B, Note 2.*

**In-Kind**

12. Compare the in-kind recorded by UTPB during the reporting period with a schedule of in-kind donations and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Compensation and Benefits Provided by a Third-Party**

13. Obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from UTPB. Select a sample of funds from the Summary and compare and agree each selection to supporting documentation, UTPB's general ledger, and/or the Summary and recalculate totals.

*This procedure was not applicable. Athletics did not have any compensation and benefits provided by a third-party.*



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**Media Rights**

14. Obtain and inspect agreements to understand UTPB's total media (broadcast, television, radio) rights received by UTPB or through their conference offices as reported in the SRE.
15. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and UTPB's general ledger and recalculate totals.

*These procedures were not applicable. Athletics did not have any media rights revenue.*

**NCAA Distributions**

16. Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Conference Distributions**

17. Obtain and inspect agreements related to UTPB's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.
18. Compare and agree the related revenues to UTPB's general ledger and/or the SRE and recalculate totals.

*These procedures were not applicable. Athletics did not have any conference distributions.*

**Program Sales, Concessions, Novelty Sales, and Parking**

19. Compare the amount recorded in the revenue reporting category to general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Royalties, Licensing, Advertisements, and Sponsorships**

20. Obtain and inspect agreements related to UTPB's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period for relevant terms and conditions.
21. Compare and agree the related revenues to UTPB's general ledger and/or the SRE and recalculate totals.

*No material exceptions were noted as a result of these procedures.*

**Sports Camp Revenues**

22. Inspect sports-camp contracts between UTPB and persons conducting institutional sports-camps or clinics during the reporting period to obtain documentation of UTPB's methodology for recording revenues from sports-camps.
23. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agreed each selection to UTPB's general ledger and/or the SRE and recalculate totals.



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*No material exceptions were noted as a result of these procedures.*

**Athletics Restricted Endowment and Investment Income**

24. Obtain and inspect endowment agreements for relevant terms and conditions.
25. Compare and agree the classification and use of endowments and investment income reported in the SRE during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

*No material exceptions were noted as a result of these procedures.*

**Other Operating Revenue**

26. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Bowl Revenues**

27. Obtain and inspect agreements related to UTPB's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.
28. Compare and agree the related revenues to UTPB's general ledger, and/or the SRE and recalculate totals.

*These procedures were not applicable. Athletics did not have any bowl revenues for the reporting period.*

**Agreed Upon Procedures for Expenses**

**Athletic Student Aid**

29. Select a sample of students from the listing of institutional student aid recipients during the reporting period.
30. Obtain individual student-account detail for each selection and compare the total aid in UTPB's student system to the student's detail in UTPB's report that ties directly to the NCAA Membership Financial Reporting System.
31. **Division I Institutions Only:** Perform a check of each student selected to ensure their information was reported accurately in the NCAA Membership Financial Reporting System.
32. Recalculate totals for each sport and overall.

*Procedure #31 was not applicable to UTPB.*

*For a sample of individual student-athletes tested, there were instances in which the athletic student aid reported to the NCAA through Compliance Assistant did not agree to amounts recorded in the student records system. See Recommendation 3 in **Appendix D**.*

*UTPB reported \$1,383,815.00 in Athletic Student Aid expenses on the initial SRE. This total represented beginning-of-the-year financial aid estimates. However, the amount recorded in the general ledger for scholarship expenses was \$1,539,287.84, which included \$1,514,291.84 from*





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*Athletics department cost centers and \$24,996.00 from two Athletic scholarship cost centers. Consequently, the initial SRE was materially understated by \$155,472.84. UTPB corrected the SRE to include the correct total. Within the general ledger total, there was \$894,878.94 in scholarship expenses recorded in designated tuition and gift cost centers, and not sport-specific cost centers.*

*To determine how the \$894,878.94 should be reported for each sport, we requested from UTPB a mapping or reconciliation of disbursements to student-athletes recorded in the student financial aid system, Campus Solutions, to the general ledger that would demonstrate how the designated, auxiliary, and gift funds supported athletic financial aid for the specific sports; however, there was no reconciliation or mapping available. Without a mapping or reconciliation, neither we nor UTPB would know, with certainty, the actual amounts expensed per sport. See Recommendation 4 in **Appendix D**.*

*In lieu of a mapping or reconciliation, we calculated proportionate amounts, using available financial aid information from Athletics, to arrive at reasonable estimates of athletic student aid totals by sport. We provided this information to UTPB management, which reviewed and agreed with our methodology. This category was corrected in the final SRE that appears in **Appendix A** of this report.*

#### **Guarantees**

33. Obtain and inspect visiting institution's away-game settlement reports received by UTPB during the reporting period and agree related expenses to UTPB's general ledger and/or the SRE and recalculate totals.
34. Obtain and inspect contractual agreements pertaining to expenses recorded by UTPB from guaranteed contests during the reporting period. Compare and agree related amounts expensed by UTPB during the reporting period to UTPB's general ledger and/or the SRE and recalculate totals.

*No material exceptions were noted as a result of these procedures. While the adjustment made to record guarantees paid was immaterial, the amount was initially omitted from the SRE. This category was corrected in the final SRE that appears in **Appendix A** of this report. See Recommendation 1 in **Appendix D**.*

#### **Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities**

35. Obtain and inspect a listing of coaches employed by UTPB and related entities during the reporting period. Select a sample of coaches' contracts, including football and men's and women's basketball from the listing.
36. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by UTPB and related entities in the SRE during the reporting period.
37. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by UTPB and related entities expense recorded by UTPB in the SRE during the reporting period.



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38. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

*No material exceptions were noted as a result of these procedures.*

**Coaching Other Compensation and Benefits Paid by a Third-Party**

39. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts, including football and men's and women's basketball from the listing.
40. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third-party and recorded by UTPB in the SRE during the reporting period.
41. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party expenses recorded by UTPB in the SRE during the reporting period and recalculate totals.

*These procedures were not applicable. Athletics personnel did not receive compensation or benefits directly from a third-party.*

**Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities**

42. Select a sample of support staff/administrative personnel employed by UTPB and related entities during the reporting period.
43. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree the related payroll summary registers to the related support staff/administrative salaries, benefits, and bonuses paid by UTPB and related entities expense recorded by UTPB in the SRE during the reporting period and recalculate totals.

*No material exceptions were noted as a result of these procedures.*

**Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party**

44. Select a sample of support staff/administrative personnel employed by third parties during the reporting period.
45. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by UTPB in the SRE during the reporting period and recalculate totals.

*These procedures were not applicable. Athletics personnel did not receive compensation or benefits directly from a third-party.*

**Severance Payments**

46. Select a sample of employees receiving severance payments by UTPB during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.



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*This procedure was not applicable. Athletics did not make severance payments.*

**Recruiting**

47. Obtain documentation of UTPB's recruiting expense policies.
48. Compare and agree to existing institutional- and NCAA-related policies.
49. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

*A net adjustment of \$66,032.36 was made to increase Recruiting. UTPB accurately identified the amounts to be reported as recruiting expenses but inadvertently recorded a different amount on the initial SRE. This category was corrected in the final SRE that appears in **Appendix A** of this report.*

**Team Travel**

50. Obtain documentation of UTPB's team travel policies.
51. Compare and agree to existing institutional- and NCAA-related policies.
52. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

*No material exceptions were noted as a result of these procedures.*

**Equipment, Uniforms, and Supplies**

53. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Game Expenses**

54. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Fund Raising, Marketing, and Promotion**

55. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Sports Camps Expenses**

56. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure. While the adjustment made to record expenses for sports camps was immaterial, the amount was initially omitted from the SRE. This category was corrected in the final SRE that appears in **Appendix A** of this report. See **Recommendation 1 in Appendix D**.*



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**Spirit Groups**

57. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure. While the adjustment made to record expenses for spirit groups was immaterial, the amount was initially omitted from the SRE. This category was corrected in the final SRE that appears in **Appendix A** of this report. See Recommendation 1 in **Appendix D**.*

**Athletic Facility Debt Service, Leases and Rental Fees**

58. Obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements).
59. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

*These procedures were not applicable. UTPB had no Athletics related debt.*

**Direct Overhead and Administrative Expenses**

60. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Indirect Institutional Support**

61. Tested with revenue section - Indirect Institutional Support (see procedure # 8 on page 3).

*No material exceptions were noted as a result of this procedure.*

**Medical Expenses and Medical Insurance**

62. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Memberships and Dues**

63. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Other Operating Expenses and Transfers to Institution**

64. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.



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*No material exceptions were noted as a result of this procedure.*

**Student-Athletic Meals (non-travel)**

65. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*No material exceptions were noted as a result of this procedure.*

**Bowl Expenses**

66. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*This procedure was not applicable. Athletics did not have any bowl expenses for the reporting period.*

**Agreed-Upon Procedures for Other Reporting Items**

**Excess Transfers to Institution and Conference Realignment Expenses**

67. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*This procedure was not applicable. Athletics did not have transfers to the institution or conference realignment expenses for the reporting period.*

**Total Athletics Related Debt**

68. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.
69. Agree the total annual maturities and total outstanding athletic related to supporting documentation and UTPB's general ledger, as applicable.

*These procedures were not applicable. UTPB had no Athletics related debt.*

**Total Institutional Debt**

70. Agree the total outstanding institutional debt to supporting documentation and the UTPB's audited financial statements, if available, or the UTPB's general ledger.

*No material exceptions were noted as a result of this procedure.*

**Value of Athletics Dedicated Endowments**

71. Obtain a schedule of all athletics dedicated endowments maintained by athletics, UTPB, and affiliated organizations. Agree the fair market value in the schedule(s) to supporting documentation, the general ledger(s) and audited financial statements, if available.

*No material exceptions were noted as a result of this procedure.*



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**Value of Institutional Endowments**

72. Agree the total fair market value of institutional endowments to supporting documentation, UTPB's general ledger and/or audited financial statements, if available.

*No material exceptions were noted as a result of this procedure.*

**Total Athletics Related Capital Expenditures**

73. Obtain a schedule of athletics related capital expenditures made by athletics, UTPB, and affiliated organizations during the reporting period.
74. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

*These procedures were not applicable. UTPB did not have Athletics related capital expenditures.*

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying SRE of Athletics. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the procedures specified above and does not extend to UTPB's financial statements.

This report is intended solely for the information and use of UTPB management and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

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J. Michael Peppers, CPA, CIA, QIAL, CRMA  
Chief Audit Executive

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Gan Louie, CIA, CISA  
Manager of Audits



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**APPENDIX A  
THE UNIVERSITY OF TEXAS PERMIAN BASIN DEPARTMENT OF INTERCOLLEGIATE ATHLETICS  
RESTATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2018**

	Football	Men's Basketball	Women's Golf	Men's Golf	Women's Basketball	Baseball	Men's Cross Country	Men's Soccer	Men's Swimming
<b>Operating Revenues:</b>									
1 Ticket Sales	\$ 156,784.96	-	-	-	-	-	-	-	-
2 Direct State or Other Gov't Support	-	-	-	-	-	-	-	-	-
3 Student Fees	-	-	-	-	-	-	-	-	-
4 Direct Institutional Support	5,627.95	188,209.97	-	-	131,346.59	72,833.38	33,615.41	61,118.92	46,857.84
5 Less - Transfers to Institution	-	-	-	-	-	-	-	-	-
6 Indirect Institutional Support	-	-	-	-	-	-	-	-	-
Indirect Inst Support - Athletic Facilities	-	-	-	-	-	-	-	-	-
6A Debt Service, Lease and Rental	-	-	-	-	-	-	-	-	-
7 Guarantees	15,000.00	-	-	-	-	-	-	-	-
8 Contributions	523,235.00	78,450.00	15,715.00	15,715.00	-	17,710.00	2,000.00	1,100.00	5,000.00
9 In-Kind	-	-	-	-	-	-	-	-	-
10 Compensation and Benefits (third party)	-	-	-	-	-	-	-	-	-
11 Media Rights	-	-	-	-	-	-	-	-	-
12 NCAA Distributions	-	-	-	-	-	-	-	-	-
13 Conference Distributions	-	-	-	-	-	-	-	-	-
Program Sales, Concessions, Novelty	-	-	-	-	-	-	-	-	-
14 Sales and Parking	-	-	-	-	-	-	-	-	-
Royalties, Licensing, Advertisement and	-	-	-	-	-	-	-	-	-
15 Sponsorships	-	-	-	-	-	-	-	-	-
16 Sports Camp Revenues	-	-	-	-	-	-	-	-	-
Athletics Restricted Endowment and	-	-	-	-	-	-	-	-	-
17 Investment Income	-	11,531.20	-	-	-	-	-	-	-
18 Other Operating Revenue	85,756.65	292.50	-	175.00	1,000.00	471.00	-	-	1,700.00
19 Bowl Revenues	-	-	-	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>786,404.56</b>	<b>278,483.67</b>	<b>15,715.00</b>	<b>15,890.00</b>	<b>132,346.59</b>	<b>91,014.38</b>	<b>35,615.41</b>	<b>62,218.92</b>	<b>53,557.84</b>
<b>Operating Expenses:</b>									
20 Athletic Student Aid	483,243.90	203,304.44	30,250.00	37,000.00	133,846.59	80,233.38	44,615.41	63,193.92	46,857.84
21 Guarantees	8,000.00	9,800.00	-	-	1,500.00	-	-	-	-
Coaching Salaries, Benefits, and Bonuses	-	-	-	-	-	-	-	-	-
22 Paid by the University	463,878.24	161,609.29	37,399.02	37,399.61	111,385.39	82,959.97	32,561.25	102,933.83	33,069.21
Coaching Salaries, Benefits and Bonuses	-	-	-	-	-	-	-	-	-
23 paid by a Third Party	-	-	-	-	-	-	-	-	-
Support Staff/Admin Salaries, Benefits	-	-	-	-	-	-	-	-	-
24 and Bonuses Paid by the University	3,343.00	-	-	-	-	-	-	-	-
Support Staff/Admin Comp, Benefits and	-	-	-	-	-	-	-	-	-
25 Bonuses paid by Third Party	-	-	-	-	-	-	-	-	-
26 Severance Payments	-	-	-	-	-	-	-	-	-
27 Recruiting	26,866.53	7,687.57	562.98	129.94	7,408.82	6,294.78	1,103.84	1,210.04	448.90
28 Team Travel	137,905.94	88,403.53	8,178.76	19,572.69	40,826.21	43,452.73	8,140.71	36,316.97	36,417.01
Sports Equipment, Uniforms and	-	-	-	-	-	-	-	-	-
29 Supplies	71,522.84	13,775.75	6,537.83	11,039.46	9,696.36	33,979.19	5,416.16	7,419.50	8,016.87
30 Game Expenses	183.15	12,715.41	62.50	62.50	10,835.08	21,775.41	-	5,091.69	-
31 Fund Raising, Marketing and Promotion	970.25	495.00	-	-	-	-	-	-	-
32 Sports Camp Expenses	-	-	-	-	-	-	-	-	-
33 Spirit Groups	-	-	-	-	-	-	-	-	-
Athletic Facility Debt Service, Leases	-	-	-	-	-	-	-	-	-
34 and Rental Fees	-	-	-	-	-	-	-	-	-
35 Direct Overhead and Admin Expenses	2,777.08	-	-	560.00	-	-	303.20	-	-
36 Indirect Institutional Support	-	-	-	-	-	-	-	-	-
37 Medical Expenses and Insurance	10,045.46	-	-	-	16.47	-	-	-	-
38 Memberships and Dues	-	1,046.16	12,964.00	8,250.33	260.00	-	-	-	-
39 Student-Athlete Meals (non-travel)	82,419.20	731.27	-	-	27.18	561.62	3,635.59	3,123.75	-
40 Other Operating Expenses	45,873.18	8,905.02	9,640.94	7,879.47	2,882.65	5,049.50	180.00	358.30	8,763.60
41 Bowl Expenses	-	-	-	-	-	-	-	-	-
41A Bowl Expenses - Coaching Comp	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,337,028.77</b>	<b>508,473.44</b>	<b>105,596.03</b>	<b>121,894.00</b>	<b>318,684.75</b>	<b>274,306.58</b>	<b>95,956.16</b>	<b>219,648.00</b>	<b>133,573.43</b>
50 Excess Transfer to University	-	-	-	-	-	-	-	-	-
51 Conference Realignment	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>1,337,028.77</b>	<b>508,473.44</b>	<b>105,596.03</b>	<b>121,894.00</b>	<b>318,684.75</b>	<b>274,306.58</b>	<b>95,956.16</b>	<b>219,648.00</b>	<b>133,573.43</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	<b>\$ (550,624.21)</b>	<b>\$ (229,989.77)</b>	<b>\$ (89,881.03)</b>	<b>\$ (106,004.00)</b>	<b>\$ (186,338.16)</b>	<b>\$ (183,292.20)</b>	<b>\$ (60,340.75)</b>	<b>\$ (157,429.08)</b>	<b>\$ (80,015.59)</b>



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APPENDIX A  
 THE UNIVERSITY OF TEXAS PERMIAN BASIN DEPARTMENT OF INTERCOLLEGIATE ATHLETICS  
 RESTATED STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

	Men's Tennis	Women's Cross Country	Women's Soccer	Softball	Women's Swimming	Women's Tennis	Women's Volleyball	Non-Program Specific	Total
<b>Operating Revenues:</b>									
1 Ticket Sales	-	-	-	-	-	-	-	-	156,784.96
2 Direct State or Other Gov't Support	-	-	-	-	-	-	-	131,083.63	131,083.63
3 Student Fees	-	-	-	-	-	-	-	1,536,338.20	1,536,338.20
4 Direct Institutional Support	31,397.81	37,346.72	66,721.49	61,779.25	34,634.05	39,523.57	93,715.68	834,526.81	1,739,255.44
5 Less - Transfers to Institution	-	-	-	-	-	-	-	-	-
6 Indirect Institutional Support	-	-	-	-	-	-	-	288,308.06	288,308.06
Indirect Inst Support - Athletic Facilities	-	-	-	-	-	-	-	-	-
6A Debt Service, Lease and Rental	-	-	-	-	-	-	-	-	-
7 Guarantees	-	-	-	-	-	-	500.00	500.00	16,000.00
8 Contributions	1,000.00	-	500.00	-	-	-	3,610.00	231,866.64	895,901.64
9 In-Kind	-	-	444.82	-	-	-	-	190.00	634.82
10 Compensation and Benefits (third party)	-	-	-	-	-	-	-	-	-
11 Media Rights	-	-	-	-	-	-	-	-	-
12 NCAA Distributions	-	-	-	-	-	-	-	24,416.00	24,416.00
13 Conference Distributions	-	-	-	-	-	-	-	-	-
Program Sales, Concessions, Novelty	-	-	-	-	-	-	-	-	-
14 Sales and Parking	-	-	-	-	-	-	-	2,154.36	2,154.36
Royalties, Licensing, Advertisement and	-	-	-	-	-	-	-	-	-
15 Sponsorships	-	-	-	-	-	-	-	36,352.51	36,352.51
16 Sports Camp Revenues	-	-	-	-	-	-	9,890.00	-	9,890.00
Athletics Restricted Endowment and	-	-	-	-	-	-	-	-	-
17 Investment Income	-	-	-	-	-	-	5,440.70	10,291.08	27,262.98
18 Other Operating Revenue	3,403.00	-	500.00	75.00	-	3,937.00	550.00	66,292.76	164,152.91
19 Bowl Revenues	-	-	-	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>35,800.81</b>	<b>37,346.72</b>	<b>68,166.31</b>	<b>61,854.25</b>	<b>34,634.05</b>	<b>43,460.57</b>	<b>113,706.38</b>	<b>3,162,320.05</b>	<b>5,028,535.51</b>
<b>Operating Expenses:</b>									
20 Athletic Student Aid	32,397.81	45,846.72	66,721.49	60,907.04	34,634.05	39,523.57	136,711.68	-	1,539,287.84
21 Guarantees	-	-	-	-	-	-	-	-	19,300.00
Coaching Salaries, Benefits, and Bonuses	-	-	-	-	-	-	-	-	-
22 Paid by the University	32,747.90	32,561.62	83,782.19	86,021.33	33,070.29	32,746.65	113,702.08	-	1,477,827.87
Coaching Salaries, Benefits and Bonuses	-	-	-	-	-	-	-	-	-
23 paid by a Third Party	-	-	-	-	-	-	-	-	-
Support Staff/Admin Salaries, Benefits	-	-	-	-	-	-	-	-	-
24 and Bonuses Paid by the University	-	-	-	-	-	-	-	779,862.50	783,205.50
Support Staff/Admin Comp, Benefits and	-	-	-	-	-	-	-	-	-
25 Bonuses paid by Third Party	-	-	-	-	-	-	-	-	-
26 Severance Payments	-	-	-	-	-	-	-	-	-
27 Recruiting	46.46	565.69	2,064.53	2,612.60	2,563.77	483.32	3,567.76	81,139.37	144,756.90
28 Team Travel	28,374.78	6,430.52	36,203.16	27,670.26	19,120.57	22,836.94	37,745.45	47,048.44	644,644.67
Sports Equipment, Uniforms and	-	-	-	-	-	-	-	-	-
29 Supplies	6,762.39	5,609.75	2,186.15	18,144.61	9,591.63	8,632.68	173.52	27,319.74	245,824.43
30 Game Expenses	2,447.33	-	4,181.90	6,597.18	-	2,908.12	7,348.71	114,153.87	188,362.85
31 Fund Raising, Marketing and Promotion	10.36	-	-	500.00	-	75.41	-	57,466.33	59,517.35
32 Sports Camp Expenses	-	-	-	-	-	-	4,759.03	-	4,759.03
33 Spirit Groups	-	-	-	-	-	-	-	58,526.81	58,526.81
Athletic Facility Debt Service, Leases	-	-	-	-	-	-	-	-	-
34 and Rental Fees	-	-	-	-	-	-	-	-	-
35 Direct Overhead and Admin Expenses	264.50	175.24	-	-	-	412.58	-	158,202.93	162,695.53
36 Indirect Institutional Support	-	-	-	-	-	-	-	288,308.06	288,308.06
37 Medical Expenses and Insurance	-	-	-	-	-	4.97	127.00	13,787.73	23,981.63
38 Memberships and Dues	-	-	475.00	235.00	-	-	180.00	31,206.15	54,616.64
39 Student-Athlete Meals (non-travel)	167.32	4,938.82	72.00	-	-	-	2,168.75	32,350.96	130,196.46
40 Other Operating Expenses	885.58	597.10	6,423.96	1,652.89	6,927.03	959.45	1,860.86	119,818.18	228,657.71
41 Bowl Expenses	-	-	-	-	-	-	-	-	-
41A Bowl Expenses - Coaching Comp	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>104,104.43</b>	<b>96,725.46</b>	<b>202,110.38</b>	<b>204,340.91</b>	<b>105,907.34</b>	<b>108,583.69</b>	<b>308,344.84</b>	<b>1,809,191.07</b>	<b>6,054,469.28</b>
50 Excess Transfer to University	-	-	-	-	-	-	-	-	-
51 Conference Realignment	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>104,104.43</b>	<b>96,725.46</b>	<b>202,110.38</b>	<b>204,340.91</b>	<b>105,907.34</b>	<b>108,583.69</b>	<b>308,344.84</b>	<b>1,809,191.07</b>	<b>6,054,469.28</b>
<b>Excess (Deficiency) of</b>									
<b>Revenues Over (Under) Expenses</b>	<b>\$ (68,303.62)</b>	<b>\$ (59,378.74)</b>	<b>\$ (133,944.07)</b>	<b>\$ (142,486.66)</b>	<b>\$ (71,273.29)</b>	<b>\$ (65,123.12)</b>	<b>\$ (194,638.46)</b>	<b>\$ 1,353,128.98</b>	<b>\$ (1,025,933.77)</b>





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**APPENDIX B  
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES**

**NOTE 1 – Summary of Significant Accounting Policies**

*Fiscal Year* – UTPB's fiscal year is the period beginning each September 1<sup>st</sup> and ending each August 31<sup>st</sup> of the subsequent calendar year.

*Principles of Preparation* – The SRE is prepared in accordance with the NCAA financial reporting guidelines. Information used in the SRE's preparation is obtained primarily from subsidiary ledger information recorded in UTPB's financial accounting system. Other information, such as amounts estimated for non-cash trade-out agreements and gifts-in-kind, is obtained from records maintained by Athletics.

*Student Fees* – The current athletic fee is \$21.20 per semester credit hour plus a repurposed fee of \$35.00 per student. Certain students, including those students enrolled only in online or dual credit courses, are not charged the athletic fee or repurposed fee.

*Direct Institutional Support* – Direct Institutional Support is comprised primarily of designated tuition and other institutional funds.

**NOTE 2 – Contributions Constituting More than Ten Percent of All Contributions**

UTPB received \$895,901.64 in contributions for Athletics during FY 2018. Two individual contributions of \$200,000.00 each were received as payments on pledges, and each separately accounted for more than ten percent of all contributions received for Athletics during FY 2018.

**NOTE 3 – Capital Assets**

Athletics acquires, approves, depreciates, and disposes assets in accordance with UTPB institutional policy as follows:

- Acquisition - Athletics acquires capital assets through the normal process at the institution. All purchases are centralized and are to be made using the method that provides the best value to UTPB. Informal quotes are required for purchases above \$15,000, and competitive bidding is required for all assets above \$50,000. The capitalization threshold is \$5,000.
- Approval – Generally, the Athletics Director approves capital asset purchases, and the purchase of specific computer equipment must be approved by UTPB's Information Resources Division. Additionally, UTPB Purchasing must approve anything over \$15,000.
- Depreciation - Depreciation is allocated to Athletics based on the assets, or portions of real-assets, under the control of Athletics. Depreciation is calculated on a straight-line basis.
- Disposal - Disposal of capital assets must be done in accordance with State of Texas law and institutional policy.



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**NOTE 4 – Other Reporting Items**

<b>Category</b>	<b>Amount</b>
Excess Transfers to Institution	\$0.00
Conference Realignment Expenses	Not Applicable
Total Athletics Related Debt	\$0.00
Total Institutional Debt	\$169,999,000.00
Value of Athletics Dedicated Endowments	\$638,687.17
Value of Institutional Endowments	\$48,659,257.25
Total Athletics Related Capital Expenditures	\$42,609.50



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**APPENDIX C  
RESTATED VARIANCE ANALYSIS**

Amounts for each major revenue and expense account over 10% of the total revenues or expenses were compared to prior period and budget estimate amounts. For variations greater than 10%, an understanding was obtained as noted below. All explanations appear to be reasonable.

**Comparison to Prior Period**

The following SRE categories met the threshold for investigation:

	<b>FY 2018</b>	<b>FY 2017</b>	<b>Change \$</b>	<b>Change %</b>	<b>Explanation for Variance from Prior Year</b>
<i>Revenues:</i>					
Student Fees	1,536,338.20	1,769,527.85	(233,189.65)	-13.18%	It appears that revenue should have increased based on increased semester credit hours for FY 2018. While online and dual credit students are not charged athletics fees, management cannot explain this variance without more research.
Direct Institutional Support	1,739,255.44	790,608.92	948,646.52	119.99%	Primarily attributable to fee transfers, support for graduate student assistants, and spirit groups, which were inadvertently omitted from the FY 2017 SRE.
<i>Expenses:</i>					
Athletic Student Aid	1,539,287.84	1,202,349.72	336,938.12	28.02%	There was an increase in the cost of tuition, fees, housing, and meal plans for FY 2018. The University offered more athletics scholarships in football and men’s basketball in FY 2018.
Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	1,477,827.87	1,216,164.78	261,663.09	21.52%	There were additions in Assistant Coaching positions and there was an increase in men’s basketball coaches’ salaries.
Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities	783,205.50	618,971.02	164,234.48	26.53%	Athletics added an Athletics Director salary and one additional administrative staff person.
Team Travel	644,644.67	526,246.02	118,398.65	22.50%	There was a significant increase in football travel for away games in FY 2018.



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**Budget to Actual Comparison**

The following accounts met the threshold for investigation:

<b>Cost Center</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Percent Variance</b>	<b>Explanation for Variances over 10%</b>
55900014	2,432,232.74	863,467.12	1,568,765.62	64.50%	Attributable to football support operating expenses.



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**APPENDIX D  
RESTATED FINDINGS AND RECOMMENDATIONS**

The following are our engagement findings, related recommendations, and management’s responses.

**Recommendation 1: Amounts Omitted from Initial SRE**

After preparation of the initial SRE, but during fieldwork, we identified several types of revenues and expenses that had been omitted on the initial SRE:

Direct Institutional Support was understated by a material amount. As shown in the table to the right, we identified \$866,872.50 in funding provided to support Athletics that had been omitted from the initial SRE.

Direct Institutional Support Omissions	Amounts
Distance Education/Academic Partnership Fee Transfer	\$644,000.00
Graduate Student Assistants (transfer from Bookstore)	132,000.00
Spirit Groups	58,526.81
Lump-sum Vacation Payouts	32,345.69
<b>Total Omissions</b>	<b>\$866,872.50</b>

We also found that the following categories were understated by immaterial amounts due to inadvertent omissions: Sponsorships (in-kind revenue and expense), Endowments (revenue), Guarantees (expense), and Sports Camp Expenses. While in-kind amounts are not required to be recorded in UTPB’s general ledger, the NCAA requires that these items be reported on the SRE to fully reflect the operations of the Athletics Department.

The observation described above is considered a **medium-level** finding in accordance with UT System’s Internal Audit finding classification system.<sup>2</sup>

**Recommendation:** UTPB should update its SRE preparation procedures by documenting the types of adjustments made, which may be used to help ensure that relevant amounts are included on the SRE. Additionally, Athletics should document relevant transfers and non-general ledger items (e.g., gifts and sponsorships in-kind) throughout the fiscal year to facilitate more accurate SRE reporting.

**Management’s Response:** UTPB’s Office of Accounting is working with Athletics to document preparation procedures used for the FY18 SRE that includes all recommendations from UT System and UTPB Internal Auditors. These procedures will be available for whomever prepares these reports moving forward.

**Implementation Date:** September 1, 2019

<sup>2</sup> The UT System Internal Audit finding classification system includes Priority, High, Medium, or Low-level findings. A Priority Finding is defined as “an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.” Non-Priority Findings are ranked as High, Medium, or Low, with the level of significance based on an assessment of applicable Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated.



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**Recommendation 2: Athletics Support Staff Paid with State Funds**

UTPB identified two Athletics support staff who were compensated from State-appropriated funds because they are assigned to other University departments within the human resources system, but functionally work for Athletics and have Athletics department position titles. Article III, Section 9 of the *General Appropriations Act* states, "No educational and general funds appropriated may be used for the operation of intercollegiate athletics." The total amount paid from a State-funded source was \$131,083.63.

The observation described above is considered a **medium-level** finding in accordance with UT System's Internal Audit finding classification system.<sup>2</sup>

**Recommendation:** UTPB should either correct the funding source for the Athletics employees compensated from State funds or consult the UT System Office of General Counsel for a legal opinion to determine whether the method of compensating support staff is permissible or if any corrective action is necessary.

**Management's Response:** UTPB has corrected the funding source for the two employees identified.

**Implementation Date:** December 1, 2018

**Recommendation 3: Discrepancy Between Campus Solutions and Compliance Assistant**

For eight out of 26 (31%) student-athletes selected for testing, the athletic student aid reported to the NCAA through Compliance Assistant did not agree to amounts recorded in the student records system.

The observation described above is considered a **medium-level** finding in accordance with UT System's Internal Audit finding classification system.<sup>2</sup>

**Recommendation:** UTPB Athletics should coordinate with Accounting and Financial Aid to improve the accuracy of the athletic student aid information reported to the NCAA through Compliance Assistant, reconciling to actual financial aid awarded per the student records system as needed.

**Management's Response:** Starting in FY19, UTPB's Athletics Compliance Officer will coordinate with the Office of Accounting to ensure that student aid reported to the NCAA agrees to what is reflected on student accounts in Campus Solutions for every semester.

**Implementation Date:** April 1, 2019

**Recommendation 4: Reconciliation of Athletic Student Aid between Student and Accounting Systems**

UTPB did not have a mapping or reconciliation of disbursements to student-athletes recorded in the student financial aid system, Campus Solutions, to the general ledger that demonstrated how the total Athletic Student Aid amount should be reported on the SRE for each sport. In lieu of a mapping or reconciliation, we calculated proportionate amounts, using available financial aid information from Athletics, to arrive at reasonable estimates of athletic student aid totals by sport. The sum of the per-sport



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amounts we estimated agrees to actual expenses of \$1,539,287.84 recorded in the general ledger. While our estimates by sport may not reflect actual amounts expensed for each sport, it is unlikely that the variance between the actual and our per-sport estimates would result in material variances. We provided this information to UTPB management, which reviewed and agreed with our methodology.

The observation described above is considered a **medium-level** finding in accordance with UT System's Internal Audit finding classification system.<sup>2</sup>

**Recommendation:** UTPB should reconcile financial aid amounts recorded in the student financial aid system to amounts recorded in the general ledger to ensure that amounts reported on the SRE for Athletic Student Aid and Direct Institutional Support are accurate, complete, and adequately supported. If feasible, record actual scholarship expenses, including any lump-sum University transfers for designated tuition scholarships, in the cost centers associated with the respective sports of the student-athletes who received financial aid. This may facilitate the reconciliation process and improve the accuracy of SRE reporting.

**Management's Response:** Moving forward, the Office of Accounting will reconcile financial aid amounts submitted to the financial aid office by athletics with amounts recorded in the general ledger. Differences will be addressed early enough each semester to process any necessary corrections in the appropriate time period. Also, athletic cost centers will be re-named for specific sports to make reconciliation by sport more accurate.

**Implementation Date:** April 1, 2019



**The University of Texas Permian Basin  
Independent Auditor's Report on the Application of Agreed-Upon Procedures  
For the Fiscal Year Ended August 31, 2018**

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**APPENDIX E  
FOLLOW-UP ON PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS**

The findings and recommendations from the agreed-upon procedures engagement related to the FY 2015 SRE have been implemented, with follow-up results previously communicated to UTPB management.