

The University of Texas at San Antonio

UTSA Auditing & Consulting Services

Restricted Gifts Audit

Project# 2023-22

September 14, 2023

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This engagement was conducted in accordance with The Institute of Internal Auditor's International Standards for Professional Practice of Internal Auditing and with Government Auditing Standards.

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Executive Summary

Conclusion

Expenses paid with gift funds comply with donor restrictions.

However, it was determined that gift expenditures were overstated for FY17-FY23 in UTSA's Annual Financial Report.

Observation Rating

Priority
High
Medium
Low
Satisfactory

Background

UTSA's Strategic Destinations are to be a model of student success, a great public research university, and an exemplar for strategic growth and innovative excellence. The Office of Advancement and Alumni Engagement is responsible for successful fundraising and alumni engagement. It cultivates relationships across the public and private sectors, strengthening UTSA's partnerships and reputation among key stakeholders. It creates philanthropic opportunities supporting UTSA's Strategic Destinations while maintaining strong ties with alumni.

The Office of Advancement and Alumni Engagement fundraised Gift Contributions for Operations of \$78.9M in FY2021 and \$30.9M in FY2022. FY2023 Gift Contributions for Operations will be finalized in October 2023.

Audit Objective and Scope

Determine if expenses paid with gift funds from September 2022 through May 2023 comply with donor restrictions. Gifts received for research or scholarships are not within the scope of this audit.

Observation, rating, and planned implementation date:

1

Restricted Gift expenditures are overstated in UTSA's Annual Financial Report for FY17-FY23.

1/30/2024

Audit Observation

Restricted Gift Expenditures are Overstated in UTSA's Annual Financial Report for FY17-FY23.

Medium

Observation

Condition

Cost Center G03033 Advancement Services Salaries is incorrectly categorized as funded by a restricted gift. The Cost Center is funded by unrestricted interest earnings and not from a gift.

Criteria

[Financial Guidelines - Accounting Treatment of Gifts](#) states that gifts to UTSA are accounted for in restricted gift funds. Gift funds are used to record receipts and expenditures related to donor gifts.

[Governmental Accounting Standards Board No. 54 Fund Balance Reporting](#)

states that fund balances should be reported as restricted when constraints are placed on the use of resources.

Cause

In 2017, Financial Affairs established Cost Center G03033 to fund Office of Advancement Services salaried positions. G03033 is funded by Cost Center, INT003 Interest on Time Deposits, which is unrestricted. Salary expenditures paid in Cost Center G03033 have grown since 2017.

Cost Center G03033					
*FY2023	\$1.7M	FY2020	\$368K	FY2018	\$109K
FY2022	\$1.3M	FY2019	\$123K	FY2017	\$99K
FY2021	\$985K				
*through July 2023					

Impact

Inaccurate reporting of restricted expenditures can lead to misunderstandings of UTSA's restricted gifts and related expenditures.

Management Action Plan

Jessica Gebhart, Senior Director of Endowment Compliance and Gift Services, and Rebecca Anderson, Senior Associate Vice President of Operations and Advancement Services, confirmed that the Office of Advancement Services does not include expenditures from Cost Center G03033 in external gift reporting. Therefore, no reporting changes by the Office of Advancement Services are deemed necessary.

Greg Yturalde, Assistant Vice President of Financial Affairs and Controller, has created a non-gift Cost Center in Designated Funds. The Controller's and Budget Offices will perform the necessary reorganization steps to move the positions and encumbrances to the new cost center from G03033. Cost Center G03033 will be inactivated once the reorganization is complete.

Responsible Party:

Greg Yturalde, Assistant Vice President, Financial Affairs and Controller

Planned Implementation Date:

January 30, 2024



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We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.