



THE UNIVERSITY
OF TEXAS AT DALLAS

Office of the Vice President for Development and Alumni Relations

Audit Report No. 2613

June 1, 2026



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Executive Summary

Audit Objective

To assess the adequacy and effectiveness of the Office of Development and Alumni Relations' governance framework, risk management processes, and internal controls in supporting compliance, safeguarding resources, reliable and accurate information, the effective and efficient use of resources, and achieving strategic and operational objectives.

Primary Risk Type: Finance

Date of Last Audit: There have been no audits of this office within the past 15 years; however, an audit of Gifts was conducted in FY23.

Controls and Strengths

Effective controls are in place to support:

- cost center reconciliation processes and the maintenance of adequate supporting documentation, and
- the management and oversight of decentralized fundraising employees.

Overall Conclusion

Overall, the Office of the Vice President for Development and Alumni Relations has adequate and effective governance, risk management, and internal controls processes. However, opportunities exist to improve controls related to asset management, external sales revenue, expenditure management and cost center approvals, and conflict of interest and commitment.

Observations by Risk Level

Management has reviewed the observations and has provided responses and expected implementation dates. Detailed information is included in the attached report.

Observation Area	Risk Level	Management's Implementation Date
1. Internal Controls Over Asset Management	High	December 31, 2026
2. Controls Over External Sales Revenue Activities	Medium	December 31, 2026
3. Payroll, Expenditure, and Cost Center Approval Controls	Medium	December 31, 2026
4. Conflict of Interest and Commitment Disclosure Compliance	Medium	December 31, 2026

For details about the audit procedures, explanation of risk levels, and report distribution, please see Appendices A, B, and C, respectively, in the attached report.



Detailed Audit Results

The following reportable observations, presented in order of risk, identify opportunities to strengthen controls in the areas of asset management, external sales, expense and cost center controls, and conflict of interest and commitment compliance. See Appendix B on page 12 for definitions of observation risk rankings.

1. Internal Controls Over Asset Management

High Risk: Lack of controls over assets can lead to the loss or misuse of assets, which can result in financial losses, reputational risks, and noncompliance with State and University regulations and policies.

Observation

At the time of our audit, the office was responsible for managing 234 assets with a total value of approximately \$773,382. The office uses a spreadsheet to track inventory and custodial changes and requires employees to complete an annual “Development Inventory Form” for assets assigned to remote employees. These practices represent key controls supporting asset accountability. Additional monitoring procedures could help enhance these controls.

Our testing procedures were designed to determine if controls were adequate to ensure the efficiency and effectiveness of processes, the reliability of and integrity of financial information, the safeguarding of assets, and compliance with laws, regulations, policies, and procedures. The detailed results of the testing were shared with the Office Development and Alumni Affairs, and in summary, indicated the following:

- Assets not accurately recorded into PeopleSoft, based on location and custodian.
- Instances where the Development Inventory Form was not completed or incomplete.
- Assets that did not have a tag or identifier.
- Assets that should have been transferred to the Crow Museum.
- One missing asset.

Criteria

[UTDBP3066 – Property Administration Policy](#) - “Each department head acts as the custodial authority for the personal property within his/her allocated area and is responsible for the stewardship and maintenance of UTD property. It is important that accurate property control records be maintained, not only at the University level, but also at the departmental level...”

Management’s Action Plan

Observation Area	Plan to Address
Assets not accurately recorded into PeopleSoft, based on location and custodian.	Implement "How To" procedure process. Kaele Irby will become the new point of contact for all incoming, check out and disposition of mobile and stationery assets. Training will be conducted for a smooth transition.
Instances where the Development Inventory Form was not completed or incomplete.	New system will be created for checking out and tracking of assets. This will also include follow-up schedule with those who do not response to regular tracking emails.
Assets that did not have a tag or identifier.	Request new tag/identifier from inventory/asset mgmt.



Assets that should have been transferred to the Crow Museum.	In process, will complete request in PS. Contact transfer to dept to inform them of transfer.
Action Plan Owner(s): Kaela Irby, Administrative Project Coordinator II Kelley Atwood, Director Joy Camp, Business Manager Gloria Muhammad, Senior Director	Due Date: December 2026

2. Controls Over External Sales Revenue Activities

Medium Risk: Not having strong controls over external sales revenues increase the risk of noncompliance with university policy, inaccurate pricing, misstated revenue reporting, weakened oversight over external sales activities, and potential reputational harm to the University.

Observation

The Office of Development and Alumni Relations generates external sales revenue from three primary sources:

1. Space rentals at the Davidson-Gundy Alumni Center (DGAC)
2. Commencement-related fees, and
3. Alumni Relations activities, including the Alumni Shop, Alumni Association memberships, and event ticket sales.

During FY25, external sales revenue totaled approximately \$277,711, consisting of \$195,193 from DGAC rentals, \$31,098 from commencement fees, and \$51,420 from Alumni Relations activities.

Our review of departmental procedures and governing requirements identified the following observations:

- Written procedures have not been documented for Alumni Relations external sales activities.
- DGAC rental rate changes are not consistently supported by documented comparisons to comparable vendors and are not formally approved by Development management.
- Alumni Relations and Commencement revenues exceed the \$10,000 threshold and are therefore subject to UTDBP3114, External Sales; however, required rate studies have not been completed for either revenue source.
- DGAC is subject to UTDBP3114 and completed a FY25 rate study; however, the rate study was not completed accurately, as personnel-related costs were excluded.
- Additional segregation of duties is needed over DGAC check deposit activities to strengthen control over cash handling.

We also tested a sample of external sales revenue transactions and noted the following:

- Certain revenues were deposited to incorrect fund codes and cost centers. Specifically, passive royalty revenues based on units sold by a primary vendor were not recorded in Fund Code 3911, External Passive Revenue, as required.
- One transaction did not align with the documented approved rate.



The noted conditions are primarily attributable to the absence of formalized procedures and periodic monitoring of external sales activities.

Criteria

UTDBP3040 - Payment Acceptance Policy – “Departments that routinely accept payments must maintain written procedures that detail how the requirements of this policy are met.”

UTDBP3114 - External Sales – “External sales units are established to provide goods and services to unaffiliated, external organizations or individuals in exchange for value.”

Management’s Action Plan

Observation Area	Plan to Address
<p>Written procedures have not been documented for Alumni Relations external sales activities.</p> <p>Alumni Relations and Commencement revenues exceed the \$10,000 threshold and are therefore subject to UTDBP3114, External Sales; however, required rate studies have not been completed for either revenue source.</p>	<p>Develop and formalize written procedures for all Alumni external sales activities. Complete a rate study as in UTDBP3114 for Alumni external sales revenue exceeding \$10,000. Establish a formal process for pricing of all external sales activities to ensure rates are consistently applied.</p> <p>Implement internal reviews of Alumni external sales activities and provide training to staff on applicable procedures and revenue handling requirements.</p>
<p>DGAC rental rate changes are not consistently supported by documented comparisons to comparable vendors and are not formally approved by Development management.</p> <p>DGAC is subject to UTDBP3114 and completed a FY25 rate study; however, the rate study was not completed accurately, as personnel-related costs were excluded.</p>	<p>Future Rates have been created. We will need the summer to do rate comparisons to like facilities abiding by UTDBP3114. Adjust current recommendations. Submit for approval. Make rate adjustments once approved in our booking software.</p>
<p>Additional segregation of duties is needed over DGAC check deposit activities to strengthen control over cash handling.</p>	<p>Create a tracking form for receiving checks, recording and transferring them to SPN to deposit through the Gift's Team.</p>
<p>Certain revenues were deposited to incorrect fund codes and cost centers. Specifically, passive royalty revenues based on units sold by a primary vendor were not recorded in Fund Code 3911, External Passive Revenue, as required.</p>	<p>Create two new cost centers - Alumni Relations & University Events to which funds will be immediately deposited upon activation of cost center.</p>
<p>Action Plan Owner(s): Brennae Wright, Senior Director Jill Arredondo, Assistant Vice President John Kyle, Senior Director Gloria Muhammad, Senior Director</p>	<p>Due Date: December 2026</p>



3. Payroll, Expenditure, and Cost Center Approval Controls

Medium Risk: Not having strong internal controls in place increases the risk of untimely or inaccurate payroll payments, noncompliance with university policies, misclassification of expenses, inconsistent stewardship spending, and weakened financial oversight, which could result in employee and donor dissatisfaction, financial reporting errors, and potential reputational harm to the University.

Observation

We identified opportunities to improve controls related to payroll processing, expenditure controls, and cost center approval processes, indicating opportunities to strengthen consistency, timeliness, and oversight.

Payroll Processing

Testing of hourly employee payroll identified opportunities to improve timeliness of time reporting and supervisory approvals. In several instances, employees did not submit time reports promptly and supervisors did not approve reported time within required times. As a result, some employees did not receive payment for time worked in the appropriate pay period.

In addition, two Comet Call Center student employees remained listed as active without recent payroll activity. While End Assignment ePARs were submitted in December 2025, the effective termination dates were backdated to May or June 2025. Management noted these delays resulted from missed communications. The Development Office has since implemented process improvements, including increased staffing and cross-training, to address communication gaps.

Expenditure Controls

Testing of expenditures identified the following conditions, and specific details have been shared with the Office:

- Some expenses were not charged to the appropriate account codes based on the nature of the purchase.
- The department purchased a drone that has not been used regularly. To support continued use for university purposes, the drone should be registered with the FAA and comply with UTDP1128 - Unmanned Aircraft Systems Policy.
- The department incurred donor-related gifts and stewardship expenses; however, there are no documented guidelines or criteria governing these expenditures, increasing the risk of inconsistent or inappropriate spending.

Cost Center Approval

Testing of cost center reconciliations and approvals for the first four periods of FY26 indicated that while reconciliations were completed timely, approvals were not consistently documented or completed prior to established deadlines.

During the audit, the department implemented additional notifications for approvers to know when cost centers have been reconciled.

Criteria

[UTDBP 3051 - Pay Administration](#)
[OBF Guidance for Managing Employee Payroll](#)



[UTD Account Code Detail Guide](#)
[UTDPP1128 - Unmanned Aircraft Systems Policy](#)
[OBF Cost Center Reconciliation Guidelines](#)

Management's Action Plan

<u>Observation Area</u>	<u>Plan to Address</u>
Some expenses were not charged to the appropriate account codes based on the nature of the purchase.	Create "most commonly used" account codes for purchasing staff, discuss/distribute in monthly Operational Support meeting, provided the website link for account code detail guide and advising purchasers that account codes need to be changed. Approver will review account codes through reconciliation process on a monthly basis.
The department purchased a drone that has not been used regularly. To support continued use for university purposes, the drone should be registered with the FAA and comply with UTDPP1128 - Unmanned Aircraft Systems Policy.	The team met with Lieutenant Eric Willadsen from UTDPD. Over the summer, we are taking the section 107 remote pilot certification test. Additionally, our drone will be registered with UTD insurance, and we will register it with the FAA. As usual, when flying, we will fill out the Drone Authorization Form and follow flying guidelines.
The department incurred donor related gifts and stewardship expenses; however, there are no documented guidelines or criteria governing these expenditures, increasing the risk of inconsistent or inappropriate spending.	This process is already in "working" progress to develop and formalize written procedures for all donor related expenses
<p>Action Plan Owner(s): Joy Camp, Business Manager Jesus Mata, Accountant II Gloria Muhammad, Senior Director Isabella Wheeler, Marketing Coordinator Diana Aguirre, Director of Development Shanon Patrick, Interim Vice President</p>	<p>Due Date: December 2026</p>



4. Conflicts of Interest and Commitment Disclosure Compliance

Medium Risk: The absence of required disclosures increases the risk of undetected or unmanaged conflicts of interest and commitment, which could impair objectivity, result in noncompliance with University policy, and expose the University to reputational, legal, and ethical risks.

Observation

To assess compliance with the University’s Conflict of Interest and Conflicts of Commitment Policy, we tested a sample of 29 employees. Based on our testing, five employees did not have the required disclosure on file, despite having identified outside activities that may require disclosure under University policy.

This condition appears to be attributable to limited monitoring, enforcement, and reminders of disclosure requirements.

Criteria

[UTDPP1100 - Conflicts of Interest and Conflicts of Commitment Policy](#) - “UT Dallas employees may not have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the employees’ duties to their institution.”

Management’s Action Plan

Will monitor and remind staff to complete every 6 months via all staff meetings with the Policy statement UTDPP1100 & email.

Action Plan Owners:

Joy Camp, Business Manager
 Gloria Muhammad, Senior Director

Due Date:

December 2026

Overall Conclusion

Overall, the Office of the Vice President for Development and Alumni Relations has adequate and effective governance, risk management, and internal controls processes. However, opportunities exist to improve controls related to asset management, external sales revenue, expenditure management and cost center approvals, and conflict of interest and commitment.

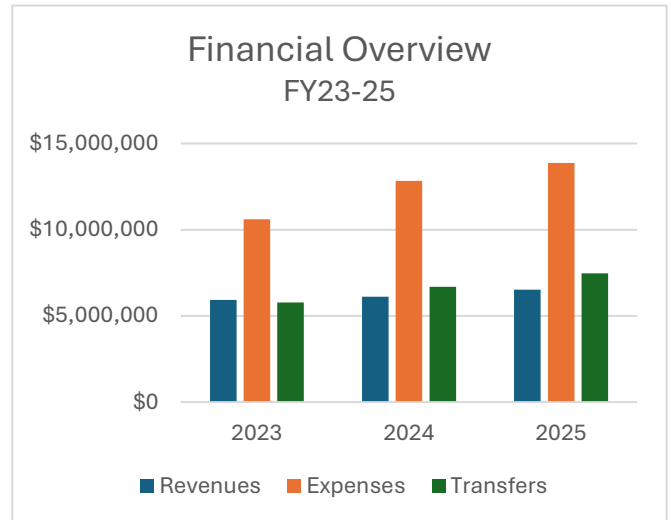


Appendix A: Information Related to the Audit

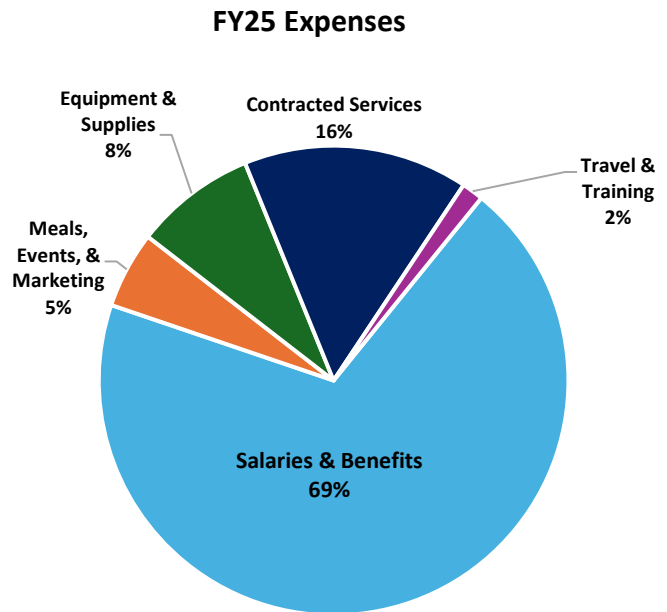
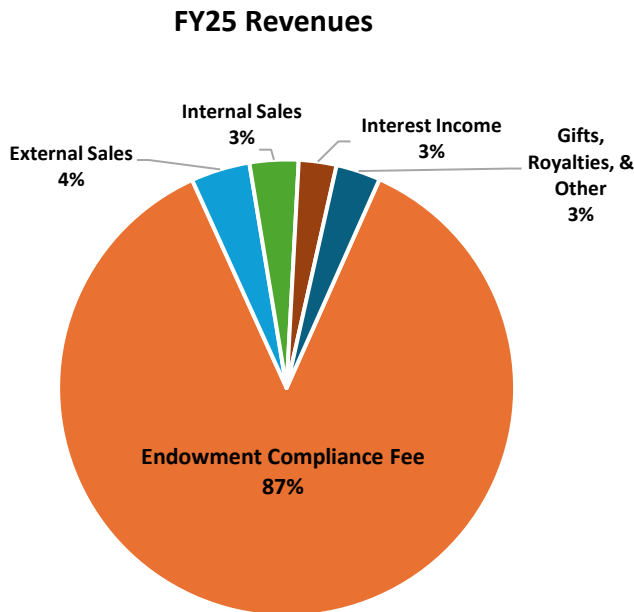
Background

The Office of Development and Alumni Relations is responsible for fundraising, alumni engagement, donor stewardship, and external partnerships that support UTD’s mission. As outlined on their [website](#), the Office’s objectives are investing in education, enriching the community, driving research and innovation, and creating a brighter tomorrow. The Office is currently led by an Interim Vice President for Development and Alumni Relations, with a permanent Vice President scheduled to assume the role effective July 1, 2026. Departments within the Office of Development and Alumni Relations are:

- Alumni & Annual Giving
- University Events
- Corporate and Foundation Relations
- Development Communications
- Major Gifts
- Development Services



During fiscal year 2025, the office had \$6.5 million in revenues, \$13.9 million in expenses, and \$7.5 million in transfers. A breakdown of the various categories of revenues and expenses is provided below.





Audit Objective

To assess the adequacy and effectiveness of the Office of Development and Alumni Relations' governance framework, risk management processes, and internal controls in supporting compliance, safeguarding resources, reliable and accurate information, the effective and efficient use of resources, and achieving strategic and operational objectives.

Scope

The scope of the audit was fiscal years 2025 and 2026 through May 2026. The audit began in January 2026, and the audit concluded on April 22, 2026.

Methodology

The audit was conducted in conformance with the Institute of Internal Auditors' Global Internal Audit Standards™. Additionally, we conducted the audit in conformance with generally accepted government auditing standards (GAGAS) as applicable. Both standards are required by the Texas Internal Auditing Act, and they require that we plan and perform the audit to obtain sufficient, proper 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 observations and conclusions based on our audit objectives.

GAGAS also requires that auditors assess internal control when it is significant to the audit objectives. We used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework in assessing internal controls¹.

Our procedures included interviews, observations of processes, reviews of documentation, and testing. The following table outlines our procedures and observations for each of the audit area objectives performed.

Audit Area	Procedures	Observations Related to the Audit Area
Gaining an Understanding	Conducted interviews with key personnel and reviewed relevant documents, including policies and procedures, to gain an understanding of the Office's operations and identify potential areas of risk. Utilized risk assessment techniques to determine audit priorities and focus areas.	N/A
Expenses	Determined if controls over expenses were adequate to ensure the efficiency and effectiveness of processes, the achievement of organizational objectives, the reliability of and integrity of financial information, and compliance with laws, regulations, policies, and procedures.	#3
Assets	Determined if controls over assets were adequate to ensure the efficiency and effectiveness of processes, the reliability of and integrity of financial information, the safeguarding of	#1

¹ <http://www.coso.org>



Audit Area	Procedures	Observations Related to the Audit Area
	assets, and compliance with laws, regulations, policies, and procedures.	
Cost Center Reconciliation	Tested the effectiveness of controls over cost center reconciliations.	#3
Conflict of interest	Tested for compliance with UTD’s Conflict of Interest and Commitment policies.	#4
Revenue	Determined whether revenue transactions were accurate, complete, authorized, and properly documented in accordance with university policies.	#2
Payroll	Assessed whether controls over payroll authorization and time reporting for hourly employees were adequately designed and operating effectively.	#3
Decentralized Employee Management	Evaluated the adequacy and effectiveness of governance and control processes for managing campus directors of development to mitigate risks related to policy application, oversight, data accuracy, donor management, and compliance with university policies.	N/A

Follow-up Procedures

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation after the expected implementation dates. Requests for extension to the implementation dates may require approval from the UT Dallas Audit Committee. This process will help enhance accountability and ensure that prompt action is taken to address the observations.



Appendix B: Observation Risk Rankings

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.

Risk Level	Definition
Priority	If not addressed immediately, a priority observation has a significant probability to directly affect the achievement of a strategic or important operational objective of UT Dallas or the UT System as a whole. These observations are reported to and tracked by the UT System Audit, Compliance, and Risk Management Committee (ACRMC).
High	High-risk observations are substantially undesirable and pose a high probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Medium	Medium-risk observations are considered to have a moderate probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Low	Low-risk observations are considered to have a low probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Not Reportable	Some recommendations made during an audit are considered minimal risk, and the observations are verbally shared with management during the audit or at the concluding meeting.



Appendix C: Report Submission and Distribution

We thank the Office of Development and Alumni Relations management and staff for their support, courtesy, and cooperation provided throughout this audit.

Respectfully Submitted,

DocuSigned by:

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Toni Stephens, CPA, CIA, CRMA, Chief Audit Executive

Distribution List

Members and ex-officio members of the UT Dallas Institutional Audit Committee

Responsible Vice President

Ms. Shanon Patrick, Interim VP for Development and Alumni Relations

Action Plan Owner(s) & Key Stakeholders

- Ms. Jill Arredondo, Assistant Vice President
- Ms. Gloria Muhammad, Senior Director
- Ms. Brennae Wright, Senior Director
- Mr. John Kyle, Senior Director
- Ms. Kelley Atwood, Director
- Ms. Joy Camp, Business Manager
- Ms. Kaela Irby, Administrative Project Coordinator II

External Parties

- The University of Texas System Audit Office
- Legislative Budget Board
- Governor's Office
- State Auditor's Office

Engagement Team

Project Leader: Ms. Caitlin Cummins, Internal Auditor III