

DIRECT SUPPORT ORGANIZATION REPORTS

University Regulation Requirements for Certification, Budget and Audit Review, Section 11.001(5) provides that Direct-support organizations shall provide for an annual audit and management letter, as prescribed by applicable laws and rules, which shall be submitted to the President and to the Audit Committee of the Board for Board review and approval.

The audit reports and management letters for the year ended June 30, 2017 for the Foundation, Alumni Association, and Rattler Boosters were received. A summary of the audit reports are presented below:

ORGANIZATION	TYPE OF OPINION ON FINANCIAL STATEMENTS	WERE DEFICIENCIES NOTED IN INTERNAL CONTROL OVER FINANCIAL REPORTING?	WERE ISSUES REPORTED FOR COMPLIANCE OR OTHER MATTERS?	WERE MANAGEMENT LETTER COMMENTS REPORTED?	WERE PRIOR YEAR CORRECTIVE ACTIONS IMPLEMENTED?
Foundation	Unmodified	No	No	Yes	No
Alumni Association	Unmodified	Yes	No	Yes	N/A
Rattler Boosters	Disclaimer	Yes	No	Yes	No

Below are the summary of findings:

Foundation

- 1) Foundation has one individual who sends requests for transfers of investments to financial institution(s), reconcile bank accounts, and investment activity accounts, and subsequently prepares the journal entry to record these activities.
- 2) The methodology used to allocate total endowment activity is not used to allocate individual endowment activity.

Alumni Association

- 1) Bank reconciliations were not prepared in a timely manner.

Rattler Boosters

- 1) Proper accounting records and supporting evidential matter were not maintained for the Boosters in fiscal year ended June 30, 2017 and information provided may be incomplete. As a result of these matters, the auditors were not able to determine if all transactions incurred during fiscal year ended in June 30, 2017 were recorded.
- 2) The Boosters billed membership dues in the prior year with a portion of the amount billed remaining in the accounts receivables at the end of the prior fiscal year. During the fiscal year ended June 30, 2017, no controls were exercised over the collection of accounts receivables and amounts were, possibly, collected by other university departments. Allowance for doubtful accounts was recorded for the totals amount of membership dues receivable at June 30, 2017. The auditors were not able to obtain sufficient audit evidence about the amounts collected for accounts receivable.

Other areas of deficiencies identified included:

- 1) Disbursements
- 2) Minutes
- 3) Deposits
- 4) Homecoming game day parking
- 5) Liability Insurance
- 6) Segregation of Duties