January 15, 2015

Havidán Rodríguez, Ph.D., President ad interim
The University of Texas – Pan American
1201 West University Drive SSB6.105
Edinburg, Texas 78539-2999

Dear Dr. Rodriguez:

We have completed our Report on the Application of the National Collegiate Athletic Association Agreed-Upon Procedures for the Intercollegiate Athletics Program at The University of Texas – Pan American for the fiscal year ended August 31, 2014. The results of the engagement are detailed in the attached report.

We appreciate the assistance provided to us by the various departments at The University of Texas – Pan American.

Sincerely,

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

Cc: Pedro Reyes, Ph.D., Executive Vice Chancellor for Academic Affairs
Christopher King, Director of Athletics
Raul Betancourt, Associate Athletic Director for Business Operations
Eloy Alaniz, Chief Audit Executive - UTPA
Isabel Benavides, Director of Audits and Consulting Services - UTPA
The University of Texas – Pan American
Intercollegiate Athletics

Independent Auditor’s Report on the Application of
Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2014

January 2015

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 WEST 6TH STREET, SUITE B.140E
AUSTIN, TX 78701
(512) 499-4390
INDEPENDENT\textsuperscript{1} 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 – Pan American (UTPA), solely to assist UTPA management in evaluating whether the accompanying Statement of Revenues and Expenses (SRE) of UTPA's Department of Intercollegiate Athletics (Athletics) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.16.1 for the fiscal year (FY) ended August 31, 2014. UTPA'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.

Our procedures and findings are explained in the following pages. Reportable findings are defined as errors equal to or greater than $50,000 and misclassifications equal to or greater than $150,000. Also attached to this report are the following appendices:

- Appendix A, Athletics SRE for the Fiscal Year Ended August 31, 2014;
- Appendix B, Findings and Recommendations;
- Appendix C, Follow-up on Prior Years' Recommendations; and
- Appendix D, Notes to the SRE.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses

Procedures Related to all Revenues and Expenses
1. Agreed the amounts reported on the SRE to UTPA’s general ledger.

   Revenues and expenses reported on the SRE materially agreed to the amounts reported in UTPA’s general ledger. Please note there are certain items recorded on the SRE that are not required to be recorded in Athletics accounts, including out-of-state tuition waivers, indirect facilities and administrative support, and gifts in-kind. The NCAA requires that these items be reported on the SRE to fully reflect the operations of Athletics.

2. Performed the following procedures for all revenue and expense categories applicable to the SRE:
   a. Compared and agreed each operating revenue and expense category reported on the SRE during the reporting period to supporting schedules provided by the institution.
   b. Compared and agreed a sample of operating revenue receipts and operating expenses obtained from the above supporting schedules to adequate supporting documentation.

\textsuperscript{1} 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.
c. Compared each revenue and expense account to prior period amounts and budget estimates

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

3. We identified and documented aspects of UTPA’s internal control structure that are unique to Athletics. Tested specific elements of the control environment and accounting systems that (1) are unique to intercollegiate athletics and (2) have not been addressed in connection with the audit of the institution’s financial statements.

No exceptions were noted as a result of these procedures.

4. Identified all intercollegiate athletics related affiliated and outside organizations for the reporting period.

No material exceptions were noted as a result of this procedure; however, an opportunity for improvement was identified regarding receipt and review of financial statements for activities managed by outside organizations on behalf of the university’s intercollegiate athletic program. See recommendation #2 in Appendix B for details.

Procedures Related to Revenues

5. Ticket Sales. Compared tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by UTPA on the SRE and the related attendance figures.

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

6. Student Fees. Compared and agreed student fees reported by UTPA on the SRE for the reporting period to student enrollments during the same reporting period. Obtained and documented an understanding of the institution’s methodology for allocating student fees to intercollegiate athletics programs.

No exceptions were noted as a result of this procedure.

7. Guarantees. Selected a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agreed each selection to UTPA’s general ledger and the SRE.

No exceptions were noted as a result of this procedure.

8. Contributions. Compared contributions account to prior period amounts and obtained and documented an understanding of any significant variations. Obtained and reviewed 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 percent
or more of all contributions received for intercollegiate athletics during the reporting period. (See Appendix D, Note 3).

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

9. **Compensation and Benefits Provided by a Third-Party.** For compensation and benefits provided by a third-party and contractually guaranteed by the institution, the agreed-upon procedures require that we obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from UTPA. The agreed-upon procedures also require that we select a sample of funds from the Summary and compare and agree each selection to supporting documentation and UTPA's general ledger.

Athletics personnel did not receive compensation or benefits directly from a third-party that is guaranteed by the institution. However, certain Athletic personnel have the use of courtesy vehicles which are provided by third parties. UTPA reported the value associated with courtesy vehicles in Royalties, Licensing, Advertisements, and Sponsorships. No material exceptions were noted.

10. **Direct State or Other Governmental Support.** The agreed-upon procedures require that we compare direct state or other governmental support recorded by UTPA during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

Athletics did not receive direct state or other governmental support.

11. **Direct Institutional Support.** Compared the direct institutional support recorded by UTPA during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation.

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

12. **Indirect Facilities and Administrative Support.** Compared the indirect facilities and administrative support recorded by UTPA during the reporting period with institutional authorizations and/or other corroborative supporting documentation.

No exceptions were noted as a result of this procedure.

13. **NCAA/Conference Distributions including all Tournament Revenues.** Obtained and inspected agreements related to UTPA’s participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Compared and agreed the related revenues to UTPA’s general ledger and the SRE.

No exceptions were noted as a result of this procedure.
14. **Broadcast, Television, Radio, and Internet Rights.** Obtained and inspected agreements related to UTPA’s participation in revenues from broadcast, television, radio, and Internet rights to gain an understanding of the relevant terms and conditions. Compared and agreed related revenues to UTPA’s general ledger and the SRE.

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

15. **Program Sales, Concessions, Novelty Sales, and Parking.** For program sales, concessions, novelty sales, and parking, performed the minimum agreed-upon procedures referenced in procedure #2.

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

16. **Royalties, Licensing, Advertisements, and Sponsorships.** Obtained and inspected agreements related to UTPA’s participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. Compared and agreed the related revenues to the UTPA’s general ledger and the SRE.

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

17. **Sports Camp Revenues.** Inspected sports-camp contract(s) between UTPA and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain an understanding of the institution’s methodology for recording revenues from sports camps and obtained schedules of camp participants. Selected a sample of individual camp participant cash receipts from the schedule of sports camp participants and agreed each selection to UTPA’s general ledger and the SRE.

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

18. **Endowment and Investment Income.** Obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions. Compared and agreed the classification and use of endowments and investment income reported on the SRE during the reporting period to the uses of income defined within the related endowment agreement.

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

19. **Other Operating Revenue.** For other operating revenue, performed minimum agreed-upon procedures referenced in procedure #2.

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

**Procedures Related to Expenses**

20. **Athletic Student Aid.** For athletic student aid, selected a sample of students from the listing of institutional student aid recipients during the reporting period. Obtained individual student account detail for each selection and compared the total aid allocated from the related aid award letter to the student’s account.
No material exceptions were noted as a result of this procedure.

21. Guarantees. Obtained and inspected contractual agreements pertaining to expenses recorded by UTPA from guaranteed contests during the reporting period. Compared and agreed the amounts expensed by the institution during the reporting period to UTPA’s general ledger and the SRE.

No exceptions were noted as a result of this procedure.

22. Coaching Salaries, Benefits, and Bonuses Paid by the University or Related Entities. For coaching salaries, benefits, and bonuses paid by UTPA, obtained and inspected a listing of coaches employed by UTPA during the reporting period. From this listing, selected a sample of coaches’ contracts, including men’s and women’s basketball, and compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by UTPA on the SRE during the reporting period.

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

23. Coaching Other Compensation and Benefits Paid by a Third-Party. The agreed-upon procedures require that we obtain and inspect a listing of coaches paid by third parties during the reporting period for other compensation and benefits paid by a third-party and contractually guaranteed by the institution.

Athletics coaches did not receive any institutionally guaranteed compensation or benefits from third parties.

24. Support Staff/Administrative Salaries, Benefits, and Bonuses Paid By the University and Related Entities. For support staff/administrative salaries, benefits, and bonuses, selected a sample of support staff/administrative personnel employed by UTPA and related entities during the reporting period. Obtained and inspected memoranda of employment for each selection and compared and agreed the amounts on these statements to the support staff/administrative salaries, benefits, and bonuses paid and recorded on the SRE during the reporting period.

No exceptions were noted as a result of this procedure.

25. Support Staff/Administrative Other Compensation and Benefits Paid by a Third-Party. The agreed-upon procedures require that we select and test a sample of support staff/administrative personnel, whose compensation was contractually guaranteed, but paid by third parties during the reporting period.

Athletics personnel did not receive any institutionally guaranteed compensation or benefits from third parties.
26. **Severance Payments.** The agreed-upon procedures require that we select and test a sample of employees receiving severance payments by UTPA during the reporting period and agree each severance payment to the related termination letter or employment contract.

*Athletics did not make severance payments in FY 2014.*

27. **Recruiting Expenses.** Obtained and documented an understanding of UTPA’s recruiting expense policies. Compared and agreed to existing institutional- and NCAA-related policies.

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

28. **Team Travel.** Obtained and documented an understanding of UTPA’s team travel policies. Compared and agreed to existing institutional- and NCAA-related policies.

*No material exceptions were noted as a result of this procedure; however, an opportunity for improvement was identified regarding supporting documentation for Team Travel. See recommendation # 1 in Appendix B for details.*

29. **Indirect Facilities and Administrative Support.** As prescribed by the agreed-upon procedures, the amount recorded as an expense for indirect facilities and administrative support should equal the amount reported as revenue for indirect facilities and administrative support (see procedure # 12 above). Summed the indirect facilities support totals reported by UTPA on the SRE. Compared and agreed indirect support reported as an expense on the SRE to the corresponding revenue category reported on the SRE.

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

30. For the following expense categories: **Equipment, Uniforms, and Supplies; Game Expenses; Fund Raising, Marketing, and Promotion; Sports Camps Expenses; Direct Facilities, Maintenance, and Rental; Spirit Groups; Medical Expenses and Medical Insurance; and Memberships and Dues.** Performed minimum agreed-upon procedures referenced in procedure # 2.

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

31. **Other Operating Expenses.** For other operating expenses, performed minimum agreed-upon procedures referenced in procedure # 2.

*No material exceptions were noted as a result of these procedures.*
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 Statement of Revenues and Expenses for the Department of Intercollegiate Athletics. Accordingly, we do not express such an opinion. If we had 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 UTPA’s financial statements.

This report is intended solely for the information and use of UTPA 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.

J. Michael Peppers, CIA, QIAL, CRMA, CPA
Chief Audit Executive
January 15, 2015

Eric J. Rolonski, CPA, CIA
Assistant Director of Audits
January 15, 2015

The University of Texas System Audit Office
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### APPENDIX A

**THE UNIVERSITY OF TEXAS – PAN AMERICAN**

**DEPARTMENT OF INTERCOLLEGIATE ATHLETICS**

**STATEMENT OF REVENUES AND EXPENSE FOR THE FISCAL YEAR ENDED AUGUST 31, 2014**

#### Operating Revenues:

<table>
<thead>
<tr>
<th></th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>Other</th>
<th>Non-Program Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticket Sales</td>
<td>$36,163.32</td>
<td>$5,835.50</td>
<td>$17,079.40</td>
<td>3,948,190.00</td>
<td>$58,826.22</td>
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<tr>
<td>Student Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Guarantees</td>
<td>323,040.00</td>
<td>79,380.00</td>
<td>28,600.00</td>
<td>431,020.00</td>
<td>2,207,620.00</td>
</tr>
<tr>
<td>Contributions</td>
<td>35,005.00</td>
<td>11,175.00</td>
<td>37,841.78</td>
<td>179,956.09</td>
<td>263,977.87</td>
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<tr>
<td>3rd Party Comp &amp; Benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Direct State Support</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Direct Institutional Support</td>
<td>157,829.51</td>
<td>130,525.73</td>
<td>493,334.40</td>
<td>2,268,465.94</td>
<td>2,990,155.58</td>
</tr>
<tr>
<td>Indirect Facilities Support</td>
<td>172,404.76</td>
<td>148,667.40</td>
<td>379,312.93</td>
<td>702,343.15</td>
<td>1,402,728.24</td>
</tr>
<tr>
<td>NCAA/Conference Distributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>351,965.67</td>
<td>351,965.67</td>
</tr>
<tr>
<td>Broadcast, Television &amp; Radio</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,000.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Program Sales, Concessions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Royalties, Advertisements &amp; Sponsorships</td>
<td>26,450.00</td>
<td>7,700.00</td>
<td>4,597.00</td>
<td>248,172.56</td>
<td>286,919.56</td>
</tr>
<tr>
<td>Sports Camp Revenues</td>
<td>-</td>
<td>10,345.00</td>
<td>24,533.78</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Endowment &amp; Investment Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,535.12</td>
<td>8,535.12</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>-</td>
<td>-</td>
<td>4,129.91</td>
<td>166,217.99</td>
<td>170,347.90</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td><strong>$750,892.59</strong></td>
<td><strong>$393,376.63</strong></td>
<td><strong>$989,429.20</strong></td>
<td><strong>$7,866,842.01</strong></td>
<td><strong>$10,000,540.43</strong></td>
</tr>
</tbody>
</table>

#### Operating Expenses:

<table>
<thead>
<tr>
<th></th>
<th>Men's Basketball</th>
<th>Women's Basketball</th>
<th>Other</th>
<th>Non-Program Specific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics Student Aid</td>
<td>403,250.89</td>
<td>410,840.54</td>
<td>1,467,495.94</td>
<td>15,859.59</td>
<td>2,297,446.96</td>
</tr>
<tr>
<td>Guarantees</td>
<td>5,000.00</td>
<td>6,679.07</td>
<td>1,850.75</td>
<td>-</td>
<td>13,529.82</td>
</tr>
<tr>
<td>Coaching Salaries, Benefits etc</td>
<td>390,599.01</td>
<td>335,922.94</td>
<td>885,783.92</td>
<td>-</td>
<td>1,612,305.87</td>
</tr>
<tr>
<td>Support Staff</td>
<td>5,319.81</td>
<td>8,027.21</td>
<td>4,595.40</td>
<td>1,208,951.51</td>
<td>1,226,893.93</td>
</tr>
<tr>
<td>Support Staff</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Severance Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recruiting</td>
<td>98,421.34</td>
<td>21,481.26</td>
<td>91,193.25</td>
<td>-</td>
<td>211,095.85</td>
</tr>
<tr>
<td>Team Travel</td>
<td>260,909.47</td>
<td>222,033.31</td>
<td>706,596.35</td>
<td>-</td>
<td>1,189,539.13</td>
</tr>
<tr>
<td>Eq. Uniforms</td>
<td>34,960.81</td>
<td>37,291.67</td>
<td>139,457.43</td>
<td>-</td>
<td>211,690.91</td>
</tr>
<tr>
<td>Game Expenses</td>
<td>69,420.00</td>
<td>47,241.25</td>
<td>71,476.94</td>
<td>-</td>
<td>188,138.19</td>
</tr>
<tr>
<td>Fund Raising</td>
<td>1,800.00</td>
<td>-</td>
<td>1,462.18</td>
<td>204,784.77</td>
<td>206,046.95</td>
</tr>
<tr>
<td>Camps</td>
<td>-</td>
<td>5,617.10</td>
<td>14,858.70</td>
<td>-</td>
<td>20,475.80</td>
</tr>
<tr>
<td>Direct Facilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>295,285.09</td>
<td>295,285.09</td>
</tr>
<tr>
<td>Spirit Groups</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>172,404.76</td>
<td>148,667.40</td>
<td>379,312.93</td>
<td>702,343.15</td>
<td>1,402,728.24</td>
</tr>
<tr>
<td>Medical Expenses</td>
<td>10,673.00</td>
<td>8,010.83</td>
<td>7,182.57</td>
<td>103,309.51</td>
<td>129,175.91</td>
</tr>
<tr>
<td>Membership &amp; Dues</td>
<td>572.56</td>
<td>160.00</td>
<td>3,895.00</td>
<td>153,646.57</td>
<td>158,274.13</td>
</tr>
<tr>
<td>Other</td>
<td>45,545.16</td>
<td>34,430.66</td>
<td>65,077.46</td>
<td>549,500.00</td>
<td>694,553.28</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td><strong>$1,498,876.81</strong></td>
<td><strong>$1,286,403.24</strong></td>
<td><strong>$3,840,238.82</strong></td>
<td><strong>$3,233,680.19</strong></td>
<td><strong>$9,859,199.06</strong></td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues</td>
<td>$ (747,984.22)</td>
<td>$(893,026.61)</td>
<td>$(2,850,809.62)</td>
<td>4,633,161.82</td>
<td>141,341.37</td>
</tr>
</tbody>
</table>

The University of Texas System Audit Office

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# APPENDIX B
## FINDINGS AND RECOMMENDATIONS

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

<table>
<thead>
<tr>
<th>No.</th>
<th>Finding</th>
<th>Recommendation &amp; Management’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Team Travel</td>
<td>Recommendation: UTPA Athletics Department should ensure that it retains adequate supporting documentation for athletic department expenses.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management Response: Management concurs with the finding. We have met with the Accounts Payable Office and are currently implementing new procedures to ensure that documentation is maintained. For Fiscal Year 2015, the Business Office at Athletics will no longer accept incomplete expenditure reports submitted by coaches or staff. The reports will be marked as incomplete and will be returned. We will track these items to ensure that the expenditure reports are resubmitted in a timely fashion. Once initial or resubmitted reports are accepted as complete, we will scan the reports and send them electronically to the Accounts Payable Office. We will work with Accounts Payable staff to ensure that all expenses are documented and available for review.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Anticipated Implementation Date: January 2015</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Responsible Party: Associate A.D. for Business Operations</td>
</tr>
<tr>
<td>2</td>
<td>Outside Organizations</td>
<td>Recommendation: After the completion of events held on behalf of UTPA’s intercollegiate athletic program but before the end of the fiscal year, Athletics should request, receive, and review financial statements for activities managed by outside organizations. This will allow Athletics time</td>
</tr>
<tr>
<td>No.</td>
<td>Finding</td>
<td>Recommendation &amp; Management’s Response</td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>the reporting period. UTPA did not obtain, in a timely manner, financial information from either the UTPA Alumni Association or the Bronc Athletic International Tournament (BAIT) Committee for fiscal year 2014 events held on behalf of the intercollegiate athletic program. Both the UTPA Alumni Foundation and the BAIT Committee are separate legal entities. Though we completed our procedures to review and reconcile the outside organizations financial information to the university’s accounting records, we could not do so in a timely manner. Currently, UTPA does not have documented procedures regarding gathering and review of information from outside organizations. Additionally, the individual within Alumni Relations who gathered this information for prior periods is no longer employed at UTPA. Consequently, other staff, which was not as familiar with prior practices, became responsible for preparing the financial information for the fundraising event.</td>
<td>to review the provided information and ensure that agreed upon procedures can be performed as required by NCAA guidelines and before the agreed upon procedure report due date. Athletics should also document procedures regarding gathering and review of information from outside organizations. Management Response: Management concurs with the finding. Beginning in Fiscal Year 2015, procedures will be written and added to the department’s Operations Manual to cover outside organizations. In the procedures we will require the responsible party to agree in writing to the submission of an income statement to our department within thirty (30) calendar days of the conclusion of the event or the end of the fiscal year, whichever comes first. Anticipated Implementation Date: January 2015 Responsible Party: Associate A.D. for Business Operations</td>
</tr>
</tbody>
</table>
APPENDIX C
FOLLOW-UP ON PRIOR YEARS' RECOMMENDATIONS

The following are our engagement findings from fiscal year 2013 and related follow-up.

<table>
<thead>
<tr>
<th>No.</th>
<th>Finding</th>
<th>Recommendation &amp; Management’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Athletics Student Aid</td>
<td>Recommendation: UTPA Athletics Department should ensure that student athletes receive credit for all applicable fees covered by the award letters. Additionally, Athletics and Financial Aid should ensure that athletic awards are reviewed after the census date to ensure that the applicable tuition and fees credited to the student athlete’s accounts are accurate.</td>
</tr>
<tr>
<td></td>
<td>Findings:</td>
<td>Management Response: Management agrees with the finding/recommendation. A review will be conducted during the beginning of the final month of each Fall (December) and Spring (May) Semesters to ensure that all student-athletes receive the amounts listed on their award letters.</td>
</tr>
<tr>
<td></td>
<td>Implementation Date:</td>
<td>January 31, 2014</td>
</tr>
<tr>
<td></td>
<td>Responsible Party:</td>
<td>Associate A.D. for Business Operations and Senior Scholarship Coordinator</td>
</tr>
<tr>
<td></td>
<td>Follow-Up Status: Implemented</td>
<td>Management implemented corrective action as described above.</td>
</tr>
<tr>
<td>2</td>
<td>Other Expenses</td>
<td>Recommendation: UTPA Athletics Department should ensure that it retains adequate supporting documentation for athletic department expenditures.</td>
</tr>
<tr>
<td></td>
<td>Findings:</td>
<td>Management Response: Management agrees with the finding/recommendation. The Athletic</td>
</tr>
</tbody>
</table>

The University of Texas System Audit Office
-11-
<table>
<thead>
<tr>
<th>No.</th>
<th>Finding</th>
<th>Recommendation &amp; Management’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>provide underlying supporting documentation for all travel expenses tested.</td>
<td>Department staff will make every effort to ensure that adequate documentation is retained for all travel related expenses. We will work with the Accounts Payable Department to review transactions on a regular basis to ensure that all documentation has been provided.</td>
</tr>
</tbody>
</table>

**Implementation Date:**
February 2014

**Responsible Party:**
Associate A.D. for Business Operations

**Follow-up Status:** Partially Implemented
Management has not fully implemented corrective action. See related current year finding in Appendix B.
NOTE 1 – Principles of Preparation

The SRE is prepared in accordance with the NCAA financial audit guidelines. Information used in the SRE’s preparation is obtained primarily from information recorded in UTPA’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.

NOTE 2 – Indirect Facilities and Administrative Support

UTPA estimates the value of facilities and services provided by the institution to the Athletics Department as 43.6% of the Department’s total salaries, wages, and related benefits plus the Department’s total depreciation expense. For FY 2014, UTPA valued indirect facilities and administrative support at $1,402,728. The Department depreciates assets in accordance with UTPA institutional policy. Depreciation is calculated on a straight-line basis and is allocated to the Department based on the assets, or portions of real-assets, under the control of Athletics. Depreciation expense for FY 2014 was 155,337.

NOTE 3 – Contributions Constituting More than Ten Percent of All Contributions

Revenue from contributions was $241,977.87 for FY 2014. Three contributions were more than ten percent of all contributions, as follows:

- The Madison Charitable Foundation made two contributions totaling $50,000.
- The UTPA Alumni Association made a $40,000 contribution to the Bronc Athletic Fund (BAF). The BAF is the primary fundraising arm of Athletics. Fundraising proceeds directly support student athletes by providing scholarships and increased resources for sports programs. The UTPA Alumni Association is a separate legal entity with its own board of trustees.

NOTE 4 – New Conference

Effective July 1, 2013, UTPA became a member of the Western Athletic Conference (WAC). FY 2014 marked the first full year of competition in the WAC.