



THE UNIVERSITY
OF TEXAS AT DALLAS

Dining Services Contracts

Audit Report No. 2612

April 14, 2026



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Executive Summary

Audit Objective

The objective of this audit was to assess the adequacy and effectiveness of governance, risk management, and internal control processes over dining services contracts, including monitoring compliance with contractual terms and conditions, ensuring the accuracy and completeness of revenue reporting, and identifying and mitigating risks related to contract administration.

Primary Risk Type

Finance

Date of Last Audit

No previous audits related to dining services contracts.

Controls and Strengths

- Food Advisory Committee meetings are held regularly to gather student input and incorporate it into dining service decisions.
- Dining Services works closely with Chartwells to ensure related operations are working effectively.
- Chartwells revenues, including amortization and royalties, were correct and properly recorded.

Overall Conclusion

The audit determined that the University’s governance and internal control framework over dining services contracts is generally effective in managing contractual compliance risks. Opportunities were identified to enhance control effectiveness and consistency, particularly related to policy maintenance, vendor oversight, and support for outside catering expenses. Addressing these matters would strengthen the University’s ability to manage risk and ensure sustained compliance with contractual and institutional requirements.

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	Risk Level	Management’s Implementation Date
1. Outside Catering Expenses	Medium	June 30, 2026
2. SERA Guidelines	Medium	August 31, 2026
3. Catering Health and Safety Documentation	Medium	August 31, 2026
4. Chartwells Contract Compliance	Low	June 1, 2026
5. Vendor Monitoring	Low	June 1, 2026
6. Food Services Policy	Low	June 1, 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 are reportable observations, listed in order of risk, noting opportunities to enhance controls in the areas of guidelines and policies, vendor management, and outside catering expenses. See Appendix B on page 12 for definitions of observation risk rankings.

1. Outside Catering Expenses

Medium Risk: Inconsistent compliance with catering, approval, and risk assessment requirements exposes UTD to unauthorized vendor use, inadequate event oversight, unsupported expenditures, and potential financial and reputational risk.

Observation

We tested eProcurement and One Card transactions to evaluate the controls over catering-related expenses purchased using either a One Card or the eProcurement system. The results of the testing were shared with the Office of Budget and Finance and indicated the following:

- Expenses were not always properly approved or did not have sufficient documentation.
- The Special Events Risk Assessment (SERA) forms were not always submitted or approved prior to the event, and in some cases submitted with inaccurate information.
- Outside Catering Request (OCR) forms were not always completed.
- Pre-approved caterers were not always used.

Criteria & Cause

[UTDBP3118, Special Events Risk Assessment \(SERA\) Policy](#)

The [SERA Guidelines](#) state, “Events that meet the qualifications of a Special Event (as defined) require a SERA Form to be completed and approved before the event can be held.” The OCR form states that if a pre-approved vendor is not used, a completed OCR form must be submitted before the event, including a list of the caterer’s documentation. The One Card and Purchasing Process Manuals state that receipts must be attached to each transaction, and each transaction must be approved.

The Purchasing and One Card departments relied on guidance from the departments responsible for the SERA process, rather than the current written SERA procedures, which have not been updated to reflect operational changes. Additionally, management believed OCR forms were no longer required following changes to the vendor contract exclusivity clause.

Management’s Action Plan

The Office of Budget and Finance will continue to review catering expenses for adherence with applicable policies. In particular, attention will be given to ensuring the expense is supported by a completed Special Events Risk Assessment (SERA) form, completed Outside Catering Request (OCR) form (as needed), and appropriate approval documentation.

Action Plan Owner:

Dr. Brian Bernoussi, Associate VP of Budget and Finance

Due Date:

June 30, 2026



2. SERA Guidelines

Medium Risk: Lack of guidance may lead to incorrect risk classifications, unnecessary or missing submissions, and added administrative burden, which can create bottlenecks or delays in the event-approval process.

Observation

The Office of Legal Affairs revised the Special Events Risk Assessment (SERA) processes about a year ago to be more flexible for low-risk events, but the published guidelines were not updated to be reflective of the revisions made.

Criteria & Cause

The [SERA Guidelines](#) state, “Events that meet the qualifications of a Special Event (as defined) require a Special Events Risk Assessment Form to be completed and approved before the event can be held.” Also, “III. Definitions & Explanations - a. Special Events: For the purposes of completing a SERA form, a special event is defined as a gathering that includes at least one of the following conditions: Advertised and/or open to the public, food will be catered, high attendance or potential for high attendance...”

The SERA process was revised to provide greater flexibility for low-risk events; however, the associated published guidelines were not updated promptly, resulting in inconsistencies between current practices and documented requirements.

Management’s Action Plan

Legal Affairs will update the guidelines on the website.

Action Plan Owner:	Due Date:
Vanessa Balderrama, Administrative Project Coordinator III	August 31, 2026



3. Catering Health and Safety Documentation

Medium Risk: Inconsistent monitoring of vendor health and safety documentation increases the risk of non-compliance with contractual requirements, potentially compromising food safety standards and institutional liability.

Observation

In testing for compliance to determine if UTD caterers have proper health and safety documentation and certificates in accordance with the contract terms, we noted the following for three approved catering vendors:

- One vendor's 'Registered Food Service Manager' certificate is out of date (expired August 2023).
- One vendor did not provide a food handling license.
- The last four health inspection reports were requested per the catering agreement. One vendor only provided the last two, and another vendor only provided the last one, which were up to date.

Criteria & Cause

The vendor contracts state that the approved caterers must have and maintain documentation, including but not limited to the following: Food Handling and Licensing certifications, Texas Alcoholic Beverage Commission (TABC) documentation (if applicable), the last four health inspection reports, and Certificates of Insurance and Additional Insured Endorsements.

Roles and responsibilities for monitoring approved catering vendors' health and safety documentation were not clearly defined.

Management's Action Plan

Risk Management can offer a system that will provide storage and tracking of the contract period and associated permits, leases, licenses, and insurance documents. Assuming less than 100, we could set up the required templates in TrustLayer, providing systematized tracking of expiration dates for Certificates, Permits, and Insurance Documents. We can take on digitizing any existing paper files and will monitor for expirations with live viewing if a provider is in compliance.

Action Plan Owners:

- Shane Solis, Senior Director - Institutional Risk & Safety Programs
- Amy Hutton, Assistant Director - Institutional Risk & Safety Programs

Due Date:

August 31, 2026



4. Chartwells Contract Compliance

Low Risk: Not ensuring compliance with the terms of the contract could result in risk of misallocation of funds, inaccurate auxiliary financial results, and possible corrective actions needed during contractual reconciliation periods with Chartwells.

Observation

We tested selected expenses for compliance with the contract. Specific details were shared with Auxiliary Services, and the following observations were noted for the expenses tested:

- 18% did not align with the Chartwells contract.
- 7% were not consistent with the Central Auxiliary Revenue Program Guide.*

* The related UTD program guide states that other auxiliary cost centers should fund printers or other equipment for office use.

Criteria & Cause

The Chartwells Contract lists expenses that the University is responsible for, including:

Section 5.6.1.5

- Perform routine maintenance and make day-to-day repairs of all equipment used in the provision of food services.

Section 7.3

- Provide, for Contractor's use in connection with the Services, the point-of-sale cash registers and appropriate accessories (collectively, the "University Owned Equipment") more particularly described in Schedule 11;
- Pay for utility service (including water, gas, and electric service, but specifically excluding telecommunication services (ref. Section 4.3.14)) necessary for performance of the Services. University will not be responsible for interruptions in water, gas, electric, telecommunication or other utility services. University will exercise reasonable diligence in pursuing the restoration of interrupted utility services;
- Clean exterior walls and windows of the Space;
- Provide external maintenance on buildings where the Space is situated; and
- Provide routine cleaning of all grease traps, duct work, plenum chambers and roof fans within the Space.

Expenses were coded to the cost center used for contract-related expenses because this cost center had available budget at the time the transactions were recorded.

Management's Action Plan

Though these charges do belong to Food Service accounts, we will review this CC request with the CBO office for their guidance.

Action Plan Owner:

Pam Stanley, Director - Auxiliary Services

Due Date:

June 1, 2026



5. Vendor Monitoring

Low Risk: There is an increased risk that Chartwells’ POS (point of sale) system may not meet required PCI (payment card industry) security standards, potentially exposing UTD’s network to data security vulnerabilities. As it relates to the royalty revenue reports, this has resulted in limited verification of the accuracy and completeness of sales data provided by Chartwells.

Observation

An attestation of PCI compliance was not on file with the University during the scope period* because Chartwells had not provided it. Also, royalty revenue reports are reviewed informally without documented procedures.

** Note: Chartwells provided the PCI compliance attestation during the fieldwork phase, upon request by Internal Audit. As such, it is now on file.*

Criteria & Cause

The Chartwells Contract states, “Contractor will achieve and maintain compliance under the current versions of PCI DSS (*data security standard*) and PA DSS (*payment application data security standard*) published on the PCI SSC (*security standards council*) website for service providers and payment applications. As evidence of compliance, Contractor will provide to University on or before the Effective Date and within ten (10) days after each anniversary of the Effective Date during the term of this Agreement, a copy of Contractor's annual attestation of compliance signed by a Qualified Security Assessor ("QSA") as more particularly described on the PCI SSC website.”

The department did not have a formalized process to request, obtain, and maintain PCI compliance documentation from the contractor, resulting in evidence not being provided during the scope period.

Management’s Action Plan

PCI documentation was requested and delivered by Chartwells and is on file as required. We will create an official SOP document for Royalty Reconciliation procedures.

Action Plan Owner:

Pam Stanley, Director - Auxiliary Services

Due Date:

June 1, 2026



6. Food Services Policy

Low Risk: If the existing out-of-date *Food Services Policy (UTDBP3064)* is rescinded without corresponding revisions to the *Auxiliary Services Advisory Committee Policy (UTDPP1015)*, the University may become non-compliant with state law TEC §51.945.

Observation

The *Food Services Policy (UTDBP3064)* complies with [TEC \(Texas Education Code\) §51.945 Student Participation in Selection of Food Service Contracts](#), but it has not been updated since 2002 and contains outdated information.

Management stated that this is a duplicate policy and would like to rescind it, because the [Auxiliary Services Advisory Committee Policy \(UTDPP1015\)](#) already covers all Auxiliary Services, including Dining Services.

Criteria & Cause

The TEC §51.945 Student Participation in Selection of Food Service Contracts states that universities should develop and implement policies that ensure students can provide input when selecting a new food services provider. It also requires universities to hold periodic meetings for students to discuss the performance of the current food services provider.

[UT System Regents’ Rule 50302: Student Participation in Selection and Monitoring of Food Service Contractors](#) requires that each UT System Institution have a “policy and procedure for student participation in the selection and monitoring of food service vendors which contract to provide regular and ongoing food or beverage services for students.”

Management was not aware that the outdated *Food Services Policy (UTDBP3064)* existed, as a different policy, *Auxiliary Services Advisory Committee (UTDPP1015)*, already covered all Auxiliary Services, including dining services.

Management’s Action Plan

Revised HOP (*Handbook of Operating Procedures*) form was submitted. We will follow up with the committee for clarification.

Action Plan Owner:

Pam Stanley, Director - Auxiliary Services

Due Date:

June 1, 2026



Overall Conclusion

The audit determined that the University’s governance and internal control framework over dining services contracts is generally effective in managing contractual compliance risks. Opportunities were identified to enhance control effectiveness and consistency, particularly related to policy maintenance, vendor oversight, and support for outside catering expenses. Addressing these matters would strengthen the University’s ability to manage risk and ensure sustained compliance with contractual and institutional requirements.



Appendix A: Information Related to the Audit

Background

University dining services support the daily needs of students, faculty, staff, and campus visitors at The University of Texas at Dallas (UTD) through a combination of meal plans, retail dining locations, and catering services. Dining options range from all-you-can-eat facilities and menus with balanced choices from well-known national brands and coffee shops located in the Student Union and throughout campus.

UTD contracts with Chartwells, a division of Compass Group USA, Inc., to manage campus dining operations under a formal Food Service Agreement. While Chartwells is responsible for day-to-day operations, the University retains oversight responsibility to monitor compliance with contractual requirements. The current agreement expires on December 1, 2030, unless terminated earlier in accordance with contract terms.

University dining services are a university-wide process involving multiple departments:

- Auxiliary Services provides overall oversight of the Chartwells contract, including reviewing revenues and expenses.
- The Office of Budget and Finance (OBF) reviews catering expenses processed through eProcurement and the University One Card program and manages related commission revenues and facility maintenance expenses.
- The Offices of Legal Affairs and Institutional Risk & Safety support the Special Events Assessment (SERA) process.
- Institutional Risk & Safety is responsible for conducting the risk assessment portion of the process.

In addition to Chartwells' managed operations, UTD permits approved third-party vendors to provide catering services for campus events. The Office of Institutional Risk & Safety is responsible for ensuring these vendors comply with applicable University policies related to health and safety standards, insurance coverage, and risk management.

Audit Objective

To evaluate the effectiveness and compliance of dining services contracts, ensuring that terms and conditions are adhered to and monitored, revenue is accurately recorded and reported, and potential risks are identified and mitigated.

Scope

The scope of the audit was fiscal year 2025. The audit began in April 2025 and concluded on March 4, 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	Gained an understanding of the dining services contracts by interviewing key responsible parties and reviewing policies, procedures, and other related documentation as considered necessary.	N/A
Revenues	Tested amortization calculations and royalty revenue for accuracy and completeness.	N/A
Expenses	Tested catering expenses, both from Chartwells and other catering vendors, to ensure complete and accurate documentation. Tested Dining Services expenses to ensure compliance with the Chartwells contract.	#1, #2, #4
Contract Terms	Ensured Chartwells, pre-approved catering vendors, and UTD are meeting contract terms related to required documentation, Food Advisory Committee participation and student input, and PCI DSS compliance for the POS system.	#3, #5, #6

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.

¹ <http://www.coso.org>



Appendix B: Observation Risk Rankings

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

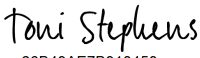
Risk Level	Definition
Priority	If not addressed immediately, a priority observation has a significant probability to directly affect the achievement of a strategic or important operational objective of UT Dallas or the UT System as a whole. These observations are reported to and tracked by the UT System 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 of 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 Auxiliary Services, the Office of Budget and Finance, and the Office of Legal Affairs 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

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- Mr. Shane Solis, Senior Director - Institutional Risk & Safety
- Ms. Amy Hutton, Assistant Director - Institutional Risk & Safety
- Ms. Vanessa Balderrama, Administrative Project Coordinator III

Key Stakeholders and Other Parties

- Ms. Sanaz Okhovat, Chief Compliance Officer and Senior Associate Vice President for Research and Innovation
- Mr. Bob Fishbein, Associate VP of Auxiliary Services
- Mr. Tim Shaw, University Attorney
- Ms. Ijeoma (Ijay) Nkele, Senior Director – Purchasing

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- The University of Texas System Audit Office
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