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Office of Management and Budget
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January 10, 2018

Mr. Thorr Bjorn
Director of Athletics
University of Rhode Island
Three Kinney Road, Suite One
Kingston, RI 02881

Dear Director Bjorn:

The Office of Internal Audit has completed its audit of the University of Rhode Island Athletics. The audit was conducted in conformance with the Institute of Internal Auditors (IAA) International Standards for the Professional Practice of Internal Auditing and by the authority given to the unit as stated in accordance with the Rhode Island General Laws (RIGL) §35-7.1-1 – Establishment of office of internal audit. The recommendations included herein have been discussed with members of management, and we considered their comments in the preparation of this report.

RIGL §35-7.1-10 (d), entitled Annual and interim reports, states that, “Within twenty (20) calendar days following the date of issuance of the management response copy of the draft audit report, the head of the department, agency, public body or private entity audited shall respond in writing to each recommendation made in the audit report.” Accordingly, management submitted its response to the audit findings and recommendations on January 9, 2018, and such response is included in this report. Pursuant to this statute, the Office may follow up regarding recommendations included in this report within one year following the date of issuance.

We would like to express our sincere appreciation to the staff of URI for the cooperation and courtesies extended to the members of our team during the course of this audit.

Respectfully yours,

Dorothy Z. Pascale, CPA, CFF

Chief

c—Jonathan Womer, Director, Office of Management and Budget
Honorable William J. Conley, Jr., Chairperson, Senate Committee on Finance
Honorable Marvin L. Abney, Chairperson, House Finance Committee
Dr. David Dooley, URI President
Patricia Casey, URI Controller

Audit Executive Summary

Why the Office of Internal Audit (OIA) Did This Review

The purpose of this engagement is to determine if the University of Rhode Island (URI) Athletics fiscal processes are being administered efficiently and effectively in accordance with established internal policies and procedures, statutes and state procedures, and with adequate controls to ensure safeguarding of assets and accurate reporting.

Background Information

URI has 18 intercollegiate sports and belongs to the Atlantic 10 Conference for all sports except football which is in the Colonial Athletic Association.

Athletics is governed by an Athletic Director who reports directly to the URI President, and is overseen by a nine-member Advisory Board responsible to advise and review on a continuing basis all fiscal, educational and social policy for the athletic programs.

To Strengthen Controls, the University of Rhode Island Athletics should:

- Ensure compliance with Procurement Policies and Procedures
- Improve Controls Over In-State Travel Reimbursements
- Ensure Adequate Documentation for all Disbursements
- Ensure Compliance with Vehicle Rental Policies
- Update Complimentary Ticket Policy Authorized Approvers List

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Introduction

Fiscal operations are overseen by an Associate Athletic Director for Business and Personnel. Athletics is subject to university and internal policies and procedures, and NCAA regulations for fiscal activities. URI contracts with an outside company for ticket revenue relating to the Boss Arena and Ryan Center. For travel, the larger teams use purchase cards. Imprest accounts are used for smaller teams who may receive cash advances, payments to referees, travel advances and reimbursements to students for textbooks.

We note areas where controls can be strengthened to improve operations and efficiency that are identified in the sections to follow.

Recommendations and Management's Responses

The following recommendations were based on test work performed by OIA consisting of a sample of 40 disbursements:

Ensure compliance with Procurement Policies and Procedures

URI purchasing policy requires the buyer to obtain three telephone quotes for a transaction between \$501 to \$2,500 and three written quotes for a transaction between \$2,501 to \$5,000. Our sample of 40 disbursements revealed that Athletics made two purchases without obtaining three quotes for each transaction as required. Improved oversight of the procurement issues identified could prevent the possibility of overpaying for goods and services.

Recommendations:

1. Ensure adequate oversight of compliance with procurement procedures.

Management's Response:

URI Athletics had an emergency need to purchase ice for pre-season athletic practices when the department's ice machine broke down. URI purchasing policy requires an "emergency justification form" that details the nature of the emergency. In this case an emergency justification form was not attached to the requisition.

URI Athletics will abide by URI purchasing policy on future procurements.

Responsible Party: Thorr Bjorn, Director of Athletics, University of Rhode Island

Anticipated Completion Date: December 21, 2017

Improve Controls Over In-State Travel Reimbursements

According to the URI in-state travel policy, a traveler will be reimbursed for business use of a personal vehicle at the approved mileage rate. The university will only reimburse for actual mileage using the most direct route, and the traveler is required to maintain adequate records to support the mileage claimed. The policy also states that the employee will be reimbursed for the shortest distance from his/her home address or URI.

From a sample of five in-state reimbursements tested, OIA found the following exceptions:

- One employee failed to properly maintain adequate travel logs.
- One employee used the distance from his home to TF Green. In this instance, it would have been appropriate to use the shorter distance of URI to TF Green.

Improved processes and oversight, as well as better supporting documentation, would reduce the possibility of inconsistent or unreasonable in-state travel reimbursements.

Recommendations:

2. Verify any mileage claimed for in-state travel that appears unreasonable or inconsistent.
3. Create a standardized process to be used by employees traveling to multiple locations on the same day, and use the log to verify mileage on the travel voucher before it is approved.

Management's Response:

URI Athletics does not utilize a formal instate mileage report when traveling to multiple instate locations on business. In this case the employee provided an informal travel log to support the mileage reimbursement requested. URI Athletics will develop a standardized document when traveling to multiple in state locations and this document will be attached to the Expense Report in PeopleSoft.

URI Athletics allows mileage reimbursement to be taken from the employee's home to the airport if traveling other than a normal workday. However, it was not adequately documented on the mileage expense report that the travel took place on a non-work day. URI Athletics will provide better documentation on the expense reports to adequately support the reimbursement request.

Responsible Party:

Thorr Bjorn, Director of Athletics, University of Rhode Island

Anticipated Completion Date: January 31, 2018

Require Adequate Documentation for All Disbursements

The URI food and beverages policy requires the list of names of people, their titles, and the description of the agenda for all-day events if meals are served.

Athletics made a \$2,794 payment without complete supporting documentation for a two-day team building retreat at URI's Alton Jones campus for the men's basketball team. Breakfasts, lunches, and dinners were served. The team did not provide the list of names of people who attended, their titles and the description of the event or agenda as required.

Adequate supporting documentation is required for approving payments and failure to follow the policy could lead to improper or duplicate payments.

Recommendations:

4. Ensure each disbursement has adequate supporting documentation before payment is made.

Management's Response:

URI follows the State of Rhode Island Policy A-36 Guidelines for Purchase of Food and Beverages. A-36 Section 1.5 allows food and beverage at all-day meetings, retreats and workshops. URI procedures require a copy of the agenda attached to the request for payment. Although the list of the student athletes was attached, a formal document including the description of the event was not provided. URI Athletics will abide by Policy A-36 on any future off sight meetings, retreats and workshops.

Responsible Party:

Thorr Bjorn, Director of Athletics, University of Rhode Island

Anticipated Completion Date: December 21, 2017

Ensure Compliance with Vehicle Rental Policies

The URI policy requires that a rental vehicle justification form must be submitted with the Travel Authorization Request (TAR) explaining the need for a rental car. The traveler should use prudent judgment when selecting a car since the state has corporate rates with Enterprise and National Car Rental which includes collision damage waiver. The policy also requires the traveler to obtain a certificate of insurance through the University Risk Management if renting from a non-preferred rental agency (car rental agencies other than Enterprise and National).

In one disbursement from our sample, an incomplete TAR was approved. It lacked the vehicle justification form signed by appropriate personnel. In addition, there was no evidence that he 'obtained a certificate of insurance' through the University Risk Management which was required because he was renting from a non-preferred rental agency.

The failure to review documents for completeness and compliance with the policy could cause unnecessary costs (e.g., paying for additional insurance or unallowable trips).

Recommendation:

5. Ensure proper review of vehicle rental requests prior to approval.

Management's Response:

URI Athletics will abide by the established travel policies when renting vehicles from non-preferred rental agencies. URI has just recently implemented an online rental justification form in PeopleSoft that will enable the traveler to request the rental car and the travel approver to review and approve the rental car request prior to travel to prohibit any further non-compliance of the travel policy.

Responsible Party:

Thorr Bjorn, Director of Athletics, University of Rhode Island

Anticipated Completion Date: December 21, 2017

Update Complimentary Ticket Policy Authorized Approvers List

URI Athletics has a complimentary ticket policy that details how tickets are to be distributed for the various sports based on university policy and NCAA regulations. Only those names listed as authorized approvers per the policy should have the ability to approve the distribution of free tickets. We tested a sample of five games in the various sports to determine if the tickets identified on the complimentary ticket sheets were approved by the authorized signers listed in the policy document. All five of the complimentary ticket sheets in our sample had exceptions where the approver was not identified in the policy.

Recommendation:

6. Update the complimentary ticket policy to reflect those that are currently authorized to approve complimentary tickets.
7. Improve controls over complimentary ticket distribution.

Management's Response:

URI Athletics has a complimentary ticket policy where the Director of Athletics or Associate Athletic Director of Business Personnel are to approve any complimentary tickets. In these cases the approval from the Director of Athletics was verbal, but the signing of the request was done by one the Associate Athletic Director(s). The policy will be updated to allow the authorization for the complimentary tickets to include all Associate Athletic Directors.

Responsible Party:

Thorr Bjorn, Director of Athletics, University of Rhode Island

Anticipated Completion Date: January 31, 2018

Objectives and Scope of Audit

The OIA conducted a limited scope audit of the University of Rhode Island Athletics. The purpose of this engagement was to assess the effectiveness and efficiency of fiscal practices and whether they are in accordance with university procedures, state requirements and statutes.

Methodology to Conduct Audit

As part of our audit work, the OIA gained an understanding of existing controls in place at URI Athletics for fiscal management. To address our audit objective, we performed the following:

- Interviewed personnel, including financial management.
- Reviewed URI and Athletics policies and procedures.
- Researched State laws and regulations.
- Tested a selection of payments, receipts and contracts.
- Tested for compliance with established policies and procedures.