



January 15, 2020

Vistasp M. Karbhari, Ph.D., President
The University of Texas at Arlington
321 Davis Hall, Box 19125
Arlington, Texas 76019-0125

Dear President Karbhari:

We have completed our Independent Auditor's Report on the Application of the Agreed-Upon Procedures for the Department of Intercollegiate Athletics at The University of Texas at Arlington (UTA) for the Fiscal Year Ended August 31, 2019. The results of the engagement are detailed in the attached report.

We appreciate the assistance provided to us by the various departments at UTA.

Sincerely,

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

cc: Steven Leslie, Ph.D., Executive Vice Chancellor for Academic Affairs, UT System
Kelly Davis, Chief Financial Officer and Vice President, UTA
Jim Baker, Director of Athletics, UTA
Tony Burken, Senior Associate Athletics Director for Business and Finance, UTA
David Price, Chief Audit Executive, UTA

**The University of Texas at Arlington
Department of Intercollegiate Athletics**

**Independent Auditor's Report on the
Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**



January 2020

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 WEST SEVENTH STREET
AUSTIN, TX 78701
(512) 499-4390



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

**INDEPENDENT¹ 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 at Arlington (UTA), solely to assist UTA management in evaluating whether the accompanying Statement of Revenues and Expenses (SRE) of UTA's Department of Intercollegiate Athletics (Athletics) is in compliance with the National Collegiate Athletic Association (NCAA) Constitution 3.2.4.15 for the Fiscal Year ended (FYE) August 31, 2019. UTA'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.

The following pages outline the required procedures and results. Reportable findings are defined as errors or misclassifications equal to or greater than 1% of total revenues or expenses.

Also attached to this report are the following appendices:

- *Appendix A*, SRE of Athletics for the FYE August 31, 2019;
- *Appendix B*, Finding and Recommendation;
- *Appendix C*, Notes to the SRE; and
- *Appendix D*, Variance Analysis.

Minimum Agreed-Upon Procedures for Revenue, Expenses, and Other Reporting Items

- Agree the amounts reported on the SRE to UTA's general ledger.

*Revenues, expenses, and other items reported on the SRE materially agreed to the amounts reported in UTA's general ledger. Immaterial differences were discussed with Athletics management and adjusted as needed on the final SRE located in **Appendix A** of this report. In addition, there are certain items recorded on the SRE that are not required to be recorded in UTA's general ledger, including out-of-state tuition waivers, indirect institutional support, and gifts in-kind. The NCAA requires that these items be reported on the SRE to fully reflect the operations of Athletics.*

- Perform the following procedures for all revenue and expense categories applicable to the SRE:
 - Compare and agree each operating revenue and expense category reported in the SRE during the reporting period to supporting schedules provided by UTA. If a specific reporting category is less than 4% of the total revenues, no procedures are required for that specific category.
 - Compare and agree a sample of operating revenue receipts and operating expenses obtained from the above supporting schedules to adequate supporting documentation.

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.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

These procedures were performed for the revenue and expense categories listed below, except for those less than 4.0% of the total revenues or total expenses, as stated in the procedures. If applicable, any material exceptions are noted below under the specific reporting category.

- Compare each major revenue and expense account over 10% of the total revenues/expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.

See Appendix D, Variance Analysis.

- Identify aspects of UTA's internal control structure that are unique to the intercollegiate athletics department. Test 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 UTA's financial statements.

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

- Identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Agree the amounts reported in the SRE to the organization's general ledger or confirm revenues and expenses directly with a responsible official of the organization.

UTA does not have any athletics related affiliated and outside organizations with financial statements. UTA has the Maverick Club, which is operated by Athletics.

Minimum Agreed-Upon Procedures for Revenues

Ticket Sales

1. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by UTA in the SRE and the related attendance figures and recalculate totals.

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

Student Fees

2. Compare and agree student fees reported by UTA in the SRE for the reporting period to student enrollments during the same reporting period and recalculate totals.
3. Obtain documentation of UTA's methodology for allocating student fees to intercollegiate athletics programs.
4. If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

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



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

Direct State or Other Governmental Support

5. Compare direct state or other governmental support recorded by UTA during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate totals.

This procedure was not applicable. Athletics did not receive direct state or other governmental support.

Direct Institutional Support

6. Compare the direct institutional support recorded by UTA during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

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

Transfers Back to Institution

7. Compare the transfers back to UTA with permanent transfers back to institution from the athletics department and recalculate totals.

This procedure was not applicable. Athletics did not have any transfers back to the institution.

Indirect Institutional Support

8. Compare the indirect institutional support recorded by UTA during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

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

Guarantees

9. Select a sample of settlement reports for away games during the reporting period and agree each selection to UTA's general ledger and/or the SRE and recalculate totals.
10. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period. Compare and agree each selection to UTA's general ledger and/or the SRE and recalculate totals.

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

Contributions

11. Obtain and review 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% or more of all contributions received for intercollegiate athletics during the reporting period and recalculate totals.

This procedure was not applicable. There were no individual contributions of moneys, goods, or services received directly by Athletics from an affiliated or outside organization that constituted 10% or more of all contributions received for Athletics.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

In-Kind

12. Compare the in-kind recorded by UTA during the reporting period with a schedule of in-kind donations and recalculate totals.

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

Compensation and Benefits Provided by a Third-Party

13. Obtain the summary of revenues from affiliated and outside organizations (Summary) as of the end of the reporting period from UTA. Select a sample of funds from the Summary and compare and agree each selection to supporting documentation, UTA's general ledger, and/or the Summary and recalculate totals.

This procedure was not applicable. Athletics did not have compensation or benefits provided by a third-party.

Media Rights

14. Obtain and inspect agreements to understand UTA's total media (broadcast, television, radio) rights received by UTA or through their conference offices as reported in the SRE.
15. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and UTA's general ledger and recalculate totals.

These procedures were not applicable. Athletics did not have media rights revenue.

NCAA Distributions

16. Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

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

Conference Distributions

17. Obtain and inspect agreements related to UTA's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.
18. Compare and agree the related revenues to UTA's general ledger and/or the SRE and recalculate totals.

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

Conference Distributions of Bowl Generated Revenue

19. Obtain and inspect agreements related to UTA's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.
20. Compare and agree the related revenues to UTA's general ledger and/or the SRE and recalculate totals.

These procedures were not applicable. Athletics did not receive any conference distributions of bowl generated revenue.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

Program Sales, Concessions, Novelty Sales, and Parking

21. Compare the amount recorded in the revenue reporting category to general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculate totals.

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

Royalties, Licensing, Advertisements, and Sponsorships

22. Obtain and inspect agreements related to UTA's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period for relevant terms and conditions.
23. Compare and agree the related revenues to UTA's general ledger and/or the SRE and recalculate totals.

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

Sports-Camp Revenues

24. Inspect sports-camp contracts between UTA and persons conducting institutional sports-camps or clinics during the reporting period to obtain documentation of UTA's methodology for recording revenues from sports-camps.
25. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to UTA's general ledger and/or the SRE and recalculate totals.

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

Athletics Restricted Endowment and Investment Income

26. Obtain and inspect endowment agreements for relevant terms and conditions.
27. Compare and agree the classification and use of endowments and investment income reported in the SRE during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

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

Other Operating Revenue

28. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.

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

Bowl Revenues

29. Obtain and inspect agreements related to UTA's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions.
30. Compare and agree the related revenues to UTA's general ledger and/or the SRE and recalculate totals.

These procedures were not applicable. Athletics did not have any bowl revenues.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

Minimum Agreed-Upon Procedures for Expenses

Athletic Student Aid

31. Select a sample of students from the listing of institutional student aid recipients during the reporting period.
32. Obtain individual student account detail for each selection and compare the total aid in UTA's student system to the student's detail in UTA's report that ties directly to the NCAA Membership Financial Reporting System.
33. Perform a check of each student selected to ensure their information was reported accurately in the NCAA Membership Financial Reporting System.
34. Recalculate totals for each sport and overall.

No material exceptions were noted as a result of these procedures. However, see Appendix B for a related observation and recommendation to enhance Athletics' Grant-in-Aid offer letters.

Guarantees

35. Obtain and inspect visiting institution's away-game settlement reports received by UTA during the reporting period and agree related expenses to UTA's general ledger and/or the SRE and recalculate totals.
36. Obtain and inspect contractual agreements pertaining to expenses recorded by UTA from guaranteed contests during the reporting period. Compare and agree related amounts expensed by UTA during the reporting period to UTA's general ledger and/or the SRE and recalculate totals.

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

Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

37. Obtain and inspect a listing of coaches employed by UTA and related entities during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing.
38. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by UTA and related entities in the SRE during the reporting period.
39. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by UTA and related entities expense recorded by UTA in the SRE during the reporting period.
40. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

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

Coaching Other Compensation and Benefits Paid by a Third Party

41. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

42. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by UTA in the SRE during the reporting period.
43. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party expenses recorded by UTA in the SRE during the reporting period and recalculate totals.

These procedures were not applicable. Athletics did not have compensation or benefits provided by a third-party.

Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities

44. Select a sample of support staff/administrative personnel employed by UTA and related entities during the reporting period.
45. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree the related payroll summary registers to the related support staff administrative salaries, benefits, and bonuses paid by UTA and related entities expense recorded by UTA in the SRE during the reporting period and recalculate totals.

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

Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party

46. Select a sample of support staff/administrative personnel employed by third parties during the reporting period.
47. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits paid by a third-party expenses recorded by UTA in the SRE during the reporting period and recalculate totals.

These procedures were not applicable. Athletics did not have compensation or benefits provided by a third-party.

Severance Payments

48. Select a sample of employees receiving severance payments by UTA during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.

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

Recruiting

49. Obtain documentation of UTA's recruiting expense policies.
50. Compare and agree to existing institutional- and NCAA-related policies.
51. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

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



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

Team Travel

52. Obtain documentation of UTA's team travel policies.
53. Compare and agree to existing institutional- and NCAA-related policies.
54. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

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

Equipment, Uniforms, and Supplies

55. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Game Expenses

56. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Fund Raising, Marketing, and Promotion

57. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Sports-Camp Expenses

58. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Spirit Groups

59. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Athletic Facility Debt Service, Leases and Rental Fees

60. Obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements).
61. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

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



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

Direct Overhead and Administrative Expenses

62. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Indirect Institutional Support

63. Tested with revenue section - Indirect Institutional Support (see procedure #8).

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

Medical Expenses and Medical Insurance

64. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Memberships and Dues

65. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Other Operating Expenses and Transfers to Institution

66. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No material exceptions were noted as a result of this procedure. Athletics did not have transfers to the institution.

Student-Athlete Meals (Non-Travel)

67. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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

Bowl Expenses

68. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

This procedure was not applicable. Athletics did not have any bowl expenses.

Additional Minimum Agreed-Upon Procedures

- For Grants-in-Aid: Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to UTA's supporting equivalency calculations. If there is a



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the supporting equivalency calculations, inquire about the discrepancy and report the justification in the AUP report. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 4%.

No material exceptions were noted as a result of this procedure. Explanations for variances appear to be reasonable.

- For Sports Sponsorship: Obtain UTA's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by UTA meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum-contest requirement. Once countable sports have been validated, ensure that UTA has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance.

No material exceptions were noted as a result of this procedure. There was no variance between the sports sponsored between years.

- For Pell Grants: Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of UTA's financial aid records, of all student-athlete Pell Grants. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document any variance greater than +/- 20 grants.

No material exceptions were noted as a result of this procedure. Pell Grant totals between years did not vary by +/- 20 grants.

Minimum Agreed-Upon Procedures for Other Reporting Items

Excess Transfers to Institution and Conference Realignment Expenses

69. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

This procedure was not applicable. Athletics did not have transfers to the institution or conference realignment expenses.

Total Athletics Related Debt

70. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.
71. Agree the total annual maturities and total outstanding athletic debt related to supporting documentation and UTA's general ledger, as applicable.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

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

Total Institutional Debt

72. Agree the total outstanding institutional debt to supporting documentation and UTA's general ledger and/or UTA's audited financial statements, if available.

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

Value of Athletics Dedicated Endowments

73. Obtain a schedule of all athletics dedicated endowments maintained by athletics, UTA, and affiliated organizations. Agree the fair market value in the schedules to supporting documentation, UTA's general ledger, and audited financial statements, if available.

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

Value of Institutional Endowments

74. Agree the total fair market value of institutional endowments to supporting documentation, UTA's general ledger, and/or audited financial statements, if available.

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

Total Athletics Related Capital Expenditures

75. Obtain a schedule of athletics related capital expenditures made by athletics, UTA, and affiliated organizations during the reporting period.
76. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

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 SRE of Athletics. Accordingly, we do not express such an opinion. Had we 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 UTA's financial statements.

This report is intended solely for the information and use of UTA management. It 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, CPA, CIA, QIAL, CRMA
Chief Audit Executive

Moshmee Kalamkar, CPA, CIA
Director



The University of Texas at Arlington
 Independent Auditor's Report on the Application of Agreed-Upon Procedures
 For the Fiscal Year Ended August 31, 2019

APPENDIX A

THE UNIVERSITY OF TEXAS AT ARLINGTON DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
 STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

	Men's Basketball	Women's Basketball	Men's Track	Women's Track	Men's Tennis	Women's Tennis
Operating Revenues:						
1 Ticket Sales	\$ 157,743	43,244	21,420	21,420	-	-
2 Direct State or Other Govt Support	-	-	-	-	-	-
3 Student Fees	-	-	-	-	-	-
4 Direct Institutional Support	-	-	-	-	-	-
5 Less - Transfers to Institution	-	-	-	-	-	-
6 Indirect Institutional Support	-	-	-	-	-	-
6A Indirect Inst Support - Debt, Lease, Rental	-	-	-	-	-	-
7 Guarantees	395,000	-	-	-	-	-
8 Contributions	100	9,150	1,793	1,792	3,200	3,200
9 In-Kind	1,416	2,832	708	1,062	-	-
10 3rd Party Compensation & Benefits	-	-	-	-	-	-
11 Media Rights	-	-	-	-	-	-
12 NCAA Distributions	-	-	10,063	2,803	2,120	-
13 Conference Distributions	-	-	-	-	-	-
13A Conf Distribution of Bowl Revenue	-	-	-	-	-	-
14 Program Sales, Concessions, & Parking	-	-	-	-	-	-
15 Royalties, Advertising, & Sponsorships	-	-	-	-	-	-
16 Sports Camp Revenues	16,487	20,471	-	-	-	-
17 Athletics Rest Endow/Invest Income	8,579	1,399	-	-	-	-
18 Other Operating Revenue	-	-	50,470	50,170	3,464	3,464
19 Bowl Revenue	-	-	-	-	-	-
Total Operating Revenues	579,325	77,096	84,454	77,247	8,784	6,664
Operating Expenses:						
20 Athletics Student Aid	496,682	511,564	324,906	439,088	94,122	188,039
21 Guarantees	5,000	28,000	-	-	-	-
22 Coaching Salaries & Benefits	932,794	713,662	178,162	211,782	92,756	64,670
23 3rd Party Compensation & Benefits	-	-	-	-	-	-
24 Support Staff/Admin Salaries & Benefits	8,223	4,203	-	-	-	-
25 3rd Party Support Staff	-	-	-	-	-	-
26 Severance Payments	293,316	-	-	-	-	-
27 Recruiting	76,881	78,512	3,104	3,483	4,047	2,052
28 Team Travel	315,033	247,153	112,864	118,445	64,103	69,462
29 Sports Equip, Uniforms, & Supplies	48,811	38,375	35,268	31,394	23,184	15,819
30 Game Expenses	157,004	126,120	18,707	18,707	12,166	10,922
31 Fund Raising, Mktg, Promotions	1,358	2,759	388	568	-	-
32 Sports Camp Expenses	3,363	12,594	-	-	-	-
33 Spirit Groups	-	-	-	-	-	-
34 Debt Service, Lease, Rental Fees	-	-	-	-	-	-
35 Direct Overhead/Admin Expenses	55,290	32,678	8,196	9,212	9,227	4,121
36 Indirect Institutional Support	-	-	-	-	-	-
37 Medical Expenses & Insurance	-	361	-	-	-	-
38 Memberships & Dues	45	1,522	350	350	45	45
39 Student-Athletic Meals (non-travel)	31,818	17,994	2,856	1,927	3,255	3,795
40 Other Operating Expenses	18,914	15,796	2,977	1,337	-	257
41 Bowl Expenses	-	-	-	-	-	-
41A Bowl Expenses - Coaching Compensation	-	-	-	-	-	-
Total Operating Expenses	2,444,532	1,831,293	687,778	836,293	302,905	359,182
50 Excess Transfer to University	-	-	-	-	-	-
51 Conference Realignment	-	-	-	-	-	-
Total Expenses	2,444,532	1,831,293	687,778	836,293	302,905	359,182
Excess (Deficiency) of Revenues Over (Under) Expenses	\$ (1,865,207)	(1,754,197)	(603,324)	(759,046)	(294,121)	(352,518)



The University of Texas at Arlington
 Independent Auditor's Report on the Application of Agreed-Upon Procedures
 For the Fiscal Year Ended August 31, 2019

APPENDIX A
 THE UNIVERSITY OF TEXAS AT ARLINGTON DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
 STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED AUGUST 31, 2019

	Volleyball	Baseball	Softball	Men's Golf	Women's Golf	Non-Program Specific	Total
Operating Revenues:							
1 Ticket Sales	11,379	22,895	10,127	-	-	106,794	395,022
2 Direct State or Other Govt Support	-	-	-	-	-	-	-
3 Student Fees	-	-	-	-	-	7,120,817	7,120,817
4 Direct Institutional Support	-	-	-	-	-	4,250,554	4,250,554
5 Less - Transfers to Institution	-	-	-	-	-	-	-
6 Indirect Institutional Support	-	-	-	-	-	600,439	600,439
6A Indirect Inst Support - Debt, Lease, Rental	-	171,640	171,640	-	-	-	343,280
7 Guarantees	-	12,500	42,640	-	-	-	450,140
8 Contributions	6,106	16,345	14,841	7,860	7,860	485,279	557,526
9 In-Kind	5,944	5,176	2,988	-	971	74,514	95,611
10 3rd Party Compensation & Benefits	-	-	-	-	-	-	-
11 Media Rights	-	-	-	-	-	-	-
12 NCAA Distributions	-	-	-	-	-	145,824	160,810
13 Conference Distributions	-	-	-	-	-	564,432	564,432
13A Conf Distribution of Bowl Revenue	-	-	-	-	-	-	-
14 Program Sales, Concessions, & Parking	-	-	-	-	-	28,196	28,196
15 Royalties, Advertising, & Sponsorships	-	-	-	-	-	906,102	906,102
16 Sports Camp Revenues	16,230	5,448	37,687	-	-	-	96,323
17 Athletics Rest Endow/Invest Income	-	13,168	-	2,829	-	34,531	60,506
18 Other Operating Revenue	-	1,644	5,527	-	13,200	278,280	406,219
19 Bowl Revenue	-	-	-	-	-	-	-
Total Operating Revenues	39,659	248,816	285,450	10,689	22,031	14,595,762	16,035,977
Operating Expenses:							
20 Athletics Student Aid	354,544	273,397	216,464	96,476	86,296	690,434	3,772,012
21 Guarantees	-	-	-	-	-	-	33,000
22 Coaching Salaries & Benefits	266,998	276,676	226,873	95,126	77,244	309,870	3,446,613
23 3rd Party Compensation & Benefits	-	-	-	-	-	-	-
24 Support Staff/Admin Salaries & Benefits	1,158	-	12,305	-	-	3,260,601	3,286,490
25 3rd Party Support Staff	-	-	-	-	-	-	-
26 Severance Payments	-	-	-	-	-	-	293,316
27 Recruiting	18,185	24,494	9,726	4,638	2,042	-	227,164
28 Team Travel	127,071	284,983	213,878	88,120	63,015	-	1,704,127
29 Sports Equip, Uniforms, & Supplies	24,055	64,541	49,486	25,602	29,621	30,239	416,395
30 Game Expenses	48,255	49,016	24,705	2,393	4,043	216,392	688,430
31 Fund Raising, Mktg, Promotions	3,882	-	1,839	1,327	1,327	341,158	354,606
32 Sports Camp Expenses	870	215	3,276	-	-	-	20,318
33 Spirit Groups	-	-	-	-	-	77,692	77,692
34 Debt Service, Lease, Rental Fees	-	171,640	171,640	-	-	-	343,280
35 Direct Overhead/Admin Expenses	9,436	21,299	28,178	14,648	5,437	1,218,378	1,416,100
36 Indirect Institutional Support	-	-	-	-	-	600,439	600,439
37 Medical Expenses & Insurance	-	42	-	-	-	194,129	194,532
38 Memberships & Dues	-	165	629	1,795	730	117,940	123,616
39 Student-Athletic Meals (non-travel)	4,833	13,032	9,173	8,484	689	93,348	191,204
40 Other Operating Expenses	3,246	992	2,746	772	2,421	132,244	181,702
41 Bowl Expenses	-	-	-	-	-	-	-
41A Bowl Expenses - Coaching Compensation	-	-	-	-	-	-	-
Total Operating Expenses	862,533	1,180,492	970,918	339,381	272,865	7,282,864	17,371,036
50 Excess Transfer to University	-	-	-	-	-	-	-
51 Conference Realignment	-	-	-	-	-	-	-
Total Expenses	862,533	1,180,492	970,918	339,381	272,865	7,282,864	17,371,036
Excess (Deficiency) of							
Revenues Over (Under) Expenses	(822,874)	(931,676)	(685,468)	(328,692)	(250,834)	7,312,898	(1,335,059)



The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019

APPENDIX B
FINDING AND RECOMMENDATION

Grant-in-Aid Award Agreements

In reviewing the grant-in-aid (GIA) agreements, nine were signed by current student-athletes after the stated deadline of seven days within receipt, and five student-athletes signed the agreement before the athletic director (or designee). Also, the language used in Athletics' current GIA agreement sets the due date based on the date of receipt, which is not tracked, rather than the date of issuance.

The regulations for the National Letter of Intent (NLI) define the due date required for the NLI and GIA agreement to be valid. The prospective student-athlete must sign the NLI within seven days of issuance. However, the dates of signature by a prospective student-athlete on the NLI and the GIA agreement do not need to be the same, but the GIA agreement accompanying the NLI must be signed within the seven-day NLI signing deadline.

The observation described above is considered a **low-level** finding in accordance with UT System's Internal Audit finding classification system².

Recommendation: Athletics should revise the GIA offer agreement terms and conditions to clarify requirements. Consider the following:

- Add an indicator to the GIA agreement of whether the student-athlete is a new or returning student.
- Regarding the timeframe to return the GIA agreement, add language similar to the following to clarify appropriate processing requirements for new versus returning student-athletes:
 - *The period of the award is not to exceed athletics eligibility.*
For an initial award, this grant-in-aid offer letter agreement must be returned with a valid National Letter of Intent (NLI) in order for the NLI to be binding. If the student-athlete or parent(s) fails to sign this agreement within seven days of issuance, it will be invalid. In that event, another agreement may be issued.
- Include only the GIA signatories required from a compliance perspective to reduce administrative burden and the potential for workflow delays.

Additionally, to ensure completeness of records, Athletics should work with Financial Aid and Scholarships to obtain the fully executed GIA agreements with appropriate signatures and dates for all student-athletes.

Management's Response: Athletics will revise the GIA to incorporate the recommendations that are listed above.

Implementation Date: August 31, 2020. Please note that the majority of the GIAs have already been filled out/completed for FY 2020. The form will be edited and be utilized for MayMester 2020 and Summer 2020.

² The UT System Internal Audit finding Classification System includes Priority, High, Medium, or Low-level findings. A Priority Finding is defined as "an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of an UT institution." Non-Priority Findings are ranked as High, Medium, or Low, with the level of significance based on an assessment of applicable Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

Athletic Student Financial Aid Processes Follow-Up

A related recommendation regarding student-athlete financial aid processes that was communicated via separate memo to Financial Aid and Scholarships after the prior year's engagement was determined to be implemented based on the procedures performed this year.



**The University of Texas at Arlington
Independent Auditor's Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

**APPENDIX C
NOTES TO THE STATEMENT OF REVENUES AND EXPENSES**

NOTE 1 – Summary of Significant Accounting Policies

Fiscal Year – UTA's fiscal year is the period beginning each September 1 and ending each August 31 of the subsequent calendar year.

Principles of Preparation – The SRE is prepared in accordance with the NCAA financial reporting guidelines. Information used in the SRE's preparation is obtained primarily from information recorded in UTA'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.

Student Fees – In 1998, the UTA student body voted to implement an athletic fee to fund Athletics. The current athletic fee is \$8.50 per credit hour with a ceiling of \$115 per student per semester. Although UTA has flat-rate tuition, the athletic fee is allocated based on the previous student fee structure.

Direct Institutional Support – Direct Institutional Support is composed of amounts budgeted annually for institutional transfers to fund or support Athletics and expenses paid by the institution on behalf of Athletics, such as work-study and accrued leave payouts to separated Athletics employees.

Indirect Institutional Support – The Indirect Institutional Support reflects costs incurred by the institution in support of Athletics but not charged to Athletics.

NOTE 2 – Contributions Constituting More than 10 Percent of All Contributions

There were no individual contributions of moneys, goods, or services received directly by Athletics from an affiliated or outside organization that constituted 10 percent or more of all contributions received for Athletics during the reporting period.

NOTE 3 – Capital Assets

The Property Management Office at UTA oversees the methods utilized to manage inventory property and provides procedures and services to ensure that all state and federal requirements are met. The State Comptroller has developed a State Property Accounting (SPA) guide to assist the state government in accounting for state and federal government property. Athletics acquires, approves, depreciates, and disposes assets in accordance with UTA institutional policy as follows:

- Acquisition - Athletics acquires capital assets through the normal process at the institution. All purchases are centralized and are to be made using the method that provides the best value to UTA. Informal quotes are required for purchases above \$15,000, and competitive procurement is required for all assets above \$50,000. The capitalization threshold is \$5,000.
- Approval – Capital asset purchases are approved by the Senior Associate Athletic Director.
- Depreciation - Depreciation is allocated to Athletics based on the assets, or portions of real assets, under the control of Athletics. Depreciation is calculated on a straight-line basis.
- Disposal - Disposal of capital assets must be done in accordance with State of Texas law and institutional policy.



**The University of Texas at Arlington
Independent Auditor’s Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

NOTE 4 – Other Reporting Items

Category	Amount
Excess Transfers to Institution	Not Applicable
Conference Realignment Expenses	Not Applicable
Total Athletics Related Debt	\$4,266,000
Total Institutional Debt	\$345,455,000
Value of Athletics Dedicated Endowments	\$1,350,684
Value of Institutional Endowments	\$162,584,604
Total Athletics Related Capital Expenditures	\$22,712

NOTE 5 – Future Debt Repayment Schedule

UTA receives proceeds from bonds issued and held by UT System Administration to support capital projects of UT System Administration and its institutions. All bonds issued by the UT System are defined as revenue bonds. As such, the revenues of all UT System institutions, including UTA, are pledged for repayment of the bonds. No amount of indebtedness related to these bonds has been recorded on UTA’s financial statements.

As of August 31, 2019, UTA (through UT System Administration) had outstanding debt related to the Athletics Department totaling \$4,266,000. Debt service requirements to maturity for this outstanding debt are summarized as follows:

Fiscal Year	Principal	Interest	Total
2020	172,000	170,640	342,640
2021	179,000	163,760	342,760
2022	185,000	156,600	341,600
2023	193,000	149,200	342,200
2024	200,000	141,480	341,480
2025-2029	1,062,000	581,280	1,643,280
2030-2034	1,031,000	375,640	1,406,640
2035-2039	1,244,000	153,080	1,397,080
Total Requirements	\$ 4,266,000	1,891,680	6,157,680



**The University of Texas at Arlington
Independent Auditor’s Report on the Application of Agreed-Upon Procedures
For the Fiscal Year Ended August 31, 2019**

**APPENDIX D
VARIANCE ANALYSIS**

Amounts for each major revenue and expense account over 10% of the total revenues or expenses were compared to prior period and budget estimate amounts. For applicable variations greater than 10%, an understanding was obtained as noted below. All explanations appear to be reasonable.

Comparison to Prior Period

The following SRE categories met the threshold for investigation:

ID	Category	FY 2019 SRE	FY 2018 SRE	\$ Variance	% Variance	Variance Explanation
4	Direct Institutional Support (DIS)	\$4,250,554	\$2,525,694	\$1,724,860	68.29%	Primarily due to UTA providing Athletics with additional budget of approximately \$1 million to cover expenses incurred in FY 2019.
20	Athletics Student Aid	\$3,772,012	\$3,227,384	\$544,628	+16.88%	Attributable to the increased cost of a full scholarship, increased funding for summer school, and the increase in awarding cost of attendance to student-athletes.

Comparison to Budget Estimates

No items met the threshold for investigation.