



Winston-Salem State University | University of North Carolina School of the Arts
Office of Internal Audit & Institutional Compliance

601 S. Martin Luther King Jr. Drive
Winston-Salem, North Carolina 27110
phone 336.750.2065 | fax 336.750-8891
www.wssu.edu | www.uncsa.edu

To: Ms. Tonia Walker, Director of Athletics
From: Shannon B. Henry, Chief Audit Officer
Date: May 2, 2014
Subject: Concerns Regarding University Fundraising

The Office of Internal Audit received information concerning University fundraising activity. It was provided that the University distributed jars for fundraising purposes among local stores. Questions were raised about the validity, appropriateness, and accounting of the fundraising activity.

Pursuant to North Carolina General Statute § 116-40.7, we have completed our review of this matter to the extent allowed by the quality of the information received and available evidence. The purpose of the review was to determine if the claim had merit and could be substantiated.

To conduct our review, we performed the following procedures:

- Interviewed University employees,
- Examined relevant documents and records, and
- Reviewed applicable governing regulations and University policies.

Our review resulted in the following findings and recommendations.

Findings:

INTERNAL CONTROLS ARE NOT SUFFICIENT TO ENSURE THAT FUNDS RAISED IN THE NAME OF THE UNIVERSITY ARE HANDLED APPROPRIATELY AND IN COMPLIANCE WITH UNIVERSITY POLICY.

Deficiencies with respect to University fundraising activity can expose the University to loss as a result of asset misappropriation and/or penalties due to noncompliance with governing regulations.

We noted the following:

1. Personnel within the Athletics Department did not observe University policies when soliciting funds for charity from the campus community. Based on our review and inquiry of staff, the University's cross country sports program disseminated coin jars across campus and in local stores in the surrounding area in response to a request from the Central Intercollegiate Athletic Association (CIAA) that the University join other National Collegiate Athletic Association (NCAA) Division II schools and raise money to provide support for the Joplin School District Fund and the Missouri Southern Tornado Relief Fund. The records provide that the fundraising effort was as a result of tornado devastation in Joplin, MO. The cross country team did not obtain approval from the appropriate administrators, required to solicit funds on campus, as per University policy.
2. There are no policies that govern students and staff soliciting funds from the general public in the name of the University. The University's policies for off-campus solicitations are limited to support from the private sector and are only available in the University's Faculty Handbook.
3. The University's policies for solicitations organized by students, faculty and staff do not address the appropriate accounting for the money raised. Based on our review of the available evidence, the coach of the cross country program collected the coins and deposited them into a coin counting machine in exchange for a cashier's check. The cashier's check was made payable to the CIAA on behalf of the University's cross country sports program. The Athletics Department lacks sufficient evidence that the money raised was adequately verified.

The University's "Solicitation and Vending Policy" notes that:

All vending at Winston-Salem State University must be approved through the Ticket Office. Recognized student organizations approved by the Vice Chancellor for Student Affairs ... conducting fund-raising activities shall be eligible for campus vending permits without charge. Persons, firms or organizations wanting to conduct sales activities or business solicitations on campus must submit a "Vendor Application" to the Ticket Office at least two weeks (in advance).

The "Fund Raising and Gift Solicitation" section of the University's Faculty Handbook provides that:

In order to coordinate the university's efforts to cultivate support from the private sector, and in order to ensure that gifts do not involve insupportable financial commitments or restrictions, all gift solicitation programs conducted by anyone for the benefit of Winston-Salem State University or any agency thereof must have the prior approval of the chancellor through the vice chancellor for advancement.

Recommendation: The University's policies and procedures for fund raising and solicitation should be updated to include policies and procedures governing off-campus solicitations by the University community as a whole, including students, faculty, and staff. Further, the policies and procedures should include accountability measures for all monies raised and require that sufficient evidence be maintained for verification purposes. Policies and updates should be communicated University-wide.

The Office of Internal Audit requests that University management respond to this office within the next 30 days with a plan on how these recommendations will be implemented.

Cc: Mr. Donald Pearsall, Associate Vice Chancellor for Business Services
Mrs. Michelle Cook, Vice Chancellor for University Advancement
Mr. Frank Lord, Controller