

Report on the

University of Alabama

Tuscaloosa, Alabama

October 1, 2016 through September 30, 2018

Filed: November 29, 2019



Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner



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Rachel Laurie Riddle
Chief Examiner

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, as added by Act Number 2018-129, we submit this report on the results of the examination of The University of Alabama, Tuscaloosa, Alabama, for the period October 1, 2016 through September 30, 2018.

Sworn to and subscribed before me this
the 4th day of November, 2019.

Carla A. Harvey
Notary Public

Sworn to and subscribed before me this
the 4th day of November, 2019.

Linda Bonner
Notary Public

Sworn to and subscribed before me this
the 4th day of November, 2019.

Ardua Parker
Notary Public

Respectfully submitted,

Peter M. Fisher

Peter M. Fisher
Examiner of Public Accounts

Zachary Pugh

Zachary Pugh
Examiner of Public Accounts

Denise Clark-Owens

Denise Clark-Owens
Examiner of Public Accounts

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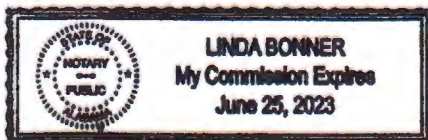


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Department of
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SUMMARY

**The University of Alabama
October 1, 2016 through September 30, 2018**

The University of Alabama (the “University”), the State of Alabama’s oldest public university, is a senior comprehensive doctoral-level institution. The University offers undergraduate, graduate and professional degree programs in more than 200 fields of study through 12 schools and colleges. The only publicly-supported law school is at the University.

The University is a component of The University of Alabama System and is governed by the Board of Trustees of The University of Alabama. The President of the University is appointed by the Chancellor of The University of Alabama System with approval of the Board of Trustees. The President reports directly to the Chancellor and is responsible for hiring and promoting faculty and staff for the University.

The firm of PricewaterhouseCoopers, LLP conducted the financial audits for the fiscal year ended September 30, 2017 and September 30, 2018.

This report presents the results of an examination of the University and a review of compliance by the University with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12, as added by Act Number 2018-129.

The following instance of noncompliance with state laws and regulations and other matters was found during the examination as shown on the Schedule of State Compliance and Other Findings and it is summarized below.

- ◆ 2018-001 The University was unable to provide adequate documentation to reconcile four cash funds during surprise cash counts.

The following officials/employees were invited to an exit conference: Mr. Matthew Fajack, Vice-President for Financial Affairs and Administration; Ms. Julie Shelton, Associate Vice-President for Finance; Mr. Michael Spearing, Chief University Counsel; Mr. Charles Poole, Director of Financial Accounting and Reporting; Mr. Kevin Stevens, Executive Director of Procurement Services and Mr. John McDaniel, Director of Internal Audit. The following individuals attended the exit conference: Mr. Matthew Fajack, Vice-President for Financial Affairs and Administration; Ms. Julie Shelton, Associate Vice-President for Finance; Mr. Michael Spearing, Chief University Counsel; Mr. Charles Poole, Director of Financial Accounting and Reporting; Mr. Kevin Stevens, Executive Director of Procurement Services and Mr. John McDaniel, Internal Audit. Representing the Department of Examiners of Public Accounts were: Ms. Andera Anderson, Audit Manager; Mr. Peter Fisher, Ms. Denise Owens, and Mr. Zachary M. Pugh, Examiners.



Department of
Examiners of Public Accounts

COMMENTS

**The University of Alabama
October 1, 2016 through September 30, 2018**

The University of Alabama, the State of Alabama's oldest institution of higher education, is the senior comprehensive doctoral-level institution in Alabama and began instructing students in 1831. Established by constitutional provisions, with subsequent statutory mandates and authorizations, the University advances the intellectual and social condition of all the people of the State through quality programs of instruction, research and service. The University is a fully accredited institution of higher learning offering a wide variety of undergraduate, graduate and professional programs. The University is located in Tuscaloosa, Alabama.

The University is accredited by and is a member of the Southern Association of Colleges and Schools. All degree programs in professional schools and colleges subject to recognized accrediting agencies are fully accredited by the appropriate national organization. The University is a member of the Association of Public and Land-Grant Universities.

The University offers undergraduate, graduate and professional degree programs in more than 200 fields of study through 12 schools and colleges. Student enrollment at the University for the 2017-2018 academic year is approximately 38,563.

The University continues to grow and offer educational opportunities to the people of the State of Alabama, and the University continues to be ranked among the top 50 public universities in the nation.

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*Schedule of State Compliance
and Other Findings*

Schedule of State Compliance and Other Findings
For the Years Ended September 30, 2018 and 2017

Ref. No.	Finding/Noncompliance
2018-001	<p><u>Finding:</u> Internal control, as defined in accounting and auditing, is a process for assuring an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. Effective internal controls require reconciliations as preventive and detective measures to ensure petty cash funds are properly accounted for. The University provides cash funds to various instructional departments to be used to pay individuals to participate in research studies. We selected four of these funds for a surprise count. All four were either short or above the authorized amount. One fund was over by \$340.00. The other funds were short by \$200.00, \$195.00, and \$70.00. The departments could not provide documentation to explain the variances.</p> <p><u>Recommendation:</u> The University should ensure that policies and procedures are in place to ensure that accountability is maintained for all cash funds. The funds should be periodically reconciled and reviewed.</p>

Additional Information

Board Members and Officials
October 1, 2016 through September 30, 2018

Board Members		Term Expires
Hon. Kay Ivey	Governor of Alabama (Effective 04/10/2017)	Ex-Officio
Hon. Robert Bentley	Governor of Alabama (Until 04/10/2017)	Ex-Officio
Hon. Eric Mackey	State Superintendent of Education (Effective 05/14/2018)	Ex-Officio
Dr. Ed Richardson	State Superintendent of Education (Effective 09/14/2017 - 05/12/2018)	Ex-Officio
Hon. Michael Sentance	State Superintendent of Education (Until 09/13/2017)	Ex-Officio
Hon. Harris V. Morrissette	First District	2021
Hon. Marietta M. Urquhart	First District	2024
Hon. Joseph C. Espy, III	Second District	2019
Hon. W. Davis Malone, III	Second District	2022
Hon. Kenneth L. Vandervoort, M.D.	Third District	2023
Hon. James W. Wilson, III	Third District	2020
Hon. Scott M. Phelps	Fourth District	2022
Hon. Finis E. St. John, IV	Fourth District	2019
Hon. Ronald W. Gray	Fifth District	2020
Hon. William Britt Sexton	Fifth District	2023

Board Members and Officials
October 1, 2016 through September 30, 2018

Board Members		Term Expires
Hon. John D. Johns	Sixth District (Until 04/07/2017)	
Hon. W. Stancil Starnes	Sixth District	2022
Hon. Vanessa Leonard	Sixth District	2019
Hon. Karen P. Brooks	Seventh District	2021
Judge John H. England, Jr.	Seventh District	2021
Hon. Barbara Humphrey	Seventh District	2024

Officials

**Chief Administrative and
Fiscal Officials**

Dr. Stuart Bell	President
Mr. Matthew M. Fajack	Vice-President for Financial Affairs and Treasurer (Effective 02/15/2018)
Dr. Lynda B. Gilbert	Vice-President for Financial Affairs and Treasurer (Until 02/15/2018)

Board Members and Officials
October 1, 2016 through September 30, 2018

Officials

The University of Alabama System
Administration

Mr. Finis E. St. John IV	Interim Chancellor (Effective 08/01/2018)
Mr. C. Ray Hayes	Chancellor (Until 07/31/2018)
Dr. Dana Keith	Vice-Chancellor for Finance and Administration
Mr. Jo Bonner	Vice Chancellor for Economic Development (Until 09/30/2018)
Mr. Chip Bivins	Chief Audit Officer (Effective 01/15/2017)
Ms. Sabrina B. Hearn	General Auditor (Until 09/30/2017)
Dr. Charles R. Nash	Vice-Chancellor for Academic and Student Affairs
Ms. Kellee Reinhart	Senior Vice-Chancellor for Communications and Community Relations
Mr. Sid J. Trant	General Counsel and Secretary of the Board of Trustees (Effective 09/01/2017)
Mr. John Daniel	Interim General Counsel (Effective 01/01/2017 - 08/31/2017)
Mr. R. Cooper Shattuck	General Counsel (Until 12/31/2016)