

Report on the

# University of Alabama in Huntsville

Huntsville, Alabama

October 1, 2015 through September 30, 2017

Filed: December 28, 2018



## Department of Examiners of Public Accounts

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*Rachel Laurie Riddle, Chief Examiner*





State of Alabama  
Department of  
**Examiners of Public Accounts**

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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, I submit this report on the results of the examination of the University of Alabama in Huntsville, Huntsville, Alabama, for the period October 1, 2015 through September 30, 2017.

Sworn to and subscribed before me this  
the 17 day of December, 2018.

Kelly D. Matthews  
Notary Public

Respectfully submitted,

Tiffany L. Mason

Tiffany L. Mason  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**University of Alabama in Huntsville  
October 1, 2015 through September 30, 2017**

The University of Alabama in Huntsville (the “University” or UAH) is a doctoral-granting research institution with approximately 9,700 students. The university prepares students for demanding positions in engineering, the sciences, business, education, nursing, as well as the arts, humanities and social sciences. Approximately half of the university's graduates earn a degree in engineering or science making UAH the top producer of engineers and physical scientists in Alabama. The Carnegie Foundation for the Advancement of Teaching ranks UAH as a “high research activity” institution with five programs ranked in the top 20 in the nation in federally financed research. UAH is the anchor tenant in Cummings Research Park, the second largest research park in the United States.

The firm of PricewaterhouseCoopers LLP, Certified Public Accountants, conducted the financial audits for the fiscal years ending September 30, 2016, and September 30, 2017.

This report presents the results of an examination of UAH and a review of compliance by UAH 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 instances of noncompliance with state laws and regulations and other matters were found during the examination as shown on the Schedule of State Compliance and Other Findings and are summarized below.

- ◆ 2017-001 The University did not ensure that accountability was established and maintained for all athletic tickets printed.
- ◆ 2017-002 The University may not have complied with the *Code of Alabama 1975*, Sections 41-16-80 through 41-16-88, by not obtaining proper vendor disclosure forms for all contracts and bids in excess of \$5,000.00.
- ◆ 2017-003 The University may not have complied with the *Code of Alabama 1975*, Section 39-2-6(b), by negotiating construction contracts when more than one bid was received.

The following officials/employees were invited to an exit conference to discuss the results of the examination: Dr. Robert Altenkirch, President; Todd Barre`, Vice-President for Finance and Administration; and Robert Leonard, Comptroller and Associate Vice-President for Finance. The following individuals attended the exit conference: Todd Barre`, Vice-President for Finance and Administration; Robert Leonard, Comptroller and Associate Vice-President for Finance; Tharane Ravindran, Director of Internal Audit; Dani Hillman-Robbins, Bursar; Laura Vereen, Senior Accountant; Donald Thompson, Manager Warehouse Operations and Terence Haley, Director of Procurement and Business Services. Representing the Department of Examiners of Public Accounts were: Melissa Knepper, Audit Manager, and Tiffany Mason, Examiner.





Department of  
**Examiners of Public Accounts**

**COMMENTS**

**University of Alabama in Huntsville  
October 1, 2015 through September 30, 2017**

The University of Alabama in Huntsville (the “University” or UAH) began in January 1950 as the Huntsville Center, a branch of the University of Alabama located in Tuscaloosa, Alabama. The first classes were held in West Huntsville High School for the original 137 students.

Before this center was established, efforts were underway to place major portions of the U. S. Army’s rocket research and development activities as well as NASA’s Marshall Space Flight Center in the Huntsville area. NASA wanted to provide educational opportunities for their employees, and major aerospace corporations began to locate in the area that was fast becoming a hub of the American space program. The need for advanced education in science and technology was acknowledged and supported by individual citizens and organizations.

Rocket scientist Dr. Wernher von Braun traveled to Tuscaloosa along with NASA and Army officials on a mission to encourage the University of Alabama to establish a research institute in Huntsville. The purpose of such an institute would be to accelerate the educational program in Huntsville and to provide theoretical and experimental research pertinent to aerospace science and missile fields. Dr. von Braun made a persuasive presentation before the Alabama Legislature in June 1961 requesting a \$3 million bond issue to support the institute. Both houses of the Alabama Legislature unanimously passed the bill and the bond issue was approved by the citizens of Alabama later that year. The City of Huntsville and Madison County purchased an additional 200 acres and the Research Institute was constructed.

Master’s level degrees were offered in 1963 and the baccalaureate level in 1964. By 1969, UAH was made an autonomous university, part of the University of Alabama System with campuses in Tuscaloosa, Birmingham and Huntsville. Each campus had their own president, and Dr. Benjamin Graves served as UAH’s first president from 1970 to 1978.

Though its roots were planted firmly in the space program, UAH included study in the humanities as an important part of its undergraduate programs. English and history were among the first programs offered at the baccalaureate level. Early enrollments in the humanities and liberal arts kept pace with, and sometimes exceeded, those in science and engineering during the 1970s.

During the 1980s, UAH capitalized on its ties with Huntsville business and technology communities, and research centers in optics, microgravity, robotics, and space plasma were founded. In 1989, UAH's first eminent scholar joined the university in computer engineering. The University has also established eminent scholars in business, propulsion, systems engineering, physics, global understanding and the humanities to further enrich the academic, cultural and research environment of the campus.

Robert Altenkirch, president of the New Jersey Institute of Technology, became the University's sixth president in October 2011. Since Dr. Altenkirch's arrival, he has established a division for student affairs, constructed a new student union building, and student services building, in addition to establishing a department of space science, an honors college, a college of education and a college of professional and continuing studies. He also established a technology-based business incubator and built a new 400-bed residence hall that opened in the fall of 2018.

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*Schedule of State Compliance  
and Other Findings*

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***Schedule of State Compliance and Other Findings***  
***For the Years Ended September 30, 2016 and September 30, 2017***

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Ref. No.	Finding/Noncompliance
2017-001	<p><b><u>Finding:</u></b>            Prior year audit finding 2015-001 is brought forward to the current fiscal year as follows:</p> <p>Proper controls should ensure that accountability is established and maintained for all athletic tickets printed and sold or provided to individuals as complimentary tickets. According to the UAH Intercollegiate Athletics and Procedures Manual, Section 5.1, student-athletes are allowed two complimentary tickets per date in the respective sport. The student-athlete list is submitted for approval prior to the game, and recipients must provide identification to receive the tickets. The policy also allows complimentary tickets to UAH athletic staff for all home contests. Athletic staff members may get additional tickets for their spouse and children, or one guest per contest. A staff pass list is retained at the ticket booth for each contest, and the staff member must sign for their tickets. The ticket system used by the University tracks the number of complimentary tickets printed for each event.</p> <p>During the examination, documentation of complimentary tickets was requested for ten contests. A complimentary ticket list could not be provided or the list provided did not match the number of complimentary tickets printed for the ten contests selected for testing.</p> <p><b><u>Recommendation:</u></b>            The University should develop controls to ensure that accountability is established and maintained for all athletic tickets printed and sold or provided to individuals as complimentary tickets.</p>
2017-002	<p><b><u>Finding:</u></b>            Prior year audit finding 2015-003 is brought forward to the current fiscal year as follows:</p> <p>The <i>Code of Alabama 1975</i>, Sections 41-16-80 through 41-16-88, contains the disclosure requirements for contracts and grants in excess of \$5,000.00. The <i>Code of Alabama 1975</i>, Section 41-16-82 (b), states that all persons who, for the purpose of direct financial gain, submit a proposal, bid, contract, or grant proposal to the State of Alabama, shall include a disclosure statement developed by the Attorney General and approved by the Legislative Council. The <i>Code of Alabama 1975</i>, Section 41-16-83, lists the required information and states that the State of Alabama shall not enter into any contract or appropriate any public funds with any person who refuses to provide information required by this section.</p>

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***Schedule of State Compliance and Other Findings***  
***For the Years Ended September 30, 2016 and September 30, 2017***

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Ref. No.	Finding/Noncompliance
	<p><b><u>Finding Continued:</u></b>  The University System developed its own custom disclosure form for use by persons entering into contracts with the University which does not include all disclosures listed on the form developed by the Attorney General or all of the information listed in the <i>Code of Alabama 1975</i>, Section 41-16-83. Acceptance of this custom form by the University in the place of the form developed by the Attorney General may not comply with the <i>Code of Alabama 1975</i>, Section 41-16-83.</p> <p>During the examination, vendor disclosure statements were requested for forty-four contracts and bids. The University provided eleven disclosure statements. However, only six were the correct form developed by the Attorney General. The University was unable to provide any statements for the other thirty-three bids and/or contracts.</p> <p><b><u>Recommendation:</u></b>  The University should develop procedures to ensure that the disclosures required by the <i>Code of Alabama 1975</i>, Sections 41-16-80 through 41-16-88, are obtained for all contracts and bids in excess of \$5,000.00.</p>
2017-003	<p><b><u>Finding:</u></b>  The <i>Code of Alabama 1975</i>, Section 39-2-6(b) states, “If no bids or only one bid is received at the time stated in the advertisement for bids, the awarding authority may advertise for and seek other competitive bids, or the awarding authority may direct that the work shall be done by force account under its direction and control or, with the exception of the Department of Transportation, the awarding authority may negotiate for the work through the receipt of informal bids not subject to the requirements of this section. Where only one responsible and responsive bid has been received, any negotiation for the work shall be for a price lower than that bid.”</p> <p>For two public works projects tested, the University received multiple bids and awarded the projects to the lowest bidders. However, it appears the University negotiated lower contract prices for the projects. One project's lowest bid was \$21,374,852, but the contract total was \$20,877,965. One project's lowest bid was \$33,346,800, but the contract total was \$32,830,328. Negotiation of Public Works contracts when there is more than one responsive bid may not comply with the <i>Code of Alabama 1975</i>, Section 39-2-6(b).</p> <p><b><u>Recommendation:</u></b>  The University should develop procedures to ensure compliance with the <i>Code of Alabama 1975</i>, Section 39-2-6(b).</p>

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## *Additional Information*

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***Board Members and Officials***  
***October 1, 2015 through September 30, 2017***

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<b>Board Members</b>	<b>Term Expires</b>	
Hon. Robert Bentley, Governor (Until April 10, 2017)	President, Ex-Officio	
Hon. Kay Ivey, Governor (Beginning April 10, 2017)	President, Ex-Officio	
Hon. Tommy Bice, State Superintendent of Education (Until March 31, 2016)	Member, Ex-Officio	
Hon. Philip Cleveland, Interim State Superintendent of Education (April 14, 2016 – August 11, 2016)	Member, Ex-Officio	
Hon. Michael Sentence, State Superintendent of Education (August 11, 2016 – September 13, 2017)	Member, Ex-Officio	
Hon. Ed Richardson, Interim State Superintendent of Education (Beginning September 14, 2017)	Member, Ex-Officio	
Hon. Harris V. Morrisette	First District	2021
Hon. Marietta M. Urquhart	First District	2018
Hon. Joseph C. Espy III	Second District	2019
Hon. W. Davis Malone III	Second District	2022



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***Board Members and Officials***  
***October 1, 2015 through September 30, 2017***

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<b>Board Members</b>		<b>Term Expires</b>
Hon. Kenneth L. Vandervoort	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
Hon. John D. Johns	Sixth District	Until April 7, 2017
Hon. Vanessa Leonard	Sixth District	2019
Hon. Stancil Starnes	Sixth District	2022
Hon. Karen P. Brooks	Seventh District	2021
Judge John H. England, Jr.	Seventh District	2021
Hon. Barbara Humphrey	Seventh District	2018

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***Board Members and Officials***  
***October 1, 2015 through September 30, 2017***

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**Officials**

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**Chief Administrative and Fiscal Officials**

Dr. Robert A. Altenkirch (Beginning July 1, 2017)	President/Interim Vice-President for Finance and Administration
Mr. Ray M. Pinner (Until June 30, 2017)	Vice-President for Finance and Administration

**The University of Alabama System  
Administration**

Mr. Michael A. Bownes (Until June 1, 2016)	Secretary of the Board of Trustees
Dr. Robert E. Witt (Until August 30, 2016)	Chancellor
Mr. C. Ray Hayes (Beginning September 1, 2016)	Chancellor
Mr. C. Ray Hayes (Until August 30, 2016)	Executive Vice-Chancellor and Chief Operating Officer
Ms. Dana Keith (Beginning April 15, 2016)	Vice-Chancellor for Finance and Administration
Mr. Jo Bonner	Vice-Chancellor for Economic Development
Ms. Sabrina B. Hearn (Until September 30, 2017)	General Auditor

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***Board Members and Officials***  
***October 1, 2015 through September 30, 2017***

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**Officials**

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Mr. Chip Bivins (Beginning January 15, 2017)	Chief Audit Officer
Dr. Charles R. Nash	Vice-Chancellor for Academic and Student Affairs
Ms. Kellee Reinhart	Vice-Chancellor for Communications and Community Relations
Mr. R. Cooper Shattuck (Until December 31, 2016)	General Counsel
Mr. John Daniel (January 1, 2017 – August 31, 2017)	Interim General Counsel
Mr. Sid J. Trant (Beginning September 1, 2017)	General Counsel and Secretary of the Board of Trustees