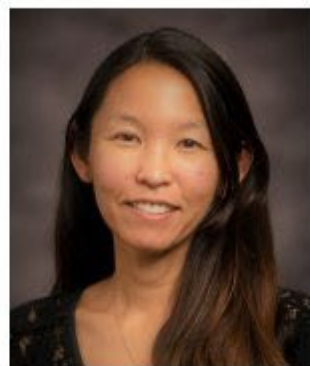




## Navigating risks for gift procedures and donor intent: An Internal Audit Perspective

*August 1, 2024*



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## Meet your presenters:



**Elizabeth Muse**  
Senior Manager  
Deloitte & Touche LLP



**Ellen Van Schelstraete**  
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## Objectives



1

A day in the life

Gain an understanding on key concepts, definitions, and procedures within the Development Office.

2

Key risks

Discuss the risks related to gift procedures and donor intent from an operational, compliance, financial and reputational standpoint.

3

How Internal Audit can bring added value

Understand potential steps within an internal audit workplan to assess gift procedures and identify where gaps may exist.

4

Emerging trends

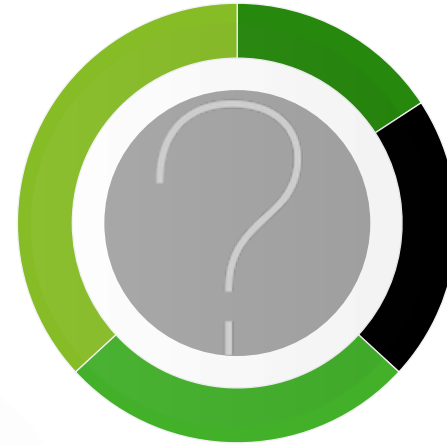
Explore emerging trends that are influencing the Development Office.



## Polling question #1

**Please indicate your level of knowledge around gift procedures at your institution:**

- a. Very knowledgeable
- b. I would be comfortable executing an internal audit on gift processing and donor intent
- c. Somewhat familiar with the processes
- d. I've heard of it before, but not sure what the key processes and risks entail
- e. Limited knowledge





## Key Concepts of Gift Acceptance

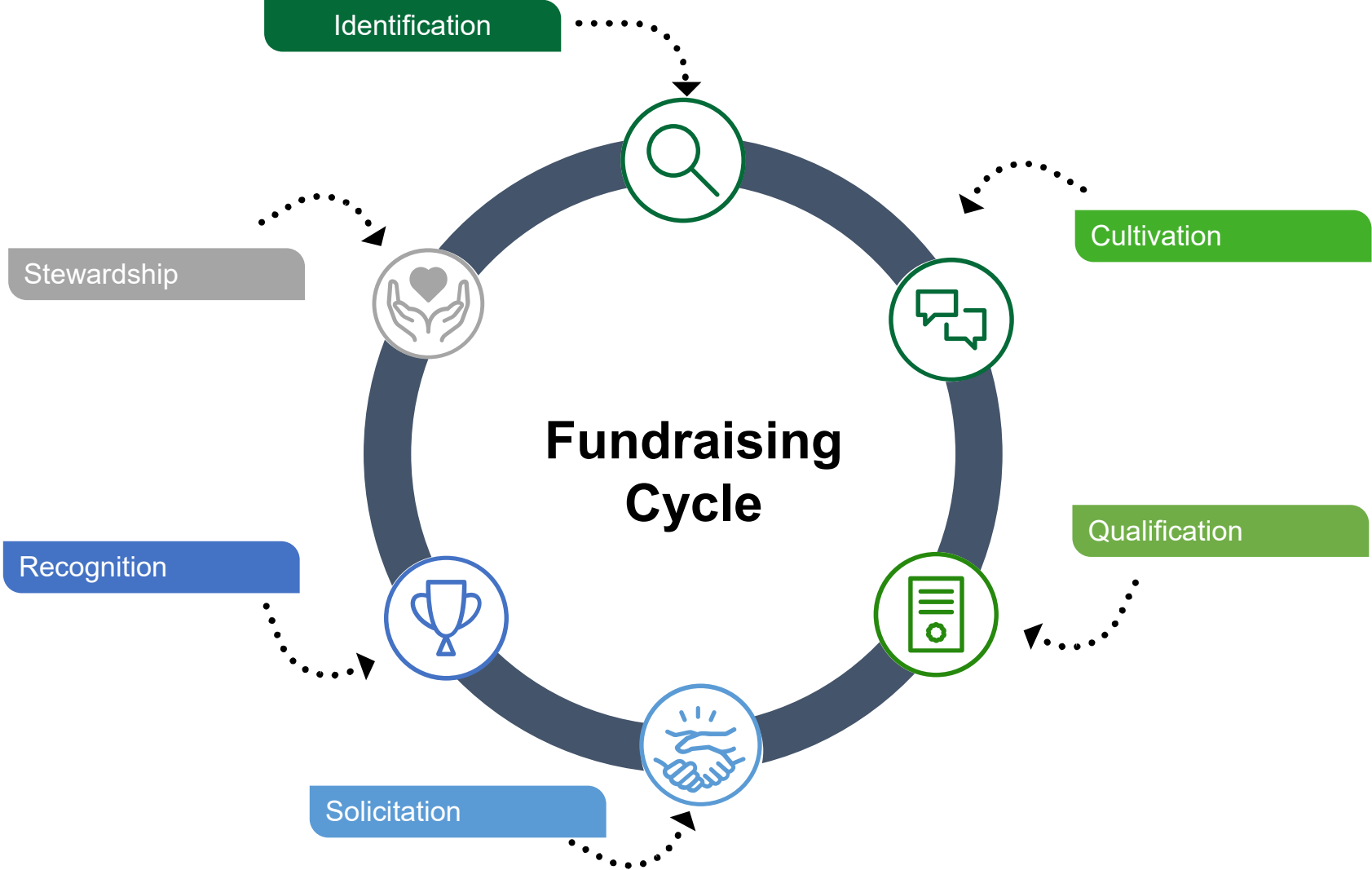
Concept	Explanation
Gift Policies	Policy defines the principles by which gifts will be solicited, accepted, managed, and defines the authority to do so on behalf of the university. It provides transparency to donors and prospective donors, helps ensure the university's adherence to donor intent, and confirms that accepted gifts are consistent with the mission and values of the institution.
Gift Agreements	Gift agreements outline the amount and intent of a donation to an institution and act as a written contract with the donor. Institutions adopt written procedures and guidelines to determine the levels required for written gift agreements. Detailed protocols for developing and executing gift agreements are established for Development Officers.
Gift Processing	Gifts are accepted when they contribute to the institution's approved purposes and strategic objectives and systems are in place to ensure that the gift is processed in a timely manner and allocated to the appropriate fund.



# A day in the life



# Fundraising Cycle







# Fundraising / Development / Advancement / Philanthropy



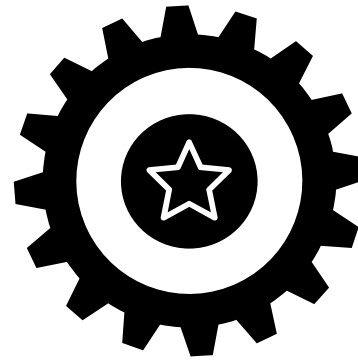
Annual Giving



Matching Gifts



Major Gifts



Principal Gifts

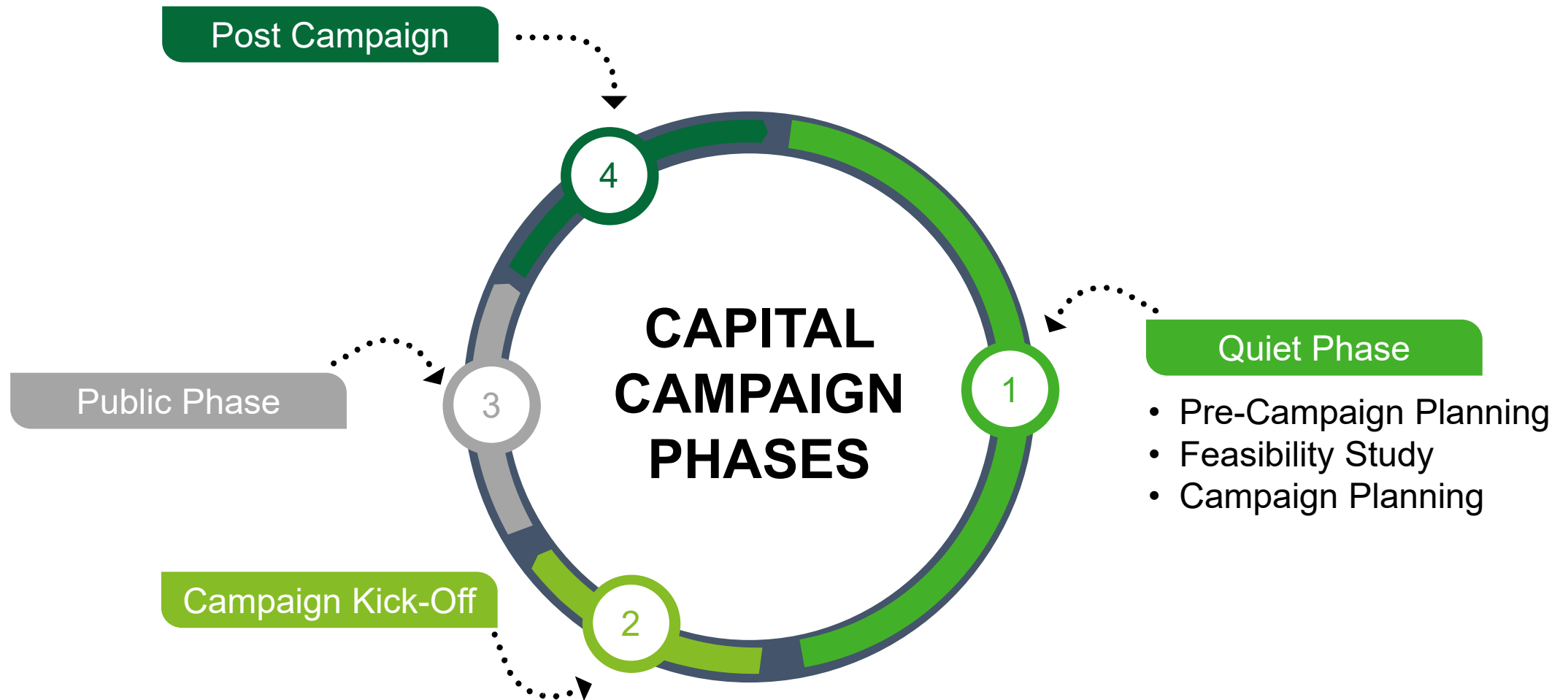


Estate & Planned Gifts



Grants

# Fundraising / Development / Advancement Campaign

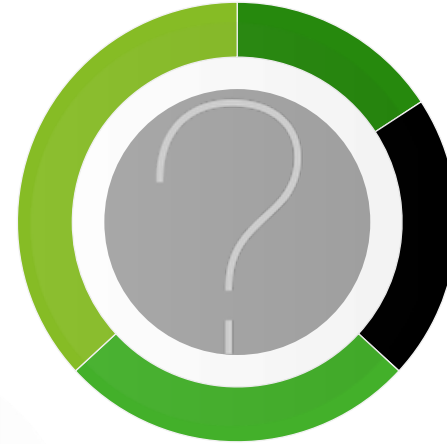




## Polling question #2

**Which type of gift does traditionally not have gift agreements:**

- a. Annual gift
- b. Major gifts
- c. Planned giving
- d. Grants



# Key risks



# Illustrative Risks Related to Donor Intent and Gift Procedures



## Donor Intent

### Compliance risk:

Gifts are spent contrary to donor gift restrictions laid out in the gift agreement.

### Reputational risk:

Gift use that is inconsistent with donor restrictions may become public information, hence deterring future donor contributions.

### Financial risk:

Gift funds are not segregated by restricted purpose in the accounting system.



## Gift Procedures

### Compliance risk:

Inadequate documentation and/or document retention may prevent compliance with donor restrictions, standards (e.g., CASE Guidelines) or regulations

### Operational risk:

Gifts or gift terms may not be favorable to the institution, such as nonmonetary gifts that are difficult or expensive to manage.

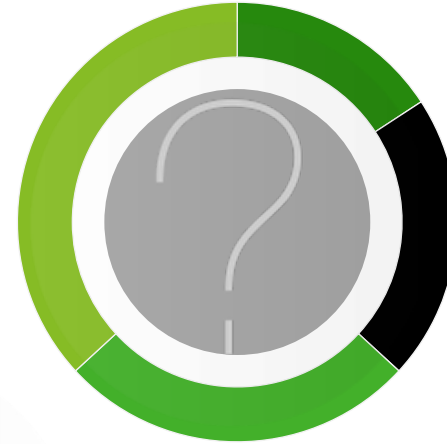
### Financial risk:

Misstatements due to inaccurate, incomplete, or improperly recorded data.

## Polling question #3

**Which of the following best demonstrates a failure to comply with donor-restricted funds?**

- A. Temporarily borrowing from restricted funds to cover urgent operational costs.
- B. Gift funds are segregated by restricted purpose in the accounting system.
- C. Reporting the usage of restricted funds in annual financial statements.
- D. Conducting periodic reviews of fund allocations against donor restrictions.

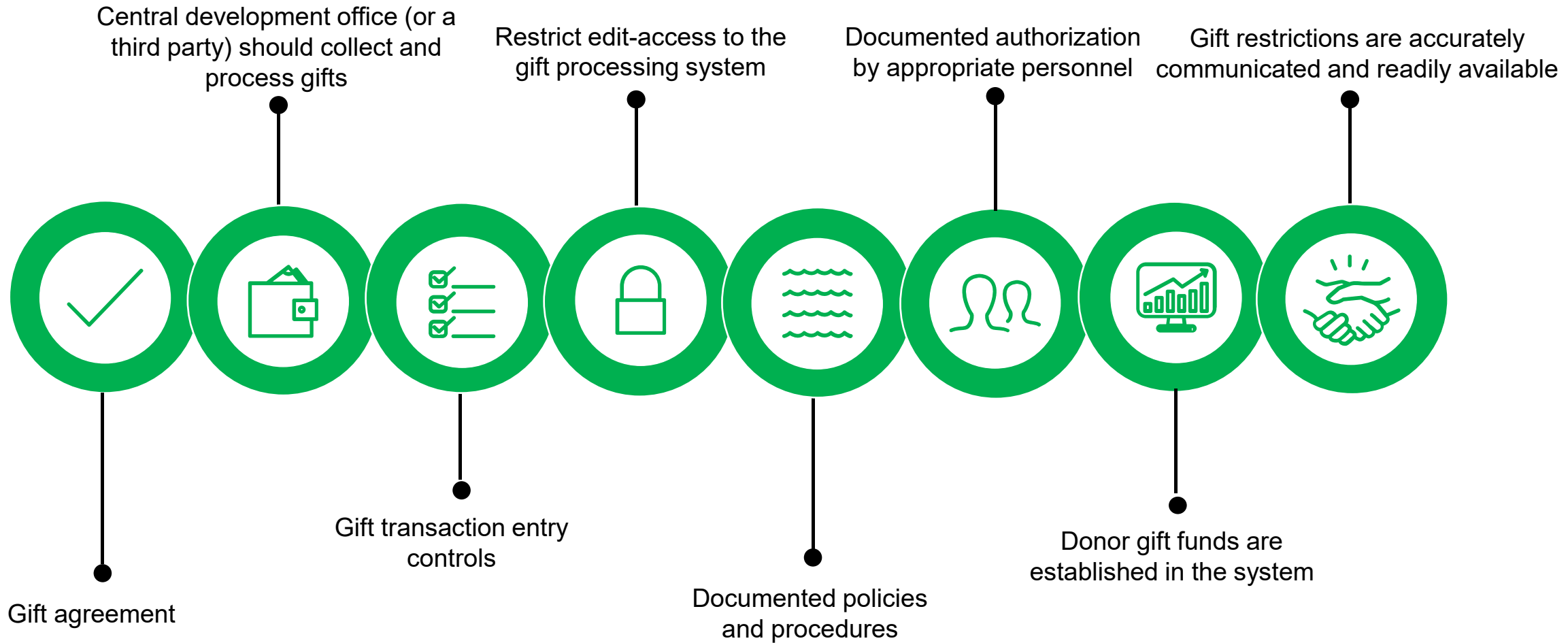




# How can Internal Audit bring added value?



# Internal controls related to Gift Processing and Donor Intent

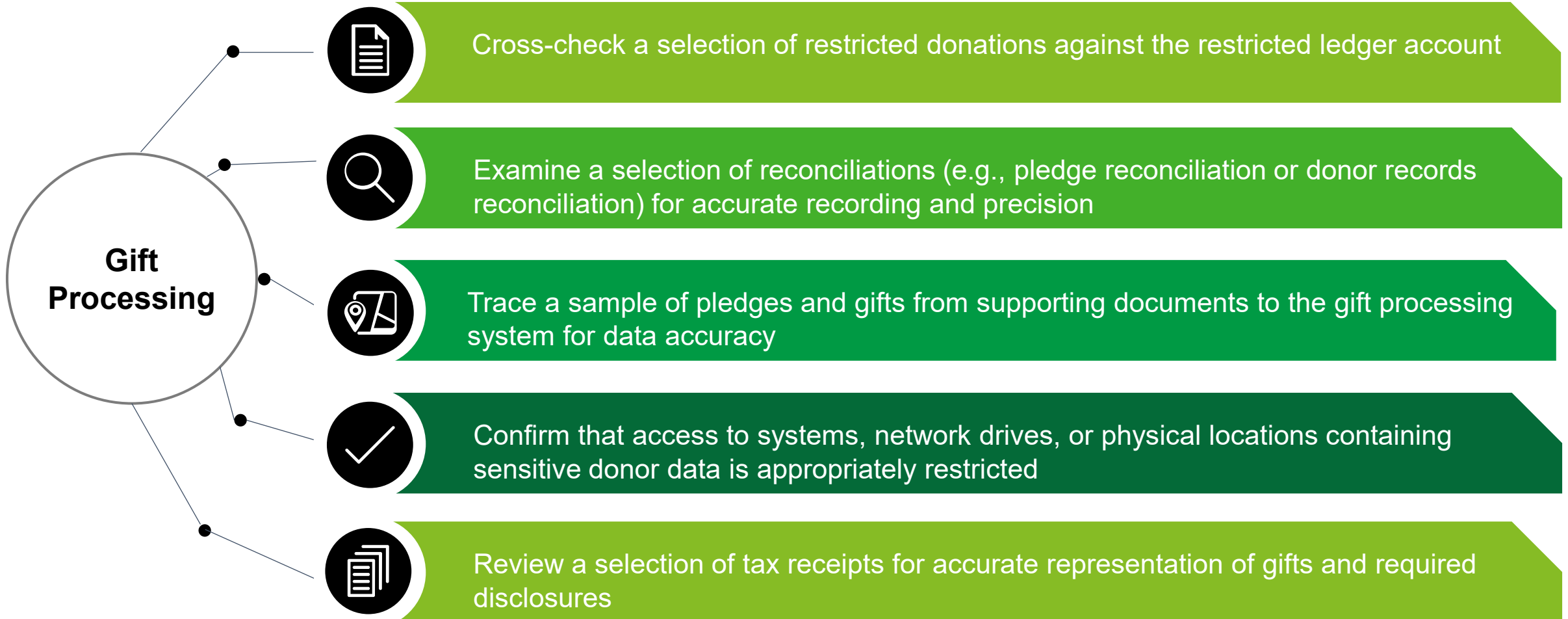




## Workplan considerations



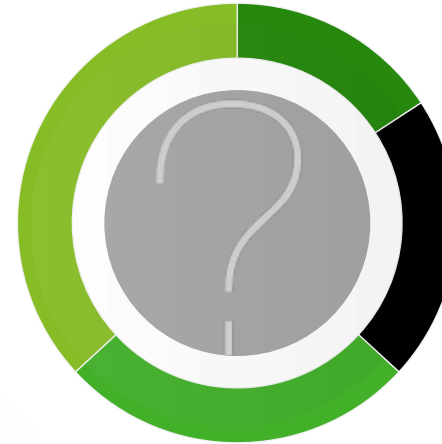
## Workplan considerations



## Polling question #4

**Which of the following are relevant internal controls related to gift processing and donor intent?**

- a. Documented authorization and approval by appropriate personnel
- b. Gift transaction entry controls within the system
- c. Signed and completed gift agreement
- d. All of the above





# Emerging trends





# Emerging opportunities and risks

	FUNDRAISING PLATFORMS	GIFTS & DONATIONS	DONOR-ADVISED FUNDS (DAF)
EXPLANATION	Crowdfunding, online giving days, and mobile giving apps are becoming increasingly popular.	There is an increasing emphasis on long-term relationships with donors and the shifting landscape of donor intent.	DAF is a charitable investment account for the purpose of supporting charitable organizations. This is an increasingly popular method of giving as they allow donors to make a charitable contribution and receive an immediate tax benefit.
IA CONSIDERATION	Confirm the development office leverages secure online platforms for donations and invests in training staff on using these platforms effectively.	Review policies and procedures for engaging with donors and demonstrating the impact of their gifts. This could include regular reports, personalized communications, and events.	Review policies outlining how donors will be recognized. This should include guidelines for recognizing different levels of donations and types of gifts, including DAFs.
RISKS	<b>Data Management risks:</b> <ul style="list-style-type: none"><li>• Data Breaches</li><li>• Data Accuracy and Integrity</li></ul>	<b>Reputational risk:</b> <ul style="list-style-type: none"><li>• Gifts that do not extend the mission of the institution</li></ul>	<b>Regulatory risk:</b> <ul style="list-style-type: none"><li>• Compliance with IRS regulations</li><li>• Changes in tax laws</li></ul>



# Questions & Answers





## QR Codes to LinkedIn



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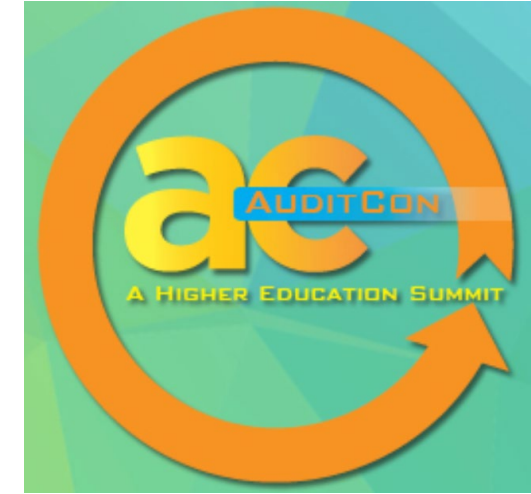
**Ellen Van Schelstraete**  
elvanschelstraete@deloitte.com



# Announcements

## Upcoming ACUA Webinars

Month	Date & Time	Presenter	Topic
August	8/29/24 1:00pm EST	Sideline Committee	Athletics Operations – HR, Development & Electronic Ticketing
September	9/12/24 1:00pm EST	Wolters Kluwer	Artificial Intelligence and Analytics
October	10/17/24 1:00pm EST	Baker Tilly	Information Security



**September 15-19, 2024**

**Atlanta, GA**

**Register now – Deadline for**

**Early Bird registration is**

**August 2<sup>nd</sup>**

See the ACUA website for more details: [www.ACUA.org](http://www.ACUA.org)





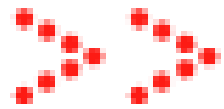
# Announcements

## IIA Global Standards Self-Assessment Tool Available!

Check out the IIA Global IA Standards Self-Assessment tool recently created by the ACUA Auditing & Accounting Principles Committee. The tool is in the Resource Library > Audit Shop Resources > New IIA Global IA Standards. We hope you find this resource valuable as you prepare for the Standard changes!

The screenshot shows a file management interface. At the top, there is a search bar with the placeholder text "Term / Keyword / Phrase". Below the search bar, the current folder is identified as "New IIA Global IA Standards". The interface includes a "Filter By" dropdown set to "File Type" and a "Sort By" dropdown set to "Title A-Z". A file is displayed with the title "ACUA AAP - IIA GLOBAL STANDARDS 2025 - SELF-ASSESSMENT TOOL" and a subtitle "#SelfAssessment#IIAStandards2025". The file icon is a grid with a green 'X' in the bottom right corner. Below the file title, it shows "Downloads • 2" and "Views • 6". On the left side, a navigation pane shows a tree structure with "Main" selected, and "Resource Library" and "Academic Medical Centers" listed below it.

See the ACUA website for more details: [www.ACUA.org](http://www.ACUA.org)



**New Kick Starter Available!**

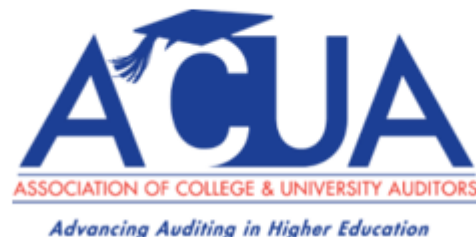
## **Exploratory and Descriptive Analytics**

Download today in the members-only Audit Tools section of [www.ACUA.org](http://www.ACUA.org)





## CONNECT WITH US



Working on a new audit subject? Looking for some best practices or insights from other higher education institutions? Connect with your colleagues on Connect ACUA! **[Connect.ACUA.org](https://connect.acua.org)**

Share your knowledge with others: Did you know that Connect ACUA allows you to post new messages directly from your email without logging in to the Connect ACUA website? Reply to a post today!



### Stay Updated

- The College and University Auditor is ACUA's official journal. Current and past issues are posted on the ACUA website.
- News relevant to Higher Ed internal audit is posted on the front page. Articles are also archived for your reference under the Resources/ACUA News.

### Get Educated

- Take advantage of the several FREE webinars held throughout the year.
- Attend one of ACUA conferences:

**Audit Interactive**  
**AuditCon - September 15-19 2024**  
**Atlanta, GA**

- Contact ACUA Faculty for training needs.

### Get Involved

- The latest Volunteer openings are posted on the front page of the website.
- Visit the listing of Committee Chairs to learn about the various areas where you might participate.
- Nominate one of your colleagues for an ACUA annual award.
- Submit a conference proposal.
- Present a webinar.
- Become a Mentor
- Write an article for the C&U Auditor.
- Write a Kick Starter.

### Connect with Colleagues

- Subscribe to one or more Forums on the Connect ACUA to obtain feedback and share your insights on topics of concern to higher education internal auditors.
- Search the Membership Directory to connect with your peers.
- Share, Like, Tweet & Connect on social media.

### Solve Problems

- Discounts and special offers from ACUA's Strategic Partners
- Kick Starters
- Risk Dictionary
- Mentorship Program
- NCAA Guides
- Resource Library
- Internal Audit Awareness Tools
- Governmental Affairs Updates
- Survey Results
- Career Center.....and much more.



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