UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES

UC Davis
Equestrian Program
Audit & Management Advisory Services Project #26-46

July 2026

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Equestrian Program
AMAS Project #26-46

MANAGEMENT SUMMARY

Background

At the request of UC Davis (UCD) leadership, Audit and Management Advisory Services (AMAS) conducted an independent audit to evaluate concerns raised related to the UCD Women's Equestrian program (Equestrian).

This audit was conducted in conformance with the Institute of Internal Auditors' 2024 International Professional Practices Framework's Global Internal Audit Standards and the UC Audit Manual. To increase confidence, AMAS asked the University of California Office of the President's Ethics, Compliance, and Audit Services' Quality Assurance team to review AMAS' organizational independence, conformance with auditing standards, and key audit workpapers and supporting documentation.

In early 2025, the UCD Provost's office notified administrative units across UCD that budget reduction actions would be required to eliminate structural deficits. In response, Intercollegiate Athletics (ICA) prepared several possible budget reduction scenarios. Following dialogue with the central budget office, ICA identified and advanced the discontinuation of Equestrian varsity status. The budget office requested ICA obtain independent confirmation that the action would meet the applicable budget reduction target, and ICA engaged with an external consultant whose analysis provided that confirmation.

This decision was announced to the team and the public in January 2026, which prompted concerns from student-athletes, donors, alumni, and others. These stakeholders questioned the basis for the decision, the accuracy of financial information presented to support it, and suggested that ICA had made intentional misrepresentations.

Secondary sets of concerns were raised about how the decision was communicated to stakeholders, and how certain fundraising activities in early 2026 were reviewed, approved, and administered.

Purpose and Scope

The primary purpose of this audit was to determine whether actions by ICA and other UC Davis units in respect to Equestrian during the 2025-2026 timeframe were consistent with University policies, established procedures, and whether certain internal controls were operating effectively. We also considered whether there were indications that the decision to discontinue varsity status was supported by financial or other information that had been intentionally misrepresented, misapplied, or was otherwise unreliable.

To accomplish the audit objectives, we performed procedures in the following areas:

- Reviewed NCAA financial reporting outcomes, processes, supporting documentation, independent accountant procedures, and approval workflows.
- Evaluated the third-party consultant's methodology, supporting data, and financial assumptions used in its analysis.

- Reviewed ICA budget requests for FY23 through FY25 and compared the FY25 Equestrian Program budgeted amounts to actual expenditures to assess the reasonableness of financial information used to estimate annual cost savings associated with discontinuing the Women's Equestrian Program.
- Reviewed Budget and Institutional Analysis' (BIA) budget development and decision-support processes related to the proposed budget reductions.
- Examined fundraising activities conducted on behalf of the Equestrian program, including the Festival of Trees and related activities, to assess compliance with university solicitation requirements.
- Reviewed two external communications related to the decision to discontinue the Women's Equestrian program to assess the accuracy for information communicated to stakeholders.

The audit covered certain activities occurring between FY2023 and FY2026.

Conclusion

AMAS did not find basis for concern that financial information was manipulated or that budget estimates[1] were inflated to influence the University's decision to discontinue varsity status.

Trend analysis of expenditures and the FY25 Equestrian budget request also indicated that the estimated expenses prepared for BIA, which served as the basis for the University's decision, were not materially different from actual expenses across prior years, when budget reduction

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[1] To analyze the budget estimates used as justification for discontinuing the Equestrian program we performed the following procedures:

1. Obtained ICA's estimate of all costs and revenues associated with the Equestrian program for Fiscal Year 2025-26.
2. Obtained from ICA a record of transactions making up reported operating expenses of roughly $700,000 during Fiscal Year 2024-25.
    a. Determined this figure was reasonable through the following process: 1) determined that, after certain adjustments, it materially reconciled to data submitted to an independent accounting firm, 2) determined that the data submitted to the independent accounting firm reconciled, after certain adjustments, to operating expenditures reported to the NCAA, 3) compared trends in the data submitted to the NCAA and determined those figures were reasonable based on the fact that over three years the change in NCAA reported total operating expenses was 11 percent.
3. Validated the total personnel cost budgeted by determining it was within 10 percent of the amount reported to the NCAA for Fiscal Year 2024-25.
4. Validated the projected scholarship cost budgeted by determining it was within 20 percent of the amount reported to the NCAA for Fiscal Year 2024-25.
5. Did not validate Auxiliary/Self Supporting line items as the budgeted expenditures for Fiscal Year 2025-26 match the budgeted revenues.
6. Did not validate budgeted gift revenue as it exceeded the sum of Other Operating Revenue (NCAA) and contributions reported to the NCAA (excluding in-kind contributions) for Fiscal Year 2024-25.

requirements were not yet a factor and ICA would not have had any alleged motivation to report inflated numbers.

We sought to understand why some concerned parties concluded that financial information had been inflated. We found that the parties who drew this conclusion assumed that NCAA financial reporting was representative of internal budgeting documentation that formed the basis of the University's decision. For background on how financial information was presented in these two distinct contexts:

1. NCAA collects retrospective financial data on teams' funding from all sources. Relevant to the questions at hand, NCAA requires institutions to report in-kind donations from external sources as both revenue and expense.
2. As part of the annual budgeting process, Budget and Institutional Analysis (BIA) collects prospective data on planned UC Davis sources of funding. In contrast to NCAA reporting, BIA does not include in-kind donations.

This distinction appropriately resulted in materially different reported amounts. For example, FY2025 NCAA reports reflected approximately $1.9 million in annual Equestrian expenditures, while FY2026 BIA budget support documents reflected approximately $1.1 million in anticipated cost to UC Davis. The difference can be attributed primarily to approximately $690,000 in in-kind donations received during FY2025, which, in accordance with NCAA reporting requirements, were recorded as both revenue and expense under Sports Equipment, Uniforms, and Supplies in the NCAA reporting, but did not factor into BIA budget support documents. In addition, budget support documents also reduced estimates of potential cost savings by subtracting approximately $243,000 to offset an anticipated cost to add Women's Varsity STUNT, resulting in estimated cost savings of $883,000 in FY27.

We found that UC Davis did not use NCAA reporting or otherwise include the value of in-kind donations in budgeting documents used for its estimates of potential cost savings. Rather, these budgeting documents appropriately excluded in-kind donations.

We also evaluated financial information and assumptions supporting the third-party Collegiate Consulting's analysis. We observed that Collegiate Consulting's analysis had limitations because it also relied on NCAA financial reporting, but we did not identify evidence that the consultant's analysis relied on manipulated financial information.

In respect to planned audit procedures related to Equestrian fundraising events, we found that a comprehensive review would be necessary to fully conclude on whether fundraising revenues and expenses are accurately recorded in the financial system, ICA gift processing is appropriately administered, and fundraising activities comply with applicable credit card policies. We did not have available resources to complete a comprehensive review in this area, and will revisit questions related to approval and administration of fundraising events in a supplemental FY2027 audit.

Nevertheless, our limited procedures determined that the Festival of Trees event was partially approved by Development and External Relations (DEVAR) in accordance with UC Davis policy. However, we also found that DEVAR was not informed about a silent auction conducted in conjunction with the Festival of Trees.

Lastly, we reviewed two external communications related to the decision to discontinue the Women's Equestrian program and determined ICA coordinated with Strategic Communications as required. However, we identified errors in the initial communications and validated that errors were quickly corrected. We verbally discussed recommendations with leadership to improve internal procedures to reduce the risk of miscommunications going forward.

As a result of the above observations, we identified opportunities to strengthen governance and internal controls. Specifically, we identified opportunities to strengthen:

- Documentation, oversight, and validation of financial reporting and budget development processes (see Observation A);
- Compliance with university fundraising and solicitation requirements (see Observation B);
- Validation of financial information supporting third-party analyses (see Observation C).

Implementation of the recommendations in this report will strengthen governance, improve the reliability and transparency of financial reporting and budget development, enhance compliance with university policies, and promote more consistent administrative practices for future institutional decisions.

Observations, Recommendations, and Management Corrective Actions

A. ICA Did Not Maintain Documentation Adequate to Support the NCAA Financial Reporting Process

NCAA member institutions are required to submit complete and accurate financial information regarding athletics revenues and expenses, annually. NCAA Agreed-Upon Procedures also require an independent public accountant to perform agreed-upon procedures over the reported financial information before submission. Although use of an NCAA reporting workbook is not required, institutions who do not use it should maintain documented procedures, reliable source documentation, and appropriate supervisory review to ensure the completeness and accuracy of reported information.

In recent years ICA did not utilize the NCAA reporting workbook or other formal, documented procedures for the preparation and review of its annual NCAA financial report. As a result, the FY2025 reporting process did not benefit from a presumption of accuracy, did not include formal validation procedures or independent supervisory review to verify the completeness and accuracy of financial information prior to submission, and did not generate a body of supporting documentation.

Root cause analysis identified leadership turnover, implementation of a new financial system, and the absence of documented reporting procedures as contributing to an informal reporting process that relied on institutional knowledge rather than standardized controls.

Without documented procedures, independent validation, and appropriate supervisory oversight, the risk of incomplete or inaccurate NCAA financial reporting increases. In addition, insufficient documentation and validation reduce management's assurance that financial information used for reporting is complete, accurate, and consistently prepared.

Recommendations

1) ICA should develop and implement documented procedures for preparing the annual NCAA financial report. Procedures should identify required data sources, roles and responsibilities, supervisory review requirements, timelines, and documentation standards to ensure complete and accurate reporting.

2) ICA should establish a formal review and validation process that demonstrates reconciliation of NCAA financial reporting to the University's system of record before submission and retains documentation supporting significant reporting judgments and adjustments.

Management Corrective Actions

1) By 10/30/2026, ICA will develop and implement documented procedures for preparing the annual NCAA financial report. Procedures should identify required data sources, roles and responsibilities, supervisory review requirements, timelines, and documentation standards to ensure complete and accurate reporting.

   Owner: CFO, ICA

2) By 10/01/2026, ICA will establish a formal review and validation process that reconciles NCAA financial reporting to the University's system of record before submission and retains documentation supporting significant reporting judgments and adjustments.

   Owner: CFO, ICA

B. ICA Did Not Fully Communicate All Aspects of a Fundraising Event to DEVAR as Required

UC Davis Policy and Procedure Manual (PPM 260-15), *Solicitations Policy*, requires units to obtain advance review and approval from Development and Alumni Relations (DEVAR) before conducting charitable solicitations, fundraising activities, or external gift solicitations. The policy is intended to ensure fundraising activities are appropriately coordinated, donor expectations are managed, and gifts are administered in accordance with university requirements.

ICA obtained DEVAR approval to conduct the annual Festival of Trees fundraiser for the Equestrian program. However, documentation indicates that a silent auction conducted in conjunction with the event was not included in the approved fundraising plan. The silent auction was coordinated by equestrian coaches, student-athletes, and family members, and proceeds were processed by ICA rather than through DEVAR.

Because DEVAR was not aware of the silent auction, it was unable fully to administer donor communications or respond to stakeholder concerns after the University announced the elimination of the Equestrian program.[2]

Root cause analysis indicated that ICA did not establish sufficient oversight to ensure all fundraising activities associated with the event were reviewed and approved through DEVAR in accordance with University policy. Roles and responsibilities for coordinating fundraising activities were not clearly defined or communicated.

Failure to comply with University solicitation requirements increases legal, financial, and reputational risk. It also limits the University's ability to ensure donor funds are administered consistently with donor expectations and may negatively affect donor confidence and future philanthropic support.

Recommendations

1) ICA should clearly define and communicate responsibilities among ICA, DEVAR, coaches, volunteers, and affiliated organizations regarding fundraising activities, gift processing, and donor communications.

2) ICA should provide periodic training to employees responsible for fundraising activities regarding university solicitation requirements and donor stewardship responsibilities.

Management Corrective Actions

1) By 11/10/26, ICA will clearly define and communicate responsibilities among ICA, DEVAR, coaches, volunteers, and affiliated organizations regarding fundraising activities, gift processing, and donor communications.

   Owner: Chief Development Officer, ICA

2) By 11/10/26, ICA will provide periodic training to employees responsible for fundraising activities regarding university solicitation requirements and donor stewardship responsibilities.

   Owner: Chief Development Officer, ICA

[2] ICA however subsequently agreed to issue refunds for silent auction donations upon request.

C. Consultant Financial Analysis Relied on Data That Were Not Germane to Strategic Budget Decision-Making

Financial analyses supporting significant strategic or budgetary decisions should be based on complete, accurate, and reliable financial information obtained from the University's system of record. Financial reporting should be used only within the context of its intended reporting purpose.

ICA engaged Collegiate Consulting to evaluate the accuracy of projected cost savings.[3] The consultant relied primarily on financial information reported through the NCAA Financial Reporting System when developing comparisons among peer institutions and evaluating the UC Davis Equestrian program.

Our review confirmed that the consultant's FY2025 analysis included approximately $690,000 of in-kind donation-related equipment expenses that were properly reflected in NCAA reporting, but were not aligned with UCD’s internal budget savings analysis.

Root cause analysis indicated that the consultant relied on NCAA financial reporting data because it provided standardized information across peer institutions; however, NCAA reporting was not designed to support institution-specific financial projections without additional validation against the University's accounting records.

Reliance on financial information that differs from the University's system of record may reduce confidence in consultant analyses and limit management's ability to demonstrate that strategic decisions were supported by complete and accurate financial information.

Recommendations

1) ICA should document a process for leadership to review scope of work when consultants are engaged, to ensure that assumptions, methodologies, and significant financial inputs will result in outcomes that are appropriate for their intended purpose.

Management Corrective Actions

1) By 9/14/2026, ICA will develop procedures for leadership review of consultants’ scopes of work, which will provide confidence that assumptions, methodologies, and significant financial inputs ensure analyses are reasonable and appropriate for their intended purpose.

   Owner: Director, ICA

[3] Collegiate Consulting was also asked to evaluate impacts on other areas such as Title IX compliance, which fell outside the scope of AMAS’ review.