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## Overview

The University of Texas at Dallas (UTD) fiscal year 2007 Audit Work Plan is a description of the internal audit activities that will be performed by the UTD Office of Internal Audit in fiscal year 2007. Our overall objective was to develop a standardized audit plan, consistent with the Internal Audit Charter<sup>1</sup>, and consistent with UTD's mission and goals, which addresses the highest risks within UTD.

In accordance with the Texas Internal Auditing Act (Texas Government Code 2102)<sup>2</sup>, U. T. System Business Procedure Memorandum No. 18<sup>3</sup>, The Institute of Internal Auditors' (IIA) Standard 2000 (Performance Standards),<sup>4</sup> Generally Accepted Governmental Auditing Standards<sup>5</sup>, and specific instructions from The U. T. System Audit Office, we have prepared a formal audit plan for fiscal year (FY) 2007. This audit plan allows the Chief Audit Executive (CAE) at UTD to carry out the responsibility of the Internal Auditing department in accordance with IIA Standards and under the direction of the Audit Committee.

*UTD's mission is: to provide Texas and the nation with the benefits of educational and research programs of the highest quality. These programs address the multidimensional needs of a dynamic modern society driven by the development, diffusion, understanding and management of advanced technology.*

Within the context of this mission, the goals of the university are:

To provide able, ambitious students with a high-quality, cost-effective education that combines the nurturing environment of a liberal arts college with the intellectual rigor and depth of a major research university.

- To discover new knowledge and to create new art that enriches civilization at large and contributes significantly to economic and social progress.
- To enhance the productivity of business and government with strategically designed, responsively executed programs of research, service and education.

In accordance with UTD's mission and goals, the UTD internal audit function will:

- ★ audit key financial and operating information,
- ★ continue to focus on providing assurance activities in the institutional compliance initiative,
- ★ perform information technology audits on systems critical to operations,

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<sup>1</sup> [http://www.utdallas.edu/audit-compliance/audit\\_ourcharter.htm](http://www.utdallas.edu/audit-compliance/audit_ourcharter.htm)

<sup>2</sup> <http://www.capitol.state.tx.us/statutes/gv.toc.htm>

<sup>3</sup> <http://www.utsystem.edu/bpm/18.htm>

<sup>4</sup> [http://www.theiia.org/?doc\\_id=1499](http://www.theiia.org/?doc_id=1499)

<sup>5</sup> <http://www.gao.gov/govaud/ybk01.htm>

- ★ emphasize economical and efficient use of resources and accomplishment of established objectives and goals for operations in core business process audits,
- ★ limit management reviews to departments where there has been a change in management, and
- ★ perform required projects and special requests made by management.

Input on the Audit Plan was received from the members of the UTD Audit Committee<sup>6</sup>. The Audit Committee is comprised of the following members:

- Dr. David Daniel, President and Chair of the Audit Committee
- Dr. Hobson Wildenthal, Executive Vice President and Provost
- Dr. Darrelene Rachavong, Vice President for Student Affairs
- Dr. Hasan Pirkul, Dean of the School of Management
- Ms. Jody Nelsen, Associate Vice President for Business Affairs
- Ms. Lisa Choate, Partner, Ultimate Health Resources

To obtain input from the campus community, we sent out a survey to the Deans, Directors, and Department Heads asking them for input on the Audit Plan. We also met with representatives from the various areas of the university, such as Academic Affairs, Business Affairs, Student Affairs, Information Resources, Research, and Compliance.

To prepare the audit plan, we followed instructions received from The U. T. System Audit Office, "FY 2007 Audit Plan Guidance." Refer to that document for detailed guidelines on preparing the audit plan. A copy is on file in the Office of Internal Audit.

In addition to approval from the UTD Audit Committee, the Audit Plan requires several additional levels of review and approval:

U. T. System Audit – audit hearing held between the UTD Director of Audit and Compliance, the U. T. System Assistant Director of Audit, and the U. T. System Audit Supervisor/UTD Audit Liaison on August 8, 2006.

U. T. System Audit, Compliance, and Management Review Committee – review and approval of audit plans early October 2006.

- ♦ The U. T. System Board of Regents – plan approval November 8-9, 2006.

Despite the number of approvals, formal approval of the Audit Plan rests with the UTD Institutional Audit Committee. The Plan was approved at the August 23, 2006 meeting.

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<sup>6</sup> [http://www.utdallas.edu/audit-compliance/audit\\_committee.htm](http://www.utdallas.edu/audit-compliance/audit_committee.htm)

A preliminary quarterly budget has been prepared for fiscal year 2007. Quarterly budgets will be prepared each quarter for the U. T. System Audit Office and communicated to the Audit Committee for their information. Also, an audit work schedule will be prepared on a quarterly basis for U. T. System Audit and the Audit Committee. The work schedule will be based on priorities including risk assessment, management request, departmental workloads, changes in operations, and staff availability. Work schedules will be discussed at the quarterly Audit Committee meetings.

The U. T. System Audit Office requires that progress on the Annual Audit Plan be reported to them on a quarterly basis. This information is also reported to the Institutional Audit Committee at the quarterly meetings. Any changes made to the Audit Plan during the year will be brought to the attention of the Audit Committee for their approval and documented in the Audit Committee meeting minutes.

## **Identification Of The Audit Universe And Risk Assessment**

Our audit universe is a subjective assessment of what the Audit Committee feels to be the auditable areas of the University. To determine the audit universe, we followed U. T. System Audit Office guidelines, reviewed the Strategic Plan, prior audit plans, the annual financial report, the budget, etc. For the academic institutional process audits, we used the U. T. System suggested areas. In addition, we discussed the audit universe with top management and members of the Audit Committee. We evaluated the previous year's risk assessments, making revisions where necessary.

After determining the auditable areas and other activities, we performed a risk assessment of various audit categories. The UTD audit universe is divided into the following areas:

- Required Audits (UT System, External, Internal)
- Consulting
- Risk Based Audits: Institutional Compliance
- Risk Based Audits: Information Technology
- Risk Based Audits: Academic Institutional Processes
- Change in Management Audits
- Follow-ups
- Projects

The individual risk assessments contain the explanation of the risk factors, how the totals were calculated, more detailed information regarding the selection of audits, and which areas were selected for audit. Refer to the discussions of risk assessments beginning on page ten.



We did not perform a risk assessment for management reviews (departmental audits), since U. T. System only requires these reviews in the event of a change in management.

We considered the following in developing the audit plan:

- **U. T. System Requirements.** Requested audit hours to be devoted to:
  - Compliance with U. T. System Business Procedure Memorandum (BPM) No. 66, *Protecting the Confidentiality of Social Security Numbers*.
  - Implementation progress of BPM No. 76, *Guidance on Effort Reporting Policies*.
  - Compliance with the Payment Card Industry Data Security Standards (for institutions with more than 20,000 credit card e-commerce transactions). This is not applicable to UTD per the Controller's Office.
  - Presidential Travel and Entertainment Expenses (Regents Rule 20205).
- **External Audits Planned.**
  - An external audit of the U. T. System financial statements has been planned for the fiscal year ending August 31, 2006. Internal Audits is responsible for performing the work prescribed by Deloitte, the outside auditor.
  - The State Auditor's Office has informed UTD that an audit of Financial Aid and the Schedule of Federal Financial Assistance will be performed for the fiscal year ending August 31, 2006.
  - In addition, UTD is planning for the SACS (Southern Association of Colleges and Schools<sup>1</sup>) accreditation process for FY 2008. We took the work being performed in preparation for SACS into consideration during the preparation of this audit plan.
- **Required Audits and Activities.** The following audits were required by external sources, as detailed in Appendix A.
  - Lena Callier Trust, required annually by the Trust Agreement.
  - Annual Internal Audit Report. Required by the Texas Internal Auditing Act.
  - JAMP (Joint Admissions Medical Program)
- **Risk Assessments.** We performed the following risk assessments:
  - Appendix B: *Academic Institutional Processes*
  - Appendix C: *Research*
  - Appendix D: *Information Technology*
  - Appendix E: *Compliance* (we met with the Compliance Office and all the high-risk area responsible persons in individual meetings)
  - Appendix J: *Financial*

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<sup>1</sup> [http://sacs.utdallas.edu/sacs\\_home](http://sacs.utdallas.edu/sacs_home)

Documentation outlining the disposition of “red” Tier One risks is outlined at Appendix F.

- **Management Input.** If management requested an audit, we selected that area, with Audit Committee approval. At the time the Audit Plan was developed, management had requested a review of faculty credentials in conjunction with the SACS review.
- **Consideration of Fraud.** In conducting our risk assessments, we considered the potential for fraud in all areas, and ranked the areas where fraud could occur as having a higher impact.
- **Compliance Inspections.** We worked with the Compliance Officer to develop a plan to ensure that the high-risk compliance areas were either audited or inspected. A list of planned audits and inspections is detailed at Appendix E. Generally, the higher risk areas, or ones that had not been audited recently, were selected for an internal audit.
- **Results of Previous Audit, and Time Since Last Audit.** Refer to Appendix I for a Five Year History of internal audits conducted. If an audit appeared as a higher risk item, but an audit was performed during FY 2006, we did not select that area to audit, unless specifically requested by management, or the prior audit revealed significant problems. If an audit had not been performed recently, and the area was of higher risk, we took that into consideration when selecting that area for an audit.
- **Economical and Efficient Use** of internal audit resources was taken into consideration in the development of the Audit Plan. Available hours, as detailed in Appendix G, were 5,913.
- **Requirements of the Following U. T. System Action Plans.**
  - *Action Plan to Enhance Internal Controls through Awareness, Accountability, and Audit Committees (1994)*
  - *Action Plan to Enhance Internal Controls (1996)*
  - *Action Plan to Ensure Institutional Compliance (1998)*
  - *Action Plan to Implement the Spirit of Sarbanes-Oxley Act of 2002 (2003)*
- **Carryforward audits.** Audits in process at August 31, 2006, from the fiscal year 2006 Audit Plan, were added to our Priority Audits in Appendix A. Audits that were not completed from the 2006 Audit Plan and continued to rank high on the 2007 risk assessment were also added. A discussion of audits not completed from the FY 2006 Audit Plan can be found at Appendix K.



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## Staffing

As shown in the organization chart on page seven, the Office of Audit and Compliance reports directly to the President. The Office also has a reporting relationship to the U. T. System Audit Director through the U. T. System Audit departmental liaison. The Director of Audit and Compliance meets with the U. T. System Board of Regents Audit, Compliance, and Management Review Committee on an annual basis to discuss issues and other concerns, such as staffing.

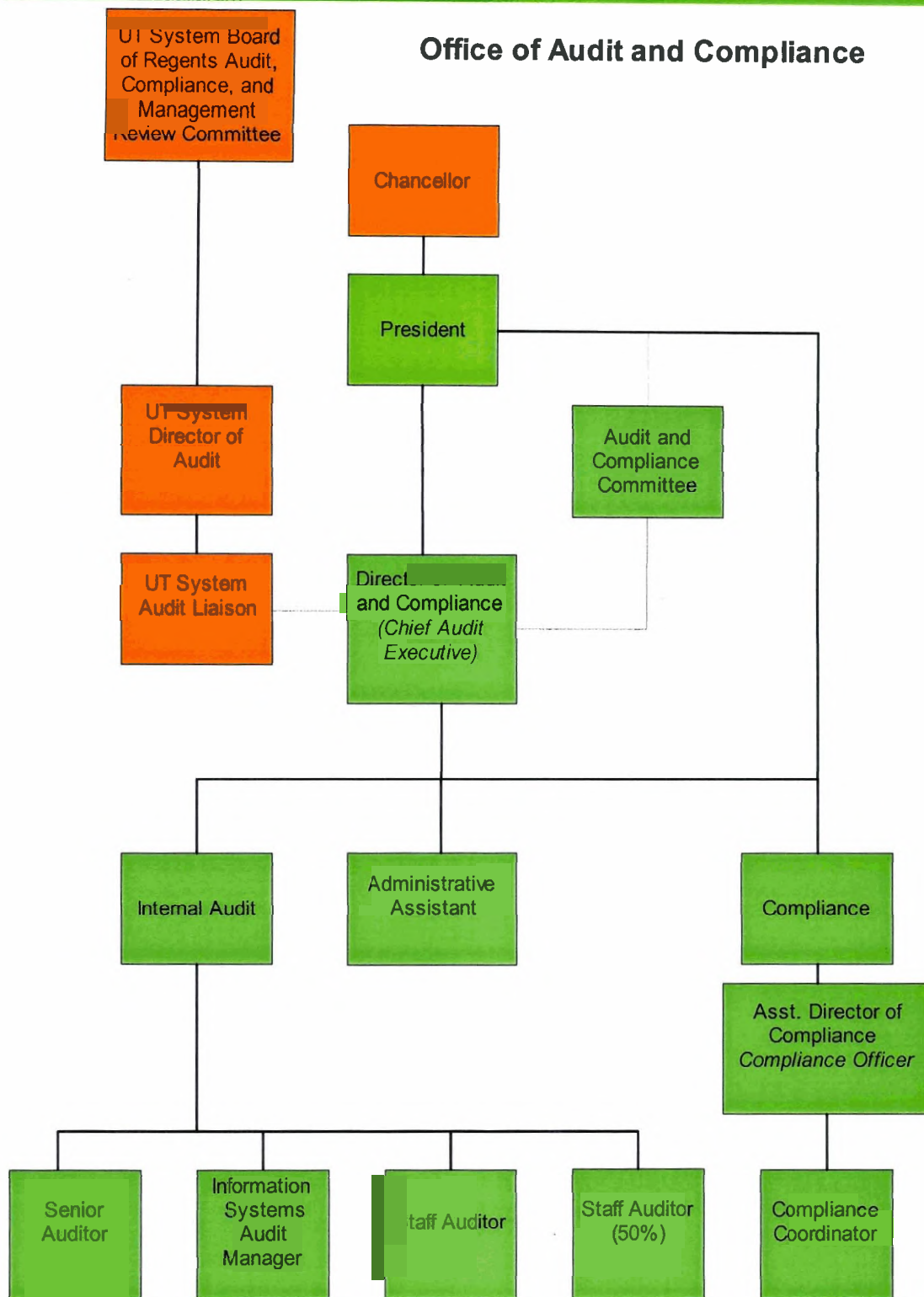
The Director of Audit and Compliance (Chief Audit Executive) is a CPA (Certified Public Accountant) and a CIA (Certified Internal Auditor). The Information Systems Audit Manager is certified as a CISA (Certified Information Systems Auditor). Staff auditors are currently working on, and/or have completed parts of, the CIA exam. Career development for the staff is a strategic goal of the office, and it is the CAE's practice to create a working environment that facilitates career opportunities. The Office of Internal Audit will continue its efforts towards developing staff to their fullest potential through the performance of audits, training, and certification. Refer to the Office website for detailed information regarding the experience levels of the staff members.<sup>8</sup>

The Compliance Office reports functionally to the President and administratively to the Director of Audit and Compliance. This reporting relationship was designed to enhance efficiency and reduce the duplication of efforts between the audit and compliance functions. The Compliance Officer and the Chief Audit Executive work together to enhance the quality of assurance services at UTD.

In addition to the professional staff, the Office of Internal Audit works with students in the School of Management's Internal Auditing Education Partnership program each Fall and Spring semester. These graduate students assist with selected audits, providing additional resources to the audit office. For additional information on the program, refer to their website at <http://som.utdallas.edu/iaep/index.htm>.

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<sup>8</sup> <http://www.utdallas.edu/audit-compliance/>







## Calculation of Fiscal Year 2007 Audit Hours

See Appendix G for details on how available audit hours were calculated.

We calculated the number of audit hours available for fiscal year 2007 using 2,080 hours per full-time auditor. UTD's Office of Internal Audit has 4.5 full-time equivalent employees in the budget. After deducting the administrative time, calculated based on past experience, and estimated annual employee turnover (past history and the current economy indicates approximately four months each year), we had a total of 5,913 hours available for audits. We used this figure to budget audit hours. See Appendix G.

After available audit hours were obtained, we selected the audits for fiscal year 2007 based on the risk assessments and input from management. The "Tier One" red risks were given the most priority. See Appendix F for a list of Tier One risks and the internal audit or other work performed in these areas. See Appendix A for a list and the proposed scope of audits to be performed based on the input. Based on preliminary surveys and input from the Audit Committee, the proposed scope may change. The budgeted hours are subjective estimates based on audit experience. The hours are *subject to change* based on risk assessments of the areas during the planning phase of the audit.

Using Appendix A, we selected the *Priority* audits based on input from the Audit Committee. Priority audits are those audits receiving the higher risk assessments, and any audits that are required by U. T. System, etc. Priority audits are simply those audits that are given first priority during the fiscal year. The U. T. System Audit Office has requested that priority audits comprise at least 80% of the Audit Plan. This allows time for special requests from management. Non-priority audits are done if time permits later in the fiscal year.

The time budget for priority audits is located at Appendix H.

## Non-priority Audits

As shown in the risk assessments, due to limited resources, not all high-risk audits can be performed. The Audit Committee is responsible for selecting the audits considering to be high-risk or important to management. Appendix A shows all audits selected, broken down by priority and non-priority.

Pending available time, other audit areas will be considered, based on a risk assessment by the Audit Committee. Such decisions will be discussed at the quarterly Audit Committee meetings considering changes in the control environment, economy, management, etc. During these quarterly discussions, the risk assessments prepared will be discussed, and supplemental audits will be assigned.

## Types of Audits Conducted

Audit Area	Purpose	Authority
<b>Financial Audits</b>	Over time, to attest that the financial statement information included in the <i>Annual Financial Report</i> is fairly presented in all material respects.	<ul style="list-style-type: none"> <li>➤ IIA Standard 1000 and 2000</li> <li>➤ 1996 Action Plan</li> </ul>
<b>Institutional Compliance</b>	Provide assurance that an effectively designed Institutional Compliance Program has been implemented and is operating effectively. Also, to provide assurance that the institution is in compliance with policies, plans, procedures, laws, and regulations that could have a significant impact on operations and reports.	<ul style="list-style-type: none"> <li>➤ IIA Standard 1000 and 2000</li> <li>➤ 1998 Action Plan</li> <li>➤ Texas Internal Auditing Act – Sec. 321.0132</li> </ul>
<b>Information Technology</b>	Provide assurance that information assets are secure, effective and reliable, are linked to the achievement of the organization's objectives, and are used in accordance with all applicable laws, rules, and policies.	<ul style="list-style-type: none"> <li>➤ IIA Standard 1000 and 2000</li> <li>➤ Texas Internal Auditing Act, Section 5</li> </ul>
<b>Institutional Processes</b>	Provide assurance that either 1) assets are safeguarded, 2) resources are employed efficiently and economically, or 3) established operating and strategic goals and objectives are accomplished for all "Core Business Processes" that are not covered under Key Financial and Operating, Institutional Compliance, or Information Technology.	<ul style="list-style-type: none"> <li>➤ IIA Standard 1000 and 2000</li> <li>➤ Texas Internal Auditing Act, Section 3 and 7</li> </ul>
<b>Management Reviews</b>	Provide a consulting service to the new manager by reviewing the existing internal controls in the department and providing the information necessary to assist the new manager in developing an adequate system of internal controls which will provide reasonable assurance of sound management.	<ul style="list-style-type: none"> <li>➤ IIA Standard 1000 and 2000</li> <li>➤ 1994 Action Plan</li> <li>➤ 1996 Action Plan</li> </ul>
<b>Projects</b>	Assist members of the organization in the effective discharge of their responsibilities. <ul style="list-style-type: none"> <li>➤ Includes Cost Savings, providing training, peer reviews, activities requested by management, and special investigations.</li> </ul>	<ul style="list-style-type: none"> <li>➤ IIA Standard 1000 and 2000</li> <li>➤ Texas Internal Auditing Act – Section 7(1)(e), 7(1)(f)</li> <li>➤ 1994 and 1996 Action Plans</li> </ul>

## Academic Institutional Processes Audits

The risk assessment for Academic Institutional Processes Audits is detailed in Appendix B. According to the U. T. System Audit Office, the purpose of these audits is:

*"To provide assurance that either: (1) assets are safeguarded, (2) resources are employed efficiently and economically, or (3) established operating and strategic goals and objectives are accomplished for all of the 'other high-risk areas' that are not covered under Key Financial and Operating, Institutional Compliance, or Information Technology."*

The authority for these audits comes from IIA Standards 1000 (Attribute Standards), 2000 (Performance Standards), and the Texas Internal Auditing Act Sections 3 and 7.

The population for the Academic Institutional Processes Audits was obtained from the U. T. System Audit Office. These areas were developed by various members and audit directors of the U. T. System Internal Audit Council, using information contained in the Comptroller's Texas School Performance Review, Higher Education Audit Protocols.<sup>9</sup> In addition, consideration was given to the risks defined in the Association of College and University Auditors' (ACUA)<sup>10</sup> Higher Education Risk Dictionary.

In addition, input was received from all areas of the University by sending out a survey to Deans, Directors, and Department Heads, and by interviewing selected representatives from Academic Affairs, Student Affairs, Business Affairs, Information Resources, and Research, and Compliance.

Using Enterprise Risk Management (ERM) techniques, and with the input received as described above, we valued the impact and probability of each risk based on past experience at UTD and in higher education in general.

The impact of a risk is the effect a single occurrence of that risk will have upon the achievement of UTD's goals and objectives in relation to financial areas. The following, as requested by U.T. System, was used as a guide:

- HIGH – *the effect will cause UTD not to achieve its goals and objectives: it is a "show stopper."*
- MEDIUM – *the effect will cause UTD to operate inefficiently and/or expend unplanned resources to meet goals and objectives.*
- LOW – *there will be no measurable effect upon the achievement of UTD goals and objectives.*

The probability is defined as the probability that a risk will become reality. The following, as requested by U. T. System, was used as a guide:

<sup>9</sup> <http://www.window.state.tx.us/tspr/protocolhied/>

<sup>10</sup> <http://www.acua.org/>

- HIGH – *the risk will become a reality frequently.*
- MEDIUM – *the risk will become a reality infrequently.*
- LOW – *the risk will rarely become a reality.*

The audits selected were based on our risk assessment, input from management, and the survey. As detailed in Appendix A, the following Academic Institutional Process audits were selected:

- ✓ Financial Statement Certifications
- ✓ Scholarships & Fellowships
- ✓ Gifts
- ✓ Cash Handling
- ✓ Contracts & Grants
- ✓ Engineering and Science Research Enhancement Initiative
- ✓ Human Resources Control Self-Assessment Workshop (*carried forward from FY 2007*)

## Research Audits

A detailed (tier two) risk assessment for Research Audits is outlined at Appendix C. The purpose of Research Audits is to provide assurance that UTD is in compliance with various regulations, policies, procedures, and/or terms of contracts and grants. Also, to provide assurance that either: (1) assets are safeguarded, (2) resources are employed efficiently and economically, or (3) established operating and strategic goals and objectives are accomplished.

The authority for these audits comes from IIA Standards 1000 (Attribute Standards), 2000 (Performance Standards), and the Texas Internal Auditing Act Sections 3 and 7.

Using ERM techniques, and with the assistance of the Offices of Contract and Grant Accounting, Research Administration, and Sponsored Projects, we performed a “tier two” risk assessment on various Research risks.

As defined by the U. T. System Audit Office, the impact of a risk is the effect a single occurrence of that risk will have upon the achievement of UTD’s goals and objectives in relation to financial areas. The following, as requested by U.T. System, was used as a guide:

- HIGH – *the effect will cause UTD not to achieve its goals and objectives: it is a “show stopper.”*
- MEDIUM – *the effect will cause UTD to operate inefficiently and/or expend unplanned resources to meet goals and objectives.*
- LOW – *there will be no measurable effect upon the achievement of UTD goals and objectives.*



The probability is defined as the probability that a risk will become reality.

- HIGH – *the risk will become a reality frequently.*
- MEDIUM – *the risk will become a reality infrequently.*
- LOW – *the risk will rarely become a reality.*

Based on the risk assessment and other considerations, the following were high risk (red), and were selected for audit as detailed in Appendix A.

- ✓ Time and Effort Reporting
- ✓ Laboratory Safety

Other research areas, selected due to management input, and overall higher risks, were:

- ✓ Contracts and Grants
- ✓ Engineering and Science Research Enhancement Initiative

## Information Technology Audits

A detailed (tier two) risk assessment for Information Technology audits can be found at Appendix D. According to the U. T. System Audit Office, the purpose of Information Technology (IT) audits is to:

*"Provide assurance that information assets are secure, effective and reliable, are linked to the achievement of the organization's objectives, and are used in accordance with all applicable laws, rules and policies."*

The authority for such audits comes from IIA Standard 1000 (Attribute Standards) and 2000 (Performance Standards), and from the Texas Internal Auditing Act, Section 5.

We performed a "Tier Two" Risk Assessment using ERM risk assessment techniques and the control domains and critical IT processes identified within the Control Objectives for Information and Related Technology (CobIT) framework. We modified the domains to fit UTD's IT environment. The four domains are:

- Planning and Organization
- Acquisition and Implementation
- Delivery and Support
- Monitoring

We identified the critical IT processes at UTD and performed a valuation of impact and probability of each process with the input and assistance of the acting Chief Information Officer (CIO) and senior Information Resources staff, including the Security Manager.

The impact of a risk is the effect a single occurrence of that risk will have upon the achievement of UTD's goals and objectives in relation to financial areas. The following, as requested by U. T. System, was used as a guide:

- HIGH – *the effect will cause UTD not to achieve its goals and objectives: it is a "show stopper."*
- MEDIUM – *the effect will cause UTD to operate inefficiently and/or expend unplanned resources to meet goals and objectives.*
- LOW – *there will be no measurable effect upon the achievement of UTD goals and objectives.*

The probability is defined as the probability that a risk will become reality.

- HIGH – *the risk will become a reality frequently.*
- MEDIUM – *the risk will become a reality infrequently.*
- LOW – *the risk will rarely become a reality.*

During the development of the Audit Plan, UTD's Acting CIO was the Vice President for Student Affairs, and a search for the new CIO was underway. In addition, a review from a consulting firm was done to provide guidance to UTD on the organizational structure of Information Resources. Issues from the consulting review were considered during the development of the Audit Plan.

During fiscal year 2006, UTD reevaluated its efforts (Project Quest) to upgrade its legacy systems (student, human resources, finance, and budget) utilizing the SCT Banner product. After an extensive review, UTD has decided to collaborate with The U. T. System and two sister institutions — UT Arlington and UT Tyler. According to UTD's President David Daniel, in an email sent to faculty and staff on June 7, 2006:





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*"...A key feature of this pilot project is that all three of the UT System institutions will adopt the same basic student information system, based on PeopleSoft software, and share computing resources, resulting in efficiencies of scale and cost savings, increased security of data and improvements in information reporting. In addition, a sophisticated data center will house the computer hardware that will serve the multiple institutions.*

*As a result, we will not be implementing, with one exception, the SCT Banner components as previously envisioned. Instead, we will focus on creating a new PeopleSoft student information system. A decision regarding the other internal information systems will be made following installation of the student element. A detailed implementation plan is now being developed...and will be shared with the campus community when completed...."*

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Based on the risk assessment and input from Information Resources, the following areas were selected for audit. Areas that were considered "red" risks in Appendix D but not selected for audit are explained at Appendix F.

- ✓ Protecting the Confidentiality and Integrity of Digital Research Data
- ✓ Security over Laptops and Other Portable Devices
- ✓ Comet Cards
- ✓ Callier (new system, and carried forward from FY 2006)
- ✓ Authentication and Computer Account Requests
- ✓ Unix (non-priority)

Also, additional consulting hours were budgeted for Information Technology areas to allow participation by the Information Systems Audit Manager in the implementation processes of the new systems. The Information Systems Audit Manager is also a member of the Information Security Committee. Internal Audit will be working with Information Resources during the year as decisions are made.

## **Financial Audits**

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A detailed (tier two) risk assessment for Financial Audit Areas is outlined in Appendix J. The purpose of key financial and operating information audits, according to the U. T. System Audit Office, is:

*"Over time, to attest that the financial statement information included in the Annual Financial Report is fairly presented in all material respects."*



Audits of key financial and operating areas are required to be performed annually per the Internal Controls Action Plans. The IIA Standards also give the authority to do such audits, under Standards 1000 (Attribute Standards) and 2000 (Performance Attributes).

Using ERM techniques, and with the assistance of the Business Affairs Leadership Team, we performed a risk assessment on the financial statement processes that we felt were significant to UTD. We identified accounts which, if inaccurate, would materially misstate UTD's financial statements. Next, we valued the impact and probability of each risk based on past experience at UTD and in higher education in general.

The impact of a risk is the effect a single occurrence of that risk will have upon the achievement of UTD's goals and objectives in relation to financial areas. The following, as requested by U.T. System, was used as a guide:

- HIGH – *the effect will cause UTD not to achieve its goals and objectives: it is a "show stopper."*
- MEDIUM – *the effect will cause UTD to operate inefficiently and/or expend unplanned resources to meet goals and objectives.*
- LOW – *there will be no measurable effect upon the achievement of UTD goals and objectives.*

The probability is defined as the probability that a risk will become reality.

- HIGH – *the risk will become a reality frequently.*
- MEDIUM – *the risk will become a reality infrequently.*
- LOW – *the risk will rarely become a reality.*

U. T. System identified System-wide financial audits to include the following:

- ✓ Financial Statement Audit (defined by external auditors).

Risk-based financial audits would be financial audits that our risk assessment process identified as being higher risk, or those areas that management felt needed to be audited, and/or areas that have not been recently audited.

Based on the risk assessment and input received, the following financial areas have been included in our Audit Plan for fiscal year 2007:

- ✓ Deloitte financial audit
- ✓ Financial Statement Certifications
- ✓ Cash Handling
- ✓ Contracts and Grants



Though the areas of Fixed Assets, Accounts Payable/Expenditures, and Endowments ranked as high (red) risks, these areas will be audited through other audits, such as the Deloitte work, Change in Management (departmental) audits, and compliance audits and/or inspections.

## Compliance Audits and Inspections

A list of compliance audits and inspections planned for fiscal year 2007 can be found at Appendix E. The *Action Plan to Ensure Institutional Compliance* was approved by the U. T. System in April 1998. This plan provides an outline for all institutions to follow to ensure that institutional risks are minimized regarding the University's compliance with the laws, regulations, policies and procedures which govern the University's research, education, and business initiatives. In addition, IIA Standard 1000 (Attribute Standards), 2000 (Performance Attributes), and the Texas Internal Auditing Act, Section 321.0132, Compliance Audit, defines the authority for compliance audits.

According to the U. T. System Audit Office, the purpose of institutional compliance audits is:

*"To provide assurance that an effectively designed Institutional Compliance Program has been implemented and that the program is operating effectively.  
To provide assurance that the institution is in compliance with policies, plans, procedures, laws, and regulations that could have a significant impact on operations and reports."*

For Compliance audits, we did not perform a risk assessment, since a risk assessment is done by the Compliance Subcommittee each year, with input from Internal Audit. Instead, we worked with the Compliance Office to prepare an audit plan for compliance audits, choosing the higher risk areas for audit. As a result, the following Compliance audits were planned for fiscal year 2007:

- ✓ Environmental Health and Safety
- ✓ Emergency Operations Plan — — — — —
- ✓ Purchasing Cards
- ✓ SEVIS (Student Exchange Visitor Information System) (non-priority)

## Change in Management Reviews

According to the U. T. System Audit Office, the purpose of management reviews is:

*"To provide a consulting service to the new manager by reviewing the existing internal controls in the department and providing the information necessary to assist the new manager in developing an adequate system of internal controls which will provide reasonable assurance of sound management."*

The authority for these audits comes from the IIA Standards 1000 (Attribute Standards) and 2000 (Performance Standards), and from the U. T. System's *Action Plan to Enhance Internal Controls* (1994 and 1996).

Due to the role played by the compliance function, and departmental internal controls being assured as part of the compliance program, departmental audits are not performed at U. T. System institutions. Instead, departmental audits are conducted when there is a change in management.

Departmental audits are primarily audits of a department's internal controls conducted in accordance with the Action Plan. We plan to follow the guidelines adopted by the Committee of Sponsoring Organizations' (COSO) *Internal Control – Integrated Framework* in conducting all internal controls audits. Based on the planning procedures and/or the request of the department head, such audits may be expanded to include additional audit procedures.

Some areas have already been identified and are included in Appendix A. Time has been reserved for additional change in management audits. Change in management audits will be done as soon as possible after the new manager has assumed their duties.

## Follow-Up Audits

The purpose of follow-up audits is to ensure that management actions have been effectively implemented for recommendations resulting from internal audits.

The authority for these projects comes from IIA Standard 2500 (Monitoring Progress, the Texas Internal Auditing Act.





Follow-ups include the following:

- ❖ Annual Follow-Up Audit, conducted to follow up on *all fiscal* year 2006 audit recommendations.
- ❖ Quarterly follow-ups, as requested by U. T. System, to follow up on all recommendations considered **significant** to UTD operations.

## Projects

According to the U. T. System Audit Office, projects:

*“Assist members of the organization in the effective discharge of their responsibilities. This includes furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed.”*

Projects include audits and other projects that are conducted at the request of the President or top management. Projects will be approved by the Audit Committee. The authority for these projects comes from IIA Standards 1000 (Attribute Standards) and 2000 (Performance Standards), the Texas Internal Auditing Act sections 7(1)(e) and 7(1)(f), and the 1994 and 1996 Action Plans to Enhance Internal Controls.

During fiscal year 2007, the Office of Internal Audit is required by the Texas Internal Auditing Act and by IIA Standards to undergo an external Quality Assurance Review (QAR). The QAR is scheduled to be performed in November 2006. Audit hours include preparation of a self-study to be completed prior to the external QAR.

Budgeting hours for projects was based on prior history. Projects for fiscal year 2007 include:

- ✓ ACL Projects
- ✓ Annual Internal Audit Report
- ✓ Audit and Compliance Committee
- ✓ ERM Implementation
- ✓ External Quality Assurance Review
- ✓ FY 2008 Audit Plan
- ✓ Quality Assurance Reviews for Other Audit Departments (non-priority)
- ✓ Reserved for Special Projects and Investigations
- ✓ SACS
- ✓ U. T. System Requests
- ✓ Website Updates and TeamMate Procedures
- ✓ Hotline Investigations



FY 2007 Audit Plan	Audit/Project	Priority	Hours	Non Priority	Budgeted Hours	Total of %	Description	Fall IAEP Project	Spring IAEP Project
	UT System Required Deloitte Financial Audit Work		400				Assistance to Deloitte for the financial audit work.		
	Presidential Travel and Entertainment Expenses - Regents Rule 20205		140				Audit of the President's expenses. Required to be performed annually per Regents Rule, and per President's request. Within 90 days after the end of each fiscal year, the office that performs internal audits at each institution shall the travel, entertainment, and housing expenses for which the president or spouse has been reimbursed or that have been paid directly to a vendor on the president's or spouse's behalf.		
	SSN Protection		60				Follow-up of the FY 2006 Audit. Protection of Social Security Numbers. Required by UT System per BPM No. 66-01-06. Protecting the Confidentiality of Social Security Numbers		
	Time and Effort Reporting		100				Implementation progress of BPM No. 76 "Guidance on Effort Reporting Policies"		
	Externally Required								
	Assistance to Outside Auditors - Financial Audit FY 2007		60				Assistance to outside auditors for the financial audit for SACS accreditation purposes. Work performed in preparation for the 8/31/07 audit.		
	Assistance to Outside Auditors - Statewide Federal Audit		25				Assistance to the State Auditor's Office on the FY 2006 audit of Financial Aid and the Schedule of Federal Financial Assistance.		
	JAMP (Joint Admissions Medical Program)		40				The objective of this audit is to provide assurance that that UTD is in compliance with JAMP Agreement requirements and the JAMP Expenditure Guidelines. This audit is required to be performed for even numbered years by the JAMP Council Agreement.		
	Lena Callier Trust		80				The objective of this audit is to ensure compliance with the criteria established by the Trust and certain UTD policies and procedures and to determine if revenues are recognized and expenses are incurred in accordance with the terms of the trust for the year ended August 31, 2006. Required annually by the Trust Agreement.		
	Carried Forward from FY 2006 Audit Plan								
	TETC Audit		30				Completion of TETC (Texas Engineering and Technical Consortium) audit in progress at 8/31/06.		
	Internally Requested								
	SACS - Review of Faculty Credentials		100				Consultation audit of the faculty credentials (November 2006), as requested by the Office of the Executive Vice President and Provost, for SACS accreditation purposes. Compliance Office may participate in some of this project.		
	Total Required Audits		1,035		60	1,095			
	Consulting						Meetings and consulting services for various audit areas and issues.		
	Audit Issues - Consulting/Meetings		50				Meetings and consulting services for compliance audit areas.		
	Compliance Consulting/Meetings		50				Meetings and consulting services for information technology areas.		
	Information Technology Consulting/Meetings		100				Includes participation on various committees such as the PeopleSoft Student Information System team (when formed).		
	Financial Consulting and Meetings		50				Meetings and consulting services for financial-related areas.		
	Total Consulting		250		0	250			
	Risk Based: Compliance Audits								
	Environmental Health and Safety (EH & S)		240				To provide assurance that an effectively designed compliance program has been implemented for the EH & S areas, and the programs are operating effectively. Areas to be audited: Bio. Lab, and Life Safety; Hazardous Waste/EPA; Texas Hazardous Communication Act; Lock Out Tag Out		





FY 2007 Audit Plan Audit/Project	Priority Hours	Non Priority Hours	Total Budgeted Hours	% of Total	Description	Fall IAEP Project	Spring IAEP Project
Human Resources Control Self-Assessment Workshops	60				Control Self-Assessment Workshop with Human Resources Management to assess controls over Human Resources and Payroll processes.		
<b>Total Academic Institutional Process Audits</b>	<b>1,140</b>	<b>80</b>	<b>1,220</b>	<b>20.63%</b>	Provide a consulting service to the new manager by reviewing the existing internal controls in the department and providing the information necessary to assist the new manager in developing an adequate system of internal controls which will provide reasonable assurance of sound management.		✓
<b>Change in Management Audits</b>							
Dean of Natural Sciences and Mathematics	100						
Facilities Management	200						
VP Business Affairs	60						
Information Resources	120						
Callier Center	120						
Associate VP for Budget	60						
Reserved for Change in Management Audits During the Year		120					
Carryforward from FY 2006 Audit Plan							
VP Development							
<b>Total Change in Management Audits</b>	<b>40</b>	<b>120</b>	<b>820</b>	<b>13.87%</b>	Completion of audit work in progress at 8/31/06.		
<b>Follow-Up Audits</b>	<b>700</b>						
Annual Follow-Up Audit	80				To follow up on fiscal year 2006 audit recommendations and the status of their implementation.	✓	
Quarterly Follow-Up of Significant Recommendations	20				Reporting to UT System on status of implementation of recommendations considered <b>significant to UTD operations</b> .		
<b>Total Follow-up Audits</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>1.69%</b>			
<b>Projects</b>							
ACL Projects	80				Working with students from Audit Software class on ACL projects for use on our audits.	✓	✓
Annual Internal Audit Report	15				Preparation of the Annual Internal Audit Report, due on November 1st of each year per the Texas Internal Auditing Act.		
Audit & Compliance Committee	50				Preparation for and attendance at the quarterly Audit and Compliance Committee meetings.		
Enterprise Risk Management (ERM) Implementation	60				Assistance in the implementation of ERM at UTD - working with Compliance Office.		
External QAR	150				Participation in the external Quality Assurance Review, scheduled for November 6-9, 2006, and completion of self-study materials and internal self-assessment prior to external QAR.		
FY 2008 Audit Plan	50				Preparation of the Fiscal Year 2007 Audit Plan.		
Quality Assurance Reviews for Other Audit Departments Reserved for Special Projects & Investigations - As Determined by President, Audit Committee, Etc.		40			If applicable we will participate in quality assurance reviews of other audit departments.		
SACS	123				If necessary, Past experience indicates few hours necessary. Participation on the SACS Committees and processes.		
U. T. System Requests	40				http://sacs.utdallas.edu/sacs_home		
Website Updates and TeamMate Procedures	25				Various reports, requests from the U. T. System Audit Office, including monthly liaison reports, quarterly time summaries, information, etc.		
Hotline Investigations	80				Periodic updates to the website, and preparation of TeamMate audit process procedures.		
<b>Total Projects</b>	<b>698</b>	<b>40</b>	<b>738</b>	<b>12.48%</b>	Participation on hotline team, and subsequent investigations.		
<b>Total Audit Hours</b>	<b>5,073</b>	<b>840</b>	<b>5,913</b>	<b>100.00%</b>			
	83.36%	13.80%					



Activities	Risks							
	1	2	3	4	5	6	7	8
Governance and Leadership	HM Strategic Planning Process	HM Governance	HM Organizational Structure	HM Disaster Recovery Planning for Business Processes (Not IT Disaster Recovery)	HL Budgeting	MM Institutional Policies & Procedures	MM Internal Communications	MM Facility Planning
Information Technology - See <b>Appendix D</b> for detailed risk assessment for IT areas.	HM Strategic Planning	HM Acquisition and Implementation	HM Delivery and Support	MM Monitoring				
Plant Operations and Maintenance	HM Construction	HM Work Orders & Billings	HM Organizational Structure - Facilities Management	MM Utilities	ML Contracted Services	LL Transportation		
Research and Development - See <b>Appendix C</b> for detailed risk assessment for Research.	HM Biosafety	HM Contract and Grant Accounting (CGA): Time & Effort Reporting	MH Engineering & Science Research Enhancement Initiative	MH Animal Research & Safety Issues	MH CGA: Allowable Costs	MM CGA: Cash Management	MM OSP: Preparation of Research Protocols	MM OSP: Research Integrity (objectivity, scientific misconduct)
Student Services	HM Financial Aid	HM Scholarships & Fellowships	HL Student Records	HL Enrollment Services	HL Registration	HL Admissions Processing	MM Student Life	MM Administration
Human Resources Management	HM Strategic Plan does not address Human Resources	HM Human Resources Organization and Staffing	MM Compensation	MM Employment - Recruiting	MM Turnover	ML Employment - Diversity	ML Staff Development	ML Employee Relations
Asset and Risk Management	HM Campus Safety & Security	MH Cash Handling	MM Investments	MM Tuition and Fee Collection Process	MM Endowments	MM Fixed Assets / Equipment	MM Risk Management	MM Cash Management
Financial Management - See <b>Appendix H</b> for detailed risk assessment for Financial Areas.	HM Internal Financial Controls	HL Financial Reporting	MH Travel	MH Signature Authority	MH Outside Sales by Schools and Division	MM Budget Operation	MM Organization and Management	MM Accounts Payable
University Relations and Alumni Affairs	HM Gifts	MM Planned Giving	MM Annual Fundraising	ML Partnerships	ML Governmental Relations	LL Public Service	LL Continuing Education	LL News and Information
Instruction and Academic Support	HM Accreditation / Institutional Effectiveness	MM Deployment of Resources Among Academic Programs	MM Library	MM Course Scheduling and Availability	MM Instructional & Academic Technology	MM Management of Departments and Programs of Study	MM Classroom and Building Utilization	MM Deferred Maintenance
Purchasing	MH Contracting Process	MM Policies and Procedures	MM Operations and Bid Processes	MM Organization and Management	MM Minority and Small Business Vendors (HUB)	LL Central Receiving		
Auxiliary and Service Departments	ML Housing	ML Student Union	ML University Police and Parking	LL Food Services	LL Printing	LL Bookstore		
Institutional Compliance Program - see <b>Appendix E</b> for listing of high-risk areas.	MM Compliance Program							

HH, HM	Extensive Risk Management & Considerable Risk Management (all levels of control plus traditional audit)
HL, MH	Manage and Monitor (all levels of control, but no traditional audit)
MM, ML, LH	Monitor (only execution controls and supervisory controls)
LM, LL	Accept (accept the risk and have no controls)

Impact = The effect a single occurrence of that risk will have upon the achievement of UTD's goals & objectives.

High: The effect will cause UTD not to achieve its goals and objectives.

Medium: The effect will cause UTD to operate inefficiently and/or expend unplanned resources to meet goals and objectives.

Low: There will be no measurable effect upon the achievement of UTD's goals and objectives.

Probability = The probability that a risk will become reality at UTD.

High: The risk will become a reality frequently at UTD.

Medium: The risk will become a reality infrequently at UTD.

Low: The risk will rarely become a reality at UTD.

Activities	9	10	11	12	13	14	15
Governance and Leadership	Office of the President	MM Meetings & Committees	MM Upward Evaluation of Administrators	MM Compliance Office	ML Performance Measures		
Information Technology - See <b>Appendix D</b> for detailed risk assessment for IT areas.							
Plant Operations and Maintenance							
Research and Development - See <b>Appendix C</b> for detailed risk assessment for Research.	Institutional Review Board	MM Office of Sponsored Projects (OSP): Negotiation of Agreements	MM CGA: Financial Reporting	MM CGA: Cost Sharing	MM Technology Transfer	ML Research Training	ML CGA: Facilities and Administrative Cost Accounting
Student Services	Recruiting	MM Student Health	MM International Students	ML Student Organizations & Activities	ML Student Counseling	LM Activities Center Operations	LL Student Grievances
Human Resources Management	Employment - Hiring	ML Faculty Credentials	LL Policy and Procedure				
Asset and Risk Management	Bonded Indebtedness and Issuance	MM Accounts Receivable	MM Organization and Management	ML Internal Auditing	LM Records Retention		
Financial Management - See <b>Appendix H</b> for detailed risk assessment for Financial Areas.	Payroll	MM Contract and Grant Accounting	MM Budget Preparation Process				
University Relations and Alumni Affairs	Alumni Relations						
Instruction and Academic Support	Distance Education	MM Special Programs	ML Program Development & Program Evaluation Process	ML Faculty (recruitment, tenure, development, turnover, workload, productivity)	LL K-16 Issues	LL Institutional Affiliations	
Purchasing							
Auxiliary and Service Departments							
Institutional Compliance Program - see <b>Appendix E</b> for listing of high-risk areas.							

HH, HM
HL, MH
MM, ML, LH
LM, LL

**Impact = The effect a single occurrence of the risk will have on the achievement of the institution's goals.**  
 High: The effect will cause UTD not to achieve its goals.  
 Medium: The effect will cause UTD to operate inefficiently.  
 Low: There will be no measurable effect upon the achievement of the institution's goals.

**Probability = The probability that a risk will become a reality at UTD.**  
 High: The risk will become a reality frequently at UTD.  
 Medium: The risk will become a reality infrequently at UTD.  
 Low: The risk will rarely become a reality at UTD.



THE UNIVERSITY OF TEXAS AT DALLAS  
APPENDIX C: Risk Assessment for Research Areas  
FISCAL YEAR 2007



Activities	Risks						6
Laboratory Safety (Biosafety, Chemical Safety, Controlled Substances, Laser/Radiation Safety)	MH	Financial, criminal, and/or physical harm from misapplication of laboratory procedures and practices.	MH	Inappropriate disposal of hazardous waste resulting in fines and criminal charges.	MH	Financial of physical harm to the University, its students, faculty and staff.	
Time and Effort Reporting	MH	Loss of Federal/State funding and incurrance of penalties due to PI over-committing his time-not charging minimum or charging more than maximum.	MH	Loss of Federal/State funding due to RAs not knowing the name of the project they're working on, the funding source, and the link between their work and the project.	MH	Loss of Federal/State funding due to lack of documentation for hourly time changes in the school departments.	Loss of Federal/State funding and incurrance of penalties due to someone other than a knowledgeable person signing the certification form.
Coordination of Gifts and Grants with Development Office	MH	Improper classification of grants or contracts as an unrestricted gift.	MH	Funding agency sends confusing award letters as to if the award is a gift or a grant.			
Records Archiving	MH	Improper maintenance of records.	MH	Noncompliance with record retention.	MH	Noncompliance with University or applicable sponsor policies.	
International Initiatives (Export Control)	HL	Export of controlled information not properly processed and reported.	HL	Unauthorized foreign nationals working on restricted research.			
Research Integrity - Objectivity of Research	HL	Research protocols are not reviewed and approved by IRB and IACUC committees for scientific merit.					
Research Integrity - Scientific Misconduct	MH	PI or research staff reports invalid and inaccurate data to funding agency.					
Technology Transfer	HL	Patent and agreement violations occur.	HL	PI fails to report earning returned from technology.			
Training - Research	HL	PIs and research staff are not properly trained and record of training is not on file with research compliance.	HL	Funding opportunities are missed because documentations are not provided to the funding agency.			
Animal Research - Safety	HL	Lack of training for PI and Research Staff.	HL	Lack of independent monitoring of research activity by PI and animal resources.	HL	Incidences of non-compliance are not properly reported to research compliance.	
Protection of Animal Subjects	HL	Lack of training for PI and Research Staff.	HL	Lack of independent monitoring of research activity by PI and animal resources.	HL	Incidences of non-compliance are not properly reported to research compliance.	
Institutional Review Board (IRB)	HL	IRB Committee is not familiar with state and federal regulations concerning human participant research.	HL	Proper measures are not taken to review and approve research protocols thoroughly.	HL	Protocols are not pre-reviewed by research compliance.	
Protection of Human Subjects	HL	Lack of training for PI and Research Staff.	HL	Proper measures are not taken to ensure confidentiality of research participants.	HL	Consent forms and research data are not stored properly.	Non-compliance issues and adverse effects are not reported to research compliance.
Protection of Researcher	HL	Lack of training for PI and Research Staff.	HL	Non-compliance issues and adverse effects are not reported to research compliance.			
Protection of Research	HL	Lack of training for PI and Research Staff.	HL	Research data is not stored properly.	HL	Access to research data by unauthorized personnel.	Issues of non-compliance are not reported to research administration.
OSP - Negotiation of Agreements	HL	Lack of expertise when negotiating other than UT System approved contracts and agreements.	HL	Lack of knowledge of UT System rules and regulations regarding contracts.	HL	Lack of knowledge about intellectual property agreements.	

THE UNIVERSITY OF TEXAS AT DALLAS  
APPENDIX C: Risk Assessment for Research Areas  
FISCAL YEAR 2007



Activities		Risks						6		
		1	2	3	4	5	6			
Preparation of Research Protocols		Animal subject and human participant research protocols are not pre-reviewed by research compliance.	HL	Protocols will not get approved by IACUC and IRB.	HL	Funding opportunities are missed because of delay in protocols approvals.				
Cost Estimates		Faculty does not have any idea of how to calculate the actual cost of the research project.	MH	Faculty underestimates what the research will cost and will be unable to complete the research.	MH					
Cost Sharing		Disallowed costs due to inability to get cost share documentation from schools on closed federal grants.	MH	Unallowable costs due to separately identifiable cost share account does not get opened and budgeted before grant is opened, per UTD policy.	MH	Loss of Federal/State funding and public embarrassment due to inaccurate reporting of or failure to provide mandatory cost sharing per contract.				
Financial Reporting		Disallowed costs due to inaccurate or incomplete reporting requirements reflected on contract documents.	HL	Loss of Federal/State funding and public embarrassment due to reports not done in a timely fashion.	HL					
Allowable Costs		Disallowed costs due to PIs doing major purchases at end of grant to use up funds.	HL	Unallowable costs incurred and not reimbursed by sponsors.	HL					
Training - Post Award Research		Disallowed costs and damage to reputation due to training programs not being tailored to the individual needs of faculty/staff/management.	HL	Disallowed costs and damage to reputation due to lack of training programs offered.	HL	Disallowed costs due to lack of participation in program.				
Sub-Contractor monitoring		UTD sub-contracts may not include clause requiring sub-contractors to comply with applicable laws & regulations.	MH	Subcontractors may not be in compliance with Federal and other applicable regulations.	MH	Subcontracts are not reviewed annually per new UTD policy. Effective approximately 8/06.				
Cash Management		Overspending Sponsored Programs Budgets resulting in unembursed costs.	MH	Schools not handling Petty Cash per UTD policy.	ML	Letter of Credit draws not made in timely fashion.				
Incomplete/inaccurate contract/grant documentation or no documentation received from OSP		Delay in filing financial reports to the sponsor(s).	HL	Sponsor billing does not take place, or is not done per the contract. Negative effect on cash flow.	MM	Risk of not being reimbursed in a timely fashion. Negative cash flow.				
Invention Disclosure		PI does not accurately list the percentage of work spent on agreement or work with other inventors.	ML	PI does not disclose an invention.	ML	IDCs not charged, if required.				
Preparation of Certifications and Assurances		PIs and research staff do not have proper certifications and assurance on file with research administration.	ML	Funding opportunities are missed because documentations are not provided to the funding agency.	ML	PI does not patent invention.				
Facilities and Administrative Cost Accounting		Incorrect IDC rate/base entered into FINS due to incorrect paperwork.	MM	IDC rate changes during term of grant and separate account is not opened. (The only way FINS can handle this).	MM	Loss of Federal/State funding and public embarrassment due to incorrect calculations in F&A rate proposal.				





Activities	Risks						
	1	2	3	4	5	6	
Minority and Small Business Vendors	MM Loss of Federal/State funding and damage to reputation due to PI not making information on forthcoming opportunities available to encourage and facilitate participation by small business/minority and women owned business.	MM Loss of Federal/State funding owned business.	MM Loss of Federal/State funding to vendor being on debarment list				
	MM Records Archiving Loss of Federal/State funding and public embarrassment if UTD Accounts Payable and the Schools cannot produce receipts for contract/grant expenditures.	MM Unreimbursed costs due to opening and budgeting sponsored programs accounts before obtaining official sponsor commitments.	MM Authorized spending of contract/grant funds without signed pre-award or signed agreement.	MM Purchase Orders for services are treated as sub-contracts in violation of OMB Circular A-133, sect 2.10.	MM Data input to FINS not accurate and/or differs from paperwork received by C&GA from OSP	MM Federal reporting	MM Lacking CFDA # - required for of grants
	MM Excessive cost transfers may affect the audit trail of transactions which in turn may result in unsubstantiated costs leading to disallowances.	MM Negative effect on cash flow until funds can be reimbursed, if and when signed contract is received.	MM Incorrect breakdown of costs on invoices and financial reporting by expense category.	MM Vendors providing services are treated as sub-contractors in violation of OMB A-133.	MM Missing Sponsor or PI ID numbers-leading to inaccurate reporting.	MM Pre-award specialist assigns grant number from wrong range (Fed., state, pvt., or local)	MM Sponsor/sub-sponsor switched on brief.

Extensive Risk Management & Considerable Risk Management (all Levels of Control plus a traditional audit)

Manage and Monitor (all Levels of Control but no traditional audit)

Monitor (only Execution Controls & Supervisory Controls)

Accept (accept the risk and have no controls)

Impact = The effect a single occurrence of that risk will have on UTD.

High: The effect will cause UTD to materially misrepresent its financial position.

Medium: The effect will cause UTD to misrepresent its financial position.

Low: There will be no measurable effect upon financial statement reporting.

Probability = The probability that a risk will become reality at UTD.

High: The risk will become a reality frequently at UTD.

Medium: The risk will become a reality infrequently at UTD.

Low: The risk will rarely become a reality at UTD.

Activities	Risks									
	1	2	3	4	5	6	7	8	9	10
Planning & Organization	TAC 202 Compliance	IT Strategic Planning	Organizational Structure	Training - I/R Staff	Risk Assessment	Policies and Procedures	Financial Controls over IT Expenses	Human Resources Management - Competent I/R Staff	Project Management	Quality Assurance
Acquisition and Implementation	Replacement of Legacy Systems - PROJECT	Central Authentication Server (CAS) (single sign on part of Galaxy)	UTD-ID	Physical Security	Computer Operations Controls (Data Centers)	Scanning/Imaging	Change Management	Purchased Software	Cross Applications (all, including SEMS, ZSS, WEB)	
Applications - Administrative	Active Directory/Group Policy Management	Human Resources System (HRS)	Financial Information System (FINS)	Facilities Management - Facility Focus, Facility Max, EMS	Finance Account Reconciliation subsystem	HRM (time recap subsystem)	Cross Applications (SEMS, ZSS, WEB, Touchtone, EDI Smart)	Budget Information System (BIS)	Business Affairs Servers	Property Administration (SPARTAN)
Applications - Student	Smart Cards: Includes Debit and Identification/Proximity	Student Information System (SIS+)	Web Registration	Student Services Servers: Health, Counseling, Career Center, International Students, etc.	Cross Applications (student-related, such as WEB, Touchtone, EDI Smart)	Financial Aid Servers				
Applications - Academic	Callier Center Billing System	Library System	Academic department servers							
Applications - Other	BPM 75-04-06 (Protecting the Confidentiality and Integrity of Digital Research Data)	Unix Systems	Galaxy	Telecommunications VOIP	Research	University Advancement	Executive Order RP58 (Peer to Peer file sharing software)			
Delivery and Support	Security Operations	Disaster Recovery	Technology Customer Services	Communications and Technical Services (CaTS) (campus-wide data, UNIX, video networking, etc. and CaTS servers)	Continuous Service - web, etc.	Personnel Training	Data Management (complete, accurate, valid during input, update, and storage)	Configuration Management	Facilities Management of IT data centers, labs and offices	Operations Management
Monitoring	Compliance Program - Monitoring Functions	Assurance Activities								

HL	Extensive Risk Management & Considerable Risk Management (all Levels of Control* plus a traditional audit)
HL	Manage and Monitor (all Levels of Control but no traditional audit)
MM	Monitor (only Execution Controls & Supervisory Controls)
LM	Accept (accept the risk and have no controls)
LL	

**Impact = The effect a single occurrence of that risk will have upon the achievement of UTD's goals & objectives.**

High: The effect will cause UTD not to achieve its goals and objectives.  
Medium: The effect will cause UTD to operate inefficiently and/or expend unplanned resources to meet goals and objectives.  
Low: There will be no measurable effect upon the achievement of UTD's goals and objectives.

**Probability = The probability that a risk will become reality at UTD.**

High: The risk will become a reality frequently at UTD.





THE UNIVERSITY OF TEXAS AT DALLAS  
APPENDIX E: *Institutional Compliance Audits & Inspections*  
FISCAL YEAR 2007



AREA (In Order of Risk Ranking and Priority)	Risk Ranking	Priority	Last Audit	Last Inspection	2007 Audit	2007 Inspection	2007 External	Comments
Callier - HIPAA Security Rule	HH	1	2004	2006				
Student Confidential Non-Directory Information - FERPA	HH	1	-	2006				
Student Financial Aid - Unofficial Withdrawals	HH	1	-	-			State Auditor's Office (SAO)	
SSN Protection	HH	1	2006	2005	✓ (Follow-Up to 2006 Audit)			
EH & S								
- Bio-Safety								
- Lab Safety								
- Life Safety-Egress								
- Life Safety - Fire Alarms and Suppression Systems	HM	1	2004	2005	✓			
Governor's Executive Order on Fraud	HM	1	-	-		✓		New area FY 2007.
Scanning Systems	HM	1	-	2005		✓		
Contract & Grant - Time and Effort Reporting	HM	1	2006	2003	✓ (Required by UT System)			
Animal Care - Facility Near Capacity	HL	1	2005	2006				
EH & S - Hazardous Waste/EPA	HM	2	-	2005	✓			
Segregation of Duties and Account Reconciliation	HM	2	2004	2005		✓		
University-Wide Server Management	HM	2	2004	2006				
Human Subjects - Confidentiality	HM	2	2005	2006				
Human Subjects - Vulnerable Populations	HM	2	2005	2006				
Human Subjects - Lack of Independent Monitoring	HM	2	2005	2006				
Cash Handling	HM	2	Consultant - 2006	2005	✓			
Reimbursement of Business Expenses	HM	2	2005	2005		✓		
Equal Employment Opportunity-Classified and A&P Positions	HL	2	2004	2004		✓		
Equal Employment Opportunity-Faculty Positions	HL	2	2004	2004		✓		
HIPAA Compliance/Privacy Issues	HL	2	2004	2006				
Animal Care - Research Not Conducted According to Protocol	HL	2	2005	2006				
Gifts	HL	2	-	-	✓			New area FY 2007.
Purchasing Cards	HM	3	2003	2003	✓			
ENDOWMENTS - Lack of Adherence to Terms of Endowment	HM	3	2004	2003		✓		
ENDOWMENTS - Reports to Stakeholders	HM	3	2004	2003		✓		
ENDOWMENTS - Endowed Faculty Positions Unfilled	HM	3	2004	2003		✓		
ENDOWMENTS - Accumulation of Endowment Income	HM	3	2004	2003		✓		
Equipment Inventory	HM	3	2006	2005				

THE UNIVERSITY OF TEXAS AT DALLAS  
APPENDIX E: *Institutional Compliance Audits & Inspections*  
FISCAL YEAR 2007



AREA (In Order of Risk Ranking and Priority)	Risk Ranking	Priority	Last Audit	Last Inspection	2007 Audit	2007 Inspection	2007 External	Comments
Graham Leach Bliley	HM	3	-	2005		✓		
Sexual Harassment	HM	3	2005	2005		✓		
Animal Care-Insufficient Training	HM	3	2004	2006				
Human Subjects - Research Protocol Files	HM	3	2004	2006				
Reimbursement of Travel Expenses	HM	3	2006	-	✓			New area FY 2007.
Disaster Recovery-Emergency Operations Plan	HL	3	2005	2003		✓		
ENDOWMENTS - Inappropriate Use of Endowment Distributions	HL	3	2004	2003		✓		
Federal and State Student Financial Aid-Overawarding	HL	3	2003 (IA) 2005 (SAO)	2002			State Auditor's Office (SAO)	
TAC 202.7.h - Security Policies	HM	3	2006	2005				
Disclosure of Financial Conflict of Interest in Research	HL	3	2005	2006				
Human Subject Use in Research - Consent Forms	HL	3	2005	2006				
Texas Hazard Communication Act	HL	3	-	-	✓			
Lock out/Tag out Procedures	HL	3	-	-	✓			
Code of Ethics-Financial Conflict of Interest (non-research)	HL	3	2006					
University Events - Not Academic or Student	HL	3	-	-		✓		New area FY 2007.
Callier Child Care Program	HM	4	2003	2003		✓		
Callier Limitation of Liability for Claims	HM	4	2006	2005				
Contract & Grant Post-Award, Cost Sharing	HM	4	-	2003		✓		
Contract & Grant Post-Award, Unallowable Costs-Other	HM	4	-	2003		✓		
University Events and Travel-Academic Affairs	HM	4	2002	2006				
University Events and Travel-Student Affairs	HL	4	2005	2001		✓		
Callier Medical Documentation	HL	4	2006	2005				
SEVIS (Student Exchange Visitor Information System)	HL	4	-	-	✓			New area FY 2007.

*Note: If inspection or audit performed in 2006, then no work planned in 2007 unless required. See Audit Plan documentation for explanation.*



The University of Texas at Dallas  
Appendix F: *Tier One Risks*



Non-Audit Office			
Ranking	Risk	Explanation/Mitigation/Activities	Internal Audit Action
HH	Accreditation/Institutional Effectiveness	SACS Accreditation Process in progress	
HH	Biosafety		EH & S Compliance Audit
HM	IT Acquisition and Planning		Participation on security and implementation committees
HM	IT Delivery and Support		See IT audits scheduled in Appendix A. Participation on committees.
HM	Information Technology (IT) Strategic Planning	SACS Accreditation Process	Change in Management Audit of Information Resources
HM	Strategic Planning Process	SACS Accreditation Process	
HM	Governance	SACS Accreditation Process	Deloitte work has procedures for control environment
HM	Organizational Structure	SACS Accreditation Process	Change in management audits
HM	Disaster Recovery Planning for Business Processes (Not IT Disaster Recovery)	FY 2006 TAC 202 covered Business Continuity Planning	
HM	Construction		Audit of Project Emmitt will include construction costs on building in progress. Also, significant construction costs will be audited in Deloitte work.
HM	Work Orders & Billings		Follow-up work from FY 2006 audit of work orders
HM	Organizational Structure - Facilities Management		Change in Management Audit of Facilities Management
HM	Time and Effort Reporting		Time and Effort audit
HM	Financial Aid	State Auditor's Office audits for FY 2005 and 2006	
HM	Scholarships & Fellowships		Scholarships & Fellowships audit
HM	Human Resources Organization and Planning		Control Self Assessment Workshop - continued from FY 2006 - with HR Management
HM	Strategic Plan does not address HR	SACS Accreditation Process	
HM	Campus Safety and Security		Emergency Operations Plan audit
HM	Internal Financial Controls		Deloitte audit work; Cash Handling; Presidential Travel and Entertainment; Purchasing Cards; Change in Management audits; Gifts
HM	Gifts		Gifts audit



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Appendix G: Calculation of Available Hours for Fiscal Year 2007



	Director	Senior Auditor	Information Systems Manager	Staff Auditor	Staff Auditor (50%)	Total	%
Hours Available	2,080	2,080	2,080	2,080	1,040	9,360	
Less: Turnover							
Less: Director Administration for Compliance	400			693			
Hours Available	1,680	2,080	2,080	1,387	1,040	8,267	100%
General Administration						500	6%
Staff Meetings						150	2%
ACUA and IIA						150	2%
Training/CPE						350	4%
Holidays						504	6%
Vacation & Sick Leave						700	8%
Total Administrative						2,354	28%
Available for Audit Projects						5,913	72%

**Notes:**

- The total hours are based on 4.5 budgeted positions net of 3 months estimated vacancies. We decided on four months based on looking at the past three years of turnover. Per discussions with staff, we feel confident that turnover will not exceed that of FY 2006.
- Hours were calculated based on a 2,080 hour work year. Note that one of the four staff members is 50% time.
- General Administration of 1.5 hours per auditor per week calculated (52 weeks - 7 weeks = 45 weeks x 1.5 x 4.5)
- Vacation and Sick Leave calculated based on looking at the past year's (2006) vacation and sick leave taken.

Average Leave Per Year Per Auditor

Total Leave	1204
Holidays	504
Vacation/Sick	700
# Auditors	5
Average Leave Per Year Per Auditor	268
# Weeks	7
Holidays	3
Vacation/Sick	4

- Holidays calculated based on the UTD holiday schedule for fiscal year 2007. [http://www.utdallas.edu/utdgeneral/business/hr/Holidays\\_FY06.htm](http://www.utdallas.edu/utdgeneral/business/hr/Holidays_FY06.htm)
- Training/CPE based on approximately 77 hours per FTE. This was based on prior year and anticipation of training in FY 2007.



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COMPONENT TOTAL 2007 OPERATING BUDGET ALL FUNDS: \$279,917,869

TOTAL NUMBER OF 2007 BUDGETED AUDITOR POSITIONS (GROSS OF VACANCIES): 4.5

**Appendix H: Fiscal Year 2007 Priority Audit Plan**

<b>Audit Areas</b>	<b>Priority Budgeted Hours</b>	<b>% of Total</b>
<b>Required Audits</b>		
<b><u>UT System Required</u></b>		
Deloitte Financial Audit Work	400	
Presidential Travel and Entertainment Expenses - Regents Rule 20205	140	
SSN Protection	60	
Time and Effort Reporting	100	
<b><u>Externally Required</u></b>		
Assistance to Outside Auditors - Financial Audit FY 2007	60	
Assistance to Outside Auditors - Statewide Federal Audit	25	
JAMP (Joint Admissions Medical Program)	40	
Lena Callier Trust	80	
Carried Forward from FY 2006 Audit Plan		
TETC Audit	30	
<b><u>Internally Requested</u></b>		
SACS - Review of Faculty Credentials	100	
<b>Total Required Audits</b>	<b>1,035</b>	<b>20.40%</b>
<b>Consulting</b>		
Audit Issues - Consulting/Meetings	50	
Compliance Consulting/Meetings	50	
Information Technology Consulting/Meetings	100	
Financial Consulting and Meetings	50	
<b>Total Consulting</b>	<b>250</b>	<b>4.93%</b>
<b>Risk Based: Compliance Audits</b>		
Environmental Health and Safety (EH & S)	240	
Emergency Operations Plan	80	
Purchasing Cards	100	
SEVIS (Student and Exchange Visitor Information System)		
<b>Total Compliance Audits</b>	<b>420</b>	<b>8.28%</b>
<b>Risk Based: Information Technology Audits</b>		
BPM 75-04-06 (Protecting the Confidentiality and Integrity of Digital Research Data)	60	
Security over Laptops and Other Portable Devices	120	
Comet Cards	120	

<b>Audit Areas</b>	<b>Priority Budgeted Hours</b>	<b>% of Total</b>
Callier - new system	200	
Authentication and Computer Account Requests	180	
Unix		
Breeze Implementation Meetings	50	
<b>Total Information Technology Audits</b>	<b>730</b>	<b>14.39%</b>
<b>Risk-Based: Academic Institutional Processes</b>		
Financial Statement Certifications	100	
Scholarships & Fellowships	220	
Gifts	220	
Cash Handling	160	
Contracts & Grants	160	
Engineering and Science Research Enhancement Initiative (Project Emmitt)	220	
Academic Institutional Process Audits Carryforward (in process at 8/31/06)		
Human Resources Control Self-Assessment Workshops	60	
<b>Total Academic Institutional Process Audits</b>	<b>1,140</b>	<b>22.47%</b>
<b>Change in Management Audits</b>		
Dean of Natural Sciences and Mathematics	100	
Facilities Management	200	
VP Business Affairs	60	
Information Resources	120	
Callier Center	120	
Associate VP for Budget	60	
Reserved for Change in Management Audits During the Year		
Carryforward from FY 2006 Audit Plan		
VP Development	40	
<b>Total Change in Management Audits</b>	<b>700</b>	<b>13.80%</b>
<b>Follow-Up Audits</b>		
Annual Follow-Up Audit	80	
Quarterly Follow-Up of Significant Recommendations	20	
<b>Total Follow-up Audits</b>	<b>100</b>	<b>1.97%</b>
<b>Projects</b>		
ACL Projects	80	
Annual Internal Audit Report	15	
Audit & Compliance Committee		
Enterprise Risk Management (ERM) Implementation	60	
External QAR	150	
FY 2008 Audit Plan	50	
Quality Assurance Reviews for Other Audit Departments		

Audit Areas		
Priority	Budgeted	% of Total
Hours		
Reserved for Special Projects & Investigations - As Determined by President, Audit Committee, Etc.	123	
SACS	40	
U. T. System Requests	25	
Website Updates and TeamMate Procedures	80	
Hotline Investigations		
<b>Total Projects</b>		
	698	13.76%
<b>Total Audit Hours</b>		
	5,073	100.00%



The University of Texas at Dallas  
Appendix I: Five Year History (FY 2002 - 2006)



Audits					
Required Audits					
Annual Financial Report	02-04	03-04	04-04		06-07
ATP/ARP Grants					06-02
JAMP (Joint Admissions Medical Program)					05-02
Lena Callier Trust	02-03	03-02	04-01		06-01
President's Expenses/Discretionary Funds					06-19
TAC 202					06-03
TETC Grants					
Compliance Audits of High-Risk Areas					
Appropriate Use of Financial Resources					
Biosafety		03-16			
Business Expense Reimbursements					05-14
Callier Center - Child Care		03-14			06-17
Code of Ethics	02-23	03-03			
Compliance Audit	01-28				
Cost Sharing			04-14		
EEO			04-10		
Emergency Operating Plan (EOP)			04-19		05-04
Endowment Compliance		03-10	04-11		
Environmental Health & Safety			03-15		
Federal Grant and Contract Post-Award					
Federal Student Financial Aid Awards		03-01			
HIPAA			04-20		04-20
Lab Safety		03-15			
Medical/Medicare Billing: Callier Center	02-18				06-08
NCAA					
Procurement Cards		03-07			
Property Inventory	02-19				
Reconciliation of Accounts			X		
Research Compliance		03-09	04-22		04-22
Segregation of Duties			X		
Server Management			04-18		04-17
Sexual Harassment	02-21				05-03
SSN Protection					05-13
Time & Effort Reporting			04-06		05-05
Unallowable Costs			04-21		
University Events-Academic Affairs	02-14				
University Events-Student Affairs	02-12		04-16		04-16
Information Technology Areas					
Budget Information System (BIS)					
Compliance with DIR Regulations					
DIR Assurance Review					06-18
Financial Information System (FINS)					
General Controls		03-08			
Human Resources Management System (HRMS)					
Library System					
Physical Plant Assetworks					
Physical Security and Data Operations					
Security		03-13	X		
Smart Cards	02-16				
Student Information System (SIS+)/Touchtone		03-12			
Technical and Communication Services (TACS)					
Technology and Customer Services (TCS)					
Telecommunication Services	02-01				06-10
Year 2000					



Audits					FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Accounts Receivable/Allowance									
Administrative & Facilities Costs (Indirect Costs)							04-13		
Annual Inventory Counts					X				
Auxiliary Enterprises/Outside Contracts									
Budget Process									
Cash Counts					X				
Cash/Appropriations/Investments					02-05				
Construction/Renovation					02-13			05-08	
Contracting									
Contracts, Grants, & Gifts									
Cost Savings						03-05			
Distance Learning									
Endowments									
Enrollment Management									
Expenditures (including Journal Entries/IDTs)								05-10	
External QAR									
Faculty Workload									
Financial Aid							04-15		
Financial Statement Certifications								05-01	
Fixed Assets									05-12
Follow-Up Audits					02-02			05-09	
HUB Utilization									
Intellectual Property									
Internal Controls Workshops						Compliance Office			
Internal QAR							03-19		
International Students					02-17				
IRS Issues									
Monitoring Grant Subrecipients (if applicable)									
Performance Measures								04-23	
Physical Plant							Key Shop 04-03		
Printing Division						03-11			
Procurement Cards									
Public Service									
Registration									05-07
Research Expenditures					02-25				
Revenues					02-06				
Salaries and Wages (Payroll/HR)							04-07		
Scholarship Processing									
Service Departments/Recharge Centers									
Special Requests from Management					02-11, 02-20, 02-22				
Sponsored Programs Revenues						03-18			
Student Services									
The Pub									06-04
Travel									
Tuition & Fees (including Formula Funding)							04-17	04-18	
Utilities									
Management Reviews/Departmental Audits									
Admissions & Records						X			
Arts & Humanities									
Athletics							X		
Biology							X		
Bruton Center					02-09				
Budget Office									
Bursar									
Business Affairs, Asst. VP									
Business Affairs, VP									
Business Services								05-11	
Callier Center									



Audits					
FY 2006	FY 2005	FY 2004	FY 2003	FY 2002	
					Career Services
					Center for Applied Optics
					Center for Education & Social Policy
					Center for Engineering Mathematics
					Center for International Accounting
					Center for Lithospheric Studies
					Center for Quantum Electronics
					Center for Space Sciences
					Central Stores/Central Receiving
					Chemistry
					China Center
					Communication & Learning Center
					Computer Science
					Continuing Education
					Cooperative Education
					Counseling and Health Education
					Development & Advancement, VP
					Electrical Engineering
06-11		X			Engineering & Computer Science, Dean
					Enrollment Services
					Executive Vice President and Provost
				02-15	Finance, Asst. VP
	04-15				Financial Aid
					Financial Reporting
					Financial Services
					General Studies
06-14					Geosciences
					Graduate Studies & Research
		X			Green Commons
					Health Services
					Human Development
					Human Resources
					Information Resources - Executive Director
					Issues in Science & Technology
					Library
					Mail Services
					Management
					Mathematical Sciences
					Morris Hite Center
		X			Natural Sciences & Mathematics
					News & Publications
					Payroll
					Physical Plant
				02-07	Physics
					President
					Print Shop
					Procurement Management
					Recreational Sports
06-15		X			Sciences Education
06-12				02-08	Social Sciences
					Sponsored Projects and Research Administration
06-16					Strategic Planning and Analysis
					Student Affairs, VP
		X			Student Life/Student Services
					Student Union
					Teacher Education
					Technical & Communications Services
					Technology Customer Services
					Telecommunication Services
					Translation Center
					U.S. Mexico Initiative

<b>Audits</b>					
FY 2006	FY 2005	FY 2004	FY 2003	FY 2002	
					Undergraduate Studies
					University Management Systems
06-09 Decals & Ticketing					University Police
					Women's Center



**THE UNIVERSITY OF TEXAS AT DALLAS**  
**APPENDIX J: Risk Assessment for Financial Areas**  
**FISCAL YEAR 2007**



Activities	Risks											Last Audit
	1	2	3	4	5	6	7					
Fixed Assets (Capital Assets)	HM Improper capitalization	HM Depreciation charges inaccurately calculated	HL Inadequate safeguarding - theft	HL Lack of segregation of duties in purchasing	HL Not performing annual inventories properly	LM Missing, Stolen not properly accounted for	LL Not properly conducting surplus sales	2006				
Cash (receipting, handling, management)	HM Lack of reconciliations	HM Lack of segregation of duties	HL Non-compliance with UTD and other policies	HL Inadequate safeguarding - theft	LL Excess cash not invested			UT System Consultants - 2006				
Accounts Payable & Expenditure Processing	HM Lack of reconciliations	HM Lack of segregation of duties	HL Unauthorized access to FINS	MM Lack of authorization	MM Non-compliance with State, other laws			2006				
Contracts, Grants, and Gifts - Expenditures	HM Non-Compliance with Restrictions	HL Time and Effort Reporting risks	HL Unallowable costs	MM Cost sharing risks				2000				
Endowments	HM Non-Compliance with Terms of Endowment	HL Inaccurate reporting						Compliance 2004				
Investments	HL Unauthorized access	HL Valuation	HL Inaccurate recording	HL Lack of segregation of duties	HL Poor investment strategies	HL Not maximizing excess cash	HL Inadequate safeguarding	UT System Consultants - 2006				
Tuition & Fees Revenues	HL Not reconciling SIS to FINS	HL Unauthorized access to SIS	HL Not charging appropriate tuition and fee rates	HL Lack of segregation of duties				2006 (Registration)				
Contracts, Grants, and Gifts - Revenues	HL Inaccurate and/or untimely recording into FINS	HL Lack of segregation of duties	MM Inadequate billing and collection	ML Not drawing down funds in accordance with grant agreements				2000				
Salaries & Wages	HL Unauthorized access to HRS System	HL Lack of Segregation of Duties	HL Personnel forms not properly authorized	MM Lack of reconciliations	ML Non-compliance with IRS regulations	ML Improper deductions	ML Inaccurate vacation/sick leave	2004 - CONTROL SELF-ASSESSMENT WORKSHOP 2006				
Financial Certifications	HL Inaccurate financial reporting	MM Error, fraud not detected if reconciliations not performed						2005				



THE UNIVERSITY OF TEXAS AT DALLAS  
**APPENDIX J: Risk Assessment for Financial Areas**  
**FISCAL YEAR 2007**



Activities	Risks										Last Audit
	1	2	3	4	5	6	7				
Closing Process/Cut-offs	MM Inadequate process could result in inaccurate financial reporting	MM Inaccurate expense accrual	ML Inaccurate revenue recognition								Deloitte work - 2005 AFR
Accounts Receivable and Other Receivables	MM Inadequate collection efforts	MM Lack of segregation of duties	ML Inadequate allowance	MM Lack of reconciliations	ML Unauthorized access to SIS	ML Not placing holds on accounts that are past due					2006 Deloitte

HH	= Extensive Risk Management & Considerable Risk Management (all Levels of Control* plus a traditional audit)
HM	
HL	
MH	
ML	
MM	= Manage and Monitor (all Levels of Control but no traditional audit)
ML	
LH	
LL	= Monitor (only Execution Controls & Supervisory Controls)
LL	
LL	= Accept (accept the risk and have no controls)
LL	

**Impact = The effect a single occurrence of that risk will have upon the financial statements.**

High: The effect will cause UTD to materially misrepresent its financial position.

Medium: The effect will cause UTD to misrepresent its financial position.

Low: There will be no measurable effect upon financial statement reporting.

**Probability = The probability that a risk will become reality at UTD.**

High: The risk will become a reality frequently at UTD.

Medium: The risk will become a reality infrequently at UTD.

Low: The risk will rarely become a reality at UTD.



Audit	Completed or in Process at 8/31/06	If Not Completed, Action Taken
<b>Required Audits</b>		
<b>UT System Requested</b>		
Deloitte Financial Audit Work	✓	
<b>Externally Required</b>		
Assistance to Outside Auditors - Statewide Federal Audit of Financial Aid	✓	
Governor's Fraud Initiative		Area not ready for audit; however, Internal Audit worked with VP&A and Compliance Office in consulting role for this initiative. Will continue to work with Offices in FY 2007.
ATP/ARP Grants	✓	
Lena Callier Trust	✓	
TETC Grants (Texas Engineering and Technical Consortium)	✓	
TAC 202 Security Program Compliance Audit	✓	
<b>Internally Required</b>		
President's Expenses	✓	
Contracting		In FY 2007 Risk Assessment this area is not considered High risk (red). Will consider if time is available for FY 2007. Will incorporate into change in management audits.
<b>Consulting</b>		
Audit Issues - Consulting/Meetings	✓	
Compliance Consulting/Meetings	✓	
Information Technology Consulting/Meetings	✓	
Financial Consulting and Meetings	✓	
<b>Risk Based: Compliance Audits</b>		
Callier Child Care		Relying on Compliance Inspections.
Callier - Limitation of Liability for Claims		Changed from audit to inspection.
Callier - Medical Documentation		Changed from audit to inspection.
Code of Ethics/Conflict of Interest	✓	
EH & S		Area not ready for audit due to staffing and reorganization. Carried forward to FY 2007 Audit Plan.
Purchasing Card		Relying on Compliance Inspections.
Contracts and Grants - Cost Sharing		Relying on Compliance Inspections.
Contracts and Grants - Unallowable Costs		Relying on Compliance Inspections.
Segregation of Duties & Reconciliation of Accounts		Relying on Compliance Inspections.
Cash Handling		Reliance on UT System Treasury Function Review
Graham Leach Billely		Relying on Compliance Inspections.
Callier - HIPAA Security Rule		Relying on Compliance Inspections.
Scanning		Relying on Compliance Inspections.
TAC 202 (see IT Audits)	✓	
FERPA		Relying on Compliance Inspections.
University Events & Travel - Academic Affairs	✓	
Research Compliance		Relying on Compliance Inspections.
Endowment Compliance		Relying on Compliance Inspections.
Hotline Investigations	✓	
<b>Risk Based: Information Technology Audits</b>		
Smart Cards: Debit Cards		Carried forward to FY 2007 Audit Plan as still a higher risk area.
Identipass/Proximity Cards (to be combined with Debit Cards)	✓	
Telecommunications - new system		Carried forward to FY 2007 Audit Plan as still a higher risk area.
Callier - new system		
Macromedia Breeze Implementation Meetings	✓	
Project Quest (Banner) Implementation Team Meetings, Training	✓	
<b>Risk-Based: Academic Institutional Processes</b>		
Gifts		
Scholarships & Fellowships		Carried forward to FY 2007 Audit Plan as still a higher risk area.
The Pub	✓	

<b>Audit</b>	<b>Completed or in Process at 8/31/06</b>	<b>If Not Completed, Action Taken</b>
University Police - Decals and Ticketing	✓	
Physical Plant Billing/Work Order System	✓	
Human Resources : Hiring/Staffing/Organization	✓	
Entertainment & Discretionary Funds	✓	
Cash Handling and Investments		Reliance on UT System Treasury Function Review
Financial Statement Certifications - Follow-Up		Carried forward to FY 2007 Audit Plan as still a higher risk area
Contracts & Grants		Carried forward to FY 2007 Audit Plan as still a higher risk area
Engineering and Science Research Enhancement Initiative (Project Emmit)		Carried forward to FY 2007 Audit Plan as still a higher risk area
Academic Institutional Process Audits Carryforward	✓	
Registration	✓	
Equipment		
<b>Change in Management Audits</b>		
Social Sciences	✓	
Geosciences	✓	
Admissions		Reorganization and area no longer a separate department
Recreational Sports	✓	
Electrical Engineering	✓	
VP Development (to be combined with audit of GITS)	✓	
Reserve		
<b>Follow-Up Audits</b>		
Annual Follow-Up Audit	✓	
Quarterly Follow-Up of Significant Recommendations	✓	
<b>Projects</b>		
U. T. System Requests	✓	
Teammate Implementation and Training	✓	
Quality Assurance Reviews for Other Audit Departments	✓	
Follow-up QAR	✓	
FY 2007 Audit Plan	✓	
Annual Internal Audit Report	✓	
Reserved for Special Projects & Investigations - As Determined by President, Audit Committee, Etc.	✓	
Internal Audit Committee	✓	
Enterprise Risk Management (ERM) Implementation	✓	
Audit Manual Revision	✓	