



Executive Education:

Naveen Jindal School of Management

Internal Audit Report No. R2108
April 19, 2021



Executive Summary

Audit Objective: To assess the effectiveness of business operations over executive education programs in the Naveen Jindal School of Management.

Conclusion: Based on the results of the audit work performed, the Naveen Jindal School of Management (JSOM) has effective business process controls over Executive Education programs; however, opportunities exist to enhance operations through improvements to business process policies and procedures.

Observations by Risk Level: Management has reviewed the observation and has provided a response and an anticipated implementation date.

Observation	Risk Level	Management's Implementation Date
Update Policies and Procedures	Low	December 31, 2021

For details, engagement methodology, and explanation of risk levels, please see the attached report.



Observation #1: Update Policies and Procedures

Low Risk: Outdated policies and procedures could result in noncompliance with University policies and procedures.

We discussed challenges within the business operations with the Associate Dean and the Business Manager. They noted that different executive education programs have challenges related to common business processes in the areas of cash handling and supplemental pay. Related internal policies and procedures have not been updated since FY17 and may not align with current university policies and procedures.

In addition, policies and procedures that support the overhead management fee between the Naveen Jindal School of Management and the executive education programs are not documented in a formal Memorandum of Understanding (MOU). The fee methodology should be in line with UTDBP 1040, *Continuing and Extended Education Activities*,¹ and by the Texas Education Code Section 54.545,² *Fees for Continuing Education Courses*. Accordingly, the fees should be cost-based to include all incremental costs related to creating, marketing, and delivering the course and can be used to recover related costs for items such as salaries, benefits, facility charges, and overhead charges (institutional and/or administrative and information technology support). In addition, the JSOM overhead management fee of 30 percent should be submitted to the Provost for approval prior to assessment.

Recommendation: Executive Education programs should update their policies and procedures, including documenting and ensuring approval of the overhead management fee.

Management's Action Plan:

- 1) **Cash Handling:** We will work with the Directors to eliminate cash handling. Currently, Executive Education receives few checks for tuition payments. We will go through UTD payment systems such as Market Place or Electronic Funds Transfer (EFT) through Treasury Department.
Supplemental pay: All Electronic Personnel Action Request (E-Par's) will have prior approval by the Director's and Associate Dean plus sufficient justification attached before being initiated in the Human Resource Management system.
- 2) A formal Memorandum of Understanding (MOU) regarding overhead charges (30%) will be established between the Naveen Jindal School of Management and Executive Education area.

Person Responsible for Implementation: John Barden, Associate Dean

Estimated Date of Implementation: Fall 2021

¹ <https://policy.utdallas.edu/utdpp1040>

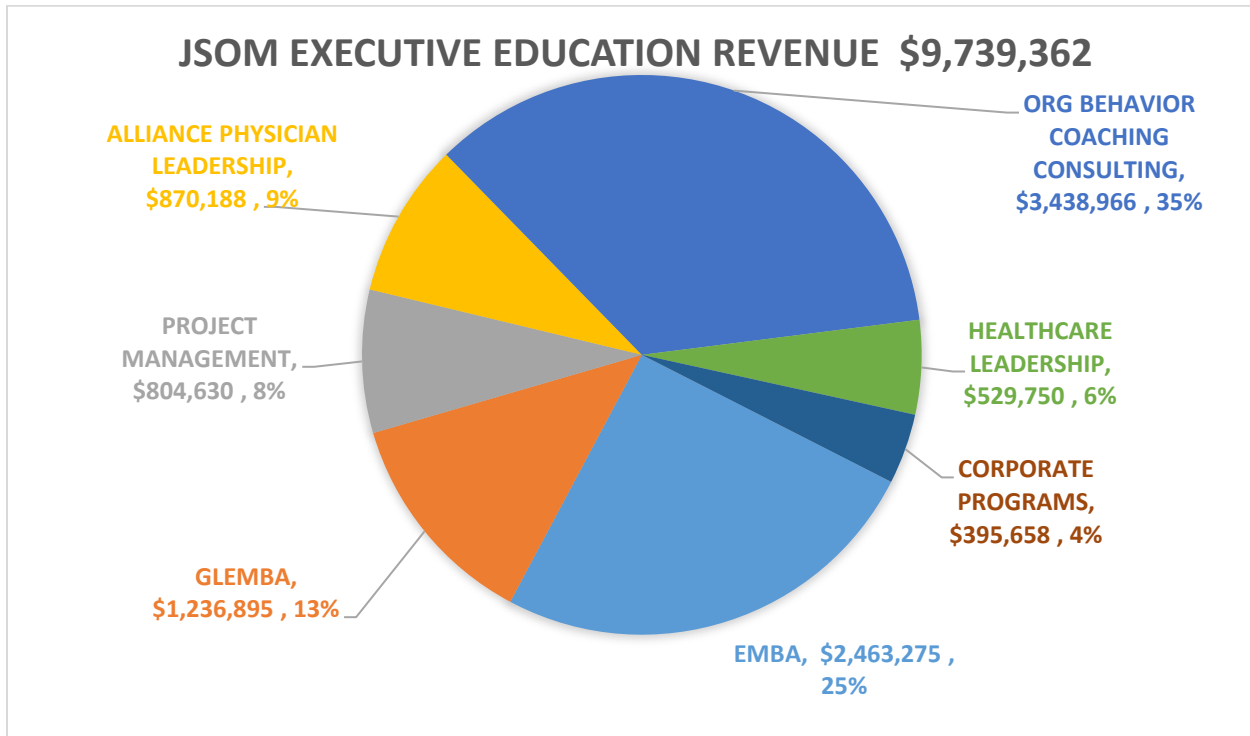
² https://texas.public.law/statutes/tex._educ._code_section_54.545



Appendix A: Methodology

Background

The Naveen Jindal School of Management (JSOM) offers seven degree and certificate programs within their Executive Education program. The Associate Dean for Executive Education reports directly to the Dean of JSOM. As depicted below, the programs generated approximately \$9.7 million in revenues with enrollment of 465 during FY20.



Controls and Strengths

Our audit work indicated the following controls currently exist:

- The Associate Dean of Executive Education programs has regular meetings with the Program Directors and the Business Manager to identify financial, administrative, and academic issues that can impact the programs.
- The Executive Education Business Manager position supports the oversight of financial and accounting controls to ensure timely review of reconciliations and expenses.

Scope and Procedures

The scope of this audit was FY19 to FY20 and our fieldwork concluded on March 11, 2021. To satisfy our objectives, we performed the following:



- Reviewed program policies and procedures over business processes for account reconciliations, advertising, cash handling and supplemental pay.
- Interviewed the Executive Education Associate Dean, Business Manager, and program directors to gain an understanding of the academic programs and business processes.
- Performed a risk assessment of operations.
- Reviewed strategic vision and mission of the Executive Education programs.
- Discussed the business processes performed by program directors, such as catering, scheduling, advertising, and succession planning.
- Discussed the informal support agreement between Executive Education programs and the Naveen Jindal School of Management (JSOM).

We conducted our examination in conformance with the Texas Internal Auditing Act in conformance with the guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. The *Standards* are statements of core requirements for the professional practice of internal auditing.

Follow-up Procedures

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. Requests for extension to the implementation dates may require approval from the UT Dallas Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.

Thank You

We appreciate the courtesies and considerations extended to us from the Naveen Jindal School of Management Executive Education programs during our engagement. Please let me know if you have any questions or comments regarding this audit.

A handwritten signature in blue ink that reads 'Toni Stephens'.

Toni Stephens, CPA, CIA, CRMA
Chief Audit Executive



Appendix B: Report Distribution

<p style="text-align: center; color: #4F81BD;">Members of the UT Dallas Institutional Audit Committee</p> <p><i>External Members</i></p> <ul style="list-style-type: none"> • Ms. Lisa Choate, Chair • Mr. Gurshaman Baweja • Mr. John Cullins • Mr. Bill Keffler • Ms. Julie Knecht <p><i>UT Dallas Members</i></p> <ul style="list-style-type: none"> • Dr. Richard Benson, President • Dr. Rafael Martin, Vice President and Chief of Staff • Dr. Kyle Edgington, Vice President for Development and Alumni Relations • Mr. Frank Feagans, Vice President and Chief Information Officer • Dr. Gene Fitch, Vice President for Student Affairs • Dr. Calvin Jamison, Vice President for Facilities and Economic Development • Dr. Inga Musselman, Provost and Vice President for Academic Affairs • Ms. Sanaz Okhovat, Chief Compliance Officer • Dr. Joseph Pancrazio, Vice President for Research • Mr. Terry Pankratz, Vice President for Budget and Finance • Mr. Timothy Shaw, University Attorney, ex-officio 	<p style="text-align: center; color: #4F81BD;">UT Dallas Responsible Parties</p> <p><i>Responsible Vice President (VP)</i></p> <ul style="list-style-type: none"> • Dr. Inga Musselman, Provost Academic Affairs <p><i>Persons Responsible for Implementing Recommendations</i></p> <ul style="list-style-type: none"> • John Barden, Associate Dean for Executive Education <p><i>Other Relevant Persons</i></p> <ul style="list-style-type: none"> • Dr. Hasan Pirkul, Dean of the Naveen Jindal School of Management • Dr. Juan Gonzalez, Dean of Graduate Education • Ms. Sadhona Pulukuri, Business Manager <p style="text-align: center; color: #4F81BD;">External Agencies</p> <p><i>The University of Texas System</i></p> <ul style="list-style-type: none"> • System Audit Office <p><i>State of Texas Agencies³</i></p> <ul style="list-style-type: none"> • Legislative Budget Board • Governor’s Office • State Auditor’s Office
<p style="color: #4F81BD;">Engagement Team</p> <p>Project Leader: Rene Herrera, CISA, CFE, IT Audit Manager</p>	

³ Per Texas Internal Auditing Act Requirements



Appendix C: Definition of Risks

Risk Level	Definition
Priority	High probability of occurrence that would significantly impact UT System and/or UT Dallas. Reported to UT System Audit, Compliance, and Risk Management Committee (ACRMC). Priority findings reported to the ACRMC are defined as <i>“an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”</i>
High	Risks are considered to be substantially undesirable and pose a moderate to significant level of exposure to UT Dallas operations. Without appropriate controls, the risk will happen on a consistent basis.
Medium	The risks are considered to be undesirable and could moderately expose UT Dallas. Without appropriate controls, the risk will occur some of the time.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Dallas will be minimal.