

The University of Texas System Administration Audit Office

Annual Audit Report



Fiscal Year 2004

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I. Internal Audit Plan for Fiscal Year 2004

Fiscal Year 2004 Audit Plan

Oversight – Part 1 of 2

FY 2004 Audit Plan - Oversight	2004 Budgeted Hours
Audit/Project	
Key Financial and Operating	
<i>Audits</i>	0
<i>Consulting</i>	
Implementation of the Spirit of Sarbanes-Oxley	250
<i>Special Requests</i>	0
<i>Carryforward</i>	0
Subtotal	250
Institutional Compliance	
<i>Audits</i>	
Endowments	100
<i>Consulting</i>	
System-wide Compliance Program Support	250
<i>Special Requests</i>	0
<i>Carryforward</i>	0
Subtotal	350
Information Technology	
<i>Audits</i>	
Internal Controls (Reserve for IT testing related to Sarbanes-Oxley)	300
UT Brownsville - Financial Aid System	200
UT Tyler - Student Information System	100
<i>Consulting</i>	
UT Pan American - ORACLE Implementation Project	200
UT Health Center Tyler - Hospital Information System Implementation Project	200
System-wide IT Security Initiative	200
Component Consulting	200
<i>Special Requests</i>	200
<i>Carryforward</i>	0
Subtotal	1,600

Core Business Processes

FY 2004 Audit Plan - Oversight		2004
Audit/Project		Budgeted Hours
<i>Audits</i>		
Accountability & Performance Measures		300
UTPB Internal Audit Support		1,000
NCAA Audits		600
<i>Consulting</i>		
		0
<i>Special Requests - Unknown</i>		
		800
<i>Carryforward</i>		
UTSA NCAA FYE 8/31/02		20
Subtotal		2,720
Change in Management		
<i>Audits</i>		
		600
<i>Consulting</i>		
		0
<i>Special Requests</i>		
		0
<i>Carryforward</i>		
		0
Subtotal		600
Follow-up		
<i>Audits</i>		
		0
<i>Consulting</i>		
		0
<i>Special Requests</i>		
		0
<i>Carryforward</i>		
		0
Subtotal		0
Audit Projects		
<i>Reporting</i>		
2005 System-wide Audit Plan		200
Audit, Compliance, and Management Review Committee ("ACMR")		300
Recommendation Tracking System (Red, Yellow, Green)		400
Internal Audit Council		200
<i>Consulting</i>		
Component Institutions		500
<i>Special Requests</i>		
Component Peer Reviews		100
Unknown		500
<i>Carryforward</i>		
2004 Audit Plan		80

FY 2004 Audit Plan - Oversight	
Audit/Project	2004 Budgeted Hours
Subtotal	2,280
Total Hours	7,800

System Administration – Part 2 of 2

FY 2004 Audit Plan - <i>System Administration</i>		2004 Budgeted Hours
Audit/Project		
Key Financial and Operating		
<i>Audits</i>		
Sarbanes-Oxley & Internal Controls Assessment		
Service Dept. Operating Revenues		300
Salary & related expenditures		40
Professional Fees & Services Expenditures		120
Expenditure Testing		60
UTIMCO		200
Other Audits		
Follow-up on Comptroller Audit - Appropriate use of Funds by Source (State vs. Institutional)		160
<i>Assisting Outside Auditors</i>		
Permanent University Fund, Long Term Fund, Short/Intermediate Term Fund, General Endowment Fund, Permanent Health Fund - FYE 8/31/03		240
University Lands Accounting (ULAO) and Permanent University Fund expenditure testing – FYE 8/31/03		160
Audit of Bond Schedules included in the CAFR		200
<i>Consulting</i>		
Implementation of the Spirit of Sarbanes-Oxley		200
Implementation of the Spirit of Sarbanes-Oxley - UTIMCO		40
<i>Special Requests</i>		
Carryforward		0
		0
Subtotal		1,720
Institutional Compliance		
<i>Audits</i>		
Endowments		100
Continuing Disclosure & Private Business Use of Tax-Exempt Financed Facilities		40
Construction Procurement, Federal Clean Water Act, Sexual Harassment and Sexual Misconduct, Security Sensitive Process, Conflict of Interest and Ethics		300
<i>Consulting</i>		
System Administration Compliance Program		100
Inspections of account reconciliations and procards		160
<i>Carryforward</i>		
		0
Subtotal		700
Information Technology		
<i>Audits</i>		

FY 2004 Audit Plan - System Administration		2004 Budgeted
	Audit/Project	Hours
	Internal Controls (Reserve for IT testing related to Sarbanes-Oxley)	300
	Data Management Audit of UT Austin Hosted Systems	300
	UTIMCO - General Controls Audit	400
	EGI - Application Audit of UT Touch & Financial Information Systems	300
	IT Vulnerability Assessment Action Plan Follow-up	200
	Risk Management Claims System Implementation	100
	Audit Follow-up	200
<i>Consulting</i>	OIR Peer Review	100
	HIPAA Compliance Committee - IT Security Rule Implementation	50
	OFPC - Integrated Information Platform Initiative	50
	System Administration Departments	50
<i>Special Requests</i>		150
<i>Carryforward</i>	IT Recommendation 2003 Follow-up	100
	Subtotal	2,300

Core Business Processes

<i>Audits</i>	Oil and Gas Producers on Permanent University Fund Lands	500
	Management Audit of West Texas Operations	500
	OFPC Management Audit	400
	Contract Administration	200
	Accountability & Performance Measures	40
<i>Consulting</i>	Process Redesign	100
	EGI - Disease Management Programs	200
	EGI - Premium Reconciliation	70
<i>Special Requests</i>		300
<i>Carryforward</i>		
	Subtotal	2,310

Change in Management

<i>Change in Management Audits</i>	VC for Administration's New Areas	480
	- Police Department	
	- Facility Management	
	- Human Resources	
	- Airplane	
	- Office of Information Resources	
	- Information Technology	
	- Account Services	
	- SA Compliance	

FY 2004 Audit Plan - System Administration		2004 Budgeted Hours
Audit/Project		
	Office of the Chancellor (includes VC for Administration and Dr. Malandra's areas)	90
<i>Consulting</i>		0
<i>Special Requests</i>		0
<i>Carryforward</i>		0
Subtotal		570
Follow-up		
<i>Audits</i>		
	Follow-up on System Administration Audit Recommendations (non-IT)	100
<i>Consulting</i>		0
<i>Special Requests</i>		0
<i>Carryforward</i>		0
Subtotal		100
Audit Projects		
<i>Reporting</i>		
	2005 Audit Plan	200
	2004 Annual Audit Report	50
	Internal Audit Committee	200
	Recommendation Tracking System	160
<i>Department Enhancements</i>		
	Proficiency and Awareness	200
<i>Consulting</i>		
	System Administration Departments and/or Executive Management	80
<i>Special Requests</i>		
		300
<i>Carryforward</i>		
	2004 Audit Plan	20
Subtotal		1,210
Total Hours		8,910

Deviations from the Audit Plan

Overall

A majority of the fiscal year *2004 Audit Plan* was completed. Reports were issued for five fiscal year 2004 audits in fiscal year 2005. Several audits in the *2004 Audit Plan* related to Sarbanes Oxley and the external financial audit were deferred until fiscal year 2005.

The primary reasons for the deviation from the plan were:

- Delay of the external financial audit until fiscal year 2005.
- Additional executive management requests.
- Increased and improving reporting requirements occurred as a result of the formation of the Audit, Compliance, and Management Review Committee of the Board of Regents (first meeting held in August 2003).

II. External Quality Assurance Review (Peer Review)

The University of Texas System
Internal Auditing Department
Quality Assurance Review – January 2002

Executive Summary

The Review

At the request of the Director of Audits a Quality Assurance Review of the University of Texas System Audit Office was conducted in accordance with professional standards and current practices within the Internal Audit Profession. The Review encompassed all activities of the System Audit Office identified, for the purposes of the Review, as: audit services to UT System Administration offices, support for UT Permian Basin and other components as needed, coordination of component internal audit operations and involvement in the institutional compliance program. A team of three external and one UT System audit directors performed the Review.

Overall Conclusion

The University of Texas System Audit Office is in compliance with the Institute of Internal Auditors Professional Standards meeting all of the *Attribute* and *Performance* standards. Audit personnel are experienced, competent and well supervised. Its customers are well satisfied with the services received, and the range of services provided is well aligned with management's objectives and appropriate to the profession's revised definition.

A characteristic of a sound professional organization is its interest in continuous improvement. Toward that end the Review Team has observed certain opportunities for the Director's consideration which may further improve the UT Internal Audit program at both the System Administration level and System-wide.

We appreciate the opportunity to assist the UT System Audit Office in this important effort, and hope that, as intended, it has been a mutually beneficial professional experience.

**III. List of Audits Completed Showing Scope,
Observations/Findings, Recommendations, and Status**

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
Oct-03	IT Vulnerability Report – Action Plan Phase 2	Evaluate of procedures used by the Office of Information Resources (“OIR”) to develop action plans for all security vulnerabilities identified during its recent inventory and vulnerability assessment of information technology (“IT”) systems at U. T. System Administration.	<i>Observation:</i> Based on our review, we believe OIR’s September 30, 2003 report, System Application Vulnerability Report – Action Plan for Phases 1 & 2, is a reasonable and accurate reflection of their procedures, activities, and results. <i>Recommendation:</i> none	N/A	Provide the Chancellor assurance that his Information Systems security and vulnerability initiative is being carried out as intended.
Oct-03	UT Austin Hogg Foundation for Mental Health Audit FY 2003	The objectives of the audit were to: <ul style="list-style-type: none"> ▪ Review the mission appropriateness of the activities conducted by the Foundation; ▪ Determine that Foundation activities meet current foundation practices; and ▪ Determine that an appropriate reporting mechanism has been established for the Foundation within The University of Texas at Austin. 	<i>Observation:</i> It appears that overall, the Foundation has established appropriate activities for its mission; incorporated best practices in operations; and established an effective reporting structure. <i>Recommendation:</i> none	N/A	Reporting and process improvement.
Oct-03	Office of Information	Our audit objective was to determine the implementation	<i>Observation:</i> We reviewed eight outstanding recommendations related to three audit reports: OIR Review of Risk Assessment and Mitigation Strategies;	Implemented- three of eight	Monitor and communicate the

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
	Resources Follow-Up Audit 4th Quarter FY 2003	status of recommendations included in OIR audit reports to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.	FileNet; and Security Audit of Network Remote Access. We determined that three recommendations were fully implemented and five recommendations were partially implemented. Satisfactory progress is being made on all partially implemented recommendations.	In Progress-five of eight	level of implementation of recommendations included in audit reports.
Nov-03	UTIMCO Investments in WorldCom	To determine the events that led to UTIMCO's investments in WorldCom, the resulting losses on those investments and the status of recovery efforts, and procedures that are in place to prevent similar losses.	<i>Recommendation:</i> none	N/A	Improve internal controls and fiscal responsibilities.
Nov-03	Vice Chancellor for Administration Departmental Change in Management	The main objectives of these individual departmental audits were to determine the reliability and integrity of key financial information, whether controls are adequate and effective in safeguarding assets, and whether internal control procedures are in place and functioning as intended. A secondary objective associated with the audit of Airplane Operations was whether policies, rules, and regulations pertaining to airplane use are followed.	Departmental audits were performed in the following areas: Office of Information Technology; Facility Services; Office of Information Resources; Office of Human Resources; Airplane Operations; and System Administration Compliance due to a change in management. OFFICE OF INFORMATION TECHNOLOGY <i>Observation:</i> The Office of Human Resources Policy and Procedure 2.190 Overtime Compensation and State Compensatory Time and the Federal Fair Labor Standards Act require that accurate time and leave records for all non-exempt employees be maintained. During the test work performed for salaries and wages, we noted that the one non-exempt employee within the Office of Information Technology did not complete timesheets during FY 2003. <i>Recommendation:</i> The Office of Information Technology needs to ensure compliance with the above-mentioned policy by ensuring that all non-exempt employees submit required documentation for accurate time and leave records.	In Progress	Enhance the operations of departments.

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Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p><i>Observation:</i> The Office of Information Technology was not able to provide monthly account reconciliations for all of their accounts for FYE 2003.</p> <p><i>Recommendation:</i> The Office of Information Technology needs to ensure that all accounts are reconciled on a monthly basis, including department management review documented by either initialing or signing the reconciliation. To provide certification for FYE 2003, the Office of Information Technology will need to bring all account reconciliations current through the end of the fiscal year and ensure that reconciliations for FY 2004 are also current.</p> <p><i>Observation:</i> Our test work identified the following: There is not a check log created when checks are received to ensure that all checks are accounted for appropriately. We were unable to ascertain whether checks received are deposited in a timely manner without adequate documentation supporting when checks were received. Some of the checks reviewed were addressed to the attention of the person responsible for receiving the checks. Her name was included in the payee line of the check.</p> <p><i>Recommendation:</i> We recommend the Office of Information Technology implement appropriate controls surrounding the receipt of checks and cash to ensure proper accounting for all deposits. This includes the creation of a check log reconciled to the appropriate income/expenditure accounts on a monthly basis and communication to the components that individual employee names are not to be printed on the face of the check. All checks should be required to be made out to U.T. System or the Office of Information Technology only.</p> <p><i>Observation:</i> A lack of segregation of duties exists within the Office of Information Technology. One employee opens the mail, prepares deposits, and is responsible for reconciling the accounts. This same employee is the custodian</p>		

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Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>for office equipment and conducts the periodic inventories.</p> <p><i>Recommendation:</i> We recommend the Office of Information Technology ensure an adequate segregation of duties and/or implement appropriate compensating controls to ensure the reliability and integrity of financial information and safeguarding of assets.</p> <p>FACILITY SERVICES <i>Observation:</i> Our test work did not identify any reportable findings within Facility Services. Overall, key financial information for Facility Services was reliable, internal controls were adequate and effective in safeguarding assets, and internal control procedures were in place and functioning as intended.</p> <p>OFFICE OF INFORMATION RESOURCES <i>Observation:</i> Our test work did not identify any reportable findings within the Office of Information Resources. Overall, key financial information for the Office of Information Resources was reliable, internal controls were adequate and effective in safeguarding assets, and internal control procedures were in place and functioning as intended.</p> <p>OFFICE OF HUMAN RESOURCES <i>Observation:</i> There is not a proper segregation of duties surrounding expenditures. The person who initiates orders has a procurement card, and this same person can also approve expenditures.</p> <p><i>Recommendation:</i> The Office of Human Resources needs to ensure a proper segregation of duties exists to ensure that one individual cannot initiate, place and approve orders. These duties should be segregated within the department to ensure that expenditures continue to be properly authorized and approved.</p> <p><i>Observation:</i> There are expenditure approval limits within the Office of Human</p>		

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>Resources. During our expenditure test work, we sampled 12 vouchers and identified one voucher that was not properly approved.</p> <p><i>Recommendation:</i> The Office of Human Resources needs to ensure that all expenditures are properly approved prior to requesting payment. At a minimum, all of the staff within the office should be reminded of their expenditure approval limits.</p> <p>AIRPLANE OPERATIONS</p> <p><i>Observation:</i> Although there were no instances of inappropriate use of the U.T. System Airplane for any of the flights reviewed, documentation was not completely accurate for several of the flights. Specifically, we identified the following errors during our review of U.T. System Aircraft reservation request forms and passenger manifests:</p> <p>Three instances where the form identified that the U.T. System plane was being used because in part, the destination was not served by commercial aircraft. In all three instances, the cities were large with commercial aircraft flights on a regular basis.</p> <p>Four instances where the person requesting the flight was not aboard, which violates Section I.A. of the Rules and Regulations Regarding the Use and Operations of the U.T. System Aircraft and Leased Aircraft.</p> <p>Seven instances where the reservation request forms did not accurately reflect when there were spouses or non-employees on the flight. There is a place on the reservation request form to identify when passengers are spouses or other non-employees whose presence benefits or is in furtherance of official state business.</p> <p><i>Recommendation:</i> The individuals responsible for reviewing flight reservation forms and monitoring flights on a regular basis need to ensure that the documentation supports compliance with all applicable policies, rules, and regulations.</p>		

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p><i>Observation:</i> We also noted that the documentation for the monitoring and training compliance program associated with the high risk item “Regental Policy on Use and Operation of UT System Aircraft and Government Code, Title 10” needs to be strengthened. There is not documented assurance that: Training on use of the plane has been provided to new users of the on-line reservation system. Prior to a new user being given access to the system, they are provided training on use of the system. Individuals with delegated authority by the Chancellor to approve flights certify that they are familiar with the Regental policies on the use of the plane. Certifications do exist for individuals who were delegated authority by the prior Chancellor; however, certifications have not been obtained for the current Chancellor delegates.</p> <p><i>Recommendation:</i> The System Administration compliance risk assessment and monitoring plan should be revised to reflect monitoring and training activities that need to be performed to ensure compliance with the rules and regulations surrounding use of the U.T. System airplane.</p> <p>SYSTEM ADMINISTRATION COMPLIANCE <i>Observation:</i> Our test work did not identify any findings within the System Administration Compliance Office. Overall, key financial information for the Compliance Office was reliable, internal controls were adequate and effective in safeguarding assets, and internal control procedures were in place and functioning as intended.</p>		
Feb-04	Vice Chancellor for Admin Change in Management	The main objectives of these individual departmental audits were to determine the	Departments included in this change in management audit included the Office of the Director of Police and Accounting and Purchasing Services	In Progress	Improve internal controls at the departmental

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Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
	Dept Audit Report	reliability and integrity of key financial information, whether controls are adequate and effective in safeguarding assets, and whether internal control procedures are in place and functioning as intended, and whether the U. T. System Police Academy is in compliance with specific rules, regulations, and policies relating to its shooting range.	<p>OFFICE OF DIRECTOR OF POLICE</p> <p><i>Observation:</i> During 2002, staff within the System Administration Risk Management Office teamed with the Office of Director of Police to ensure that necessary procedures were implemented to reduce lead exposure risk at the shooting range. As a result of that review, Guidelines for Reducing Lead Exposure Risks was developed and agreed to by both departments. However, one of the requirements in the document noted above does not appear to have been implemented. It requires that “all entrants of the firing range acknowledge that they have been informed of the potential exposure to and hazards associated with lead in the firing range by signing the acknowledgment form.” This includes Police Academy cadets as well as other State agencies that are using the shooting range. This acknowledgment form could also be expanded to include acknowledgment of other safety precautions, such as the requirement that low-lead bullets be used and that rifles not be used.</p> <p><i>Recommendation:</i> The Office of Director of Police should ensure that all entrants of the firing range sign the acknowledgment form as required by the Guidelines for Reducing Lead Exposure Risks. They should also consider working with the Office of General Counsel to expand the acknowledgment form to encompass acknowledgment of the safety rules and regulations of the firing range.</p> <p><i>Observation:</i> During our review, we noted that in addition to the cadet training, the shooting range is utilized by other State agencies. Discussions with the Office of Director of Police identified that they do not have written agreements with all of the agencies that utilize the shooting range. Written agreements would help to ensure that the responsibilities for both the Office of Director of Police and the other agencies that utilize the shooting range are clearly documented.</p> <p><i>Recommendation:</i> The Office of Director of Police should work with the Office</p>		level.

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>of General Counsel to draft a written agreement. The Office of Director of Police could have outside agencies sign the agreement when they would like to use the shooting range for training or other exercises.</p> <p><i>Observation:</i> The Fair Labor Standards Act requires that accurate time and leave records be maintained. The Office of Director of Police utilizes the online timesheet system to record and track hours worked. During our audit, we reviewed this information for employees within the Office of Director of Police, and we identified several timesheets in our sample that were inaccurate due to errors made by the employees within the Office of Director of Police. They were entering overtime worked in the incorrect line on the system screen. As a result, manual adjustments had to be made in order to correct the compensatory time balances within the system.</p> <p><i>Recommendation:</i> The employees within the Office of Director of Police should receive written guidelines to assist them in completing the electronic timesheets. Also, if errors persist, periodic training to reinforce the procedures in completing the electronic timesheets should be conducted.</p> <p>ACCOUNTING AND PURCHASING SERVICES</p> <p><i>Observations:</i></p> <p>Segregation of duties within the cash receipts function could be improved. The same person who receives cash receipts also prepares the deposits. Separating the functions of receiving cash receipts and preparing deposits would provide stronger control over ensuring that all cash and checks received are recorded appropriately.</p> <p>A log is not maintained to provide appropriate documentation for cash and checks received and subsequently deposited.</p> <p>When cash and checks are received after the delivery for deposit occurs, Accounting & Purchasing Services ensures that all monies received are appropriately locked in a safe to be deposited with the next day's receipts. We</p>		

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Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>learned that most Accounting and Purchasing Services employees know the combination to the locked safe that stores cash receipts. Limiting knowledge of the safe combination would provide stronger control over the cash receipts stored in the safe.</p> <p><i>Recommendations:</i> We recommend Accounting and Purchasing Services implement a process for cash receipts that allows for appropriate segregation of duties and documentation. The appropriate segregation of duties could include, at a minimum, ensuring that the individual that opens the mail and logs the cash receipts does not have responsibility for preparing the deposits or reconciling the accounts. Appropriate documentation should be maintained, such as a cash and check log, to appropriately document all cash and checks received and subsequently deposited. Lastly, the combination to the safe should be known by as few individuals as possible in order to limit access to the cash and checks.</p>		
Feb-04	UTIMCO General Controls Audit	<p>The objectives of the audit were to determine whether controls over:</p> <ul style="list-style-type: none"> IT planning and organization support the achievement of short and long-term business objectives. software acquisition and implementation ensure IT solutions are appropriately identified, developed, or acquired, as well as implemented and integrated into the business process. 	<p><i>Observation:</i> Based on the work performed, UTIMCO's internal controls over the IT planning and organization, software acquisition and implementation, delivery and support, and monitoring processes are adequate and effective.</p> <p><i>Recommendations:</i> Two minor process improvements were suggested. The first involved establishing a process to periodically review and update the list of people authorized to access UTIMCO's web-based software. The IT department has implemented this. The second suggestion was that UTIMCO should evaluate whether some redundant data entry processes could be eliminated. The IT department is currently performing this evaluation. These processes do not pose significant control risks, and therefore, no formal management responses are required.</p>	Implemented	Improve internal controls at the departmental level.

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Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
		<ul style="list-style-type: none"> the delivery and support of IT ensure the security, efficiency, and effectiveness of computing services essential to the support of critical business processes. over performance monitoring ensure critical IT processes are regularly assessed for their quality and compliance with control requirements. 			
Feb-04	System Administration Endowment Compliance Audit Report	The objective of this audit was to provide assurance that an effectively designed endowment compliance program, including risk assessment, monitoring, training, and reporting, has been implemented and that the program is operating effectively.	<p><i>Observation:</i> The Endowment Compliance Initiative does not include the appropriate monitoring or training activities as it relates to endowments currently held by System Administration.</p> <p><i>Recommendation:</i> We recommend the Executive Director for Estates and Trusts revise the Endowment Compliance Initiative as described in the UT System Administration Compliance Program’s Risk Assessment and Monitoring Plan to better adapt it to System Administration endowments. The revision should include: Performing a risk assessment that identifies risks specifically related to System Administration endowments; Developing monitoring activities to address those risks; Providing specialized training, including instruction to applicable endowment fund recipients as related to endowment terms and proper expenditure use; and Reporting to the appropriate parties.</p>	In Progress	Improve the Compliance Program.

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Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
Feb-04	Office of Health Affairs Change in Management Audit Report	The main objectives of this audit were to determine the reliability and integrity of key financial information, whether controls are adequate and effective in safeguarding assets, and whether internal control procedures are in place and functioning as intended.	<p>HEALTH AFFAIRS <i>Observation:</i> Although the total RAHC funds and Laredo Extension campus funds transferred from UT System Administration to the University of Texas Health Science Center (“UTHSC”) at San Antonio and to UTHSC at Houston were accurate, appropriate, and properly recorded, the statements of account for these accounts were not being properly reconciled. In addition, the former Executive Vice Chancellor (“EVC”) of Health Affairs determined the allocation of RAHC funds to UTHSC at San Antonio and to UTHSC at Houston. Authorization for this payout rate is not documented and the transfers from the accounts to the components were made without the prior approval of the EVC.</p> <p><i>Recommendation:</i> Health Affairs should work with the Budget Office to determine the appropriate way in which to reconcile the RAHC and Laredo Extension accounts. As long as Health Affairs is responsible for these accounts, the EVC should approve the transfers before they occur. Any changes to the allocation of RAHC funds to UTHSC San Antonio and to UTHSC Houston should be documented, including evidence of the appropriate approval.</p> <p>TMDSAS and JAMP <i>Observation:</i> Opportunities exist to strengthen controls over the cash receipt process to ensure proper accounting for all deposits and compliance with applicable Regents’ Rules.</p> <p><i>Recommendations:</i> All receipts over \$200 should be deposited on the day that they are received in accordance with the Regents’ Rules. Any deposits kept at TMDSAS overnight should be locked up.</p> <p><i>Observation:</i> In August 2003, the JAMP office awarded it first seventy-two scholarships. The scholarships awarded appeared to be properly approved and adequately supported. Based on our testing, it appears that internal controls</p>	Implemented	Improve internal controls at the departmental level.

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>provide reasonable assurance that scholarships are paid only to authorized students. However, the scholarship statement of account was not reconciled.</p> <p><i>Recommendation:</i> JAMP should reconcile its scholarship statement of account in a timely manner. Both the reconciler and the JAMP Director should sign off as evidence of their review.</p> <p><i>Observation:</i> Opportunities exist to strengthen controls surrounding the check receipt process. Based on our testing, \$268,056.01 of the reimbursement checks was initially recorded in the incorrect JAMP account. One reimbursement check of \$4,000 was initially recorded in a TMDSAS income account in June 2003 and was subsequently corrected to the JAMP account in January 2004.</p> <p><i>Recommendations:</i> Checks should be restrictively endorsed, stamped with the date received, and deposited in accordance with Regent Rules. Any checks kept overnight should be locked away for safekeeping. The JAMP Office should have the reimbursements recorded in the income account. The JAMP Office should strengthen controls over the reconciliation of receipts to ensure deposit into the correct account.</p>		
Feb-04	External Relations Change in Management Audit Report FY 2003	The main objectives of this audit were to determine the reliability and integrity of key financial information, whether controls are adequate and effective in safeguarding assets, and whether internal control procedures are in	<p>ESTATES and TRUSTS</p> <p><i>Observation:</i> The Office of Estates and Trusts receives checks from donors and UT System components for deposit into the respective component or System Administration endowment accounts at the University of Texas Investment Management Company (“UTIMCO”). It was found that checks received are recorded in the check log by the same employee who prepares and makes check deposits. Additionally, the department does not retain a receipt of deposit for all checks deposited with UTIMCO.</p>	In Progress	Improve internal controls at the departmental level.

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		place and functioning as intended	<p><i>Recommendation:</i> We recommend the Office of Estates and Trusts enhance current internal controls surrounding the receipt of checks and cash to ensure proper accounting for all deposits. Checks should be recorded in the check log immediately upon receipt by an employee who does not prepare or make check deposits to preserve proper segregation of duties. In addition, deposit receipts for all checks should be retained to utilize as documentation of the change in check custody and timeliness of deposits.</p> <p><i>Observation:</i> The UT System Board of Regents' Rules and Regulations, Part Two, Chapter VII, Section 6, states, "Personal toll calls shall not be charged to institutional telephones"; therefore, UT System Administration employees must not use office telephones to make personal long distance phone calls. The Office of Estates and Trusts monitors the use of office telephones for personal long distance calls and collects reimbursements when necessary; however, there is repeated use of long distance for personal calls by the employees.</p> <p><i>Recommendation:</i> We recommend the staff of the Office of Estates and Trusts discontinue the use of office telephones for personal long distance calls, except for true emergency situations. If an employee must make a personal long distance call, we recommend a personal telephone calling card be used. The Executive Director of Estates and Trusts should reiterate the Regents' Rule to employees and continue to discourage the practice of making personal long distance calls on office telephones.</p> <p>SPECIAL SERVICES</p> <p><i>Observation:</i> Bauer House inventory listing of items owned by System Administration that are over \$5,000 or are considered "controlled" items per Accounting and Purchasing Services and items on loan appear to be complete and accurate. However, listing for Bauer House inventory items owned by System Administration that are under \$5,000 or not considered a "controlled"</p>		

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			<p>item; personal items owned by occupants of Bauer House; and items in any off-site storage area do not appear to be complete and accurate as this inventory listing has not been updated since January 2003 for inventory changes. This issue was identified in a previous audit in August 2001 and implemented in May 2002.</p> <p><i>Recommendation:</i> To avoid confusion in the ownership of items, we recommend Bauer House inventory listing be updated to include and clearly distinguish all items owned by System Administration (including items worth less than \$5,000 or items not considered “controlled” items); items personally owned by Bauer House resident(s); and items in any off-site storage area. Additionally, a process should be put in place to ensure ongoing list maintenance for all inventory changes.</p> <p>DEVELOPMENT <i>Observation:</i> The UT System Board of Regents’ Rules and Regulations, Part Two, Chapter III, Section 2.1, states, “Deposits shall be daily if the receipts are \$200 or more, and weekly even if the accumulation is less than \$200.” The Office of Development receives gifts in the form of checks and credit card payments. Not all funds were deposited timely in accordance with the regulation noted above.</p> <p><i>Recommendation:</i> We recommend the Office of Development deposit all checks in a timely manner as required by the UT System Board of Regents’ Rules and Regulations. Receipts noting the date of the deposit should be maintained to utilize as documentation of the change in check custody and timeliness of deposits.</p> <p><i>Observation:</i> The Office of Development was unable to locate the monthly account reconciliations completed for their accounts for fiscal year 2003 and had not yet performed reconciliations for fiscal year 2004. Additionally, although the</p>		

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			<p>departmental account 55-0210-03 was certified as reconciled, it was found that the department does not reconcile it. Further, the reconciler does not reconcile account transfers or budget adjustments.</p> <p><i>Recommendation:</i> We recommend the Office of Development reconcile all accounts assigned to their department on a monthly basis and maintain reconciliations per record retention guidelines. The reconciliation process should include agreeing account activity, including expenditures, transfers, income, and budget adjustments to supporting documentation. Reconciliations should be signed and dated by both the preparer and reviewer.</p> <p>PUBLIC AFFAIRS <i>Observation:</i> We did not identify any reportable findings within the Office of Public Affairs. Overall, key financial information for the Office of Public Affairs was reliable, internal controls were adequate and effective in safeguarding assets, and internal control procedures were in place and functioning as intended.</p> <p><i>Recommendation:</i> none</p> <p>COMMUNITY RELATIONS <i>Observation:</i> We did not identify any reportable findings within the Office of Community Relations. Overall, key financial information for the Office of Community Relations was reliable, internal controls were adequate and effective in safeguarding assets, and internal control procedures were in place and functioning as intended.</p> <p><i>Recommendation:</i> none</p>		
March-04	Management Review of University Lands	The objectives of this review were to determine whether: <ul style="list-style-type: none"> ULWTO is actively 	<p><i>Recommendations:</i></p> <ul style="list-style-type: none"> ULWTO should continue to evaluate the current royalty rate to ensure the increased royalty rate is not deterring development on University 	In Progress	Enhance the operations of a component

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	– West Texas Operations	<p>maximizing income from both the surface and minerals;</p> <ul style="list-style-type: none"> • the staffing level is appropriate; • best practices have been applied; and • the \$4.7 million investment with the Bureau of Economic Geology for Reservoir Characterization Studies has yielded an acceptable return on investment. 	<p>Lands.</p> <ul style="list-style-type: none"> • ULWTO should evaluate the frequency of lease sales and determine if demand is high enough to hold lease sales more often. • ULWTO should consider contracting with or hiring a business development specialist to determine if other opportunities exist for the enhancement of income. • ULWTO Accounting should work with the developer of the sampling tool, Deloitte & Touche, to determine why the sampling tool is not working exactly as intended due to the significant reliance placed on the tool for identifying high-risk leases. • ULWTO Accounting should consider enhancing the reconciliation and desk audit process to include the selection of additional leases, not selected by the sampling tool, but based on significant operator production levels and/or significant outstanding balances. Additionally, consideration should be given to reviewing an operator’s portfolio of leases rather than just the selected lease when an error is detected that might be systemic. • ULWTO Accounting should consider enhancing the supporting documentation maintained with the reconciliation to ensure that reconciliations are conducted consistently. The documentation should include a summary of procedures performed and how the Senior Analyst verified the royalties were accurate. • ULWTO should consider having an updated study performed on the rates established for the components of the standard grazing leases. • ULWTO should consider contracting with or hiring a business development specialist to determine if other opportunities exist for the enhancement of income. • ULWTO Accounting should review the staffing level of the System Analysts and consider requesting reinstatement of the eliminated position rather than having a full time contracted position. 		institution.

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			<p>Additionally, consideration should be given to whether there are adequate resources for continued maintenance and necessary enhancements to the current information systems in consideration of the resource requirements of the Enertia implementation.</p> <ul style="list-style-type: none"> • ULWTO should evaluate the current staffing level of the trust minerals department and determine if an appropriate staffing level has been established. • ULWTO should perform analytical procedures on the trust minerals income to ensure the appropriateness of the income received. The results of these procedures should be documented. • We recommend U. T. System consider funding additional field studies on a project-by-project basis with the operator providing a cash contribution funding match. • We recommend ULWTO establish an advisory committee to assist in the evaluation of the program and provide guidance for the funding of future projects. • We recommend future projects have clearly defined deliverables at appropriate milestone periods, which are agreed to and understood by all involved parties. 		
April-04	UT Pan American Management Review	To identify strengths and weaknesses of the institution in order to assist executive management at U. T. Pan American and U. T. System during the transition to a new president.	<p><i>Observations:</i></p> <ul style="list-style-type: none"> • Strategic Planning is a minor weakness of U. T. Pan American. It can be improved by building on and having a closer alignment with the Compact process. Additionally, U. T. Pan American should continue to enhance the planning process to ensure it is openly communicated and integrated throughout the campus community. • Academic Support is a weakness at U. T. Pan American. It can be improved with a more collaborative approach to leadership, increased transparency during the transition to a doctoral research institution, and increased support of the research infrastructure. • The Division of Enrollment and Student Services is an emerging 	In Progress	Enhance the operations of a component institution.

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			<p>strength at U. T. Pan American. In addition to strong leadership and a customer service focus, the various departments have implemented numerous strategies to facilitate student success.</p> <ul style="list-style-type: none"> • Financial Management is a strength of U. T. Pan American, except for the budgeting process. A priority for the new President should be the establishment of an appropriate budgeting process that addresses growth and ensures the matching of resources to institutional priorities. Additionally, the new President should encourage the development of financial expertise in the colleges and empowerment of the Deans related to budgeting and expenditures. • Information Technology is an emerging strength of UTPA. The IT organization should be expanded to include all information technology services on campus to achieve operational cost efficiencies from consolidation. Additional opportunities for improvement are in the areas of strategic planning, information security, and performance monitoring. Executive management needs to ensure effective oversight of the Oracle system implementation project during the upcoming change in President. Additionally, executive management should develop a strategy for increasing access to computer technology to ensure all UTPA students are prepared to compete in a technology-based global economy. • External Relations is a strength; however an increased focus on development will be necessary for U. T. Pan American to achieve its goals in the timeframes established. • Plant Operations & Maintenance is a strength of U. T. Pan American. Significant issues include creating enough space to address the growing enrollment, campus egress, and parking. • Auxiliary Enterprises & Service Areas is a strength of U. T. Pan American. Several areas face challenges and opportunities as the institution continues to grow, including student housing, parking, and Bookstore operations. Additionally, an analysis of Intercollegiate 		

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			<p>Athletics Program would be beneficial.</p> <ul style="list-style-type: none"> The Internal Audit staff is professional, well qualified, and customer service oriented. However, without appropriate direction and management from the Audit Director, the effectiveness and contributions of the staff are limited. <p><i>Observation:</i> Human Resources, is a minor weakness; however, with the hiring of the new Human Resources Director, it appears a proactive approach toward improvement is occurring.</p> <p><i>Recommendations:</i> We recommend a formal, documented process for all positions be established and followed related to the recruitment and subsequent hiring of employees with potential nepotism issues. This process should include documented communication of the potential nepotism situation to the appropriate level of management and documentation of the selection process supporting the appointment of the best qualified candidate.</p> <p>We recommend a formal, independent compensation study be completed.</p> <p><i>Observation:</i> An external review was performed on the Institutional Compliance Program in February 2004.</p> <p><i>Recommendation:</i> We recommend U. T. Pan American develop action plans and appropriately address the issues identified within the review reports to ensure an adequate level of risk management exists in the governance process (OIA) and in the management process (Institutional Compliance).</p>		
April-04	ULWTO Operator Audit – Forest Oil Corporation	The audit objectives were to determine that: <ul style="list-style-type: none"> production reported to 	<p><i>Observation:</i> Production reported to the University appeared reasonable.</p> <p><i>Recommendation:</i> none</p>	Implemented	Ensure accurate reporting of financial

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		<p>the University was reasonable,</p> <ul style="list-style-type: none"> proceeds from production sales were reasonable and the corresponding royalties had been remitted to the University, and gas sales meters were calibrated regularly. 	<p><i>Observation:</i> Forest is deducting fees for gathering and compression from royalties. The audited leases fall under an Attorney General Settlement, which indicates that no deductions can be assessed against royalties paid.</p> <p><i>Recommendation:</i> ULWTO should submit a bill to Forest for underpaid royalties and review royalty payments prior to September 2001 and subsequent to December 2003 to determine if additional royalties are due.</p> <p><i>Observation:</i> Gas Sales meters were calibrated on a regular basis.</p> <p><i>Recommendation:</i> none</p>		information.
May-04	UT San Antonio NCAA Agree-Upon Procedures FYE 8/31/03	To assist UTSA in complying with the National Collegiate Athletics Association (“NCAA”) Constitution 6.2.3.1. for the year ended August 31,2003	<p><i>Observation:</i> The Intercollegiate Athletics Policy and Procedures Manual does not include cash operations and accounts receivable policies and procedures. In addition, the procedures documented for ticket sales have not been updated to address the change in the selling of basketball tickets and do not address the existing process used for baseball, softball, and volleyball ticket sales.</p> <p><i>Recommendation:</i> We recommend the Athletics Program update the Intercollegiate Athletics Policy and Procedures Manual to include appropriate cash operations, accounts receivable, and ticket operations policies and procedures.</p> <p><i>Observation:</i> During the testing of corporate sponsorships and gifts, we identified instances of the corporate sponsorship or gift being recorded in the incorrect account and incomplete documentation.</p> <p><i>Recommendation:</i> We recommend the Athletics Program establish appropriate procedures to ensure: Amounts received for either a corporate sponsorship agreement or gift are recorded correctly, including in-kind corporate sponsorships or gifts.</p>	In Progress	Improve fiscal responsibilities.

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			Adequate documentation is retained for all deposited amounts. Agreements are created for all corporate sponsorships, including those for which a best estimate must be made (in lieu of cash) of the value being received from the sponsor and the benefits provided to the sponsor.		
May-04	Offices of the Chancellor & Vice Chancellor for Administration Change in Management Audit Report	The main objectives of this audit were to determine the reliability and integrity of key financial information, whether controls are adequate and effective in safeguarding assets, and whether internal control procedures are in place and functioning as intended	<p><i>Observation:</i> Our audit identified that: Not all of the departmental accounts had been reconciled. Some of the account reconciliations were incomplete. Specifically, there were adjustments and transfers that had not been included in the review of account activity. The reconciler and reviewer had not initialed and dated the account reconciliations that had been completed. Initialing and dating the account reconciliations provides documented evidence that the reconciliation was completed in a timely manner and reviewed appropriately.</p> <p><i>Recommendation:</i> We recommend the Office of the Chancellor and the Office of the VC for Administration ensure that all assigned departmental accounts are reconciled appropriately on a monthly basis. The reconciliation process should be documented and include agreeing account activity, including expenditures, transfers, income, and budget adjustments to supporting documentation. Reconciliations should be signed and dated by both the preparer and reviewer. Verification to ensure that all assigned accounts have been reconciled as of the close of the fiscal year should be performed prior to certification to the Office of the Controller.</p> <p><i>Observation:</i> We identified a few personal travel related expenditures charged to departmental accounts. Personal expenditures should be identified and tracked separately as part of the account reconciliation process to ensure appropriate and timely reimbursement by the Chancellor.</p> <p><i>Recommendation:</i> The Office of the Chancellor needs to enhance the process for identifying and tracking all personal expenditures to ensure appropriate and</p>	Implemented	Improve internal controls at the departmental level.

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			timely reimbursement.		
June-04	UT Health Center Tyler – MediTech	To provide IT audit assistance to their Internal Audit department in ensuring this critical \$2 million software implementation achieved its project objectives.	<p><i>Observation:</i> The new project manager developed a detailed project plan that resulted in a revised target date in March 2004 for system implementation. The new target date was met, and the Health Center is now operating on the new system. Most operational areas have adjusted to the system; however, Health Center management has temporarily extended the institution’s billing hold period to accommodate operational delays related to implementation of the Billing and Accounts Receivable software module. Process improvements are currently being made to improve operational efficiency and return to the standard billing hold period. The System Audit Office will continue working closely with the Health Center’s Internal Audit office to ensure all issues related to hospital billing processes are addressed in a timely manner.</p> <p><i>Recommendation:</i> none</p>	N/A	Improve efficiency of operations.
June-04	EGI Financial & Information Technology FY 2004	<p>The objectives of the audit were to:</p> <ul style="list-style-type: none"> • Assess the reliability and integrity of key financial information; • Assess the process utilized for claims audits; • Perform certain change in management procedures to assess overall departmental controls; and • Assess whether automated data processing controls 	<p><i>Observation:</i> EGI does not receive significant supporting documentation from the external actuary and does not perform any procedures to check reasonableness of the quarterly IBNR calculations.</p> <p><i>Recommendation:</i> As EGI holds ultimate fiduciary responsibility of its financial statements, the department should consider enhancing its review process of the quarterly IBNR calculations by obtaining supporting documentation and performing procedures to assess reasonableness. For example, at a minimum, EGI could request a summary of the claim expense population used by Rudd and Wisdom to compare to EGI internal records of expense to ensure that the actuary is both receiving and using the correct claims data in the calculation of IBNR.</p> <p><i>Observation:</i> During September 2003, EGI began using the FileNet CS2 Library as its primary document repository for financial documents. This has given EGI the ability to store documents electronically versus maintaining paper files.</p>	In Progress	Improve internal controls at the departmental level.

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		related to the key financial information under review are reliable and working as intended.	<p>During the audit, it was noted that FileNet did not include the final version of some of the supporting documentation that was reviewed; therefore, supporting documents had been prematurely scanned into FileNet.</p> <p><i>Recommendation:</i> EGI should establish a process to ensure that files are not saved into FileNet until they are final versions of the documents.</p> <p><i>Observation:</i> While the EGI Bluebook appears to address many specific tasks, such as how to perform migration of programming objects, we did not note any procedures for overall management of the development of applications and change control procedures for existing applications.</p> <p><i>Recommendation:</i> none</p> <p><i>Observation:</i> EGI is reconciling its operating and plan accounts monthly; however, the monthly account reconciliation process for the EGI plan accounts does not include the verification of account transactions to supporting documentation, a key step in the reconciliation process.</p> <p><i>Recommendation:</i> The monthly account reconciliation process for the EGI plan accounts should include the verification of account transactions to supporting documentation. The preparer and reviewer should not sign off on the monthly account reconciliation until the entire reconciliation process has been completed. All reconciliation steps as well as the review should be done in a timely manner.</p> <p><i>Observation:</i> EGI receives cash and/or checks for insurance payments, employee and component reimbursements, as well as claim refunds. The following was noted related to EGI cash/check handling procedures: Some checks were not deposited in a timely manner, while, for other checks, timeliness of deposits could not be determined as EGI did not retain deposit receipts from the Office of Accounting and Purchasing Services (“APS”);</p>		

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			<p>Check deposits are occasionally delivered to APS using unsecured means (interoffice mail);</p> <p>Checks are not properly safeguarded during the time between when they are logged and when they are picked up by the EGI finance department as they are stored in an unrestricted inbox;</p> <p>Cash/checks not delivered through the mail, such as reimbursements from employees and checks hand delivered directly to the EGI finance department, are not recorded in the check log; and</p> <p>Checks are not restrictively endorsed immediately upon receipt (i.e. when recorded in the check log); instead, checks are endorsed by the employee preparing deposits.</p> <p><i>Recommendation:</i> EGI should enhance current internal controls surrounding the receipt of checks and cash to ensure proper safeguarding and accounting for all deposits. All of the items noted above, such as safeguarding checks, immediate restrictive endorsements, and timeliness, should be addressed in the revised process.</p> <p><i>Observation:</i> EGI monitors use of office telephones for personal long distance calls and collects reimbursements when necessary; however, there is repeated use of long distance for personal calls by the employees. The UT System Board of Regents' Rules and Regulations, Part Two, Chapter VII, Section 6, states, "Personal toll calls shall not be charged to institutional telephones"; therefore, UT System Administration employees must not use office phones to make personal long distance phone calls.</p> <p><i>Recommendation:</i> EGI employees should discontinue the use of office telephones for personal long distance calls, except for true emergency situations. EGI management should reiterate the Regents' Rule to employees and continue to discourage the practice of making personal long distance calls on office telephones.</p>		

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			<p><i>Observation:</i> The information systems group maintains a lengthy procedures manual that does include some of the EGI Information Systems (“IS”) standards. However, during our audit, we noted that EGI has not adopted a formal set of documented standards. A set of IT standards would provide a framework for ensuring that adequate controls exist in the EGI electronic information systems.</p> <p><i>Recommendation:</i> EGI should adopt a formal set of documented standards to be implemented to ensure adequate controls exist within the EGI IT function.</p> <p><i>Observation:</i> Separation of duties within the program libraries we reviewed does not exist because owners and programmers of these libraries are primarily the same people. We also noted that security officers and analysts for three critical database files containing accounting, eligibility, and subscriber information are primarily the same people. In addition, our review of 36 TXTBLS data files used by EGI financial information processes revealed that owner, analyst, and updater assignments frequently overlap within each TXTBLS data file. Overlap of owners, security officers, analysts, and updaters within one database or TXTBLS data file does not promote separation of duties for those files.</p> <p>In addition, our audit identified that programs to monitor access to application libraries from the programming environment are not used.</p> <p>Based on our review of some of the files used by EGI financial information processes, we noted that none of these database files were designated as “critical” in accordance with standards developed by UT Austin.</p> <p><i>Recommendation:</i> EGI should: Review current assigned roles for all files to ensure that owner, updater, and analyst roles are assigned appropriately and in accordance with applicable standards;</p>		

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			<p>Review application and data files to ensure that files are appropriately classified; and</p> <p>Use monitoring software, as considered appropriate, to record logons accessing these application libraries from the programming environment.</p> <p><i>Observation:</i> While the EGI Bluebook appears to address many specific tasks, such as how to perform migration of programming objects, we did not note any procedures for overall management of the development of applications and change control procedures for existing applications.</p> <p><i>Recommendation:</i> EGI should create a formal process for program and application development and maintenance that documents requirements definition, functional and technical system specifications, program development and testing, implementation, and post implementation review.</p> <p>We also recommend EGI create a formal process for change management that documents change requests, owner authorizations to make changes, redesign of the application, test results of changes, user participation, review of test results by the owner (which can take the form of a report of test results by the programmers to the owner as opposed to owner review of raw test results), owner approvals for migrations of program changes, and changes to user, programmer, and operations documentation.</p> <p><i>Observation:</i> We reviewed the process for requesting and authorizing access for the Integrated Financial Information System (“SGIFIS”). We found that documentation of requests and approvals for access to SGIFIS does not exist in a well organized manner and consists of emails. No standard form or other control document is used in documenting requests and approvals for access to SGIFIS. During our review of the authorized users for the application, we found that two non-EGI users either do not use or no longer use SGIFIS as part of their job duties. One of these users still has the ability to access and view</p>		

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			<p>information at their component. The other user has a suspended logon ID.</p> <p><i>Recommendation:</i> EGI should create a formalized process for access requests and approvals that utilizes a standard form or other control document, which documents the level of access requested; the person making the request for access; the person authorizing approval for access; the person who grants the authorization; and the dates on which access requests, authorizations, and grants occur. This process should be used for EGI employees given access to an application as well as for external users at UT System components. The process also needs to include communicating with components in which components perform timely notification of those users that no longer need access.</p> <p>Observation: We reviewed available programmer and application operation documentation and found limited documentation available. We identified no job or application flowcharts, or input and output descriptions (except for field descriptions for datasets documented online and in TXTBLS data files). We identified no documented job restart and recovery procedures.</p> <p>We did note file layouts and descriptions, documented online and in TXTBLS, for field elements exist for transmitted datasets.</p> <p><i>Recommendation:</i> EGI should develop programmer and application operations documentation for SGIFIS and financial processing jobs in the SGBTCH application library that includes: Job and application flowcharts; The links by which TXTBLS data files are used by applications and batch jobs; Field element descriptions for database files that are read or written to; Input and output descriptions; Descriptions of TXTASK batch jobs that are not currently documented to include what data is captured; and Job restart and recovery procedures for abnormal job terminations.</p>		

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June-04	UT Arlington NCAA Agreed-Upon Procedures FYE 8/31/03	To assist UTA in complying with the National Collegiate Athletics Association (“NCAA”) Constitution 6.2.3.1 for the year ended August 31, 2003.	<p><i>Recommendation:</i> We recommend the Intercollegiate Athletics Program increase communication with the Office of Development to ensure each department is aware of all gifts being made, including providing gift in-kind information quarterly to the Office of Development. Additionally, the Intercollegiate Athletics Program should establish a periodic reconciliation process between the lists maintained by each department to ensure all gifts are reflected in both departments’ records.</p> <p><i>Recommendation:</i> To strengthen internal controls related to travel expenditures, we recommend the Intercollegiate Athletics Program: Establish a documented reconciliation of travel cash advances. The reconciliation should include a statement of the original cash advance, the total of all receipts, and either the unspent balance due to the University or the additional amount due to the individual traveler. The individual performing the reconciliation should also initial and date it as appropriate. Revise the Meal Money Recap Sheet to include the printed names of coaches and student-athletes.</p>	Implemented	Improve fiscal responsibilities.
Aug-04	Educational System Alignment Grants Consulting Engagement	The objective of this consulting engagement was to assist ESA in obtaining the necessary information to properly set-up departmental and grant administration procedures related to compliance with requirements and/or restrictions of the grant agreements and applicable UT System Administration policies.	<p><i>Recommendations:</i></p> <ul style="list-style-type: none"> • Continue to work with APS, Office of the Controller, Office of Finance & UT Austin Office of Accounting to ensure grant funds received and/or expended are properly recorded. • Ensure there is a mutual understanding with NCEA for process of transferring grant funds. • Work with Budget Office regarding changing equipment rule & object audit groups on TRFI & PD account profiles & establishing future grant account profiles. • Ensure performance of TRACK grant account reconciliations is transferred from Telecampus to ESA & multiple TRACK grant accounts are consolidated for next fiscal year. • Coordinate with Office of the Controller regarding recording the TRFI grant 	In Progress	Improve internal controls at the departmental level and enhance compliance.

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>indirect cost entry in DEFINE.</p> <ul style="list-style-type: none"> • Implement appropriate review procedures for reimbursement request process to ensure: allowability of costs prior to submittal; accurate & proper entry of information into reimbursement mechanism; & retention of supporting documentation for potential audits. • Continue to work with APS & General Counsel to manage RFPs & related contracts in an appropriate & timely manner. • Continue to work with APS to manage nonstandard purchases in an appropriate manner. • Complete a Removal of Equipment form for all off-site inventory & internally track off-site inventory that is not included in the APS inventory system. • Verify all TRACK inventory, regardless of physical location, is included on the ESA inventory listing during the next annual inventory. • Work with Office of Risk Management to draft a statement to retain as written endorsement from TRFI grant RTAS acknowledging their understanding of auto insurance coverage (personal vs. UT policies) applicable to driving personal vehicle for business purposes & to make a proactive safety effort of requiring TRFI grant RTAS to complete an on-line driving training course. • Develop & implement formal policy & specific procedures related to time & effort reporting/records. • Revise approval process so prior written approval by department head (or designee) is provided for all overtime worked. • Ensure that TRFI grant RTAS do not accrue state compensatory time for work performed at their personal residence but do record such hours in the notes section of the electronic timesheets for time & effort reporting purposes. • Verify internally created form to be used as mileage reimbursement supporting documentation is adequate by obtaining informal approval from 		

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>Assistant Director of APS.</p> <ul style="list-style-type: none"> • Revise travel approval process to ensure: adequate segregation of duties; approvers have adequate knowledge of travel rules; & the monthly account reconciliation process includes a review of proper approval of travel expenses. • Ensure that someone other than account reconciler collects cash/check receipts, e.g. employee reimbursements to ESA. • Develop formal written polices & procedures, both specific & general, related to particular grants, general grant management & departmental operations. Implement proper formalized training of the policies for applicable employees, as necessary. 		
Aug-04	WTO Operator Audit – Apache	<p>To determine that:</p> <ul style="list-style-type: none"> ▪ production reported to the University was reasonable ▪ that proceeds from production sales were reasonable and that the corresponding royalties had been remitted to the University. ▪ gas sales meters and lease automated custody transfer (“LACT”) meters were calibrated regularly. 	<p><i>Observation:</i> It appears there are some production reporting errors.</p> <p><i>Recommendation:</i> We recommend that ULWTO inform Apache of the identified potential errors and have Apache correct the errors.</p> <p><i>Observation:</i> It appears that gas royalties due were underpaid. Apache is deducting treating and transportation fees from royalties. Most of the audited leases fall under an Attorney General Settlement, which indicates that no deductions can be assessed against royalties paid.</p> <p><i>Recommendation:</i> We recommend ULWTO submit a bill to Apache for underpaid royalties identified during the audit scope of September 2001 through December 2003. Additionally, ULWTO, working with Apache, should review royalty payments prior to September 2001 and subsequent to December 2003 to determine if additional royalties are due.</p> <p><i>Observation:</i> Gas sales meters and LACT meters were calibrated on a regular basis.</p> <p><i>Recommendation:</i> none</p>	In Progress	Ensure accurate reporting of financial information.

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
Aug-04	Audit of Backup and Recovery of System Administration Electronic Data Hosted at The University of Texas at Austin	<p>Our audit objectives were to determine whether:</p> <ul style="list-style-type: none"> • Responsibility for the backup and recovery of electronic data has been assigned, • Procedures for data identification, routine backup, and data recovery testing exist and are performed correctly. • An off-site facility is used for backup data storage, and the facility is adequately equipped to store and protect data. 	<p><i>Observation:</i> System Administration security policies and procedures do not clearly define OTIS’ responsibilities for ensuring UT Austin ITS is in compliance with System Administration custodial requirements for outsource vendors.</p> <p><i>Recommendation:</i> We recommend the Chief Information Officer clarify System Administration responsibilities for ensuring UT Austin ITS is in compliance with System Administration custodial requirements for outsource vendors and that the department take appropriate action to provide this assurance.</p> <p><i>Observation:</i> Although UT Austin ITS uses a universal backup process for all files, a secondary process known as “Natural Backup” is used to provide for easier restoration of individual software program libraries (“Natural libraries”). We found that some System Administration production Natural libraries are not included by this secondary process because library owners have not designated the libraries to be included.</p> <p>According to UT Austin ITS, restoring an individual Natural library from the universal backup tapes could be time consuming or not possible depending upon the individual situation; however, restoration of a Natural library from “Natural Backup” would take less than an hour.</p> <p>Protecting a Natural library with “Natural Backup” would shorten the recovery time for electronic data contained in the library, and ensure recovery of electronic data in individual libraries for situations that fall short of a wide-scale data recovery effort.</p> <p><i>Recommendation:</i> We recommend that the Chief Information Officer direct System Administration offices with Natural libraries to perform</p>	In Progress	Improve internal controls.

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>an assessment of whether these libraries would benefit from the additional protection provided by “Natural Backup.”</p> <p><i>Observation:</i> Priorities for the restoration of System Administration services have not been determined or communicated to UT Austin. Priority categories currently used for restoring UT Austin information technology services are classified by services that must be available within 1 to 3 days, 3 to 4 days, 4 to 7 days, and 7 days or more after a disruptive event. Current procedures at UT Austin require that constituents of UT Austin information technology services, such as System Administration, communicate the priorities of their services at the time of a disruptive event. We believe that it would be more beneficial if UT Austin were aware of System Administration restoration priorities <i>prior</i> to a disruptive event.</p> <p><i>Recommendation:</i> We recommend that the Chief Information Officer ensure priorities for the restoration of System Administration services are determined and communicated to UT Austin. The priorities should be communicated as soon as possible so that UT Austin is aware of them prior to a disruptive event.</p> <p><i>Observation:</i> While the risk of localized disaster to computer operations is somewhat mitigated due to having three facility locations, all locations are in close proximity in terms of mileage distance. Two locations are approximately within one-half mile of each other. No two locations are separated by more than approximately two miles. Backup tapes of Unix servers at the first and second facility locations are stored at their backup locations.</p> <p><i>Recommendation:</i> We recommend that the Chief Information Officer request that the UT Austin Vice President for Information Technology</p>		

U. T. System Administration					
Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>direct ITS to:</p> <ul style="list-style-type: none"> • Store the full and incremental backups of the UT Austin mainframe (currently stored at the third facility location) at a location that is at a safer distance from the main computing facility. • Store server backup tapes at a location that is at a safer distance from the main computing facility. 		
Aug-04	Continuing Disclosure and Private Business Use of Tax-exempt Financed Facilities	The objectives of this audit were to provide assurance that the Office of Finance has designed effective compliance programs for continuing disclosure and private business use of tax-exempt financed facilities and that the compliance programs have been implemented and are operating effectively.	<p><i>Recommendation:</i> We recommend the Office of Finance:</p> <ul style="list-style-type: none"> • Revise the continuing disclosure compliance program as described in the UT System Administration Compliance Committee's <i>Risk Assessment and Monitoring Plan</i> so that it more clearly and accurately defines the monitoring and training activities that are to be performed. • Consider enhancing the training plan to include continuing disclosure training for the chief business officers. • Improve their record keeping process so that the dates the surveys are returned are documented. If any surveys are not returned, the Office of Finance should document who was contacted, the date(s), and the outcome. <p><i>Recommendation:</i> We recommend the Office of Finance:</p> <ul style="list-style-type: none"> • Enhance the private business use of tax-exempt financed facilities compliance program as described in the UT System Administration Compliance Committee's <i>Risk Assessment and Monitoring Plan</i> so that the chief business officers are also required to undergo some kind of annual private business use training. • Improve their record keeping process so that all of the returned surveys and signed certificates are stored together. • Formalize their survey review process so that the surveys are initialed and dated when they are reviewed. 	In Progress	Improve internal controls.

U. T. Permian Basin (“UTPB”)

Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
Nov-03	IT Vulnerability Report – Action Plan Phase 2	To evaluate the procedures utilized by The University of Texas of The Permian Basin (“UTPB”) in its information systems inventory and vulnerability assessment, and to provide assurance regarding the reasonableness of management’s reports.	<i>Observation:</i> In our opinion, management’s August 8, 2003 report, Phase 2 Information System Application Vulnerability Report Summary, and October 1, 2003 report, Phase 2 Information System Application Vulnerability Report, is a reasonable and accurate reflection of their procedures, activities, and results.	N/A	Provide the Chancellor assurance that his Information Systems security and vulnerability initiative is being carried out as intended.
Dec-03	Advanced Technology Program Grant	The overall objective of our audit was to provide assurance that UTPB is in compliance with ATP grant conditions.	<i>Observation:</i> Based on the audit steps performed, the University is complying with terms and conditions applicable to the ATP grant activities. However, opportunities to improve controls over the ATP grant programs exist to help ensure the University complies with all applicable requirements. <i>Recommendation:</i> Accounting and Purchasing needs to ensure that all of Dr. Robinson’s travel expenditures are properly approved.	In Progress	Improve internal controls at the departmental level and enhance compliance with Federal requirements.
Dec-03	Annual Financial Report	To determine whether the UTPB AFR for the fiscal year ended August 31, 2003, is fairly stated in all material respects.	<i>Observation:</i> Based on the results of the audit work performed, it is our opinion, The University of Texas of the Permian Basin Annual Financial Report Balance Sheet, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows are presented fairly, in all material respects, for the year ended August 31, 2003 except for the understatement of accounts payable and accrued liabilities, as noted below. Accounts payable appears understated by approximately \$700,000, due to fiscal year 2003 expenditures, processed during fiscal year 2004, not being recorded as accounts payable in the financial statements. This appears to be the result of UTPB closing the general ledger on September 5, 2003 and not making any additional adjustments after that date. As a result of accounts payables being understated, expenditures could be understated. Based on	In Progress	Ensure accurate reporting of financial information.

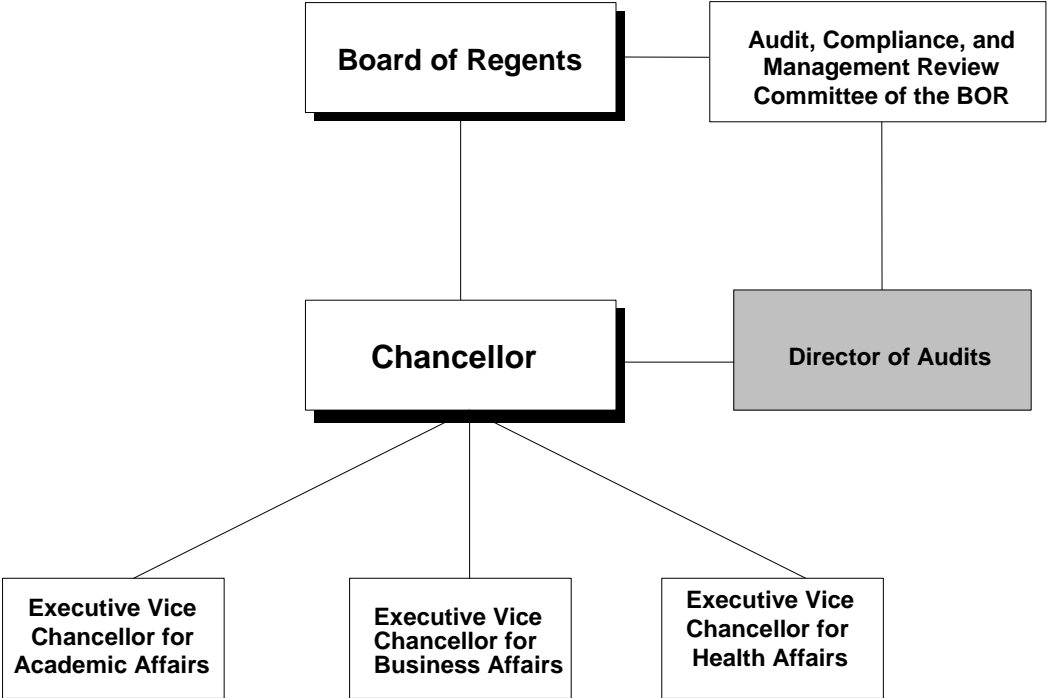
U. T. Permian Basin (“UTPB”)

Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
			<p>prior audit work, we noted that the understatement of accounts payables appears to be a recurring issue. This results in expenditures from the prior year being included in current year expenditures on a consistent basis.</p> <p><i>Recommendation:</i> We recommend that the UTPB Office of Accounting develop and implement appropriate cut-off procedures to ensure that accounts payable and accrued liabilities are accurately recorded in the financial statements.</p>		
May-04	Office of Purchasing – Change in Management	The objectives of the audit were to determine the reliability and integrity of key financial information, and to determine that controls are adequate and effective in safeguarding assets.	<p><i>Observation:</i> Overall, key financial information was reliable, and internal controls were adequate and effective in safeguarding assets. Our detailed testing of recorded transactions in the departmental accounts disclosed no significant errors or irregularities.</p> <p><i>Observation:</i> There was no evidence that the account reconciliations were reviewed by someone other than the reconciler.</p> <p><i>Recommendation:</i> We recommend that the reviewer and preparer of reconciliations initial and date the Statement of Accounts to provide evidence of review.</p>	In Progress	Improve internal controls at the departmental level.
May-04	Follow-Up Audit Fiscal Year 2004	<p>Our audit objective was to determine the implementation status of recommendations included in the following UTPB audit reports to ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action:</p> <ul style="list-style-type: none"> ▪ Action Plan for IRD (IT Vulnerability) ▪ Allowance for Doubtful 	<p><i>Observation:</i> We reviewed 21 outstanding recommendations and found 12 were fully implemented, 5 were partially implemented, and 4 were not implemented. The four that have not been implemented will be implemented during the next Annual Financial Reporting process.</p>	<p>Implemented-twelve of twenty-one</p> <p>In Progress-five of twenty-one</p> <p>Not Implemented-four of twenty-one</p>	Monitor and communicate the level of implementation of recommendations included in audit reports.

U. T. Permian Basin (“UTPB”)

Report Date	Name of Audit Report	High-Level Audit Objectives(s)	Observations/Findings and Recommendations	Current Status	Fiscal Impact Other Impact
		Accounts and Depreciation <ul style="list-style-type: none"> ▪ Laboratory Division ▪ Network and Operations – Information Resources Division (IRD) ▪ Office of the Police ▪ Office of the Registrar ▪ POISE – Financial Aid Application 			

IV. Organizational Chart



V. Report on Other Internal Audit Activities

Activity	Impact
Entered into consulting agreements with executive management to review areas that they requested our services in.	Provided executive management valuable feedback in the following consulting projects: Educational System Alignment Grants and U. T. Pan American Oracle Implementation Project.
Presentations to Other Organizations	Share knowledge gained in internal controls, internal auditing, and institutional compliance techniques and models through presentations for professional organizations such as The Institute of Internal Auditors, the Association of College and University Auditors and the Texas Association of College and University Auditors.
The Spirit of Sarbanes Oxley	Worked with the Controller's Office to coordinate the U. T. System's initiative to comply with the spirit of Sarbanes-Oxley Act of 2002. Accomplishments include drafting a white paper, drafting an Action Plan, and hosting a national conference on Sarbanes-Oxley.
Strategic Plan	The Internal Audit Council (all U.T. directors) worked together on multiple projects this year. Additionally, the System Audit Office has developed a strategic plan.
Provided the Audit, Compliance, and Management Review Committee, information on the internal audit function for fiscal year 2004	Improved communication with Board of Regents on the activities of internal audit.
Provided consultation, guidance, assistance and in some cases oversight to the components' internal audit departments	Improved independence, expertise, and audit oversight. Specifically, we were involved in peer reviews of component institutions. We also provided assistance to component institutions on information technology audits/projects.
The Director of Audits is the System-wide Compliance Officer. He and members of his staff act as the day-to-day liaison with the Institutional Compliance Officers at each component and System Administration.	In fiscal year 2004, the System Audit Office continued to develop and facilitate the high-risk areas work groups (i.e., Human Resources; Environmental Health and Safety; Student Financial Aid, HIPAA, Medical Billing, and Clinical Research). Additionally, the office has organized and coordinated periodic meetings of the System-wide Compliance Committee and the Compliance Officers. The System Audit Office organized a conference

Activity	Impact
	on Sarbanes-Oxley in Higher Education and the third national conference entitled Annual Effective Compliance Systems.

VI. Internal Audit Plan for Fiscal Year 2005

Oversight – Part 1 of 2

Audit Areas	Priority Budgeted Hours
Key Financial and Operating	
<i>Audits</i>	
Independent Financial Statement Audit	800
UTIMCO:	
Internal Controls Evaluation (Sarbanes-Oxley)	600
Investment Management	300
Derivative Applications	150
Investment Policy/Contract Compliance	280
Payroll/Incentive Compensation Audit	40
External Management Fees/Entertainment Expenses (Including Performance based fees)	150
Securities Lending	80
UTIMCO Audit Follow-Up	40
Joint Admission Medical Program (JAMP)	80
<i>Consulting</i>	
UTIMCO:	
BOR/Consultants Working Group	40
Subtotal	2,560
Institutional Compliance	
<i>Audits</i>	
High-risk Areas	100
Educational System Alignment	300
Executive Travel and Entertainment	100
Subtotal	500
Information Technology	
<i>Audits</i>	
UTIMCO Internal Controls Testing - Sarbanes-Oxley	300
Security Audit - Access Controls	300
UTIMCO CRIS System	300
ULAO Enertia System	300
OFPC Integrated Information Platform Initiative - Application Security	200
TAC 202 Compliance Audit	300
IT Operational Security Review Follow-up	100
IT Audit Follow-up	100
<i>Consulting</i>	
HIPAA Compliance Committee - IT Security Rule Implementation	50
OFPC - Integrated Information Platform Initiative	50
Server Configuration Review	50
Special Requests - Consulting	97
<i>Carryforward</i>	
WCI "STARS" System - Application Security	100
Subtotal	2,247

Core Business Processes*Audits*

Oil and Gas Producers on Permanent University Fund Lands	800
EGI - Contract Administration	400
EGI - Disease Management Programs	230
OFPC Construction Procurement & Contract Administration	400
Self Insurance Funds	300
Salary Setting Process Review	300

Consulting

Oil and Gas Producers Follow-up	100
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Special Requests

200

Subtotal

2,730

Change in Management*Change in Management Audits*

EVC for Business Affairs	100
Executive Director for Real Estate	100
VC and General Counsel	100
Historically Underutilized Business Program	100

Special Requests

Office of the Board of Regents	100
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Subtotal

500

Follow-up*Audits*

Follow-up on System Administration Audit Recommendations (non-IT)	200
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Subtotal

200

Audit Projects*Reporting*

2006 Audit Plan	120
2004 Annual Audit Report	80
Internal Audit Committee	200
Recommendation Tracking System	160

Department Enhancements

Proficiency and Awareness	200
External Peer Review	300
Strategic Plan	350

Special Requests

150

Carryforward

2005 Audit Plan	39
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Projects Total

1,599

Total Hours

10,336

System Administration – Part 2 of 2

Audit Areas	Priority Budgeted Hours
Key Financial and Operating	
<i>Audits</i>	
Guidance/Assistance for External Auditors	400
Subtotal	400
Institutional Compliance	
<i>Consulting</i>	
System-wide Compliance Program Support	200
Subtotal	200
Information Technology	
<i>Audits</i>	
Annual Financial Audit (IT General Controls) - UT Austin	200
Annual Financial Audit (IT General Controls) - Institutional Audit Support	450
UT Brownsville - IT Security Audit	200
UT Brownsville - IT Application Audit	100
UT Arlington - IT Audit	200
UT Tyler - IT Audit	100
<i>Consulting</i>	
UT Pan American - ORACLE Implementation Project	200
Institutional Consulting	100
<i>Special Requests</i>	
	100
Subtotal	1,650
Core Business Processes	
<i>Audits</i>	
UTPB Internal Audit Support	500
NCAA Audits	800
<i>Special Requests - Unknown</i>	
	250
Subtotal	1,550
Change in Management	
<i>Consulting</i>	
	150
Subtotal	150
Audit Projects	
<i>Reporting</i>	
2005 System-wide Audit Plan	200
Audit, Compliance, and Management Review Committee ("ACMR")	300
Recommendation Tracking System (Red, Yellow, Green)	400
Internal Audit Council	200
<i>Consulting</i>	
Institutions	500
<i>Special Requests</i>	
Institutional Peer Reviews	100

Unknown	400
<i>Carryforward</i>	
2004 Audit Plan	80
Projects Total	2,180
Total Hours	6,130

VII. Exhibit A: The University of Texas of the Permian Basin
2004 and 2005 Audit Plans

The University of Texas of the Permian Basin
Fiscal Year 2004 Audit Plan

Audit Areas	Priority Budgeted Hours
Key Financial and Operating	
<i>System-wide Audits</i>	
Accounts Receivable and Allowance for Bad Debts	150
Equipment and Equipment and Buildings Depreciation	150
<i>Financial Audits</i>	0
<i>Financial Consulting</i>	
Financial Statements	25
<i>Financial Carryforward</i>	0
Subtotal	325
Institutional Compliance	
<i>System-wide Audits</i>	
EH&S - Laboratory Safety	125
<i>Compliance Program Audits</i>	
Design & Effectiveness of the Institutional Compliance Program	40
<i>Compliance Consulting</i>	0
<i>Compliance Carryforward</i>	0
Subtotal	165
Information Technology	
<i>System-wide Audits & IT Audits</i>	
	0
<i>Information Technology Consulting</i>	
	0
<i>Information Technology Carryforward</i>	
POISE Application Audit	100
Subtotal	100
Core Business Processes	
<i>System-wide Audits</i>	
	0
<i>Core Business Processes Audits</i>	
Auxiliary and Services Departments	100

Audit Areas	Priority Budgeted Hours
<i>Core Business Consulting</i>	0
<i>Core Business Carryforward</i>	0
Subtotal	100
Change in Management	
<i>Change in Management Audits</i>	
<i>Police Department</i>	50
<i>Change in Management Carryforward</i>	0
Subtotal	50
Follow-up	0
Projects	
<i>U. T. System Requests</i>	
<i>Cost Savings Report</i>	40
<i>Special Requests - Audits</i>	0
Audit Projects Subtotal	40
Consulting Projects	
<i>Special Requests - Consulting</i>	0
Consulting Projects Subtotal	0
Other Projects	
<i>FY 04 Audit Plan</i>	25
<i>Reserve for other Special Requests</i>	0
Other Projects Subtotal	25
Projects Total	65
Total Hours	805

Overall

The majority of the fiscal year 2004 *Audit Plan* was completed. Several audits in the fiscal year 2004 audit plan were not performed in 2004; they were reassessed for the fiscal year 2005 audit plan, with two being included in the 2004 audit plan.

The University of Texas of the Permian Basin
Fiscal Year 2005 Audit Plan

Audit Areas	Priority Budgeted Hours
Key Financial and Operating Information	
<i>System-wide/Financial Audits</i>	
Deloitte & Touche System-Wide Financial Audit	500
Subtotal	500
Institutional Compliance	
<i>System-wide Audits</i>	
EH&S - Laboratory Safety (carryover)	10
<i>Compliance Program Audits</i>	
Time and Effort Reporting (Grants over \$100k)	160
Subtotal	170
Information Technology	
TAC 202 Information Security Audit (carryover)	10
Risk Based General Security Controls Audit	120
Subtotal	130
Core Business Processes Audits	
Auxiliary and Services Departments (carryover)	10
Enterprise Risk Management Implementation	40
Procurement Cards	80
Student Housing	60
Athletics	80
Subtotal	270
Change in Management Audits	
Office of Student Life	40
College of Arts and Sciences	80
Change in Management Audit (To be Determined)	40
Subtotal	160
Follow-up	40
Subtotal	40
Other Projects	
FY 06 Audit Plan	20
Training	40
Internal Audit Committee	40
Projects Total	100
Total Hours	1,370