Audit Summary

The Comet Center appears to have an adequate system of internal controls in place. However, the following report details ways by which the department can further enhance internal controls and compliance with UT Dallas policies, procedures, and best practices.

Departmental Background

The Comet Center (Center) is managed by the Comet Card Director who reports to the Assistant Vice President for Student Affairs. The Center had a fiscal year 2012 departmental budget of $292,816\(^1\), and with four full time employees and two student employees, the Comet Center provides a number of crucial services to the University:

- **ID Cards** - The department is responsible for issuing the official UTD identification card (Comet card) to all active students, faculty, and staff. In addition, the Center issues a variety of badges and special cards as requested by different university areas.
- **Discount Ticket Program** - The Center offers a variety of discount tickets for movies, seasonal events, art and music events, and tickets to other entertainment destinations in the Metroplex.
- **Declining Balance Accounts** – All deposits to the UTdollars account, a declining balance account used for on-campus purchases, is monitored by the Center. The Center also collaborates with Procurement Management and the Bursar’s offices to manage, monitor, and control the usage of meal plans and financial aid advances deposited in cardholder accounts.
- **Access to University Services, Resources and Events** – The Center maintains card readers used to validate cardholder status and to grant access to various services, resources, and events on campus.
- **Passport Photos** - Two 2x2 photos are available for process to all students, faculty, and staff.
- **Notary Services** - These services are available to all students, faculty, and staff at no cost.
- **Other** – Student and employees can rent lockers, purchase stamps and ID card protection and pick up their yearly DART pass at the center.

Objective and Scope

The objective of this audit was to provide assurance to UT Dallas management that an adequate system of internal controls is in place in the Comet Center and to provide reasonable assurance of sound management. The scope of this audit was fiscal year 2012 to date.

\(^1\) Fiscal year 2012 budget as provided by the Comet Center
To complete this objective, we reviewed selected areas of the Center’s operations regarding the reliability and integrity of financial and operating information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws and regulations. Specifically, we performed the following:

- Gained an understanding of operations through a departmental self-assessment, interviews and review of requested information, policies and procedures, and other documents relevant to internal controls within the department.
- Conducted a risk assessment of departmental operations and focused testing on key risk areas within the center. We tested selected items from the following areas:
  - Account Reconciliations
  - Expenses
  - Purchasing Cards
  - Cash Handling
  - Information Security
  - Contracts
  - Physical Security
  - Assets

Where applicable, our examination was conducted in accordance with guidelines set forth in The Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department.

**Audit Results**

Internal controls are designed to provide reasonable assurance regarding the achievement of departmental objectives in the following categories: a) effectiveness and efficiency of operations; b) reliability of financial reporting; and c) compliance with laws and regulations. Department heads are ultimately accountable for the internal controls in place in their department. The following includes best practices observed within the department regarding internal controls, and opportunities to strengthen them:

<table>
<thead>
<tr>
<th>Category</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Practices</td>
<td>✓ Strong controls exist for purchasing card and voucher expenses, as well as within the account reconciliation process.</td>
</tr>
<tr>
<td></td>
<td>✓ Departmental policies and procedures manual is available to staff.</td>
</tr>
<tr>
<td>Information Security</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td></td>
</tr>
</tbody>
</table>
| Currently, multiple employees are conducting transactions using one login on multiple computers in the Comet Center. According to Texas Administrative Code (TAC) 202, Rule §202.25, 5C, “…a sufficiently complete history of transactions shall be maintained to permit an audit of the information resources system by logging and tracing the activities of individuals through the system.” Because of the number of transactions throughout the day, the department head feels it is not feasible for employees to login each time a transaction is performed. Additionally, because student workers work at the Center on a temporary basis, a separate login was deemed unnecessary for each individual student using CBORD and IVIS. However, without separate logins for each individual performing a transaction, no audit trail exists, thereby creating no accountability for the users. **Recommendation:** The Comet Center should work with Information Security to determine the best method for logging into the machines and into each application on those machines to ensure accountability for each user. **Management’s Response and Action Plan:** The Department is in agreement and understands the risk involved in having the same person logged into multiple computers at the Comet Center. Understanding this risk, the Comet Center has had in place its own internal controls that monitor transactions that occur in CBORD & IVIS. The Comet Center has been in contact with Information Security utilizing their expertise in order to find a solution to the login issue while still being able to connect to necessary network resources. **Estimated Implementation Date:** 8/13/2013 **Responsible Person:** Paulina Schleppenbach / Joel Dille
<table>
<thead>
<tr>
<th>Physical Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Comet Center is located in the Student Union and is an open area facing out to the Union’s common area. There is one door (to its side) where entrance to the Center occurs. This door is left open during daytime business hours and opens to the photo area, where individuals enter to get their photograph taken for their Comet Card. In the middle of the Comet Center, there is a large, unlocked file cabinet which contains, among other things, ticket inventory and cash lockboxes. Additionally, at the time of the audit, cash was counted in this area during daytime hours to close the daytime register, while the door remained open and could be seen from the photo area or from the center’s front counter.</td>
</tr>
</tbody>
</table>

It was also determined that the department does not transport deposits in a tamper proof bag, as required by UTS 166, which states, “All cash, physical checks, and receipts should be transported in tamper proof bags.” According to UTS 166, 7.3(a), “Adequate and secure areas should be designated for balancing operations.” Additionally, according to BPM 26, 5, “Cash processing areas should be secured from entry to unauthorized individuals.” Also, according to UTS 166, 7.2 (u), “All cash, physical checks, and receipts should be transported in tamper proof bags.”

Because individuals are often entering and leaving the photo area to get photographed, the Director feels that it would be inconvenient to leave the door to the Comet Center closed. However, leaving the door to the Comet Center open, without any barrier between the photo area and the Comet Center leaves both employees and assets, including cash and tickets, vulnerable to theft or harm.

**Recommendation:** The Center should take precautions to ensure that the ticket inventory and cash handling areas are secure. This could include leaving the door to the Comet Center closed, locking the drawer containing the ticket inventory and cash lockboxes, and installing a barrier between the photo area and the Center. In addition, the department should obtain tamper proof bags to transport cash and checks securely.

**Management’s Response and Action Plan:** The Department is in agreement. The window of cubicle at Comet Center has been frosted to block the view and add more security from outside counter. The Comet Center also has a large, noticeable camera that can be seen from the doorway which captures the activity at the center. Cash report and cash tallies for the day are verified and now prepared in the Comet Card office instead of at the Comet Center. The windows of the Comet Card office
| Other Issues | Other minor issues were discussed with management such as property custody receipts, mission statement revision, developing written policies and procedures for the director’s review of ticket inventory, and having an internal staff Comet Card policy. Management has acknowledged the issues and will work to address them as best aligns with departmental operations and the university’s needs. |

We appreciate the courtesy and cooperation received from the management and staff of the Comet Center.

Toni Stephens
Executive Director of Audit and Compliance

Report Distribution:
The University of Texas at Dallas
Ms. Paulina Schleppenbach, Director of Smart Card Program
Mr. Matthew J. Grief, Assistant Vice President for Student Affairs

Members of the UTD Audit and Compliance Committee:
Dr. Hobson Wildenthal, Executive Vice President and Provost
Dr. Calvin Jamison, Vice President for Administration
Mr. Terry Pankratz, Vice President for Budget and Finance
Dr. Andrew Blanchard, Vice President for Information Resources and Chief Information Officer
Dr. Darrelene Rachavong, Vice President for Student Affairs
Dr. Bruce Gnade, Vice President for Research
Dr. James Marquart, Vice Provost
Mr. Curt Eley, Vice Provost for Enrollment Management
Ms. Leah Teutsch, Chief Information Security Officer
Mr. Tim Shaw, University Attorney
Ms. Lisa Choate, Partner, Ultimate Health Resources

The University of Texas System:
Dr. Pedro Reyes, EVC, Academic Affairs
Mr. Alan Marks, Attorney, Office of Academic Affairs
Mr. J. Michael Peppers, CIA, CRMA, CPA, FACHE, Chief Audit Executive
Ms. Moshmee Kalamkar, CPA, CIA, Audit Manager

State of Texas Agencies:
Legislative Budget Board
Governor’s Office
State Auditor’s Office
Sunset Advisory Commission

Staff Assigned
Scot St. Martin, CIA, CGAP, Assistant Director of Internal Audit
Seo Choi, Staff Auditor, In-Charge
Student Interns from the Internal Auditing Education Partnership Program: Elizabeth Plymale, Justin Inman, Anni Zhang