Audit Summary
The Office of Information Resources 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 department of Information Resources’ (IR) mission statement is, “This statement of mission highlights the fact that IR is a service provider and focuses on the consumers of information resources. It stresses that IR is involved with elements of information technology as instruments of the intellectual mission of the University, not centers of activity for their own sake. It also recognizes the Institution’s constant pursuit of excellence in all areas of its endeavors.

Information Resources as an organization embraces a set of core values that are intended to inform and guide the performance of all its staff members. The values include: Customer Service; Professionalism; Courtesy; Technical Competence; Teamwork and Innovation.”

The department is managed by the Vice President and Chief Information Officer (CIO) who reports to the University President. Dr. Andrew Blanchard was acting as the interim CIO beginning in May 2012 and was appointed as CIO effective September 1, 2012. IR provides a number of crucial services to the University including Infrastructure, Application Design and Development, Networking, Telecommunications, Customer Service, Distance Learning Application Support, and Quality and Compliance Services. The CIO has added a new directorate within the department since his arrival to coordinate work on eLearning.

<table>
<thead>
<tr>
<th>Information Resources Departmental Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012 Department Budget</td>
</tr>
<tr>
<td>Number of Employees</td>
</tr>
</tbody>
</table>

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 Information Resources Department and to provide reasonable assurance of sound management. Departmental audits are part of the yearly audit plan, approved by the President and Audit Committee, and also occur when there is a change in departmental leadership. The scope of this audit was fiscal year 2012.

Footnotes:
¹ FY 2013 Business Plan Provided by Dr. Andrew Blanchard and Gordon Allen.
³ This budget figure represents the IR revised budgets from cost centers noted by the department, inclusive of project cost centers.
⁴ Representative of Full Time Equivalents (FTEs)
To complete this objective, we reviewed selected areas of departmental 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, anonymous survey of staff, 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 department, including:
  - Account Reconciliations
  - Expenses
  - Purchasing Cards
  - Organizational Risk
  - Information Risk
  - Human Resources
  - Technology Risk
  - Policies and Procedures

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 report details best practices that were observed within the department and ways the department head can strengthen internal controls:
### Best Practices

- The new CIO is proactive in implementing or continuing new initiatives, including:
  - Creation of a new directorate to support the eLearning application
  - The continuation of the ViaWest Data Center project
  - Replacement and upgrade of infrastructure and networking equipment

### Project and Vendor Management

We found evidence of the opportunity to improve the processes around project management and vendor management. Information Resources does not have a centralized formal project management function. The current ad hoc project management process consistently does not adequately define requirements, project plans, or set realistic timelines for project completion. The Information Resources department’s involvement in vendor selection, negotiation of contracts, evaluation of technical feasibility, and compatibility with the current technology environment at the University is limited.

It is an essential best practice for the organization to have an effective and efficient structure in place for the following areas:

- Creation of the project charter, including the project plan, deliverables, and their schedules, as well as the business case highlighting the costs and benefits for the application systems.
- Project working groups and steering groups with documented roles and responsibilities.
- Contracts with suppliers for systems and services should be evaluated for specific enforceable stipulations such as Service Level Agreements (SLAs) and complete accurate description of requirements.

**Recommendation:** Information Resources should investigate the feasibility, including the costs and benefits, of creating a project management function to coordinate the execution of Information Technology projects for the University as a whole.

**Management’s Response and Action Plan:** Moving to hire an Associate Vice President for IR Operations. This individual will be responsible for integrating requests from internal UTD customers and managing Departmental IR response, to those requests. Additionally, the VIP IR Ops will also coordinate external relationships with vendors that support IR/UTD operations.

**Estimated Implementation Date:** May 1, 2013

---

5 http://www.isaca.org/Knowledge-Center/Standards/Documents/Gx23SDLCReview.pdf
<table>
<thead>
<tr>
<th>Category</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Issues</td>
<td>Other minor issues were discussed with management such as human resources concerns, account reconciliations, purchasing card policy, outside employment, software licenses, logical, and physical security. Management has acknowledged these issues and will work to address them as best aligns with departmental operations and the University’s needs.</td>
</tr>
</tbody>
</table>

We appreciate the courtesy and cooperation received from the management and staff of Information Resources.

Toni Stephens  
Executive Director of Audit and Compliance

Report Distribution:  
*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. Timothy Shaw, University Attorney  
- Ms. Lisa Choate, Partner, Ultimate Health Resources  

*The University of Texas System:*  
- Dr. Pedro Reyes, Executive Vice Chancellor for 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:*  
- Ali Subhani, CIA, CISA, GSNA, Information Technology Audit Manager  
- James Shiveley, CIA, IT Staff Auditor