



**TABLE OF CONTENTS
FOR
AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW
COMMITTEE**

Committee Meeting: 2/17/2011

**Board Meeting: 2/18/2011
Austin, Texas**

	Committee Meeting	Board Meeting	Page
A. CONVENE JOINT MEETING WITH FINANCE AND PLANNING COMMITTEE	<i>10:50 a.m.</i>		
1. U. T. System: Report on the Fiscal Year 2010 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit	<i>10:50 a.m. Report/Discussion Mr. Wallace Mr. Chaffin</i>	Not on Agenda	40
B. ADJOURN JOINT MEETING	<i>11:10 a.m.</i>		
C. CONVENE MEETING OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE IN OPEN SESSION TO CONSIDER AGENDA ITEMS	<i>11:10 a.m.</i>		
2. U. T. System: Report on clinical trial billing process	<i>11:12 a.m. Report/Discussion Dr. Shine Dr. Charles M. Ginsburg, U. T. Southwestern Medical Center – Dallas</i>	Not on Agenda	40
3. U. T. System: Report on the Systemwide internal audit activities, including the status of the information security program audits; and Internal Audit Department reports for U. T. Brownsville and U. T. San Antonio	<i>11:30 a.m. Report/Discussion Ms. Norma Ramos, U. T. Brownsville Mr. Richard Dawson, U. T. San Antonio Mr. Chaffin</i>	Not on Agenda	51
4. U. T. System: Discussion and appropriate action related to delegation of authority to select and negotiate with vendor to provide consulting services related to information security compliance effectiveness reviews and execute related agreements	<i>11:45 a.m. Action</i>	Action	77

D. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551

11:50 a.m.

Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - *Texas Government Code* Section 551.074

*Ms. Norma Ramos,
U. T. Brownsville
Mr. Richard Dawson,
U. T. San Antonio
Mr. Chaffin
Mr. Plutko*

U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System Administration and institutional employees involved in internal audit and compliance functions

E. RECONVENE IN OPEN SESSION FOR ACTION ON EXECUTIVE SESSION ITEMS, IF ANY, AND ADJOURN

12:00 p.m.

1. **U. T. System: Report on the Fiscal Year 2010 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit**

REPORT

See Item 7 on Page 201 of the Finance and Planning Committee.

2. **U. T. System: Report on clinical trial billing process**

REPORT

Executive Vice Chancellor Shine and Dr. Charles M. Ginsburg, U. T. Southwestern Medical Center – Dallas, Senior Associate Dean for Academic Administration, will provide an overview of a model clinical trials billing process including enhancements to regulatory compliance requirements. The presentation is set forth on Pages 41 - 50.

CLINICAL TRIAL BILLING

Kenneth I. Shine, M.D. and Charles M. Ginsburg, M.D.

The University of Texas System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
February 2011



THE UNIVERSITY of TEXAS SYSTEM

Nine Universities. Six Health Institutions. Unlimited Possibilities.

Clinical Trial Billing

- Context
 - Medicare risk (recent settlements and fines)
 - Potential lost revenue
 - Health care reform mandating some trial coverage for all payors in 2014
- Use of Guiding Principles
- Selection of Senior Level Champions
- Demonstrates use of the hybrid model of compliance

42



Components



- Physicians and Hospitals
- Principal Investigators (PI)



- Patients
- Subjects



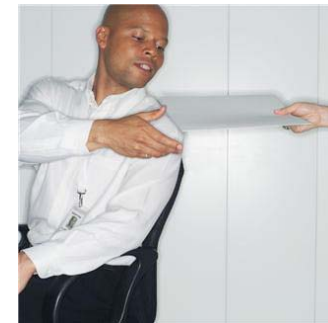
- Research Sponsors (Pharma/Device Industry)
- Insurance (Medicare, others)
- Payment/Recouping Costs

43



Traditional Resources

- Paper and manual processes



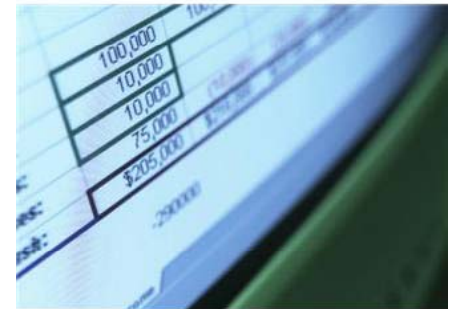
- Dependence on human intervention and interaction



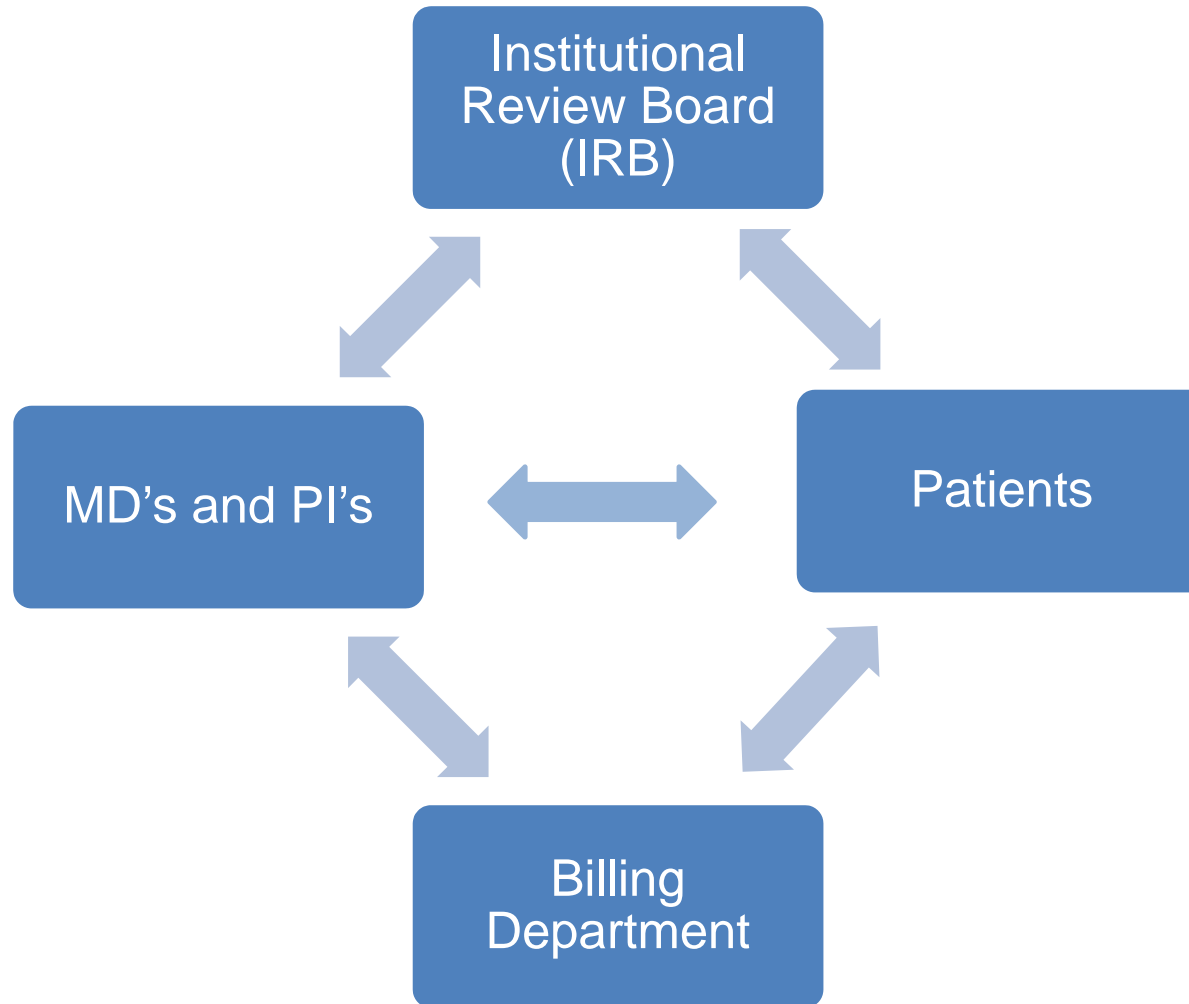
Emerging Resources

Clinical Trial Management Systems

- May assist but can be costly
- Do not always interface well
- Still largely untested



Communication across cultures



46



UT Southwestern's Journey

- Researchers' input (committee experience)
- Support from the highest levels in the organization (both leadership and resources)
- Collaborative spirit and teamwork from Information Technology, Compliance, Research Administration
- Integration into overall operations of research enterprise operations
- Field value of the U. T. System Guiding Principles

47



Challenges

- Disparate electronic systems (medical record, billing, grants & contracts, IRB)
- Large activation energy (new policies, change management, labor intensive)
- Limited resources (financial, human)
- Perceived as intrusive and unnecessary by many physicians and scientists



Potential Opportunities

- Better negotiating position with sponsors on the clinical trials agreement
- Recouping costs and legitimate funds left on the table
- Reducing compliance risk

The above leads to more success in our essential mission of clinical research.



Conclusion

- Technology's contribution will be critical
- Inherent tensions will not resolve on their own, we must be thoughtful and diligent
- Revenue Cycle loan to U. T. Health Science Center – San Antonio for their Clinical Trial Management System (CTMS) - others may need resources.

50



3. **U. T. System: Report on the Systemwide internal audit activities, including the status of the information security program audits; and Internal Audit Department reports for U. T. Brownsville and U. T. San Antonio**

REPORT

Ms. Norma Ramos, Director of Internal Audit, U. T. Brownsville, will report on adding value in the current economic climate using a PowerPoint presentation set forth on Pages 52 - 60.

Mr. Richard Dawson, Executive Director of Audit, Compliance, and Risk Services, U. T. San Antonio, will make a presentation on the identification and assessment of risk during the audit planning process using a PowerPoint presentation set forth on Pages 61 - 73.

Mr. Charles Chaffin, Chief Audit Executive, will present the preliminary results of the Information Security Program Index (ISPI) audits that are being conducted Systemwide. The objective of these audits is to determine if the ISPI scores as reported by institutional information technology management are accurate by validating portions of the ISPI.

ISPI was developed by the U. T. System Office of Information Security Compliance as a structured method for assessing and reporting on the state of an institution's information security program. ISPI provides executive management with information on the development of an institution's annual information security action, training, and monitoring plans and facilitates an understanding of security program strengths, weaknesses, and trends. It supports the planning process and helps leadership stay informed about levels of compliance with security policies and government regulations.

Mr. Chaffin will also report on the implementation status of significant audit recommendations. The first quarter activity report on the Implementation Status of Outstanding Significant Findings/Recommendations is set forth on Pages 74 - 75. Satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports issued by the Systemwide audit program is on Page 76. The annual internal audit plan status as of December 31, 2010, follows on Page 76a.

BACKGROUND INFORMATION

Significant audit findings/recommendations are tracked by the U. T. System Audit Office. Quarterly, chief business officers provide the status of implementation, which is reviewed by the internal audit directors. A quarterly summary report is provided to the Audit, Compliance, and Management Review Committee of the U. T. System Board of Regents. Additionally, Committee members receive a detailed summary of new significant findings and related recommendations quarterly.



**Ms. Norma L. Ramos, Director
Office of Internal Audits**

**U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
February 2011**

The University of Texas at Brownsville and Texas Southmost College



Internal Audit Committee

Internal Members

- Dr. Juliet V. García, President and Chairman
- Dr. Alan Artibise, Provost/Vice President for Academic Affairs
- Ms. Rosemary Martinez, Vice President for Business Affairs
- Dr. Luis Colom, Vice President for Research
- Dr. Ruth A. Ragland, Vice President for Institutional Advancement
- Mr. Irv Downing, Vice President for Economic Development and Community Service
- Dr. Hilda Silva, Vice President for Student Affairs
- Dr. Clair Goldsmith, Vice President for Information Technology and Chief Information Officer
- Dr. Marilyn Woods, Executive Assistant to the President

External Members

- Mr. Eduardo Campirano, Port Director and CEO, Port of Brownsville
- Mr. Ruben García, State Farm Insurance

- Committee meets quarterly; last meeting held on December 15, 2010

KNOWLEDGE KNOWS NO BOUNDARIES.

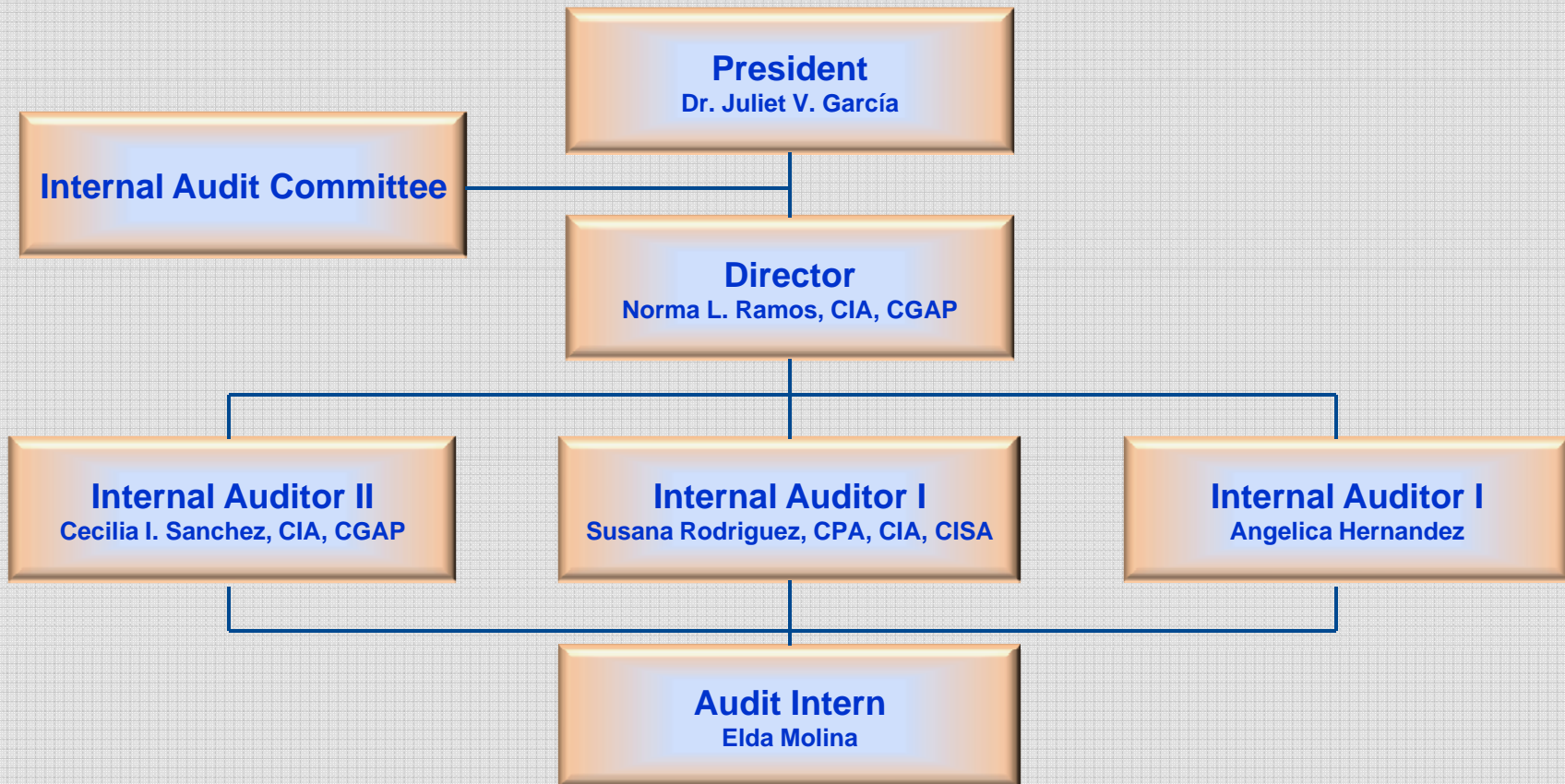
Office of Internal Audits Staffing

Name	Title	Certifications	Years of audit experience
Norma Ramos	Director	CIA, CGAP	13.5
Cecilia Sanchez	Internal Auditor II	CIA, CGAP	11.5
Susana Rodriguez	Internal Auditor	CPA, CIA, CISA	11.0
Angelica Hernandez	Internal Auditor		7.5
Elda Molina	Audit Intern		3.0

- Average of 11 audit reports issued per year

KNOWLEDGE KNOWS NO BOUNDARIES.

Internal Audit Reporting Structure



55

KNOWLEDGE KNOWS NO BOUNDARIES.

High-risk Areas to be Audited in FY 2011

Internal audit activities to be performed in FY 2011 are mapped to high-risk areas identified in the following categories:

Category	% of Plan
Financial Audits	19%
Operational Audits	26%
Compliance Audits	4%
Information Technology Audits	9%
Follow Up Audits	5%
Projects-Audit, Consulting, Other	37%

KNOWLEDGE KNOWS NO BOUNDARIES.

External Quality Assurance Review

- Most recent external quality assurance review report was issued in March 2009
- Result: “Generally conforms” (highest rating) in all material respects to the Institute of Internal Auditors Standards and the Code of Ethics
- Opportunities for improvement identified in the areas of:
 - Internal audit committee membership
 - Staffing levels
 - Internal quality assurance program

KNOWLEDGE KNOWS NO BOUNDARIES

Value Added Audits

- Audit of Student Health:
 - Reorganization of department to better meet the needs of the students
 - Significant improvements in compliance with Texas Medical Board, Texas Nursing Board, and Texas Board of Pharmacy regulations
 - Development of the U. T. Systemwide audit program of Student Health
- Audit of the International Technology, Education, and Commerce Center (ITECC) Leases:
 - Reorganization of ITECC operations
 - New lease contract template

KNOWLEDGE KNOWS NO BOUNDARIES.

Value Added Consulting Engagements

- Review of Texas Southmost College Operations:
 - Realignment of job duties to improve segregation of duties and other internal controls
 - Implementation of the most updated accounting software and training for all staff members to improve efficiencies
 - Establish and assign account manager responsibility

KNOWLEDGE KNOWS NO BOUNDARIES.

Student Employment Initiative

- Assists the Internal Audit Department with the following:
 - General administrative duties
 - Responsible for performing account reconciliations
 - Assist with audit procedures
 - Conducts one-on-one training on account reconciliations
- Attends entrance and exit meetings with audit clients
- Minimal cost to department:
 - FY 2009 – \$ 2,351
 - FY 2010 – \$ 1,543

KNOWLEDGE KNOWS NO BOUNDARIES.



The University of Texas at
San Antonio

Mr. Dick Dawson, Executive Director

Auditing, Compliance, & Risk Services



U.T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
February 2011

Internal Audit Reporting Structure



Internal Audit Committee

- Dr. Ricardo Romo, President
- Dr. John H. Frederick, Provost & Vice President for Academic Affairs
- Mr. Kerry L. Kennedy, Vice President for Business Affairs
- Dr. Robert Gracy, Vice President for Research
- Dr. Gage Paine, Vice President for Student Affairs
- Dr. Sandra Welch, Vice Provost for Accountability & Institutional Effectiveness
- Mr. Ruben Escobedo, External Member

- Committee meets quarterly; last meeting held on January 20, 2011

Internal Audit Department Staffing



➤ Audit Department Reporting to Executive Director

Title	Number of Positions
Director, Auditing & Consulting Services	1
Audit Supervisor	1
IT Audit Supervisor	1
Senior & Staff Auditors	3

➤ Audit Reports Issued

Year	Number Issued
2009	15
2010	17

External Quality Assurance Review

- Most recent Quality Assurance Review issued in April 2009
- Result: “Generally Conforms” (highest rating) to the Institute of Internal Audit (IIA) Standards with the following recommendations:
 - Update the Internal Audit Charter to reflect recent changes to the IIA Standards
 - Enhance the Institutional Compliance Charter to clarify roles and responsibilities between audit and compliance
 - Improve the monitoring and documentation of project time budgets
- All recommendations have been addressed

Audit Planning Process

- Annual Audit Plan
 - Gather input from several levels of senior management
 - Rank risk areas and develop a risk matrix of the high-risk areas to develop annual audit plan

- Individual Audits
 - Gain an understanding of the activity being audited
 - Perform a detailed risk assessment to prioritize risks
 - Use risk assessment results to develop the audit objective and program

U. T. San Antonio High-risk Areas



FY 2011 High-risk Areas	
	Chemical Safety/Bio Safety
	Information Security
	Athletics
	Financial Aid
	Access Controls
	Sponsored Projects
	Campus/Student Safety
	Departmental Fiscal Management

Why is Athletics High-risk at UTSA?

- Addition of football program
- NCAA requires every Division I institution to have its athletic rules compliance program evaluated at least every four years

Internal Audit Resources for Assessing Risk



- Association of College & University Auditors (ACUA)
Risk and Controls Dictionary for Higher Education
 - A database of over 900 risks and 2100 controls
 - Initially developed by David Crawford from the U. T. System Audit Office
- NCAA Division I Audit Guide

ACUA Risk and Controls Dictionary



Major Categories

Asset & Risk Management	Academic Medical Centers
Auxiliary & Service Departments	Plant Operations & Maintenance
Financial Management	Purchasing & Warehousing
Governance & Leadership	Research & Development
Hospital & Patient Care	School of Medicine
Information Technology	Student Services
Instruction & Academic Support	University Relations & Alumni Affairs



Auxiliary and Service Department Risk Areas



Athletics (NCAA)

Auxiliary Enterprise Administration

Bookstore

Housing

Police

Recreation & Athletic Centers

Service Centers- Auxiliary

Special Events Centers

Athletics (NCAA) Major Risk Areas

Governance & Organization	Eligibility
Academic Performance Program	Financial Aid Administration
Recruiting	Camps & Clinics
Investigations & Self Reporting	Rules Education
Extra Benefits	Playing & Practice Seasons
Student Athlete Employment	Amateurism
Commitment of Personnel	



Areas in Athletics that are considered the highest risk to UTSA

Plan to review NCAA Major Risk Areas



Risk Areas	FY 09	FY 10	FY 11	FY 12
Extra Benefits	X			
Playing & Practice Sessions	X			
Eligibility	X			X
Academic Performance		X		
Financial Aid Administration		X		
Investigations & Self-Reporting Rules Violations		X		
Recruiting			X	
Camps & Clinics			X	
Governance & Organization			X	
Rules Education			X	
Student Athlete Employment				X
Amateurism				X
Commitment of Personnel				X



73

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

U. T. SYSTEM AUDIT

Report Date	Institution	Audit	4th Quarter 2010		1st Quarter 2011		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2010-04	UTARL	Payment Card Industry Data Security Standard Audit		2		1	3/31/2011	Satisfactory
2009-12	UTEP	Texas Administrative Code Chapter 202 Audit - Phase 2		1		0	11/20/2010	Implemented
2010-06	UTEP	Gifts and Endowments		1		1	4/30/2011	Satisfactory
2010-10	UTEP	Exports Control				2	12/31/2010**	Satisfactory
2010-08	UTPA	Effort Reporting		3		2	3/1/2011	Satisfactory
2008-09	UTSA	Information Technology Change Management Audit		1		1	2/28/2011	Satisfactory
2009-03	UTSA	Banner User Access Audit (Security)		1		0	12/8/2010	Implemented
2010-01	UTSA	Information Technology Asset Management Audit		1		1	11/30/2011	Satisfactory
2010-11	UTSA	Information Security Program				3	8/31/2012	Satisfactory
2008-11	UTT	Fiscal Year 2008 Annual Financial Report Audit		1		0	10/31/2010	Implemented
2010-03	UTT	Endowed Scholarships		1		0	12/14/2010	Implemented
2010-05	UTT	Texas Administrative Code Chapter 202 Audit		3		1	4/30/2011	Satisfactory
2010-05	UTHSC - Houston	Personnel Management & Time Management System Controls		4		3	5/1/2011	Satisfactory
2010-11	UTHSC - Houston	Fiscal Year 2010 Financial Assurance Work				1	2/4/2011	Satisfactory
2010-04	UTHSC - San Antonio	UT Medicine: Information Technology Review of Data Security		3		3	12/31/2010*	Satisfactory
2010-05	UTHSC - San Antonio	UT Medicine: Back End Billing				3	11/30/2012	Satisfactory
2007-09	UTMDACC - Houston	Maintenance and Security of Biological Research Materials		1		1	2/28/2011	Satisfactory
2008-05	UTMDACC - Houston	Clinical Trial Research		1		1	2/28/2011	Satisfactory
2009-03	UTMDACC - Houston	Wireless and Firewall Remote Access Security Assessment		3		2	8/31/2011	Satisfactory
2009-03	UTMDACC - Houston	Review of Patient History Oracle Database Security		3		3	5/31/2009*	Satisfactory
2009-05	UTMDACC - Houston	Business Continuity Plan Review		1		1	2/28/2010*	Satisfactory
2010-02	UTMDACC - Houston	Information Security Organization Review		5		5	5/31/2010*	Satisfactory
2010-04	UTMDACC - Houston	Department of Chaplaincy and Pastoral Education		1		0	8/31/2010	Implemented
2010-10	UTMDACC - Houston	Physicians Referral Service Practice Plan By-Laws Implementation Review				1	2/28/2011	Satisfactory
2005-12	UTSYS ADM	Systemwide Financial Audit Fiscal Year 2005		1		0	9/1/2010	Implemented

Totals

38

36

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	4th Quarter 2010		1st Quarter 2011		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		

STATE AUDITOR'S OFFICE AUDITS

2010-02	UTPB	Southern Association of Colleges and Schools Financial Statement Review Fiscal Year 2009		1		0	12/1/2010	Implemented
2010-03	UTPB	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009		4		4	5/31/2011	Satisfactory
2009-08	UTSWMC - Dallas	Campus Safety and Security Emergency Management Plans Audit		1		1	3/1/2011	Satisfactory
2007-05	UTSYS ADM	Charity Care at Health-Related Institutions		1		0	10/31/2010	Implemented

Totals

7 5

Color Legend:

- Either a new significant finding for which corrective action will be taken in the subsequent quarter or a previous significant finding for which no/limited progress was made towards implementation.
- Significant finding for which substantial progress towards implementation was made during the quarter that the significant finding was first reported.
- Significant finding for which substantial progress towards implementation was made during the quarter.
- Significant finding was appropriately implemented during the quarter and will no longer be tracked.

Note: **Implemented** - The Internal Audit Director deems the significant finding has been appropriately addressed/resolved and should no longer be tracked.
Satisfactory - The Internal Audit Director deems that the significant finding is in the process of being addressed in a timely and appropriate manner.
Unsatisfactory - The Internal Audit Director deems that the significant finding is not being addressed in a timely and appropriate manner.

* Recommendation deemed to be implemented per management and awaiting verification and validation by internal audit.

** Awaiting updated implementation status and date from the institution.

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 9/2010 through 11/2010	
Institution	Audit
UTARL	President's Travel, Entertainment, and Housing Expenditures Audit
UTARL	Information Technology Governance Audit
UTARL	National Collegiate Athletic Association (NCAA) Register Log In
UTARL	Joint Admission Medical Program Audit
UTAUS	Change in Management Audits - Advanced Manufacturing Center
UTAUS	Joint Admission Medical Program Audit
UTAUS	Change in Management Audits - Office of Research Support
UTAUS	Change in Management Audits - Lyndon B. Johnson School of Public Affairs
UTAUS	National Automated Clearinghouse Association Rules- eChecks
UTAUS	President's Travel, Entertainment, and Housing Expenditures
UTAUS	Change in Management Audits - Parking and Transportation Services
UTD	Texas Schools Project
UTD	Joint Admission Medical Program Audit
UTD	Unallowable Costs
UTD	Arts and Humanities
UTD	Annual Financial Report
UTEP	Fiscal Year 2010 Year End Cash Counts
UTEP	Human Resource Services (Phase I)
UTEP	President's Travel, Entertainment and Housing Expenses
UTEP	Payment Card Industry
UTEP	Joint Admission Medical Program Audit
UTPA	Joint Admission Medical Program Audit
UTPA	President's Travel, Entertainment, and Housing Audit
UTPA	UTPA Financial Audit Fiscal Year 2010
UTPA	Information Technology System Access-Distance Learning (Blackboard) Audit
UTPB	Joint Admission Medical Program Audit
UTPB	Procurement Card and Travel Card Audit
UTSA	Contract Management
UTSA	Joint Admission Medical Program Audit
UTSA	Information Security Program Index Review
UTSA	Effort Reporting
UTSA	Fiscal Year 2010 Financial Statement Audit
UTSA	Fiscal Year 2010 Presidential Travel and Entertainment
UTT	Audit of the Joint Admission Medical Program Grant
UTT	Audit of the President's Travel and Entertainment Expenses
UTSMC - Dallas	Medical Service, Research and Development Plan Charge Entry
UTSMC - Dallas	University Hospitals Simmons Comprehensive Cancer Center
UTSMC - Dallas	Construction Project Management
UTSMC - Dallas	Controlled Substances
UTSMC - Dallas	Medical Service, Research and Development Plan Billing Operations
UTSMC - Dallas	Epic Resolute Access Controls
UTMB - Galveston	Correctional Managed Care Time Administration Process Review
UTMB - Galveston	Disaster Recovery/Business Continuity Plan Decentralized Information Technology Operations
UTMB - Galveston	President and Presidential Direct Reports Travel and Entertainment Expenses
UTMB - Galveston	Joint Admission Medical Program Audit
UTMB - Galveston	Hyperion Application Audit
UTHSC - Houston	Dental Service, Research and Development Plan Diagnostic Sciences
UTHSC - Houston	Presidential Travel and Entertainment Expenditures
UTHSC - Houston	Office of Governmental Relations
UTHSC - Houston	Joint Admission Medical Program Audit
UTHSC - Houston	Report on the Follow-Up of Open Recommendations
UTHSC - San Antonio	Annual Financial Report
UTHSC - San Antonio	Department of Pediatrics Primary Care Residency Program
UTHSC - San Antonio	Department of Medicine Internal Medicine Primary Care Residency Program
UTHSC - San Antonio	Joint Admissions Medical Program
UTHSC - San Antonio	President's Office Expenditures
UTHSC - San Antonio	Regional Academic Health Center Integral Medicine Primary Care Residency Program
UTHSC - San Antonio	School of Medicine Internal Control Review
UTMDACC - Houston	Information Security Exception Process Review
UTHSC - Tyler	Presidential Travel and Entertainment Audit Fiscal Year 2010
UTSYS ADM	UTIMCO Chief Executive Officer and Chief Investment Officer's Expenses Audit
UTSYS ADM	Chancellor's Travel, Entertainment, and Housing Expenses Audit
UTSYS ADM	UTD President's Travel, Entertainment, and Housing Expenses Audit
UTSYS ADM	UTHSC-Houston Practice Plan Audit
UTSYS ADM	UTMDACC President's Travel, Entertainment, and Housing Expenses Audit
UTSYS ADM	UTEP National Collegiate Athletic Association (NCAA) Agreed Upon Procedures Audit
UTSYS ADM	UTPB Office of the President and Expenditures for Travel, Entertainment, and Housing by Chief Administrators
UTSYS ADM	University of Texas System Administration Annual Financial Report Audit - Fiscal Year 2010
UTSYS ADM	University of Texas System Shared Data Centers and Shared Applications Audit

STATE AUDITOR'S OFFICE AUDIT REPORTS ISSUED 9/2010 through 11/2010	
Institution	Audit
UTSA, UTEP	State Auditor's Office - An Audit Report on Veterans' Services

**U. T. Systemwide Internal Audit Program
FY 2011 Annual Internal Audit Plan Status
(as of December 31, 2010)**

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Credit for Priority Hours (Note 1)	Total Priority Budget Hours (Note 2)	Variance (Hours)	Percentage Completion
U. T. System Administration	2,992	1,375	58	920	197	1,401	6,943	17,675	10,732	39%
Large Institutions:										
U. T. Austin	1,450	337	358	9	48	1,721	3,923	13,900	9,977	28%
U. T. Southwestern	2,180	687	190	188	-	1,691	4,935	15,150	10,215	33%
U. T. Medical Branch at Galveston	915	142	111	533	204	930	2,835	8,389	5,554	34%
U. T. HSC - Houston	1,049	325	170	303	99	926	2,871	8,350	5,479	34%
U. T. HSC - San Antonio	640	88	260	141	52	699	1,880	7,190	5,310	26%
U. T. MDA Cancer Center*	627	1,223	60	-	-	879	2,788	9,815	7,027	28%
Subtotal	6,861	2,801	1,149	1,174	403	6,845	19,232	62,794	43,562	31%
Mid-size Institutions:										
U. T. Arlington	1,143	-	24	164	283	462	2,076	5,265	3,189	39%
U. T. Brownsville	580	-	-	-	100	374	1,054	4,459	3,405	24%
U. T. Dallas	520	290	20	58	16	190	1,094	5,820	4,726	19%
U. T. El Paso	650	253	100	424	-	564	1,991	8,951	6,960	22%
U. T. Pan American**	690	192	222	2	30	267	1,402	5,435	4,033	26%
U. T. San Antonio	1,128	277	272	480	175	303	2,635	6,930	4,295	38%
Subtotal	4,711	1,012	637	1,128	604	2,159	10,252	36,860	26,609	28%
Small Institutions:										
U. T. Permian Basin	435	-	103	-	-	78	616	2,128	1,512	29%
U. T. Tyler	520	7	-	61	45	87	720	1,968	1,248	37%
U. T. HSC at Tyler	600	3	100	140	55	165	1,063	2,751	1,688	39%
Subtotal	1,555	10	203	201	100	330	2,399	6,847	4,448	35%
TOTAL	16,119	5,198	2,048	3,422	1,304	10,735	38,825	124,176	85,351	31%
Percentage of Total	42%	13%	5%	9%	3%	28%	100%			

NOTE 1:

"Credit for Priority Hours" reflects the priority budgeted hours apportioned based on completion status of the audits/projects as of 12/31/2010. The time period from 9/1/2010 through 12/31/2010 represents approximately 33% of the annual audit plan year.

NOTE 2:

Total Priority Budget Hours were approved by the ACMR for priority projects. These hours are approximately 80 - 85% of total budget hours.

* The Total Priority Budget, approved by the ACMR for priority projects, for U. T. M. D. Anderson is 12,565 hours. The Total Priority Budget above excludes 2,750 co-sourced hours for construction and IT audits. The progress of this audit work will be reported at fiscal year-end.

**The Total Priority Budget, approved by the ACMR for priority projects, for U. T. Pan American was 5,885 hours. However, due to changing priorities during the fiscal year, the total priority budget was revised to 5,435 hours. This change was approved by and communicated to the appropriate parties.

4. **U. T. System: Discussion and appropriate action related to delegation of authority to select and negotiate with vendor to provide consulting services related to information security compliance effectiveness reviews and execute related agreements**

RECOMMENDATION

Chairman Powell and Chancellor Cigarroa recommend that the Board authorize Vice Chancellor and General Counsel Burgdorf, following additional consultation with the Chairman and the Chancellor, to select a business entity or entities to provide consulting services related to information security compliance effectiveness reviews as requested by the Board leadership, to negotiate the terms, conditions, and scope of an agreement with the selected vendor, including a price deemed appropriate for the services to be provided, and to execute all documents and take all further actions to implement the information security compliance effectiveness reviews and secure a final report promptly and efficiently.

BACKGROUND INFORMATION

Vice Chancellor and General Counsel Burgdorf will outline the selection of a vendor to provide consulting and evaluative services to U. T. System Administration related to information security compliance effectiveness reviews. Pursuant to a comprehensive Invitation for Offers, U. T. System Administration received proposals from seven vendors. Vice Chancellor Burgdorf formed an evaluation committee of U. T. System and campus executives and information technology professionals that narrowed the responding vendors to three finalists: Deloitte & Touche LLP, Verizon Business Network Services, Inc., and PricewaterhouseCoopers LLP.

The evaluation committee has conducted personal interviews with representatives of the three finalists and now seeks approval to negotiate a contract with a selected vendor in consultation with the Chairman and the Chancellor.