

**The University of Texas  
at Dallas**



**Office of Audit and Compliance**

**2009**

**Internal Audit  
Annual Report**



## Purpose

The purpose of this annual report is to provide information on the benefits and effectiveness of the internal audit function at The University of Texas at Dallas (UTD). In addition, the annual report assists central oversight agencies in their work planning and coordinating efforts. The [Texas Internal Auditing Act](#) requires that an annual report on internal audit activity be filed by November 1st of each year. Refer to the Texas Government Code, Section 2102, as amended by H. B. 2485 during the 78th Legislature. The format used for this report was prescribed by the Texas State Auditor's Office. Additional information regarding the UTD Office of Audit and Compliance can be found at the following website: <http://www.utdallas.edu/audit-compliance>.

### *Report Distribution:*

- State Auditor's Office
- Office of the Governor
- Legislative Budget Board
- Sunset Advisory Commission
- Members of the UTD Audit and Compliance Committee
- UT System Office of the Executive Vice Chancellor for Academic Affairs
- UT System Audit Office

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## Internal Audit Plan for Fiscal Year 2009

FY 2009 Audit Plan	FY 2009	%	FY 2009	%	FY 2009	%	
Audit/Project	Budgeted	of	Priority	of	Actual	of	Status
	Hours	Total	Hours	Total	Hours	Total	
<b>Financial</b>							
FY 2008 Financial Statement Audit	500		500		1062		Report issued.
FY 2009 Interim Financial Statement Audit Work	100		100		389.5		In process at 8/31/09.
Presidential Travel and Entertainment Expenses Audit	80		80		110.5		Report issued.
JAMP	50		50		90.5		Report issued.
<i>Subtotal Financial Audits</i>	<b>730</b>	13%	<b>730</b>	16%	<b>1652.5</b>	23%	
<b>Operational</b>							
Governance: Standards of Conduct/Conflicts of Interest	120						Moved to FY 2010.
Performance Measures	120						Did not complete. Reassess in FY 2010.
Construction	300		200		330.25		Audit substantially complete. Waiting on response from management on last test.
New Centers & Programs: Sickle Cell Disease Research Center	120						Moved to FY 2010.
Athletics	160		160		204.75		Report issued.
Reserve for Change in Management Audits	200		200		124.25		Project in process - moved to FY 2010.
Change in Management Audit: NS&M Dean and Department Heads	160		160				Moved to FY 2010.
Change in Management Audit: Dean of Engineering and Computer Science	60		60				Moved to FY 2010.
<i>Carryforward from FY 2008</i>							
School of Management Executive Education	180		180		1140.5		Report in process at 8/31/09.
VP Enrollment & Center for Brain Health - wrap-up	40		40		186		Reports issued.
<i>Subtotal Operational</i>	<b>1,460</b>	27%	<b>1,000</b>	22%	<b>1985.75</b>	27%	

FY 2009 Audit Plan	FY 2009 Budgeted Hours	% of Total	FY 2009 Priority Hours	% of Total	FY 2009 Actual Hours	% of Total	Status
<b>Compliance</b>							
ATP/ARP Grants	120		120		188.5		Report issued.
Lena Callier Trust, required annually by the Trust Agreement	120		120		95		At 8/31/09, waiting for management's responses to audit report. Responses received on 9/21/09.
Federal Portion of the Statewide Single Audit (assistance to State Auditor's Office)	40		40		1.5		Report issued.
Texas Schools Project (Education Research)	90		90		362		Audit completed; waiting for management's responses.
UTS163 (Time and Effort Reporting & Cost Sharing)	200		200				Moved to FY 2010 due to new time and effort reporting system in process of implementation.
Contracting	200		100				Moved to FY 2010.
PCI Compliance - Payment Card (Credit Card) Industry Standards	120		120				Moved to FY 2010.
SEVIS	80		80		87.5		Postponed at request of department to FY 2010.
Cash Handling (UTS 166)	180		180		142.5		Fieldwork in process.
Student Fees	180		180		304		Fieldwork in process. Postponed due to special projects.
<i>Subtotal Compliance</i>	1,330	24%	1,230	27%	1181	16%	
<b>Information Technology</b>							
TAC 202 (IT Security)	200		200				Moved to FY 2010.
UTS165 (Information Resources Security and Use Policy - includes Servers, Patching, Incident Response Procedures, Security Operations, UTD-ID)	40		40				Moved to FY 2010.
Work Orders & Billings	160						Combined with construction audit/
Unix	220		220		295.5		Report issued.
UTD Marketplace System (combine with credit card industry standards audit)	160		160				
<i>Carryforward from FY 2008</i>							
Computer Account Requests and Authentication	80		80		93		Report in process. Revised due to changes in operations; awaiting management's responses.
<i>Subtotal Information Technology</i>	860	16%	700	15%	388.5	5%	
<b>Follow-up Audits</b>							
Quarterly Follow-up of Significant Audit Recommendations	10		10		2		
Annual Follow-up Audit	100		100		131		Report issued.
<i>Subtotal Follow-Up</i>	110	2%	110	2%	133	2%	
<b>Projects</b>							
ACL Project: Continuous Monitoring - Purchasing Cards	60				17		
Annual Internal Audit Report	40		40		7		Report issued.
Audit & Compliance Committee	60		60		29		
FY 2010 Audit Plan	90		90		57		
PeopleSoft Steering Committee	120		120				
Quality Assurance Reviews for Other Audit Departments	45				46.5		University of Colorado System - April
Reserved for Special Projects & Investigations	200		100		389.5		Investigation - Police
U. T. System Requests	40		40		21.5		
Policies and Procedures Updates	100		100				
Hotline Investigations	100		100		4		
University Police - management audit	-		-		939.75		management audit of the police department - requested by President
Financial Aid					274		added at the request of President and management
Consulting (All Areas)	160		100		110.75		
<i>Subtotal Projects</i>	1,015	18%	750	17%	1896	26%	
<b>Total</b>	<b>5,505</b>	<b>100%</b>	<b>4,520</b>	<b>100%</b>	<b>7236.75</b>	<b>100%</b>	

### Explanations of Deviations from the Audit Plan

During fiscal year 2009, nine audit reports were issued, two special projects were completed, and one external quality assurance review was performed.

**Audits in Process at 8/31/09**

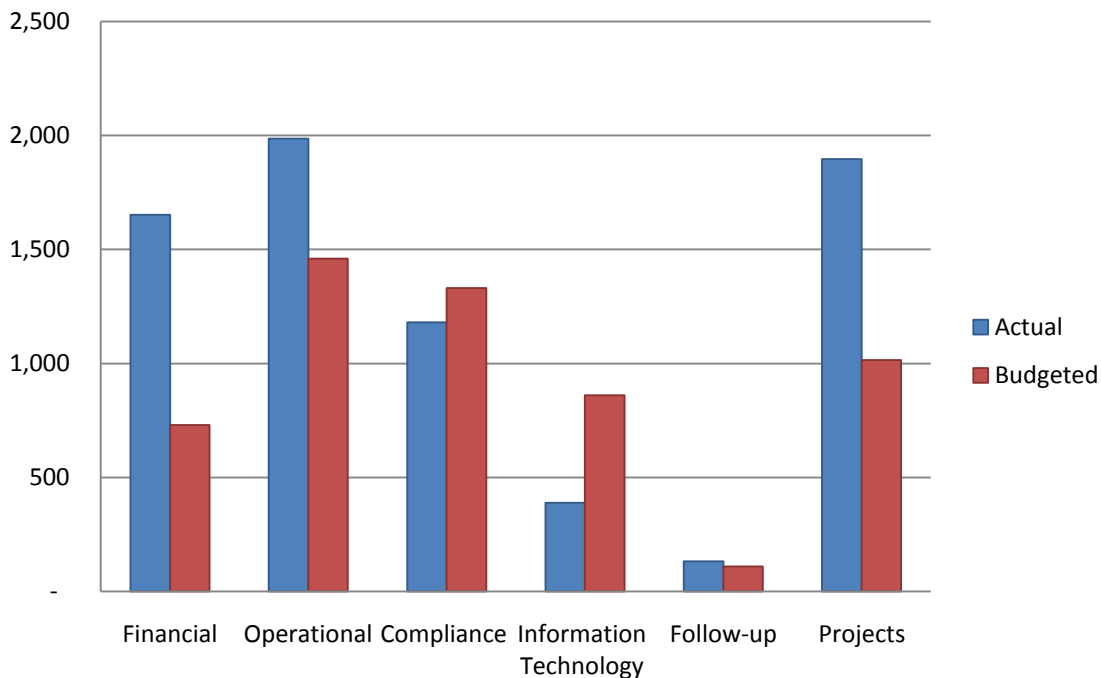
- Computer Account Requests
- Executive Education
- Construction
- Lena Callier Trust
- Texas Schools Project
- Student Fees
- SEVIS
- Police
- Cash Handling and Cash Management
- Financial Aid

The fiscal year 2009 Audit Plan stated that 23 priority audits would be completed. Of that amount, nine were completed and eight that were originally planned remained in process at year end. The remaining audits were not completed due to time constraints caused by the addition of the police and financial aid reviews and audits that took longer than anticipated. The chart on page five shows the comparison of actual to budgeted hours.

There were no significant changes to the scope of any audits on the audit plan. The chart below shows the comparison of actual to budgeted hours. The audits not completed were either postponed to fiscal year 2010 or reassessed as part of

the risk assessment process for 2010 audits.

**Comparison of Actual Hours to Budgeted Hours: FY 2009 Audit Plan**



## External Quality Assurance Review

In accordance with IIA Standards, an external quality assurance review (QAR) was performed in November 2006. Such reviews are required every three years by the Texas Internal Auditing Act. The principal objectives of the quality assurance review were to assess the Internal Audit function of UTD's Office of Audit and Compliance and its conformity to the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, evaluate the department's effectiveness in carrying out its mission as stated in its adopted charter and as expressed in management's expectations, and identify opportunities to enhance its management, work processes, and its value to UT Dallas. The QAR team also evaluated the department's conformity to the standards promulgated by [Governmental Auditing Standards \(GAS\)](#) and the Texas Internal Auditing Act.

The review concluded that the Internal Audit function generally conforms to the *Standards* as a whole and demonstrates the necessary evidence to show conformity to the Texas Internal Auditing Act. Recommendations were made to enhance compliance with the standards and the effectiveness of the department's work processes.

In accordance with the UT System [external quality assurance review process](#), a follow-up of the external QAR was performed in June 2008. The follow-up concluded that most of the recommendations had been implemented; however, the audit manual should be put on-line once updated. The next external quality assurance review is scheduled for December 2009.

### Listing of Audits Completed Showing High-Level Objectives, Observations/Findings, Recommendations, and Implementation Status

Report No.	Report Date	Name of Report	High-Level Audit Objectives	OBSERVATIONS FINDINGS & RECOMMENDATIONS	Current Status	Fiscal Impact/Other Impact
R901	10/06/2008	<i>Vice President (VP) for Diversity and Community Engagement</i>	To provide a consulting service to the new VP by reviewing the existing internal controls in the department and to provide information necessary to assist the new VP in developing an adequate system of internal controls which will provide reasonable assurance of sound management.	<p>1) Controls over expenditures should be enhanced.</p> <p>2) The department requires employees to certify that long distance charges that are incurred are for business use only.</p> <p>3) The office should ensure that the monthly recap timesheets are authorized by the VP. Procedures should be developed to require hourly employees to prepare timesheets that are approved by their supervisors.</p>	Substantially implemented	<p>Increased risks of error and theft</p> <p>Increased risks of error and theft</p> <p>Failure of hourly employees not preparing timesheets approved by their supervisor results in increase of unauthorized time charges.</p>

R902	11/04/2008	<b>JAMP (Joint Admissions Medical Program)</b>	To provide assurance that UTD complies with JAMP agreement requirements and the JAMP Expenditure Guidelines.	Controls over account coding, supporting documentation, and supervisory review should be improved.	Management has reviewed the report and has agreed to take corrective action: Incomplete /ongoing	Improper classification of expenses can result in managers making decisions based on inaccurate information. Insufficient documentation practices can lead to increased risks of error or fraud. Insufficient supervisory control resulted in inaccurate match of wages paid to the percentage of time reported on one employee's Time Certification Report.
R903	11/25/2008	<b>Annual Financial Report Audit (AFR)</b>	We performed an internal audit of the UT Dallas AFR for the fiscal year ended August 31, 2008, including the Balance Sheet, the Statement of Revenues, Expenses, and Changes in Net Assets, Statement of Cash Flows and the related footnote information. The scope of our work was determined as a result of a risk assessment performed	Continue to improve property controls.  Controls over change management need to be improved.	All recommendations have been either fully implemented or substantially implemented.	Inaccurate inventory and /or lost, missing or stolen assets could cause operational and financial harm to UT Dallas  Without effective change management policies, procedures

			<p>by the UT Dallas Internal Audit with oversight from UT System Audit Office. The internal audit of the AFR was performed for the benefit of management of UT Dallas and as requested by The University of Texas (UT) System Board of Regents. The AFR was submitted to the UT System Office of the Controller for inclusion in the Consolidated Annual Financial Report (CAFR) of UT System and its institutions for the fiscal year ended August 31 2008.</p>	<p>Ensure that Account Reconciliation/Segregation of Duties monitoring is performed throughout the year. Higher risk departments should be reviewed more frequently than others. Employees who prepare general ledger reconciliations should document their review.</p> <p>Ensure OFPC accounts are properly reviewed and reconciled</p> <p>Controls over budgetary decisions should be enhanced.</p> <p>The object code manual should</p>		<p>and associated controls, changes may be made to key systems that are not documented, authorized and do not have proper back-out procedures.</p> <p>Noncompliance could result in fraud, loss of funds, misuse of funds and negative public relations for the university.</p> <p>Not having the supporting documentation increases the risk of inaccurate financial reporting.</p> <p>Opportunities for error or fraudulent financial reporting are increased.</p> <p>Outdated manuals</p>
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				<p>be updated and put online.</p> <p>Enhance controls over billing, access and reconciliations in the Bursar's office.</p> <p>Access and recovery controls over the Outside Payment System (OPS) needs to be improved.</p> <p>Ensure that online banking is properly managed</p> <p>Efforts must be made to designate a person responsible for formalizing a fraud prevention program that is consistent with the Governor's Executive Order on Fraud.</p>		<p>make it difficult for employees coding expenses to have the appropriate knowledge to make coding decisions.</p> <p>Inadequate controls increase the risk of error, theft, fraud, and financial reporting misstatements.</p> <p>Without adequate controls over payroll, the risk of error or fraud in financial reporting is increased.</p> <p>Without proper segregation of duties the risk of error or fraud is increased.</p> <p>Without a formal process, increased risk of fraud exists.</p>
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				<p>develop and implement a more comprehensive and specific risk assessment and monitoring plan.</p> <p><b>Purchasing Cards R715:</b> Procurement should work to ensure that cardholders maintain original receipts and adequate supporting documentation.</p> <p><b>TAC202 R717:</b> The security office needs to finalize implementation of TAC 202 standards.</p> <p><b>Contracts and Grants R718:</b> Recommended that Principal investigator’s review all account reconciliation under their responsibility in a timely manner. EHS should formalize the start work process and project tracking to help improve communication between facilities Management and EHS</p> <p>Recommend EHS develop procedures to determine the quantities of certain chemicals</p>		
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				<p>and select agents defined by the Patriot Act</p> <p><b>Telecommunications R805:</b> Should document a formal change management system</p> <p>Recommend that current long distance billing reconciliations be documented and that the reviews be signed off and approved.</p> <p><b>UTS 165 protecting the confidentiality of Research Data R810:</b> Recommend that the office of research develop a formal plan to identify sensitive digital research data meets the UTS policy requirements. Information Resources should consider configuration management to help secure campus workstations and servers against a set configuration baseline standard across the computing environment.</p> <p><b>Student Health Center(SHC) R812:</b> Recommend that in the SHC data backups be housed at a location separate from where the primary data is stored to</p>		
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				<p>ensure data is recoverable in the event of disaster. Also unique user ID and password combinations should be utilized to help ensure application security and to help identify changes made.</p> <p>Recommend that the SHC digitize its policy and procedure and protocol manuals.</p> <p><b>Comet Cards R815:</b> The Security Office should remove terminated employees and students from the IdentiPASS system in a timely manner.</p> <p>The Security Office should develop data owners and a signature authority listing for IdentiPASS</p>		
R906	02/23/2009	<b>ARP Grants</b>	<p>To provide assurance that UTD is in compliance with ARP grant restrictions and requirements. The Texas Higher Education Coordinating Board (THECB) requires such audits every two years.</p>	<p>Procedures should be enhanced to ensure that appropriate signature authority is set up on the account(s) when they are created so that only individuals that have direct knowledge of grant restrictions have the ability to initiate expenditures.</p> <p>Ensure expenditures are</p>	Substantially implemented	<p>Without adequate authorization, the risk of error or fraudulent charges being charged to the grant is increased.</p> <p>Without adequate</p>

				<p>properly coded, supporting documentation is maintained and expenditures comply with grant terms.</p> <p>Enhance monitoring procedures for unallowable expenses and update documented monitoring procedures.</p> <p>Ensure all contracts and grant related expenditures are routed through contract and grant accounting.</p> <p>Procedures must be enhanced to ensure that no overhead is charged to the grant and that unallowable costs should be reimbursed to the grant account using other funds.</p>		<p>object coding of expenditures, the risk of inaccurate financial records increases.</p> <p>Inadequate monitoring procedures can increase unallowable expenses.</p> <p>Inaccurate routing results in increased risks for non compliance with terms of the contract/grant.</p> <p>Noncompliance could result in loss of funding.</p>
R907	06/15/2009	<b>Athletics</b>	To provide assurance that an adequate system of internal controls is in place which will provide reasonable assurance of sound management.	<p>Enhance controls over ticket sales.</p> <p>Ensure all employees handling cash/checks are properly trained.</p>	Substantially implemented	<p>A lack of controls over cash increases the risk of revenue loss for athletics.</p> <p>Inadequate training increases risk of fraud or financial</p>

				Ensure compliance with team travel policies. Ensure that all medical forms be maintained for a period of two years as outlined in the UTD Administrative Policies and Procedures manual.		<p>mismanagement associated with cash and checks.</p> <p>Noncompliance could result in negative publicity or lawsuits.</p>
R908	06/15/2009	<b>Vice President (VP) for Enrollment Management</b>	The objective was to provide a consulting service to the new VP by reviewing the existing internal controls in the department and providing the information necessary to assist the new VP in developing an adequate system of internal controls which will provide reasonable assurance of sound management.	Monthly purchasing Cardholder Activity Reports (CARS) should be reconciled and reviewed more carefully to correct default object coding that may be incorrect. In addition, signature authority should be established for account 993057 and maintained for all accounts to ensure appropriate personnel are included. Only approved personnel included on the signature authority listing should approve expenses.	Substantially implemented	Allowing expenses to occur without proper authorization could result in errors or irregularities. If default object codes are not reviewed and corrected each month, management may receive incorrect information. Not establishing appropriate signature authority could result in unauthorized expenses.
R909	07/09/2009	<b>Unix Security</b>	To provide assurance that security controls over UNIX	Recommended that network layer security controls be	Incomplete / ongoing	Risk that network devices such as

			<p>systems are adequate and comply with applicable university policies, procedures and best practices. Specifically, the audit focused on secure system configuration within the UNIX environment as well as supporting processes including change and configuration management, backup and recovery, and training.</p>	<p>implemented to reduce the likelihood that UNIX hosts (workstations/servers) can be probed, scanned, and possibly exploited from unauthorized networks such as the wireless network.</p> <p>Recommend that UNIX Services work with Information Resources to develop a formal logging policy and document systems that are required to log events, processes, and messages to the centralized log server(s). In addition, management should incorporate alerts for critical syslogging activity and establish a policy to periodically review system log information for security related issues, violations, and other suspicious activity.</p> <p>We recommend that management begin to procure and utilize backup tapes that support data encryption. Management should also implement a process to verify the restore of data from backup tapes either in an automated way or through</p>		<p>workstations/servers can be compromised via a network based attacks.</p> <p>Lack of a standardized syslogging configuration on campus may lead to a lack of information to review in the event of a security incident and also result in unauthorized network activity.</p> <p>High risk if a security breach were to occur.</p>
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				<p>manual restores to ensure data is recoverable in case of a disaster.</p> <p>We recommend that management implement enterprise solutions that provide redundancy and high availability for critical services such as email and DHCP. In addition UNIX Services should establish a standardized software binary library of approved software packages for installation by end users and provide periodic reviews of the software library assets to ensure the software is current and any vulnerable software is not available to end users without a legitimate business need.</p> <p>Management should ensure that logical access to critical system files such as the DNS master file are based on role. Permissions should be configured so that only those with a business need for write or execute permissions are granted that level of access. Additionally, we recommend that the UNIX System Services</p>	<p>Implementation by December 2009, however based on budgetary constraints.</p>	<p>The greater the number of packages running, the more exposure to the risk of exploiting known vulnerabilities within those applications and/or the underlying services.</p> <p>Inadvertent or malicious changes to the master files can result in the deletion or corruption of all DNS records for the entire campus.</p>
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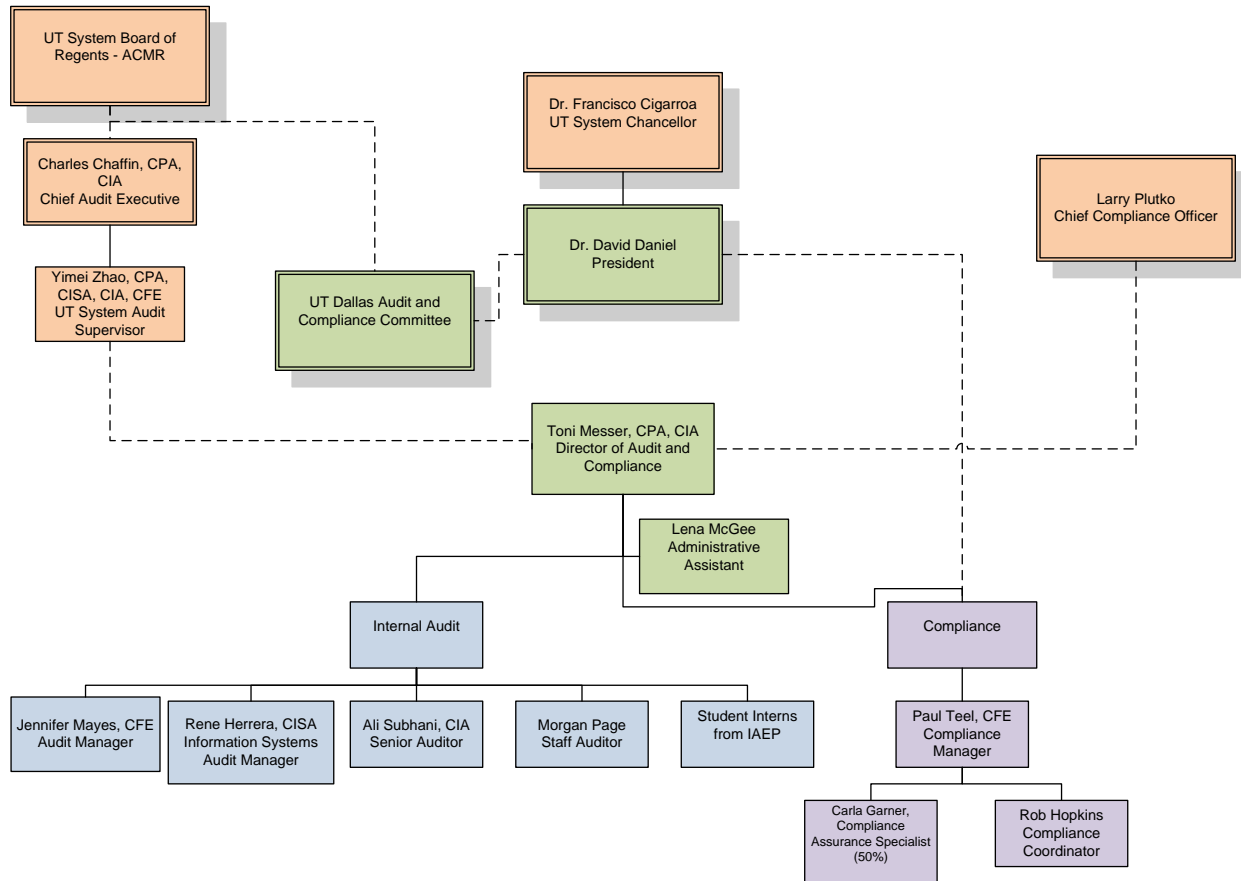
				<p>group review the current policies related to automatically inheriting permissions based on the sponsor's permissions. This would enable the UNIX Manager to more accurately assign permissions to UNIX personnel based on their job duties and UNIX experience at the appropriate time.</p> <p>We recommend that the UNIX System Services group establish the necessary procedures and guidelines to ensure adequate operations, maintenance and security of the UTD UNIX environment.</p>		<p>Configuration management procedures and guidelines that fail to adequately identify controls may impact management's ability to sustain an appropriate control environment.</p>
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**Listing of Consulting Engagements and Non-audit Services Completed Showing High-Level Objectives, Observations/Findings, Recommendations, and Implementation Status**

Report No.	Report Date	Name of Report	High-Level Consulting Engagement/Non-audit Service Objectives	Observations, Findings, & Recommendations	Current Status	Fiscal Impact/ Other Impact
N/A	1/7/09	<i>Center for Brain Health</i>	Our objective was to perform a management review of departmental	Opportunities were noted to enhance controls and improve compliance with applicable policies and procedures,	Incomplete / ongoing	Noncompliance and poor internal controls could result in loss of funding,

Report No.	Report Date	Name of Report	High-Level Consulting Engagement/Non-audit Service Objectives	Observations, Findings, & Recommendations	Current Status	Fiscal Impact/ Other Impact
			operations by reviewing existing internal controls in the center and providing the information necessary to assist management in developing an adequate system of internal controls which will provide reasonable assurance of sound management.	including: account reconciliations, expenses, purchasing cards, human resources, revenues, contracts and grants, property, cash handling, information resources, contracts, gifts, and conflicts of interest.		negative publicity, and increased risks of theft and abuse.
N/A	8/31/09	<i>African American Museum</i>	Review of the financial statement for the African American Museum's internship program for the fiscal year ended August 31, 2009. This review was required as part of the agreement between the Texas Higher Education Coordinating Board and The University of Texas at Dallas, dated August 29, 2007.	None.	Not applicable.	Noncompliance with contract could result in loss of funding for UTD and the Museum.

### Organization Chart: Internal Audit Function



## Report on Other Internal Audit Activities

IMPACT	ACTIVITY
Served on University Information Resources Security Committee (Information Systems Audit Manager)	Provides independent consultation and guidance to help ensure that the university's computing environment is adequately safeguarded.
Consulted on maintenance of the administrative information systems, as needed, including PeopleSoft implementation team.	Provides independent consultation and guidance to help ensure that the risk of errors and fraudulent activities are minimized.
Participated on the University's Compliance Committee and Subcommittee.	Provides independent consultation and guidance to help ensure that institutional compliance issues are being addressed.
Facilitated the University's ethics/compliance hotline and served on committee to address calls to the hotline.	Provides independent consultation and guidance to help ensure that the risk of errors and fraudulent activities are minimized and helps ensure that institutional compliance issues are being addressed.
Participated in the Dallas Chapter of the Institute of Internal Auditors (IIA) as a Board Member, co-chair of the Certified Internal Auditor Examination Committee (Director) and photographer (Senior Auditor)	Provides a sharing of ideas, experiences, and approaches with other internal auditors and audit/business professionals.
The Senior Auditor participated on the Dallas Chapter's Research Project. The research project "Awareness of SAS 70 Reports and Its Applications among Internal Auditors."	Provides a sharing of ideas, experiences, and approaches with other internal auditors and audit/business professionals.
Consulted with management, faculty, and staff with questions on various university issues such as internal controls procedures, etc.	Provides university employees with guidance and resources.
Participated in the Association of College and University Auditors as a Board Member, Director of the Annual Conference for September 2008, and Professional Education Chair during fiscal year 2009 (Director).	Provides a sharing of ideas, experiences, and approaches with other internal auditors and audit/business professionals.
Presented to the Internal Audit Education Partnership Program class on risk assessment and working papers. Supervised student auditors from the class on audit projects.	This provides opportunity to interact with students and share ideas, approaches, and audit issues.
Participated in external quality assurance review of the University of Colorado.	Provides a sharing of ideas, experiences, and approaches with other internal auditors and audit/business professionals.

## Internal Audit Plan for Fiscal Year 2010

Audit/Project	Budgeted Priority Hours	% of Total
<b><u>Financial Audits</u></b>		
FY 2009 Financial Statement Audit	500	
FY 2010 Interim Financial Statement Audit Work	120	
Presidential Travel and Entertainment Expenses Audit	80	
ARRA (American Recovery and Reinvestment Act) Audit	60	
<b>Financial Audits Subtotal</b>	<b>760</b>	<b>15%</b>
<b><u>Operational Audits</u></b>		
Entertainment Expenses	180	
Gifts	160	
Purchasing Cards	160	
Departmental Self-Assessments, Reviews, and Training	900	
Contracting	200	
Scholarships	100	
<i>Carry forward from FY 2009</i>		
Financial Aid	120	
<b>Operational Audits Subtotal</b>	<b>1,820</b>	<b>36%</b>
<b><u>Compliance Audits</u></b>		
Ethics	60	
Technology Workforce Grants	80	
Lena Callier Trust, required annually by the Trust Agreement	80	
Federal Portion of the Statewide Single Audit (assistance to State Auditor's Office)	40	
Identity Theft Process	50	
Contracts & Grants - Unallowable Costs	200	
<i>Carry forward from FY 2009</i>		
International Students/SEVIS	120	
<b>Compliance Audits Subtotal</b>	<b>630</b>	<b>13%</b>
<b><u>Information Technology Audits</u></b>		
TAC 202 (IT Security)	120	
PeopleSoft Student System - Application Review	300	
UTS165 (Information Resources Security and Use Policy - includes Servers, Patching, Incident Response Procedures, Security Operations, UTD-ID)	120	
PeopleSoft Committees - Finance/HR	80	
Information Technology Governance Audit	200	
UTD Marketplace System and PCI Compliance (Payment Card Industry)	200	
<b>Information Technology Audits Subtotal</b>	<b>1,020</b>	<b>20%</b>

Audit/Project	Budgeted Priority Hours	% of Total
<b><u>Follow-up Audits</u></b>		
Quarterly Follow-up of Significant Audit Recommendations	10	
Annual Follow-up Audit	100	
<b>Follow-up Audit Subtotal</b>	<b>110</b>	<b>2%</b>
<b><u>Projects</u></b>		
Annual Internal Audit Report	30	
Audit & Compliance Committee	60	
FY 2011 Audit Plan	70	
Quality Assurance Reviews for Other Audit Departments	40	
Internal Audit Quality Assurance Review	50	
Hotline Calls, Investigations, and Special Projects	200	
U. T. System Requests	40	
Teammate and Policies and Procedures Updates	50	
Development of New Follow-up Database	50	
Consulting (All Areas)	100	
<b>Projects Subtotal</b>	<b>690</b>	<b>14%</b>
<b>Total Audit Plan Hours</b>	<b>5,030</b>	<b>100%</b>

## External Audit Services Procured in Fiscal Year 2009

There are no external audit services that were procured or are ongoing in fiscal year 2009.

## Reporting Suspected Fraud and Abuse

The following actions were taken by The University of Texas at Dallas to implement the requirements of: [http://www.lbb.state.tx.us/Bill\\_80/8\\_FSU/80-8\\_FSU\\_1007.pdf](http://www.lbb.state.tx.us/Bill_80/8_FSU/80-8_FSU_1007.pdf)

- **Fraud Reporting.** Article IX, Section 17.05, the General Appropriations Act (81<sup>st</sup> Legislature).

*Sec. 17.05. Fraud Reporting. A state agency or institution of higher education appropriated funds by this Act, shall use appropriated funds to assist with the detection and reporting of fraud involving state funds, including funds received pursuant to the American Recovery and Reinvestment Act, as follows: (a) By providing information on the home page of the entity's website on how to report suspected fraud waste and abuse involving state resources*

*directly to the State Auditor's Office. This shall include, at a minimum, the State Auditor's fraud hotline information and a link to the State Auditor's website for fraud reporting; and (b) By including in the agency or institution's policies information on how to report suspected fraud involving state funds to the state auditor.*

UT Dallas has a link for fraud reporting at [www.utdallas.edu](http://www.utdallas.edu) which provides information about reporting fraud waste and abuse to the State Auditor's office.

- **Reporting Requirements.** Article XII, Section 5(c), the General Appropriations Act (81<sup>st</sup> Legislature).

*SPECIAL PROVISIONS AMERICAN RECOVERY AND REINVESTMENT ACT*  
*Each state agency or institution that receives funds as a result of the American Recovery and Reinvestment Act and that provides reports to the Legislative Budget Board and federal agencies regarding funding received under ARRA shall post on the agency's or institution's internet website, the agency's or institution's ARRA report and provide a link to the State Auditor's Office fraud hotline.*

UT Dallas reports ARRA information and the State Auditor's Office fraud hotline at <http://www.utdallas.edu/research/ARRA.html>.

- Texas Government Code, Section 321.022.

*Sec. 321.022. COORDINATION OF INVESTIGATIONS. (a) If the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the department or entity.*

*(b) The state auditor, in consultation with state agencies and institutions, shall prescribe the form, content, and timing of a report required by this section.*

*(c) All records of a communication by or to the state auditor relating to a report to the state auditor under Subsection (a) are audit working papers of the state auditor.*

UT Dallas reports such activities to the State Auditor's Office via the following website: <https://sao.fraud.state.tx.us/hotline.aspx>.