

Fiscal Year 2008 Annual Internal Audit Report



The University of Texas
ARLINGTON™

THE OFFICE OF INTERNAL AUDIT
BOX 19112
ARLINGTON, TX 76019-0112



**Annual Internal Audit Report
Fiscal Year 2008**

Purpose of the Annual Report: To provide information on the benefits and effectiveness of the internal audit function. In addition, the annual report assists central oversight agencies in their work planning and coordinating efforts.

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I. Internal Audit Plan for Fiscal Year 2008

Audit/Project	Budgeted Hours
<i>UT System Requested</i>	
<u>Audits</u>	
Financial Statement Audit -- Fiscal Year 2007	600
Financial Statement Audit -- Fiscal Year 2008	200
Presidential Housing, Travel & Entertainment Expense Audit	120
IT Systems Change Management Audit – UTS 165	250
Federal Portion of the Statewide Single Audit (assistance to the SAO)	20
Student Health Center	550
Consulting	
UT System Carryforward	200
UT System Requested Subtotal	1,940
<i>Externally Required</i>	
<u>Audits</u>	
Governance – Conflicts of Interest/Standards of Conduct	120
Texas Workforce Development (TWD) Grants Audit	120
NCAA Financial Audit	80
NCAA Compliance Audit – Eligibility	160
Carryforward	350
Externally Required Subtotal	830
<i>Risk Based Tier One: Institutional</i>	
<u>Audits</u>	
Internal Controls Related to Ticket Sales/Cash Collections	340
Crisis Management Program Assessment	400
Operation Audit – Registration Processes	300
Consulting	100
Risk Based Tier One: Institutional Subtotal	1,140
<i>Risk Based Tier Two: Auditable Area</i>	
<u>Research Audits</u>	
Follow-Up Time & Effort Reporting	100
Grants & Contracts	400
Consulting	-
Carryforward	-



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Audit/Project (Continued)	Budgeted Hours
<i>Information Technology Audits</i>	
Profile System Development	220
UTS 165 – Digital Sensitive Data	280
ACL Exception Reporting with Focus on Payroll & Payables	350
Consulting	-
Carryforward	400
<i>Facilities Management Audits</i>	
Construction and Renovation Projects Review Against THECB Requirements	200
Consulting	-
<i>Financial Management Audits</i>	
Procurement Cards	100
Consulting	-
Carryforward	-
Risk Based Tier Two: Auditable Area Subtotal	2,050
<i>Management Review</i>	
<i>Change in Management Audits</i>	150
<i>Change in Management Carryforward</i>	-
Change in Management Subtotal	150
<i>Follow-up</i>	300
<i>Audit Projects</i>	
U. T. System Requests	80
FY 2009 Audit Plan Preparation	80
Annual Internal Audit Report	40
Special Requests - Audits	-
Audit Projects Subtotal	200
<i>Consulting Projects</i>	
Special Requests – Consulting	130
Consulting Projects Subtotal	130
<i>Other Projects</i>	
Quality Assurance Review	80
ACL Training	150
Internal Audit Committee	60



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Audit/Project (Continued)	Budgeted Hours
Investigations	80
Website Updates & TeamMate procedures	100
Reserve for other Special Requests	300
<i>Carryforward</i>	-
Other Projects Subtotal	770
Projects Total	1,100
Total Hours	7,510



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Explanation of Deviations from 2008 Audit Plan

The Fiscal Year 2008 Work Plan was accomplished as approved by the Audit Committee except as noted below. The following audits were in progress at August 31, 2008, or were carried forward to the Fiscal Year 2009 audit plan:

- Financial Statement Audit – 2008 (In Process)
- IT Systems Change Management Audit – UTS 165 (In Process)
- Payment Card Industry Standards (In Process)
- Governance – Conflicts of Interest/Standards of Conduct (In Process)
- UTS 165 – Digital Sensitive Data (In Process)
- ACL Exception Reporting With Focus on Payroll and Payables (In Process)

The Director plans to complete the in-process audits and issue the reports prior to December 31, 2008. As discussed and approved by the audit committee members, the following audits were carried forward to the Fiscal Year 2009 Work Plan:

- Internal Control Related to Ticket Sales/Cash Collections (Combined with Cash Collections Audit FY 2009 Audit Plan)
- Crisis Management Program Assessment (Combined with UT-System Requests Audit FY 2009 Audit Plan)
- NCAA Eligibility Compliance Audit (Delayed to FY 2009 Audit Plan)
- Grants and Contracts (Delayed to later time frame)
- Profile System Development Audit (Delayed to FY 2009 Audit Plan)

Additionally, as discussed and approved by the audit committee members, the audit department assisted in the following audits by outside agencies as follows: Office of Inspector General-TMAC Contract Audit and the Texas State Comptroller Post Payment Audit.



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II. External Quality Assurance Review (Peer Review)

Following is the Executive Summary from the Quality Assessment Review of The University of Texas at Arlington Office of Internal Audit Report issued in May 2006. The entire report can be requested from the Director of Internal Audit at (817) 272-2018.

EXECUTIVE SUMMARY

As requested, we have conducted a quality assurance review (QAR) of the Internal Audit function (Internal Audit), within the Office of Assurance Services, at the University of Texas at Arlington (UT Arlington) for the period April 1, 2005 through March 31, 2006. The principal objectives of the QAR are to assess Internal Audit's conformity to The Institute of Internal Auditing (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, evaluate Internal Audit's effectiveness in carrying out its mission (as set forth in its charter and expressed in the expectations of UT Arlington's management), and identify opportunities to enhance its management and work processes, as well as its value to UT Arlington.

As part of the preparation for the QAR, Internal Audit prepared a detailed self-study and sent surveys to its staff and to a representative sample of UT Arlington executives. During the onsite work performed by the QAR team on May 1 through 5, 2006, the team interviewed key executives (including each member of the University Audit Committee) and the Internal Audit staff. Additionally, we reviewed Internal Audit's risk assessment and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a representative sample of Internal Audit's working papers and reports.

The Internal Audit environment in which we performed our review is very dynamic. Five of the six staff are relatively new to UT Arlington Internal Audit; two have less than one year with the Internal Audit function and the remaining three (including the Director of Internal Audit) have less than two years with the function. In June 2004, the Office of Internal Audit was combined with the Office of Institutional Compliance and renamed the Office of Assurance Services. At that time, Mrs. Chapman became the Executive Director of Assurance Services and a search was initiated for a Director of Internal Audit.

On October 1, 2004, Mr. Schroeder was appointed the Interim Internal Audit Director and on January 10, 2005 was appointed as the Director of Internal Audit; however, Mrs. Chapman continued as the Chief Audit Executive (CAE). The Executive Director of Assurance Services also serves as the Institutional Compliance Officer, Ethics Officer, Fraud Coordinator, and HIPAA Privacy Officer. The last QAR was performed in 2003.

Internal Audit strives to ensure that the *Standards* are understood and management is endeavoring to provide useful audit tools and implement appropriate practices. Among these tools and practices are automated audit software; professional training and encouragement of certifications for Internal Audit staff; concise reports with a focus on risk; and a good reporting relationship and credibility with customers. Consequently, our comments and recommendations are intended to build on the foundation already in place in Internal Audit.

Our recommendations are divided into two groups:

- Those that concern UT Arlington as a whole and suggest actions by senior management. Some of these are matters outside the scope of the QAR, as set out above, which came to our attention through the surveys and



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interviews. We include them because we believe they will be useful to UT Arlington management and because they impact the effectiveness of Internal Audit and the value it can add.

- Those that relate to Internal Audit's structure, staffing, deployment of resources and similar matters that should be implemented within Internal Audit, with support from senior management.

Highlights of our recommendations are set forth below, with details in the main body of our report.

PART I — MATTERS FOR CONSIDERATION BY UT ARLINGTON MANAGEMENT

1. Improve the management structure of the Internal Audit function to ensure compliance with the *Standards* and appropriate management of the audit staff.
2. Support/facilitate the development of an information technology audit function/position to ensure adequate audit coverage of technology risks at UT Arlington.

PART II — ISSUES SPECIFIC TO INTERNAL AUDIT

3. Update the *Audit Manual* to reflect the new *Standards* and include the position description for the Executive Director of Assurance Services.
4. Improve the timeliness of reports by decreasing the time between fieldwork and the issuance of the report.
5. Ensure the necessary resources are in place to complete the information technology audits planned for the last quarter of 2006 (June-August).
6. Enhance audit follow-up effectiveness by improving the follow-up policy to include a specific timeframe for follow-up reviews.
7. Involve the Internal Audit staff in the development of the annual risk assessment and audit planning process to increase their depth of knowledge and awareness of UT Arlington risks.
8. Enhance Internal Audit staff members' development and training, particularly in the areas of higher education, information technology, UT Arlington's administrative systems and audit software.
9. Evaluate the efficiency of the internal Quality Assurance Review (QAR) program performed on individual audits.
10. Improve the effectiveness of developing an audit finding.



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OPINION AS TO CONFORMITY TO THE STANDARDS

It is our opinion that Internal Audit generally conforms to the following *Standards*:

- 1000 – Purpose, Authority, and Responsibility (Charter),
- 1300 – Quality Assurance/Improvement Program,
- 2100 – Nature of Work,
- 2200 – Engagement Planning,
- 2300 – Performing the Engagement,
- 2600 – Management’s Acceptance of Risks, and
- The IIA’s Code of Ethics.

It is our opinion that the IA activity partially conforms to the following *Standards*:

- 1100 – Independence and Objectivity,
- 1200 – Proficiency and Due Professional Care,
- 2000 – Managing the Internal Audit Activity,
- 2400 – Communicating Results and
- 2500 – Monitoring Progress.

In our terminology, “generally conforms” means that Internal Audit has a charter, policies and processes that are judged to be in accordance with the *Standards*, with some opportunities for improvement, as discussed in our recommendations. “Partially conforms” means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. “Does not conform” means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

We appreciate this opportunity to be of service to UT Arlington. We will be pleased to respond to further questions concerning this report and to furnish any desired information.

Helen C. Vanderland

Helen C. Vanderland, CPA
Peer Review Team Leader
Internal Audit Director at the University of Mary Washington

Peer Review Team Members:

Doug Horr, CIA, CBA, Institute Auditor
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University of Texas at Brownsville



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III. List of Audits Completed Showing High-Level Objectives, Observations/Findings, Recommendations, and Status

Report No.	Report Date	Name of Report	High-Level Audit Objective(s)	Observations/Findings and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with brief description if not yet implemented ¹	Fiscal Impact/ Other Impact
07-15	9/18/07	Biosafety Research Audit	The objectives of this audit were to determine if: <ul style="list-style-type: none"> • UT Arlington is in compliance with NIH guidelines and the University's policies and procedures. • IBC members and individuals working with Biosafety Research are completing the required training. • Safety inspections are being performed and deficiencies are being corrected. 	Our testing indicates that the proper procedure for approval of Biosafety Research protocols has been followed at UT Arlington. This research is in compliance with NIH guidelines and University policies and procedures.	No recommendations given.	To ensure compliance with regulations and IT Arlington Policy
08-01	11/16/07	Presidential Travel and Entertainment	<ul style="list-style-type: none"> • Provide assurance that Presidential Travel and 	The audit resulted in no recommendations considered	There were no recommendations.	Reduce risk of Non-Compliance

¹ Definitions of implementation status are as follows:

- Fully Implemented: Successful development and use of a process, system, or policy to implement a prior recommendation
- Substantially Implemented: Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation
- Incomplete/Ongoing: Ongoing development of a process, system, or policy to address a prior recommendation
- Not Implemented: Lack of a formal process, system, or policy to address a prior recommendation.



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		Expenses Audit	<p>Entertainment expenses are handled in accordance with Regents' Rule 20205</p> <ul style="list-style-type: none"> • Determine the reliability and integrity of the President's travel and entertainment expenditures • Determine the reliability and integrity of spousal travel and entertainment expenditures • Determine compliance with the applicable policies, procedures, laws, and regulations • Determine if the President utilized the services of Facilities Management at his personal residence 	<p>significant to University operations. Based on our audit, the President's travel and entertainment reimbursements and payments to third parties on behalf of the President were reasonable and appropriate. All applicable State, Federal, Board of Regents' and University rules have been complied with.</p>		<p>with UT Arlington and UT System Policy</p>
07-19	12/17/07	2007 Financial Statement Audit	<ul style="list-style-type: none"> • Perform a risk-based audit of the financial information composing UT-Arlington's Annual Financial Report (AFR) – Exhibits A & B – 	<p>Determined that there were no material unadjusted differences meeting the \$1 million materiality threshold. Processes in which internal controls could be</p>		



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			<p>Balance Sheet and Statement of Revenues, Expense and Changes in Net Asset for fiscal year ending August 31, 2007 to identify any misstatements in excess of \$1 million</p> <ul style="list-style-type: none"> Identify and test controls over financial reporting including Information Technology (IT) controls and the certification process required by UT system policy 	<p>improved listed in the “audit results” section of the audit report include:</p> <ul style="list-style-type: none"> Recommend that supporting documentation be retained for all changes requested for DEFINE access and that procedures be established and enforced to ensure that only the DEFINE Manager and DEFINE Training Specialist III make the requested changes. Management should weigh the benefits of obtaining certifications at the Vice President level versus having the account administrators attest for their accounts on the sub-certifications. Additionally, sub-certifications should be obtained prior to the signing of the Financial Statement Certification following the guidance in UT System Administration Policy - UTS 	<ul style="list-style-type: none"> Substantially Implemented Substantially Implemented Substantially Implemented 	<p>Reduce the risk of improper access to Accounting system</p> <p>Reduce risk of Financial Statement misstatement</p> <p>Reduce risk of Financial Statement misstatement</p>



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				142.1, <i>Policy on the Annual Financial Report.</i>		
7-17	1/16/08	Delivery & Support Audit (System Security Audit)	To provide assurance that the University is implementing information security based on best practices embodied in the UTS 165, Re: Information Resources Use and Security Policy and the requirements of Texas Administration Code (TAC) 202, Re: Information Security Standards for Institution of Higher Education	<p>Based on our review, the implementation of information security to the following areas conforms to best practices: management of IT security, security monitoring, and incident handling. There are, however, security measures that need to be implemented or improved to better secure the University information resources.</p> <p><u>Strengthen Security of Virtual Private Network (VPN)</u></p> <p>a. For remote users who are authorized to access critical and sensitive university information resources, use an additional authentication layer such as digital certificate, smart card, or token (an electronic devise that generates random code in</p>	Incomplete/Ongoing	Reduce risk of unauthorized access to systems



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				addition to a password). a. Reduce session time out (e.g. 30 minutes) to minimize the opportunity for unauthorized physical access to the remote computer. <u>Acquire Firewall Expertise</u> We recommend that the Network Services either hire a network specialist with sufficient firewall experience, or provide formal training to network specialists in firewall management. <u>Perform Formal Network Penetration Testing</u> We recommend that the ISO assess and determine which party (e.g., UT Arlington security specialists, UT System Entity security specialist, or third party) could expertly perform penetration testing. Penetration testing should be performed regularly to ensure that security measures established to protect UT Arlington	Incomplete/Ongoing Incomplete/Ongoing Fully Implemented	Reduce risk of unauthorized access to systems Reduce risk of unauthorized access to systems Reduce risk of unauthorized access to systems



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				<p>information resources are effective and to determine where greater security measures should be installed.</p> <p><u>Implement a Comprehensive Vulnerability Management System</u> We recommend that a comprehensive vulnerability management system be implemented covering all operating systems. Patches or fixes to operating systems should be applied as vulnerabilities are detected.</p> <p><u>Improve Prevention, Detection, and Correction of Malicious Software (Malware)</u> We recommend that OIT:</p> <p>a. Enforce the University's official anti-virus software to all University servers and workstations, including decentralized computers;</p> <p>b. Acquire a software tool that</p>	<p>Incomplete/Ongoing</p> <p>Substantially Implemented</p> <p>Incomplete/Ongoing</p>	<p>Reduce risk of unauthorized access to systems</p> <p>Reduce risk of unauthorized access to systems</p> <p>Reduce risk of</p>



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				<p>could detect which University computer has no anti-virus and be able to install the anti-virus software;</p> <p>c. Acquire and install official anti-spyware to every University computer.</p> <p><u>Identify All Mission-Critical Applications and Centrally Manage Access Control</u></p> <p>a. Develop and issue a university procedure requiring all university departments, through the assistance of the OIT, to acquire/develop new systems that are compliant to the CEDAR technology.</p> <p>b. Conduct an inventory of all systems being used in the University; assess significance and criticality of the application.</p> <p>c. Integrate into CEDAR systems that were assessed as mission critical or important where possible.</p>	<p>Substantially Implemented</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>unauthorized access to systems</p> <p>Reduce risk of unauthorized access to systems</p> <p>Reduce risk of unauthorized access to systems</p> <p>Reduce risk of unauthorized access to systems</p>



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				<p>independent review of the written materials used to document off-campus recruiting activities. This will assist in ensuring that coaches are maintaining accurate and timely records of recruiting activities.</p> <p>We recommend that the Athletics Department include in their Policies and Procedures and Compliance Manual that the coaching staff is prohibited from communicating with university personnel regarding admissions and financial aid for student – athletes for recruiting purposes.</p> <p>We recommend that the coaches provide detailed information on their travel vouchers in order for the recruiting activity to be traced back to the recruiting logs/files for the prospects.</p> <p>We recommend that the Compliance Coordinator ensure that the coaches maintain</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	



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				<p>documentation of all recruiting materials distributed to prospects or prospect's relatives. Also, all recruiting materials maintained by the coaches should be reviewed by the Compliance Coordinator to ensure that the materials conform to the materials specified by the NCAA Bylaws.</p> <p>The UT Arlington Athletic Department should continue to place the five visit rule notification in the Notification of Prospective Student-Athlete letter.</p> <p>We recommend that the Southland Conference Form 10 regarding unofficial visitations be completed and signed by both the coach and the student-athlete for all unofficial visits made by prospects to UT Arlington.</p> <p>We recommend that the Athletics Department include responsibilities regarding booster activities in the job description of</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	



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				the Compliance Coordinator. Information regarding the operations and activities of boosters should also be included in the Athletics Department Policies and Procedures manual.		
08-06	2/14/08	Endowment Management and Administration Fee Audit	To determine whether endowment management and administrative expenses determined by the Development Office are allowable, reasonable and supported adequately.	UT Arlington incurred \$84,059.47 of management and administrative expenses relating to endowments for the year ending August 31, 2007. This resulted in an allowable, reasonable, and supported distribution percent of .175% on average market value of endowment long term fund balances. Since .08% was distributed last fall, the percent that is available for distribution on March 1, 2008 is .095%.	Fully Implemented	Identified additional costs of administration of endowments.
08-04	3/12/08	Technology Workforce Development (TWD) Grants Audit	To provide assurance that the University is complying with the procedures specified by the Texas Higher Education Coordinating Board pertaining to the TWD grants and the grant conditions contained in the Program Announcement.	Based on the audit performed, management control systems provided by the University are implemented with reasonable assurance and reliability. There is adherence to the grant terms and conditions specified by THECB. All strategies to increase enrollment in the departments	Incomplete/Ongoing	Ensure Compliance with the Grants



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				<p>were successfully performed except for one strategy to be employed in the Computer Science and Engineering outlined in the project proposal. Additionally, we found that the increased enrollment reflected by TWD Rosters was appropriately funded through the University budget process in support of the programs.</p> <p>Strategy #6: Create a RoPro (Robot Program) competition for students at community colleges to increase the number of transfer students to CSE.</p> <p>Strategy #6 of the grant proposal should be completed before the expiration of the grant on 8/31/08.</p>		
07/07	5/13/08	TAC 202	To provide assurance that the University is in compliance with TAC 202	Based on our review, the University continues to work towards full compliance with the TAC 202 requirements. Our review resulted in six recommendations to facilitate the		



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				<p>University's compliance with the information security standards set by TAC 202:</p> <p>Review and update the OIT's DRP and evaluate the level and extent of actual restoration testing necessary to ensure that critical systems can be timely restored in case of various levels of disasters. The results and lessons learned should be fully documented and updated to the plan.</p> <p>The OIT should coordinate with all university departments maintaining mission-critical data to promote proper and regular backup and recovery testing. The OIT may also explore the possibility of moving the data to ARDC to ensure proper backup and secure offsite storage. The OIT could utilize departmental information security administrators (ISAs) to verify that departments are complying with the TAC 202 standard of</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>Reduce the risk System downtime</p> <p>Reduce the risk of data loss</p>



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				<p>performing backup and testing.</p> <p>The OIT should expedite the implementation of a process that requires each university employee, contractor, and visitor to formally acknowledge compliance to security policies and procedures and sign or accept a non-disclosure agreement before granting access to university information resources.</p> <p>The OIT, in coordination with the police department, should identify areas where physical security is critical, review adequacy of existing physical security, and recommend and implement security measures if needed. The review objectives, scope (which should include systems and network installations outside of ARDC) and results should be documented and formally communicated to senior management.</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>Reduce the risk of security breaches</p> <p>Ensure adequate physical security</p>



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				a change in student residency could greatly impact the tuition calculation. The audit log could also be periodically archived to save on disk space.		
08-05	5/16/08	Student Health Center	<p>To provide assurance that an adequate system of internal controls exists and that UT Arlington is in compliance with applicable policies, procedures and regulations that could have a significant impact on operations.</p> <p>(Some aspects of HIPAA regulations were examined during this audit, but this audit was not conducted to provide assurance of compliance with all HIPAA rules and regulations.)</p>	<p>Based on the results of the audit steps performed, management has designed controls that are generally effective at ensuring compliance with applicable policies, procedures, laws and regulations but some improvements are recommended to ensure full compliance.</p> <p>Recommended that Health Services stop the practice of allowing the patients to carry their medical records to the pharmacy/cashier when they check out. If a prescription is issued, suggested that the attending nurse walk the patient over to the pharmacy with their medical record.</p> <p>The medical visit charts should document the patient's complaints, assessment and treatment plan</p>	<p>Incomplete/Ongoing – In Progress</p> <p>The Health Center has implemented the recommendations or is in the process of implementing the recommendations. Internal Audit has a follow up audit scheduled for Fiscal 2009 to review the status of each implementation measure.</p> <p>Incomplete/Ongoing</p> <p>Substantially Implemented</p>	<p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University</p>



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				<p>according to 22 TAC §165.1. Every prescription, even if it is only a sample, should be supported with applicable diagnosis and assessment.</p> <p>We recommend that the standing delegation order be rewritten to include all twelve minimum requirements in order to conform to 22 TAC §193.2.</p> <p>We recommend that the list of approved vaccines in the Nursing Clinical Policy & Procedure Manual be updated to match the standing delegation order approved by the delegating physician.</p> <p>We recommend that UT Arlington Health Services develop a written Quality Assurance Plan in order to be in compliance with 22 TAC §193.6.</p> <p>We recommend that the delegating physician adhere to the</p>	<p>Substantially Implemented</p> <p>Substantially Implemented</p> <p>Substantially Implemented</p>	<p>Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p>



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				<p>requirements of 22 TAC §193.6 by assuring he countersigns all charts he reviews.</p> <p>We recommend that the Collaborative Practice Agreements be modified to state that Dangerous Drugs are authorized to be prescribed by the Advanced Practice Nurses.</p> <p>The Health Services pharmacy should revise the prescription records to include all nine items required of the Texas Board of Pharmacy.</p> <p>Controls need to be developed and implemented to ensure that the Advanced Practice Nurse is consulting with the physician prior to the prescribing of a controlled substance and the physician needs to provide evidence of his approval of the controlled substance by signing the patient medical record. Additionally, the</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p>



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				<p>pharmacy should strengthen controls so that prescriptions for controlled substances are not filled without the signature of the consulting physician.</p> <p>We recommend that Health Services develop and implement a procedure whereby the Advanced Practice Nurses identify the supervising/delegating physician when issuing a prescription so that the proper supervising/ delegating physician is included on the prescriptions processed by the pharmacy.</p> <p>Management should procure a reverse disposal contract with a vendor for the proper removal and destruction of out of date prescription drugs.</p> <p>Pharmacy personnel should conduct client counseling in a location more suitable for confidential patient counseling that will not allow patient access</p>	<p>Substantially Implemented</p> <p>Substantially Implemented</p> <p>Incomplete/Ongoing</p>	<p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University</p>



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				<p>to prescription drugs.</p> <p>For both the PyraMed and the Pharmacy computer software systems, management should determine if the information contained therein is deemed as "mission critical." If so, proper back up procedures should be performed on both systems as required and the back up should be stored off site as addressed by 1 TAC §202.74. Periodically, restoration of the backup information should be performed to ensure that if necessary, the information can be obtained when needed. The Health Services Information Specialist should discontinue backing up the PyraMed system to the UT Arlington "K" drive and should consult with OIT concerning alternate methods to back up a system.</p> <p>With HIPAA concerns and sensitive information that is stored</p>	<p>Incomplete/Ongoing</p>	<p>Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p>



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				<p>on the five servers located in Health Services, it is imperative that management ensure that the servers get moved to the Arlington Regional Data Center in the very near future.</p> <p>We recommend that new Collaborative Practice Agreements be developed for both of the mental health nurse practitioners. These agreements should state the alternate and back up physicians. They should also be prepared accurately and any amendments should be signed by all parties involved.</p> <p>The Health Services Director should also review the Collaborative Practice Agreements for all Advance Practice Nurses/Nurse Practitioners (mental health & health services) on an annual basis.</p> <p>It is recommended that inquiry be</p>	<p>Substantially Implemented</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p>



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				<p>made of the mental health nurse practitioners to ensure they are aware of the requirements contained in 22 TAC §222.6. Additionally, a review process should be established, possibly by the pharmacy, to ensure that prescriptions issued for controlled substances do not exceed a period of 30 days and that refills are not included on new prescriptions so that in order to obtain a refill, the patient must see the nurse practitioner and the delegating physician is consulted.</p> <p>The Collaborative Practice Agreements for each of the mental health nurse practitioners should be revised to include vocabulary that indicates that drug samples for controlled drugs may also be distributed. General wording such as "the nurse practitioner may accept, sign for and distribute prescription drugs samples" may be more appropriate.</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p>



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				<p>Health Services should implement the recommendations of the Department of Health & Human Services as noted above. Additionally, at a minimum, they should limit the sensitive and confidential information sent via email and work with the HIPAA Security Officer and the Office of Information Technology to establish methods for encryption of all email that contains sensitive and confidential information.</p> <p>We recommend that the record retention policy for the Mental Health Clinic of Health Services be revised and that communication be made with UT Arlington's Record Retention Program Coordinator, to update the information on the University's record retention schedule to include the retention period for both psychological and psychiatric files in addition to medical records.</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p>



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				<p>amounts to ensure that correct amounts are being reimbursed to the University.</p> <p>Back-up training should be started at Health Services as soon as possible. All critical jobs should have a second employee trained to perform the position duties.</p> <p>Management should write a job description for the functions related to the Support Specialist II who works directly with United Health Care. This will allow the employee to fully understand the duties of her job.</p> <p>In order to have proper segregation of duties Health Services should segregate the duties of filling claims and posting payments and ensure that these two functions are performed independently.</p> <p>We recommend that the practice of free or discounted services to</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p> <p>Reduce risk of Non-Compliance with University Policy and regulations.</p>



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				Health Services staff be stopped immediately. All UT Arlington staff, irrespective of being a Health Services employee, are required to pay all co-payments/ patient responsibility for services utilized at Health Services as they would at an outside healthcare provider.	Fully Implemented	Reduce risk of Non-Compliance with University Policy and regulations.
7-18	6/9/08	MyMav Audit	To provide assurance that the Tuition and Fees function of the MyMav Student Information System generates accurate and reliable information including accurate financial reporting.	Based on our review, controls over the set up and maintenance of tuition and fees are in place. A combination of manual and automated controls ensured complete and accurate tuition calculation. Tuition rates and fees entered in the MyMav system were based on rates approved by the State and Board of Regents. Rigorous system testing was performed by the Director of Tuition and Fees to ensure the accuracy of tuition and fees set up and calculation. Application	Incomplete/Ongoing	Reduce risk of Financial Error



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				<p>controls such as edit checks, validation controls, detection of duplicate charges are built into the system. Independent reports were created to validate completeness and accuracy of MyMav system reports.</p> <p>The Director of Tuition and Fees should determine who should have update access to the MyMav tuition and fees function and request the ISO to restrict access accordingly.</p> <p>Reports used to account for all tuition and fees should have standard report control features such as page numbers, run time, and record count.</p> <p>All reconciliation processes concerning tuition and fees should be documented. Any discrepancies should be accounted for. Criteria for considering discrepancies as immaterial should be clearly defined and</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	



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				<p>documented.</p> <p>Verification of any changes or addition to tuition fees and tuition calculations should always be documented by indicating when and who entered and verified the changes or updates to the system.</p>	<p>Incomplete/Ongoing</p>	
08-10	6/17/08	Procurement Cards	<p>To review the design of the Monitoring Plan in place for Procurement Card transactions and reconciliations to provide assurance that the Monitoring Plan is functioning as designed and is mitigating the misuse and risks associated with procurement cards.</p>	<p>Overall, the Monitoring and Specialized Training Plan is mitigating the risks associated with procard transactions. Except for lack of supporting receipts at the time of approval of the procard log as noted in the report, the criteria set by UT Arlington's Fiscal Procedure on procards and procard reconciliations are being complied with.</p> <p>All procard charges are to be adequately supported by receipts. The preparer as well as the</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	



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				<p>reviewer should not sign off on the procard transaction log without verifying that all fields on the log are appropriately completed and that all receipts are attached.</p> <p>We recommend that Procurement Service advise Physics Department (where the error was found) and communicate to all other procard holders the best course of action to be taken in situations like the above, where receipts were not obtained from the vendor prior to the procard transaction log approval deadline date.</p>	Incomplete/Ongoing	
07-04	7/26/08	Implementation Progress UTS 163: Guidance on Effort Reporting	The objective of this audit was to follow up on the recommendations and the implementation status of the FY 2007 audit related to the University's compliance with UTS 163.	<p>Cost Sharing:</p> <p>a. <i>UTS 163 Section 2</i> -- UT Arlington's cost sharing policy needs to be updated to include all of the general requirements as outlined in the Policies. The UT Arlington policy was effective September 1, 1998 and has not been revised since then. The Cost Sharing policy is being updated to include the general</p>		Reduce the risk of Non-Compliance with Grants



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				<p>completion certificate could be generated for each participant once the survey is completed.</p> <p>Comments:</p> <p>a. Research administration believes that employees will be identified through continuous review when their proposal comes up for annual renewal. We tested three employees who did not get training at the time of the program proposal and noted that they have completed the training.</p> <p>b. Instead of a separate survey, management is including a comments section at the completion of the training to assess the training.</p> <p><u>Appendix B of the Policies, Monitoring Plan Criteria:</u> When the monitoring plan is reviewed and revised, consideration should be given to including the specific risks listed in UTS 163, to be monitored</p>	<p>Incomplete/Ongoing</p>	<p>Reduce the risk of Non-Compliance with Grants</p>



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				<p>within the plan. Approval of the plan should be obtained in writing. Additionally, the monitoring activities specified in the plan by each responsible party should be performed and documented.</p> <p>Comments: The monitoring plan was revised on May 5, 2008. However, the specific risks listed in UTS 163 Appendix B are not yet included in the plan. Research Administration will begin the first certification period using the Huron System on September 1, 2008. UT System has chosen the Huron System because it addresses and puts safeguards in place for each of the items in Appendix B. A formal monitoring plan is being developed based on the Huron System and this plan will be approved by both the Institutional Compliance Officer and the Compliance Executive Committee upon completion. Monitoring activities specified in the plan</p>	<p>Incomplete/Ongoing</p>	<p>Reduce the risk of Non-Compliance with Grants</p>



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				<p>were performed by the responsible parties (Grant Accounting & Director of Research Administration) and documented in the Institutional Compliance Program 3rd Quarter Report.</p> <p><u>Action Plan and Report to the Executive Vice Chancellor:</u> We recommend that management reassess the resources needed to complete the above elements and determine revised implementation dates.</p> <p>Comments: All of the elements of the Action Plan have not been completed. The following are the action plan elements and their respective implementation status or revised implementation dates: <u>Internal Proposal Routing System:</u> Implemented <u>Online budget Builder:</u> December 2008 <u>Online Cost Sharing Form:</u> December 2008</p>	<p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p> <p>Incomplete/Ongoing</p>	<p>Reduce the risk of Non-Compliance with Grants</p> <p>Reduce the risk of Non-Compliance with Grants</p>



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				<u>Cost Share Policy Revision:</u> December 2008 <u>Effort Policy Revision:</u> Implemented <u>Completion of Effort Training:</u> Implemented	Incomplete/Ongoing Incomplete/Ongoing Incomplete/Ongoing	



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IV. List of Consulting Engagements and Non-audit Services Completed Showing High-Level Objectives, Observations/Results, Recommendations, and Status

Report No.	Report Date	Name of Report	High-Level Consulting Engagement/Non-audit Service Objective(s)	Observations/ Results and Recommendations	Current Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with brief description if not yet implemented ²	Fiscal Impact/ Other Impact
None	None	None	None	None	None	None

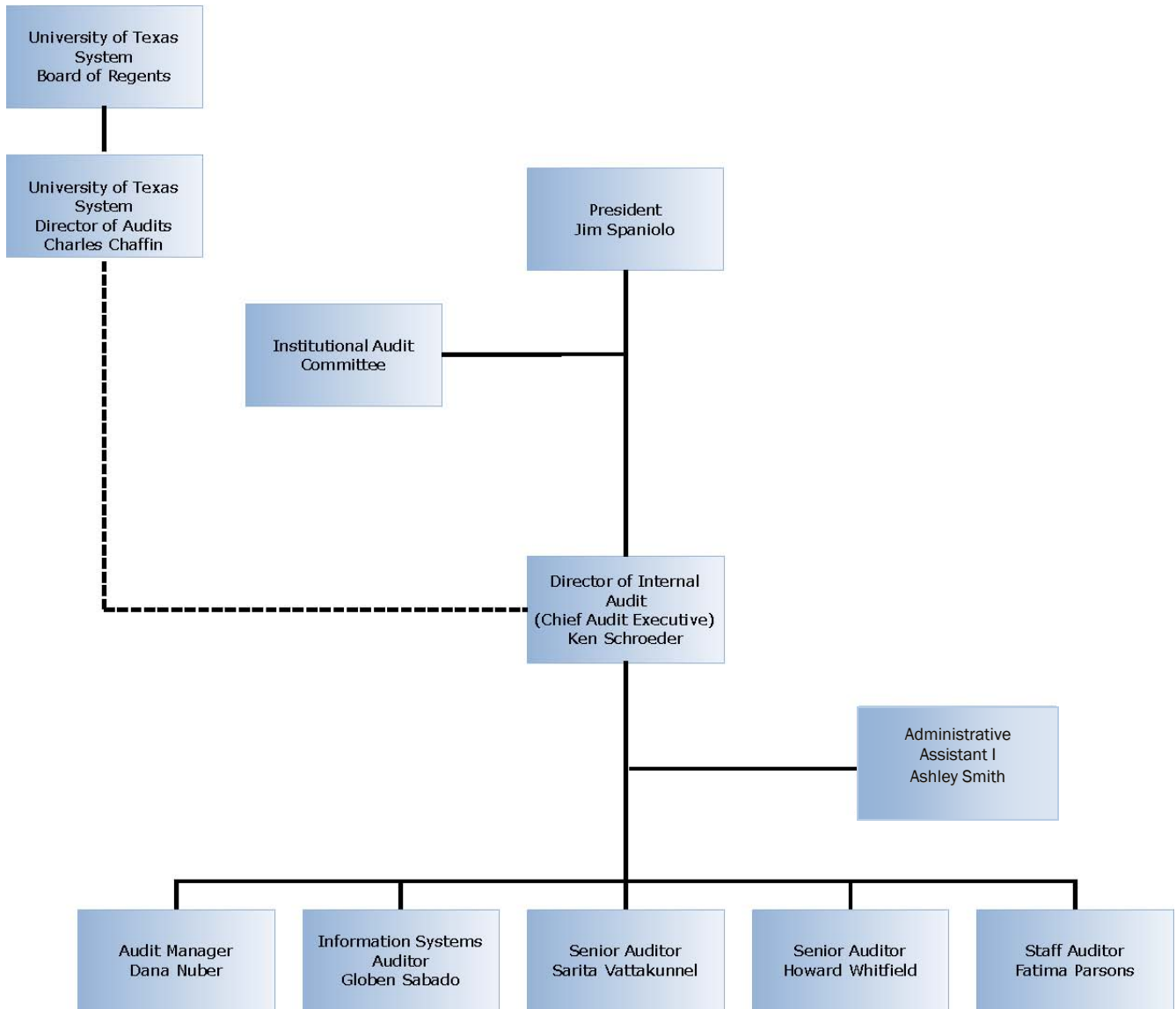
² Definitions of implementation status are as follows:

- Fully Implemented: Successful development and use of a process, system, or policy to implement a prior recommendation
- Substantially Implemented: Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation
- Incomplete/Ongoing: Ongoing development of a process, system, or policy to address a prior recommendation
- Not Implemented: Lack of a formal process, system, or policy to address a prior recommendation.



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V. Organizational Chart





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VI. Report on Other Internal Audit Activities

Activity	Impact
Participated with the University Institutional Compliance Office in Enterprise Risk Management Reviews	Provides a service to the University by facilitating the review and identification of high risks within the University
Served as a non-voting member of the Student Information System Executive Steering Committee	Provides independent consultation and guidance to help ensure that the University's Student Information System is adequately safeguarded
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
Served as Proctor for several training tracks at the Association of College and University Auditors Conferences. Attended various class sessions	Attendance at the meetings provides networking with peers at other institutions of higher education and enhancement of the Department's knowledge
Participated in numerous web based seminars	Provides information on current and hot topics that are useful to our audit team
Audit Manager elected to serve on Texas Association of College and University Auditors (TACUA) Board	Access to new ideas and audit methods from constituent members

VII. Internal Audit Plan for Fiscal Year 2009

The following Audit Plan Table identifies 2009 audit projects for various audit categories and indicates planned audit hours. Please note that the detailed schedules, risk assessments and analysis for preparation of the work plan are not included. A complete copy of the Work Plan schedules may be requested from the Director of Internal Audit at (817) 272-2018.

Audit/Project	Budgeted Hours
<i>Financial Audits</i>	
<u><i>UT System Requested/Externally Required Audits</i></u>	
FY 2008 Financial Statement Audit	500
FY 2009 Financial Statement Audit (Interim)	200
Presidential Housing, Travel and Entertainment Expenses Audit	120
Joint Admission Medical Program "JAMP"	80
NCAA Financial Audit	180
<u><i>Carryforward Audits</i></u>	
Financial Audits Subtotal	1,080
 <i>Operational Audits</i>	
Campus Security/Emergency Preparedness Audit, including Clery Act	300
 <u><i>Risk Based Tier Two Audits</i></u>	
Controls over cash collection areas and security of credit card information	600



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Audit/Project	Budgeted Hours
Follow-up on FY 08 Health Services Audit	160
Disability Services	220
Registration Process	300
Change in Management Audits	40
<u>Carryforward Audits</u>	
Operational Audits Subtotal	1,620
<i>Compliance Audits</i>	
<u>UT System Requested/Externally Required Audits</u>	
UTS 166 – Cash Management and Cash Handling Policy	200
Student Fees Audit	350
Advanced Technology Program/Advanced Research Program (ATP/ARP)	140
NCAA Compliance Audit – Eligibility	160
<u>Risk Based Tier Two Audits</u>	
EHS: Review of High Risk Areas – Chemical Safety	250
Construction and Renovation Projects Review Against THECB Requirements	200
<u>Carryforward Audits</u>	
Governance	120
UTS 165 – Digital Sensitive Data	140
Compliance with Payment Card Industry (PCI) Data Security Standards	200
Compliance Audits Subtotal	1,760
<i>Information Technology Audits</i>	
<u>UT System Requested/Externally Required Audits</u>	
<u>Risk Based Tier Two Audits</u>	
Profile System Development	
<u>Carryforward Audits</u>	300
ACL Exception Reporting with Focus on Payroll & Payables	100
UTS 165 – IT Systems Change Management Audit	140
Information Technology Subtotal	540
<i>Follow-Up Audits</i>	
IT Follow-Up Audits	120
Follow-Up Audits (Non IT-Related)	200
Follow-Up Audits Subtotal	320
<i>Projects</i>	
<u>Audit Projects</u>	
U.T. System Requests	300



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Audit/Project	Budgeted Hours
FY 2010 Audit Plan Preparation	160
Annual Internal Audit Report	60
Procurement Card Continuous Auditing – ACL	160
Special Requests – Audits	150
 <i>Consulting Projects</i>	
Special Requests – Consulting	130
Police Security Staffing Level Review	200
 <i>Other Projects</i>	
Quality Assurance Review	160
ACL Training	40
Internal Audit and Institutional Compliance Committees	100
Investigations	160
Web site Updates and TeamMate Procedures	200
Reserve for Other Special Requests	260
Projects Subtotal	2,080
TOTAL HOURS	7,400

VIII. External Audit Services

- The Office of Inspector General performed an audit of the TMAC Contract.
- The Texas State Comptroller performed a Post Payment Audit during FY 2008.