



Internal Audit Annual Report

For the Fiscal Year Ended

August 31, 2022

Office of Audit and Consulting Services

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THE UNIVERSITY OF TEXAS AT DALLAS

OFFICE OF AUDIT AND CONSULTING SERVICES
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October 25, 2022

Dr. Richard Benson, President

Mr. John Cullins, Chair of the Institutional Audit Committee:

We are pleased to submit the annual report of the Office of Audit and Consulting Services for the fiscal year ended August 31, 2022. This report is required by the Texas Internal Auditing Act and provides information on the assurance services, consulting services, and other activities of the internal audit function.

During fiscal year 2022, we issued 16 reports related to audits, consulting reviews, and other reports related to our audit plan. We believe the work of our office has enhanced university operations and provided value to management with recommendations relating to governance, risk management, and control processes at the University of Texas at Dallas.

If you have any questions about the contents of this report, please do not hesitate to contact me.

Respectfully submitted,

Toni Stephens, CPA, CIA, CRMA
Chief Audit Executive

Report Distribution:

- State Auditor's Office
- Governor's Office of Budget, Planning, and Policy
- Legislative Budget Board
- Members of the UT Dallas Institutional Audit Committee
- UT System Audit Office



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Purpose of the Annual Internal Audit Report

The purpose of this annual report is to provide information on the assurance services, consulting services, and other activities of the internal audit function. In addition, the annual internal audit report assists oversight agencies in their planning and coordination efforts.

The [Texas Internal Auditing Act](#), Texas Government Code, Chapter 2102, requires that an annual report on internal audit activity be filed by November 1st of each year and submitted to the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the Texas State Auditor's Office (SAO), and the entities' governing boards and chief executives. The SAO prescribes the form and content of the report.

The annual report was prepared using the [guidelines](#) provided by the Texas State Auditor's Office. In addition to the minimum requirements, we also included other information we felt was important to the internal audit operations during fiscal year (FY) 2022. Additional information regarding the UT Dallas Office of Audit and Consulting Services can be found at the following website: <https://audit.utdallas.edu/>.



I. Compliance with Texas Government Code, Section 2102.015

The Texas Internal Auditing Act (Texas Government Code, Section 2102.015: *Publication of Audit Plan and Annual Report on Internet*) requires that the internal audit plan and the internal audit annual report be posted on the institution's website. Accordingly, the Office of Audit and Consulting Services has posted this FY22 Annual Internal Audit Report and the approved FY23 Audit Plan at the following website: <https://audit.utdallas.edu/audit-reports-and-plans/>.

II. Internal Audit Plan for FY22

The UT Dallas FY22 Audit Plan outlined the internal audit activities to be performed by Internal Audit during FY22 in accordance with responsibilities established by The [UT System](#), the Texas Internal Auditing Act, the Institute of Internal Auditors' [International Standards for the Professional Practice of Internal Auditing](#), and [Generally Accepted Government Auditing Standards](#), consistent with the [UT Dallas Audit Charter](#). The plan was prepared using a risk-based approach to ensure that areas and activities specific to UT Dallas with the greatest risk are identified for consideration to be audited.

The information in **Appendix 1** contains the Internal Audit Plan for FY22, including the status of the plan as of October 25, 2022. Audits that were postponed or deleted were approved by the UT Dallas Institutional Audit Committee and, as applicable, were carried forward to the FY22 audit plan.

As required by the State Auditor's Office FY22 guidelines for submitting this report, the following audit was performed to address the benefits proportionality audit requirement prescribed in Rider 8, page III-46, of the [General Appropriations Act](#) (87th Legislature):

Compliance audits of Benefits Proportionality Funding were issued on [August 31, 2020](#) and [July 11, 2022](#). The audits examined fiscal years 2018-2019 and 2020-2021, respectively. Both audits were conducted using a methodology approved by the State Auditor's Office, and both resulted in no significant issues or recommendations.



The [Texas Education Code, Section 51.9337\(h\)](#) requires that “The chief auditor of an institution of higher education shall annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor.” An assessment was completed and issued to management on August 2, 2022. In general, UT Dallas has generally adopted the policies and procedures outlined in TEC §51.9337.

In addition, in accordance with Texas Government Code §2102.005(b), Internal Audit considered methods for ensuring compliance with contract processes and controls and for monitoring university contracts during the risk assessment process for FY22.

III. Consulting Services and Nonaudit Services Completed

Consulting services include advisory and related client service activities, the nature and scope of which are agreed with the client. They are intended to add value and improve governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.

The following is a list of consulting services completed in FY22, as defined in the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*.

Report No. & Date Internal Memo Issued	Title	High-Level Objectives	Observations, Results, and Recommendations
CR2201 June 7, 2022	UT Design	The agreed upon objective of the review was to perform an evaluation of the adequacy and effectiveness of controls over program funding, management, and processes surrounding sponsor agreements.	UT Design has good controls in place, including a good separation of duties between sponsor recruitment, project management, and sponsor billing. Implementation of the recommendations will help enhance controls surrounding strategic planning, project agreements, business continuity planning, project management, and communication.
CR2202 July 13, 2022	Police Department Evidence Room	The objective of the inspection was to ensure compliance with the requirements stipulated in the UT	An inventory was conducted and observed by Audit and Consulting Services.



Report No. & Date Internal Memo Issued	Title	High-Level Objectives	Observations, Results, and Recommendations
		System Office of the Director of Police Policy and Procedure Manual, Policy No. 1203 – Evidence Management.	

Advisory, facilitation and education activities included the following during FY22:

- Participating on the hotline triage team.
- Participating on institutional committees, including the University Business Council, Endowment Compliance Team, Cabinet, COVID-19 RUO Committee, Information Technology committees and others.
- Holding training sessions for university employees on internal audit, fraud and top university risks.
- Providing advice and counsel to the university community when requested, including projects on financial reporting in schools.

The Office of Audit and Consulting Services did not perform any nonaudit services as defined in *Government Auditing Standards*, [2018 Revision, Technical Update April 2021, Sections 3.64 – 3.106](#) that were completed during fiscal year 2022. Nonaudit services are professional services provided to a client during an audit engagement that may threaten the independence on the audit.

IV. External Quality Assurance Review

In accordance with IIA Standards and the Texas Internal Auditing Act, an external quality assurance review was conducted during FY20. A copy of the report is included at **Appendix 2**.



V. Internal Audit Plan for Fiscal Year 2023

The [FY23 Internal Audit Plan](#) was approved by the UT Dallas Institutional Audit Committee with final approval by the UT System Board of Regents' Audit, Compliance, and Risk Management Committee on August 24, 2022. A copy of the plan, including budgeted hours, the risk assessment methodology and audits addressing certain State requirements, is included as **Appendix 3**.

The risk assessment process identified high risks that are not on the FY23 plan, including those carried forward to FY22 from FY23. All critical risks identified are included on the plan. The following shows the mitigation plan for each high risk.

Detailed Risk Description	Risk Mitigation
High Risks	
Noncompliance with FERPA and Student Records privacy could result in reputation risks, loss of funding	FY22 Audit of FERPA (carried forward to FY23)
Noncompliance with fire and life safety regulations	FY22 Fire and Life Safety review conducted by UT System (carried forward to UT System)
Noncompliance with gift restrictions	FY22 Audit of Gifts
Growth of technology commercialization and growth of researchers and facilities could result in increased risks of conflicts of interest, financial risks, noncompliance with federal regulations	FY21 audit of Conflicts of Interest - continued follow-up implementing recommendations
Lack of information security controls , and lack of policies, procedures, and training, over research data and operations may lead to loss of data, reputation risks, fines, and loss of funding	Audit of SDLC included Research Security
Noncompliance with conflicts of interest and commitment policies could result in loss of federal funding and reputational harm	FY21 audit of Conflicts of interest - continued follow-up implementing recommendations
Noncompliance with Uniform Guidance could result in loss of federal funding	FY22 audit - NSF
Lack of EEO program in place.	Cabinet initiative led by VP DEI
Not identifying, acquiring, upskilling, and retaining the right talent to achieve the University's objectives.	Campus Climate Survey FY22 and actions taken to implement concerns
Lack of a plan to address diversity, equity, and inclusion activities	Cabinet initiative led by VP DEI



Detailed Risk Description	Risk Mitigation
Lack of controls over campus fixed assets (capital and controlled), such as, property not effectively safeguarded or managed	Property Follow-up work
Noncompliance with human subjects and research participant processes and regulations could result in harm to humans and loss of research funding	FY22 audit of Research Participants
Inadequate controls over payroll, additional pay, and supplemental pay	FY22 Audit of Payroll (carried forward to FY23)
Failure to comply with Student and Exchange Visitor Information System (SEVIS)	FY22 Audit of SEVIS (carried forward to FY23)
Increased demands for Behavior Assessment and Intervention Team (BAIT) without appropriate resources to handle could result in harm to students, faculty, and staff	Student Affairs is working on developing a committee with Dr. Tim Bray to better determine high-risk students
Noncompliance with HIPAA privacy regulations	IT Security Contracting with Third Party Vendor to conduct HIPAA assessment
Lack of an effective institutional compliance program	FY22 UT System review
Ineffective management of the University's culture impacting the ability to achieve the mission, value, and strategic goals	Campus Climate Survey FY22 and actions taken to implement concerns
Not implementing and monitoring the Action Plan to Address Foreign Influence on research could result in theft of intellectual property, noncompliance with federal requirements, and reputational damage to the University	FY22 audit of Foreign Influence on Research - continued follow-up implementing recommendations
Failure to achieve strategic goals related to enrollment	Cabinet level initiatives with EAB
Risk of student safety, including suicide, due to issues resulting from pandemic, social justice, etc.	Student Affairs is working on developing a committee with Dr. Tim Bray to better determine high-risk students
Cybersecurity and perimeter defense is not sufficient to protect university network from outside attacks	FY22 Network Management audit (carried forward to FY23, outsourced)
Multi-factor authentication for public-facing applications is not in place that could result in unauthorized access	Reliance on CISO DUO implementation
Network security controls not in place resulting in unauthorized access to the University's systems	FY22 Network Management audit (carried forward to FY23, outsourced)



Detailed Risk Description	Risk Mitigation
Data management plan controls are not adequately managed which could result in loss of data and funding	Current implementation of Data Management/Data Governance planning led by Executive Director of Strategic Planning and Analysis
Lack of strategic management of data collection, use, storage, security, and disposition could result in noncompliance with security and records retention policies	Current implementation of Data Management/Data Governance planning led by Executive Director of Strategic Planning and Analysis
Ineffective security culture or security awareness could result in employees not understanding their responsibilities and lead to unauthorized access	CISO Annual Compliance Training and other initiatives

VI. External Audit Services Procured in Fiscal Year 2022

The following external audit services, including financial and performance audits and attestation engagements, reviews, and agreed-upon procedures were procured during FY22:

External Auditor	Services Provided
Weaver	Cancer Prevention and Research Institute of Texas (CPRIT) required audit
Deloitte	Financial audit
Postlewaithe and Netterville	Network Management audit
Weaver	Data Analytics Project



VII. Reporting Suspected Fraud and Abuse

The following actions were taken by The University of Texas at Dallas to implement the requirements of reporting suspect fraud and abuse by the General Appropriations Act:

A. Fraud Reporting

Section 7.09, page IX-38, the General Appropriation Act (87th Legislature)

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 by:

- (1) 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 Office fraud hotline information and a link to the State Auditor's Office website for fraud reporting; and*
- (2) including in the agency or institution's policies information on how to report suspected fraud involving state funds to the State Auditor's Office.*

The following actions have been taken by UT Dallas to ensure compliance with the fraud reporting requirements:

- UT Dallas has a link for fraud reporting under “[Required Links](#)” at the University’s home page, www.utdallas.edu, which provides information about reporting fraud, waste and abuse to the State Auditor’s office.
- UT Dallas has a hotline for reporting suspected noncompliance, ethics violations, and fraud at <https://institutional-initiatives.utdallas.edu/compliance/resources/ethics-and-compliance-hotline/>.
- The Office of Internal Audit has a website for fraud at <https://audit.utdallas.edu/fraud/>.

UT Dallas complies with this in conjunction with the UT System Policy UTS118, *Statement of Operating Policy Pertaining to Dishonest or Fraudulent Activities*, located at <https://www.utsystem.edu/sites/policy-library/policies/uts-118-dishonest-or-fraudulent-activities>



B. Coordination of Investigations

Texas Government Code, Section 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.*

The following actions have been taken by UT Dallas to ensure compliance with the Coordination of Investigations requirements:

- The Office of Audit and Consulting Services will report the activities listed in (a) above to the State Auditor's Office via their website at:
<https://sao.fraud.texas.gov/ReportFraud/>.
- Additionally, the activities listed in (a) above are reported to the UT System Audit Office.

VIII. Posting Requirements

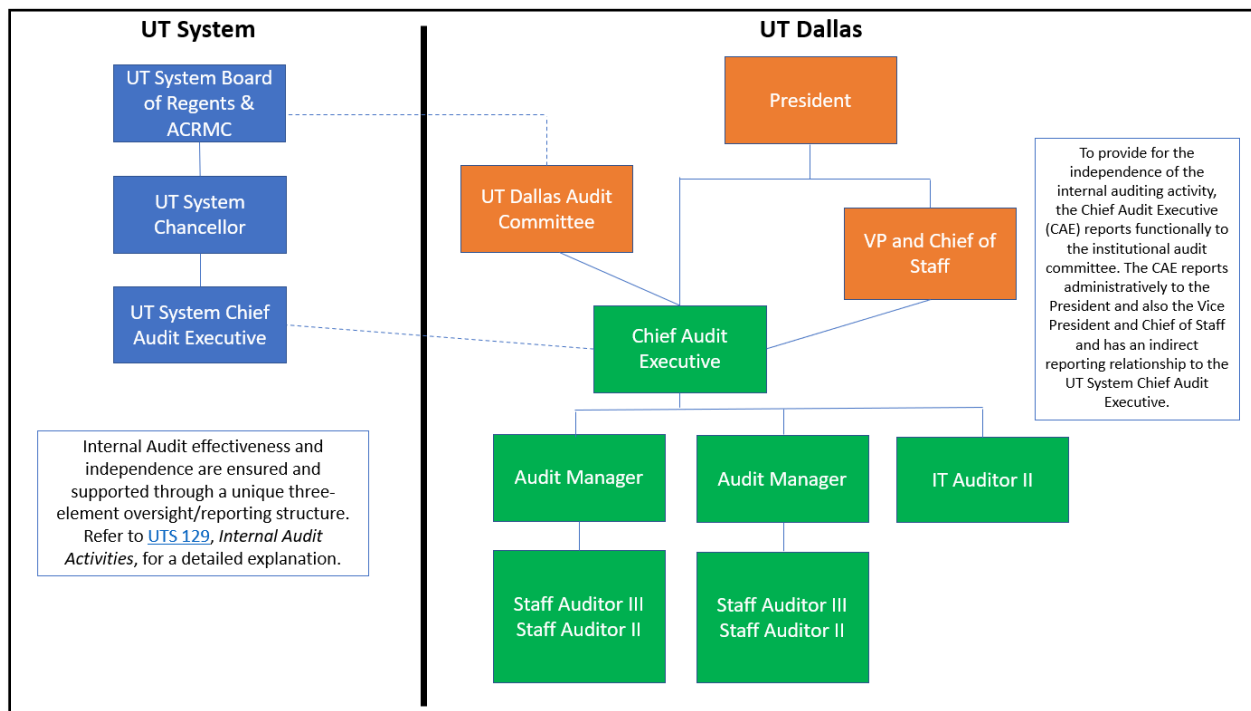
Texas Government Code, Section 2102.015, requires certain information to be posted on the website. Below is a summary of the requirements:

- A. Approved FY23 audit plan. See <https://audit.utdallas.edu/audit-reports-and-plans/>.
- B. FY22 internal audit annual report. See <https://audit.utdallas.edu/audit-reports-and-plans/>.
- C. Detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any, raised by the audit plan or annual report; summary of the action taken by the agency to address the concerns, if any, that are raised by the audit plan or annual report. See **Appendix 4**.



IX. Office of Audit and Consulting Services

- A. **Staff Size:** Due to the budget impact of COVID-19, the office reorganized in FY22 down to eight full-time equivalent employees. The current FY23 organization structure is listed below as well as at <https://audit.utdallas.edu/authority-and-oversight/organization-chart/>.



- B. **Staff Experience and Certifications:** As of October 31, 2022, internal audit staff consisted of highly qualified and skilled audit professionals with certifications that included a Certified Public Accountant (CPA), two Certified Internal Auditors (CIA), two Certified Fraud Examiners (CFE), one employee with a Certificate in Risk Management and Assurance (CRMA), and an employee with a Security + certification. A complete list of internal audit qualifications can be found at <https://audit.utdallas.edu/about-us/staff/>.
- C. **Training:** Internal Audit staff received an average of 54 hours of continuing professional education during FY22. Key areas of training included emerging audit issues, governance, risks and controls, information systems auditing, cybersecurity, research risks, leadership, fraud, compliance and ethics. Most of the training was received by participating in conferences, seminars and webinars offered by the Association of College and University Auditors (ACUA), the Dallas Chapter of the Institute of Internal



Auditors (IIA), the Institute of Internal Auditors, The University of Texas System, Baker Tilly, ISACA, and the Association of Certified Fraud Examiners (ACFE).

D. ***Contributions to the Profession:*** Members of the staff contributed to the profession in numerous ways:

- ✓ The Chief Audit Executive (CAE) participated on the [ACUA](#) faculty and served as the ACUA Historian.
- ✓ The audit staff worked with and mentored student interns in the [UT Dallas Internal Auditing Education Partnership](#) program, as they participated in various audit projects as student auditors during the year. During FY22, Audit and Consulting Services worked with six student interns.
- ✓ The CAE and Audit Manager developed a Kick Starter on Property Management. Kick Starters are guides that help other ACUA members plan and perform audits on specific topic areas.
- ✓ The CAE participated in quality assurance reviews of two university audit departments.

APPENDIX 1

FY22 AUDIT PLAN

Engagement/Project	In Process	Carried Forward to FY23	Completed - No Report Issued	Other	Report Issued	Report No.	Date	Comments
Assurance Engagements								
Audits of Schools, Divisions, Departments, and Research Centers	X	X						Center for BrainHealth in process and moved to FY23
HEERF - Institutional Funds		X						Postponed (April 15, 2022 audit committee meeting). Will be audited in conjunction with audits of Parking Operations and Financial Aid
Data Analytics and Continuous Auditing	X							Cosourced project (June 14, 2022 audit committee meeting)
FERPA					X	R2209	8/5/2022	
Fire and Life Safety				X				Peer review performed by UT System
Gifts	X							
Parking Operations	X							
Research Participants	X							
Salaries, Wages, and Additional Pay	X							
SEVIS	X							
Vulnerability Management		X						
Information Technology and Information Security Risk-Based Audits	X	X						Network Management in Process (outsourced project - June 14, 2022 Audit Committee meeting); Business Continuity in process; Decentralized Computing carried forward to FY23
FY21 Carryforward Audits - Assurance								
Accounts Receivable					X	R2202	1/20/2022	
AES Scholarships	X							
Center for Innovation & Entrepreneurship	X							
Criminal Background Check Process					X	R2203	3/16/2022	
Foreign Influence on Research					X	R2204	3/23/2022	
Key Shop					X	R2205	4/14/2022	
School of Arts and Humanities					X	R2207	5/25/2022	
Software Development Life Cycle					X	R2301	9/6/2022	
Student Fees					X	R2302	9/20/2022	
Advisory and Consulting Engagements								
Academic Operations			X					
Administrative Operations			X					
Information Technology and Security Operations			X					
Participation on Institutional Committees			X					
Research Operations			X					
Training for University Employees			X					
School of ECS Revenues			X					
Reserve for advisory and consulting engagements			X					
Police Evidence Room					X	CR2202	7/13/2022	Consulting report issued to management
FY21 Carryforward Audits - Consulting								
UT Design Program					X	CR2201	6/7/2022	Consulting report issued to management
Financial Reporting Operations in Schools					X	N/A	5/25/2022	Memo issued to management
Required Engagements								
Assistance to External Auditor - Financial Audit			X					
Assistance to External Auditors - State, Federal, Other			X					
Benefits Proportional to Funding					X	R2208	7/11/2022	
Education Research Center	X							
Lena Callier Trust					X	R2206	5/25/2022	
Purchasing Compliance with Texas Education Code					X	N/A	8/2/2022	Memo issued to management
Investigations								
Reserve for Investigations			X					
Reserve								
Reserve for Unanticipated Projects			X					
Follow-Up								
Follow-Up Quarter 1			X					Results reported to Audit Committee at quarterly meetings
Follow-Up Quarter 2			X					
Follow-Up Quarter 3			X					
Follow-Up Quarter 4			X					
Development - Operations								
Annual Internal Audit Report					X	N/A	10/28/2021	
Audit Committee			X					
Audit Manager Leadership			X					
CAE Leadership			X					
External Requests for Information			X					

Engagement/Project	In Process	Carried Forward to FY23	Completed - No Report Issued	Other	Report Issued	Report No.	Date	Comments
FY23 Audit Plan and Risk Assessment					X	N/A	9/1/2022	
IT Audit Technical Support			X					
Quality Assurance and Improvement Plan			X					
Staff Meetings			X					
Website and Marketing			X					
UT Dallas Meetings and Events			X					
UT System Meetings			X					
Development - Initiatives and Education								
Certifications			X					
Continuing Professional Education			X					
Staff Training and Professional Activities			X					
Participation in Professional Organizations			X					
Participation in QAR's for Other Organizations			X					
Professional Writing, Publications, Presentations			X					
Student Internship Program			X					
UT Dallas Audit Strategic Initiatives			X					
UT System Audit Strategic Initiatives			X					

APPENDIX 2

EXTERNAL QUALITY ASSURANCE REVIEW



June 1, 2020

Ms. Toni Stephens, Chief Audit Executive
The University of Texas at Dallas

In April 2020, The University of Texas at Dallas (UT Dallas) internal audit (IA) function, the Office of Audit and Consulting Services (OACS), completed a self-assessment of internal audit activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). UT Dallas OACS engaged an independent review team consisting of internal audit professionals with extensive higher education and healthcare experience to perform an independent validation of OACS' QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning IA's conformity to the IIA's *International Standards for the Professional Practice of Internal Auditing* (the IIA Standards) and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the Texas Internal Auditing Act (TIAA).

The IIA's *Quality Assessment Manual* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform." "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*. "Partially conforms" means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the IA activity from performing its responsibilities in an acceptable manner. "Does not conform" means deficiencies are judged to be so significant as to seriously impair or preclude the IA activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by OACS, we agree with OACS' overall conclusion that the internal audit function "**Generally Conforms**" with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, as well as with OACS' conclusions regarding GAGAS and TIAA requirements. Our review noted strengths as well as opportunities for enhancing the internal audit function.

This information has been prepared pursuant to a client relationship exclusively with, and solely for the use and benefit of, The University of Texas System Administration and UT Dallas and is subject to the terms and conditions of our related contract. Baker Tilly disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than The University of Texas System Administration and The University of Texas at Dallas.

The review team appreciates the cooperation, time, and candid feedback of executive leadership, stakeholders, and OACS personnel.

Very truly yours,

Baker Tilly Virchow Krause, LLP

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APPENDIX 3

FY23 AUDIT PLAN



Office of Audit & Consulting Services
Internal Audit Plan
Fiscal Year 2023



THE UNIVERSITY OF TEXAS AT DALLAS

OFFICE OF AUDIT AND CONSULTING SERVICES
800 W. CAMPBELL RD. SPN 32, RICHARDSON, TX 75080
PHONE 972-883-4876 FAX 972-883-6846

September 1, 2022

Dr. Richard Benson, President and Member of the Institutional Audit Committee
Mr. John Cullins, Chair of the Institutional Audit Committee

We are pleased to submit the annual internal audit plan for The University of Texas at Dallas. The UT Dallas Institutional Audit Committee approved the plan on July 7, 2022, and the UT System Board of Regents' Audit, Compliance, and Risk Management Committee approved the plan on August 24, 2022. As required by Texas Government Code, Section 2102.015, we are required to post this plan on our website at <https://audit.utdallas.edu/audit-reports-and-plans>.

Please note that given the rapidly changing environment, the FY23 Audit Plan and respective risks will be continuously monitored and discussed at the quarterly meetings of the UT Dallas Audit Committee. When necessary, this audit plan will be revised.

We appreciate the support that you, executive management, and the Institutional Audit Committee offer us in the performance of our responsibilities at UT Dallas.

Toni Stephens
Chief Audit Executive

cc: Members of the UT Dallas Institutional Audit Committee

External Agencies:

The University of Texas System Audit Office
Legislative Budget Board
Governor's Office
State Auditor's Office

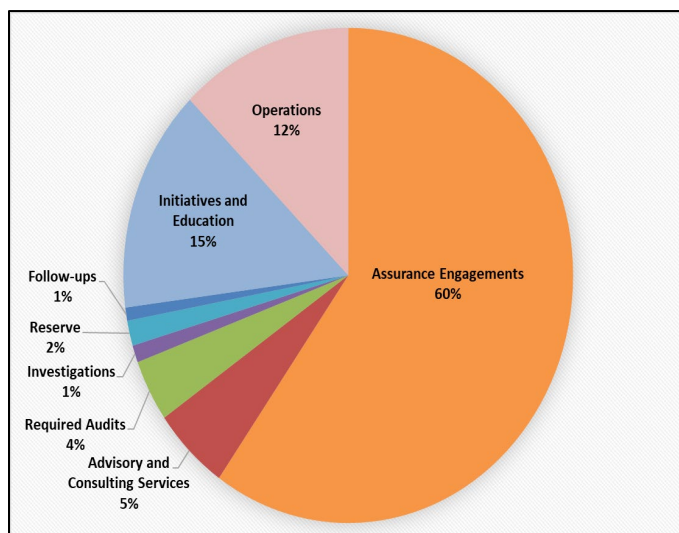
Methodology

The UT Dallas FY23 Audit Plan outlines the internal audit activities that will be performed by Internal Audit during FY23 in accordance with criteria established by the [UT System](#), the [Texas Internal Auditing Act](#), the Institute of Internal Auditors' [International Standards for the Professional Practice of Internal Auditing](#), and [Generally Accepted Government Auditing Standards](#). The plan is prepared using a risk-based approach to ensure that areas and activities specific to UT Dallas with the greatest risk are identified for consideration to be audited.

Allocation of Time

The FY23 Audit Plan budget of 11,616 hours was based on available staff hours for eight internal audit professionals.

The graph depicts the allocation of time. Assurance engagements, which comprise 60% of the total budget, are risk-based audits that typically encompass financial, compliance, operational, and information technology areas.

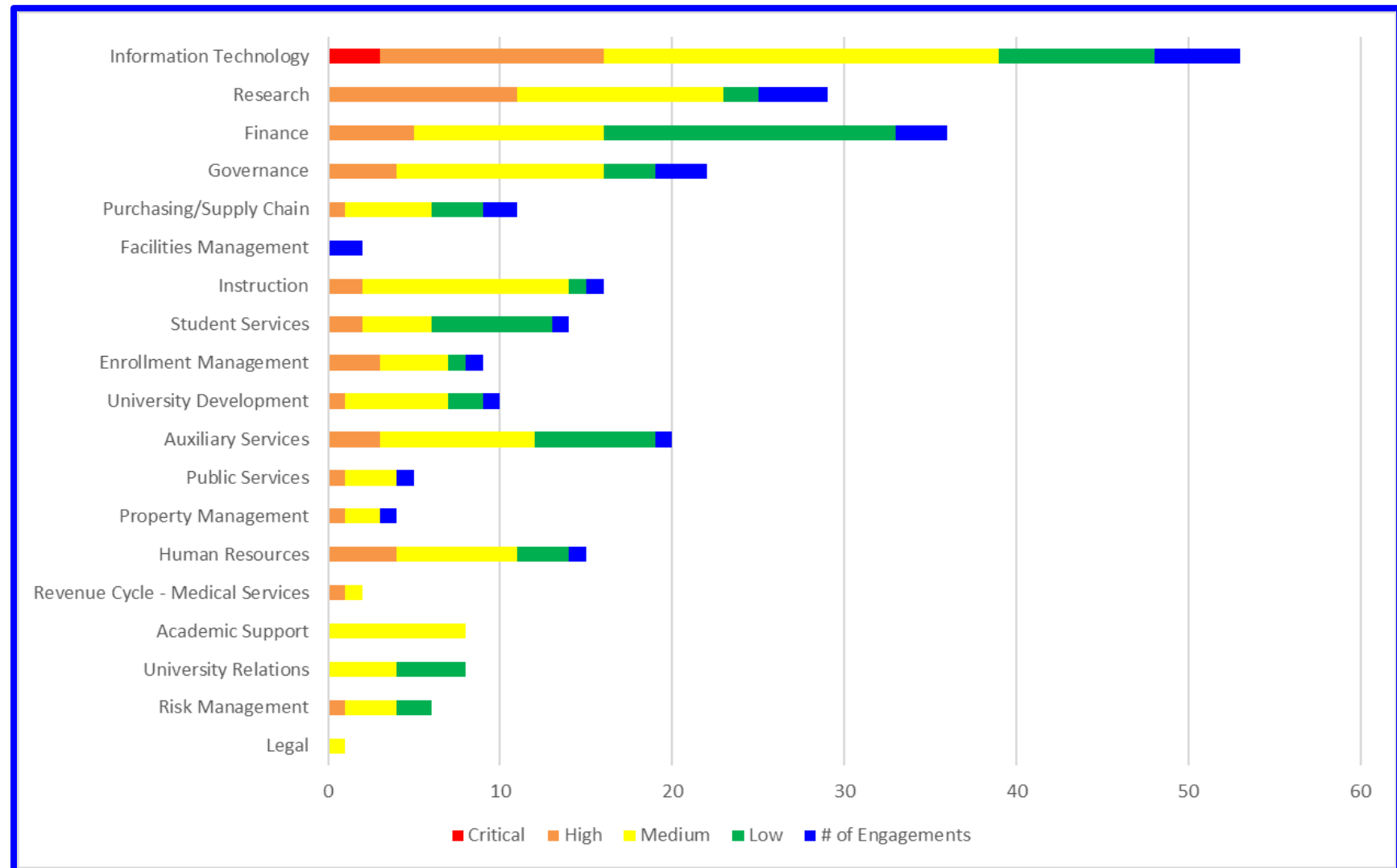


Risk Assessment Process

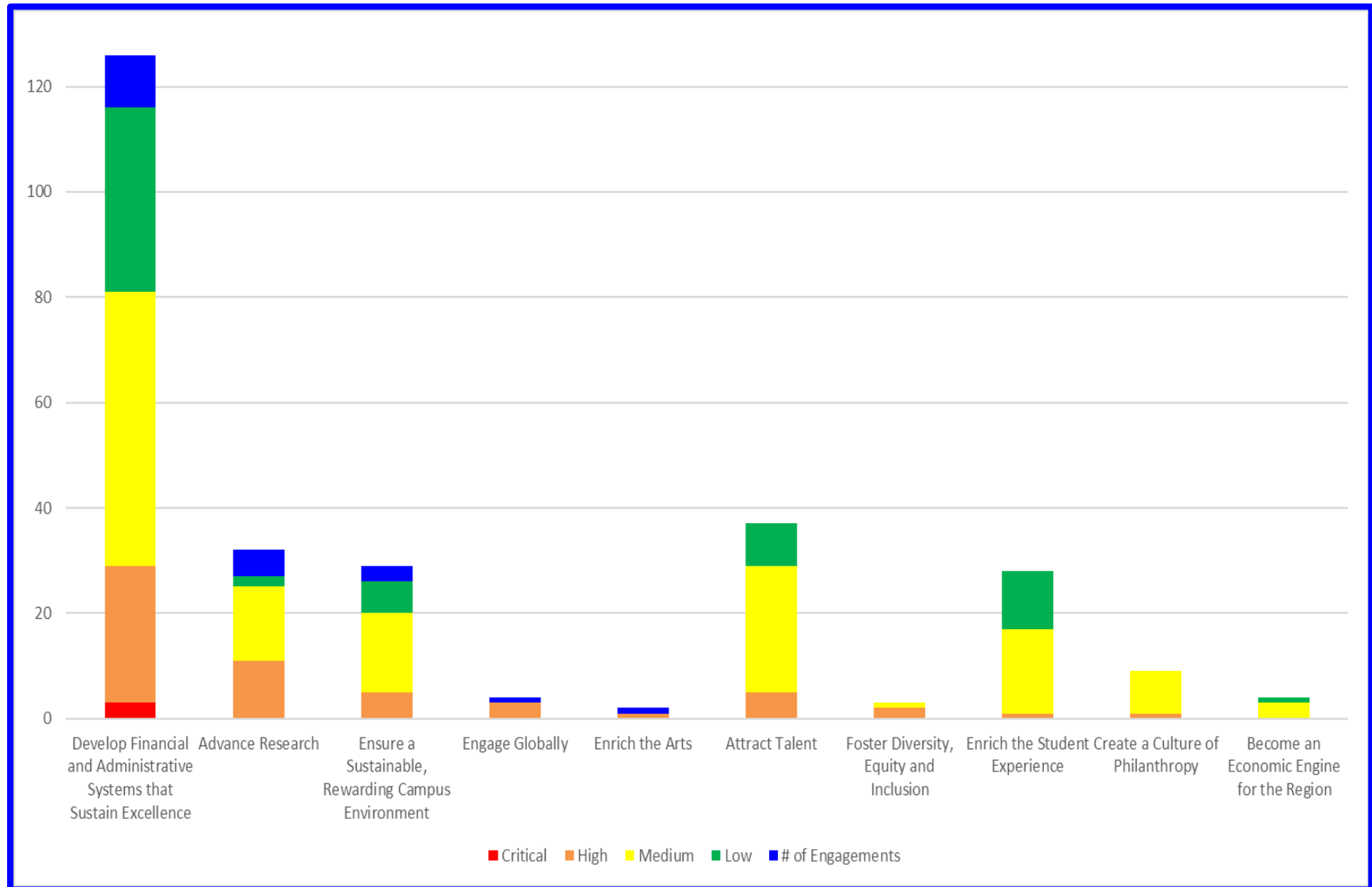
As part of the FY23 audit planning process, the UT Dallas Office of Audit and Consulting Services used the UT System Audit Office risk assessment methodology. The goals for this common risk assessment approach were to start at the top with an awareness of critical initiatives and objectives to ensure the risks assessed were the most relevant. The assessment process was standardized by creating common terms and criteria, enabling trending of risk and System-wide comparisons. An emphasis was placed on collaboration with other functions that assess, handle, or manage risk.

The risk assessment approach was based on a top-down process that included conversations, surveys, and requests for input with executive leadership, the audit committee, risk collaborators, and managers from the various operating areas on campus. ***All critical and high risks require either an audit or some other form of risk mitigation.*** Risk mitigating factors are contained in the detailed audit plan that is approved by the [Institutional Audit Committee](#). The following graphs represent the results of the risk assessment process.

FY23 Audit Plan Risks and Audit Engagements by Taxonomy Type



FY23 Audit Plan Risks and Audit Engagements by [Strategic Plan](#) Objective



FY23 Audit Plan

FY 2023 Audit Plan	Percent of Total	Risk	Primary Taxonomy	General Objective/Description
Assurance Engagements				
Animal Care/IACUC		High	Research	Compliance audit of animal care and the Institutional Animal Care and Use Committee (IACUC).
Building Access		High	Auxiliary Services	Audit of building card access as well as follow-up of key shop audit recommendations from previous year.
Business Continuity		High	Information Technology	Assess the effectiveness of controls over the business continuity planning system.
Center for Brain Health		High	Research	Evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls at the Center for Brain Health. Not included with the risk-based audits due to the more complex nature of this Center.
Construction		High	Facilities Management	Audit of internal controls over construction.
Decentralized Computing		Critical	Information Technology	Assess the effectiveness of controls over decentralized computing operations, including patching, vulnerabilities, logging, encryption, asset inventory, backup and recovery, change and incident management, and technology selection.
Education Abroad and International Travel		High	Instruction	Audit of education abroad program and international travel process.
Export Controls		High	Research	Compliance audit of the export controls processes.
Financial Aid		High	Enrollment Management	Audit of financial aid internal control processes.
Lab Safety		High	Research	Compliance audit of the lab safety program.
Offboarding Process		Critical	Human Resources	Audit of the offboarding process for employees who terminate, transfer, or retire. Will also include review of identity lifecycle/access management.
Revenues (internal and external sales)		High	Finance	Audit of the internal and external sales processes for collecting revenues, including compliance with federal regulations over service centers (internal sales).
Risk-Based Audit Process Development		High	Finance	Development of a new process to conduct risk-based audits of divisions, schools and departments. This new process will incorporate better use of data analytics and more audit efficiency.
Risk-based Audits of Divisions, Schools, and Departments		High	Finance	Risk-based audits of schools, divisions, departments, and research centers to evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls. Areas selected to be based on implementation of new process.
Vulnerability Management		Critical	Information Technology	To determine if UT Dallas has an effective vulnerability management process and that it complies with Texas Administrative Code 202.
FY22 Carryforward Audits				Reserve for FY22 audits not completed as of 8/31/2022.
Data Analytics and Continuous Auditing		High	Governance	Development and performance of data analytics to perform continuous review of high-risk areas.

Office of Audit and Consulting Services
FY23 Internal Audit Plan

FY 2023 Audit Plan	Percent of Total	Risk	Primary Taxonomy	General Objective/Description
Gifts		High	University Development	Audit to assess the effectiveness of operating and information technology controls (Raiser's Edge) over gift acceptance and compliance with donor wishes.
Parking Operations		High	Auxiliary Services	Audit of parking operations to assess the effectiveness of operations and financial impacts resulting from pandemic.
Research Participants		High	Research	Audit to ensure compliance with federal regulations and the effectiveness of operations over research participants. Audit to include the effective assignment, performance, and training of oversight committee roles of the Institutional Review Board.
AES Scholarships		High	Enrollment Management	Audit to ensure effectiveness of controls over the Academic Excellence Scholarship (AES) process.
Center for Innovation & Entrepreneurship		High	Research	To evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls within the Center.
Salaries, Wages, and Additional Pay		High	Finance	To provide assurance as to the adequacy and effectiveness of controls over the management of salaries, wages, and additional/supplemental pay.
SEVIS		High	Instruction	To provide assurance as to the adequacy and effectiveness of controls over the new Student and Exchange Visitor Program (SEVIS) system.
Network Management			Information Technology	Conduct a risk-based audit of network management to evaluate the effectiveness of processes and controls in place for managing UT Dallas' network, including security practices, design, and architecture.
Assurance Engagements Subtotal	59.7%			
Advisory and Consulting Engagements				
Academic Operations		N/A	Governance	Consulting and meetings held with new and existing leaders in academic affairs areas, including deans.
Administrative Operations		N/A	Governance	Consulting and meetings held with new and existing leaders in non-academic affairs areas. Includes post-pandemic operations consulting.
Crow Museum		High	Public Services	New operations and initiatives - consulting to ensure proper internal controls in place.
Information Technology and Security Operations		N/A	Information Technology	Consulting and meetings held with Information Technology and Information Security leaders.
Participation on Institutional Committees		N/A	Governance	Participation on various IT, finance, and other committees where audit has been appointed in a consulting role. Current committees include COVID-19 RUO Committee; Cabinet; University Business Management Council; Compliance Advisory Committee; Endowment Team; Information Security Committees.
Research Operations		N/A	Research	Consulting and meetings held with leaders in research.
Training for University Employees		N/A	Governance	Training program for university employees on internal audit, fraud, risks, and controls.

Office of Audit and Consulting Services
FY23 Internal Audit Plan

FY 2023 Audit Plan	Percent of Total	Risk	Primary Taxonomy	General Objective/Description
Property Management		High	Property Management	Consulting review to ensure property audit recommendations from previous audit have been implemented.
Reserve for advisory and consulting engagements		N/A		Reserve for advisory and consulting engagements requested during the year from management.
Advisory and Consulting Engagements Subtotal	5.5%			
Required Engagements				
Assistance to External Auditor - Financial Audit		Low	Finance	Assistance on Deloitte external audit.
Assistance to External Auditors		N/A	Governance	Hours to be provided in the event of an external audit not anticipated at the time of the Audit Plan development. This does not pertain to Deloitte.
Education Research Center		Medium	Information Technology	Annual audit to certify that the Education Research Center at UT Dallas is in full compliance with all terms of the contract between the THECB and UT Dallas and all applicable state and federal laws for FY21/22.
Lena Callier Trust		Low	University Development	Annual audit, required by the Trust agreement, to ensure compliance with the terms of the agreement.
Purchasing Compliance with Texas Education Code		Medium	Purchasing/Supply Chain	Annual audit to ensure compliance with Texas Education Code (TEC) Section 51.9337.
THECB Facilities Audit		Medium	Facilities Management	Required audit by The Texas Higher Education Coordinating Board that requires internal audit review.
Required Engagements Subtotal	4.0%			
Investigations				
Hotline Triage Team				Participation and collaboration with the UT Dallas Compliance Hotline Triage Team.
Investigation Carryforward				Investigation carried forward from FY22
Reserve for Investigations				Reserve to conduct investigations resulting from hotline (fraud), UT System, SAO, management, or other sources.
Investigations Subtotal	1.1%			
Reserve				
Reserve for Unanticipated Projects and Emerging Risks				Reserve for Unanticipated Projects and Emerging Risks
Reserve Subtotal	1.6%			
Follow-Up				
Quarter 1				Audit procedures to follow up on recommendations that were are reported at the Quarter 1 Audit Committee meeting.
Quarter 2				Audit procedures to follow up on recommendations that were are reported at the Quarter 2 Audit Committee meeting.
Quarter 3				Audit procedures to follow up on recommendations that were are reported at the Quarter 3 Audit Committee meeting.
Quarter 4				Audit procedures to follow up on recommendations that were are reported at the Quarter 4 Audit Committee meeting.
Follow-Up Subtotal	0.9%			
Development - Operations				
Annual Internal Audit Report				Preparation of the annual internal audit report required by the Texas Internal Auditing Act.
Audit Committee				Preparation and participation in the UTD Internal Audit Committee meetings.

Office of Audit and Consulting Services
FY23 Internal Audit Plan

FY 2023 Audit Plan	Percent of Total	Risk	Primary Taxonomy	General Objective/Description
Audit Manager Leadership				Audit manager leadership responsibilities not related to specific audits.
CAE Leadership				CAE leadership responsibilities not related to specific audits.
External Quality Assurance Review				Working with external quality assurance team for required external QAR.
External Requests for Information				Requests for reporting from UT System, the SAO, and other external agencies.
FY24 Audit Plan and Risk Assessment				Annual and quarterly risk assessment and development of the FY24 annual audit plan.
Internal Quality Assurance Review				Preparation for external quality assurance review.
IT Audit Technical Support				IT Auditor troubleshooting IT issues.
Quality Assurance and Improvement Plan				Internal Quality Assurance and Improvement Program activities, such as updating audit procedures, etc. Required by Audit Standards.
Staff Meetings				Monthly in person staff meetings.
Website and Marketing				Updates to the Audit and Consulting Services website.
UT Dallas Meetings and Events				Attendance at UT Dallas meetings and other events for informational and operational purposes.
UT System Meetings				UT System Audit-related meetings.
Development - Operations Subtotal	14.6%			
Development - Initiatives and Education				
Certifications				Time spent on certification study and testing per UTD Audit Manual guidance.
Continuing Professional Education				Continuing Professional Education (CPE) that satisfies audit standards and related travel.
Staff Training and Professional Activities				Training from UT Dallas and others, including compliance training, that does not provide CPE hours related to the profession. Also includes reviewing professional publications related to auditing. Guidance included in the Audit Manual.
Participation in Professional Organizations				Participation on committees for professional organizations.
Participation in QAR's for Other Organizations				Participation on quality assurance reviews for other audit organizations.
Professional Writing, Publications, Presentations				Professional writing and presentations for audit-related organizations.
Student Internship Program				Participation in the UT Dallas Internal Audit Education Program recruiting and mentoring student interns.
UT Dallas Audit Strategic Initiatives				UT Dallas Internal Audit development and participation on strategic initiatives arising from internal assessments.
UT System Audit Strategic Initiatives				Participation on UT System Audit Office initiatives (committees, workgroups, research, etc.).
UT System Implementation of New Audit Management Software				Implementation and training for the new audit management software.
Development - Initiatives and Education Subtotal	12.4%			
Total Budgeted Hours	100.0%			

APPENDIX 4

STATUS OF FY22 AUDIT RECOMMENDATIONS

Report #	Date Issued	Engagement Name	Recommendation	Risk Level	Status at 8/31/2022	Estimated Implementation Date If Not Fully Implemented
Audit Recommendations Prior to FY22 - Outstanding 8/31/2021						
R2010	05/07/20	Cash Management	Treasury should explore options to strengthen the authorization authentication process so that it is not email-based. Additionally, Treasury should discuss opportunities to strengthen the authorization process with UTIMCO to achieve more integrity regarding the transfer of funds.	Low	Fully Implemented	
R2012	6/1/2020	Decentralized Computing Operations	The report contains confidential information that relates to information security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exception found in the Texas Government Code, § 552.139. Specific results were made to the appropriate members of management.	High High Medium Medium Medium	Fully Implemented	
R2013	6/1/2020	Texas Analog Center of Excellence	The report contains confidential information that relates to information security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exception found in the Texas Government Code, § 552.139. Specific results were made to the appropriate members of management. <i>Two recommendations remain in process.</i>	High High High Medium Medium Medium	Substantially Implemented	9/1/2022
R2015	7/30/2020	Log Management	The report contains confidential information that relates to information security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exception found in the Texas Government Code, § 552.139. Specific results were made to the appropriate members of management.	High Medium	Fully Implemented	
R2102	10/20/2020	One Card Program	The One Card Team (OCT) should develop a training program for supervisors responsible for reviewing and approving One Card transactions. Supervisors and cardholders should receive periodic training to ensure they are aware and reminded of the policies, procedures, and risks related to purchasing cards.	Medium	Fully Implemented	
R2104	12/2/2020	Property Administration	Because the strength of this program must be driven by accountability and consequences of those entrusted with the University's property, consider developing a University-wide task force to determine ways to strengthen controls over property and processes for reporting missing or stolen assets to department management, establishing an escalation process so that the appropriate Vice President/Dean is aware of significant losses to the University, and ensuring proper accountability over assets.	High	Substantially Implemented	2/28/2023
R2104	12/2/2020	Property Administration	Update policies to reflect the current processes in place. Include the issues noted in this observation in the task force charge recommended in observation (1) and consider including representatives from the Offices of Information Technology and Information Security on the task force to develop an electronic workflow process that enhances the overall accountability of assets within the University and addresses the above noted issues.	Medium	Substantially Implemented	2/28/2023
R2104	12/2/2020	Property Administration	Property Administration should work closely with the Office of Institutional Compliance, Equity, and Title IX Initiatives to update their previous risk management plan to reflect current risks, policies, procedures, monitoring, training, and reporting processes.	Medium	Fully Implemented	
R2104	12/2/2020	Property Administration	Property Administration should consider working with the Office of Emergency Management to create a business continuity plan, which will help to minimize loss and will assist in continuing administrative operations in the event of a disaster.	Low	Fully Implemented	
R2107	3/11/2021	Department of Geosciences	Consider working with the Office of Human Resources to develop a plan to address morale issues.	Low	Fully Implemented	
R2108	4/19/2021	Executive Education	Executive Education programs should update their policies and procedures, including documenting and ensuring approval of the overhead management fee.	Low	Fully Implemented	
R2109	5/17/2021	Conflicts of Interest	Consider implementing a structure similar to the three lines model to ensure that the operations, monitoring and investigations functions in research compliance are separate. Evaluate the current structure, systems, and processes for handling research and non-research conflicts of interest for efficiency and enhanced oversight.	High	Incomplete/Ongoing	10/31/2022
R2109	5/17/2021	Conflicts of Interest	Review and fully complete the existing conflicts of interest action plan.	High	Incomplete/Ongoing	10/31/2022
R2109	5/17/2021	Conflicts of Interest	Develop more specific guidelines for researchers that define and provide consequences for intellectual property violations, including training that addresses specific COI risks.	Medium	Fully Implemented	
R2109	5/17/2021	Conflicts of Interest	The ORC and Purchasing should work together to create a process that ensures Purchasing is aware of COIs as part of their workflow.	Medium	Fully Implemented	
R2111	5/28/2021	School of Behavioral and Brain Sciences	Consider ways to enhance controls over expenses, including improved procedures, reminders for employees, and stricter reviews. Reimburse the grant for the visa fees.	Medium	Fully Implemented	
R2111	5/28/2021	School of Behavioral and Brain Sciences	Consider ways to enhance controls over cost center reconciliations, including improved procedures, reminders for employees, and stricter reviews.	Medium	Fully Implemented	
R2111	5/28/2021	School of Behavioral and Brain Sciences	Consider developing internal procedures to strengthen controls and departmental reporting over property, including conducting periodic internal inventories.	Medium	Fully Implemented	
R2111	5/28/2021	School of Behavioral and Brain Sciences	Continue to work toward finalizing the policies and procedures manual and ensure this information is available to faculty and staff within the School.	Low	Fully Implemented	
R2112	7/9/2021	Account Management	This report contains confidential information that relates to information security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exception found in the Texas Government Code, § 552.139. Specific results were made to the appropriate members of management.	Medium	Incomplete/Ongoing	10/31/2022
R2114	8/2/2021	School of Engineering & Computer Science	Consider developing internal procedures to strengthen controls and reporting over property by conducting periodic internal inventories and having each department and center be accountable for their own inventory management and process.	Medium	Incomplete/Ongoing	9/1/2022/
R2114	8/2/2021	School of Engineering & Computer Science	Consider performing a cost analysis on a recurring basis on the E-Plan to ensure cost-effectiveness. Also ensure that the Office of Accounting and Financial Reporting reviews the external sales rates in accordance with university policies and procedures. UDesign should require a contract agreement between the external corporate sponsors and UTD to ensure appropriate billing and management.	Medium	Incomplete/Ongoing	12/15/2022
R2114	8/2/2021	School of Engineering & Computer Science	Consider ways to enhance controls over cost center reconciliations, including improved procedures, reminders for employees, and stricter reviews.	Medium	Fully Implemented	

Report #	Date Issued	Engagement Name	Recommendation	Risk Level	Status at 8/31/2022	Estimated Implementation Date If Not Fully Implemented
R2114	8/2/2021	School of Engineering & Computer Science	Continue to work toward finalizing the policies and procedures manual, including specific procedures for travel and parking expenses, and ensure it is available to all faculty and staff within the Dean's Office.	Medium	Incomplete/Ongoing	12/15/2022
R2116	8/10/2021	Lena Callier Trust	Implement more efficient and effective check handling procedures to ensure compliance with the university's cash handling policies and procedures.	Medium	Fully Implemented	
R2117	8/26/2021	Auxiliary Contracts	OCA and AS should enhance formal processes and procedures for the nonfinancial terms of auxiliary revenue contracts.	Medium	Fully Implemented	
FY22 Audit Recommendations - Status as of 8/31/2022						
R2201	11/11/2021	eProcurement	The Office of Budget and Finance should explore opportunities to mitigate risks and maintain financial protection in the event of a fraud.	Low	Incomplete/Ongoing	3/31/2023
R2202	1/20/2022	Accounts Receivable	Accounting and Financial Reporting should provide additional guidance related to the receivables policy to the receivable coordinators and other staff members involved in the process, and then conduct periodic monitoring to ensure the policies are being followed.	Medium	Incomplete/Ongoing	9/1/2022
R2202	1/20/2022	Accounts Receivable	Update the policy and document the internal accounting and financial report procedures regarding receivables.	Medium	Incomplete/Ongoing	9/1/2022
R2203	3/16/2022	Criminal Background Checks - Faculty Hiring	The Office of the Provost should review the faculty hiring procedures in consultation with the HR department to ensure appropriate training and knowledge is recorded. The Provost's Office should also consider hiring additional personnel to assist in the faculty hiring process. Additionally, the Provost Office should be listed as a responsible party in the Plan to Address Foreign Influence on Research in element M4.	Medium	Incomplete/Ongoing	9/1/2022
R2204	3/23/2022	Foreign Influence on Research	The report contains information that may be confidential or excepted from disclosure under the Texas Government Code Section 418.177. Specific results were made to the appropriate members of management.	High	Incomplete/Ongoing	12/31/2022
R2205	4/14/2022	Key Shop	Improve controls related to the issuance, control, recordkeeping, and return of keys by updating and implementing policies and procedures; working with division heads, deans, and department heads to ensure accurate key inventories; implementing periodic monitoring via key audits; and strengthening the key data management and checkout processes.	High	Incomplete/Ongoing	9/1/2022
R2207	5/25/2022	School of Arts and Humanities	Develop internal procedures to strengthen controls and departmental reporting over property, including conducting periodic internal inventories. The School should also work closely with the Office of Development to ensure gifts in kind are properly accounted for and tracked by the School.	High	Incomplete/Ongoing	9/1/2022
R2207	5/25/2022	School of Arts and Humanities	Require conflicts of interest and commitment to be reported in compliance with University policies and monitor the reports for completeness.	Medium	Incomplete/Ongoing	9/1/2022
R2207	5/25/2022	School of Arts and Humanities	Management should strengthen financial and management operations, especially in the areas of separation of duties, documentation for gifts and expenses, business continuity planning, policies and procedures, departmental communications, and completion of the School's strategic plan.	Medium	Incomplete/Ongoing	12/31/2022
R2209	8/5/2022	Family Educational Rights and Privacy Act (FERPA)	The FERPA Risk Management Plan is outdated. The following is recommended to enhance the plan: <ul style="list-style-type: none"> • Update the risk assessment. • Develop updated methods for monitoring compliance. • Update the reporting procedures. • Update the training plans. 	High	Substantially Implemented	9/1/2022