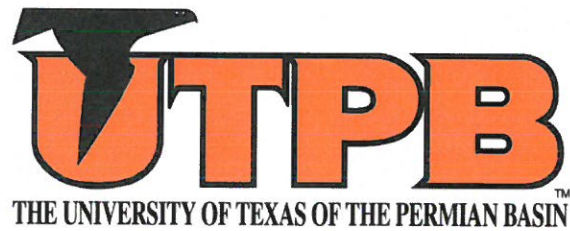


**The University of Texas**  
of the Permian Basin



**AUDIT PLAN**  
**Fiscal Year 2014-15**

**Office of Internal Audit**  
**4901 E. University**  
**Odessa, Texas 79762**



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## Overview

The University of Texas of the Permian Basin (UTPB) Fiscal Year 2014-15 Audit Plan is a description of the internal audit activities that will be performed by the UTPB Office of Internal Audit during the upcoming fiscal year. In accordance with the Texas Internal Auditing Act (Texas Government Code 2102), The University of Texas System (UT System) Policy Number 129, The Institute of Internal Auditors' (IIA) Standard 2000 (Performance Standards), Generally Accepted Governmental Auditing Standards (Yellow Book), and specific instructions from the UT System Audit Office, we have prepared a formal audit plan for FY 2014-15. This audit plan allows the Chief Audit Executive (Director of Internal Audit) at UTPB to carry out the responsibilities of the Office of Internal Audit in accordance with IIA Standards and under the direction of the Internal Audit Committee (IAC).

Our overall objective was to develop a standardized audit plan for fiscal year 2014-15 (Appendix A) consistent with the Internal Audit Charter and with UTPB's mission and goals, which addresses the highest risks within UTPB.

The University has completed a Risk Assessment process in order to identify certain areas by level and type of risk. The Risk Assessment includes "Tier One" risks (Appendix B), which are those risks that have been identified as having a potential to impact the University's strategic goals and objectives. Also included are risks identified as "Tier Two" (Appendix C and D), which represent the sub-processes of the Tier One risks.

Accordingly, the UTPB Office of Internal Audit will:

- Provide assistance as directed by the UT System for the external audit of the Annual Financial Report for the year ending August 31, 2014, and other projects;
- Review internal controls in financial operations for compliance with UT System policies and procedures;
- Emphasize economical and efficient use of resources and accomplishment of established objectives and goals for operations in risk-based audits determined through the risk assessment process; and
- Perform required projects and special requests made by UT System, executive management, and as approved by the Internal Audit Committee.



In preparation of the Audit Plan, input was received from the members of the UTPB Internal Audit Committee, Executive Management, Deans, Directors, and Department Heads. The Internal Audit Committee is comprised of the following members:

Dr. W. David Watts, President  
Dr. Daniel Heimmermann, Provost and Vice President for Academic Affairs  
Teresa Sewell, Senior Associate Vice President for Student Services  
Dr. Juli Ratheal, Assistant Vice President of Research & Dean of Graduate Studies  
Dale Cassidy, Vice President for Business Affairs  
Annette Ferguson, Director of Financial Services  
Caron Perkins, Director of Human Resources  
Steven Larizza, Chief Information Security Officer  
Don Wood, external member  
Peggy Dean, external member

In addition to approval from the UTPB Audit Committee, the Audit Plan requires several additional levels of review and approval from the UT System Chief Audit Executive; the UT System Audit, Compliance, and Management Review Committee; and the UT System Board of Regents.

### **Budget and Staffing**

FY 2013-14 continued with a number of changes regarding the internal audit function at UTPB. Positions of Director and Internal Auditor II that were filled late in the prior FY 2012-13 continued to be staffed throughout the year. In addition, the vacant position of Internal Auditor I was filled in June 2014. Consequently, the proposed budget for fiscal year 2014-15 includes all three positions. The calculation of available audit hours is presented in the attached Appendix F.

### **UT System Requirements**

This section of the Audit Plan includes audits that have been requested by The University of Texas System Executive Management and/or the Board of Regents as communicated by the UT System Audit Office.

#### **Audit of the Annual Financial Report for FYE August 31, 2014**

Audit procedures, as directed by UT System and the external auditor, will be performed for the UT Systemwide audit of the combined Annual Financial Report (AFR). The Office of Internal Audit will assist UT System auditors with fieldwork for the FY 2013-14 AFR during the fall and winter of 2014. Interim field work for the FY 2014-15 AFR is expected to take place in the summer of 2015.



**UTS Regents’ Rule 20205 – Presidential Travel and Entertainment**

The UT System policy on Presidential expenses went into effect as of September 1, 2006. This policy requires an annual audit of the President’s travel and entertainment expenses. UT System will conduct an audit of the President’s Office in FY 2014-15 with UTPB providing coordination and assistance as required.

**Executive Travel and Entertainment Expenses Audit**

In FY 2012-13, UT System began requiring all institutions to conduct an audit of the travel and entertainment expenses of executive management. We will conduct this audit in FY 2014-15 as required.

**UT Share Post-Implementation Review**

Internal Audit will review procedures and validate data as directed by UT System Audit Office regarding the conversion process from DEFINE to PeopleSoft.

**Subcertification and Monitoring Plan**

This audit is to determine if the UTPB Accounting Department has developed and maintained an adequate monitoring plan over subcertification of expenditures, and to verify the assertions on segregation of duties and account reconciliations. It is required to be performed annually within 60 days of the end of the fiscal year.

**Externally Required Audits**

**Joint Admission Medical Program Grant**

This biennial audit is required by grant restrictions. This audit will be performed in FY 2014-15 and will cover the two fiscal years ended August 31, 2014. It is due for completion and submittal by October 31, 2014.

**TAC 202**

This audit, which is required biennially, is to evaluate compliance with Texas Administrative Code Section 202 on information resources standards of practice for institutions of higher education. This audit was included in the FY 2013-14 Audit Plan and will not be required in FY 2014-15.

**Benefits Funding Proportionality**

Governor Perry has requested all public universities in the state to perform a review of the calculations related to the proportional funding of employee benefits using state funds. Consequently, we will be performing this audit in FY 2014-15 as directed by UT System.

**UT PERMIAN BASIN**  
**Appendix A**  
**Fiscal Year 2015 Audit Plan**

FY 2015 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Financial</b>			
Annual Financial Report - FY 2014	80		Assistance to the external auditor for completion of the FY 2014 financial statement audit.
Annual Financial Report - Interim - FY 2015	60		Perform interim procedures to assist external auditor prepare for FY 2015 financial statement audit.
State of Texas Single Audit - State Auditor's Office	20		Provide assistance to State Auditor's Office for federal portion of Statewide Single (A-133) Audit.
<b>Financial Subtotal</b>	<b>160</b>	<b>4%</b>	
<b>Operational</b>			
Presidential Travel and Entertainment Expense for FY 2014	40		Assist UT System Audit office with audit of compliance with UT System and Board of Regents Rule 20205 for Presidential Travel, Entertainment, and University Residence Maintenance Expenses.
Executive Travel and Entertainment Expense for FY 2014	160		Review travel and entertainment expenses for FY 2014 for executive management. Complete audit on sample of executive travel and entertainment expenses as required by UT System. Determine whether expenditures related to travel and entertainment associated with university events of those that report directly to the university President are appropriate, accurate, and in compliance with university and System policies.
JAMP audit for FYs 2013 and 2014	120		Two-year audit required by the Texas Joint Admission Medical Program
<u>Risk Based Tier One Audits</u>			
Donations	300		To assess compliance with institution's donations policy and procedures and the adequacy of the procedures in accordance with donor requirements and IRS reporting. Will be examining whether or not donations were used in activities as specified by the donor.
Human Resources	300		Review internal controls and procedures and test individual employee payroll data, special pay, and vacation and sick leave balances. Review segregation of duties and assigned roles and permissions within PeopleSoft.
Accounting	120		Review segregation of duties, and assigned roles and permissions within PeopleSoft.
Pro Cards	240		Review internal controls and procedures and perform testing of transactions.
Cash handling	240		Review internal controls and procedures and perform testing of deposits.
<u>Carryforward Audits</u>			
Contract Management	80		Identify and test contracts to determine if they are being properly reviewed and monitored.
<b>Operational Subtotal</b>	<b>1600</b>	<b>39%</b>	

**UT PERMIAN BASIN**  
**Appendix A**  
**Fiscal Year 2015 Audit Plan**

FY 2015 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Compliance</b>			
Subcertification and Monitoring Plan	160		Determine whether the Accounting Department has developed an adequate monitoring plan over sub-certifications and validate the assertions on segregation of duties and account reconciliations (UTS142.1) - The Internal Audit Director shall perform annual testing, within 60 days of the fiscal year end, of the Monitoring Plan and the subcertifications, and validate the assertions on segregation of duties and account reconciliations.
Benefits Funding Proportionality	160		Required by the State of Texas. Verify proportionality calculations are correct.
<b>Compliance Subtotal</b>	<b>320</b>	<b>8%</b>	
<b>Information Technology</b>			
<i>Risk Based Tier One Audits</i>			
Social media	240		To determine compliance with UTPB social media policies, Higher Education Opportunity Act and other applicable policies, procedures, laws, and regulations.
UT Share Post-implementation review	160		Required by UT System.
Laptop and tablet inventory	80		To determine that all laptops, tablets and other mobile devices are being properly used and accounted for.
<b>Information Technology Subtotal</b>	<b>480</b>	<b>12%</b>	
<b>Follow-up</b>			
Follow-up on outstanding audit findings	160		Follow-up on prior outstanding audit findings and recommendations.
<b>Follow-up Subtotal</b>	<b>160</b>	<b>4%</b>	

**UT PERMIAN BASIN**  
**Appendix A**  
**Fiscal Year 2015 Audit Plan**

FY 2015 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Projects</b>			
Annual Audit Plan	100		Preparation of annual risk assessment and audit plan.
Annual Internal Audit Report	50		Preparation of the Annual Internal Audit Report, due on November 1st of each year, per the Texas Internal Auditing Act (Chapter 2101 Government Code).
Quality Assurance Review Activities	40		Review audit procedures and documentation to assure adherence to IIA standards.
External Quality Assessment	80		Self-assessment and assistance provided for external assessment.
Annual Audit Risk Assessment	80		Preparation and assessment of annual audit risk assessment.
Training provided by IA	20		Training to be provided as needed in vital areas - Training time need for budget heads and new staff.
Internal Audit Committee	160		Preparation and participation in audit committee meetings by Director and staff. Includes one on one meetings between the Director and Audit Chair and/or committee members.
Compliance Committee	16		Participation by Director.
Professional Organizations	40		Participation by Director and staff.
UT System Council Meetings	50		Participation by Director.
Performance Metrics - UT System	30		Preparation of quarterly performance metric scorecard.
UT Share - UT System	40		
Other Required Work - UT System	30		
Outside Audits - Coordination	80		Coordination and communication between affected University department and outside auditors. Includes monitoring status and results of all outside audits.
TeamMate, website development/maintenance	60		
<b>Projects Subtotal</b>	<b>876</b>	<b>21%</b>	
<b>Reserve</b>			
Special Requested Audits / Consulting	520		Special requests from President/Executive Management, Audit Committee, unanticipated events, investigations, consulting, and to-be-determined UT System engagements.
<b>Reserve Subtotal</b>	<b>520</b>	<b>13%</b>	
<b>Total Hours</b>			
	<b>4116</b>	<b>100%</b>	









UT Permian Basin  
Appendix C  
Fiscal Year 2015 Audit Plan  
Tier 2 - General

Operation/Process

	Risk Ranking	Risk	Risk Ranking	Risk	Risk Ranking	Risk	Risk Ranking	Risk	Risk Ranking
3.1.10 System Access	HM	Maintain procedures over employee termination / checkout process	HM	Maintain controls to minimize unauthorized system access by hackers or downloading of malware	HM	Require regular changes to employee passwords			
3.1.11 Change Management	HM	Maintain and up-to-date controls and procedures regarding social media							
3.1.12 Systems Development Life Cycle									
3.1.2 Job Scheduling									
3.1.3 Help Desk/Desktop Support									
3.1.4 Network									
3.1.5 Operating Systems									
3.1.6 Outsourcing									
3.1.7 Mobile Devices	HM	Encrypt all mobile devices / laptops	HM	Maintain updated inventory listing of all mobile equipment					
3.1.8 Disaster Recovery/Business Continuity	HM	Maintain updated plans for disaster recovery / business continuity							
3.1.9 Governance									
3.2 Compliance									
3.2.1 Payment Card Industry Compliance									
3.3 Applications									
3.3.1 Back Office/ Financial Systems									
3.3.2 Database Systems									
3.3.3 ERP Systems									
3.3.4 Interfaces									
3.3.5 Post-Implementation	HM	Ensure roles and assignments are accurately maintained							
3.3.6 Pre-Implementation									
<b>4. Research</b>									
4.1 Sponsored Programs Administration									
4.10 Institutional Review Board									
4.11 Partnerships									
4.12 Academic Initiatives & Institutes-Centers									
4.2 Time & Effort Reporting	MM	Provide accurate reporting of employee hours and expense allocated to reimbursable grants							
4.3 Accounting & Reporting	MM	Provide training to staff, faculty and principal investigators regarding allocation of costs							
4.4 Biosafety	HM	Monitor and oversee safety of science and research labs by staff and faculty	HM	Have regular inspection of facilities made by the UTPB Health and Safety Officer	HM	Pass inspection of animal research facility by USDA	HM	Oversee lab facilities and policies by Lap Policy and Safety Committee	MM











**UT Permian Basin  
Appendix D  
Fiscal Year 2015 Audit Plan  
Tier 2 - Academic**

**Operation/Process**

- 16.8 College of Health Services
- 16.9 College of Law
- 16.10 College of Liberal Arts
- 16.11 College of Nursing
  
- 16.12 College of Pharmacy
- 16.13 College of Public Policy
- 16.14 College of Sciences and Math
- 16.15 Colleges - Specialty College
- 16.16 Colleges - General Studies

**17. Athletics**

**18. University Relations**

- 18.1 Alumni Programs
- 18.2 Government Affairs
- 18.3 Marketing & Communications
- 18.4 Public Affairs

**19. University Development**

- 19.1 Gifts and Endowments

Risk Ranking	Risk	Risk Ranking	Risk	Risk Ranking	Risk	Risk Ranking	Risk	Risk Ranking	Risk	Risk Ranking
<b>HL</b>	Provide oversight of students to ensure protection of private patient information when obtaining clinical experience	<b>ML</b>	Provide oversight of nursing students when obtaining clinical experience to ensure safety procedures are being followed and to guard against accidental needle sticks	<b>ML</b>	Comply with requirements for the Nursing Shortage Under 70 Reduction Program. Ensure expenditures are for valid program objectives.					
<b>HM</b>	Provide ongoing staff training on Title IX compliance	<b>HM</b>	Maintain gender equity in programs, services and support for student athletes	<b>HM</b>	Adhere to NCAA rules regarding recruitment of athletes / obtain training on ongoing basis / monitor any involvement by outside parties	<b>MM</b>	Provide athletic facilities to adequately meet overall program expansion and addition of football	<b>MM</b>	Monitor student athlete grades and eligibility status on ongoing basis	<b>MM</b>
<b>MM</b>	Address public information requests in a manner prescribed by UT System policy	<b>ML</b>	Comply with State and UT System requirements regarding public information requests	<b>ML</b>	Release accurate information as authorized by UT System					
<b>HM</b>	Reconcile donations to internal accounting records and to endowment statements from UT System	<b>HL</b>	Maintain accurate donor records including purpose of donation	<b>HL</b>	Maintain procedures to ensure confidentiality of donor information	<b>HL</b>	Maintain donor records separately from other institutional information using internal donor / endowment software	<b>ML</b>	Provide timely and accurate acknowledgment of gifts to institution	<b>MM</b>



UT PERMIAN BASIN  
Appendix E  
Fiscal Year 2015 Audit Plan  
High Risks Not Covered

TIER ONE ACTIVITIES:

Ranking	Risk	Explanation/Mitigation	Internal Audit Action
<b>Finance</b>			
HH	Recruitment and retention of qualified staff	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2015
HM	Accurate and timely financial reporting to external and internal users	Rely upon outside audits of financial statements and financial aid in FY 2015.	None in FY 2015
<b>Human Resources</b>			
HH	Institution-wide employee recruitment and retention	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2015
<b>Governance</b>			
HM	Strategic planning and organizational goals	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2015
HM	Business continuity plans	Rely upon management oversight.	None in FY 2015
HM	Title IX compliance	Rely upon compliance monitoring and management oversight.	None in FY 2015
<b>Athletics</b>			
HM	Compliance with NCAA requirements	Rely upon compliance monitoring and management oversight. Audit findings from most recent audit by UT System resolved in current fiscal year.	NCAA compliance audited every three years by UT System. Next audit to occur in FY 16, and will cover FY 15.
HM	Title IX compliance	Rely upon compliance monitoring and management oversight.	None in FY 2015
<b>Instruction</b>			
HH	Recruitment and retention of qualified faculty	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2015
HM	Loss of accreditation	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2015
<b>Academic Support</b>			
HM	Incorrect reporting of semester credit hours in transition from POISE to PeopleSoft - Campus Solutions	Rely upon UT Share efforts in development stage.	Conversion to PeopleSoft included in UTRGV project. Not expected to be converted/implemented until Fall 2015.
<b>Facilities Management</b>			
HM	Facilities Condition / Deferred Maintenance	Rely upon management oversight.	None in FY 2015
<b>Auxiliary Services</b>			
HM	Recruitment and retention of qualified police officers	Rely upon management oversight.	None in FY 2015
<b>Research</b>			
HM	Safety of research facilities	Rely upon compliance monitoring and management oversight.	None in FY 2015
HM	Safety of academic labs and studios	Rely upon compliance monitoring and management oversight.	None in FY 2015
<b>Information Technology</b>			
HM	Security of IT data and systems	Rely upon TAC 202 System Security audit being conducted in FY 2014	Audited in FY 2014
HM	Recruitment and retention of qualified staff	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2015

**UT Permian Basin  
Appendix F  
Fiscal Year 2015 Audit Plan  
Available Audit Hours**

**Calculation of Available Hours**

	<b>Director</b>	<b>Internal Auditor II</b>	<b>Internal Auditor I</b>	<b>Total</b>	<b>%</b>
Audit & Project	1,116	1,504	1,496	<b>4,116</b>	66%
General Administration	600	200	200	1,000	16%
Training/CPE	100	80	120	300	5%
Holidays	104	104	104	312	5%
Vacation & Sick Leave	160	192	160	512	8%
<b>Total Hours</b>	<u>2,080</u>	<u>2,080</u>	<u>2,080</u>	<u>6,240</u>	100%

The total hours are based on all 3 budgeted positions being filled for the entire year. No vacancies are anticipated.

**Note:**

**UT PERMIAN BASIN**  
**Appendix G**  
**Fiscal Year 2015 Audit Plan**  
**Five Year History**

<b>Engagement</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Audits</b>					
Annual Financial Report	X	X	X	System	X
Follow Up Audit	X		X		
Enterprise Risk Management Process	X				
Monitoring Plan and Sub-Certification Audit	X	X			X
Contract Management					X
Texas Higher Education Coordinating Board Facilities Audit	X				
Cash Management and Handling Audit		X			
Grant Compliance		X			
Dependents Eligibility Audit			X		
Information Technology Inventory and Laptop Encryption				System	
TAC 202 Information Security Audit	X		System		X
Information Security Program Index Audit		X			
Information Technology Governance Audit			System		
NCAA compliance				System	
Work-Study Employment Audit		X			
President's Travel and Entertainment Expenses	X	System	X	System	System
Executive Travel and Entertainment Expenses					X
JBS Public Leadership Institute--Change in Management	X				
JAMP		X			
Admissions-Departmental		X			
Procard		X			
Information Resources Department		X			
Human Resources		X			
Central Stores		X			
Visual and Performing Arts		X			
Vice President for Business Affairs		X			
Small Business Development Center		X			
<b>Special Projects</b>					
CO2 Conference Review	X				
OSAT Review	X				
External Quality Assessment					X

**UT PERMIAN BASIN**  
**Appendix G**  
**Fiscal Year 2015 Audit Plan**  
**Five Year History**

Engagement		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Contract review for VPBA		X			
	NCAA analytical review		X			
	Departmental Expenditure Review of Continuing Ed		X			
	Endowment Fee Review					X
	Wagner-Noel Performing Arts Center Reconciliation					X
	Athletic Donations Review					X
	Event Revenue and Expenditure Review for VPBA		X			
	Audit Finding Summary for VPAA		X			
	Accounting Director Transition			X		