

UT Dallas History



Eugene McDermott, J. Erik Jonsson and Cecil Green

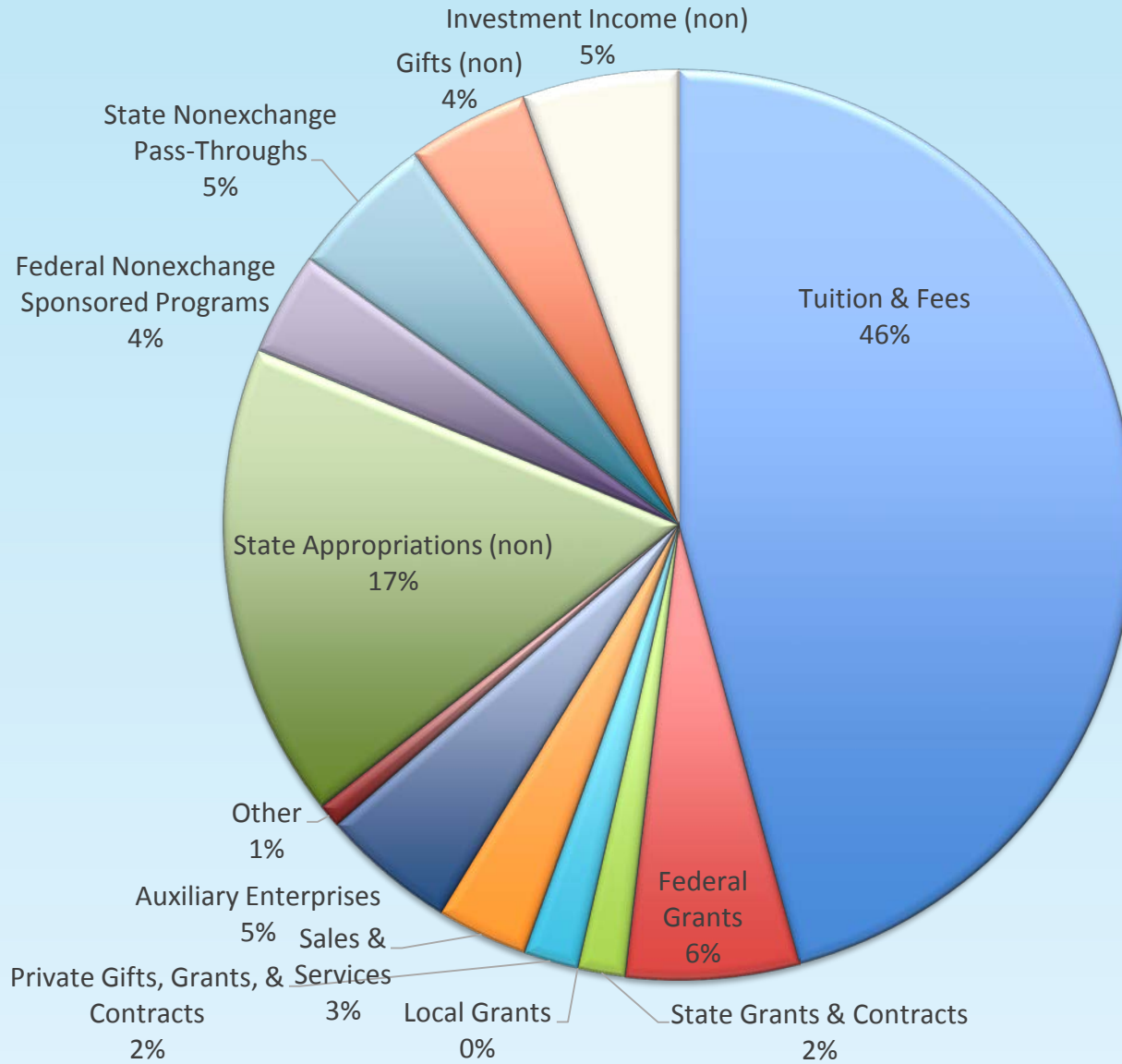
- 1961: Graduate Research Center of the Southwest
- 1964: Founders Building
- 1969: HB 303: UT Dallas becomes a part of UT System
- 1978: Internal Audit Office created
- 1998: Temoc is born!
- 2016: UT Dallas fastest growing University



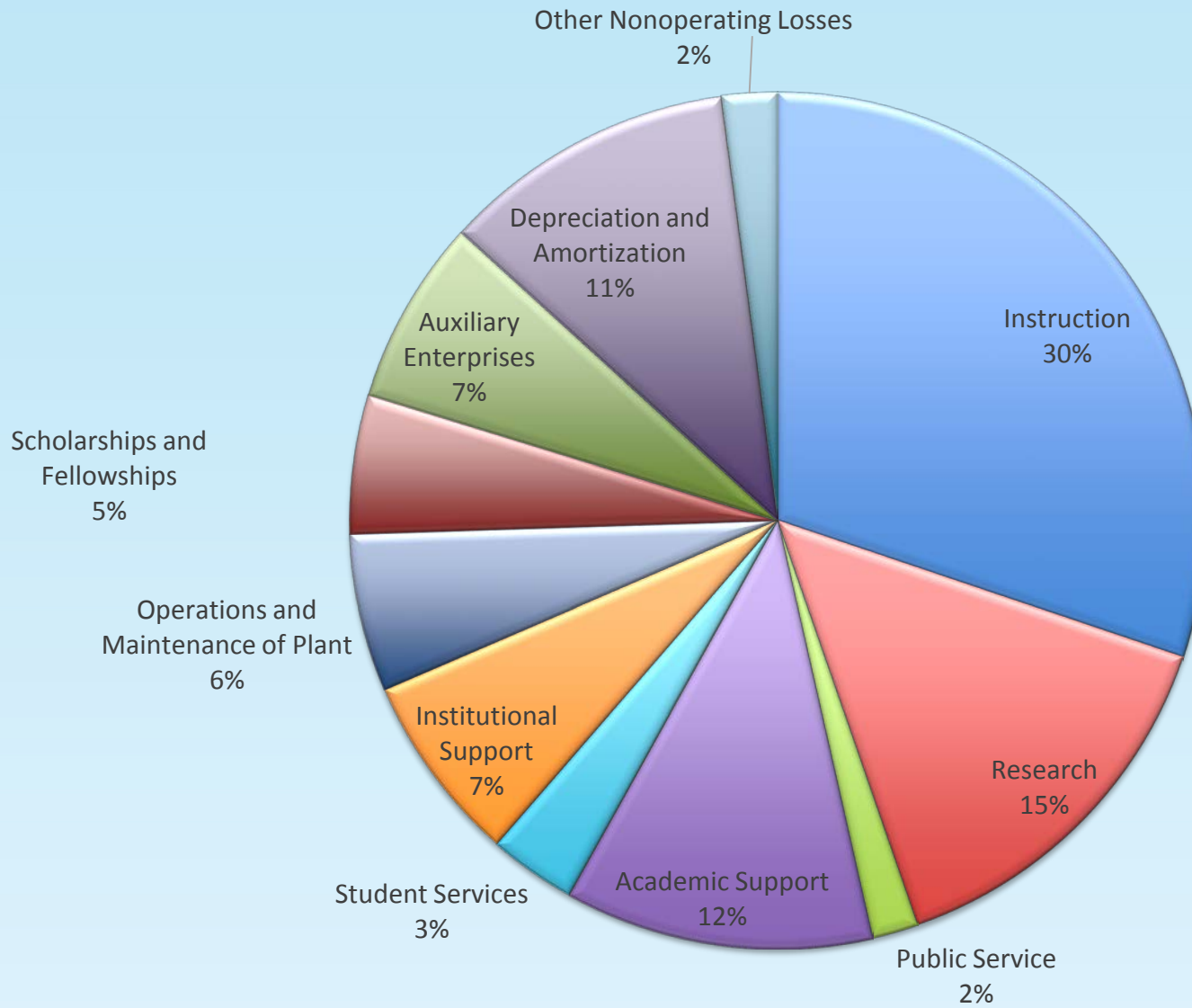
2000		2016
10,945	144% ENROLLMENT INCREASE	26,797
ENROLLMENT		ENROLLMENT
1184	77 POINT SAT SCORE INCREASE	1261
AVERAGE SAT		AVERAGE SAT



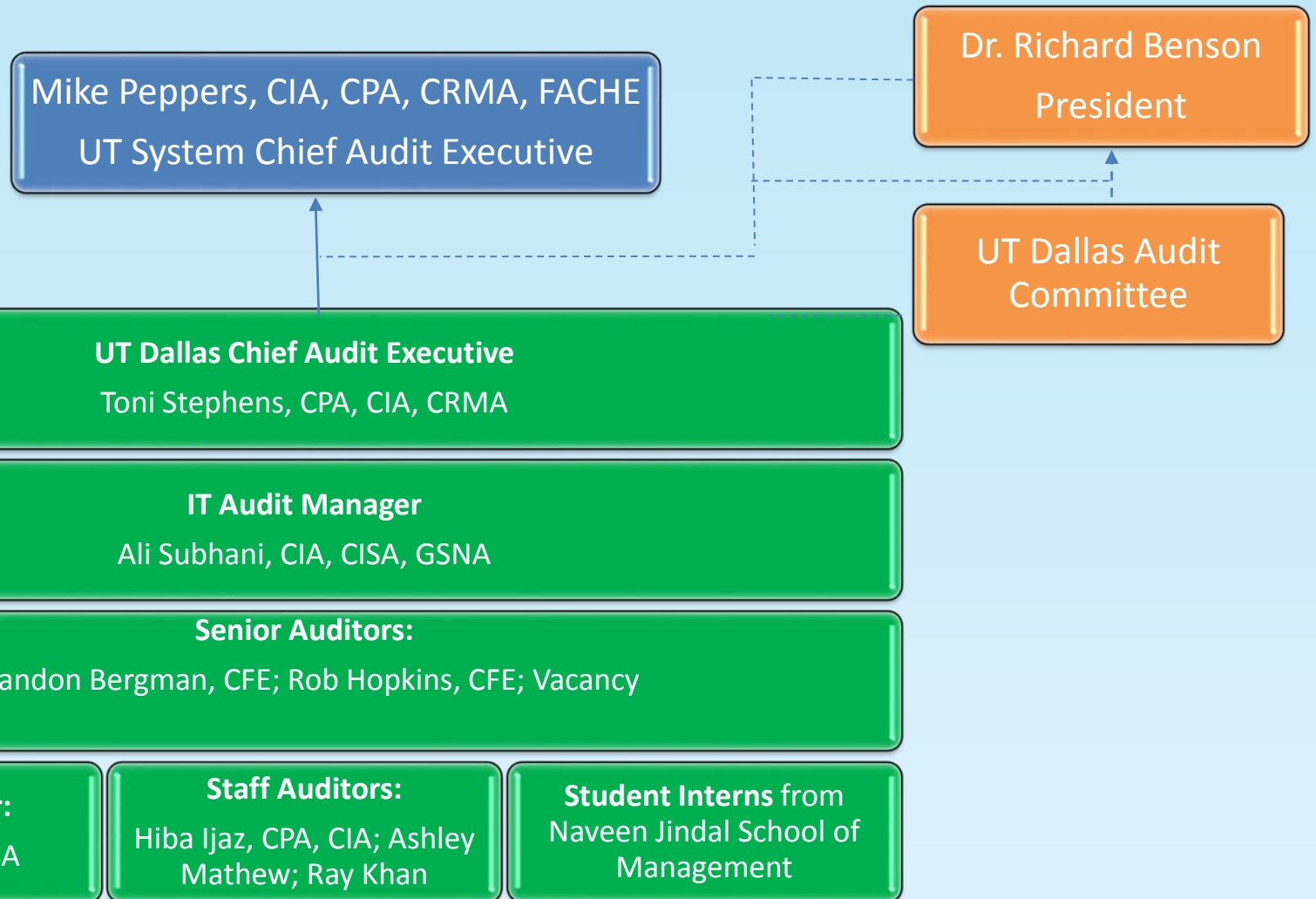
FY 2016 Revenues - Operating & Nonoperating



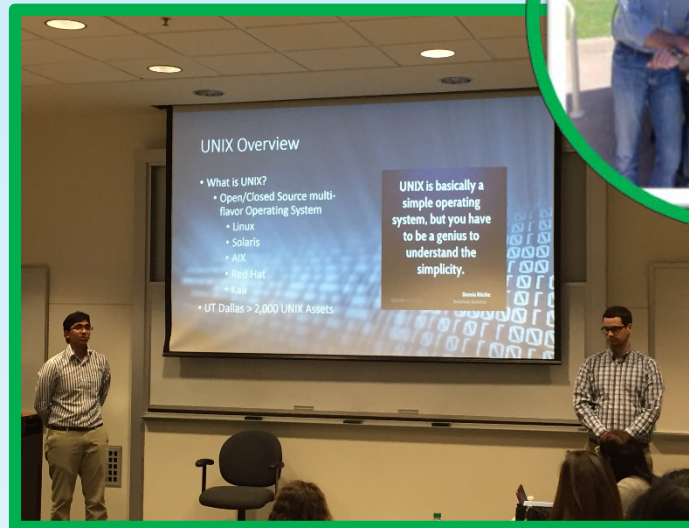
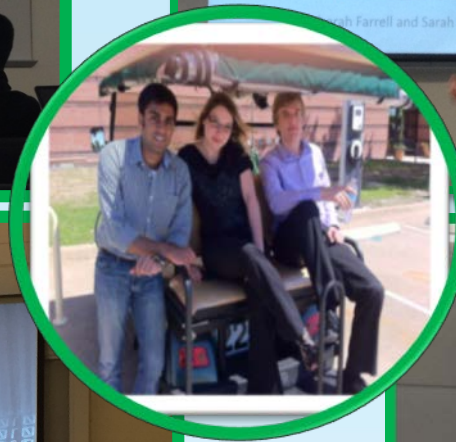
FY 2016 Expenses - Operating & Nonoperating



Current Organization Structure



Our OTHER Staff: UT Dallas Internal Auditing Education Partnership Program



The Audit Office



UT Dallas Student Audits

- **Process:** participate in audit from planning through reporting
- **Software:** get experience in TeamMate, IDEA
- **Standards:** learn more about IIA Standards
- **Potential Audits:**
 - Lab Safety
 - Decentralized Computing
 - Disaster Recovery
 - Departmental Review
 - Property Administration

UT DALLAS Internal Audit

Welcome to the Office of Internal Audit

The Office of Internal Audit serves UT Dallas by enhancing and protecting organizational value by providing risk-based and objective assurance, advice and insight to UT Dallas and UT System executive management relating to the achievement of the University's strategic and operational objectives.

Job Openings

We are currently recruiting for a Senior Auditor. Please contact us if you would like more information.

Contact Us

- Phone Number: 972-883-4876
- Email: istephens@utdallas.edu
- Contact [individual staff members](#)

Mailing Address:
800 West Campbell Road SPN 32
Richardson, TX 75080

Physical Address:
3000 Waterview Pkwy, Room SPN 2.730
Richardson, TX 75080

Higher Education in the News

See today's top headlines in higher education from ACUA, the Association of College and University Auditors.

Follow the Yellow Brick Road...*Not the Rabbit Trail...* to Effective Risk Assessment & Audit Planning

Spring 2017 Internal Audit Class
January 18, 2017



History 101: Audits & Risk

- When was the IIA established?
- Who is the father of modern Internal Auditing?
- How long have internal auditors been around?



Definitions

Risk Assessment: Identification of potential events (risks) and the extent to which they will impact the achievement of objectives.



- **Risks** are the effect of uncertainty on objectives.
- A **Critical risk** is defined as a material threat with high probability/likelihood and organizational impact.
- A **Risk Factor** is something that increases risk.

Our job:

To identify the most critical risks to priorities to direct audit plan efforts to where internal audit can add the most value



Example

What are your objectives for this class?

What risks could impact your objectives?

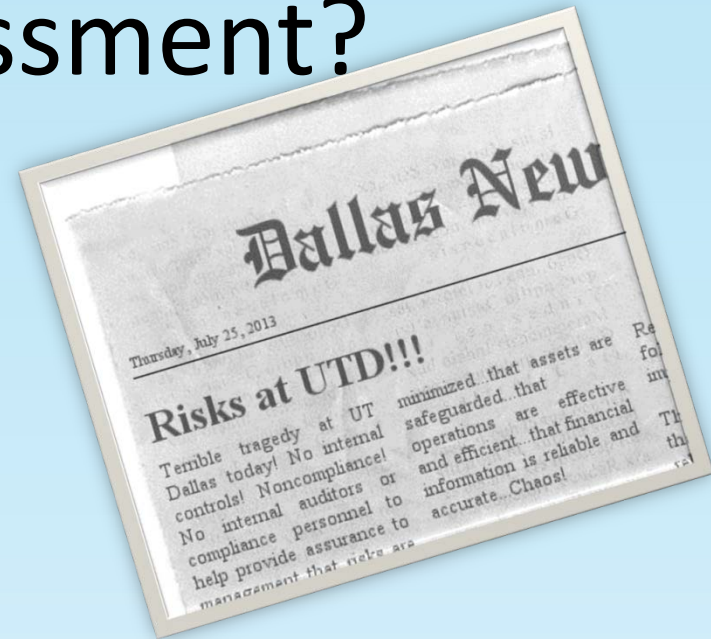
Objectives	Risks
Fulfills your degree plan	You fail the class
Career aspiration – internal audit	You determine in the 2nd class that you hate risk assessment
Real world experience for your resume	Joseph isn't that funny and you're bored
Entertainment	JSOM is hit by a tornado, and they had no backup plan
	You make a bad first impression

Why Do a Risk Assessment?



Why Do Risk Assessment?

- Minimize risks (fraud, error, theft, etc.)
- Reduce deficiency in products or services
- Increase efficiency & productivity
- Increase staff morale & motivation
- Comply with laws and regulations
- Reduce damage, uninsured losses & claims for compensation
- Control costs
- Prevent accidents, injuries & ill health & the costs associated with them
- **It helps us decide what to audit!**



Standards, Laws & Regulation

- Federal
- State
- Local
- Financial Statement
- University
- Professional





**Trivia Question:
How often is the word “Risk” used
in the Standards?**

Two Types

Risk Assessment for Individual Audits

The screenshot displays the TeamMate EWP software interface. On the left is a navigation tree with categories like AS: Reporting, PG: Program Groups, and A: Planning. The main area shows a table with the following data:

ARC	State	Title	Assign	Action	User	Date
A.1.PRG	⚠	Planning		Edit	sync	1/19/2012
A.1.1	⚠	Assignment and Status Sheet		Edit	sync	1/18/2012

At the bottom of the screenshot, there is a navigation bar with icons for Browser, Issues, Procedures, Coaching Notes, Signoff Status, and Procedure Status.



Annual Audit Plan Risk Assessment

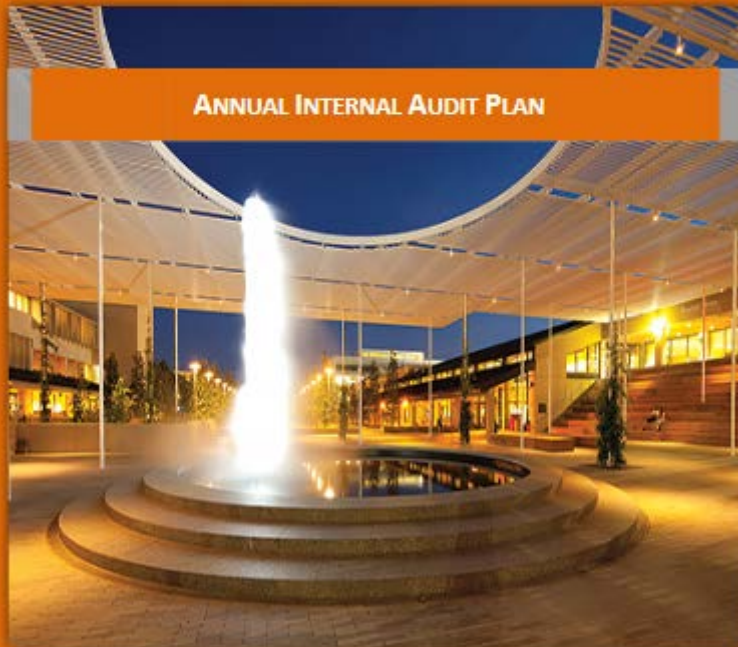
Why Do We Do An Annual Audit Plan?



- **2010 - Planning:** *The chief audit executive **MUST** establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.*



ANNUAL INTERNAL AUDIT PLAN



Fiscal Year 2017

Methodology

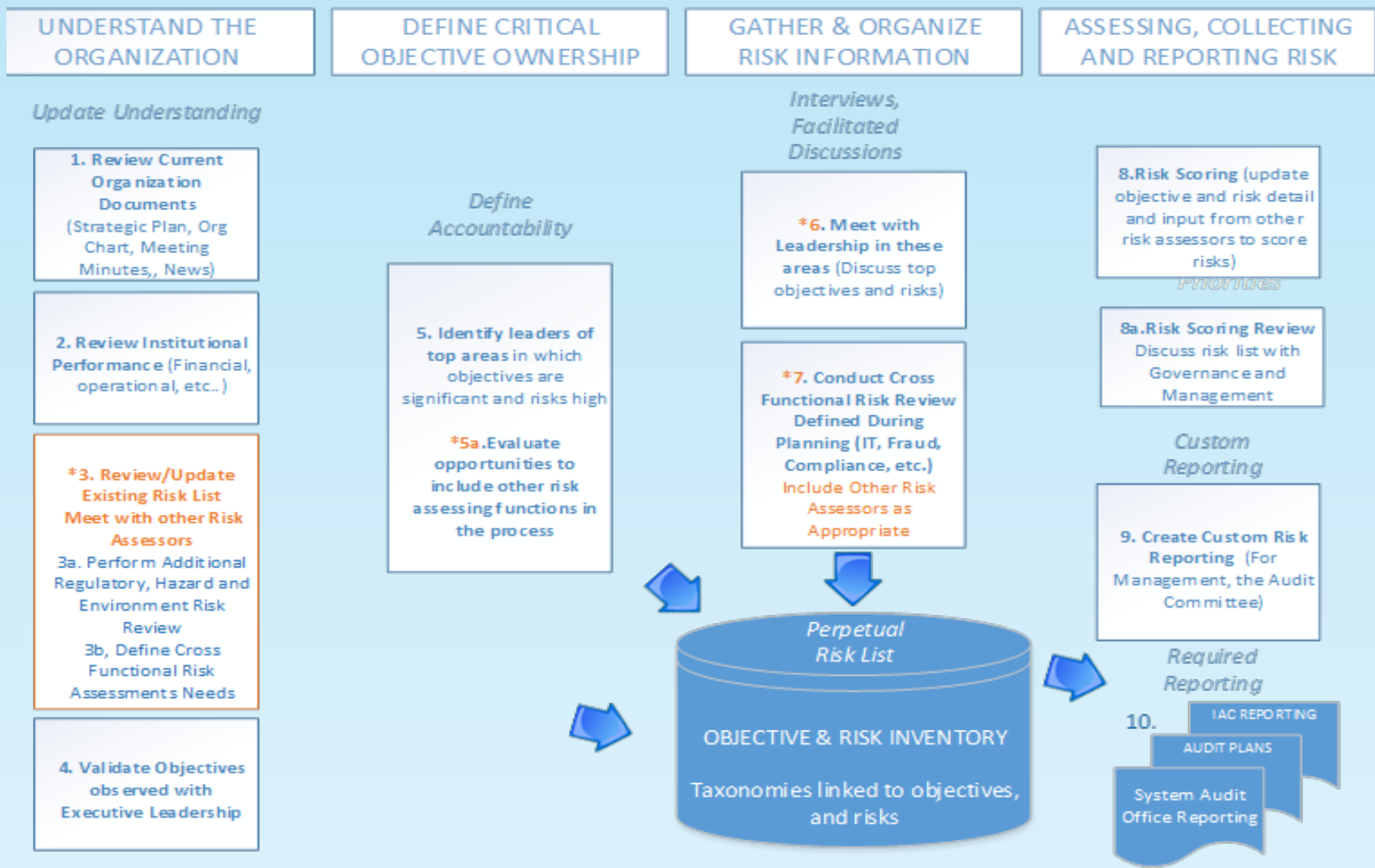
The UT Dallas 2017 Audit Plan outlines the internal audit activities that will be performed by Internal Audit during FY 2016 in accordance with responsibilities established by the [UT System](#), the [Texas Internal Auditing Act](#), the Institute of Internal Auditors' [International Standards for the Professional Practice of Internal Auditing](#), and [Generally Accepted Government Auditing Standards](#). 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.

As part of the FY 2017 Audit Plan process, the UT System Audit Office risk assessment methodology was used. 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 and requests for input with risk collaborators, executives, and managers from the various operating areas on campus. The graph below depicts the institution risks.

INTERNAL AUDIT RISK ASSESSMENT PROCESS

“Capturing Critical Risks”



***RISK COLLABORATION – INTERNAL AUDIT – COMPLIANCE – LEGAL – RISK MANAGEMENT – IT SECURITY– HR– POLICE**
 Discovering, responding to and educating on risk

UT Dallas Strategic Plan

Vision: To be one of the nation's best public research universities and one of the great universities of the world.

Mission: The University of Texas at Dallas provides the State of Texas and the nation with excellent, innovative education and research. The University is committed to graduating well-rounded citizens whose education has prepared them for rewarding lives and productive careers in a constantly changing world; to continually improving educational and research programs in the arts and sciences, engineering, and management; and to assisting the commercialization of intellectual capital generated by students, staff, and faculty.

2013 Goals

- ✓ Increase the number of tenured and tenure-track faculty to 600-700
- ✓ Increase enrollment to 20,000 full-time equivalent students
- ✓ Increase annual research expenditures to \$130M (total research), \$70M (restricted research), and \$50M (federal research)
- ✓ Increase the doctorates awarded from 179 per year (current) to 240 per year
- ✓ Increase new National Merit Scholars enrolled each fall from 63 to 75 scholars
- ✓ Raise needed private funds to increase endowment
- ✓ Meet the objectives of the Chancellor's Framework for Advancing Excellence



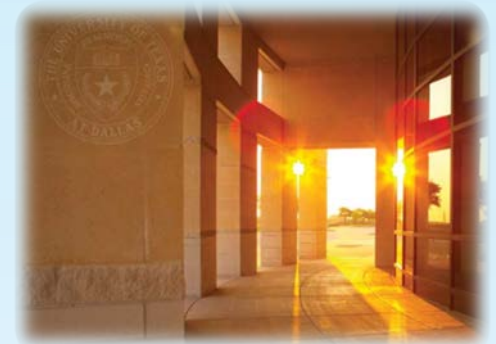
UT Dallas Strategic Plan

*Vision: To be one of the nation's best public **research** universities and one of the great universities of the world.*

Mission: The University of Texas at Dallas provides the State of Texas and the nation with excellent, innovative **education** and **research**. The University is committed to graduating well-rounded citizens whose **education** has prepared them for rewarding lives and productive careers in a constantly changing world; to continually improving **educational** and **research** programs in the arts and sciences, engineering, and management; and to assisting the commercialization of intellectual capital generated by students, staff, and faculty.

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Example

What are UT Dallas Objectives?

What risks could impact UT Dallas objectives?

Objectives	Risks
Educate students	High growth results in not enough facilities to educate students
Research	Noncompliance with federal regulations causes cuts to research funding
Endowments & Gifts	Bad economy could impact donors
	Unsafe campus could impact reputation, funding

Risk Assessment: Assessing Impact



The effect a single occurrence of that risk will have upon the achievement of goals and objectives.

HIGH – “Show stopper” – the effect will cause the institution to NOT achieve its goals and objectives.

MEDIUM - The effect will cause the institution to operate inefficiently and/or expend unplanned resources to meet goals and objectives.

LOW - No measurable effect upon the achievement of goals and objectives.

Risk Assessment: Assessing Probability



High: The risk will become a reality frequently.

Medium: The risk will sometimes become a reality.

Low: The risk will rarely become a reality.

How Do We Know How to Assess Risks?



- Experience
- Review of prior audits
- Results of discussions/brainstorming with audit staff
- Discussions with employees
- Survey results
- Meetings with key managers, audit committee input
- Information derived from gaining an understanding of operations, including:
 - Strategic plans
 - Financial reports
 - Website
 - Hotline calls
 - Compliance reports
- Awareness of “hot topics”
- Risks of fraud – fraud risk assessment



the **UTD Mercury** Twenty-five Years in Print SEPTEMBER 6, 2005 Vol. XXV, No. 17

Scale Cell Research Center to Celebrate Awareness Month & Waterview Advisory Commission releases its campus housing report

News Briefs

Work to raise tuition increases
The Board of Regents will meet on Sept. 12 to discuss a proposed 3.5 percent increase in tuition for the 2006-07 academic year. The increase is part of a larger plan to raise tuition by 10 percent over the next five years.

Handich researchers create groundbreaking fabrication technique
Totally Nanotubular
Researchers at the University of Texas at Dallas have developed a new technique for creating nanotubes. The technique involves using a laser to create a hole in a carbon nanotube, which is then filled with a liquid. The liquid is then evaporated, leaving a hollow nanotube.

Waterview commission issues report
The Waterview Advisory Commission has released its report on campus housing. The report identifies several key issues, including the need for more affordable housing and the need to improve the quality of existing housing.

A&H faces budget woes
The American & Homecoming Association (A&H) is facing a budget deficit. The association is currently operating at a loss of approximately \$100,000 per year.

Student arrested on tampering charges
A student at the University of Texas at Dallas was arrested on charges of tampering with evidence. The student was accused of altering a document that was used as evidence in a legal case.

Katrina Relief
The University of Texas at Dallas is providing relief for victims of Hurricane Katrina. The university has donated supplies and money to help the victims.

Classroom Building West temporarily closed due to air quality
Classroom Building West at the University of Texas at Dallas was temporarily closed due to poor air quality. The building was closed for several days until the air quality improved.



Example

What do you think are the impacts and probabilities of these risks?

Risks	Impact	Probability	Score
Noncompliance with federal regulations causes cuts to research funding	High	Low	Medium
Bad economy could impact donors			
Unsafe campus could impact reputation, funding			
You fail the class			

Excerpts from FY 17 Audit Plan

Risk	Impact	Probability	Score	Planned Audit?
IT is not centralized to one area, and many departments have their own IT staff which could result in not including OIT in their plans and processes. Risks of lack of security, disaster recovery.	H	H	Critical	Decentralized Computing
Changes in leadership at President and VP levels will result in changes in governance of the University, could result in changes in leadership	M	H	High	Change in leadership reviews
Accidents may occur at labs resulting in injury or potential loss of life	H	M	High	Lab Safety
Property not effectively safeguarded or managed	M	H	High	Property Administration
Inability to recover mission critical ERP/Centralized computing systems in a timely manner in the event of a widespread disaster	L	H	Medium	Disaster Recovery
HIPAA Security - risks of noncompliance with regulations	H	M	High	Outside review of HIPAA Security
Veteran's education programs do not comply with laws	M	L	Medium	No planned audit

Other Risk Assessment Methodologies

Area	Materiality	Complexity	Management Interest	Time Since Last Audit	Risk of Fraud	Changes in Systems	Total
Decentralized Computing	5	5	5	5	3	3	26
Change in Leadership Reviews	3	3	5	3	3	3	20
Lab Safety	3	4	5	3	3	5	23
Property Admin.	5	3	3	3	3	3	20
Disaster Recovery	3	3	5	3	1	3	18
HIPAA	3	5	5	5	3	3	24
Veterans Programs	1	1	3	5	3	3	16

UTD
Critical
High
High
High
Medium
High
Medium

Totals:	
>25	Critical
20-24	High
15 – 19	Medium
<15	Low

Analyze Risks & Select Audits



UTD Institution Risks

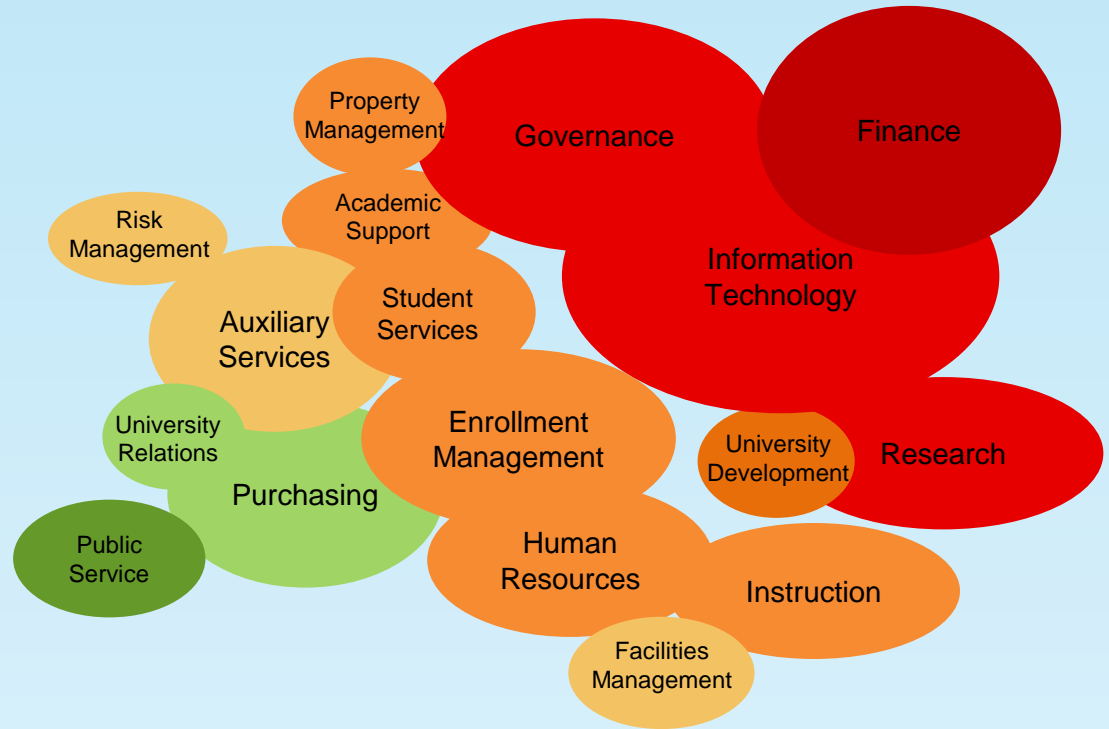
Probability

High

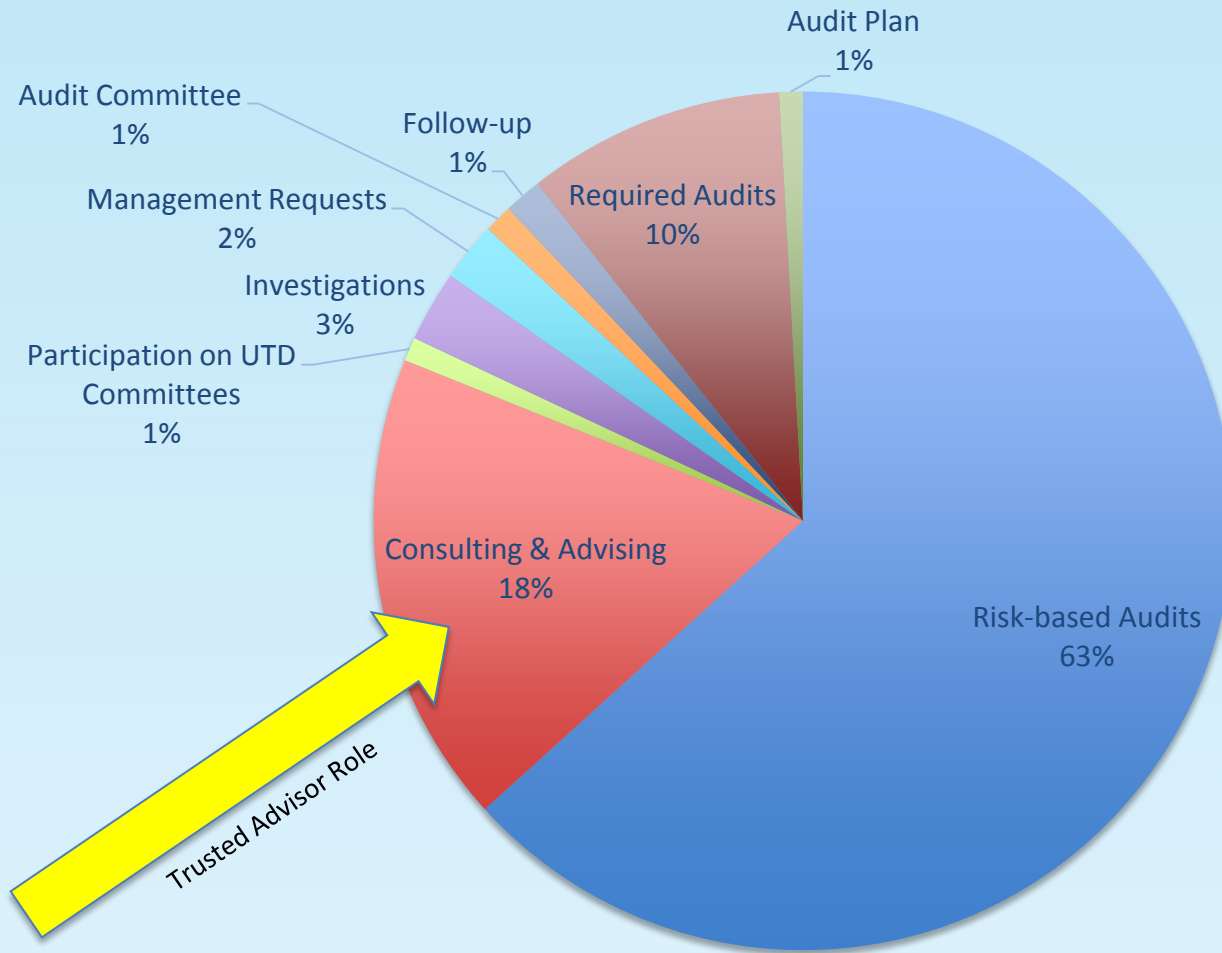
Low

Impact

High



How Do We Provide Value to UT Dallas?



FY 2017 Audit Plan

Now that the Annual Plan is Done...

...it's time to conduct our audits...

The screenshot displays the TeamEXP software interface. At the top, there is a menu bar with options: Home, Format, Planning, Review, View, Go To, Admin, TeamMate. Below the menu is a toolbar with various icons for file operations, editing, and navigation. The main window is divided into two sections: a table and a detail view.

ARC	Title	Response	State	Prepared	Reviewed	Edited	Type
A1.PRG (IC)	Planning			AM 5/16/2014	PA 6/23/2014	PA 6/23/2014	
	Purpose	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A		AM 2/24/2014	PA 6/23/2014	PA 6/23/2014	
	Assignment	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A		AM 2/21/2014	PA 6/23/2014	AM 6/20/2014	
	Students (in charge - delete step if no students)	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A		AM 2/24/2014	PA 6/23/2014	AM 2/24/2014	
	Audit Notification	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A		AM 2/20/2014	PA 6/23/2014	AM 2/20/2014	
	Entrance Conference	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A		AM 2/20/2014	PA 6/23/2014	AM 2/20/2014	
	Independence Statement: Pully Atkinson	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A		PA 2/9/2014	TS 4/17/2014		

The detail view below the table shows the following information:

Title: Assignment

Assign: [Dropdown] **Type:** [Dropdown]

Response: [Dropdown]

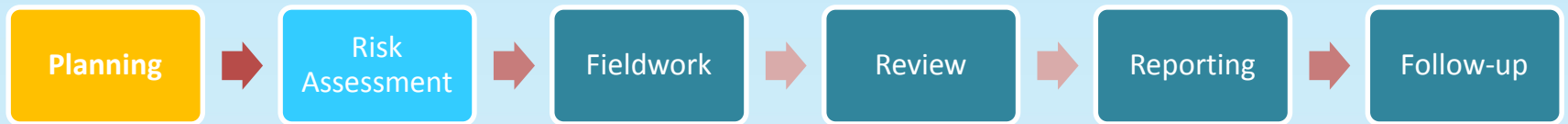
Results: [Dropdown] **Conclusion:** Res (0)

Purpose: To document the original audit assignment information.

Results: The Audit Plan and most recent Audit Committee minutes have been reviewed.

- Audit Objective per the Audit Plan:** To provide assurance that the Lab Safety compliance program is operating effectively and that UT Dallas is in compliance with certain Lab Safety regulations
- Audit Scope:** FY13 through present
- Assigned Hours per the Audit Plan:** 300
- Type Audit per Audit Plan:** Compliance Audit
- Initial Audit Due Date Given by CAE:** April 11, 2014

The Audit Process





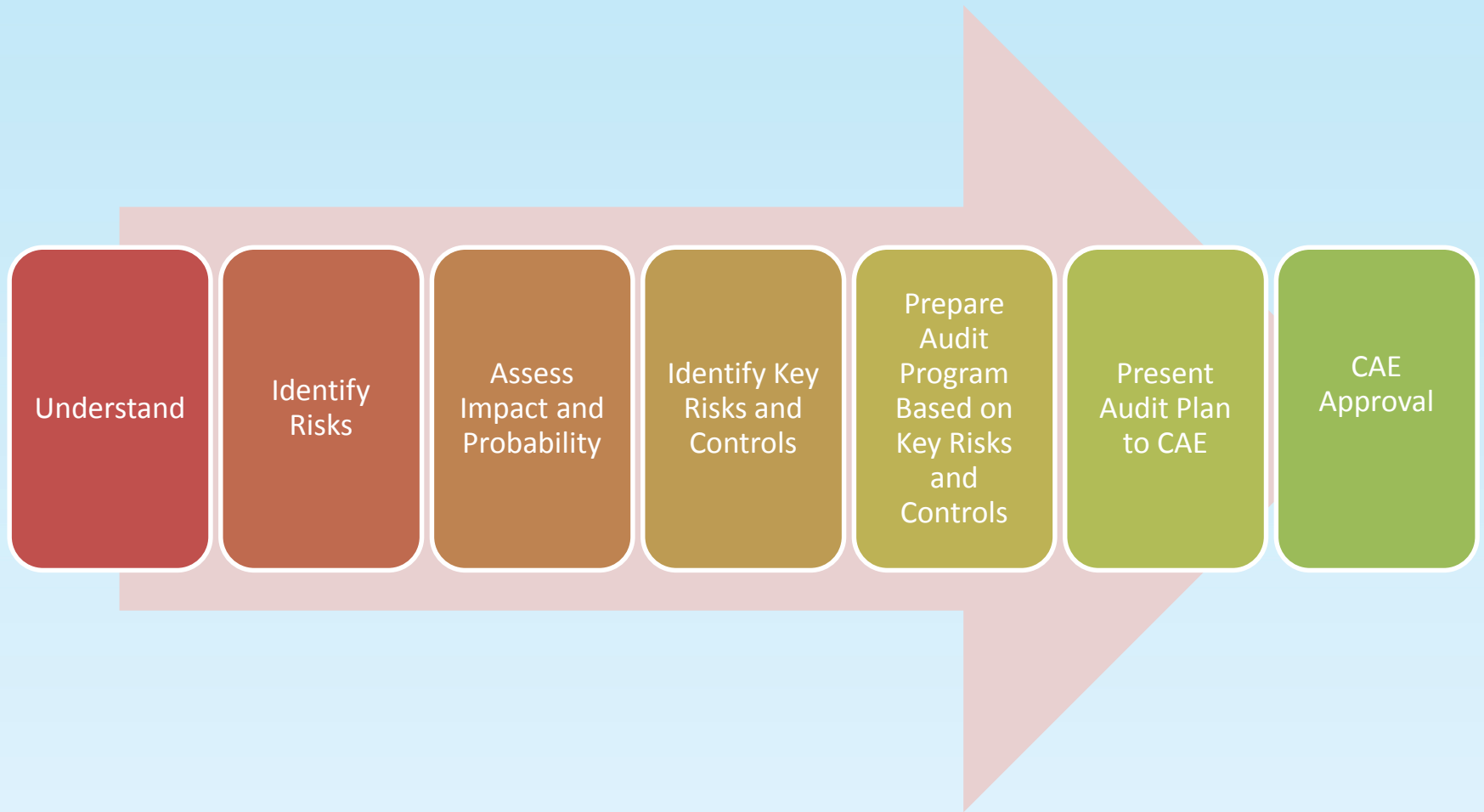
2210 – Engagement Objectives

Objectives must be established for each engagement.

- **2210.A1** – Internal auditors must conduct a preliminary assessment of **the risks** relevant to the activity under review. Engagement objectives must reflect the results of this assessment.



Engagement Level Risk Assessment Procedures



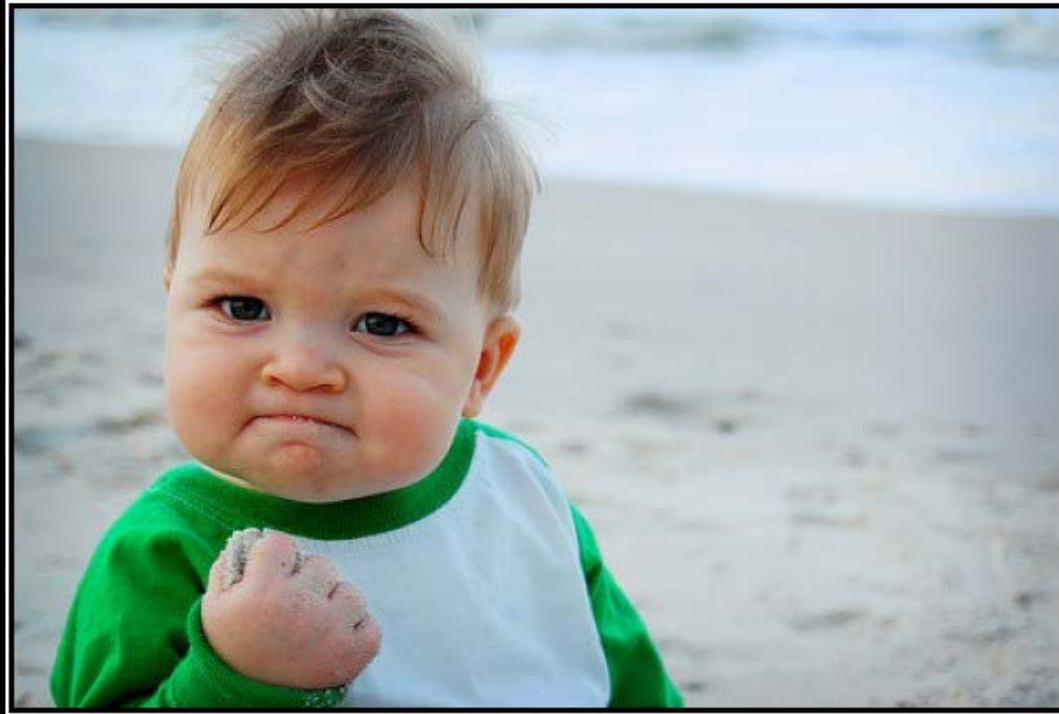
Data Analytics



Example – Lab Safety

Risks	Impact	Probability	Total Risk	Key Risk?	Audit Program Step
Lab inspections are not being performed.	5	5	HH	YES	No controls in place. Inspections are not being performed. N/A - identified issue - reportable.
Lab personnel do not receive training.	4	2	HL	YES	Review training records for FY XX to ensure all lab personnel are receiving training. Determine if Director monitoring is documented.
Labs are not properly safeguarded.	5	5	HH	YES	Director stated that labs are open to the public. N/A - identified issue - reportable.
Policies and procedures are outdated.	3	5	MH	YES	Policies and procedures are dated 1985. N/A - identified issue - reportable.
Hazardous materials are disposed of improperly.	5	1	HL	YES	Determine process for disposals and evaluate for compliance. Observe documentation evidencing disposals.
Website not updated in a timely manner.	2	3	LM	NO	N/A - not a key risk.
Emergency management plan is not in place.	4	3	HM	YES	Review most recent emergency management plan, evaluate for adequacy and if updated.
Controlled substances and select agents database is not properly secured.	5	3	HM	YES	Review access records and ensure access is limited only those employees whose job responsibilities require access. Determine process for reviewing access to ensure terminated or transferred employees do not have access.

Top 10 Tips for a Successful Audit



S U C C E S S

Because you too can own this face of pure accomplishment

DIY.DESPAIR.COM



1. Make sure you prepare your working papers as you go!!

...When the information is fresh in your mind. After you conduct the interview, perform the audit procedure, perform the test, etc.



2. Good **planning** and **risk assessment** are the keys to avoiding rabbit trails.

3. Working Papers

***Remember:
working papers
can be subpoenaed
– don't put
anything in there
that you could not
support in a court
room.***

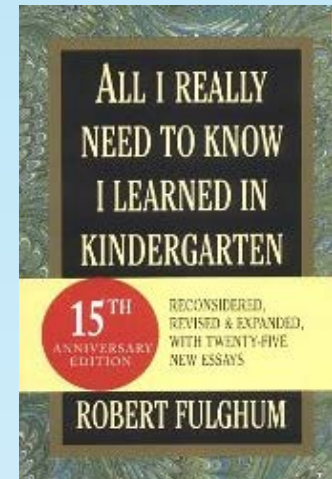


4. Follow Business Etiquette 101

✓ Dress for Success



- ✓ Verbal
- ✓ Listening
- ✓ Protocols
- ✓ Ethics
- ✓ Dealing with “difficult” people
- ✓ Emails...



audit - Message (HTML)

File Message Insert Options Format Text Review ADOBE PDF Tell me what you want to do...

Clipboard Basic Text Names Include Tags Add-ins

From: tmesser@utdallas.edu
 To: Wildenthal, Bryan
 Subject: audit

Hey Hobson,
were doing an audit of you. I need your reconciliations today by 5:00.
 Joseph M. Intern|

ABC
 ✓
 Spelling &
 Grammar



Request for Information - Message (HTML)

File Message Insert Options Format Text Review ADOBE PDF Tell me what you want to do...

Clipboard Basic Text Names Include Tags Add-ins

From: tmesser@utdallas.edu
 To: Wildenthal, Bryan
 Cc: Stephens, Tony
 Subject: Request for Information

Dr. Wildenthal,

The Office of Internal Audit is working on a university-wide audit of purchasing cards. Three of your expenses from FY 2016 were selected at random as part of our audit testing. Please provide the supporting documentation (invoice, receipt, etc.) as well as a business purpose for the following expenses at your earliest convenience within the next two weeks. If you need additional time, please let me know.

	Vendor	Date	Amount
1.	Chipotle	5/16/16	\$35.16
2.	Target	8/31/16	\$102.77
3.	Uber	4/22/16	\$40.00

Thank you,
 Joseph M. Intern|

5. Avoid Common Problems

- Not turning in the working papers. **YOU MUST TURN IN YOUR WORK FOR A GRADE**, even if the work is incomplete.
- Not reading the audit department's manuals and procedures.
- If fraud is suspected, the auditor should **contact the In-Charge and Director immediately** to determine the approach to be taken.
- Don't be late to meetings.



6. Ensure Confidentiality



7. Work Like a Team



8. Ask Questions



Document as you go!

9. Remember #1: Document as you go!



10. “There’s No Place Like **Internal Audit!**”

Toni Stephens, CPA, CIA, CRMA

tstephens@utdallas.edu

972-883-4876

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Room 2.730

