



UNIVERSITY OF
TEXAS
ARLINGTON

NURSING SHORTAGE REDUCTION PROGRAM AWARDS AUDIT

APRIL 4, 2014

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MEMORANDUM

TO: Dr. Vistasp Karbhari
President

FROM: Ken Schroeder *Ken Schroeder*
Director, Office of Internal Audit

DATE: April 10, 2014

SUBJECT: Nursing Shortage Reduction Program Awards Audit Report
Dated April 4, 2014

Executive Summary

We have completed the Nursing Shortage Reduction Program Awards Audit as included in our FY 2014 annual audit plan. The objective of this audit was to provide assurance that UT Arlington is complying with the requirements as specified in the program announcements. UT Arlington received awards in the *Regular Program* and *Over 70 Program* during the period Fiscal Year 2010 – Fiscal Year 2012.

Based on the audit procedures performed, the expenditures in the annual reports of the Nursing Shortage Reduction Program were accurately reported and properly recorded in DEFINE (UT Arlington Accounting System), as specified in the awards program announcement. All funds awarded by the Texas Higher Education Coordinating Board were expended and no funds were required to be returned.

cc: Dr. Ronald L. Elsenbaumer, UT Arlington, Provost and Vice President for Academic Affairs
Ms. Kelly Davis, UT Arlington, Vice President for Business Affairs and Controller
Mr. John Hall, UT Arlington, Vice President for Administration and Campus Operations
Dr. Jennifer Gray, UT Arlington, Interim Dean, College of Nursing
Ms. Holly Niemann, UT Arlington, Manager, Accounting and Finance, College of Nursing
Dr. Pedro Reyes, UT System, Executive Vice Chancellor for Academic Affairs
Mr. Alan Marks, UT System, Attorney – General Law Section
Mr. J. Michael Peppers, UT System, Chief Audit Executive
Ms. Moshmee Kalamkar, UT System, Audit Manager
Mr. Ed Buchanan, THECB, Program Director, Nursing Shortage Reduction Program
Mr. Ed Osner, Legislative Budget Board
Mr. Jonathan Hurst, Governor's Office of Budget, Planning and Policy
Internal Audit Coordinator, State Auditor's Office
Mr. Ken Levine, Sunset Advisory Commission
Report File

Background Information

The Texas Legislature appropriated funds to the Texas Higher Education Coordinating Board (THECB) in August 2009 for the Professional Nursing Shortage Reduction Program (NSRP). During fiscal years 2010-2012, THECB awarded funds to UT Arlington in the *Regular Program* and the *Over 70 Award Program* of \$4,204,818. The Regular Program distributes funds to state's public and private nursing programs that show an increase in the total number of nursing graduates at the associate, baccalaureate, master's and doctoral level. The Over 70 Award Program distributes funds to institutions with a graduation rate of 70% or greater.

As required by the Program Announcements, the awards are subject to internal and/or external audit. The institutions had four years after receipt of the awards to expend the funds. They were required to submit annual reports of expenditures for each award year until all funds had been expended or returned.

THECB authorized UT Arlington's Internal Audit Department to perform this audit. Following is a listing of the awards under the two programs.

Total Awards	Regular Program FY 2011 Awards	Regular Program FY 2012 Awards	Over 70 Program FY 2010 Awards	Over 70 Program FY 2011 Awards
\$4,204,818	\$971,606	\$1,976,690	\$502,194	\$754,328

The expenditures for the above awards covered the period September 1, 2009 through July 7, 2013 and totaled \$4,204, 818 in total award spending.

Objectives

The objective of this audit was to provide assurance that UT Arlington is complying with the requirements as specified in the program announcements.

Scope and Methodology

The audit was performed in accordance with guidelines set forth in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department. UT System policy UTS 129 titled "Internal Audit Activities" requires that we adhere to the *Standards*.

The scope of the audit was funds awarded from Fiscal Year 2010 through Fiscal Year 2012. We reviewed the Program Announcements and interviewed College of Nursing staff as

appropriate. We utilized a transaction download report from DEFINE (UT Arlington's Accounting System) to test the accuracy of the Annual Reports prepared by management.

We performed the following procedures to provide an audit opinion:

- Verified that the Annual Reports were submitted each year to THECB;
- Verified the award amounts agreed to the awards allocation for UT Arlington;
- Performed analytical review on the award accounts and determined the accuracy of the Annual Reports; Verified whether there were unspent and unearned funds returned to THECB;
- Tested on a sample basis, whether non-salary expenditures were accurately reported, properly approved, had supporting documentation and complied with the expenditure guidelines;
- Determined whether salary expenditures were accurately reported by verifying a sample of employees salary's payments and retention stipends against their DEFINE appointments.

Conclusion

Based on the results of the audit work performed, the expenditures in the Annual Reports of the Nursing Shortage Reduction Program were accurately reported and properly recorded in DEFINE (UT Arlington Accounting System), as specified in the awards program announcement. All funds awarded by Texas Higher Education Coordinating Board were expended and no funds were required to be returned.

We appreciate the courtesy and cooperation we received from the College of Nursing throughout the audit.