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October 29, 2012

Dr. Daniel:

We have reviewed the financial statement for the African American Museum's internship program for the fiscal year ended August 31, 2012. This review was required as part of the agreement between the Texas Higher Education Coordinating Board (THECB) and The University of Texas at Dallas, dated September 13, 2011. The funds, totaling \$71,398, were appropriated to the Coordinating Board and transferred to UT Dallas for the internship program at the African American Museum in Dallas. A copy of the financial statement, prepared by the UT Dallas Office Accounting and Financial Reporting, is included on page three of this letter.

The financial statement appears to be materially accurate based on our comparison of the report to the Museum's detailed payroll registers through August 31, 2012. The administrative expenses, reflected as \$4,682 on the financial statement, represent the amount of funds remaining after internships were paid, and we offer no opinion on these expenses. These funds were part of an amendment to the contract, dated August 25, 2011, but were not actually received until fiscal year 2012.

Opportunities to strengthen controls over time reporting and contract compliance were communicated to both the African American Museum and the Office of the Vice President for Administration at UT Dallas and include the following items:

1. The contract allows UT Dallas to spend \$500 in administrative expenses. Although the financial statements reflect \$4,682 in administrative expenses, these funds were simply the remainder of the appropriated funds transferred to the Museum that were not tied directly to an internship. Historically, UT Dallas has not used any of the allowed funds for administration of the contract; however, we recommend consideration be given to charging administrative costs directly related to the contract to the UT Dallas cost center to recover such costs, including travel to and from the Museum.

The contract does not specify expenses other than internships and scholarships paid by the Museum. If funds are transferred from UT Dallas to the Museum for administrative purposes, then the contract should detail the allowability of such expenses, and the Museum should prepare an invoice for payment of such expenses.

2. Timesheets for the interns should be reviewed for accuracy and to ensure paychecks reflect actual hours worked. Any adjustments should be approved in writing by the supervisor.
3. The museum internship job posting was developed by the museum and outlined certain preferences for successful candidates. However, the contract states that the criteria for awarding of the internships shall be developed by UTD in consultation with the museum and the Texas Historical Commission. We recommend that UT Dallas, the African American Museum, and the Texas Historical Commission meet, determine, and formally document specific criteria for internships.

4. Documentation should be created, approved, and maintained when errors or changes are made to student internship agreements or stipulations.
5. The current contract between UT Dallas and the Texas Higher Education Coordinating Board appears to be a standard contract template that may state contract terms that do not apply to the actual agreement, such as invoicing. UT Dallas should work with the Coordinating Board to review and update the contract to ensure stipulations outlined in the contract apply more specifically to the agreement between UT Dallas, the AAM, and THECB.

**Management's Responses:**

1. *UT Dallas: Consideration will be given to recovering the cost of travel and other administrative duties performed by UT Dallas employees for FY13. The Office of Administration will work with the African American Museum and Texas Higher Education Coordinating Board to outline expenses that will be allowed according to the contract. Estimated date of implementation:*
2. *African American Museum: Effective immediately, timesheets will be double checked for accuracy. If there is a need for change or adjustment the supervisor will approve the change in writing.*
3. *UT Dallas: The Office of Administration will work with the African American Museum to evaluate and improve the criteria that should be used in awarding internships and/or scholarships. Estimated date of implementation:*
4. *African American Museum: If there are changes to the Learning Agreement a new section will be added to the Learning Agreement that discusses the error or change. The changes will be written clear and concise so everyone involved will understand the changes. Lastly, the intern and supervisor will sign and date the new section.*
5. *UT Dallas: The Office of Administration, on behalf of UT Dallas, will work with THECB on FY13 contract content to relate specifically for the African American Museum. Estimated date of implementation:*

UT Dallas will work with the Museum in the upcoming fiscal year to address the issues. Please let me know if you have any questions or comments resulting from this review.



Toni Messer Stephens  
Executive Director of Audit and Compliance

cc: Dr. Calvin Jamison, Vice President for Administration  
Wanda Mizutowicz, Acting Vice President for Budget and Finance  
Texas Higher Education Coordinating Board  
Dr. Harry Robinson, Jr., President/CEO African American Museum

