



Audit Summary

The following report details ways by which the Department of Geosciences can further enhance internal controls and compliance with UT Dallas policies, procedures, and best practices.

Departmental Background

According to their mission statement, the Department of Geosciences, *“provides a challenging, stimulating, and useful education in geosciences to majors and non-majors at all degree levels and to add to our understanding of the Earth through the research of students, faculty and staff.”*

“Geosciences begins with the ground we walk on, delve inward to the center of the Earth and expand outward to other planetary bodies in our solar system. Time spans of interest to geoscientists range from the formation of the solar system through the evolution of the continents, atmosphere, biosphere, and natural resources to the present day. Geoscientists study the composition, structure, and history of our surroundings and ultimately provide us with a better sense of ourselves, the universe around us, and our connection to everything.”¹

The Department of Geosciences is part of the School of Natural Sciences and Mathematics and reports directly to Dean, who ultimately reports to the Executive Vice President and Provost.

Department of Geosciences Departmental Summary	
FY 2012 Department Budget	\$1,383,644
Number of Employees 40	13 Faculty 4 Staff 13 Teaching Assistants 10 Research Assistants

Objective and Scope

The objective of this audit was to ensure that an adequate system of internal controls is in place in the Department of Geosciences to provide reasonable assurance of sound management. The scope of this audit was FY11 (from 2/1/11 on) and FY12 to date.

To complete this objective we reviewed selected areas of the Department of Geosciences operations regarding the reliability and integrity of financial and operating information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws and regulations. Specifically we performed the following:

¹ <http://www.utdallas.edu/geosciences/>

- Gained an understanding of operations by reviewing departmental information, interviewing and surveying staff, policies and procedures, and other documents relevant to internal controls.
- Conducted a risk assessment of departmental operations.
- Tested a sample from the following areas: account reconciliations, property inventory, purchasing cards, checkout process and expenses.

Where applicable, our examination was conducted 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.

Audit Results

Internal controls are designed to provide reasonable assurance regarding the achievement of departmental objectives in the following categories: a) effectiveness and efficiency of operations; b) reliability of financial reporting; and c) compliance with laws and regulations. Department heads are ultimately accountable for the internal controls in place in their department. The following includes best practices in the department regarding internal controls, and ways to strengthen them:

Category	Recommendations
<p>Account Reconciliations</p>	<p>Departments are responsible for comparing the monthly financial reports in the accounting system to supporting documentation to ensure the accuracy and validity of revenues and expenses. Geosciences cost center reconciliations were reconciled, but were not approved by the department head for FY2011 and FY2012. As a result, there could be errors or problems that won’t be recognized or fixed in a timely manner.</p> <p>Recommendation: We recommend that the department head work with the reconciler to ensure all accounts are reconciled and approved in a timely manner, such as within 30 days after the month end close.</p> <p>Management Response and Action Plan: <i>Department Head, Dr. John Oldow, and the Administrative Services Officer, Bonnie Gordon, have made every effort to reconcile and approve the Geosciences’ cost centers in a timely manner from August 22, 2011 (Bonnie Gordon’s employment start date) to present. Before, during, and even to this date (09/27/2012) issues exist with aspects of the PeopleSoft Account Reconciliation system. For months following the implementation of PeopleSoft (on or about February 2011); the system was neither user friendly nor accurately portrayed the amount or distribution of funds in departmental cost</i></p>



Category	Recommendations
	<p><i>centers. Delays in reconciliation and approval arose from grave inconsistencies in fund amounts, unrecognized fund transfers, and flux in values from period to period. Until a detailed account review was possible (through support from personnel from the Dean of NS&M) approval was not feasible. Following exhaustive analysis of accounts, reconciliation has been completed and is progressing in a timely manner.</i></p>
<p>Property Inventory</p>	<p>After Geosciences' move in December 2010 to the Research and Operations Center (ROC), an inventory of the property was not completed. Without periodic inventories, especially when equipment is moved, the risk of loss is increased.</p> <p>Recommendation: We recommend that a full inventory be taken to track and locate all of the equipment, and that procedures are put in place to ensure periodic inventories. In addition, departmental procedures should be put in place to ensure proper accountability over property.</p> <p>Management Response and Action Plan: <i>On or before 05/01/2012, we established the location and continue to monitor the location(s) of departmental equipment. Prior to this date and the final move in to our existing research, instructional, and office space in the Research Operations Center, full compliance with this requirement was not feasible. As a consequence of two (2) building relocations of all or parts of the Geosciences since 2007, equipment was and continued to be in various stages of temporary storage, typically in unsecured locations, in various locations across campus. Only upon consolidation of the department in permanent facilities, has all of the equipment been located and inventoried.</i></p>
<p>Records Retention</p>	<p>Due to employee turnover, organization of the various records and supporting documentation was lacking. Examples of insufficient documentation include purchasing card transactions and expense reimbursements. There does not appear to be a good system in place for organization and storage of documentation within the department which could result in error or an increased risk of fraud occurring and not being detected in a timely manner.</p> <p>Recommendation: We recommend that the department head work with the administrative staff to organize documentation so it can be located when necessary in a timely manner and ensure all policies, procedures, and guidelines of the UT Dallas Records Retention policy² are followed.</p>

² http://www.utdallas.edu/business/admin_manual/pdf/a11000.pdf

Category	Recommendations
	<p>Management Response and Action Plan: <i>When the current Administrative Services Officer (Bonnie Gordon) joined the Department of Geosciences on August 22, 2011, the department had been without an Administrative Assistant (AA) for approximately four (4) months. Prior the termination of the previous AA, severe backlogs in record keeping had accumulated (which contributed to the termination of the employee). The backlog in file review and organization has been resolved but required nearly nine (9) months to accomplish. During the Summer of 2012, the ASO reorganized the entire filing system and the department is in compliance with university rules and regulations.</i></p>
<p>Travel Authorization/ Foreign Travel Request Forms</p>	<p>Neither the travel authorization nor the foreign travel request forms were completed prior to travel for a research trip. The foreign travel request form requires approval of the President or his designees prior to traveling abroad. Both the travel authorization and foreign travel request form were completed after the trip occurred. Without appropriate documentation and compliance with travel policies, the risk of noncompliance with the grant or unauthorized travel is increased.</p> <p>Recommendation: We recommend that the department head ensure all faculty and staff are aware of UT Dallas travel policies and complete all required forms prior to any travel occurring.</p> <p>Management Response and Action Plan: <i>On or before 05/01/2012 the Department Head and ASO have worked with faculty, staff, teaching, and research assistants to complete all the necessary forms for domestic and international travel. With few exceptions, the department is in compliance. Existing regulations concerning travel are well established and comprehensively known by faculty and staff.</i></p>
<p>Other Issues</p>	<p>Other minor issues were discussed with the department head, such as annual key inventory, purchasing cards, vehicle mileage/maintenance log, checkout process, training/staffing concerns, compensatory policy, and job descriptions. The department head agreed to address these issues within the upcoming months.</p> <p>Management Response and Action Plan: <i>A locked cabinet and key box were purchased to manage and monitor the departmental keys. The departmental vehicles mileage and maintenance log books are managed by the ASO, signed in and out by drivers, and the monthly reports are updated each time a vehicle is used. The department will hire a Work Study student (employment effective 10/15/2012 to assist the Department Head, ASO, Graduate Coordinator, and faculty with selected tasks.</i></p>



We appreciate the courtesy and cooperation received from the management and staff in Geosciences.

Toni Messer Stephens
Executive Director of Audit and Compliance

Report Distribution:

The University of Texas at Dallas

- Dr. Bruce Novak, Dean, School of Natural Sciences and Mathematics
- Dr. John Oldow, Program Head, Geosciences

Members of the UTD Audit and Compliance Committee:

- Dr. Hobson Wildenthal, Executive Vice President and Provost
- Dr. Calvin Jamison, Vice President for Administration
- Ms. Wanda Mizutowicz, Acting Vice President for Budget and Finance
- Dr. Andrew Blanchard, Vice President for Information Resources and Chief Information Officer
- Dr. Darrelene Rachavong, Vice President for Student Affairs
- Dr. Bruce Gnade, Vice President for Research
- Mr. Curt Eley, Vice Provost for Enrollment Management
- Dr. James Marquart, Vice Provost
- Ms. Leah Teutsch, Chief Information Security Officer
- Ms. Lisa Choate, Partner, Ultimate Health Resources

The University of Texas System:

- Dr. Pedro Reyes, Interim Executive Vice Chancellor, Academic Affairs
- Mr. Alan Marks, Attorney, Office of Academic Affairs
- Mr. J. Michael Peppers, CIA, CRMA, CPA, FACHE, Chief Audit Executive *ad interim*
- Ms. Moshmee Kalamkar, CPA, CIA, Audit Manager

State of Texas Agencies:

- Legislative Budget Board
- Governor's Office
- State Auditor's Office
- Sunset Advisory Commission

Staff Assigned:

- Robert Hopkins, CFE, Staff Auditor