



**THE UNIVERSITY OF TEXAS AT DALLAS**

**OFFICE OF INTERNAL AUDIT**

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To: Dr. Richard Benson, President  
From: Toni Stephens, Chief Audit Executive  
Date: April 23, 2018  
Subject: Restricted Research Expenditures

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As part of our Fiscal Year 2018 Audit Plan, we began a review of UT Dallas restricted research expenditures. However, UT Dallas had met the Texas Higher Education Coordinating Board benchmarks for National Research University Fund (NRUF) eligibility<sup>1</sup>, prompting an external audit by the Texas State Auditor's Office (SAO).

Since an external review by the SAO was scheduled for April 2018, we elected to revise and limit the initial objective of our review to University reported restricted research expenditure total accuracy.

Overall, our review found that the reported restricted expenditure tabulations appear reasonable with no material discrepancies noted. Additional details of our work is included in pages 2-3 of this memo.

We appreciate the courtesies and considerations extended to us by the management and staff in the Office of the Vice President for Budget and Finance and the Office of Research. Please let me know if you have any questions or comments regarding this review.

cc: Responsible Parties

- Dr. Hobson Wildenthal, Executive Vice President
- Mr. Rafael Martin, Interim Vice President for Research
- Mr. Terry Pankratz, Vice President for Budget and Finance
- Amanda Rockow, Vice President for Public FFAIRS
- Dr. Kimberly Laird, Associate Vice President and Controller
- Ms. Kelly McKinney, Director of Post Award Management
- Ms. Emily Lacy, Assistant Director of Sponsored Projects

Members of the UT Dallas Audit Committee

External Agencies

*The University of Texas System*

- System Audit Office

*State of Texas Agencies*

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

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<sup>1</sup> <http://www.theccb.state.tx.us/index.cfm?objectid=0BFA90B1-E0AF-4768-F7F2C724B47B209D>

## Background

The University of Texas at Dallas is one of Texas' eight emerging research universities potentially eligible for funding through the National Research University Fund. To be eligible for disbursements from this Fund, universities must meet criteria outlined in the Texas Education Code, Section 62.145<sup>2</sup>. Among the criteria is a requirement that eligible universities expend \$45 million in restricted research for two consecutive fiscal years. UT Dallas exceeded the \$45 million dollar threshold in both fiscal year 2016 and 2017.

## Objective, Scope, and Methodology

The revised objective of this review was to provide assurance that the restricted research expenditure totals provided to the Coordinating Board for fiscal years 2016 and 2017 are accurate. To satisfy our objective, we performed the following procedures:

- Documented the reported restricted research expenditures for UT Dallas from the following Coordinating Board websites:
  - *Restricted Research Expenditures*<sup>3</sup>
  - *Sources and Uses/Research Expenditures*<sup>4</sup>
- Obtained the tabulation of annual restricted research expenditures from the Office of Accounting and Financial Reporting and the Office of Research.
- Reconciled calculations between the Office of Accounting and Financial Reporting and the Office of Research.
- Obtained a listing of PeopleSoft reporting queries utilized by the Office of Research for its annual research expenditure tabulation and reviewed for reasonableness.
- Obtained the tabulation template utilized by the Office of Research along with the finalized fiscal year 2016/2017 calculations.
- Utilizing the submitted calculations, PeopleSoft queries and templates, we performed a recalculation to confirm the numbers provided to the Coordinating Board were accurate.

## Results and Conclusions

### Office of Research PeopleSoft Reporting Queries

The criteria built within the queries utilized by the Office of Research to generate a population of research related expenses appears reasonable with no pertinent errors noted.

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<sup>2</sup> <http://www.statutes.legis.state.tx.us/Docs/ED/htm/ED.62.htm>

<sup>3</sup> <http://www.thecb.state.tx.us/index.cfm?objectid=983AE337-C1A6-CA45-782E6D6B1CD8900B>

<sup>4</sup> <http://www.thecb.state.tx.us/index.cfm?objectid=5026C14D-FD20-B6E6-9AA684EC8FFB08D8>

**Annual Restricted Research Expenditures Recalculation**

Overall, it appears that the restricted research expenditures provided to the Coordinating Board for the fiscal years 2016 and 2017 are accurate.

|   | <b>Fiscal Year 2016</b> | <b>Fiscal Year 2017</b> |
|---|-------------------------|-------------------------|
| Coordinating Board – Restricted Research Expenditures | \$50,140,842            | \$52,370,443            |
| Office of Budget and Finance Calculation              | \$50,140,842            | \$52,370,443            |
| Office of Research Calculation                        | \$50,140,842            | \$52,370,443            |
| Internal Audit Re-performance of Calculation          | \$50,140,842            | \$52,370,443            |
| <b>Discrepancy</b>                                    | <b>\$0</b>              | <b>\$0</b>              |
| Overall Error Rate per Re-performance                 | <b>0%</b>               | <b>0%</b>               |