



THE UNIVERSITY OF TEXAS AT DALLAS

OFFICE OF INTERNAL AUDIT

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May 7, 2018

Dr. Richard Benson, President,
Ms. Lisa Choate, Chair of the Institutional Audit Committee:

We have completed an audit of the School of Economic, Political, and Policy Science as part of our fiscal year 2017 Audit Plan, and the report is attached for your review. The objective of our audit was to evaluate financial and accounting processes, internal control systems and the effectiveness and efficiency of related operations and controls.

Management has reviewed the recommendations and has provided responses and anticipated implementation dates. Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. We appreciate the courtesies and considerations extended to us during our engagement. Please let me know if you have any questions or comments regarding this audit.

Toni Stephens, CPA, CIA, CRMA
Chief Audit Executive



Executive Summary

Audit Objective and Scope

To evaluate financial and accounting processes, internal control systems and the effectiveness and efficiency of related operations and controls. The audit’s scope included Fiscal Year 2017 through current operations.

Conclusion

Overall, internal controls within the School of Economic, Political and Policy Sciences are generally adequate and functioning as intended; however, an opportunity exists to enhance controls regarding the School’s policies and procedures specific to the Dean’s Office.

Audit Recommendations by Risk Level

Recommendation	Risk Level	Estimated Implementation Date
(1) Establish Departmental Policies and Procedures	Low	August 31, 2018
<p>Responsible Vice President Dr. Inga Musselman, Provost and Vice President for Academic Affairs</p>	<p>Responsible Party Dr. Denis Dean, Dean of the School of Economic, Political, and Policy Sciences (EPPS)</p>	
<p>Staff Assigned to Audit Project Leader: Hiba Ijaz, CPA, CIA, Senior Auditor Staff: Manasi Kasbekar and Alexie McCauley, Student Interns</p>		
<p>Report Distribution</p>		
<p><i>Members of the UT Dallas Institutional Audit Committee</i></p> <p>External Members</p> <ul style="list-style-type: none"> • Mr. Gurshaman Bajewa • Mr. Bill Keffler • Mr. Ed Montgomery • Ms. Julie Knecht <p>UT Dallas Members</p> <ul style="list-style-type: none"> • Dr. Hobson Wildenthal, Executive Vice President • Dr. Kyle Edgington, Vice President for Development and Alumni Relations • Dr. George Fair, Vice President for Diversity and Community Engagement; Compliance Officer • Mr. Frank Feagans, Vice President and Chief Information Officer • Dr. Gene Fitch, Vice President for Student Affairs • Dr. Calvin Jamison, Vice President for Administration • Mr. Rafael Martin, Interim Vice President for Research • Dr. Inga Musselman, Provost and Vice President for Academic Affairs • Mr. Terry Pankratz, Vice President for Budget and Finance • Mr. Timothy Shaw, University Attorney, ex-officio 	<p>Responsible Parties</p> <ul style="list-style-type: none"> • Dr. Denis Dean, Dean, School of Economic, Political & Policy Sciences <p>External Agencies</p> <p><i>The University of Texas System</i></p> <ul style="list-style-type: none"> • System Audit Office <p><i>State of Texas Agencies</i></p> <ul style="list-style-type: none"> • Legislative Budget Board • Governor’s Office • State Auditor’s Office • Sunset Advisory Commission 	



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Background

The School of Economic, Political and Policy Sciences (EPPS) is one of the eight schools at the University of Texas at Dallas. The School provides students with an opportunity to learn about our society and economy, and then apply this knowledge to advance positive change on a local, national or global level. The vision of the School is “to become a nationally recognized School of Policy Sciences known for producing innovative research that influences the shape and scope of public policy and policy implementation.”¹

The School offers a full range of undergraduate and graduate programs, including Executive Masters, Masters in Public Affairs, Master of Public Policy, Ph.D., and certificate programs. The school has eight areas of study – Criminology & Criminal Justice, Economics, Geospatial Information Sciences, Public Policy & Political Economy, Political Science, Public & Nonprofit Management, Social Data Analytics & Research, and Sociology. Eight research centers, engaged in research of variety of social sciences, expand the reach of the school.

Overall responsibility for the school lies with the Dean, whose direct reports include the Associate Deans and Program Heads. Assistant Deans report to the Associate Dean directly. The Program Heads have oversight responsibilities over all academic areas. The School Fiscal Officer provides oversight over all financial processes, and reports to the Dean.

FY 2017 Highlights	
Expense Budget	\$10,333,940
Revenue Budget	\$320,124
Expenditures	\$265,251
Salaries & Wages	\$8,990,392
Spring 2017 Enrollment ² :	
Graduate	440
Undergraduate	777
Faculty	60
Staff	11
Student Worker & Research Assistants	8

Audit Objective

To evaluate financial and accounting processes, internal control systems and the effectiveness and efficiency of related operations and controls.

Scope and Methodology

The scope of this audit was FY 2017 to current operations and our fieldwork concluded on December 12, 2017. To satisfy our objectives, we performed the following:

- Reviewed the School’s control environment to determine:
 - If policies and procedures, including job descriptions, are in place.
 - If organizational structure aligns with management’s strategic and operational objectives.

¹ School of Economic, Political and Policy Sciences (EPPS) Strategic Plan

² <http://www.utdallas.edu/ospa/enrollment-spring-2017-s-and-c/>



- Determined if the School has an effective risk assessment and risk awareness process in place.
- Reviewed control activities to determine if they are adequate and effective.
- Determined if the School’s information and internal/external communication methods are effective.
- Reviewed management’s monitoring of internal controls.
- Conducted interviews with the Dean, Fiscal Officer, and other key personnel within the School.

We conducted our examination in conformance with the guidelines set forth in The Institute of Internal Auditor’s *International Standards for the Professional Practice of Internal Auditing*. The *Standards* are statements of core requirements for the professional practice of internal auditing.

Additionally, we conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finally, this review was also conducted based on the integrated framework guidance provided by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO is a joint initiative of five sponsoring organizations and is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal controls and fraud deterrence.

Audit Results and Management’s Responses

Our audit work indicated that the Dean’s Office has the following controls in place:

- Cost center reconciliations are performed in a timely manner.
- Controls are in place surrounding expenses to ensure proper authorization, reasonableness, proper segregation of duties, and compliance with application policies, procedures and regulations.
- Management has outlined and communicated strategic and operating objectives for the School.
- Management’s monitoring of internal controls appears effective as the School is in the process of implementing actions in support of strategic initiatives.

Observation and Risk Level	Risk/Effect	Recommendation	Management’s Response and Action Plan
<p>1. Establish Departmental Policies and Procedures (Low)</p> <p>The School does not have formalized policies and procedures in place to document business processes.</p>	<p>Documented policies and procedure manuals provide clear communication and guidance of operational processes. A lack of formalized, written</p>	<p>Management should create a formalized policies and procedures manual.</p>	<p>Management’s Response and Action Plan:</p> <p>The Dean’s Office will establish formal policies and procedures in reference to financial and administrative tasks.</p>



Observation and Risk Level	Risk/Effect	Recommendation	Management's Response and Action Plan
	policies and procedures may lead to inefficient operations.		Estimated Date of Implementation: 8/31/2018 Person Responsible for Implementation: Nicole Smith, School Fiscal Officer, EPPS

Conclusion

Based on the audit work performed, we conclude that internal controls within the School of Economic, Political and Policy Sciences are generally adequate and functioning as intended; however, an opportunity exists to enhance controls regarding the School's policies and procedures specific to the Dean's Office.

We appreciate the courtesy and cooperation received from the management and staff in School of Economic, Political and Policy Sciences Dean's Office as part of this audit.



Appendix 1: Priority Findings and Risk Matrix

Definition of Risks

Risk Level	Definition
Priority	High probability of occurrence that would significantly impact UT System and/or UT Dallas. Reported to UT System Audit, Compliance, and Risk Management Committee (ACRMC). Priority findings reported to the ACRMC are defined as <i>“an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”</i>
High	Risks are considered to be substantially undesirable and pose a moderate to significant level of exposure to UT Dallas operations. Without appropriate controls, the risk will happen on a consistent basis.
Medium	The risks are considered to be undesirable and could moderately expose UT Dallas. Without appropriate controls, the risk will occur some of the time.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Dallas will be minimal.