



THE UNIVERSITY OF TEXAS AT DALLAS

OFFICE OF AUDIT AND CONSULTING SERVICES
800 W. CAMPBELL RD. SPN 32, RICHARDSON, TX 75080
PHONE 972-883-4876 FAX 972-883-6846

January 14, 2019

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

We have completed an audit of Materials Science and Engineering as part of our fiscal year 2018 Audit Plan. The objective of our audit was to evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls within the department. The report is attached for your review.

Overall, based upon the audit procedures performed, we did not identify any reportable issues within the department. We did discuss minor recommendations to enhance existing controls with management as outlined on page six of this report.

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



Office of Audit and Consulting Services

Departmental Review of Materials Science & Engineering

Internal Audit Report No. R1907

January 14, 2019

Table of Contents

Executive Summary	3
Background	4
Audit Objective, Results, and Management's Responses	5
Observations	6
Appendices	7
A. Scope and Methodology	8
B. Risk Classifications and Definitions	9

Executive Summary

Audit Objective

The audit objective was to evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls.

Conclusion

Except for minor issues discussed with management, financial and accounting processes and internal controls systems appear to be generally effective and efficient.

Observations, Estimated Implementation Dates, and Responsible Parties

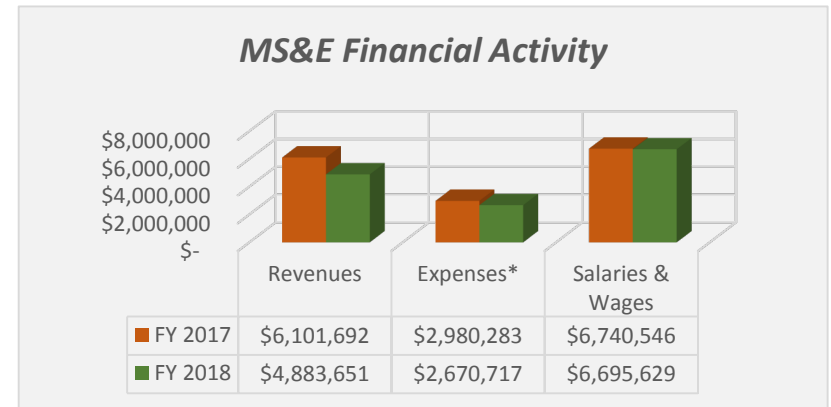
Overall, based upon the audit procedures performed, we did not identify any reportable issues within the department.

Background

The department of Materials Science and Engineering (MS&E) was established within the School of Engineering and Computer Science (ECS) in 2008. The department's overall mission is *"Initiating highly collaborative endeavors and using the diversity of our department as a source of innovation and technical excellence, we will bring the scientific breakthroughs necessary for industry and government initiatives, making us a global leader in educating our students and exceeding our stakeholders' expectations."*¹

Materials Science and Engineering is a multidisciplinary field program, including elements of physics, chemistry, biology and engineering. Currently, the department does not offer a bachelor level degree or have an undergraduate program. Rather, MS&E offers masters and doctoral level degrees. While there is no formal undergraduate program, undergraduates do have the opportunity to obtain a minor in nanoscience and technology or join the fast track program to accelerate the route to a master's degree.²

Overall responsibility for the department lies with the Department Head, who reports directly to the Dean of Engineering and Computer Science. Direct reports of the Department Head include a number of faculty members and administrative staff. The department's Business Manager provides oversight for all financial processes, manages a staff of three, and reports directly to the Department Head. The Assistant Director provides oversight over academic operations including admissions and recruitment outreach processes.



*Expense calculation excludes payroll

FY 2018 Highlights

Fall 2017 Enrollment	
Masters	20
PhD	49
Staff	21
Faculty	16
Student Worker	65
Classified	10
Temporary	4

Audit Objective, Results and Management's Responses

Audit Objective

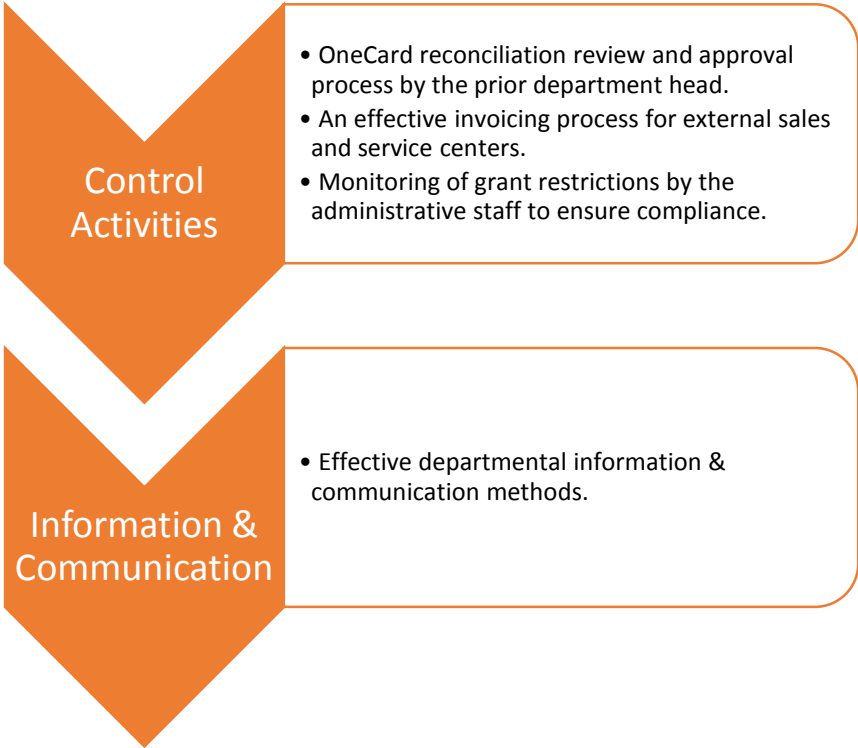
The audit objective was to evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls.

Results and Conclusion

Overall, based upon the audit procedures performed, we did not identify any reportable issues within the department.

We appreciate the courtesy and cooperation received from the management and staff in Materials Science and Engineering and the Dean's Office within the School of Engineering and Computer Science during the audit.

Strengths/Controls Identified



Observations

Overall, we did not identify any reportable issues with recommendations requiring follow-up. However, during our engagement the following observations were noted and discussed with management.

- The President has recently published UT Dallas' new Strategic Plan³, and the School of Engineering and Computer Science is due to revise its current Strategic Plan in 2020. In the future, Materials Science & Engineering management should consider creating a departmental specific strategic plan that aligns overall with the University and the School.
- Opportunities to improve existing internal controls included:
 - Streamlining departmental policies and procedures
 - Ensuring a process is in place, especially over the summer months, to ensure that reconciliations are approved in a timely manner
 - Reviewing the reasonableness of business meal expenditures and staff meeting lunches, especially during periods of tight budgets.

Appendix A: Scope and Methodology

The scope of this audit was FY 2018, and our fieldwork concluded on November 1, 2018. To satisfy our objectives, we performed the following:

- Reviewed the department’s control environment to determine:
 - If policies and procedures (*including unique job descriptions*) are in place.
 - If organizational structure aligns with management’s strategic and operational objectives.
- Determined whether the department has an effective risk assessment/awareness process in place.
- Reviewed control activities to determine if controls are adequate and effective in responding to risks regarding:
 - Achievement of strategic objectives
 - Reliability and integrity of financial and operational information
 - Effectiveness and efficiency of operations and program
 - Safeguarding of assets
 - Compliance with laws, regulations, policies, procedures and contracts.
- Determined whether internal information and communication methods are effective.
- Determined the effectiveness of management’s monitoring of internal controls.

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.

Appendix B: Risk Classifications and Definitions

Risk Level	Definition
<p style="text-align: center;">Priority</p>	<p>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></p>
<p style="text-align: center;">High</p>	<p>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.</p>
<p style="text-align: center;">Medium</p>	<p>The risks are considered to be undesirable and could moderately expose UT Dallas. Without appropriate controls, the risk will occur some of the time.</p>
<p style="text-align: center;">Low</p>	<p>Low probability of various risk factors occurring. Even with no controls, the exposure to UT Dallas will be minimal.</p>

Appendix C: Report Distribution

Members of the UT Dallas Institutional Audit Committee

External Members

- Ms. Lisa Choate, Chair
- Mr. Gurshaman Baweja
- Mr. Bill Keffler
- Ms. Julie Knecht

UT Dallas Members

- Dr. Richard Benson, President
- Dr. Hobson Wildenthal, Executive Vice President
- Dr. Kyle Edgington, Vice President for Development and Alumni Relations
- Mr. Frank Feagans, Vice President and Chief Information Officer
- Dr. Gene Fitch, Vice President for Student Affairs
- Dr. Calvin Jamison, Vice President for Facilities and Economic Development
- Dr. Inga Musselman, Provost and Vice President for Academic Affairs
- Dr. Joseph Pancrazio, Vice President for Research
- Mr. Terry Pankratz, Vice President for Budget and Finance
- Mr. Timothy Shaw, University Attorney, ex-officio

Responsible Parties

- Dr. Poras Balsara, Interim Dean of Engineering & Computer Science
- Dr. Amy Walker, Interim Department Head of Materials Science & Engineering

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

Staff Assigned to the Audit

Project Manager: Brandon Bergman, CFE

Project Leader: Hiba Ijaz, CPA, CIA

Staff: Caitlin Cummins