



Compliance with the General Appropriations Act

Audit Report No. R2505 | *November 7, 2024*



Executive Summary

<p>Audit Objective To ensure compliance with selected sections of the General Appropriations Act, focusing on Articles III and IX and special provisions related to UT Dallas.</p>			
<p>Primary Risk Type Governance</p>			
<p>Controls and Strengths</p> <ul style="list-style-type: none"> • The Office of Budget and Finance performs oversight of appropriations spending. • The Office of Budget and Finance monitors many provisions of the Act applicable to UT Dallas. 			
<p>Overall Conclusion UT Dallas has processes in place to ensure compliance with the General Appropriations Act; however, processes can be improved related to performance measure targets and vehicle maintenance and repair.</p>			
<p>Observations by Risk Level Management has reviewed the observations and has provided responses and anticipated implementation dates. Detailed information is included in the attached report.</p>			
	Recommendation	Risk Level	Management’s Implementation Date
1.	Document Process for Performance Measure Targets Reported in the General Appropriations Act, Article III	Medium	Implemented on October 9, 2024
2.	Document Compliance with General Appropriations Act Regarding Vehicle Fleet Maintenance and Repair	Low	Management Accepts the Risk
<p><i>For details about the audit procedures, explanation of risk levels, and report distribution, please see Appendices A, B, and C, respectively, in the attached report.</i></p>			



Detailed Audit Results

The following are reportable observations and recommendations noting opportunities to enhance compliance with the General Appropriations Act. Refer to Appendix B on page xx for definitions of observation risk rankings.

1. ***Document the Process for Performance Measure Targets Reported in the General Appropriations Act, Article III***

The General Appropriations Act, Article III, lists performance measure targets for each institution of higher education, and each institution is responsible for determining the targets and reporting them to the state. The Act states, “.... It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of The University of Texas at Dallas. In order to achieve the objectives and service standards established by this Act, The University of Texas at Dallas shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.”

Medium Risk: Not documenting or periodically reviewing performance measures could result in inaccurate reporting, and the right measures may not be determined by all university stakeholders based on current university strategies and initiatives.

The Office of Budget and Finance has historically reported the data with guidance from the Office of the Provost, but many of the performance measures are related to academic performance measures. Due to changes in leadership and reorganizations, the process for determining and reporting performance measure targets does not have a designated process owner, and it has not been documented, reviewed, or revised for numerous years.

Recommendation:

Designate a process owner for performance measure targets, document the process to include periodic reviews, and collaborate with responsible university stakeholders to ensure the information is accurate and relevant.

Management’s Action Plan:

The Office of Budget and Finance (OBF) has followed the current process for submitting the most recent Legislative Appropriations Requests (LAR) targets. Starting with the next cycle, the Senior Director of Institutional Reporting and Analytics within the Office of Institutional Success and Decision Support (OISDS) will assume responsibility for setting academic targets. This will involve collaboration with the Office of the Provost, Office of Undergraduate Education, and Office of Graduate Education, by examining historical performance, modeling desired future outcomes, and considering specific institutional initiatives that offer strategic



opportunities to refine measures. OISDS will then provide the approved targets to OBF for submission through the Automated Budget and Evaluation System (ABEST).

This agreed upon collaborative process has been documented in OISDS' Standard Operating Procedures as of the date of this memo, thus completing our immediate action.

Responsible Party Name and Title:

Dr. Serenity King, Associate Vice President for Institutional Success and Decision Support

Estimated Date of Implementation:

Completed October 9, 2024

2. Document Compliance with General Appropriations Act Regarding Vehicle Fleet Maintenance and Repair

The General Appropriations Act, Article IX, Section 12.05, states the following: "State agencies and institutions of higher education should use the most cost effective means available to maintain and report state vehicles, including entering into interagency agreements for services with agencies or institutions of higher education which operate vehicle maintenance shops when feasible. This does not prohibit state agencies or institutions of higher education from receiving services from private vehicle maintenance shops when necessary."

Low Risk: Noncompliance with the General Appropriations Act could result in potential overspending on vehicle maintenance and/or repair.

Although Facilities Management stated that they look for the lowest cost vehicle maintenance for the fleet, the process to ensure compliance with the Act has not been documented to ensure the most cost-effective means are being utilized.

Recommendation:

As part of Facilities Management operational procedures, document procedures that ensure compliance with the General Appropriations Act, Article IX, Section 12.05.



Management's Action Plan: UT Dallas is over an hour away from another institution of higher education making an interagency agreement somewhat difficult and, in most cases, cost prohibitive due to transporting vehicles. UT Dallas has relationships with local private businesses and enjoys competitive pricing.

Responsible Party Name and Title: Kelly Kinnard, Assistant Vice President, Facilities Services

Estimated Date of Implementation: Management accepts the risk.

Overall Conclusion

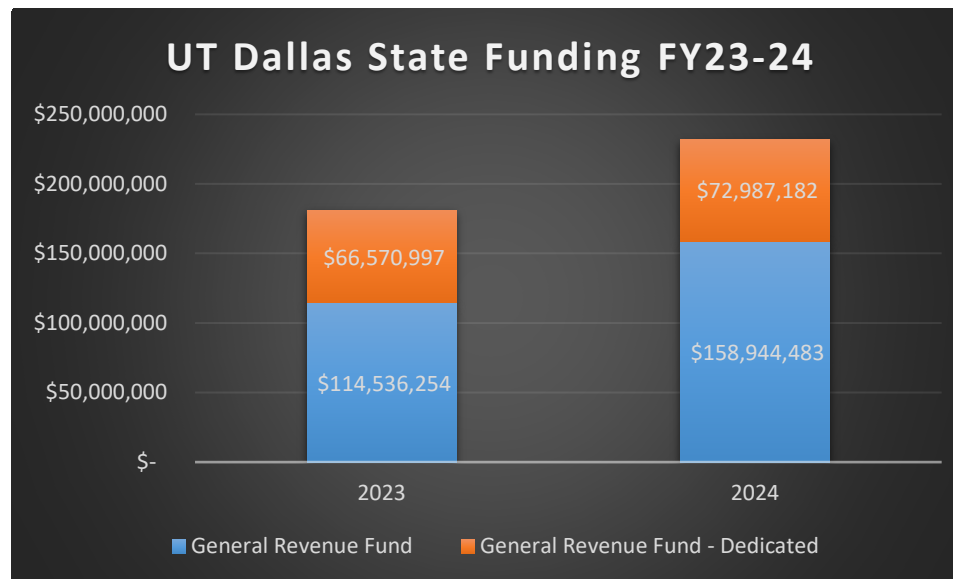
UT Dallas has processes in place to ensure compliance with the General Appropriations Act; however, processes can be improved related to performance measure targets and vehicle maintenance and repair.



Appendix A: Information Related to the Audit

Background

Every two years, the Texas State Legislature passes the General Appropriations Act (GAA). This bill allocates and appropriates money to state agencies, which includes UT Dallas. Below is a graph showing the funding for the last two fiscal years.



Objective

To ensure compliance with selected sections of the General Appropriations Act, focusing on Articles III and IX and special provisions related to UT Dallas.



Methodology

The audit was conducted in conformance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards (GAGAS). Both standards are required by the Texas Internal Auditing Act, and they 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. The Office of Audit and Consulting Services is independent per both standards for internal auditors.

We focused on selected areas of the General Appropriations Act that we had not reviewed as part of other audits. Our audit methodology included interviews, observations of processes, reviews of documentation, and testing as considered necessary. The following table outlines our audit areas and observations in the areas reviewed.

Audit Area	Observations Related to the Audit Area
Sec. 6.06: Last Quarter Expenditures	N/A
Section 6.10: Limitation on State Employment Levels	N/A
Sec. 12.05: Vehicle Fleet Maintenance and Repair	Observation #2
Sec. 2: President Salaries	N/A
Sec. 7: Recruitment of Students	N/A
Sec. 10: Prohibition Against Additional Museums	N/A
Sec. 12: Use of Educational and General Funds for Alumni Activities Prohibited	N/A
Sec. 3: African American Museum Internship	N/A
Sec. 2: Performance Measure Targets	Observation #1



Follow-up Procedures

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. Requests for extension to the implementation dates may require approval from the UT Dallas Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.



Appendix B: Observation Risk Rankings

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.


Risk Level	Definition
Priority	If not addressed immediately, a priority observation has a significant probability to directly affect the achievement of a strategic or important operational objective of UT Dallas or the UT System as a whole. These observations are reported to and tracked by the UT System Audit, Compliance, and Risk Management Committee (ACRMC).
High	High-risk observations are substantially undesirable and pose a high probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Medium	Medium-risk observations are considered to have a moderate probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Low	Low-risk observations are considered to have a low probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Minimal	Some recommendations made during an audit are considered of minimal risk, and the observations are verbally shared with management during the audit or at the concluding meeting.



Appendix C: Report Submission and Distribution

We thank the Offices of Budget and Finance, Facilities Management, Institutional Success and Decision Support, Development and Alumni Relations, and the Provost for their support, courtesy, and cooperation provided throughout this audit.

Respectfully Submitted,

DocuSigned by:

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Toni Stephens, CPA, CIA, CRMA, Chief Audit Executive

Distribution List

Members and ex-officio members of the UT Dallas Institutional Audit Committee

Responsible Vice Presidents

- *Dr. Rafael Martin, Vice President & Chief of Staff*
- *Mr. Terry Pankratz, Vice President of Budget & Finance*
- *Dr. Calvin Jamison, Vice President of Facilities & Economic Development*

Persons Responsible for Implementing Recommendations:

- Dr. Serenity King, Associate Vice President for Institutional Success and Decision Support
- Mr. Kelly Kinnard, Assistant Vice President, Facilities Services

Other Interested Parties

- Mr. Jeremy Head, Association Vice President for Facilities Management

External Parties

- The University of Texas System Audit Office
- Legislative Budget Board
- Governor's Office
- State Auditor's Office

Engagement Team

- Project Leader: Mr. Brian Seale, Internal Auditor II