



School of Interdisciplinary Studies

Audit Report No. R2510 | *December 6, 2024*



Executive Summary

| | | | |
|--|--|-------------------|---|
| <p>Audit Objective To evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls in the School of Interdisciplinary Studies (IS).</p> | | | |
| <p>Primary Risk Type Finance</p> | | | |
| <p>Date of Last Audit There has not been audit of this School within the past 10 years.</p> | | | |
| <p>Controls and Strengths</p> <ul style="list-style-type: none"> • The interim dean has strengthened controls over purchasing. • The school provides funding for staff for job-related continuing education credits, certifications, and conferences. • The school strives for transparency in operating procedures and fiscal responsibility. | | | |
| <p>Overall Conclusion Generally, the School of Interdisciplinary Studies has good internal controls in place. Improvements in the areas noted below will help enhance the effectiveness and efficiency of controls in financial and accounting processes and asset management.</p> | | | |
| <p>Observations by Risk Level Management has reviewed the observations and has provided responses and expected implementation dates. Detailed information is included in the attached report.</p> | | | |
| | Recommendation | Risk Level | Management’s Implementation Date |
| 1. | Develop Procedures to Strengthen Controls over Asset Inventory | High | 1/1/2025 |
| 2. | Ensure Expenses Follow UTD Purchasing and One Card Policies and Are Properly Coded | Low | 12/1/2024 |
| <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 controls in the areas of asset management and expenses. Minor recommendations related to cost center reconciliations and departmental policies and procedures were shared verbally with management. See Appendix B on page 8 for definitions of observation risk rankings.

1. *Develop Procedures to Strengthen Controls over Asset Inventory*

High Risk: Lack of formal procedures over assets, including periodic inventories, can lead to the loss or misuse of assets and can result in financial losses, reputational risks, and noncompliance with State and University regulations and policies.

In testing for compliance with university property procedures and the effectiveness of controls over departmental assets, it was noted that the School maintains detailed internal asset records, but the records did not always agree to the records maintained in PeopleSoft Asset Management (PS AM), which is considered the University's official asset record. The following was noted:

- Eight out of 19 (42.1%) assets tested were assigned to the wrong location in PS AM.
- Fifteen out of 19 (78.9%) assets tested were assigned to the wrong custodian in PS AM.

Per the [UTD Property Administration Policy](#), UTD performs a complete physical inventory of all barcoded property once each fiscal year, and each department head acts as the custodial authority for the property within their allocated area. Individual departments must notify the Inventory Department whenever stationary assets are relocated.¹

Recommendation: Develop procedures to ensure the accuracy of departmental reporting for assets, such as conducting periodic inventories to compare internal asset records to PeopleSoft Asset Management.

Management's Action Plan: I.S. will strengthen controls by establishing an internal two-person audit process will be established to ensure accurate recording and management of assets. Process will include asset verification, a concise checklist, reconciliation of discrepancies, and reporting of final audit to leadership for further review. A procedure manual will be developed which will include verification of information on the institutional PS Asset Management reports.

¹ [UTD Inventory FAQ](#)



Responsible Party Name and Title: Ahnna Peavey, Administrative Services Officer and Philip Banks, Business Administrator

Estimated Date of Implementation: 1/1/2025

2. *Ensure Expenses Follow UTD Purchasing and One Card Policies and Are Properly Coded*

The School’s non-salary expenses totaled \$185,398 in FY24. We tested expenses for internal controls such as compliance with university policies and procedures, and the following was noted:

Seven out of 30 (23.3%) expenses tested did not follow UTDBP3057 Purchasing Policies and/or the UTD One Card Program’s Detail Guide related to proper business justifications, memberships, account coding, and sales taxes.

Per the [UTD Purchasing Policies](#) and the [One Card Program's](#) One Card Detail Guide, each transaction should have a UTD business justification which answers how the purchase is related to the mission of UTD. Per the [Account Code Detail Guide](#), an account code is a required field on all transactions which defines what kind of expense is incurred.

Low Risk: Not following purchasing policies, including complete business justifications, could increase the risk of fraud or noncompliance; and incorrect coding of expenditures affects management’s decision making as well as budget planning for future fiscal years.

Recommendation: Approvers for cost center reconciliations and One Card reconciliations should ensure that purchases follow purchasing and One Card policies, including complete business justifications, and correct account codes have been used.

Management’s Action Plan: I.S. will segregate duties among the requestor, approver, and reconciler through a streamlined process to ensure all purchases are properly coded, include clear business justification, and comply with UTD purchasing and One Card policies. A procedure manual will be created to ensure consistency with all future purchases and will ensure that all purchases undergo an initial and a secondary review. In addition, all One Card holders will be required to attend annual trainings.



Responsible Party Name and Title: Connie Hicks, School Fiscal Officer and Philip Banks, Business Administrator

Estimated Date of Implementation: 12/1/2024

Overall Conclusion

Generally, the School of Interdisciplinary Studies has good internal controls in place. Improvements in the areas noted within the report will help enhance the effectiveness and efficiency of controls in financial and accounting processes, including asset management.



Appendix A: Information Related to the Audit

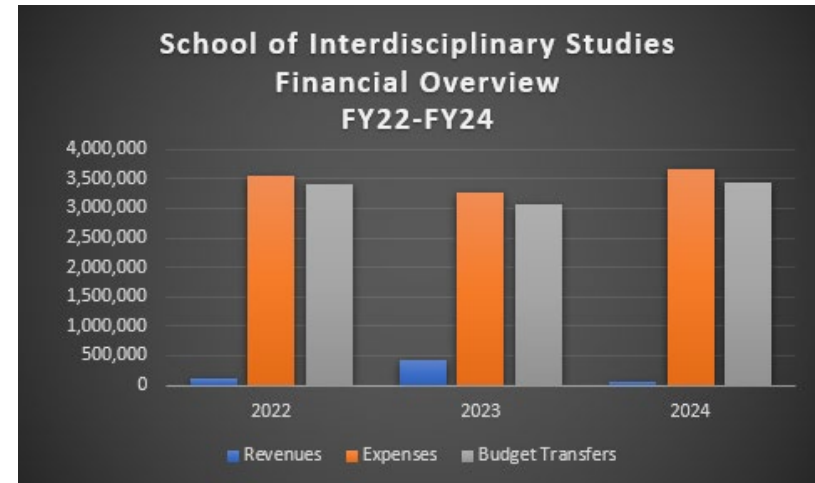
Background

The School of Interdisciplinary Studies (IS) offers six undergraduate degree programs and one graduate degree program, and houses the Teacher Development Center, which offers all professional preparation courses required for teacher certification. Programs in the School of IS allow students to pursue unconventional or innovative combinations of course work.

Notable accolades for the school include:

- In 2017, the School of IS expanded its healthcare studies program, one of UT Dallas' most popular majors.²
- In 2023, the Teacher Development Center was recognized by the Texas Education Agency for its success in preparing high-quality teachers. UT Dallas has one of the highest passing rates in Texas for the Texas Examinations of Education Standards exams.³
- In 2023, the Teacher Development Center was recognized as a U.S. Department of Labor registered apprenticeship program, making UT Dallas the first four-year university in the state to join the program.⁴

The Interim Dean reports to the Provost and Vice President for Academic Affairs. As shown in the financial overview graph, FY24 expenses totaled \$3,671,052, and revenues, including budget transfers, totaled \$3,512,621. Budget transfers were allocations from the Provost from state funding and designated tuition.



² <https://news.utdallas.edu/campus-community/school-of-interdisciplinary-studies-expands-class/>

³ <https://news.utdallas.edu/campus-community/accolades-teacher-prep-june-2023/>

⁴ <https://news.utdallas.edu/students-teaching/apprenticeship-program-2023/>



Objective

To evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls in the School of Interdisciplinary Studies.

Scope

The scope of the audit was fiscal year 2024. Fieldwork was conducted from October 14, 2024, and the audit concluded on November 11, 2024.

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 conformance 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, proper 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 based on both standards for internal auditors.

GAGAS also requires that auditors assess internal control when it is significant to the audit objectives. We used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework in assessing internal controls⁵.

Our audit procedures included interviews, observations of processes, reviews of documentation, and testing. The following table outlines our audit procedures and overall controls assessment for each of the audit area objectives performed.

| Audit Area | Procedures | Observations Related to the Audit Area |
|--|---|--|
| Gaining an Understanding of Operations | <ul style="list-style-type: none"> Gained an understanding of operations by interviewing key responsible parties within the School and reviewing policies, procedures, | None |

⁵ <http://www.coso.org>



| Audit Area | Procedures | Observations Related to the Audit Area |
|-----------------|--|--|
| | and other related documentation as necessary. <ul style="list-style-type: none">• Performed a risk assessment to identify areas of high risk within operations, and focused audit procedures on those risks. | |
| Expenses | Tested controls over expenses for authorization, accuracy, operational effectiveness, and compliance with applicable policies and procedures. | Observation #2 |
| Assets | Tested controls over assets for effectiveness of processes, reliability of information, safeguarding, and compliance with applicable policies and procedures. | Observation #1 |
| Access Controls | Provided consulting services to assist the School in reviewing user access to cost centers in PeopleSoft, and to the School's shared drive folders. | None |

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 after the expected 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 prompt 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 School of Interdisciplinary Studies management and staff for their support, courtesy, and cooperation provided throughout this audit.

Respectfully Submitted,

DocuSigned by:

A handwritten signature in black ink that reads "Toni Stephens". The signature is written in a cursive style.

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

Distribution List

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

Responsible Vice President

- Dr. Inga Musselman, VP Academic Affairs & Provost

Persons Responsible for Implementing Recommendations:

- Dr. Tonja Wissinger, Interim Dean
- Ms. Connie Hicks, School Fiscal Officer
- Ms. Ahnna Peavey, Administrative Services Officer
- Mr. Philip Banks, Business Administrator

Other Interested Parties

- Ms. Heather Burge, Associate Provost
- Ms. Tara Major, Assistant to the Provost

External Parties

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

Engagement Team

Project Leader: Ms. Julia Lawshae, CFE, Internal Auditor III