

Fiscal Year 2006 Audit Plan
The Texas A&M University System
Internal Audit Department





Fiscal Year 2006 Audit Plan

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Texas A&M University System

Internal Audit Department

The purpose of the Audit Plan is to outline audits and other activities the System Internal Audit Department will conduct during fiscal year 2006. The Plan is developed to satisfy responsibilities established by the Board of Regents Bylaws, Section 2102.008 of the Government Code, and applicable auditing standards. The Plan is a working document in that the Chief Auditor is authorized to make changes to the Plan, as she deems necessary in her professional judgment. However, the Committee on Audit and the Chancellor will be notified of any significant additions, deletions, or other changes to the Audit Plan.

The types of projects listed in this Plan demonstrate the variety of approaches the System Internal Audit Department takes to address its mission of helping the Texas A&M University System achieve its goals and objectives in an efficient and effective manner. To accomplish this, deliverables for each type of project may include a variety of services, including audit reports, technical assistance, data analysis, and other written and oral communications.

The Audit Plan includes projects that cover areas related to financial controls and reporting; management controls and reporting; compliance with laws, policies, and regulations; economic and efficient use of resources; achieving results and outcomes (performance measures); technical assistance; and follow-ups.



Fiscal Year 2006 Audit Plan Texas A&M University System Internal Audit Department (cont'd.)

Projects included in this Plan were primarily identified through our system-wide risk assessment process. However, some of the projects included are performed to assist the A&M System in complying with other external requirements.

Planned projects for fiscal year 2006 are listed on the following pages. Projects approved in the Audit Plan for fiscal year 2005 that are not completed by August 31, 2005, will also be considered part of this Plan.

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Prairie View A&M University

Review of Financial Management Services

Evaluate the financial and management controls over the University's financial management services' operations to determine if resources are used efficiently and effectively, assets are safeguarded, and compliance is achieved with applicable laws, policies, and regulations. Financial management services includes budgeting, procurement/accounts payable, accounting and reporting, property management, and payroll. This will be phase two and will address areas not covered in the first phase conducted in fiscal year 2005.

Review of Contract and Grant Administration

Review contract and grant administration at the University to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The University had contracts and grants totaling approximately \$34 million in fiscal year 2004.

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Prairie View A&M University (cont'd.)

Review of Human Resources Operations

Analyze the University's management of human resources to determine if strategic and operational results and outcomes are achieved in an efficient and effective manner. Determine compliance with laws, policies, and regulations. The University's salaries, wages, and payroll-related costs were approximately \$71 million in fiscal year 2004.

Review of Information Technology

Review controls over information technology to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. This includes both mainframe and network computing systems.

Review of the University's NCAA Athletic Rules Compliance Program and Financial Statement

Review and assess, as required by the NCAA, the adequacy of the University's NCAA rules compliance program for selected compliance areas. Perform an audit of the athletic program's financial statement for the fiscal year ended August 31, 2005, as required by the NCAA.



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Tarleton State University

Review of Financial Management Services

Evaluate the financial and management controls over the University's financial management services' operations to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, and regulations. Financial management services includes budgeting, procurement/accounts payable, accounting and reporting, property management and payroll.



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Texas A&M International University

Review of Information Technology

Review controls over information technology to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. This includes both mainframe and network computing systems.



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Texas A&M University

Review of Department of Recreational Sports

Evaluate the financial and management controls over the University's Department of Recreational Sports program to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, and regulations. The Department's services include: aquatics, fitness classes, instructional classes, drop-in recreation, intramurals, sport clubs, outdoor activities, and the Texas A&M Golf Course. Annual fiscal year 2004 expenditures were approximately \$7.4 million.

Review of Student Financial Services

Evaluate the financial and management controls over Student Financial Services to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, and regulations. In fiscal year 2004, expenditures were approximately \$121 million.

Review of Accounts Payable Operations

Review the University's processes for making vendor disbursements. Determine whether processes are efficient and effective, and compliant with policies, regulations, and rules. Vendor payments totaled \$626 million for fiscal year 2004.



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Texas A&M University (cont'd.)

Review of Aviation Services

Review and assess the financial and management controls over Aviation Services to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, and regulations. The budget for fiscal year 2005 is approximately \$4 million.

Review of Children's Center

Evaluate the financial and management controls over the Children's Center to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, and regulations. The Children's Center is a full-time child care and preschool program providing care to approximately 148 children ranging in age from 6 weeks to 5 years. The Children's Center is certified by the Texas Department of Protective and Regulatory Services and adheres to standards required of all childcare facilities.

Review of the University's NCAA Athletic Rules Compliance Program

Review and assess, as required by the NCAA, the adequacy of the University's NCAA rules compliance program for selected compliance areas. Texas A&M University has twenty-one varsity sports (nine men's, twelve women's), which represent approximately 650 student athletes.



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Texas A&M University (cont'd.)

Review of University Police Department

Determine whether sufficient financial and management controls are in place within the Police Department to ensure that resources are used efficiently and effectively, assets are safeguarded, and compliance is achieved with laws, policies, and regulations. In fiscal year 2004, the University Police Department had combined expenditures of approximately \$5.4 million.

Review of the Use and Administration of Procurement Cards

Review the financial and management controls over procurement cards at the University to ensure resources are used efficiently and effectively and in compliance with laws, policies, and regulations. Procurement cards are designed to reduce data entry and voucher processing for small purchases resulting in more efficient, cost-effective purchasing practices. The University had approximately \$14 million in procurement card purchases in fiscal year 2004.



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Texas A&M University - Commerce

No audits are planned for Texas A&M University - Commerce in fiscal year 2006, based on our risk assessment process.

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Texas A&M University - Corpus Christi

Review of Contract and Grant Administration

Review contract and grant administration at the University to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The University had contracts and grants totaling approximately \$21 million in fiscal year 2004.

Review of the University's NCAA Athletic Rules Compliance Program and Financial Statement

Review and assess, as required by the NCAA, the adequacy of the University's NCAA rules compliance program for selected compliance areas. Perform an audit of the athletic program's financial statement for the fiscal year ended August 31, 2005, as required by the NCAA.



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Texas A&M University - Kingsville

Review of the University's Safety and Security Operations

Review and assess the University's controls and processes over campus safety and security to ensure that they provide reasonable assurance that a safe environment exists for students, faculty, and staff. Also, determine that the University is in compliance with laws, policies, and regulations relevant to campus safety and security.

Review of Student Financial Aid

Evaluate the financial and management controls over the University's student financial aid system to ensure resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The University provided students with financial aid totaling more than \$31 million in fiscal year 2004.



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Texas A&M University - Texarkana

Management Control Audit

Review and assess the University's financial and management controls to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The University's total expenditures were approximately \$15 million for fiscal year 2004.



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West Texas A&M University

No audits are planned for West Texas A&M University in fiscal year 2006, based on our risk assessment process.



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The Texas A&M University System

Health Science Center

Review of Research Administration

Review research administration at the Health Science Center to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The Health Science Center had research contracts totaling approximately \$30 million in fiscal year 2004.

Review of the Baylor College of Dentistry

Review and assess the College's financial and management controls to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The fiscal year 2005 budget for the College of Dentistry is approximately \$25 million.

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Texas Agricultural Experiment Station

Review of Fiscal Services

Evaluate the financial and management controls over the Agency's fiscal services to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, and regulations. Fiscal services includes budgeting, procurement/accounts payable, accounting and reporting, property management and payroll.

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Texas Cooperative Extension

Review of Fiscal Services

Evaluate the financial and management controls over the Agency's fiscal services to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, and regulations. Fiscal services includes budgeting, procurement/accounts payable, accounting and reporting, property management and payroll.

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Texas Forest Service

Review of the Rural Volunteer Fire Department Assistance Program

Review and assess the Forest Service's financial and management controls related to the Rural Volunteer Fire Department Assistance Program to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The Texas Rural Volunteer Fire Department Assistance Program is a cost-share program funded by the Texas State Legislature. It provides funding to rural volunteer fire departments for the acquisition of firefighting vehicles, fire and rescue equipment, protective clothing, firefighter training, etc. Approximately \$15 million is distributed annually under the program.

Review of the Texas Volunteer Fire Department Motor Vehicle Liability Self-Insurance Program

Review and assess the Forest Service's financial and management controls related to the Texas Volunteer Fire Department Motor Vehicle Liability Self-Insurance Program to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. Any tax-exempt volunteer fire department that is run by its members on a not-for-profit basis can join the self-insurance pool.

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Texas Veterinary Medical Diagnostic Laboratory

Management Control Audit

Review and assess the Agency's financial and management controls to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The Agency's total expenditures were approximately \$12 million for fiscal year 2004.

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Texas Engineering Experiment Station

Review of Safety and Security Operations

Review and assess the Agency's controls and processes over safety and security to ensure that they provide reasonable assurance that a safe environment exists for students, faculty, and staff. Also, determine that the Agency is in compliance with laws, policies, and regulations relevant to safety and security.

Review the Fee Revenue Management Processes of Selected Centers, Labs, and Departments

Review the revenue controls in place for centers, labs, and divisions that collect fees and proceeds for providing training, conference registration, and other services. This includes operations such as the Turbo Machinery Lab, the Thomas and Joan Read Center for Distribution Research and Education, the Nuclear Science Center, the Public Policy Resource Lab, and the Wind Tunnel. In fiscal year 2004, more than \$3 million in revenue was collected from these and other similar centers, labs, and departments.

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Texas Engineering Extension Service

Review the Professional and Regulatory Training Program

Review and assess the Professional and Regulatory Training Program's (Mesquite, Tx.) financial and management controls to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The total expenditures were approximately \$3.7 million for fiscal year 2004.

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Texas Transportation Institute

Review of Fiscal Services

Evaluate the financial and management controls over the Agency's fiscal services to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, and regulations. Fiscal services includes budgeting, procurement/accounts payable, accounting and reporting, property management and payroll.



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The Texas A&M University System Administrative and General Offices

Review of Information Technology

Review controls over information technology to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. This includes both mainframe and network computing systems.

Review of the System Office of Budgets and Accounting

Review and assess the System Office of Budgets and Accounting's (SOBA) financial and management controls to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. SOBA is responsible for financial and accounting functions including receivables and disbursements, property management, and financial reporting.

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System-wide

System-wide Financial Audit of Accounts Receivable

Review accounts receivable to determine if balances are reported accurately and controls and processes are in place to ensure compliance with laws, policies, and regulations. The A&M System reported accounts receivable of \$166 million in the fiscal year 2004 annual financial report.

Follow-up Reviews

Conduct follow-up reviews on significant issues identified in prior audits to determine if management has adequately addressed the issues.

Participation with, and/or Assistance to, System Components/External Auditors

This project represents System Internal Audit Department's (SIAD) participation with, and/or assistance to, A&M System components and external auditors. SIAD's involvement could range from serving as a member of a work group to testing and reporting on new activities and processes. SIAD may perform work to support external audit requirements related to accreditation audits, financial audits, and federal compliance audits.