

Fiscal Year 2007 Audit Plan
The Texas A&M University System
Internal Audit Department





Fiscal Year 2007 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 2007. 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 2007 Audit Plan Texas A&M University System Internal Audit Department (cont.)

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 2007 are listed on the following pages. Projects approved in the Audit Plan for fiscal year 2006 that are not completed by August 31, 2006, will also be considered part of this Plan.



Fiscal Year 2007 Audit Plan

Prairie View A&M University

Review of Performance Measures

Review and assess the University's processes for the development and monitoring of performance measures used by management for decision-making. Determine the extent to which the processes provide for the completeness, integrity and accuracy of data in an efficient and effective manner.

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 a review of the athletic program's financial statement for the fiscal year ended August 31, 2006, as required by the NCAA.



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Tarleton State University

Review of Information Technology: Decentralized Computing Systems

Review controls over Tarleton's decentralized computing systems to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. Determine whether controls are in place to ensure that these systems and their data are properly secured and remain available for operations in the event of a disaster.



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Texas A&M International University

Review of Student Recruitment, Admission and Registration

Review the University's recruitment and admissions process. Determine the extent to which the processes provide for compliance with laws, policies, regulations, Higher Education Coordinating Board and University rules. In addition, determine the extent to which the processes are efficient and effective. Texas A&M International enrolled approximately 3000 full-time equivalent students in fiscal year 2005.



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Texas A&M University

Review of Performance Measures

Review and assess the University's processes for the development and monitoring of performance measures used by management for decision-making. Determine the extent to which the processes provide for the completeness, integrity and accuracy of data in an efficient and effective manner.

Review of Instructional Enhancement Fees

Review the administration of required instructional enhancement fees by academic departments to ensure fee collection and utilization is efficient and effective and in compliance with laws, policies and regulations. Instructional enhancement fees are charged to undergraduate and graduate students enrolled in certain courses for the purchase and maintenance of equipment, visual aids, other supplemental materials, and educational supplies to provide students with a rich learning environment.



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Texas A&M University (cont.)

Review of Institutional Animal Care and Use Committee's (IACUC) Compliance with Federal Regulations

Review the activities of the Institutional Animal Care and Use Committee to determine if it is in compliance with the regulations of the Department of Agriculture's Animal Welfare Act and the Public Health Service Policy on the Humane Care and Use of Laboratory Animals. The IACUC is responsible for the oversight, evaluation and assurance of compliance of the University's animal care and use program related to teaching and research.

Review of Environmental Health & Safety, Phase I

Review and assess the adequacy of the University's programs for biological, chemical, radiological and laboratory safety. Determine if resources are used efficiently and effectively and in compliance with laws, policies and regulations to ensure safety of students, faculty and staff.



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Texas A&M University (cont.)

Review of Decentralized Accounting Processes

Review the accounting processes used by University departments to determine whether they provide assurances that accounting records are accurate and complete and that confidential information is secured. The University relies on approximately 158 business officers throughout the University to monitor departmental accounting processes.

Review of Delegated Purchasing Authority

Review departmental purchasing activities to determine if appropriate procedures are in place to ensure the best value is received by departments. In addition, verify compliance with applicable laws, policies, regulations and rules. The Department of Purchasing Services has delegated the authority to departments to make purchases of goods and commodities without a competitive bid for \$5,000 or less.



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Texas A&M University (cont.)

Review of Continuing Education Programs

Evaluate the financial and management controls over the University's continuing education programs to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies and regulations. The Office of Continuing Education and Public Outreach serves as a primary partner with colleges and departments to develop and administer short courses, workshops and conferences; however, colleges and departments may develop and administer workshops independently.

Review of Credit Card Data Security

Review and assess the University's controls and processes in place to protect credit card information collected by University departments to ensure that such information is adequately secured. The University currently has over 94 registered merchant numbers that are subject to recently promulgated credit card industry standards for information security.



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Texas A&M University (cont.)

Review of Portable Computing Device Security

Review controls over physical and logical security of the University's portable computing devices to determine if resources are used efficiently and effectively and in compliance with laws, policies, procedures and regulations. Determine whether controls are in place to ensure that sensitive data stored on or transmitted by portable computing devices is properly secured.

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.)

Review of Pre-Award Administration

Review pre-award administration of research projects at the University to determine if resources are used efficiently and effectively and in compliance with laws, policies and regulations. The University expended approximately \$69 million for research in fiscal year 2005.



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Texas A&M University - Commerce

Review of Faculty Recruitment & Hiring

Review and assess the University's processes for the recruitment and hiring of faculty. Determine the extent to which the processes are in compliance with applicable laws, polices, regulations and University rules, to ensure that quality candidates are hired in an effective and efficient manner. Faculty is one of the most significant assets of a higher education institution as well as one of the most significant expenses. TAMU-C spent approximately \$29 million in faculty salaries and benefits for fiscal year 2005.

Review of the University's Athletic Program Financial Statement

Perform a financial statement review of the athletic program for the fiscal year ended August 31, 2006, as required by the NCAA in accordance with their *Agreed Upon Procedures* guidelines.



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Texas A&M University – Corpus Christi

Review of the Housing Program

Evaluate the University's Housing Program. Assess the extent to which the Program provides for availability, quality, cost, desired level of services to the students, and contract performance monitoring. Texas A&M University-Corpus Christi students spend approximately \$7 million per year on housing.

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 a review of the athletic program's financial statement for the fiscal year ended August 31, 2006, as required by the NCAA.

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Texas A&M University – Kingsville

Review of Performance Measures

Review and assess the University's processes for the development and monitoring of performance measures used by management for decision-making. Determine the extent to which the processes provide for the completeness, integrity and accuracy of data in an efficient and effective manner.

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 more than \$12 million in fiscal year 2005.

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Texas A&M University – Kingsville (cont.)

Review of the University's Athletic Program Financial Statement

Perform a financial statement review of the athletic program for the fiscal year ended August 31, 2006, as required by the NCAA in accordance with their *Agreed Upon Procedures* guidelines.



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Texas A&M University - Texarkana

No audits are planned for Texas A&M University – Texarkana in fiscal year 2007, based on our risk assessment process.



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West Texas A&M University

No audits are planned for West Texas A&M University in fiscal year 2007, based on our risk assessment process.



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Texas A&M University System Health Science Center

Review of Human Resources

Analyze the HSC'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 HSC's salaries, wages, and payroll-related costs were approximately \$80 million in fiscal year 2005.



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Texas Agricultural Experiment Station

Review of Research Administration

Review research administration at the Agency to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The Agency had research expenditures totaling approximately \$127 million in fiscal year 2005.

Review of Performance Measures

Review and assess the Agency's processes for the development and monitoring of performance measures used by management for decision-making. Determine the extent to which the processes provide for the completeness, integrity and accuracy of data in an efficient and effective manner.

Review of Environmental Health & Safety

Review and assess the adequacy of TAES' environmental health and safety program. Determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations to ensure safety of students, faculty and staff.



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Texas Cooperative Extension

No audits are planned for Texas Cooperative Extension in fiscal year 2007, based on our risk assessment process.



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Texas Forest Service

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 Forest Resource Development and Sustainability Program

Review and assess the Texas Forest Services' Forest Resource Development and Sustainability Program and the Program service delivery. Determine the extent to which resources are used efficiently and effectively, and in compliance with applicable laws, policies, regulations. Texas Forest Service spent \$11.2 million on the Forest Resource Development and Sustainability Program in fiscal year 2005.



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Texas Veterinary Medical Diagnostic Laboratory

No audits are planned for Texas Veterinary Medical Diagnostic Laboratory in fiscal year 2007, based on our risk assessment process.



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Texas Engineering Experiment Station

No audits are planned for Texas Engineering Experiment Station in fiscal year 2007, based on our risk assessment process.



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Texas Engineering Extension Service

Review of the Management of Training Programs

Review the Agency's management of training programs. Determine the extent to which divisions provide the Agency with accurate and timely data concerning the effectiveness of training operations and instructor productivity.



Fiscal Year 2007 Audit Plan

Texas Transportation Institute

No audits are planned for Texas Transportation Institute in fiscal year 2007, based on our risk assessment process.



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Texas A&M University System Offices

Review of Construction Contracts

Review construction contracts entered into by Facilities Planning and Construction to determine if construction projects achieve the specified level of quality for best value, and are in compliance with laws, policies, and regulations. The review will be done in accordance with the “right to audit” contract provisions. The A&M System reported over \$360 million in construction in progress for fiscal year 2005.

Review of System Policies and Regulations

Review and assess the System Office’s processes for development and evaluation of System policies and regulations. Determine whether policies and regulations are clear, concise, communicated to constituents, regularly reviewed, and in compliance with state law. Overall responsibility for development and maintenance of the System Policy and Regulation Manual is assigned to the Office of Policy Implementation and Compliance.



Fiscal Year 2007 Audit Plan

System-Wide

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 Members/External Auditors

This project represents System Internal Audit Department's (SIAD) participation with, and/or assistance to, A&M System members and external auditors. SIAD's involvement could range from participating in the design of major information systems, serving as a member of a work group, assisting with the System's fraud prevention objectives, 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.