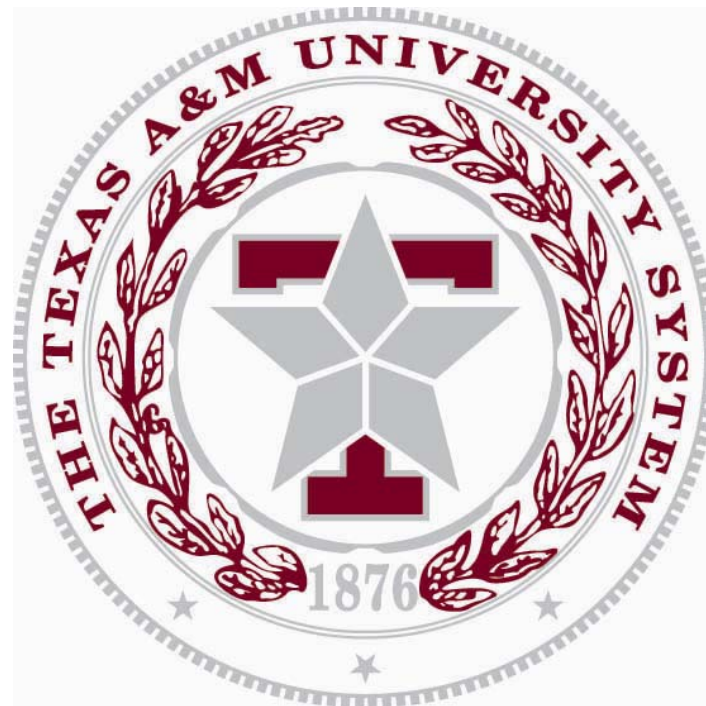


Fiscal Year 2008 Audit Plan

The Texas A&M University System

Internal Audit Department





Fiscal Year 2008 Audit Plan

Table of Contents

Introduction	3
Prairie View A&M University	5
Tarleton State University	7
Texas A&M International University	8
Texas A&M University	9
Texas A&M University – Commerce	14
Texas A&M University – Corpus Christi	15
Texas A&M University – Kingsville	16
Texas A&M University – Texarkana	18
West Texas A&M University	19
The Texas A&M University System Health Science Center	20
Texas Agricultural Experiment Station	21
Texas Cooperative Extension	23
Texas Forest Service	25
Texas Veterinary Medical Diagnostic Laboratory	26
Texas Engineering Experiment Station	27
Texas Engineering Extension Service	28
Texas Transportation Institute	29
Texas A&M University System Offices	30
System-Wide	32



Fiscal Year 2008 Audit Plan 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 2008. 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 Chief Auditor is authorized to make changes to the Plan, as necessary, to address changes in identified risks. 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 audits 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 audits may include a variety of services, including audit reports, technical assistance, data analysis, and other written and oral communications.

The Audit Plan includes audits 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 2008 Audit Plan Texas A&M University System Internal Audit Department (cont.)

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

Planned audits for fiscal year 2008 are listed on the following pages. Audits approved in the Audit Plan for fiscal year 2007 that are not completed by August 31, 2007, will also be considered part of this Plan.



Fiscal Year 2008 Audit Plan

Prairie View A&M University

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, 2007, as required by the NCAA.

Review of Student Recruitment, Admissions, and Enrollment Management Processes

Review the University's recruitment, admissions and enrollment management processes. Determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, rules and Higher Education Coordinating Board requirements. Prairie View A&M University enrolled approximately 8,000 students in fall 2006.

Fiscal Year 2008 Audit Plan



Prairie View A&M University (cont.)

Review of Employment Services

Review and assess the University's employment process. Determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, and rules. The University's salaries, wages and payroll-related costs were approximately \$76 million in fiscal year 2006. The University implemented the People Admin employment and position management system in fiscal year 2006.



Fiscal Year 2008 Audit Plan

Tarleton State University

Review of Human Resources Processes

Analyze the University's management processes for human resources to determine if strategic and operational results and outcomes are achieved in an efficient and effective manner. Determine compliance with laws, policies, regulations, and rules. The University's salaries, wages, and payroll-related costs were approximately \$59 million in fiscal year 2006.

Review of the University's NCAA Athletic Financial Statement

Perform a review of the athletic program's financial statement for the fiscal year ended August 31, 2007, as required by the NCAA.



Fiscal Year 2008 Audit Plan

Texas A&M International University

Review of the Housing Program Operations

Evaluate the University's Housing Program operations. Assess the extent to which the program operations provide for availability, quality, efficiency, desired level of services to the students, and contract performance monitoring. Texas A&M International University students spent approximately \$1.9 million on housing in fiscal year 2006.



Fiscal Year 2008 Audit Plan

Texas A&M University

Review of Transportation Services Operations

Review the financial and management controls of the Transportation Services Department operations to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, and rules. The Transportation Services Department serves the Texas A&M University student body, visitors, faculty, and staff by providing parking, fleet rental, transit and traffic services. Transportation Services' operating budget for fiscal year 2007 expenses and debt service is approximately \$15 million.

Review of Human Resources Processes

Analyze the University's management processes for human resources to determine if strategic and operational results and outcomes are achieved in an efficient and effective manner. Determine compliance with laws, policies, regulations, and rules. The University's salaries, wages, and payroll-related costs were nearly \$600 million in fiscal year 2006.



Fiscal Year 2008 Audit Plan

Texas A&M University (cont.)

Review of Management of Conflict of Interest in Research

Evaluate the University's management controls over the disclosure of financial and non-financial conflicts of interest by principal investigators pursuing research contracts and grants. The University has a Conflict of Interest Review Committee appointed by the Vice President for Research and Associate Provost for Graduate Studies.

Review of Major Specialized Systems Development

Review controls over the development of major specialized information systems within the University to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, and rules. 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.



Fiscal Year 2008 Audit Plan

Texas A&M University (cont.)

Review of Historically Underutilized Business Information

Review the accuracy of Historically Underutilized Business (HUB) information reported to the Texas Building and Procurement Commission. The University reported \$38 million in HUB expenditures in fiscal year 2006.

Review of Contract Administration Processes

Review the financial and management controls over the processes for the administration of University contracts to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, regulations, and rules. Written contracts shall be executed whenever Texas A&M University enters into a binding agreement with another party that involves any stated or implied consideration. The University entered into over 1,500 contracts valued at approximately \$130 million during fiscal year 2006. These contracts ranged from department-specific to University-wide.



Fiscal Year 2008 Audit Plan

Texas A&M University (cont.)

Review of the Advanced Research Program Awards

Assess the University's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program awards. In 2006, Texas A&M University received three awards totaling \$300,000. Texas A&M University at Galveston received one award totaling \$98,337. The Texas Higher Education Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.

Review of TTVN Rates

Review the rate formula for the Trans-Texas Video Network (TTVN). TTVN is the wide area data network for the A&M System with an annual operating budget of approximately \$3 million. TTVN serves thousands of Texas A&M University System students, faculty, and staff who use the internet and videoconference services of the network. Individuals at over 277 TTVN sites in Texas, Mexico, and Qatar depend on the network for internet access, interactive distance education courses, long distance meetings, and special events. TTVN is funded through an assessment formula developed by the System Chief Financial Officers.



Fiscal Year 2008 Audit Plan

Texas A&M University (cont.)

Review of Memorial Student Center Operations

Review the financial and management controls over the University's Memorial Student Center operations to determine if resources are used efficiently and effectively and in compliance with applicable laws, policies, regulations, and rules. The Memorial Student Center is involved in committees, facilities, programs, and services that support a variety of student life activities. In fiscal year 2006, the Memorial Student Center expended approximately \$6.4 million in operating costs.

Review of Financial Management Services at TAMU-Galveston

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, regulations, and rules. Financial management services include budgeting, receivables and disbursements, accounting and reporting, property management, and payroll.



Fiscal Year 2008 Audit Plan

Texas A&M University - Commerce

Review of the Environmental Health, Safety, and Security Operations

Review and assess the University's controls and processes over campus safety and security operations 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, regulations, and rules relevant to campus safety and security.

Review of the Advanced Research Program Awards

Assess the University's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program awards. In 2006, Texas A&M University - Commerce received two awards totaling \$200,000. The Texas Higher Education Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.



Fiscal Year 2008 Audit Plan

Texas A&M University – Corpus Christi

Review of Student Financial Aid Processes

Evaluate the financial and management controls over the University's student financial aid processes to ensure resources are used efficiently and effectively and in compliance with laws, policies, regulations, and rules. The University provided students with financial aid totaling more than \$57.8 million in fiscal year 2006.

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, 2007, as required by the NCAA.

Fiscal Year 2008 Audit Plan

Texas A&M University – Kingsville

Review of Student Recruitment, Admissions, and Enrollment Management Processes

Review the University's recruitment, admissions and enrollment management processes. Determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, rules, and Higher Education Coordinating Board requirements. Texas A&M University - Kingsville enrolled approximately 6,700 students in fall 2006.

Review of the Governance Processes

Review and assess the University's processes for establishing and maintaining an effective governance system. Determine if the processes provide for overall direction/guidance, performance management, accountability, communication, and transparency in the conduct of work to achieve the University's goals and objectives.



Fiscal Year 2008 Audit Plan

Texas A&M University – Kingsville (cont.)

Review of the Advanced Research Program Awards

Assess the University's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program Awards. In 2006, Texas A&M University - Kingsville received one award totaling \$98,810. The Texas Higher Education Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.



Fiscal Year 2008 Audit Plan

Texas A&M University - Texarkana

No audits are planned for Texas A&M University – Texarkana in fiscal year 2008, based on our risk assessment process.



Fiscal Year 2008 Audit Plan

West Texas A&M University

Review of the University's NCAA Athletic Financial Statement

Perform a review of the athletic program's financial statement for the fiscal year ended August 31, 2007, as required by the NCAA.

Review of Enterprise Risk Management Processes

Determine if the key elements of West Texas A&M University's (WTAMU) enterprise risk management processes are designed to identify and mitigate risks through the use of a systematic organization-wide approach. WTAMU's annual operating expenses for fiscal year 2006 were \$88 million with a student enrollment of approximately 7,300 students.



Fiscal Year 2008 Audit Plan

Texas A&M University System Health Science Center

Review of Enterprise Risk Management Processes

Determine if the key elements of the Health Science Center's (HSC) enterprise risk management processes are designed to identify and mitigate risks through the use of a systematic organization-wide approach. HSC's annual operating expenses for fiscal year 2006 were approximately \$130 million with a student enrollment of approximately 1,300 students.

Review of the Advanced Research Program Awards

Assess the Health Science Center's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program awards. In fiscal year 2006, the Health Science Center received one award totaling \$100,000. The Texas Higher Education Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.



Fiscal Year 2008 Audit Plan

Texas Agricultural Experiment Station

Review of Human Resources Processes

Analyze the Agency's management processes for human resources to determine if strategic and operational results and outcomes are achieved in an efficient and effective manner. Determine compliance with laws, policies, regulations, and rules. The Agency's salaries, wages, and payroll-related costs were approximately \$98 million in fiscal year 2006.

Review the Use and Administration of Procurement Cards

Review the financial and management controls over procurement cards at the Agency to ensure resources are used efficiently and effectively and in compliance with laws, policies, regulations, and rules. Procurement cards are designed to reduce data entry and voucher processing for small purchases resulting in more efficient, cost-effective purchasing practices. The Agency had approximately \$1 million in procurement card purchases in fiscal year 2006.



Fiscal Year 2008 Audit Plan

Texas Agricultural Experiment Station (cont.)

Review of the Advanced Research Program Awards

Assess the Agency's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program awards. In fiscal year 2006, Texas Agricultural Experiment Station received four awards totaling \$400,000. The Texas Higher Education Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.



Fiscal Year 2008 Audit Plan

Texas Cooperative Extension

Review of Human Resources Processes

Analyze the Agency's management processes for human resources to determine if strategic and operational results and outcomes are achieved in an efficient and effective manner. Determine compliance with laws, policies, regulations, and rules. The Agency's salaries, wages, and payroll-related costs were approximately \$84 million in fiscal year 2006.

Review the Use and Administration of Procurement Cards

Review the financial and management controls over procurement cards at the Agency to ensure resources are used efficiently and effectively and in compliance with laws, policies, regulations, and rules. Procurement cards are designed to reduce data entry and voucher processing for small purchases resulting in more efficient, cost-effective purchasing practices. The Agency had approximately \$400,000 in procurement card purchases in fiscal year 2006.



Fiscal Year 2008 Audit Plan

Texas Cooperative Extension (cont.)

Review of Enterprise Risk Management Processes

Determine if the key elements of Texas Cooperative Extension's (TCE) enterprise risk management processes are designed to identify and mitigate risks through the use of a systematic organization-wide approach. TCE's annual operating expenses for fiscal year 2006 were approximately \$103 million while providing outreach and continuing education programs and services in all 254 of the state's counties.



Fiscal Year 2008 Audit Plan

Texas Forest Service

Review of the Forest Resource Protection Program

Review and assess the Texas Forest Service's Forest Resource Protection program and the related services. Determine the extent to which resources are used efficiently and effectively, and in compliance with applicable laws, policies, regulations, and rules. Texas Forest Service spent approximately \$70 million on this program in fiscal year 2006.



Fiscal Year 2008 Audit Plan

Texas Veterinary Medical Diagnostic Laboratory

Review of Environmental Health, Safety, & Biosecurity Processes

Review and assess the adequacy of the Agency's processes for the environmental health, safety, and biosecurity program. Determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, and rules to ensure the safety and security of Agency personnel. The Agency has two full-service laboratories (College Station and Amarillo) and two poultry laboratories (Center and Gonzales). The College Station facility houses the state's only Biosafety Level 3 veterinary diagnostic labs which are equipped to deal with the deadliest animal diseases.



Fiscal Year 2008 Audit Plan

Texas Engineering Experiment Station

Review of Enterprise Risk Management Processes

Determine if the key elements of Texas Engineering Experiment Station's (TEES) enterprise risk management processes are designed to identify and mitigate risks through the use of a systematic organization-wide approach. TEES manages over \$100 million in research projects annually.

Review of the Advanced Research Program Awards

Assess the Agency's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program awards. In fiscal year 2006, Texas Engineering Experiment Station received three awards totaling \$215,380. The Texas Higher Education Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.



Fiscal Year 2008 Audit Plan

Texas Engineering Extension Service

Review of Environmental Health and Safety Processes

Review and assess the adequacy of Texas Engineering Extension Service's processes for managing the environmental health and safety program. Determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, and rules to ensure the safety of students, instructors and staff.



Fiscal Year 2008 Audit Plan

Texas Transportation Institute

No audits are planned for Texas Transportation Institute in fiscal year 2008, based on our risk assessment process.



Fiscal Year 2008 Audit Plan

Texas A&M University System Offices

Review of Cash and Investments

Determine if cash and investments are accurately reported in the fiscal year 2007 financial statements and in the investment reports required by the General Appropriations Act. Additionally, review the accuracy of the cash and investment information provided to the Board of Regents. The A&M System's cash and investments totaled approximately \$2.7 billion at the end of fiscal year 2006.

Review of Bonds

Determine if bond information is accurately reported in the fiscal year 2007 financial statements and determine compliance with bond covenants and System policy, regulations, and rules. The A&M System had approximately \$1.2 billion in bonds outstanding at the end of fiscal year 2006.

Fiscal Year 2008 Audit Plan

Texas A&M University System Offices (cont.)

Review of Construction Manager at Risk Projects

Review and assess financial records for selected construction manager at risk projects to determine if resources are being used efficiently and effectively and in compliance with applicable laws, policies, regulations, rules, and contractual provisions. Construction manager at risk is an alternative project delivery method where the construction manager becomes involved during the design phase, serves as the general contractor, and assumes the financial risk for construction at a contracted price. System Facilities Planning and Construction had over \$140 million in construction manager at risk projects in progress in fiscal year 2006.



Fiscal Year 2008 Audit Plan

System-Wide

Follow-up Reviews

Conduct follow-up reviews on 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.