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Committee Meeting: 11/11/2009

R. Steven Hicks, *Chairman*
Paul Foster
Janiece Longoria
Robert L. Stillwell

Board Meeting: 11/12/2009
Austin, Texas

	Committee Meeting	Board Meeting	Page
A. CONVENE	4:00 p.m. <i>Chairman Hicks</i>		
1. U. T. System: Report on the Medical Billing Compliance work plan for Fiscal Year 2010	4:00 p.m. Report <i>Mr. Plutko</i> <i>Dr. Wolf</i>	Not on Agenda	55
2. U. T. System: Report on the U. T. Systemwide Compliance Academy	4:10 p.m. Report <i>Mr. Plutko</i>	Not on Agenda	64
3. U. T. System Board of Regents: Report on results of the audits of funds managed by The University of Texas Investment Management Company (UTIMCO)	4:20 p.m. Report <i>Mr. Tom Wagner,</i> <i>Deloitte & Touche</i>	Not on Agenda	70
4. U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2010	4:28 p.m. Action <i>Mr. Chaffin</i>	Action	70
5. U. T. System: Report on the Systemwide internal audit activities, including the preliminary results of the Presidential travel, entertainment, and housing expense audits and audits of financial controls at the institutional police departments; and Internal Audit Department reports for U. T. Health Science Center – San Antonio and U. T. El Paso	4:30 p.m. Report <i>Ms. Carla Cashio,</i> <i>U. T. Health Science Center – San Antonio</i> <i>Mr. William Peters,</i> <i>U. T. El Paso</i> <i>Mr. Chaffin</i>	Not on Agenda	74
6. U. T. System: Report on the progress and preliminary results of the audits of the Fiscal Year 2009 U. T. System Administration and institutional Annual Financial Reports	4:37 p.m. Report <i>Mr. Chaffin</i>	Not on Agenda	104

**Committee
Meeting**

**B. RECESS TO EXECUTIVE SESSION PURSUANT
TO TEXAS GOVERNMENT CODE, CHAPTER 551**

**Personnel matters relating to appointment,
employment, evaluation, assignment, duties,
discipline, or dismissal of officers or employees -
Section 551.074**

Discussion with institutional auditors and compliance
officers concerning evaluation and duties of individual
System Administration and institutional employees
involved in internal audit and compliance functions

**C. RECONVENE IN OPEN SESSION TO CONSIDER
ACTION, IF ANY, ON EXECUTIVE SESSION ITEM
AND TO ADJOURN**

4:40 p.m.

Report

Mr. Plutko

Ms. Carla Cashio,

U. T. Health Science

Center – San Antonio

Mr. William Peters,

U. T. El Paso

Mr. Chaffin

5:00 p.m.

1. **U. T. System: Report on the Medical Billing Compliance work plan for Fiscal Year 2010**

REPORT

Mr. Lawrence Plutko, Systemwide Compliance Officer, and Dr. CJ Wolf, Assistant Systemwide Compliance Officer, will report on the Medical Billing Compliance Advisory Committee work plan for Fiscal Year 2010 set forth on Page 56.

Dr. Wolf's PowerPoint presentation is on Pages 57 - 63.

**THE UNIVERSITY OF TEXAS SYSTEM
MEDICAL BILLING COMPLIANCE ADVISORY COMMITTEE
FY 2010 WORK PLAN**

<u>PLAN OBJECTIVES</u>	<u>AUTHORITATIVE GUIDANCE</u>
<p>I. RECOVERY AUDIT CONTRACTOR (RAC) READINESS</p> <ul style="list-style-type: none"> • Study and make recommendations regarding best practices and procedures for preparation and response to recovery auditor activity. • Develop a readiness checklist and implement steps at each institution. • Collaborate and develop a mechanism of communicating recovery audit requests and actions. 	<ul style="list-style-type: none"> • RAC demonstration project report • Centers for Medicare and Medicaid Services (CMS) • American and Texas Hospital Associations • Connolly Healthcare (RAC for Texas) • Medicare Prescription Drug, Improvement and Modernization Act (MMA, 2003) • Tax Relief and Health Care Act (2006) • Medicaid Integrity Contractors
<p>II. DATA ANALYTIC PROGRAMS</p> <ul style="list-style-type: none"> • Develop a strategy to analyze high risk billing areas through data analytic techniques. • Perform analytic billing reviews of the five areas of concern shared by the Part B TrailBlazer Medical Director. • Elicit feedback on other high risk areas from additional payors such as Medicare Part A and Medicaid and develop strategies to address these areas. 	<ul style="list-style-type: none"> • TrailBlazer Medical Directors (Part A and B) • Medicaid Medical Director • Office of the Inspector General (OIG) Work Plan • CMS Division of Data Analysis • Medicare Program Integrity Manual Ch. 2 – Data Analysis
<p>III. CLINICAL TRIAL BILLING</p> <ul style="list-style-type: none"> • Study and make recommendations on best practices. • Conduct effectiveness reviews at each institution. 	<ul style="list-style-type: none"> • National Coverage Determination (NCD) for Routine Costs in Clinical Trials (310.1) • Association of Academic Health Centers • Centers for Medicare and Medicaid Services
<p>IV. CONTINUING EDUCATION</p> <ul style="list-style-type: none"> • Schedule and hold at least four webinar/seminars on billing compliance topics. • Seek approval for continuing educational units (CEU) for all sessions. 	<ul style="list-style-type: none"> • Consensus of committee members • OIG Work Plan • OIG Compliance Guidance Documents
<p>V. MDAudit™ Software</p> <ul style="list-style-type: none"> • Promulgate Office of Health Affairs guiding principles for use of MDAudit Physician and MDAudit Hospital. • Conduct effectiveness reviews of institutional use of MDAudit Physician. • Continue as a development partner in MDAudit Hospital and analyze usefulness of the product for UT institutions responsible for hospital billing. 	<ul style="list-style-type: none"> • OIG Compliance Guidance for Physician Practices and Hospital Guidance • Hayes Management Consulting • Office of Health Affairs Guiding Principles

Medical Billing Compliance

CJ Wolf, MD

Assistant Systemwide Compliance Officer

November 2009



Board of Regents'
Meeting
Audit, Compliance, and
Management Review
Committee



Medical Billing Compliance Advisory Committee

- Medical Billing Compliance Advisory Committee (MBCAC) is chartered by the Systemwide Executive Compliance Committee
- MBCAC Membership:
 - Compliance Officer or designee from each of the six health institutions
 - Member from UT System Office of Health Affairs
 - Member from UT Systemwide Compliance Office



Expectations

The MBCAC is expected to:

- Research and adopt best billing compliance practices
- Seek consistency for billing compliance across UT System
- Exhibit national leadership in billing compliance
- Develop and implement an annual work plan
- Provide timely educational events
- Convene committee at least quarterly



FY 2010 Annual Work Plan

- I. Recovery Audit Contractor Readiness
- II. Data Analytic Programs
- III. Clinical Trial Billing
- IV. Continuing Education
- V. MDaudit Software



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Data Analytic Programs

- Akin to “Finding the needle in the haystack”
- Focusing on areas of highest risk
- Example:
 - Presentation given by Medicare medical director to the MBCAC
 - Five areas of greatest concern (Ambulance, Wound Care, Drugs, Coronary Artery CT Angiography and Facet Joint Injections)
 - Committee developed data analytic approach for reviewing these specific issues



Continuing Education

“The proper education and training of corporate officers, managers, employees, physicians and other health care professionals, and the continual retraining of current personnel at all levels, are significant elements of an effective compliance program.”

Office of the Inspector General
U.S. Dept. of Health and Human Services



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Continuing Education

- Pre-approved continuing education units from the American Academy of Professional Coders
- MBCAC sponsors between 6-8 events per year
- Systemwide Compliance Office offers certification courses as well as specialty specific training (e.g., Interventional Radiology)
- Facilitation of monthly coding tutorials offered by MD Anderson to other institutions

2. **U. T. System: Report on the U. T. Systemwide Compliance Academy**

REPORT

Mr. Lawrence Plutko, Systemwide Compliance Officer, will report on the U. T. Systemwide Compliance Academy following the presentation set forth on Pages 65 - 69.

The University of Texas Systemwide Compliance Academy

Mr. Larry Plutko, Systemwide Compliance Officer
November 2009



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Board of Regents'
Meeting
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U.T. Systemwide Compliance Academy



The Systemwide Compliance Academy provides online webinars to:

- Serve as an education and communication vehicle to discuss current and emerging compliance-related issues and trends;
- Facilitate the sharing of compliance best practices among compliance, legal, audit, risk management, and other institutional stakeholders;
- Provide professional development opportunities through high quality continuing education webinars on emerging topics.



U.T. Systemwide Compliance Academy

Systemwide Compliance Academy webinar topics have included:


- Research Conflicts of Interest
- The Jaime Schanbaum Act, HB 4189
- The Essentials of Export Controls: Part One
- The Essentials of Export Controls: Part Two
- Amended False Claims Act



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U.T. Systemwide Compliance Academy

Webinar announcement and registration

 <p>THE UNIVERSITY OF TEXAS SYSTEM SYSTEMWIDE COMPLIANCE ACADEMY PROVIDING COMPLIANCE LEADERSHIP AND GUIDANCE TO THE UNIVERSITY OF TEXAS SYSTEM</p>	<p>The topics to be reviewed during this session will include a concise overview of the basic regulations (Export Administration Regulations, International Traffic in Arms Regulations, and the Office of Foreign Asset Control); the differences between EAR and ITAR; key export control issues and how these issues affect universities; how to determine the need for a license; sanctions for noncompliance; and export control management plans.</p> <p>Learning Objectives:</p> <ul style="list-style-type: none"> • Participants will be able to describe the differences between EAR and ITAR • Participants will be able to formulate questions to ask and steps to be take in the license determination process • Participants will be able to develop an export control management plan. <p>Next Academy Session: Export Controls (Part 2)—Export Controls Committee Update</p>	<p>Title: Export Controls (Part 1) - The Essentials of Export Controls</p> <p>Date: September 9, 2009 Time: 9:30 - 11:00am CST</p> <p>Click on the link below to register</p> <p>REGISTER NOW</p> <p>Who Should Attend:</p> <ul style="list-style-type: none"> • Compliance Officers • Research Administrators • Legal Affairs
<p>About the Presenters:</p> <p>Key Ellis, Export Controls Officer, Office of Sponsored Projects, UT-Austin Ms. Ellis is the Export Controls Officer and an empowered official for UT Austin and is the point of contact for all export control issues. She provides training in this area and oversees the procedures put in place to ensure the University's compliance with federal export control regulations. She has been a workshop faculty member and a presenter on export controls at NCURA national and regional meetings, webinars and online chats, and has also been an invited speaker at other professional meetings and conferences.</p> <p>Marianne Rinaldo Woods, Senior Associate Vice President for Research Administration, UTSA Dr. Woods is responsible for all aspects of research administration including the Office of Sponsored Programs (pre and post award), the Office of Research Integrity and Compliance, the Office of Contracts and Industrial Agreements, the Office of Laboratory Science and Facilities, and the Office of Commercialization Initiative and Innovation. She is also responsible for development and implementation of university-wide policies and procedures ranging from export controls to intellectual property.</p>		
<p>For more information on the UT Systemwide Compliance Academy, please visit http://www.utssystem.edu/compliance/SWCAcademy.html</p>		
 <p>THE UNIVERSITY OF TEXAS SYSTEM <i>Nine Universities. Six Health Institutions. Unlimited Possibilities.</i></p> <p>Systemwide Compliance Office 702 Colorado Street, CLB 6 - Austin, TX 78702 Tel: 512-579-5096 Fax: 512-579-5065</p>		



U.T. Systemwide Compliance Academy

Future Systemwide Compliance Academy webinar

topics will discuss:

- Information Security: Cloud Computing
- Organizational Ethics
- HIPAA HITECH Act Revisions
- Clinical Research Billing
- Conducting Compliance Investigations
- NCAA Compliance

3. **U. T. System Board of Regents: Report on results of the audits of funds managed by The University of Texas Investment Management Company (UTIMCO)**

REPORT

Mr. Tom Wagner, Deloitte & Touche, LLP, will report on the results of the financial statement audits of the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), and Intermediate Term Fund (ITF). These funds are managed by The University of Texas Investment Management Company (UTIMCO).

The Deloitte & Touche report was mailed separately to all Regents in advance of the meeting and is available upon request.

BACKGROUND INFORMATION

Fiduciary responsibility for the PUF, GEF, PHF, LTF, and ITF (the Funds) rests with the U. T. System Board of Regents (Board). *Texas Education Code* Section 66.08(f) requires that the U. T. System provide for an annual financial audit of the PUF, if the PUF is within the scope of funds managed by an external management corporation.

On July 11, 2007, the Board authorized U. T. System staff to negotiate and enter into an auditing services contract with Deloitte & Touche, LLP, to perform a financial audit of the Funds managed by UTIMCO for the fiscal year ended August 31, 2007, with the option to renew for four additional one-year terms. The Board renewed the contract with Deloitte & Touche, LLP, for the first time on February 7, 2008, and the second time on February 11, 2009, to perform the audit of the funds managed by UTIMCO for the fiscal year ended August 31, 2009.

4. **U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2010**

RECOMMENDATION

Mr. Charles Chaffin, Chief Audit Executive, recommends approval of the proposed Fiscal Year 2010 U. T. Systemwide Annual Internal Audit Plan (Plan). Development of the Plan is based on risk assessments performed at each institution. Implementation of the Plan will be coordinated with the institutional auditors.

The Plan executive summary is on Pages 72 - 73. The full Plan was mailed to all Regents on September 25, 2009, and is available upon request.

BACKGROUND INFORMATION

Institutional audit plans, compiled by the internal audit departments after input and guidance from the System Audit Office, the Offices of Academic or Health Affairs, and the institution's Management and institutional Internal Audit Committee, were submitted to the respective institutional Internal Audit Committee and institutional president for review and comments. Additionally, the institutional audit plans were presented and discussed at the System Administration Internal Audit Committee meeting held on September 8, 2009. Also, the Chief Audit Executive provided feedback by conducting audit hearings with each institution.

After the review process, each institutional Internal Audit Committee formally approved its institution's audit plan.

**The University of Texas System
Systemwide Internal Audit Program
Fiscal Year 2010 Annual Audit Plan
Executive Summary**

Executive Summary

The University of Texas (UT) Systemwide fiscal year (FY) 2010 Internal Audit Plan (FY 2010 Audit Plan) is a blueprint of the internal audit activities that will be performed by the internal audit function throughout the System in FY 2010.

The process of preparing the audit plans is risk based and ensures that areas/activities specific to each institution with the greatest risk are identified to be audited. Individual annual audit plans were prepared at UT System Administration and each institution in July and August. The System Audit Office, Offices of Academic or Health Affairs, and the institution's management and Audit Committee provided input and guidance on the audit plans. Additionally, the Chief Audit Executive provided direction to the internal audit directors both prior to the preparation of the audit plans and through formal feedback through "audit hearings" with each institution.

The institutional annual audit plans were reviewed for the possibility of assurance work done by external entities during the audit year, such as the State Auditor's Office (SAO), external audit firms, federal auditors, etc. Where appropriate, other assurance work was relied upon to reduce the internal audit resources needed.

After the review process, each institutional Audit Committee formally approved its institution's annual audit plan. At the November 2009 meeting, the FY 2010 Audit Plan will be presented to the Audit, Compliance, and Management Review Committee for review and consideration for approval.

The efforts of the internal audit function continue to focus on adding value. Examples of value-added auditing includes: Systemwide financial audit, patient revenue and patient charge capture audits, construction audits, information technology audits, audits of research administration, and consulting projects and special investigations at the request of management.

The FY 2010 Audit Plan addresses the risks of The University of Texas System by allocating the use of internal audit resources as follows:

Audit Areas	Audit Hours	Percent of Audit Hours
Financial	24,428	20%
Operational	30,395	24%
Compliance	16,445	13%
Information Technology	21,850	17%
Follow-up	5,240	4%
Projects	27,443	22%
Total	125,801	100%

**The University of Texas System
Systemwide Internal Audit Program
Fiscal Year 2010 Annual Audit Plan
Executive Summary**

FY 2010 Total Budgeted Priority Audit Plan Hours by Institution:

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Total*
U. T. System Administration	5,230	5,925	1,800	2,350	900	1,800	18,005
Large Institutions:							
U. T. Austin	2,350	2,050	1,700	3,775	400	3,950	14,225
U. T. Southwestern	2,450	3,300	2,550	1,650	500	4,060	14,510
U. T. Medical Branch at Galveston	1,180	1,325	560	1,700	250	1,830	6,845
U. T. Health Science Center - Houston	1,715	1,790	1,395	1,350	300	1,500	8,050
U. T. Health Science Center - San Antonio	1,200	1,700	480	1,200	600	2,300	7,480
U. T. M. D. Anderson Cancer Center	1,380	4,050	1,425	2,420	500	3,305	13,080
Subtotal	10,275	14,215	8,110	12,095	2,550	16,945	64,190
Mid-size Institutions:							
U. T. Arlington	1,140	1,100	1,380	740	200	1,100	5,660
U. T. Brownsville	680	750	620	550	300	800	3,700
U. T. Dallas	760	1,820	630	1,020	110	690	5,030
U. T. El Paso	1,550	2,550	850	1,700	450	1,690	8,790
U. T. Pan American	1,265	1,050	875	1,125	150	1,175	5,640
U. T. San Antonio	1,590	1,070	1,020	980	300	1,820	6,780
Subtotal	6,985	8,340	5,375	6,115	1,510	7,275	35,600
Small Institutions:							
U. T. Permian Basin	580	780	230	250	60	300	2,200
U. T. Tyler	460	660	340	590	60	458	2,568
U. T. Health Science Center - Tyler	898	475	590	450	160	665	3,238
Subtotal	1,938	1,915	1,160	1,290	280	1,423	8,006
TOTAL	24,428	30,395	16,445	21,850	5,240	27,443	125,801
Percentage of Total	20%	24%	13%	17%	4%	22%	100%

* "Total" reflects total hours budgeted for priority audits/projects (subject to approval by the Audit, Compliance, and Management Review Committee), which represents approximately 80 - 85% of total budgeted hours for the FY 2010 Systemwide Annual Audit Plan.

5. **U. T. System: Report on the Systemwide internal audit activities, including the preliminary results of the Presidential travel, entertainment, and housing expense audits and audits of financial controls at the institutional police departments; and Internal Audit Department reports for U. T. Health Science Center – San Antonio and U. T. El Paso**

REPORT

Ms. Carla Cashio, Assistant Vice President for Internal Audit and Consulting Services, U. T. Health Science Center – San Antonio, will report on internal audit's role in consulting activities following the presentation set forth on Pages 75 - 84.

Mr. William Peters, Director of Auditing and Consulting Services, U. T. El Paso, will discuss the importance of information technology auditing. His presentation is on Pages 85 - 93.

Mr. Charles Chaffin, Chief Audit Executive, will report on the progress and preliminary results of the Presidential travel, entertainment, and housing expense audits conducted at each of the institutions and at U. T. System Administration. Mr. Chaffin will also present the final results of the financial controls audits of the institutional police departments.

Next, Mr. Chaffin will present the annual report of the Systemwide Internal Audit Program for Fiscal Year 2009. The Report is set forth on Pages 94 - 100. Institutional internal audit activity reports are presented to the Audit, Compliance, and Management Review Committee of the Board of Regents on an annual basis. The last activity report was sent on October 23, 2009.

Additionally, Mr. Chaffin will report on the implementation status of significant audit recommendations. The fourth quarter activity report on the Implementation Status of Outstanding Significant Findings/Recommendations is set forth on Pages 101 - 102. Satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports issued by the Systemwide audit program follows on Page 103.

BACKGROUND INFORMATION

Significant audit findings/recommendations are tracked by the U. T. System Audit Office. Quarterly, chief business officers provide the status of implementation, which is reviewed by the internal audit directors. A quarterly summary report is provided to the Audit, Compliance, and Management Review Committee of the U. T. System Board of Regents. Additionally, Committee members receive a detailed summary of new significant findings and related recommendations quarterly.



University of Texas Health Science Center at San Antonio



Ms. Carla Cashio, Assistant Vice President Internal Audit and Consulting Services

Audit, Compliance, and Management Review Committee

November 2009

Internal Audit Committee



Internal members	Internal members	External members	External members
Dr. William Henrich, President	Mr. Michael Black, Senior Executive Vice President/ Chief Operating Officer	Mr. Pat Frost, President, Frost Bank, Committee Chair	Dr. Frank Ledford, Former President Southwest Foundation for Biomedical Research
Dr. Brian Herman, Vice President for Research	Mr. Harry S. Lynch, Executive Vice President/Chief Financial Officer	Ms. Cindy L. Jorgensen, Chief Financial Officer, Southwest Business Corporation	Ms. Mary Beth Williamson, Former University Health System Board of Managers
Dr. Glenn Halfff, Acting Dean, School of Medicine	Dr. Kenneth Kalkwarf, Dean, Dental School		
Dr. Marilyn Harrington, Dean, School of Health Professions	Mr. Jerome A. York, Vice President/Chief Information Officer		
Dr. Thomas Mayes, President/Chief Executive Officer, UT Medicine			

Committee meets quarterly with last meeting held Oct. 26, 2009

Internal Audit Department Staffing



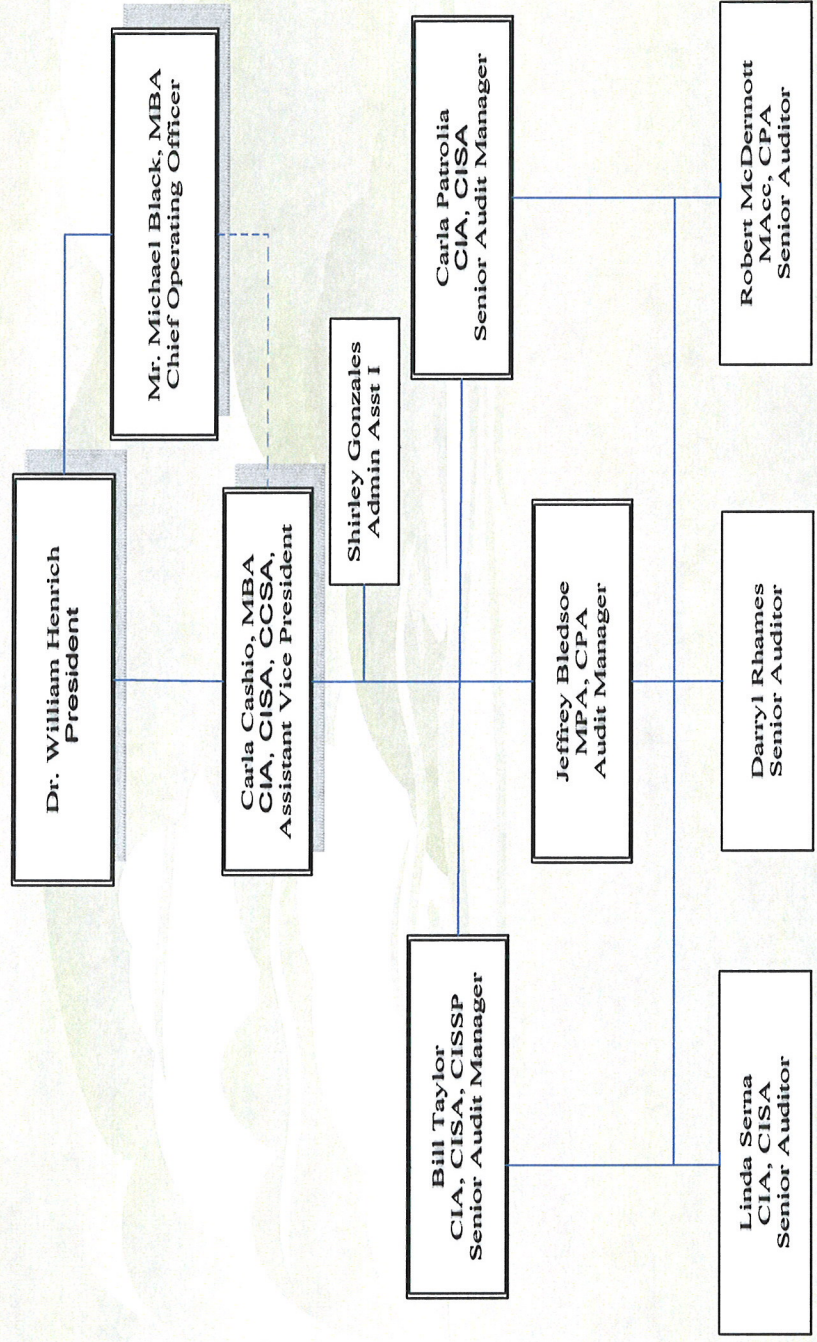
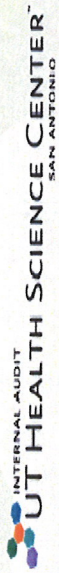
- Department composition:

Title	Number of positions
Assistant Vice President	1
Senior Managers	2
Manager	1
Senior Auditors	3
Administrative Assistant	1

- Audit reports issued:

Year	Number issued
2008	13
2009	17

Internal Audit Reporting Structure



10/01/09

High Risk Areas to be Audited in FY 2010



- 83% of the internal audit activities to be performed in 2010 are mapped to high risk areas identified in the following categories:

Category	Percentage of Plan
Financial	16%
Operational	23%
Compliance	14%
Information Technology	16%
Projects & Consulting	31%

Quality Assurance Review (QAR)

- **Most recent QAR issued in October 2008**
- **Internal audit actions to address deficiencies:**
 - **Changed audit scope to include consulting**
 - **Designed and implemented competency profile**
 - **Assessed staff against profile**
 - **Prepared development plans and mapped to profile**
 - **Redesigned all position descriptions**
 - **Recruited Senior Manager**

Internal Audit Methodology



- **Audit approach is consultative based**
 - Good controls are everyone's responsibility
- **Report design change**
 - Streamlined reporting format
 - Repeat issues are noted in reports
 - Report issuance via electronic means
- **Audit committee reporting design change**
- **Consulting practices**
 - Internal audit management assists management with control questions and/or business process improvement recommendations
 - Business process owners remain responsible for design and implementation
- **Performance profile for staff**
 - Provides for expectation setting and development discussions

Consulting Services

- Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. When performing consulting services the internal auditor will maintain objectivity and not assume management responsibility.

Services Offered

- *Management advisory* services to the institution
- Internal control *awareness* training (upon request)
- *Verification* of financial data
- *Evaluation* of procedures and controls
- Review of internal operational and *financial controls* designed to safeguard resources and ensure compliance with laws and regulations
- Participation in manual and automated system design as an *advisor* upon internal controls
- *Investigation* of reported fraud, embezzlement, theft, waste, etc., and recommendation of controls to prevent or detect such occurrences
- *Review* of all operational areas for their stewardship of resources and compliance with established policies and procedures

Consulting Successes



- **Scholarship disbursement process efficiency**
- **Business continuity process**
 - Consulting on oversight team



The University of Texas at El Paso

Mr. William Peters, Director Office of Auditing and Consulting Services

**U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
November 2009**



The University of Texas at El Paso

Internal Audit Reporting Structure

- Director of Auditing and Consulting Services reports functionally to the president and audit committee
- Director of Auditing and Consulting Services reports administratively to the executive vice president



The University of Texas at El Paso

Internal Audit Committee

- Dr. Diana Natalicio, President and Chair
- Dr. Richard Jarvis, Provost/Vice President (VP) for Academic Affairs
- Dr. Stephen Riter, VP for Information Resources and Planning
- Dr. Roberto Osegueda, VP for Research
- Dr. Richard Padilla, VP for Student Affairs
- Ms. Cynthia Villa, VP for Business Affairs
- Mr. Ricardo Adauto III, Executive VP
- Mr. Edward Escudero, CPA, External Member
- The committee meets quarterly with last meeting held October 12, 2009



The University of Texas at El Paso

Internal Audit Department

- Mr. William A. Peters, CPA, CIA, Director
 - Vacant, Assistant Director
 - Ms. Lori Wertz, CPA, Auditor III
 - Mr. Lorenzo Canales, CGAP, Auditor III
 - Mr. Miguel Hernandez, CISA, CISSP, CEH, CEPT, Information Technology Auditor
 - Ms. Myrna Naylor, CPA, Auditor II
 - Ms. Sharon Delgado, MAcc, Auditor II
 - Ms. Courtney Rios, CIA, CGAP, Auditor II
 - Ms. Margarita Villanueva, MBA, Auditor I
 - Ms. Alicia Gonzalez, Administrative Assistant II
-
- Internal Audit issues an average of 23 reports per year



The University of Texas at El Paso

High Risk Areas to be Audited in Fiscal Year 2010

Institutional High Risk Areas

- Student Health Services
- Digital Research Data
- Red Flag Rules
- Bio-safety Level 3 Lab Oversight

Compliance High Risk Areas

- Effort Reporting
- NCAA Compliance

Information Technology High Risk Areas

- Transmission Security/Data Encryption
- System/Application Security Plan



The University of Texas at El Paso

Internal Audit External Quality Assurance Review

Most recent quality assurance review (QAR) was performed in June 2008

- Found to “generally conform” with the Institute of Internal Auditing Standards, Code of Ethics, Government Auditing Standards and Texas Internal Audit Act
- Areas identified for further improvement
 - Revise organization chart to reflect functional and administrative reporting relationships
 - Establish a plan for addressing staff retention within the office
 - Implement project management tools that reduce audit cycle time and complete engagements more timely and within budget
 - Work with Audit Committee to establish an agreed upon time for management to review an audit report and provide written responses to audit recommendations
 - Continue to explore viable cost effective means of obtaining continuing professional education (CPE) for the staff that will meet the requirements of Government Auditing Standards

A follow-up QAR will be scheduled for the summer of 2010



The University of Texas at El Paso

Information Technology Auditing

Background

No information technology (IT) audits performed for one year due to lack of IT auditor and staff with IT expertise. Factors:

- The IT audit pool in El Paso is very small
- The salary for an IT auditor was not competitive with the market



The University of Texas at El Paso

Information Technology Auditing (cont.)

Importance of IT auditing

Since then, we hired an IT Auditor and now provide in-house training to internal audit staff. In addition:

- 12 of the 23 (52%) audits completed in FY 2009 included some IT auditing
- Audits resulted in 33 audit findings in 17 IT risk areas
- Some findings were deemed significant and implementation of corrections were required immediately
- Able to address significant risks not known last year since there was no IT auditing



The University of Texas at El Paso

Information Technology Auditing (cont.)

The Problem

- A need for IT auditing capabilities in an environment of increasing significant financial, operational, and compliance risks with a limited number of skilled auditors to fill the need

Possible Solutions

- A curriculum that provides the skill sets needed to become fully functioning IT auditors
- IT training to internal auditors trained in other disciplines to enable them to effectively perform IT auditing
- Ensure that IT audit skills are appropriately reflected in compensation levels

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2009**

Program Executive Summary

The University of Texas (UT) System has established Internal Audit Programs at each of the 15 institutions and UT System Administration. The Internal Auditor provides independent, objective assurance, and consulting services designed to add value and improve UT's operations. Additionally, the Internal Auditor is responsible for providing executive management with information about the adequacy and effectiveness of the institution's system of internal administrative and accounting controls and the quality of operating performance when compared with established standards.

Overall, the Internal Audit Programs accomplished the majority of their approved annual audit plans. Some of the audit hours budgeted were transferred, reallocated, cancelled or carried forward to fiscal year (FY) 2010 for various reasons, including limited time and staff resources, special requests from management and internal audit committee, or investigative matters that emerged during the year. These changes were communicated to the executive management and/or the institutional internal audit committees.

During FY 2009, the Systemwide Internal Audit Program conducted for the second time an internal audit of the institutional, UT System Administration, and UT System Consolidated Annual Financial Report (AFR) for FY 2008. This audit provided assurance to the UT System Board of Regents that the financial statements, Systemwide, were free from any material misstatements while also providing the individual institutions valuable recommendations to enhance internal controls over financial reporting.

Additionally in FY 2009, the Internal Audit Programs at the academic and health institutions performed audits of their police departments, which provided valuable recommendations in the areas of expenditures, citations, and inventory to executive management at the institutions.

At the 2009 Association of College and University Auditor's (ACUA) annual national conference, Mr. Michael Peppers, Chief Audit Executive at UT M. D. Anderson Cancer Center, was selected to receive ACUA's "Professional Contributions Award." This award is only presented periodically and is in recognition of sustained outstanding contributions to the practice of internal auditing in higher education. Mr. Peppers is a frequent speaker on auditing topics, has over twenty years of higher education auditing experience, and has held many leadership positions in professional internal auditing organizations, currently including a second term serving on the Institute of Internal Auditors (IIA) Internal Audit Standards Board.

In general, the Internal Audit Programs experienced limited staff turnover during FY 2009. However, at the director level, a new internal audit director was hired at UT Health Science Center at San Antonio in the second quarter of FY 2009.

Among the Internal Audit Programs Systemwide, approximately 75% of staff members hold one or more professional certifications, including the Certified Public Accountant, Certified Internal Auditor, and Certified Information Systems Auditor designations.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2009**

Mr. Charles G. Chaffin, Chief Audit Executive, is responsible for apprising the Chancellor and Board of Regents of the status and activities of the institutional Internal Audit Programs.

Significant Accomplishments

During FY 2009, the Internal Audit Programs provided numerous value-added services to the institutions, managed successful collaborative activities, supplied support to external organizations, made contributions to the internal auditing profession, managed student internship opportunities, and continued to enhance the established Internal Audit Programs through Quality Assurance Reviews.

- **Value-added Services** – The Internal Audit Programs worked to ensure audits and projects added value and addressed the needs and concerns of executive management. Audits and projects included the internal audit of the AFR, audits in specialized areas, special investigations requested by executive management, and reviews of information systems and security as well as other core business operations.
 - *Internal Audit of the UT System AFR* – Coordinated and overseen by the System Audit Office, the Internal Audit Programs effectively conducted the second internal audit of the System Administration and institutional AFR and the UT System Consolidated AFR for FY 2008. The auditors performed risk-based procedures on the financial statement information and controls over the financial reporting process. Overall, the audit resulted in no material adjustments to the financial statements; however, two Systemwide recommendations were made in the areas of segregation of duties and reconciliation of accounts and access controls over the accounting system used by six of the academic institutions and System Administration. Additionally, System Administration and each institution issued an individual report to its executive management with specific internal control related recommendations, as applicable.
 - *Police Department Audits* – In response to several concerns which arose during police department inspections performed by the UT System Office of the Director of the Police, the Internal Audit Programs at the academic and health institutions performed audits of the financial controls of its police departments. These audits identified several issues in the areas of expenditures, citations, and inventory and provided effective recommendations that are in the process of implementation across the institutions.
 - *Cash Handling and Management Audits* – Several of the Internal Audit Programs, including System Administration, performed an audit of cash handling and management processes and compliance with the related Systemwide policy. These audits resulted in recommendations to improve controls over petty cash and the cash collections process (including reconciliation of revenue), increase centralized oversight, ensure appropriate employees attend applicable training, and centralize accounts receivable.

**The University of Texas System
Systemwide Internal Audit Program
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- *Special Projects and Investigations* – Several of the institutional and the UT System Administration Internal Audit Programs performed complex and sensitive audits at the request of executive management to assist in fraud investigations, address media allegations, and follow up on compliance hotline calls.

- **Collaborative Activities**
 - *Exchange Program* – The Internal Audit Programs have continued the success of the exchange program in which staff with audit expertise in a particular area provided on-site assistance to another institution conducting an audit in that area. The program included several information technology exchange efforts in FY 2009 and continues in FY 2010.

 - *Performance Metrics* – A working group, made up of several Internal Audit Directors from both academic and health institutions, developed a model framework of performance metrics to consistently evaluate Systemwide internal audit activity on an annual basis in four areas of focus: Internal Audit Committees, Audit Clients, Staff Resources and Competencies, and Internal Audit Processes. These performance metrics, including the specific tools that will be used to measure them, were approved by the UT System Administration Internal Audit Committee and will be put in practice in early FY 2010 to measure the FY 2009 internal audit performance in these four major areas.

- **External Support** – Internal Audit Programs provided audit assistance to various external organizations, including performance of audit procedures as part of the external financial statements audit of the funds managed by The University of Texas Investment Management Company (UTIMCO) and the Southern Association of Colleges and Schools (SACS) accreditation process, aid to the Office of the Inspector General on various audits, support to the State Auditor’s Office in conducting their OMB A-133 Single Audit and State of Texas Comprehensive AFR Audit, and assistance to the State Comptroller of Public Accounts in conducting their post payment audits at UT institutions.

- **Professional Contributions**
 - *Professional Organizations* – Throughout the year, numerous members of the Internal Audit Programs have made presentations at national and regional conferences including the Annual Fraud Summit and those sponsored by the Association of College and University Auditors (ACUA) and the Association of Healthcare Internal Auditors (AHIA). Many of our Internal Audit Directors have held various officer and board member positions and actively participated in professional organizations, such as ACUA, AHIA, the Texas Association of College and University Auditors (TACUA), the Healthcare Financial Management Association (HFMA), the Information Systems Audit and Control Association (ISACA), the Association of Certified Fraud Examiners (ACFE), the Texas Society of Certified Public Accountants (CPAs), Institute of Internal Auditors (IIA) Internal Audit Standards Board, and local chapters of the IIA.

**The University of Texas System
Systemwide Internal Audit Program
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Fiscal Year Ended August 31, 2009**

- *Certifications* – The Internal Audit Programs Systemwide had several employees pass all or part of internal audit related certification exams, including Certified Internal Auditor, Certified Public Accountant, Certified Information Systems Auditor, Certified Fraud Examiner, and Certified Government Audit Professional.
- *Training* – Some of the Internal Audit Programs provided internal audit related training in subjects, such as account reconciliations, segregation of duties, and internal controls to institutional leadership and other groups within their institutions.
- **Quality Assurance Reviews** – Quality Assurance Reviews (QARs) ensure the Internal Audit Programs are conducting their work in compliance with IIAs’ *International Standards for the Professional Practice of Internal Auditing* (Standards). QARs are performed by audit professionals independent of the institution. QARs were completed of the Internal Audit Programs at UT Arlington, UT Brownsville, UT Permian Basin, UT San Antonio, UT Tyler, UT Southwestern, and UT Health Science Center at Tyler. These Internal Audit Programs, with the exception of UT Permian Basin, were found to “generally conform” (the highest rating) with the Standards and have implemented or are in the process of implementing recommendations to improve efficiency and operations. While found to be making good faith efforts, UT Permian Basin was rated “partially conform” with Standards and had fallen short of achieving some major objectives. Additionally, a follow-up QAR, in which the implementation status of recommendations made in the previous QAR are reviewed, was completed at UT Austin. Several of the Internal Audit Directors also participated as team members in QARs of other institutions, including University of Houston, Texas A&M System, Texas Tech System, and University of Colorado System.
- **Internship Opportunities** – Many of the Internal Audit Programs utilized student interns from their campuses and local high schools to assist in conducting fieldwork on various audits to provide the students with real-world experience while also increasing their own staff supervisory and project management skills. These students have gone on to be offered positions with the UT Internal Audit Programs as well as with outside companies and government agencies.

Internal Audit Committee

Each institution and UT System Administration has an internal audit committee consisting of executive management, including the President and Chancellor, respectively. They also include at least one external member with several institutions having more than one external member and some institutions having the external member serve as committee chair. In general, the committees meet quarterly to provide guidance and direction to the internal audit function and allow direct communication between the internal audit director and senior management. On a periodic basis, the internal audit committees are surveyed to obtain further feedback. Annually, the internal audit committee members from each of the institutions will now also participate in a Systemwide survey as part of the performance metrics.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
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Internal Audit Clients

As part of the continuous internal quality assurance process, the Internal Audit Programs administer client surveys at the conclusion of each audit project to obtain feedback on the quality of services provided. Key personnel involved in the audit are requested to complete a survey. While each Internal Audit Program distributes a unique set of questions, they are on the general topics of professionalism, performance, results and reporting, and value added with a comments section. Overall, the Internal Audit Programs received responses in the top two ratings with positive remarks. Annually, the internal audit clients audited during the fiscal year at each of the institutions will now also participate in a Systemwide survey as part of the performance metrics.

Systemwide Internal Audit Program Processes/Activities

The following summarizes the consolidated activities of the institutional and UT System Administration Internal Audit Programs compared to the approved audit plan for FY 2009:

Audit Area	Priority Budget Hours	Actual Hours	Percent Completion
Financial	26,385	33,813	128%
Operational	38,404	37,476	98%
Compliance	20,085	20,197	101%
Information Technology	18,220	14,567	80%
Follow-up	5,186	5,448	105%
Projects	23,495	40,051	170%
Total	<u>131,775</u>	<u>151,552</u>	<u>115%</u>

Most of the Internal Audit Programs accomplished the majority of their approved annual audit plans. Some of the audit hours budgeted were transferred, reallocated, cancelled or carried forward to FY 2010 for various reasons, including limited resources and special management requests or investigative matters that emerged during the year. These changes were communicated to the executive management and/or the institutional internal audit committees.

See **Appendix A** for total approved priority budget hours versus actual hours by audit area and institution for FY 2009.

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
Fiscal Year Ended August 31, 2009**

Systemwide Internal Audit Program Staffing Statistics:

• **Positions:**

Total Number Budgeted:	118.9
Average Total Number Filled:	112.1
Average Years Experience:	13.1

• **Certifications/Training:**

Number of Certified Public Accountants:	47
Number of Certified Internal Auditors:	60
Number of Certified Information Systems Auditors:	22
Other Certifications*:	41
Average Percentage of Staff with a certification:	75%

Average Annual Training Hours per Auditor:	52.6
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***Other Certifications include:**

Certified Government Auditing Professional
Certified Fraud Examiner
Certification in Control Self-Assessment
Certified Information Systems Security Professional
Certified Ethical Hacker
Certified Expert Penetration Tester
Certified Security Manager
Certified Healthcare Financial Professional
Certified Information Security Manager
Doctor of Jurisprudence/Texas State Bar Licensure

**The University of Texas System
Systemwide Internal Audit Program
Annual Report Summary
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**Appendix A
FY 2009 Systemwide Audit Plan Status**

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Total Actual Hours (NOTE 1)	Total Priority Budget Hours (NOTE 2)	Percent Completion (NOTE 3)
U. T. System Administration	7,029	6,687	1,846	946	870	3,119	20,496	18,205	113%
Large Institutions:									
U. T. Austin	1,893	3,240	1,919	1,784	289	6,315	15,439	16,540	93%
U. T. Southwestern	5,071	4,933	2,140	1,570	213	4,823	18,749	15,510	121%
U. T. Medical Branch at Galveston	1,460	1,272	525	1,457	517	2,849	8,080	7,490 *	108%
U. T. HSC - Houston	1,992	753	1,514	1,824	367	3,187	9,636	7,204	134%
U. T. HSC - San Antonio	2,018	1,021	1,627	454	524	3,501	9,145	7,300	125%
U. T. MDA Cancer Center	2,899	6,225	1,936	2,010	791	3,336	17,197	17,768	97%
Subtotal	15,332	17,444	9,660	9,098	2,701	24,011	78,245	71,812	109%
Mid-size Institutions:									
U. T. Arlington	1,467	915	1,835	1,125	308	2,120	7,769	6,130	127%
U. T. Brownsville	860	945	688	261	183	1,479	4,415	4,030	110%
U. T. Dallas	1,653	1,986	1,181	389	133	1,896	7,237	4,520	160%
U. T. El Paso	2,939	3,624	1,591	889	694	1,288	11,025	8,756	126%
U. T. Pan American	1,173	972	1,154	144	14	1,977	5,434	5,110	106%
U. T. San Antonio	1,451	1,488	1,643	1,712	332	2,071	8,697	6,264	139%
Subtotal	9,542	9,929	8,091	4,520	1,664	10,831	44,576	34,810	128%
Small Institutions:									
U. T. Permian Basin	462	1,613	-	-	41	608	2,724	1,250	218%
U. T. Tyler	574	767	409	3	55	642	2,450	2,668	92%
U. T. HSC - Tyler	874	1,036	192	-	118	840	3,060	3,030	101%
Subtotal	1,910	3,416	601	3	214	2,090	8,234	6,948	119%
TOTAL	33,813	37,476	20,197	14,567	5,448	40,051	151,552	131,775	115%
Percentage of Total	22%	25%	13%	10%	4%	26%	100%		

NOTE 1:

"Total Actual Hours" reflect total actual hours spent during the 12 months of fiscal year 2009 to complete the annual audit plan.

NOTE 2:

"Total Priority Budget Hours" reflect budgeted hours approved by ACMR for priority projects, which represents approximately 80 - 85% of the total budgeted hours for the fiscal year 2009 annual audit plan.

NOTE 3:

"Percent Completion" may be greater than 100% due to "Total Actual Hours" including both priority and non-priority project hours and/or over-estimation of vacant positions during the year.

* Total Priority Budget Hours for U. T. Medical Branch at Galveston was reduced from the original plan of 11,805 hours to 7,490 hours due to the impact on operations as a result of Hurricane Ike. The revised Total Priority Budget was approved by the ACMR at the February 11, 2009 meeting.

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	3rd Quarter 2009		4th Quarter 2009		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2007-06	UTARL	Implementation Progress of UTS163: Guidance on Effort Reporting Policies		1		1	10/31/2009	Satisfactory
2008-01	UTARL	Systems Security Audit		1		1	12/31/2009	Satisfactory
2007-06	UTAJUS	UTS163: Guidance on Effort Reporting Policies		1		1	4/30/2010	Satisfactory
2008-08	UTB	UTS165: Protecting the Confidentiality and Integrity of Digital Research Data Follow Up		2		1	12/31/2009	Satisfactory
2009-02	UTB	2008 Physical Plant Audit		1		1	12/4/2009	Satisfactory
2009-02	UTB	Fiscal Year 2008 Student Fees Audit		1		1	1/31/2010	Satisfactory
2009-02	UTB	2008 Special Request - International Technology Education Commerce Campus Lease Agreements		3		3	10/31/2009	Satisfactory
2007-01	UTD	Annual Financial Report Audit		1		1	11/6/2009	Satisfactory
2009-07	UTD	Unix				1	12/31/2009	Satisfactory
2007-02	UTEP	Campus-wide Information Technology Applications		3		2	11/30/2009	Satisfactory
2007-11	UTEP	Decentralized Server Security		4		1	11/30/2009	Satisfactory
2008-05	UTEP	University Residence Life-Miner Village		1		1	12/31/2009	Satisfactory
2009-05	UTEP	Faculty Visas		1		0	5/31/2009	Implemented
2009-05	UTEP	Office of International Programs				0	6/22/2009	Implemented
2009-08	UTEP	Graduate School				0	5/8/2009	Implemented
2008-01	UTPA	Confidentiality of Social Security Numbers		1		1	9/30/2009	Satisfactory
2008-12	UTPA	Fiscal Year 2008 Annual Financial Report		1		1	11/30/2009	Satisfactory
2008-08	UTPB	UTS163: Guidance on Effort Reporting Policies		1		0	8/31/2009	Implemented
2008-08	UTPB	Annual Financial Report Audit Fiscal Year 2007		1		1	10/31/2009	Satisfactory
2008-12	UTPB	Annual Financial Report Audit Fiscal Year 2008		4		3	10/31/2009	Satisfactory
2009-03	UTSA	Banner User Access (Security)		1		1	12/31/2010	Satisfactory
2008-09	UTSA	Information Technology Change Management Audit		1		1	11/30/2009	Satisfactory
2008-09	UTT	State and Federal Grant Awards Fiscal Year 2008		1		1	8/31/2009*	Satisfactory
2008-11	UTT	Annual Financial Report for the Year Ended August 31, 2008		1		1	8/31/2009*	Satisfactory
2008-12	UTT	Enrollment Management Department		3		3	12/31/2009	Satisfactory
2009-03	UTT	College of Business and Technology - Office of Dean and Assistant Dean		3		3	12/31/2009	Satisfactory
2009-04	UTT	Audit of Cash Handling Procedures		2		2	12/31/2009	Satisfactory
2009-06	UTT	Human Resource Development and Technology				4	7/31/2009*	Satisfactory
2009-08	UTT	University Police Department				1	12/31/2009	Satisfactory
2008-05	UTMB - Galveston	Information Systems Change Management Process		2		2	8/31/2010	Satisfactory
2008-05	UTMB - Galveston	Information Security Action Plan		2		2	2/28/2010	Satisfactory
2008-08	UTMB - Galveston	Data Retention and Records Management		3		3	11/30/2009	Satisfactory
2008-11	UTMB - Galveston	Remote Vendor Access		1		0	7/31/2009	Implemented
2009-05	UTMB - Galveston	Decentralized Information Technology Operations Security Process Review		1		0	8/31/2009	Implemented
2009-02	UTHSC - Houston	Medical Service, Research, and Development (MSRDP) Plan		1		1	11/30/2009	Satisfactory
2008-10	UTHSC - San Antonio	Texas Administrative Code Section 202 - Information Security Program		1		0	8/31/2009	Implemented
2009-07	UTHSC - San Antonio	Cash Handling/Participant Reimbursement Accounts Audit				3	5/31/2010	Satisfactory
2009-08	UTHSC - San Antonio	Change in Management - Police Audit				2	10/1/2009	Satisfactory
2001-08	UTMDACC - Houston	Lotus Notes Environment		1		1	5/31/2009*	Satisfactory
2007-06	UTMDACC - Houston	Conflict of Interest		1		1	11/30/2009	Satisfactory
2007-09	UTMDACC - Houston	Maintenance and Security of Biological Research Materials		1		1	8/31/2009*	Satisfactory
2007-10	UTMDACC - Houston	Research Compliance Design Review		1		1	11/30/2009	Satisfactory
2008-05	UTMDACC - Houston	Clinical Trial Research		1		1	2/28/2010	Satisfactory

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	3rd Quarter 2009		4th Quarter 2009		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2008-05	UTMDACC - Houston	Advance Beneficiary Notice Implementation Review		1		0	5/31/2009	Implemented
2009-03	UTMDACC - Houston	Spirit of Sarbanes-Oxley		1		1	8/31/2009	Satisfactory
2009-03	UTMDACC - Houston	Wireless and Firewall Remote Access Security Assessment		4		4	8/31/2012	Satisfactory
2009-03	UTMDACC - Houston	A Review of Patient History Oracle Database Security		3		0	5/31/2009	Implemented
2009-03	UTMDACC - Houston	A Review of Patch Management		1		1	11/30/2009	Satisfactory
2009-03	UTMDACC - Houston	A Review of Performance and Capacity Monitoring		4		4	8/31/2009 *	Satisfactory
2009-05	UTMDACC - Houston	Business Continuity Plan Review				1	2/28/2010	Satisfactory
2005-04	UTHSC - Tyler	Texas Administrative Code 202 Compliance Audit		1		0	8/31/2009	Implemented
2005-12	UTSYS ADM	System - wide Financial Audit Fiscal Year 2005		1		1	9/1/2010	Satisfactory
2006-06	UTSYS ADM	UTMCO Institutional Investment and Compliance Audits		1		1	12/31/2009	Satisfactory
2008-08	UTSYS ADM	FileNet Audit		1		1	10/15/2009	Satisfactory
2008-12	UTSYS ADM	Consolidated Annual Financial Report Fiscal Year 2008		1		1	10/31/2009	Satisfactory
2009-03	UTSYS ADM	UT Federation Operating Practices and Procedures		1		1	12/31/2009	Satisfactory
Totals				<u>76</u>		<u>72</u>		

STATE AUDITOR'S OFFICE AUDITS

2007-03	UTPB	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2006		1		0	8/31/2009	Implemented
2009-03	UTPB	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2008		3		1	9/30/2009	Satisfactory
2009-02	UTHSC - San Antonio	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2008		1		1	10/31/2009	Satisfactory
2009-08	UTSWMC - Dallas	Campus Security Emergency Management Plans				4	12/31/2009	Satisfactory
2007-05	UTSYS ADM	Charity Care at Health-Related Institutions		1		1	10/31/2010	Satisfactory
Totals				<u>6</u>		<u>7</u>		

Color Legend:

- Either a new significant finding for which corrective action will be taken in the subsequent quarter or a previous significant finding for which no/limited progress was made towards implementation.
- Significant finding for which substantial progress towards implementation was made during the quarter that the significant finding was first reported.
- Significant finding for which substantial progress towards implementation was made during the quarter.
- Significant finding was appropriately implemented during the quarter and will no longer be tracked.

Note:

- Implemented** - The Internal Audit Director deems the significant finding has been appropriately addressed/resolved and should no longer be tracked.
- Satisfactory** - The Internal Audit Director deems that the significant finding is in the process of being addressed in a timely and appropriate manner.
- Unsatisfactory** - The Internal Audit Director deems that the significant finding is not being addressed in a timely and appropriate manner.

* Recommendation deemed to be implemented per management and awaiting verification and validation by internal audit.

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 6/2009 THROUGH 8/2009

Institution	Audit
UTARL	Change in Management Audit of Linguistics & Teaching English to Speakers of Other Languages
UTARL	Review of Police Department Operations – Special Request
UTARL	NCAA Eligibility Compliance Audit
UTAUS	Anti-Fraud Program Review
UTAUS	Information Technology Systems Change Management
UTAUS	Applied Research Laboratories - Export Controls
UTAUS	Student Organization Bank Activities
UTAUS	Export Controls
UTAUS	Cash Management and Cash Handling Policy Audit
UTAUS	The University of Texas at Austin Police Department Audit
UTAUS	Texas Union
UTAUS	Texas Student Media
UTB	Fiscal Year 2009 Special Request Audit of Campus Police
UTD	Vice President for Enrollment Change in Management Audit
UTD	Athletics
UTEP	Information Technology Physical Security
UTEP	Animal Research Program Audit
UTEP	Clery Act Report Audit
UTEP	UTS 166 Cash Management and Cash Handling
UTEP	Texas Administrative Code 202: Phase I
UTEP	Police Department Financial Audit
UTEP	University College, Professional and Public Programs
UTPA	Police Department
UTPA	Endowment Management & Administrative Fee Assessment
UTPA	Cash Management/Cash Handling
UTPA	Procurement
UTPA	Office of International Programs
UTPB	Programs Assisting Students Study Office
UTPB	Police Department
UTPB	Vice President for Student Services
UTSA	Police Department Audit
UTSA	Animal Research
UTTY	Continuous Auditing - Procurement Card
UTTY	Graduate/Undergraduate Programs - Monitoring Plans
UTSMC - Dallas	University Hospitals - Charge Entry
UTSMC - Dallas	University Hospitals - Outpatient Imaging Services
UTSMC - Dallas	Telecommunications
UTSMC - Dallas	UTS 155 Policies & Procedures Regarding Medical Service, Research, and Development (MSRDP) Plan Business Operations
UTMB - Galveston	Institutional Firewalls and Peer-to-Peer
UTMB - Galveston	Police Department Internal Controls Audit
UTMB - Galveston	Correctional Managed Care Length of Stay Benchmark Analysis
UTMB - Galveston	Department of Legal Affairs Change in Management
UTHSC - Houston	Texas Administrative Code 202 Audit
UTHSC - Houston	University of Texas Police Department Financial Controls
UTHSC - Houston	Follow-up on Open Recommendations
UTHSC - San Antonio	Family Practice Residency Program Audit Fiscal Year 2008
UTHSC - San Antonio	Division of Geriatric, Gerontology and Palliative Med.
UTHSC - San Antonio	Family Practice Residency: HSCSA
UTHSC - San Antonio	Family Practice Residency: RAHC
UTHSC - San Antonio	Cash Handling Audit - UTS 166
UTMDACC - Houston	Medical Records Audit Process
UTMDACC - Houston	Human Resources
UTMDACC - Houston	University of Texas Police Department Financial Controls
UTMDACC - Houston	Trainee and Alumni Affairs - I-9 Compliance
UTMDACC - Houston	myMDAnderson Security Assessment and Internet Services Risk Assessment
UTMDACC - Houston	Texas Administrative Code 202
UTMDACC - Houston	CARE Application Security Assessment
UTHSC - Tyler	Petty Cash and Change Funds (UTS 166) Audit
UTHSC - Tyler	Research Enterprise Audit
UTHSC - Tyler	Police Department Audit
UTSYS ADM	Office of Employee Benefits Dependant Eligibility
UTSYS ADM	Office of Employee Benefits Employee Assistance Program
UTSYS ADM	Campus Security and Emergency Preparedness Plan
UTSYS ADM	Office of Administration Departmental Audit
UTSYS ADM	University of Texas Investment Management Company Permanent University Fund Audit
UTSYS ADM	Office of Facilities Planning and Construction Customer Survey Audit
UTSYS ADM	University of Texas Health Science Center San Antonio President Change in Management
UTSYS ADM	Institutional Studies and Policy Analysis Departmental Audit
UTSYS ADM	Cash Handling Audit - UTS 166
UTSYS ADM	System Administration Information Technology Follow-up
UTSYS ADM	System Administration Follow - up
UTSYS ADM	University of Texas Pan American Change in Management
UTSYS ADM	Approach Oil and Gas

STATE AUDITOR'S OFFICE AUDIT REPORTS RELEASED 6/2009 THROUGH 8/2009

Institution	Audit
UTMB - Galveston, UTHSC - Houston, UTHSC - San Antonio, UTMDACC - Houston, UTHSC - Tyler,	Campus Safety and Emergency Preparedness at Texas Health-related Institutions
UTSMC - Dallas	Accreditation Review Fiscal Year 2008

6. **U. T. System: Report on the progress and preliminary results of the audits of the Fiscal Year 2009 U. T. System Administration and institutional Annual Financial Reports**

REPORT

Mr. Charles Chaffin, Chief Audit Executive, will report on the progress and preliminary results of the audits of the Fiscal Year 2009 U. T. System Administration and institutional Annual Financial Reports being performed by institutional and U. T. System Administration internal audit.

BACKGROUND INFORMATION

The U. T. System Audit Office prepared a plan to oversee and coordinate the internal audit of the Fiscal Year 2009 U. T. System Administration and institutional Annual Financial Reports. The System Audit Office and each institutional internal audit department will express an opinion on their institution's individual Annual Financial Report, including the Balance Sheet, the Statement of Revenues, Expenses, and Changes in Net Assets, and related footnote information. In addition, the auditors will express an opinion on certain key internal controls over the financial statement information.

The internal audits of the Annual Financial Reports are performed at the request of the U. T. System Board of Regents (Board) for the benefit of the Board, U. T. System Administration management, and U. T. System institution management only and are not intended to provide assurance for any purpose to readers of the report outside of U. T. System.