Fiscal Year 2012 Audit Plan
The Texas A&M University System
Internal Audit Department
Fiscal Year 2012 Audit Plan

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The purpose of the Audit Plan is to outline audits and other activities the System Internal Audit Department will conduct during fiscal year 2012. The Plan is developed to satisfy responsibilities established by the Board of Regents Bylaws; System Policy 10.01; Section 2102.008 of the Government Code; and applicable auditing standards. The Chief Auditor is authorized to make changes to the Plan, as she deems 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 determine if the A&M System’s networks of risk management, control, and governance processes, as designed and implemented by management, are adequate and functioning in a manner to ensure that risks are defined and managed; financial, managerial, and operating information is accurate, reliable and timely;
employee’s actions are in compliance with policies, standards, procedures and applicable laws and regulations; operations are efficient and effective; resources are acquired economically, used efficiently and adequately protected; and accountability systems are in place to make sure organizational and program missions, goals, plans and objectives are achieved.

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 2012 are listed on the following pages. Audits approved in the Audit Plan for fiscal year 2011 that are not completed by August 31, 2011, will also be considered part of this Plan.
Review of Student Financial Aid

Review the processes and controls over the University’s student financial aid system 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 provided students with financial aid totaling more than $100 million in fiscal year 2010.

Review of Information Technology

Review the processes and controls over information technology to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. Information technology includes the integrity, security and reliability of academic and administrative information systems that support all University colleges and departments.
Fiscal Year 2012 Audit Plan
Prairie View A&M University (cont.)

Review of Human Resources

Review the processes and controls over 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. In fiscal year 2010, the University had 1,196 employees and salaries, wages, and payroll-related costs of approximately $91 million.

Review of the University’s NCAA Athletic Rules Compliance Program

As required by the NCAA, review and assess the adequacy of the University’s NCAA rules compliance program for selected compliance areas.
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Tarleton State University

Review of Financial Management Services

Review the processes and 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 laws, policies, regulations and rules. Financial management services include budgeting, receivables and disbursements, accounting and reporting, property management, and payroll.
Fiscal Year 2012 Audit Plan
Texas A&M International University

No audits are planned for Texas A&M International University in fiscal year 2012 based on our risk assessment process.
Review of Computing & Information Services

Review the processes and controls in place within Computing & Information Services to determine if information technology resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. Computing & Information Services provides information technology resources, facilities and support to help students, faculty and staff achieve their learning, teaching and research goals.

Review of Information Technology in the Division of Finance

Review the processes and controls over information technology in the Division of Finance to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. The Information Technology group is responsible for the procurement, installation, support and security of all servers, computers, mobile devices and software applications used by the Division of Finance. The group is also responsible for specialized Division of Finance server applications such as Campus Loan Manager, AggieBuy middleware services, Payformance and Document Imaging.
Review of Facilities Services – Administration and Custodial Services

Review the processes and controls in place within the Facilities Services-Administration and Custodial Services division to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. Administration and Custodial Services provides day-to-day operational support to Facilities Services including accounting; information management services; property and inventory management; personnel and payroll services; leave administration; training and custodial services.

Review of Procurement

Review the processes and controls over the procurement of goods and services to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. Procurement Services processed approximately $107 million in purchase orders in fiscal year 2010.
Review of the University Police Department

Review the processes and controls in place within the University Police Department to determine if resources are used efficiently and effectively to provide a safe environment for students, faculty, staff and visitors. Determine if Department operations are in compliance with laws, policies, regulations and rules. The Department has approximately 127 employees, of which 64 are commissioned police officers.

Review of Accounts Payable

Review the processes and controls over accounts payable to determine if vendor payments are processed in a prompt and efficient manner and in compliance with laws, policies, regulations and rules. Accounts Payable processed 203,015 vouchers totaling approximately $1.7 billion for the University and the System Offices in fiscal year 2010.
Fiscal Year 2012 Audit Plan
Texas A&M University (cont.)

Review of Tuition & Fee Management

Review the processes and controls over tuition and fee management to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. The University’s tuition and fee revenue for fiscal year 2010 was approximately $334 million.

Review of the Education Research Center

Assess the University’s compliance with all terms and state and federal laws related to the Education Research Center interagency agreement between Texas A&M University, the Texas Higher Education Coordinating Board, and the Texas Education Agency. The agreement is for a period of five years and requires an annual certification of compliance by the University’s internal auditor. This will be the third annual certification.
SACS Accreditation Financial Statement Review

Review the completeness and accuracy of the University’s Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; Statement of Cash Flows; and the related Notes to the Financial Statements for the fiscal year ended August 31, 2011. This work is required as part of the reaffirmation of accreditation by the Southern Association of Colleges and Schools. We will provide this work to the State Auditor’s Office who will use it as the basis for issuing their opinion on these financial statements.

Review of the Norman Hackerman Advanced Research Program Grant Awards

Review the Norman Hackerman Advanced Research Program Grant Awards and assess the University’s compliance with the Texas Higher Education Coordinating Board’s regulations associated with the awards. The University received approximately $1.5 million in grant awards. The Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.
Review of Information Technology

Review the processes and controls over information technology to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. Information technology includes the integrity, security and reliability of academic and administrative information systems that support all University colleges and departments.
Review of Environmental Health, Safety, and Security

Review the processes and controls over environmental health, safety and security to determine if resources are used efficiently and effectively to provide reasonable assurance that a safe environment exists for students, faculty, staff and visitors. Determine compliance with laws, policies, regulations and rules relevant to environmental health, safety and security.

Review of Information Technology

Review the processes and controls over information technology to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. Information technology includes the integrity, security and reliability of academic and administrative information systems that support all University colleges and departments.
Review of the Norman Hackerman Advanced Research Program Grant Awards

Review the Norman Hackerman Advanced Research Program Grant Awards and assess the University’s compliance with the Texas Higher Education Coordinating Board’s regulations associated with the awards. The University received approximately $185,000 in grant awards. The Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.
No audits are planned for Texas A&M University – Corpus Christi in fiscal year 2012 based on our risk assessment process.
Review of Environmental Health, Safety, and Security

Review the processes and controls over environmental health, safety and security to determine if resources are used efficiently and effectively to provide reasonable assurance that a safe environment exists for students, faculty, staff and visitors. Determine compliance with laws, policies, regulations and rules relevant to environmental health, safety and security.
Review of Student Recruitment, Admissions, and Enrollment Management

Review the University’s recruitment, admissions and enrollment management processes and controls 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 enrolled approximately 3,100 students in fall 2010.

Review of Human Resources

Review the processes and controls over 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. In fiscal year 2010, the University had 289 employees and salaries, wages, and payroll-related costs of approximately $16 million.
Review of Information Technology

Review the processes and controls over information technology to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. Information technology includes the integrity, security and reliability of academic and administrative information systems that support all University colleges and departments.
No audits are planned for Texas A&M University – Texarkana in fiscal year 2012 based on our risk assessment process.
Fiscal Year 2012 Audit Plan

West Texas A&M University

No audits are planned for West Texas A&M University in fiscal year 2012 based on our risk assessment process.
Review of Environmental Health, Safety and Security

Review the processes and controls over environmental health, safety and security to determine if resources are used efficiently and effectively to provide reasonable assurance that a safe environment exists for students, faculty, staff and visitors. Determine compliance with laws, policies, regulations and rules relevant to environmental health, safety and security.

SACS Accreditation Financial Statement Review

Review the completeness and accuracy of the Health Science Center's Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; Statement of Cash Flows; and the related Notes to the Financial Statements for the fiscal year ended August 31, 2011. This work is required as part of the reaffirmation of accreditation by the Southern Association of Colleges and Schools. We will provide this work to the State Auditor's Office who will use it as the basis for issuing their opinion on these financial statements.
Review of the Norman Hackerman Advanced Research Program Grant Awards

Review the Norman Hackerman Advanced Research Program Grant Awards and assess the Health Science Center’s compliance with the Texas Higher Education Coordinating Board’s regulations associated with the awards. The HSC received approximately $225,000 in grant awards. The Coordinating Board requires an audit of these awards in order for institutions to participate in future program awards.
Review of Human Resources

Review the processes and controls over 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. AgriLife Human Resources provides centralized human resources support to Texas AgriLife Research, Texas AgriLife Extension Service and the Texas Veterinary Medical Diagnostic Laboratory. In fiscal year 2010, Texas AgriLife Research had 1,384 employees and salaries, wages and payroll-related costs of approximately $121 million.

Review of the Norman Hackerman Advanced Research Program Grant Awards

Review the Norman Hackerman Advanced Research Program Grant Award and assess the Agency’s compliance with the Texas Higher Education Coordinating Board’s regulations associated with the award. The Agency received approximately $40,000 in a grant award. The Coordinating Board requires an audit of this award in order for the Agency to participate in future program awards.
Review of Human Resources

Review the processes and controls over 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. AgriLife Human Resources provides centralized human resources support to the Texas AgriLife Extension Service, Texas AgriLife Research and the Texas Veterinary Medical Diagnostic Laboratory. In fiscal year 2010, the Texas AgriLife Extension Service had 1,436 employees and salaries, wages and payroll-related costs of approximately $103 million.
Review of Environmental Health & Safety

Review the processes and controls over environmental health and safety operations to determine if resources are used efficiently and effectively to provide reasonable assurance that a safe environment exists for staff and visitors. Determine compliance with laws, policies, regulations and rules relevant to environmental health and safety.

Review of Information Technology

Review the processes and controls over information technology to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations and rules. Information technology includes the integrity, security and reliability of information systems that support all Agency departments.
Review of Human Resources

Review the processes and controls over 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. In fiscal year 2010, the Agency had 396 employees and salaries, wages and payroll-related costs of approximately $25 million.
Review of Human Resources

Review the processes and controls over 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. AgriLife Human Resources provides centralized human resources support to the Texas Veterinary Medical Diagnostic Laboratory, Texas AgriLife Research and the Texas AgriLife Extension Service. In fiscal year 2010, the Texas Veterinary Medical Diagnostic Laboratory had 143 employees and salaries, wages and payroll-related costs of approximately $12 million.
Review of the Norman Hackerman Advanced Research Program Grant Awards

Review the Norman Hackerman Advanced Research Program Grant Awards and assess the Agency’s compliance with the Texas Higher Education Coordinating Board’s regulations associated with the awards. The Agency received approximately $538,000 in grant awards. The Coordinating Board requires an audit of these awards in order for the Agency to participate in future program awards.
No audits are planned for the Texas Engineering Extension Service in fiscal year 2012 based on our risk assessment process.
Review of ISO Accreditation

Review the Agency’s proving grounds quality assurance program for ISO 17025 accreditation as required by the American Association for Laboratory Accreditation.
Fiscal Year 2012 Audit Plan
A&M System Offices

**Review of Bond Compliance**

Determine if bond information is accurately reported in the A&M System’s fiscal year 2011 financial statements and determine compliance with bond covenants, laws, policies, regulations and rules. The A&M System had approximately $2.2 billion in bonds payable at the end of fiscal year 2010.

**Review of the Institute for Innovative Therapeutics**

Review the processes and controls related to the oversight and operations of the Institute for Innovative Therapeutics (IIT) to determine if strategic and operational results and outcomes are achieved in an efficient and effective manner and in compliance with laws, policies, regulations and rules. The IIT is a biomedical enterprise comprised of the Texas A&M Institute of Genomic Medicine, the Texas A&M Institute of Preclinical Studies and the National Center for Therapeutics Manufacturing.
Review of the Oversight of Environmental Management Systems

Review the System Office of Safety’s processes and controls related to the oversight and support of each System member’s environmental management system to determine if results and outcomes are achieved in an efficient and effective manner and in compliance with laws, policies, regulations and rules. The System Office of Safety is responsible for guiding members in establishing, implementing and updating environmental controls, including short- and long-term objectives, as well as providing an annual assessment of System member’s progress toward achieving environmental objectives and targets.
Fiscal Year 2012 Audit Plan
System-Wide

Review of Compensation and Classification

Review the compensation and classification processes for the A&M System members located in Brazos County 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. In fiscal year 2010, the Brazos County members had 18,774 employees and salaries, wages and payroll-related costs of approximately $1.3 billion.

Review of System-wide Information Technology Applications

Review selected system-wide information technology applications to determine if the systems are addressing user needs in an efficient and effective manner and in compliance with laws, policies, regulations and rules. The system-wide applications include the two primary financial information systems - the Financial Accounting Management Information System (FAMIS) and the Budget/Payroll/Personnel System (BPP), as well as other administrative information systems such as Leavetraq, Traintraq, Timetraq, HRConnect and the Data Warehouse.
Fiscal Year 2012 Audit Plan
System-Wide (cont.)

Review of Shared Services Initiatives

Review the A&M System’s Shared Services Initiatives to determine if strategic and operational results and outcomes are achieved in an efficient and effective manner and in compliance with laws, policies, regulations and rules. Annual cost savings of approximately $17 million were projected as a result of the implementation of the Shared Services Initiatives.

Follow-up Reviews

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

Conduct change in management reviews, on an as-needed basis, when there is a change in executive management at one of the A&M System members.

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

This project represents the System Internal Audit Department’s participation with, and/or assistance to, A&M System members and external auditors. The Department’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. The Department may perform work to support external audit requirements related to accreditation audits, financial audits, and state and federal compliance audits.