



Department of Geosciences

Internal Audit Report No. R2107
March 11, 2021



Executive Summary

Audit Objective: To evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls within the department.

Conclusion: Internal controls are in place to ensure the effectiveness and efficiency for the Department of Geosciences though opportunities exist to implement enhancements to those internal controls.

Observations by Risk Level: Management has reviewed the observations and has provided responses and anticipated implementation dates.

Observation	Risk Level	Management's Implementation Date
1. Strengthen Records Retention	Medium	Implemented
2. Improve Controls over Expenses	Medium	Implemented
3. Consider Training and Consulting Opportunities for the Department	Low	May 31, 2022

For details, engagement methodology, and explanation of risk levels, please see the attached report.



Observation #1: *Strengthen Records Retention*

University documents and records must be retained to comply with various state and federal laws and regulations. UTD retention policies are outlined at UTDBP3001 – *Records Management and Retention*¹. We noted the following during the audit:

Medium Risk:
Noncompliance with University and State policies and regulations regarding records retention could result in increased administrative burden and potential legal issues.

- a. The Center for Lithospheric Studies recently merged operations into the Department of Geosciences. During this merger, the staff were combined. During FY20, an employee from the Center was on leave and then retired, and only she had access to the university records. During this time, records for FY20 could not be accessed and were not maintained on a shared drive or according to the retention schedule.
- b. Geoscience holds several field trips and conducts field research during the course of the year, and student are usually included on these trips. UTDPB3023, *Travel and Risk-Related Activities*², outlines policies for student travel. When reviewing the documentation for these trips it was noted that the student travel documentation is shredded after six months of the event. This timeline is not in line with the UTD records retention schedule that requires the travel documentation to be stored between four and seven years after the activity has ended, based on the document type.³

Recommendation: Consider improving records retention procedures by implementing stronger internal procedures for the storage of records.

Management’s Action Plan: All records in need of retention will be stored in both digital and paper forms and saved for a period of at least seven years. Digital storage will be on the office computer of the Department Business Manager AND on a removable external hard drive. Paper storage will be in the pertinent, marked file cabinet in the Geoscience Department storage room, second floor, ROC.

Person Responsible for Implementation: Ms. Kyong Edwards, Business Administrator; Professor John Geissman, Department Head; Professor XYZ, future Department Head (effective late summer, 2021).

Estimated Date of Implementation: Effective 1 March, 2021.

¹ <https://policy.utdallas.edu/utdbp3001>

² <https://policy.utdallas.edu/utdbp3023>

³ <https://www.utdallas.edu/legal/files/UTD-Retention-Schedule-7.7.20.pdf>



Observation #2: *Improve Controls over Expenses*

Policies and procedures surrounding expenses are generally outlined within university policies and procedures; however, departments should also have their own procedures that outline various responsibilities and procedures unique to departmental operations. In testing internal controls over expenses, the following instances of noncompliance were noted and shared in greater detail with management:

Medium Risk:
A lack of strong controls over expenses can result in an increased risk of fraud, error, loss of research funding, and/or reputational harm.

- The purchase of a motorized scooter for a disabled employee did not follow the “Reasonable Accommodation Process” outlined in UTDBP 3100 – *Policy for Reasonable Accommodations for Person with Disabilities*.⁴
- Lack of proper approval and documentation for One Card Purchases.
- Documentation lacking, including travel documentation, one card receipt, and event forms.

Recommendation: Consider implementing unique department procedures and job responsibilities that would help improve controls over expenses.

Management’s Action Plan: Ms. Kyong Edwards, Business Administrator, has compiled a Department Procedures and Job Responsibilities Guide, which Department Head Geissman has provided edits to and this is now a complete document for future reference.

Person Responsible for Implementation: Ms. Kyong Edwards, Business Administrator; Professor John Geissman, Department Head; Professor XYZ, future Department Head (effective late summer, 2021).

Estimated Date of Implementation: 26 February, 2021

⁴<https://policy.utdallas.edu/utdbp3100>



Observation #3: *Consider Training and Consulting Opportunities for the Department*

Low Risk:
Low employee morale could result in less productivity, higher turnover, increased risks of fraud or error, and the ability to achieve strategic objectives.

We interviewed faculty and staff members within the department regarding various internal controls. Several comments were made regarding low employee morale that resulted from various past and present issues within the department. Diminishing enrollment, lack of succession planning and mentoring, and changes in management have also impacted the morale.

The Office of Human Resources offers various training and consulting opportunities for employees as well as departments⁵. Such opportunities could help create a positive environment and provide ideas to improve morale.

Recommendation: Consider working with the Office of Human Resources to develop a plan to address morale issues.

Management’s Action Plan: We are happy to do this, and note that a critical facet of this matter would be the goal of building up the Department of Geosciences to a size that is consistent with the size of the overall institution. This of course is part of an even broader matter of dramatically increasing the number of tenure/tenure-track faculty at the institution, which is long overdue.

Person Responsible for Implementation: Ms. Kyong Edwards, Business Administrator; Professor John Geissman, Department Head; Professor XYZ, future Department Head (effective late summer, 2021).

Estimated Date of Implementation: At present, this challenging to determine. Perhaps, if the new form of post-Covid-19 “normalcy” is reached, then Fall, 2021, or Spring, 2022.

Note: Audit and Consulting Services will follow up on this recommendation in May 2022.

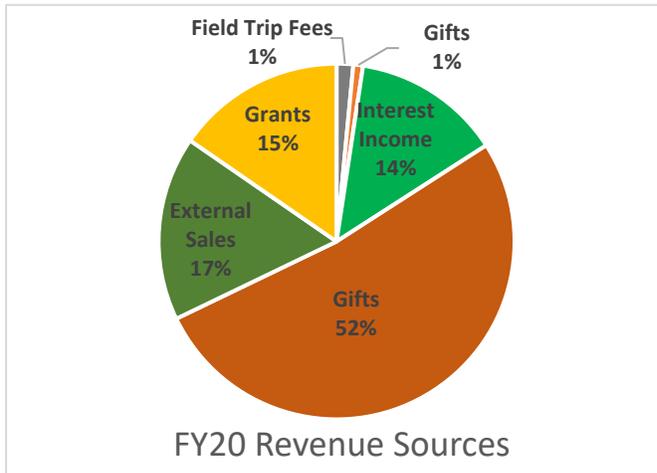
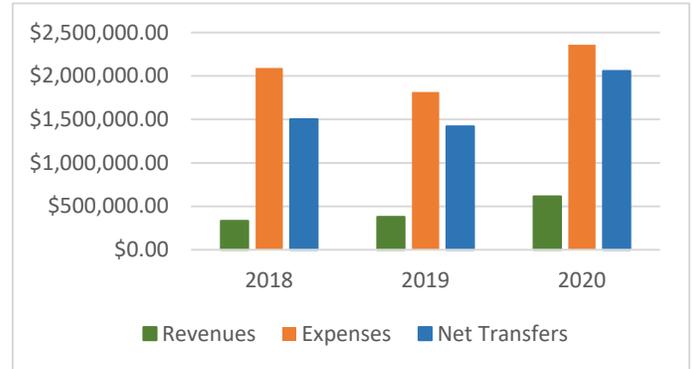
⁵ <https://www.utdallas.edu/hr/training/>



Appendix A: Methods

Background

Geosciences⁶ was one of the original three research programs at UT Dallas and has made many significant contributions to UT Dallas. As described on their website, the department’s mission is “to deliver a challenging, stimulating, and useful education in geosciences to undergraduates and graduates at all degree levels and to add to our understanding of the Earth through the research of students, faculty, and staff.” The department offers undergraduate and graduate degrees as well as access to three labs.



Geosciences reports to the Dean of Natural Sciences and Mathematics. They recently merged the Center of Lithospheric Studies into their operations, combining research forces and faculty members. The department is unique in that it conducts frequent field trips and field studies for classes and research. Because of these trips, they maintain a vehicle fleet and various trailers.

The department consists of a department head, an assistant department head, a

business administrator, seven professors, four lecturers, six research assistants, five student assistants, and 15 teaching assistants.

Controls and Strengths

Our audit work indicated the following controls currently exist:

- Geoscience’s account reconciliations are being performed in a timely manner.
- The property within Geosciences is well tracked, especially if it is on or off campus.
- The vehicle fleet for Geosciences is well maintained and monitored.

⁶ <https://geosciences.utdallas.edu/>



Scope and Procedures

The scope of this audit was FY20-21 (to date) and our fieldwork concluded on February 10, 2021. To satisfy our objectives, we performed the following:

- Reviewed the department’s control environment to determine if:
 - Policies and procedures, including unique job descriptions, are in place.
 - The organizational structure aligns with management’s strategic and operational objectives.
- Determined whether the department has an effective risk assessment and awareness process in place.
- Determined whether internal information, communication and reporting methods are effective.
- Reviewed control activities to determine if they are adequate and effective.
- Reviewed management’s monitoring of internal controls.
- Interviewed key personnel to determine processes for monitoring operations and internal controls.
- Reviewed and analyzed financial data related to the department.
- Tested selected controls including the following areas:
 - Conflicts of Interests
 - Cost Center Reconciliations
 - Expenses
 - Revenue Testing
 - Property
 - Payroll
 - Student Travel
 - Vehicle Management

We conducted our examination in conformance with the Texas Internal Auditing Act and in conformance with the guidelines set forth in The Institute of Internal Auditor’s *International Standards for the Professional Practice of Internal Auditing*. The *Standards* are statements of core requirements for the professional practice of internal auditing.

Follow-up Procedures

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. Requests for extension to the implementation dates may require approval from the UT Dallas Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.



Thank You

We appreciate the courtesies and considerations extended to us from the Department of Geosciences during our engagement. Please let me know if you have any questions or comments regarding this audit.

A handwritten signature in blue ink that reads "Toni Stephens". The signature is written in a cursive, flowing style.

Toni Stephens, CPA, CIA, CRMA
Chief Audit Executive



Appendix B: Report Distribution

<p style="text-align: center; color: #4F81BD;">Members of the UT Dallas Institutional Audit Committee</p> <p><i>External Members</i></p> <ul style="list-style-type: none"> • Ms. Lisa Choate, Chair • Mr. Gurshaman Baweja • Mr. John Cullins • Mr. Bill Keffler • Ms. Julie Knecht <p><i>UT Dallas Members</i></p> <ul style="list-style-type: none"> • Dr. Richard Benson, President • Dr. Rafael Martin, Vice President and Chief of Staff • Dr. Kyle Edgington, Vice President for Development and Alumni Relations • Mr. Frank Feagans, Vice President and Chief Information Officer • Dr. Gene Fitch, Vice President for Student Affairs • Dr. Calvin Jamison, Vice President for Facilities and Economic Development • Dr. Inga Musselman, Provost and Vice President for Academic Affairs • Ms. Sanaz Okhovat, Chief Compliance Officer • Dr. Joseph Pancrazio, Vice President for Research • Mr. Terry Pankratz, Vice President for Budget and Finance • Mr. Timothy Shaw, University Attorney, ex-officio 	<p style="text-align: center; color: #4F81BD;">UT Dallas Responsible Parties</p> <p><i>Responsible Vice President (VP)</i></p> <ul style="list-style-type: none"> • Dr. Inga Musselman, Provost and Vice President for Academic Affairs <p><i>Persons Responsible for Implementing Recommendations</i></p> <ul style="list-style-type: none"> • Dr. John Geissman, Department Head <p><i>Other Relevant Persons</i></p> <ul style="list-style-type: none"> • Dr. David Hyndman, Dean of the School of Natural Sciences and Mathematics <p style="text-align: center; color: #4F81BD;">External Agencies</p> <p><i>The University of Texas System</i></p> <ul style="list-style-type: none"> • System Audit Office <p><i>State of Texas Agencies⁷</i></p> <ul style="list-style-type: none"> • Legislative Budget Board • Governor’s Office • State Auditor’s Office
<p style="color: #4F81BD;">Engagement Team</p> <p>Project Leader: Ms. Caitlin Cummins, Auditor II</p> <p>Staff: Interns from the JSOM School of Management - Meina Wu, Jingwen Xie and Daryl Clark</p>	

⁷ Per Texas Internal Auditing Act Requirements



Appendix C: Definition of Risks

Risk Level	Definition
Priority	High probability of occurrence that would significantly impact UT System and/or UT Dallas. Reported to UT System Audit, Compliance, and Risk Management Committee (ACRMC). Priority findings reported to the ACRMC are defined as <i>“an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”</i>
High	Risks are considered to be substantially undesirable and pose a moderate to significant level of exposure to UT Dallas operations. Without appropriate controls, the risk will happen on a consistent basis.
Medium	The risks are considered to be undesirable and could moderately expose UT Dallas. Without appropriate controls, the risk will occur some of the time.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Dallas will be minimal.