



**Fiscal Year 2003 Audit Plan
Texas A&M University System
Internal Audit Department**

Fiscal Year 2003 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 2003. The plan is developed to satisfy responsibilities established by the Board of Regents Bylaws, Section 2102.008 of the Government Code, and applicable auditing standards. The plan is a working document in that the Chief Auditor is authorized to make changes to the plan as deemed necessary in her professional judgment. However, the Committee on Audit and the Chancellor will be notified of any significant additions, deletions, or other changes to the Audit Plan.

The types of projects listed in this plan demonstrate the variety of approaches the System Internal Audit Department takes to address its mission of helping the Texas A&M University System achieve its goals and objectives in an efficient and effective manner. To accomplish this, deliverables for each type of project may include a variety of services, including audit reports, technical assistance, data analysis, and other written and oral communications.

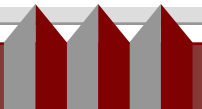
The Audit Plan has projects that cover areas related to financial controls and reporting, management controls and reporting, compliance with laws, policies, and regulations, economic and efficient use of resources, achieving results and outcomes (performance measures), technical assistance, follow-ups, and investigations.



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Projects included in this plan were primarily identified through our system-wide risk assessment process. However, some of the projects included are performed to assist the System in complying with other external requirements.

Planned projects for fiscal year 2003 are listed on the following pages. Projects approved in the Audit Plan for fiscal year 2002 that are not completed by August 31, 2002, are also considered part of this plan.



Fiscal Year 2003 Audit Plan

Prairie View A&M University

Review of the University's Juvenile Justice Program

Review the university's Juvenile Justice Program, to determine if operations are achieving expected outcomes and results in an efficient and effective manner. This innovative university program includes three undergraduate and three graduate degrees, as well as the Texas Juvenile Crime Prevention Center.

Review of the Advanced Research Program and Advanced Technology Program Awards

Test the university's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Programs awards. In 2001, Prairie View University received one award for \$85,000. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

Review of the National Collegiate Athletic Association (NCAA) Athletic Program Financial Statement

Perform an audit on the athletic program's financial statement for fiscal year 2002, as required by the NCAA.

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Prairie View A&M University

Review of the Special Item Funding related to the Office of Civil Rights Settlement

Review the university's compliance with the Texas Commitment - Office of Civil Rights Priority Plan, to determine if operations are achieving expected outcomes. There are twenty items identified in the Appropriations Bill that are funded from the \$25 million in Office of Civil Rights special funding for the 2002-2003 biennium.

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Tarleton State University

Review of the Advanced Research Program and Advanced Technology Program Awards

Test the university's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, the university received one award for \$85,000. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

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Texas A&M International University

Review of the Continuing Education Programs

Evaluate the financial and management controls over continuing education programs offered by the university. Determine if funds are being collected and used appropriately, if goals and objectives are being met in an efficient manner, and if laws, policies, and procedures are being complied with. The university budgeted \$500,000 in continuing education revenue for fiscal year 2002.

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Texas A&M University

Review of the College of Liberal Arts

Review and assess the College of Liberal Arts' financial and management controls, to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The College of Liberal Arts provides instruction in the humanities, social and behavioral sciences, and the performing arts through twelve academic departments. The College of Liberal Arts is the second-largest college on campus in terms of student enrollment, with over three hundred tenured or tenure-track faculty. The College of Liberal Arts' budget is \$38.6 million.

Review of the College of Science

Review and assess the College of Science's financial and management controls, to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The College of Science is comprised of five departments as well as many institutes, centers, and laboratories. The college provides modern and comprehensive B.S. and B.A. curricula for more than 1500 undergraduate majors. The College of Science's budget is close to \$38.4 million.

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Texas A&M University

Review of the College of Architecture

Review and assess the College of Architecture's financial and management controls, to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. With over 1800 students, the College of Architecture is one of the largest in the United States. The College of Architecture's budget is close to \$13.4 million.

Review of Physical Plant Operations -Telecommunications

Determine whether sufficient controls are in place to ensure that resources dedicated to Telecommunications are used appropriately, assets are safeguarded, and compliance is achieved with laws, policies, and regulations. The Physical Plant provides telecommunications services to students, faculty, and staff of Texas A&M University and other system components, and it supports approximately 32,000 instruments. Revenues and expenditures during fiscal year 2001 exceeded \$10 million.

Review of the Financial Processes of the Student Health Center

Review the financial processes at the Student Health Center, to determine if resources are used appropriately and in compliance with laws, policies, and regulations. The Student Health Center is an accredited ambulatory health care provider serving the Texas A&M University student body by providing primary health care services and promoting health through prevention and education.

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Texas A&M University

Review of the National Collegiate Athletic Association (NCAA) Rules Compliance Program

Review and assess, as required by the NCAA, the adequacy of the university's NCAA rules compliance program for selected compliance areas.

Review of the Athletic Ticket Office

Review the controls over athletic ticket sales and cash handling, to determine if cash and receipts are safeguarded and compliance is achieved with laws, policies, and regulations.

Review of the Advanced Research Program and Advanced Technology Program Awards

Test the university's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, Texas A&M University received twenty-three awards, totaling \$3.2 million. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

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Texas A&M University

Review of TechCom, Inc.

Determine if the financial information provided to Texas A&M University on TechCom Inc. is accurate. TechCom Inc., Inc. is a for-profit technology transfer company owned equally by Texas A&M University, Texas Agricultural Experiment Station, and Texas Engineering Experiment Station. TechCom Inc. had revenues and expenditures in excess of \$400,000 in fiscal year 2001.

Review of the Institutional Review Board's Compliance with Federal Regulations

Review the activities of the Institutional Review Board to determine if it is in compliance with the regulations of the Department of Health and Human Services and the regulations of the Food and Drug Administration. The Institutional Review Board is an administrative body established to protect the rights and welfare of human subjects or patients recruited to participate in research activities conducted under the auspices of Texas A&M University.

Review of Contract Administration

Determine if the university is in compliance with contract administration laws, policies, rules, and regulations. The university spent over \$380 million on goods and services in fiscal year 2001.

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Texas A&M University - Commerce

Review of the Development Foundation Affiliation

Review processes and controls over the administration of gifts, including the relationship between the university and the Development Foundation. The university initiated a major capital campaign for the period 2002 - 2005.

Review of the Auxiliary Enterprise Administration

Conduct financial analysis, and make assessments of financial and management control systems, to determine if selected auxiliary operations use their resources appropriately, have reliable and adequate financial and management information for decision-making, achieve expected outcomes and results, and comply with laws, policies, and procedures. The university had \$8.2 million in auxiliary enterprise expenditures for fiscal year 2001.

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Texas A&M University - Corpus Christi

Review of the National Collegiate Athletic Association (NCAA) Rules Compliance Program

Review and assess the adequacy of the university's NCAA rules compliance program for selected compliance areas, as required by the NCAA. Perform an audit, as required by the NCAA, on the athletic program's financial statement for fiscal year 2002.

Review of the Advanced Research Program and Advanced Technology Program Awards

Test the university's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, Texas A&M University - Corpus Christi received one award for \$123,000. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

Review of the Physical Plant Operations

Determine whether sufficient controls are in place to ensure that Physical Plant resources are used appropriately, assets are safeguarded, and compliance is achieved with laws, policies, and regulations. The university's Physical Plant spent \$4.7 million in fiscal year 2001.

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Texas A&M University - Kingsville

Review of the Student Information System

Assess whether the student information system has adequate controls to ensure the integrity of information and the protection of information from unauthorized access, use, and change. Also, evaluate the university's ability to retrieve student data in the event of disruption of service with the automated student information system. The student information system manages a variety of student data, such as fee assessments, student financial aid, and grades.

Review of the Advanced Research Program and Advanced Technology Program Awards

Test the university's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, Texas A&M University - Kingsville received one award for \$50,000. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

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Texas A&M University - Texarkana

No audits are planned for fiscal year 2003, except a follow-up review on the Review of Special Item Funding related to the Jeffersonian Model.

Fiscal Year 2003 Audit Plan

West Texas A&M University

Review of the Physical Plant Operations

Determine whether sufficient controls are in place to ensure that Physical Plant resources are used appropriately, assets are safeguarded, and compliance is achieved with laws, policies, and regulations. The university's Physical Plant spent \$8.3 million in fiscal year 2001.

Review of the Graduate Studies Program

Determine if program controls promote compliance with university and system policies regarding graduate school education and fiscal accountability. The Graduate Studies Program consists of nine advanced degrees in four university colleges, as well as one interdisciplinary degree.

Review of the Advanced Research Program and Advanced Technology Program Awards

Test the university's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, West Texas A&M University received two awards for \$176,000. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

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The Texas A&M University System Health Science Center

Review of the Institute of Biotechnology

Review and assess the Institute of Biotechnology's financial and management controls, to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The budget for 2002 for the institute is more than \$4.6 million.

Review of the School of Rural Public Health

Review and assess the School of Rural Public Health's financial and management controls, to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations. The budget for 2002 for the school is more than \$4.2 million.

Review of the Advanced Research Program and Advanced Technology Program Awards

Test the Health Science Center's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, the Center received two awards, totaling \$250,000. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

Fiscal Year 2003 Audit Plan

The Texas A&M University System Health Science Center

Review of Information Technology

Review controls over information technology, to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations.

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Texas Agricultural Experiment Station

Review of Information Technology

Review controls over information technology, to determine if resources are used efficiently and effectively and in compliance with laws, policies, and regulations.

Review of the Advanced Research Program and Advanced Technology Program Awards

Test the university's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, Texas Agricultural Experiment Station received 31 awards for \$4.2 million. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.




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Texas Cooperative Extension

Review of the Cooperative Extension Field Offices

Review financial operations at selected Cooperative Extension district and regional offices to determine if controls and processes are in place to ensure resources are used appropriately and in compliance with laws, policies, and regulations. Also, determine that assets are safeguarded.





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Texas Wildlife Damage Management Service

No audits are planned in fiscal year 2003, based on the risk assessment process.





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Texas Forest Service

No audits are planned in fiscal year 2003, except for a Second Follow-up Audit on the Management Control Review.





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Texas Veterinary Medical Diagnostic Laboratory

No audits are planned in fiscal year 2003, based on the risk assessment process.



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Texas Engineering Experiment Station

Review of the Advanced Research Program and Advanced Technology Program Awards

Test TEES' compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, TEES received thirty-eight awards totaling \$5.8 million. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

Review of Contracts and Grants

Determine if financial and management controls over contracts and grants are in place, to provide assurance that funds are used and objectives are met in accordance with sponsor provisions. Also, determine if operations are managed in an efficient and effective manner. TEES budgeted \$48 million in contract and grant revenue for fiscal year 2002.



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Texas Engineering Extension Service

No audits are planned in fiscal year 2003, based on the risk assessment process.



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Texas Transportation Institute

Review of the Advanced Research Program and Advanced Technology Program Awards

Test Texas Transportation Institute's compliance with the Texas Higher Education Coordinating Board's regulations associated with the Advanced Research Program and Advanced Technology Program awards. In 2001, TTI received two awards, totaling \$150,000. The Texas Higher Education Coordinating Board requires an audit of these awards, in order for institutions to participate in future program awards.

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The Texas A&M University System Administrative and General Offices

Review of Bond Compliance

Determine if bond information in the annual financial report for the fiscal year 2002 is reported accurately, and determine compliance with bond covenants. The Texas A&M University System has over \$950 million in bonds outstanding.

Review of the Board of Regents Expenditures

Determine if expenditures from regents' accounts are appropriate and in compliance with laws, policies, rules, and regulations.

Review of System Aircraft Usage

Determine if aircraft usage is in compliance with laws, policies, rules, and regulations.



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The Texas A&M University System Administrative and General Offices

Review of Real Estate Office

Determine if real estate leases, sales, and acquisitions are in compliance with laws, policies, rules, and regulations.



Fiscal Year 2003 Audit Plan

System-Wide

Participation with and/or Assistance to System Components/External Auditors

This project represents the Internal Audit Department's participation with, and/or assistance to, system components and external auditors. The audit department's involvement may range from serving as a member of a work group to testing and reporting on new activities and processes. The audit department may perform work to support external audit requirements related to accreditation audits, statewide bond audits, and federal compliance audits.

Follow-up Reviews

Conduct follow-up reviews on significant issues identified in prior year audits, to determine if management has adequately addressed the issues.