



Office of Internal Audit

800 W. Campbell Rd. SPN 32, Richardson, TX 75080
Phone 972-883-4876 Fax 972-883-6846

February 28, 2017

Dr. Richard Benson, President,
Ms. Lisa Choate, Chair of the Institutional Audit Committee:

We have completed an audit of Technology Commercialization as part of our fiscal year 2016 Audit Plan, and the report is attached for your review. The objective of our audit was to ensure that the Office of Technology Commercialization has processes in place to ensure compliance with the policies surrounding intellectual property.

The audit resulted in no findings or recommendations. Minor recommendations regarding access to Inteum and the Intellectual Property Advisory Committee reporting were discussed with management. We appreciate the courtesies and considerations extended to us during our engagement. Please let me know if you have any questions or comments regarding this audit.

Toni Stephens
Institutional Chief Audit Executive

UT Dallas Responsible Parties:

Brent Schultze, Interim Director of Technology Commercialization

Members of the UT Dallas Institutional Audit Committee:

External Members:

Mr. Bill Keffler
Mr. Ed Montgomery
Ms. Julie Knecht
Dr. Hobson Wildenthal, Executive Vice President
Dr. Inga Musselman, Interim Provost
Dr. Calvin Jamison, Vice President for Administration
Mr. Terry Pankratz, Vice President for Budget and Finance
Mr. Brian Dourty, Interim Vice President and Chief Information Officer
Mr. Rafael Martin, Interim Vice President for Research
Dr. George Fair, Vice President for Diversity and Community Engagement; Compliance Officer
Dr. Gene Fitch, Vice President for Student Affairs
Mr. Timothy Shaw, University Attorney

The University of Texas System:

System Audit Office

State of Texas Agencies:

Legislative Budget Board
Governor's Office
State Auditor's Office
Sunset Advisory Commission

Executive Summary

Audit Objective and Scope:

To ensure that the Office of Technology Commercialization has processes in place to ensure compliance with the policies surrounding intellectual property. The audit scope covered FY 16 and 17 operations.

Conclusion:

Overall, based on the procedures conducted during the audit, we conclude that the Office of Technology Commercialization has processes in place to ensure compliance with intellectual property policies.

The audit resulted in no findings or recommendations.

Minor recommendations regarding access to Inteum and the Intellectual Property Advisory Committee reporting were discussed with management.

Responsible Vice President:

Mr. Rafael Martin, Interim Vice President for Research

Responsible Party:

Brent Schultze, Interim Director of Technology Commercialization

Staff Assigned to Audit:

Project Leader: Colby Taylor, CISA, IT Staff Auditor

Table of Contents

Background 3

Audit Objective 4

Scope and Methodology..... 4

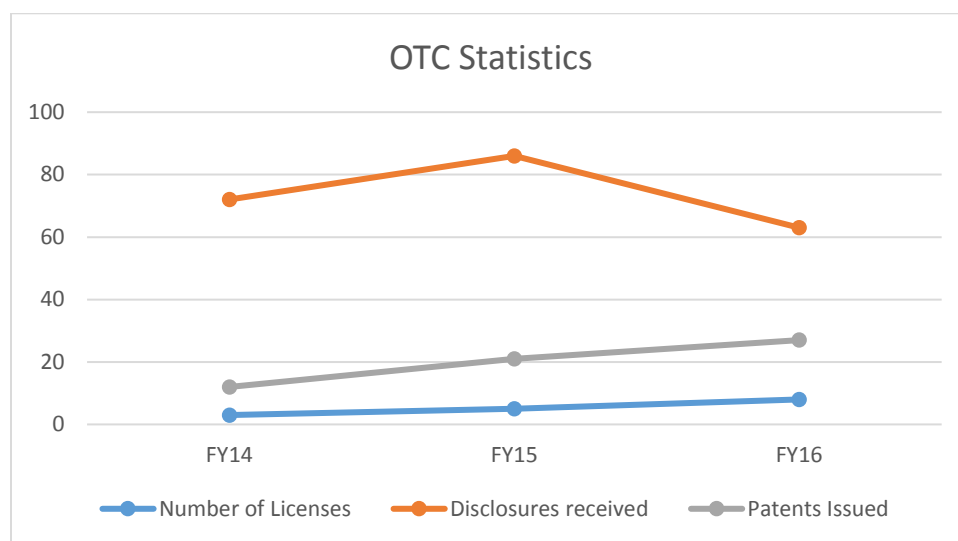
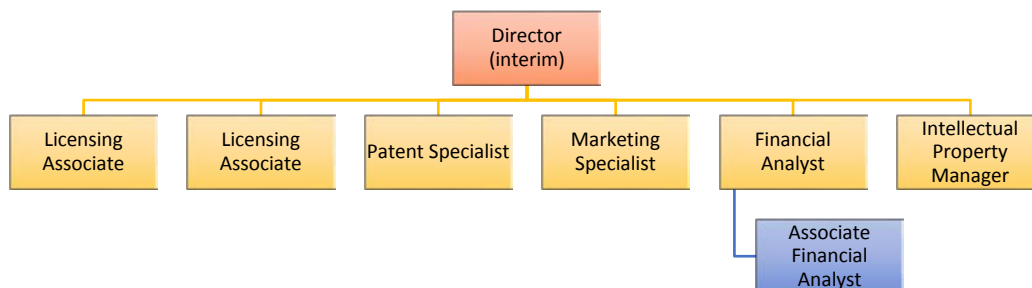
Audit Results 4

Conclusion 5

Background

The Office of Technology Commercialization (OTC), reporting to the Office of the Vice President for Research, works with UT Dallas researchers and external partners “to bring the fruits of UT Dallas innovations to the public through commercialization¹.” The OTC is responsible for the management of all innovations that result from research conducted at UT Dallas. The UT Dallas [Intellectual Property Policy](#) is the primary policy for technology commercialization and encourages the development of inventions and other intellectual creations for the best interest of the public, the creator, and the research sponsor while ensuring all parties are adequately protected. The UT System Regents Rules, Rule 90101, [Intellectual Property](#) also govern technology commercialization. In addition, the UT Dallas [Intellectual Property Advisory Committee](#) is responsible for helping administer intellectual property policy.

The OTC team organization chart is shown below. During our audit, the director left UT Dallas, and an interim director was appointed.



¹ <https://research.utdallas.edu/otc>

Audit Objective

To ensure that the Office of Technology Commercialization has processes in place to ensure compliance with the policies surrounding intellectual property.

Scope and Methodology

The scope of this audit was fiscal years 2016-2017 and our fieldwork concluded on January 18, 2016. To satisfy our objectives, we performed the following:

- ✓ Gained an understanding of the technology commercialization process at UT Dallas, including reviewing relevant policies and procedures, interviewing staff responsible for the processes, and performing a risk assessment of operations.
- ✓ Tested for compliance with key sections of the UT Dallas policy.
- ✓ Determined if the Technology Disclosure forms were completed properly.
- ✓ Determined if controls related to user access were effective to prevent unauthorized access to technology commercialization information.
- ✓ Determine if controls were in place to ensure separation of duties over the billing, collecting, and depositing process.

Where applicable, we conducted our examination in accordance with the guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance or audit work, and management of the internal auditing department.

Audit Results

Many strengths and controls were noted during the audit, including:

- ✓ The Office of Technology Commercialization utilizes the Inteum system for disclosure tracking and documentation regarding disclosures and other agreements.
- ✓ A standard operating procedure manual is in place, including the current forms to be completed for the documented processes.
- ✓ Reports from FY 15 onward have improved in comprehensiveness, allowing for easier review and providing a full explanation to contributors involved in the technology commercialization process.
- ✓ A separation of duties is in place between the billing, collecting, and depositing functions.
- ✓ The Intellectual Property Advisory Committee, set forth in UTDPP1083, *Intellectual Property Advisory Committee*, is responsible for helping administer and make recommendations regarding intellectual property policy. The Committee has not issued any of the required annual reports for the past few years; however, based on discussions with the Chair they will be discussing this issue in the current year.

The audit resulted in no findings or recommendations. Minor recommendations regarding access to Inteum and the Intellectual Property Advisory Committee reporting were discussed with management.

Conclusion

Overall, based on the procedures conducted during the audit, we conclude that the Office of Technology Commercialization has processes in place to compliance with policies relating to intellectual property.

We appreciate the courtesy and cooperation received from the management and staff in the Office of Technology Commercialization as part of this audit.