November 20, 2019

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

We have completed an audit of the Computer Science department as part of our fiscal year 2019 Audit Plan. The objective of our audit was to evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls. The report is attached for your review.

The audit resulted in opportunities to enhance internal controls over management of funds, budgeting, expenses, compliance, and the safeguarding of assets. Management has reviewed the recommendations and has provided responses and anticipated implementation dates. 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.

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, CPA, CIA, CRMA
Chief Audit Executive

Executive Summary

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

Conclusion
The audit resulted in opportunities to enhance internal controls over management of funds, budgeting, expenses, compliance, and the safeguarding of assets.

Audit Recommendations by Risk Level

Recommendation	Risk Level	Estimated Implementation Date
(1) Improve Processes over the Management of Camps in the Center for Computer Science Education and Outreach	High	November 30, 2019
(2) Implement Budgeting Process to Ensure Proper Management of Funds	High	October 31, 2019
(3) Comply with Conflicts of Interest and Commitment Policies	High	July 1, 2019
(4) Develop Departmental Procedures over Property Management	Medium	January 31, 2020
(5) Comply with University Policies over Expenditures	Medium	January 31, 2020
(6) Ensure Appropriate Admissions for the Executive Masters in Software Engineering	Medium	N/A
(7) Ensure Cost Center Reconciliations Are Approved in a Timely Manner	Medium	October 31, 2019
(8) Review the Administrative Services Officer Position	Low	October 31, 2019
(9) Develop Formalized Departmental Policies and Procedures	Low	January 31, 2020

Responsible Vice President	Responsible Parties
Dr. Inga Musselman, VP Academic Affairs & Provost	- Dr. Stephanie Adams, Dean of Engineering & Computer Science - Dr. Gopal Gupta, Department Head, Computer Science

Staff Assigned to Audit
Project Leader: Hiba Ijaz, CPA, CIA, Senior Auditor Staff: Joshua Bennett, Staff Auditor Student Interns: Rakshitha Venkataramana and Samridhi Gupta

| Report Distribution	
Members of the UT Dallas Institutional Audit Committee External Members • Ms. Lisa Choate, Chair • Mr. Gurshaman Baweja • Mr. John Cullins • Mr. Bill Keffler • Ms. Julie Knecht UT Dallas Members • Dr. Richard Benson, President • Mr. 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	Responsible Parties • Dr. Stephanie Adams, Dean of Engineering Computer Science • Dr. Gopal Gupta, Department Head, Computer Science External Agencies *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

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Background

The department of Computer Science is the flagship department of the Erik Jonsson School of Computer Science and Engineering of the University of Texas at Dallas. The department's overall mission is to *"prepare undergraduate and graduate students for productive careers in industry, academia, and government by providing an outstanding environment for teaching, learning, and research in the theory and applications of computing.[1]"*

The Computer Science department offers degrees in computer science and software engineering as well as interdisciplinary degrees in telecommunications engineering, computer engineering, and data science. It also teaches service courses in computer programming for the ATEC and EMAC programs as well other engineering departments. CS accounts for more than 60% of semester credit hours (SCH) of the Jonsson School.

Overall responsibility for the department lies with the department head who reports directly to the Dean of Engineering and Computer Science. Direct reports of the department head include a number of faculty members and administrative staff, and there are 645 employees and student workers within the department. The department's Administrative Services Officer provides oversight for all financial processes, manages a staff of ten, and reports directly to the department head. As show in the graph, FY19 expenditures totaled about $24 million.[2]
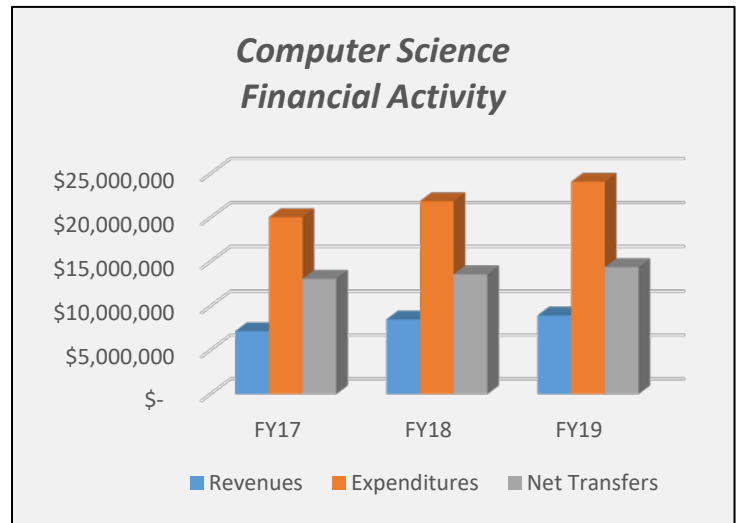
Audit Objective

The objective of this audit was to evaluate financial and accounting processes, internal controls systems, and the effectiveness and efficiency of related operations and controls.

Scope and Methodology

The scope of this audit was fiscal year 2019 operations, and our fieldwork concluded on June 19, 2019[3]. To satisfy our objectives, we performed the following:
- Reviewed the department's control environment to determine if:

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[1] https://cs.utdallas.edu/about/mission/
[2] UT Dallas Operating Fund Balance and Budget Report, Reporting Console
[3] *Note: Although fieldwork ended on June 19, 2019, the report was not issued until after the new Dean of Engineering and Computer Science had time to discuss the report. This discussion occurred on October 30, 2019.*

- o Policies and procedures, including unique job descriptions, are in place.
        - o 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, and tested selected controls in the following areas:
        - o Financial processes, including expenses, revenues and budget
        - o Center for Computer Science Education & Outreach
        - o Executive Masters in Software Engineering
        - o Conflicts of interest and commitment
        - o Property management

We conducted our examination 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.

Additionally, we conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finally, this review was also conducted based on the integrated framework guidance provided by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO is a joint initiative of five sponsoring organizations and is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal controls and fraud deterrence.

Audit Results and Management's Responses

Our audit work identified opportunities to strengthen departmental controls and compliance in the Computer Science department, as outlined below:

Risk levels are defined in the Appendix on page 21.

Observations	Risk/Effect	Recommendations and Management's Responses
(1) ***Improve Processes over the Management of Camps in the [Center for Computer Science Education and Outreach](#)*** The Computer Science department conducts hundreds of off-site and private computer programming camps for minor children (K-12 students) at schools and at private residences. Camp revenues come from participants as well as corporate sponsors and gifts. Department should follow the policies and procedures outline at the [Programs for Minors](#)website when conducting camps. Student workers and student volunteers from the program travel to the schools and private residences to teach these K-12 students. Per the Director for the Center for Computer Science Education and Outreach, the camps at the private residences could have one to five children in attendance. Typically, the department sends one student worker or volunteer to teach at a private residence, and two student workers teach at a school. Student workers and student volunteers use a business Uber or Lyft account (charged to a staff member's One Card) for transportation to and from the camps. The following was noted upon review of the camps and programs: • The department has not documented formal agreements or guidelines with the schools or the private camps. No process is in place for parents and/or guardians to sign agreements acknowledging policies and procedures or waiving the university of any liability. • The university insurance does not cover student volunteers for the camp. • Students did not always complete the necessary training or background check required for working with minors before teaching at the camps. About 9% of students tested did not have a completed	**High Risk** Without proper agreements, training, and background checks in place, there are increased risks regarding the safety of minors, and the university may be liable for incidents occurring at private residences. Also, using public transportation for student workers, especially volunteers, increases the risk of fraud and abuse, and the cost of operations may be increased.	**Recommendation:** Improve processes over the management of camps in the Center for Computer Science Education and Outreach by: • Documenting policies and procedures for all the camps and/or programs. • Establishing contracts and/or agreements with schools and the parents and/or guardians. Ensure waivers are completed by the parents and/or guardians. • Completing the required travel forms for student travel and submit them to the Associate Provost for camps further than 25 miles per UT System Regents Rule 50601 regarding student travel. • Eliminating the use of an administrative assistant's One Card for Lyft and Uber business accounts. Instead, the department may pay for transportation of students to and from the camps using travel advance card, or reimburse students for the charges. • Working with Treasury to ensure reimbursements are processed appropriately in Marketplace. **Management's Response and Action Plan:** Center has been operational only for the past 6 years – we have steadily moved from "start-up mode" to "long term mode" by streamlining & simplifying operations. There are only 3 major programs at this point: - Summer Coding Camps @ UTD campus - AfterSchool Coding Clubs @ Schools - Private Tutoring @ UT Dallas

Observations	Risk/Effect	Recommendations and Management's Responses
background check before teaching in the camps. About 20% did not complete the necessary child protection training, and about 23% did not complete the required designated individual training. • In fiscal year 2018, the department spent about $27,500 in Uber costs and $10,300 in Lyft costs which appeared to be a high cost for the program. Also, Instances of personal use of Uber and/or Lyft were noted. At least 70% of Lyft rides were for personal use, approximately $3,000 per Procurement Management records. A reconciliation process was not in place to verify the business use for these trips. • In some cases, students were identified as misusing Uber and/or Lyft, and the students were asked to refund the department via Marketplace. This was not accurately done. Currently, the reimbursements are recorded as revenue, instead of a reduction in expenses. • Travel forms were not being completed and submitted to the Associate Provost for student travel greater than 25 miles.		Here is the current status of these programs: - Summer 2019: 100% of our instructors completed all the required training. Program for Minors continuously audited our instructors' records & any delinquent training was corrected within a day. Plan is to improve the hiring process & complete early next summer so that we will be 100% compliant from the start! A problem that we face that takes us out of compliance sometimes is the slow response of the career center completing hiring paperwork on time. - UTD instructors are NOT responsible for kids in after-school clubs conducted in schools. PTA / school staff are responsible for supervising the kids. So, we do not deal with the parents or campers directly. Same applies to all off-site camps as well. - Private tutoring – we do not provide supervision & we require the parents to be with their children – we require the parents to acknowledge it when they submit the request – utdallas.edu/k12/custom has the details. - Even though it is complicated (and does not make sense) to differentiate between 24 mile trip from 26 mile trip, we will ensure compliance to UT System Regents Rule 50601. - We have greatly reduced the usage of Uber and eliminated the usage of Lyft. Lyft was originally added when Uber had huge "Surge" charges during peak hours.

Observations	Risk/Effect	Recommendations and Management's Responses
		- Unlike Uber, Lyft does not send a receipt after each ride. So, we missed to realize that an old employee was continuing to use Lyft in CS Outreach account. We found the issue when the monthly bill was reviewed & forced the responsible parties to pay the amounts promptly back to CS Outreach. Then we have shut down the use of Lyft and removed all the authorized users. - Currently, Uber is used only when absolutely necessary, since we use UTD students' cars for transportation most of the time (appropriate paperwork, such as filling travel release form, etc., that is required for this situation is of course completed). Uber does email a receipt after each ride – so, it is easier & quicker to detect any wrong use. We have used travel advance card for travel expenses in the past – UTD administration did not like it & it was difficult to manage as well. We abandoned it. - Now, we use Uber only when needed. We minimize the authorized users' list to reduce the chance of misuse and we scrutinize each receipt as well (as soon as email is received). Expecting the students to pay from their personal account & reimbursing them puts financial burden on them - we do not want to use it. - It should be noted that we have proper internal controls in place so that abuse was quickly detected and rectified. - The point about documenting every activity (camp, after-school club, or private tutoring)

Observations	Risk/Effect	Recommendations and Management's Responses
		of the Outreach Center is valid. We will create a form to document each activity. **Estimated Implementation Date:** All these items have been already implemented. Form to document each activity will be created by November 30th. **Responsible Party:** Gopal Gupta & Jey Veerasamy
(2) *Implement Budgeting Process to Ensure Proper Management of Funds* The Computer Science department is not effectively managing departmental funds. Specifically, the funds are not being used for their intended purposes as follows: • Use of Executive Masters in Software Engineering (EMSE) funds for non-EMSE costs. • Use of non-EMSE funds for EMSE costs. • Use of external sales funds from the Center for Computer Science Education and Outreach program for EMSE and other activities not associated with the outreach program. $9,000 in external sales funds were used for payments to staff for EMSE work. External sales funds were also used for unrelated faculty meetings, holiday parties in country clubs, a staff dinner cruise retreat, a retirement gift, catering for events, travel, unrelated conference fees, EMSE books, an EMSE student golfing trip, and a student trip to Six Flags. • Use of gift funds for the EMSE program. • Use of designated funds, external sales funds, and gift funds for EMSE. This includes payments to faculty and staff, EMSE advertising, EMSE supplies, food for EMSE students, and other EMSE program expenses. From fiscal year 2018 to	**High Risk** Funds are not used for their intended purpose.	**Recommendation:** Implement a budgeting process and use funds for their intended purpose. Specifically, expenses for the Executive Master's program must only be paid using revenue from that program. Approval from the department head should be documented for all supplemental payments. **Management's Response and Action Plan:** The EMSE program and the Outreach program produce modest profits, all of which go into department operations. The issues raised here stem from the fact that the CS Department has not been funded adequately, especially, for maintenance and operations. CS Department grew from 1,675 students in 2012 to 4,600 in 2019, with concomitant increase in faculty size, yet the M&O budget has barely changed. The amount over various years ranged from $70,000 to $100,000, which is grossly inadequate. For example, senior lecturer travel for professional development (committed to by the Jonsson School to win ABET accreditation) of up to $2,000 comes from the Departmental M&O. With 41 senior lecturers' travel charged to the M&O funds, nothing is left for other activities.

Observations	Risk/Effect	Recommendations and Management's Responses
February 28, 2019, a total of about $91,000 in payments (about 38%) were made for EMSE to faculty and staff from non-EMSE program funds, primarily designated funds. In addition, approval from the department head is not documented for these and other supplemental payments.		As a result of lack of funds, funds get used interchangeably, when cost centers get depleted. We would like to request the School and the University to provide adequate M&O funds to the CS Department: funds that are commensurate with its size of the CS Department (more than 4,600 students, 100 full-time faculty, 20 part-time faculty, and 25 full time staff). Moving forward, we will re-organize our spending so that funds are not interchanged. However, adequately funding the CS department is essential to achieve this goal. **Estimated Implementation Date:** 10/31/2019 **Responsible Party:** Dr. Gopal Gupta, Department Head, Computer Science
(3) ***Comply with Conflicts of Interest and Commitment Policy*** Conflict of Interest and Commitment policies are outlined at: • https://policy.utdallas.edu/utdpp1110 • https://policy.utdallas.edu/utdpp1100 • https://policy.utdallas.edu/utdpp1102 These policies require employees to report conflict of interest, commitment, and outside activity. Instances of noncompliance with these policies were found as follows: • Two employees failed to report a conflict of interest or commitment prior to the audit. • One employee made food purchases from restaurants in which he has a financial interest. A total of $20,949 was spent on his restaurants from FY 2018 to December 31, 2018. One of the restaurants was not disclosed. In addition, Human Resources	**High Risk** Conflicts of interests that are not disclosed may lead to harmful misrepresentations and creates an appearance of wrongdoing. In addition to disclosure, if conflicts of interest are not managed it may lead to misuse and waste of university resources and funds.	**Recommendation:** Comply with university policies and procedures regarding conflicts of interest, commitment, and outside activity. **Management's Response and Action Plan:** - Chennai Café Richardson is a franchise – Dr. Jey Veerasamy does not have any ownership interest there. Significant portion of $20K catering was done from this location. - We have stopped catering from any of the restaurants in which Dr. Jey Veerasamy has financial interest from June 1st. His COI paperwork was submitted on August 12, 2019. - Dr. Stephen Perkins did his COI paperwork for his outside consulting that he did not realize he had to do.

Observations	Risk/Effect	Recommendations and Management's Responses
Policies outlined at UTDBP3048 require presidential approval before the university may transact with an employee owned business.		- It might be a good idea for the University to emphasize COI rules during new faculty orientation. **Estimated Implementation Date:** Already implemented. **Responsible Party:** Dr. Gopal Gupta, Department Head, Computer Science
(4) ***Develop Departmental Procedures over Property Management*** The Computer Science department has approximately 1,300 assets valued at almost $3.3 million. Although the department relies on employees from the Engineering and Computer Science (ECS) Dean's Office to update their property list annually, university policies over Property Administration, based on State Law, also require the department head to be responsible for the proper custody, maintenance, and safekeeping of UTD property assigned to his/her department, and liability for the property rests with the department head. Although a departmental employee serves as a property manager for the department per property administration records, the department does not manage their property list throughout the year. This is a result of not having formal departmental policies and procedures in place for faculty and staff to follow when they obtain new assets or send old assets to surplus. Changes to the custodian or location of assets is rarely shared with the department's property manager. The Internal Audit team selected a sample of 49 assets, totaling $808,086, to verify as to existence and location. Only 15 of the 49 assets, totaling $11,231, were located. Of the 15 assets physically verified, 31.3% were not in use (located in storage) and 37.5% were not in the location stated on the official property management list.	**Medium** Without formal departmental procedures to track and monitor property, there is an increased risk of property and data loss.	**Recommendation:** Develop, document, and implement a process for Computer Science property manager to track incoming and outgoing assets. **Management's Response and Action Plan:** Property tracking was done at the School Level and not at the Department Level, as part of Jonsson School policy. While the policy quoted talks about department heads, duties and responsibilities of department heads at UT Dallas are not well defined (for example, only two Schools follow the department head model). It will be a good idea for UT Dallas to develop policy documents outlining responsibilities and privileges of department heads (I could not find any policy document regarding departments heads on UTD's website). Department head Gopal Gupta will discuss how the Jonsson School plans to maintain its inventory records with the Dean. If the Dean delegates it to the departments, CS will happily take it on and maintain the inventory. **Estimated Implementation Date:** 1/31/2020 **Responsible Party:** Dr. Gopal Gupta, Department Head, Computer Science

Observations	Risk/Effect	Recommendations and Management's Responses
A second, smaller property test was started after discussing preliminary audit issues with the Department Head. Ten assets were judgmentally selected from the initial sample. The Internal Audit team was able to physically verify two of the ten assets in the second test. The Department Head stated through email that, with the exception of a lost iPad, they had verified the assets. The second test further demonstrates the property management issues that occur within the school and department. Internal audit was unable to physically verify all ten assets. One asset was reported lost and another asset (a $200,000 oscilloscope) should not be under Computer Science per the Department Head. The Inventory team in the Office of Facilities and Economic Development relies on the Dean's Office to conduct the annual physical inventory of all property in ECS' possession. The Dean's Office stated that they rely on the department to notify them of changes to the status of assets after the annual physical inventory has been completed. Conversely, the Computer Science department states the Dean's Office does not require them to track their assets at any point in the year.		
(5) *Comply with University Policies over Expenditures* During the first two quarters of FY19, the Computer Science department had $74,085 in One Card expenses and $266,570 in eProcurement expenses. We tested One Card and eProcurement expenditures for compliance with university policies and procedures[4] and noted the following: • One Cards are not reconciled or approved in a consistent and timely manner. • Non-approved vendors are being used for purchases of promotional items. • Airline travel is booked outside of Concur, the University's required travel agency. • Purchases of gift cards, gifts for staff, and unreported student awards were noted.	**Medium** Noncompliance with the University's procurement policies and procedures may lead to misuse of funds and to ineffective and inefficient operations.	**Recommendation:** Comply with university policies and procedures and institute departmental procedures to strengthen internal controls for purchases as outlined in the finding. Ensure the following: • Reconciliation and approval of OneCard expenses. • Use of approved and required vendors for travel. • Use of approved and required vendors for promotional items. • Use of catalog vendors for purchases. • Availability of supporting documentation (invoices, receipts, etc.) for purchases.

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[4] https://www.utdallas.edu/finance/payment-services/

Observations	Risk/Effect	Recommendations and Management's Responses

• During the scope of this audit, Chartwells was the exclusive caterer on UT Dallas' campus. The department used other caterers and vendors consistently without prior approval.
• One Card expenses and eProcurement orders were applied to incorrect cost centers.
• Purchases from catalog vendors such as Amazon and BestBuy were made using One Cards rather than on eProcurement as required.
• Payments were made without an invoice.
• Interdepartmental transfers of expenses were made to incorrect cost centers.
		• Discontinue purchases with vendors in which employees have an ownership interest.
		
		Management's Response and Action Plan:
		o Reconciliation of one card in a consistent and timely manner: Let me first state that we can always do better, however, CS is a complex, large department, which makes lots and lots of purchases. There will always be minor issues, given the large number of transactions. However, as noted by the auditors, there was no impropriety found in the purchases and/or spending of funds. That is because we have instituted a 3-step verification process. Indeed, we could do reconciliation in a more timely and consistent manner, however, two factors affect this:
		   o CS has not been allocated administrative staff (e.g., AAs) that is commensurate with its size. CS has been using its own money generated from the EMSE program to hire 2 AAs. Other departments that have a lot less faculty and a lot less students, have same number or more AAs. This makes it hard for AAs to reconcile in a timely manner, since they have too much work. Because they are classified employees, they cannot work more than 40 hours.
		   o CS follows a model where each AA is assigned to a set of faculty members (each AA has roughly a dozen faculty members). The

Observations	Risk/Effect	Recommendations and Management's Responses
		assigned AA is a "one-stop-shop" for the faculty member for all of his/her needs. CS would like to have each AA have their own One Card, so that they are all independent and can do their reconciliation, etc., in a timely and consistent manner. However, the Jonsson School has not allowed CS to follow this policy. This means that an AA has to go to another AA and request them to do the purchases on their behalf. This policy of the Jonsson School of not allowing each AA to have their own One Card also hinders reconciling in a timely and consistent manner. I would urge that School & University adopt a policy that each AA helping faculty members can have their own One Card and not have to share it with others. This will greatly help in improving operations including reconciliations. o Use of approved and required vendors for travel: The Department follows policy in this regard. There are instances where the airfare is cheaper with another vendor, and we go to that vendor after obtaining proper approvals. There have been instances where reimbursement was denied by the department because the traveler did not obtain prior authorization. o Use of approved and required vendors for promotional items: We have been using approved

Observations	Risk/Effect	Recommendations and Management's Responses
		vendors; there is one case where we have been with the vendor for a very long time, and the rules changed in between. We will work to make sure all the vendors we use are approved, or that the vendors we are using do the paperwork to become part of the approved vendors list. With respect to purchasing food, the rules have changed multiple times regarding use of outside vendors, so it is hard to know at any given moment what to do. However, at present we are strictly following the rules mandated by the University for purchasing food.
		o It should be noted, that most of the problems pointed out are there due to reasons such as human error, University changing policy back and forth, etc. There *are* departmental controls in place to make sure that everything is done properly. The audit team I am sure must have noticed how meticulously we keep all our records.
		o As I type, the faculty senate has formed a working group with VP Terry Pankratz included to look into streamline various University rules and regulations, as many have been deemed unnecessarily onerous and detrimental to University's and Faculty members' interests. Dr. Gopal Gupta, CS Head, is a member of this working group. Once this committee

Observations	Risk/Effect	Recommendations and Management's Responses
		comes up with its recommendations and implements them, we will revisit all the issues raised here again and fix them. **Estimated Implementation Date:** 1/31/2020 **Responsible Party:** Gopal Gupta, Dept Head; Cooperation of the Jonsson School is also needed to solve some of the issues. Implementation is also dependent on outcome of the ad hoc committee created by the faculty senate to streamline University's financial and business processes that impact departments and faculty.
(6) ***Ensure Appropriate Admissions for the Executive Masters in Software Engineering*** The Executive Masters in Software Engineering (EMSE) program admitted international students for two years, beginning in fiscal year 2017. Per the Executive Masters in Software Engineering program proposal, the program is geared towards full-time software employees in the Dallas-Fort Worth Metroplex. Admitting international students into the EMSE program affects enrollment in the Masters of Science Software Engineering degree program. In addition, admitting international students into the executive programs causes issues with visa requirements due to differences in full-time status per the visa and the graduate program (nine versus six-hour full time student status). Visas require nine course credits to be taken to be full-time. Meanwhile, graduate students are considered full-time in the university if six credit hours are taken.	**Medium** Not adhering to the program proposal for an executive education program increases the risk of noncompliance with university policies and procedures as well as could reduce enrollment in the regular master's program.	**Recommendation:** The department should ensure appropriate admissions for the executive program in software engineering by encouraging international students to apply for the graduate Masters of Science in software engineering degree program. **Management's Response and Action Plan:** Auditors have the wrong impression that the program is not following policy. International students were admitted to the EMSE program only after the University approved their admission to executive programs in 2016. In 2018 we discontinued the admission of international students to the EMSE program because of the inconsistency of rules that international and domestic students have to follow, which made program administration very complex. So this is a no longer an issue. **Estimated Implementation Date:** N/A

Observations	Risk/Effect	Recommendations and Management's Responses
		Responsible Party: N/A
(7) *Ensure Cost Center Reconciliations Are Approved in a Timely Manner* The Computer Science department did not comply with UT Dallas business practices for cost center reconciliation approvals that require preparation, review, and approval within 30 days of month-end closing. Approximately 25% of cost center reconciliations for periods 1 through 4 of FY19 were not approved.	**Medium** Without timely completion and approval of cost center reconciliations, the risk of unauthorized or inaccurate transactions is increased.	**Recommendation:** Cost center reconciliations should be approved in a timely manner in accordance with university guidelines. **Management's Response and Action Plan:** The delay happens because faculty members don't approve the reconciliations done by their AAs in their cost centers. In general, it is very hard to get tenured faculty to comply, all we can do is to cajole them to do it on time. We will try our best to get the reconciliations done on time. **Estimated Implementation Date:** 10/31/2019 **Responsible Party:** Gopal Gupta, CS Dept Head
(8) *Review the Administrative Services Officer Position* The Administrative Services Officer (ASO) II oversees a staff of about ten administrative assistants. She is responsible for outreach and administration of the Executive Master's in Software Engineering (EMSE) program, teaching and research assistant appointments, payroll, staff performance evaluations, and organizing events. The ASO II position is classified as a non-exempt employee; therefore, it should not manage other nonexempt employees. The Fair Labor Standards Act (FLSA) establishes employment standards for exempt and nonexempt employees.	**Low** Noncompliance with the Fair Labor Standards Act (FLSA) may occur without an appropriate review of job responsibilities.	**Recommendation:** In consultation with Human Resources, management should review the job responsibilities of the Administrative Services Officer II and consider reclassifying the position. **Management's Response** AND ACTION PLAN: I agree that this should be done. Efforts were made to reclassify Ms. Norma Richardson's position over the last several years, however, they have come to nothing so far. I think this is a very important issue, especially to stay consistent with Fair Labor Standards Act. Now that the audit report has also raised this issue, my hope is that this reclassification will get done quickly. **Estimated Implementation Date:** 10/31/2019

Observations	Risk/Effect	Recommendations and Management's Responses
		Responsible Party: Gopal Gupta, Department Head
(9) ***Develop Formalized Departmental Policies and Procedures*** The department does not have formalized departmental policies and procedures in place to document business operations. Documented departmental procedures and processes provide clear communication throughout the department and are a guide for new staff.	**Low** A lack of written policies and procedures leads to inefficient and ineffective operations and weak internal controls.	**Recommendation:** Develop formalized departmental policies and procedures. **Management's Response and Action Plan:** An instructor's manual was prepared five years ago that is given to new faculty members when they start. Most of our policies and procedures are University's policies and procedures, so I am not sure what will go into these formalized departmental policies and procedures. But we will look into it and come up with one. **Estimated Implementation Date:** 1/31/2020 **Responsible Party:** Gopal Gupta, Department Head

Management's Response Summary
CS Department will implement all the applicable recommendations. However, many problems noted arise because of: 1. *Inadequate funding and support given to the CS department that is significantly lower per capita compared to other departments in the Jonsson School.* 2. *University policy changing frequently, and changes in policy not disseminated properly down to the departments.* 3. *Many policies adopted by the University are detrimental to University's and Faculty Member's interests (e.g., not allowing to buy from Amazon Prime).* *I am hopeful that with the budget situation improved, #1 will be rectified in this academic year. For #2 and #3, as noted, an ad hoc faculty senate committee has been set up that includes VP Terry Pankratz (CS Head, Gopal Gupta, is a member). Implementing the recommendations of this working group will allow us to streamline things much better and help us in becoming more compliant with UTD's rules and regulations.* *In summary, I should note that we make every effort to comply with all of University's and School's policy, while constantly striving to improve our processes and operations to serve our various constituencies (faculty, students, industry, K-12 students) in the best possible way. Not many departments have the level of programs and level of activities that CS Dept does, nor at the scale that the CS Department does.*

Conclusion

Based on the audit work performed, we conclude opportunities exist to enhance internal controls over management of funds, budgeting, expenses, compliance, and the safeguarding of assets. We appreciate the courtesy and cooperation received from the management and staff in the Computer Science department as part of this audit.

Appendix

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 "*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.*"
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.