We are pleased to submit the Fiscal Year 2017 - 18 Audit Plan. The plan includes audits that are required by statute or administrative policy, assistance required by oversight agencies, audits that are currently in progress, and planned engagements based on our assessment of risk. We have scheduled approximately fifteen percent of our time for assisting management with additional requests, special investigations, follow-up on implementation of prior audit recommendations, and other value-added work.

Texas Government Code, Section 2102.005, requires state agencies to conduct a program of internal auditing that includes preparation of an annual audit plan using risk assessment techniques and identifies the individual audits to be conducted during the year. The annual audit plan must be approved by the agency’s governing board, Sec. 2102.008, and posted on the agency’s internet website, Sec. 2102.015.

The Department of Internal Audits’ resources will be allocated among required audits, risk-based audits, special projects, investigations, meetings, committee service, and audit department activities and administration. The audit projects listed below are scheduled for the next two years.

<table>
<thead>
<tr>
<th>Audit Projects</th>
<th>Fiscal Year</th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017-18</td>
<td>2018-19</td>
</tr>
<tr>
<td>Audit Assistance to Oversight Agencies</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Public Funds Investment Act</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Benefits Proportional by Furd</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Joint Admission Medical Program</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Facilities Audit</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Information Security Controls</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Follow up on Implementation of Prior Audit</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Recommendations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Based and Other Audits</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Risk based and other audits planned for Fiscal year 2017 - 18 include:

- Purchasing and Contract Management

We appreciate the support offered by the Board of Regents, the President and University Management in the performance of our responsibilities and formally request that this plan be approved.

Respectfully,

[Signature]

Leigh Kidwell, CPA, CGMA
Director
FISCAL YEAR 2017 - 18 AUDIT PLAN

The Office of Internal Audits is currently staffed by a full time director and a full time auditor. Available hours for this year’s projects after consideration of University holidays, vacation, sick leave and wellness release is 3,613 hours.

An audit plan should include a combination of financial, compliance, operational, efficiency, effectiveness, and fraud audits. Performing the audits that are required by statute or policy will use the Office of Internal Audits’ resources along with special projects, investigations, meetings, committee service, and audit department activities and administration.

Listed below are the details for the Fiscal Year 2017 – 18 Audit Plan submitted to the University’s Board of Regents.

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial, Compliance, Operational, Efficiency &amp; Effectiveness Audits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit assistance to oversight agencies</td>
<td>Provide audit assistance to state and federal oversight agencies such as Texas State Auditor’s Office, Texas Higher Education Coordinating Board, Texas State Comptroller’s Office and grant agencies.</td>
<td>80</td>
</tr>
<tr>
<td>Public Funds Investment Act</td>
<td>Verify compliance with requirements to implement controls in policies, in contracting, in reporting, and in reviewing of investments according to the Act, Texas Government Code, Chapter 2256.</td>
<td>240</td>
</tr>
<tr>
<td>Benefits Proportional By Fund</td>
<td>Verify compliance with requirements to pay benefits in proportion to the sources of funds from which they paid the corresponding salaries and wages in accordance with applicable statutes, General Appropriations Act requirements, and related University policies and procedures.</td>
<td>240</td>
</tr>
<tr>
<td>Joint Admission Medical Program</td>
<td>Provide assurance the University is in compliance with policies, procedures, laws, and regulations as required by the Joint Admission Medical Program (JAMP) Council Agreement.</td>
<td>80</td>
</tr>
<tr>
<td>Facilities Audit</td>
<td>Provide assurance the University is in compliance with the Texas Higher Education Coordinating Board’s building projects and real estate acquisitions and provide assistance to the Peer Review Team’s review of planning and construction processes, project management, and facilities inventory control.</td>
<td>80</td>
</tr>
<tr>
<td>Contract Management and Purchasing</td>
<td>Verify compliance with requirements of Senate Bill 20, 84th Texas Legislature and Senate Bill 533, 85th Texas Legislature.</td>
<td>240</td>
</tr>
<tr>
<td>Audits Carried Forward</td>
<td>Prior fiscal year audits not complete at 8/31 and carried forward into current year.</td>
<td>200</td>
</tr>
<tr>
<td>Project</td>
<td>Description</td>
<td>Hours</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Information Technology</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas Administrative Code Section 202</td>
<td>Obtain representations from management and verification if necessary, regarding status of implementation of prior audit recommendations or action plans and prior year’s risk assessment action plan.</td>
<td>240</td>
</tr>
<tr>
<td><strong>Follow-up Audits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation of Prior Audit Recommendations</td>
<td>Obtain representations from management and verification if necessary, regarding status of implementation of prior audit recommendations.</td>
<td>120</td>
</tr>
<tr>
<td><strong>Special Projects</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotline, Fraud, or Ethics Investigations</td>
<td>Facilitate University anonymous reporting system and investigations.</td>
<td>40</td>
</tr>
<tr>
<td>Special Projects</td>
<td>Based on requests from Board of Regents, Administration or others.</td>
<td>352</td>
</tr>
<tr>
<td><strong>Meetings and Committee Service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethics and Compliance Committee</td>
<td>Serve as advisory member of the committee and all sub-committees.</td>
<td>304</td>
</tr>
<tr>
<td>Administrative Meetings</td>
<td>Attend administrative meetings as requested.</td>
<td>240</td>
</tr>
<tr>
<td>Other University Meetings or Events</td>
<td>Attend other meetings or events as requested.</td>
<td>48</td>
</tr>
<tr>
<td>Board of Regents Meetings</td>
<td>Preparation and attendance of meetings or events.</td>
<td>120</td>
</tr>
<tr>
<td><strong>Audit Department Activities and Administration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Audit Plan and Report</td>
<td>Prepare annual audit plan and report.</td>
<td>80</td>
</tr>
<tr>
<td>Audit Manual and Webpage Revisions, and Records Management</td>
<td>Update audit manual and webpage, and records management / retention.</td>
<td>56</td>
</tr>
<tr>
<td>Annual Risk Assessment</td>
<td>Facilitate annual University risk assessment.</td>
<td>40</td>
</tr>
<tr>
<td>Audit Software Installation and Implementation</td>
<td>Install, set up and implement TeamMate audit management system software.</td>
<td>160</td>
</tr>
<tr>
<td>Professional Development and Travel</td>
<td>Professional development, maintain certifications, continuing education and related travel.</td>
<td>128</td>
</tr>
<tr>
<td>Staff Meetings</td>
<td>Intra office communications and planning.</td>
<td>48</td>
</tr>
<tr>
<td>General and Administrative Tasks</td>
<td>Office administrative duties (planning, purchasing, recordkeeping scheduling, reporting, etc.).</td>
<td>477</td>
</tr>
<tr>
<td><strong>Total Allocated Hours</strong></td>
<td></td>
<td>3,613</td>
</tr>
<tr>
<td><strong>Available Hours for All Staff</strong></td>
<td></td>
<td>4,160</td>
</tr>
<tr>
<td>Less estimated hours for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Holidays</td>
<td></td>
<td>(224)</td>
</tr>
<tr>
<td>Vacation &amp; Birthday Leave</td>
<td></td>
<td>(227)</td>
</tr>
<tr>
<td>Sick Leave</td>
<td></td>
<td>(80)</td>
</tr>
<tr>
<td>Wellness Release</td>
<td></td>
<td>(16)</td>
</tr>
<tr>
<td><strong>Net Available Hours</strong></td>
<td></td>
<td>3,613</td>
</tr>
</tbody>
</table>