

# **The University of Texas at San Antonio**

## **Internal Audit Annual Report For Fiscal Year 2017**

*As required by the Texas Internal Auditing Act*

# TABLE OF CONTENTS

	<u>Page</u>
I. Compliance with Texas Government Code, Section 2102.015.....	3
II. Internal Audit Plan for Fiscal Year 2017.....	4
III. Consulting Services and Nonaudit Services Completed.....	6
IV. External Quality Assurance Review.....	7
V. Internal Audit Plan for Fiscal Year 2018.....	8
VI. External Audit Services Procured in Fiscal Year 2017 .....	12
VII. Reporting Suspected Fraud and Abuse .....	13

## **I. Compliance with Texas Government Code, Section 2101.015**

In accordance with the Texas Government Code, Section 2102.015, the UTSA Office of Auditing and Consulting Services posted its FY 2017 Internal Audit Annual Report and the approved FY 2018 Audit Plan at the following web site:

<http://www.utsa.edu/internalAudit/Audit/Reports.html>

Additionally, all internal audit reports are posted on the UT System Audit Office website.

<http://www.utsystem.edu/documents/audit-reports>

In Section II of this report, The University has included the following for the FY 2017 Audit Plan:

- A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report.
- A summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report.

## II. Internal Audit Plan for Fiscal Year 2017

Audit Title	Report Number	Report Date	Status
<b>Risk Based Audits</b>			
NCAA Compliance	2017-20	2/1/17	Issued
Campus Security	2017-24	8/29/17	Issued
Network	2017-30	8/29/17	Issued
Cloud Hosted Systems Review	N/A	N/A	Draft Report
Sponsored Projects Compliance (Uniform Guidance)	N/A	N/A	Draft Report
Scholarship Management	N/A	N/A	Draft Report
Banner - Student Records System	N/A	N/A	Draft Report
Risk Based Projects Carry Forward from FY16 Audit Plan			
Development Restricted Gifts	2016-25	10/25/16	Issued
<b>Required Audits (Externally and Internally)</b>			
FY16 Financial Statement	2017-01	2/1/17	Issued
UTS 142.1 Compliance	2017-06	2/1/17	Issued
TAC 202 Information Security Self-Assessment Validation	2017-14	2/22/17	Issued
NCAA Football Attendance	2017-13	2/21/17	Issued
FY16 NCAA Agreed Upon Procedures	N/A	N/A	Report Issued By UT System Audit Office
State Auditor's Office Statewide Single Audit (Student Financial Aid)	N/A	N/A	Report Issued by State Auditor's Office
Cancer Prevention and Research Institute of Texas (CPRIT) Agreed Upon Procedures	N/A	N/A	Report Issued by Weaver and Tidwell, L.L.P.
Executive Management Travel and Entertainment	N/A	N/A	Delayed

Employee Benefits Proportionality Audit (2016-24) was performed to address the benefits proportionality audit requirement prescribed in Rider 8, page III-41, the General Appropriations Act (84th Legislature). No recommendations were made. To address the benefits proportionality audit requirement prescribed in Rider 8, page III-44, the General Appropriations Act (85th Legislature, Conference Committee Report), we have a Employee Benefits Proportionality Audit on the FY18 Audit Plan.

Effective September 1, 2015, TEC §51.9337 requires that,

“The chief auditor of an institution of higher education shall annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor.”

The UTSA Office of Auditing and Consulting Services conducted this required assessment for fiscal year 2017, and found the following:

Based on the review of current institutional policy and the UT System Board of Regents' Rules and Regulations, The University of Texas at San Antonio has generally adopted all of the rules and policies required by TEC §51.9337.

Review and revision of institutional and System policy is an ongoing process.

These rules and policies will continue to be assessed annually to ensure continued compliance with TEC 51.9337.

Deviations from FY 2017 Audit Plan were as follows:

1) Per Audit Committee approval on May 12, 2017, Executive Management Travel and Entertainment Audit was delayed until FY18 Audit Plan.

## II. Internal Audit Plan for Fiscal Year 2017

### Summary of Recommendations and Responses

Project Name	Issue Date	Recommendation	Response	Recommendation Status	Estimated Implementation Date
<u>Development Restricted Gifts</u>	10/25/2016	Enhance the monitoring of expenses paid with restricted gifts.	Accounting Services will review a report on a quarterly basis of all expenditures from restricted non-endowed gift funds processed through Disbursements and Travel Services (DTS). Accounting staff members responsible for the restricted funds expenditures review will be granted view access to External Relations' gifts record system (Raisers Edge). Endowment Services intends to intensify training and awareness of decentralized staff especially as related to expenditures of restricted funds through more frequent trainings and greater communication.	Implemented	11/30/2016
<u>FY 2015 Financial Statement Audit</u>	2/1/2017	N/A	No material adjustments were identified that needed to be recorded in the UTSA AFR or included in the UT System Consolidated AFR. Deloitte issued an unqualified opinion on the UT System Consolidated AFR and did not identify any deficiencies in internal control over financial reporting.		
<u>FY 2015 UTS 142.1 Monitoring Plan and Sub-certifications Review</u>	2/1/2017	N/A	No recommendations were made. UTSA complies with UTS 142.1 related to the Monitoring Plan. The Office of Financial Affairs and the Office of Institutional Compliance and Risk Services are performing their responsibilities as outlined in the Monitoring Plan to ensure compliance with UTS 142.1.		
<u>NCAA Compliance</u>	2/1/2017	N/A	UTSA Athletics program is in compliance with NCAA Bylaws for awarding Financial Aid to student athletes.		
<u>NCAA Football Attendance</u>	2/21/2017	N/A	No recommendations were made. UTSA complies with NCAA Bylaw 20.9.9.3 regarding home football attendance.		
<u>TAC 202 Information Security Self-Assessment Validation</u>	2/22/2017	Confidential Report	The report contains confidential information that relates to computer security and is not subject to the disclosure requirements of Texas Public Information Act, based on the exception found in Government Code § 552.139. Specific results were shared with appropriate management members and the Institutional Internal Audit Committee.		
<u>Campus Security</u>	8/29/2017	Confidential Report	Report is confidential based on the exception found in Government Code § 552.139 and is not subject to disclosure requirements of Texas Public Information Act. Specific results were shared with appropriate management members and the Institutional Internal Audit Committee.		
<u>Network</u>	8/29/2017	Confidential Report	The report contains confidential information that relates to computer security and is not subject to the disclosure requirements of Texas Public Information Act, based on the exception found in Government Code § 552.139. Specific results were shared with appropriate management members and the Institutional Internal Audit Committee.		

### III. Consulting Services and Nonaudit Services Completed

Consulting Services & Nonaudit	Project Number	Project Completed	High Level Objective	Observations/Results/ Recommendations
CLASS/GRIP	2017-22	8/31/2017	Participate on the Graduation Rate Improvement Plan (GRIP) task force and CLASS committee	Attended the GRIP and CLASS Committee meetings
PeopleSoft Post Implementation	2017-23	8/31/2017	Consult with Financial Affairs and Human Resources, and UTSA Share Project Management Office to assist with PeopleSoft stabilization efforts	Developed PeopleSoft user access review procedures
Undergraduate Admissions/ Registrar	2017-25	8/31/2017	Consult with AVP for Student Affairs - Enrollment Services to assist with Undergraduate Admissions process review	Facilitated risk assessment with AVP for Student Affairs - Enrollment Services
IT Security/ Emerging Risks	2017-32	8/31/2017	Identify emerging information technology risks affecting the university	Monthly meetings with Information Security Officer and monthly meetings with Chief Information Officer and Deputy Chief Information Officer
Data Analytics	2017-33	8/31/2017	Develop continuous monitoring techniques using the IDEA analytical software tool	Coordinated with the Office of Student Financial Aid and the UT System Audit Office to develop continuous monitoring techniques of financial aid transactions. Also, provided analysis of Procard transactions to the Procard Compliance Office
Decentralized IT Departmental Reviews	2017-35	7/13/2017	Perform risk based reviews of decentralized information technology and information security governance and controls at departments across campus	Conducted facilitated discussions with ISO and OIT and provided suggestions to improve the usage and management of the InSight Tool
IT Assessment (Huron)	2017-55A	1/30/17	Serve on the IT Assessment team that assisted HURON perform their university IT assessment	HURON provided recommendations to executive management on IT Governance, Strategy, and Funding
UT System Teammate Implementation	2017-55B	8/31/2017	Staff participation in System Audit Office Initiatives	Participated on the implementation workstream team for the Systemwide implementation of Teammate
SciQuest Implementation	2017-55C	7/21/17	Serve on the Executive Committee for the implementation of SciQuest	SciQuest/Rowdy Exchange was implemented in July 2017
Cost of IT Services Consulting	2017-55E	7/21/17	Design a methodology for assessing the cost of Information Technology services	Developed spreadsheet tool and methodology for OIT to identify expenditures to analyze the cost of providing specific IT services
BluePrint IT Strategy 4.9 Committee	2017-55G	8/31/17	Serve on the IT BluePrint Strategy Committee	Attended IT BluePrint Strategy sessions
SACS - Financial Aid Consulting	2017-55F	3/16/17	Assist Student Financial Aid with SACS First Monitoring Report	Evaluated the student enrollment reporting process
Sponsored Projects Administration Consulting	2017-55H	8/31/17	Identify opportunities for improvement in cash management, specifically in the billing process	Documented the process using the COSO model to identify potential improvements to address grant billing process concerns
UT System IT Risk Assessment	2017-85A	3/13/2017	Assist Ernst and Young to develop the IT Risk Assessment tools for the annual internal audit planning process	Served as the pilot campus for the academic institutions and provided input to the tools to be utilized for the annual audit planning process
External Quality Assessment Review	2017-90	8/31/2017	Perform a self-assessment and assist in the performance of the External Quality Assessment of the Office of Auditing and Consulting Services	Completed self-assessment of the Office of Auditing and Consulting Services which was validated by Baker Tilly



#### IV. External Quality Assurance (Peer Review)

Note: During August 2017, Baker Tilly completed their independent validation of our self-assessment report. The report is currently in draft and should be issued shortly.

July 9, 2014

Mr. Dick Dawson  
Chief Audit Executive  
The University of Texas at San Antonio  
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We have completed an External Quality Assessment (“EQA”) of The University of Texas at San Antonio (“UTSA” or “institution”) Office of Internal Audit (“IA”). The EQA included an assessment of the level of conformance with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing (“the IIA Standards”), the Generally Accepted Government Auditing Standards (“GAGAS”) as well as the relevant requirements of the Texas Internal Auditing Act (“TIAA”). Listed below is our overall assessment of IA’s adherence with these Standards and requirements:

- IIA Standards - Based on our work, IA generally conforms. However, we did identify process enhancement opportunities.
- GAGAS - No conformance observations were identified.
- TIAA requirements – Other than the observations related to IIA Standards, no other observations were identified during our work.

Our Services were performed and this report was developed in accordance with our contract dated February 18, 2014 and are subject to the terms and conditions included therein. Our Services were performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants (“AICPA”). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us. Our work was limited to the specific procedures and analysis described herein and was based only on the information made available through May 23, 2014, when field work was substantially completed. Accordingly, changes in circumstances after this date could affect the findings outlined in this report. This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with The University of Texas System Administration. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than The University of Texas System Administration and UTSA.

We would like to offer a sincere thank you to you and your staff, and the Internal Audit Committee and management of UTSA, for the time and attention they provided during this assessment. We appreciate the opportunity to serve The University of Texas System Administration on this important engagement.

Very truly yours,

PricewaterhouseCoopers, LLP

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Information contained herein is for the sole benefit and use of UTSA

## V. Internal Audit Plan for Fiscal Year 2018

### Risk Assessment Methodology for the Annual Audit Plan

The University of Texas at San Antonio (UTSA) Fiscal Year 2018 Audit Plan outlines the internal audit activities that will be performed by the Office of Auditing and Consulting Services during FY 2018 in accordance with responsibilities established by the [UT System](#), the [Texas Internal Auditing Act](#), the Institute of Internal Auditors' [International Standards for the Professional Practice of Internal Auditing](#), and [Generally Accepted Government Auditing Standards](#). The plan is prepared using a risk-based approach to ensure that areas and activities specific to UTSA with the greatest risk are identified for consideration to be audited.

As part of the FY 2018 Audit Plan process, the UT System Audit Office executed a consistent risk assessment approach across all institutions. The common risk assessment approach started at the top with an awareness of critical initiatives and objectives to ensure the risks assessed were the most relevant. The risk assessment approach was based on a top-down process that included conversations and requests for input with risk collaborators, executives, and managers from the various operating areas on campus. The assessment process was standardized by creating common terms and criteria, enabling trending of risk and Systemwide comparisons. An emphasis was placed on collaboration with other functions that assess, handle, or manage risk. Information Technology risks represent a broad, high-risk category in our risk assessment and include specific information technology risks related to Title 1, Texas Administrative Code (TAC), Chapter 202, *Information Security Standards*.



## V. Internal Audit Plan for Fiscal Year 2018

UTSA FY 2018 Audit Plan	Budget
<b>Risk Based Audits</b>	
FY17 Risk Based Projects Carry Forward	
Cloud Hosted Systems Review	100
Sponsored Projects Compliance	100
Scholarship Management	200
BANNER	200
NCAA Compliance	350
PeopleSoft	400
Active Directory(AD)	500
Web Content and Security	500
Tuition and Fees	400
Lab Safety	400
Effort Reporting	400
Degree Works	500
<b>Risk Based Audits Subtotal</b>	<b>4050</b>
<b>Risk Based Consulting Projects</b>	
Student Financial Aid Consulting	150
Campus Committee Meetings	350
Sponsored Projects Uniform Guidance Consulting	200
Access Control Systems Consulting	120
TAC 202 - Security Controls Testing Procedures Development Consulting	200
IT Strategic Planning Consulting	100
Fraud Prevention and Detection Training	150
<b>Risk Based Consulting Subtotal</b>	<b>1270</b>
<b>Required Audits (External and/or Internal)</b>	
FY17 Financial Statement	250
UTS 142.1 Compliance	100
Joint Admission Medical Program (JAMP)	80
FY17 NCAA Agreed Upon Procedures	350
NCAA Football Attendance	80
Presidential Travel and Entertainment Assistance	20
Executive Travel and Entertainment	300
Employee Benefits Proportionality	200
State Auditor's Office (SAO) Statewide Single Audit (Student Financial Aid)	50
SAO Annual Reporting Requirement on Procurement Policies	40
Cancer Prevention and Research Institute of Texas (CPRIT) Agreed Upon Procedures	10
FY18 Financial Statement (Interim)	50
<b>Required Audits Subtotal</b>	<b>1530</b>

## V. Internal Audit Plan for Fiscal Year 2018

UTSA FY 2018 Audit Plan	Budget
<b>Investigations</b>	
Investigations	100
<b>Investigations Subtotal</b>	<b>100</b>
<b>Follow Up</b>	
1st Quarter	50
2nd Quarter	50
3rd Quarter	50
4th Quarter	50
<b>Follow Up Subtotal</b>	<b>200</b>
<b>Risk Based Reserve</b>	
Reserve	130
<b>General Reserve Subtotal</b>	<b>130</b>
<b>Development - Operations</b>	
Internal Audit Committee Meetings	300
Project Status Staff Meetings	350
Teammate Implementation and Maintenance	150
Audit Planning	200
UT System Reporting	40
Microsoft Power Business Intelligence (BI) Evaluation	50
<b>Development - Operations Subtotal</b>	<b>1090</b>
<b>Development - Initiatives and Education</b>	
System Audit Initiatives	300
Professional Associations	80
Continuing Professional Education	600
<b>Development - Initiatives and Education Subtotal</b>	<b>980</b>
<b>Total Budgeted Hours</b>	<b>9350</b>

## **V. Internal Audit Plan for Fiscal Year 2018**

The following high-level areas contain high and/or critical risks that are not included in the FY18 Audit Plan, but are being addressed by other risk mitigation strategies.

- Enrollment Management
- Faculty Recruitment
- Budgeting
- Campus Security
- Gifts and Endowments
- Facilities Management
- Financial Aid
- Disaster Recovery/Business Continuity/Emergency Preparedness
- IT Funding
- IT Incident Response & Reporting
- IT Project Management
- IT Asset Management
- IT Data Center
- IT Change Management
- IT Help Desk/Desktop Support
- Information Technology Security Management
- Information Security Accountability and Oversight

## **VI. External Audit Services Procured in Fiscal Year 2017**

- UTSA engaged the State Auditor's Office to perform the Fiscal Year 2016 A-133 Statewide Single Audit
- UTSA engaged the firm of Weaver and Tidwell, L.L.P. to conduct the required Agreed-Upon Procedures of the Cancer Prevention and Research Institute of Texas (CPRIT) awards for FY 2016.

## VII. Reporting Suspected Fraud and Abuse

The following actions were taken by The University of Texas at San Antonio to implement the following requirements:

### **The General Appropriations Act (85<sup>th</sup> Legislature, Conference Committee Report), Section 7.09, page IX-38. Fraud Reporting.**

*A state agency or institution of higher education appropriated funds by this Act, shall use appropriated funds to assist with the detection and reporting of fraud involving state funds as by:*

- (1) providing information on the home page of the entity's website on how to report suspected fraud, waste, and abuse involving state resources directly to the State Auditor's Office. This shall include, at a minimum, the State Auditor's Office fraud hotline information and a link to the State Auditor's Office website for fraud reporting; and*
- (2) including in the agency or institution's policies information on how to report suspected fraud involving state funds to the State Auditor's Office.*

At the bottom of the home page of The University of Texas at San Antonio <http://www.utsa.edu/>, there is link to the UTSA hotline website <https://www.utsa.edu/Compliance/Hotline.html> in which an individual can either report fraud through the UTSA hotline or the State Auditor's Office hotline.

### **Texas Government Code, Section 321.022. Coordination of Investigations**

*(a) If the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the department or entity.*

*(b) The state auditor, in consultation with state agencies and institutions, shall prescribe the form, content, and timing of a report required by this section.*

*(c) All records of a communication by or to the state auditor relating to a report to the state auditor under Subsection (a) are audit working papers of the state auditor.*

The University of Texas at San Antonio reports such activities to the State Auditor's Office through the following website: <https://sao.fraud.texas.gov/ReportFraud/>