The University of Texas at San Antonio

Internal Audit Annual Report
For Fiscal Year 2018

As required by the Texas Internal Auditing Act

TABLE OF CONTENTS

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 2018 Internal Audit Annual Report and the approved FY 2019 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. https://www.utsystem.edu/documents/audit-reports-institution

In Section II of this report, The University has included the following for the FY 2018 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 2018

Audit Title	Report Number	Report Date	Status
Risk Based Audits			
PeopleSoft	N/A	N/A	Fieldwork
Tuition and Fees	N/A	N/A	Fieldwork
Lab Safety	N/A	N/A	Delayed
Payroll Confirmation (Effort Reporting)	N/A	N/A	Fieldwork
NCAA Compliance	N/A	N/A	Fieldwork
Active Directory(AD)	N/A	N/A	Fieldwork
Web Presence and Accessibility	2018-31	4/19/18	Issued
Student Success Systems	N/A	N/A	Fieldwork
Continuous Auditing	N/A	N/A	Completed
Risk Based Projects Carry Forward from FY17 Audit Plan			
Cloud Hosted Systems Review	2017-34	10/16/17	Issued
Sponsored Projects Compliance	2017-40	12/4/17	Issued
Scholarship Management	2017-21	11/15/17	Issued
BANNER	2017-31	10/25/17	Issued
Required Audits (Externally and Internally)			
FY17 Financial Statement	2018-01	2/26/18	Issued
UTS 142.1 Compliance	2018-02	10/30/17	Issued
Executive Travel and Entertainment	2018-05	7/23/18	Issued
Joint Admission Medical Program (JAMP)	2018-09	10/30/17	Issued
NCAA Football Attendance	2018-11	1/24/18	Issued
State Auditor's Office (SAO) 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.
FY17 NCAA Agreed Upon Procedures	N/A	N/A	Report Issued by UT System Audit Office
Presidential Travel and Entertainment Assistance	N/A	N/A	Report to be Issued by UT System Audit Office

Employee Benefits Proportionality Audit (2018-24) was performed to address the benefits proportionality audit requirement prescribed in Rider 8, page III-41, the General Appropriations Act (84th Legislature) for FY15, FY16, and FY17. 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 considered an audit of Employee Benefits Proportionality Audit in the FY19 Audit Plan and determined an audit of FY18 was not necessary.

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 2018,
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 2018 Audit Plan were as follows:
1) Per Audit Committee approval on July 25, 2018, Lab Safety Audit was delayed until FY19 Audit Plan.
2) Per Audit Committee approval on March 6, 2018, 1) Continuous Auditing was added to the FY18 Audit Plan and 2) Degree
   Works Audit changed to Student Success Systems.

Recommendation	Response	Recommendation Status	Estimated Implementation Date
Project Name	**Cloud Hosted Systems Review**		
Issue Date	**10/16/17**		
Create and modify processes to acquire, account for, govern and manage an outsourced, cloud computing business model	An information security standard will be drafted which will address the need for risk assessments and procedures to include information security in acquiring and managing cloud computing services. As a means to ensure affected parties can comply with the information security standard, the Office of Information Security will collaborate with the affected process owners.	Ongoing	11/30/2018
Project Name	**BANNER**		
Issue Date	**10/25/17**		
Implement strategic data governance processes	A task force will be formed to perform a comprehensive review of data governance and integrity discrepancies within BANNER. A review of Banner access classes will be performed and adjustments will be made based on new federal guidelines as well as assigning appropriate update access to Banner across campus.	Ongoing	2/28/2019
Resolve basic segregation of duties concerns	The current structure will be evaluated and recommendations for potential changes will be made as they fit into the strategic enrollment efforts of the university.	Ongoing	2/28/2019
Improve automated transaction and data logging	A review of the Banner forms that have a significant impact on eligibility, status, etc. will be conducted to make a determination to track changes via logging of User IDs. If the form allows for logging, we will make changes as appropriate. If the Banner form does not have a logging feature then we will determine if additional measures need to be in place to mitigate the risk in other ways via quality control or report generation.	Ongoing	2/28/2019
Project Name	**Scholarship Management**		
Issue Date	**11/15/17**		
Document Scholarship Committee roles, responsibilities, and procedures	Scholarship Committee membership, roles, and responsibilities will be reviewed.	Implemented	8/31/2018
Develop and monitor university-wide scholarship reporting	The university has committed to the purchase of scholarship management software. In the interim, the Office of Financial Aid and Scholarships will review the reports that currently exist to help track expenditures and do so in a more timely manner.	Ongoing	12/31/2018
Document roles, responsibilities, and procedures of centralized and decentralized offices involved with scholarship activity	Current policy and procedures will be reviewed will ensure the Office of Financial Aid and Scholarships responsibilities are clearly articulated. The Director of Scholarships will work with the Colleges/Departments to clarify roles and responsibilities and ensure they have articulated that in their policies and procedures.	Ongoing	12/31/2018
Train all stakeholders involved with scholarship activity	The Office of Financial Aid and Scholarships will create a formal training class through Training and Development that will be open to Colleges, Departments, and their personnel. Training will be provided on an annual basis and will be required of all college/department scholarship personnel.	Ongoing	12/31/2018
Clean up scholarship account mapping	Accounts will be cleaned up and training will be increased to ensure account mapping remains appropriate.	Ongoing	12/31/2018

Recommendation	Response	Recommendation Status	Estimated Implementation Date
Project Name	**Sponsored Projects Compliance**		
Issue Date	**12/4/17**		
Monitor sponsored research projects financial, special and performance reporting requirements	Functionality and flexibility of PeopleSoft Milestones for recording grant requirements was increased. Grants and Contracts Financial Services staff were retrained on entering and updating Milestones and on processing all bill types. Huron Consulting Services assisted with the backlogs in financial reporting, AR reconciliation, and closeouts.	Implemented	8/31/2018
Project Name	**Web Presence and Accessibility**		
Issue Date	**4/19/18**		
Design and configure a website architecture that provides reasonable oversight, monitoring, accountability and an inventory of all university websites	A technical architectural configuration, strategy and plan will be developed to provide efficient and effective management, oversight, accountability and monitoring. In the interim, Web Services will work with OIT to audit the existing utsa.edu web framework	Ongoing	2/28/2019
Establish an accessibility policy that includes the standards and specifications illustrated within the applicable federal, state and UT System guidelines	A proposal on how UTSA should address accessibility concerns across the university that were identified during this audit review and the 2018 Institution of Higher Education Accessibility Survey recently sent to the Texas Department of Information Resources is underway.	Ongoing	2/28/2019
Appoint a Web Accessibility Coordinator that is responsible for developing, supporting, and maintaining the university's accessibility policy and training	A proposal on how UTSA should address accessibility concerns across the university that were identified during this audit review and the 2018 Institution of Higher Education Accessibility Survey recently sent to the Texas Department of Information Resources is underway.	Ongoing	2/28/2019
Assess the current Web Content Management System to determine its capability to strategically manage the entire UTSA web presence	A proposal on how UTSA should address accessibility concerns across the university that were identified during this audit review and the 2018 Institution of Higher Education Accessibility Survey recently sent to the Texas Department of Information Resources is underway.	Ongoing	2/28/2019
Provide periodic web training opportunities and resources to assist web developers who design, redesign, develop, and maintain all university websites	A proposal on how UTSA should address accessibility concerns across the university that were identified during this audit review and the 2018 Institution of Higher Education Accessibility Survey recently sent to the Texas Department of Information Resources is underway.	Ongoing	2/28/2019
Develop and enhance UTSA policies, procedures, processes, and practices to address readability, accessibility and usability for the entire web presence	A proposal on how UTSA should address accessibility concerns across the university that were identified during this audit review and the 2018 Institution of Higher Education Accessibility Survey recently sent to the Texas Department of Information Resources is underway.	Ongoing	2/28/2019

Recommendation	Response	Recommendation Status	Estimated Implementation Date
Project Name	**Continuous Auditing**		
Issue Date	**N/A**		
No recommendations	A report was not issued as a result of this work. The objective of this project was to monitor the functionality of key internal controls for high risks identified during previous internal audit engagements to ensure they are working as intended.		
Project Name	**UTS 142.1 Compliance**		
Issue Date	**10/30/17**		
No recommendations	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.		
Project Name	**Joint Admission Medical Program**		
Issue Date	**10/30/17**		
No recommendations	UTSA complies with the Joint Admissions Medical Program (JAMP) Agreement requirements and the JAMP Expenditure Guidelines.		
Project Name	**NCAA Football Attendance**		
Issue Date	**1/24/18**		
No recommendations	UTSA complies with NCAA Bylaw 20.9.9.3 regarding home football attendance.		
Project Name	**FY 17 Financial Statement Audit**		
Issue Date	**2/26/18**		
No recommendations	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.		
Project Name	**Executive Travel and Entertainment**		
Issue Date	**7/23/18**		
No recommendations	UTSA Vice President travel and entertainment expenses for FY2017 were appropriate, accurate and complied with the UTSA Financial Management Operational Guidelines for Travel and Business Related Hospitality and Entertainment Expenditures.		

III. Consulting Services and Nonaudit Services Completed

Consulting Services & Nonaudit	Project Number	Project Completed	High Level Objective	Observations/Results/ Recommendations
Data Analytics	2018-56	8/31/2017	Develop continuous monitoring techniques with various data analytics tools.	Trained audit staff on Power BI and piloted data analytics tools in support of various audit activities.
Sponsored Projects Uniform Guidance Consulting	2018-43	7/30/2018	Consult with the Office of Sponsored Projects Administration and the Vice President for Research to assist with reviewing research and development activities to ensure compliance with federal uniform guidance.	Facilitated discussion and resolution of payments to students with research funds, gathered information for a restricted research expenditure review for internal and external reporting, provided data for sponsored projects accounts receivable clearing accounts, and participated in a Sponsored Projects QAR/IT Task Force.
UTSA Strategic Initiatives Consulting	2018-57	8/31/2017	Participate on various committees commissioned to outline UTSA strategic goals and governance.	Provided feedback on various new strategic initiatives and attended a Senior Leadership Team Retreat on UTSA strategic goals.
Information Security Compliance Consulting	2018-34	8/31/2017	Consult with Information Security Office on emerging information security risks affecting the university	Completed a budget analysis of the Information Security Office and suggested actions at the request of the Executive Director of Institutional Compliance and Risk Services.

Deviations from the FY 2018 Audit Plan were approved at the Audit Committee on March 6, 2018:

1) Removed Consulting Projects: Access Controls Consulting, Student Financial Aid Consulting, IT Strategic Planning Consulting and Fraud Prevention and Detection Training.
2) Added Consulting Projects: Data Analytics and UTSA Strategic Initiatives Consulting.
3) Scope changes from TAC 202 Security Controls Testing to Information Security Compliance Consulting.

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August 9, 2017

Mr. Paul Tyler, Interim Chief Audit Executive
The University of Texas at San Antonio

In May 2017, The University of Texas at San Antonio (UTSA) Office of Audit and Consulting Services (IA) completed a self-assessment of internal audit activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). UTSA IA engaged an independent review team consisting of three internal audit professionals with extensive higher education experience to perform an independent validation of IA's QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning IA's conformity to the Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing* (the IIA *Standards*) and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the Texas Internal Auditing Act (TIAA).

The IIA's *Quality Assessment Manual* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform." "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*. "Partially conforms" means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does not conform" means deficiencies are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by IA, we agree with IA's overall conclusion that the internal audit function **"Generally Conforms"** with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, as well as with IA's conclusions regarding GAGAS and TIAA requirements. Our review noted strengths as well as opportunities for enhancing the internal audit function.

This information has been prepared pursuant to a client relationship exclusively with, and solely for the use and benefit of, UTSA and The University of Texas System Administration and is subject to the terms and conditions of our related contract. Baker Tilly 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 UTSA and The University of Texas System Administration.

The review team appreciates the cooperation, time, and candid feedback of executive leadership, stakeholders, and IA personnel.

Very truly yours,

Baker Tilly Virchow Krause, LLP

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V. Internal Audit Plan for Fiscal Year 2019

FY 2019 Audit Plan	Budget
Risk Based Audits	
Lab Safety	400
NCAA Compliance	350
IT Incident Response (TAC 202)	400
IT Decentralized Computing General Controls	1000
IT Project Management	400
Continuous Auditing Program	300
Sponsored Projects Compliance (Export Controls)	350
NRUF (National Research University Fund)/Restricted Expenditures Review	300
Risk Based Projects Carry Forward	
Research Payroll Confirmation (Effort Reporting)	100
PeopleSoft (Payroll)	150
Student Success Systems	150
Risk Based Audits Subtotal	**3900**
Risk Based Consulting Projects	
SACS Accreditation	80
UTSA Strategic Planning Consulting	200
Campus Committees and Meetings	350
Sponsored Projects Consulting	200
Data Analytics Program	400
Information Security Consulting	100
Risk Based Consulting Subtotal	**1330**
Risk Based Reserve	
Reserve	800
Risk Based Reserve Subtotal	**800**
Required Audits	
FY18 NCAA Agreed Upon Procedures	200
NCAA Football Attendance	100
FY18 Financial Statement	175
FY19 Financial Statement (Interim)	50
Presidential Travel and Entertainment Assistance	10
State Auditor's Office (SAO) Statewide Single Audit (Student Financial Aid Follow-up)	20
SAO Annual Reporting Requirement on Procurement Policies	30
Cancer Prevention and Research Institute of Texas (CPRIT) Agreed Upon Procedures	10
Required Audits Subtotal	**595**
Investigations	
Investigations	200
Investigations Subtotal	**200**
Follow-Up	
1st Quarter	50
2nd Quarter	50
3rd Quarter	50
4th Quarter	50
Follow-Up Subtotal	**200**

V. Internal Audit Plan for Fiscal Year 2019

FY 2019 Audit Plan	Budget
Development - Operations	
Internal Audit Committee Meetings	300
Project Status Staff Meetings	350
Teammate Implementation and Maintenance	100
Audit Planning	200
UT System Reporting	20
Development - Operations Subtotal	**970**
Development - Initiatives and Education	
System Audit Initiatives	200
Professional Associations	80
Continuing Professional Education	600
Development - Initiatives and Education Subtotal	**880**
Total Budgeted Hours	**8875**

V. Internal Audit Plan for Fiscal Year 2019

The following high-level areas contain high and/or critical risks that are not included in the FY19 Audit Plan, but are being addressed by other risk mitigation strategies.

- Budget/Decision Support

- Campus Security

- Data Stewardship/Ownership/Governance

- Degree Program Development

- Enrollment and Registration

- Enrollment Management

- Gifts and Endowments

- Faculty Recruitment

- Facilities Management

- Finance

- Financial Aid

- Learning Management System

- IT Funding

- Payroll

- Publications and Intellectual Property

- Research

- Strategic Alignment, Communication, & Awareness

- Student Records System

- Tuition and Fees Management

- University Development

- University Relations

V. Internal Audit Plan for Fiscal Year 2019

Risk Assessment Methodology for the Annual Audit Plan

The University of Texas at San Antonio (UTSA) Fiscal Year 2019 Audit Plan outlines the internal audit activities that will be performed by the Office of Auditing and Consulting Services during FY 2019 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 2019 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.*

VI. External Audit Services Procured in Fiscal Year 2018

➢ UTSA engaged the State Auditor's Office to perform the Fiscal Year 2017 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 2017.

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 (85ᵗʰ 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/