

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

## **Internal Audit Annual Report For Fiscal Year 2021**

*As required by the Texas Internal Auditing Act*

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## **I. Compliance with Texas Government Code, Section 2102.015**

In accordance with the Texas Government Code, Section 2102.015, the UTSA Office of Auditing and Consulting Services posted its FY 2021 Internal Audit Annual Report and the approved FY 2022 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 2021 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 FY 2021

FY 2021 Audit Plan	Report Number	Report Date	Status
<b>Risk Based Audits</b>			
Clery Act Reporting Audit	2021-09	N/A	Completed
CARES Disbursements Audit	2021-21	N/A	Completed
Microsoft 365 & Azure Active Directory Audit	2021-30	8/19/2021	Issued
Cybersecurity Audit	2021-31	8/26/2021	Issued
NRUF/Restricted Expenditures Audit	2021-40	N/A	Draft Report
Visiting Researchers and Scholars	2021-42	8/26/2021	Issued
Academic Affairs Risk Based Audits	2021-08	N/A	Cancelled
Athletics Risk Based Audit	2021-20	N/A	Delayed
Data Analytics & Continuous Auditing	2021-25	N/A	Completed
State Auditor's Office (SAO) Annual Reporting Requirements on Procurement Policies and Contract Management	2021-05	3/18/2021	Issued
Presidential Travel and Entertainment Expenditures Review (UT System) Support	2021-03	N/A	Cancelled
FY20 Risk Based Projects Carry Forward			
Physical Access Control Processes	2020-22	N/A	Delayed
Research Core Facilities	2020-40	2/24/2021	Issued
Research Financial Reporting (Sponsored Projects Compliance)	2020-41	9/14/2020	Issued
Restricted Research Expenditures/National Research University Fund	2020-42	12/10/2020	Issued

## II. Internal Audit Plan for FY 2021

FY 2021 Audit Plan	Report Number	Report Date	Status
<b>Required Audits</b>			
FY20 NCAA Agreed Upon Procedures	2021-10	N/A	Report Issued by the UT System Audit Office
NCAA Football Attendance	2021-11	N/A	Cancelled
FY20 Financial Statement	2021-01	12/10/2020	Issued
FY21 Financial Statement (Interim)	2021-02	N/A	Completed
Facilities Audit (Texas Higher Education Coordinating Board)	2021-07	N/A	Delayed
Educational Research Center Access Point Audit (Texas Higher Education Coordinating Board)	2021-04	N/A	Cancelled
State Auditor's Office Single Audit	2021-06	N/A	Report Issued by the State Auditor's Office

### Deviations from FY21 Audit Plan

A) Per Audit Committee Approval on November 5, 2020, the NCCA Football Attendance Audit and the Educational Research Center Access Point Audit were cancelled.

B) Per Audit Committee Approval on February 26, 2021, the Presidential Travel and Entertainment Expenditure Audit by UT System was cancelled.

C) Per Audit Committee Approval on May 20, 2021, the Physical Access Control Processes and DSX System and the Athletics Risk Based Audit were delayed until FY22.

D) Before year end, the Facilities Audit by the Texas Higher Education Coordinating Board was delayed until FY23. The Academic Affairs Risk Based Audit was cancelled.

### Texas Government Code, Section 2102.005(b)

Per Texas Government Code, Section 2102.005(b), the Office of Auditing and Consulting Services considered contract processes, controls, and monitoring of UTSA contracts during our annual risk assessment process to develop our FY 2021 annual audit plan.

**II. Internal Audit Plan for Fiscal Year 2021  
Summary of Recommendations and Responses**

Recommendation	Response	Recommendation Status	Estimated Implementation Date
<b>Project Name NRUF Restricted Research Expenditures</b>			
<b>Issue Date 12/10/20</b>			
Ensure endowment and gift expenditures are allowable	Endowment Compliance with correct the expenditures identified. The Senior VP for Research will monitor FY20 and FY21 research expenditures funded by Gift and Endowment accounts for compliance with Texas Higher Education Coordinating Board Standards and Accounting Methods requirements.	Ongoing	12/31/21
<b>Project Name Research Core Facilities</b>			
<b>Issue Date 2/24/21</b>			
Ensure physical access is appropriate	The Office of Research Infrastructure Support will review and continually update Research Core Facilities physical security access rights. Access for terminated individuals will be removed.	Ongoing	12/31/2021
Ensure users are trained	The Office of Research Infrastructure Support will implement tracking processes to ensure Research Core Facilities users are current with training requirements. Policies for Research Core Facilities lab equipment training and UTSA general lab safety course requirements will be published.	Ongoing	12/31/2021
<b>Project Name Former PhD Students Access to Microsoft 365 Resources (Continuous Auditing)</b>			
<b>Issue Date 5/13/21</b>			
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.	Ongoing	11/30/2021
<b>Project Name Student Athlete Status Data Integrity (Continuous Auditing)</b>			
<b>Issue Date 6/4/21</b>			
Ensure student athlete eligibility status is accurate in the student records system	Athletics Compliance will update the athletic status each semester after census, utilizing internal audit automated reports. The registrar athlete roll-forward process will not be initiated until Athletics Compliance has completed the updates.	Ongoing	3/31/2022
<b>Project Name Microsoft 365 &amp; Azure Active Directory</b>			
<b>Issue Date 8/19/21</b>			
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.		
<b>Project Name PeopleSoft Correction Access &amp; Segregation of Duties (Continuous Auditing)</b>			
<b>Issue Date 8/20/21</b>			
Ensure correct history privileges are reviewed	UTSA will review roles to ensure correct history privileges are only assigned to authorized individuals.	Ongoing	8/31/2022
Follow change management processes to update tree hierarchies	Procedures have been put in place to systematically address standard, normal, and urgent tree update requests through the change request process.	Implemented	7/12/2021
<b>Project Name Visiting Researchers and Scholars</b>			
<b>Issue Date 8/26/21</b>			
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.		

**II. Internal Audit Plan for Fiscal Year 2021  
Summary of Recommendations and Responses**

<b>Recommendation</b>	<b>Response</b>	<b>Recommendation Status</b>	<b>Estimated Implementation Date</b>
<b>Project Name</b>	<b>Cybersecurity</b>		
<b>Issue Date</b>	<b>8/26/21</b>		
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.		
<b>Project Name</b>	<b>FY20 Financial Statement Audit</b>		
<b>Issue Date</b>	<b>12/10/20</b>		
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.		
<b>Project Name</b>	<b>SAO Annual Reporting Requirements on Procurement Policies</b>		
<b>Issue Date</b>	<b>3/18/21</b>		
No recommendations	UTSA has adopted the policies and procedures outlined in TEC §51.9337. Limited testing of procurement and contract attributes within the Contract Management Handbook showed procurement and contract processes to be working as intended.		

### III. Consulting Services and Nonaudit Services Completed

<b>FY 2021 Audit Plan</b>	<b>Project Number</b>	<b>Project Completed</b>	<b>High Level Objective</b>	<b>Observations/ Results/ Recommendations</b>
Consulting/Process Improvements - Business Affairs	2021-23	8/31/2021	Consult with the Senior VP for Business Affairs to assist in ensuring adequate internal controls continue to exist for process changes that have occurred due to COVID-19.	Assisted in the preparation of the Texas Workforce Commission Texas Labor Code Compliance Review. Provided input on Segregation of Duties concerns with Business Service Centers.
Consulting/Process Improvements - Research	2021-24	8/25/2021	Consult with the VP for Research Economic Development and Knowledge Enterprise to assist in assessing key and emerging processes and programs.	Facilitated Research and Purchasing leadership in developing purchasing process efficiencies.
Consulting/Process Improvements - Academic Affairs	2021-22	N/A	Consult with the Provost and Senior VP for Academic Affairs to assist in assessing key and emerging processes and programs.	Project cancelled before year end.
Consulting/Process Improvements - Information Technology/Security	2021-32	8/31/2021	Consult with the VP for Information Management and Technology to assist in assessing key and emerging processes and programs.	Provided feedback to enhance information technology and information security programs.



## IV. External Quality Assurance Review



July 16, 2020

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

In June 2020, The University of Texas at San Antonio (UTSA) internal audit (IA) function, the Office of Auditing and Consulting Services (OACS), 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 OACS engaged an independent review team consisting of internal audit professionals with extensive higher education experience to perform an independent validation of OACS' QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning OACS' conformity to the IIA'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 IA 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 IA activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by OACS, we agree with OACS' 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 OACS' 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, The University of Texas System Administration and UTSA 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 The University of Texas System Administration and The University of Texas at San Antonio.

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

Very truly yours,

*Baker Tilly Virchow Krause, LLP*

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## V. Internal Audit Plan for Fiscal Year 2022

FY 2022 Audit Plan	Budget
<b>Assurance Engagements</b>	
FY21 Risk Based Projects Carryforward	
FY21 NRUF/Restricted Expenditures Audit	150
Foreign Influence Audit	350
State Auditor's Office National Research University Fund Audit	150
Vulnerability and Incident Response Audit	300
Identity and Access Management Audit	400
Microsoft 365 Internal Audit	250
Gifts/Endowments Audit	300
Construction Management Audit	350
Clery Act Audit	250
Data Analytics and Continuous Auditing	1200
Athletics Risk Based Audit	300
State Auditor's Office (SAO) Annual Reporting Requirements on Procurement Policies	250
UT System Audit - Presidential Travel and Entertainment	20
<b>Assurance Engagements Subtotal</b>	<b>4270</b>
<b>Advisory and Consulting Engagements</b>	
Enrollment Services Consulting	175
Disaster Recovery / Business Continuity Consulting	100
Hardware and Software Asset Management Consulting	75
Physical Access Control Process Consulting	200
University Technology Solutions/Information Security Consulting	100
Consulting Process Improvements - Research	150
Campus Committee Meetings	400
<b>Advisory and Consulting Engagements Subtotal</b>	<b>1200</b>
<b>Required Engagements</b>	
FY21 NCAA Agreed Upon Procedures	250
State Auditor's Office Single Audit Follow Up	50
FY21 Financial Statement	115
FY22 Financial Statement (Interim)	160
FY20 & FY21 Employee Benefits Proportionality	200
Facilities Audit (Texas Higher Education Coordinating Board)	50
<b>Required Engagements Subtotal</b>	<b>825</b>
<b>Investigations</b>	
Investigations	100
<b>Investigations Subtotal</b>	<b>100</b>

## V. Internal Audit Plan for Fiscal Year 2022

FY 2022 Audit Plan	Budget
<b>Reserve</b>	
Reserve	200
<b>Reserve Subtotal</b>	<b>200</b>
<b>Follow-Up</b>	
1st Quarter	75
2nd Quarter	75
3rd Quarter	75
4th Quarter	75
<b>Follow-Up Subtotal</b>	<b>300</b>
<b>Development - Operations</b>	
Internal Audit Committee Meetings	275
Project Status Staff Meetings	450
Teammate Implementation and Maintenance	100
Audit Planning	200
UT System Reporting	50
<b>Development - Operations Subtotal</b>	<b>1075</b>
<b>Development - Initiatives and Education</b>	
System Audit Initiatives	100
Professional Associations	310
Continuing Professional Education	500
<b>Development - Initiatives and Education Subtotal</b>	<b>910</b>
<b>Total Budgeted Hours</b>	<b>8880</b>

## **V. Internal Audit Plan for Fiscal Year 2022**

The following high-level areas contain high and/or critical risks that are not included in the FY22 Audit Plan, but are being addressed by other risk mitigation strategies.

- Budgeting – Incentivized Resource Management
- Campus Security
- Conflict of Interest / Conflict of Commitment
- Data Governance/Integrity (PeopleSoft and Banner)
- IS and IT Strategic Planning, Alignment, and Funding
- IT Quality Assurance
- IT Lifecycle – Systems Development, Implementation, and Sustainability
- Lab Safety / Biosafety
- Organizational Structure and Accountability
- Public/Private Partnerships
- Regulatory Compliance
- Remote Learning
- Revenue – Tuition and Fees and State Appropriations
- Research Centers and Institutes (National Security Collaboration Centers/Cybersecurity Innovation Institute)
- Title IX
- Vendor Management

## **V. Internal Audit Plan for Fiscal Year 2022**

### **Risk Assessment Methodology for the Annual Audit Plan**

The University of Texas at San Antonio (UTSA) Fiscal Year 2022 Audit Plan outlines the internal audit activities that will be performed by the Office of Auditing and Consulting Services during FY 2022 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 2022 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 2021**

- UTSA engaged the firm of Weaver and Tidwell, LLP to conduct the required Agreed-Upon Procedures of the Cancer Prevention and Research Institute of Texas (CPRIT) awards for FY 2020.
- UTSA engaged Margolis Healy to assist with improving Clery Act process and procedures changes and to ensure Clery Act crime statistics data integrity.

## 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 (86th Legislature), Section 7.09, page IX-37. 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/>