

The University of Texas at San Antonio

Internal Audit Annual Report For Fiscal Year 2020

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 2020 Internal Audit Annual Report and the approved FY 2021 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 2020 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 2020

FY 2020 Audit Plan	Report Number	Report Date	Status
Risk Based Audits			
Research Financial Reporting (Sponsored Projects Compliance)	2020-41	9/14/2020	Issued
Wireless Network	2020-30	8/27/2020	Issued
Continuous Auditing	2020-21	N/A	Completed
Research Core Recharge Centers	2020-40	N/A	Draft Report
Restricted Research Expenditures/National Research University Fund (NRUF) Review	2020-42	N/A	Draft Report
Physical Access Control Processes and DSX System	2020-22	N/A	Draft Report
NCAA Compliance	N/A	N/A	Delayed
Security Incident Management UT System Assessment Support	N/A	N/A	Cancelled
FY19 Risk Based Projects Carry Forward			
NCAA Compliance	2019-20	9/4/2019	Issued
Conflict of Interest / Conflict of Commitment	2019-60	9/9/2019	Issued
Admissions	2019-62	10/7/2019	Issued
IT Decentralized Computing General Controls	2019-31	10/8/2019	Issued
KAMC Internal Control Review	2019-55A	10/8/2019	Issued
NRUF Research Expenditures	2019-42	10/31/2019	Issued

II. Internal Audit Plan for Fiscal Year 2020

FY 2020 Audit Plan	Report Number	Report Date	Status
Required Audits			
FY19 Financial Statement	2020-01	4/16/2020	Issued
Executive Travel and Entertainment	2020-03	8/27/2020	Issued
Employee Benefits Proportionality *	2020-24	8/27/2020	Issued
State Auditor's Office (SAO) Annual Reporting Requirements on Procurement Policies (TEC §51.9337)	2020-06	8/27/2020	Issued
NCAA Football Attendance	2020-11	2/12/2020	Issued
Educational Research Center Access Point Audit (Texas Higher Education Coordinating Board)	2020-05	11/20/2019	Issued
FY19 NCAA Agreed Upon Procedures	N/A	N/A	Report Issued by UT System Audit Office
State Auditor's Office (SAO) Statewide Single Audit (Student Financial Aid Follow-up)	N/A	N/A	Report Issued by State Auditor's Office
Facilities Audit (Texas Higher Education Coordinating Board)	N/A	N/A	Delayed
Presidential Travel and Entertainment Expenditures Review (UT System) Support	N/A	N/A	Delayed

*Employee Benefits Proportionality Audit (2018-24) was performed to address the benefits proportionality audit requirement for FY18 and FY19 prescribed in Rider 8, page III-45, the General Appropriations Act (85th Legislature).

Deviations from FY20 Audit Plan

A) Per Audit Committee Approval on September 26, 2019, the Clery Act Audit was added to the FY20 Audit Plan.

B) Per Audit Committee Approval on June 30, 2020, NCAA Compliance and the Texas Higher Education Coordination Board (THECB) Facilities Audit were delayed until FY 2021.

C) IT Incident Management UT System Assessment Support was cancelled before year end. Presidential Travel and Entertainment Expenditures Review - UT System Support was delayed until FY 2021.

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 2020 annual audit plan.

II. Internal Audit Plan for Fiscal Year 2020
Summary of Recommendations and Responses

Recommendation	Response	Recommendation Status	Estimated Implementation Date
Project Name Wireless Network			
Issue Date 8/27/20			
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.		
Project Name Research Financial Reporting			
Issue Date 9/14/20			
Ensure salaries are allocated to grants appropriately.	Processes to proactively monitor award activity to ensure that costs are charged as budgeted have been developed. Training and enhanced communication within Research and within the departments will occur. A Monitoring Plan for validating the processes has been provided to Internal Audit. Internal Audit will validate that the processes are working as intended.	Ongoing	12/15/2020
Finalize actions need to clear grant accounts receivable.	Research leadership will work with Business Affairs leadership to identify alternative solutions to solve AR issues. The group will identify PeopleSoft-specific issues, process issues, and protocols to clear these issues.	Ongoing	12/15/2020
Ensure final Federal Financial Reports are submitted timely.	Processes have been refined to place higher priority on consistent compliance with milestones due date and to ensure that transactions are finalized prior to final invoicing/final financial reporting. A Monitoring Plan for validating the processes has been provided to Internal Audit. Internal Audit will validate that the processes are working as intended.	Ongoing	12/15/2020
Project Name NRUF Research Expenditures			
Issue Date 10/31/19			
Update HOP 9.32 Sponsored Projects Administration	HOP 9.32 Sponsored Projects Administration will be updated to reflect current applicable federal and state guidelines and current policies for classifying new contracts, gifts, and grants as restricted research.	Ongoing	12/31/2020
Create procedures for the distribution of residual funds from Fixed Price Contracts.	A policy outlining the distribution of residual funds from Fixed Price Contracts will be distributed.	Ongoing	12/31/2020
Create a monitoring tool for restricted research expenditures.	A monitoring tool to spot-check expenditures coded as restricted research expenditures with questionable account codes that may not meet THECB Standards and Accounting Methods definition of restricted research has been created and is being utilized.	Implemented	10/15/2020
Create procedures for the distribution of Texas Research Incentive Program matching funds.	The formal policy on the usage of TRIP matching funds, the process flowchart and the responsibility matrix have been developed. TRIP Matching funds are distributed as local funds to the institution and are restricted to be spent on research.	Implemented	10/20/2020

II. Internal Audit Plan for Fiscal Year 2020
Summary of Recommendations and Responses

Recommendation	Response	Recommendation Status	Estimated Implementation Date
Project Name	THECB - Educational Research Center		
Issue Date	11/20/19		
No recommendations	The UTSA access location of the Educational Research Center is in compliance with the Interagency Cooperation Contract terms and applicable state and federal laws and regulations.		
Project Name	Employee Benefits Proportionality		
Issue Date	8/27/20		
No recommendations	The Benefits Proportionality by Fund Reports (APS011) for fiscal years 2018 and 2019 as submitted to the State Comptroller were materially accurate.		
Project Name	FY19 Financial Statement Audit		
Issue Date	4/16/20		
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	NCAA Football Attendance		
Issue Date	2/12/20		
No recommendations	UTSA complies with NCAA Bylaw 20.9.9.3 regarding home football attendance.		
Project Name	Executive Travel and Entertainment		
Issue Date	8/27/20		
No recommendations	Travel and entertainment expense transactions of the vice presidents and deans were determined to be appropriate and accurate.		
Project Name	SAO Annual Reporting Requirements on Procurement Policies		
Issue Date	8/27/20		
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

FY 2020 Audit Plan	Project Number	Project Completed	High Level Objective	Observations/ Results/ Recommendations
Business Process Improvement	2020-23	8/21/2020	Consult with the Interim Senior Vice Provost for Institutional Intelligence and Senior Vice President for Business Affairs by mapping improvements to various business processes.	Provided consulting services to management in various areas including the SAHARA Reconciliation Process, Business Disaster Recovery Tabletop Exercise, Supply Chain Risk Assessment and the Outside Scholarship Process.
Information Technology / Information Security	2020-32	8/31/2020	Consult with the Vice President for Information Management & Technology and Chief Information Security Officer to assist/enhance the information technology and information security programs.	Provided feedback to enhance information technology and information security programs.
Libraries (ITC) IT Consulting	2020-32A	1/30/2020	Provide consulting services to the Dean of Libraries on assessing Information Technology and Information Security at the Institute of Texan Cultures.	Provided feedback to the Dean of Libraries on ITC IT/IS controls.
Banner/PeopleSoft Optimization	2020-33	N/A	Consult with Vice President for Information Management & Technology to assist in stabilization/optimization of core institutional systems and IT service methodologies.	Project cancelled per Audit Committee Approval on June 30, 2020.
OIG - Department of Education Clery Act Audit	2020-60	8/31/2020	Provided assistance to the UTSA Police Department by facilitating in the preparation for the onsite visit by the Department of Education OIG Auditors.	UTSA responded to the Department of Education OIG report.
UTSA Strategic Planning	2020-57	8/31/2020	Consult with University leaders on the university initiatives including the Strategic Enrollment and Student Success task forces.	Provided feedback on various new strategic initiatives.
SACS Accreditation	2020-58	8/31/2020	Assist the University with the completion of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Reaffirmation of Accreditation Compliance Report and other related materials for university accreditation.	Provided feedback on SACSCOC accreditation materials and principles.



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 2021

FY 2021 Audit Plan	Budget
Assurance Engagements	
FY20 Risk Based Projects Carry Forward	
Grant Financial Reporting	25
Physical Access Control Processes and DSX System	50
Research Core Recharge Centers	100
FY20 NRUF/Restricted Expenditures Audit	125
FY21 Clery Act Reporting Audit	400
FY21 CARES Disbursements Audit	250
FY21 Office 365 Audit	400
FY21 Cyber Security Audit	300
FY21 NRUF/Restricted Expenditures Audit	250
Research Risk Based Audits	200
Academic Affairs Risk Based Audits	200
NCAA Compliance Audit	305
Data Analytics & Continuous Auditing	1200
State Auditor's Office (SAO) Annual Reporting Requirements on Procurement Policies and Contract Management Handbook Review	250
Presidential Travel and Entertainment Expenditures Review (UT System) Support	20
Assurance Engagements Subtotal	4075
Advisory and Consulting Engagements	
Consulting/Process Improvements - Business Affairs	225
Consulting/Process Improvements - Research	175
Consulting/Process Improvements - Academic Affairs	150
Consulting/Process Improvements - Information Technology/Security	100
Campus Committee Meetings	400
Advisory and Consulting Engagements Subtotal	1050
Required Engagements	
FY20 NCAA Agreed Upon Procedures	250
NCAA Football Attendance	100
FY20 Financial Statement	115
FY21 Financial Statement (Interim)	160
Facilities Audit (Texas Higher Education Coordinating Board)	175
Educational Research Center Access Point Audit (Texas Higher Education Coordinating Board)	150
State Auditor's Office Single Audit	100
Required Engagements Subtotal	1050

V. Internal Audit Plan For Fiscal Year 2021

FY 2021 Audit Plan	Budget
Investigations	
Investigations	125
Investigations Subtotal	125
Reserve	
Reserve	175
Reserve Subtotal	175
Follow-Up	
1st Quarter	100
2nd Quarter	100
3rd Quarter	100
4th Quarter	100
Follow-Up Subtotal	400
Development - Operations	
Internal Audit Committee Meetings	275
Project Status Staff Meetings	450
Teammate Implementation and Maintenance	130
Audit Planning	200
UT System Reporting	50
Development - Operations Subtotal	1105
Development - Initiatives and Education	
System Audit Initiatives	100
Professional Associations	300
Continuing Professional Education	500
Development - Initiatives and Education Subtotal	900
Total Budgeted Hours	8880

V. Internal Audit Plan For Fiscal Year 2021

The following high-level areas contain critical and high risks that are not included in the FY21 Audit Plan, but are being addressed by other risk mitigation strategies.

- Budgeting – Incentivized Resource Management
- Conflict of Interest / Conflict of Commitment
- Construction Management/ Public Private Partnerships
- Data Governance/Integrity (PeopleSoft and Banner)
- Foreign Influence
- Grant Financial Reporting and Billing
- Identity and Access Management
- IS and IT Strategic Planning, Alignment, and Funding
- IT Asset Management
- IT Infrastructure
- IT Lifecycle – Systems Development, Implementation, and Sustainability
- Lab Safety / Biosafety
- Physical Security – Facilities and Space Management
- Regulatory Compliance
- Remote Learning
- Revenue – Tuition and Fees, State Appropriations, and Gift/Endowments
- Research Centers and Institutes (National Security Collaboration Centers/Cybersecurity Innovation Institute)
- Student Enrollment and Admissions – Student Success, Retention, and Graduation Rates
- Student, Faculty, and Staff Health and Safety (Return to Campus)
- Title IX
- Vendor Management

V. Internal Audit Plan for Fiscal Year 2021

Risk Assessment Methodology for the Annual Audit Plan

The University of Texas at San Antonio (UTSA) Fiscal Year 2021 Audit Plan outlines the internal audit activities that will be performed by the Office of Auditing and Consulting Services during FY 2021 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 2021 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 2020

- 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 2019.
- UTSA engaged Deloitte & Touche LLP to complete the FY 2019 Student Financial Assistance Audit and the FY2019 Financial Statement Review required for the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Reaffirmation of Accreditation.
- 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/>