The University of Texas at San Antonio™

INTERNAL AUDIT ANNUAL REPORT

FISCAL YEAR 2025

As required by the Texas Internal Auditing Act

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Section I: Compliance with Texas Government Code, Section 2102.015

In accordance with Texas Government Code, Section 2102.015, the UTSA Office of Auditing and Consulting Services posts Internal Audit Annual Reports and approved Audit Plans on the following website:
http://www.utsa.edu/internalAudit/Audit/Reports.html

All internal audit reports are posted on the UT System Audit Office website, unless the information is excepted from public disclosure under Chapter 552 of the Texas Government Code:
https://www.utsystem.edu/documents/audit-reports-institution

Texas Government Code, Section 2102.015 also requires entities to update the Audit Plan information to include the following information on their website:

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

The Texas State Auditor's Office (SAO), based on Texas Government Code, Section 2102.015, allows entities to include the summaries described above in the annual audit plan. Therefore, Section II of this report includes the required information by summarizing the current year observations and progress towards implementing action plans to address the observations.

Section II: Internal Audit Plan for Fiscal Year 2025

Lab Safety Audit	
Report Date: February 27, 2024 Status: Report Issued	Management agreed to address observations to ensure 1) Asset Management records reflect room usage, 2) Laboratory Safety inspection findings are current in SciShield, and 3) Incident reporting communication between departments is clear by documenting procedures. Access deficiencies were reported in the Restricted Access Audit.
Restricted Access Audit	
Report Date: May 29, 2025 Status: Report Issued	The report contains confidential information and is exempt from the disclosure requirements of the Texas Public Information Act, as per the exception outlined in Government Code § 552.139.
TEC §51.3525 Compliance Internal Audit	
Report Date: August 25, 2025 Status: Report Issued	UTSA complies with the key requirements of TEC§51.3525 and UTS197. Based on the documentation reviewed, state appropriations were not used to fund diversity, equity, and inclusion practices.
Privileged Accounts Audit	
Report Date: August 27, 2025 Status: Report Issued	The report contains confidential information and is exempt from the disclosure requirements of the Texas Public Information Act, as per the exception outlined in Government Code § 552.139.
FY 2024 Annual Financial Report	
Report Date: December 12, 2024 Status: Report Issued	No material adjustments were identified in the UTSA AFR. No exceptions were identified during the testing of controls and substantive testing.
Procurement Audit	
Report Date: February 7, 2025 Status: Report Issued	UTSA has adopted policies required by Texas Education Code, Section §51.9337(h).

Completed Projects
- Data Analytics were completed. - In coordination with UT System, Baker Tilly issued the FY24 NCAA Agreed Upon Procedures on August 31, - The SAO completed the FY24 Statewide Single Audit.

Audit Plan Changes
- At the June 11, 2025 IAC Meeting, approval was obtained to 1) add the CyManII/NSCC Financial Consulting Review, 2) defer the Athletics Audit to FY26 and to 3) cancel the Grants Financial Reporting Audit and the Patch Management Consulting project. - At the next IAC Meeting, approval will be requested to 1) cancel the Financial Aid Disbursement Verification - The TEC 51.3525 Consulting Project was changed to an Audit Project. - The Research Data Security Audit was changed to a Consulting Project on Executive Order GA-48 (Hardening of the State Government). - The Employee Offboarding Process Audit was in progress as of August 31, 2025.

Section III: Consulting Services and Nonaudit Services Completed

Information Technology/Information Security Consulting	
Project Completed: July 31, 2025	Provided advisory services to assess and align systems with the FBI's Criminal Justice Information Services (CJIS) Security Policy, ensuring appropriate security controls were evaluated and implemented for systems managed by Public Safety and supported by central IT.
Business Affairs Consulting	
Project Completed: June 2, 2025	Internal Audit assisted in the coordination and execution of the third-party review of Campus Living Villages by Guidehouse.
Executive Order GA-48 (Hardening of the State Government)	
Project Completed: August 1, 2025	UTSA complies with Executive Order GA-48, issued in November 2024 to safeguard Texas institutions from foreign adversary influence and espionage.
Research Consulting - CyManII NSCC Financial Review	
Project Completed: August 19, 2025	Internal Audit completed a CyManII NSCC Financial Review under Attorney Client Privilege.
Construction Management Consulting	
Project Completed: August 31, 2025	Continued discussions on inherent and residual risk assessment on current and planned construction processes.

Section IV: External Audit Services Procured

- UTSA engaged Weaver and Tidwell, LLP to conduct the required Agreed-Upon Procedures of the Cancer Prevention and Research Institute of Texas (CPRIT) awards for FY 2024.
- UT System engaged Baker Tilly, LLP to conduct the National Collegiate Athletic Association (NCAA) Agreed Upon Procedures for UTSA for FY 2024.
- UTSA engaged Guidehouse to conduct a contract review of Campus Living Villages.

Section V: External Quality Assurance Review (Peer Review)

December 2023

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

In August 2023, 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 and healthcare 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'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 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 US, LLP

Baker Tilly US, LLP

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Section VI: Internal Audit Plan for Fiscal Year 2026

Annual Plan Overview

On September 1, 2025, UTSA and UT Health San Antonio came together as one: UT San Antonio. The FY26 Audit Plan, approved by the academic and health Internal Audit Committees on June 11, 2025, and June 26, 2025, reflects engagements and activities at both the academic and health campuses. The plan is risk-based and will be adjusted throughout the year as strategic priorities and risks change.

A summary of the FY26 Audit Plan is provided in the table below. Details of the plan are provided on subsequent pages.

Type	Budget	Percent	Description
Assurance Engagements	8,330	38%	Engagements of operations and processes with Critical and High risks.
Advisory Engagements	5,926	27%	Consulting engagements requested or identified.
Required Engagements	365	2%	Engagements required by statute, external agencies, policies, etc.
Investigations	445	2%	Hours reserved for investigations.
Reserve	100	0%	Hours reserved for unanticipated engagements.
Follow-Up	605	3%	Follow up on the implementation status of past observations.
Development - Operations	3,726	17%	Non-engagement specific activities necessary to execute the internal audit function.
Development - Initiatives and Education	2,470	11%	Non-engagement specific activities that improve the internal audit function's capability and capacity
Total Budgeted Hours	21,967		

Section VI: Internal Audit Plan for Fiscal Year 2026

Assurance Engagements	Budget	General Objectives / Description
Artificial Intelligence (AI)	650	To evaluate the effectiveness of policies, training, and oversight mechanisms in mitigating ethical, legal, reputational, and academic integrity risks associated with AI use.
TX-RAMP: Texas Risk & Authorization Management Program (TGC 2054.0593) - TAC202	300	Verify that cloud service vendors possess valid TX-RAMP certifications before procurement to ensure the acquisition of secure cloud services. Compliance with TAC202 security control standards.
EPIC Downtime Management - Clinical, Hospital, and Dental School	300	To assess the adequacy and effectiveness of the Epic downtime process across the hospital, clinics, and dental school in ensuring that system unavailability is managed within an acceptable threshold (under one hour), and to identify areas for improvement in preparedness, communication, manual workflows, and system recovery. Compliance with TAC202 security control standards.
Medical Device Network Segmentation Review	350	To evaluate the effectiveness of network segmentation controls in isolating medical devices from non-clinical systems to reduce the risk of unauthorized access, malware propagation, and patient safety incidents. Compliance with TAC202 security control standards.
Research Data Access Controls Assessment – Aligned with NSPM-33 Security Requirements	300	To evaluate whether access to research data is adequately secured, managed, and monitored in accordance with institutional policies and NSPM-33 requirements, which emphasize safeguarding federally funded research from foreign influence and cyber threats. Compliance with TAC202 security control standards.
Vulnerability & Patch Management	300	Evaluate the effectiveness of the university's vulnerability and patch management processes to determine whether they adequately identify, assess, prioritize, and remediate security vulnerabilities in a timely manner, in alignment with institutional policies, regulatory requirements, and industry best practices. Compliance with TAC202 security control standards.
Disaster Recovery & Business Continuity	250	Evaluate the effectiveness of the university's disaster recovery and business continuity planning and preparedness to determine whether critical operations can be sustained or restored in a timely manner following a disruption, in alignment with institutional policies, regulatory requirements, and industry best practices. Compliance with TAC202 security control standards.
Drug Diversion	300	To evaluate the effectiveness of controls in preventing, detecting, and mitigating drug diversion, ensuring compliance with regulations and safeguarding the integrity of controlled substance management.
Supply Chain Management - Hospital	300	Assess the effectiveness and reliability of supply chain processes supporting hospital operations, including procurement, inventory management, vendor utilization, and system integration, to ensure timely availability of critical supplies, cost efficiency, and alignment with institutional policies and operational continuity requirements.
Research Data Security	300	Assess whether Institution has implemented adequate controls to safeguard research data in accordance with the security requirements of NIST SP 800-171 and the Cybersecurity Maturity Model Certification (CMMC), focusing on the protection of Controlled Unclassified Information (CUI) in federally funded research projects.

Section VI: Internal Audit Plan for Fiscal Year 2026

Assurance Engagements	Budget	General Objectives / Description
Enrollment Management	350	Determine whether current enrollment management processes effectively ensure compliance with regulatory requirements related to Title IV financial aid programs, including accurate and timely reporting to the National Student Loan Data System (NSLDS), and alignment with the evolving regulatory expectations.
Student Mental Health Services	350	Evaluate the adequacy and accessibility of student mental health services, to ensure alignment with student needs and institutional goals.
Athletics	300	Assurance testing of controls identified by management in 2024 gap assessment to be in-place and functioning.
Related Parties	300	Determine if related party relationships and transactions are properly identified, documented, disclosed, and managed in accordance with UTSA policies and state requirements.
Course Fees	350	Determine if course fees are properly approved, accurately applied, and used in compliance with institutional and regulatory requirements.
EPIC Hosting Information Security	250	Evaluate the security posture of the Epic system to help ensure that electronic patient health records and billing data are effectively safeguarded, with access being restricted to those whose primary responsibilities require that access and are not unnecessarily vulnerable to inside or outside threats. In addition, to ensure compliance with the contractual agreement with Epic. Compliance with TAC202 security control standards.
Third-Party Security Risk Assessment Review	200	To evaluate the effectiveness of the institution's third-party risk management processes in identifying, assessing, and mitigating security risks associated with vendors and external service providers, particularly those with access to sensitive data or critical systems. Compliance with TAC202 security control standards.
Network Segmentation and Firewall Rule Review	250	To assess the design, implementation, and effectiveness of network segmentation and firewall rules in restricting unauthorized access and securing critical systems, including medical devices, research data, academic records, and administrative applications. Engagement satisfies TAC 202.76 security control standards.
Microsoft 365 (M365) Security & Compliance	250	To assess the adequacy and effectiveness of security, identity, data protection, and compliance controls implemented within the M365 environment to protect sensitive institutional, research, and clinical data. Compliance with TAC202 security control standards.
Medication Management	300	Determine the adequacy of controls in place to ensure safe medication practices within HOPD clinics to include labeling, storage, dispensing, and administration of high-alert and LASA (look-alike/sound-alike) medications as required by the Joint Commission.
Physician Credentialing	400	Assess MSRDP processes for: physician credentialing, recredentialing and monitoring of physicians' licensures and insurance for expirations to ensure compliance with government regulations and Institutional policy.
Revenue Cycle - Segregation of Duties	360	Evaluate the effectiveness and efficiency of the dental revenue cycle processes, including patient registration, coding, billing, and collections, with a focus on identifying potential revenue leakage and ensuring the proper utilization and functionality of the Epic electronic workpaper system in supporting documentation, workflow integration, and compliance with institutional policies.

Section VI: Internal Audit Plan for Fiscal Year 2026

Assurance Engagements	Budget	General Objectives / Description
Revenue Cycle UTHP - Central Verification	250	Determine whether the central verification process is operating effectively and efficiently in obtaining proper authorizations needed to collect on filed claims.
Americans with Disabilities Act Digital Accessibility Compliance	300	Determine if UTSA is on track to achieve compliance with the digital accessibility requirements for web content and mobile applications outlined in the Americans with Disabilities Act Title II Regulations outlined in 28 CFR § 35.200. https://www.ada.gov/law-and-regs/regulations/title-ii-2010-regulations/#-35200-requirements-for-web-and-mobile-accessibility.
Monitoring of Key Financial Controls - UTS 142	200	Validate the Institutional monitoring plan related to segregation of duties and account reconciliations and financial review and analysis.
Procurement - Contracting Practices (TEC §51.9337)	370	Review the procurement and contracting processes of goods/services within the UTSA Contract Management Handbook to ensure the controls in place are working as intended. Specifically, evaluate UTSA's third-party vendor management practices to assess contract oversight and risk mitigation strategies related to external vendors. Review for compliance with the Texas Education Code §51.9337 meets the requirement that the chief audit executive annually certify to the state auditor that the institution has procurement policies in place that comply with the Texas Education Code requirements for higher education institutions. (Due 11/1/26)
Carry Over - Controlled Substances (Research)	200	Assess the process and procedures in place to ensure compliance with pertinent federal, state, and Institutional requirements.
Assurance Engagements	**8,330**	**38%**
Advisory and Consulting Engagements	**5,926**	**27%**
Required Engagements	**Budget**	
FY25 State Auditor's Office Single Audit	40	Assist and coordinate with the State Auditor's Office for the FY 2025 Follow-up Statewide Single Audit (Student Financial Aid). (Due February 2026)
FY25 NCAA Agreed Upon Procedures	40	Assist with required NCAA Agreed Upon Procedures for FY 2025. UT System Audit Office will use a 3rd party service provider to perform the NCAA agreed-upon procedures. (Due 1/15/26)
FY 2025 Financial Statement Audit Assistance (Year-end)	129	Assist the external auditors in the coordination and/or performance of testing for the audit of the Annual Financial Report (FY25 year-end work).
FY 2026 Financial Statement Audit Assistance (Interim)	86	Assist the external auditors in the coordination and/or performance of financial and IT control testing for the audit of the Annual Financial Report (FY26 interim work).
Audit Assistance to External Agencies (SAO, THECB, etc.)	70	Coordinate external agency audits.
Required Engagements	**365**	**2%**
Investigations	**445**	**2%**
Reserve	**100**	**0%**
Follow-Up	**605**	**3%**
Development - Operations	**3,726**	**17%**
Development - Initiatives and Education	**2,470**	**11%**
Total Budgeted Hours	**21,967**	

Section VI: Internal Audit Plan for Fiscal Year 2026

Risk Assessment Methodology to Develop the FY26 Audit Plan

The annual risk assessment was conducted using the methodology developed by the UT System Audit Office, which complies with responsibilities established by the University of Texas System Policy 129 – Internal Audit Activities, 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 risk assessment employed a top-down approach, based on the institution's strategic objectives and priorities, to identify areas and activities with the highest risks for consideration in the audit. The risk assessment included consideration of risks associated with (1) the applicable information technology risks related to Title 1, Texas Administrative Code, Chapter 202, Information Security Standards, (2) benefits proportionality, and (3) and methods for ensuring compliance with contract processes and controls and for monitoring agency contracts, according to the Texas Government Code, Section 2102.005(b).

Internal Audit also considered potential risk areas based on external inputs from other academic healthcare Institutions, external firms, and other professional organizations such as the Association of Healthcare Internal Auditors and the Association of College and University Auditors. Internal Audit completed a significant number of interviews and surveyed key institutional leadership, stakeholders, and risk collaborators to solicit their input regarding key strategic objectives and associated risks. Internal Audit determined residual risks to the institution and included areas of higher risk in the annual internal audit plan. The assessment process was standardized by creating common terms and criteria, enabling trending of risk and System-wide comparisons. An emphasis was placed on collaboration with other functions that assess, handle, or manage risk. In addition to the audits derived from the risk assessment, the audit plan includes other required, recurring, and/or requested projects as directed by the University of Texas System, external regulatory agencies, and UT San Antonio management.

Section VI: Internal Audit Plan for Fiscal Year 2026

High Risk Areas that are not included in the Internal Audit Plan for Fiscal Year 2026

- Application Systems – Revenue Cycle
- Back-End Revenue Cycle
- Campus Safety and Security
- Construction
- Data Governance, Management, and Protection
- Hardware and Software Inventory Management
- Legal and Regulatory Compliance
- Other Compliance and Regulatory Matters
- Physical & Environmental Protection of IT Assets
- Purchasing/Supply Chain
- Research Administration
- Title IX

Section VII: Reporting Suspected Fraud and Abuse

To comply with the fraud requirements of the General Appropriations Act and the investigation coordination requirements of the Texas Government Code, UTSA has implemented the following:

- At the bottom of the home page of The University of Texas at San Antonio, there is a link to Report Fraud at UTSA's hotline website or phone or through the State Auditor's Office hotline website.

- The University of Texas at San Antonio reports applicable activities to the State Auditor's Office Fraud Hotline Website.

The General Appropriations Act (86th Legislature), Section 7.09, page IX-37. Fraud Reporting.	**Texas Government Code, Section 321.022. Coordination of Investigations**
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.*	*(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 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.*