

The University of Texas at San Antonio

Internal Audit Annual Report For Fiscal Year 2022

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 2022 Internal Audit Annual Report and the approved FY 2023 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 2022 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 2022

FY 2022 Audit Plan	Report Number	Report Date	Status
Assurance Engagements			
Intellectual Property and Commercialization Audit	2022-41	7/29/2022	Issued
Vulnerability and Incident Response Audit	2022-32	N/A	Cancelled
Identity and Access Management Audit	2022-31	6/20/2022	Issued
Data Backup Processes Audit	2022-35	6/20/2022	Issued
Microsoft Teams Audit	2022-30	6/20/2022	Issued
Gifts/Endowments Audit	2022-21	N/A	Delayed
Construction Management Audit	2022-03	9/13/2022	Issued
Clery Act Audit	2022-20	N/A	Cancelled
Data Analytics and Continuous Auditing	2022-25	N/A	Completed
Athletics - Team Travel Audit	2022-11	5/2/2022	Issued
State Auditor's Office (SAO) Annual Reporting Requirements on Procurement Policies	2022-05	8/22/2022	Issued
Presidential Travel and Entertainment Expenditures Review (UT System) Support	2022-07	N/A	Cancelled
FY21 Carryforward - National Research University Fund Research Audit	2021-40	11/1/2021	Issued
Required Engagements			
FY21 NCAA Agreed Upon Procedures	2022-10	N/A	Report Issued by the UT System Audit Office
State Auditor's Office Single Audit Follow Up	2022-08	N/A	Report Issued by the State Auditor's Office
FY21 Financial Statement	2022-01	12/10/2021	Issued
FY22 Financial Statement (Interim)	2022-02	N/A	Completed
FY20 & FY21 Employee Benefits Proportionality	2022-04	1/31/2022	Issued
Facilities Audit (Texas Higher Education Coordinating Board)	2022-06	N/A	Delayed

Deviations from FY22 Audit Plan

A) Per Audit Committee Approval on October 26, 2021, the Facilities Audit (Texas Higher Education Coordinating Board) was delayed to the FY23 Audit Plan.

B) Per Audit Committee Approval on February 11, 2022, the Vulnerability and Incident Response Audit was removed and the Data Backup Process Audit was added.

C) Per Audit Committee Approval on June 30, 2022, the Clery Act Audit and UT System Audit - Presidential Travel and Entertainment Audits were cancelled. The Gift/Endowment Audit was delayed.

Notes

A) Project #2022-04 FY20 & FY21 Employee Benefits Proportionality was performed to address the benefits proportionality audit requirement prescribed in Rider 8, page III-50, the General Appropriations Act (87th Legislature). FY19 was tested as part of the FY21 Audit Plan

B) Project #2022-05 State Auditor's Office (SAO) Annual Reporting Requirements on Procurement Policies was performed to address the requirement by Texas Education Code, Section 51.9337(h). No findings were noted.

II. Internal Audit Plan for Fiscal Year 2022
Summary of Recommendations and Responses

Recommendation	Response	Recommendation Status	Estimated Implementation Date
Project Name	FY21 NRUF/Restricted Expenditures Audit		
Issue Date	11/1/21		
Missing restricted research donor agreements	Missing agreements will be located. Policies, procedures and the Accounting System workflow and reporting will be enhanced to ensure all restricted research donor agreements are retained centrally.	Implemented	10/3/22
Project Name	Athletics - Team Travel Audit		
Issue Date	5/2/22		
Uncharted Travel	Athletics Business Operations with Increase the review of unchartered travel to ensure compliance with applicable policies and documentation requirements.	Implemented	9/29/2022
Project Name	Identity and Access Management Audit		
Issue Date	6/20/22		
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	2/28/2023
Project Name	Microsoft Teams Audit		
Issue Date	6/20/22		
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	5/31/23
Project Name	Data Backup Processes Audit		
Issue Date	6/20/22		
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	5/31/2023
Project Name	Intellectual Property and Commercialization Audit		
Issue Date	7/29/22		
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	1/31/2023

**II. Internal Audit Plan for Fiscal Year 2022
Summary of Recommendations and Responses**

Recommendation	Response	Recommendation Status	Estimated Implementation Date
Project Name	FY20 Financial Statement Audit		
Issue Date	12/10/21		
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	Employee Benefits Proportionality		
Issue Date	1/31/22		
No recommendations	The Benefits Proportionality by Fund Reports (APS011) for FY20 and FY21 as submitted to the State Comptroller were materially accurate. The process in place to prepare the annual report was sufficient to ensure benefits funding proportionality was applied according to the guidelines established in Section 6.08, page IX-28 of the General Appropriations Act (87th Legislature).		
Project Name	SAO Annual Reporting Requirements on Procurement Policies		
Issue Date	8/22/22		
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.		
Project Name	Construction Management Audit		
Issue Date	9/13/22		
No recommendations	Limited testing for FY22 campus construction and renovation projects showed the pay application/invoice process for ensuring project costs are examined for reasonableness, accuracy and allowability are in place.		

III. FY22 Consulting Services and Nonaudit Services

FY 2022 Audit Plan	Project Number	Projected Completed	High Level Objective	Observations/ Results/ Recommendations
State Auditor's Office National Research University Fund Audit	2022-40	3/23/2022	Confirm UTSA's achievement of three eligibility requirements outlined by the Texas Higher Education Coordinating Board (THECB) for the SAO National Research University Fund Audit for FY20 and FY21: Freshman Class of High Academic Achievement, High Quality Faculty, and High Quality Graduation Education.	Internal Audit confirmed UTSA's achievement of three of the NRUF eligibility requirements for FY20 and FY21.
Enrollment Services Consulting	2022-22	Delayed	Consult with the Provost and Dean of Graduate School on processes improvements for Graduate Admissions processes.	Project delayed to FY23 Audit Plan.
Disaster Recovery / Business Continuity Consulting	2022-24	Delayed	Consult with the Department of Risk & Emergency Management to assist in evaluating University's Decentralized IT processes and procedures for disaster preparedness and to ensure the continuance of important business functions in the event of a disruption.	Project delayed to FY23 Audit Plan.
Hardware and Software Asset Management Consulting	2022-34	Cancelled	Consult with University Technology Solutions/Information Security to assist in evaluating University processes and procedures to ensure an adequate Information Technology asset management framework.	Project cancelled before year end.
Physical Access Control Process Consulting	2022-23	Cancelled	Provide advisory services and data analytics to aid in the reevaluation of physical security requirements, business objectives, processes, strategic plans, and technology viability.	Project cancelled before year end.
University Technology Solutions/Information Security Consulting	2022-33	Completed	Consult with the Vice President for Information Management and Technology and the Chief Information Security Officer to assist in assessing key and emerging processes and programs.	Provided feedback to assist in the assessing key and emerging processes and programs.
Consulting/Process Improvements - Research	2022-42	Completed	Consult with the VP for Research Economic Development and Knowledge Enterprise to assist in assessing key and emerging processes and programs.	Provided feedback to assist in the assessing key and emerging processes and programs.

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 2023

FY 2023 Audit Plan	Budget
Assurance Engagements	
Construction Management Audit	350
Gifts/Endowments Audit	300
Sponsored Projects Compliance (Uniform Guidance) Audit	300
Account Reconciliations and Segregation of Duties Audit	150
One Card Audit	250
Identity and Access Management Audit	300
IT General Controls Audit	300
Service Now Audit	500
Athletics Risk Based Audit	300
Data Analytics / Continuous Auditing	1200
State Auditor's Office (SAO) Annual Reporting Requirements on Procurement Policies Audit	250
UT System Audit - Presidential Travel and Entertainment Audit	20
Carryforward	50
Assurance Engagements Subtotal	4270
Advisory and Consulting Engagements	
Business Affairs Consulting - Workflow/Segregation of Duties	150
Backups/Business Resiliency Consulting	100
Enrollment/Admissions Consulting	100
Enterprise Risk Management(ERM) Consulting	160
Campus Committee Meetings	400
Advisory and Consulting Engagements Subtotal	910
Required Engagements	
FY22 NCAA Agreed Upon Procedures	250
Football Attendance Audit	50
State Auditor's Office Single Audit Follow Up	50
FY22 Financial Statement	175
FY23 Financial Statement (Interim)	100
Facilities Audit (Texas Higher Education Coordinating Board)	100
Required Engagements Subtotal	725
Investigations	
Investigations	200
Investigations Subtotal	200

V. Internal Audit Plan for Fiscal Year 2023

FY 2023 Audit Plan	Budget
Reserve	
Reserve	150
Reserve Subtotal	150
Follow-Up	
1st Quarter	75
2nd Quarter	75
3rd Quarter	75
4th Quarter	75
Follow-Up Subtotal	300
Development - Operations	
Internal Audit Committee Meetings	275
Project Status Staff Meetings	450
Teammate Implementation and Maintenance	100
Audit Planning	200
UT System Reporting	50
External Quality Assurance Review	200
Development - Operations Subtotal	1275
Development - Initiatives and Education	
New Audit Management Software Preparation and Implementation	150
System Audit Initiatives	100
Professional Associations	300
Continuing Professional Education	500
Development - Initiatives and Education Subtotal	1050
Total Budgeted Hours	8880

V. Internal Audit Plan for Fiscal Year 2023

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.

- Americans with Disabilities Act (ADA)
- Animal Research
- Budgeting – Incentivized Resource Management
- Clery Act Reporting
- Conflict of Interest / Conflict of Commitment
- Cybersecurity/Information Security Governance
- Data Leakage and Protection
- Data Management
- Diversity and Inclusion
- IT Governance
- IT Asset Management
- IT Funding and Staffing
- IT Infrastructure
- IT Vendor Management
- Lab Safety / Biosafety
- Minors on Campus
- Physical Security – Facilities and Space Management
- Revenue – Tuition and Fees and State Appropriations
- Title IX
- Vulnerability Management and Incident Response

V. Internal Audit Plan for Fiscal Year 2023

Risk Assessment Methodology for the Annual Audit Plan

The University of Texas at San Antonio (UTSA) Fiscal Year 2023 Audit Plan outlines the internal audit activities that will be performed by the Office of Auditing and Consulting Services during FY 2023 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 2023 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 2022

- 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 2021.
- UTSA engaged Husch Blackwell to assist with the enhancement of Clery Act process and procedures.
- UTSA engaged KPMG to provide business process improvements for Facilities Stores.

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/>