

The University of Texas at San Antonio

Internal Audit Annual Report For Fiscal Year 2017

As required by the Texas Internal Auditing Act

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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 2017 Internal Audit Annual Report and the approved FY 2018 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.

<http://www.utsystem.edu/documents/audit-reports>

In Section II of this report, The University has included the following for the FY 2017 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 2017

| Audit Title | Report Number | Report Date | Status |
|--|---------------|-------------|---|
| Risk Based Audits | | | |
| NCAA Compliance | 2017-20 | 2/1/17 | Issued |
| Campus Security | 2017-24 | 8/29/17 | Issued |
| Network | 2017-30 | 8/29/17 | Issued |
| Cloud Hosted Systems Review | N/A | N/A | Draft Report |
| Sponsored Projects Compliance (Uniform Guidance) | N/A | N/A | Draft Report |
| Scholarship Management | N/A | N/A | Draft Report |
| Banner - Student Records System | N/A | N/A | Draft Report |
| Risk Based Projects Carry Forward from FY16 Audit Plan | | | |
| Development Restricted Gifts | 2016-25 | 10/25/16 | Issued |
| Required Audits (Externally and Internally) | | | |
| FY16 Financial Statement | 2017-01 | 2/1/17 | Issued |
| UTS 142.1 Compliance | 2017-06 | 2/1/17 | Issued |
| TAC 202 Information Security Self-Assessment Validation | 2017-14 | 2/22/17 | Issued |
| NCAA Football Attendance | 2017-13 | 2/21/17 | Issued |
| FY16 NCAA Agreed Upon Procedures | N/A | N/A | Report Issued By UT System Audit Office |
| State Auditor's Office 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. |
| Executive Management Travel and Entertainment | N/A | N/A | Delayed |

Employee Benefits Proportionality Audit (2016-24) was performed to address the benefits proportionality audit requirement prescribed in Rider 8, page III-41, the General Appropriations Act (84th Legislature). 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 have a Employee Benefits Proportionality Audit on the FY18 Audit Plan.

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 2017, 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 2017 Audit Plan were as follows:

- 1) Per Audit Committee approval on May 12, 2017, Executive Management Travel and Entertainment Audit was delayed until FY18 Audit Plan.

II. Internal Audit Plan for Fiscal Year 2017

Summary of Recommendations and Reponses

| Project Name | Issue Date | Recommendation | Response | Recommendation Status | Estimated Implementation Date |
|--|------------|--|---|-----------------------|-------------------------------|
| <u>Development Restricted Gifts</u> | 10/25/2016 | Enhance the monitoring of expenses paid with restricted gifts. | Accounting Services will review a report on a quarterly basis of all expenditures from restricted non-endowed gift funds processed through Disbursements and Travel Services (DTS). Accounting staff members responsible for the restricted funds expenditures review will be granted view access to External Relations' gifts record system (Raisers Edge). Endowment Services intends to intensify training and awareness of decentralized staff especially as related to expenditures of restricted funds through more frequent trainings and greater communication. | Implemented | 11/30/2016 |
| <u>FY 2015 Financial Statement Audit</u> | 2/1/2017 | N/A | 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 and did not identify any deficiencies in internal control over financial reporting. | | |
| <u>FY 2015 UTS 142.1 Monitoring Plan and Sub-certifications Review</u> | 2/1/2017 | N/A | No recommendations were made. 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. | | |
| <u>NCAA Compliance</u> | 2/1/2017 | N/A | UTSA Athletics program is in compliance with NCAA Bylaws for awarding Financial Aid to student athletes. | | |
| <u>NCAA Football Attendance</u> | 2/21/2017 | N/A | No recommendations were made. UTSA complies with NCAA Bylaw 20.9.9.3 regarding home football attendance. | | |
| <u>TAC 202 Information Security Self-Assessment Validation</u> | 2/22/2017 | 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. | | |
| <u>Campus Security</u> | 8/29/2017 | Confidential Report | Report is confidential based on the exception found in Government Code § 552.139 and is not subject to disclosure requirements of Texas Public Information Act. Specific results were shared with appropriate management members and the Institutional Internal Audit Committee. | | |
| <u>Network</u> | 8/29/2017 | 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. | | |

III. Consulting Services and Nonaudit Services Completed

| Consulting Services & Nonaudit | Project Number | Project Completed | High Level Objective | Observations/Results/ Recommendations |
|--|----------------|-------------------|--|---|
| CLASS/GRIP | 2017-22 | 8/31/2017 | Participate on the Graduation Rate Improvement Plan (GRIP) task force and CLASS committee | Attended the GRIP and CLASS Committee meetings |
| PeopleSoft Post Implementation | 2017-23 | 8/31/2017 | Consult with Financial Affairs and Human Resources, and UTSA Share Project Management Office to assist with PeopleSoft stabilization efforts | Developed PeopleSoft user access review procedures |
| Undergraduate Admissions/ Registrar | 2017-25 | 8/31/2017 | Consult with AVP for Student Affairs - Enrollment Services to assist with Undergraduate Admissions process review | Facilitated risk assessment with AVP for Student Affairs - Enrollment Services |
| IT Security/ Emerging Risks | 2017-32 | 8/31/2017 | Identify emerging information technology risks affecting the university | Monthly meetings with Information Security Officer and monthly meetings with Chief Information Officer and Deputy Chief Information Officer |
| Data Analytics | 2017-33 | 8/31/2017 | Develop continuous monitoring techniques using the IDEA analytical software tool | Coordinated with the Office of Student Financial Aid and the UT System Audit Office to develop continuous monitoring techniques of financial aid transactions. Also, provided analysis of Procard transactions to the Procard Compliance Office |
| Decentralized IT Departmental Reviews | 2017-35 | 7/13/2017 | Perform risk based reviews of decentralized information technology and information security governance and controls at departments across campus | Conducted facilitated discussions with ISO and OIT and provided suggestions to improve the usage and management of the InSight Tool |
| IT Assessment (Huron) | 2017-55A | 1/30/17 | Serve on the IT Assessment team that assisted HURON perform their university IT assessment | HURON provided recommendations to executive management on IT Governance, Strategy, and Funding |
| UT System Teammate Implementation | 2017-55B | 8/31/2017 | Staff participation in System Audit Office Initiatives | Participated on the implementation workstream team for the Systemwide implementation of Teammate |
| SciQuest Implementation | 2017-55C | 7/21/17 | Serve on the Executive Committee for the implementation of SciQuest | SciQuest/Rowdy Exchange was implemented in July 2017 |
| Cost of IT Services Consulting | 2017-55E | 7/21/17 | Design a methodology for assessing the cost of Information Technology services | Developed spreadsheet tool and methodology for OIT to identify expenditures to analyze the cost of providing specific IT services |
| BluePrint IT Strategy 4.9 Committee | 2017-55G | 8/31/17 | Serve on the IT BluePrint Strategy Committee | Attended IT BluePrint Strategy sessions |
| SACS - Financial Aid Consulting | 2017-55F | 3/16/17 | Assist Student Financial Aid with SACS First Monitoring Report | Evaluated the student enrollment reporting process |
| Sponsored Projects Administration Consulting | 2017-55H | 8/31/17 | Identify opportunities for improvement in cash management, specifically in the billing process | Documented the process using the COSO model to identify potential improvements to address grant billing process concerns |
| UT System IT Risk Assessment | 2017-85A | 3/13/2017 | Assist Ernst and Young to develop the IT Risk Assessment tools for the annual internal audit planning process | Served as the pilot campus for the academic institutions and provided input to the tools to be utilized for the annual audit planning process |
| External Quality Assessment Review | 2017-90 | 8/31/2017 | Perform a self-assessment and assist in the performance of the External Quality Assessment of the Office of Auditing and Consulting Services | Completed self-assessment of the Office of Auditing and Consulting Services which was validated by Baker Tilly |



IV. External Quality Assurance (Peer Review)

Note: During August 2017, Baker Tilly completed their independent validation of our self-assessment report. The report is currently in draft and should be issued shortly.

July 9, 2014

Mr. Dick Dawson
Chief Audit Executive
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We have completed an External Quality Assessment (“EQA”) of The University of Texas at San Antonio (“UTSA” or “institution”) Office of Internal Audit (“IA”). The EQA included an assessment of the level of conformance with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing (“the IIA Standards”), the Generally Accepted Government Auditing Standards (“GAGAS”) as well as the relevant requirements of the Texas Internal Auditing Act (“TIAA”). Listed below is our overall assessment of IA’s adherence with these Standards and requirements:

- IIA Standards - Based on our work, IA generally conforms. However, we did identify process enhancement opportunities.
- GAGAS - No conformance observations were identified.
- TIAA requirements – Other than the observations related to IIA Standards, no other observations were identified during our work.

Our Services were performed and this report was developed in accordance with our contract dated February 18, 2014 and are subject to the terms and conditions included therein. Our Services were performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants (“AICPA”). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us. Our work was limited to the specific procedures and analysis described herein and was based only on the information made available through May 23, 2014, when field work was substantially completed. Accordingly, changes in circumstances after this date could affect the findings outlined in this report. This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with The University of Texas System Administration. PwC 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 UTSA.

We would like to offer a sincere thank you to you and your staff, and the Internal Audit Committee and management of UTSA, for the time and attention they provided during this assessment. We appreciate the opportunity to serve The University of Texas System Administration on this important engagement.

Very truly yours,

PricewaterhouseCoopers, LLP

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Information contained herein is for the sole benefit and use of UTSA

V. Internal Audit Plan for Fiscal Year 2018

Risk Assessment Methodology for the Annual Audit Plan

The University of Texas at San Antonio (UTSA) Fiscal Year 2018 Audit Plan outlines the internal audit activities that will be performed by the Office of Auditing and Consulting Services during FY 2018 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 2018 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*.

V. Internal Audit Plan for Fiscal Year 2018

| UTSA FY 2018 Audit Plan | Budget |
|--|-------------|
| Risk Based Audits | |
| FY17 Risk Based Projects Carry Forward | |
| Cloud Hosted Systems Review | 100 |
| Sponsored Projects Compliance | 100 |
| Scholarship Management | 200 |
| BANNER | 200 |
| | |
| NCAA Compliance | 350 |
| PeopleSoft | 400 |
| Active Directory(AD) | 500 |
| Web Content and Security | 500 |
| Tuition and Fees | 400 |
| Lab Safety | 400 |
| Effort Reporting | 400 |
| Degree Works | 500 |
| | |
| Risk Based Audits Subtotal | 4050 |
| Risk Based Consulting Projects | |
| Student Financial Aid Consulting | 150 |
| Campus Committee Meetings | 350 |
| Sponsored Projects Uniform Guidance Consulting | 200 |
| Access Control Systems Consulting | 120 |
| TAC 202 - Security Controls Testing Procedures Development Consulting | 200 |
| IT Strategic Planning Consulting | 100 |
| Fraud Prevention and Detection Training | 150 |
| | |
| Risk Based Consulting Subtotal | 1270 |
| Required Audits (External and/or Internal) | |
| FY17 Financial Statement | 250 |
| UTS 142.1 Compliance | 100 |
| Joint Admission Medical Program (JAMP) | 80 |
| FY17 NCAA Agreed Upon Procedures | 350 |
| NCAA Football Attendance | 80 |
| Presidential Travel and Entertainment Assistance | 20 |
| Executive Travel and Entertainment | 300 |
| Employee Benefits Proportionality | 200 |
| State Auditor's Office (SAO) Statewide Single Audit (Student Financial Aid) | 50 |
| SAO Annual Reporting Requirement on Procurement Policies | 40 |
| Cancer Prevention and Research Institute of Texas (CPRIT) Agreed Upon Procedures | 10 |
| FY18 Financial Statement (Interim) | 50 |
| | |
| Required Audits Subtotal | 1530 |

V. Internal Audit Plan for Fiscal Year 2018

| UTSA FY 2018 Audit Plan | Budget |
|---|-------------|
| Investigations | |
| Investigations | 100 |
| | |
| Investigations Subtotal | 100 |
| Follow Up | |
| 1st Quarter | 50 |
| 2nd Quarter | 50 |
| 3rd Quarter | 50 |
| 4th Quarter | 50 |
| | |
| Follow Up Subtotal | 200 |
| Risk Based Reserve | |
| Reserve | 130 |
| | |
| General Reserve Subtotal | 130 |
| Development - Operations | |
| Internal Audit Committee Meetings | 300 |
| Project Status Staff Meetings | 350 |
| Teammate Implementation and Maintenance | 150 |
| Audit Planning | 200 |
| UT System Reporting | 40 |
| Microsoft Power Business Intelligence (BI) Evaluation | 50 |
| | |
| Development - Operations Subtotal | 1090 |
| Development - Initiatives and Education | |
| System Audit Initiatives | 300 |
| Professional Associations | 80 |
| Continuing Professional Education | 600 |
| | |
| Development - Initiatives and Education Subtotal | 980 |
| Total Budgeted Hours | 9350 |

V. Internal Audit Plan for Fiscal Year 2018

The following high-level areas contain high and/or critical risks that are not included in the FY18 Audit Plan, but are being addressed by other risk mitigation strategies.

- Enrollment Management
- Faculty Recruitment
- Budgeting
- Campus Security
- Gifts and Endowments
- Facilities Management
- Financial Aid
- Disaster Recovery/Business Continuity/Emergency Preparedness
- IT Funding
- IT Incident Response & Reporting
- IT Project Management
- IT Asset Management
- IT Data Center
- IT Change Management
- IT Help Desk/Desktop Support
- Information Technology Security Management
- Information Security Accountability and Oversight

VI. External Audit Services Procured in Fiscal Year 2017

- UTSA engaged the State Auditor's Office to perform the Fiscal Year 2016 A-133 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 2016.

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/>