

# The University of Texas at El Paso

## Office of Auditing and Consulting Services



## Internal Audit Annual Report Fiscal Year 2021



The University of Texas at El Paso  
Office of Auditing and Consulting Services

500 West University Ave.  
Administration Bldg.  
#402  
El Paso, Texas 79968  
915-747-5191  
[WWW.UTEP.EDU](http://WWW.UTEP.EDU)

---

**DATE:** October 22, 2021

**TO:** Sarah Hicks, Governor's Office - Budget and Policy Division  
Internal Audit Coordinator, State Auditor's Office  
Christopher Mattsson, Legislative Budget Board

**FROM:** Lori N. Wertz, Chief Audit Executive, Auditing and Consulting Services

**SUBJECT:** The University of Texas at El Paso Internal Audit Annual Report for Fiscal Year 2021

---

Attached please find The University of Texas at El Paso Internal Audit Annual Report for Fiscal Year 2021 as required by the Texas Internal Auditing Act. Should you have questions or need additional information, please contact me at (915) 747-8858 or e-mail [lnwertz@utep.edu](mailto:lnwertz@utep.edu).

---

## Table of Contents

- I.** Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on the website
- II.** Internal Audit Plan for Fiscal Year 2021
  - II.a.** Revised Fiscal Year 2021 Audit Plan
  - II.b.** Summary of Changes – Fiscal Year 2021 Audit Plan
  - II.c.** Benefits Proportionality – Audit Requirements for Higher Education Institutions
  - II.d.** Compliance with Texas Education Code Section 51.9337(h)
- III.** Consulting Services and Nonaudit Services Completed
- IV.** External Quality Assurance Review (Peer Review)
- V.** Internal Audit Plan for Fiscal Year 2022
  - V.a.** High Risk Audits not in Fiscal Year 2022 Audit Plan
- VI.** External Audit Services Procured in Fiscal Year 2021
- VII.** Reporting Suspected Fraud and Abuse

## I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on the website

---

In accordance with Texas Government Code, Section 2102.015 Publication of Audit Plan and Annual Report on Internet, the following information is posted on the website of The University of Texas at El Paso <https://www.utep.edu/audit>:

- The approved Fiscal Year 2022 Audit Plan, as provided by Texas Government Code, Section 2102.008, and
- The Fiscal Year 2021 Internal Audit Annual Report, as required by Texas Government Code, Section 2102.009.



## II. Internal Audit Plan for Fiscal Year 2021

---



Office of Auditing and Consulting Services

# 2021 Audit Plan

*Approved by the Internal Audit Committee*

*June 30, 2020*

## DISTRIBUTION LIST

### University of Texas at El Paso

Dr. Heather Wilson, President

Dr. John Wiebe, Provost, Vice President for Academic Affairs

Mr. Mark McGurk, Vice President for Business Affairs

Ms. Guadalupe Gomez, Director, Contracts and Grants Accounting

Dr. Giorgio Gotti, Chair, Accounting and Information Systems

Mr. Daniel Garcia, Associate Athletic Director/Business, Finance & Facilities

Ms. Mary Solis, Director, Chief Compliance and Ethics Officer

### University of Texas System

System Audit Office

### External

Governor's Office of Budget

Legislative Budget Board

Internal Audit Coordinator, State Auditor's Office

### External Audit Committee Members

Mr. Joe R. Saucedo, Chair

Mr. Fernando Ortega

## OVERVIEW

In accordance with the Texas Internal Auditing Act, The University of Texas System Administration Policy UTS129 – Internal Audit Activities, and The Institute of Internal Auditors' International Professional Practices Framework (IPPF) Performance Standards 2010 Planning and 2020 Communication and Approval, we have prepared an audit plan for Fiscal Year 2021. The 2021 Audit Plan is a description of the internal audit activities to be performed by the Office of Auditing and Consulting Services (OACS) in Fiscal Year 2021.

The process of preparing the 2021 Audit Plan included identifying risks that may impact University objectives and business activities. The Internal Audit Committee reviewed and approved the 2021 Audit Plan. Members of the Internal Audit Committee provided input, as did Deans and Department Directors/Chairs, where appropriate. The Internal Audit Committee is comprised of the following members:

- Dr. Heather Wilson, President
- Dr. John Wiebe, Provost, Vice President for Academic Affairs
- Mr. Mark McGurk, Vice President for Business Affairs
- Dr. Giorgio Gotti, Chair, Accounting and Information Systems
- Mr. Daniel Garcia, Associate Athletic Director/Business, Finance & Facilities
- Mr. Joe R. Saucedo, Chair and External Member
- Mr. Fernando Ortega, External Member



In addition to information received from initial interviews with senior management, input was also received from:

- Dr. Shafik Dharamsi, Dean, College of Health Sciences
- Mr. Luis Hernandez, Vice President for Information Resources
- Mr. Gerard Cochrane, Chief Information Security Officer
- Mr. Frank Poblano, Assistant Vice President and Director, Technology Support
- Ms Julie Lavesque,, Senior Associate Athletic Director/Senior Woman Administrator
- Mr. David Kooger, Assistant Athletic Director/Compliance
- Ms Heidi Granger, Assistant Vice President, Student Financial Services
- Dr. Amanda Vasquez, Assistant Vice President, Enrollment Services
- Mr. Michael Talamantes, Director of Admissions and Recruitment
- Ms. Manuela Dokie, Assistant Vice President, Research and Compliance
- Mr. Nathaniel Robinson, Assistant Vice President for Facility Security
- Ms. Athena Fester, Director, Research Assurance
- Mr. Gabriel Ramirez, Title IX Coordinator
- Ms. Chelsea Lamego, Assistant Vice President, Advancement Operations
- Ms. Diane De Hoyos, Associate Vice President, Purchasing and General Services
- Mr. Charlie Martinez, Assistant Vice President/Comptroller

## RISK ASSESSMENT AND AUDIT PLAN DEVELOPMENT

The Institute of Internal Auditors' IPPF requires that internal auditors develop a risk based audit plan that is in alignment with organizational goals and objectives. A top down approach was used to identify risk factors with a high degree of correlation with strategic and operational objectives.

The final risk list was created by identifying processes with critical and high risks to be included in the Annual Audit Plan. The final risk list and draft audit plan were reviewed and approved by The University of Texas System (UT System) Audit Office and The University of Texas at El Paso (UTEP) Internal Audit Committee.

See **Exhibits A-1. - A-7** for the approved **FY 2021 Annual Audit Plan**.

The audit plan was broken down into eight major categories:

- 1. Assurance Engagements**
- 2. Advisory and Consulting Engagements**
- 3. Required Engagements**
- 4. Investigations**
- 5. General Reserve**
- 6. Follow-up**
- 7. Development - Operations**
- 8. Development – Initiatives and Education**

Consideration of the following was given in developing the 2021 Audit Plan:

- Strategic and operational objectives
- Management input
- Various risk assessments
- Economical and efficient use of internal audit resources
- Required activities (i.e., KTEP FM Radio audit, Annual Financial Report, NCAA Compliance, etc.)
- Current issues in higher education

## RISK ASSESSMENT METHODOLOGY

Our risk assessment process consists of a top down approach following the steps below:

- Update our understanding of current strategic and operational objectives
- Identify and evaluate regulatory, industry, and market factors
- Meet with other risk assessors on campus
- Validate priorities through interviews with executive management
- Identify top areas in which priorities are significant and risk factors are high
- Scope the risk assessment and meet with management in high risk areas
- Rank risks according to impact and probability
- Review risk list with executive management to determine risk mitigation factors, if any
- Address high risks in annual audit plan
- Document reasons certain high risk areas are not included in audit plan

The following taxonomy was used by all UT System Academic Institutions:

- |                            |                            |
|----------------------------|----------------------------|
| 1. Governance              | 10. Risk Management        |
| 2. Finance                 | 11. Public Services        |
| 3. Information Technology  | 12. Auxiliary Services     |
| 4. Research                | 13. University Relations   |
| 5. Human Resources         | 14. University Development |
| 6. Facilities Management   | 15. Enrollment Management  |
| 7. Property Management     | 16. Student Services       |
| 8. Purchasing/Supply Chain | 17. Academic Support       |
| 9. Legal                   | 18. Instruction            |

## VALUATION OF IMPACT AND PROBABILITY

**IMPACT** - The impact of a risk is the effect a single occurrence of that risk will have upon the achievement of the institution's goals and objectives.

There are three values:

<b>CRITICAL/HIGH:</b>	The effect would significantly impact the institution as a whole from achieving its goals and objectives.
<b>MEDIUM:</b>	The effect would seriously impede the institution's ability to operate efficiently, or would cause significant expenditures of unplanned resources to meet goals and objectives.
<b>LOW:</b>	The measurable effect upon the achievement of institution's goals and objectives would be immaterial or insignificant.

The following factors were presented for consideration during the assessment of **IMPACT** for each element in the risk population:

- Human Health and Safety
- Societal/Environmental
- Monetary
- Business/Operations
- Information Technology
- Information Security
- Public Relations
- Reporting and Disclosure
- Strategic
- Compliance
- Fraud

**PROBABILITY** - The probability that a risk will become reality.

There are three values:

<b>CRITICAL/HIGH:</b>	It is extremely likely that an event will occur.
<b>MEDIUM:</b>	The probability of an event is similar to occurrences within the normal course of operations.
<b>LOW:</b>	The risk of an event is highly unlikely or would require a combination of multiple failures.

The following factors were presented for consideration during the assessment of **PROBABILITY** for each element in the risk population:

- History
- Conflicts of Interest
- Susceptibility to Fraud or Theft
- Key Changes including leadership, key personnel, regulations, policies, operating processes, computer systems, software applications, etc.
- Control Activities Need Improvement
- Policies and Procedures Require Updates
- Training
- Complexity of Unit or Process

## *Follow-up Audits*

In accordance with the Institute of Internal Auditors' Performance Standard 2500 – Monitoring Progress, a follow-up process is in place to monitor and ensure that management actions have been effectively implemented, or that senior management has accepted the risk of not taking action. OACS uses the audit implementation deadline to determine when follow-up procedures should be conducted.

We run a dashboard report of all overdue recommendations by audit quarterly and make a selection to follow up. We send individual dashboard reports to each responsible party via email and the recipient indicates whether the finding has been implemented and is ready for a follow up audit. If they are not ready, we ask them to provide an updated implementation date. If we perform a follow-up audit, the results are communicated in an updated dashboard. If we determine a finding to still be outstanding, an explanation is requested along with a revised implementation date. The final results are sent to the responsible party and their respective Vice President. An audit is officially closed after all recommendations have been verified as implemented.

## *Advisory/Consulting/Investigations*

These projects are specifically requested by University management or mandated by UT System. The goal of performing special projects is to provide management with analyses, recommendations and information concerning the activities reviewed. Included in this category of audits are UT System requests, special requests and investigations.

## *Reserves*

Hours are reserved for engagements (special requests, investigations and consulting) that are not identified or known at the time the plan is established, but may be required and assigned during the year. As the fiscal year progresses and engagements become known, these hours will be reallocated to the appropriate categories designated in the plan.

## *Carryforward Audits*

Carryforward audits are those FY 2020 Annual Audit Plan audits that are in progress at August 31, 2020.

## SCOPE OF AUDITS

The IPPF addresses the scope of work as follows:

*"The scope of the engagement should include consideration of relevant systems, records, personnel, and physical properties, including those under control of third parties."*

*"In performing consulting engagements, internal auditors should ensure that the scope of the engagement is sufficient to address the agreed-upon objectives."*

*Internal auditors should:*

- Review the **reliability and integrity of financial and operating information** and the means used to identify, measure, classify and report such information.
- Review the systems established to ensure **compliance** with those policies, plans, procedures, laws, and regulations, which could have a significant impact on operations and reports, and should determine whether the organization is in compliance.
- Review the means of **safeguarding assets** and, as appropriate, verify the existence of such assets.
- Appraise the **economy and efficiency** with which resources are employed.
- Review **operations or programs** to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

The planned scope of each of the audits in the approved 2021 Annual Audit Plan is described in **Exhibits A-1. - A-7**



### Exhibit A-1. FY 2021 Audit Plan – Assurance Engagements

FY 2021 Audit Plan	Original Budget	Percent of Total	General Objective/Description
<b>Assurance Engagements</b>			
CARES Act Institutional Expenditures	350		Evaluate and ensure appropriate and allowable costs are claimed to allow for maximum cost recovery.
CARES Act Student Aid Funds	350		Evaluate and test compliance of student aid payments with CARES Act Higher Education Emergency Relief Fund (HEERF) requirements.
Office of International Programs (OIP)	350		Evaluate monitoring processes in place to provide reasonable assurance that OIP is in compliance with federal reporting requirements and with federal immigration policies.
Export Controls	350		Determine if University export control policies and procedures are in place to monitor transactions subject to the federal export control regulations, and policies are consistent with The UT System policy.
Reporting of Foreign Gifts and Contracts	350		Determine compliance with Higher Education Act, Section 117, regarding gifts or contracts with or from a foreign source.
COVID-19 Preparedness - Campus Safety	300		Determine compliance with COVID-19 campus management plans to ensure safety of students, faculty and staff during return to campus transition.
Accounts Receivable	300		Evaluate the tracking of student receivables and timely write-offs.
Student Health Center	350		Evaluate effectiveness of compliance with Student Health Center protocols, particularly those related to COVID-19.
UTS 142.1 Monitoring Plan	175		Annual audit based on risk.
President's Travel, Entertainment and University Residence Maintenance Expense Audit	50		Provide support to the UT System auditors performing the audit.
Vulnerability Management - Cybersecurity	375		Ensure the ISO's vulnerability management processes are functioning effectively and as required by relevant TAC 202 security controls, to protect the University's information resources in a remote work environment.
Network Perimeter Security - Cybersecurity	375		Assess the network components to ensure they provide the necessary protections to the University's information resources.
Two-Factor Authentication	375		Ensure the two-factor authentication solution is implemented for mission critical information resources to reduce the risk of unauthorized access.
<b>Carryforward Audits:</b>			
Teacher Retirement System	250		Confirm completeness and accuracy of information reported to TRS. Determine if there is an effective process to identify TRS retirees and correctly classify retirees as part time employees or independent contractors.
Leave Review	150		Determine if leave is recorded accurately and in compliance with laws, regulations and University policies.
Vendor Management	100		(1) Verify that a process exists to ensure that individuals and firms doing business with UTEP are properly registered to receive payments and to provide related income and tax information to the proper authorities, and (2) determine if the vendor registration process identifies potential conflicts of interest with UTEP employees.
<b>Assurance Engagements Subtotal</b>	<b>4550</b>	<b>41.9%</b>	

**Exhibit A-2. FY 2021 Audit Plan – Advisory and Consulting Engagements**

<b>FY 2021 Audit Plan</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>General Objective/Description</b>
<b>Advisory and Consulting Engagements</b>			
Cash Fund Operations	150		Verification of PeopleSoft balances, actual cash, and bank balances.
Supply Chain Resiliency	200		Evaluate vendor financial health due to pandemic and recommend tools to monitor supply chain resiliency.
Continuous Auditing PeopleSoft Queries	250		Recurring Management Request.
PeopleSoft Consulting	50		Participation in UT Share meetings.
Training provided by Internal Audit to institutional departments/employees/etc.	75		Continuous Auditing presentations and others as requested
Participation in Institutional Committees/Council, etc.	60		Participation in meetings for Endowment Compliance Committee, Institutional Compliance Committee and Administrative Council meetings. Serve as a member of the Accounting and Information Systems Advisory Council.
Consulting/Management Requests	529		As requested.
<b>Carryforward Engagement:</b>			
Microsoft Teams Consulting Project	200		Work with the Information Security Department on reviewing security aspects of Microsoft Teams and recommend possible changes as needed.
<b>Advisory and Consulting Engagements Subtotal</b>	<b>1514</b>	<b>13.9%</b>	

**Exhibit A-3. FY 2021 Audit Plan – Required Engagements**

<b>FY 2021 Audit Plan</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>General Objective/Description</b>
<b>Required Engagements</b>			
FY 2020 Financial Statement Audit (Final)	10		Required annual audit.
FY 2021 Financial Statement Audit (Interim)	10		Required annual audit.
Federal Portion of the Statewide Single Audit	50		Provide assistance to the State Auditor's Office for Student Financial Assistance and Schedule of Expenditures of Federal Awards audits.
NCAA Agreed Upon Procedures Audit	150		Required annual audit; support for UT System Audit Office.
NCAA Football Attendance Audit	150		Recurring Management Request.
KTEP FM Radio Station	25		Support to external auditor.
Purchasing Compliance Assessment	20		Required annual audit.
<b>Required Engagements Subtotal</b>	<b>415</b>	<b>3.8%</b>	

**Exhibit A-4. FY 2021 Audit Plan – Investigations, Reserve and Follow-up**

<b>FY 2021 Audit Plan</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>General Objective/Description</b>
<b>Investigations</b>			
Investigations	500		As Requested.
<b>Investigations Subtotal</b>	<b>500</b>	<b>4.6%</b>	
<b>Reserve</b>			
Reserve for Audit of Emerging Risks	400		As Requested.
<b>Reserve Subtotal</b>	<b>400</b>	<b>3.7%</b>	
<b>Follow-Up</b>			
Follow-up Audits	550		Follow-up on previous audit recommendations as required by IIA Standards; approximately 3-4 done per quarter.
<b>Follow-Up Subtotal</b>	<b>550</b>	<b>5.1%</b>	

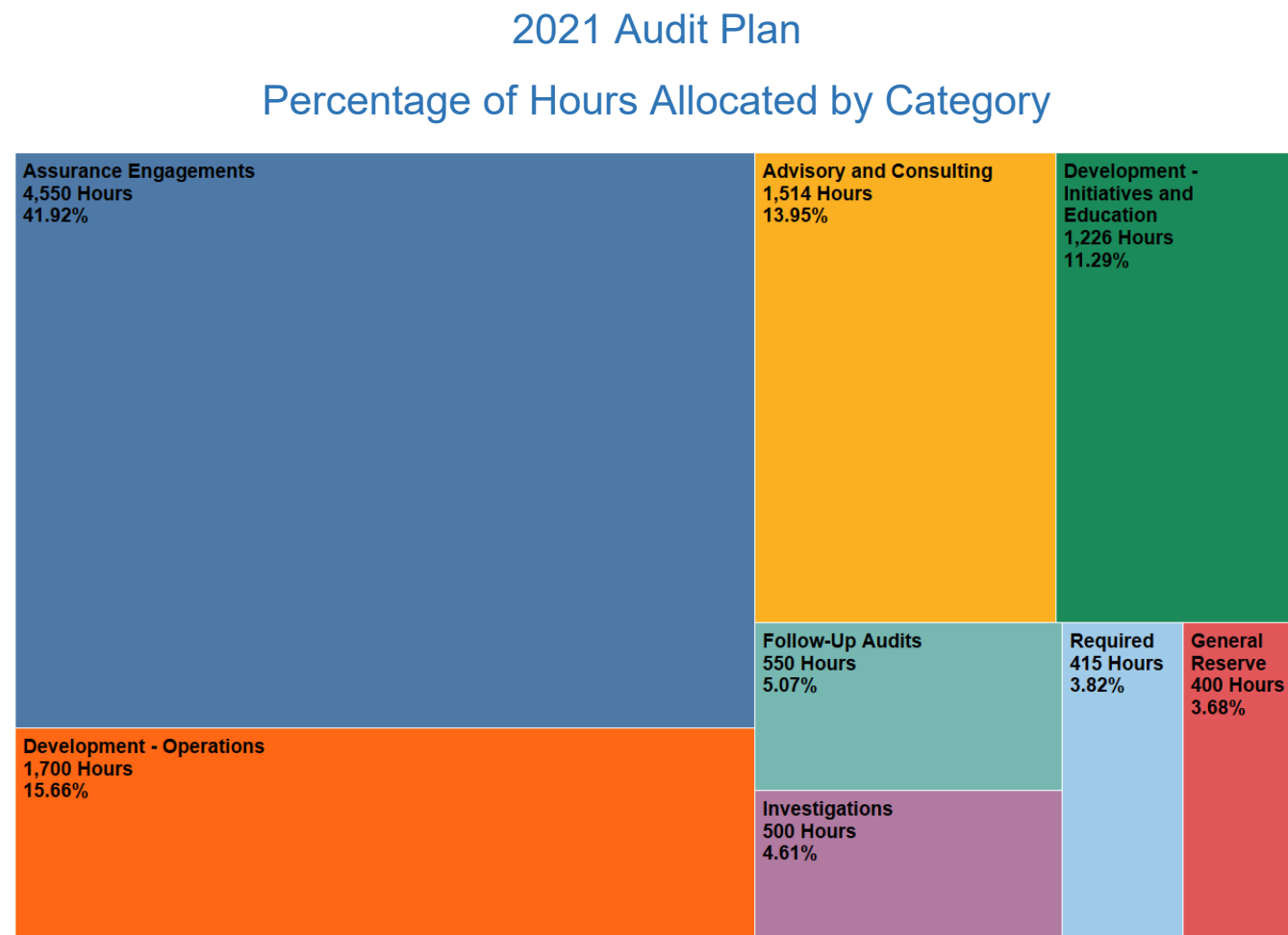
**Exhibit A-5. FY 2021 Audit Plan – Development – Operations**

<b>FY 2021 Audit Plan</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>General Objective/Description</b>
<b>Development - Operations</b>			
Internal Quality Assurance and Improvement Program activities	200	<<	As requested.
Annual Audit Plan Development, including Risk Assessment	350		Preparation of FY 2022 Risk Assessment and Audit Plan.
UT System, SAO, etc. reporting/requests; External Audit assist	125		Responses for requests for information.
Software, website development/maintenance	250		Non-project related development/maintenance and data analytics.
Internal Audit Committee preparation/participation	225		Preparation of presentation documents for Institutional Audit Committee meetings; meetings with external audit committee members.
Staff meetings related to the management of the audit activity	350		Monthly staff meetings, weekly supervisor meetings and status update meetings as needed.
Annual Internal Audit Report	100		Preparation of Annual Internal Audit Report for FY 20.
Annual Reviews/Evaluations	100		Preparation of Self-Appraisals and Evaluations.
<b>Development - Operations Subtotal</b>	<b>1700</b>	<b>15.7%</b>	

***Exhibit A-6. FY 2021 Audit Plan – Development – Initiatives and Education***

<b>FY 2021 Audit Plan</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>General Objective/Description</b>
<b>Development - Initiatives and Education</b>			
Work Group Initiatives	150		Participation in UT System Audit initiatives.
Professional organization/association participation	250		Participation as members and board members of IIA and ACFE.
Individual Continuing Professional Development (CPE) Training	676		Continuing Professional Development for Staff Members
IAEP Student Program	150		Advance program to achieve goal of comprehensive level institution.
<b>Development - Initiatives and Education Subtotal</b>	<b>1226</b>	<b>11.3%</b>	
<b>Total Budgeted Hours</b>	<b>10855</b>	<b>100.0%</b>	

**Exhibit A-7. FY 2020 Audit Plan – Graph: Allocation of Hours by Category**



## II.a. Revised Fiscal Year 2021 Audit Plan

Project Name	Revised Budget	Actual Hours	Total Variance	Status of Plan at 8/31/21
Accounts Receivable	480	494	(14)	Completed.
CARES Act Institutional Expenditures	350	254	96	Project Hours carried over to FY 2022.
CARES Act Student Emergency Assistance	350	341	9	Completed.
Export Controls	350	316	34	Completed.
Network Perimeter Security - Cybersecurity	375	405	(30)	Completed.
Vulnerability Management - Cybersecurity	375	376	(1)	Completed.
Office of International Programs (OIP)	350	308	42	Completed.
UTS 142.1 Monitoring Plan	175	193	(18)	Completed.
Student Health Center	350	25	325	Moved project to FY 2022.
President's Travel and entertainment expenses	50	1	49	UT System Audit Office report issued 6/1/21.
Reporting of Foreign Gifts and Contracts	350	4	346	Project Hours carried over to FY 2022.
<b>Carryforward Audits:</b>				
Teacher Retirement System	400	543	(143)	Completed.
Vendor Management	100	196	(96)	Completed.
<b>Assurance Engagements Subtotal</b>	<b>4,055</b>	<b>3,456</b>	<b>599</b>	
<b>Advisory and Consulting Engagements</b>				
Cash Fund Operations	150	121	29	Completed.
COVID-19 Preparedness - Campus Safety	300	272	28	Completed.
Enrollment Reporting	350	27	323	Client decided the project didn't need to be done now; however, it may be included in a future audit plan.
COHS – Affiliation Agreements Consulting	300	278	22	Completed.
Course Fees Review	50	16	34	Consulting Hours in FY 2022 will be used to complete.
Continuous Auditing PeopleSoft Queries	200	90	110	
PeopleSoft Consulting	50	46	4	
Training provided by Internal Audit to institutional departments/employees/etc.	75	21	54	
Participation in Institutional Committees/Council, etc.	60	92	(32)	
IT Consulting – Decentralized Systems	375	280	95	Completed.
Consulting/Management Requests	79	273	(194)	As Requested.
<b>Carryforward Engagements:</b>				
Microsoft Teams Consulting Project (IT)	200	97	103	Completed.
<b>Advisory and Consulting Engagements Subtotal</b>	<b>2,189</b>	<b>1,613</b>	<b>576</b>	



<b>Required Engagements</b>				
FY 2020 Financial Statement Audit (Final)	10	15	(5)	Results included in FY 2020 UT Systemwide report.
FY 2021 Financial Statement Audit (Interim)	10	1	9	Results included in FY 2010 UT Systemwide report.
Federal Portion of the Statewide Single Audit	50	0	50	Auditor Assist Duties.
KTEP FM Radio Station	25	3	22	Auditor Assist Duties.
NCAA Agreed Upon Procedures Audit	150	108	42	Report issued by UT System Audit Office.
NCAA Football Attendance Audit	0	0	0	Not required per NCAA due to COVID.
Purchasing Compliance Assessment	20	27	(7)	Included in FY 2020 Annual Report.
Nursing Shortage Reduction Program	150	89	61	Completed.
<b>Required Engagements Subtotal</b>	<b>415</b>	<b>243</b>	<b>172</b>	
<b>Investigations</b>				
Investigations	320	199	121	As Requested.
<b>Investigations Subtotal</b>	<b>320</b>	<b>199</b>	<b>121</b>	
<b>Reserve</b>				
Reserve for Audit of Emerging Risks	50	0	50	As Requested.
<b>Reserve Subtotal</b>	<b>50</b>	<b>0</b>	<b>50</b>	
<b>Follow-up Audits</b>				
Follow-up Audits	550	539	11	As Requested.
<b>Follow-up Subtotal</b>	<b>550</b>	<b>539</b>	<b>11</b>	
<b>Development - Operations</b>				
Annual Audit Plan Development, including Risk Assessment	350	307	43	
Annual Internal Audit Report	100	25	75	
Annual Reviews/Evaluations	100	58	42	
Internal Audit Committee preparation/participation	225	210	15	
Internal Quality Assurance and Improvement Program activities	200	274	(74)	
Software, website development/maintenance	250	145	105	
Staff meetings related to the management of the audit activity	350	532	(182)	
UT System, SAO, etc. reporting/requests; External Audit assist	125	103	22	
<b>Development Operations - Subtotal</b>	<b>1,700</b>	<b>1,654</b>	<b>46</b>	
<b>Development - Initiatives and Education</b>				
CPE Training	676	777	(101)	
IAEP Program	150	110	40	
Professional organization/association participation	250	80	170	
Work Group Initiatives	150	24	126	
<b>Development Operations - Subtotal</b>	<b>1,226</b>	<b>991</b>	<b>235</b>	
<b>Total</b>	<b>10505</b>	<b>8695</b>	<b>1810</b>	

## II.b. Summary of Changes - Fiscal Year 2021 Audit Plan

#	Removal of Projects from Fiscal Year 2021 Plan:	Hours
1	Two-Factor Authentication	(375)
2	Leave Review	(150)
3	Supply Chain Resiliency	(200)
4	NCAA Football Attendance	(150)
Total Hours Removed/Reclassified		(875)
#	Reclassification of FY 2021 Project Hours:	Hours
1	IT Consulting/Management Requests (Two-Factor Authentication)	375
2	Consulting/Management Requests (NCAA Football Attendance)	150
Total Hours Reclassified		525

## II.c. Benefits Proportionality – Audit Requirements for Higher Education Institutions

---

According to Rider 8, page III-48, the General Appropriations Act (86th Legislature, Conference Committee Report), each institution of higher education, excluding public community/junior colleges, shall conduct an internal audit of benefits proportionality by method of finance and submit a copy of the internal audit to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor's Office (SAO) no later than August 31, 2020. The audits must examine fiscal years 2017 through 2019 and must be conducted using a methodology approved by the SAO.

Audits of the proportionality of higher education benefits process for fiscal years 2017 through 2019 were completed in 2018 and 2020 respectively, and reports were submitted to the agencies listed above outlining the results. Hours are included in our Fiscal Year 2022 Audit Plan to be used for the audits of Fiscal Years 2020 and 2021.

## II.d. Compliance with Texas Education Code Section 51.9337(h)

---

Effective September 1, 2015, TEC §51.9337(h) 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.”*

*TEC 51.9337(h) was added to the Texas Education Code by the 84<sup>th</sup> Legislature, effective 9/1/2015, and was not changed in the subsequent 85<sup>th</sup>, 86<sup>th</sup>, and 87<sup>th</sup> legislative sessions.*

The Office of Auditing and Consulting Services conducted this required assessment for Fiscal Year 2021, and found the following:

Based on review of current institutional policy and the UT System Board of Regents' *Rules and Regulations*, The University of Texas at El Paso has generally adopted all of the rules and policies required by TEC §51.9337(h). 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(h).

As a result of requirements in Senate Bill 65 (86th Legislative Session), additional information has been requested by the State Auditor's Office related to contract audits for the 25 largest state agencies and higher education institutions as identified by the Legislative Budget Board. Although we are not part of the 25, we considered contract processes, controls, and monitoring in our risk assessment process for the Fiscal Year 2021 Audit Plan.

**Rule and Policy Requirements:**

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
<p><b>§51.9337(b)</b> – The Board of Regents is responsible for establishing the following policies and practices for "each institution under the management and control of the board":</p> <p>(1) A code of ethics for the institution's officers and employees, including provisions governing officers and employees authorized to execute contracts for the institution or to exercise discretion in awarding contracts, subject to Subsection (c);</p>	Yes		<p>Support for §51.9337(b):</p> <ol style="list-style-type: none"> <li>1. UTS 134: Sect 3, Code of Ethics for Financial Officers and Employees <b>Last revised: 5/10/2018</b></li> <li>2. UTEP Standards of Conduct Guide, Page 6 <b>Last Revised: 8/2020</b></li> <li>3. UTEP Purchasing Department Operating Procedures Manual (Purchasing OP), Section 1: Ethics Policy (pages 7-9) <b>Last Revised: 7/2020</b></li> </ol>
<p>2) Policies for the internal investigation of suspected defalcation, misappropriation, and other fiscal irregularities and an institutional or systemwide compliance program designed to promote ethical behavior and ensure compliance with all applicable policies, laws, and rules governing higher education, including research and health care to the extent applicable;</p>	Yes		<ol style="list-style-type: none"> <li>1. Regents' <i>Rules and Regulations</i>, Rule 20401: Audit and Compliance Program <b>Last Revised: 9/25/2018</b></li> <li>2. UTS 119: Institutional Compliance Program Sec. 6, Systemwide Compliance Committee <b>Last Revised: 4/7/2020</b></li> <li>3. UTS 118 Fraudulent or Dishonest Activities <b>Last Revised: 8/8/2020</b></li> <li>4. UTEP HOP, Section VII, CH2: Fraudulent or Dishonest Activities <b>Last Revised: 5/7/2021</b></li> <li>5. UTEP HOP, Section I, CH2: Governance of the University <b>Last Revised: 10/15/2020</b></li> <li>6. UTEP Standards of Conduct Guide, page 10 <b>Last Revised: 8/2020</b></li> <li>7. UTEP Purchasing OP, Section 1: Ethics (pages 7-9) <b>Last Revised: 7/2020</b></li> </ol>

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
3) A contract management handbook that provides consistent contracting policies and practices and contract review procedures, including a risk analysis procedure, subject to Subsection (d);	Yes		1. UTEP Purchasing OP, Section 20 Procurement Overview (pages 41-42) <b>Last Revised: 7/2020</b>
4) Contracting delegation guidelines, subject to Subsections (e) and (f);	Yes		1. UTEP Purchasing OP, Section 3: Delegated Authority (pages 13-15) <b>Last Revised: 7/2020</b>
5) Training for officers and employees authorized to execute contracts for the institution or to exercise discretion in awarding contracts, including training in ethics, selection of appropriate procurement methods, and information resources purchasing technologies; and	Yes		1. UTS 156: Purchaser Training and Certification, Sec. 5 Core Training Curriculum <b>Last Revised: 1/7/2019</b>  2. UTEP Purchasing OP, Section 2: Training & certification program (pages 10-11) <b>Last Revised: 7/2020</b>
6) Internal audit protocols, subject to Subsection (g). "Protocol" in this context refers to official procedures or rules governing the internal audit activity.	Yes		1. UTS 129: Internal Audit Activities <b>Last Revised: 8/12/2021</b>  2. UTEP HOP, Section VII, CH1: Audit and Consulting Services <b>Last Revised: 8/10/2018</b>
<b>§51.9337(c)</b> – The code of ethics governing an institution of higher education must include: 1) General standards of conduct and a statement that each officer or employee is expected to obey all federal, state, and local laws and is subject to disciplinary action for a violation of those laws;	Yes		1. Regents' <i>Rules and Regulations</i> , Rule 10901: Statement of UT System Values and Expectations, Sec. 2 Compliance with Laws and Policy <b>Last Revised: 5/14/2015</b>  2. Regents' <i>Rules and Regulations</i> , Rule 30103: Standards of Conduct, Sec. 1 Statutory Compliance <b>Last Revised: 9/25/2018</b>  3. UTS 134: Code of Ethics for Financial Officers and Employees <b>Last Revised: 5/10/2018</b>  4. UTEP Standards of Conduct Guide page 6 <b>Last Revised: 8/2020</b>

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
2) Policies governing conflicts of interest, conflicts of, and outside activities, ensuring that the primary responsibility of officers and employees is to accomplish the duties and responsibilities assigned to that position;	Yes		<p>1. Regents' Rules and Regulations, Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 6 Unmanaged Conflicts of Interest Prohibited <b>Last Revised: 8/20/2020</b></p> <p>2. UTS 180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities Section 6 <b>Last Revised: 2/8/2021</b></p> <p>3. Regents' <i>Rules and Regulations</i>, Rule 10901: Statement of UT System Values and Expectations, Sec. 2 Compliance with Laws and Policy <b>Last Revised: 5/14/2015</b></p> <p>4. Regents' <i>Rules and Regulations</i>, Rule 30103: Standards of Conduct, Sec. 1 Statutory Compliance <b>Last Revised: 9/25/2018</b></p> <p>5. UTS 134: Code of Ethics for Financial Officers and Employees <b>Last Revised: 5/10/2018</b></p> <p>6. UTEP Standards of Conduct Guide page 19 <b>Last Revised: 8/2020</b></p> <p>7. UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities <b>Last Revised: 2/1/2021</b></p>

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
3) A conflict of interest policy that prohibits employees from having a direct or indirect financial or other interest, engaging in a business transaction or professional activity, or incurring any obligation that is in substantial conflict with the proper discharge of the employee's duties related to the public interest;	Yes		<p>1. Regents' Rules and Regulations, Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 1 Primary Responsibility <b>Last Revised: 8/20/2020</b></p> <p>2. UTS 180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 4 Primary Responsibilities <b>Last Revised: 2/8/2021</b></p> <p>3. UTEP HOP, Section V, CH4: Outside Activity and/or Employment, Board Service, and Dual Employment <b>Last Revised: 1/28/2014</b></p> <p>4. UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities <b>Last Revised: 2/1/2021</b></p>
4) A conflict of commitment policy that prohibits an employee's activities outside the institution from interfering with the employee's duties and responsibilities to the institution;	Yes		<p>1. Regents' Rules and Regulations, Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 3 Unmanaged Conflicts of Interest Prohibited <b>Last Revised: 8/20/2020</b></p> <p>2. UTS 180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 6: Unmanaged Conflicts of Interest and Conflicts of Commitment Prohibited. <b>Last Revised: 2/8/2021</b></p> <p>3. UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, 29.4 Conflicts of Interest and Conflicts of Commitment Prohibited <b>Last Revised: 2/1/2021</b></p>



Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
5) A policy governing an officer's or employee's outside activities, including compensated employment and board service, that clearly delineates the nature and amount of permissible outside activities and that includes processes for disclosing the outside activities and for obtaining and documenting institutional approval to perform the activities;	Yes		<p>1. Regents' <i>Rules and Regulations</i>, Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 6 Approval and Disclosure Requirements <b>Last Revised: 8/20/2020</b></p> <p>2. UTS 180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 7 Policy on Outside Activities Required <b>Last Revised: 2/8/2021</b></p> <p>3. UTS 180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec.10 Additional Process Requirements <b>Last Revised: 2/8/2021</b></p> <p>4. UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, 29.5 Approval for outside activities required, 29.7 Disclosure of Outside Activities and Interests <b>Last Revised: 2/1/2021</b></p> <p>5. UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, 29.6 Outside Activity Guidelines <b>Last Revised: 2/1/2021</b></p>
6) A policy that prohibits an officer or employee from acting as an agent for another person in the negotiation of the terms of an agreement relating to the provision of money, services, or property to the institution;	Yes		<p>1. Regents' <i>Rules and Regulations</i>, Rule 60306: Use of University Resources, Sec. 2 No Service as an Agent <b>Last Revised: 12/22/2011</b></p> <p>2. UTS 180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 6 Unmanaged Conflicts of Interest and Conflicts of Commitment Prohibited <b>Last Revised: 2/8/2021</b></p> <p>3. UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of</p>

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
			Commitment, and Outside Activities Un-Managed Conflicts of Interest and Conflicts of Commitment Prohibited <b>Last Revised: 2/1/2021</b>
7) A policy governing the use of institutional resources; and	Yes		1. Regents' Rules and Regulations, Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 9 Use of University Property <b>Last Revised: 8/20/2020</b>  2. Regents' Rules and Regulations, Rule 60306: Use of University Resources, Sec. 3 Compensation for Resources Used <b>Last Revised: 12/22/2011</b>  3. UTEP HOP Section 7 Chapter 3 University-Owned Property and Equipment Section 3.1 Standard of Care <b>Last Revised: 10/12/2015</b>  4. UTEP Standards of Conduct Guide, Use of UT and State of Texas Resources page 21 <b>Last Revised: 8/2020</b>
8) A policy providing for the regular training of officers and employees on the policies described by this Subsection.	Yes		1. UTS 189: Institutional Conflicts of Interest, Section 10 Education and Training <b>Last Revised: 5/3/2019</b>  2. UTEP Standards of Conduct Guide, Institutional Compliance Program, Training page 5 <b>Last Revised: 8/2020</b>
<b>§51.9337(d)</b> – An institution of higher education shall establish contract review procedures and a contract review checklist that must be reviewed and approved by the institution's legal counsel before implementation. The review procedures and checklist must include:	Yes		1. Regents' <i>Rules and Regulations</i> , Rule 20901: Procurement of Goods and Services; Contract Management Handbook <b>Last Revised: 2/9/2017</b>  2. UTEP Purchasing OP, Section 21: Contract Administration for Formal Contracts (pages 43-44) <b>Last Revised: 7/2020</b>

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
1) A description of each step of the procedure that an institution must use to evaluate and process contracts;	Yes		1. UTS 145 Processing of Contracts, Sec. 4 Contract Processing Procedures <b>Last Revised: 8/19/2020</b>  2. UTEP Purchasing OP, Section 20: Formal Contract Establishment (pages 41-42) <b>Last Revised: 7/2020</b>  3. UTEP Purchasing OP, Section 21: Contract Administration for Formal Contracts (pages 43-44) <b>Last Revised: 7/2020</b>
2) A checklist that describes each process that must be completed before contract execution; and	Yes		1. UTS 145 Processing of Contracts, Sec. 4 Contract Processing Procedures Step 2 <b>Last Revised: 8/19/2020</b>  2. UT System Office of General Counsel General Procedure Contract Checklist <b>Last Revised: 3/1/2019</b>  3. UTEP Purchasing OP, Section 21: Contract Administration for Formal Contracts (pages 43-44) "Contract Administration: Review for Signature Form" <b>Last Revised: 7/2020</b>
3) A value threshold that initiates the required review by the institution's legal counsel unless the contract is a standard contract previously approved by the counsel.	Yes		1. UTS 145 Processing of Contracts, Sec. 4 Contract Processing Procedures, Step 4 Determine Value of Contract <b>Last Revised: 8/19/2020</b>  2. UTEP Purchasing OP, Section 3: Delegated Authority, UT Systems Rules and Regulations (pages 13-15) <b>Last Revised: 7/2020</b>

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
<b>§51.9337(e)</b> – An institution of higher education's policies governing contracting authority must clearly specify the types and values of contracts that must be approved by the board of regents and the types and values of contracts for which contracting authority is delegated by the board to the chief executive officer and by the chief executive officer to other officers and employees of the institution. An officer or employee may not execute a document for the board unless the officer or employee has authority to act for the board and the authority is exercised in compliance with applicable conditions and restrictions.	Yes		1. Regents' <i>Rules and Regulations</i> , Rule 10501: Delegation to Act on Behalf of the Board Sec.1.1 Identification of Significant Contracts or Documents <b>Last Revised: 11/19/2020</b>  2. UTS 145: Processing of Contracts: Sec. 4, Step 4 Determine Value of Contract <b>Last Revised: 8/19/2020</b>  3. UTS Summary of Contracts Requiring Board Approval <b>Last Revised: 11/29/2017</b>  4. UTEP Purchasing OP, Section 3: Delegated Authority (pages 13-15) <b>Last Revised: 7/2020</b>
<b>§51.9337(f)</b> – An institution of higher education may not enter into a contract with a value of more than \$1 million, including any amendment, extension, or renewal of the contract that increases the value of the original contract to more than \$1 million, unless the institution's board of regents approves the contract, expressly delegates authority to exceed that amount, or expressly adopts an exception for that contract. The board must approve any amendment, extension, or renewal of a contract with a value that exceeds 25 percent of the value of the original contract approved by the board unless the authority to exceed the approved amount is expressly delegated by the board or an exception is expressly adopted by the board for that contract.	Yes		1. Regents' <i>Rules and Regulations</i> , Rule 10501: Delegation to Act on Behalf of the Board, Sec. 3 Matters Not Delegated, 3.1.1 Contracts Exceeding \$1 Million <b>Last Revised: 11/19/2020</b>  2. UT System Contract Management Handbook <b>Last Revised: 9/6/2019</b>  3. UTEP Purchasing OP, Section 3: Delegated Authority, UT Systems Rules and Regulations (pages 13-15) <b>Last Revised: 7/2020</b>

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
<p><b>§51.9337(g)</b> – The board of regents of an institution of higher education shall adopt standards for internal audits conducted by the institution to provide a systematic, disciplined approach to evaluate and improve the effectiveness of the institution's risk management, control, and governance processes related to contracts and to require risk-based testing of contract administration. The internal auditor must have full and unrestricted access to all institutional property, personnel, and records. An internal auditor must report directly to the board of regents in accordance with Chapter 2102, Government Code.</p>	Yes		<p>1. Regents' <i>Rules and Regulations</i>, Rule 20401: Audit and Compliance Program  1.2 (a) Systemwide internal audit plan based on a comprehensive risk assessment  1.2 (c) Standards and methodology to be followed by all UT System internal auditors  <b>Last Revised: 9/25/2018</b></p> <p>2. UTS 129: Internal Audit Activities, Sec. 1 Internal Auditing Program  <b>Last Revised: 8/12/2021</b></p> <p>3. Systemwide Audit Procedure: Risk Assessment (<i>reviewed and updated annually</i>)</p> <p>4. UTEP HOP, Section VII, CH1: Audit and Consulting Services  1.4 Responsibility  1.5 Authority  1.6 Standards of Audit Practice  <b>Last Revised: 8/10/2018</b></p>
<p><b>§51.9337(h)</b> – 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. In auditing the purchase of goods and services by the institution, the state auditor shall determine whether an institution has adopted the required rules and policies.</p>	Yes		<p>As documented herein.  Certification statement to be included in the Annual Audit Report to the State Auditor's Office required under Texas Government Code §2102.</p>

### III. Consulting Services and Nonaudit Services Completed

Report Number and Name	Report Date	Objectives	Recommendation(s)/Procedures	Management Responses / Action Plan
<b>Continuous Auditing: Duplicate Payments</b>	N/A	We use data analytics tools to identify potential duplicate payments for employee reimbursements. We analyze and report to Financial Services for follow-up.	We issue a quarterly report with all verified duplicate payments.	Accounts Payable requests immediate reimbursement for all verified duplicate payments.
<b>COVID-19 Preparedness and Campus Safety</b>	5/7/21	Our objective was to determine whether the University has developed procedures to promote the Centers for Disease Control and Prevention (CDC) and public health guidance designed to minimize the spread of COVID-19.	Based on our review, we conclude the University developed comprehensive strategies to promote CDC and public health guidance designed to minimize the spread of COVID-19. Additionally, the University has done an exceptional job of communicating COVID-19 related information to the campus community.	None Needed.
<b>Cash Fund Operations</b>	7/16/21	Our objective was to verify the existence and accuracy of the change fund balances recorded in PeopleSoft cost centers.	University Ticket Center should make deposits in accordance with UTEP's Cash Handling/Change Fund policy.  The Athletics Department should maintain support documentation for all deposits, and accumulations of \$250 or more should be deposited daily.	Management agrees with the recommendations presented in the report. While the cash handling training is currently presented upon request, we will shift to an annual mandatory training for all departments that handle cash. This will help us ensure departments are up to date on any changes and/or new personnel in the department have received the appropriate training.

Report Number and Name	Report Date	Objectives	Recommendation(s)/Procedures	Management Responses / Action Plan
<b>IT Consulting – Decentralized Systems</b>	8/20/21	Our objective was to assist IR and ISO in identifying independently managed servers, and devices functioning as servers, which house critical data and gather baseline device information.	The Office of Auditing and Consulting Services (OACS) obtained a network scan from the Information Security Office (ISO), which included possible decentralized computers fitting the parameters, and populated it with additional identifiable information. This information included such items as building location, possible room housing the system, last user to login, equipment name, etc., which was provided by different Information Resources (IR) groups on campus. Using the results of this analysis, we designed a questionnaire with baseline information requested by the ISO. OACS sent out the questionnaire to the Technology Implementation Managers (TIMs) and monitored their progress through the requested due date.	Based on the results provided by OACS the ISO and IR had to determine which computers must be backed-up centrally by the August 31, 2021, deadline.
<b>College of Health Sciences (CHS) – Affiliation Agreements</b>	8/25/21	Our objective was to determine whether the College of Health Sciences affiliation agreements are properly approved and monitored.	OACS participated in the weekly meetings for both the University-wide and the CHS teams and performed separate meetings/interviews to understand the overall CHS affiliation agreement process, including IRBNet. We used information from these activities to formulate the recommendations, with a focus on adding efficiencies to the CHS affiliation agreement oversight process.	None Needed.

## IV. External Quality Assurance Review (Peer Review)

---



July 24, 2020

Lori Wertz, Chief Audit Executive  
The University of Texas at El Paso

In July 2020, The University of Texas at El Paso (UT El Paso) internal audit (IA) function, the Office of Auditing and Consulting Services (OACS), completed a self-assessment of its internal audit activities in accordance with guidelines published by The Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). UT El Paso 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 IA's 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 UT El Paso 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 El Paso.

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*

Baker Tilly Virchow Krause, LLP, trading as Baker Tilly, is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity, and each describes itself as such. Baker Tilly Virchow Krause, LLP, is not Baker Tilly International's agent and does not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly Virchow Krause, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

## V. Internal Audit Plan for Fiscal Year 2022

---

### ***Exhibit A-1. FY 2022 Audit Plan- Assurance Engagements***

<b>FY 2022 Audit Plan</b>	<b>Budget</b>	<b>Percent of Total</b>	<b>General Objective/Description</b>
<b>Assurance Engagements</b>			
Decentralized IT Asset Purchases Audit	300		Determine compliance with the University's IT asset purchasing guidelines to ensure purchases are compatible with the network, supported by Information Resources, and do not expose the University to weaknesses.
Emergency Management Plan	350		Confirm that UTEP has a multihazard emergency management program that complies with UTS 172 Emergency Management.
Administrative Access to User Computers	375		Determine if administrative access to user computers is properly controlled and managed to reduce the risk of unauthorized access and activities.
Multi-Factor Authentication Audit	375		Ensure multi-factor authentication is implemented for mission critical information resources to reduce the risk of unauthorized access.
Higher Education Emergency Relief Fund II (HEERF II)	200		Evaluate and ensure appropriate and allowable costs are claimed to allow for maximum cost recovery, including cost transfers.
UTS 142.1 Monitoring Plan	175		Annual audit based on risk.
Controlled Unclassified Information (CUI)	400		Ensure processes are in place for researchers to identify CUI in University contracts and grants in order to coordinate monitoring plan with CISO according to related federal requirements.
<b>Carryforward Audits</b>			
Reporting of Foreign Gifts & Contracts	350		Verify compliance with Higher Education Act, Section 117 regarding gifts or contracts with or from a foreign source.
CARES Act Institutional Expenditures	100		Evaluate and ensure appropriate and allowable costs are claimed to allow for maximum cost recovery, including cost transfers.
<b>Assurance Engagements Subtotal</b>	<b>2625</b>	<b>26.5%</b>	

### Exhibit A-2. FY 2022 Audit Plan-Advisory and Consulting Engagements

Advisory and Consulting Engagements			
IT Consulting - Orphan Cloud Data	375		Review current Microsoft 365 cloud data processes/controls and make recommendations on how reduce the risk of data without an active owner going undetected.
IT Consulting - Security Assessment Working Group	300		Provide advisory services by serving on the Security Assessment Working Group, which will assist the University with preparation for implementation of cybersecurity federal requirements.
IT Consulting - Decentralized Systems Phase II	375		Work with the Information Security Office on identifying trigger points to monitor new decentralized systems that have not been backed-up centrally, as required by the University.
Participant Support	350		Provide advisory services to ensure participant support costs and any cost transfers, if applicable are in compliance with Uniform Guidance.
Student Health Center	250		Document all services provided by Student Health Center and compare operations to services provided by other UT Institutions.
Cash Fund Operations	150		Verification of PeopleSoft balances, actual cash, and bank balances.
IT Consulting-Data Backup and Recovery Solution	375		IT Auditors were requested to be a part of the new Back-up solution implementation.
IT Consulting/Management Requests	25		IT consulting project(s), as requested.
Consulting/Management Requests	562		As requested.
Continuous Auditing Peoplesoft Queries	125		Recurring management request.
Risk Assessment Training provided by Internal Audit to institutional departments, employees, etc.	75		Provide live and recorded trainings to management regarding the campus wide risk assessment process.
PeopleSoft Consulting	50		Participation in UT Share meetings.
Participation in Institutional Committees/Council, etc.	60		Participation in meetings for Endowment Compliance Committee, Institutional Compliance Committee and Administrative Council meetings. Serve as a member of the Accounting and Information Systems Advisory Council.
<b>Advisory and Consulting Engagements Subtotal</b>	<b>3072</b>	<b>30.9%</b>	

### Exhibit A-3. FY 2022 Audit Plan- Required Engagements

Required Engagements			
Benefits Proportionality FY 2020 and FY 2021	350		Required by statute to ensure the accuracy of benefits funding proportionality reported to the State for 2020-2021.
Purchasing Compliance	20		Required annual audit.
NCAA Agreed Upon Procedures Audit	150		Required annual audit; support for UT System
FY 2021 Financial Statement Audit (Final)	8		Required annual audit.
FY 2022 Financial Statement Audit (Interim)	8		Required annual audit.
Federal Portion of Statewide Single Audit	20		Provide assistance to the State Auditor's Office for Student Financial Assistance and Schedule of Expenditures of Federal Awards audits.
KTEP FM Radio Station	10		Support to external auditor.
<b>Required Engagements Subtotal</b>	<b>566</b>	<b>5.7%</b>	

#### ***Exhibit A-4. FY 2022 Audit Plan-Investigations, Reserve and Follow-Up***

<b>Investigations</b>			
Investigations	320		As Requested.
<b>Investigations Subtotal</b>	<b>320</b>	<b>3.2%</b>	
<b>Reserve</b>			
Reserve for Audit of Emerging Risks	150		As Requested.
<b>Reserve Subtotal</b>	<b>150</b>	<b>1.5%</b>	
<b>Follow-Up</b>			
Follow-up Audits	400		Follow-up on previous audit recommendations as required by IIA Standards; approximately 3-4 done per quarter.
<b>Follow-Up Subtotal</b>	<b>400</b>	<b>4.0%</b>	

#### ***Exhibit A-5. FY 2022 Audit Plan-Development-Operations***

<b>Development - Operations</b>			
Internal Quality Assurance and Improvement Program	175		As requested.
Annual Audit Plan Development, including Risk Assessment	350		Preparation of FY 2023 Risk Assessment and Audit Plan.
UT System, SAO, etc. reporting/requests; External Audit assist	100		Responses for requests for information.
Software, website development/maintenance	100		Non-project related development/maintenance and data analytics.
Internal Audit Committee preparation/participation	225		Preparation of presentation documents for Institutional Audit Committee meetings; meetings with external audit committee members.
Staff meetings related to the management of the audit activity	350		Monthly staff meetings, weekly supervisor meetings and status update meetings as needed.
Annual Internal Audit Report	100		Preparation of Annual Internal Audit Report for FY 21.
Annual Reviews/Evaluations	100		Preparation of Self-Appraisals and Evaluations.
Management of Audit Team	200		Direct CAE responsibilities not directly attributable to a specific audit project.
<b>Development - Operations Subtotal</b>	<b>1700</b>	<b>17.1%</b>	

#### ***Exhibit A-6. FY 2022 Audit Plan-Development Initiatives and Education***

<b>Development - Initiatives and Education</b>			
Work Group Initiatives	150		Participation in UT System Audit initiatives.
Professional organization/association participation	200		Participation as members and board members of IIA and ACFE.
Individual Continuing Professional Development (CPE) Training	575		Continuing Professional Development for Staff Members
Non CPE Training	80		Non-credit campus trainings
IAEP Student Program	100		Advance program to achieve goal of comprehensive level recognition.
<b>Development - Initiatives and Education Subtotal</b>	<b>1105</b>	<b>11.1%</b>	
<b>Total Budgeted Hours</b>	<b>9938</b>	<b>100.0%</b>	

***Exhibit A-7. FY 2022 Audit Plan- Allocation of Hours***

<b>FY 2022 Audit Plan</b>	<b>Budget</b>	<b>Percent of Total</b>
<b>Assurance Engagements Subtotal</b>	<b>2,625</b>	<b>26.5%</b>
<b>Advisory and Consulting Engagements Subtotal</b>	<b>3,072</b>	<b>30.9%</b>
<b>Required Engagements Subtotal</b>	<b>566</b>	<b>5.7%</b>
<b>Investigations Subtotal</b>	<b>320</b>	<b>3.2%</b>
<b>Reserve Subtotal</b>	<b>150</b>	<b>1.5%</b>
<b>Follow-Up Subtotal</b>	<b>400</b>	<b>4.0%</b>
<b>Development - Operations Subtotal</b>	<b>1,700</b>	<b>17.1%</b>
<b>Development - Initiatives and Education Subtotal</b>	<b>1,105</b>	<b>11.1%</b>
<b>Total Budgeted Hours</b>	<b>9,938</b>	<b>100.0%</b>

## V.a. High Risk Audits not in Fiscal Year 2022 Audit Plan

---

	Risk Description	Impact	Probability	Mitigation
1	Athletics-Infractions	H	H	Compliance will create and monitor a Risk Management Plan in FY 2022.
2	Athletics-Extra Benefits	H	M	Compliance will create and monitor a Risk Management Plan in FY 2022.
3	Athletics-Recruiting	H	M	Compliance will create and monitor a Risk Management Plan in FY 2022.
4	Intellectual Property Policy	H	M	Enhanced background checks, Foreign Gifts and Contracts Audit in FY 2021, and the creation of the Business Engagement Center to manage corporate partnerships and a network of entrepreneurs.
5	Coordination of gifts and grants with ORSP	M	H	New Senior Director for Corporations and Foundations has been hired for the Business Engagement Center to focus on technology commercialization, corporate-sponsored research, entrepreneurship and corporate partnerships.

## VI. External Audit Services Procured in Fiscal Year 2021

---

1. Peña Briones McDaniel & Co., an El Paso firm, was engaged to perform the audit for Fiscal Year 2020 of the KTEP FM radio station located on The University of Texas at El Paso campus. The audit is required by The Corporation for Public Broadcasting to enable The University of Texas at El Paso to continue receiving grant funding from that organization.



## VII. Reporting Suspected Fraud and Abuse

---

### ***The General Appropriations Act, 86th Legislature:***

**Sec. 7.09. 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 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.*

The University of Texas at El Paso has independent organizations that implement the requirements of Section 7.09, page IX-37, Fraud Reporting, the General Appropriations Act (86th Legislature) and Section 7.09, page IX-38, the General Appropriations Act (87<sup>th</sup> Legislature) and Texas Government Code, Section 321.022. The Office of Auditing and Consulting Services and the Office of Institutional Compliance jointly and separately provide various monitoring and reporting activities to detect and prevent fraud and abuse.

- Actions were taken to implement the requirements of the following: The University has a direct link to the State Auditor's web page with instructions for reporting fraud, waste and abuse in Texas.
  - A Helpline website compliance module that may be accessed by all faculty, staff and student employees that outlines the process for reporting and provides information to access the State Auditor's Office fraud reporting website.
  - The University Handbook of Operating Procedures offers guidelines on the investigation of possible fraudulent activities.
- **Texas Government Code, Section 321.022.** There have been no instances in which there is cause to believe that money received from the state may have been lost, misappropriated or misused, or that other fraudulent or unlawful conduct has occurred. Therefore, no reporting to the State Auditor's Office was required.