

# **The University of Texas at El Paso Institutional Audit Office**

## **Internal Audit Annual Report**

**Fiscal Year 2016**



THE UNIVERSITY of TEXAS SYSTEM  
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.



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**DATE:** October 28, 2016

**TO:** Drew DeBerry, Governor's Office of Budget, Planning and Policy  
Internal Audit Coordinator, State Auditor's Office  
Julie Ivie, Legislative Budget Board  
Ken Levine, Sunset Advisory Committee

**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 2016

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Attached please find the Fiscal Year 2016 Internal Audit Annual Report for the University of Texas at El Paso 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).

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**The University of Texas at El Paso  
Office of Auditing and Consulting Services  
Internal Audit Annual Report  
Fiscal Year 2015-2016**

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**I. Compliance with Texas Government Code, Section 2102.015**

**Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Web site**

Per House Bill 16 (84th Legislature Regular Session), the following information will be posted on the Internet Website of The University of Texas at El Paso's Office of Auditing and Consulting Services:

- The approved fiscal year 2017 Audit Plan, as provided by Texas Government Code, Section 2102.008, and
- The fiscal year 2016 Internal Audit Annual Report, as required by Texas Government Code, Section 2102.009.

**II-a. Internal Audit Plan for Fiscal Year 2016**

**THE UNIVERSITY OF TEXAS AT EL PASO**

**Office of Auditing and Consulting Services**



**2016 Audit Plan**

***Approved by Internal Audit Committee  
July 18, 2015***

## **II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

### **DISTRIBUTION LIST**

#### **University of Texas at El Paso**

Dr. Diana Natalicio, President  
Mr. Richard Adauto, Executive Vice President  
Dr. Stephen Riter, Vice President for Information Resources and Planning  
Dr. Roberto Osegueda, Vice President for Research  
Dr. Gary Edens, Vice President for Student Affairs  
Dr. Howard Daudistel, Interim Provost and Vice President for Academic Affairs  
Ms. Sandra Vasquez, Assistant Vice President for Institutional Compliance and EEO

#### **University of Texas System**

Dr. Steven Leslie, Executive Vice Chancellor for Academic Affairs  
Mr. Alan Marks, Attorney, Office of Academic Affairs  
Mr. Mark Salamasick, Executive Director, Audit Academic  
Mr. J. Michael Peppers, Chief Audit Executive

#### **External**

Governor's Office of Budget  
Mr. Ed Osner, Legislative Budget Board  
Internal Audit Coordinator, State Auditor's Office  
Sunset Advisory Commission

#### **External Audit Committee Members**

Mr. David Lindau, Chair  
Mr. Steele Jones, External Member

## **II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

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## **II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

### **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 2016. The 2016 Audit Plan is a description of the internal audit activities that will be performed by the Office of Auditing and Consulting Services (OACS) in Fiscal Year 2016.

The process of preparing the 2016 Audit Plan included identifying those areas that are considered the most important and ensuring that activities with the greatest risk are audited. The Internal Audit Committee reviewed and approved the 2016 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:

- Mr. David Lindau, External Member and Chair of the Internal Audit Committee
- Mr. Steele Jones III, External Member
- Dr. Diana Natalicio, President
- Dr. Howard C. Daudistel, Provost, Vice President for Academic Affairs
- Dr. Stephen Riter, Vice President for Information Resources and Planning
- Dr. Roberto Osegueda, Vice President for Research
- Mr. Richard Adauto III, Executive Vice President

Input was also received from Mr. Gerard Cochrane, Chief Information Security Officer; Ms. Sandra Vasquez, Assistant Vice President, Compliance Services; Ms. Amanda Vasquez, Assistant Vice President, Enrollment Services; Ms. Manuela Dokie, Assistant Vice President for Research; Ms. Tessy Rappe, Director/Associate Comptroller, Accounting and Business Services; Ms. Guadalupe Gomez, Director, Contracts and Grants Accounting; Mr. Jose Ramirez, Assistant Manager, Contracts and Grants Accounting; Mr. William Dethlefs, Director for the Center for Accommodations and Support; Mr. David Kooger, Director of Compliance, Department of Athletics; Ms. Christine Pineda, Director of Advancement Services and Mr. Ron Williams, Associate Director, Financial Aid. The Internal Audit Committee members, these individuals, and selected members of their staff, provided information relative to their specific areas of responsibility.



## **II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

### ***RISK ASSESSMENT AND AUDIT PLAN DEVELOPMENT***

The Institute of Internal Auditors' International Professional Practices Framework (IPPF) requires that internal auditors develop a risk based audit plan that is in alignment with organizational goals. A top down approach was used to identify risk factors with a high degree of correlation with strategic business objectives. Prior audit plans, organizational charts, the annual financial report (AFR), budgeted hours (Exhibit C); various risk assessments, and a five-year history of audit activity (Exhibit D) were also reviewed to create a comprehensive risk list.

The final risk list was created by identifying processes with critical and high risks to be included in the Annual Audit Plan. Some critical and high risk areas were not included on the plan due to risk mitigation factors, such as recent internal and external audits (Exhibit E). The final risk list and draft audit plan were reviewed and approved by Associate Vice Chancellor Linda Johnsrud, The UT System Audit Office and The UTEP Internal Audit Committee.

See Exhibit A for the approved FY 2016 Annual Audit Plan.

The audit plan was broken down into eight major categories and sub categories (Exhibit A):

1. Financial
2. Operational
3. Compliance
4. Information Technology
5. Follow-up Audits
6. Development - Operations
7. Development – Initiatives and Education
8. Reserve

Consideration of the following was given in developing the 2016 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.)

## **II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

### ***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 vulnerability, 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

Please refer to Exhibit B for a detailed review.

A new taxonomy was created for all UT System Academic Institutions in 2015:

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

## **II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

### **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:

- **CRITICAL/HIGH** – The effect will cause the component not to achieve its goals and objectives: it is a "show stopper"
- **MEDIUM** – The effect will cause the institution to operate inefficiently and/or expend unplanned resources to meet goals and objectives
- **LOW** – 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
- Financial/Monetary
- Business/Operations
- Information Technology
- Public Relations
- Reporting and Disclosure
- Strategic
- Compliance

**PROBABILITY** – The probability that a risk will become reality also has three values:

- **CRITICAL/HIGH** – An event is inevitable, or there is a great likelihood that an event will occur.
- **MODERATE** – The risk is neither extremely likely nor highly unlikely. The probability of an event is similar to occurrences within the normal course of operations.
- **LOW** – 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

## **II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

### Follow-up Audits

Follow up audits are performed to identify and evaluate management actions implemented in response to a prior audit. 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. An audit is officially closed after all of the implementation of recommendations have been verified and documented by the auditors.

### Consulting/Management Requests/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 internal and external quality assurance reviews, 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.

### Carry forward Audits

Carry forward audits are those 2014-2015 Annual Audit Plan audits that are in progress at August 31, 2015

## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

### ***SCOPE OF AUDITS***

The International Professional Practices Framework (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 2016 Annual Audit Plan is described in Exhibit A.

## **II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

### ***BUDGET AND STAFFING***

*The budget for the OACS was prepared in accordance with The UT System Administration and was approved by The UT System Administration and the Board of Regents.*

Career development for the staff is a strategic goal of OACS. It is the Director's practice to create a working environment that facilitates career opportunities for the audit staff within and outside the office. OACS will continue its efforts toward developing staff to their highest potential through the performance of operational audits, exposure to high levels of management, and training targeted at non-traditional audit areas and achievement of professional credentialing.

### ***CALCULATION OF FY 2016 AUDIT HOURS***

The Calculation of Available Hours is included in Exhibit C and total direct hours assigned to audits and projects are reflected in Exhibit A.

The University of Texas at El Paso  
Office of Auditing and Consulting Services  
FY 2015-2016 Audit Plan

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## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit A

<b>FY 2016 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>Description</b>
<b>Financial Audits and Projects</b>			
FY 2015 Financial Statement Audit (Year-end)	250		Required annual audit.
FY 2016 Financial Statement Audit (Interim)	100		Required annual audit.
UTS 142.1 Monitoring Plan	150		Required annual audit.
KTEP FM Radio Station	30		Support to external auditor.
Year-end Periodic Cash Counts FY 16	150		Recurring annual audit. Includes interim testing for selected accounts.
<b><i>Risk Based Audits:</i></b>			
<b><i>Carryforward Audits:</i></b>			
Tuition and Fees Management	300		Carryforward from FY 15. 40% completed at FY 15 year-end
Payroll	150		Carryforward from FY 15. 75% completed at FY 15 year-end
Year-end Periodic Cash Counts FY 15	50		Carryforward from FY 15. 50% completed at FY 15 year-end
<b>Financial Subtotal</b>	<b>1180</b>	<b>11.3%</b>	

The University of Texas at El Paso  
Office of Auditing and Consulting Services  
FY 2015-2016 Audit Plan

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## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit A.1

<b>FY 2016 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>Description</b>
<b>Operational Audits and Projects</b>			
President's Travel, Entertainment and University Residence Maintenance Expense Audit	30		Provide support to the UT System auditors performing the audit.
Executive Travel and Entertainment Expense Audit	250		Required annual audit.
PeopleSoft Consulting	450		Support for PeopleSoft post-implementation locally and system-wide.
<b><i>Risk Based Audits:</i></b>			
Contracts and Grants Accounting	350		Focus on reporting and billing procedures.
Student Organization Finances	300		Includes review of student service fee allocation
Facilities Management	300		Building key and access card control.
Purchasing	350		Non-PO purchases, to include ProCard.
Contract Practices	400		Sole Source Contract Practices
<b><i>Carryforward Audits:</i></b>			
Athletics Employee Conduct and Student Welfare	75		Carryforward from FY 15. 70% completed at FY 15 year-end
College of Science Departmental Review (Geology)	75		Carryforward from FY 15. 50% completed at FY 15 year-end
<b>Operational Subtotal</b>	<b>2580</b>	<b>24.8%</b>	



The University of Texas at El Paso  
Office of Auditing and Consulting Services  
FY 2015-2016 Audit Plan

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## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit A.2

<b>FY 2016 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>Description</b>
<b>Compliance Audits and Projects</b>			
Federal Portion of the Statewide Single Audit	60		Assistance to the State Auditor's Office
NCAA Football Attendance Audit	75		Required annual audit.
Joint Admission Medical Program (JAMP)	50		Recurring audit
<b><i>Risk Based Audits:</i></b>			
Benefits Proportionality by Fund	350		Required audit
Title IX	400		Comprehensive Title IX audit which will span several areas across the University.
Sub-Recipient Monitoring	300		Includes third party monitoring, control procedures, review of procedures for deliverables and payments.
Effort Reporting	350		Review of the effort certification process, to include the ECRT reporting tool.
<b><i>Carryforward Audits:</i></b>			
THECB Facilities Audit	100		Not on original plan; UTEP selected for audit by THECB in FY15. 50% completed at FY 15 year-end.
<b>Compliance Subtotal</b>	<b>1685</b>	<b>16.2%</b>	

## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit A.3

<b>FY 2016 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>Description</b>
<b>Information Technology Audits and Projects</b>			
<i><b>Risk Based Audits:</b></i>			
Cloud Computing	400		Identification of what is stored; review of policies, procedures and guidelines; selection process of vendor or cloud provider .
Back-up Recovery of Network Servers and Data	350		Focus on offsite back-up restoration, recovery plans and processes; regulatory requirements.
Information Security and Data Integrity-Distributed Information	350		Focus on security controls and standards for decentralized technology units; Information security remediation and compliance activities.
<b>Information Technology Subtotal</b>	<b>1100</b>	<b>10.6%</b>	

The University of Texas at El Paso  
Office of Auditing and Consulting Services  
FY 2015-2016 Audit Plan

## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit A.4

<b>FY 2016 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>Description</b>
<b>Follow Up</b>			
Follow-up	525		
<b>Follow Up Subtotal</b>	<b>525</b>	<b>5.0%</b>	
<b>Development - Operations</b>			
Internal Quality Assurance and Improvement Program activities	175		As Requested
Annual Audit Plan development, including risk assessments	200		Preparation of FY 17 Risk Assessment and Audit Plan.
UT System, SAO, etc. reporting/requests	100		Responses to requests for information from UT System and Texas State Auditors.
TeamMate, IDEA, website development/maintenance, Tableau	300		Non-project related development/maintenance.
Internal Audit Committee preparation/participation, Institutional committee/council/etc.	150		Preparation of presentation documents for Institutional Audit Committee meetings; meetings with external audit committee members.
Training provided by internal audit to institutional departments/employees/etc. (NEO)	75		New Employee Orientation Trainings and others as requested
Staff meetings related to the management of the audit activity, such as a meeting to discuss updates/status of multiple engagements, etc.	350		Monthly staff meetings and status update meetings as needed.
Annual Internal Audit Report	30		Preparation of Annual Internal Audit Report for FY 16
Annual Reviews/Evaluations	40		Preparation of Self-Appraisals and Evaluations
<b>Development - Operations Subtotal</b>	<b>1420</b>	<b>13.6%</b>	

The University of Texas at El Paso  
Office of Auditing and Consulting Services  
FY 2015-2016 Audit Plan

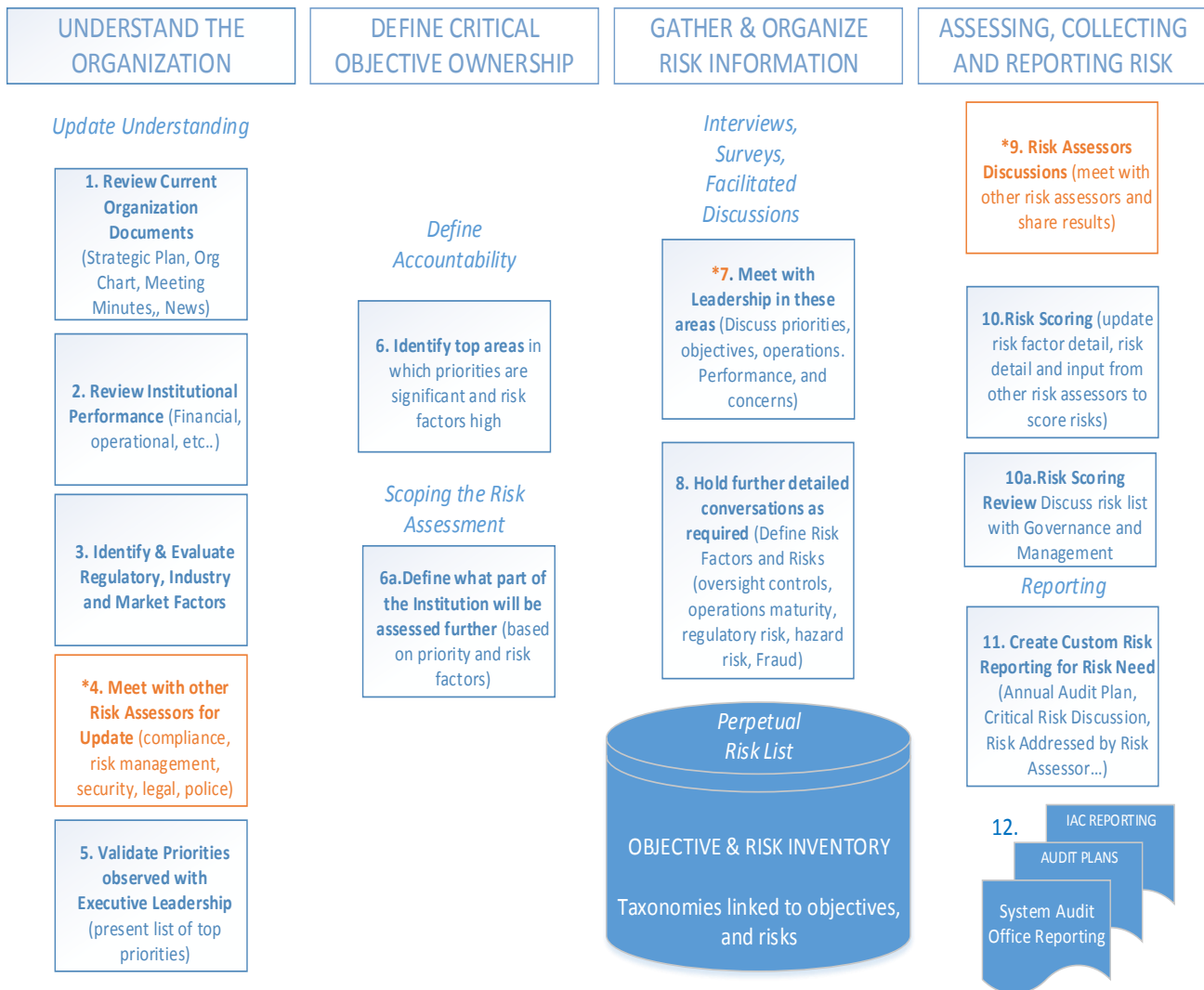
## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit A.4

<b>FY 2016 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>Description</b>
<b>Development - Initiatives and Education</b>			
Workgroup Initiatives	75		Policies and Procedures project team
Professional organization/association participation	250		Participation as members and board members of IIA, ACFE, AGA and TSCPA
Individual Continuing Professional Development (CPE) Training	484		Continuing Professional Development for Staff Members
<b>Development - Initiatives and Education Subtotal</b>	<b>809</b>	<b>7.8%</b>	
<b>Reserve</b>			
Consulting/Management Requests	514		As hours are assigned to specific projects, they will be transferred to the appropriate category.
Investigations	500		As hours are assigned to specific projects, they will be transferred to the appropriate category.
Reserve for Audit of Emerging Risks	100		As hours are assigned to specific projects, they will be transferred to the appropriate category.
<b>Reserve Subtotal</b>	<b>1114</b>	<b>10.7%</b>	
<b>Total Budgeted Hours</b>	<b>10413</b>	<b>100.0%</b>	

## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

### INTERNAL AUDIT RISK ASSESSMENT PROCESS "Capturing Critical Risks"



\*RISK COLLABORATION – INTERNAL AUDIT – COMPLIANCE – LEGAL – RISK MANAGEMENT – IT SECURITY– HR– POLICE  
Discovering, responding to and educating on risk

The University of Texas at El Paso  
Office of Auditing and Consulting Services  
2015-2016 Annual Audit Plan

## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit C

### Calculation of Available Hours

	CAE Director	Management Team	Staff	Total	%
Audit Hours*	1,128	0	9,285	<b>10,413</b>	72%
Non-Audit Hours:					
General Administration	512	0	954	1,466	10%
Holidays	112	0	672	784	5%
Vacation & Sick Leave	328	0	1,569	1,897	13%
Total Available Hours	2,080	0	12,480	14,560	100%
<b>*Note: Audit hours now include Training/CPE hours, which was a separate row under General Administration in past years.</b>					
Calculation based on 7 FTEs (Current Staff). Gross FTE number is 10.					

The University of Texas at El Paso  
Office of Auditing and Consulting Services  
2015-2016 Annual Audit Plan

## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit D

5 Year Audit History					
Audits	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<i>President</i>					
<b>Intercollegiate Athletics</b>	A/S	A/S	A/S	A/S	A/S
-Athletics Receivables					
-Athletics Summer Camps	A	A	A	A	
-Athletics Business Plan					
<b>President's Office</b>	S	S	S	S	S
<i>Provost</i>					
<b>Academic Affairs</b>					
<b>Continuous Auditing</b>					S
<b>Faculty Textbooks</b>					S
<b>College of Business Administration</b>					
-Accounting					
-Economics and Finance					
-Information and Decision Sciences					
-Marketing and Management					
-Dean's Office					
<b>College of Education</b>					
-Teacher Education	F				
-Educational Leadership					
-Educational Psychology					
-Dean's Office					A/F
<b>College of Engineering</b>					
-Civil Engineering					
-Computer Science					
-Electrical and Computer Engineering					
-Engineering Programs					
-Mechanical and Industrial Engineering					
-Metallurgical and Materials Engineering					
-Dean's Office	F				
<b>College of Health Sciences</b>			A		
-Continuing Education in Nursing					
-Institute for Border Health					
-School of Allied Health					
-Kinesiology Department				S	

**Legend:** I-Inventory Audit  
P-Hourly Payroll Audit  
C-Internal Control Audit  
F-Follow Up Audit  
A-All Other Audits  
S-Special Requests  
E-External Audits

The University of Texas at El Paso  
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## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit D.1

5 Year Audit History					
Audits	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
-School of Nursing	F	F		F	A
- Occupational Therapy					
- Physical Therapy					
-Student Health Center	F			A	A/F
-Dean's Office					
<b>College of Liberal Arts</b>					
-African-American Studies					
-Art					
-Asian Studies					
-Chicano Studies					
-Communication					
-Criminal Justice					
-English		S			
-History					
-KTEP-FM Radio Station	E	E	E	E	E
-Languages and Linguistics					
-Military Science					
-Music					
-Oral History					
-Philosophy					
-Political Science					
-Psychology					
-Religious Studies					
-Social Work					
-Sociology and Anthropology					
-Theatre Arts					
- Western Cultural Heritage					
-Women's Studies					
-Dean's Office		A		F	
<b>College of Science</b>					
-Biological Sciences				S	S
-Chemistry				S	S
-Geological Sciences				S	S
-Mathematical Sciences	F	F			
-Physics					
-Dean's Office				C	
University College	S				

**Legend:** I-Inventory Audit  
P-Hourly Payroll Audit  
C-Internal Control Audit  
F-Follow Up Audit  
A-All Other Audits  
S-Special Requests  
E-External Audits



The University of Texas at El Paso  
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## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit D.2

5 Year Audit History					
Audits	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Graduate School	F				
Technology Planning and Distance Learning					
Center for Law and Border Studies	A	F		S	
VPAA's Office					
Family Education and Privacy Act (FERPA)			A		
Enrollment Services					
-Financial Aid		E	E	A	
-Registrar's Office		F		A	
-Undergraduate Admissions and Recruitment					
-Texas Success Initiative					
JAMP	A		A		
<b>VPRSP</b>					
-Center for Environmental Resource Management					
-Center for Study of Western Hemispheric Trade					
-IM <sup>3</sup> /Texas Center					
-MIE					
-NSF/USI					
Norman Hackerman ATP	F	A			
-TAME					
-TMAC					
-Americorps					
-Socorro Mission Restoration					
-Human Subject Research		A			
-Animal Research	F				
-Time & Effort Reporting	A/F				
-Contracts & Grants Accounting		A			
-Cost Sharing					
Export Controls	A	F		A	
-Research Compliance			A	F	
-BSL3 Lab			A	F	
-Sub-recipient Monitoring of Grants				A	
Ctr for Defense Systems Research and Nat Ctr for Border Sec & Imm	A				
VPRSP's Office					

**Legend:** I-Inventory Audit  
P-Hourly Payroll Audit  
C-Internal Control Audit  
F-Follow Up Audit  
A-All Other Audits  
S-Special Requests  
E-External Audits

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## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit D.3

5 Year Audit History					
Audits	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>VPBA</b>					
<b>Annual Financial Report</b>	A	A	A	A	A
-Accounts Receivable					
-Auxiliary Enterprise Fund					
-Gifts				A	
-Investments					
-Tuition and Fees		S	A	A	A
-Year End Inventory and Cash Counts	S	S	S	S	S
<b>Auxiliary Services and Continuing Education</b>					
-Food Services					
-Various Cash Counts					
-Inventory Count					
-Professional and Continuing Education					
-Special Events and Union Programs					
-University Bookstore					
-University Ticket Center					
<b>Facilities Services</b>	A	F/A			S
<b>Financial Services</b>					
-Accounts Payable				F	A
-Budgeting Office					
-Contracts and Grants Accounting			A		
-General Accounting					S
-Payroll		A			A
-Benefits Proportionality by Fund					A
-Conflict of Interest	F				
-Student Business Services					
-Utilities, Energy Management			A	F	
ARRA	A				
<b>Purchasing and Materials Management</b>					
-Mail Services					
-Procurement Card			A	F	A/F
-Print Shop					
Miner Mall		A			
-Contract and Bid Processes					
<b>VPBA's Office</b>					

**Legend:** I-Inventory Audit  
P-Hourly Payroll Audit  
C-Internal Control Audit  
F-Follow Up Audit  
A-All Other Audits  
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## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit D.4

5 Year Audit History					
Audits	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<i>EVP</i>					
<b>Institutional Advancement</b>					
-Alumni Relations					
-Scholarships					
-University Development					
-University Communications					
-University Relations					
-Conference Services					
<b>Human Resource Services</b>	A	F			
-Faculty Visas			A	A	
-Staff Visas					A
-Dependent Eligibility		A			
<b>Institutional Compliance</b>		A		A	
-Contracts and Grants					
-Financial Aid					
-Intercollegiate Athletics					
-WAC Review/CUSA Review					
-Segregation of Duties and Reconciliation of Accounts					
-Student FICA					
-Institutional Compliance Office	A				
-Fixed Assets					
<b>Auditing and Consulting Services</b>				E/A	
<b>Environmental Health and Safety</b>					
<b>University Police</b>			A		
<b>Emergency Management Plan</b>			A		F
<b>VPIA's Office</b>					
<b>Equal Opportunity/Affirmative Action Office (EO/AA)</b>					
<i>VP&amp;A</i>					
<b>Outreach Programs</b>					
<b>Student Development</b>					
-Counseling Services		A			
-Dean of Students Office					
-Student Publications					
-Housing System					
-International Programs			A		
-PASE Program					
-Study Abroad Program					

**Legend:** I-Inventory Audit  
P-Hourly Payroll Audit  
C-Internal Control Audit  
F-Follow Up Audit  
A-All Other Audits  
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## II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)

Exhibit D.5

5 Year Audit History					
Audits	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
-Recreational Sports					
-Student Government Association					
-Student Development					
<b>Union Services</b>					
<b>Student Support Services</b>		F			
<b>VPASA's Office</b>					
<b>VPIRP</b>					
-Digital Media Center					
<b>Library</b>					
-Library Copy Center					
<b>Information Technology</b>					
-CIO					
-Information Technology Services	F				
-Customer Technology Services					
-Networking and Telecommunication Services					
-General Controls	F				
-Goldmine (Student Information System)					
-IT Travel					
-IT Furniture					
-IT Change Management	F				
-IT Security	F	A	A	A	A
Payment Card Industry	A	F			
Digital Research Data					
Laptop Encryption			A	A	F
IT Inventory			A	A	F
Server Inventory	S				
<b>Center for Institutional Evaluation Research and Planning</b>					
<b>PeopleSoft Implementation</b>			S	S	S
<b>Executive Travel and Entertainment</b>				A	A

**Legend:** I-Inventory Audit  
P-Hourly Payroll Audit  
C-Internal Control Audit  
F-Follow Up Audit  
A-All Other Audits  
S-Special Requests  
E-External Audits

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**II-a. Internal Audit Plan for Fiscal Year 2016 (Cont'd)**

Exhibit E

<b>Risk Description</b>	<b>Impact</b>	<b>Probability</b>	<b>Mitigation</b>
Athletics Recruiting	H	M	Compliance Risk Management Plan
Athletics Infractions	H	M	Compliance Risk Management Plan
Athletics Annual Financial Audit	H	H	UT System Audit
Financial Aid Cash Management/Draw Down	H	M	SAO, Compliance Risk Management
Special Programs-Students with Disabilities	H	H	Training and Awareness Programs

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## II-b. Brief Explanation for any Deviations from the Fiscal Year 2016 Audit Plan

Office of Auditing and Consulting Services FY 2016 Audit Plan Summary of Changes - FY 2016 Audit Plan		
<b>Projects Deleted:</b>		
	<b>Project Name</b>	<b>Hours</b>
1	Student Organization Finances	300
2	Title IX	400
3	Effort Reporting	350
4	Information Security and Data Integrity-Distributed Information	350
	Total Project Hours	1,400
<b>Additional Changes:</b>		
1	Transfer remaining hours from FY 2015 Financial Statement Audit to Tuition and Fees Management	182
2	Transfer of hours from Consulting/Management Requests to: College of Science Dept Review - Geology	275
	Benefits Proportionality Fiscal Year 2015 Consultation	69
3	Transfer of hours from Information Security and Data Integrity-Distributed Information Back-up Recovery of Network Servers and Data	200
	Cloud Computing	150

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**II-b. Brief Explanation for any Deviations from the Fiscal Year 2016 Audit Plan (Cont'd)**

REVISED UTEP 2015/2016 AUDIT PLAN			
FY 2016 Audit Plan Engagements	Original Budget	Percent of Total	Description
<b>Financial Audits and Projects</b>			
FY 2015 Financial Statement Audit (Year-end)	68		Required annual audit.
FY 2016 Financial Statement Audit (Interim)	100		Required annual audit.
UTS 142.1 Monitoring Plan	150		Required annual audit.
KTEP FM Radio Station	30		Support to external auditor.
Year-end Periodic Cash Counts FY 16	150		Recurring annual audit. Includes interim testing for selected accounts.
<b>Risk Based Audits:</b>			
<b>Carryforward Audits:</b>			
Tuition and Fees Management	482		Carryforward from FY 15. 40% completed at FY 15 year-end
Payroll	150		Carryforward from FY 15. 75% completed at FY 15 year-end
Year-end Periodic Cash Counts FY 15	50		Carryforward from FY 15. 50% completed at FY 15 year-end
<b>Financial Subtotal</b>	<b>1180</b>	<b>12.6%</b>	
<b>Operational Audits and Projects</b>			
President's Travel, Entertainment and University Residence Maintenance Expense Audit	30		Provide support to the UT System auditors performing the audit.
Executive Travel and Entertainment Expense Audit	250		Required annual audit.
PeopleSoft Consulting	450		Support for PeopleSoft post-implementation locally and system-wide.
<b>Risk Based Audits:</b>			
Contracts and Grants Accounting	350		Focus on reporting and billing
Facilities Management	300		Building key and access card control.
Purchasing	350		Non-PO purchases, to include ProCard.
Contract Practices	400		Sole Source Contract Practices
<b>Carryforward Audits:</b>			
Athletics Employee Conduct and Student Welfare	75		Carryforward from FY 15. 70% completed at FY 15 year-end
College of Science Departmental Review (Geology)	350		Carryforward from FY 15. 50% completed at FY 15 year-end
<b>Operational Subtotal</b>	<b>2555</b>	<b>27.3%</b>	
<b>Compliance Audits and Projects</b>			
Federal Portion of the Statewide Single Audit	60		Assistance to the State Auditor's Office
NCAA Football Attendance Audit	75		Required annual audit.
Joint Admission Medical Program (JAMP)	50		Recurring audit
<b>Risk Based Audits:</b>			
Benefits Proportionality by Fund	350		Required audit
Sub-Recipient Monitoring	300		Includes third party monitoring, control procedures, review of procedures for deliverables and payments.
<b>Carryforward Audits:</b>			
THECB Facilities Audit	100		Not on original plan; UTEP selected for audit by THECB in FY15. 50% completed at FY 15 year-end.
<b>Compliance Subtotal</b>	<b>935</b>	<b>10.0%</b>	

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**II-b. Brief Explanation for any Deviations from the Fiscal Year 2016 Audit Plan (Cont'd)**

REVISED UTEP 2015/2016 AUDIT PLAN (CONT'D)			
FY 2016 Audit Plan Engagements	Original Budget	Percent of Total	Description
<b>Information Technology Audits and Projects</b>			
<b>Risk Based Audits:</b>			
Cloud Computing	550		Identification of what is stored; review of policies, procedures and guidelines; selection process of vendor or cloud provider.
Back-up Recovery of Network Servers and Data	550		Focus on offsite back-up restoration, recovery plans and processes; regulatory requirements.
<b>Information Technology Subtotal</b>	<b>1100</b>	<b>11.7%</b>	
<b>Follow Up</b>			
Follow-up	525		
<b>Follow Up Subtotal</b>	<b>525</b>	<b>5.6%</b>	
<b>Development - Operations</b>			
Internal Quality Assurance and Improvement Program activities	175		As Requested
Annual Audit Plan development, including risk assessments	200		Preparation of FY 17 Risk Assessment and Audit Plan.
UT System, SAO, etc. reporting/requests	100		Responses to requests for information from UT System and Texas State
TeamMate, IDEA, website development/maintenance, Tableau	300		Non-project related development/maintenance.
Internal Audit Committee preparation/participation, Institutional committee/council/etc.	150		Preparation of presentation documents for Institutional Audit Committee meetings; meetings with external audit committee members.
Training provided by internal audit to institutional departments/employees/etc. (NEO)	75		New Employee Orientation Trainings and others as requested
Staff meetings related to the management of the audit activity, such as a meeting to discuss updates/status of multiple engagements, etc.	350		Monthly staff meetings and status update meetings as needed.
Annual Internal Audit Report	30		Preparation of Annual Internal Audit Report for FY 16
Annual Reviews/Evaluations	40		Preparation of Self-Appraisals and Evaluations
<b>Development - Operations Subtotal</b>	<b>1420</b>	<b>15.2%</b>	
<b>Development - Initiatives and Education</b>			
Workgroup Initiatives	75		Policies and Procedures project team
Professional organization/association participation	250		Participation as members and board members of IIA, ACFE, AGA and TSCPA
Individual Continuing Professional Development (CPE) Training	484		Continuing Professional Development for Staff Members
<b>Development - Initiatives and Education</b>	<b>809</b>	<b>8.6%</b>	
<b>Reserve</b>			
Consulting/Management Requests	170		As hours are assigned to specific projects, they will be transferred to the appropriate category.
Benefits Proportionality Fiscal Year 2015 Consultation	69		
Investigations	500		As hours are assigned to specific projects, they will be transferred to the appropriate category.
Reserve for Audit of Emerging Risks	100		As hours are assigned to specific projects, they will be transferred to the appropriate category.
<b>Reserve Subtotal</b>	<b>839</b>	<b>9.0%</b>	
<b>Total Budgeted Hours</b>	<b>9363</b>	<b>100.0%</b>	



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

According to Rider 8, page III-41, the General Appropriations Act (84th Legislature, Conference Committee Report), each institution of higher education, excluding Public Community/Junior Colleges, shall conduct an internal audit of benefits proportional by fund and submit a copy of the internal audit to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor's Office no later than August 31, 2016. The audit must examine fiscal years 2012, 2013, and 2014, and must be conducted using a methodology approved by the State Auditor's Office.

An internal audit of the proportionality of higher education benefits process was conducted during FY 2016 at the request of the Governor. The requirement for the audit included benefits funding proportionality for appropriation years (AY) 2012, 2013 and 2014. However, an internal audit of benefits proportionality for AY 2013 was conducted during fiscal year 2015, as per the Governor's request.

Audit procedures were consistent with the methodology prescribed by the State Auditor's Office to comply with Rider 8, and included review of source information obtained from the internal accounting system and the State's Uniform Statewide Accounting System (USAS), review of the benefits proportionality reporting process, validation of the accuracy of information and proportional funding calculations reported to the State Comptroller on the Benefits Proportionality by Fund Report (APS 011), and testing to verify eligibility of employee benefits paid with appropriated funds.

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

Senate Bill 20 (84<sup>th</sup> Legislative Session) made several modifications and additions to Texas Government Code (TGC) and Texas Education Code (TEC) related to purchasing and contracting. 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 University of Texas at El Paso (UTEP) Office of Auditing and Consulting Services conducted this required assessment for fiscal year 2016, and found the following:

Based on review of current institutional policy and the UT System Board of Regents' *Rules and Regulations*, UTEP 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.

### **Rule and Policy Requirements:**

<b>Compliance with Texas Education Code Section 51.9337</b>			
Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
<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”: 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);	Yes		See §51.9337(c)
2) Policies for the internal investigation of suspected defalcation, misappropriation, and other fiscal irregularities and an institutional or System-Wide 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;	Yes		- UTS118: Dishonest or Fraudulent Activities - UTS119: Institutional Compliance Program - UTEP HOP, Section VII, CH2: Fraudulent or Dishonest Activities - UTEP HOP, Section I, CH2: Governance of the University - UTEP Standards of Conduct Guide, Institutional Compliance Program & Training
3) A contract management handbook that provides consistent contracting policies and practices and contract review procedures,	Yes		See §51.9337(d)

Compliance with Texas Education Code Section 51.9337			
Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
including a risk analysis procedure, subject to Subsection (d);			
4) Contracting delegation guidelines, subject to Subsections (e) and (f);	Yes		See §51.9337(e) and (f)
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		- UTS156: Purchaser Training and Certification, Sec. 4 Core Training Curriculum - UTEP Purchasing Dept. OP, Section 2: Training and Certification Program
6) Internal audit protocols, subject to Subsection (g). "Protocol" in this context refers to official procedures or rules governing the internal audit activity.	Yes		See §51.9337(g),
<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		- Regents' <i>Rules and Regulations</i> , Rule 10901: Statement of U.T. System Values and Expectations, Sec. 2 Compliance with Laws and Policy - Regents' <i>Rules and Regulations</i> , Rule 30103: Standards of Conduct, Sec. 1 Statutory Compliance - UTS134: Code of Ethics for Financial Officers and Employees - UTEP Standards of Conduct Guide
2) Policies governing conflicts of interest, conflicts of commitment, and outside activities, ensuring that the primary responsibility of officers and employees is to accomplish the duties and responsibilities assigned to that position;	Yes		- Regents' <i>Rules and Regulations</i> , Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 1 Primary Responsibility - UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 3 Primary Responsibilities - UTEP HOP, Section V, CH4: Outside Activity and/or Employment, Board Service, and Dual Employment - UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities
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		- Regents' <i>Rules and Regulations</i> , Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 3 Unmanaged Conflicts of Interest Prohibited - UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 5 Conflicts of Interest and Conflicts of Commitment Prohibited - UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, 29.4 Conflicts of Interest and Conflicts of Commitment Prohibited
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		- Regents' <i>Rules and Regulations</i> , Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 4 Conflicts of Commitment Prohibited - UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 5 Conflicts of Interest and Conflicts of Commitment Prohibited - UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, 29.4 Conflicts of Interest and Conflicts of Commitment Prohibited
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	Yes		- Regents' <i>Rules and Regulations</i> , Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 5 Approval and Disclosure Requirements

Compliance with Texas Education Code Section 51.9337			
Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
and that includes processes for disclosing the outside activities and for obtaining and documenting institutional approval to perform the activities;			<ul style="list-style-type: none"> <li>- UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 6 Approval and Disclosure Policy Required</li> <li>- UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Definitions</li> <li>- UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, 29.5 Disclosure and Approval</li> <li>-- UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, 29.6 Guidelines for Reviewing and Approving Requests to Engage in Outside Activity</li> </ul>
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		<ul style="list-style-type: none"> <li>- Regents' <i>Rules and Regulations</i>, Rule 60306: Use of University Resources, Sec. 2 No Service as an Agent</li> <li>- UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities 29.16.12 Self-dealing</li> </ul>
7) A policy governing the use of institutional resources; and	Yes		<ul style="list-style-type: none"> <li>- Regents' <i>Rules and Regulations</i>, Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 8 Use of University Property</li> <li>- Regents' <i>Rules and Regulations</i>, Rule 60306: Use of University Resources, Sec. 3 Compensation for Resources Used</li> <li>- UTEP Standards of Conduct Guide, Use of UT and State of Texas Resources</li> </ul>
8) A policy providing for the regular training of officers and employees on the policies described by this subsection.	Yes		<ul style="list-style-type: none"> <li>- UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 8 Education and Training</li> <li>- UTEP Standards of Conduct Guide, Institutional Compliance Program &amp; Training</li> </ul>
<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		<ul style="list-style-type: none"> <li>- Regents' <i>Rules and Regulations</i>, Rule 20901: Procurement of Goods and Services; Contract Management Handbook</li> <li>- UTEP Purchasing Dept. OP, Section 21: Contract Administration for Formal Contracts</li> </ul>
1) A description of each step of the procedure that an institution must use to evaluate and process contracts;	Yes		<ul style="list-style-type: none"> <li>- UTS145 Processing of Contracts, Sec. 4 Contract Processing Procedures</li> <li>- UTEP Purchasing Dept. OP, Section 20: Formal Contract Establishment</li> <li>- UTEP Purchasing Dept. OP, Section 21: Contract Administration for Formal Contracts</li> </ul>
2) A checklist that describes each process that must be completed before contract execution; and	Yes		<ul style="list-style-type: none"> <li>- UTS145 Processing of Contracts, Sec. 4 Contract Processing Procedures</li> <li>- UT System Office of General Counsel General Procedure Contract Checklist (last updated 6/15/2015)</li> <li>- UTEP Purchasing Dept. OP, Section 21: Contract Administration for Formal Contracts</li> <li>- "Contract Administration: Review for Signature Form"</li> </ul> <p>Current checklist reviewed and approved by institutional legal counsel on 08/03/2016.</p>

Compliance with Texas Education Code Section 51.9337			
Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
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		- UTS145 Processing of Contracts, Sec. 4 Contract Processing Procedures, Step 4 Determine Value of Contract - UTEP Purchasing Dept. OP, Section 3: Delegated Authority
<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		- Regents' <i>Rules and Regulations</i> , Rule 10501: Delegation to Act on Behalf of the Board - UTS145: Processing of Contracts - Contract Thresholds - UTEP Purchasing Dept. OP, Section 3: Delegated Authority
<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		- Regents' <i>Rules and Regulations</i> , Rule 10501: Delegation to Act on Behalf of the Board, Sec. 3 Matters Not Delegated, 3.1 Contracts Exceeding \$1 Million - UTEP Purchasing Dept. OP, Section 3: Delegated Authority
<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.	Yes		- Regents' <i>Rules and Regulations</i> , Rule 20401: Audit and Compliance Program 1.1 (b) System-Wide internal audit plan based on a comprehensive risk assessment 1.1 (d) Standards and methodology to be followed by all U.T. System internal auditors - UTS129: Internal Audit Activities, Sec. 1 Internal Auditing Program - System-Wide Audit Procedure: Risk Assessment ( <i>reviewed and updated annually</i> ) - System-Wide Risk Assessment Expectations and Audit Plan Schedule ( <i>reviewed and updated annually</i> ) - UTEP HOP, Section VII, CH1: Audit and Consulting Services 1.4 Responsibility 1.6 Standards of Audit Practice
<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.	Yes		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.

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### III-a. Audits Completed

<b>FY 2015-2016 -List of Audits Completed Showing Recommendations, Management Responses/Action Plan, and Implementation Status</b>				
<b>Audit Report Number and Name</b>	<b>Report Date</b>	<b>Recommendations</b>	<b>Management Responses/Action Plan</b>	<b>Implementation Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with brief description if not yet implemented</b>
#15-06 Athletics: Student Welfare and Employee Conduct	11/10/2015	<u>Policies and Procedures:</u> Information in the Athletics Compliance Office manuals and corresponding website should be systematically revised and updated to ensure that it accurately reflects current personnel, UTEP operations procedures and NCAA compliance information.	Compliance manual is revised and updated. The Sports Medicine Manual is revised and updated. Both manuals are on the athletics web site. The Athletics Department organizational chart is current.	<u>Incomplete/Ongoing</u> Per management, manuals have been updated and the org. chart is up to date.
#15-06 Athletics: Student Welfare and Employee Conduct	11/10/2015	<u>Training- Record Keeping:</u> The Department needs to formally document the training program for Title IX, FERPA, and NCAA student-athlete compliance. Records of employees, coaches and student athletes' training should be maintained as evidence of the department's instructional and compliance awareness activities, as well as to ensure compliance with training requirements in all areas of the athletic environment.	FERPA: Student Athletic Trainers will need FERPA training which will be scheduled through the Office of the Assistant Vice President of Enrollment as needed.  Title IX: Student athletes are trained by a Deputy Title IX Coordinator in conjunction with their annual academic meetings.  NCAA: NCAA student athlete compliance meetings will now require sign in sheets.  Student Athlete Handbook: Beginning 2015-2016, all handbook agreement forms are crossed checked with current team participants.	<u>Incomplete/Ongoing</u> Management agrees with recommendations and is working on the implementation of recommendations.



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#15-06 Athletics: Student Welfare and Employee Conduct	11/10/2015	<u>Gender Equity Plan and Title IX guidance:</u> Develop a written gender equity plan that states measurable goals and identifies the steps required to achieve those goals with clearly expected outcomes. Regularly monitor and evaluate the progress made on the strategic phases documented in the gender equity plan and keep detailed records to document how the institution has worked towards compliance.	In 2015 a five year gender equity plan will be developed. Data is currently being collected from the NCAA and other Universities to assist in the planning process.	<u>Incomplete/Ongoing</u> The five year gender equity plan is under development.
#15-13 Payroll Audit	03/15/2016	<u>Off-Cycle Payroll Checks:</u> Payroll off-cycle runs should be limited so as to not create additional workloads and inefficiencies in payroll operations. Trainings can also be developed and targeted to colleges/department who are regularly requesting off-cycle payroll checks. Criteria for processing off-cycle requests should be strictly adhered to and communicated to all college and department timekeepers along with deans, chairs and directors.	Agree. Off-cycle processing is currently being tracked by the payroll department on a monthly basis, and reported to VPBA office. The HR/Budget/Payroll group conducted presentations with all colleges and divisions. The training covered the topic of off cycle requests and processing requirements and/or restrictions.	<u>Incomplete/Ongoing</u> Off-cycle processing is being analyzed and training is being offered to various departments.
#15-13 Payroll Audit	03/15/2016	<u>Overpayments:</u> The Payroll Office should develop procedures to identify the causes, dollar amount, and the status of overpayments. A process should be developed to record and track all payroll overpayment exceptions, and this information should be communicated to deans, chairs and directors with recurring overpayments.	Agree. The Payroll Office has developed queries to identify overpayments. The queries will provide breakdowns of overpayment occurrences by College/VP/Division, and a description detailing reasons for overpayments. A summary will be provided to the VPBA Office on a monthly basis.	<u>Incomplete/Ongoing</u> The process for identifying the sources of overpayments is still under development.

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#15-13 Payroll Audit	03/15/2016	<u>Casual Labor:</u> The Payroll Office needs to monitor trends in payroll data to help identify anomalies in payroll information such as students receiving overtime and other benefits.	Agree. Monitoring of employee hours and entry of time is done at department level. The current set up in PeopleSoft allows submission of hours by the departmental timekeepers, and there is currently no method for electronic approval/confirmation by supervisors. Once a timesheet is submitted, it feeds directly into payroll. We anticipate that PeopleSoft Time & Labor Work Flow will improve this process. This is currently scheduled for roll-out in September 2016.	<u>Incomplete/Ongoing</u> Stronger communication between the Payroll Department and various University departments is taking place to identify occurrences and to implement corrective action.
#15-13 Payroll Audit	03/15/2016	<u>Supplemental Pay:</u> Support documentation should be maintained and reconciled to the supplemental payroll to ensure payments are properly classified.	Agree. Appropriate documentation is now being maintained. An electronic form has to be submitted and vetted by the department, Human Resources, and Budget before it is entered into the system for payment. All additional pay is now being given to the Interim VPBA or Comptroller for notification and approval.	<u>Incomplete/Ongoing</u> Departments, Human Resources and Budget are working together to solve the problem.
#15-13 Payroll Audit	03/15/2016	<u>Overtime Pay:</u> Payroll should develop procedures to review overtime forms. These procedures should include re-calculations and review of proper departmental approvals.	The current set up in PeopleSoft allows submission of hours by the departmental timekeepers, and overtime entry is an extension of this responsibility. Payroll can look to run queries subsequent to processing to provide for review of the involved departments, or even Human Resources to ensure the overtime was warranted and in compliance with policies.	<u>Incomplete/Ongoing</u> Payroll is looking into developing queries for the recalculation of overtime.



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#15-13 Payroll Audit	03/15/2016	<u>Payroll Account Reconciliations:</u> Payroll cost center reconciliation procedures should include the documentation of the signature review to ensure that the institution's funds are expended and recorded appropriately in accordance with federal, state and university policies, as well as to verify that reconciling items are corrected in a timely manner.	Agree. The Payroll Office has developed queries to allow for reconciliation of applicable cost centers and sub-ledgers on a monthly basis. All source documentation has signature approval and is in compliance with University procedures.	<u>Incomplete/Ongoing</u> Queries have been developed to allow for the reconciliation of payroll accounts.
#15-13 Payroll Audit	03/15/2016	<u>Payroll Data Security:</u> User's access should be reviewed and either removed or changed immediately, both after the employee leaves the University or transfers to a different department, and a record of the request sent to the TIM should be kept for audit purposes. Additionally, a scheduled periodic review and monitoring of user access to the Payroll folder should be performed by the Payroll Manager.	Agree. This is being monitored. The Payroll Manager has scheduled a monthly appointment to review access with the Technology Implementation Manager. We will continue to monitor and remove any user access as necessary.	<u>Incomplete/Ongoing</u> Per management, a stronger monitoring system is in progress
#15-15 Texas Higher Education Coordinating Board Facilities Audit	11/02/2015	There were no recommendations for this audit.	N/A	N/A
#15-17 Tuition and Fees	03/01/2016	<u>Composition of Incidental Fees Advisory Committee:</u> Committee member eligibility should be verified prior to voting on new or increased incidental fees in order to ensure compliance with the Texas Education Code.	Student eligibility has always been verified prior to appointment on the committee. When committee business, however, continues into a different semester student eligibility could change. Verification will now occur during appointment on the committee and prior to any final vote.	<u>Incomplete/Ongoing</u> Processes to verify member eligibility is being revised.

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#15-17 Tuition and Fees	03/01/2016	<u>Mandatory Fee Approvals:</u> Documentation for the approval of new and increased fees must be retained and available for review at any time.	Management agrees with this recommendation. While best efforts were made to centralize all fee documentation, some older records were not available due to departmental reorganization and leadership changes. A comprehensive record retention system has been implemented and all current and future documentation is now available through an electronic database.	<u>Incomplete/Ongoing</u> Processes to centralize documentation are being revised and are under implementation.
#15-17 Tuition and Fees	03/01/2016	<u>Course Fees Expenditures:</u> Fee account owners should review expenditures on a regular basis to verify they are appropriate and in alignment with TEC 54 and the course fee purpose. The University should develop procedures that ensure account owners can track expenditures for specific classes.	We agree with the recommendation. The use of the Questionable Expenditures Query report, developed in partnership with our Internal Audit Department and our Information Technology Department, will provide a vehicle for continuous monitoring of course fee expenditures.	<u>Incomplete/Ongoing</u> Queries are being used to improve the monitoring of course fee expenditures.
#15-17 Tuition and Fees	03/01/2016	<u>Financial Reporting of Unexpended Fee Balances:</u> When actual unexpended balances are requested and are available, estimates of fee balances should not be reported to U.T. System. A system should be implemented to identify and to ensure accurate reporting of all mandatory and incidental fees with unexpended balances in excess of a predetermined threshold. All fees should be evaluated and adjusted yearly to reflect the actual costs of materials and services for which they are collected.	The Budget Office will modify the processes and report submitted to include the prior year actual balances as well as estimates for the current year to comply with the budget instructions provided by U.T. System. The Budget Office will also develop and recommend to the VPBA Office predetermined thresholds for fee balances that would require reporting.	<u>Incomplete/Ongoing</u> A new process is under development which will enable the Budget Office to accurately report unexpended fee balances.

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#16-01 Non-PO Purchases Audit	08/29/2016	<u>Identifying Non-PO Purchases:</u> AP and Purchasing should develop a process for identifying purchases made using a Non-PO voucher. Departments using Non-PO vouchers to bypass Purchasing policy should be notified and corrective action should be recommended to help ensure future compliance.	Purchasing: Non-PO vouchers that are not compliant with Purchasing policy will be flagged by AP for further review in the Purchasing office. Purchasing will contact end-users to inform them of the importance of complying with Purchasing policies and procedures.  Accounts Payable: A workflow report will be implemented to provide traceability of Non-PO vouchers that bypassed Purchasing policy. AP staff will review transactions and expense codes used and identify the Non-PO vouchers.	<u>Incomplete/Ongoing</u> A workflow report is being created to track Non-PO vouchers that are not aligned with purchasing policy.
#16-01 Non-PO Purchases Audit	08/29/2016	<u>Testing for Non-PO Purchases:</u> AP should identify purchases made using a Non-PO voucher and notify Purchasing. Purchasing should work with the departments to educate them on the importance of following Purchasing guidelines in order to comply with state regulations.	Purchasing: Non-PO vouchers that are not compliant with Purchasing policy will be flagged by AP for further review in the Purchasing office. Purchasing will contact end-users to inform them of the importance of complying with Purchasing policies and procedures.  Accounts Payable: A workflow report will be implemented to provide traceability of Non-PO vouchers that bypassed Purchasing policy. AP staff will review transactions and expense codes used and identify the Non-PO vouchers that should have been processed through a PO and report them to the Purchasing Department.	<u>Incomplete/Ongoing</u> A workflow report is being created to track Non-PO vouchers that are not aligned with purchasing policy and take appropriate action.

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#16-01 Non-PO Purchases Audit	08/29/2016	<u>Split Purchases:</u> Purchasing should continue to review the Pro-Card transactions to identify potential split transactions to ensure cardholder compliance with Purchasing guidelines. All cardholders should be advised that multiple transactions to the same vendor in the same day could be flagged for further review.	Purchasing will monitor Pro-Card transactions on a monthly basis to identify any possible split transactions.	<u>Incomplete/Ongoing</u> Purchasing is monitoring Pro-Card transactions to identify split purchases.
#16-02 JAMP Audit	11/13/2015	<u>Clarification of Guidelines:</u> We recommend that there be a clear understanding between the agency and the institution before any expenses are charged to ensure compliance with applicable laws and regulations.	We agree with the noted issues above and are in the process to research and correct. Further, we will provide appropriate resources to Ms. Wells to administratively manage JAMP projects more efficiently, such as monthly project reconciliations and administrative assistance through our Grants Services Center.	N/A
#16-04 Backup/ Recovery/ Contingency Network Server Data	08/25/2016	<u>Disaster/Recovery/Business Continuity Plan:</u> UTEP has developed a Continuity of Operations Plan (COOP) for the recovery of mission essential functions but some areas are still outstanding.	COOP and all supporting documentation will be compiled on two (2) USB drives. One will be stored in the safe in the Student Business Services office located in the Mike Loya Academic Services building. Once final edits are completed on the COOP, it will be reviewed by the Vice President for Information Resources and Planning. All personnel will be trained on their roles and a mock emergency will be scheduled in order to test the plan and its execution.	<u>Incomplete/Ongoing</u> A Continuity of Operations Plan is under development.

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#16-04 Backup/ Recovery/ Contingency Network Server Data	08/25/2016	<u>Alternate Processing Site:</u> Identify an alternate site for restoration of all mission or business essential functions away from the UTEP campus (primary site). The alternate site should conform to regulation requirements and best practices.	Funding for an alternate site has been secured and options for that site are being evaluated. Part of the criteria for evaluation is balancing the impact of hypothetical disasters with the probability of those disasters occurring and balancing costs of operations and implementation against costs associated with probable disasters.	<u>Incomplete/Ongoing</u> A cost effective solution that is compliant with DIR requirements is still being developed.
#16-04 Backup/ Recovery/ Contingency Network Server Data	08/25/2016	<u>Disaster Recovery/Continuity Testing and Training:</u> Create written restore procedures and store them off site. The detail should be sufficient so that a new junior system administrator could perform the restore steps. Perform a scheduled annual continuity test in order to test and train with business user(s) and assigned users with contingency plan roles/responsibility. Additionally, both the test and test results should be documented.	Restore procedures for critical systems will be included as part of the COOP documentation and tested regularly as part of normal operations.	<u>Incomplete/Ongoing</u> This will be included in the Continuity of Operations Plan which is being developed.
#16-05 Benefits Proportionality by Fund	03/02/2016	<u>2012:</u> No support documentation was provided for a reimbursement to TRS for \$16,233.04. If support documentation is not located, a reimbursement for \$16,233.04 is due. Legal cites and documentation were not provided, and the current USAS document numbers for required adjustments on FY12 APS 011 were not listed; however. <u>2014:</u> The current USAS document numbers for the required adjustments on the FY14 report did not appear on the report but were later provided upon request.	Management Responses were optional, since this is an annual memo sent to UT System Audit Office.	N/A

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#16-06 Executive Travel and Entertainment Expenses	05/09/2016	<u>Travel and Entertainment Guidelines:</u> The Handbook of Operating Procedures (HOP) should be updated to provide clear and timely guidance on travel and entertainment policies. The guidance provided on the UTEP Travel Consequences for lack of compliance with policies should be clearly outlined and enforced.	Of primary concern at this time is the finding related to self-approval of reimbursements. We implemented workflow for Travel and Expense transactions. While there have been some issues requiring cleanup, overall it has been a success and we believe it will cure this finding. We are also in the final stages of revising our Handbook of Operating Procedures for this area.	N/A
#16-06 Executive Travel and Entertainment Expenses	05/09/2016	<u>Travel Card Transactions:</u> All cardholders need to have a signed cardholder agreement on file and should abide by the terms of the cardholder agreement.		
#16-06 Executive Travel and Entertainment Expenses	05/09/2016	<u>Duplicate Reimbursement:</u> State employees are responsible for ensuring receipts are only submitted for reimbursement once.		
#16-06 Executive Travel and Entertainment Expenses	05/09/2016	<u>Centrally Billed Car Rental Reimbursed to Employee:</u> State employees should not seek reimbursement for something that they reasonably know is not reimbursable, such as centrally billed expenses.		
#16-07 NCAA Home Attendance 2015-2016	02/08/2016	There were no recommendations for this audit.	N/A	N/A
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Policies and Procedures:</u> The Geological Sciences Department should document goals and objectives and develop a policies and procedures manual to reflect the administrative, financial and information technology operations of the Department, to provide guidance to employees, and to ensure alignment with University mission and goals.	The policies and procedures are being revised to reflect the updates to PeopleSoft and any changes that may have been implemented by the University.	<u>Incomplete/Ongoing</u> Policies and procedures are being updated to reflect changes in the financial system

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#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Compliance with Pro-Card Policies:</u> The Department needs to maintain an updated list of Pro-Card cardholders, and perform monthly reconciliations. The reconciliations should be signed by both the preparer and the approver.	The Administrative Services Coordinator has been assigned as the Pro-Card Reconciler and Department's Chair as his approver for his Pro-Card. The department will be implementing the policy of the University for any new Pro-Cards that may be obtained.	<u>Incomplete/Ongoing</u> Per management, Pro-Cards are now being reconciled according to University policy.
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Eligibility to Work not Verified Prior to Employment:</u> Work eligibility should be verified before the employee starts working. Guidance should be provided to all departmental employees regarding the completion of Form I-9, new hire paperwork and the timely submission of documents to Human Resources.	The Graduate Coordinator will be responsible for notifying students in advance of their paperwork needs to be submitted prior to them starting work. She will also be implementing a mandatory New Student Orientation before classes begin to distribute the required paperwork. The policies and procedures will also be included in the Department's overall goals and objectives.	<u>Incomplete/Ongoing</u> Per management, eligibility to work is now verified prior employment and this process is mentioned at the New Student Orientation.
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Account Reconciliation:</u> Account reconciliation should be prepared on a monthly basis to ensure accurate departmental financial reporting and security of monetary accounts. Both the reviewer and approver must sign-off on the reconciliation. Documentation should be retained and kept available to serve as back-up for charges made on department accounts. Discrepancies should be resolved within 60 days after their identification. In addition, we recommend the cross-training of staff to enhance team performance and organizational success.	This has been addressed. The reconciler and Chair meet once a month to review reconciliation reports and certifications. The policy and procedures for this will be written with the overall Department goals and procedures.	<u>Incomplete/Ongoing</u> Per management, policies and procedures as being documented and the reconciliation process is in progress.



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#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Cash Handling:</u> Donors contributing funds to the Geological Sciences Department should be directed to the Office of Institutional Advancement (OIA). Cash handling policies should be made available to all employees and the segregation of duties for the collection, reconciliation and depositing of funds should be documented.	This has been addressed. This will be one of the procedures and policy that is addressed in the overall policies of the Department.	<u>Incomplete/Ongoing</u> Cash handling will be included in the policies and procedures manual for the department.
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Travel Reimbursements:</u> The department should ensure personnel have a clear understanding of state travel regulations. Additionally, they should have controls in place to review expense reimbursements before they get approved.	The Department is working on these procedures, a travel form and checklist to better this processing.	<u>Incomplete/Ongoing</u> The department is creating new travel documentation to comply with the University's policies and procedures.
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Salaries:</u> Communicate appropriate deadlines to supervisors to ensure timely submission of payroll data. The department should ensure all appointments or changes on employees' salaries are processed timely to reduce the need for off cycle paychecks or adjustments.	We are addressing this by sending email reminders and notifying supervisors in advance of any ending appointments or deadlines. This will be another policy and procedure that is implemented in the overall policies for the Department.	<u>Incomplete/Ongoing</u> Department will strengthen their efforts to submit payroll data within the accepted dates. This will be included in the department's policies and procedures manual.
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Server Backups:</u> OACS recommends the following: Create a copy of the backup and store it off site, away from the main campus (primary site). Create written procedures for performing backups or restores for Windows, UNIX, and LINUX servers. Automate the backup process to avoid human intervention. Create logs or output when running backups or restores in order to generate records for review or audits.	As was explained to the auditors previously, the backup issue is a work in progress. All recommendations will be addressed.	<u>Incomplete/Ongoing</u> The department is working on server backups.



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#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Contingency Plan for Loss of Key IT Personnel:</u> The Geology Department should have a contingency plan or mitigation for loss of key IT resources such as the System Administrator. If the generic super administrative account needs to be used, there should be a policy that requires the System Administrator to change the passwords immediately after his return, and keep evidence of the change.	An administrator backup operator will be identified for each of our systems. It may not necessarily be the same person for all. For most systems, the root administrator does not need to be shared since group policies or modern Linux policies allow for role based control. For systems that require root account to administer there will be proof of password change.	<u>Incomplete/Ongoing</u> The department is in the process of changing their procedures to provide an alternative to the absence of key IT personnel.
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Security Safeguard for PCs:</u> All PC(s) in the Geology Department should be checked for the following security safeguards: 1) disk encryption, 2) anti-virus software, 3) Absolute Management software and 4) Windows current updates, as per UTEP standards.	All Geological Sciences departmental office computers will be checked for disk encryption. All other Geological Sciences desktop computers purchased after 2013 will be checked for disk encryption. All other Geological Sciences desktop computers older than 2013 will not, as outlined by UTEP's ISO. All Geological Sciences laptops and desktops will be checked for anti-virus, Absolute Management software and operating system updates.	<u>Incomplete/Ongoing</u> The Department is in the process of checking all computers for disk encryption.
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Lack of Security Oversight with Information Security Office (ISO):</u> The Geology Department's System Administrator should meet with ISO to review security controls at least yearly. We recommend a completed review by the ISO of the fileserver containing Category I data, and a copy of the results be submitted to OACS.	A meeting will be requested with UTEP's ISO. A security audit of the server with Cat 1 data will be requested.	<u>Incomplete/Ongoing</u> The Department is conducting a security audit for their servers.

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#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Mission Critical Resources:</u> The Geology Department should document the mission critical resources with detailed information necessary to recover hardware, applications and data in case of a disaster. The documentation should include the recovery order, as well as the recovery time objective (RTO) and recovery point objective (RPO).	Documentation will be prepared to comply with this directive.	<u>Incomplete/Ongoing</u> The Department is in the process of documenting their procedures for recovery of hardware, applications, and data in case of disaster.
#16-08 Geological Sciences Department Change in Management Audit	06/20/2016	<u>Software for Operating System at "End-of-Life":</u> The Geology Department's operating system software should be kept up to date to eliminate the risk of possible threats such as hacking or harmful viruses.	The computing systems with end-of-life status are being phased out, as it was outlined to the auditors.	<u>Incomplete/Ongoing</u> The Department is in the process of updating software for all of their computers.
#16-10 Facilities Management	08/26/2016	<u>Building Access Policies and Procedures:</u> The HOP and SOPs should coordinate with HR to standardize procedures for the removal of access. The new policies need to be communicated to the University community.	A newly formed position, Access Control Manager, will have the primary duties of: ensuring adherence to established University, providing Department Access Coordinators with report of access records grouped by department as requested, creating, updating, maintaining and auditing Key and Electronic access database on a continuous basis, and keeping track of personnel (active/inactive) access control status and hard key owners.	<u>Incomplete/Ongoing</u> Per management, a new position was created to monitor building access.
#16-10 Facilities Management	08/26/2016	<u>Psychology Building (Key Access):</u> Separated employees should return keys to the Access Control Shop prior to being cleared by Human Resources. Transferred employees should not receive new keys until all unnecessary keys have been returned to the Access Control Shop.		
#16-10 Facilities Management	08/26/2016	<u>Administration Building (Electronic Access):</u> The HOP and SOPs should be updated. The Access Control Shop should reach out to Dept. Coordinators on an annual basis so that the building access lists can be reviewed.		

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#16-10 Facilities Management	08/26/2016	<u>Master Access to Exterior Doors:</u> The Access Control Shop should ensure that the proper approvals are maintained and on file for master electronic access, and the requirement for approval and documentation added to the current SOPs.	Policy will be updated to reflect a requirement for approval for master electronic access and documentation of the approval.	<u>Incomplete/Ongoing</u> Policies and procedures for the department are being updated.
#16-10 Facilities Management	08/26/2016	<u>Building Access Monitoring:</u> The Access Control Shop should coordinate with the departments and send the access reports to the Department Access Coordinators on an annual basis.	A newly formed position, Access Control Manager, will have the primary duties of: ensuring adherence to established University, providing Department Access Coordinators with report of access records grouped by department as requested, creating, updating, maintaining and auditing Key and Electronic access database on a continuous basis, and keeping track of personnel (active/inactive) access control status and hard key owners.	<u>Incomplete/Ongoing</u> Per management, a new position was created to monitor building access.
#16-11 Sub-recipient Monitoring	08/30/2016	<u>Risk Assessment and Support Documentation:</u> The University should continue to develop a documented methodology for the evaluation of sub-recipients' risk of non-compliance with Federal statutes and regulations. In addition, ORSP should ensure all necessary documentation is submitted by the sub-recipient in order to properly perform the risk assessment and comply with the Uniform Guidance.	The University will continue to develop a documented methodology for the evaluation of sub-recipient's risk of non-compliance with Federal statutes and regulations. University ensures all necessary documentation is submitted by sub-recipient in order to properly perform the risk assessment and comply with the Uniform Guidance when applicable.	<u>Incomplete/Ongoing</u> Per management, a methodology for the evaluation of sub-recipient's risk of non-compliance is under development.

**FY 2015-2016 -List of Audits Completed Showing Recommendations,  
Management Responses/Action Plan, and Implementation Status**

Audit Report Number and Name	Report Date	Recommendations	Management Responses/ Action Plan	Implementation Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with brief description if not yet implemented
#16-12 Contracts and Grants Billing Audit	09/15/2016	<p><u>Selected Input Fields:</u> C&amp;G should develop a training program and/or manual for new employees to understand the steps to take when setting up or making changes to projects.</p> <p>Additionally, C&amp;G should have a monitoring process to review important fields in the project set up that could increase the risk of inappropriate expenses being charged.</p>	<p>Our office is working on various validation processes, one of which is a bi-weekly review of project dates (award vs. project vs. KK). A New Setup-Notice is being designed that will automatically generate an email to the ORSP Research Administrators (RA) to review the Project Setup and ensure that C&amp;G Office accurately captured all necessary fields in PeopleSoft, as listed on the Notice of Award.</p>	<p><u>Incomplete/Ongoing</u> Per management, new tools are being implemented to cope with the changes in the financial system.</p>
#16-12 Contracts and Grants Billing Audit	09/15/2016	<p><u>Expenses Processed During the Period of Performance:</u> Controls should be in place to prevent activity after the project has ended.</p> <p>Implement a process to identify activity on projects after the end date and address them in a timely manner.</p>	<p>PIC 2 Tool has been created to assist the Project PI and Administrator with monthly reconciliation of project activity. A weekly automated email is sent to Project PI and Administrator when activity is posted to the project. This will assist with identifying inconsistencies and process corrections in a timely manner.</p>	<p><u>Incomplete/Ongoing</u> Per management, actions were implemented to ensure expenses are processed during the correct period.</p>
#16-12 Contracts and Grants Billing Audit	09/15/2016	<p><u>Overdrafts:</u> Utilize PeopleSoft controls to prevent processing of expenses when the budget is not available. Identify projects with overdrafts and communicate with responsible parties to resolve issues before the end of the project or within the 30-90 day window provided by the sponsor agency. Reinforce the importance of account reconciliations to PIs and administrative personnel.</p>	<p>Overdrafts are reviewed on a weekly basis by the Contracts and Grants Support Center (CGSC) and new overdrafts are promptly addressed with the Project PI.</p> <p>The use of the PIC2 tool and automated notices of expenses incurred will aid in timely reconciliation and processing of adjustments.</p>	<p><u>Incomplete/Ongoing</u> Per management, actions were implemented to prevent account overdrafts.</p>

FY 2015-2016 -List of Audits Completed Showing Recommendations, Management Responses/Action Plan, and Implementation Status				
Audit Report Number and Name	Report Date	Recommendations	Management Responses/ Action Plan	Implementation Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with brief description if not yet implemented
#16-12 Contracts and Grants Billing Audit	09/15/2016	<u>Accuracy and Timeliness of Invoices:</u> Continue detailed monitoring of the invoices and billing process to identify any issues timely. Communicate with the sponsor about any issues with invoicing to minimize the loss of funds.	With the assistance of a Huron Consultant, a detailed query extracting data from Project Resource has been created that identifies unbilled transactions. All unbilled transactions for prior months are currently being researched, processed and invoiced to the agencies. The same query is now being used on a monthly basis, after every invoice cycle, to immediately identify any unbilled transactions and address accordingly.	<u>Incomplete/Ongoing</u> Per management, actions were implemented to ensure projects are billed accurately to sponsors.
#16-12 Contracts and Grants Billing Audit	09/15/2016	<u>Accuracy and Timeliness of Financial Reports:</u> Adjustments after the final report has been submitted should be minimized. However, when amounts in final reports change, the University should document the changes and inform the sponsor agency of the updated amounts.	All PIC Tools identified above will aid in minimizing the number of adjustments processed after final report is generated, since the Project PI and Administrator have the ability to reconcile project activity on a weekly and monthly basis. To ensure that late submissions and/or adjustments to Final Financial Reports are documented and reported to the agency prior to submission, C&G will implement a new internal process requiring approval by the C&G Director.	<u>Incomplete/Ongoing</u> Management is implementing new processes to ensure financial reporting is accurate.
#16-12 Contracts and Grants Billing Audit	09/15/2016	<u>Closeout Process in PeopleSoft:</u> Implement and document a consistent process for closing projects in the system after the end date, and prevent unallowable transactions to be recorded.	The C&G Support Center has been assisting for several months with the close out of projects. Significant progress has been made but the back log of closeouts is still being addressed. Our office is currently working with UT Share on possibly configuring/creating multiple Project Status Types along with the	<u>Incomplete/Ongoing</u> The Contracts & Grants office is working with UT Share to find a permanent solution to this issue.

**FY 2015-2016 -List of Audits Completed Showing Recommendations,  
Management Responses/Action Plan, and Implementation Status**

Audit Report Number and Name	Report Date	Recommendations	Management Responses/ Action Plan	Implementation Status (Fully Implemented, Substantially Implemented, Incomplete/Ongoing, or Not Implemented) with brief description if not yet implemented
			associated Analysis configuration for each Type to determine department financial transaction access - for C&G internal business process purposes, which will allow to classify and track appropriately. This, along with monthly department reconciliation and Milestone notifications will aid in processing closeouts in a timely manner.	

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### III-b. Consulting Services and Non-Audit Services Completed

FY 2015-2016 List of Consulting Engagements and Non-Audit Services Completed				
Audit Report Number and Name	Report Date	Recommendations	Management Responses/ Action Plan	Implementation Status
Benefits proportionality FY 2015 Consultation	There was not report for this consulting engagement	<u>Benefits Proportionality Fiscal Year 2015 Consultation</u> Management Request for review of documents used for The calculation of Benefits Proportionality FY 2015APS 011 filing	N/A This was a consultation engagement.	N/A
#16-14 Fiscal Year 2016 Cash Counts	09/7/2016	<u>Student Business Services:</u> Performing a weekly reconciliation of the change fund is crucial in identifying and correcting reconciling items timely and to ensure proper safeguarding of assets. Additionally, the duplicate entries and other reconciling items identified should be corrected before the end of the fiscal year.	We agree that reconciliations should be performed on a regular schedule, and we now have the tools to perform adequate bank to GL reconciliations. Treasury Management has also identified several conversion entries that contributed to cash differences. As noted, the adjustments have been made.	N/A This is an audit that is conducted on an annual basis
#16-14 Fiscal Year 2016 Cash Counts	09/7/2016	<u>Ticket Center</u> The reconciliation of the Ticket Center change fund should be performed at least weekly to ensure accurate reporting of account balances and to safeguard assets. Reconciling items should be investigated and resolved timely.	We agree that reconciliations should be performed on a regular schedule.	N/A This is an audit that is conducted on an annual basis

FY 2015-2016 List of Consulting Engagements and Non-Audit Services Completed				
Audit Report Number and Name	Report Date	Recommendations	Management Responses/ Action Plan	Implementation Status
Continuous Auditing: Query Updates for Course Fees and Major Fees	2016	<p>The objective of continuous auditing is to identify high risk areas that require frequent review and to create a set of continuous auditing reports that provide timely alerts for transactions that may not be compliant with federal, state, and institutional laws and regulations.</p> <p>During the project we noted the following:</p> <ul style="list-style-type: none"> <li>Course fees and major fees management is a high risk area that benefits from continuous auditing because fee approvals, assessments, and expenditures are separate functions handled by three different departments and the information is not available in a single report.</li> </ul> <p>Continuous auditing reports are created and managed by the Office of Auditing and Consulting Services. Management may view and use the reports as needed for monitoring purposes. The reports will enable management to respond properly to identified risks and control deficiencies.</p>	Continuous monitoring is a process owned by management. Management is responsible for maintaining effective control systems. They also have the most to benefit from obtaining timely insight into transactions that could be the result of fraud, error or abuse.	N/A This is a continuous process



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



May 27, 2014

Mr. William Peters, Director and Chief Audit Executive  
The University of Texas at El Paso  
500 W. University Ave. Administration Bldg. Suite 402  
El Paso, TX 79968

We have completed an External Quality Assessment ("EQA") of The University of Texas at El Paso ("UT El Paso" or "institution") Office of Auditing and Consulting Services ("OACS"). 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 are our observations:

- IIA Standards – Based on our work, overall IA generally conforms. We did identify process enhancement opportunities.
- GAGAS – Our assessment of GAGAS was limited, based on IA's disclosure that no internal audits were performed during our assessment period under GAGAS. Based on our work, we did not identify conformance observations. We did identify process enhancement opportunities.
- TIAA requirements – Other than the observations related to IIA Standards and GAGAS, 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 April 4, 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 UT El Paso.

We would like to offer a sincere thank you to you and your staff, and the Internal Audit Committee and management of UT El Paso, 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,

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers LLP", written over a horizontal line.

PricewaterhouseCoopers LLP

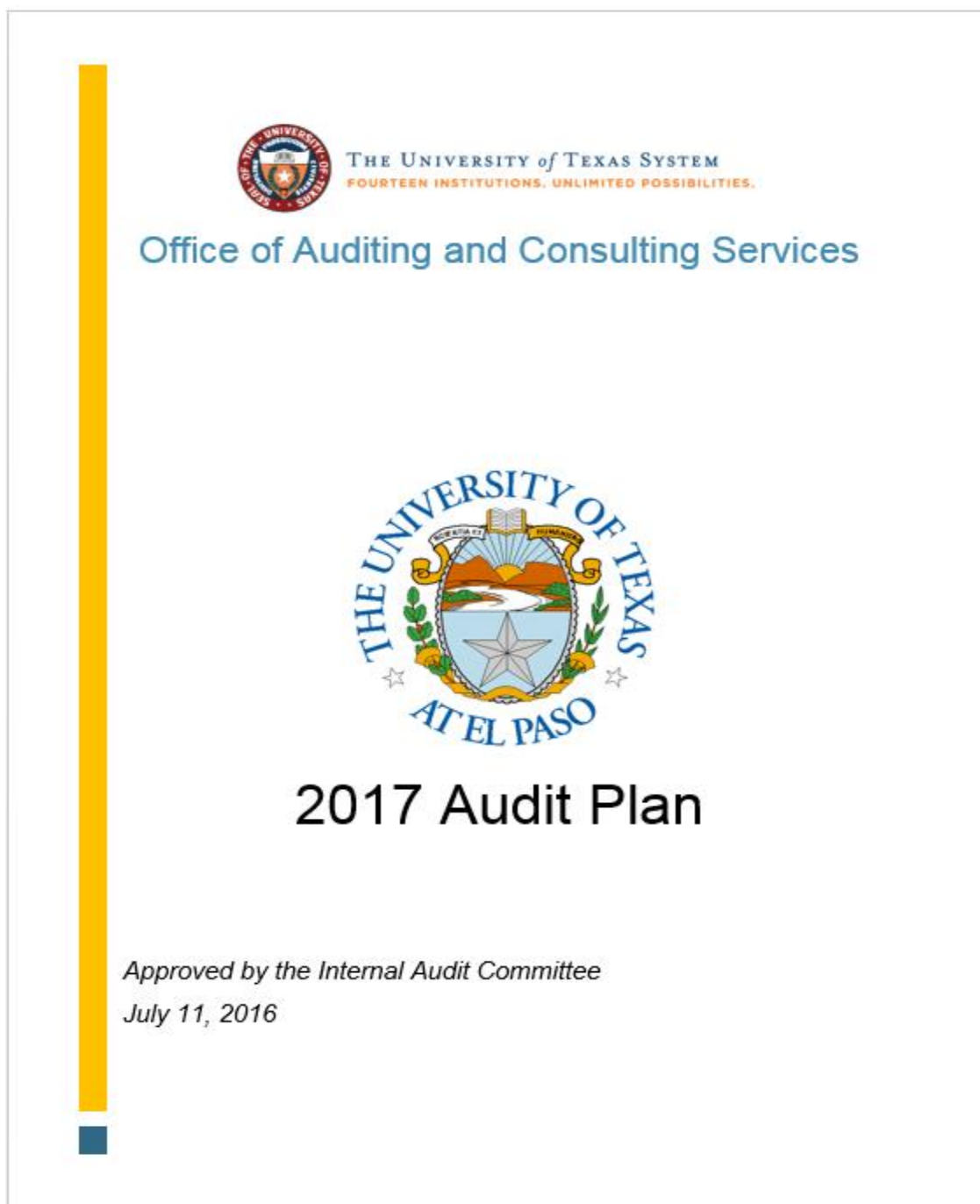
PricewaterhouseCoopers LLP, 1201 Louisiana, Suite 2900, Houston, TX 77002-5678  
T: (713) 356 4000, F: (713) 356 4717, [www.pwc.com/us](http://www.pwc.com/us)

Information contained herein is for the sole benefit and use of PwC's Client

The University of Texas at El Paso  
Office of Auditing and Consulting Services  
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## V. Internal Audit Plan for Fiscal Year 2017



## **V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)**

### **DISTRIBUTION LIST**

#### **University of Texas at El Paso**

Dr. Diana Natalicio, President

Mr. Richard Adatao, Executive Vice President

Dr. Stephen Riter, Vice President for Information Resources and Planning

Dr. Roberto Osegueda, Vice President for Research

Dr. Gary Edens, Vice President for Student Affairs

Dr. Howard Daudistel, Interim Provost and Vice President for Academic Affairs

Ms. Sandra Vasquez, Assistant Vice President for Institutional Compliance and EEO

#### **University of Texas System**

System Audit Office

#### **External**

Governor's Office of Budget

Legislative Budget Board

Internal Audit Coordinator, State Auditor's Office

Sunset Advisory Commission

#### **External Audit Committee Members**

Mr. David Lindau, Chair

Mr. Steele Jones, External Member

Mr. Fernando Ortega, External Member

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

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## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### 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 2017. The 2017 Audit Plan is a description of the internal audit activities that will be performed by the Office of Auditing and Consulting Services (OACS) in Fiscal Year 2017.

The process of preparing the 2017 Audit Plan included identifying risks that may impact university objectives and business activities. The Internal Audit Committee reviewed and approved the 2017 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:

- Mr. David Lindau, External Member and Chair of the Internal Audit Committee
- Mr. Steele Jones III, External Member
- Mr. Fernando Ortega, External Member
- Dr. Diana Natalicio, President
- Dr. Howard C. Daudistel, Provost, Vice President for Academic Affairs
- Dr. Stephen Riter, Vice President for Information Resources and Planning
- Dr. Roberto Osegueda, Vice President for Research
- Mr. Richard Adaauto III, Executive Vice President

Input was also received from Mr. Gerard Cochrane, Chief Information Security Officer; Ms. Sandra Vasquez, Assistant Vice President, Compliance Services; Ms. Amanda Vasquez, Assistant Vice President, Enrollment Services; Mr. Anthony Turrietta, Associate Vice President and Comptroller; Ms. Heidi Granger, Assistant Vice President, Student Financial Services; Ron Williams, Associate Director, Financial Aid; Jeff Rhodes, Registrar; and Robert Stull, Director, Intercollegiate Athletics. The Internal Audit Committee members, these individuals, and selected members of their staff, provided information relative to their specific areas of responsibility.

## **V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)**

### **RISK ASSESSMENT AND AUDIT PLAN DEVELOPMENT**

The Institute of Internal Auditors' International Professional Practices Framework (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. Prior audit plans, organizational charts, the annual financial report (AFR), budgeted hours (Exhibit B); various risk assessments, and a five-year history of audit activity (Exhibit C) were also reviewed to create a comprehensive risk list.

The final risk list was created by identifying processes with critical and high risks to be included in the Annual Audit Plan. Some critical and high risk areas were not included on the plan due to risk mitigation factors, such as recent internal and external audits (Exhibit D). 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 **Exhibit (A-1.)- (A-7)** for the approved **FY 2017 Annual Audit Plan**.

The audit plan was broken down into eight major categories **Exhibit (A-1.)- (A-6)**:

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

## **V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)**

Consideration of the following was given in developing the 2017 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.)

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### 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

A new taxonomy was created for all UT System Academic Institutions in 2015:

- |                            |                            |
|----------------------------|----------------------------|
| 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            |



## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### 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:

- **HIGH** – The effect will cause the component not to achieve its goals and objectives: it is a “show stopper”
- **MODERATE** – The effect will cause the institution to operate inefficiently and/or expend unplanned resources to meet goals and objectives
- **LOW** – 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

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

**PROBABILITY**- The probability that a risk will become reality also has three values:

- **HIGH** – An event is inevitable, or there is a great likelihood that an event will occur.
- **MODERATE** – The risk is neither extremely likely nor highly unlikely. The probability of an event is similar to occurrences within the normal course of operations.
- **LOW** – 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

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

**RISK SCORE:** The impact and probability ratings were used to create a final risk score (Critical, High, Moderate, or Low).

High Probability	& High Impact	= Critical Risk
High Probability	& Moderate Impact	= High Risk
Moderate Probability	& High Impact	= High Risk
Low Probability	& High Impact	= Moderate Risk
High Probability	& Low Impact	= Moderate Risk
Moderate Probability	& Moderate Impact	= Moderate Risk
Moderate Probability	& Low Impact	= Low Risk
Low Probability	& Moderate Impact	= Low Risk
Low Probability	& Low Impact	= Low Risk

Risk Scoring Matrix		Impact		
		High	Moderate	Low
Probability	High	C	H	M
	Moderate	H	M	L
	Low	M	L	L

## **V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)**

### *Follow-up Audits*

Follow up audits are performed to identify and evaluate management actions implemented in response to a prior audit. 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. An audit is officially closed after all of the implementation of recommendations have been verified and documented by the auditors.

### *Consulting/Management Requests/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 internal and external quality assurance reviews, 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.

### *Carry forward Audits*

Carry forward audits are those 2015-2016 Annual Audit Plan audits that are in progress at August 31, 2016.

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### SCOPE OF AUDITS

The International Professional Practices Framework (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 2017 Annual Audit Plan is described in **Exhibit (A-1.-A-7)**

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### BUDGET AND STAFFING

The budget for the OACS was prepared in accordance with The UT System Administration and was approved by UT System Administration and the Board of Regents.

Career development for the staff is a strategic goal of OACS. It is the Director's practice to create a working environment that facilitates career opportunities for the audit staff within and outside the office. OACS will continue its efforts toward developing staff to their highest potential through the performance of operational audits, exposure to high levels of management, and training targeted at non-traditional audit areas and achievement of professional credentialing.

### CALCULATION OF FY 2017 AUDIT HOURS

The Calculation of Available Hours is included in **Exhibit B** and total direct hours assigned to audits and projects are reflected in **Exhibit (A-1.)- (A-7)**.

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit A-1. FY 2017 Audit Plan – Risk Based Audits

FY 2017 Audit Plan Engagements	Original Budget	Percent of Total	General Objective/Description
<b>Risk Based Audits</b>			
Budget Procedures	400		Analyze budget procedures for historical accuracy, verify accuracy and support documentation for encumbrances, transfers, and carry forwards, determine if actual fee revenue is available to departments on a timely basis
University Key Shop	300		Document current operations and test office procedures to determine if access policies are followed
Facilities Services Surplus Warehouse Operations	350		Test inventory control procedures and determine if updated operating procedures are in place
Title IX	400		Comprehensive Title IX audit which will span several areas across the University
Student Organizations	300		Analyze policies and procedures of cash handling and account reconciliations.
Effort Reporting	350		Test the effort certification process, to include the ECRT reporting tool
Banner Access	350		Test all accounts with modify access to Banner Registration and transcript screens for appropriateness and to ensure terminated employees' access is removed timely.
Payment Card Industry (PCI) Compliance	350		Verify EMV chip card compliance.
TAC 202 - Texas Department of Information Resources Requirements	350		Verify compliance with TAC 202 required controls per Texas Department of Information Resources.
NCAA Agreed Upon Procedures Audit	75		Required annual audit.
Change in Management Audit - Office of International Programs	250		Document and test departmental operations for new director
Change in Management Audit - Office of the Registrar	250		Document and test departmental operations for new director
Export Controls	300		Determine if University export control policies and procedures are in place to monitor transactions subject to the federal export control regulations, and if policies are consistent with the UT System policy.
<i>Carryforward Audits:</i>			
Cloud Computing	350		Identification of what is stored; review of policies, procedures and guidelines; selection process of vendor or cloud provider.
Sole Source Audit	100		Sole Source Contract Practices
<b>Risk Based Audits Subtotal</b>	<b>4475</b>	<b>38%</b>	

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit A-2. FY 2017 Audit Plan – Required Audits (Externally and Internally)

FY 2017 Audit Plan Engagements	Original Budget	Percent of Total	General Objective/Description
<b>Required Audits (Externally and Internally)</b>			
FY 2016 Financial Statement Audit (Final)	250		Required annual audit.
FY 2017 Financial Statement Audit (Interim)	100		Required annual audit.
UTS 142.1 Monitoring Plan	150		Required annual audit.
KTEP FM Radio Station	30		Support to external auditor.
President's Travel, Entertainment and University Residence Maintenance Expense Audit	30		Provide support to the UT System auditors performing the audit.
Executive Travel and Entertainment Expense Audit	250		Required annual audit.
Federal Portion of the Statewide Single Audit	100		Assistance to the State Auditor's Office
NCAA Football Attendance Audit	90		Required annual audit.
Purchasing Compliance Assessment	20		Required annual audit.
<i>Carryforward Audits:</i>			
UTS 142.1 Monitoring Plan (FY2016)	100		Required annual audit.
<b>Required Audits Subtotal</b>	<b>1120</b>	<b>9%</b>	



## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### ***Exhibit A-3. FY 2017 Audit Plan – Consulting Projects, Investigations, Follow up, General Reserve***

<b>FY 2017 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>General Objective/Description</b>
<b>Consulting Projects</b>			
<b>Consulting Projects</b>			
Continuous Auditing PeopleSoft Queries	150		Quarterly update of management-requested reports - tuition and fees management and new query development for transfers and carryforwards
PeopleSoft Consulting	450		Support for PeopleSoft post-implementation locally and system-wide.
Year-end and Periodic Cash Counts	150		Recurring Management Request
Consulting/Management Requests	500		As hours are assigned to specific projects, they will be transferred to the appropriate category.
<i>Carryforward Audits:</i>			
Student Refunds	270		Management Request
<b>Consulting Subtotal</b>	<b>1520</b>	<b>13%</b>	
<b>Investigations</b>			
Investigations	658		As hours are assigned to specific projects, they will be transferred to the appropriate category.
<b>Investigations Subtotal</b>	<b>658</b>	<b>6%</b>	
<b>Follow Up</b>			
Follow-up Audits	600		
<b>Follow Up Subtotal</b>	<b>600</b>	<b>5%</b>	
<b>General Reserve</b>			
Reserve for Audit of Emerging Risks	600		As hours are assigned to specific projects, they will be transferred to the appropriate category.
<b>General Reserve Subtotal</b>	<b>600</b>	<b>5%</b>	

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### *Exhibit A-4. FY 2017 Audit Plan – Development-Operations*

<b>FY 2017 Audit Plan Engagements</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	175		As Requested
Self-Assessment/QAR	200		System-required Audit - every three years
Annual Audit Plan Development, including Risk Assessment	200		Preparation of FY 2018 Risk Assessment and Audit Plan
UT System, SAO, etc. reporting/requests; CPRIT Audit assist	120		Responses for requests for information
TeamMate, software, website development/maintenance	300		Non-project related development/maintenance
Internal Audit Committee preparation/participation, Institutional committee/council/etc.	200		Preparation of presentation documents for Institutional Audit Committee meetings; meetings with external audit committee members.
Training provided by Internal Audit to institutional departments/employees/etc. (NEO)	75		New Employee Orientation Trainings, Continuous Auditing presentations, and others as requested
Staff meetings related to the management of the audit activity	400		Monthly staff meetings and status update meetings as needed.
Annual Internal Audit Report	30		Preparation of Annual Internal Audit Report for FY 16
Annual Reviews/Evaluations	40		Preparation of Self-Appraisals and Evaluations
-		-	
<b>Development - Operations Subtotal</b>	<b>1740</b>	<b>15%</b>	

### *Exhibit A-5. FY 2017 Audit Plan – Development-Initiatives and Education*

<b>FY 2017 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>	<b>General Objective/Description</b>
<b>Development - Initiatives and Education</b>			
Work Group Initiatives	75		Policies and Procedures project team
Internal Audit Management System	200		Integrated TeamMate System
Professional organization/association participation	250		Participation as members and board members of IIA,(includes IAEP hours) ACFE, AGA and TSCPA
Individual Continuing Professional Development (CPE) Training	510		Continuing Professional Development for Staff Members
-		-	
<b>Development - Initiatives and Education Subtotal</b>	<b>1035</b>	<b>9%</b>	

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

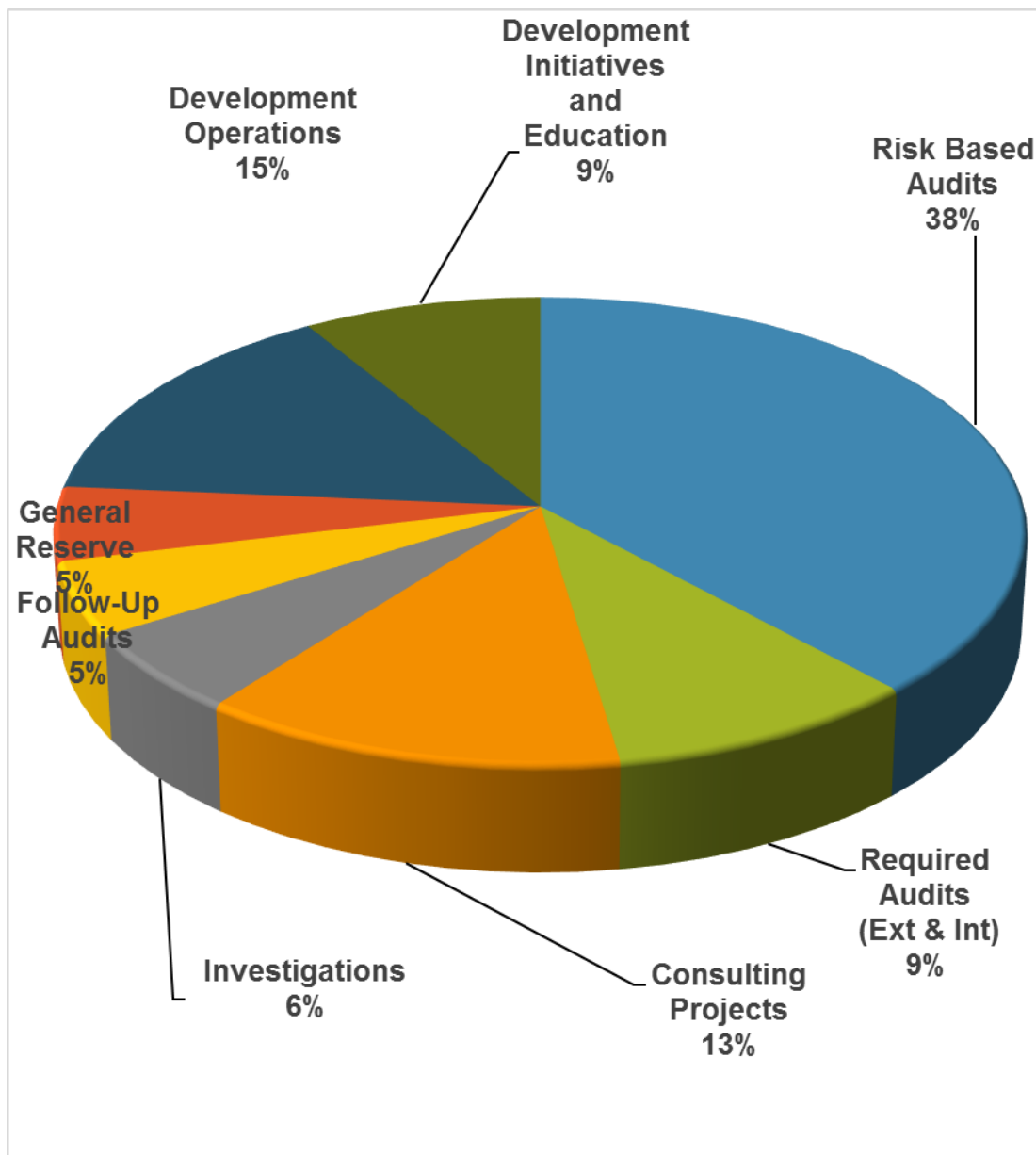
### *Exhibit A-6. FY 2017 Audit Plan – Total Budgeted Hours*

<b>FY 2017 Audit Plan Engagements</b>	<b>Original Budget</b>	<b>Percent of Total</b>
<b>Risk Based Audits Subtotal</b>	<b>4,475</b>	<b>38%</b>
<b>Required Audits Subtotal</b>	<b>1,120</b>	<b>9%</b>
<b>Consulting Subtotal</b>	<b>1,520</b>	<b>13%</b>
<b>Investigations Subtotal</b>	<b>658</b>	<b>6%</b>
<b>Follow Up Subtotal</b>	<b>600</b>	<b>5%</b>
<b>General Reserve Subtotal</b>	<b>600</b>	<b>5%</b>
<b>Development - Operations Subtotal</b>	<b>1,740</b>	<b>15%</b>
<b>Development - Initiatives and Education Subtotal</b>	<b>1,035</b>	<b>9%</b>
<b>Total Budgeted Hours</b>	<b>11,748</b>	<b>100%</b>

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

*Exhibit A-7. FY 2017 Audit Plan – Allocation of Hours by Category*

### 2017 Audit Plan



## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit B. FY 2017 Audit Plan – Calculation of Available Hours

Calculation of Available Hours					
	CAE Director	Management Team	Staff	Total	%
Audit Hours (Including Training/CPE)	1,381	1,414	8,953	<b>11,748</b>	75%
Non-Audit Hours:					
General Administration	408	359	903	1,670	11%
Holidays	112	112	616	840	5%
Vacation & Sick Leave	179	195	968	1,342	9%
Total Available Hours	2,080	2,080	11,440	15,600	100%

**NOTE:**

Calculation based on 8 FTEs (Current Staff) with estimated vacancy of 1/2 FTE. Gross FTE number is 9.

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit C. FY 2017 Audit Plan Five Year Plan

5 Year Audit History					
Audits	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>President</b>					
<b>Intercollegiate Athletics</b>	A/S	A/S	A/S	A/S	S
-Athletics Receivables					
-Athletics Summer Camps	A	A	A		
-Athletics Business Plan					
-Athletics Employee Conduct and Student Welfare					A
<b>President's Office</b>	S	S	S	S	
<b>Provost</b>					
<b>Academic Affairs</b>					
<b>Continuous Auditing</b>				S	S
<b>Faculty Textbooks</b>				S	
<b>Tuition and Fees</b>					A/F
<b>College of Business Administration</b>					
-Accounting					
-Economics and Finance					
-Information and Decision Sciences					
-Marketing and Management					
-Dean's Office					
<b>College of Education</b>					
-Teacher Education					
-Educational Leadership					
-Educational Psychology					
-Dean's Office				A/F	
<b>College of Engineering</b>					
-Civil Engineering					
-Computer Science					
-Electrical and Computer Engineering					
-Engineering Programs					
-Mechanical and Industrial Engineering					
-Metallurgical and Materials Engineering					
-Dean's Office					F

<b>LEGEND:</b>
I-INVENTORY AUDIT
P-HOURLY PAYROLL AUDIT
C-INTERNAL CONTROL AUDIT
F-FOLLOW UP AUDIT
A-ALL OTHER AUDITS
S-SPECIAL REQUESTS
E-EXTERNAL AUDITS

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit C. FY 2017 Audit Plan Five Year Plan (Continued...)

5 Year Audit History						
Audits	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
<b>College of Health Sciences</b>		A				
-Continuing Education in Nursing						
-Institute for Border Health						
-School of Allied Health						
-Kinesiology Department			S			
-School of Nursing	F		F	A		
- Occupational Therapy						
- Physical Therapy						
-Student Health Center			A	A/F		
-Dean's Office						
<b>College of Liberal Arts</b>						
-African-American Studies						
-Art						
-Asian Studies						
-Chicano Studies						
-Communication						
-Criminal Justice						
-English	S					
-History						
-KTEP-FM Radio Station	E	E	E	E	E	
-Languages and Linguistics						
-Military Science						
-Music						
-Oral History						
-Philosophy						
-Political Science						
-Psychology						
-Religious Studies						
-Social Work						
-Sociology and Anthropology						
-Theatre Arts						
- Western Cultural Heritage						
-Women's Studies						
-Dean's Office	A		F			

**LEGEND:**  
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## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit C. FY 2017 Audit Plan Five Year Plan (Continued...)

Audits	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>College of Science</b>					
-Biological Sciences			S	S	
-Chemistry			S	S	
-Geological Sciences			S	S	A
-Mathematical Sciences	F				
-Physics					
-Dean's Office			C		F
<b>Graduate School</b>					
<b>Technology Planning and Distance Learning</b>					
<b>Center for Law and Border Studies</b>	F		S		
<b>VPAA's Office</b>					
<b>Family Education and Privacy Act (FERPA)</b>		A			
<b>Enrollment Services</b>					
-Financial Aid	E	E	A		F
-Registrar's Office	F		A		
-Undergraduate Admissions and Recruitment					
-Texas Success Initiative					
JAMP		A			A

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## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit C. FY 2017 Audit Plan Five Year Plan (Continued...)

5 Year Audit History						
Audits	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
<b>VPRSP</b>						
-Center for Environmental Resource Management						
-Center for Study of Western Hemispheric Trade						
-IM <sup>3</sup> /Texas Center						
-MIE						
-NSF/USI						
Norman Hackerman ATP	A					
-TAME						
-TMAC						
-Americorps						
-Socorro Mission Restoration						
-Human Subject Research	A					
-Animal Research						
-Time & Effort Reporting						
-Contracts & Grants Accounting	A	A				A
-Cost Sharing						
Export Controls	F		A			
-Research Compliance		A	F			
- BSL3 Lab		A	F			
-Sub-recipient Monitoring of Grants			A			A
Ctr for Defense Systems Research and Nat Ctr for Border Sec & Imm						
<b>VPRSP's Office</b>						

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## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit C. FY 2017 Audit Plan Five Year Plan (Continued...)

5 Year Audit History						
Audits		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>VPBA</b>						
<b>Annual Financial Report</b>		<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>
-Accounts Receivable						
-Auxiliary Enterprise Fund						
-Gifts				<b>A</b>		
-Investments						
-Tuition and Fees		<b>S</b>	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>
-Year End Inventory and Cash Counts		<b>S</b>	<b>S</b>	<b>S</b>	<b>S</b>	<b>S</b>
<b>Auxiliary Services and Continuing Education</b>						
-Food Services						
-Various Cash Counts						
-Inventory Count						
-Professional and Continuing Education						
-Special Events and Union Programs						
-University Bookstore						
-University Ticket Center						
-Contract Performance				<b>A</b>		<b>F</b>
<b>Facilities Services</b>		<b>F/A</b>			<b>S</b>	<b>A/S</b>
<b>Financial Services</b>						
-Accounts Payable				<b>F</b>	<b>A</b>	<b>A</b>
-Budgeting Office						
-General Accounting					<b>S</b>	
-Payroll		<b>A</b>			<b>A</b>	<b>A</b>
-Benefits Proportionality by Fund					<b>A</b>	<b>A/S</b>
-Conflict of Interest						
-Student Business Services						
-Utilities, Energy Management			<b>A</b>	<b>F</b>		
-Red Flags Rule						<b>F</b>
ARRA						

<b>LEGEND:</b>
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<b>S</b> -SPECIAL REQUESTS
<b>E</b> -EXTERNAL AUDITS

## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit C. FY 2017 Audit Plan Five Year Plan (Continued...)

5 Year Audit History		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Audits						
<b>Purchasing and Materials Management</b>						
-Mail Services						
-Procurement Card			A	F	A/F	F
-Non-PO Vouchers						A
-Print Shop						
Miner Mall		A				F
-Contract and Bid Processes						A
<b>VPBA's Office</b>						
<b>EVP</b>						
<b>Institutional Advancement</b>						
-Alumni Relations						
-Scholarships						
-University Development						
-University Communications						
-University Relations						
-Conference Services						
<b>Human Resource Services</b>		F				
-Faculty Visas			A	A		
-Staff Visas					A	
Dependent Eligibility		A				F
<b>Institutional Compliance</b>		A		A		
-Contracts and Grants						
-Financial Aid						
-Intercollegiate Athletics						
-WAC Review/CUSA Review						
-Segregation of Duties and Reconciliation of Accounts					A	A
-Student FICA						
-Institutional Compliance Office						
-Fixed Assets						
<b>Auditing and Consulting Services</b>				E/A		
<b>Environmental Health and Safety</b>						

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## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit C. FY 2017 Audit Plan Five Year Plan (Continued...)

5 Year Audit History							
Audits		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
University Police			A				
Emergency Management Plan			A		F		
VPIA's Office							
Equal Opportunity/Affirmative Action Office (EO/AA)							
<b>VPSA</b>							
Outreach Programs							
Student Development							
-Counseling Services	A						
-Dean of Students Office							
-Student Publications							
-Housing System							
-International Programs			A				
-PASE Program							
-Study Abroad Program							
-Recreational Sports							
-Student Government Association							
-Student Development							
Union Services							
Student Support Services	F						
VPSA's Office							
<b>VPIRP</b>							
-Digital Media Center							
Library							
-Library Copy Center							
Information Technology							
-CIO							
-Information Technology Services							
-Customer Technology Services							
-Networking and Telecommunication Services							

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## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit C. FY 2017 Audit Plan Five Year Plan (Continued...)

5 Year Audit History		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Audits						
-Goldmine (Student Information System)						
-IT Travel						
-IT Furniture						
-IT Change Management						
-IT Security		A	A	A	A	A
Payment Card Industry		F				
Digital Research Data						
Laptop Encryption			A	A	F	
IT Inventory			A	A	F	
Server Inventory						A
Center for Institutional Evaluation Research and Planning						
PeopleSoft Implementation			S	S	S	S
Executive Travel and Entertainment				A	A	A

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## V. Internal Audit Plan for Fiscal Year 2017 (Cont'd)

### Exhibit D. High Risks Not on Audit Plan

Detailed Risk Description	Risk Probability	Risk Impact	Risk Score (CHML)	Risk Mitigation Notes
<b>Animal Research laboratories are not adequately monitored to ensure animal safety</b>	Moderate	High	High	Follow-up Audits noted strong internal controls. Will consider audit in FY18.
<b>Account Reconciliations</b>	High	Moderate	High	New "Project Information Center" tool for multiple account reconciliations developed by the Office of Research and Sponsored Projects combines reconciliations for multiple accounts.
<b>PeopleSoft not stabilized to meet the demands of the university.</b>	High	High	Critical	UT Share Technical Upgrades
<b>PeopleSoft lack of work flow</b>	Moderate	High	High	Work flow implementation 2016
<b>Significant Deficiency in Controls over Cash Management</b>	Moderate	High	High	New control system implemented in 2015 by Financial Services to assist in cash management.
<b>Inadequate segregation of duties may increase exposure to fraud</b>	Moderate	High	High	Work flow implementation 2016
<b>Conflicts of interest/nepotism</b>	Moderate	High	High	Compliance Training and COI Disclosure
<b>Campus Carry increases risk of threat/exposure</b>	Moderate	High	High	Policies and procedures have been implemented. Active shooter trainings scheduled for all staff.
<b>Affordable Care Act Compliance</b>	Moderate	High	High	New compliance software implementation completed on campus in FY16.
<b>Clery Act</b>	Moderate	High	High	Previous Clery audits demonstrated compliance with reporting responsibilities. Will consider audit in FY18.
<b>Lack of financial aid lowers graduation rates</b>	Moderate	High	High	State Auditors' Office Annual Financial Aid Audits

**The University of Texas at El Paso  
Office of Auditing and Consulting Services  
Internal Audit Annual Report  
Fiscal Year 2015-2016**

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## **VI. External Audit Services Procured for Fiscal Year 2016**

The firm of Stockton, Scurry & Smith, P.C., was engaged to perform the audit for fiscal year 2016 of the KTEP FM radio station located on the UTEP campus. The audit was required by The Corporation for Public Broadcasting to enable UTEP to continue receiving grant funding from that organization.

**The University of Texas at El Paso**  
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**Fiscal Year 2015-2016**

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## **VII. Reporting Suspected Fraud and Abuse**

UTEP has independent organizations that implement the requirements of Section 7.09, Fraud Reporting, and General Appropriations Act (84th. Legislature, Conference Committee Report) Article IX and Texas Government Code, Section 321.022. 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:

- **Section 7.09, Fraud Reporting**, General Appropriations Act (84th. Legislature, Conference Committee Report) Article IX:
  - The University has a Hotline link on the home page website as a direct link to the State Auditor's web page for reporting fraud, waste and abuse in Texas.
  - There is a Hotline web site compliance module that may be accessed by all faculty staff and student employees that outline the process for reporting and provides information to access the SAO fraud reporting site.
  - The University Handbook of Operating Procedures Section VIII, Chapter 2 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.