

The University of Texas at El Paso

Internal Audit Annual Report



Fiscal Year 2017



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

500 West University Ave.
El Paso, Texas 79968
915-747-5191
WWW.UTEP.EDU

DATE: October 31, 2017

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 2017

Attached please find the Fiscal Year 2017 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.

Administration Bldg.
Fourth Floor
El Paso, Texas
79968-0586
(915) 747-5191
Fax (915) 747-8913

Table of Contents

I.	Compliance with Texas Government Code, Section 2102.015:	4
II.	Internal Audit Plan for Fiscal Year 2017	5
II.a	Deviations from FY 2017 Audit Plan.....	34
II.b	Summary of Changes - FY 2017 Audit Plan.....	36
II.c	Benefits Proportionality - Audit Requirements for Higher Education Institutions ..	37
II.d	Compliance with the Texas Education Code Section 51.9337	38
III.a	Audits Complete During FY 2016-2017	44
III.b	FY 2017 Consulting and Non-Audit Services Completed	57
IV.	External Quality Assurance Review -Baker Tilly-	58
V.	Internal Audit Plan for Fiscal Year 2018.....	60
V.a	High Risk Audit not in FY18 Plan	77
VI.	External Audit Services Procured in Fiscal Year 2016-2017	79
VII.	Reporting Suspected Fraud and Abuse	80

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

In accordance with Texas Government Code, Section 2102.015 Publication of Audit Plan and Annual Report on Internet, the following information will be posted on the Internet Web site of the University of Texas at El Paso's Institutional Audit Office:

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

II. Internal Audit Plan for Fiscal Year 2017



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Office of Auditing and Consulting Services



2017 Audit Plan

*Approved by the Internal Audit Committee
July 11, 2016*

DISTRIBUTION LIST

University of Texas at El Paso

Dr. Diana Natalicio, President
Mr. Richard Aauto, 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

TABLE OF CONTENTS

DISTRIBUTION LIST	1
OVERVIEW	3
RISK ASSESSMENT AND AUDIT PLAN DEVELOPMENT	4
RISK ASSESSMENT METHODOLOGY	6
VALUATION OF IMPACT AND PROBABILITY	7
Follow-up Audits	10
Consulting/Management Requests/Investigations.....	10
Reserves.....	10
Carry forward Audits	10
SCOPE OF AUDITS.....	11
BUDGET AND STAFFING	12
CALCULATION OF FY 2017 AUDIT HOURS.....	12
Exhibit A-1. FY 2017 Audit Plan – Risk Based Audits.....	13
Exhibit A-2. FY 2017 Audit Plan – Required Audits (Externally and Internally)	14
Exhibit A-3. FY 2017 Audit Plan – Consulting Projects, Investigations, Follow up, General Reserve.....	15
Exhibit A-4. FY 2017 Audit Plan – Development-Operations.....	16
Exhibit A-5. FY 2017 Audit Plan – Development-Initiatives and Education	16
Exhibit A-6. FY 2017 Audit Plan – Total Budgeted Hours.....	17
Exhibit A-7. FY 2017 Audit Plan – Allocation of Hours by Category	18
Exhibit B. FY 2017 Audit Plan – Calculation of Available Hours.....	19
Exhibit C. FY 2017 Audit Plan Five Year Plan	20
Exhibit D. High Risks Not on Audit Plan.....	28

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 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; 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.

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**

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.)

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 |

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

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

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

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.

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)**

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)**.

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

FY 2017 Audit Plan Engagements	Original Budget	Percent of Total	General Objective/Description
Risk Based Audits			
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
Risk Based Audits Subtotal	4475	38%	

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
Required Audits (Externally and Internally)			
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.
Required Audits Subtotal	1120	9%	

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

FY 2017 Audit Plan Engagements	Original Budget	Percent of Total	General Objective/Description
Consulting Projects			
Consulting Projects			
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
Consulting Subtotal	1520	13%	
Investigations			
Investigations	658		As hours are assigned to specific projects, they will be transferred to the appropriate category.
Investigations Subtotal	658	6%	
Follow Up			
Follow-up Audits	600		
Follow Up Subtotal	600	5%	
General Reserve			
Reserve for Audit of Emerging Risks	600		As hours are assigned to specific projects, they will be transferred to the appropriate category.
General Reserve Subtotal	600	5%	

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

FY 2017 Audit Plan Engagements	Original Budget	Percent of Total	General Objective/Description
Development - Operations			
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
-		-	
Development - Operations Subtotal	1740	15%	

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

FY 2017 Audit Plan Engagements	Original Budget	Percent of Total	General Objective/Description
Development - Initiatives and Education			
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
-		-	
Development - Initiatives and Education Subtotal	1035	9%	

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

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

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

2017 Audit Plan

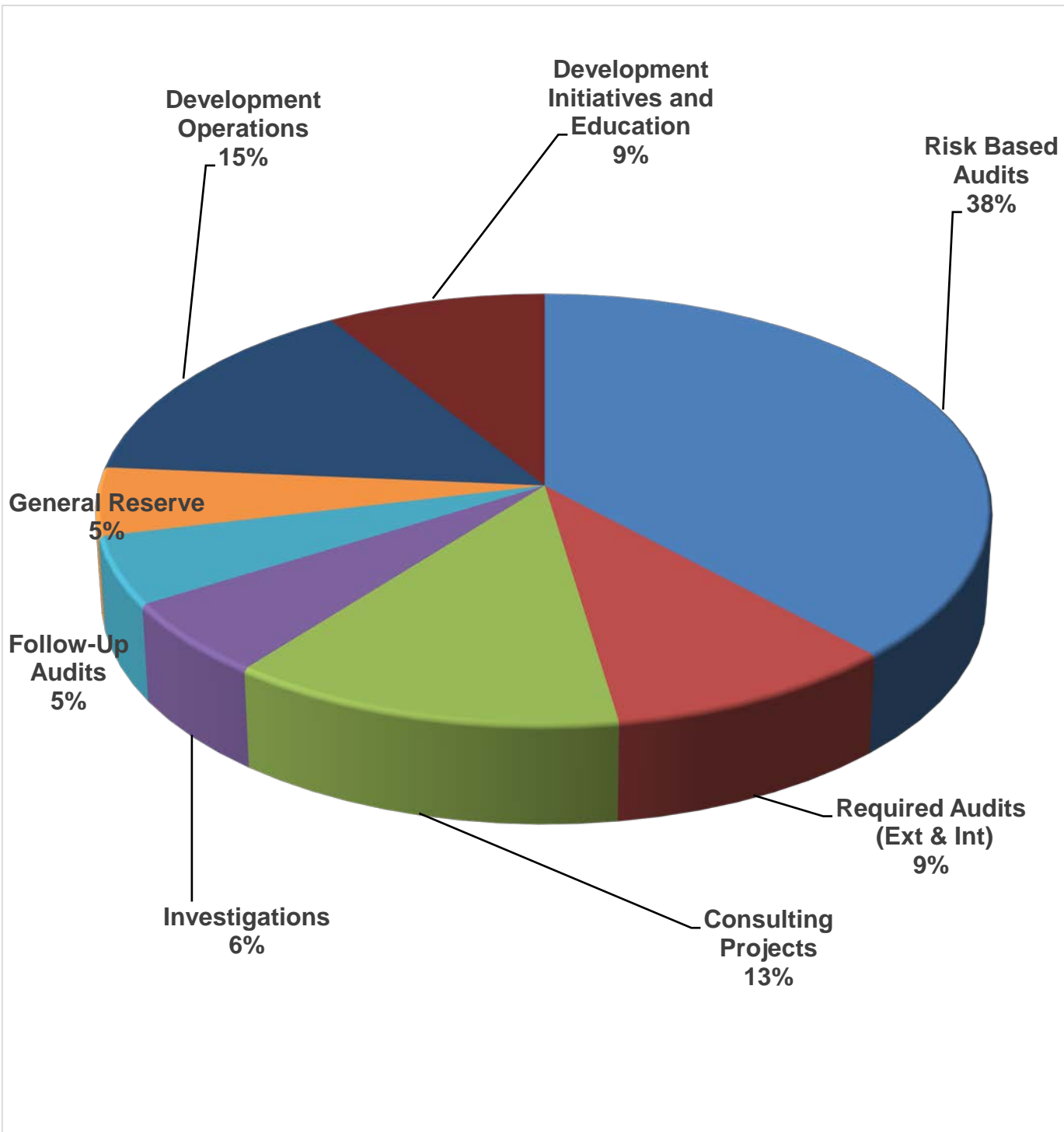


Exhibit B. FY 2017 Audit Plan – Calculation of Available Hours

Calculation of Available Hours					
	CAE Director	Management Team	Staff	Total	%
Audit Hours (Including Training/CPE)	1,381	1,414	8,953	11,748	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.

Exhibit C. FY 2017 Audit Plan Five Year Plan

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

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

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	
College of Health Sciences		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						
College of Liberal Arts						
-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:
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

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

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

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
VPRSP					
-Center for Environmental Resource Management					
-Center for Study of Western Hemispheric Trade					
-IM ³ /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					
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

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

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

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
Purchasing and Materials Management						
-Mail Services						
-Procurement Card			A	F	A/F	F
-Non-PO Vouchers						A
-Print Shop						
Miner Mall		A				F
-Contract and Bid Processes						A
VPBA's Office						
EVP						
Institutional Advancement						
-Alumni Relations						
-Scholarships						
-University Development						
-University Communications						
-University Relations						
-Conference Services						
Human Resource Services		F				
-Faculty Visas			A	A		
-Staff Visas					A	
Dependent Eligibility		A				F
Institutional Compliance		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						
Auditing and Consulting Services				E/A		
Environmental Health and Safety						

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

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)					
VPASA					
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				
VPASA's Office					
VPIRP					
-Digital Media Center					
Library					
-Library Copy Center					
Information Technology					
-CIO					
-Information Technology Services					
-Customer Technology Services					
-Networking and Telecommunication Services					

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

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	
-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	

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

Exhibit D. High Risks Not on Audit Plan

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

II.a Deviations from FY 2017 Audit Plan

FY 2017 Audit Plan	Original Budget	Additions/ Deletions	Adjusted Budget Hours
Risk Based Audits			
Budget Procedures	400	(400)	0
University Key Shop	300		300
Facilities Services Surplus Warehouse Operations	350		350
Title IX	400		400
Student Organizations	300	(300)	0
Effort Reporting	350		350
Banner Access	350		350
Payment Card Industry (PCI) Compliance	350		350
TAC 202 - Texas Department of Information Resources Requirements	350		350
NCAA Agreed Upon Procedures Audit	75		75
Change in Management Audit - Office of International Programs	250	100	350
Change in Management Audit - Office of the Registrar	250	(250)	0
Change in Management Audit - College of Health Sciences	0	350	350
Change in Management Audit - Asset Management and Development	0	400	400
Export Controls	300		300
Carryforward Audits:			
Cloud Computing	350		350
Exclusive Acquisition (Sole Source) Audit	100	50	150
Risk Based Audits Subtotal	4,475	(50)	4,425
Required Audits (Externally and Internally)			
FY 2016 Financial Statement Audit (Final)	250		250
FY 2017 Financial Statement Audit (Interim)	100		100
UTS 142.1 Monitoring Plan (FY 2017)	150		150
KTEP FM Radio Station	30	20	50
President's Travel, Entertainment and University Residence Maintenance	30		30
Executive Travel and Entertainment Expense Audit	250		250
Federal Portion of the Statewide Single Audit	100		100
NCAA Football Attendance Audit	90		90
Purchasing Compliance Assessment	20		20
Carryforward Audits:			
UTS 142.1 Monitoring Plan (FY2016)	100		100
Required Audits Subtotal	1,120	20	1,140
Consulting Projects			
Continuous Auditing PeopleSoft Queries	150		150
PeopleSoft Consulting	450		450
Year-end and Periodic Cash Counts	150		150
Consulting/Management Requests	500	270	770

II.a Deviations from FY 2017 Audit Plan (Cont'd)

FY 2017 Audit Plan	Original Budget	Additions/ Deletions	Adjusted Budget Hours
Carryforward Audits:			
Student Refunds	270	(270)	0
Consulting Subtotal	1,520	0	1,520
Investigations			
Investigations	658		658
Investigations Subtotal	658	0	658
Follow Up			
Follow-up Audits	600	100	700
Follow Up Subtotal	600	100	700
General Reserve			
Reserve for Audit of Emerging Risks	600	(320)	280
General Reserve Subtotal	600	(320)	280
FY 2017 Audit Plan	Original Budget	Additions/ Deletions	Adjusted Budget Hours
Development - Operations			
Internal Quality Assurance and Improvement Program activities	175		175
Self Assessment/QAR	200	50	250
Annual Audit Plan Development, including Risk Assessment	200	100	300
UT System, SAO, etc. reporting/requests; CPRIT Audit assist	120		120
TeamMate, software, website development/maintenance	300		300
Internal Audit Committee preparation/participation, Institutional	200		200
Training provided by Internal Audit to institutional departments/employees/etc. (NEO)	75		75
Staff meetings related to the management of the audit activity	400		400
Annual Internal Audit Report	30		30
Annual Reviews/Evaluations	40		40
Development - Operations Subtotal	1,740	150	1,890
Development - Initiatives and Education			
Work Group Initiatives	75		75
Internal Audit Management System	200	100	300
Professional organization/association participation	250		250
Individual Continuing Professional Development (CPE) Training	510		510
Development - Initiatives and Education Subtotal	1,035	100	1,135
Total Budgeted Hours	11,748	0	11,748

II.b Summary of Changes - FY 2017 Audit Plan

#	Project Name	Hours
Transfer of Hours between Categories:		
1	Reserve for Audit of Emerging Risks: (Approved at December 13, 2016 Audit Committee Meeting)	
	Transfer of remaining 320 hours to	
	a. Change in Management Audit - Asset Management and Development	250
	b. Exclusive Acquisition (Sole Source) Audit	50
	c. KTEP FM Radio Station	20
Proposed Removal of Projects from Fiscal Year 2017 Plan:		
1	Student Organizations:	
	Remove from the plan - Transfer of remaining 300 hours to	
	a. Self-Assessment/QAR	50
	b. Annual Audit Plan Development, including Risk Assessment	100
	c. Internal Audit Management System	100
	d. Consulting/Management Requests	50
2	Student Refunds:	
	Remove from the plan - Transfer of 270 hours to	
	a. Follow-up Audits	100
	b. Change in Management Audit - Asset Management & Development	150
	c. Consulting/Management Requests	20
3	Change in Management Audit - Office of the Registrar	
	Remove from the plan - Transfer of 250 hours to	
	a. Change in Management Audit - College of Health Sciences (new)	250
4	Budget Procedures:	
	Remove from the plan - Transfer of 400 hours to	
	a. Change in Management Audit - Office of International Programs	100
	b. Change in Management Audit - College of Health Sciences (new)	100
	c. Consulting/Management Requests	200

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

According to Rider 8, page III-44, the General Appropriations Act (85th 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 (SAO) no later than August 31, 2018. The audit must examine fiscal years 2015 through 2017, and must be conducted using a methodology approved by the State Auditor's Office (SAO).

An audit of the proportionality of higher education benefits process was conducted during FY 2016 by the SAO. The requirement for the audit included benefits funding proportionality for appropriation year (AY) 2015. Although there are not specific hours in the FY 2018 audit plan for benefits proportionality by fund audits, we have hours in a "Reserve for Audit of Emerging Risks" category that will be used for AY 2016 and 2017. Additionally, there will be specific audit hours included in our FY 2018 and 2019 audit plans for this purpose.

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.

II.d Compliance with the Texas Education Code Section 51.9337

Purchasing Authority Conditional; Required Standards (h)

Senate Bill 20 (84th 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 Office of Auditing and Consulting Services conducted this required assessment for fiscal year 2017, and found the following:

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

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
§51.9337(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) - UTEP Purchasing Dept. OP, Section 1: Ethics
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

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
			<ul style="list-style-type: none"> - UTEP Standards of Conduct Guide, Institutional Compliance Program & Training - UTEP Purchasing Dept. OP, Section 1: Ethics
3) A contract management handbook that provides consistent contracting policies and practices and contract review procedures, including a risk analysis procedure, subject to Subsection (d);	Yes		See §51.9337(d) <ul style="list-style-type: none"> - UTEP Purchasing Dept. Operating Procedures
4) Contracting delegation guidelines, subject to Subsections (e) and (f);	Yes		See §51.9337(e) and (f) <ul style="list-style-type: none"> - UTEP Purchasing Dept. OP, Section 3: Delegated Authority
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		<ul style="list-style-type: none"> - UTS156: Purchaser Training and Certification, Sec. 4 Core Training Curriculum Updated 9/21/17 - 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) <ul style="list-style-type: none"> - UTS129: Internal Audit Activities - UTEP HOP, Section VII, CH1: Audit and Consulting Services
§51.9337(c) – 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		<ul style="list-style-type: none"> - 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 updated 3.6.17 - UTS134: Sect 3, Code of Ethics for Financial Officers and Employees - UTEP Standards of Conduct Guide
1) 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		<ul style="list-style-type: none"> - 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

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
			<ul style="list-style-type: none"> - 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
2) 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		<ul style="list-style-type: none"> - 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
3) 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		<ul style="list-style-type: none"> - 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
4) A policy governing an officer's or employee's outside activities, including compensated employment and board service, that clearly delineates the nature and amount of permissible outside activities and that includes processes for disclosing the outside activities and for obtaining and documenting institutional approval to perform the activities;	Yes		<ul style="list-style-type: none"> - Regents' <i>Rules and Regulations</i>, Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 5 Approval and Disclosure Requirements - UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 6 Approval and Disclosure Policy Required & Sec. 8, Information to be disclosed to UT System Administration in an electronic database - UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Definitions - UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
			Outside Activities, 29.5 Disclosure and Approval -- UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, 29.6 Outside Activity Guidelines
5) 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		- Regents' <i>Rules and Regulations</i> , Rule 60306: Use of University Resources, Sec. 2 No Service as an Agent - UTEP HOP, Section V, CH29: Conflicts of Interest, Conflicts of Commitment, and Outside Activities 29.4 Un-Managed Conflicts of Interest and Conflicts of Commitment Prohibited
6) A policy governing the use of institutional resources; and	Yes		- Regents' <i>Rules and Regulations</i> , Rule 30104: Conflict of Interest, Conflict of Commitment, and Outside Activities, Sec. 8 Use of University Property - Regents' <i>Rules and Regulations</i> , Rule 60306: Use of University Resources, Sec. 3 Compensation for Resources Used - UTEP Standards of Conduct Guide, Use of UT and State of Texas Resources
7) A policy providing for the regular training of officers and employees on the policies described by this subsection.	Yes		- UTS180: Conflicts of Interest, Conflicts of Commitment, and Outside Activities, Sec. 13 Education and Training - UTEP Standards of Conduct Guide, Institutional Compliance Program
§51.9337(d) – 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		- Regents' <i>Rules and Regulations</i> , Rule 20901: Procurement of Goods and Services; Sec. 4, Contract Management Handbook updated 2.8.17 - UTEP Purchasing Dept. OP, Section 21: Contract Administration for Formal Contracts
1) A description of each step of the procedure that an institution must use to evaluate and process contracts;	Yes		- UTS145 Processing of Contracts, Sec. 4 Contract Processing Procedures - UTEP Purchasing Dept. OP, Section 20: Formal Contract Establishment

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
			- UTEP Purchasing Dept. OP, Section 21: Contract Administration for Formal Contracts
2) A checklist that describes each process that must be completed before contract execution; and	Yes		- UTS145 Processing of Contracts, Sec. 4 Contract Processing Procedures - UT System Office of General Counsel General Procedure Contract Checklist (last updated 6/15/2015) - UTEP Purchasing Dept. OP, Section 21: Contract Administration for Formal Contracts - "Contract Administration: Review for Signature Form" Current checklist reviewed and approved by institutional legal counsel.
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
§51.9337(e) – 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 updated 8/31/17 - UTS145: Processing of Contracts: Sec. 4, Step 4 Contract Thresholds - UTEP Purchasing Dept. OP, Section 3: Delegated Authority
§51.9337(f) – 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	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 updated 8/31/17 - UTEP Purchasing Dept. OP, Section 3: Delegated Authority

Requirement	In place?		Rule/Policy Reference / Comments
	Yes	No	
amount is expressly delegated by the board or an exception is expressly adopted by the board for that contract.			
§51.9337(g) – 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		<ul style="list-style-type: none"> - Regents' <i>Rules and Regulations</i>, Rule 20401: Audit and Compliance Program <ul style="list-style-type: none"> 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 - UTEP HOP, Section VII, CH1: Audit and Consulting Services <ul style="list-style-type: none"> 1.4 Responsibility 1.6 Standards of Audit Practice
§51.9337(h) – 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		<p>As documented herein.</p> <p>Certification statement to be included in the Annual Audit Report to the State Auditor's Office required under Texas Government Code §2102.</p>

III.a Audits Complete During FY 2016-2017

III.a. FY 2017 Audits Completed				
Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#16-09 Cloud Computing	2/28/2017	To Determine the adequacy of controls over cloud computer services	The ISO should develop an awareness program based on the System-Wide Information Security Office Training Materials	In Progress Training Materials will be created and incorporated into UTEP's annual Compliance Training for 2017 Expected Implementation Date: 11/01/2017
#16-13 Exclusive Acquisitions	11/29/2017	To review exclusive acquisitions and determine compliance with applicable federal, state and UT System regulations	No Findings were reported for this audit	N/A
#16-16 Monitoring Plan for Segregation of Duties and Account Reconciliation (UTS142.1)	12/9/2016	To determine compliance with The University of Texas System (UTS) 142.1: Monitoring Plan for Account Reconciliations	Although processes are in place, not all the departments are in compliance with UTS regulations.	In Progress The Office of the VPBA will review for segregation of duties and reconciliation of all departmental expense activity. This audit is performed on a yearly basis.
#17-01 Title IX	3/27/2017	To review processes utilized by The University of Texas at El Paso in administering Title IX Sexual Harassment and Violence regulations for compliance.	No Findings were reported for this audit	N/A
#17-04 Facilities Services Surplus Department	1/4/2017	To determine if The University's controls and processes provide reasonable assurance that surplus property is properly safeguarded, utilized and/or disposed of in compliance with relevant laws and policies.	The University Facilities Services should develop formal (documented and approved) internal control procedures for Surplus operations that address all basic types of control activities: (1) Separation of duties, (2) System of authorizations, (3) Physical safeguards, (4) Independent checks and reconciliations, and (5) Documentation	In Progress The department will update the policies and procedures once processes for surplus computers are established and tested. Process maps have been updated. Expected Implementation date: 5/1/217.

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-04 Facilities Services Surplus Department	1/4/2017	To determine if The University's controls and processes provide reasonable assurance that surplus property is properly safeguarded, utilized and/or disposed of in compliance with relevant laws and policies.	Management should establish a policy that includes guidelines for the safeguarding and proper monitoring of surplus inventory in storage.	In Progress The department will modify the operating procedures to include monthly cycle counts and reconciliations against the surplus inventory database. Expected Implementation Date: 2/1/2017
#17-04 Facilities Services Surplus Department	1/4/2017	To determine if The University's controls and processes provide reasonable assurance that surplus property is properly safeguarded, utilized and/or disposed of in compliance with relevant laws and policies.	Surplus in collaboration with IT Security should develop a consistent and effective process for the removal of confidential information from data processing systems that have been transferred to their department.	In Progress The department has been working with the Office of Information Security to develop a process where they certify that all information has been removed from computer hard drives before computers are turned in to the surplus Department. Expected Implementation Date 05/01/2017
#17-04 Facilities Services Surplus Department	1/4/2017	To determine if The University's controls and processes provide reasonable assurance that surplus property is properly safeguarded, utilized and/or disposed of in compliance with relevant laws and policies.	A reconciliation should be performed after each auction to determine the accuracy of all funds received from sales. Also a reconciliation of inventory items sold versus items left after the closing of the auction should be completed.	In Progress The department will modify the post auction operating procedures to include: <ul style="list-style-type: none"> • Reconciliation of inventory items sold, against the surplus database • Reconciliation of all monetary transactions against the "Settlement Documents" provided by the Auctioneer Expected Implementation Date 02/01/2017

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-05 Export Controls	6/29/2017	The objective of this audit was to determine if UTEP export control policies and procedures are in place to monitor transactions subject to the federal export control regulations, if the policies are consistent with The University of Texas System (UTS) policies	The University should appoint an Export Controls Officer with the authority to coordinate efforts across the various departments to help ensure compliance with export control regulations.	In Progress The Assistant Vice President for Research (AVPR) and Compliance Services at the Office of Research and Sponsored Projects (ORSP) have been working with the Information Security Office (ISO), the Office of International Programs, Human Resource Services, Purchasing, and Institutional Compliance to provide an annual compliance training module and basic reviews of potential non-compliance concerns. Expected Implementation Date 12/31/2017
#17-05 Export Controls	6/29/2017	The objective of this audit was to determine if UTEP export control policies and procedures are in place to monitor transactions subject to the federal export control regulations, if the policies are consistent with The University of Texas System (UTS) policies	The ORSP should maintain a listing of all export controlled projects by developing a method to identify and track them in PeopleSoft.	In Progress ORSP has identified new means of identifying Export Control projects to all parties concerned. This system will alert all key parties to recognize restricted project. Expected Implementation Date 12/31/2017

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-05 Export Controls	6/29/2017	The objective of this audit was to determine if UTEP export control policies and procedures are in place to monitor transactions subject to the federal export control regulations, if the policies are consistent with The University of Texas System (UTS) policies	HOP policies for Technology Control Plans (TCP) and Export Review forms should be followed to ensure compliance with federal regulations on export controls.	In Progress The Research Administrator (RA) managing the project and handling the development of the TCP is responsible to follow up with the PI in a timely fashion to ensure a TCP is completed, signed, and filed. In the quarterly checks by the Assistant Vice President for Research (AVPR) of project IDs ending in "R", missing TCP's will be identified and corrective actions will be taken. HOP policy reference to the TCP and Export Control Review form will be revised to allow project IDs to be issued prior to having a TCP in place. If a project requires an export control license, the PI will not be allowed to start work prior to the license being received. Expected Implementation Date: 12/31/2017
#17-05 Export Controls	6/29/2017	The objective of this audit was to determine if UTEP export control policies and procedures are in place to monitor transactions subject to the federal export control regulations, if the policies are consistent with The University of Texas System (UTS) policies.	For projects that allow foreign travel, additional procedures should be developed to ensure PIs and their support staff is aware of federal export control regulations.	In Progress The Information Security Office (ISO) has information on its website, which is part of the annual institutional compliance training cluster (where every employee at UTEP receives notice to complete the training), and is working with department employees to maximize basic compliance. ORSP will include ISO's "Encrypted Devices and foreign travel" training in its annual institutional training module for Export Control for sponsored projects. ORSP will also advise all PI's with foreign travel in their awarded budgets of the "Encrypted Devices and foreign travel" requirements. Expected Implementation Date 08/31/2017

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-05 Export Controls	6/29/2017	The objective of this audit was to determine if UTEP export control policies and procedures are in place to monitor transactions subject to the federal export control regulations, if the policies are consistent with The University of Texas System (UTS) policies.	The compliance training module related to export controls should provide detailed information regarding the risks associated with traveling abroad with an encrypted device. Additionally, the training module should be assigned to all researchers and their staff.	In Progress The institutional compliance training module related to export controls will be updated to include "foreign travel and encrypted devices" as stated in prior sections. ORSP will recommend administrative staff/office that have key roles in compliance with Export Controls, specifically foreign travel, receive the annual updated training module. Expected Implementation Date 08/31/2017
#17-06 Banner Access Registrar's Office	8/21/2017	Then objective of the audit was to: <ul style="list-style-type: none"> To verify University compliance with applicable laws, regulations and University policies and procedures for student records management, Ensure there is an approval and authorization process for Banner SIS, Determine the level of staff training and awareness of federal and state regulations regarding student records, Identify the type and effectiveness of controls over transcripts and grade changes, and Ensure the safe guarding & integrity of student records on the Banner SIS. 	A review of documented policies, procedures and forms should be performed at least every two years. Enterprise Computing and the Registrar's Office should work together to document: <ul style="list-style-type: none"> The process flow for the granting Banner SIS access, Monitoring and review of Banner SIS access, and Role -based Banner SIS access based on business requirements and any exceptions to the access. 	In Progress Enterprise Computing will work with Enrollment Services on developing a more role-based process for access and adjust processes accordingly. Expected Implementation Date 09/01/2018

IIla. FY 2017 Audits Completed

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-06 Banner Access Registrar's Office	8/21/2017	<p>Then objective of the audit was to:</p> <ul style="list-style-type: none"> • To verify University compliance with applicable laws, regulations and University policies and procedures for student records management, • Ensure there is an approval and authorization process for Banner SIS, • Determine the level of staff training and awareness of federal and state regulations regarding student records, • Identify the type and effectiveness of controls over transcripts and grade changes, and • Ensure the safe guarding & integrity of student records on the Banner SIS. 	Implement mitigating controls to remediate enterprise system programmers' update access to production. Develop and document a monitoring and review process for unapproved grade changes.	<p>In Progress</p> <p>Enterprise Computing will work with Enrollment Services to implement controls to mitigate the risk of unauthorized changes. Expected Implementation Date 12/01/2017</p>
#17-06 Banner Access Registrar's Office	8/21/2017	<p>Then objective of the audit was to:</p> <ul style="list-style-type: none"> • To verify University compliance with applicable laws, regulations and University policies and procedures for student records management, • Ensure there is an approval and authorization process for Banner SIS, • Determine the level of staff training and awareness of federal and state regulations regarding student records, • Identify the type and effectiveness of controls over transcripts and grade changes, and • Ensure the safe guarding & integrity of student records on the Banner SIS. 	Enterprise computing and the Registrar's Office should work together to develop and document a role-based access control that is limited to the business functions. Additionally, any exceptions that do not follow the access control should be documented.	<p>In Progress</p> <p>Enterprise Computing will work with Enrollment Services on developing a more role-based process for access. Expected Implementation Date 09/01/2018</p>

III.a FY 2017 Audits Completed

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses/ Action Plan
#17-06 Banner Access Registrar's Office	8/21/2017	<p>Then objective of the audit was to:</p> <ul style="list-style-type: none"> To verify University compliance with applicable laws, regulations and University policies and procedures for student records management, Ensure there is an approval and authorization process for Banner SIS, Determine the level of staff training and awareness of federal and state regulations regarding student records, Identify the type and effectiveness of controls over transcripts and grade changes, and Ensure the safe guarding & integrity of student records on the Banner SIS. 	Enterprise Computing should audit and review database access after any personnel changes to ensure the appropriate access or privileges are in place for all database accounts. Create a documented separation of duties matrix to define tasks and the type of database access based on job function. Document the results as well as any exceptions to the database access structure.	<p>In Progress</p> <p>Enterprise computing will work with Enrollment Services to implement controls to mitigate the risk of unauthorized changes and document the separation of duties. Expected Implementation Date 12/31/2017</p>
#17-07 Change in Management-Asset Management and Development	5/30/2017	<p>To determine if:</p> <p>A. the department is functioning in a control conscious environment,</p> <p>B. Asset Management and Development (AM&D) is in compliance with The University of Texas System (UT System) and The University of Texas at El Paso (UTEP) policies regarding the gift and endowment processing,</p> <p>C. Administrative and financial operations are performed in accordance with University policies and procedures, and</p> <p>D. Security controls and safeguarding of information and resources are in place.</p>	A complete review of AM & D's computing devices by Technical Support. Implement, in all laptop and desktop computers, necessary safeguards such as encryption and antivirus to reduce the risk of compromised information or malicious threats. Obtain exceptions as needed from the Information Security Office and document all computers not encrypted.	<p>In Progress</p> <p>A complete review of AM&D's computing devices by Technical Support will be undertaken to ensure all laptop and desktop computers have all necessary safeguards, such as encryption and antivirus software, to reduce the risk of compromising information or being adversely affected by malicious threats. We will obtain exceptions as needed from the Information Security Office and document all computers that are not encrypted. Expected Implementation Date 08/31/2017</p>

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-07 Change in Management-Asset Management and Development	5/30/2017	To determine if: A. the department is functioning in a control conscious environment, B. Asset Management and Development (AM&D) is in compliance with The University of Texas System (UT System) and The University of Texas at El Paso (UTEP) policies regarding the gift and endowment processing, C. Administrative and financial operations are performed in accordance with University policies and procedures, and D. Security controls and safeguarding of information and resources are in place.	A scheduled periodic review and monitoring of privilege administrative account(s) should be performed, to include administrative rights by a vendor to support and provide problem resolution of a business system. The privilege administrative account should be enabled only when needed and contain an expiration date. Additionally, the password should be changed at least once a year and logins should be monitored and reviewed.	In Progress A scheduled periodic review and monitoring of privileged administrative account(s) will be performed, to include a review of administrative rights by vendors who support and provide problem resolution of our business systems. Vendors requiring access to campus servers will notify the Director of Database Systems and provide specific timeframes the server will need to be accessed. EC will be notified and provided with timeframes the vendor requires. EC sets up automatic expiration times to lock servers. The Director of Database Systems will communicate with EC to monitor expiration dates to any special privileged accounts to department servers (after specific accessed times) and on a yearly basis. Expected Implementation Date 07/01/2017
#17-07 Change in Management-Asset Management and Development	5/30/2017	To determine if: A. the department is functioning in a control conscious environment, B. Asset Management and Development (AM&D) is in compliance with The University of Texas System (UT System) and The University of Texas at El Paso (UTEP) policies regarding the gift and endowment processing, C. Administrative and financial operations are performed in accordance with University policies and procedures, and D. Security controls and safeguarding of information and resources are in place.	A scheduled periodic review and monitoring of user accounts should be performed and all authorized users should be removed.	In Progress A scheduled periodic review and monitoring of user accounts will be performed and all unauthorized users will be removed. Expected Implementation Date 08/31/2017

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-07 Change in Management-Asset Management and Development	5/30/2017	To determine if: A. the department is functioning in a control conscious environment, B. Asset Management and Development (AM&D) is in compliance with The University of Texas System (UT System) and The University of Texas at El Paso (UTEP) policies regarding the gift and endowment processing, C. Administrative and financial operations are performed in accordance with University policies and procedures, and D. Security controls and safeguarding of information and resources are in place.	To ensure timely and accurate reports to donors, • Policies and procedures, including time frames for the delivery of Annual Reports to Donors should be developed. • A schedule should be developed to assist with the process, and shared with all personnel involved. • The reports should go through a structured review process prior to distribution to ensure all information is complete and accurate. The tracking log of reports should indicate the date sent to donors.	In Progress Will develop policies and procedures, including time frames for the delivery of Annual Reports to Donors. Timeline for reporting process will be shared with all personnel involved in this activity and reports will undergo a structured review process prior to distribution to ensure all information is complete and accurate. A tracking log of this annual mailing will be implemented indicating date and type of report mailed to donor. Expected Implementation Date 10/10/2017
#17-07 Change in Management-Asset Management and Development	5/30/2017	To determine if: A. the department is functioning in a control conscious environment, B. Asset Management and Development (AM&D) is in compliance with The University of Texas System (UT System) and The University of Texas at El Paso (UTEP) policies regarding the gift and endowment processing, C. Administrative and financial operations are performed in accordance with University policies and procedures, and D. Security controls and safeguarding of information and resources are in place.	Account reconciliations should be prepared on a monthly basis. Both the reviewer and approver must sign off on the reconciliation, and documentation should be retained to serve as back-up for charges made on department accounts. An in-depth analysis of all Asset Management and Development accounts should be performed to identify inactive accounts and investigate the reasons for inactivity and unexpended balances.	In Progress Monthly Account reconciliations for current fiscal year will be prepared. Both the reviewer and approver will evaluate and certify the monthly reconciliation, in writing, and documentation will be retained to serve as support for charges made to department accounts. An in-depth analysis of all Asset Management and Development accounts will be performed to identify inactive accounts and investigate and document the reasons for inactivity and unexpended balances. Expected Implementation Date 08/31/2017

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-07 Change in Management-Asset Management and Development	5/30/2017	To determine if: A. the department is functioning in a control conscious environment, B. Asset Management and Development (AM&D) is in compliance with The University of Texas System (UT System) and The University of Texas at El Paso (UTEP) policies regarding the gift and endowment processing, C. Administrative and financial operations are performed in accordance with University policies and procedures, and D. Security controls and safeguarding of information and resources are in place.	Policies and procedures should be updated to reflect the administrative, financial and information technology operations of the department in order to provide guidance to employees and facilitate oversight and monitoring.	In Progress Policies and procedures will be updated to reflect the administrative, financial and information technology operations of the department in order to provide guidance to employees and facilitate oversight and monitoring. Expected Implementation Date 12/31/2017
#17-08 Executive Travel and Entertainment Expense	8/21/2017	To determine if expenses incurred by The University of Texas at El Paso (UTEP) executive officers were in compliance with applicable laws, regulations, policies and procedures.	An approved PeopleSoft travel authorization should be on file prior to all travel.	In Progress Refresher trainings related to travel authorizations and expense reimbursements procedures have been provided to personnel dealing with travel processing. This audit is performed on a yearly basis.
#17-08 Executive Travel and Entertainment Expense	8/21/2017	To determine if expenses incurred by The University of Texas at El Paso (UTEP) executive officers were in compliance with applicable laws, regulations, policies and procedures.	Itemized receipts should be provided for all reimbursements.	In Progress Refresher trainings related to travel authorizations and expense reimbursements procedures have been provided to personnel dealing with travel processing. This audit is performed on a yearly basis.

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-08 Executive Travel and Entertainment Expense	8/21/2017	To determine if expenses incurred by The University of Texas at El Paso (UTEP) executive officers were in compliance with applicable laws, regulations, policies and procedures.	Incomplete entertainment expense forms should be returned to the department for revisions. Additionally, the form should be signed by the cost center owner. If the reimbursement is sought by the cost center owner, the approval should be one level above.	In Progress Management acknowledges that there have been deficiencies in this process. The current policy is being reviewed and will be updated. The current policy is being reviewed and will be updated. The Entertainment Expense form will also be modified to include print name and signature lines. The "Department Head" signature line currently appearing on the form will be changed to "Supervisor". The updated form will be uploaded to Forms Mine and the College Administrative Officers (CAOs) will be notified to ensure the administrative support staff within their respective colleges use the updated form. This audit is performed on a yearly basis.
#17-08 Executive Travel and Entertainment Expense	8/21/2017	To determine if expenses incurred by The University of Texas at El Paso (UTEP) executive officers were in compliance with applicable laws, regulations, policies and procedures.	All travel transactions and employee reimbursements should include an appropriate business purpose as part of the support documentation. If an appropriate business purpose is not included, the document should be sent back to the department for revisions.	In Progress We agree with the auditors' comments, and the following action will be taken to improve the situation. We will have each employee in the Accounts Payable office review the current policies and procedures by the end of the first quarter of FY 2017-18 to ensure the reimbursement is for an appropriate business purpose and to question those requests that do not appear in accordance with this policy. This audit is performed on a yearly basis.
#17-09 NCAA Football Attendance Audit	2/10/2017	To provide reasonable assurance that the Intercollegiate Athletics Department's reporting of football home game attendance is in compliance with the National Collegiate Athletic Association (NCAA) bylaws Requirements.	No Findings were reported for this audit	N/A

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-10 University Key Shop	TBD	To determine the effectiveness of existing policies and procedures and the adequacy of controls related to the issuance, control maintenance and return of keys and key records.	The UTEP Standard Operating Procedure (SOP) and all other related policies should be consistent and updated. The Key Shop should work with Human Resources to implement one option for key return.	In Progress Facilities Management is conducting their own analysis for the access control systems. Once the analysis has established baseline data, they will maintain and monitor the process for any opportunities for improvement. Expected Implementation Date 9/1/2018
#17-10 University Key Shop	TBD	To determine the effectiveness of existing policies and procedures and the adequacy of controls related to the issuance, control maintenance and return of keys and key records.	The Key Shop should have a monitoring process in place to be in compliance with the UTEP SOP, which includes sending an annual report to the office key coordinators.	In Progress Facilities Management is in the process of migrating the access control database from KeyNet to our TMA system. The new process will facilitate a yearly report that will be executed by the Space Management Manager and will provide an interface to all space custodians and HR to review active key inventories for individuals and/or spaces. Expected Implementation Date 12/1/2018.
#17-10 University Key Shop	TBD	To determine the effectiveness of existing policies and procedures and the adequacy of controls related to the issuance, control maintenance and return of keys and key records.	The Key Shop should determine the accuracy of records in the current database in order to transfer them to the new system.	In Progress Facilities Management is transitioning from KeyNet and past processes to a new system and database. Currently, various personal within Facilities Management are validating transitioned data to ensure accuracy. All records are being verified using data from PeopleSoft. As reports are created and reviewed with the campus community space stewards, the records will be updated and will allow for even greater accuracy. Expected Implementation Date 9/1/2018.

IIIa. FY 2017 Audits Completed (Cont'd)

Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-10 University Key Shop	TBD	To determine the effectiveness of existing policies and procedures and the adequacy of controls related to the issuance, control maintenance and return of keys and key records.	The Key Shop should ensure that: <ul style="list-style-type: none"> • Appropriate and complete authorization forms are on file for all individuals with key access to University offices, and • The key request forms contain correct key issuance dates and proper authorization signatures 	In Progress The Space Management Office has established and implemented a document listing all space/access control custodian(s). This list ensures all access is reviewed and verified by the appropriate space custodian(s). A new web based system is currently being tested. Expected Implementation Date 8/31/2017
#17-10 University Key Shop	TBD	To determine the effectiveness of existing policies and procedures and the adequacy of controls related to the issuance, control maintenance and return of keys and key records.	The contractor's key policy should be updated and consistent. Temporary keys issued to third parties should be monitored to ensure safety	In Progress Contractors will need to have University personal request a key on their behalf. The same process that is used by the campus community to request keys will be used for contractors as well. On the request form, a duration will need to be specified for the requested access. Upon expiration, a notification will be sent to collect the key and remove access. Expected Implementation Date 12/31/17
#17-16 TAC 202-Texas Department of Information Resources Requirements	9/6/2017	To determine compliance with Information Security Control Standards Catalog TAC202.76 controls that needed to be implemented by February 2017 per the Texas DIR.	Provide a Visitor's Log to record visitor access from the data centers as mandated in the Texas Rules and Standards, security control PE-8 Visitor Access Records. The logs should be included as part of the review and monitoring of entrance and access to Enterprise computing (EC) and the Research and Academic Data Center (RADC) by the responsible party for the facility.	In Progress A visitor log will be placed at the entrance of the datacenters. Visitors will sign-in upon entry. Expected Implementation Date 9/18/2017

III.b FY 2017 Consulting and Non-Audit Services Completed

IIIb. FY 2017 Consulting and Non-Audit Services Completed				
Audit Report Number and Name	Report Date	Audit Objectives	Recommendation(s)	Management Responses / Action Plan
#17-18 Fiscal Year 2017 Cash Counts	10/17/17	To verify the existence and accuracy of the change fund balances recorded in PeopleSoft accounts.	<ul style="list-style-type: none"> Reconciliations of the change funds should be performed at least weekly to ensure accurate recording of account balances and to safeguard assets. Deposits should be made in a timely manner 	N/A This is an audit that is conducted on an annual basis.
Continuous Auditing: Query Updates for Course Fees and Major fees	2017	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>During the project we noted the following:</p> <ul style="list-style-type: none"> 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. <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.

IV. External Quality Assurance Review -Baker Tilly-



I

Report of the Results of the Independent Validation of the Quality Assessment Review of the Office of Auditing and Consulting Services at University of Texas at El Paso

June 7, 2017





Candor. Insight. Results.

IV. EXTERNAL QUALITY ASSURANCE (PEER REVIEW)

June 7, 2017

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

In May 2017, University of Texas at El Paso's (UTEP) Office of Auditing and Consulting Services (OACS or IA) completed a self-assessment of internal audit activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). UTEP OACS engaged an independent review team consisting of three internal audit professionals with extensive higher education experience to perform an independent validation of OACS' QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning IA's conformity to the Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing* (the IIA *Standards*) and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the Texas Internal Auditing Act (TIAA).

The IIA's *Quality Assessment Manual* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform." "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*. "Partially conforms" means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the IA activity from performing its responsibilities in an acceptable manner. "Does not conform" means deficiencies are judged to be so significant as to seriously impair or preclude the IA activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by OACS, we agree with UTEP OACS' overall conclusion that the internal audit function "Generally Conforms" with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the Code of Ethics, as well as with OACS' conclusions regarding GAGAS and TIAA requirements. Our review noted strengths as well as opportunities for enhancing the internal audit function.

This information has been prepared pursuant to a client relationship exclusively with, and solely for the use and benefit of, The University of Texas System Administration and OACS and is subject to the terms and conditions of our related contract. Baker Tilly disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than The University of Texas System Administration and University of Texas at El Paso.

The review team appreciates the cooperation, time, and candid feedback of executive leadership, stakeholders, and OACS personnel.

Very truly yours,

Baker Tilly Virchow Krause, LLP



V. Internal Audit Plan for Fiscal Year 2018



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

Office of Auditing and Consulting Services



2018 Audit Plan

*Approved by the Internal Audit Committee
July 13, 2017*

DISTRIBUTION LIST

The 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

Mr. Benjamin Gonzalez, Vice President, Asset Management and Development

Dr. Carol Parker, Provost and Vice President for Academic Affairs

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

The 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

The University of Texas at El Paso 2018 Audit Plan

TABLE OF CONTENTS

DISTRIBUTION LIST.....	1
OVERVIEW	3
RISK ASSESSMENT AND AUDIT PLAN DEVELOPMENT	5
VALUATION OF IMPACT AND PROBABILITY.....	7
Follow-up Audits	9
Consulting/Management Requests/Investigations	9
Reserves.....	9
Carry forward Audits	9
SCOPE OF AUDITS	10
Exhibit A-1. FY 2018 Audit Plan – Risk Based Audits	11
Exhibit A-2. FY 2018 Audit Plan – Required Audits (externally and internally)	13
Exhibit A-3. FY 2018 Audit Plan – Risk Based Consulting Projects, Investigations, Follow up, Risk Based General Reserve	14
Exhibit A-4. FY 2018 Audit Plan – Development-Operations.....	16
Exhibit A-5. FY 2018 Audit Plan – Development-Initiatives and Education	17
Exhibit A-6. FY 2018 Audit Plan – Total Budgeted Hours.....	17
Exhibit A-7. FY 2018 Audit Plan – Allocation of Hours by Category	19

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 FY 2018. The 2018 Audit Plan describes the internal audit activities to be performed by the Office of Auditing and Consulting Services (OACS) in FY 2018.

The process of preparing the 2018 Audit Plan included identifying risks that may impact university objectives and business activities. The Internal Audit Committee reviewed and approved the 2018 Audit Plan. Members of the Internal Audit Committee provided input, as did senior management, 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 Daudistel, Interim Provost and Vice President for Academic Affairs
- Dr. Carol Parker, Provost and Vice President for Academic Affairs
- Dr. Stephen Riter, Vice President for Information Resources and Planning
- Dr. Gary Edens, Vice President for Student Affairs
- Dr. Roberto Osegueda, Vice President for Research
- Mr. Benjamin Gonzalez, Vice President, Asset Management and Development
- Mr. Richard Adatao III, Executive Vice President

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

- Mr. Jesus Carrillo, Director, Facilities Services
- Mr. Gerard Cochrane, Chief Information Security Officer
- Ms. Manuela Dokie, Assistant Vice President for Research and Compliance Services
- Ms. Elizabeth Flores, Associate Provost
- Ms. Robin Gerrow, Vice President, Office of University Communications
- Dr. Cynthia Giorgis, Dean, College of Education
- Mr. Juan Gonzalez, Director, Student Business Services

- Ms. Heidi Granger, Assistant Vice President, Student Financial Services
- Mr. Luis Hernandez, Director, Enterprise Computing
- Mr. Jose Huerta, Director, Telecommunication Infrastructure
- Dr. Ryan Holmes, Assistant Vice President for Student Support
- Mr. Carlos Martinez, Comptroller
- Dr. Victor Pacheco, Assistant Vice President, Business Affairs
- Mr. Frank Poblano, Executive Director, Technology Support
- Ms. Joanne Richardson, Director, Budget Office
- Dr. Jose Rivera, Dean, College of Pharmacy
- Mr. Robert Stull, Director, Intercollegiate Athletics
- Dr. Amanda Vasquez-Vicario, Assistant Vice President, Enrollment Services

RISK ASSESSMENT AND AUDIT PLAN DEVELOPMENT

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

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

See **Exhibits (A-1 through A-7)** for the approved **FY 2018 Annual Audit Plan**.

The audit plan was broken down into eight major categories: **Exhibits (A-1 through A-7)**:

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

Consideration of the following was given in developing the 2018 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.)
- EY Advisory Services guided IT Risk Assessment

RISK ASSESSMENT METHODOLOGY

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

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

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

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

VALUATION OF IMPACT AND PROBABILITY

IMPACT -The impact of a risk is the effect 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.
- **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

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

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 recommendations have been verified as implemented.

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 2017 Annual Audit Plan audits in progress at August 31, 2017.

SCOPE OF AUDITS

The IPPF addresses the scope of work as follows:

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

"In performing consulting engagements, internal auditors must 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 2018 Annual Audit Plan is described in

Exhibits (A-1 through A-7)

Exhibit A-1. FY 2018 Audit Plan – Risk Based Audits

FY 2018 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Risk Based Audits			
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.
Scholarship Office	350		Review donor scholarships to determine if funds are appropriately utilized.
Procurement Card	250		Test expenditures to confirm compliance with updated policies and procedures.
Non-PO Vouchers	300		Test expenditures for compliance with University purchasing procedures.
Off Cycle Payroll	300		Review current off-cycle payroll process; determine if policies and procedures are followed and review any duplicate payments.
Year-end and Periodic Cash Counts	250		Recurring management request.
Executive Travel and Entertainment Expense Audit	250		Required annual audit.
Human Resources - Immigration Services	350		Assess efficiency of Immigration Services and verify compliance with employment eligibility regulations for new employees.
Laboratory Safety	350		Look at current biosafety requirements and determine if procedures are adhered to in the administration of labs and biological materials.
Red Flags Rule	150		Confirm compliance with current Red Flags Rule requirements.
Cost Sharing	250		Test cost share research agreements to determine compliance.
Office of International Programs	250		Provide reasonable assurance that OIP is in compliance with federal reporting requirements for the Student and Exchange Visitor Information System and with federal immigration policies for student visas.

FY 2018 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Risk Based Audits Continued...			
Blackboard Technology and Services	350		Assess the effectiveness of processes and security controls for Blackboard on the Cloud. Assess the different modules of Blackboard.
Cybersecurity	400		Assess the effectiveness of processes and security controls for cybersecurity. Review compliance regulations.
Change and Configuration Management	300		Assess the design and effectiveness of processes and controls for change and configuration management. Review compliance regulations.
Hardware Asset and Maintenance Management Controls	300		Assess the design and effectiveness of processes and controls that IT has deployed related to hardware and IT asset management. Review the impact of these processes on related IT processes such as IT service management, IT contract management and information security.
Departmental Audits	750		Document and test departmental operations for new director/dean.
Carryforward Audits:			
Payroll Certification	100		Test the payroll certification process to determine compliance with updated Uniform Guidance.
Departmental Audit - Office of International Programs (OIP)	150		Financial review of cost centers for OIP and Study Abroad program.
Departmental Audit - College of Health Sciences	250		Document and test departmental operations to provide a baseline for the new dean.
Risk Based Audits Subtotal	6050	53%	

Exhibit A-2. FY 2018 Audit Plan – Required Audits (externally and internally)

FY 2018 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Required Audits (External and/or Internal)			
FY 2017 Financial Statement Audit (Final)	85		Required annual audit.
FY 2018 Financial Statement Audit (Interim)	10		Required annual audit.
UTS 142.1 Monitoring Plan (FY2018)	175		Required annual audit.
NCAA Agreed Upon Procedures Audit	60		Required annual audit.
NCAA Football Attendance Audit	125		Recurring Management Request.
KTEP FM Radio Station	50		Support to external auditor.
Federal Portion of the Statewide Single Audit	125		Assistance to the State Auditor's Office.
Purchasing Compliance Assessment	20		Required annual assessment.
<i>Carryforward Audits:</i>			
UTS 142.1 Monitoring Plan (FY2017)	50		Required annual audit.
Required Audits Subtotal	700	6%	

Exhibit A-3. FY 2018 Audit Plan – Risk Based Consulting Projects, Investigations, Follow up, Risk Based General Reserve

FY 2018 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Risk Based Consulting Projects			
Continuous Auditing PeopleSoft Queries	225		Quarterly update of management-requested reports - tuition and fees management and new query development for transfers and carryforwards.
PeopleSoft Consulting	250		Support for PeopleSoft post-implementation locally and system-wide.
Consulting/Management Requests	302		As hours are assigned to specific projects, they will be transferred to the appropriate category.
Participation in Institutional Committees/Council, etc.	60		As needed.
Training provided by Internal Audit to institutional departments/employees/etc.	75		Continuous auditing presentations and others as requested.
Consulting Subtotal	912	8%	
Investigations			
Investigations	200		As hours are assigned to specific projects, they will be transferred to the appropriate category.
Investigations Subtotal	200	2%	
Follow Up			
Follow-up Audits	600		
Follow Up Subtotal	600	5%	
Risk Based General Reserve			
Reserve for Audit of Emerging Risks	400		As hours are assigned to specific projects, they will be transferred to the appropriate category.
General Reserve Subtotal	400	3%	

Exhibit A-4. FY 2018 Audit Plan – Development-Operations

FY 2018 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Development - Operations			
Internal Quality Assurance and Improvement Program activities	250		As requested.
Annual Audit Plan Development, including Risk Assessment	300		Preparation of FY 2019 Risk Assessment and Audit Plan.
UT System, SAO, etc. reporting/requests; CPRIT Audit assist	125		Responses for requests for information.
TeamMate, software, website development/maintenance	300		Non-project related development/maintenance.
Internal Audit Committee preparation/participation	190		Preparation of presentation documents for Institutional Audit Committee meetings; meetings with external audit committee members.
Staff meetings related to the management of the audit activity	350		Monthly staff meetings and status update meetings as needed.
Annual Internal Audit Report	50		Preparation of Annual Internal Audit Report for FY 2018.
Annual Reviews/Evaluations	60		Preparation of self-appraisals and Evaluations
Development - Operations Subtotal	1625	14%	

Exhibit A-5. FY 2018 Audit Plan – Development-Initiatives and Education

FY 2018 Audit Plan	Original Budget	Percent of Total	General Objective/Description
Development - Initiatives and Education			
Work Group Initiatives	150		As needed.
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	528		Continuing professional development for staff members.
IAEP Program	100		As needed.
Development - Initiatives and Education Subtotal	1028	9%	

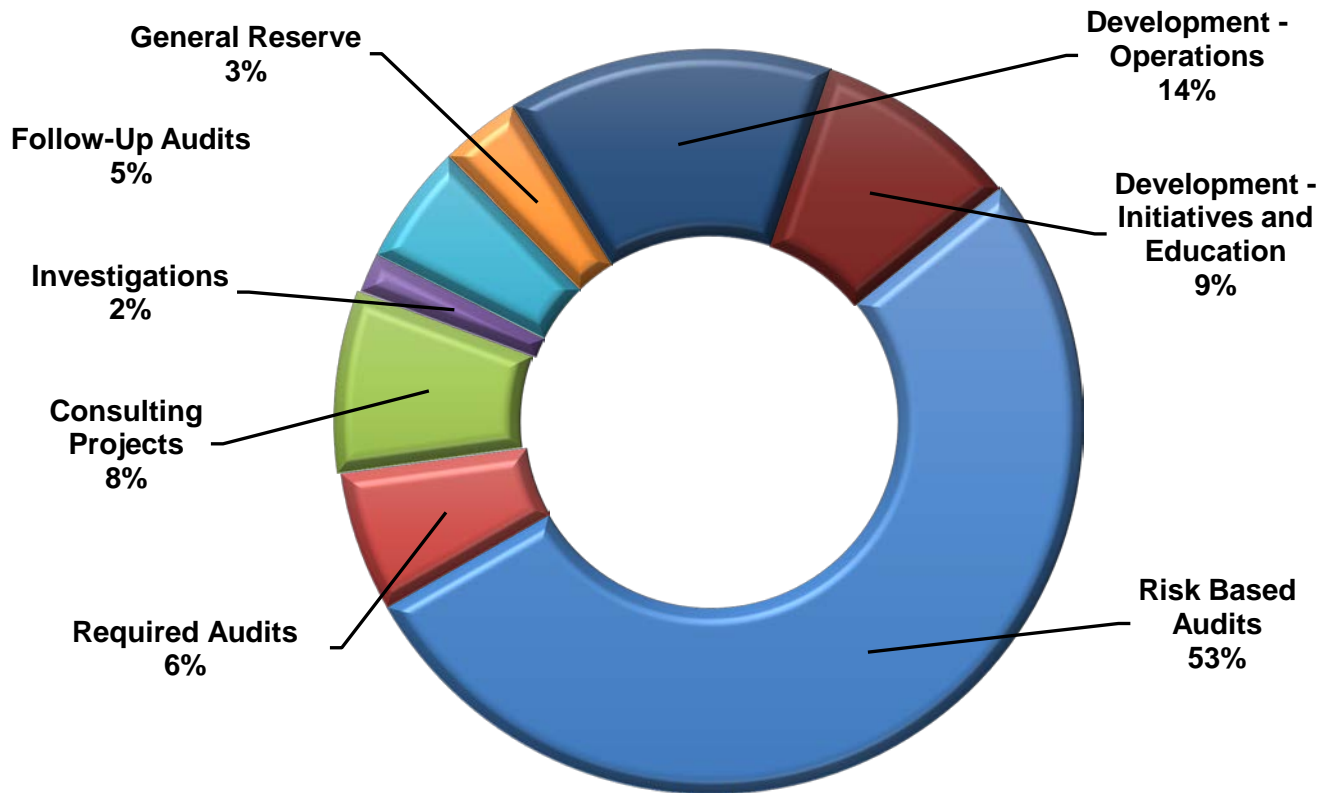
Exhibit A-6. FY 2018 Audit Plan – Total Budgeted Hours

FY 2018 Audit Plan	Original Budget	Percent of Total
Risk Based Audits Subtotal	6050	53%
Required Audits Subtotal	700	6%
Consulting Subtotal	912	8%
Investigations Subtotal	200	2%
Follow Up Subtotal	600	5%
General Reserve Subtotal	400	3%
Development - Operations Subtotal	1625	14%
Development - Initiatives and Education Subtotal	1028	9%
Total Budgeted Hours	11,515	100%

Exhibit A-7. FY 2018 Audit Plan – Allocation of Hours by Category

2018 Audit Plan

Percentage of Hours Allocated by Category



V.a High Risk Audit not in FY18 Plan

#	Detailed Risk Description	Impact	Probability	Risk Mitigation
1	Significant Deficiency in Controls over Cash Management	High	Moderate	Audit 17-027 Texas SAO Issue 2016-143 SAO Follow Up October 2017
2	Ineligible students awarded financial aid	High	Moderate	Audit 17-027 Texas SAO Issue 2016-143 SAO Follow Up October 2017
3	Inaccurate enrollment reporting	High	Moderate	Audit 17-027 Texas SAO Issue 2016-143 SAO Follow Up October 2017
4	Material weakness noncompliance return of Title IV funds	High	High	Audit 17-027 Texas SAO Issue 2016-143 SAO Follow Up October 2017
5	Controlled items (as defined by ITAR & EAR) are exported without license.	High	Moderate	Audit 17-05 Export Controls
6	Controlled items deemed exports are released	High	Moderate	Audit 17-05 Export Controls
7	PeopleSoft not stabilized to meet the demands of the university.	High	Moderate	UT Share
8	PeopleSoft lack of work flow	High	Moderate	Will audit after E Form implementation Travel workflow has been implemented, E form implementation will take place
9	Significant Deficiency in Controls for Journal Entry Approvals	High	Moderate	AFR performed by Deloitte
10	Inadequate segregation of duties may increase exposure to fraud	High	Moderate	AFR performed by Deloitte
11	Lack of employee training on management of gifts and endowments	High	Moderate	Audit 17-07 Asset Management and Development
12	Gift allocation does not follow donor guidelines	High	Moderate	Audit 17-07 Asset Management and Development
13	Gift expenditures do not follow donor guidelines	High	Moderate	Audit 17-07 Asset Management and Development
14	Inaccurate effort reporting	High	Moderate	Audit 17-SRP-01 Effort Reporting
15	Loss of assets due to theft/fraud not detected due to weak inventory controls	High	High	Reorganization of department and new management in 2017; currently review inventory as part of departmental
16	Loss of research. Fines and penalties	High	Moderate	Audit 17-05 Export Controls

#	Detailed Risk Description	Impact	Probability	Risk Mitigation
17	Lack of inventory control results in financial loss	High	High	Reorganization of department and new management in 2018. Will audit as special project in 2018 or as risk based
18	APS outside contractor forms are not completed in accordance with University policies	High	Moderate	Potential audit for 2018
19	Compliance with federal regulations: Title IX	High	Moderate	Audit 17-01 Title IX no findings
20	High Unexpended balances	High	Moderate	Continuous auditing reports highlight high balances for review. Risk management plan
21	Parts of term are not approved according to THECB guidance and SACS accreditation	High	Moderate	SACS accreditation renewed in 2016
22	Lack of funding for Hazelwood Exemptions by the Legislature.	High	Moderate	Texas legal requirement cannot be waived
23	Insufficient funds to build a full disaster recovery "hot site" for critical UTEP functions.	High	High	Audit 16-04 Back-up and Recovery audit EY-IT Governance Audit
24	Sensitive data (such as PII) being stored in unnecessary location poses unnecessary	High	Moderate	EY-Data governance and classification audit. Will audit in 2019
25	Using 3rd party software/cloud storage prevent knowledge of what students are storing in the cloud.	High	Moderate	EY Risk List Audit 16-09a Cloud Computing Audit
26	Distributed Information Technology	High	Moderate	IT component included in departmental reviews
27	Information Security-PCI Compliance	High	Moderate	Audit 17-15 PCI Compliance
28	Compliance with Information Technology Regulations	High	Moderate	Audit 17-16 TAC 202

VI. External Audit Services Procured in Fiscal Year 2016-2017

1. The El Paso firm of Gibson Ruddock Patterson LLC, was engaged to perform the audit for FY 2017 of the KTEP FM radio station located on the UTEP campus. The audit is required by The Corporation for Public Broadcasting to enable UTEP to continue receiving grant funding from that organization.

VII. Reporting Suspected Fraud and Abuse

The General Appropriations Act, 85th Legislature:

Sec. 7.09. Fraud Reporting. *A state agency or institution of higher education appropriated funds by this Act, shall use appropriated funds to assist with the detection and reporting of fraud involving state funds by:*

- (1) Providing information on the home page of the entity's website on how to report suspected fraud, waste, and abuse involving state resources directly to the State Auditor's Office. This shall include, at a minimum, the State Auditor's Office fraud hotline information and a link to the State Auditor's Office website for fraud reporting; and*
- (2) Including in the agency or institution's policies information on how to report suspected fraud involving state funds to the State Auditor's Office.*

The University of Texas at El Paso has independent organizations that implement the requirements of Section 7.09, Fraud Reporting, and General Appropriations Act (85th. 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 (85th. 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.
 - A Hotline web site compliance module that may be accessed by all faculty staff and student employees that outlines the process for reporting and provides information to access the SAO fraud reporting site.
 - The University Handbook of Operating Procedures offers guidelines on the investigation of possible fraudulent activities.
- **Texas Government Code, Section 321.022.** There have been no instances in which there is cause to believe that money received from the state may have been lost, misappropriated or misused, or that other fraudulent or unlawful conduct has occurred. Therefore, no reporting to the State Auditor's Office was required.