

The University of Texas at El Paso

Office of Auditing and Consulting Services



Internal Audit
Annual Report
Fiscal Year 2023



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

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DATE: October 31, 2023

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

FROM: Courtney Rios, Interim Chief Audit Executive, Office of Auditing and Consulting Services

SUBJECT: The University of Texas at El Paso Internal Audit Annual Report for Fiscal Year 2023

Attached please find The University of Texas at El Paso Internal Audit Annual Report for Fiscal Year 2023 as required by the Texas Internal Auditing Act. If you have questions or need additional information, please contact Courtney Rios at chrios@utep.edu.

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Purpose of Internal Audit Annual Report

The purpose of the annual report is to provide information about the Office of Auditing and Consulting Services' (OACS) assurance services, consulting services, and other activities of the internal audit function. In addition, the annual report assists oversight agencies in their planning and coordination efforts.

The [Texas Internal Auditing Act](#), Texas Government Code, Chapter 2102, requires that an annual report on internal audit activity be filed by November 1st of each year and submitted to the Governor's Office, the Legislative Budget Board, the Texas State Auditor's Office (SAO), and the entities' governing board and administrator. The SAO prescribes the form and content of the report.

The annual report was prepared using the [guidelines](#) provided by the SAO. Additional information regarding OACS can be found at the following website: <https://utep.edu/audit>.

I. Compliance with Texas Government Code, Section 2102.015

In accordance with Texas Government Code, Section 2102.015 (b), the following information is posted on the website <https://www.utep.edu/audit>

- The approved Fiscal Year 2024 Audit Plan, as required by Texas Government Code, Section 2102.008, (included in the Internal Audit Annual Report) and
- The Fiscal Year 2023 Internal Audit Annual Report, as required by Texas Government Code, Section 2102.009.

Posting Requirements

As stated in Sec. 2010.015 (c), the Office of Auditing and Consulting Services (OACS) does not post information contained in the agency's internal audit plan or annual report if the information is excepted from public disclosure under Chapter 552.

The following information is provided to address the requirements of Sec. 2010.015 (d):

- OACS submits its audit reports to The UT System Audit Office for posting on its [website](#). A summary of audit findings (including weaknesses, deficiencies, employee wrongdoing, waste, opportunities to improve efficiency or effectiveness, as well as other concerns) is included in each report.

The following information is provided to address the requirements of Sec. 2010.015 (e):

- OACS includes a summary of the actions taken or planned to address each of the reported findings. In addition, the OACS has a process to follow-up on audit findings to ensure appropriate action is taken. On a quarterly basis, the Chief Audit Executive (CAE) meets with the President's Cabinet to discuss pending audit recommendations and sends out a report including all Open/In Progress recommendations to the appropriate Vice Presidents (VPs). After the VPs provide an update, follow-up fieldwork is conducted to determine if corrective action has been taken.

II. Internal Audit Plan for Fiscal Year 2023

Project Number	Project Name	Status of Plan at 8/31/23	Report/Memo Date
Assurance Engagements			
23-100	Backup and Recovery	Carry Forward Hours to FY 24	
23-102	College of Liberal Arts	Completed	8/3/2023
23-103	Endpoint Detection and Response – Servers	Completed	1/13/2023
23-104	Firewall Management	Completed	6/8/2023
23-105	Microsoft 365 Cloud Storage	Completed	8/30/2023
23-106	Payroll Certification	Postponed	
23-108	UTS 142.1 Monitoring Plan	Completed	4/10/2023
23-109	Aerospace Center	Completed	4/24/2023
Carry Forward Audits			
22-102	Decentralized IT Asset Purchases	Carry Forward Hours to FY 24	
22-104	Higher Education Emergency Relief Fund II (HEERF II)	Completed	5/29/2023
22-109	Student Fees	Completed	1/31/2023
Advisory and Consulting Engagements			
23-300	Cash Fund Operations	Completed	8/1/2023
23-301	Consulting/Management Requests	As Requested	
23-302	Continuous Auditing	Ongoing	
23-304	IT Consulting/Management Requests	As Requested	
23-305	Participation in Institutional Committees/Council, etc.	Ongoing	
23-306	PeopleSoft Consulting	Ongoing	
23-307	Security Assessment Working Group	Ongoing	
23-308	Student Fees Consulting	Completed	5/26/2023
Required Engagements			
23-200	Federal Portion of Statewide Single Audit	Client Assist Duties	
23-201	FY 2022 Financial Statement Audit (Final)	Results included in FY 22 UT System-wide report	
23-202	FY 2023 Financial Statement Audit (Interim)	Results to be included in FY 23 UT System-wide report	
23-203	KTEP Radio Station Audit Assistance	Client Assist Duties	
23-205	NCAA Football Attendance	Completed (Not required, turned into an Advisory engagement)	1/31/2023
23-206	Purchasing Compliance	Completed	8/1/2023
23-207	THECB Facilities Audit	Completed	8/7/2023

Internal Audit Plan for Fiscal Year 2023 - *Continued*

Project Number	Project Name	Status of Plan at 8/31/23	Report/Memo Date
	Investigations		
23-400	Investigations	As Requested	
	Follow-Up Audits		
23-500	Follow-Up Audits	13 Follow-Up projects completed during FY 23	
	Reserve		
23-600	Reserve for Audit of Emerging Risks		
	Development - Operations		
23-701	Annual Audit Plan Development, including Risk Assessment		
23-702	Annual Internal Audit Report		
23-703	Annual Reviews/Evaluations		
23-704	Internal Audit Committee preparation/participation		
23-705	Internal Quality Assurance and Improvement Program activities		
23-706	Self-Assessment/QAR		
23-707	Software, website development/maintenance		
23-708	Staff meetings related to the management of the audit activity		
23-709	UT System, SAO, etc. reporting/requests; External Audit assist		
	Development - Initiatives and Education		
23-800	Audit Software Implementation and Training		
23-801	Individual Continuing Professional Development (CPE Training)		
23-802	Non-CPE Training		
23-803	IAEP Student Program		
23-804	Professional organization/association participation		
23-805	Work Group Initiatives		

II.a. Deviations from Revised Fiscal Year 2023 Audit Plan

#	Projects Postponed	Reason for Change
1	Payroll Certification	Postponed due to changes in Research leadership and system change
#	Added Projects	Reason for Change
1	Student Fees Consulting	Management Request

II.b. Benefits Proportionality – Audit Requirements for Higher Education Institutions

According to Rider 8, page III-46, the General Appropriations Act (87th Legislature, Conference Committee Report), each institution of higher education, excluding public community/junior colleges, shall conduct an internal audit of benefits proportionality by method of finance and submit a copy of the internal audit to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor's Office (SAO). The audits must examine Fiscal Years 2019 through 2021 and must be conducted using a methodology approved by the SAO.

An audit of the proportionality of higher education benefits process for Fiscal Year 2019 was completed in 2020. Audits of fiscal years 2020 and 2021 were completed in 2022 and a separate report was submitted to the agencies listed above outlining the results. All audits required by the legislature had been completed prior to the start of FY 2023. None of these audits had significant issues. Therefore, when considering benefits proportionality risk in FY 2023, no specific audit engagements were included in the audit plan.

II.c. Compliance with Texas Education Code, Section 51.9337(h)

Effective September 1, 2015, Texas Education Code §51.9337(h) requires that, *“The chief auditor of an institution of higher education shall annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor.”*

The Office of Auditing and Consulting Services conducted this required assessment for Fiscal Year 2023, 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 the rules and policies required by TEC §51.9337(h). Review and revision of institutional and System policy is an ongoing process. These rules and policies will continue to be assessed annually to ensure continued compliance with TEC 51.9337(h).

Texas Government Code Section 2261.258 requires the State Auditor’s Office to assign contract monitoring ratings each fiscal year for the 25 largest state agencies as identified by the Legislative Budget Board. Although we are not part of the 25, we considered contract processes, controls, and monitoring in our risk assessment process for the Fiscal Year 2023 Audit Plan.

See 23-206 Purchasing Compliance memo (TEC §51.9337(h)) on following page:



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Office of Auditing and Consulting
Services

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DATE: 08/01/2023
TO: Dr. Heather Wilson, President, The University of Texas at El Paso
FROM: Lori Wertz, Chief Audit Executive, Office of Auditing and Consulting Services
SUBJECT: 23-206 Purchasing Compliance



Background:

The Office of Auditing and Consulting Services (OACS) is required to annually assess and report on the University's compliance with the Texas Government Code and the Texas Education Code related to purchasing and contracting (per TEC §51.9337).

Audit Objectives and Scope:

The objective is to ensure UTEP's purchasing and contracting policies and procedures comply with the TEC §51.9337 requirements below:

- A contract management handbook with consistent guidance on contract review.
- Procedures and risk analysis procedures.
- Delegation of contracting authority.
- Training for purchasing and contracting staff.
- Code of ethics, standards of conduct, and policies on conflicts of interest, conflicts of commitment, outside activities, and institutional resources and training.
- Fraud investigation policies and internal audit risk assessment processes.

The audit scope included a review of documents, current policies, and procedures related to purchases during Fiscal Year 2023.

The engagement was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

Results:

UTEP policies and procedures comply with the requirements in TEC §51.9337.

III. Consulting Services and Nonaudit Services Completed

Report Number and Name	Report Date	High Level Objective	Observations/Results/Recommendations
Continuous Auditing: Duplicate Payments (ongoing project)	N/A	The Office of Auditing and Consulting Services (OACS) uses data analytics tools to identify potential duplicate payments for employee reimbursements. We analyze and report to Financial Services for follow-up.	OACS issues a quarterly report with all verified duplicate payments. Accounts Payable requests immediate reimbursement for all verified duplicate payments.
#23-205 - NCAA Football Attendance - Consulting	1/31/2023	The objective of this consulting engagement was to review the Athletics Department's football attendance processes and provide recommendations for compliance with the National Collegiate Athletic Association (NCAA) bylaws outlined in section 20.10.9.3 Football Attendance Requirements.	OACS provided recommendations to meet NCAA requirements.
#23-300 - Cash Fund Operations	8/1/2023	The objective was to verify the existence and accuracy of the change fund balances recorded in PeopleSoft cost centers. Management uses the results of the consulting engagement to satisfy Deloitte's Annual Financial Report testing requirements.	OACS provided recommendations related to cash handling training.
#23-308 - Student Fees Consulting	5/26/2023	The objective of the consulting engagement was to help the VPBA create a master list of active major fees and course fees, a matrix for users to gain an understanding of allowable expenses, and a matrix with thresholds for a review of unexpended balances.	OACS created a master list of active major fees and course fees for approval and posting to the Student Business Services website. They were also uploaded to the Academic Catalog as required by Board of Regents' Rule 40401.

IV. External Quality Assurance Review (Peer Review)



July 24, 2020

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

In July 2020, The University of Texas at El Paso (UT El Paso) internal audit (IA) function, the Office of Auditing and Consulting Services (OACS), completed a self-assessment of its internal audit activities in accordance with guidelines published by The Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). UT El Paso OACS engaged an independent review team consisting of internal audit professionals with extensive higher education experience to perform an independent validation of OACS' QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning IA's conformity to the IIA's *International Standards for the Professional Practice of Internal Auditing* (the IIA Standards) and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the Texas Internal Auditing Act (TIAA).

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

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

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

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

Very truly yours,

Baker Tilly Virchow Krause, LLP

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V. Internal Audit Plan for Fiscal Year 2024

In accordance with the Texas Internal Auditing Act, The University of Texas System Administration Policy UTS 129 – 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 2024. The Internal Audit Committee approved the Fiscal Year 2024 Audit Plan on June 29, 2023.

	FY 2024 Audit Plan	Budget	General Objective/Description
	Assurance Engagements		
1	After the Fact Payroll Certification	350	Test the after the fact payroll certification process to confirm compliance with Uniform Guidance and UTEP Policy.
2	Miner Mall	400	Evaluate the effectiveness of controls in Miner Mall to ensure accurate reporting of controlled and capital assets including the identification of foreign contracts and purchases.
3	Research Equipment	400	Confirm that purchased and loaned research project equipment is safeguarded and accurately tracked in PeopleSoft inventory records.
4	UTS 142 Monitoring Plan	250	Annual audit of account reconciliation, certification, and segregation of duties based on risk.
5	Student Notice of Awards	300	Verify that student payments processed through the Student Notice of Awards application are monitored to (a) ensure payments are made to eligible students and (b) verify the appropriate classification of the payments in PeopleSoft.
6	Motor Pool	400	Evaluate the processes in place to ensure the use of vehicles in the motor pool is monitored efficiently and effectively.
7	Student Employment	400	Determine if effective controls are in place to monitor compliance with applicable laws, regulations and University policy.
8	Third-Party Risk Management	350	Evaluate third-party assessment processes in place to (a) ensure the risk exposure to the University is properly managed and monitored and (b) determine if third-party monitoring controls are in place in accordance with TX-RAMP (TAC 202).
9	Internally Developed Applications	350	Identify internally developed applications that may integrate with PeopleSoft, Banner, or other mission critical business applications and determine if IT general controls are in place as well as application-level controls for input, processing, and output (TAC 202).
10	Clery Act	300	Determine if the Institution is in compliance with the Clery Act and Department of Education guidelines for reporting of crime and security on campus.

Fiscal Year 2024 Audit Plan – Continued

	FY 2024 Audit Plan	Budget	General Objective/Description
	Assurance Engagements		
	Carry Forward Audits		
11	Backup and Recovery	100	Ensure the University's mission-critical data and servers are backed up, protected, tested, and there is enough storage capacity, as required by relevant TAC 202 controls.
12	Decentralized IT Asset Purchases	100	Determine compliance with the University's IT asset purchasing guidelines to ensure purchases are compatible with the network, supported by Information Resources, and do not expose the University to weaknesses.
	Assurance Engagements Subtotal	3,700	
	Advisory and Consulting Engagements		
1	Research Security Consulting	350	Determine if there is a formalized process and controls in place at ORSP and ISO for protecting the University's intellectual property as well as compliance with federal regulations such as NSPM-33.
2	Access Management Consulting	350	Determine if access to information systems is properly managed, segregated, and limited to authorized users to reduce the risk of unauthorized activities.
3	Security Assessment Working Group	40	Serve on the Security Assessment Working Group, which will assist the University with preparation for implementation of cybersecurity federal requirements.
4	Recharge Center Consulting	350	Evaluate the effectiveness of new Recharge Center policies and processes.
5	Advisory Management Requests	322	As requested.
6	IT Advisory Management Requests	175	As requested.
7	Cash Fund Operations	125	Verify PeopleSoft balances, actual cash, and bank balances.
8	PeopleSoft Consulting	40	Participation in UT Share meetings.
	Advisory and Consulting Engagements Subtotal	1,752	

Fiscal Year 2024 Audit Plan – Continued

	FY 2024 Audit Plan	Budget	General Objective/Description
	Required Engagements		
1	Purchasing Compliance*	50	Required annual audit.
2	FY 2024 Financial Statement Audit (Interim)	8	Required annual audit.
3	FY 2023 Financial Statement Audit (Final)	8	Required annual audit.
4	Federal Portion of Statewide Single Audit	10	Provide assistance to the State Auditor's Office for follow-up of Student Financial Assistance finding.
5	NCAA Agreed Upon Procedures	20	Recurring Management Request.
6	KTEP	10	Support to external auditor.
	Required Engagements Subtotal	106	
	Investigations		
1	Investigations	350	As requested.
	Investigations Subtotal	350	
	Reserve		
1	Reserve for Audit of Emerging Risks	130	As requested.
	Reserve Subtotal	130	
	Follow-Up		
1	Follow-Up Audits	240	Follow-up on previous audit recommendations as required by IIA Standards; approximately 3-4 done per quarter.
	Follow-Up Subtotal	240	

* Addresses TEC §51.9337(h) requirement

Fiscal Year 2024 Audit Plan – Continued

	FY 2024 Audit Plan	Budget	General Objective/Description
	Development - Operations		
1	Internal Quality Assurance and Improvement Program Activities	75	As needed.
2	Annual Audit Plan Development, including Risk Assessment	350	Preparation of FY 2025 Risk Assessment and Audit Plan.
3	UT System, SAO, etc. reporting/requests; External Audit Assist	75	Meetings; responses for requests for information.
4	Software, website development/maintenance	75	Non-project related development/maintenance and data analytics.
5	Internal Audit Committee preparation/participation	225	Preparation of presentation documents for Institutional Audit Committee meetings; meetings with external Audit Committee members.
6	Staff meetings related to the management of the audit activity	350	Monthly staff meetings, weekly supervisor meetings and status update meetings as needed.
7	Annual Internal Audit Report	50	Preparation of Annual Internal Audit Report for FY 2023.
8	Annual reviews/evaluations	50	Preparation of Self-Appraisals and Evaluations.
	Development - Operations Subtotal	1,250	
	Development - Initiatives and Education		
1	eCASE audit software implementation and training	169	Participation in implementation and training process for new audit software.
2	Work group initiatives	30	Participation in UT System Audit Initiatives.
3	Professional organization/association participation	50	Participation as members and board members of IIA and ACFE.
4	Individual professional development (CPE) training	640	Continuing Professional Development for Staff Members.
5	Non-CPE training	200	Non-credit campus trainings and new hire training activities.
6	Internal Auditing Education Partnership Program (IAEP) Student Program	80	Continue to support program at the comprehensive level.
	Development - Initiatives and Education Subtotal	1,169	
	Total Budgeted Hours	8,697	

V.a. High-Risks not in Fiscal Year 2024 Audit Plan

	Risk Description	Impact	Probability	Mitigation
1	Other Agreements	H	H	FY 2024 Compliance Risk Management Plan.
2	Controlled Unclassified Information	H	H	FY 2024 Compliance Risk Management Plan.
3	Procurement Card	H	M	FY 2024 Compliance Risk Management Plan.
4	HEERF Funding Monitoring	H	M	FY 2023 HEERF Audit.
5	Construction Program Management	H	M	FY 2023 THECB Facilities Audit.

V.b. Risk Assessment Methodology

The Fiscal Year 2024 Audit Plan was prepared using The UT System Audit Office's standardized top-down risk assessment methodology. This risk assessment approach started at the top with an awareness of critical initiatives and objectives to ensure the risks assessed were the most relevant. The assessment process was standardized by creating common terms and criteria, enabling trending of risk and System-wide comparisons. An emphasis was placed on collaboration with other functions that assess, handle, or manage risk.

The risk assessment process included conversations, surveys, and requests for input from the leadership team and responsible parties from the various operating areas on campus. The following was also considered:

- Title I, Texas Administrative Code, Chapter 202 (Information Security Standards)
- Benefits proportionality, in accordance with Rider 8, page III-52, the General Appropriations Act (88th Legislature), which requires higher education institutions to consider audits of benefits proportionality when developing their annual internal audit plans for fiscal years 2024 and 2025
- Compliance with processes and controls according to TGC §2102.005(b) and TEC §51.9337(h)

RANKING CRITERIA

Priority	An issue identified by an internal audit that, if not addressed timely, could directly impact the achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.
High	A finding identified by the internal audit considered to have a medium to high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level.
Medium	A finding identified by internal audit considered to have a low to medium probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.
Low	A finding identified by internal audit considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.

VI. External Audit Services Procured in Fiscal Year 2023

Peña Briones McDaniel & Co., an El Paso firm, was engaged to perform the audit for Fiscal Year 2022 of the KTEP FM radio station located on The University of Texas at El Paso campus. The audit is required by The Corporation for Public Broadcasting to enable The University of Texas at El Paso to continue receiving grant funding from that organization.

Weaver and Tidwell LLP conducted an independent audit of the Agreed Upon Procedures (AUP) for the Cancer Prevention & Research Institute of Texas (CPRIT) grant awards to the University.

Organizations receiving grants from CPRIT must engage an independent auditor to verify and document their compliance with CPRIT's requirements: either a single audit under Uniform Guidance or agreed-upon procedures following published CPRIT guidance and American Institute of Certified Public Accountants (AICPA) attestation standards. The University selected the AUP option.

VII. Reporting Suspected Fraud and Abuse

The University of Texas at El Paso has taken the following actions to implement the fraud reporting and the investigation coordination requirements of Section 7.09, page IX-38, the General Appropriations Act (87th Legislature) and Texas Government Code, Section 321.022, respectively.

The General Appropriations Act, 87th 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 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.

- The University has a direct link to the State Auditor's web page with instructions for reporting fraud, waste and abuse in Texas.
- A Helpline website compliance module that may be accessed by all faculty, staff and student employees that outlines the process for reporting and provides information to access the State Auditor's Office fraud reporting website.
- The University Handbook of Operating Procedures offers guidelines on the investigation of possible fraudulent activities.

Texas Government Code, Section 321.022. Coordination of Investigations

(a) If the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the department or entity.



(b) The state auditor, in consultation with state agencies and institutions, shall prescribe the form, content, and timing of a report required by this section.

(c) All records of a communication by or to the state auditor relating to a report to the state auditor under Subsection (a) are audit working papers of the state auditor.

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.