



**THE UNIVERSITY OF TEXAS
AT EL PASO**

Internal Audit Annual Report

For the Fiscal Year Ended

August 31, 2025

Office of Auditing and Consulting
Services



DATE: October 31, 2025

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

FROM: Courtney Rios, Chief Audit Executive

SUBJECT: Internal Audit Annual Report for Fiscal Year 2025

Attached please find The University of Texas at El Paso Internal Audit Annual Report for Fiscal Year 2025 as required by the Texas Internal Auditing Act. If you have questions or need additional information, please contact Courtney H. 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 chief executives. The SAO prescribes the form and content of the annual 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 Posting Requirements

The Texas Internal Auditing Act (Texas Government Code, Section 2102.015: Publication of Audit Plan and Annual Report on Internet) requires certain information to be posted on the University's website. Below is a summary of the requirements:

- A. Approved FY26 audit plan. See <https://utep.edu/audit>.
- B. FY25 internal audit annual report. See <https://utep.edu/audit>.
- C. Detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any, raised by the audit plan or annual report; summary of the action taken by the agency to address the concerns, if any, that are raised by the audit plan or annual report. See [Appendix 1](#).



II. Internal Audit Plan for Fiscal Year 2025

Assurance

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/Memo Date	Reason for Deviation from Audit Plan
ELP25ASCF0001	Student Employment	Complete	08/06/2025	N/A
ELP25AS0002	Export Controls	Complete	08/25/2025	N/A
ELP25AS0007	Third-Party Risk Management	Complete	08/06/2025	N/A
ELP25AS1432	Inventory	Carryforward to FY 2026	N/A	Planning started in FY 2025.
ELP25AS0003	Internally Developed Applications	Carryforward to FY 2026	N/A	Postponed co-sourced audit to FY 2026 due to changes in available audit hours in FY 2025.
ELP25AS0001	After the Fact Payroll Certification	Postponed	N/A	Effort Certification will first be addressed with a risk management plan created by the Institutional Compliance Office in FY 2026.
ELP25AS0008	Visiting Scholars	Postponed	N/A	Postponed to FY 2026 due to new leadership in OIP.
ELP25AS0004	Motor Pool	Cancelled	N/A	Removed to address Temporary Positions Advisory and investigations.
ELP25AS0005	Network Drive Access Management	Cancelled	N/A	Replace with special request from Dean of Graduate School for Change in Management Environmental Science and Engineering. Additional advisory hours to test implementation of new Executive Orders (GA-48).



Assurance (Continuation)

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/ Memo Date	Reason for Deviation from Audit Plan
ELP25AS0006	Student Stipends	Cancelled	N/A	Risks and controls over student stipends were addressed through expanded testing in the Student Employment Audit.



Advisory

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/Memo Date	Reason for Deviation from Audit Plan
ELP25ADCF0786	Access Management	Complete	09/11/2024	N/A
ELP25ADCF0789	Recharge Centers Part I	Complete	09/11/2024	N/A
ELP25AD0002	Cash Fund Operations	Complete	08/26/2025	N/A
ELP25AD0754	Clery Act Reporting Advisory	Complete	08/14/2025	N/A
ELP25AD0009	TEC §51.3525 Advisory	Complete	08/25/2025	N/A
ELP25AD1443	Temporary Positions	Complete	08/28/2025	Special request from the President.
ELP25ADCF0001	Recharge Centers Part II	Postponed	N/A	Replaced with Inventory Audits to be performed through FY 2026.
ELP25AD0006	Policies and Procedures	Cancelled	N/A	Policies were addressed through HOP Advisory Committee.
ELP25AD0007	Research Equipment Advisory	Cancelled	N/A	Replaced with Inventory Audits to be performed through FY 2026.
ELP25AD0001	Advisory Management Requests	As Requested	N/A	N/A
ELP25AD0003	Data Analytics/Continuous Auditing Program	Ongoing	N/A	N/A
ELP25AD0004	IT Advisory Management Requests	As Requested	N/A	N/A
ELP25AD0005	Participation on Institutional Committees/Work Groups	Ongoing	N/A	N/A
ELP25AD0008	Security Assessment Working Group	Ongoing	N/A	N/A



Required

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/Memo Date	Reason for Deviation from Audit Plan
ELP25RQ0004	JAMP Audit	Complete	10/29/2024	N/A
ELP25RQ0007	Purchasing Compliance	Complete	02/11/2025	N/A
ELP25RQ0001	Federal Portion of Statewide Single Audit	Client Assist Duties	N/A	N/A
ELP25RQ0002	FY 2024 Financial Statement Audit (Final)	Client Assist Duties	N/A	N/A
ELP25RQ0003	FY 2025 Financial Statement Audit (Interim)	Client Assist Duties	N/A	N/A
ELP25RQ0005	KTEP	Client Assist Duties	N/A	N/A
ELP25RQ0006	NCAA Agreed Upon Procedures	Client Assist Duties	N/A	N/A

Investigations

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/Memo Date	Reason for Deviation from Audit Plan
ELP25IV0001	Investigations	As Requested	N/A	N/A

Follow-Up Audits

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/Memo Date	Reason for Deviation from Audit Plan
ELP25FL0001	Follow-up Audits	Ongoing	N/A	N/A



Development Operations

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/Memo Date	Reason for Deviation from Audit Plan
ELP25OP0005	Self-Assessment	Complete	05/30/2025	N/A
ELP25OP0001	Annual Audit Plan Development, including Risk Assessment	N/A	N/A	N/A
ELP25OP0002	Annual Internal Audit Report	N/A	N/A	N/A
ELP25OP0003	Internal Audit Committee preparation/participation	N/A	N/A	N/A
ELP25OP0004	Internal Quality Assurance and Improvement Program	N/A	N/A	N/A
ELP25OP0006	Software, website development/maintenance	N/A	N/A	N/A
ELP25OP0007	Staff meetings related to the management of the audit activity	N/A	N/A	N/A
ELP25OP0008	UT System, SAO, etc. reporting/requests; External Audit Assist	N/A	N/A	N/A



Development-Initiatives and Education

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/ Memo Date	Reason for Deviation from Audit Plan
ELP25IE0001	Audit Software (eCase)	N/A	N/A	N/A
ELP25IE0002	ICPE training	N/A	N/A	N/A
ELP25IE0003	IAEP Student Program	N/A	N/A	N/A
ELP25IE0004	Non-CPE Training	N/A	N/A	N/A
ELP25IE0005	Professional organization participation	N/A	N/A	N/A
ELP25IE0006	Work group initiatives	N/A	N/A	N/A

Reserve

Engagement Code	Engagement Title	Status of Plan at 8/31/2025	Report/ Memo Date	Reason for Deviation from Audit Plan
ELP25XX0001	Reserve for Emerging Risks	N/A	N/A	N/A



II. B. 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 2025, 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 2025 Audit Plan.

See Audit ELP25RQ0007 Purchasing Compliance memo (TEC §51.9337) on the following website: [25-RQ-0007 Purchasing Compliance with TEC § 51.9337](#)



III. Consulting Services and Other Activities

Engagement Code and Title	Memo Date	Objective	Results/ Recommendations	Management Responses
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.
ELP25ADCF0786 Access Management	9/11/2024	The objectives of this advisory engagement were to facilitate a review of critical security roles in PeopleSoft, highlight potential segregation of duties conflicts in the accounts payable process, and advise management on how to reduce the related risks.	OACS shared detailed information about the results of procedures performed with management.	Management will review results and determine appropriate action.
ELP25ADCF0789 Recharge Center Consulting	9/11/2024	The objective of this advisory engagement is to gain an understanding of current recharge center operations so the University can determine if guidance and training are adequate to ensure compliance with federal regulations and standards.	OACS shared detailed information about the results of procedures performed with management.	Management will review results and determine appropriate action.



Engagement Code and Title	Memo Date	Objective	Results/ Recommendations	Management Responses
ELP25AD0002 Cash Fund Operations	08/26/2025	The objective was to verify the existence and accuracy of the change fund balances recorded in PeopleSoft cost centers.	OACS conducted a cash count of four out of ten authorized change funds, accounting for 97% of the total authorized amount.	Management agreed with the recommendations presented in the memo.
ELP25AD0754 Clery Act Reporting Advisory	8/14/2025	The objective of the advisory engagement was to provide recommendations to the University's Police Dept. to improve the Clery Act reporting process.	OACS created a Clery Act Fact Sheet tailored to UTEP, which was provided to the PD. Also, recommendations were offered to improve Clery Geography.	Management agreed with the recommendations presented in the memo.
ELP25AD0009 TEC §51.3525 Advisory	8/25/2025	The objective of this advisory engagement was to review the status of the monitoring programs established in FY 2024 to ensure ongoing compliance with TEC §51.3525.	OACS shared any potential unallowable results with the TEC §51.3525 Implementation team lead.	Management agreed with the recommendations presented in the memo.
ELP25AD1443 Temporary Positions	08/28/2025	The objective of this advisory project is to understand the reasons that temporary positions are approved and to determine which positions qualify for temporary status.	OACS provided information to be considered by the Budget Committee.	Management agreed with the recommendations presented in the memo.



IV. External Audit Services

The following external audit services, including financial and performance audits and attestation engagements, reviews, and agreed-upon procedures, were procured during FY25:

Audit	External Auditor	Description
Annual Financial Report	Deloitte	The Consolidated Annual Financial Report for UT System with audit opinion from Deloitte & Touche, which includes Management’s Discussion and Analysis and footnotes to the financial statements.
CPRIT	Weaver Tidwell	Cancer Prevention and Research Institute of Texas (CPRIT) grantees expending \$1 million or more in CPRIT grant funds or a combination of CPRIT and other state grant funds during the grantee’s fiscal year must complete a single audit, program specific audit, or an agreed upon procedures engagement.
KTEP	Pena Briones McDaniel & Co.	Recipients required to provide the Corporation for Public Broadcasting with their audited financial statement must undergo an annual audit by an Independent Accountant.
NCAA	Baker Tilly	An active member institution shall submit financial data detailing operating revenues, expenses and capital related to its intercollegiate athletics program to the NCAA on an annual basis in accordance with the financial reporting policies and procedures.
Third-Party Risk Management	EisnerAmper (co-source)	This audit was conducted to evaluate and enhance the University’s processes for managing risks associated with third-party vendors and service providers.



V. External Quality Assurance Review (Peer Review)



December 2023

Ms. Courtney Hearin Rios, Interim Chief Audit Executive
University of Texas at El Paso

In September 2023, the University of Texas at El Paso (UTEP) internal audit (IA) function, the Office of Auditing and Consulting Services (OACS), 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 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 UTEP 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 UTEP.

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

Very truly yours,

Baker Tilly US, LLP

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VI. Internal Audit Plan for Fiscal Year 2026

In accordance with the Texas Internal Auditing Act and The University of Texas System Administration Policy UTS 129 – Internal Audit Activities, we have prepared an audit plan for Fiscal Year 2026. The Internal Audit Committee approved the Fiscal Year 2026 Audit Plan on June 30, 2025.

Assurance

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Research Data Security and Compliance Audit	400	High	To assess the effectiveness of controls in place to protect the integrity and availability of research data as well as determine compliance with relevant institutional and UT System policies. This audit will meet the biennial TAC 202.76 risk-based review of compliance with Texas information security standards.
Departmental Access Management Audit	250	High	To review security roles in Peoplesoft and identify potential segregation of duties conflicts. This audit will meet the biennial TAC 202.76 risk-based review of compliance with Texas information security standards.
Internally Developed Applications	400	High	(co-source hours will be 300 of 400) 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). This audit will meet the biennial TAC 202.76 risk-based review of compliance with Texas information security standards.
Remote Work Policy	150	High	To determine compliance with Handbook of Operating Procedures (HOP) Chapter 35: Remote Work Policy and any other applicable UT System policies and state regulations.



Assurance (Continuation)

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Gift Processing	350	High	Evaluate the controls in place in gift processing (Institutional Advancement) to ensure cash and cash equivalents are correctly recorded in the University's records as well as identify possible segregation of duties conflicts.
Technology Fee	350	High	To determine if the technology fee is properly approved, published, assessed, allocated and expended in accordance with state statutes and UT System and institutional regulations.
Visiting Scholars	350	High	Assess the effectiveness of processes for international visiting scholars to determine whether internal controls over visiting scholar appointments, separations, as well as physical and system access were in place and operating effectively. Verify appropriateness of fee expenditures fee to support program.
Inventory Audit	400	High	Bucket of hours to conduct three individual audits of different departments to be determined based on risk.
Carryover Projects	350	N/A	Carryover hours to complete miscellaneous engagements.
CIM - Environmental Sciences Engineering	200	Medium	Emerging risk/management request.



Advisory

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Cash Fund Operations	100	High	Work with Financial Services to verify PeopleSoft balances, actual cash, and bank balances.
Advisory Management Requests	275	N/A	As requested.
IT Advisory Management Requests	175	NA	As requested.
Participation on Institutional Committees/Work Groups	60	NA	Participation on search committees, cabinet meeting presentations, etc.
Data Analytics/Continuous Auditing Program	167	NA	Develop various data analytics programs and perform continuous review of high risk areas/ controls and/or areas as requested by management.
Institutional Advancement Cash Handling	60	High	To understand the end-to-end flow (collection, recording, safeguarding, deposit, and reconciliation) of cash and checks and identify control gaps or non-compliance with University policies.
Recharge Centers	350	High	Provide advisory services on the Recharge Center policies and processes to determine compliance with federal regulations.



Required

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
FY 2026 Financial Statement Audit (Interim)	6	Medium	Provide assistance as needed to Deloitte for required annual audit.
FY 2025 Financial Statement Audit (Final)	9	Medium	Provide assistance as needed to Deloitte for required annual audit.
NCAA Agreed Upon Procedures	10	Low	Assist with required NCAA Agreed Upon Procedures for FY 2025. UT System Audit Office will use a 3rd party service provider to perform the NCAA agreed upon procedures. (Due 1/15/26)
Federal Portion of Statewide Single Audit	10	High	Provide assistance to the State Auditor's Office for Student Financial Assistance Audit.
Purchasing Compliance	50	Medium	To determine UTEP's purchasing and contracting policies and procedures compliance with the TEC §51.9337.
KTEP	10	Medium	Support to external auditor.



Investigations

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Investigations	350	N/A	As requested.

Follow-Up Audits

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Follow-up Audits	200	N/A	Follow-up on previous audit recommendations as required by Global IA Standards.
Follow-up Audits - Q1	50	N/A	Follow-up on previous audit recommendations as required by Global IA Standards.



Development Operations

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Internal Quality Assurance and Improvement Program Activities, including Global IA Standards	100	N/A	Work associated with external peer review required every three years to validate conformance to Global IA Standards, GAGAS (Yellow Book) and Texas Internal Auditing Act requirements.
Annual Audit Plan Development, including Risk Assessment	350	N/A	Preparation of FY 2027 Risk Assessment and Audit Plan.
UT System, SAO, etc. reporting/requests; External Audit Assist	100	N/A	Meetings; responses for requests for information.
Software, website development/maintenance	175	N/A	Non-project related development/maintenance and data analytics.
Internal Audit Committee preparation/participation	225	N/A	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	180	N/A	Monthly staff meetings, supervisor meetings and status update meetings as needed.
Annual Internal Audit Report	50	N/A	Preparation of Annual Internal Audit Report for FY 2025.



Development Operations (Continuation)

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Self-Assessment	100	N/A	As required by the Texas Internal Auditing Act and professional standards, conduct the self-assessment of the internal audit function.

Development-Initiatives and Education

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Work group initiatives	30	N/A	Participation in UT System Audit Initiatives.
Professional organization/ association participation	30	N/A	Participation as members and board members of IIA and ACFE.
Individual professional development (CPE) training	280	N/A	Continuing Professional Development for Staff Members.
Internal Auditing Education Partnership Program (IAEP) Student Program	50	N/A	Continue to support IAEP program at the comprehensive level.
Non-CPE Training	120	N/A	Non-credit campus trainings and new hire training activities.



Reserve

Engagement Title	Budgeted Hours	Engagement Risk Ranking	Engagement Objective
Reserve for Emerging Risks	300	N/A	As requested.



VI. A. High Risks not in Fiscal Year 2026 Audit Plan

Risk Statement	Risk Ranking	Risk Mitigating Factor
Incident response related to cyber security events is inadequate, limiting the ability to properly address system intrusions in a timely manner.	High	Audit 23-103 Endpoint Detection and Response-Servers performed in FY 2023.
Consultants hired for extended periods (>greater than 30 days). Incorrect classification of consultant services may lead to inaccurate tax withholding.	High	Student Employment Audit conducted in FY 2025 addressed issue of student vendors.
After the fact payroll certification procedures do not comply with Uniform Guidance	High	Institutional Compliance will create Risk Management Plan in FY 2026.
Lack of ICOI Committee, ICOI Policy and ICOI Management Plans to monitor conflict of interest.	High	Research Compliance Officer hired to enhance monitoring.
International travel procedures for researchers are ineffective to ensure compliance with export control, conflict of interest, and UFI requirements.	High	Export Control Audit conducted in FY 2025.
A Business Continuity and Disaster Recovery Plan (BCP/DRP) does not exist, or does exist, but is not updated/tested on a periodic basis, resulting in critical business functions of the University being impacted significantly.	High	22-312 IT Consulting - Data Backup and Recovery Solution performed in FY 2022. Audit 24-100 Backup and Recovery completed in FY2024.
Artificial Intelligence (AI) technology, like ChatGPT, is adopted by students, faculty and staff without consideration of the risks, including data leakage of the University's classified and controlled information.	High	Adoption of MS Copilot with Enterprise Data Protection as the designated tool for University users.
Network firewall traffic detection and prevention processes are not in place for potential intrusion attempts, increasing the risk of incidents, violations, threats to information resources going undetected.	High	Audit 23-104 Firewall Management performed in FY 2023.
Suspicious internal/external behavior on servers, laptops, or desktops is not monitored/detected by the	High	Audit 23-103 Endpoint Detection and Response-Servers performed in FY 2023.



Risk Statement	Risk Ranking	Risk Mitigating Factor
University, which allows for malicious activity to spread quickly and impact mission critical systems.		
Inability to hire top talent due to lack of competitive pay packages.	High	University conducted a compensation study and hired a compensation manager to adjust salary ranges to market.
Failure to confirm vendor certification under the TX-RAMP prior to purchase results in acquisition of insecure cloud services exposing the University to a higher risk of data breaches. TX-RAMP: Texas Risk & Authorization Management Program (TGC 2054.0593).	High	Third-Party Risk Management Audit conducted in FY 2025
RISC Services are not designed effectively and are not operating as intended which could prevent the organization from identifying, evaluation, monitoring, and mitigating key legal and regulatory risks.	High	EY Study in FY 2025.
Information resources are not protected with two-factor authentication; increasing the risk of unauthorized access to all the applications users have access to.	High	Audit 22-105 Multi-Factor Authentication performed in FY 2022.
Lack of segregation of duties pertaining to check disbursement, voiding, and remit to name changing. Lack of physical security controls to prevent unallowable access to blank check stock and credit cards.	High	Access Management Advisory performed in FY 2025 provided recommendations to Disbursement Services.
University may not be prepared to pass reaffirmation in FY 2026.	High	Third party hired to review compliance with requirements for reaffirmation.
Failure to comply with federal regulations for hiring, failure to properly manage I9/visa process, non-compliance with federal funding requirements, lack of monitoring of visa status, exposure to unsafe	High	Student Employment Audit conducted in FY 2025.



Risk Statement	Risk Ranking	Risk Mitigating Factor
conditions during travel and increase in visa revocations may result in decreased international student enrollment.		
Student employment lacks monitoring to prevent fraud and errors such as payroll under/overpayments, ghost student employees, and student employees receiving stipends; issues which may violate labor laws, federal regulations for contracts and grants, and international students. Consequences include IRS fines and penalties, the loss of SEVP certification and lawsuits.	High	Student Employment Audit conducted in FY 2025 addressed issue of overpayments.
Proposal development and approval is not adequately monitored causing the University to accept grants and contracts without adequate review of accuracy of the PI commitments and potential conflict of interest.	High	Additional hiring and new polies in R &I to improve monitoring of proposals.
Non-compliance with scholarship criteria, awards/nonresident tuition waivers given to ineligible students, non-compliance with financial aid regulations.	High	Student Employment Audit 24-107 Follow-Up. New policies and procedures proposed to prohibit NonPO voucher payments for Other Financial Assistance (OFA).
Travel paid through grants is approved without support documentation.	High	Export Control Audit conducted in FY 2025.



VI. B. Risk Assessment Methodology

The Fiscal Year 2026 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 the top risks identified by external sources such as Deloitte, Protiviti, and the Institute of Internal Auditors. The 2030 UTEP Strategic Plan, 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 areas were also considered:

- Title I, Texas Administrative Code, Chapter 202 (Information Security Standards)
- Artificial Intelligence
- Benefits Proportionality, in accordance with Rider 8, page III-58, the General Appropriations Act (89th Legislature), which requires higher education institutions to consider audits of benefits proportionality when developing their annual internal audit plans for fiscal years 2026 and 2027.
- Compliance with processes and controls per TEC §51.9337
- Research Related Risks and Research Funding
- Federal efficiency reviews
- Foreign Influence
- Construction
- Risk Management, Information Security, and Compliance (RISC) Services
- Account Reconciliations/Segregation of Duties
- Travel and Entertainment Expenses
- Diversity, Equity, and Inclusion (DEI) Non-compliance with TEC §51.3525 Responsibility of Governing Boards
- Cybersecurity Training
- TX-RAMP: Texas Risk & Authorization Management Program
- Use of Prohibited Technologies



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.



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-41, the General Appropriations Act (89th Legislature) and Texas Government Code, Section §321.022, respectively.

The General Appropriations Act, 89th 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 main page of the UTEP website has a direct link to the State Auditor's web page with instructions for reporting fraud, waste and abuse in Texas.
- The UTEP Office of Institutional Compliance manages a confidential Compliance Helpline for all faculty, staff and student employees to anonymously report suspected ethical or inappropriate activity. All reports are investigated and addressed as appropriate. The Office of Institutional Compliance web page 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.



Appendix I. Status of FY 2025 Audit Recommendations as of 8/31/2025

Some recommendations are excluded since they were deemed confidential or excepted from disclosure under Title 5 Texas Government Code §552.139.

Report Date	Engagement Code	Engagement Title	Recommendation	Level of Reportable Observation	Estimated Implementation Date
07/23/2021	UTEP-20-109	Teacher Retirement System	Develop a process to identify TRS retirees working as independent contractors.	Medium	1/31/2024
04/10/2023	UTEP-23-108	UTS 142.1 Monitoring Plan	The VPBA should develop a process to identify all active accounts to ensure that all appropriate accounts are certified.	High	11/30/2024
08/03/2023	UTEP-23-102	CIM College of Liberal Arts	All travelers should adhere to UTEP Travel policy and have an approved travel authorization prior to departure.	Medium	5/31/2025
08/03/2023	UTEP-23-102	CIM College of Liberal Arts	Ensure personal and consultant services are not provided before the Authorization for Personal Services (APS) form is fully approved. Requestors should be made aware of the estimated approval processing time.	Medium	5/31/2025
08/03/2023	UTEP-23-102	CIM College of Liberal Arts	The Chief Administrative Officer and other relevant parties at the College should be aware of UT System Guidelines and federal policies to prevent unallowable expenditures and transfers out	Medium	5/31/2025



Report Date	Engagement Code	Engagement Title	Recommendation	Level of Reportable Observation	Estimated Implementation Date
			of student fee accounts in the future.		
08/03/2023	UTEP-23-102	CIM College of Liberal Arts	The College should work with departments to provide formal justifications or action plans to reduce large nonmandatory and mandatory unexpended balances.	Medium	5/31/2025
08/12/2024	UTEP-24-111	Texas Education Code §51.3525 (SB 17) Compliance	Remove DEI references that are deemed unallowable.	Medium	12/20/2024
08/06/2025	ELP25AS0007	Third-Party Risk Management	Develop and maintain formal documentation procedures for the investigation and remediation of security alerts.	High	12/31/2025
08/06/2025	ELP25AS0007	Third-Party Risk Management	Formally define and implement a vendor due diligence process that includes a risk assessment of each vendor's security risk level (i.e. high, medium, low) based on standardized criteria such as data sensitivity, system access, regulatory exposure, historical security posture, etc.	Medium	03/31/2026



Report Date	Engagement Code	Engagement Title	Recommendation	Level of Reportable Observation	Estimated Implementation Date
08/06/2025	ELP25AS0007	Third-Party Risk Management	Establish and maintain a centralized inventory of all third-party systems and applications being used on campus.	Medium	12/31/2025
08/06/2025	ELP25AS0007	Third-Party Risk Management	Formalize and document the process for reviewing and approving TX-RAMP certifications for cloud vendors.	Medium	12/31/2025
08/06/2025	ELP25ASCF0001	Student Employment	All student awards should be approved by the Office of Financial Aid and Scholarships before disbursement to ensure financial aid is properly calculated and awarded in compliance with federal regulations.	High	09/01/2025
08/06/2025	ELP25ASCF0001	Student Employment Part II	The graduation status of F-1 student employees in their final semester should be monitored and promptly communicated to the Human Resources Department so that F-1 student employee appointments end in a timely manner.	High	09/01/2025



Report Date	Engagement Code	Engagement Title	Recommendation	Level of Reportable Observation	Estimated Implementation Date
08/25/2025	ELP25AS0002	Export Controls	Research Protections should work with PIs and administrators to increase awareness of the risks of taking encrypted UTEP laptops/equipment abroad without prior authorization and prevent incidents.	Medium	03/01/2026
08/25/2025	ELP25AS0002	Export Controls	Research Protections should work with PIs and administrators to increase awareness and the completion rate of the required training. Additional measures should be developed to make sure PIs are accountable and complete their training.	Medium	12/31/2025
08/25/2025	ELP25AS0002	Export Controls	Regular communication between PIs and Research Protections should be established to ensure the Project Personnel list in the TCP is up to date and Research Protections can obtain the correct information about project employees to perform effective monitoring.	Medium	11/01/2025



Report Date	Engagement Code	Engagement Title	Recommendation	Level of Reportable Observation	Estimated Implementation Date
08/25/2025	ELP25AS0002	Export Controls	A process should be established between PIs and Facilities Management to find rooms/labs that can be used exclusively for export-controlled research and ensure that export-controlled labs are properly restricted.	High	01/31/2026
08/25/2025	ELP25AS0002	Export Controls	Additional controls should be implemented in the hiring process to identify foreign nationals and obtain agency approval in a timely manner. Research Protections should work with Research Administrators and Human Resources to ensure compliance.	High	12/31/2025