Fiscal Year 2022 Internal Audit Annual Report

INTERNAL AUDIT DEPARTMENT
3900 UNIVERSITY BOULEVARD
TYLER, TEXAS 75799

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Purpose of the Internal Audit Annual Report

The purpose of this Internal Audit Annual Report is to provide information on the 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, the Legislative Budget Board, the State Auditor's Office (SAO), and the entities' governing boards and chief executives. The report was prepared using the guidelines provided by the Texas State Auditor's Office. Additional information regarding The University of Texas at Tyler (UT Tyler) Internal Audit Department can be found at the following website: http://www.uttyler.edu/internalaudit/.

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

Texas Government Code, Section 2102.015 requires that state agencies, including institutions of higher education, post on their website:

- the agency's approved Internal Audit Plan, as provided by Texas Government Code Section 2102.008
- the agency's Annual Report, as required by Texas Government Code Section 2102.009

Texas Government Code, Section 2102.015, also requires entities to update the posting described above to include the following information on the website:

- a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any, raised by the Audit Plan or Annual Report
- a summary of the action taken by the agency to address the concerns, if any, that are raised by the Audit Plan or Annual Report

A state agency is not required to post information contained in the agency's Internal Audit Plan or Annual Report if the information meets an exception from public disclosure under Texas Government Code Chapter 552.

The UT Tyler Internal Audit Department (IAD) complies with these requirements by posting the Fiscal Year (FY) 2022 Internal Audit Annual Report, FY 2023 Annual Audit Plan, and other audit information on its website at https://www.uttyler.edu/internal-audit/reports/ and https://www.uthct.edu/reports-to-the-state/. Each periodic internal audit report is submitted as required throughout the year.

Texas Government Code Section, 2102.015:

A summary table of audit report recommendations is included on the following pages to fulfill Texas Government Code Section, 2102.015 website posting requirements.

Reference Exhibit B: FY 2022 Audits - Summary of Issues and Current Status

II. Internal Audit Plan for Fiscal Year 2022

FY 2022 Audit Plan	Project No.	Original Budget	Budget Adjustments	Revised Budget	Actual Hours Through 8/31/22	Remaining Budgeted Hours	Status
Assurance Engagements							
EPIC Post-Implementation Audit	22-1	500.0	0.0	500.0	527.50	-27.50	Completed
Controlled Property Audit	22-2	400.0	0.0	400.0	522.00	-122.00	Completed
Research Time & Effort Audit	22-3	400.0	100.0	500.0	411.50	88.50	Fieldwork Near Completion
Employee Off-Boarding Audit	22-4	400.0	0.0	400.0	509.25	-109.25	Completed
Medical Devices Audit	22-5	400.0	0.0	400.0	429.65	-29.65	Exit Conference Completed - Awaiting Management Responses
Accounts Payable Audit	22-6	300.0	0.0	300.0	226.00	74.00	Completed
Cloud Security Audit	22-7	300.0	0.0	300.0	279.50	20.50	Completed
Assurance Engagements Subtotal		**2,700.0**	**100.0**	**2,800.0**	**2,905.40**	**-105.40**	
Advisory and Consulting Engagements							
Executive Management Meetings, Consulting and Advisory Services, and Specific Requests on Emerging Risks	22-8	400.0	0.0	400.0	366.75	33.25	Completed
Institutional Committees, Workgroups, Trainings, and Meetings	22-9	400.0	0.0	400.0	627.45	-227.45	Completed
UTHSCT & UT Health East Texas Clinical Operations Management Agreement (COMA) Review	22-10	100.0	0.0	100.0	98.75	1.25	Completed
Data Analytics Program	22-11	500.0	0.0	500.0	168.75	331.25	Completed
IT Incident Response	22-12	100.0	0.0	100.0	72.75	27.25	Completed
CARES - HEERF II - HEERF III	22-20	0.0	200.0	200.0	190.00	10.00	Completed
Advisory and Consulting Engagements Subtotal		**1,500.0**	**200.0**	**1,700.0**	**1,524.45**	**175.55**	
Required Engagements							
State Institution of Higher Education Contracting Assessment	22-13	40.0	0.0	40.0	31.00	9.00	Completed
Family Medicine Residency Program Grant Audit FYE 8/31/2021	22-14	100.0	0.0	100.0	97.00	3.00	Completed
Financial Statement Audit Assistance	22-15	40.0	0.0	40.0	95.50	-55.50	Completed
CPRIT Grant External Audit (assistance to management)	22-16	30.0	-30.0	0.0	0.00	0.00	CPRIT Grant External Audit Completed - *Internal Audit Department Hours Not Requested
Benefits Proportionality Audit	22-17	350.0	0.0	350.0	254.00	96.00	Completed
Nursing Shortage Reduction Program Audit	22-21	0.0	130.0	130.0	152.50	-22.50	Exit Conference Completed - Awaiting Management Responses
Required Engagements Subtotal		**560.0**	**100.0**	**660.0**	**630.00**	**30.00**	
Investigations							
Investigations	22-18	500.0	0.0	500.0	24.75	475.25	Completed
Investigations Subtotal		**500.0**	**0.0**	**500.0**	**24.75**	**475.25**	

The University of Texas at Tyler
Internal Audit Department
Internal Audit Annual Report for Fiscal Year Ended August 31, 2022

FY 2022 Audit Plan	Project No.	Original Budget	Budget Adjustments	Revised Budget	Actual Hours Through 8/31/22	Remaining Budgeted Hours	Status
Reserve							
Reserve for Ad-Hoc Engagements	TBD	400.0	-400.0	0.0	0.00	0.00	
Reserve Subtotal		**400.0**	**(400.0)**	**0.0**	**0.00**	**0.00**	
Follow-Up							
Implementation Status Tracking	22-19	300.0	0.0	300.0	291.75	8.25	Completed
Follow-Up Subtotal		**300.0**	**0.0**	**300.0**	**291.75**	**8.25**	
Development - Operations							
Annual Risk Assessment and Audit Plan		400.0	0.0	400.0	363.75	36.25	Completed
Institutional Audit Committee		400.0	0.0	400.0	463.50	-63.50	Completed
Quality Initiatives		300.0	0.0	300.0	377.50	-77.50	Completed
External Reporting/Requests		200.0	0.0	200.0	112.00	88.00	Completed
Audit Management Software, IT Support, and Website Maintenance		300.0	0.0	300.0	278.60	21.40	Completed
Staff Meetings		300.0	0.0	300.0	325.00	-25.00	Completed
CAE Update/Collaborative Meetings		150.0	0.0	150.0	119.00	31.00	Completed
Development - Operations Subtotal		**2,050.0**	**0.0**	**2,050.0**	**2,039.35**	**10.65**	
Development - Initiatives and Education							
System Audit Office Initiatives		150.0	0.0	150.0	324.75	-174.75	Completed
Professional Organization/Association Participation		300.0	0.0	300.0	205.75	94.25	Completed
Individual Continuing Professional Education (CPE)		350.0	0.0	350.0	329.25	20.75	Completed
Development - Initiatives and Education Subtotal		**800.0**	**0.0**	**800.0**	**859.75**	**-59.75**	
Total Budgeted Hours		**8,810.0**	**0.0**	**8,810.0**	**8,275.45**	**534.55**	

Benefits Proportionality Audit Requirements:

Rider 8, page III-50, the General Appropriations Act (87th Legislature, Conference Committee Report), requires that higher education institutions conduct an internal audit of benefits proportional by fund, using a methodology prescribed by the State Auditor's Office. The rider requires that the audit examine FY 2019 through 2021 and be completed no later than August 31, 2022.

IAD completed an Audit of Benefits Proportionality by fund for FY 2019, using the methodology prescribed by the State Auditor's Office, as a project under the required engagements for the FY 2020 Audit Plan, titled "Benefits Proportionality." An audit of FY 2020 and FY 2021 Benefits Proportionality was completed as a project under the required engagements for the FY 2022 Audit Plan.

Senate Bill 20 / Texas Education Code, Section 51.9337:

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*." IAD conducted this required assessment for FY 2022 and found the following:

> Based on review of current Institutional policies and procedures, UT System policies and procedures, and the UT System Board of Regents' *Rules and Regulations*, UT Tyler has generally adopted all the rules and policies required by TEC §51.9337. Review and revision of these policies is an ongoing process. These rules and policies will continue to be assessed annually to ensure continued compliance with TEC §51.9337.

III. Consulting Services and Nonaudit Services Completed

Report Date	Report Title	High-Level Objective	Results
No Formal Report	Executive Management Meetings, Consulting and Advisory Services, and Specific Requests on Emerging Risks	To participate in an advisory role on Executive Management meetings, to provide ad hoc consulting and advisory services, and for specific requests on emerging risks.	Internal Audit served in an advisory capacity on several Executive Management meetings, many of which were reflective of and incorporated the UT Tyler and UT Health Science Center at Tyler integration that took place in January of 2021, during the year and completed any action items assigned.

Report Date	Report Title	High-Level Objective	Results
No Formal Report	Institutional Committees, Workgroups, Trainings, and Meetings	To assist in an advisory role on committees/workgroups at the Institution and provide and/or receive Institutional training as requested.	Internal Audit served in an advisory capacity on several standing and ad-hoc committees, workgroups, and trainings, many of which were reflective of and incorporated the UT Tyler and UT Health Science Center at Tyler integration that took place in January of 2021, during the year and completed various action items.
No Formal Report	UTHSCT & UT Health East Texas Clinical Operations Management Agreement (COMA) Review	To perform an annual review of UTHET's performance under the COMA to evaluate its compliance with the agreed upon Management Parameters.	Internal Audit performed an annual review of UTHET's performance under the COMA by evaluating its compliance with the agreed upon Management Parameters.
No Formal Report	Data Analytics Program	To develop and deliver reports using data analytics software for Institutional clients as requested such as CARES/HEERF funds, Procurement Cards, Balance Forwards, Journal Entry Approvals, and Duplicate Vendor/Payments.	Internal Audit, with the assistance of the UT System Audit Office, developed and delivered reports using data analytics software for Institutional clients as requested in an advisory capacity.
No Formal Report	IT Incident Response	To collaborate with external reviewers, participate in onsite activity, and verify implementation of recommendations.	Internal Audit served in an advisory capacity to collaborate with the external reviewers, participated in their onsite activity, and ensured implementation tracking of the recommendations as they related to the UT Tyler Main campus.

IV. External Quality Assurance Review (Peer Review)

Baker Tilly was engaged to conduct an independent validation of the IAD's self-assessment with the assistance of an internal audit executive from a peer institution, which was completed in August of 2020. The primary objective of the validation was to verify the assertions made in the self-assessment report concerning adequate fulfillment of the organization's expectation of the internal audit activity and its conformity to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, Generally Accepted Government Auditing Standards, and relevant requirements of the Texas Internal Auditing Act.

Based on Baker Tilly's independent validation of the self-assessment performed by the IAD, the internal audit function received an overall rating of "Generally Conforms" with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics. 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.

Reference Exhibit A: External Quality Assessment Review Executive Summary

V. Internal Audit Plan for Fiscal Year 2023

The FY 2023 Audit Plan was primarily developed based upon the results of the institution-wide risk assessment completed late in FY 2021, which focused on UT Tyler's critical strategic and operational objectives and related risks. To identify audits and projects for the plan, the IAD considered the level of risk for strategic and operational objectives and monitoring activities of the risks performed internally and externally. In addition, audits and projects externally required or requested by UT System or the Board of Regents were also included in the plan.

Fiscal Year 2023 Audit Plan

Project Name	Budget
Assurance Engagements	
Controlled Substance Agreements Audit	500
Epic User Access Audit	500
University Advancement Endowment Distributions Audit	500
Procurement Card Audit	450
Incident Detection and Response Audit (Post-Incident and Response Health Check Review)	400
Assurance Engagements Subtotal	**2350**
Advisory and Consulting Engagements	
Consulting and Advisory Services, Executive Meetings, Meetings with Management, and Specific Management Requests related to Emerging Risks	450
Institutional Committees, Workgroups, Trainings, and Meetings	400
Consulting and Advisory Services related to any IT/IS Integration Efforts, as needed	400
UTHSCT & UT Health East Texas Clinical Operations Management Agreement (COMA) Review	100
Data Analytics Program	250
Grant Expenditure Procedure Review	150
University Advancement Endowment Balances Review	200
Cowan Center Review	200
Discovery Science Place Review	150
Advisory and Consulting Engagements Subtotal	**2300**
Required Engagements	
State Institution of Higher Education Contracting Assessment	40
Family Medicine Residency Program Grant Audit FYE 8/31/2022	100
Financial Statement Audit Assistance	40
CPRIT Grant External Audit (assistance to management)	30
Required Engagements Subtotal	**210**
Investigations	
Investigations	200
Investigations Subtotal	**200**
Reserve	
Reserve for Ad-Hoc Engagements	350
Reserve Subtotal	**350**
Follow-Up	
Implementation Status Tracking	300
Follow-Up Subtotal	**300**

V. Internal Audit Plan for Fiscal Year 2023, Continued

Project Name	Budget
Development - Operations	
Annual Risk Assessment and Audit Plan	400
Institutional Audit Committee	450
Quality Initiatives	450
External Reporting/Requests	200
Audit Management Software, IT Support, and Website Maintenance	200
Staff Meetings	350
CAE Update/Collaborative Meetings	140
Development - Operations Subtotal	**2190**
Development - Initiatives and Education	
System Audit Office Initiatives	250
Professional Organization/Association Participation	300
Individual Continuing Professional Education (CPE)	350
Audit Software implementation	100
Development - Initiatives and Education Subtotal	**1000**
Total Budgeted Hours	**8900**

Other High-Level Risks:
Additional critical and high risks that were identified but not included in the FY 2023 Audit Plan are related to the following:

- Administration, accreditation, strategic planning, and growth
- Compliance with regulations including purchasing, billing, pharmacy, and disclosure requirements
- Finance, human resources, and research
- Information technology and security
- Safe campus environment and campus programs for minors

While related engagements are currently not part of the FY 2023 Annual Audit Plan, there are other mitigating activities underway that address the objectives at risk.

Risk Assessment Process:
The UT Tyler FY 2023 Audit Plan was prepared using a risk-based approach developed by the University of Texas System to ensure that areas and activities specific to UT Tyler with the greatest risk were identified for consideration to be audited.

The goals for this risk assessment approach were to start with an awareness of critical initiatives and

objectives to ensure the risks assessed were the most relevant. The risk assessment approach was based on a top-down process that included conversations and requests for input with risk collaborators, executives, and managers from the various operating areas on campus to review the activities and associated risks in their areas. During the risk assessment, risks associated with information technology related to Title 1, Texas Administrative Code, Chapter 202; Benefits Proportionality; and compliance with contract processes and controls according to Texas Government Code, Section 2102.005(b) were considered. An emphasis was placed on collaboration with other functions that assess, handle, or manage risk. The risk assessment and subsequent Audit Plan were reviewed and approved by members of executive management and the Institutional Audit Committee.

VI. External Audit Services Procured in Fiscal Year 2022

External Audit Services for the year ending August 31, 2022, were provided as follows:

- Deloitte conducted procedures related to the FY 2021 Annual Financial Report audit and procedures for the Report on the Schedule of Expenditures of Federal Awards for the United States Department of Education Student Financial Assistance Cluster of the University of Texas at Tyler for the 2020-2021 Program Award Year.

- UT System conducted Incident Response Health Check for the University of Texas at Tyler (UTT) Incident Management Program.

- Belt Harris Pechacek conducted an audit of the financial statements of The University of Texas at Tyler University Academy for the fiscal year ended August 31, 2021.

- R.L. Townsend & Associates, LLC performed a review of the contract and billing records associated with the College of Arts & Sciences Renovation.

VII. Reporting Suspected Fraud and Abuse

Actions taken by UT Tyler to comply with the following requirements are summarized below:

Sec. 7.09 General Appropriations Act (87th Legislature, Conference Committee Report)

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 has a link for fraud reporting on the University's home page at https://www.uttyler.edu/ which provides information on how to report suspected fraud, waste, and abuse involving state resources directly to the State Auditor's Office (SAO). This includes the SAO's fraud hotline, a link to the SAO's website, and UT Tyler's policies for reporting suspected fraud. The Institution has also included information on how to report suspected fraud involving State funds to the State Auditor's Office in its Compliance and Ethics Hotline Reporting Policy (PolicyStat ID #5560494) in the Institutional Handbook of Operating Procedures (IHOP).

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.*

UT System has implemented UTS Policy 118, Section 5, which includes a reference link to the TGC §321.022. This policy is applicable to all UT System institutions, including UT Tyler. The policy states that "the Chief Inquiry Officer for the U. T. System is the designated investigation coordinator responsible for tracking and coordinating investigations of allegations of misconduct, including Dishonest or Fraudulent Activity, at U.T. System Administration or involving an Institutional President." The UT Tyler President is knowledgeable about the policy requirements and his reporting responsibilities to the State Auditor. UT Tyler reports such activities to the State Auditor's Office via the following website: https://sao.fraud.texas.gov/.

Reference Exhibit A: External Quality Assessment Review Executive Summary

June 16, 2020

Ms. Lou Ann Viergever, Executive Director of Audit and Consulting Services
The University of Texas at Tyler

In June 2020, The University of Texas at Tyler (UT Tyler) Office of Audit 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). UT Tyler OACS engaged an independent review team consisting of internal audit professionals with extensive higher education and healthcare 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 Tyler 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 Tyler.

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

bakertilly

August 3, 2020

Stephen Ford, Jr., Associate Vice President, Chief Audit Executive
The University of Texas Health Science Center at Tyler

In June 2020, The University of Texas Health Science Center at Tyler (UTHSCT) internal audit (IA) function, the Office of Internal Audit (OIA), 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). UTHSCT OIA engaged an independent review team consisting of internal audit professionals with extensive higher education and healthcare experience to perform an independent validation of OIA's 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 OIA, we agree with OIA's 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 OIA's conclusions regarding GAGAS and TIAA requirements. Our review noted strengths as well as opportunities for enhancing the internal audit function.

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

Very truly yours,

Baker Tilly Virchow Krause, LLP

Exhibit B: FY 2022 Audits – Summary of Issues and Current Status

Texas Government Code, Section 2102.015 requires state agencies and institutions of higher education to post to the institution's website:

- A "detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report."
- A "summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report."

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/11/2022	Epic Post-Implementation Audit	HSC Management should ensure access for each of the five (5) identified terminated employees is removed. Further, Management should enhance deprovisioning procedures to ensure that specified processes are followed for the timely removal of access for all terminated employees.	HSC Management confirms that each of the identified individual's access in Epic has been removed by UTHET HR. HSC HR currently performs a periodic review comparing PeopleSoft and Lawson Active employee listings, as of a specified date, to review for potential issues with either employee listing, to track transfers, and name changes, etc. This manual process is now being performed until a formalized process is implemented, requiring collaboration between Ardent/UTHET HR and IT and HSC HR and IT. HSC Management notes, the process of an Epic account being terminated starts with HSC sending a termination record on the daily interface to Ardent/UTHET. Terminations are sent for 14 consecutive days on the daily interface. Once the interface file is received by Ardent/UTHET, the responsibility of removing access from Epic is 100% on the Ardent/UTHET team. HSC staff currently does not have any authority to require a specific process to be followed when terminating accounts within the Ardent/UTHET environment. A potential IT formalized process by Ardent/UTHET would be to provide a return interface indicating when a HSC employee's/HSC contractor's account has been terminated. HSC IT could add a custom field in PeopleSoft to track this activity and HSC HR could periodically query the information and work with Ardent/UTHET on the one-offs that were missed.	Completed

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/11/2022	Epic Post-Implementation Audit	HSC Management should ensure Epic access is removed for each of the 13 identified individuals. In addition, HSC Management should work with Ardent on a process to ensure terminated HSC employees' access to Epic is removed timely.	HSC HR notes that the 13 users were appropriately terminated by HSC and confirmed that Epic access has now been removed, as necessary, by UTHET HR as a result of the audit. Please refer to the management response within #1 above for the manual HSC HR review process now in place and the potential HSC IT formalized process, requiring collaboration between Ardent/UTHET HR and IT and HSC HR and IT, proposed for moving forward.	Completed
3/11/2022	Epic Post-Implementation Audit	HSC deactivation procedures should be enhanced to ensure that Management is able to verify that Epic access for terminated employees has been deactivated.	HSC IT notes that it can request feedback information on deprovisioning terminated employees from Ardent/UTHET but we cannot enforce the response or ability to receive such information. Automating the sharing of information is key. Please refer to the management response within #1 above for the manual HSC HR review process now in place and the potential HSC IT formalized process, requiring collaboration between Ardent/UTHET HR and IT and HSC HR and IT, proposed for moving forward.	Completed

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/11/2022	Epic Post-Implementation Audit	HSC Management should perform periodic reviews to ensure employees do not have duplicate IDs.	Agreed. Currently, HSC HR is performing periodic reviews and will continue to perform periodic reviews until a notification method from Ardent/UTHET HR is implemented. HSC Management notes that the duplicate employees were believed to be employees leaving employment at HSC and joining UTHET or vice-versa. This was a timing issue. The duplicates were in Lawson, not PeopleSoft. HSC IT is unsure if Ardent/UTHET can programmatically prevent this from occurring. This issue is with Lawson and nothing HSC can currently correct on its own. Please refer to the management response within #1 above for further details of the manual HSC HR review process now in place and the potential HSC IT formalized process, requiring collaboration between Ardent/UTHET HR and IT and HSC HR and IT, proposed for moving forward.	Completed
3/11/2022	Epic Post-Implementation Audit	HSC Management, through communications with Ardent/UTHET, should develop and implement a notification process whereby HSC IT is notified whenever an Epic IT Help Desk ticket is processed for an HSC employee.	Agreed. HSC IT and HR will make a formal request to Ardent/UTHET.	Completed
3/11/2022	Epic Post-Implementation Audit	HSC Management should perform a review of the identified policies that are past the specified review deadline.	Agreed. HSC Compliance has reviewed each of the five (5) identified policies. As part of the UT Tyler HOP Committee's policy integration review process, these policies will be formally ratified.	Completed

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/11/2022	Epic Post-Implementation Audit	HSC should update their Medical Records Access Policy, #8110532, to explicitly state that employees may not attempt to access medical records, including their own, outside of their job purview.	Agreed. As part of the UT Tyler HOP Committee's policy integration review process, this policy will be formally ratified.	Completed
3/15/2022	Controlled Property Audit	As part of the Institution's policy integration process, Management should consider removing the dollar value threshold of its "Controlled Asset" to ensure all IT electronic devices are tagged and processed through the IT Department for encryption and password protection.	We concur with this opportunity for improvement. Main and HSC campus responsible parties will collaborate to standardize the policy threshold for controlled IT electronic devices to ensure they are tagged and appropriately processed by the IT department.	In Process
3/15/2022	Controlled Property Audit	Management should review prior and current years' controlled and expensed purchases to ensure all controlled items are tagged for inventory and have been processed through the IT Department. This review should be conducted on a risk-basis to determine which payment methods (purchase orders, reimbursements, etc.) and periods should be included.	We concur with this opportunity for improvement. Both campuses will conduct a risk-based review of prior and current years' controlled and expensed purchases, including purchase card transactions on the main campus and reimbursement payments on both campuses. Any controlled items identified during the review will be retroactively processed through the IT department and tagged for inventory.	In Process

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/15/2022	Controlled Property Audit	Management should develop reconciliation procedures of controlled property purchases to inventory records in order to ensure records are complete and accurate, and items are processed through the IT Department.	We concur with this opportunity for improvement. Both campuses have processes to reconcile accounting records to inventory records, with the main campus performing this process monthly using purchase orders to track new and existing Inventory, and the HSC campus performing a similar process on a periodic basis. The main campus reconciliation will be expanded to include purchase card and expense reimbursement transactions, and the HSC process will be risk-adjusted to focus on expense reimbursement transactions, which was an identified area of weakness during this audit.	In Process
3/15/2022	Controlled Property Audit	Management should consider transferring each of the identified devices to the campus where the employee is appointed or document other appropriate controls. Policies should be created to address transferred employees and related equipment as deemed necessary. Management should further ensure that security updates on IT devices from each campus are being installed.	We concur with this opportunity for improvement. The two campuses will collaborate to establish an effective inter-campus transfer and tracking process. Additionally, both campuses will collaborate to ensure any transferred inventory between campuses is accurately recorded and tracked in our respective inventory records. Finally, both campuses will add a step to their respective annual inventory processes to ensure records corresponding to interagency controlled property transfers reconcile between the two entities.	In Process

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/15/2022	Controlled Property Audit	As part of the Institution's policy integration process, Management should consider requiring specific procedures for the disposal of IT electronic devices consistently across both campuses. It is recommended the procedures include processing through the IT Department to ensure all data, especially protected health information (PHI), has been removed from IT electronic devices. Each item should be deleted from inventory records after confirmation that data has been removed.	We concur with this opportunity for improvement. Both campuses will collaborate to establish or refresh procedures to ensure IT manages the disposal of all data devices. The new property transfer workflow application implemented on the main campus ensures that items identified for disposal cannot be physically transferred to the disposal unit until IT has signed off that all data has been removed.	In Process
3/15/2022	Controlled Property Audit	As part of the Institution's policy integration process, Management should develop a consistent policy for each campus, and at a minimum document the process for tracking controlled equipment on or off campus as required by SPA. Training should be provided to employees to ensure compliance with the requirements.	We concur with this opportunity for improvement. As part of the Institution's policy integration process, both campuses will collaborate to ensure development of a consistent policy that emphasizes the SPA requirement to be able to track equipment at all times. Each campus will also document its process for tracking controlled equipment, whether on or off campus. Upon finalization of these policies and procedures, both campuses will train employees on these requirements to foster compliance.	In Process

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/15/2022	Controlled Property Audit	Management should establish a monitoring process for purchases to ensure proper account codes are used to ensure all controlled items are included in inventory.	We concur with this opportunity for improvement. Both campuses will expand their existing monitoring procedures to include a consistent review of all purchase transactions to ensure correct account codes are used and controlled items are included in inventory. Existing queries and reporting tools will be modified and expanded.	In Process
3/15/2022	Controlled Property Audit	Management should ensure training is provided to all departments to ensure the correct account codes are utilized when purchasing items, that inventory records are properly updated for custodian and location changes, that disposed and missing items are accurately reported, and that the annual inventory review is complete and accurate. The annual inventory review process should include Management performing a spot check review of selected inventory items from selected departments.	We concur with this opportunity for improvement. Both campuses will collaborate to expand campus training opportunities and identify new delivery methods to enhance communication with and educate the campuses on the importance of accurate accounting for inventory items. Additionally, both campuses will supplement the annual inventory review process with inventory spot checks to ensure procedures are being followed and inventoried items are indeed on hand.	In Process
3/15/2022	Controlled Property Audit	Reimbursement processes for IT related purchases should be strengthened to ensure all required approvals are obtained prior to an employee being reimbursed and equipment being placed into service.	We concur with this opportunity for improvement. Both campuses will develop training tools and check points for expense report approvers, administrative staff, and central departments that process reimbursements to emphasize the criticality of IT approval for IT-related equipment.	In Process

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/15/2022	Controlled Property Audit	Management should develop reconciliation procedures of controlled property purchases to inventory records in order to ensure records are complete and accurate, and items are processed through the IT Department.	We concur with this opportunity for improvement. Both campuses have processes to reconcile accounting records to inventory records, with the main campus performing this process monthly using purchase orders to track new and existing Inventory, and the HSC campus performing a similar process on a periodic basis. The main campus reconciliation will be expanded to include purchase card and expense reimbursement transactions, and the HSC process will be risk adjusted to focus on expense reimbursement transactions, which was an identified area of weakness during this audit.	In Process

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
3/15/2022	Controlled Property Audit	Management should develop processes to ensure inventory is assigned to only an active Budget Authority / Account Owner.	We concur with this opportunity for improvement. Main campus procurement and property control leaders will collaborate with Financial Services, Human Resources, and IT to enhance the termination notification process. Property Services will be added to the off-boarding distribution list. Property Services will check to see if the terminated individual has assigned inventory. Main campus procurement and property control leaders will also work with departments to immediately assign an interim budget authority to ensure the assigned inventory remains the responsibility of an active authority. Upon the assignment or reassignment of a new authority, the assigned departmental inventory contact person will be instructed to request a report of inventory assigned to that authority to review for accuracy. Additionally, main campus procurement and property control leaders will work with developers to establish a report of budget/inventory authorities that includes employment status. Property Services will monitor this report and take appropriate action for any terminated authorities to which inventory is assigned.	Completed
4/8/2022	Benefit Proportionality Audit	None		N/A

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
4/8/2022	Employee Off-Boarding Audit	As part of the Institution's policy integration efforts, HR leadership should perform a detailed review of the HSC campus policies currently in place related to the employee off-boarding process. HR leadership, in collaboration with Main campus and HSC campus Information Technology (IT), Information Security (IS), Police Departments, Facilities or other departments having responsibility within the off-boarding process, implement a combined policy for UTT that specifies the requirements and ensures timely notification to all departments involved in the employee off-boarding process. The policy should include appropriate deadlines for disabling access across both the Main campus and the HSC campus for all terminations and transfers. This combined policy should consider requiring immediate account deactivation and collection of Institutional equipment for employees terminated for cause.	HR will review policy and consider a tiered timeline for terminating employees/accounts. Upon termination, automated emails are sent to the supervisor and data owners as a notice/reminder to remove access to applications and to collect keys, badges, and equipment.	Completed

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
4/8/2022	Employee Off-Boarding Audit	As part of the combined employee off-boarding process policy for UTT in recommendation #1 above, Management should ensure timely notification to all departments involved in the access removal process for ProCards and Travel Cards.	Upon termination, automated emails are sent to the supervisor and data owners as a notice/reminder to remove access to applications and to collect keys, badges, and equipment. Data owners include key personnel in UTT's Office of Financial Services who are responsible for the removal process for ProCards and Travel Cards.	Completed
4/8/2022	Employee Off-Boarding Audit	UTT HR leadership should perform a detailed review of the HSC campus employee off-boarding checklist currently in place and work towards implementing a combined checklist for UTT across both the Main campus and the HSC campus for all employees upon termination or transfer.	A combined checklist for UTT across both the Main and the HSC campus will be created and implemented. Along with the HR checklist, an automated email is being sent upon termination/transfer to the supervisor and data owners as a notice/reminder to remove access to applications and to collect keys, badges, and equipment.	Completed
4/8/2022	Employee Off-Boarding Audit	As part of the combined employee off-boarding process policy for UTT in recommendation #1 above, UTT HR leadership should include language specific to University Academy regarding access removal when the last day worked is far in advance of the effective termination date.	This particular situation can happen for other University employees terminating outside of University Academy. An individual can submit resignation far in advance (ex. 1 week, 2 weeks, 1 month, 3 months, etc.), and HR encourages terminating employees to provide sufficient notice. The automated email being sent upon termination/transfer to the supervisor and data owners as a notice/reminder to remove access to applications and to collect keys, badges, and equipment will be updated to include language to instruct the supervisor about security and access when the last day worked does not coincide with the actual termination date.	Completed

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
4/8/2022	Employee Off-Boarding Audit	Main campus and HSC campus IS leadership, in collaboration with IT leadership, should work to develop and implement a 90-day user access review across both campuses to ensure access rights have been appropriately removed for all off-boarded employees.	Documentation of current HR/IT/ISO processes associated with offboarding should be consolidated and reviewed. Upon completion, gaps in processes should be identified and an action plan to minimize the gaps should be created.	Completed
4/8/2022	Employee Off-Boarding Audit	As part of the Institution's policy integration process, Management should perform a review of the identified policies that are past the specified review deadline.	Policies are currently in the process of being merged. HSC PolicyStat is no longer being updated and the content/dates may not align with the content/dates of the merged policies. If merged policies were removed from PolicyStat when appropriate, the process of updating non-merged policies would be manageable.	Completed
4/8/2022	Employee Off-Boarding Audit	As part of the recommendation in #6 above, the combined checklist for UTT across both the Main campus and the HSC campus should include a required checklist item that all keys and badges have been properly returned.	HR will work with appropriate departments at each campus to determine a process to ensure key and badges have been returned and inactivated.	Completed

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
4/8/2022	Employee Off-Boarding Audit	As part of the Institution's policy integration efforts, HSC campus and Main campus IT and IS should review this HSC policy and associated policies or procedures at the Main campus, to accurately capture the requirements and expectations for the HSC campus and Main campus moving forward. As this policy is still in effect, and until the policy is amended, HSC management should provide guidance on the policy's requirement that all HSC campus business must be conducted on HSC campus asset-tagged and encrypted devices.	HSC Policy 5425586 – Safeguarding Data needs to be updated to reflect actual practices. HSC IT will work with the HSC ISO to update the policy in a timely fashion. It is worth noting, however, personal devices (computers) are not able to connect to the HSC secure network. Access to HSC applications and services would have been completed through an approved secure connection, such as VDI, and all work product would have been stored on either local servers or MSFT O365. Access to Office.Com is also allowed on non UTHSCT owned devices but multi-factor authentication (MFA) is required and data is stored on MSFT (i.e. email, teams, OneDrive, SharePoint, etc.). All things considered, having an employee start without a computer is not ideal. HSC IT strongly encourages departments to plan ahead and order equipment with enough lead time for its arrival, configuration, and deployment.	In Process
4/8/2022	Employee Off-Boarding Audit	Main campus and HSC campus IT leadership, in collaboration with IS leadership, should ensure that a complete and accurate system application inventory listing for each campus is finalized and utilized as part of the employee off-boarding process.	The Main campus and HSC campus Information Security Officers will continue to update and maintain the list of approved applications.	Completed

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
4/8/2022	Employee Off-Boarding Audit	Main campus and HSC campus IT leadership, in collaboration with IS leadership, should develop and implement a consistent process that will help ensure all applicable system access is deactivated or modified and can be tracked effectively.	Main campus and HSC IT, in collaboration with Main campus and HSC Information Security Officers, will look at options for tracking non-enterprise application account adds, changes, and deletes and provide possible solutions.	In Process
4/8/2022	Employee Off-Boarding Audit	Management should implement a process that captures the badge access deactivation date for all terminations and transfers and ensure the deactivation dates are available in a downloadable report.	Agreed. Student Business Services will work to add a user defined field so we can record the Inactive date for the employee after termination. This will allow for us to query the date when the employee becomes inactive in Transact. Student Business Services will need to work with the developers on campus to get this task accomplished.	In Process
7/13/2022	Accounts Payable Audit	As part of the Institution's policy integration efforts, leadership should perform a detailed review of the Main Campus and HSC campus policies currently in place related to vendor files and accounts payable.	HOP Policy 4.6.3, "Payments – Accounts Payable" has been revised and approved by the HOP committee as recommended and is in the queue to be posted to the HOP.	In Process

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
7/13/2022	Accounts Payable Audit	Departments should carefully monitor payments and account reconciliations to assure duplicate payments are not made or are corrected if made in error. Financial Services should consider using data analytics to review for duplicate payments in the future on a continuing basis.	Financial Services agrees that using a data analytics tool in the future will allow for current corrections if needed. Financial Services is committed to implementing consistent monitoring and reviewing processes and will coordinate running such reports with the Internal Audit team.	Completed
7/13/2022	Accounts Payable Audit	Financial Services should review the Vendor Master File and update the vendor status so that only one (1) vendor record is "Active", where appropriate.	Financial Services is reviewing the data file provided by Internal Audit in order to verify all records identified which must remain in Approved status and available for active use. All records not needed for active use will be updated to an Unapproved status which prevents further use.	In Process
7/13/2022	Accounts Payable Audit	Financial Services should develop and implement policies and procedures to monitor the Vendor Master file for duplicate vendors.	Financial Services agrees that the Vendor database must be monitored for duplicates and will update internal department procedures to incorporate this activity. Financial Services is committed to implementing consistent monitoring and reviewing processes and will coordinate running such reports with the Internal Audit team.	In Process

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
7/13/2022	Accounts Payable Audit	Financial Services Policies should be updated to include deactivating vendors that have not had a payment within a determined time frame. The vendors who have not received a payment during this time frame should be changed to "Unapproved" status, so the vendor is no longer active.	Financial Services agrees and will update internal department procedures to incorporate this activity and is also collaborating with UT System IT Support (SIS) to Inactivate any unused vendor records and change to an Unapproved status those used records where no Purchase Order or payment Voucher activity exists during the last two years. As discussed, we have elected to keep two years of used records in Approved status and available for active use in order to more fully make use of updating records via the PaymentWorks supplier/payee electronic system.	In Process
8/10/2022	Cloud Security Audit	IS should develop and implement approaches to efficiently and effectively view the logs and determine high risk cloud services that should be targeted for review.	We can utilize Microsoft Defender for Cloud App Security (MDCA) to identify unsanctioned cloud services that use apps to connect to those cloud services. The HSC ISO team will start the process of identifying and tagging cloud services that should be targeted for review.	In Process
8/10/2022	Cloud Security Audit	IS should collaborate with Information Technology (IT) to strengthen controls for ensuring cloud service providers are risk assessed and approved by IS, and to help maintain a complete inventory of cloud services.	Conduct meeting with purchasing to discuss current procedures for making sure all cloud services are approved and added to data owner list before purchase.	In Process

Report Date	Name of Report	Recommendation	Action Plan	Status/Actions
8/10/2022	Cloud Security Audit	IS should communicate to the Data Owners to re-perform risk assessments annually for cloud services that contain confidential data, as required per policy.	Send notification informing data owners that risk assessments are required by policy and should be completed annually. Offer assistance to data owners who are in need of help completing the assessment(s).	In Process
8/10/2022	Cloud Security Audit	Management should update the Acceptable Use Policy to include the User Acknowledgement section as specified in the UTS #165 Standard 2 template.	Update policy to include specific language communicating the penalty for non-compliance.	Completed
8/10/2022	Cloud Security Audit	Management should consider documenting departmental procedures for monitoring and responding to security related system alerts.	Create procedure document for responding to cloud-based alerts.	In Process