UNIVERSITY OF TEXAS ★ ARLINGTON

FY 2023 Internal Audit Annual Report

as prepared for the State Auditor's Office

November 2023

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Objective and Background

Objective:

The objective of the **Internal Audit Annual Report** is to provide required information in accordance with the **Texas Internal Auditing Act** on the assurance services, consulting services and other activities performed by the Office of Audit and Consulting Services at The University of Texas at Arlington (UTA). In addition, the **Internal Audit Annual Report** assists oversight agencies in their planning and coordination efforts.

Background:

The **Texas Internal Auditing Act** requires entities such as UTA to submit an **Internal Audit Annual Report** each year to the Governor, the Legislative Budget Board, the State Auditor, and the entities' governing boards and chief executives. The State Auditor is charged with prescribing the form and content of the annual report and other internal audit requirements.

This report was prepared in accordance with the guidance prescribed by the State Auditor, as well as the Texas Government Code, Section 2102.009. The guidance prescribed by the State Auditor for the **Internal Audit Annual Report** are listed on the following website: https://www.sao.texas.gov/InternalAudit/#example

I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan and Internal Audit Report on the website

Requirement

Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan and Internal Audit Annual Report on the website. Include a brief explanation of the procedures followed to comply with the provisions of Texas Government Code, Section 2102.015.

Details From Government Code

Sec. 2102.015. PUBLICATION OF AUDIT PLAN AND ANNUAL REPORT ON INTERNET.

(a) Notwithstanding Section 2102.003, in this section, "state agency" means a board, commission, department, institute, office, or other agency in the executive branch of state government that is created by the constitution or a statute of this state, including an institution of higher education as defined by Section 61.003, Education Code.

(b) Subject to Subsection (c), at the time and in the manner provided by the state auditor, a state agency shall post on the agency's Internet website:
1. the agency's internal audit plan approved as provided by Section 2102.008; and
2. the agency's annual report required under Section 2102.009.

(c) A state agency is not required to post information contained in the agency's internal audit plan or annual report if the information is excepted from public disclosure under Chapter 552.

(d) A state agency shall update the posting required under this section at the time and in the manner provided by the state auditor to include a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any, raised by the audit plan or annual report.

(e) A state agency shall update the posting required under this section to include 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.

I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan and Internal Audit Report on the website

As required by Subsection (b) of Sec. 2102.015, the Office of Audit and Consulting Services at UTA posted the <u>current fiscal year audit work plan</u> and <u>the latest Internal Audit Annual Report</u> on its web site: https://www.uta.edu/audit.

As stated in Subsection (c) of Sec. 2102.015, the Office of Audit and Consulting Services does *not* post information contained in the internal audit plan or annual report if the information is excepted from public disclosure under Chapter 552.

To further meet Subsection (d) of Sec. 2102.015 requirements, the Office of Audit and Consulting Services does the following:

- Each audit report from the Office of Audit and Consulting Services is presented to UTA's Institutional Audit Committee (IAC) for review and approval. Once the IAC approves the report, the Office of Audit and Consulting Services performs appropriate due diligence and publishes the reports which includes the UT System web site: https://www.utsystem.edu/documents/audit-reports-institution. Each audit observation included in the reports meets a standardized and defined risk threshold. In instances where no observations were reported, a summary report is issued to document the audit objective, scope and conclusion.

- Each report includes a summary of actions taken or planned courses of action (i.e. Management Response) to address findings. The Office of Audit and Consulting Services has a robust process in place to follow-up on open (or unresolved) audit findings to help ensure timely resolution. As part of their quarterly meeting, the IAC reviews the status of each open finding to help ensure actions are taken, timely and adequate.

II. Internal Audit Plan for Fiscal Year 2023

Requirement
- Include a list of fiscal year 2023 planned audits, and indicate report numbers, report dates, report titles, and whether the audits were completed (if an audit was not completed or is ongoing as a carry-over project, include the current status of the audit).
- Include a brief explanation for any deviations from the fiscal year 2023 audit plan, which was submitted as part of the annual report due November 1, 2022.
- Include notice if audit results are only included in the internal audit annual report.

Note: For higher education institutions:
- Clearly indicate which audit(s) were performed to address the benefits proportionality audit requirement prescribed in Rider 8, page 50, the General Appropriations Act (87th Legislature).
- Report the findings for the higher education institution assessment required by Texas Education Code, Section 51.9337(h), in this section **or** in a separate report to the SAO.

II. Internal Audit Plan for Fiscal Year 2023

UTA Office of Audit and Consulting Services' Response

Exhibit A provides the status of fiscal year 2023 planned audits, consulting and other activities. This FY 23 Audit Work Plan for UTA's Office of Audit and Consulting Services was approved by the Institutional Audit Committee July 13, 2022. Additionally, as required, Exhibit A provides report numbers, report titles, issuance/completion quarter, status, as well as descriptions of all amendments to the FY 2023 Audit Plan.

We performed a Benefits Proportionality Audit in fiscal 2022. The audit covered fiscal years 2020 and 2021. For all years reviewed, UTA was compliant with the proportionality requirements provided by Article IX, Sec. 6.08. The latest report was submitted to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor's Office in July 2022 as required. The prior report was submitted in August 2020. Both reports can be accessed at the following web address: https://www.utsystem.edu/documents/audit-reports-institution.

UTA performs the higher education institution assessment as required by Texas Education Code, Section 51.9337(h) on an annual basis. This audit is noted on Exhibit A as completed. As required, the Chief Audit Executive assesses whether the institution has adopted the required rules and policies and submits the report. Importantly, there were no findings reported for 2023. The report can be accessed at the following web address: https://www.utsystem.edu/documents/audit-reports-institution.

II. Exhibit A - Internal Audit Plan for Fiscal Year 2023

Code	Engagement Name	Status
Assurance Engagements		
UTA23-01-12	Operation Fast Start For New To Position Campus Leaders	Athletics Director – Completed. Report Issued in March 2023 - UTA23-01 Office of Provost - Completed. Report Issued in November 2023 - UTA23-02 Part 2 of the Operations Fast Start Audits Will Be Completed In FY 2024 We used 12 as an estimate of the number of these audits that may be performed in parts 1, 2 and 3 (if needed).
UTA23-13	HEERF Funding	This Assurance Audit Was Carried-Forward to FY 2024. The Audit will be completed in Q1 of FY 2024.
UTA23-14	Financial Aid	Completed. Report issued in July 2023.
UTA23-15	FY 2022 UTS 142.1 Assurance Audit	Completed. Report issued in December 2022
UTA23-16	On-Boarding Process	This audit was cancelled. Audit Committee approved this cancellation in March 2023. Our Talent, Culture and Engagement worked on process evaluation/improvement lowering the risk in the area. Used hours on Operation Fast Start and Campus Living Villages.
UTA23-17	Cyber Security (Ransomware and Back-Up Process)	This audit was carried forward and is to be completed in Q1 of FY 2024.
UTA23-18	Inventory Management End-To-End Process Review	This audit was cancelled. Audit Committee approved this cancellation in March 2023. Audit was short staffed by two team members during Q1 and Q2. Used additional hours on Campus Living Villages and Operation Fast Start audits.
UTA22-05-CF	CF - Learfield Contract Review	Completed. Report issued in November 2022. A separate consulting review in this area was also completed for which there was no report.
UTA22-06-CF	CF - Campus Living Villages Ground Lease Audit	Completed. Summary report issued in March 2023 as the findings were deemed confidential.

II. Exhibit A - Internal Audit Plan for Fiscal Year 2023

Code	Engagement Name	Status
Consulting / Advisory Services		
UTA23-CP-01	Enterprise Risk Management Consulting	ERM work for year was completed. No formal report.
UTA23-CP-02	Contract Management Consulting	UTA's Legal team is actively reviewing the Contract Management Process. Our contract audits (Campus Living Villages and Learfield) provided coverage. Therefore, the Audit Committee approved cancellation of this project in September 2023.
UTA23-CP-03	Data Analytics Project (P-Card, Timekeeping, Travel, Duplicate Payments, Departmental Expenses)	Completed - No formal report.
UTA23-CP-04	Reserve for Advisory and Consulting (included NRUFF, Engagement Survey, Leave Management, AP Contract and KPIs, New Learfield Contract Terms, TCE Panels, Financial Aid Prep, NCURA Research Partnership, etc.)	Completed - No formal reports.
UTA23-CP-05	Participation on University Committees (CARES, HOP, Endowment Compliance, AP, Leadership Council, End Point Management, SAC, etc.)	Completed - No formal report.
UTA23-CP-06	Responding to Institutional Requests for Information and Advice	Completed - No formal report.
Required Engagements		
UTA23-08	FY 2022 NCAA Annual Financial Audit (support for UT System Audit Office)	Performed with UT System. Completed. Report issued in March 2023.
UTA23-09	FY 2022 Annual Financial Report (AFR) Audit	Completed - No formal report.
UTA23-10	FY 2023 Annual Financial Report (AFR) Interim Work	Completed - No formal report.
UTA23-11	Nursing Shortage Reduction Program Awards Audit	Completed. Report issued in February 2023
UTA23-12	State Auditor's Office (SAO) Statewide Single Audit (Student Financial Aid)	Completed. No formal report.
UTA23-13	Texas Education Code 51.9337(h) - Annual Reporting Requirement on Procurement Policies	Completed. Report issued November 2022.

II. Exhibit A - Internal Audit Plan for Fiscal Year 2023

Code	Engagement Name	Status
Investigations		
UTA23-OP-01	Reserve for Investigations	All investigations completed.
Reserve		
UTA23-OP-02	Reserve for Unanticipated Audits or Other Activities	Completed. No formal report.
Follow-Up		
UTA23-OP-03	Quarter 1	Completed. No formal report.
UTA23-OP-04	Quarter 2	Completed. No formal report.
UTA23-OP-05	Quarter 3	Completed. No formal report.
UTA23-OP-06	Quarter 4	Completed. No formal report.
Development - Operations		
UTA23-OP-07	UT System, SAO, etc., Reporting/Requests	Completed. No formal report.
UTA23-OP-08	Annual Internal Audit Report	Completed. Report issued in October 2022.
UTA23-OP-09	Audit Committee Preparation and Participation	Completed. No formal report.
UTA23-OP-10	Quality Assurance Review -or other internal processes and activities	Completed. No formal report.
UTA23-OP-11	FY 2024 Annual Work Plan Development & Risk Assessment Process	Completed. Reported to Audit Committee in July 2023.
UTA23-OP-12	New audit software implementation preparation; TeamMate, IDEA, etc., development, maintenance and other technical support	Completed. No formal report.
UTA23-OP-13	Executive Management and Leadership of the IA Department	Completed. No formal report.
UTA23-OP-14	Project Status Staff Meetings	Completed. No formal report.
Development - Initiatives And Education		
UTA23-OP-15	UT System Audit Office Initiatives and Participation	Completed. No formal report.
UTA23-OP-16	Institutional Strategic or Other Initiatives	Completed. No formal report.
UTA23-OP-17	Professional Organization and Association Participation	Completed. No formal report.
UTA23-OP-18	Individual Continuing Professional Education	Completed. No formal report.
UTA23-OP-19	Non CPE Related Training	Completed. No formal report.

III. Consulting Services and Nonaudit Services Completed

Requirement

Consulting Services and Non-audit Services Completed

- Include a list of consulting services, as defined in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, and a list of non-audit services, as defined in *Government Auditing Standards*, 2011 Revision, Sections 3.33 – 3.58, or Government Auditing Standards, 2018 Revision, Sections 3.64 – 3.106, as applicable, that were completed during fiscal year 2023.
- If a report was issued, include report numbers, dates, and titles, as well as the high-level objective(s) of each project.

Detail From IIA Standard

- **Consulting services** are advisory in nature and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility. The nature of consulting services must be defined in the internal audit charter.

Detail From UTA Internal Audit Charter

- The Office of Audit and Consulting Services will perform **consulting and advisory services** related to governance, risk management and control as appropriate for the organization. Such services include management requests, participation on institutional committees, and participation on implementation teams for information technology projects and business process improvements.

Detail from Government Auditing Standards

Non-Audit Services are defined as follows:

- Activities such as financial statement preparation, cash-to-accrual conversions, and reconciliations are considered non-audit services under GAGAS.
- By their nature, certain non-audit services directly support an entity's operations and, if provided to an audited entity, create a threat to the auditors' ability to maintain independence in mind and appearance. Some aspects of these services will impair auditors' ability to conduct GAGAS engagements for the entities to which the services are provided.

III. Consulting Services and Non-Audit Services Completed

UTA Office of Audit and Consulting Services' Response

- For a listing of Advisory and Consulting Services provided by the Office of Audit and Consulting Services at UTA, see **Exhibit A in Section II** (page 9). Typically, formal audit reports are <u>not</u> written for most advisory or consulting services at UTA. On average Advisory and Consulting Services account for approximately 19 percent of our annual audit hours used. When applicable, summaries of the advisory or consulting reviews are shared with the Institutional Audit Committee and the UT System Audit Office.

- The Office of Audit and Consulting Services at UTA does <u>not</u> engage in these non-audit services such as financial statement preparation, cash-to-accrual conversions, and reconciliations that could impair independence. Each year, each audit team member signs an independence statement. Additionally, at the start of each audit, each auditor confirms that nothing in the engagement scope will impair independence.

IV. External Quality Assurance Review (Peer Review)

Requirement
Include a copy of the executive summary or a summary of issues from the most recent external quality assurance review or peer review report.

The last Quality Assurance Review (QAR) of the Office of Audit and Consulting Services was conducted in May through July 2020, and the Executive Summary is provided on the following page. The QAR involved a self-assessment with independent validation conducted by Baker Tilly and the CAE from the University of Oregon. The Office of Audit and Consulting Services received the highest rating of "Generally Conforms."

The department is currently undergoing its next QAR, with formal results expected to be reported to the Institutional Audit Committee in December 2023.

August 13, 2020

David Price, UTA Chief Audit Executive
The University of Texas at Arlington

In May 2020, The University of Texas at Arlington's (UTA) 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). UTA OIA engaged an independent review team consisting of internal audit professionals with extensive higher education 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 considerable strengths as well as minor 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 UTA 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 Arlington.

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

V. Internal Audit Plan for Fiscal Year 2024

Requirement
- Include the fiscal year 2024 approved audit plan. If the plan is pending approval from the governing board or chief executive and is not submitted with the annual report, specify the date that the plan will be submitted. If the audit plan is modified during the fiscal year 2024, submit a copy of the revised plan to the oversight agencies.
- Include the budgeted hours for all projects.
- Indicate which projects in the audit plan, if any, address the following:
  - Benefits proportionality, expenditure transfers, capital budget controls, or any other limitation or restriction in the General Appropriations Act.
  - Contract management and other requirements.
- Include a list of additional risks ranked as "high" that were identified but are not included in the fiscal year 2024 audit plan.
- Include a brief description of the risk assessment or methodology used to develop the audit plan, including consideration, if any, of risks associated with:
  - ✓ The applicable information technology risks related to Title 1, Texas Administrative Code, Chapter 202 (Information Security Standards)
  - ✓ Benefits proportionality
  - ✓ Methods for ensuring compliance with contract processes and controls and for monitoring agency contracts, according to Texas Government Code, Section 2102.005(b).

Note: for Higher Education Institutions:
- Rider 8, page 111-52, the General Appropriations Act (86th Legislature) requires each higher education institution to consider audits of benefits proportionality when developing their annual internal audit plans for fiscal years 2024 and 2025.

The following FY 24 Audit Work Plan was approved by the Institutional Audit Committee in July 2023.

V. Internal Audit Plan for Fiscal Year 2024

Audit		Budgeted Hours	General Objective/Description
Assurance Engagements			
UTA24-01	Operation Fast Start For New To Position Campus Leaders - FY 2024 – Part 2	1,800	UTA has a number of new key leaders across the organization. Leadership transitions present unique challenges and risks. We plan to continue these transitional audits from FY 2023 to help new UTA leaders identify control and process effectiveness opportunities, as well as system security and unit-specific concerns.
UTA24-02	Enrollment Management	500	Perform a review of Enrollment Management. This review will include a review of the financial aid and admissions initiatives. Additionally, a controls assessment will be performed in Enrollment Management to help ensure the department is functioning in an efficient and effective manner and in accordance with UTA's policies and strategies.
UTA24-03	Scholarships	500	Perform a review of scholarship and waiver strategy, governance and administration to help ensure they adequately support strategic enrollment initiatives, result in efficient and effective distribution of funds to UTA students, as well as comply with applicable policies and procedures.
UTA24-04	Campus Living Villages FY 2024 Contract Management	250	Perform a review to help ensure compliance with contract management for FY 2024 revenues and expenses.
UTA24-05	Title IX and Title VII	500	Review the Title IX and Title VII processes to help ensure UTA's procedures are consistently followed, processes are performed in an efficient and effective manner, and in accordance with legislative rules.
UTA24-06	Network Access Control (NAC) Set-Up	400	UTA is installing a new NAC. This audit will review the set-up of the new system to help ensure UTA's networks are functioning as intended and properly secured. Meets TAC 202.76 requirement.
UTA24-07	IT Access Controls – Meets TAC 202 requirements	400	UTA is moving from individual to a role-based access control system. Ensure new methodology is functioning as intended. Help ensure adequate controls are in place to help ensure appropriate access. Meets TAC 202.76 requirement.
UTA24-08	FY 2023 UTS 142 Assurance Audit	120	Past audits disclosed the need to improve the year-end certification and monitoring processes associated with UTA's annual financial statements. The audit will include a review of segregation of duties, account reconciliations, management approvals and timely reporting for SAHARA financial reporting.
UTA23-CF	FY 2023 Carry-forward audits	80	Complete FY 2023 audits in process.
	Assurance Engagements Subtotal	**4,550**	

V. Internal Audit Plan for Fiscal Year 2024

Audit		Budgeted Hours	General Objective/Description
Advisory Engagements			
UTA24-CP-01	Enterprise Risk Management Consulting	220	After completion of the UTA Strategic Plan, re-align ERM efforts to support appropriate strategic initiatives. Working closely with Strategic Planning and other key departments, document risks and follow-up on action plans where appropriate.
UTA24-CP-02	Safety - Students, Faculty and Staff	450	Help ensure UTA's safety programs, initiatives, plans and training are adequate to protect students, faculty and staff.
UTA24-CP-03	Mental Health - Students, Faculty and Staff	450	Perform a strategic review to determine whether campus-wide mental health resources, training, and awareness are adequate to promote student success, as well as student and employee wellness and safety.
UTA24-CP-04	Data Analytics Project (P-Card, Timekeeping, Travel, Duplicate Payments, Departmental Expenses)	100	Perform data analysis and follow-up research on higher-risk transactions in these areas.
UTA24-CP-05	Senate Bill 17 - New Rules Related To DEI	100	Conduct a performance review to assist with transition to SB 17 requirements.
UTA24-CP-06	Reserve for Advisory	450	Hours reserved for specific advisory and consulting projects requested by management or Audit Committee. Includes audit tracking of different agencies' audit efforts across campus.
UTA24-CP-07	Participation on University Committees	300	Participate in institutional committees, President's Leadership Council, Employee Engagement Survey Committee, HOP committee, TCE Committees, SAC, Endowments Committee, CARE Committee, End Point Management Committee, Data Management Officer Council, Title IX cases, volunteer efforts, and other ad-hoc committees that arise during the year. Also includes regular check-in meetings with second lines of defense organizations across campus.
UTA24-CP-08	Responding to Institutional Requests for Information and Advice	50	Hours reserved for responding to requests and inquiries from the campus community.
	Advisory Engagements Subtotal	**2,120**	

V. Internal Audit Plan for Fiscal Year 2024

Audit		Budgeted Hours	General Objective/Description
Required Engagements			
UTA24-09	FY 2023 NCAA Annual Financial Audit (support for UT System Audit Office)	50	Assist co-sourcing team engaged by UT System Audit Office in their audit of the Statement of Revenue and Expenses for Fiscal Year 2023. (Required by the NCAA.)
UTA24-10	FY 2023 Annual Financial Report (AFR) Audit	15	Under the direction of Deloitte, perform a risk-based audit of financial information for the Fiscal Year 2023 AFR.
UTA24-11	FY 2024 Annual Financial Report (AFR) Interim Work	10	Perform interim fieldwork in preparation of the FY 2024 AFR Audit.
UTA24-12	Nursing Shortage Reduction Program Awards Audit	150	Provide assurance that the University is complying with the requirements as specified with the awards granted.
UTA24-13	State Auditor's Office (SAO) Statewide Single Audit (Student Financial Aid)	80	Assist UTA management and State Auditors with the FY 2023 Statewide Single Audit (Student Financial Aid).
UTA24-14	Texas Education Code 51.9337(h) - Annual Reporting Requirement on Procurement Policies	40	Texas Education Code 51.9337 requirement that the Chief Audit Executive (CAE) annually certify to the state auditor that the Institution has procurement policies in place that comply with the Texas Education Code requirements for higher education institutions. Audit is due November 1, 2023.
	Required Engagements Subtotal	**345**	

Investigations			
UTA24-OP-01	Reserve for Investigations	150	Where appropriate, perform reviews of any alleged, irregular conduct to determine whether civil or criminal violations of state or federal laws have occurred, or violation of system or institution policies have occurred. This includes SAO and UTA Hotline research. Often, these reviews are performed in combination with other areas (Compliance, Human Resources, Legal).
	Investigations Subtotal	**150**	

V. Internal Audit Plan for Fiscal Year 2024

Audit		Budgeted Hours	General Objective/Description
Reserve			
UTA24-OP-02	Reserve for Unanticipated Audits or Other Activities	150	Allowance for special requests and/or emerging risks. Provides flexibility for time reviews of high-risk/impact requests made by UTA leaders, Audit Committee, etc.
	Reserve Subtotal	**150**	

Audit		Budgeted Hours	General Objective/Description
Follow-Up			
UTA24-OP-03	Quarter 1	45	Follow up of prior management action plans.
UTA24-OP-04	Quarter 2	45	Follow up of prior management action plans.
UTA24-OP-05	Quarter 3	45	Follow up of prior management action plans.
UTA24-OP-06	Quarter 4	45	Follow up of prior management action plans.
	Follow-Up Subtotal	**180**	

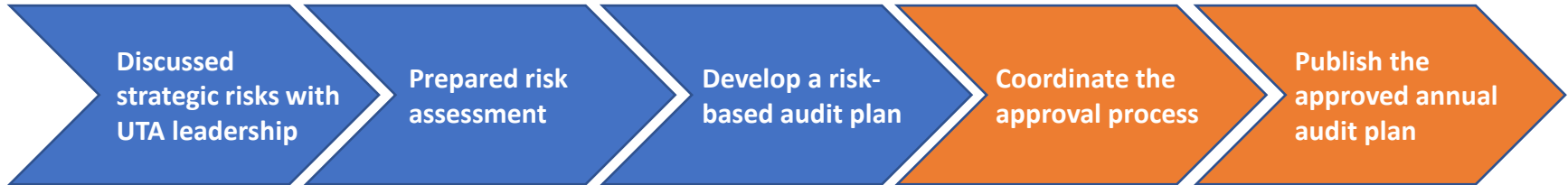| Audit		Budgeted Hours	General Objective/Description
Development - Operations			
UTA24-OP-07	UT System, SAO, etc., Reporting/Requests	100	Responding to requests made by the UT System Audit Office, SAO, etc., including periodic reports, metrics, and responding to significant findings, time summaries, CAE bi-weekly calls, Internal Audit Council meetings, TM calls, etc.
UTA24-OP-08	Annual Internal Audit Report	30	Required report of Internal Audit Activity - Texas Internal Auditing Act. Report due November 1, 2023 to State Auditor's Office.
UTA24-OP-09	Audit Committee Preparation and Participation	200	Preparation, participation and attendance at Audit Committee meetings.
UTA24-OP-10	Quality Assurance Review -or other internal processes and activities	100	Participation in QAIP management and activities. Ongoing improvement of the department. Internal and external quality review. We will be engaged in a QAR review (external validation model) in Q1 2024.
UTA24-OP-11	FY 2025 Annual Work Plan Development & Risk Assessment Process	200	Preparation of the FY 2025 Audit Plan, including risk assessments.
UTA24-OP-12	TeamMate, IDEA, etc., development, maintenance and other technical support	100	Implementation, maintenance and user support of IDEA, TeamMate and other technical support issues.

V. Internal Audit Plan for Fiscal Year 2024

Audit	Budgeted Hours	General Objective/Description
Development - Operations *continued*		
UTA24-OP-13 Executive Management and Leadership of the IA Department	380	Includes hiring, development, budgeting, performance appraisals, administrative duties, leadership, managing outsourcing activities, promoting the internal audit department, executive meetings, and all other responsibilities of the CAE and/or Asst. Director that are not directly attributable to a specific audit project.
UTA24-OP-14 Project Status Staff Meetings	370	Staff meetings to discuss updates/status of multiple audit projects. This includes staff bi-weekly 1:1s with the CAE.
Development - Operations Subtotal	**1,480**	
Development - Initiatives and Education		
UTA24-OP-15 UT System Audit Office Initiatives and Participation	100	Participation in UT System requested committees, workgroups, research activities, etc.
UTA24-OP-16 Institutional Strategic or Other Initiatives	50	Development of strategic initiatives in Internal Audit.
UTA24-OP-17 New audit management software implementation preparation	200	Preparation and implementation of new audit management software.
UTA24-OP-18 Professional Organization and Association Participation	100	Preparation and participation as a volunteer in professional associations such as IIA, ACUA, TACUA, ISACA, etc. David runs the CAE Roundtable for the Dallas Chapter of the IIA and serves on their Board of Governors. Dana serves as a board member of TACUA.
UTA24-OP-19 Individual Continuing Professional Education (CPE) Training (including related travel)	325	Preparation and participation in professional associations such as IIA, ACUA, TACUA, ISACA, etc.
UTA24-OP-20 Non-CPE related training	150	New hire training, as well as participation in training that enhances development but where CPE is not earned (i.e. University required Compliance training; UTShare training; etc.).
Development - Initiatives and Education Subtotal	**925**	
Total Budgeted Hours	**9,900**	

V. Internal Audit Plan for Fiscal Year 2024 – Risk Assessment and Planning Methodology

Overview of the FY 2024 Audit Planning Process and Risk Methodology is summarized as follows:

Discussed strategic risks with UTA leadership	Prepared risk assessment	Develop a risk-based audit plan	Coordinate the approval process	Publish the approved annual audit plan

Discussed strategic risks with UTA leadership
- Reviewed UTA audit universe, prior year's risk rankings and ERM results
- Met with over 20 UTA leaders to gather insight and discuss strategic risks
- Focused on President's five areas of focus
- Included Deans and Faculty Senate members
- Discussed current risks, as well as those brought up last year
- Reviewed latest IIA's Top Risks, NCSU/Protiviti Risk study
- Reviewed UTA's Enterprise Risk Assessment
- Reviewed UTA's Strategic Plan Initiatives

Prepared risk assessment
- Prioritized areas for audit and advisory services
- Classified, ranked and sorted UTA's risks
- Based risk rankings on probability and impact using a high, medium and low scale
- Identified and ranked required audits

Develop a risk-based audit plan
- Considered areas with the highest risk rankings for audits
- Recorded rationale for decisions made where a high ranked area was excluded from the plan
- Researched to determine required audits
- Added additional training and supervision time in assigning hours to audits given team tenure

Coordinate the approval process
- Suggestions for the audit plan are welcome
- The review process includes:
  - ✓ UTA Leadership
  - ✓ UT System Audit Office
  - ✓ Institutional Audit Committee

Publish the approved annual audit plan
- Publish the approved annual audit plan on the department's website for public viewing as required
- Consolidate the UTA audit plan into the overall UT System audit plan (Board of Regents' formal approval)

V. Internal Audit Plan for Fiscal Year 2024 – Risk Assessment and Planning Methodology

Categories of audits and services on plan:

- **Assurance Audits –** Selected using annual risk assessment (critical, high). A formal audit report will be issued.

- **Advisory And Consulting Engagements –** Selected as a result of a management request. Consulting reviews often include reviews of a new system or process, participation on ad-hoc committees, data analysis and/or information requests. Consulting reviews often result in a memo to management, according Vice President and/or President. A formal public report is typically not issued.

- **Required Engagements/Audits –** Selected as a result of specific requirements from a third party such as NCAA, granting agencies, Board of Regents or by a law/regulation.

- **Investigations –** The Office of Audit and Consulting Services performs special investigations, where appropriate, that often involve possible fraud. These investigations are typically unplanned and are normally a response to an audit discovery, Hotline call or other notification.

- **Follow-Up –** Hours are assigned to follow-up on open audit findings.

- **Development And Education –** Hours are assigned to audit development and education. As part of this, each auditor receives at least 40 hours of continued professional education per year.

- **Development Risk Matrix –** the chart below reflects the matrix used in the audit selection process.

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

V. Internal Audit Plan for Fiscal Year 2024 – Risks not Included on Plan

The following were risks that were ranked high that did not make our audit plan. These risks are on the horizon for upcoming audit plans (next 1 to 3 years) or are being addressed by UTA using other means.

1. Competition in Higher Education – Risk receives coverage through our ERM program, Ongoing Strategic Enrollment Study, new leader hired in area and UTA Strategic Planning initiatives.
2. Attract, Develop and Retain Talent – Risk receives coverage through our ERM program, UTA Strategic Planning initiatives, People and Culture Survey Action Planning, UTA Competitive Pay Study and Operation Fast Start Audits.
3. Endowments– Risk receives coverage through our ERM program, and UTA Strategic Planning initiatives.
4. Prepare Students for Workforce – Risk receives coverage through our ERM program, Student Success Initiatives, UTA Strategic Planning initiatives.
5. Research Funding – Risk receives coverage through our ERM program, Operation Fast Start, and Strategic Planning initiatives.
6. Succession Planning – Risk receives coverage through our ERM program, UTA Competitive Pay Study and People and Culture initiatives.
7. Cyber Attack Risk – Risk receives coverage through Access Controls Audit, ERM program, Audit Follow-up, Information Security Risk Assessment (presented to audit committee). Cyber Back-Up and Recovery audit will be completed in Q1 2024.

Based on relative risk, the Benefits Proportionality Audit (FY 2022) did not make the plan for FY 2024.

VI. External Audit Services Procured in Fiscal Year 2023

Requirement
- Include a list of all external audit services that were procured or were ongoing in fiscal year 2023. Examples of those services may include, but are not limited to, financial and performance audits and attestation engagements such as a review or an agreed-upon procedures engagement.

The Office of Audit and Consulting Services hired EisnerAmper (formerly Postlethwaite & Netterville [P&N]) to work with the Chief Audit Executive on the *Cyber Security and Backup Recovery Audit.* This audit is currently in the reporting stage and will be issued in Q1 2024.

VII. Reporting Suspected Fraud and Abuse

> **Requirement**
> - Include a brief description of the entity's actions taken to comply with the fraud reporting requirements of Section 7.09, page IX-38, the General Appropriations Act (87th Legislature).
> - Include a brief description of the entity's process to comply with the investigation coordination requirements of Texas Government Code, Section 321.022.

Section 7.09, Page IX-37, the General Appropriations Act (87th Legislature)

Actions taken to implement the fraud reporting requirements of the General Appropriations Act (87th Legislature), Section 7.09:
- SAO fraud reporting link is included on the bottom of UTA's homepage (www.uta.edu) labeled "Report Fraud."
- UTA Policy E-PO1 *Dishonest or Fraudulent Activities* UTA Policies and Procedures.
- UTA Ethics Hotline https://www.uta.edu/campus-ops/compliance-services/ethics-hotline provides employees an anonymous way to report suspected fraud, theft and other unethical behavior.
- Policies and Procedures are current related to the requirements that the Chief Administrative Officer shall report suspected fraud to the State Auditor's Office.

Texas Government Code § 321.022. Coordination of Investigations

a) If the administrative head of a department or entity that is subject to an 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.

If a situation were to occur where this code is applicable, UTA would report such activities to the State Auditor's Office through the following website: https://sao.fraud.Texas.gov/reportfraud/.