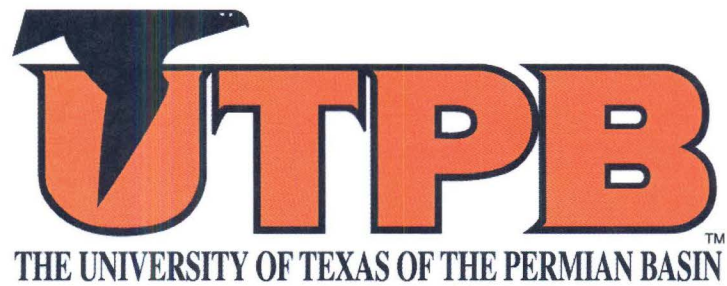


**The University of Texas of the Permian Basin**



## **ANNUAL INTERNAL AUDIT REPORT**

**For the Fiscal Year Ended  
August 31, 2013**

**The University of Texas of the Permian Basin  
Office of Internal Audits  
4901 E. University Blvd.  
Odessa, Texas 79762**

**The University of Texas of the Permian Basin  
Office of Internal Audits  
Annual Internal Audit Report  
FY Ended August 31, 2013**

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## **I. Compliance with House Bill 16: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Website**

In accordance with the provisions of House Bill 16, UT Permian Basin will post on its website the Annual Internal Audit Report for fiscal year 2013 and the Audit Plan for fiscal year 2014. The website address is [www.utpb.edu/administration/presidents-office/internal-audit-1](http://www.utpb.edu/administration/presidents-office/internal-audit-1).

Additional required information will be posted to this website, such as: a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report; and a summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report. Such additional information will be posted no later than November 1, 2014, and updated thereafter as required by the State Auditor's Office.



## II. Internal Audit Plan for Fiscal Year 2013

FY 2013 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Financial</b>			
FY 2012 Financial Statement Audit	80		Assist UT System auditors with external audit in review of FY2012 financial statements for adherence to accounting principles and effective internal control
Interim Work for FY 2013 External Financial Audit	100		Perform interim procedures to assist external auditor prepare for FY2013 financial statement audit
Presidential Travel and Entertainment Expense Audit FY 2012	110		Review Presidential Travel and Ent. for Fiscal Year 2012 RR 20205 incl. direct reports & deans
Presidential Travel and Entertainment Expense Audit FY	90		Interim Work for Presidential Travel and Ent. for Fiscal Year 2013 RR 20205 incl. direct
Post-Payment Audit by State Comptroller	60		Assist State Comptroller's Office with Post-Payment Audit
<u>Risk Based Tier One Audits</u>			
Tuition and Fees Audit	120		To determine compliance with University, System, State, and Federal rules and regulations. To test the internal control structure surrounding the collection, deposit, and recording of tuition and student fees and provide reasonable assurance that amounts are free of material misstatements.
<u>Carryforward Audits</u>			
<b>Financial Subtotal</b>	<b>560</b>	<b>19%</b>	
<b>Operational</b>			
Special Requests	50		Conduct audits and/or other assurance activities as requested by management
Physical Plant-Housing IDT Review	80		To determine the extent to which salary and Physical Plant work order charges are justified by time spent performing work related to student housing.
Pro-Card Payment Review	100		To determine compliance with University and State rules and regulations regarding payment of procurement card invoices.
<u>Risk Based Tier One Audits</u>			
Contract Management Audit	120		To evaluate various types of contracts and determine whether they are being reviewed and approved appropriately.
<u>Change in Management/Departmental Audits</u>			
Accounting Department	100		Change in Management Audit
Vice President for Business Affairs	100		Change in Management Audit
Human Resources	100		Change in Management Audit
<u>Carryforward Audits</u>			
<b>Operational Subtotal</b>	<b>650</b>	<b>22%</b>	



FY 2013 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Compliance</b>			
Monitoring Plan and Sub-Certification	90		Determine whether the Accounting Department has developed an adequate monitoring plan over sub-certifications and validate the assertions on segregation of duties and account reconciliations UTS142.1) - The institutional Internal Audit Director shall perform annual testing, within 60 days of the fiscal year end, of the Monitoring Plan and the subcertifications, and validate the assertions on segregation of duties and account reconciliations.
Assist UT System in NCAA Audit	50		
Child Protection Training Audit	110		To determine compliance with State Law and UTPB policy regarding Child Protection.
Dual Credit Compliance Audit	220		To determine compliance with UTPB's and SACS credentialing requirements. To determine dual enrollment students meet UTPB's minimum requirements. To determine compliance with the applicable policies, procedures, laws, and regulations.
Donations Compliance Audit	80		To assess compliance with institution's donations policy and procedures and the adequacy of the procedures in accordance with donor requirements and IRS reporting.
<u>Risk Based Tier One Audits</u>			
Grant Compliance Audit	230		Determine compliance with grant contract requirements (select a sample of both federal and privately funded grants)
<u>Carryforward Audits</u>			
Time & Effort Audit	100		Determine compliance with UT System and UTPB policies
<b>Compliance Subtotal</b>	<b>880</b>	<b>30%</b>	
<b>Information Technology</b>			
Laptop Encryption Audit	120		To confirm that all university-owned laptops have been encrypted or that progress is being made in order to complete it according to agreed upon timeline with UT System. This also includes the general inventory management aspect of laptops.
<u>Risk Based Tier One Audits</u>			
PeopleSoft Implementation testing and review	150		Attend meetings and provide consulting services for the implementation of PeopleSoft
Social Media Audit	120		To determine compliance with UTPB social media policies, Higher Education Opportunity Act and other applicable policies, procedures, laws, and regulations.
<b>Information Technology Subtotal</b>	<b>390</b>	<b>13%</b>	
<b>Follow-up</b>			
Follow-up on outstanding audit findings	80		
<b>Follow-up Subtotal</b>	<b>80</b>	<b>3%</b>	
<b>Projects</b>			
Annual Plan Preparation and Updates	90		Prepare annual audit plan and updates
Quality Assurance Review Activities	51		Review audit procedures and documentation to assure adherence to IIA standards



FY 2013 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
UT System Requests	25		Conduct audits or other assurance activities UT System or other external sources request
ERM - Risk Assessments	40		
Training provided by IA	100		Training to be provided as needed in vital areas - Training time need for budget heads
Internal Audit Committee	100		Preparation and participation in audit committee meetings
<b>Projects Subtotal</b>	<b>406</b>	<b>14%</b>	
<b>Total Hours</b>	<b>2966</b>	<b>100%</b>	

### Deviations from the Audit Plan

Due to employee turnover, there was no internal audit staff for the majority of the year. Several audits were started but not completed. As a consequence, the UT System Audit Office performed the following audits and projects on behalf of UT Permian Basin during the fiscal year: FY 2012 Financial Statement Audit (provide assistance to external auditor; Interim work on the FY 2013 Financial Statement Audit; Presidential Travel and Entertainment Expense Audit for FY 2012; and Laptop Encryption Audit. Late in the fiscal year, the positions of Director of Internal Audit and Internal Auditor II were filled, with audits started and in progress with the start of the new 2014 fiscal year beginning September 1, 2013.



### **III. Consulting Engagements and Non-Audit Services Completed**

Due to employee turnover, there was no internal audit staff for the majority of the year. Consequently, there were no consulting engagement and non-audit services provided. Late in the fiscal year, the positions of Director of Internal Audit and Internal Auditor II were filled going into the new 2014 fiscal year beginning September 1, 2013.



DEPARTMENT OF INTERNAL AUDITS

THE UNIVERSITY OF TEXAS AT BROWNSVILLE and TEXAS SOUTHMOST COLLEGE

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September 16, 2009

Ms. Narita Holmes  
Internal Audit Office  
The University of Texas of the Permian Basin  
4901 E. University  
Odessa, Texas 79762

As directed by The Institute of Internal Auditors (IIA), the Texas Internal Auditing Act, and The University of Texas System Policy – UTS 129 Internal Audit Activities, we conducted an external quality assessment of the Internal Audit Office at The University of Texas of the Permian Basin. Our review was conducted June 1 – 3, 2009, and covered departmental activities from September 2007 through the date of our work. Members of the review team were Norma Ramos, CIA, CGAP, Director of Internal Audit, The University of Texas at Brownsville and Texas Southmost College; Kathy Kapka, CPA, CIA, CGAP, Director of Audit Services, The University of Texas at Tyler.

### **Executive Summary**

In our opinion, the Department of Internal Audit **partially conforms** with the standards. All members of management interviewed were complimentary of Internal Audit and its interaction with audit clients throughout The University. This level of satisfaction was reflected in the audit committee and audit client surveys we reviewed.

### **Introduction**

The Internal Audit Charter approved by the Institutional Audit Committee requires the Department of Internal Audit to maintain auditing standards consistent with those established by the Institute of Internal Auditors (IIA), Generally Accepted Governmental Auditing Standards (GAGAS) and The Texas Internal Auditing Act, which require an external assessment to be performed at least once every three years by a qualified, independent reviewer or review team from outside the organization. This report represents the results of the external quality assurance review we conducted using the IIA Quality Assessment Manual as a guide. Our objective was to assess the level of the Department of Internal Audit's compliance with the standards. Following is our report, which includes your responses to our observations.



## Scope

The scope of our review included:

- Self-assessment materials prepared by audit staff members, including the audit charter, audit manual and other organizational materials.
- Review of the 2009 self-assessment report prepared by the Internal Audit Department;
- Interviews with the Audit Committee and key administrators at The University who are responsible for some of the more significant areas subject to audit;
- Review of audit committee surveys to determine satisfaction with the audit work performed by the Department;
- Interviews with the Internal Auditor III and staff auditor;
- Examination of a sample of work papers and reports produced by the Department; and
- A comparison of the Department's audit practices with the Standards.

## Conclusion

The rating system that was used for expressing an opinion for this review provides for three levels of conformance: generally conforms, partially conforms, and does not conform. “Generally Conforms” means that the System has policies, procedures, and a charter that were judged to be in accordance with the *Standards*; however, opportunities for improvement may exist. “Partially Conforms” means deficiencies, while they might impair, did not prohibit Internal Audit from carrying out its responsibilities. “Does Not Conform” means deficiencies in practice were found that were considered so significant as to seriously impair or prohibit Internal Audit in carrying out its responsibilities.

The following table contains our analysis of how the Department of Internal Audit at The University of Texas of the Permian Basin’s activities conforms to each section of the *Standards*.

Standard Type and Description	Opinion
<i>Attribute Standards:</i>	
1000 - Purpose, Authority, and Responsibility	Generally Conforms
1100 - Independence and Objectivity	Generally Conforms
1200 - Proficiency and Due Professional Care	Generally Conforms
1300 - Quality Assurance and Improvement Program	Partially Conforms
<i>Performance Standards:</i>	
2000 - Managing the Internal Audit Activity	Partially Conforms
2100 - Nature of Work	Partially Conforms
2200 - Engagement Planning	Partially Conforms
2300 - Performing the Engagement	Partially Conforms
2400 - Communicating Results	Partially Conforms
2500 - Monitoring Progress	Generally Conforms
2600 - Resolution of Senior Management's Acceptance of Risks	Generally Conforms
The Institute of Internal Auditors' <i>Code of Ethics</i>	Generally Conforms

### **Department Strengths Observed:**

As part of the Quality Assurance Review process, we noted certain strengths, as discussed below.

- Executive Management views the Department of Internal Audit as a professional organization committed to providing value-added services. The effectiveness of the Department's recommendations and the professionalism of the staff were recurring themes throughout the review. Our review noted control strengths demonstrated by the department, which should be continued in the future.
- Our review of the department noted several instances of value-added service to The University and demonstrated best practices. Specifically, Executive Management expressed appreciation for the audit recommendation follow-up process as it provides assistance in ensuring timely implementation and corrective action by management, which contributes to the overall control environment of The University.
- The department staff demonstrated a high level of professionalism.

### **Opportunities to Strengthen Operations**

The following are our comments related to general observations and best practices related to specific individual standards which comprise each of the sections of the *Standards* listed above:

1. Departmental organization – allocate ½ Director's FTE to audit: Currently the Internal Auditor III has multiple job duties which result is less than 1/3 FTE dedicated to the audit function. Job duties should be examined and re-allocated as possible to allow for a minimum of ½ FTE dedicated to the internal audit function. This change, along with the staff auditor currently in place, would result in at least one full FTE audit position. This allocation is necessary to achieve minimally acceptable success as an audit function.
2. Title change to Director – The Internal Auditor III is currently the responsible person for managing the audit function, including supervision of staff, creating and executing the Annual Audit Plan, and acting as the liaison with the UT System Audit Office. We recommend a title change and reclassification to Audit Director to more accurately reflect her current job assignment and level of responsibility.
3. Finalize charter – The Standards require that an internal audit function maintain a current Audit Charter and provide training on the Audit Committee on the Charter. Currently the Audit Charter is in draft format. We recommend that the charter be finalized, adopted by the Institutional Audit Committee, and that the committee receive training on the charter and their Audit Committee responsibilities. As part of this training, it would also be helpful to both the audit function and Executive Management to receive instruction on responding to audit recommendations in order to improve to timeliness of audit report issuance.



4. Workpaper Quality: Quality assurance process, review process, risk assessment, wrap-up section – The Standards require that engagements be adequately planned, workpapers include sufficient evidence and be properly reviewed, and that subsequent to report issuance a final quality review of the engagement documentation should occur.

We recommend that a planning memo containing sufficient a risk assessment process be included as part of each engagement. Also, evidence of timely review for each work paper included in the audit file should be present prior to issuance of the report. As part of the wrap-up of each engagement, a final quality check for sufficiency and completeness should be performed before the audit file is finalized.

5. Time limit on obtaining management responses –The Standards state that management obtain audit results in a timely manner. We suggest that a time limit be implemented in obtaining management responses to audit recommendations. Since management responses are not required to issue an audit report, results should not be held indefinitely waiting on an appropriate response.
6. MRH training of budget authorities – During the interview process, several members of Executive Management requested that additional training be provided to department heads on University policies and procedures, prior to being the subject of a departmental audit. Not only would this best practice improve the general control environment, it would also assist the campus community in understanding the audit function and its purpose.
7. Use Teammate exclusively for work paper management – In order to provide better departmental efficiency, we recommend that the Teammate Audit Software be used exclusively for audit engagements. Use of the software would eliminate redundancy in workpaper preparation and review.
8. Change reporting of student hours on audit plan/examine use of students – Currently the hours contributed to the audit function by accounting students is included in the estimated hours available for the annual audit plan. The hours actually spent on audits by these students are included in the quarterly time reports. We recommend that these hours be noted in a footnote on the quarterly report rather than in the “hours worked” section of the report to more accurately reflect the portion of the plan actually completed. To date, one audit report been issued as a result of the student team audits. The work of these students, while adding value to the awareness of various departmental issues, cannot be relied upon to issue a report under the IIA standards. Therefore, we recommend that the results of their audit work be considered a compliance activity and issued as a compliance inspection report rather than an audit report.
9. Obtain COGNOS training for DEFINE extractions – currently, the University’s accounting function has access to a data warehouse of transactions occurring in the

DEFINE accounting system. In order to ease efforts in obtaining information necessary to conduct financial audits, we recommend that the audit staff receive access and training on using the data warehouse extraction software COGNOS. This would also alleviate stress on the accounting department to provide this information for the audit function.

10. Continue to obtain specialized audit assistance from UT system Audit Office, especially in the area of IT auditing, audit programs and Teammate templates.

We appreciate the cooperation and assistance provided to us throughout the course of our review by the Internal Auditor III and staff of the Internal Audit Department, the Institutional Audit Committee, and key administrators of The University.

Sincerely,



Norma L. Ramos, CIA, CGAP  
Director of Internal Audits  
The University of Texas at Brownsville and Texas Southmost College  
Team Leader

**Team Members:**

Kathy Kapka, CPA, CIA, CGAP  
Director, Office of Audit Services  
The University of Texas at Tyler

cc: Dr. W. David Watts, President  
Dr. Christopher Forrest, VPBA, Chair of Institutional Audit Committee



## V. Internal Audit Plan for Fiscal Year 2014

FY 2014 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Financial</b>			
Annual Financial Report - Interim - FY 2014	80		Perform interim procedures to assist external auditor prepare for FY 2014 financial statement audit.
<u>Risk Based Tier One Audits</u>			
Tuition and Fees	200		To determine compliance with University, System, State, and Federal rules and regulations. To test the internal control structure surrounding the collection, deposit, and recording of tuition and student fees and provide reasonable assurance that amounts are free of material misstatements.
<b>Financial Subtotal</b>	<b>280</b>	<b>8%</b>	
<b>Operational</b>			
Presidential Travel and Entertainment Expense Audit FY - 2013	40		Assist UT System Audit office with audit of compliance with UT System and Board of Regents Rule 20205 for Presidential Travel, Entertainment, and University Residence Maintenance Expenses.
Executive Travel and Entertainment Expense Audit - FY 2013	120		Review Travel and Ent. for Fiscal Year 2013 RR 20205 for executive management. Complete audit on sample of executive travel and entertainment expenses as required by UT System.
<u>Risk Based Tier One Audits</u>			
Contract Management	280		Identify and evaluate types of contracts and determine if they are being reviewed, approved and monitored.
Procurement Card and Travel Card Purchases and Payments	240		To determine compliance with University and State requirements regarding usage and payment of procurement cards and travel cards.
Cash Handling and Internal Controls	280		To document and evaluate cash handling, receipting and depositing procedures at selected locations at UTPB.
<b>Operational Subtotal</b>	<b>960</b>	<b>29%</b>	

FY 2014 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Compliance</b>			
Subcertification and Monitoring Plan	120		Determine whether the Accounting Department has developed an adequate monitoring plan over sub-certifications and validate the assertions on segregation of duties and account reconciliations (UTS142.1) - The Internal Audit Director shall perform annual testing, within 60 days of the fiscal year end, of the Monitoring Plan and the subcertifications, and validate the assertions on segregation of duties and account reconciliations.
<u>Risk Based Tier One Audit</u>			
Time and Effort	300		Determine compliance with UT System and UTPB policies, and grant requirements.
Donations	200		To assess compliance with institution's donations policy and procedures and the adequacy of the procedures in accordance with donor requirements and IRS reporting.
<b>Compliance Subtotal</b>	<b>620</b>	<b>19%</b>	
<b>Information Technology</b>			
PeopleSoft Implementation testing and review	160		Attend meetings and provide consulting services for the implementation of PeopleSoft
<u>Risk Based Tier One Audit</u>			
TAC 202	240		Biennial requirement to evaluate compliance with Texas Administrative Code Section 202 on information resources standards of practice for institutions of higher education. To evaluate information security for compliance with TAC 202 information security requirements by determining whether policies and procedures were developed and implemented.
<b>Information Technology Subtotal</b>	<b>400</b>	<b>12%</b>	
<b>Follow-up</b>			
Follow-up on outstanding audit findings	160		Follow-up on prior outstanding audit recommendations.
<b>Follow-up Subtotal</b>	<b>160</b>	<b>5%</b>	



FY 2014 Audit Plan Audit/Project	Budgeted Hours	% of Total	Description
<b>Projects</b>			
Annual Audit Plan	80		Preparation of annual audit plan and updates
Annual Internal Audit Report	58		Preparation of the Annual Internal Audit Report, due on November 1st of each year, per the Texas Internal Auditing Act (Chapter 2101 Government Code).
Quality Assurance Review Activities	80		Review audit procedures and documentation to assure adherence to IIA standards
External Quality Assessment	80		Self-assessment and assistance provided for external assessment
Annual Audit Risk Assessment	80		Preparation and assessment of annual audit risk assessment.
Training provided by IA	40		Training to be provided as needed in vital areas - Training time need for budget heads and new staff.
Internal Audit Committee	120		Preparation and participation in audit committee meetings by Director and staff.
Compliance Committee	12		Participation by Director.
Professional Organizations	32		Participation by Director and staff.
UT System Council Meetings	40		Participation by Director.
<b>Projects Subtotal</b>	<b>622</b>	<b>19%</b>	
<b>Reserve</b>			
Special Requested Audits/Consulting	300		Special requests from President/Executive Management, unanticipated events, investigations, consulting, and TBD UT System engagements.
<b>Reserve Subtotal</b>	<b>300</b>	<b>9%</b>	
<b>Total Hours</b>	<b>3,342</b>	<b>100%</b>	

## High Risks Not Included in Audit Plan for Fiscal Year 2014

### TIER ONE ACTIVITIES:

Ranking	Risk	Explanation/Mitigation	Internal Audit Action
<b>Academic Affairs</b>			
HM	Failure to adequately prepare students for licensing/certification exams	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2014
HM	Students not graduating /graduating timely	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2014
HM	Failure to maintain specialized accreditation	Rely upon management oversight.	None in FY 2014
HM	Lack of effective oversight of faculty recruitment, retention, development and turnover	Rely upon management oversight.	None in FY 2014
HM	Poor scheduling practices leading to sub-optimal use of classrooms, etc.		Perform in FY 2014 as available resources permit
<b>Auxiliary Enterprises &amp; Outsourced Services</b>			
HM	Failure to provide adequate security of auxiliary services	Rely upon management oversight.	None in FY 2014
HM	Health and safety issues of students in housing	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2014
HM	Lack or inadequate emergency procedures or training for procedures	Rely upon management oversight.	None in FY 2014
HM	Performing Arts Center events management	Rely upon management oversight.	None in FY 2014
<b>Research</b>			
HM	Inappropriate use of animal subjects or unsafe animal labs	Non-audit issue. Rely upon Compliance monitoring and management oversight.	None in FY 2014
HM	Inappropriate use of human subjects	Non-audit issue. Rely upon Compliance monitoring and management oversight.	None in FY 2014
HM	Theft of intellectual property	Non-audit issue. Rely upon Compliance monitoring and management oversight.	None in FY 2014
<b>Outreach</b>			
HM	Events management	Non-audit issue. Rely upon Compliance monitoring and management oversight.	None in FY 2014



**TIER ONE ACTIVITIES:**

Ranking	Risk	Explanation/Mitigation	Internal Audit Action
HM	Injury to a participant	Non-audit issue. Rely upon Compliance monitoring and management oversight.	None in FY 2014

**Accounting**

HM	All financial commitments not included and documented in budget process	Non-audit and compliance issue. Rely upon budget approval process and management oversight	None in FY 2014
HH	Inadequate knowledge base to effectively use accounting system (DEFINE/PeopleSoft)	Non-audit and compliance issue. Rely upon management oversight	None in FY 2014
HM	Failure to comply w/ state & federal financial reporting requirements	Rely upon outside audit of Annual Financial Report to ensure that reporting requirements are being met	None in FY 2014

**Enrollment Management**

HM	Improper student loans	Rely upon management oversight.	No action currently planned for FY 2014. This area may be added to Audit Plan if sufficient hours become available. Otherwise, we will re-examine for inclusion in the Audit Plan for subsequent years.
HM	Inaccurate reporting &/or coding of data	Review accuracy and timeliness of data being reported.	Perform in FY 2014 as available resources permit

**Athletics**

HM	Adverse findings in financial audit	Audit performed by UT System Audit with follow-up in FY 2014	Assist UT System with follow-up efforts as directed
HM	Failure to monitor student-athlete eligibility status	Rely upon Compliance monitoring and management oversight	None in FY 2014

**TIER ONE ACTIVITIES:**

Ranking	Risk	Explanation/Mitigation	Internal Audit Action
HM	Gender bias in programs, services and support for student athletes	Non-audit issue. Rely upon Compliance monitoring and management oversight.	None in FY 2014

**Physical Plant**

HM	Failure to communicate emergency procedures	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2014
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**Human Resources Management**

HH	Staff recruitment and retention	Non-audit and compliance issue. Rely upon management oversight.	None in FY 2014
HM	Staff training	Rely upon Compliance monitoring and management oversight	None in FY 2014

**Strategic Planning**

HM	Failure to meet funding requirements	Rely upon management oversight.	None in FY 2014
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**TIER TWO ACTIVITIES:**

Ranking	Risk	Explanation/Mitigation	Internal Audit Action
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**Research**

HM		Rely upon Compliance monitoring and management oversight	None in FY 2014
HM	Ethics - Inappropriate use of human subjects	Rely upon Compliance monitoring and management oversight	None in FY 2014
HM	Ethics - Conflict of Interest	Rely upon Compliance monitoring and management oversight	None in FY 2014
HM	Intellectual Property - Inappropriate processing for intellectual property issues	Rely upon Compliance monitoring and management oversight	None in FY 2014
HM	Intellectual Property - Theft of intellectual property	Rely upon Compliance monitoring and management oversight	None in FY 2014
HM	Facilities - Unsafe research facilities and materials	Rely upon Compliance monitoring and management oversight	None in FY 2014

**Athletics**

HH	Athlete Eligibility - Inappropriate courses taken (not toward degree in years 3-5)	Rely upon Compliance monitoring and management oversight	None in FY 2014
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## **Risk Assessment Methodology**

The existing institution-wide Tier One risk assessments and existing Tier Two risk assessments for the areas of research, information technology and athletics were reviewed with each department on a University-wide basis. Discussions were subsequently held between audit and compliance staff and with the departments regarding updates to existing risks in addition to newly-identified risks. Risks were ranked on probability and impact, and those risks that met the definition of “high risk” were so identified under both Tier One and Tier Two.

The resulting Risk Assessment for 2014 was discussed with the Audit Committee at its August 2013 meeting, and was subsequently approved as part of the 2014 Audit Plan.

## **VI. External Audit Services Procured in Fiscal Year 2013**

There were no external audit services that were procured by UT Permian Basin during fiscal year 2013. Audit services performed and/or completed by outside agencies were as follows:

- The UT System Audit Office performed audits related to: IT Inventory and Laptop Encryption; NCAA Agreed-Upon Procedures; President's Travel, Entertainment and University Residence Expenditures; audit procedures to assist Deloitte & Touch for the UT System 2012 financial statements; and interim procedures to assist Deloitte and Touche for the UT System 2013 financial statements.
- The Texas Comptroller of Public Accounts performed a post-payment audit of payroll, purchase, payment card and travel transactions.

## **VII. Reporting Suspected Fraud and Abuse**

The following actions were taken by the University of Texas of the Permian Basin to implement the following requirements:

**Fraud Reporting** - Section 7.09, General Appropriations Act (83<sup>rd</sup> Legislature, Conference Committee Report), Article IX.

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

- (a) By 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
- (b) By including in the agency or institution's policies information on how to report suspected fraud involving state funds to the State Auditor's Office.



*UT Permian Basin has a link for reporting fraud, waste, and abuse at the University's home page, [www.utpb.edu](http://www.utpb.edu), which provides a direct link to the State Auditor's fraud website and hotline.*

**Coordination of Investigations** - Texas Government Code, Section 321.022.

Sec. 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 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 Permian Basin complies with this requirement, as applicable, in conjunction with the UT System Policy UTS118, Statement of Operating Policy Pertaining to Dishonest or Fraudulent Activities, located at [www.utsystem.edu/bor/procedures/policy/policies/uts118](http://www.utsystem.edu/bor/procedures/policy/policies/uts118).*

## VIII. Organizational Chart

