The University of Texas System Administration System Audit Office
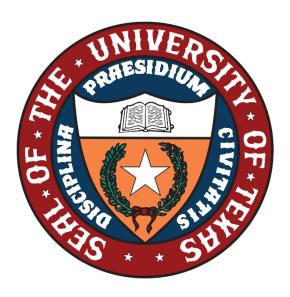

Annual Audit Report
Fiscal Year 2024

The University of Texas System
System Audit Office
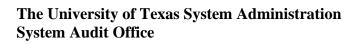210 West 7th Street
Austin, Texas 78701

TABLE OF CONTENTS

I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site

The System Audit Office FY 2024 Internal Audit Annual Report, which includes its approved FY 2025 Annual Audit Plan (see Section V) and a summary of weaknesses/concerns and related actions taken resulting from the FY 2024 Annual Audit Plan (see Section II), can be found on the UT System website (specifically, the "Reports to State" webpage https://www.utsystem.edu/documents/reports-state , choosing "Annual Audit Reports" from the "Report Type" drop down menu). The annual report can also be found at https://www.utsystem.edu/offices/system-audit/about-internal-audit.

II. Internal Audit Plan for Fiscal Year 2024

FY 2024 Audit Plan – Engagements	Status of Plan
Assurance Engagements	
Carryforward - GPO Control Validation Review	10/27/2023
Carryforward - System Administration Multi-Factor Authentication Audit	11/2/2023
UTS 142 Account Reconciliations & Subcertifications Audit	12/15/2023
Oil and Gas Royalties Audit	Postponed to FY25
Contract Monitoring Audit	Carryforward to FY25
Group Purchasing Organization (GPO) Accreditation Applications Review	Complete – Report NA
System Administration Travel and Entertainment Expenses Audit	4/29/2024
TEC 51.3525 Compliance Audit	8/13/2024
Software Licensing and Management Audit	Canceled
University of Texas Health Intelligence Platform (UT-HIP) Data Classification and Data Security Audit (co-source)	Carryforward to FY25
UTT Privileged Access Management Audit Assistance	Complete – Report NA
UT Dallas Education Research Center Audit Assistance	Complete – Report NA
Chief Administrator Travel, Entertainment, and Housing Expenses Audit	Complete – Report NA
Advisory Engagements	
Carryforward - UT Health Intelligence Platform (UT-HIP) Advisory	10/20/2023
Carryforward - Other Postemployment Benefits (OPEB) Advisory	Canceled
Business Process Review (Phase IV)	Postponed to FY25
Robotic Process Automation (RPA) Follow-Up Review (co-source)	5/28/2024
UTIMCO Disaster Recovery and Business Continuity Planning Advisory	5/31/2024
University Lands IT Risk Assessment	8/29/2024
Artificial Intelligence Advisory	Carryforward to FY25
Benefitfocus Advisory	Canceled
Stephen F. Austin (SFA) State University Transition	Ongoing
TEC 51.3525 Compliance Guidance	Complete – Report NA
General Audit Assistance to System Administration	Ongoing
System Administration Committees and Councils	Ongoing
UTIMCO Meetings and Oversight Activities	Ongoing
Required Engagements	
UT System Administration & Consolidated Financial Audit Assistance	Deloitte Report
NCAA Agreed-Upon Procedures at UT Arlington (co-source)	1/12/2024
NCAA Agreed-Upon Procedures at UT El Paso (co-source)	1/12/2024
NCAA Agreed-Upon Procedures at UT Rio Grande Valley (co-source)	1/12/2024
NCAA Agreed-Upon Procedures at UT San Antonio (co-source)	1/12/2024
NCAA Agreed-Upon Procedures at UT Tyler (co-source)	1/12/2024
Investigations	
Various Special Reviews	Internal Memos, as applicable

Follow-Up	
System Audit Follow Up Procedures	Various Memos
Operations	
Assistance to Institutions - Academic	Ongoing – Report NA
Assistance to Institutions - Health	Ongoing – Report NA
Assistance to Institutions - All	Ongoing – Report NA
Systemwide Annual Risk Assessment and Audit Plan	Complete – Report NA
Audit, Compliance, and Risk Management Committee (ACRMC) and Board of Regents	Quarterly – Report NA
Systemwide Internal Audit Council	Ongoing – Report NA
Investigation Triage, Tracking & Assistance	Ongoing – Report NA
Systemwide Internal Audit Reporting	Complete – Report NA
IT Audit Collaboration, Skill, and Tool Development	Ongoing – Report NA
General Communications	Ongoing – Report NA
Systemwide TeamMate Administration	Ongoing – Report NA
Online Reporting	Ongoing – Report NA
Data Analytics Collaboration, Skill, and Tool Development	Ongoing – Report NA
UT System Administration Internal Audit Committee	Quarterly – Report NA
Management of the Internal Audit Activity	Ongoing – Report NA
System Audit Office Annual Risk Assessment and Audit Plan	Complete – Report NA
System Audit Quality Assurance Activities	Ongoing – Report NA
TeamMate and Website Maintenance and Management	Ongoing – Report NA
External Reporting and Requests	Ongoing – Report NA
Initiatives and Education	
Audit Management Software (AMS) Implementation	Ongoing – Report NA
Risk Assessment Methodology Relook	Ongoing – Report NA
Quality Program and Metrics Implementation	Ongoing – Report NA
Resource Capabilities and Knowledge/Resource Management	Ongoing – Report NA
Other Systemwide Internal Audit Initiatives	Ongoing – Report NA
Internal Audit Staff Training	Ongoing – Report NA
Professional Organizations and Associations	Ongoing – Report NA

Deviations from Audit Plan Submitted:
The System Audit Office completed its FY 2024 annual audit plan except for the deviations noted below. Three engagements for which reports had not yet been issued at the end of FY 2024 were carried forward for completion in FY 2025. Minimal changes from the original FY 2024 annual audit plan were made as follows.

- *Canceled:* Software Licensing and Management Audit, Other Postemployment Benefits (OPEB) Advisory, Benefitfocus Advisory
- *Postponed:* Oil and Gas Royalties Audit, Business Process Review (Phase IV)
- *Added:* TEC 51.3525 Compliance Audit, Artificial Intelligence Advisory (Carryforward to FY 2025), TEC 51.3525 Compliance Guidance, UTT Privileged Access Management Audit Assistance, UT Dallas Education Research Center Audit Assistance

TEC Section 51.9337(h):

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." The System Audit Office conducted this required assessment for FY 2024 and found the following:

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

TGC Section 2102.015:

A summary table of observations identified from FY 2024 engagements, the actions planned to be taken by management, and the current implementation status is included on the following pages to address web site posting requirements as required by Texas Government Code Section 2102.015. Audit results are included in each issued audit report, which are provided to the State Auditor's Office.

Report Date	Report Name	Observations	Management Action Plans	Status
10/27/23	Group Purchasing Organization (GPO) Control Validation Review – FY23 Carryforward	This audit resulted in no reportable observations.		
11/2/23	System Administration Multi-Factor Authentication Audit – FY23 Carryforward	The report contains confidential information and is not subject to the disclosure requirements of the Texas Public Information Act, based on the Texas Government Code Section 552.139. Specific results of the audit were provided to appropriate members of UT System management.		
12/15/23	UTS 142 Account Reconciliations & Subcertifications Audit	**Observation 1 (Medium):** When monthly reconciliations are not performed timely, there is an increased risk that potential errors are not detected or corrected in a timely manner. Without reporting of quarterly monitoring results to leadership, the Controller's Office might miss opportunities to assist departments with timely and efficient completion of their reconciliations.	**Management Action Plan 1:** The Controller's Office will leverage the Power BI tracking tool that has been developed by System Audit to provide KPIs and dashboard reporting to each department head.	Follow-up to be performed
		Observation 2 (Low): Without a process to verify that all reconciliations are completed as certified, there is a risk that certain cost centers or projects may remain unreconciled and that potential errors are not identified and corrected. Without the verification process, the Controller's Office cannot rely on the accuracy and completeness of the department certifications.	**Management Action Plan 2:** A query is available to be run that indicates which department head has certified that reconciliations were complete and compares the results to the actual monthly reconciliations. If reconciliations are not completed, the Controller's Office will follow-up with the applicable departments to ensure they have completed all open reconciliations.	Follow-up to be performed
		Observation 3 (Low): The risk of errors being undetected and unresolved increases when individuals assigned to perform or approve reconciliations do so without training or understanding of their responsibilities.	**Management Action Plan 3:** Acknowledgement forms that training has been conducted are available now. Processes have currently been implemented to follow up with employees who have been trained but have not acknowledged in writing that they have been trained.	Implemented
		Observation 4 (Low): Without periodic refresher training and sharing of best practices, performance of reconciliations may not be optimized for efficiency and effectiveness.	**Management Action Plan 4:** During the training sessions, a standing agenda item will be discussed that addresses best practices. The list and discussion of best practices will be distributed after the training to all attendees to document within their departments. The Controller's Office will maintain a list of best practices for reference and distribution.	Implemented

Report Date	Report Name	Observations	Management Action Plans	Status
12/15/23	UTS 142 Account Reconciliations & Subcertifications Audit **(continued)**	**Observation 5 (Low):** Without risk-based monitoring of segregation of duties, there is an increased risk that appropriate internal controls are not in place to reduce the risk of errors and irregularities.	**Management Action Plan 5:** The Controller's Office acknowledges the opportunity to develop risk- based monitoring and will develop activities to review segregation of duties. As processes and details of such plan are defined, progress will be discussed with the Internal Audit team to ensure that appropriate internal controls are in place.	Follow-up to be performed
4/29/24	System Administration Travel and Entertainment Expenses Audit	**Observation (Low):** Without sufficient controls to support the manual travel and business entertainment process, the Controller's Office may not consistently identify late expense reimbursement submissions that should be processed through Payroll and taxed to demonstrate compliance with federal accountable plan requirements.	**Management Action Plan:** To enhance controls over the processing of late reimbursement submissions, Financial Shared Services (FSS) has taken or will complete the following action plan steps by the end of this fiscal year: 1. Update the applicable Concur audit rule so that expenses submitted more than 60 days after they are incurred are properly identified and flagged for taxation. 2. Add the overlooked taxable expenses from FY23 as other taxable earnings (OTE) to an upcoming paycheck for the applicable employees. 3. Re-establish an FSS team member as a secondary processor for Concur expense reports. 4. Consistently run reports to compare expenses submitted more than 60 days after incurrence and expenses marked as taxable. Correct any omissions on a quarterly basis. 5. Include verbiage regarding taxability of late submissions to travel policy, HOP 2.1.1, Sec. 4.1. 6. Update full travel policy, HOP 2.1.1, which was last revised July 7, 2021.	Follow-up to be performed
8/12/24	TEC 51.3525 Compliance Audit	**Observation 1 (Medium):** Management was considering but had not implemented risk-based monitoring activities to provide itself reasonable assurance over ongoing compliance with UT System Policy - UTS 197 and TEC §51.3525.	**Management Action Plan 1:** Develop a monitoring plan to ensure ongoing compliance with TEC §51.3525. Management has drafted a monitoring plan and will adopt following discussion with the Executive Compliance Committee in October 2024.	Follow-up to be performed

Report Date	Report Name	Observations	Management Action Plans	Status
8/12/24	TEC 51.3525 Compliance Audit **(continued)**	**Observation 2 (Medium):** Management was considering but had not yet implemented, an institution-wide certification process to provide the chancellor with reasonable assurance that all offices and departments of UT System Administration are operating in compliance with TEC §51.3525.	**Management Action Plan 2:** Implement a UT System Administration certification process to provide the chancellor with reasonable assurance that all offices and departments are operating in compliance with TEC §51.3525. In May 2024, management received confirmation from department heads of compliance with TEC §51.3525 for certification by August 31, 2024 and will implement the UT System Administration certification process by August 31, 2025.	Follow-up to be performed
		Observation 3 (Low): While management has communicated to department leadership its commitment to comply with TEC §51.3525, all employees may not be aware of their roles and responsibilities with respect to compliance with the law.	**Management Action Plan 3:** Ensure employees are educated about TEC §51.3525 requirements. TEC §51.3525 content will be added to a general compliance training module by August 31, 2024.	Follow-up to be performed
		Observation 4 (Low): UT System Policy - UTS 187 *Interviews of Executive Administrators and other Senior Administrators* (UTS 187) was repealed in September 2023. An updated contract addendum template with references to UTS 187 removed was made available to all institutions. Management engaged an executive search firm to perform an executive search that was completed in May 2024. The contract addendum used was not updated and required the vendor to comply with UTS 187. Management could also not confirm whether the institutions had used the updated template for searches completed after January 1, 2024.	**Management Action Plan 4:** Ensure executive searches are completed without requirements related to repealed UTS policy. Management implemented this recommendation prior to report issuance by (1) working with the 23 vendors to amend the search firm contracts to remove references to UTS 187, and (2) notifying the UT institutions of the changes and to use the updated contract addendum.	Follow-up to be performed
		Observation 5 (Low): Management identified some web pages that referenced discontinued activities, did not adequately reflect current activities, or required other clarifications. We also identified other web pages where references to past DEI activities were not clear or where updates might need to be made.	**Management Action Plan 5:** Periodically review and update websites and social media accounts. As part of compliance monitoring, management will begin reviewing and updating websites and social media accounts by October 2024.	Follow-up to be performed

III. Consulting Services & Non-audit Services Completed

Report Date	Report Name	Overall Objectives(s)	Observations/Results/ Recommendations
10/20/23	UT Health Intelligence Platform (UT-HIP) Advisory – FY23 Carryforward (Co-sourced with EisnerAmper LLP)	Review progress towards addressing the risks identified in the FY 2020 advisory report: UT Health Intelligence Platform (UT-HIP) Risk Assessment.	No reportable observations
1/12/24	UT Arlington NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' Statement of Revenues and Expenses (SRE).	No reportable observations
1/12/24	UT El Paso NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' Statement of Revenues and Expenses (SRE).	No reportable observations
1/12/24	UT Rio Grande Valley NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
1/12/24	UT San Antonio NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
1/12/24	UT Tyler NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
5/28/24	Robotic Process Automation (RPA) Follow-Up Review (Co-sourced with KPMG, LLP)	Identify actions taken to address observations noted in the FY 2021 Robotic Process Automation advisory engagement, and whether actions have been effective in reducing risk.	No reportable observations
5/31/24	UTIMCO Disaster Recovery and Business Continuity Planning Advisory	Assess the effectiveness of UTIMCO's disaster recovery and business continuity planning that enable response to and recovery from disruptive events.	No reportable observations
8/29/24	University Lands IT Risk Assessment	Identify University Lands IT goals, the key risks that impact achievement of those goals, and controls in place or planned to manage the identified risks.	No reportable observations
N/A	TEC 51.3525 Compliance Guidance	Provide guidance to institutions based on discussions to be held with various parties involved with implementation of Senate Bill 17.	No reportable observations
Various	Reviews	Investigative or special projects/reviews conducted at select UT institutions, UT System Administration, and/or UTIMCO.	Reports/memos issued, as appropriate

IV. External Audit Services Procured in FY 2024

The University of Texas System contracted with Deloitte & Touche, LLP (Deloitte) to perform an independent audit of the FY 2023 UT System financial statements (including stand-alone audits at some of the institutions) and an independent audit of the FY 2023 financial statements of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Corporation, the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund (collectively, the Funds). Also, Deloitte performed interim work for the audit of the UT System and Funds' FY 2024 financial statements.

In addition, UT System contracted with Deloitte to complete audits of Cancer Prevention Research Institute of Texas (CPRIT) grants at select UT institutions to conclude on the Schedule of Expenditures of State Awards for the CPRIT program and compliance over CPRIT programs (scope of FY 2023 grant activity). Other UT institutions may separately contract with other vendors to perform agreed-upon procedures.

The University of Texas System Administration contracted with Wolcott and Associates to perform benefit audits for the Office of Employee Benefits of employee and retiree medical and prescription insurance claims and contracted with R.L. Townsend and Associates to perform ongoing construction billing and final contract review audits for the Office of Capital Projects. The System Audit Office co-sourced with EisnerAmper LLP to work on the University of Texas Health Intelligence Platform (UT-HIP) Data Classification and Data Security Report (carryforward to FY 2025), with KPMG, LLP to complete the Robotic Process Automation (RPA) Controls Advisory Report, and with Baker Tilly to complete the reports of: NCAA Agreed-Upon Procedures at UT Arlington, NCAA Agreed-Upon Procedures at UT El Paso, NCAA Agreed-Upon Procedures at UT Rio Grande Valley, NCAA Agreed-Upon Procedures at UT San Antonio, and NCAA Agreed-Upon Procedures at UT Tyler.

V. External Quality Assurance Review

bakertilly

December 2023

Mr. J. Michael Peppers, Chief Audit Executive
The University of Texas System

In August 2023, The University of Texas (UT) System Administration Audit Office (System Audit), completed a self-assessment of internal audit (IA) activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). System Audit engaged an independent review team consisting of internal audit professionals with extensive higher education and healthcare experience to perform an independent validation of System Audit's QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning System Audit'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 judged to be in conformance with the *Standards*. "Partially conforms" means deficiencies in practice 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 System Audit, we agree with System Audit'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 System Audit's 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 System Audit 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 System Audit.

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

Very truly yours,

Baker Tilly US, LLP

Baker Tilly US, LLP

VI.   Internal Audit Plan for Fiscal Year 2025

Audit Plan Category	Engagement Title	Budgeted Hours	Engagement Objective
Assurance	Third Party Risk Management Audit	400	Determine if third party risk management processes are in place and functioning effectively to ensure risk exposure is properly identified, managed, and monitored, and complies with applicable Texas Administrative Code §202.76 (TAC 202) security control standards *(co-source 300 of 400 hours)* .
Assurance	University Lands Data Classification and Data Security Audit	350	Determine if data classification procedures and data security measures are in place and effective, and comply with relevant policies and standards.
Assurance	UTIMCO CPS Audit	400	Determine if proper internal controls are in place and are effective for UTIMCO's CPS application.
Assurance	Education & Research Center at Laredo Audit	500	Identify key activities of the Education & Research Center at Laredo and determine if proper controls and process are in place to meet their primary objectives.
Assurance	Oil & Gas Audit - TBD Company	500	Determine if a selected operator (TBD company) has accurately reported and paid oil and gas royalties to University Lands.
Assurance	GPO Accreditation Applications Review	40	Determine if controls, as represented by the GPO accreditation applicant, meet the minimum standards of the UT System Accreditation Program.
Assurance	Chief Administrator Travel & Entertainment Audit	1200	Determine if chief administrators' travel, entertainment, and university residence maintenance (as applicable) expenses are appropriate, accurate, and in compliance with applicable policies. NOTE: While a Medium risk area, this engagement is conducted to protect reputational risks. Chief Administrators are chosen for audit based on highest risk assesses annually *(co-source 1000 of 1200 hours)* .
Assurance	UTT Patch & Configuration Management Audit Assistance	75	Assist UT Tyler Internal Audit in determining if technology patch and configuration management activities are in place and function effectively. This engagement includes compliance with applicable Texas Administrative Code §202.76 security control standards.
Assurance	UT-HIP Data Classification and Data Security Audit (carryforward)	160	*Completion of FY 2024 engagement:* Determine whether data classification procedures are in place and effective, and data security measures compliant with relevant laws, regulations, and stakeholder expectations are applied consistently *(co-source 120 of 160 hours)* .
Assurance	Contract Monitoring Audit (carryforward)	300	*Completion of FY 2024 engagement:* Determine if decentralized contract monitoring processes/controls are adequate and functioning.
Advisory	Decentralized Application Systems Advisory	250	Provide advisory services in identifying application systems not centrally managed and the effectiveness of oversight in ensuring technology controls are in place and comply with applicable policies and standards.
Advisory	Identity Management Federation Advisory	80	Provide assistance in assessing and updating Identity Management Federation governing documents and standards.
Advisory	UTIMCO Application Development Advisory	80	Provide advisory services related to UTIMCO's application modernization initiative.
Advisory	RISC Advisory	150	Provide advisory services based on discussions to be held with various parties involved.
Advisory	TEC §51.3525 Advisory	50	Provide advisory services and assistance as needed related to TEC §51.3525.
Advisory	UT-HIP Advisory	150	Provide advisory services and assistance as needed related to UT-HIP.
Advisory	Business Process Review (Phase IV)	300	Deployment of the tool that was developed and piloted during Phase III utilizing the results to provide advisory services on departmental controls over key business processes.
Advisory	System Administration Committees and Councils	300	Participate on System Administration Committees and Councils (e.g., ERM, SLC, InfoSec, UT Share, Executive and Endowment Compliance, etc.).
Advisory	General Audit Assistance to System Administration	200	Provide general assistance and support to System Administration departments and response to management requests.
Advisory	UTIMCO Meetings and Oversight Activities	25	Attend UTIMCO Board of Directors, Committee, and other oversight meetings.
Required	NCAA Agreed Upon Procedures (co-source)	1000	Perform agreed-upon procedures regarding internal controls, revenues, and expenses of intercollegiate athletics program activity *(co-source 800 of 1000)* .
Required	UT System Administration & Consolidated Financial Audit Assistance	350	Assist the external auditor on the System Administration and Consolidated financial statements FY 2024 year-end & FY 2025 interim audit work (includes institutional internal audit guidance and coordination).
Required	Joint Admission Medical Program (JAMP) Audit	200	Provide audit opinion on JAMP financial statements and perform limited transaction/control testing (due 12/15/24).

Audit Plan Category	Engagement Title	Budgeted Hours	Engagement Objective
Investigations	Investigations Reserve	200	Reserve for investigations that may arise.
Reserve	TBD Special Requests	350	Assist executive management in addressing unexpected issues.
Follow Up	System Audit Follow Up Procedures	200	Follow-up on open recommendations from previous audits conducted by System Audit.
Operations	Assistance to Institutions	1500	Provide oversight, guidance, and assistance to the institutional internal audit in various audit areas (e.g., NCAA SRE, IT, etc.) and other topics. Includes attendance at institutional audit committee and other meetings.
Operations	Systemwide Annual Risk Assessment and Audit Plan	200	Coordinate and conduct institutional audit plan presentations to provide feedback on draft annual audit plans, prepare the Systemwide annual audit plan for approval by the ACRMC and analyze Systemwide risk, audit, and issue trends.
Operations	Audit, Compliance, and Risk Management Committee (ACRMC) and Board of Regents	250	Prepare for and attend ACRMC and Board of Regents meetings. May also include other reports for and requests from Regents.
Operations	Systemwide Internal Audit Council	500	Prepare for and attend Internal Audit Council meetings, including efforts on Internal Audit strategic activities, communication and education among the Chief Audit Executives.
Operations	Investigation Triage, Tracking & Assistance	100	Track, monitor, and report on fraud and investigation activities.
Operations	Systemwide Internal Audit Reporting	300	Collect and summarize information for Systemwide annual internal audit reporting, including tracking plan status and reportable findings.
Operations	IT Audit Collaboration, Skill, and Tool Development	300	Provide IT audit guidance, tool development and support, and educational and collaboration opportunities to assist and enhance IT audit capabilities of institutional audit teams.
Operations	General Communications	50	Develop and deliver communications to institutional internal audit.
Operations	Systemwide TeamMate/eCASE Administration	300	Support the Systemwide administration of the audit management software (TeamMate and eCASE) used by institutional internal audit. Develop the structure and processes, including job aids, forms, etc.
Operations	Online Reporting	100	Collect, track, sort, and post audit reports online.
Operations	Data Analytics Collaboration, Skill, and Tool Development	400	Provide data analytics technical guidance, tool development and support, and educational and collaboration opportunities to assist and enhance capabilities of institutional audit teams.
Operations	UT System Administration Internal Audit Committee	250	Prepare for and attend System Administration Internal Audit Committee meetings.
Operations	Management of the Internal Audit Activity	600	Manage the System Audit Office's internal audit activities such as prioritization and status updates of engagements.
Operations	System Audit Office Annual Risk Assessment and Audit Plan	300	Facilitate risk assessments used to develop the risk-based System Audit Office's annual audit plan.
Operations	System Audit Quality Assurance Activities	100	Conduct internal quality assurance activities, including quality related enhancements to System Audit Office's policies/processes/procedures and implementation of recommendations from External Quality Assessment (EQA).
Operations	TeamMate/eCASE and Website Maintenance and Management	100	Update System Audit's TeamMate and eCASE software and keep Systemwide Internal Audit and System Audit Office websites current.
Operations	External Reporting and Requests	100	Prepare State Auditor's Office (SAO) annual report and other SAO reporting requests. May also include reports or requests from other external agencies. Includes TEC section 51.9337(h) compliance work.
Initiatives and Education	Audit Management Software (AMS) Implementation	1000	Implementation of new Systemwide eCASE audit management software, including development of reports, and transition from TeamMate technology.
Initiatives and Education	New IIA Standards Implementation	300	Activities related to changes required for compliance with the new IIA Standards.
Initiatives and Education	Quality Program and Metrics Implementation	100	Strengthen leading practice and standards use with quality program implementation (includes coordination/guidance for triennial QAR).
Initiatives and Education	Resource Capabilities and Knowledge/Resource Management	100	Provide guidance, tools, educational opportunities to enhance capabilities and development of auditors Systemwide.
Initiatives and Education	Other Systemwide Internal Audit Initiatives	100	Follow up on execution of various initiatives.
Initiatives and Education	Internal Audit Staff Training	800	Attend training to develop staff competencies and knowledge, including Continued Professional Education to support certifications.
Initiatives and Education	Professional Organizations and Associations	200	Participate in and contribute to professional organizations.

Risk Assessment/Methodology Used to Develop FY 2025 Annual Audit Plan & High Risks Not Included
The Audit Plan outlines the internal audit activities that will be performed by the System Audit Office during FY 2025 in accordance with responsibilities established by UT System, the TIAA, the IIA *Standards*, and GAGAS. The plan is prepared using a risk-based approach to ensure that areas and activities with the greatest risk are identified for consideration to be audited. The Audit Plan includes audit work, which is included in the Assurance, Advisory, Required, Investigations, and Follow-up sections; Operations (ongoing System Administration and oversight activities); and Initiatives & Education (developmental initiatives that may be employed over multiple years). The Audit Plan was approved by the UT System Administration Internal Audit Committee on 9/4/24 and is pending approval by the UT System Board of Regents' Audit, Compliance, and Risk Management Committee on 11/20/24 as part of the Systemwide Audit Plan.

The System Audit Office's risk assessment approach was accomplished by evaluating important strategic initiatives and operational objectives that were previously defined for each of the System Administration offices. Meetings were held with department heads, members of executive management, and other risk collaborators to review the activities, associated risks, and potential audits and consulting projects. Risks were ranked, based on probability and impact ratings, as well as past audit coverage and other interrelated risks. Engagements were identified to address the highest risks. In addition, the FY 2025 Audit Plan includes other required engagements and reserve time for unanticipated items.

As in past years, additional focus was placed on IT risk through collaboration with IT and Information Security leadership to identify and agree upon critical services and functions that could have a significant impact on business objectives. IT risks related to Title 1, Texas Administrative Code, Chapter 202 (Information Security Standards) are considered in the framework used to assess risk and required information security control standards are included as criteria for all audits in which they apply. Additional focus continues to be placed on emerging and rapidly changing cybersecurity threats and controls in place to prevent and detect potential exposures.

An audit of benefits proportionality for appropriation years 2020-2021 was completed as part of the FY 2022 Audit Plan, as required under Rider 8, page III-50, of the General Appropriations Act (87th Legislature). Because benefits proportionality was not identified as a high-risk area in the annual risk assessment, and is no longer required under Rider 8, page III-52, of the General Appropriations Act (88th Legislature), there are no plans to conduct an audit during FY 2025. An audit of the contract monitoring process at System Administration was completed in FY 2019, and follow-up procedures conducted in FY 2020-2024, which found all recommendations were implemented. FY 2025 audit plan includes an engagement to review procurement controls of GPOs applying to become accredited for use by UT System Administration and UT institutions, as well as a carryforward audit to evaluate contract monitoring processes/controls at UT System Administration. The FY 2025 Audit Plan does not include an internal audit related to expenditure transfers, capital budget controls, or other limitation or restriction in the General Appropriations Act; however, these areas may be reviewed as part of the external financial audit.

Additional high risks were identified in the general areas of information technology and human resources. While related engagements are not part of the FY 2025 Annual Audit Plan, there are other mitigating activities and follow-up engagements that address these risks.

VII. Reporting Suspected Fraud and Abuse

Actions taken to implement the requirements of General Appropriations Act (88th Legislature), Section 7.09, page IX-40, Fraud Reporting and Texas Government Code, Section 321.022 include:

- SAO fraud reporting link on the bottom right of UT System homepage (https://www.utsystem.edu/)
- UT System policy UTS 118 pertaining to fraudulent activities, including coordination of investigations and reporting of suspected fraud (https://www.utsystem.edu/sites/policy-library/policies/uts-118-dishonest-or-fraudulent-activities)

- UT System Hotline, which provides employees a way to report instances of suspected wrongdoing (https://www.utsystem.edu/offices/systemwide-compliance/hotline), including a link to report suspected fraud, waste, and abuse involving state funds to the SAO (https://sao.fraud.texas.gov/)
- The System Audit Office continues coordination with the Offices of Systemwide Compliance and General Counsel regarding a Systemwide fraud reporting protocol and tool to help ensure consistent and timely communication.