

Policy Development and Review Processes

University Compliance Services

May 2022



**The University of Texas at Austin
Office of Internal Audits
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May 25, 2022

President Jay C. Hartzell
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Hartzell,

We have completed our audit of the Policy Development and Review Process as part of our Fiscal Year 2022 Audit Plan. The objectives of this audit were to determine whether the Policy Office's four-year review process and email notifications are effective for maintaining current and accurate policies, and to determine whether policy owners are aware of the policies in their purview and their responsibilities as policy owners.

The University Policy Office (UPO) has opportunities to enhance the policy review process, communication to policy owners, and policy owner education. The report is attached for your review, and management has provided action plans.

Please let me know if you have questions or comments regarding this audit.

Sincerely,

A handwritten signature in blue ink that reads "Sandy Jansen".

Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive

Cc: Mr. Jeff Graves, Chief Compliance Officer
Ms. Monica Horvat, Director of Administration for the President



Executive Summary

Policy Development and Review Processes

University Compliance Services

Project Number: 22.013

Audit Objective

The objectives of this audit were to determine whether the University Policy Office's four-year review process and email notifications are effective for maintaining current and accurate policies, and to determine whether policy owners are aware of the policies in their purview and their responsibilities as policy owners

Conclusion

The University Policy Office has opportunities to enhance the policy review process, communication to policy owners, and policy owner education.

Audit Observations¹

Recommendation	Risk Level	Estimated Implementation Date
Policy Review Process Enhancements	High	Initial Phase: December 2023 Final Phase: December 2025

Engagement Team

Ms. Autumn Gray, CIA, Audit Manager

Ms. Angela McCarter, CIA, CRMA, Assistant Director

Ms. Andrea Rios, Auditor I

¹ Each observation has been ranked according to The University of Texas System Administration (UT System) Audit Risk Ranking guidelines. Please see the last page of the report for ranking definitions.



Audit Results

The University Policy Office (UPO) has opportunities to enhance the policy review process, communication to policy owners, and policy owner education.

The UPO has recently updated the policy review cycle from a four-year comprehensive review of all policies to a three-year cyclical process (i.e., one-third of policies will be reviewed each year). The UPO is also implementing a policy system (Compliance Bridge) that will streamline the process with enhanced communication and documentation.

Observation: Policy Review Process, Communication, and Education

Based on our testing, several policy owners do not perform timely reviews nor maintain current and accurate policies. Approximately half (33 of 60) of the policies analyzed included a documented date of last review; however, only eight were reviewed in the previous five years. Many policies do not have evidence of review since their inception in the 1980s and 1990s.

Two challenges impeding the review process are the UPO's lack of authority to enforce policy reviews and updates and the University's culture of not prioritizing reviews. While the UPO stewards the policy review process, it must rely on policy owners and subject matter experts for substantive policy content changes. Additionally, policy owners' perceived lack of urgency in completing policy reviews impacts the effectiveness and efficiency of the process.

In a decentralized operating environment, such as the one present at The University of Texas at Austin, consistent policies and standards are an important component for establishing a strong control structure. When policies are not regularly updated, departments operate under an inconsistent set of standards and many practices are developed via non-formal means (e.g., verbal discussions because policies cannot be relied upon). This situation ultimately leads to a culture where departments operate without the safeguards needed to prevent departmental decisions that increase risk to the University.

Recommendation: The UPO should continue its efforts to update the policy review process to a three-year cyclical review and should continue implementation of Compliance Bridge. Compliance Bridge should maintain a master list of all policies and a history of policy reviews. Additionally, the UPO should consider the following enhancements:

Policy Review Process Enhancements

- Update the Handbook of Operating Procedures 3-1510, *Developing and Maintaining Policies in the Handbook of Operating Procedures*, to include language addressing timeliness of stakeholder reviews.
- Rank policies by criticality or priority (e.g., high, medium, low) to more effectively track and communicate the urgency of the review to policy owners. Use the ranking system to determine the frequency of outreach to policy owners.
- Utilize Compliance Bridge for the following:



OFFICE OF INTERNAL AUDITS REPORT: POLICY PROCESS

- Migrate all policies into an updated policy template format once new software is implemented.
- Include policy revision histories and standardize the format for communicating key dates on each policy (e.g., policy effective date, date last reviewed/revise, and scheduled next review date).
- Update forms used in the policy review process:
 - Continue to update questions on the Maintenance Certification form.
 - Remove policy review questions from the Policy Impact Statement form.
 - Digitize forms used to update policies (i.e., DocuSign, workflow).

Communication Enhancements

- Notify the policy owner and executive sponsor with a direct policy review email².
- Utilize the Executive Compliance Committee meetings to provide metrics to senior leadership on the status of policy revisions.
- Track and monitor receipt of policy owners' notifications (e.g., read receipt function in Outlook).

Policy Owner Education Enhancements

- Create clear guidance for policy owners and post online and/or disseminate as part of the policy review email notification.
- On-board new policy owners in-person or via online meetings.

Management's Corrective Action Plan: Management concurs with the recommendations and will implement corrective actions in phases to align with the three-year policy review timeline. Management's full response is included in Appendix I of this report.

Responsible Person: University Compliance Officer

Planned Implementation Date: Phase 1 – December 31, 2023; Phase 2 – December 31, 2024; Phase 3 – December 31, 2025

Scope, Objectives, and Methodology

This audit was conducted in conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

² Per client, this recommendation was implemented in February 2022



OFFICE OF INTERNAL AUDITS REPORT: POLICY PROCESS

The scope of this review includes University policies as of November 1, 2021. The objectives of this audit were to determine whether UPO's four-year review process and email notifications are effective for maintaining current and accurate policies, and to determine whether policy owners are aware of the policies in their purview and their responsibilities as policy owners.

The following procedures were conducted:

- Performed a walkthrough of the policy review process and identified strengths and opportunities.
- Reviewed processes to notify policy owners of updates and changes.
- Surveyed a sample of policy owners to understand their experiences and responsibilities with the policy review process.



Observation Risk Ranking

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.

Risk Level	Definition
Priority	If not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of The University of Texas at Austin (UT Austin) or the UT System as a whole.
High	Considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
Medium	Considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
Low	Considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

In accordance with directives from UT System Board of Regents, Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.

Report Distribution

The University of Texas at Austin Institutional Audit Committee

- Mr. Darrell Bazzell, Senior Vice President and Chief Financial Officer
- Mr. Cameron Beasley, Chief Information Security Officer
- Mr. James Davis, Vice President for Legal Affairs
- Mr. Jeffery Graves, Chief Compliance Officer, University Compliance Services
- Dr. Jay C. Hartzell, President
- Mr. Joe Holt, External Member
- Dr. Daniel Jaffe, Vice President for Research
- Ms. Ayse McCracken, External Member
- Dr. John Medellin, External Member
- Mr. J. Michael Peppers, CAE, The University of Texas System Audit Office
- Ms. Christine Plonsky, Chief of Staff/Executive Sr. Associate Athletics Director
- Dr. Soncia Reagins-Lilly, Vice President for Student Affairs and Dean of Students
- Dr. Sharon Wood, Executive Vice President and Provost
- Ms. Elizabeth Yant, External Member, Chair

The University of Texas System Audit Office
 Legislative Budget Board
 Governor's Office
 State Auditor's Office

APPENDIX I

Detailed Management Corrective Actions

Management Response Summary

University Compliance Services would like to express its appreciation for Internal Audit's diligent work and thoughtful recommendations made as part of the Policy Development and Review Processes Audit. UCS has considered and will implement improvements as laid out in this response. Several improvements have broad applicability to the overall policy process:

- A new policy review process has been implemented as of February, 2022; based on a rolling three-year cycle in which one third of policies undergo a thorough review in each calendar year. The new policy review process will be leveraged to incorporate audit recommendations. Full implementation for some recommendations may take up to the end of the third year's cycle; end of calendar year 2025.
- As IA observed: "Two challenges impeding the review process are the UPO's lack of authority to enforce policy reviews and updates and the University's culture of not prioritizing reviews." To better address this challenge UCS will regularly report to the Executive Compliance Committee to ensure Senior Leadership is aware of gaps and deficiencies in the policy review process. The presentations will help address recommendations throughout the report by engaging Senior Leadership's support and action as needed.
- The Policy Office will implement new policy management software in the fall of 2022. The Policy Office will incorporate Audit's recommendations into new processes and procedures as appropriate.
- As part of the new policy management software implementation, a new policy website will be developed and will include additional information and guidance.

Below are responses to the specific recommendations in the audit report.

Policy Review Process Enhancements:

- *Update the Handbook of Operating Procedures 3-1510, Developing and Maintaining Policies in the Handbook of Operating Procedures, to include language addressing timeliness of stakeholder reviews.*
This recommendation will be implemented and is expected to be completed in nine months, pending the normal policy review process (review and approval by policy process stakeholders, legal, and president).
- *Rank policies by criticality or priority...*
This recommendation will be implemented and will be incorporated into the new three-year review process. The next process cycle begins February, 2023. The recommendation should be fully implemented once a full three-year policy review has completed, which would be the end of calendar year 2025.

Appendix I (continued)

- *Utilize Compliance Bridge for the following:*
 - *Migrate all policies into an updated policy template format once new software is implemented.*

This recommendation will be implemented. Migrating to a new policy template will require substantive review and revision by policy owners. It will be incorporated into next process cycle which begins February, 2023. The recommendation should be fully implemented once a full three-year policy review has completed, which would be the end of calendar year 2025, pending policy owner response.
 - *Include policy revision histories and standardize the format for communicating key dates on each policy...*

This recommendation will be implemented and will be incorporated into the new three-year review process. The next process cycle begins February, 2023. The recommendation should be fully implemented once a full three-year policy review has completed, which would be the end of calendar year 2025, pending policy owner response. Some dates are unknown, such as when they were last updated given the age of the policy.
- *Update forms used in the policy review process:*
 - *Continue to update questions on the Maintenance Certification form.*

Forms will be updated in 6 months.
 - *Remove policy review questions from the Policy Impact Statement form.*

Forms will be updated in 6 months.
 - *Digitize forms used to update policies (i.e., DocuSign, workflow).*

The Policy Office will continue to update as needed.

Communication Enhancements:

- *Notify the policy owner and executive sponsor with a direct policy review email.*

Already implemented, as noted in audit report.
- *Utilize the Executive Compliance Committee meetings to provide metrics to senior leadership on the status of policy revisions.*

As noted in Management Response Summary, UCS will regularly report to the Executive Compliance Committee to ensure Senior Leadership is fully informed.
- *Track and monitor receipt of policy owners' notifications (e.g., read receipt function in Outlook).*

To be incorporated into the new three-year review process. The next process cycle begins February, 2023.

Appendix I (continued)

Policy Owner Education Enhancements:

- *Create clear guidance for policy owners and post online and/or disseminate as part of the policy review email notification.*

This recommendation will be implemented. Enhanced guidance for policy owners will be provided as part of the new three-year review process and will be incorporated into the new three-year review process. The next process cycle begins February, 2023. The recommendation should be fully implemented once the third-year email notification has been sent; the beginning of calendar year 2025. Information regarding the policy process will also be incorporated into new Policy website.

- *On-board new policy owners in-person or via online meetings.*

Implemented. Policy Officer will on-board new policy-owners in-person or via online meetings.