



Key Shop

Audit Report No. R2205 | *April 14, 2022*



Executive Summary

Audit Objective

The objective of the audit was to ensure appropriate controls are in place related to key shop operations to ensure campus safety and security.

Controls and Strengths

- A key request process exists that requires departmental approval before a key can be issued.
- Grand master key requests must be signed off on by a VP level approver.

Overall Conclusion

Controls related to the issuance, control, recordkeeping, and return of keys should be improved to enhance campus safety and security.

Observations by Risk Level

Management has reviewed the observations and has provided responses and anticipated implementation dates. Detailed information is included in the attached report.

Observation	Risk Level	Management's Implementation Date
1. Key Shop Operations: Improve controls related to the issuance, control, recordkeeping, and return of keys.	High	August 31, 2022

For details about the audit and methodology, explanation of risk levels, and report distribution, please see Appendices A, B, and C, respectively, in the attached report.



Detailed Audit Results

Observation	Risk Level/Effect	Recommendation ¹
1. Key Shop Operations		High Risk
<p>Key Shop operations were reviewed, and the following opportunities for improving operations were observed:</p> <ul style="list-style-type: none"> • As of February 2022, Facilities Management provided a list documenting that there were 37 Grand Master (GM) keys that had been issued to employees (including employees who no longer worked at the University) and contractors. Grand Master keys allow access to all locks on campus. Key Shop personnel provided this information from reports within their system, but later stated these examples may not be accurate, as there is a lack of data management, reporting, and formal procedures for both GM and all keys. • When a key is lost, there is a lack of enforcement with existing policies and procedures that require the employee to be charged a fee. • The Key Shop website is outdated and does not reflect current personnel. 	<p>Without strong controls over the keys process, especially over the Grand Master keys, campus safety and security are at risk.</p>	<p>Improve controls related to the issuance, control, recordkeeping, and return of keys by updating and implementing policies and procedures; working with division heads, deans, and department heads to ensure accurate key inventories; implementing periodic monitoring via key audits; and strengthening the key data management and checkout processes.</p>

¹ See Appendix B on page 9 for definitions of observation risk rankings. Minimal risk observations were communicated to management separately.



Observation	Risk Level/Effect	Recommendation ¹
<ul style="list-style-type: none"> • UTDBP3076, <i>Building Maintenance and Operations</i>, contains outdated information and guidelines related to audits and the issuance of keys. • Turnover has occurred within the key shop, and the new employees were not provided sufficient training due to a lack of formal procedures related to key shop operations. • Periodic key audits or other forms of monitoring are not being performed to ensure campus divisions, schools, and departments are effectively managing keys issued and returned. 		
<p><u>UTD FM Responses</u></p> <ul style="list-style-type: none"> • <i>As of February 2022, Facilities Management provided a list documenting that there were 37 Grand Master (GM) keys that had been issued to employees (including employees who no longer worked at the University) and contractors. Grand Master keys allow access to all locks on campus. Key Shop personnel provided this information from reports within their system, but later stated these examples may not be accurate, as there is a lack of data management, reporting, and formal procedures for both GM and all keys.</i> <p>Management’s Action Plan: There were actually 29 Grand Master keys that had been issued to employees, not the 37 originally identified. The contractor keys have been returned as has the temp employee keys. There were actually 5 former employees, 3 have been returned, one is emeritus and still uses their keys, and the last belonged to Dr. Wildenthal. The remaining keys are issued to current employees whose receipt of said keys has been vetted through the approval processes. These include key Facilities Management employees, University executive leadership, Police and Fire and Life Safety. All Grand Masters have been accounted for and processes implemented to ensure tracking of Grand Masters going forward.</p>		



Observation	Risk Level/Effect	Recommendation ¹
<p>Responsible Party Name and Title: Kelly Kinnard, Assistant Vice President – Facilities Management</p> <p>Estimated Date of Implementation: Completed March 16, 2022</p>		
<ul style="list-style-type: none"><i>When a key is lost, there is a lack of enforcement with existing policies and procedures that require the employee to be charged a fee.</i> <p>Management’s Action Plan: Current University policies do not allow for enforcement procedures beyond repeated notifications to the former employee to return their keys. The exception would be to file criminal charges on the former employee for theft of state property. This discretion would fall to UTD police for filing. This would need to be addressed on a case-by-case basis. FM will work with UTD Police Chief to determine UTD’s stance moving forward.</p> <p>Responsible Party Name and Title: Kelly Kinnard, Assistant Vice President – Facilities Management</p> <p>Estimated Date of Implementation: April 2022</p>		
<ul style="list-style-type: none"><i>The Key Shop website is outdated and does not reflect current personnel.</i> <p>Management’s Action Plan: FM will work with Rodolfo Arredondo in the Office of Facilities and Economic Development to make the necessary updates.</p> <p>Responsible Party Name and Title: Kelly Kinnard, Assistant Vice President – Facilities Management</p> <p>Estimated Date of Implementation: June 1, 2022</p>		



Observation	Risk Level/Effect	Recommendation ¹
<ul style="list-style-type: none"> <i>UTDBP3076, Building Maintenance and Operations, contains outdated information and guidelines related to audits and the issuance of keys.</i> <p>Management’s Action Plan: Updates to FM policies has been submitted 3 times in the last decade. Each attempt has failed to make the HOP. We have our updates ready. We will revisit how best to address the policies codification.</p> <p>Responsible Party Name and Title: Kelly Kinnard, Assistant Vice President – Facilities Management</p> <p>Estimated Date of Implementation: Dependent on outside forces.</p>		
<ul style="list-style-type: none"> <i>Turnover has occurred within the key shop, and the new employees were not provided sufficient training due to a lack of formal procedures related to key shop operations.</i> <p>Management’s Action Plan: Mural Speed is currently updating our SOP in the key shop. All key shop personnel will receive this and be trained in it.</p> <p>Responsible Party Name and Title: Kelly Kinnard, Assistant Vice President – Facilities Management</p> <p>Estimated Date of Implementation: August 31, 2022</p>		
<ul style="list-style-type: none"> <i>Periodic key audits or other forms of monitoring are not being performed to ensure campus divisions, schools, and departments are effectively managing keys issued and returned.</i> <p>Management’s Action Plan: Since the audit, multiple areas of process improvement have been identified and either have been, or soon will be deployed. This includes annual random key audits across campus. We will work with deans and department heads to get buy in with our</p>		



Observation	Risk Level/Effect	Recommendation ¹
<p>process and get their support for enforcement. The E-Cat process has already been tweaked to make sure that key shop personnel are notified and act on departmental transfers and employment terminations.</p> <p>Responsible Party Name and Title: Kelly Kinnard, Assistant Vice President – Facilities Management</p> <p>Estimated Date of Implementation: Most is already done or in process. Key audit procedures will be implemented by August 2022.</p>		

Overall Conclusion

Controls related to the issuance, control, recordkeeping, and return of keys should be improved to enhance campus safety and security.



Appendix A: Information Related to the Audit

Background

To promote a safe and secure campus environment, UT Dallas has policies and procedures in place to limit and control keys to university buildings, offices, and facilities. Keys are to be issued to only authorized individuals and are required to be returned when access is no longer needed. The University's policy for keys is included in UTDBPM3076, *Building Maintenance and Operations*².

The Sign and Key Shop³ is responsible for keys and building access-related hardware for all areas on campus except University Housing. As the University has grown, the number of physical keys issued each year has also grown. In FY21 there were close to 2,000 new key requests, and as of February 7, 2022, the number of keys on campus is almost 6,000.

Objective

The objective of the audit was to ensure appropriate controls are in place related to key shop operations to ensure campus safety.

Scope

The scope of the audit was FY20 through current operations. Fieldwork was conducted from September 2021 through February 2022, and the audit concluded on February 22, 2022.

The audit focused only on key controls within Facilities Management. The University Housing department manages keys for student housing. An external review was performed for all areas of University Housing approximately two years ago, and the reviewers recommended several items formally and informally, which included key control and card access.



² <https://policy.utdallas.edu/utdbp3076>

³ <https://facilities.utdallas.edu/plant/>



Methodology

The 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 (GAGAS). Both standards are required by the Texas Internal Auditing Act, and they 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 based on our audit objectives. The Office of Audit and Consulting Services is independent per both standards for internal auditors.

Our audit methodology included interviews, observations of processes, and reviews of documentation. We did not perform detailed testing of the information, as opportunities for improving controls were noted that did not require additional testing.

Follow-up Procedures

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. Requests for extension to the implementation dates may require approval from the UT Dallas Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.



Appendix B: Observation Risk Rankings

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

Risk Level	Definition
Priority	If not addressed immediately, a priority observation has a significant probability to directly impact the achievement of a strategic or important operational objective of UT Dallas or the UT System as a whole. These observations are reported to and tracked by the UT System Audit, Compliance, and Risk Management Committee (ACRMC).
High	High-risk observations are considered to be substantially undesirable and pose a high probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Medium	Medium-risk observations are considered to have a moderate probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Low	Low-risk observations are considered to have a low probability of adverse effects to UT Dallas either as a whole or to a division/school/department level.
Minimal	Some recommendations made during an audit are considered of minimal risk, and the observations are verbally shared with management during the audit or at the concluding meeting.



Appendix C: Report Submission and Distribution

We thank the Facilities Management team for their support, courtesy, and cooperation provided throughout this audit.

Respectfully Submitted,

Toni Stephens, CPA, CIA, CRMA, Chief Audit Executive

Distribution List

Members and ex-officio members of the UT Dallas Institutional Audit Committee

Responsible Vice President

- Dr. Calvin Jamison, Vice President for Facilities and Economic Development

Persons Responsible for Implementing Recommendations:

- Mr. Kelly Kinnard, Assistant Vice President for Facilities Management

Other Interested Parties

- Mr. Douglas Tomlinson, Associate Vice President for Facilities Management
- Mr. Kevyn Bennett, Associate Director for Facilities Management
- Mr. Mural Speed, Sign & Key Shop Supervisor

External Parties

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

Engagement Team

- Robert M. Hopkins, CFE, Project Leader
- Julia Lawshae, Auditor II