Departmental Change in Management Audits Fiscal Year 2012

November 2012

The University of Texas at Austin
Office of Internal Audits
UTA 2.302
471-7117
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This report has been distributed to Internal Audit Committee members, the Legislative Budget Board, the State Auditor’s Office, the Sunset Advisory Commission, the Governor’s Office of Budget and Planning, and The University of Texas System Audit Office for distribution to the Audit, Compliance, and Management Review Committee of the Board of Regents.

Departmental Change in Management Audits
Project Number 779.12
November 27, 2012

President William C. Powers, Jr.
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Powers,

We are in the process of completing the Change in Management Audit. Our scope included 16 units selected based on a risk assessment and changes in departmental management as part of our Fiscal Year 2012 Audit Plan. Our audit process included surveying department heads by questionnaire, interviewing management and staff in each unit, reviewing electronic office structures, and transaction testing.

Eight reports have been issued thus far. Due to the individual nature of each review, we have attached the following reports for your information:

4620-000 Texas Student Media
2631-000 Center for Information Assurance and Security
3550-000 Professional Development Center
0055-000 Dell Pediatric Research Institute
3900-000 Tarlton Law Library
6130-000 University of Texas Press
4035-000 University of Texas Elementary School
5010-000 University Development Office

We appreciated the cooperation and assistance of all University personnel involved in this review and hope that the information presented herein is beneficial.

Sincerely,

Michael W. Vandervort, CPA
Director

cc: Internal Audit Committee Members
MEMORANDUM

To:          Ms. Jalah Goette, Assistant Director
            Texas Student Media

From:        Mr. Michael Vandervort, CPA
            Director

Subject:     Final Report – Change in Management Audit, Fiscal Year 2012
            Unit #4620-000: Texas Student Media (TSM)

Date:        September 7, 2012

We have completed our audit of your compliance with and awareness of certain University of Texas at Austin (UT Austin) policies and procedures.

We reviewed internal controls in the following areas:

- Electronic Office Structure
- General Departmental Information/Organization/Activities
- Account Reconciliation
- Outside Employment/Conflict of Interest
- Cash Registers/Cashiers
- Cash and Cash Equivalent Handling
- Accounts Receivable
- Petty Cash
- Merchandise for Resale
- Inventory
- Purchasing Activities
- Procurement Cards
- Travel Expenditures
- Entertainment and Official Occasion Expenditures
- Authorization for Individual Services
- Time Reporting
- Information System Security

We performed the following procedures to complete this audit:

- Reviewed your electronic office structure;
- Tested account certifications, entertainment and official occasion transactions, annual physical inventory completion, and employees’ appointment statuses;
- Surveyed via questionnaire to ascertain your reported strength in internal controls and compliance with UT Austin rules; and
- Clarified follow-up issues with you and your staff.
This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

Based on the above procedures, TSM appears to have reasonable to strong controls in most areas. Three opportunities for improvement were noted in information system security.

**Information System Security-Passwords**

Passwords to computers may be shared by users; as a result there may be an increased risk of misuse of computing/information resources.

According to UT Austin’s Acceptable Use Policy, passwords should never be shared.

**Recommendation 1:** Management should ensure that each user uses his or her own EID credentials and password to access computing resources.

**Management Response:** There are policy changes being drafted to systematically start using Student, Faculty, and Staff EIDs for all TSM machine logins.

**Implementation Date:** December 2012

**Information System Security-Physical Access**

The server room is secured by a traditional physical lock and key only, as a result there is an increased risk of unauthorized access to UT Austin information stored on the server.

According to section 5.19.2.2 of UT Austin’s Information Resources Use and Security Policy, “all facilities supporting information resources must have physical access controls in proportion to the importance, sensitivity, and accountability requirements of the data and systems housed in that facility.”

**Recommendation 2:** Management should upgrade the lock on the server room to include an electronic locking mechanism such as a Building Access Control System or Locknetics style device.

**Management Response:** We have a separately secured room for the servers. Access to that room is limited to our ITS specialist and to the operations manager. It is not keyed onto the master key for the building. While ITS does not support the Locknetics style devices and the BACS control devices are too expensive for our organization, we are committed to purchasing a cost effective option such as purchasing a locking server cabinet to further secure these servers.

**Implementation Date:** Fall 2012
Information System Security-System Hardening
Software system security patches are applied at the end of each semester; as a result there is an increased risk that information resources are more susceptible to unauthorized access, viruses, and malware.

According to section 4.5.2 of UT Austin’s Minimum Security Standards for Systems, “operating system and application services security patches should be installed expediently and in a manner consistent with change management procedures.”

**Recommendation 3:** Management should ensure that patches are applied expediently in a manner consistent with change management procedures.

**Management Response:** TSM systems are now part of ITS’ Absolute Manage server – a patching and system management tool being utilized by ITS to deliver OSX patches on time. Remote Desktop is also utilized to verify patches install on a weekly basis.

**Implementation Date:** Implemented (May 2012).

Attached you will find a Change in Management Report Card, which is based on our understanding of the controls in place in your unit at the time of our review. If fully implemented, the recommendations above would improve your overall evaluation.

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact Brenda Guerrero at brenda.guerrero@austin.utexas.edu or 471-9256.

MV: bg

Attachment

cc: Ms. Jennifer Hammat, Assistant Vice President for Student Affairs
Dr. Gage Paine, Vice President for Student Affairs
Dr. Charles Roeckle, Deputy to the President
## Change in Management Report Card
**Texas Student Media, Unit # 4620-000**

<table>
<thead>
<tr>
<th>Areas Reviewed</th>
<th>Reasonable to Strong Controls in Place</th>
<th>Opportunity for Improvements</th>
<th>Significant Deficiencies</th>
<th>Material Weaknesses¹</th>
<th>Not Applicable to the Unit</th>
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¹ A weakness that significantly impacts the UT Austin's operations or finances