The University of Texas System Administration
System Audit Office

Annual Audit Report
Fiscal Year 2026

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

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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 2026 Internal Audit Annual Report, which includes its approved FY 2027 Annual Audit Plan (see Section VI) and a summary of weaknesses/concerns and related actions taken resulting from the FY 2026 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 2026

FY 2026 Audit Plan – Engagements	Status of Plan
Assurance Engagements	
Education & Research Center at Laredo Audit (carryforward)	11/18/2025
University Lands Data Classification and Data Security Audit (carryforward)	11/25/2025
UTIMCO Client Participation System (CPS) and Core Management System (CMS) Audit (carryforward)	9/9/2025
Benefits Data Protection Audit	Carryforward to FY27
Chief Administrator Travel & Entertainment Audit	Carryforward to FY27
Oil & Gas Audit	Carryforward to FY27
Group Purchasing Organization (GPO) Accreditation Applications Review	Complete – Report NA
Robotic Process Automation (RPA) Data Management Audit (co-source)	6/5/2026
SharePoint and Azure Access Control Audit	Carryforward to FY27
Wire Transfer Audit	5/11/2026
Advisory Engagements	
Decentralized Application Systems Advisory (carryforward)	12/18/2025
Artificial Intelligence Advisory	Ongoing
Business Administration Services Advisory	Postponed to FY27
Business Continuity Advisory	Ongoing
Business Process Review (Phase IV)	Canceled
Systemwide Compliance Program Advisory	Canceled
Continuous Monitoring - System Administration	Ongoing
Contracts & Supply Chain Alliance Advisory	Ongoing
Police Advisory	Carryforward to FY27
Risk Management, Information Security and Systemwide Compliance (RISC) Advisory	Ongoing
UTIMCO Azure Communication Services (ACS) Implementation Advisory	5/5/2026
UTIMCO Advisory	Canceled
System Administration Committees and Councils	Ongoing
General Audit Assistance to System Administration	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)	1/15/2026
NCAA Agreed-Upon Procedures at UT Dallas (co-source)	5/21/2026
NCAA Agreed-Upon Procedures at UT El Paso (co-source)	1/15/2026
NCAA Agreed-Upon Procedures at UT Rio Grande Valley (co-source)	1/15/2026
NCAA Agreed-Upon Procedures at UT San Antonio (co-source)	1/15/2026
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/eCASE Administration	Ongoing – Report NA
Online Reporting	Ongoing – Report NA
SAO TEC 51.3525 Compliance Audit Assistance	Complete – Report NA
Data Analytics Collaboration, Skill, and Tool Development	Ongoing – Report NA
UT System Administration Internal Audit Committee	Quarterly – Report NA
Institutional Audit Committees	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/eCASE and Website Maintenance and Management	Ongoing – Report NA
External Reporting and Requests	Ongoing – Report NA
Initiatives and Education	
Audit Management Software (AMS) Post-Implementation	Ongoing – Report NA
Internal Audit Strategy for Use of Artificial Intelligence (AI)	Ongoing – Report NA
IIA Standards Implementation	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 2026 annual audit plan except for the deviations noted below. Five engagements for which reports had not yet been issued at the end of FY 2026 were carried forward for completion in FY 2027. Minimal changes from the original FY 2026 annual audit plan were made as follows.

- *Canceled:* Business Process Review (Phase IV), Systemwide Compliance Program Advisory, UTIMCO Advisory
- *Postponed:* Business Administration Services Advisory
- *Added*: Continuous Monitoring - System Administration, SAO TEC 51.3525 Compliance 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 2026 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 2026 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
9/9/25	UTIMCO Client Participation System (CPS) and Core Management System (CMS) Audit – FY25 Carryforward	This audit resulted in no reportable observations.		
11/18/25	Education & Research Center at Laredo Audit – FY25 Carryforward	**Observation 1 (High):** While the UT Center at Laredo provides services in support of the Biggs Institute, there is no executed business associate agreement in place between UT System Administration and UT San Antonio. Non-compliance with the Health Insurance Portability and Accountability Act (HIPAA) could result in significant fines, legal liabilities, reputational damage, and loss of patient trust.	**Management Action Plan 1:** Under a new reporting structure, all clinic staff the Laredo campus will report directly to the Glenn Biggs Institute in San Antonio. The Institute will manage all aspects of staffing, including recruitment, training, supervision, and ongoing compliance for all clinic personnel assigned to UT Center at Laredo's clinical location. With the changes, a BAA will not be necessary; however, the MOU with UT San Antonio's Glenn Biggs Institute for Dementia Care is currently being finalized, with a clear delineation of responsibilities under development.	Follow-up to be performed
		Observation 2 (High): Without an accurate and thorough assessment of the potential risks and vulnerabilities to electronic protected health information, there is an increased risk of data breaches, operational disruptions, and reputational damage.	**Management Action Plan 2:** 1. Change Reporting Structure Under the new reporting structure, all clinic staff at the Laredo campus will report directly to the Glenn Biggs Institute in San Antonio. This alignment is designed to enhance regulatory compliance through consistent supervision, oversight, and adherence to federal, state, and institutional standards. The Glenn Biggs Institute will assume full responsibility for the recruitment, onboarding, training, supervision, and ongoing regulatory compliance of all clinic personnel assigned to the UT Center clinic. 2. Electronic Medical Records Security The UT Center Team will collaborate with UT San Antonio Health and the UT System Office of Technology and Information Services to assess risks and strengthen the security of electronic medical records and avoid security breaches. 3. Patient Communication Protocol All patient calls and inquiries will be directed to the staff of the Glenn Biggs Institute, who are UT San Antonio employees. UT Center employees will no longer have access to patient information.	Follow-up to be performed

Report Date	Report Name	Observations	Management Action Plans	Status
11/18/25	Education & Research Center at Laredo Audit – FY25 Carryforward **(continued)**		**Management Action Plan 2 - continued:** 4. Oversight and Coordination A designated representative from the UT Center at Laredo has been assigned to serve as the liaison between the Glenn Biggs Institute in San Antonio and the UT Center's clinic. This role includes collecting and reviewing key operational metrics to support efficient and safe clinic practices, and performing other duties as needed to support continuous quality improvement and operational effectiveness. 5. Governance and Documentation The scope and responsibilities of the UT Center at Laredo representative will be formally outlined in the MOU between the University of Texas System and UT San Antonio Health.	
		Observation 3 (Medium): Failure to comply with federal and state clinical space requirements could result in regulatory penalties, operational disruptions, and reputational damage.	**Management Action Plan 3:** We are currently assessing the clinic to ensure compliance with ADA requirements. Funding has been secured to address identified deficiencies.	Follow-up to be performed
		Observation 4 (Medium): Without developing and maintaining an emergency operations plan, performing emergency drills, and conducting safety and security audits, the UT Center at Laredo's emergency preparedness and response capabilities may not be adequate, resulting in increased liability, regulatory penalties or loss of funding, and reputational damage.	**Management Action Plan 4:** 1. Development of Emergency Operations Plan, Safety Drills and Preparedness Activities The UT Center at Laredo team will collaborate across UT System departments to help us develop content specific to our higher education setting. 2. Staff Training Facilities management personnel have enrolled in courses offered by the Occupational Safety and Health Administration. 3. Identify and designate a safety coordinator Discussions with the Deputy Vice Chancellor for Health Affairs and the Associate Vice Chancellor for Health Affairs will take place and identify possible options.	Follow-up to be performed
		Observation 5 (Low): Storing obsolete or useless inventory reduces the available storage space for instructional supplies used by tenant institutions. Additionally, certain inventory items no longer being used may still have residual or utility value that is not being captured through the surplus process.	**Observation 5 (Low):** The UT Center at Laredo team will work with UT System Administration to properly surplus all obsolete items.	Follow-up to be performed

Report Date	Report Name	Observations	Management Action Plans	Status
11/18/25	Education & Research Center at Laredo Audit – FY25 Carryforward **(continued)**	**Observation 6 (Low):** Without updated and finalized procedure manuals and handbooks, staff, students, and faculty may not have consistent and updated information to help them perform their respective roles and responsibilities effectively and efficiently.	**Observation 6 (Low):** 1. Facilities Management Manual To address the audit finding, we will develop a comprehensive Facilities Management Manual that outlines clear procedures and policies related to facility usage, building maintenance, and health and safety. Contracting an external vendor to manage our facilities supports the implementation of a cohesive and standardized operations manual for the UT Center at Laredo. The vendor has indicated they possess an existing manual, which they are willing to tailor to meet the specific needs of our location. 2. Emergency Management Manual In response to the audit recommendation, we have consulted with the UT System Office of Risk Management. They will provide a Center-specific Emergency Management Manual, which we will adapt for the UT Center at Laredo. Given our campus population includes faculty, staff, students, and visitors, the manual will incorporate procedures commonly used in university settings, including emergency evacuation, fire response, shelter-in-place, and lockdown protocols. 3. Student and Faculty Handbooks We have initiated collaboration with the Office of Academic Affairs to organize handbook content tailored to the UT Center at Laredo's unique structure, which includes multiple universities and degree programs. This effort will ensure consistency and clarity in academic and operational expectations. 4. Records Management Manual To ensure compliance with records retention and management standards, the designated records manager will work in coordination with UT System Records personnel to develop a Records Management Manual. This manual will support effective documentation practices and align with institutional policies.	Follow-up to be performed
11/25/25	University Lands Data Classification and Data Security Audit – FY25 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.		

Report Date	Report Name	Observations	Management Action Plans	Status
5/11/26	Wire Transfer Audit	**Observation 1 (Medium):** Without adequate segregation of duties over wire transfer creation, approval, and reconciliation, there is a higher risk that errors or inappropriate activities occur without being detected.	**Management Action Plan 1:** The Director of Treasury currently retains the ability to initiate wire transfers as a backup when Finance staff are unavailable; however, Finance will request removal of CPS wire initiation access. Note that CPS wire instructions are managed by UTIMCO. Finance staff cannot add or modify CPS wire instructions. Requests to add or change CPS wire instructions must be submitted to UTIMCO in writing and must include sign-off from two designated Finance staff members. Finance is coordinating with University Lands to update user entitlements for Wells Fargo accounts and align wire payments processes in line with System policy.	Follow-up to be performed
		Observation 2 (Medium): Without periodic and documented reviews of user access to bank portals, there is a risk that individuals will retain unnecessary access to sensitive banking information, increasing exposure to unauthorized access and related information security risk.	**Management Action Plan 2:** Finance has performed periodic reviews of bank access; however, we have not consistently retained sufficiently documented evidence of these reviews. Finance has documented the access review requirements and is implementing a standardized, scheduled access review at least annually for bank portals and other financial systems, including documentation retention and management sign-off.	Follow-up to be performed
		Observation 3 (Low): Without documented policies and procedures, there is a risk that operations may be disrupted during emergencies or periods of staff unavailability, leading to delays, errors, or loss of institutional knowledge.	**Management Action Plan 3:** Finance has performed business continuity planning activities; however, it does not currently maintain a formal, readily accessible business continuity procedure for wire transfer operations. Finance is documenting business continuity requirements and implementing a standardized, scheduled review process to keep procedures current, including documentation retention and management sign-off. The procedures will address response and recovery considerations for disruptions affecting PeopleSoft (ERP), the network, bank connectivity, and cybersecurity events. Finance will review the UTIMCO CPS Cash Management User Manual and existing bank procedures and will complete additional documentation as required to ensure that CPS and bank process documentation is comprehensive. This includes creating a bank entitlements user guide that documents access by role and/or user including wire transaction limits.	Follow-up to be performed

Report Date	Report Name	Observations	Management Action Plans	Status
6/5/26	Robotic Process Automation (RPA) Data Management Audit (Co-sourced with Ernst & Young LLP)	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.		
8/27/26	Chief Administrator Travel, Entertainment, and Housing Expenses Audit	UT Health Science Center at Houston (8/27/26): This audit resulted in no reportable observations. Other reports as part of this audit are carried forward into FY 2027.		

III. Consulting Services & Other Activities Completed

Report Date	Report Name	Overall Objectives(s)	Observations/Results/ Recommendations
12/18/25	Decentralized Application Systems Advisory (carryforward)	Identify application systems in use by UT System Administration departments that are not centrally managed or monitored and provide information on compliance with applicable data protection.	No reportable observations
1/15/26	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
1/15/26	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
1/15/26	UT Rio Grande Valley NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
1/15/26	UT San Antonio NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
5/21/26	UT Dallas NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
4/17/26 & 7/23/26	Continuous Monitoring – Procard Testing	Periodically review procard activity to help ensure that procards are being used in accordance with UT System Administration requirements.	No reportable observations
5/5/26	UTIMCO Azure Communication Services (ACS) Implementation Advisory	Review current practices for the ACS implementation and assess alignment with generally recognized infrastructure implementation frameworks and best practices.	No reportable observations
5/27/26	General Audit Assistance to System Administration – Texas Comptroller of Public Accounts Potential Duplicate Payment Review	Review potential duplicate payments identified by the Texas Comptroller from their routine desk audit (requested by Office of Finance).	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 2026

The University of Texas System contracted with Deloitte & Touche, LLP (Deloitte) to perform an independent audit of the FY 2025 UT System financial statements (including stand-alone audits at some of the institutions) and an independent audit of the FY 2025 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 2026 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 2025 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 Ernst & Young LLP to work on the Robotic Process Automation (RPA) Data Management Audit and with Baker Tilly to complete the reports of: NCAA Agreed-Upon Procedures Reports at UT Arlington, UT Dallas, UT El Paso, UT Rio Grande Valley, and UT San Antonio.

V. External Quality Assurance Review

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 2027

Audit Plan Category	Engagement Title	Budgeted Hours	Risk	Primary Taxonomy	Engagement Objective
Assurance	Benefits Data Protection Audit (Carryforward)	300	High	Information Technology	*Completion of FY26 engagement:* Determine if data security measures for benefits data are in place, effect, and comply with relevant policies, standards (UTS 165 and Texas Administrative Code §202.76 security control standards), and regulations (e.g., HIPAA Security Rule).
Assurance	Accounting Resource Center (ARC) Implementation Audit	400	Medium	Finance	Assess the effectiveness of the Accounting Resource Center's implementation and operational model, including governance, service delivery, resource management, and performance oversight, to determine whether participating institutions are receiving the intended level of accounting support and service outcomes.
Assurance	Digital Accessibility Audit	375	High	Risk Management & Compliance	Evaluate whether effective governance, processes, and controls have been established to achieve and sustain compliance with digital accessibility requirements, including the Title II ADA Digital Accessibility Rule and other applicable federal and state accessibility requirements, and determine readiness for compliance deadlines taking effect in 2027.
Assurance	UTIMCO Policy Review	475	High	Finance	Assess the design, implementation, and effectiveness of select UTIMCO policies, with consideration given to the implementation of the Derivative Policy, including authorization, documentation, and compliance controls; management of the Liquidity Policy, particularly under execution of funding strategies and stress scenarios; and execution of the Delegation of Authority Policy, including controls and approval limits for contracts and investments.
Assurance	Configuration & Patch Management Audit	600	High	Information Technology	Assess the design and effectiveness of configuration and patch management processes that support the security, integrity, availability, and ongoing protection of UT System Administration information resources and evaluate compliance with relevant policies and standards including UTS 165 and Texas Administrative Code §202.76 security control standards.
Assurance	Chief Administrator Travel & Entertainment Audit	600	Low	Finance	Determine if chief administrators' travel, entertainment, and university residence maintenance (as applicable) expenses are appropriate, accurate, and in compliance with applicable policies. NOTE: Chief Administrators are selected for audit based on risk.
Assurance	Oil & Gas Audit - TBD Company	500	Medium	Finance	Determine if a selected operator (TBD company) has accurately reported and paid oil and gas royalties to University Lands.
Assurance	Group Purchasing Organization (GPO) Accreditation Applications Review	40	Medium	Finance	Determine if controls, as represented by the GPO accreditation applicant, meet the minimum standards of the UT System Accreditation Program.
Advisory	Shared Health Data Maturity and HIPAA Preparedness Assessment	500	Critical	Information Technology	Assess the maturity of data management and governance practices supporting shared health data initiatives (UT-HIP, UT REAL Health AI, Texas Pharmaceutical Initiative) and evaluate preparedness for proposed HIPAA Security Rule requirements. NOTE: co-source 400 of 500.
Advisory	Artificial Intelligence (AI) Governance Advisory	600	High	Information Technology	Assess the adequacy of governance structures, policies, and risk management practices for AI to support responsible innovation, regulatory compliance, protection of sensitive information, and alignment with strategic and operational objectives. NOTE: co-source 450 of 600.
Advisory	Artificial Intelligence (AI) Advisory	100	High	Information Technology	Ongoing participation in AI pilot programs and advisory services on data protection and privacy related to generative AI use.
Advisory	Business Administration Services Unrelated Business Income Tax (UBIT) Advisory	200	Medium	Finance	Provide advisory services based on discussions to be held with various parties involved.
Advisory	Systemwide Compliance Program Advisory	50	High	Risk Management & Compliance	Provide advisory services based on discussions to be held with various parties involved.
Advisory	System Administration Continuous Monitoring	200	Medium	Finance	Provide periodic assurance on compliance and effectiveness of controls over transactional data, including Procard and other expenses.
Advisory	System Administration Committees and Councils	200	NA	NA	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	NA	NA	Provide general assistance and support to System Administration departments and response to management requests.
Advisory	UTIMCO Meetings and Oversight Activities	50	NA	NA	Attend UTIMCO Board of Directors, Committee, and other oversight meetings.
Required	Joint Admission Medical Program (JAMP) Audit	200	Medium	Finance	Provide audit opinion on JAMP financial statements and perform limited transaction/control testing (due 12/15/26).
Required	NCAA Agreed Upon Procedures	800	Medium	Athletics	Perform agreed-upon procedures regarding internal controls, revenues, and expenses of intercollegiate athletics program activity. NOTE: co-source 700 of 800.
Required	UT System Administration & Consolidated Financial Audit Assistance	450	Medium	Finance	Assist the external auditor on the System Administration and Consolidated financial statements FY 2026 year-end & FY 2027 interim audit work (includes institutional internal audit guidance and coordination).
Investigations	Investigations Reserve	200	NA	NA	Reserve for investigations that may arise.
Follow Up	System Audit Follow Up Procedures	200	NA	NA	Follow-up on open recommendations from previous audits conducted by System Audit.

Audit Plan Category	Engagement Title	Budgeted Hours	Risk	Primary Taxonomy	Engagement Objective
Operations	Assistance to Institutions	450	NA	NA	Provide oversight, guidance, and assistance to the institutional internal audit in various audit areas (e.g., NCAA SRE, IT, etc.) and other topics.
Operations	Participation in Institutional Audit Committees	200	NA	NA	Provide oversight, guidance, and assistance to the institutional internal audit by attending institutional audit committee and other meetings.
Operations	Systemwide Annual Risk Assessment and Audit Plan	300	NA	NA	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	300	NA	NA	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	600	NA	NA	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	NA	NA	Track, monitor, and report on fraud and investigation activities.
Operations	Systemwide Internal Audit Reporting	250	NA	NA	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	NA	NA	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	AI Collaboration, Skill, and Tool Development	200	NA	NA	Provide AI audit strategic development, guidance, tool development and support, and educational and collaboration opportunities to assist and enhance AI audit capabilities of institutional audit teams. NOTE: UTPB CAE 150 of 200.
Operations	General Communications	75	NA	NA	Develop and deliver communications to institutional internal audit.
Operations	Systemwide TeamMate/eCASE Administration	700	NA	NA	Support the Systemwide administration of audit management software used by institutional internal audit by managing structure and processes, including job aids, guidance, etc. NOTE: UTPB CAE 100 of 700 (TeamMate).
Operations	Online Reporting	200	NA	NA	Collect, track, sort, and post audit reports online, including process changes to comply with digital accessibility requirements.
Operations	Data Analytics Collaboration, Skill, and Tool Development	1400	NA	NA	Provide data analytics technical guidance, tool development and support, and educational and collaboration opportunities to assist and enhance capabilities of institutional audit teams, in addition to assistance on specific institutional engagements.
Operations	UT System Administration Internal Audit Committee	250	NA	NA	Prepare for and attend System Administration Internal Audit Committee meetings.
Operations	Management of the Internal Audit Activity	700	NA	NA	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	NA	NA	Facilitate risk assessments used to develop the risk-based System Audit Office's annual audit plan.
Operations	System Audit Quality Assurance Activities	200	NA	NA	Conduct internal quality assurance activities, including quality related enhancements to System Audit Office's policies/processes/procedures and External Quality Assessment (EQA) preparation and/or implementation of recommendations.
Operations	TeamMate/eCASE and Website Maintenance and Management	150	NA	NA	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	NA	NA	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	Systemwide Audit Management Software Research & Implementation	1000	NA	NA	Identification and evaluation of Systemwide audit management software options for potential implementation to replace current eCASE technology. NOTE: UTPB CAE 100 of 1000.
Initiatives and Education	Global Institute of Internal Auditors (IIA) Standards Implementation	200	NA	NA	Activities related to changes required for compliance with the new IIA Standards.
Initiatives and Education	Quality Program and Metrics Implementation	200	NA	NA	Strengthen leading practice and standards use with quality program implementation (includes coordination/guidance for triennial Quality Assurance Review).
Initiatives and Education	Resource Capabilities and Knowledge/Resource Management	100	NA	NA	Provide guidance, tools, educational opportunities to enhance capabilities and development of auditors Systemwide.
Initiatives and Education	Other Systemwide Internal Audit Initiatives	100	NA	NA	Follow up on execution of various initiatives.
Initiatives and Education	Internal Audit Staff Training	900	NA	NA	Attend training to develop staff competencies and knowledge, including Continued Professional Education to support certifications.
Initiatives and Education	Professional Organizations and Associations	100	NA	NA	Participate in and contribute to professional organizations.
Reserve	TBD Special Requests	300	NA	NA	Assist executive management in addressing unexpected issues. NOTE: UTPB CAE 65 of 300 (TBD).

Risk Assessment/Methodology Used to Develop FY 2027 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 2026 in accordance with responsibilities established by UT System, the TIAA, the IIA Global 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 7/14/26 and was approved by the UT System Board of Regents' Audit, Compliance, and Risk Management Committee on 8/12/26 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 2027 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-60, of the General Appropriations Act (89th Legislature), there are no plans to conduct an audit during FY 2027. The FY 2027 audit plan includes an engagement to review procurement controls of GPOs applying to become accredited for use by UT System Administration and UT institutions. A FY 2024 carryforward audit of the contract monitoring process at System Administration was completed in FY 2025, and follow-up procedures on reportable observations will continue in FY 2027. The FY 2027 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, human resources, risk management & compliance, and finance. While related engagements are not part of the FY 2027 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 (89th Legislature), Section 7.09, page IX-41, 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 UT Institution internal audit offices regarding a Systemwide fraud reporting protocol and tool to help ensure consistent and timely communication to UT System leadership.
- The System Audit Office participates in the UT System Administration triage team to evaluate all reports made through the UT System Administration hotline, through direct contact with offices throughout UT System Administration, or received through other means.