College of Health Sciences
Departmental Change in Management Audit

Audit Report # 18-119
May 31, 2018

The University of Texas at El Paso
Office of Auditing and Consulting

"Committed to Service, Independence and Quality"
May 31, 2018

Dr. Diana Natalicio  
President, The University of Texas at El Paso  
Administration Building, Suite 500  
El Paso, Texas 79968

Dear Dr. Natalicio:

The Office of Auditing and Consulting Services has completed a departmental audit of The College of Health Sciences. During the audit, we identified opportunities for improvement and offered the corresponding recommendations in the audit report. The recommendations are intended to assist the department in strengthening controls and help ensure that the University's mission, goals and objectives are achieved.

We appreciate the cooperation and assistance provided by the College of Health Sciences staff during our audit.

Sincerely,

Lori Wertz  
Chief Audit Executive
Report Distribution:

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Dr. Carol A. Parker, Provost and Vice President for Academic Affairs
Dr. Shafik Dharamsi, Dean, College of Health Sciences
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Ms. Sandra Vasquez, Assistant Vice President for Equal Opportunity (EO) and Compliance

The University of Texas System (UT System):
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EXECUTIVE SUMMARY

The Office of Auditing and Consulting Services has completed a limited scope departmental audit of the College of Health Sciences (CHS). The audit scope was limited to selected financial and administrative activities for the period of September 1, 2016 to August 31, 2017. The objectives of this audit were to determine whether the Department is operating in a control conscious environment, verify that audited areas are in compliance with University policies and procedures and identify opportunities for improvement. During the audit we noted the following:

- A transfer was made from a course fee cost center for budget reduction purposes.

- As all departmental course and major fees were commingled into one departmental cost center, there was no way to determine if specific course fees were expended for the specific lab/course intended.

- Internal Audit tested all Authorization for Personal Services (APS) forms and personal service requests submitted by CHS staff in Fiscal Year 2017. Exceptions found were:
  a) Payments made without completed APS forms,
  b) Authorizations occurred after the contracted start date,
  c) The service period of some contracts exceeded 30 days, and
  d) Some employees were listed and paid as independent contractors.

- Monthly cost center reconciliations were not always performed.

- All travel expense reports for travel tested in our sample were complete and in compliance with state, UT System, and university policies.

- IT security controls are in place in the following areas:
  a) Security Safeguards and Standards for Servers,
  b) Information Security Control Awareness,
  c) General Information Technology, and
  d) Administrative or super user accounts.
- Three of eight laptop and desktop computers sampled failed tests for security controls to include encryption, virus software and configuration manager, and four computers were running an unsupported operating system.

- In the testing for access management of network share drives, the following was found:
  a) Accounts of separated employees still active and employees who have transferred or left the University have unrestricted or unauthorized access to University resources
  b) "FULL control" had been given to non-administrators;
  c) The public had write access to certain folders.
BACKGROUND

The Mission of the College of Health Sciences (CHS) is to provide "education rooted in evidence-based practice, and fosters the creation, development and translation of knowledge through research, community engagement, and administrative support for these activities. The College is unique in the provision of interdisciplinary education of outstanding diverse, culturally proficient 21st century health care professionals who serve the global community." The College of Health Sciences offers several undergraduate, graduate, and Ph.D. programs to train health professionals in various fields:

![Graph showing College of Health Science Enrollment: Undergraduate (UG) and Graduate (GR) from Fall 2013 to Fall 2016.](cierpdata.utep.edu)

<table>
<thead>
<tr>
<th>Departments</th>
<th>Majors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Sciences</td>
<td>Clinical Laboratory Science</td>
</tr>
<tr>
<td></td>
<td>Interdisciplinary Health Sciences</td>
</tr>
<tr>
<td>Kinesiology</td>
<td>Kinesiology</td>
</tr>
<tr>
<td>Public Health Sciences</td>
<td>Health Promotion</td>
</tr>
<tr>
<td></td>
<td>Public Health</td>
</tr>
<tr>
<td>Rehabilitation Sciences</td>
<td>Occupational Therapy</td>
</tr>
<tr>
<td></td>
<td>Physical Therapy</td>
</tr>
<tr>
<td></td>
<td>Rehabilitation Counseling</td>
</tr>
<tr>
<td></td>
<td>Speech-Language Pathology</td>
</tr>
<tr>
<td>Social Work</td>
<td>Social Work</td>
</tr>
</tbody>
</table>
AUDIT OBJECTIVES

The objectives of this audit were to determine:

- whether administrative and financial operations are performed in accordance with University policies and procedures,
- expenditures for course fees and operating expenses are in alignment with the strategic objectives of the college, and
- information security controls and safeguarding of information and resources are in place.

SCOPE AND METHODOLOGY

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the authoritative guidelines of the International Professional Practice Framework issued by the Institute of Internal Auditors.

The scope for this audit is from September 1, 2016 to August 31, 2017. Audit procedures included performing a risk analysis, reviewing University policies and procedures, interviewing key personnel, performing data analytics and detailed expenditure testing.
RANKING CRITERIA

All findings in this report are ranked based on an assessment of applicable qualitative, operational control and quantitative risk factors, as well as the probability of a negative outcome occurring if the risk is not adequately mitigated. The criteria for the rankings are as follows:

Priority - an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.

High – A finding identified by internal audit that is considered to have a medium to high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level.

Medium – A finding identified by internal audit that is considered to have a low to medium probability of adverse effects to the UT institution either as a whole or to a college/ school/unit level.

Low – A finding identified by internal audit that is considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.
AUDIT RESULTS

A. Major and Course Fees

Major and course fees assessed at various departments at CHS are incidental fees authorized by the governing board of an institution and collected under Texas Education Code (TEC) §54.504, for particular services provided to students, such as add/drop fees, course fees, and late registration fees.

TEC Chapter 54.504 INCIDENTAL FEES states:

The rate of an incidental fee must reasonably reflect the actual cost to the University of the materials or services for which the fee is collected.

A.1. Transfers of Fee Revenue for Budget Reduction

Auditors noted a transfer of $33,910 from the Kinesiology Course Fee Cost Center for budget reduction purposes. The Kinesiology Course Fee is an incidental fee. The fee revenue was assessed for the following course and major fees:

- Undergraduate Kinesiology Major Fee
- Graduate Kinesiology Course Fees
- Carry Forward Balances of Undergraduate and Graduate Course Fees prior to Fiscal Year 2017

Current policy requires a detailed cost analysis/justification on an UTEP Fee Request Form when it is submitted for approval or when any change to the assessed amount is requested. Additionally, the University of Texas System requires an annual review of fee account balances in order to ensure that amounts assessed remain appropriate given the fee authorization. Expenditures from major and course fee cost centers should satisfy the approved fee objectives outlined in the fee request form.

The transfer of $33,910 for budget reduction purposes is unallowable per TEC 54.504 because the transfer does not meet the fee objective.
Recommendation:

The CHS Kinesiology Department should contact the Budget Office for the reimbursement of the transferred fee revenue. Fee revenue should be used to provide student materials and services for which the fees were approved. Transfers of fee revenue should be minimal and restricted to cost centers established to meet the approved fee objectives.

Level: This finding is considered HIGH because fee revenue is not used for the purposes outlined in the Texas Education Code.

Management Response:

Currently working with the budget office to track the return.

Responsible Party:

David Casillas, College Administrative Officer.

Implementation Date:

June 30, 2018
A.2. Commingling of Course and Major Fee Revenue

Allowable course fee expenditures for particular classes could not be tested because all departmental course and major fees were commingled into one departmental cost center. The practice of commingling revenues from all departmental fees limits the amount of detail testing that can be performed, as different course fees might have different objectives and specific guidelines.

For example, the $25 course fee for four Kinesiology graduate courses were all selected for testing, but the revenues from these fees were commingled with the undergraduate major fees. Consequently, there is no way to determine if specific course fees are expended for the specific lab/course for which they are intended.

**Recommendation:**

Fee account owners should review expenditures on a regular basis to verify they are appropriate and in alignment with TEC 54 and the approved course fee purpose. The University should develop procedures that ensure account owners can track expenditures for specific classes.

**Level:** This finding is considered **MEDIUM** due to the fact that fee expenditures are not monitored for alignment with their original objectives.

**Management Response:**

All programs are transitioning from course fees to major fees. We will resubmit request for Kinesiology graduate major fee in the next cycle.

**Responsible Party:**

David Casillas, College Administrative Officer.

**Implementation Date:**

January 15, 2019
B. Payments for Consultants, Speakers, and Independent Contractors

UTEP has created an Authorization for Personal Services (APS) Form to provide specific guidelines for employees who wish to hire consultants, lecturers, and independent contractors. The University has policies and procedures in place to ensure:

- services are approved in a timely and consistent manner,
- qualified candidates are hired,
- the work cannot be performed by UTEP employees and,
- the services are in alignment with the strategic objectives of the University.

Auditors tested all APS forms and personal service requests submitted by CHS staff in 2017. Several exceptions are noted below.

B.1. Services completed prior to approval and without adherence to policies

Internal Audit tested 69 transactions for personal services. A total of five of the 69 transactions, or 7.2%, were paid without completed APS forms. The consultants’ invoices paid without APS forms totaled $20,316. A review of all five transactions indicated that these consulting services should have been processed with a PO through Miner Mall or as a non PO voucher.

The remaining 64 transactions for personal services processed through APS forms were tested for compliance with the guidelines provided on the form. The following issues were identified:

1. Untimely Approvals. Approvals for personal services were not authorized in a timely manner in 41 of 64, or 64%, of APS forms tested. Authorization occurred after the contracted start date.

2. Service period exceeded 30 days. For forty-five of 64, or 70% of the forms, the service period exceeded 30 days. Per the APS form instructions, "Generally if the service period is for 30 days or more, the status is that of an employee and the individual should be appointed via an Appointment Action form."
3. **Employees listed as independent contractors.** Three of the 64 transactions, or 4.7%, of APS vouchers were paid to current UTEP employees for an amount totaling $850. One employee was a work study student. All three students correctly self-reported as UTEP employees on the APS form.

According to the UTEP Handbook of Operating Procedures (HOP) Section V, Chapter 33 *Additional Pay Policy*, use of the APS or SAR forms are never appropriate to obtain approval to compensate student employees for participation on projects or other types of work performed.

One UTEP employee incorrectly self-reported as an independent contractor. For tax purposes, their income was not included on their W-2. The employee's income was reported on a Form 1099.

4. **Viances between APS approved payments and actual amounts paid**
Approved payment amounts on APS Forms vary greatly from actual amounts paid to consultants in FY 17. In addition, additional payments to consultants are processed on the original APS form without evidence of additional approval. Auditors tested all APS Forms submitted to A/P for processing from FY 17. The results for all APS Forms for more than $10,000 are documented below:

<table>
<thead>
<tr>
<th>VENDORS WITH TOTAL APS PROPOSED AMOUNTS ≥$10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>APS Proposed Payment</td>
</tr>
<tr>
<td>$42,500</td>
</tr>
<tr>
<td>$35,000</td>
</tr>
<tr>
<td>$25,328</td>
</tr>
<tr>
<td>$25,000</td>
</tr>
<tr>
<td>$20,000</td>
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<tr>
<td>$20,000</td>
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<tr>
<td>$20,000</td>
</tr>
<tr>
<td>$10,000</td>
</tr>
</tbody>
</table>

Variance between approved and actual payments should be minimized to enable the college to strategically budget and monitor department expenditures.
5. Other

a. Nepotism statements were not consistently filled out. For 20 out of 64, or 31% of APS forms, the Nepotism field was left blank. The nepotism statement is not formatted in such a way that is clear to the person filling out the form. Some address the question by indicating “N/A” or “None” in the field, while others leave it blank. Blank fields may be assumed to be a “none”, but it may also indicate that the field was not addressed at all. It is recommended that the form is revised to include a “Yes” or “No” check box. If yes, indicate the name, relationship, and other required information on the form. This will ensure that the statement is clearly addressed.

b. Vita/Resumes were not consistently provided. 18 out of 64, or 28% of APS forms did not include an attached vita or resume. The APS form states that a Vita/Resume be attached to the APS form or to provide a brief statement if the qualifications status is that of a current University employee. Vita/Resumes ensure that the University is hiring qualified consultants for training and research purposes.

c. Eleven of 64 (17%) APS forms were submitted for transactions less than $250. An APS form is not necessary for amounts less than $250.

d. Required authorizations contained signatures of representatives from either the Dean’s office and/or the Vice President, not the Dean or VP themselves. 18 out of 64, or 28%, of forms were not signed and approved by the requested signer.

Recommendation:

Consultant and personal services should be approved before services are performed in order to ensure these services are appropriate and in alignment with the strategic plan for the College of Health Sciences.

Additional training and monitoring for APS forms and their criteria is recommended. This will ensure documented authorizations from the appropriate authorities are obtained and submitted to Payroll prior to the start date of consultations to avoid unexpected costs and delayed compensation of services. Individuals need to be identified properly and the form processed as set forth by the University’s HOP in order to remain in compliance with state employment laws. Consistent utilization of the policies, APS form, and its checklist will assist with proper classification, qualification of consultants, and
documentation requirements in order to process timely and authorized personal services.

APS forms should reasonably estimate the amounts paid to properly budget departmental expenses. All additional payments for consultants should go through another approval process to ensure reasons for the additional payments are justified and do not exceed the state threshold for contract approvals without board authority.

**Level:** This finding is considered **HIGH** due to the fact personal services may not be in alignment with the strategic objectives of the college.

**Management Response:**

*Will work with HR, Payroll, and ORSP to determine the proper way to contract for and budget long term consultants. APS form payments will be tracked individually by the business center to ensure prompt payment and prior approval.*

**Responsible Party:**

*David Casillas, College Administrative Officer.*

**Implementation Date:**

*August 15, 2018*

**C. Cost Center Reconciliations**

The University HOP Section VII: Financial Services, Chapter 5 states:

"*In accordance with UTS 142.1, all cost center/project administrators are required to review the cost center/project for which they have signature authority on a monthly basis. This Process assures the University administration and external parties that fiscal resources are monitored and maintained in accordance with University Policies and Procedures.*"
C.1. Cost Center Monthly Reconciliations are not always performed:

Internal Audit performed limited testing in five departments in the CHS to determine if cost center accounts were being reconciled on a monthly basis. A sample of ten monthly reconciliations were chosen to determine if:

- Expenditures are reconciled on a monthly basis for all accounts with transaction activity,
- Support documentation required per UTEP Business Process Guidelines (BPG) was available to support the reconciliations,
- The preparer signed and dated the reconciliation to document performance, and
- The department head or designated person reviewed the monthly statements and reconciliations and signed off and dated the documents to indicate the review.

Eight of 10 (80%) of monthly reconciliations tested did not meet at least one of the requirements for account reconciliations outlined in the HOP and the BPG. The results of the testing are summarized below:

- Two of ten (20%) monthly reconciliations were completed and reviewed timely. All support documentation was available to support the transactions recorded in PeopleSoft.
- Six of the ten (60%) monthly reconciliations were completed and reviewed timely for operating expenses. However, salary expenses were not reviewed as part of the reconciliation process.
- Two of the ten (20%) monthly reconciliations were not performed. Support documentation for those months was also not available for review.

Recommendation:

*Monthly account reconciliations are the primary control for verifying expenses and detecting errors and/or fraud. Account reconciliations should be prepared on a monthly basis. Both the reviewer and approver must sign off on the reconciliation, and documentation should be retained to serve as support for charges made on department accounts. An in-depth analysis of accounts should be performed to identify inactive accounts and investigate the reasons for inactivity and unexpended balances.*
Level: This finding is considered MEDIUM risk, due to the possibility that errors and fraud may not be detected and corrected in a timely manner.

Management Response:

All departmental account reconciliations have been moved to the business center in the Dean’s Office to ensure timely monitoring of accounts.

Responsible Party:

David Casillas, College Administrative Officer.

Implementation Date:

March 1, 2018

D. Information Security Controls and Safeguarding of Information Resources

D.1. Security Safeguards and Standards for Servers

In our server assessment, we found security controls and safeguards were in place. The safeguards tested included operating system release, virus software, configuration manager, patching, server backups, and administrative privileges.

No exceptions were noted.

D.2. Information Security Control Awareness

Internal Audit interviewed the Technology Information Manager (TIM) to evaluate information security control awareness. The results are as follows:

- There was awareness of the Information Security Office policies, standards, and guidelines and
- There is awareness of Security Incident Management.

No exceptions were noted.
D.3. General IT

CHS has written Standard Operating Procedures that include IT policies and standards. We found no single point of failure for IT support personnel. The College has an inventory database containing IT devices and software. CHS will continue to address a complete inventory of IT assets, identifying critical resources, developing their backup and recovery plan, and document where confidential data can be found.

No exceptions were noted.

D.4. Identity-Access Management-Access Control

Internal Audit confirmed that access management for administrative or super user accounts are limited and used only for the intended administrative purposes. The college will formalize written procedures for on-boarding and separation of employees.

No exceptions were noted.

D.5. Lack of security safeguards for endpoints

Internal Audit sampled eight of 26 computers in the Dean’s Office to test security safeguards. We found three computers that were a) not encrypted, b) did not have virus software, or did not have the configuration manager installed. The auditor also found four computers running an unsupported operating system. If it is unsupported, the vendor no longer provides patches to fix vulnerabilities and defects, which could expose the PC to malicious threats and attacks. Additionally, this vulnerability can be exploited by an attacker in gaining access to the UTEP networks and other computers. (Criteria: see Appendix A: Information Security Criteria). During the course of the audit, the TIM mitigated the risk by disconnecting the PC(s) with unsupported operating systems from the UTEP’s network.

Recommendation:

We recommend all department computers be reviewed for the University required security safeguards for PC(s). The IT support experts should approach the Information Security Office for training on the configuration manager (Absolute), the software for endpoint security and enforcing compliance and performs other functions.
Level: This finding is considered **HIGH** due the fact that computers are exposed to malicious threats and attacks, which could affect the UTEP network and other UTEP computers.

**Management Response:**

*All computers with unsupported operating systems have been removed from the network (Research Only). All computers are reviewed for University required security safeguards on a semester basis.*

**Responsible Party:**

*Jose Aguirre, Technology Implementation Manager.*

**Implementation Date:**

*November 30, 2018*

**D.6. Lack of security controls on access and permissions to network shares**

Internal Audit identified issues with network share drives. (Criteria: see **Appendix A: Information Security Criteria**). In the testing for access management of network share drives the following was found:

- Accounts of separated employees still active - employees who have transferred or left the University have unrestricted or unauthorized access to University resources.
- "FULL control" has been given to non-administrators; therefore, a user can delete subfolders and files, change permissions, and take ownership, but this is at the discretion of the College department's policy. The risk is a user can accidently delete a subfolder or a file and change permissions, therefore taking ownership of the folder or file.
- Even though not all folders can be seen by the public, in using the full path to the folder the public has write access to certain folders. In addition, as confidential information is stored in some folders tested, there is a possibility that individuals could have unauthorized access.

During the course of the audit, access was removed on the network share drives for separated employees, and folders were restricted from public access.
Recommendation:

- *We recommend the College perform periodic monitoring of access to network share drives.*
- *Review “FULL control” permission on the share drives folders and document any access to non-administrators.*

**Level:** This finding is considered **MEDIUM** due to fact that confidential data was found and a user could still have unrestricted or unauthorized access to College’s resources.

**Management Response:**

*All access controls are reviewed monthly.*

**Responsible Party:**

*Jose Aguirre, Technology Implementation Manager.*

**Implementation Date:**

*November 30, 2018*
CONCLUSION

Based on the results of audit procedures performed, we conclude that the College of Health Sciences is generally in compliance with federal, state and institutional guidelines; however, we believe that the department can strengthen existing University controls by implementing the recommendations detailed in this report.

We wish to thank the management and staff of College of Health Sciences for their assistance and cooperation provided throughout the audit.
APPENDIX A: INFORMATION SECURITY CRITERIA

Criteria: Security Safeguards Standards Endpoints Laptop, Desktop or Mobile Device


Criteria: Identity-Access Management-Access Control

UT System: UTS165 Standard 9 Data Classification; UTS165 Standard 4 Access Management;

UTEP: Standard 9 Data Classification; 11 Safeguarding Data


In accordance with Information Security Office, UTEP Information Security Policies, and UTEP Standard 4 Account Management:

“…Data Owners, System Owners, System Administrators and/or other authorized personnel:

• are responsible for removing the accounts of individuals that change roles within the University or are separated from their relationship with UTEP

• must have a documented process to modify a user account to accommodate situations such as name changes, accounting changes and permission changes

• must have a documented process for periodically reviewing existing accounts for validity

• are subject to independent audit review

• must provide a list of accounts for the systems they administer when requested by the Information Security Office…”
In accordance with Information Security Office, UTEP Information Security Policies, 
**UTEP Standard 9: Data Classification.**

9.1 Definitions and Data Categories.

(a) CONFIDENTIAL – Data protected specifically by Federal or State or University of Texas rules and regulations (e.g., HIPAA; FERPA; U.S. Export Controlled information; Sarbanes-Oxley, Gramm-Leach-Bliley; the Texas Identity Theft Enforcement and Protection Act; University of Texas System Policies; specific donor and employee data). University data that are not otherwise protected by a known civil statute or regulation, but which must be protected due to contractual agreements requiring confidentiality, integrity, or availability considerations (e.g., Non-Disclosure Agreements, Memoranda of Understanding, Service Level Agreements, Granting or Funding Agency Agreements, etc.). Previously referred to as Category I.