UNIVERSITY OF TEXAS ★ ARLINGTON

Internal Audit Report
College of Nursing and Health Innovation

September 2020

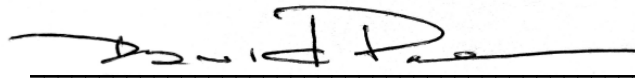# **Distribution** – College of Nursing and Health Innovation

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Background

The College of Nursing and Health Innovation was established in 1971. Today, it is the largest not-for profit college of nursing program in the nation with approximately 19,000 online and campus-based students. The undergraduate program was recognized by the Texas Higher Education Coordinating Board as a "high performing" school (one of nine to be recognized out of one-hundred programs in Texas).

Academic programs offered are Undergraduate Nursing, Graduate Nursing, and Kinesiology. The undergraduate nursing programs offer a BSN program and an RN to BSN program. The Graduate Nursing Program offers advanced degrees in Master of Science in Nursing, Nursing Educator Certificate, Post-Master's Certificates, Doctor of Nursing Practice and PhD in Nursing. The Undergraduate and Graduate Nursing programs are offered in a Campus-Based and an Accelerated Online format. The Kinesiology program offers six undergraduate programs, a Graduate Certificate program, three master's programs and a PhD in Kinesiology. The College of Nursing and Health Innovation is also home to the Smart Hospital offering simulation instruction for all academic levels. The Smart Hospital uses human patient simulators, allowing students to practice nursing skills and make clinical judgments in a safe environment.

Audit Objective, Scope & Ranking Criteria

Audit Objective

The audit's objective was to test and evaluate the effectiveness of the internal controls over financial processes and assets, as well as to evaluate compliance with UTA polices and procedures.

Audit Scope

The audit's scope was from January 1, 2019 through June 30, 2020. Audit methodology included interviewing key personnel, reviewing processes, and performing limited testing of supporting documentation. The scope included the following:

- Statement of Account Processes
- Cash Receipting
- ProCard Processes
- Travel & Entertainment
- Inventory Management
- Time Reporting

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 these rankings are as follows:

●	Priority	An issue identified by an internal audit that, if not addressed on a timely basis, could directly impact achievement of a strategic or important operational objective of UTA or the UT System as a whole.
🔴	High	A finding identified by an internal audit that is considered to have a medium to high probability of adverse effects to UTA either as a whole or to a significant college/school/unit level.
🟡	Medium	A finding identified by an internal audit that is considered to have a low to medium probability of adverse effects to UTA either as a whole or to a college/school/unit level.
🟢	Low	A finding identified by an internal audit that is considered to have minimal probability of adverse effects to UTA either as a whole or to a college/school/unit level.

None of the findings from this review are deemed as a "Priority" finding.

Summary – College of Nursing & Health Innovation

Overall, general internal controls and compliance are in place over financial processes and assets. Opportunities for improvement were noted for the following areas:

7 Observations	High	1
	Medium	2
	Low	4

We appreciate the courtesy and cooperation received from the College of Nursing and Health Innovation throughout this audit.

1. Improvement needed for Locker Rental Fee collections — *Page 6* 🔴

2. Improvement needed for Pinning Ceremony Fee collections — *Page 8* 🟡

3. Enhance review process related to Accelerated Online faculty payments for Undergraduate department — *Page 9* 🟡

4. Strengthen working fund process procedures — *Page 11* 🟢

5. Strengthen segregation of duties for Accelerated Online faculty payments in Kinesiology — *Page 12* 🟢

6. Enhance ProCard compliance — *Page 13* 🟢

7. Strengthen review process for travel reimbursements in Kinesiology — *Page 15* 🟢

Further details are outlined in the *Observation* section. Other less significant opportunities for improvement were communicated to management separately.

Observation 1 – Improvement needed for Locker Rental Fee collections

Cash collected for rental fees by reception personnel did not agree to cash deposits made with the Bursar. Locker fees totaling $440 were recorded on the reception log from the months of January and February 2019; however, the Bursar did not have records of deposit for this time period. As required by UTA Procedure BF-AS-PR14, Cash and Check Handling, and UT System policy UTS 166 Cash Management and Cash Handling Policy, Section 7.4 , a report is required to be made with campus police on discovery of possible theft or loss of funds. Internal Audit reported the missing funds to the UTA Police, and an investigation will be conducted by the Criminal Investigation Division.

In addition, it was noted that cash handling polices were not followed. Cash receipts were not taken to the Business Office daily as required by department policy. Instead, cash receipts were kept at the reception area, and multiple individuals were collecting fees and assigning lockers from the same cash drawer. Additionally, regular reconciliation of the cash receipts was not performed/documented.

Recommendation:

We recommend that the process of accepting cash for locker rental fee payments be discontinued. Instead, a process to collect payment from students through their MyMav account should be established to mitigate the risk of missing revenue. If this is not feasible, we recommend that those responsible for collecting and recording payments receive cashier training in the areas of collecting, depositing, recording and reconciliation. We also recommend that management or a designee perform regular audits to help ensure policy is being consistently followed.

Observation 1 – Improvement needed for Locker Rental Fee collections (Continued)

Management Response:

We have implemented the following procedural and process changes:
- Locker rental by the semester only
- Cash no longer accepted
- CONHI - Locker Rental email will be established for students to request lockers
- Student will request locker via email
- Receptionist will assign the locker via email
- Receptionist and business office personnel will have access to the emails
- Business office personnel will bill student account and reconcile
- Random audits to be conducted

Note: Currently working with Business Services and OIT to set up student billing through UTA Marketplace.

Target Implementation Date: August 21, 2020

Responsible Party:
Assistant Dean, Administrative Affairs
Director, CONHI Business Operations

Observation 2 – Improvement needed for Pinning Ceremony Fee collections

Medium

Pinning ceremony fees are collected for two undergraduate programs and each has a ceremony in May and December. Any funds remaining after expenses have been paid are deposited to a Scholarship fund (BSN) or Endowment fund (RN to BSN).

For the RN to BSN program, cash collected was <u>not</u> deposited with the Bursar. Instead, it was held to pay ceremony expenses. Our review of expenditure receipts disclosed that documentation for $188.80 of expenses were missing. For the BSN program, deposit slips, Bursar receipts, expenditure receipts, and the tracking log originally selected for review by Internal Audit, were not retained and could not be reviewed. In accordance with UTA Office of Legal Affairs Retention Policy, Code 4.2.002 BAC025, all payment records for cash receipts are to be retained for the end of fiscal year, plus three years. For both programs, cash was withdrawn from the Bursar and used to pay ceremony expenses; fee receipts collected were not deposited on a timely basis in accordance with UTA Procedure BF-AS-PR14, Cash and Check Handling; and no reconciliations were performed.

Recommendation:

We recommend that the process of accepting cash and checks for the Pinning Ceremony fees be discontinued. Instead, a process to collect payment from students through their MyMav account should be established. If this is not feasible, we recommend that those responsible for collecting and recording payments receive cashier training that covers the areas of collection, expenditures, reporting, and retention of records. In addition, all expenses related to the ceremonies should be purchased with a ProCard which will provide documentation of each purchase made and which is subject to monthly review. We also recommend that management or a designee perform random audits to help ensure policy is being consistently followed.

Management Response:

Pinning ceremony fee collection for RN BSN program has already changed as of summer 2020. Beginning Fall 2020, the Undergraduate Administrative Coordinators responsible for BSN and RN to BSN Pinnings will coordinate with CONHI Business Office and UTA Bursar to establish an account that students can use to pay their pinning fees. Fees will no longer be collected in Undergraduate Nursing. A ProCard will be used for any pinning ceremony purchases made by staff.

Target Implementation Date: December 31, 2020

Responsible Party:
Chair, Undergraduate Nursing
Administrative Coordinator, Undergraduate Nursing

Observation 3 – Enhance review process related to Accelerated Online faculty payments for Undergraduate department

The Undergraduate department offers Accelerated Online (AO) courses for the BSN and RN to BSN programs. AO faculty are compensated when courses end. Payments for compensation are based on either a flat fee or student enrollment. A master assignment spreadsheet is used to track faculty course information, student enrollment and to verify payment accuracy.

Our review disclosed that administration of the AO faculty master assignment spreadsheet revealed the following:
- Out of a sample of eight AO payments recorded in UTShare, seven could not be verified to the assignment spreadsheet. As a result, the spreadsheet was not an effective control to track faculty course information, student enrollment and faculty payment accuracy.
- Six individuals have access to make updates to the spreadsheet. As a result, accountability for spreadsheet accuracy and completeness was limited.

Additionally, offer letters for AO faculty were not consistently signed and/or maintained. As a result, evidence supporting mutual agreement on compensation and course load was not properly documented.
- From the eight offer letters requested for review, six were unsigned, and one could not be located.

Recommendation:

We recommend using MyMav roster reports to aid in verifying the accuracy of payment requests submitted by faculty. In addition, management should compare payment requests from faculty to the MyMav roster to verify course information and the number of students enrolled. If a spreadsheet is used to track faculty assignments and student enrollment, we recommend developing and implementing procedures to enhance data integrity controls by determining who has access and how updates will be made. Additionally, management should ensure that all offer letters are signed prior to the course start date and are retained in a central location.

Observation 3 – Enhance review process related to Accelerated Online faculty payments for Undergraduate department (Continued)

Management Response:

Undergraduate nursing will coordinate with AO Coordinator in graduate nursing to determine their process of using MyMav roster reports for verifying assigned faculty, course information, and number of students enrolled in AO courses for AO faculty payment purposes. As part of the review, undergraduate nursing will develop and implement a more structured and monitored process for updating AO workload documents to track any changes made during the semester prior to payment. A spreadsheet has been developed to track AO offer letters including when the offer letter was sent, when it was signed, and the faculty CV. All documents will be retained in a central location for future reference.

The spreadsheet for tracking offer letters has already been developed and is in process of being implemented for Fall 2020 AO offer letters. Undergraduate and graduate process for using MyMav roster reports and standardizing the process between the two AO programs is targeted for end of Fall 2020 courses.

Target Implementation Date: December 31, 2020

Responsible Party:
Chair, Undergraduate Nursing
Administrative Coordinator, Undergraduate Nursing

Observation 4 – Strengthen working fund process procedures

The Kinesiology department established working funds to compensate human subjects for their participation in research studies. Internal Audit reviewed four working funds for compliance with UTA Procedure BF-AS-PR10, Working Fund, and determined that one of the funds had commingled assets. Gift cards from two separate research studies, in addition to gift cards purchased to pay for student services, were commingled. While an approval was received from Business Affairs allowing the purchase of gift cards with a ProCard, the exception request stated the purpose was to compensate research subjects. The exception request did not state the cards would be used to pay for student services. The UTA Working Fund procedure does not permit the commingling of funds. Additionally, it requires that working funds established for the compensation of research participants be used only for that purpose.

Recommendation:

In accordance with UTA Procedure BF-AS-PR10, Working Fund, we recommend working fund assets and records be maintained separately. Working fund assets should be used only to pay research participants. A separate Business Affairs exception request should be submitted for any payments made in relation to a research study that is not for the specific intention of paying research participants.

Management Response:

We have implemented the following procedural and process changes:
- Addressed and communicated with the appropriate individual faculty not to commingle assets.
- Strengthened communication to pay research subjects only and to keep studies and records separate.
- Strengthened communication in the Business Affairs exception stating the specific intention of the research study.
- Increased communication to all individuals (faculty & staff) associated with working funds/gift cards for research subject payments (ongoing).

Target Implementation Date: July 7, 2020

Responsible Party:
Associate Dean and Chair, Kinesiology
Administrative Services Officer II, Kinesiology

Observation 5 – Strengthen segregation of duties for Accelerated Online faculty payments in Kinesiology

The Kinesiology Public Health Program offers Accelerated Online (AO) courses which are six weeks long and offered year-round. Faculty are paid a flat fee for each course they teach. Payments to faculty who teach AO courses for Kinesiology were reviewed for proper approvals and to help ensure payments recorded in UTShare agreed to supporting documentation. Signed offer letters which document the course, start date and payment terms were compared to UTShare records, and eForms were reviewed to help ensure proper approvals. Course information from the offer letters agreed to UTShare, and payments were properly approved. Our review disclosed that the course and payment information provided and approved by the AO Program Director included course and payment information for herself. To help ensure an adequate approval process, the AO Program Director should not have the authority to approve her own expenses.

Recommendation:

There should be a clear segregation of duties among those who provide course and payment information, those who submit payment requests, and those who receive payments. We recommend developing and implementing a written departmental policy and procedure that outlines the procedure for reviewing and approving Accelerated Online course and payment information.

Management Response:

We have implemented the following procedural and process changes:
- Implementation of written communication, from the Associate Dean and Chair, for approval of courses and payments for the AO Program Director.
- Implemented during audit (for ongoing "AO" course assignments).

Target Implementation Date: July 23, 2020

Responsible Party:
Associate Dean and Chair, Kinesiology
Administrative Services Officer II, Kinesiology

Observation 6 – Enhance ProCard compliance

ProCard documentation was reviewed to determine compliance with UTA Procedures BF-PGC-PR12, Purchasing Card (ProCard) Program, and BF-AS-PR7, Cost Center and Project Statements. A total of 33 months of ProCard transactions from 11 cardholders were reviewed for compliance with the procedures. In addition, 22 ProCard transactions were selected for review from monthly Statement of Accounts to verify whether they were coded to the proper general ledger account. Our review disclosed the following exceptions:

- Two were missing a ProCard Transaction Log;
- Two were missing a signature from the cardholder or reconciler;
- 13 had no reviewer signatures on the ProCard Transaction Log;
- One order confirmation was attached as supporting documentation instead of the invoice.;
- One price quote was attached as supporting documentation instead of the invoice;
- One disallowed purchase for UTA tuition;
- One beverage purchase did not have the Official Occasion Expense Form attached;
- Four receipts were not included with monthly supporting documentation from three cardholders;
- Two months of non-compliance with document retention procedures for one cardholder;
- One month of ProCard transactions were not approved in UTShare for one cardholder;
- One purchase that should have gone through Procurement (ProCard was used to make an additional purchase on a purchase order that originated through Procurement);
- Three transactions were not coded to the proper general ledger account.

Recommendation:

Management should ensure those assigned the responsibility of reviewing ProCard reconciliations are aware of UTA Procedure BF-PGC-PR12, Purchasing Card (ProCard), and are performing a thorough review prior to approval. In addition, management should require the Citibank transaction statement be included with the monthly supporting documentation to further aid the reviewer in ensuring all purchases are included on the transaction log. We also recommend a monthly review to ensure ProCard transactions have been coded to the proper general ledger account.

Observation 6 – Enhance ProCard compliance (Continued)

Management Response:

CONHI plans to annually communicate this recommendation to all Department Heads and Supervisors the need to review UTA Procedure BF-PGC-PR12, Purchasing Card (ProCard), and to perform a thorough review prior to approval. In addition, we will continue to send out monthly reminders to ProCard holders about a week before the statements are cut that their statements are coming soon. We will also include a link to the ProCard PowerPoint presentation, CitiManager Job Aids and User Guides in the emails.

Monthly Reminder message below:
"This is just a friendly reminder that ProCard statements will be coming soon. Please begin to gather your receipts and prepare everything. I would also like to remind everyone that it would be a good idea to log into their Citibank online account to ensure that all transactions are accounted for and that no sales tax has been added. Please ensure that all documents submitted are either invoices or receipts.
Please also remember to check for any charges that:
1. Require an Official Occasion form
2. Are software related (please remember that they may require exceptions)
3. Any transactions that require submission of a controlled asset form
4. Have a credit memo
If you have any questions, then please let me know."

The CONHI Business Operations Accounting Clerk and the Kinesiology Administrative Services Officer reviews all reconciliations for proper receipts, signatures, cost center and GL account accuracy on a monthly basis. Any missing items or signatures are communicated directly to the ProCard holder.

Target Implementation Date: September 30, 2020

Responsible Party:
Director, Academic Resource Planning

Observation 7 – Strengthen review process for travel reimbursements in Kinesiology

Expense reports from 2019 were reviewed for compliance with UTA Procedures BF-T-PR6, Travel Reimbursement, and BF-T-PR3 Meals, Lodging, and Misc. Travel Expenses for Contiguous U.S. Travel - Local Funds Only. Ten travelers with the highest expense totals in 2019 were selected for review, and two months of expense reports for each traveler were judgmentally selected. Each expense report was reviewed to ensure approved travel authorizations were obtained; reimbursements were accurately calculated; all supporting documents were included; meal and lodging reimbursements were in accordance with the General Services Administration (GSA) per diem rates; and no disallowable reimbursements were included.

Out of 20 expense reports reviewed, three issues were noted. Two travel authorizations were not completed prior to the travel departure date, and one traveler was reimbursed sales tax from a hotel located in Texas.

Recommendation:

Management should ensure that those assigned the responsibility of reviewing travel reimbursement requests are aware of the requirements for UTA Procedures BF-T-PR6, Travel Reimbursement, and BF-T-PR3 Meals, Lodging, and Misc. Travel Expenses for Contiguous U.S. Travel - Local Funds Only, and are performing a thorough review prior to approval. If there is a circumstance that requires an exception to policy, an approved exception should be obtained from Business Affairs and included with the travel reimbursement supporting documents.

Management Response:

We have implemented the following procedural and process changes:
- Communication with all faculty that a travel authorization must be in place prior to any university travel (ongoing).
- Thoroughly review expense reports for accuracy, prior to approval.
- Obtain approved exception from Business Affairs for anything that deviates from UTA policy and procedure to include with expense report documentation.
- Training for staff to stay abreast of UTA policies and procedures (ongoing).

Target Implementation Date: August 31, 2020

Responsible Party:
Associate Dean and Chair, Kinesiology
Administrative Services Officer II, Kinesiology