August 3, 2022

President Jay C. Hartzell
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Hartzell,

We have completed our audit to determine whether The University of Texas at Austin’s (UT Austin) eCheck payment option complies with the National Automated Clearing House Association (Nacha) 2021-2022 Operating Rules for Internet Initiated/Mobile Entries. The audit is required and was part of our Fiscal Year 2022 Audit Plan.

Generally, the eCheck payment option complies with the Nacha Rules, eCheck access is controlled, and appropriate processes are in place and supported by UT Austin Enterprise Business Information Technology Solutions (eBITS).

We appreciate the cooperation and assistance of the eBITS team throughout the audit. Please let me know if you have questions or comments regarding this audit.

Sincerely,

Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive

cc: Mr. Mark Barber, Assistant Director, eBITS
Mr. Darrell Bazzell, Senior Vice President and Chief Financial Officer
Ms. Heather Hanna, Interim Executive Director for eBITS
Ms. Monica Horvat, Director of Administration for the President
Ms. Melissa Loe, Chief of Staff, Financial and Administrative Services
Mr. Juan Ortiz, Director, eBITS
Ms. Lori Peterson, Executive Director, Accounting and Financial Management
National Automated Clearing House Association (Nacha) Rules
eBenefits
Project Number: #22.033

Audit Objective

The objective of this audit was to determine compliance with the National Automated
Clearing House Association (Nacha) 1 2021-2022 Operating Rules for Internet
Initiated/Mobile Entries.

Conclusion

Generally, The University of Texas at Austin’s (UT Austin) eCheck payment option complies
with the Nacha Rules, eCheck access is controlled, and appropriate processes are in place and
supported by UT Austin Enterprise Business Information Technology Solutions’ (eBITS). One
recommendation related to data retention is included below.

Audit Observation

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Risk Level</th>
<th>Estimated Implementation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>eCheck Data Retention</td>
<td>Medium</td>
<td>October 2022</td>
</tr>
</tbody>
</table>

UT Austin retains eCheck data past the retention period defined by The University of Texas at
Austin Records Retention Schedule (UTRRS). eCheck data, which includes account numbers,
dates back to 2005-2006. UTRRS requires accounts receivable and banking records to be
maintained for the fiscal year of the transaction and for three additional fiscal years, with
certain exceptions. Retaining sensitive data, such as bank account numbers, beyond
requirements increases risk of data exposure.

Recommendation:
Management should implement the requirements outlined in the UTRRS, dispose of eCheck
data retained beyond requirements, and maintain future data in alignment with requirements.

Management’s Corrective Action Plan: An automated solution to purge records that are
beyond their retention date is being implemented.

Responsible Person: Assistant Director of eBITS

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1 Nacha is a trade association responsible for overseeing the ACH Network. Nacha requires an annual audit of each Originator to ensure
financial information is protected. Nacha Website - https://www.nacha.org/
**Scope and Methodology**

The scope of this audit included current controls for the eCheck payment option, including physical security, personnel controls, access controls, and network security.

To achieve the audit objectives, we reviewed *Nacha Rules*; UT Austin policies, procedures, and guidelines; the current list of users with access to *DEFINE related eCheck information;* and supporting documentation. In addition, we conducted interviews and performed limited testing on information systems.

**Background**

UT Austin allows for online payments (e.g., tuition, housing, and dining) through an eCheck. Monetary transfers via eCheck rather than by debit or credit card are processed through the Automated Clearing House (ACH) Network. Because UT Austin creates ACH entries, it is considered an Originator.

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**Engagement Team**

Mr. Paul Douglas, CISA, CCSFP, IT Audit Director  
Mr. Matt Stewart, CISA, IT Audit Associate Director  
Ms. Madelyne Puyau, CISA, IT Audit Senior  
Ms. Samantha Tatum, CISA, IT Audit Staff

**Report Distribution**

The University of Texas at Austin Institutional Audit Committee  
The University of Texas System Audit Office  
Legislative Budget Board  
Governor’s Office  
State Auditor’s Office

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2 This project was co-sourced with Postlethwaite & Netterville, APAC (P&N).
Observation Risk Ranking

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

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority</td>
<td>If not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of The University of Texas at Austin (UT Austin) or the UT System as a whole.</td>
</tr>
<tr>
<td>High</td>
<td>Considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.</td>
</tr>
<tr>
<td>Medium</td>
<td>Considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.</td>
</tr>
<tr>
<td>Low</td>
<td>Considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.</td>
</tr>
</tbody>
</table>

In accordance with directives from UT System Board of Regents, Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.