Stephen F. Austin State University

25-103 School of Nursing
Change Management Audit

As of April 30, 2025

Audit Report 25-103

Department of Audit Services

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EXECUTIVE SUMMARY

The Department of Audit Services has completed an audit of the Richard & Lucille DeWitt School of Nursing (School). This change management audit was performed to provide management with an assessment of the control environment that exists within the School to better prepare for the naming of a new School director. The risk assessment and audit scope were developed after we met with key leadership.

AUDIT OBJECTIVES

The audit objective was to identify administrative and operational control gaps, risks, and areas of non-compliance with University policies and procedures.

SCOPE

The audit scope included the School's financial activity as of April 30, 2025 and current administrative and operational activities.

SUMMARY OF AUDIT RESULTS

While performing our audit, we noted significant strides had already been taken to strengthen procedures, specifically in these areas:

- Leave reporting.
- Faculty workload, including calculations.
- Clinical site assignments.
- Procurement.

We found that the School has controls in place to partially conform with requirements in areas tested related to our audit objective. While performing our audit, we noted opportunities to strengthen controls, enhance compliance, or improve processes which are included in the attached *Details of Audit Observations*.

Observation	Rating*
1 – School of Nursing – Documented Policies and Procedures	High
2 – School of Nursing – Training	High
3 – School of Nursing – Licensing	Low
4 – School of Nursing – Faculty Workload	Medium
5 – School of Nursing – Conflict of Interest Disclosures	Medium
6 – School of Nursing – Leave Reporting	Medium
7 – School of Nursing – Property	Medium
8 – School of Nursing – Procurement Cards	Low
9 – School of Nursing – Travel	Medium

Observation	Rating*
10 – School of Nursing – Student Organization Involvement	Medium
11 – School of Nursing – Facility Controls and Security	Medium
12 – School of Nursing – Information Technology – Security Controls	Medium
13 – Imputed Taxable Income	High

See Appendix 1 for Observation Rating descriptions

ACKNOWLEDGMENTS

We appreciate the assistance provided to us during our audit by the Office of the Provost, the College of Sciences and Mathematics, the Richard & Lucille DeWitt School of Nursing, Human Resources, Procurement & Business Services, Student Engagement, Information Technology Services, Payroll, Research and Sponsored Programs, and Student Center Reservations.

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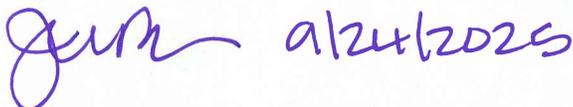
Jane Ann Bridges, CPA, CIA, CFE
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DETAILS OF AUDIT

BACKGROUND

The Department of Audit Services has completed an audit of the Richard & Lucille DeWitt School of Nursing (School). This change management audit was performed to provide management with an assessment of the control environment that exists within the School to better prepare for the naming of a new School director. The risk assessment and audit scope were developed after we met with key leadership.

Category	Date	Number
Total Expenditures	Fiscal Year 2024	$4,502,196
Property Inventory	As of June 13, 2025	$1,511,661
Faculty/Staff	As of April 30, 2025	49
Student Workers	As of April 30, 2025	9
Undergraduate Students*	Academic Year 2024-2025	1,012
Graduate Students*	Academic Year 2024-2025	71
Degrees Awarded*	Academic Year 2024-2025	131
Credit Hours*	Academic Year 2024-2025	9,298

Source: https://public.tableau.com/app/profile/sfa.office.of.institutional.research/vizzes

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The audit objective was to identify administrative and operational control gaps, risks, and areas of non-compliance with University policies and procedures.

The audit scope included the School's financial activity as of April 30, 2025 and current administrative and operational activities.

The audit was conducted in accordance with the *Global Internal Audit Standards* and *Generally Accepted Government Auditing Standards* (GAGAS). The standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for findings and conclusions based on our audit objectives. The Department of Audit Services is independent per both standards for internal auditors. We communicated other, less significant issues separately to University management.

The audit methodology consisted of performing a risk assessment; reviewing applicable policies, procedures, laws, and best practices; assessing internal controls; interviewing appropriate University personnel; testing for compliance; reviewing reports, information, and documentation; evaluating opportunities for fraud to occur; and performing other procedures as deemed necessary.

The audit criteria included:

- University of Texas (UT) System Policies.
- University procedures.
- School of Nursing procedures.
- Other sound higher education guidelines and practices.

DETAILS OF AUDIT OBSERVATIONS

Observation 1: School of Nursing - Documented Policies and Procedures

Background: University Policy 01-401, *Compliance,* states, "The department head of each operating unit within the university is responsible and shall be held accountable for compliance and compliance-related activities in their respective units. The department head shall maintain documented procedures and records for their activities and areas of responsibility."

Observation: The School lacked documented policies and procedures for some areas of oversight.

- Leave Reporting
- Timekeeping
- Licensing
- Student Organizations
- Budget
- Procurement Cards
- Procurement
- Property
- Information Technology and Security
- Grant Activities

Observation Rating: High

Recommendation: The School should add or strengthen documented policies and procedures for areas of oversight to ensure compliance with University policies and procedures.

Management Response: The School will develop procedures for areas of oversight to ensure compliance with University policies and procedures.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: October 31, 2025

Observation 2: School of Nursing - Training

Background: University Policy 03-302, *Employee Training and Development*, states "Supervisors and managers are responsible for...ensuring that employees complete all required compliance training in established timeframes." The University currently utilizes Cornerstone, an online learning management system, to administer and retain all training requirements for employees. In the Fall of 2025, the University will move to a new training platform, NeoEd.

Observation: During our audit procedures, we noted employees had not completed the required training as reflected in the table below:

Training	Frequency	Completed #	Completed %	Past Due #	Past Due %	Not Assigned #	Not Assigned %	Total #
Compliance	Annual	50	86%	6	10%	2	3%	58
Human Trafficking	One-Time	40	69%	4	7%	14	24%	58
Property	One-Time	29	76%	-	0%	9	24%	38
Purchasing 101	Every 2 years	3	60%	-	0%	2	40%	5
Youth Protection	Every 2 years	4	11%	-	0%	34	89%	38

Observation Rating: High

Recommendation: The employees should complete the required trainings. The School should strengthen procedures to ensure compliance with training requirements.

Management Response: Employees will complete the required trainings. The School will develop procedures for tracking and monitoring employee training through NeoEd. All faculty, adjunct faculty, and staff will be monitored. Compliance will be evaluated monthly and reminders sent as needed. Documentation will be maintained in a spreadsheet in the School Director/Associate Director Teams site.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: September 30, 2025

Observation 3: School of Nursing – Licensing

Background: The School requires all faculty and simulation staff to have at a minimum a registered nursing license through the Texas Board of Nursing. The School utilizes CastleBranch, a compliance tracking and management application, to monitor licensure status.

Observation: During our audit procedures, we noted 45 of 45 (100%) applicable employees had an active registered nursing license issued through the Texas Board of Nursing; however, the status of 13 (29%) employees was not accurately reflected in CastleBranch. Their status either showed 'incomplete', 'rejected', 'overdue', or no account existed for the employee. It does not appear that CastleBranch is being utilized effectively to monitor licensure status.

Observation Rating: Low

Recommendation: The School should evaluate the use of CastleBranch and determine the best method for monitoring licensure status to ensure compliance with licensure requirements.

Management Response: The School will require that faculty maintain updated licensure information in CastleBranch. The School will develop procedures that outline who will monitor this activity, how often it will be done, and where it will be tracked.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: September 30, 2025

Observation 4: School of Nursing – Faculty Workload

Background: University Policy 02-312, *Faculty Workload,* states, "The standard full-time teaching load is 24 Teaching Load Credits (TLC) for the combined fall and spring semesters. Additionally, faculty members are expected to engage in research/scholarly/creative and service activities at levels appropriate to their rank and academic unit tenure/merit criteria. The standard full-time teaching load for non-tenure track faculty members is 30 TLCs. By agreement with the academic unit head and dean, research/scholarly/creative activities or significant service commitments may reduce the teaching load of non-tenure track faculty by 3 TLCs per semester."

Observation: During our audit procedures, we were unable to recalculate the faculty TLCs and/or the related overload determinations based upon the documentation provided by the School. As noted in the Executive Summary, the School has already begun strengthening workload policies and procedures.

Observation Rating: Medium

Recommendation: The School should continue to strengthen procedures and documentation related to the calculation of faculty workload, specifically the assignment of courses and overload determinations, to ensure consistent application and adherence to University workload standards.

Management Response: The School will develop procedures for effective workload (EFW) that is equitable to all faculty across all nursing program tracks. The EFW for each semester will be approved by the College of Sciences and Mathematics Dean's Office.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: September 30, 2025

Observation 5: School of Nursing – Conflict of Interest Disclosures

Background: University Policy 01-402, *Conflict of Interest, Conflict of Commitment, and Outside Activities*, states, "Approval is required prior to engaging in the following activities: All outside employment or other compensated outside activities; all outside board service that reasonably appears to create a conflict of interest or a conflict of commitment, or requires time away from university responsibilities; and any uncompensated activity that reasonably appears to create conflict of interest or a conflict of commitment."

Observation: During our audit procedures, we noted 35 of 48 (72.9%) instances of outside employment disclosures did not have an approval on file.

Observation Rating: <mark>Medium</mark>

Recommendation: The School should review outside employment disclosures and take appropriate action to ensure compliance with University policies and procedures related to outside employment.

Management Response: The School will develop procedures for documenting compliance with the Conflict of Interest and Outside Employment Disclosures.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: September 30, 2025

Observation 6: School of Nursing - Leave Reporting

Background: University Policy 03-507, *Vacation Leave,* states, "Vacation leave must be authorized in advance, and leave taken must be recorded using the university's official leave reporting system(s). Leave documentation must be maintained in association with state record retention requirements."

University Policy 03-505, *Sick Leave*, states, "Faculty must submit leave forms (as designated by the department head) for all sick leave the faculty member takes if the absence occurs during the normal workday for regular employees, even if no classes are missed."

University Policy 03-408, *Time Reporting for Non-Exempt Employees*, states, "Official time records are to be maintained for all non-exempt employees via SFA's electronic timekeeping system. When an employee does not have access to enter time through the electronic timekeeping system, time must be recorded and sent to the payroll office in a method established and by the due dates set by the payroll office." The SFA State Record Retention Schedule indicates that leave requests are to be retained for a period of fiscal year end plus three years.

Observation: During our audit procedures, we noted the following:

- For non-exempt employees, 15 of 19 (79%) instances of leave taken or requested were not supported by documentation.
- For exempt employees, 9 of 20 (45%) instances of leave taken or requested were not supported by documentation.
- There was 1 instance of an employee not reporting leave for a date identified by the University as closed, thus requiring employee to use accrued leave.
- Leave requests have been retained from November 2024 to present. Therefore, the School does not conform with the state requirements of fiscal year end plus three years.

Observation Rating: <mark>Medium</mark>

Recommendation: The School should add or strengthen procedures to ensure compliance with University policies and procedures related to leave reporting. In addition, the School should work with Payroll to determine if an adjustment is warranted for employees not reporting leave.

Management Response: The School will update leave procedures to ensure compliance with University policies and procedures. A compliance spreadsheet will be used to track leave requests and reports to better ensure compliance with University policy. In addition, the School will work with Payroll to determine if an adjustment is warranted for employees not reporting leave.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: September 30, 2025

Observation 7: School of Nursing - Property

Background: The University has Policy 05-306, *Property Inventory and Management*, and the *Property Management Manual* to guide employees in their duties as custodians of University property. In addition, Policy 05-306, *Property Inventory and Management*, states, "University property may be taken off campus only for official business of the university or another state agency. The individual taking equipment off campus assumes financial responsibility and must complete a Removal of Property from Campus Request form annually."

Observation: During our audit procedures, we noted the following:

- 4 of 38 (10.5%) property items were reviewed with one or more exceptions.
- 17 of 26 (65.4%) property items that had their location listed as "See Removal from Campus Form" did not have the requisite form on file.

Observation Rating: Medium

Recommendation: The School should add or strengthen procedures to ensure compliance with University policies and procedures related to property.

Management Response: The School will conduct quarterly checks in addition to the annual property review. These reviews will also confirm that required Removal from Campus Forms are on file.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: September 30, 2025

Observation 8: School of Nursing - Procurement Cards

Background: The University has Policy 05-305, *Procurement Card (P-Card)*, and the *P-Card Program Manual* to guide employees in their duties as procurement cardholders.

Observation: During our audit procedures, we noted the following:

- 8 of 20 (40%) procurement card transactions were reviewed with one or more exceptions.
- In addition, the School has four procurement cards. 4 of 4 (100%) monthly reports were reviewed with one or more exceptions.

Observation Rating: Low

Recommendation: The School should strengthen procedures to ensure compliance with University policies and procedures related to procurement cards.

Management Response: The School will develop procedures related to procurement cards to ensure compliance with University policies and procedures.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: October 31, 2025

Observation 9: School of Nursing - Travel

Background: The University has Policy 05-106, *Travel,* and the *Travel Planning Guide* to guide employees in their duties related to business travel.

Observation: During our audit procedures, we noted 8 of 8 (100%) travel expense reports were reviewed with one or more exceptions.

Observation Rating: Medium

Recommendation: The School should add or strengthen procedures to ensure compliance with University policies and procedures related to travel. The School should also consider training or refresher training for employees involved in the travel process.

Management Response: The School will update procedures related to travel to ensure compliance with University policies and procedures. Training or refresher training will be scheduled as needed for new employees or experienced employees who have difficulty adhering to the procedure.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: October 31, 2025

Observation 10: School of Nursing – Student Organization Involvement

Background: University Policy 04-122, *Student Organization Formation and Recognition*, states, "Only a Sponsored Student Organization may use the name of the University or an abbreviation of the name of

the University or any of the university trademarks or service marks as part of or in conjunction with its Student Organization name." In addition, "No university employee has the authority to open a bank account in the name of, or for the benefit of, any student organization nor should any employee be included as an allowable signatory on any off-campus bank account of any student organization. Student employees are exempted from these prohibitions."

The School's website and Faculty Handbook show that there are five active student organizations associated with the School.

Observation: During our audit procedures, we noted the following:

- 1 out of 5 (20%) student organizations listed on the School's website was not registered with the student engagement office.
- 4 out of 5 (80%) student organizations had faculty advisors with access to funds belonging to the student organization.
- 1 out of 5 (20%) student organizations were unable to provide documentation regarding who has access to funds belonging to the student organization.

Observation Rating: Medium

Recommendation: The School should add or strengthen procedures to ensure compliance with University policies and procedures related to student organizations. The School should ensure faculty or staff do not have access to funds belonging to student organizations. In addition, the School should ensure student organization officers take student organization training.

Management Response: The School will develop procedures related to student organizations to ensure compliance with University policies and procedures. Procedures will address how each student organization's faculty advisor will comply with University procedures for involvement with student organizations. In addition, the School will work with the Office of Student Engagement to ensure that student organization officers take the required University training.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: September 30, 2025

Observation 11: School of Nursing – Facility Controls and Security

Background: University Policy 05-516, *Security Systems,* states, "Access control systems: enable the monitoring and control of access to facilities and resources. In the context of physical security, these systems record the request for and subsequently allow or deny access to the requested area or resources. These systems may include but are not limited to: access card, numeric code, biometric identification or proximity device for access." The School utilizes access cards through the University's Patron system to grant access to School facilities.

Observation: During our audit procedures, we noted the following:

- 20 of 267 (7.5%) individuals with access to the School's facilities are retired or have been terminated from the University and should not have badge access to the School's facilities.
- 9 of 267 (3.4%) individuals with access to the School's facilities work in a separate department that may not necessitate badge access to the School on a regular basis to perform their daily job duties.

Observation Rating: Medium

Recommendation: The School should work with Information Technology Systems to review the badge access list and take appropriate action. The University should strengthen procedures to ensure appropriate access is granted and/or removed on an ongoing basis.

Management Response: The School will update its list of persons who have access to the School's facilities. Now, only current faculty, staff, and students who need access to the building will be given access. The School will develop procedures for the administrative assistant, at the beginning of each semester, will provide a current and updated list for building access. This process will take students, faculty, and staff who no longer need access to the building out of the approved access list. In addition, the director will notify the badge access department to remove any faculty and staff access upon termination if this occurs prior to the beginning of the next semester.

Responsible Party: Provost and Executive Vice President for Academic Affairs; Vice President of Information Technology and Chief Information Officer

Implementation Date: September 30, 2025

Observation 12: School of Nursing – Information Technology – Security Controls

Background: ITS Policy Handbook, 14.1.2, *Baseline Configuration*, states, "All information systems will be imaged with the current up-to-date baseline image appropriate for the system. All additions, modifications, or deletions to the university provided baseline must have a documented exception to policy approved by the Information Security Office. The universities baseline will be updated annually, a detailed listing of each baseline based on operating system will be available upon request to the Information Security Office."

Observation: During our audit procedures, we noted 8 of 32 (25%) computers reviewed were using an outdated version of antivirus software or had no antivirus software.

Observation Rating: Medium

Recommendation: The School should strengthen security controls to ensure compliance with University ITS security policies and procedures.

Management Response: The School Director will work with the IT department to determine a plan moving forward to ensure IT security controls are in place.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: September 30, 2025

Observation 13: Imputed Taxable Income

Background: Internal Revenue Code (IRC) § 79 *Group-Term Life Insurance Purchased for Employees*, states, "There shall be included in the gross income of an employee for the taxable year an amount equal to the cost of group-term life insurance on his life provided for part or all of such year under a policy (or policies) carried directly or indirectly by his employer (or employers); but only to the extent that such cost exceeds the sum of (1) the cost of $50,000 of such insurance, and (2) the amount (if any) paid by the employee toward the purchase of such insurance."

Upon joining the UT System in 2023, benefits were transitioned to the UT Benefits program. Changes in benefits were noted with relation to coverage and premium rates.

Observation: During our audit procedures, we noted that the calculation of imputed taxable income was not in accordance with applicable tax regulations. It appears this occurred during the UT System transition.

Observation Rating: High

Recommendation: Management should determine the appropriate treatment of imputed taxable income, make corrections as warranted, and revise reporting as necessary.

Management Response: Management will determine the appropriate treatment of imputed taxable income, make corrections as warranted, and revise reporting as necessary.

Responsible Party: Senior Vice President for Organizational Effectiveness

Implementation Date: December 31, 2025

APPENDIX 1 SFASU AUDIT SERVICES OBSERVATION RATINGS

Audit Services uses professional judgment to rate the audit observations identified in audit reports. The audit observation ratings are determined based on the risk or effect of the issues in relation to the audit objective(s), along with other factors. These factors include, but are not limited to, financial impact; potential failure to meet area/program/function objectives; level of compliance with laws, regulations, and other requirements or criteria; adequacy of the design of control activities and information system activities; level of potential fraud, waste, or abuse; control environment; history of audit issues; and other pertinent factors.

The table below provides a description of the audit observation ratings used by SFASU Audit Services.

SFASU Audit Services Observation Ratings	
Rating	**Description**
Priority	The audit observation presents risks or issues that if not addressed could critically impact the University as a whole or the area/program/function audited. Immediate action is needed to address the audit observation. Priority observations are reported to the UT System Audit, Compliance, and Risk Management Committee.
High	The audit observation presents risks or issues that if not addressed could substantially impact the University as a whole or the area/program/function audited. Prompt action is needed to address the audit observation and reduce risks to a more desirable level.
Medium	The audit observation presents risks or issues that if not addressed could moderately impact the University as a whole or the area/program/function audited. Action is needed to address the audit observation and reduce risks to a more desirable level.
Low	The audit observation does not present significant risks or issues that could negatively impact the University as a whole or the area/program/function audited. Action is needed to address the audit observation.

Some recommendations made during an audit are considered of minimal risk, and the observations are verbally shared with management during the audit or pre-exit meeting.