



THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE

Education and Research Center at Laredo Audit

Fiscal Year 2025

SUMMARY

BACKGROUND: The University of Texas Education and Research Center at Laredo (UT Center at Laredo) serves as a strategic multi-institutional hub that supports academic, research, clinical, and community engagement initiatives across South Texas. Originally established in 1993 as the Mid Rio Grande Border Area Health Education Center, the facility evolved into the UT Health Science Center at San Antonio Laredo Regional Campus before undergoing a significant transformation in 2021. Legislation transferred management of the campus to the UT System, enabling broader collaboration among UT institutions. The UT Center at Laredo provides a campus environment for students from Laredo and the surrounding area, offering undergraduate and graduate degree programs from UTHealth Houston, UT San Antonio, UT Rio Grande Valley and UT Medical Branch at Galveston. The UT Center at Laredo provides degree and certification programs tailored to meet healthcare and educational demands in the Laredo region, offering classes both in person and virtually.

The UT Center at Laredo also houses the Glenn Biggs Institute for Alzheimer's & Neurodegenerative Diseases (Biggs Institute), a nationally recognized center of excellence affiliated with UT San Antonio. The institute operates the Dementia, Geriatric & Brain Health Clinic, providing specialized care to residents of Laredo and surrounding communities. As the only National Institute on Aging-designated Alzheimer's Disease Research Center in Texas, the Biggs Institute also supports clinical trials, offering eligible patients the opportunity to participate in cutting-edge research. This integration of education, clinical care, and research underscores the UT Center at Laredo's role as a vital resource for advancing health outcomes and workforce development in the region.

OBJECTIVE: Identify key activities of the UT Center at Laredo and determine if proper controls and processes are in place to meet their primary objectives.

CONCLUSION: Key activities and objectives for the UT Center at Laredo support a small campus-like setting and include:

- Ensuring appropriate financial controls are in place to operate the department and achieve its mission and vision.
- Providing for and managing a multi-institution facility, including applicable lab and study space, for students in Laredo who choose to pursue a UT degree.
- Providing physical safety and security for faculty, staff, and students.
- Ensuring appropriate access controls are in place for network and/or applications.
- Serving as a location for the Biggs Institute so that patients can access medical care.
- Growing programs consistent with the needs of the community and the UT Center at Laredo's mission and vision. This includes expanding representation from more UT institutions, expanding clinical activities, and expanding research opportunities.

Overall, management has established several controls and processes for key activities and objectives. However, we identified opportunities to improve coordination among UT System departments, the UT Center at Laredo, and where applicable, UT San Antonio, to strengthen compliance with key regulatory requirements and help achieve the UT Center at Laredo's mission.

OBSERVATIONS

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.

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.



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SUMMARY
(CONTINUED)

3 Medium	Failure to comply with federal and state clinical space requirements could result in regulatory penalties, operational disruptions, and reputational damage.
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.
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.
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.

Management developed action plans that incorporated System Audit Office recommendations to address these observations and anticipates that all action plans will be implemented by September 30, 2026.



Execute a Business Associate Agreement with UT San Antonio

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.

According to the U.S. Department of Health and Human Services, organizations that meet the definition of a covered entity under HIPAA must comply with the HIPAA requirements to protect the privacy and security of health information. If a covered entity engages a business associate to help it carry out its health care activities and functions, the covered entity must have a written business associate contract or other arrangement with the business associate that establishes specifically what the business associate has been engaged to do and requires the business associate to comply with the rules' requirements to protect the privacy and security of protected health information.

The Biggs Institute, which is part of UT San Antonio, is a unique clinical operation supported administratively by the UT Center at Laredo's staff. Staff schedule patients, accept payments for services provided, and have access to UT San Antonio's electronic medical records. In addition, the staff perform some work for the Biggs Institute on a UT System Administration computer. UT Center at Laredo staff have provided administrative support since UT System Administration began operations in Laredo in September 2021. We were also informed that there are plans for the clinic to expand access to the community from one day a week to five days per week.

We inquired whether there was a memorandum of understanding (MOU) in place between UT San Antonio and UT System Administration that defined the roles and responsibilities for each institution. UT System Administration management shared a copy of the draft MOU; however, the draft MOU did not include a business associate agreement (BAA). We also inquired whether a separate BAA was in place between UT System Administration and UT San Antonio and were informed that none existed. During the audit, we also inquired about HIPAA training for UT Center at Laredo's staff who provided work in support of the Biggs Institute. One staff member was not up to date with HIPAA training, and UT San Antonio provided the required training in July 2025.

ACTION PLAN: Finalize MOU

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.

Anticipated Implementation Date: January 31, 2026



Review Proposed Changes to HIPAA Security Rule and Develop Action Plans to Strengthen Information Security

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.

HIPAA requires covered entities and business associates to ensure that electronic protected health information (ePHI) is not improperly disclosed, altered, or destroyed. Virtual private networks (VPNs) help meet this requirement by encrypting data in transit between networks, which ensures that the data is not intercepted or tampered with during transfer. There are Center staff and employees of UT San Antonio who use VPN to access the health institution's information resources, including its electronic medical records. While HIPAA does not prescribe

specific tools like VPNs to encrypt data in transit, HIPAA does require organizations to assess risk to ePHI and implement measures to reduce those risks. In addition, there are proposed changes to the HIPAA Security Rule to strengthen information security practices. Among the proposed, but not yet required, change is a requirement to implement physical or virtual network segmentation to isolate sensitive systems and reduce lateral data movement by potential attackers. Any network segmentation must be based on a comprehensive risk analysis that is tailored to UT San Antonio's and UT System Administration's information security risks.

In light of plans to expand community access to the Biggs Institute and pending changes to the HIPAA security rule, management should consider coordinating with UT San Antonio to perform a risk analysis to identify risks and potential actions to ensure sufficient safeguards are in place to adequately protect ePHI. In addition, consideration should be given to planning for pending HIPAA security requirements to implement physical or virtual network segmentation to isolate sensitive systems that contain ePHI from UT System Administration's network.

ACTION PLAN: Operational Alignment for the UT Center at Laredo's Campus Clinic

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.

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.

Anticipated Implementation Date: January 31, 2026



Evaluate Clinical Space and Assess Risk of Non-compliance with Regulatory Standards

Failure to comply with federal and state clinical space requirements could result in regulatory penalties, operational disruptions, and reputational damage.

UT System Administration owns the clinical space for the Biggs Institute. In Texas, clinical facilities must follow both the federal Americans with Disabilities Act (ADA) and the state-level Texas Accessibility Standards (TAS). HIPAA and the Texas Medical Records Privacy Act (TMRPA) require facilities to implement administrative, physical, and technical safeguards to protect patient information, including physical measures to protect files

and confidential conversations from being seen or overheard. The current location of the Biggs Institute was built for classroom instruction and not intended for clinical operations or with key federal and state requirements in mind. In addition to developing a BAA, management should work with UT San Antonio to evaluate the Biggs Institute's facilities and assess the risk of non-compliance with key federal and state requirements, identify applicable gaps, and develop an action plan to achieve required compliance where needed.

ACTION PLAN: Assess Clinical Space

We are currently assessing the clinic to ensure compliance with ADA requirements. Funding has been secured to address identified deficiencies.

Anticipated Implementation Date: September 30, 2026



Develop an Emergency Operations Plan and Take Actions to Comply with *Texas Education Code* §51.217

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.

Texas Education Code §51.217 requires institutions of higher education to maintain a multihazard emergency operations plan that addresses mitigation, preparedness, response, and recovery. The plan must include coordination with external agencies, employee training, and regular emergency drills. Emergency drills are a crucial part of campus safety plans, which can prepare students, faculty, and staff for various emergencies such as fires, severe weather, and active shooters on or nearby campus facilities. Additionally, UT institutions must conduct safety and security audits at least once every three years and report findings to the governing board and the Division of

Emergency Management in the Governor's Office. The key requirements of *Texas Education Code* §51.217 are also included in UTS 172 Emergency Management (UTS 172), which is applicable to all UT institutions, including UT System Administration.

As part of our audit, we inquired whether the requirements of *Texas Education Code* §51.217 and UTS 172 are being followed. We determined that:

- Prior to the audit, an Emergency Operations Plan has not been developed for the UT Center at Laredo, and no formal risk assessment for identifying potential hazards and vulnerabilities specific to the Laredo campus environment has been undertaken.
- Emergency management training has not been provided to students, faculty, or staff.
- Since 2021, no emergency drills have been performed at the UT Center at Laredo.
- While a safety and security audit was performed for UT System Administration in 2023, the scope of that audit did not include review of safety and security at the UT Center at Laredo.

ACTION PLAN: Emergency Preparedness and Safety Initiatives

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 options to fill this need.

Anticipated Implementation Date: March 1, 2026



Evaluate UT Center at Laredo's Inventory and Dispose of Obsolete or Useless Items Appropriately

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.

Inventory accountability is the statutory responsibility of the head of each state agency. Accountability for UT System Administration's inventory has been delegated to department leaders who are responsible for maintaining departmental inventory records and documentation. In July 2025, we conducted a field visit to the UT Center at Laredo to perform inventory testing. From our testing, we determined that the UT Center at Laredo's inventory was accurate and complete.

At UT System Administration, when an inventory item becomes obsolete for use at UT System, it is transferred to the Surplus Property division for appropriate disposal. Facilities Management is

the department authorized to receive items to be surplus. The departments remain responsible for their items until Facilities Management has signed for them. During our field visit, we observed numerous inventory items that were no longer in use and appeared to be obsolete. Examples of inventory items that were no longer in use and appeared to be obsolete included a van, computers, audio/video equipment, scientific equipment, and medical equipment. The UT Center at Laredo has a large, air-conditioned warehouse that is used by the tenant institutions to store instructional supplies in locked storage cages and by the UT Center at Laredo to store various items. Surplussing obsolete inventory can free up needed storage space for the UT Center at Laredo and the tenant institutions and potentially capture remaining residual or utility value.

ACTION PLAN: Disposal of Surplus Items

The UT Center at Laredo team will work with UT System Administration to properly surplus all obsolete items.

Anticipated Implementation Date: March 1, 2026



Update and Finalize Key Operational Manuals and Handbooks

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.

The need for operational manuals and handbooks is vital in an environment such as the UT Center at Laredo, since its operation is akin to a small campus with numerous administrative, safety and facility-related policies and procedures. Additionally, new employees benefit from operational manuals and handbooks when becoming familiar with their role and responsibilities.

From our review of information and interviews with UT Center at Laredo staff, we identified key manuals and handbooks that are being worked on but were not finalized with updated policies and procedures, including the following:

- A facilities management manual with clear statements of the procedures and policies regarding facility usage, building maintenance, and health and safety.
- An emergency management manual with detailed steps for various emergency scenarios, including evacuation, fire response, shelter-in-place, and lockdowns. The manual also includes how to communicate with staff, students, faculty, and other relevant parties during an emergency.
- A student and faculty handbook that serves as a guide and resource for learning and teaching at the UT Center at Laredo with important items such as safety and emergency procedures, ways to submit student and faculty feedback, reporting building and IT issues, virtual mental health resources, and facility usage policies.
- A records management manual with policies, procedures, and guidelines for managing records throughout their lifecycle from creation to destruction. The manual also outlines the roles and responsibilities of individuals in managing and disposing records.

ACTION PLAN: Key Operational Manual and Handbooks

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.

Anticipated Implementation Date: April 1, 2026

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.

Anticipated Implementation Date: April 1, 2026



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.

Anticipated Implementation Date: May 31, 2026

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.

Anticipated Implementation Date: May 31, 2026



The System Audit Office conducted this engagement in accordance with the Global Internal Audit Standards and generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our objectives. The System Audit Office is independent per GAGAS requirements for internal auditors.

SCOPE AND PROCEDURES

The scope of the audit included Fiscal Years 2024 and 2025. Procedures performed included gathering background information and interviewing staff from the Offices of Health Affairs, Risk Management, Technology and Information Services, and Systemwide Compliance, as well as UT Center at Laredo staff. We conducted a field visit to Laredo for inventory testing and additional UT Center at Laredo staff interviews. We tested on a sample basis selected controls associated with employee travel and entertainment reimbursements, offboarding, time sheets, training, cost center reconciliations, and various expense types and transfers.

We will follow up on action plans in this report to determine their implementation status. We validate implementation of action plans for Priority- and High-level observations and review and rely on written affirmation from the responsible department to track completion of action plans for Medium- and Low-level observations. Responsible departments may request an extension to implement their action plans. Extension requests for Priority- and High-level observations require approval by the appropriate executive officer. This process will help enhance accountability and ensure that timely action is taken to address the observations.

OBSERVATION RATINGS

Priority	An issue that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of System Administration or the UT System as a whole.
High	An issue considered to have a medium to high probability of adverse effects to a significant office or business process or to System Administration as a whole.
Medium	An issue considered to have a low to medium probability of adverse effects to an office or business process or to System Administration as a whole.
Low	An issue considered to have minimal probability of adverse effects to an office or business process or to System Administration as a whole.

CRITERIA

- Health Insurance Portability and Accountability Act of 1996 (HIPAA), *Covered Entities and Business Associates*
- Health Information Technology for Economic and Clinical Health (HITECH) Act of 2009
- Americans with Disabilities Act (ADA) of 1990, Texas Accessibility Standards
- Regents' Rule 80201: Disposal of UT Surplus Property
- UTS 172 Emergency Management (which reflects the requirements of *Texas Education Code*)
- UTS 174 Environmental Health and Safety

REPORT DATE

November 18, 2025

REPORT DISTRIBUTION

To: Adriana B. Nunemaker, Executive Director
Cc: John M. Zerwas, MD, Chancellor
Sean Griffin, Deputy Vice Chancellor for Health Affairs
Jonathan Lewis, Associate Vice Chancellor for Health Affairs
UT System Administration Internal Audit Committee
External Agencies (State Auditor, Legislative Budget Board, Governor's Office)