



THE UNIVERSITY OF TEXAS  
**PERMIAN BASIN**

## **Change in Leadership Audit - College of Arts and Humanities**

*Fiscal Year 2025*

*August 15, 2025*

Office of Internal Audit and Advisory Services  
4901 E. University Boulevard  
Odessa, Texas 79762

# Change in Leadership Audit Fiscal Year 2025



## SUMMARY

### BACKGROUND AND OBJECTIVE

The College of Arts and Humanities at the University of Texas Permian Basin (UTPB) is dedicated to delivering a classic education through innovative learning. Its mission is to cultivate intellectual curiosity, creativity, and civic engagement by offering rigorous academic programs across the liberal arts. The college emphasizes hands-on learning, interdisciplinary collaboration, and real-world experience to prepare students for meaningful careers and lifelong learning.

The audit was conducted to support newly appointed leadership within the college. The objective of the audit was to evaluate the college's administrative business operations to ensure they were effectively controlled and compliant with applicable policies, procedures, and regulations.

The internal control scorecard follows on the next page.

Management developed action plans to improve internal controls and anticipates implementation by May 31, 2026.

### CONCLUSION

**Opportunities exist to enhance compliance with institutional requirements related to compliance training, conflict of interest certifications, and fiscal management.**



## Internal Control Scorecard.

In reviewing the College of Arts and Humanities established business processes, the state of compliance with applicable institutional requirements is outlined below.

Domain	Status	Observation Detail
Compliance Training	Yellow	UTPB's General Compliance Training Program mandates Compliance Training for all UTPB employees. In reviewing compliance with the established training requirements, for FY25, 35% (41 out of 116) of the employees did not complete all the required training modules. Noncompliance with established training requirements may expose the institution to increased operational, legal, and reputational risks.
Conflict of Interest Certifications	Yellow	The UTPB Conflicts of Interest (COI) policy for all employees is outlined on the university website. <sup>1</sup> All UTPB employees are required to disclose potential conflicts of interest and any outside activities. In confirming compliance with the established requirements, certain employees did not consistently acknowledge the COI policy and report outside activities in the last 12 months. Failure to comply with the COI policy may result in losing external funding, misuse of institutional resources, compromised decision-making, and significant reputational damage.
Fiscal Management	Red	<p>According to the Office of Accounting's reconciliation requirements, cost center reconciliation and approval are required within 60 days after month-end closing. In testing controls over cost center reconciliation and approval, including compliance with the cost center reconciliation-related policy, it was noted that for FY25:</p> <ul style="list-style-type: none"> <li>• 17% (41 out of 240) of the cost center reconciliations were completed and approved within the required time frame.</li> <li>• 68% (163 out of 240) of the cost center reconciliations were not completed or approved. The cost centers had approximately \$2.45 million in expenditure and \$305,000 in revenue.</li> <li>• 15% (996 of 3,286) of the cost center reconciliations were not reconciled within the 60-day deadline.</li> </ul> <p>Without timely cost center reconciliation and approval, there is an increased risk of error, fraud, and inefficiency.</p>

<sup>1</sup> <https://www.utpb.edu/university-offices/compliance/conflict-of-interest/>



Domain	Status	Observation Detail
<b>Revenue Collection and Student Fee Cost Center Oversight</b>	<span style="background-color: yellow; display: inline-block; width: 15px; height: 15px; vertical-align: middle;"></span>	<p>The following opportunities to improve controls were noted:</p> <ul style="list-style-type: none"> <li>• There is inadequate segregation of duties for individuals involved in collecting revenue. The Office of Accounting's Cash Handling Procedures requires that proper segregation of duties must be in place. Specifically, the responsibilities of fund collection, deposit preparation, and revenue reconciliation should be assigned to different individuals. Currently these job duties are not assigned to different individuals in certain departments.</li> <li>• 70% (7 out of 10) of the student fee cost centers reviewed had utilized less than half of their available revenue, with two cost centers showing no expenditures for the entire fiscal year.</li> </ul> <p>Without improved controls, there is a risk of mismanagement of revenue.</p>
<b>Travel Authorization</b>	<span style="background-color: green; display: inline-block; width: 15px; height: 15px; vertical-align: middle;"></span>	<p>According to the Office of Accounting's Travel Policy and Travel Procedures Manual, employees must obtain prior approval for all official travel. For FY25, 59 % (16 out of 27) of the travel authorizations tested did not receive advance approval at least five days prior to the travel date, as required. Institutional funds may not be maximized if travel authorization is not requested in advance.</p>

**Action Plan:** Procedures within the College of Arts and Humanities will be updated to facilitate compliance with institutional requirements. The following actions are planned:

- Follow-up meeting with the Office of Internal Audit and Advisory Services for an explanation of the raw data provided along with additional information how to receive periodic reports regarding compliance and certifications.
- COAH Leadership meeting in early August with department leaderships and administrative assistants to discuss reports and the importance of compliance.

#### Compliance Training

- The Dean will work with department leadership to monitor completion rates, reinforce expectations during college, department, and program meetings, and set benchmarks for improvement.

#### Conflict of Interest Certifications

- Department chairs will be tasked with confirming compliance within their units, and the Dean will coordinate with the Office of Compliance to support awareness and adherence. Periodic reports to Dean's office on compliance level will be requested to support communication and adherence.



#### Fiscal Management

- The college will review current expectations for reconciliations with staff and confirm appropriate personnel are designated in the appropriate places. With the new budget and reduced cost centers being introduced in September, we are hoping that reducing the number of cost centers will assist in reconciliation. Having not received or been trained on how to run reports on reconciliation status, Dean will seek this training in order to maintain a better understanding of reconciliation level.

#### Revenue Collection and Student Fee Cost Center Oversight

- The Dean will seek additional data on who in the college was collecting revenue and why. Once determined, it will be addressed in that department and the Business office will be asked to provide training (or refresher sessions, as needed) on revenue handling procedures.
- The Dean will also require departments to submit annual plans for student fee usage and will monitor spending to ensure alignment with intended purposes.

#### Travel Authorization

- Faculty and staff will be reminded of the advance travel approval requirement and that failure to comply with university and college travel policies could impact current and future travel funding.

**Target Implementation Date:** May 31, 2026

**Responsible Party:** Dean, College of Arts and Humanities

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## METHODOLOGY



This audit was conducted in accordance with the Institute of Internal Auditors' *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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The UTPB Office of Internal Audit meets the independence requirements set forth in GAGAS.

**Scope & Procedures:** The scope of the audit included policies, procedures, and control practices in place within the College of Arts and Humanities at the time of the audit and financial activity throughout fiscal year 2025. Procedures performed included a review of applicable UT Permian Basin policies and procedures, discussion with knowledgeable staff, administering an Internal Control Questionnaire (ICQ), and testing business processes in scope. Audit procedures were conducted between April 2025 and July 2025. We will follow up on action plans in this report to determine their implementation status. Any request for extension to the implementation dates for observations rated Priority or High require approval from applicable executive officers. This process will help enhance accountability and ensure that timely action is taken to address the observations.

**Criteria:**

- UT Permian Basin Segregation of Duties and Reconciliation of Account Monitoring Plan
- UT Permian Basin Conflict of Interest Policy
- UT Permian Basin Travel Manual – Travel Authorization
- UT Permian Basin Office of Compliance – Compliance Training Requirement

**Report Distribution:**

To: Dr. Christopher Morrow, Dean – College of Arts and Humanities  
cc: Dr. Sandra K. Woodley, President  
Dr. Rajalingam Dakshinamurthy, Provost and Senior Vice President for Academic Affairs  
UT Permian Basin Internal Audit Committee  
External State of Texas Agencies (State Auditor, Legislative Budget Board, Governor's Office)