



**University Staffing Audit**  
**Report No. 25-ASCF-0006**

**May 6, 2025**

**Office of Audits & Consulting Services**

## EXECUTIVE SUMMARY

### Overall Assessment:

To fully comply with UT System Regent's Rule 30106 *Nepotism*, operational and administrative controls need to be strengthened. This includes policy creation, disclosure requirements and monitoring.

**Background:** [UT System Rules and Regulations of the Board of Regents 30106 Nepotism](#) states that, Even though the appointment of a person, would not be prohibited by the *Texas Government Code*, no employee of The University of Texas System or any of the institutions may approve, recommend, or otherwise act with regard to the appointment, reappointment, promotion, or salary of any person related to such employee as outlined in Sections 2.4 or 2.5 regardless of the source of funds for the payment of salary. This provision also includes individuals hired as private contractors. Per HOP ADM 04-206 Recruitment and Hiring of Staff Employees, the hiring official is responsible for notifying the Chief Human Resources Officer of any nepotism issues related to the selected candidate. HR employee relations manager and Assistant Vice President of HR for the School of Medicine in coordination with hiring official is responsible for ensuring an effective management plan is established and documented.

**Objective:** To evaluate whether areas of the institution are monitoring and managing related parties.

**Scope/Period:** This engagement covered the period of September 01, 2022 to May 31, 2024.

### Risk Levels Appendix I

Priority
High
Medium
Low

We appreciate the courtesy and cooperation from the Office of Human Resources.

Risk		Observation Summary
Medium	1.	A Nepotism HOP policy has not been adopted.
Medium	2.	Annual nepotism disclosure requirements are not in place.
Medium	3.	Management plan monitoring is not in place.

Observation Detail	Recommendation	Management Action Plan
<p><b>Policies and Procedures</b></p> <p>HOP ADM 04-206 <i>Recruitment and Hiring of Staff Employees</i> requires the hiring official to verify that all applicable law, rules, or policies regarding nepotism are followed during the recruitment process. The hiring official is responsible for notifying the Chief Human Resources Officer of any nepotism issues related to the selected candidate, and for ensuring that (in coordination with the Chief Human Resources Officer or designee) an effective management plan is established and documented.</p> <p>1. <b>(Condition)</b> No formal UTRGV policy exists to provide uniform guidance for disclosing and monitoring of related parties.</p> <p><b>(Criteria)</b> UTRGV HOP 1-101: <i>Policy on Policies</i></p> <p><b>C. Policy</b></p> <p>1. The UTRGV HOP contains official rules for the governance of UTRGV. The governance of the institution consists of the policies and procedures affecting the way UTRGV directs, administers, or controls UTRGV (except medical procedures or protocols). These policies and procedures may:</p> <ul style="list-style-type: none"> <li>a. Direct compliance with applicable state and federal laws and regulations, University of Texas System policies, or other policies with System-wide application;</li> <li>b. Address or affect the responsibility or authority of the various offices and bodies that make up UTRGV; or</li> <li>c. Address the relationships between administration, faculty, students, and staff in relation to institutional values or goals.</li> </ul>	<p>1. The Office of Human Resources should develop a nepotism policy to assist hiring officials in their responsibilities.</p>	<p>1. A HOP policy governing nepotistic relationships among employees and the required reporting of such relationships is being drafted and reviewed.</p> <p><b>Action Plan Owner:</b> Vice President for Human Resources and Regulatory Affairs</p> <p><b>Implementation Date:</b> This policy will be effective no later than August 31, 2025.</p>

Observation Detail	Recommendation	Management Action Plan
<p><b>(Cause)</b> UTRGV relied on UT System policy, UTRGV's HOP ADM 04-06 <i>Recruitment and Hiring of Staff Employee</i>, where it was briefly mentioned, and supervisor series training.</p> <p><b>(Effect)</b> Lack of a formalized policy may lead to non-disclosures of Nepotism by hiring officials.</p> <p><b>Nepotism Disclosure Process</b></p> <p>During the recruitment process, applicants are required to disclose any relationships they have with current UTRGV employees. The hiring official is responsible for notifying the Chief Human Resources Officer of any nepotism issues related to the selected candidate, and ensuring a management plan is established and documented as per HOP ADM 04-206. HR establishes a management plan only if made aware of nepotism.</p> <p><b>2. (Condition)</b> No mechanism or guidance exists to disclose any relationships that develop while employed that may create a conflict of interest.</p> <p><b>(Criteria)</b> HOP ADM 04-206 <i>Recruitment and Hiring of Staff Employees</i></p> <p><b>(Cause)</b> Mitigating controls are not in place to ensure compliance with Board of Regents 30106 Nepotism rule</p> <p><b>(Effect)</b> Not in compliance with UT System Rules and Regulations of the Board of Regents 30106 <i>Nepotism</i>.</p>	<p>2. The Office of Human Resources should implement an annual disclosure process to provide employees the opportunity to disclose all related parties.</p>	<p>2. The new HOP policy governing nepotistic relationships will include a provision that requires employees to self-report as new nepotistic relationships are created, as well as a process for completing an annual attestation and affirmation of previous reportings regarding the employee's nepotistic relationships.</p> <p><b>Action Plan Owner:</b> Vice President for Human Resources and Regulatory Affairs</p> <p><b>Implementation Date:</b> The annual attestation and affirmation will be implemented during FY26.</p>

Observation Detail	Recommendation	Management Action Plan
<p><b>Management Plan and Monitoring</b></p> <p>We conducted a comparative analysis of employee bank account, dependent, address, and emergency information. Payroll data disclosed 256 individuals with matching bank accounts. We identified where each employee worked and their job titles. Of the 256 individuals with matching bank accounts, we identified 92 individuals who worked within the same College and or department/unit. We selected 34 employees and compared to management plan documentation in Human Resources. The analysis identified 34 employees identified as related parties.</p> <p>We evaluated the sample for the following:</p> <ul style="list-style-type: none"> <li>Is employee in a line of authority with an individual for which there is a "relationship"?</li> <li>Can the position create morale issues with other employees (employees claim favoritism, real or perceived)?</li> </ul> <p>3. <b>(Condition)</b> Of the 34 employees selected, we found that</p> <ul style="list-style-type: none"> <li>28 employees did not have a management plan on file</li> <li>12 of the 28 were involved/engaged in a sponsored project of which 6 individuals had multiple projects</li> <li>6 employees with a management plan on file did not address sponsored program conflict of interest</li> </ul> <p><b>(Criteria)</b> HOP ADM 04-206 <i>Recruitment and Hiring of Staff Employees</i></p> <p><b>(Cause)</b> A process is not in place to proactively detect whether nepotism policies and procedures are adhered to and documented. HR's current process involves either employees self-disclosing or management becoming aware of such situations.</p>	<p>3. The Office of Human Resources should utilize internal audit data analytics program to identify potential real or perceived conflict of interest within departments.</p>	<p>3. The new policy and process for capturing nepotistic relationships will include a central repository for the information gathered upon hire, upon subsequent self reporting, and included in the annual attestation. This repository (including management plans) will be accessible by Human Resources, Institutional Compliance, Research Compliance, Research</p>

<p><b>(Effect)</b> Not in compliance with UT System Rules and Regulations of the Board of Regents 30106 Nepotism. Employee hired based on relationship rather than merit may feel entitled to exploit their position for personal gain, leading to conflict of interest and unethical behavior.</p>		<p>Administration, and Hiring Officials. The procedure for creating a management plan will require the involvement of human resources, the employee's supervisor, institutional compliance, and research compliance to ensure that the management plan is inclusive of all types of conflicts, actual or perceived. Additionally, Human Resources will conduct periodic (at least quarterly) data analysis of individuals that share the same address or bank account to ensure compliance with the reporting requirements. Individuals will be notified of non-compliance and given an opportunity to cure.</p> <p><b>Action Plan Owner:</b> Vice President for Human Resources and Regulatory Affairs</p> <p><b>Implementation Date:</b> In FY 2026</p>
---	--	---

## APPENDIX I

### Risk Classifications and Definitions

<b>Priority</b>	High probability of occurrence that would significantly impact UT System and/or UT Rio Grande Valley. Reported to UT System Audit, Compliance, and Risk Management Committee (ACRMC). Priority findings reported to the ACRMC are defined as <i>“an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”</i>
<b>High</b>	Risks are considered substantially undesirable and pose a significant level of exposure to UT Rio Grande Valley operations. Without appropriate controls, the risk will happen on a consistent basis. Immediate action is required by management in order to address the noted concern and reduce exposure to the organization.
<b>Medium</b>	Risks are considered undesirable and could moderately expose UT Rio Grande Valley. Without appropriate controls, the risk will occur some of the time. Action is needed by management in order to address the noted concern and reduce the risk exposure to a more desirable level.
<b>Low</b>	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Rio Grande Valley will be minimal. Action should be taken by management to address the noted concern and reduce risk exposure to the organization.

## APPENDIX II

### Methodology & Criteria

#### Methodology

We conducted this audit in conformance with the Institute of Internal Auditor's Global Internal Audit Standards. Additionally, we conducted this audit in accordance with generally accepted government auditing standards. Those 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 Office of Audits and Consulting Services is independent per both standards for internal auditors. These standards are also required by the Texas Internal Auditing Act.

#### Criteria

- [HOP 1-101: Policy on Policies](#)
- [UT System Rules and Regulations of the Board of Regents 30106 Nepotism](#)
- [HOP ADM 04-206 Recruitment and Hiring of Staff Employees](#)



## APPENDIX III

### Report Distribution & Audit Team

#### Report Distribution

Samantha Allen, VP for Human Resources and Regulatory Affairs  
UTRGV Internal Audit Committee  
UT System Audit Office  
Governor's Office - Budget and Policy  
State Auditor's Office  
Legislative Budget Board

#### Audit Team

Eloy R. Alaniz, Jr., Chief Audit Officer  
Norma Ramos, Director of Audits  
Cecilia I. Sánchez, Senior Auditor