

Institutional Advancement Inventory Audit

Audit Report #26-AS1566
March 13, 2026



The University of Texas at El Paso
Office of Auditing and Consulting Services

"Committed to Service, Independence and Quality"



The University of Texas at El Paso
Office of Auditing and Consulting Services

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March 13, 2026

Dr. Heather Wilson
President, The University of Texas at El Paso
Administration Building, Suite 500
El Paso, Texas 79968

Dear Dr. Wilson:

The Office of Auditing and Consulting Services has completed a limited-scope audit of *Institutional Advancement Inventory*. During the audit, we identified opportunities for improvement and offered the corresponding recommendations in the audit report. The recommendations are intended to assist the department in strengthening controls and help ensure that the University's mission, goals, and objectives are achieved.

We appreciate the cooperation and assistance provided by Institutional Advancement and the Inventory Department staff during our audit.

Sincerely,

A handwritten signature in black ink that reads 'Courtney H. Rios'.

Courtney H. Rios, CPA, CIA, CFE
Chief Audit Executive

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EXECUTIVE SUMMARY

Background

Inventory at UTEP encompasses assets acquired for teaching, research, public service, and administrative operations. Texas Government Code § 403.275 requires agency heads, property managers, and employees entrusted with state property to exercise reasonable care to safeguard and maintain it, and imposes liability when property disappears, deteriorates, or is damaged/destroyed due to negligent or intentional acts.

Audit Objectives

The objective of this audit was to determine if the inventory records of Institutional Advancement are complete and accurate.

Scope

The scope of this audit included **Institutional Advancement's** asset inventory as of December 2, 2025, departmental inventory records, University inventory records, and related documentation regarding the transfer and disposal of assets.

Strengths

Institutional Advancement maintains detailed internal inventory records separate from PeopleSoft. These records track asset purchases, including items such as laptops and specialized equipment, and note the assigned custodians for each asset. This approach supports accountability, facilitates asset management, and supports the accuracy and completeness of inventory.

Summary of Audit Results

Issue	Risk Ranking
1. Three out of 52 assets were missing	High
2. Incorrect account classification	Medium
3. Assets are removed from inventory records without proper documentation	High

Conclusion

Based on the results of audit procedures performed, we conclude that Institutional Advancement inventory records need revision to be complete and accurate. In addition, opportunities to strengthen the University's internal control environment were identified in the Inventory Department.

BACKGROUND

Inventory at UTEP encompasses assets acquired for teaching, research, public service, and administrative operations. This audit focused on two types of assets:

- **Capital Assets:** Tangible personal property with an expected useful life of ≥ 2 years and a unit cost of \$10,000 or more.
- **Controlled Assets:** Certain high-risk items below the capitalization threshold which must be inventoried even if not capitalized. These include computers, cameras, televisions, stereo systems, scanners, printers, and others which cost \$500 or more; firearms are recorded in inventory records at any cost.

Inventory is dispersed across colleges, laboratories, auxiliaries, warehouses, and off-campus locations. Also, it may be funded by multiple sources (state appropriations, federal grants, gifts, and auxiliary revenue), which adds complexity to tracking and stewardship.

Texas Government Code § 403.275 requires agency heads, property managers, and employees entrusted with state property to exercise reasonable care to safeguard and maintain it, and imposes liability when property disappears, deteriorates, or is damaged/destroyed due to negligent or intentional acts. The University's designated property manager is the Vice President for Business Affairs.

The UTEP Inventory Department performs a comprehensive annual inventory of all assets on campus. Any items identified as missing during this process are documented and communicated to the respective department. Each department is responsible for conducting a subsequent follow-up inventory to account for these items.

For a summary of audit criteria refer to [Appendix A](#).

The audit was conducted in accordance with the Institute of Internal Auditors' *Global Internal Audit Standards*.

AUDIT RESULTS

1. Three out of 52 assets were missing

High Risk

The Office of Auditing and Consulting Services (OACS) conducted a physical inventory at the Office of Institutional Advancement. Three out of 52 assets tested for existence were missing. Department staff were unable to provide documentation indicating an approved transfer, disposal, or alternative location (Transfer to Surplus and/or Notification of Missing/Stolen Property Form) when physical inventory was conducted on December 2, 2025.

Assets not located during physical inventory may indicate loss, theft, or unauthorized disposal of University property. In addition, the loss or improper handling of certain assets, such as computers or other electronic devices, could potentially lead to unauthorized access to University data, affecting the confidentiality and integrity of institutional records. The challenges in locating the assets stem from gaps in asset-tracking practices and delays in updating property records when assets are relocated, transferred, or disposed.

[Texas Government Code § 403.275](#) requires agency heads, property managers, and employees entrusted with state property to exercise reasonable care to safeguard and maintain it, and imposes liability when property disappears, deteriorates, or is damaged/destroyed due to negligent or intentional acts.

Recommendation:

Investigate and resolve the disposition of the three missing assets, and update to Accounting and Financial Reporting and campus police using the appropriate forms, if applicable. Update property records to accurately reflect asset custodian, status, location, or disposal. Enhance monitoring procedures to ensure timely reporting of asset relocations, transfers, and disposals.

Management Response:

The three assets were investigated and were not located. We have completed the “notification of missing and stolen property” form for all three items. We will submit the forms to the Inventory Department. We have implemented an enhancement to our internal division’s Asana asset-tracking form to ensure the accurate and timely recording of an asset’s current location when an asset is temporarily or permanently reassigned to a new custodian or removed from the IA office space. This enhancement is reflected in the updated Standard Operating Procedure 2.1.1, University Property.

Responsible Party:

Miguel Gutierrez, IA Associate Director, Institutional Advancement

Implementation Date:

March 1, 2026

2. Incorrect account classification	Medium Risk
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When purchasing an asset through the Miner Mall e-procurement system, departments submit a requisition and select a five-digit account code to classify the type of expense.

Account codes must be selected based on the nature of the financial transaction to ensure:

- proper capitalization,
- expense recognition,
- accurate financial reporting,
- the proper identification of allowable and unallowable costs, and
- compliance with established chart of accounts guidance in the UTEP Business Process Guidelines

In the sample of assets tested, 37 out of 70 (53%) assets were classified using an incorrect account code. Controls were not in place to detect the errors prior to the approval of the purchase requisition.

For example, many laptops were classified under account code 63003 - Consumable Office/Computer Supplies instead of the appropriate account code 63163 Computer Equipment Controlled.

Misclassified transactions reduce the reliability of financial data used for reporting, analysis, and decision making. Errors at the account detail level can distort expense trends, budget comparisons, and other financial analyses.

Recommendation:

Management should review the Inventory Purchase Classification Guidelines and use them as the basis for all asset purchases. In addition, business managers at Institutional Advancement should monitor purchases to identify and correct misclassifications timely and ensure alignment with applicable account codes. Requisitions with incorrect expense accounts should be sent back for revision.

Management Response:

The Inventory Purchase Classification Guidelines have been incorporated into Standard Operating Procedure 2.1.1, University Property, and have been reviewed with IA business transaction processors to avoid using the incorrect account classification code

during the procurement of capital and controlled assets. The business manager will monitor purchases to identify and correct misclassification timely. Any incorrect requisitions will be returned for corrections.

Responsible Party:

Miguel Gutierrez, IA Associate Director, Institutional Advancement

Implementation Date:

March 1, 2026

3. Assets are removed from inventory records without proper documentation

High Risk

Inventory Services conducts an annual physical inventory of the University's assets. A list of missing assets is provided to University departments after each cycle is completed. After three inventory cycles, asset status in PeopleSoft is changed from "In-Service" to "Disposed" thus removing it from a department's records.

The annual physical inventory is a three-phase process:

1. At-large scan of every asset found at the University
2. The Inventory Department compiles a specific list of assets that were not found during phase one and conducts a search for these assets
3. Capital and controlled items that are still missing after the initial two phases are searched for again

Assets are removed from inventory records without proper documentation such as a Notification of Missing/Stolen Property, Police Report, or Surplus Transfer form completed by the asset custodian or department. This increases the risk of inaccurate inventory records, theft and loss of University property since assets are removed from inventory without accountability from the custodian and the department.

Even though departments receive communication of the assets missing during the physical inventory, departments/custodians do not follow up on these issues and no one else is notified.

[Texas Government Code § 403.275](#) requires agency heads, property managers, and employees entrusted with state property to exercise reasonable care to safeguard and maintain it, and imposes liability when property disappears, deteriorates, or is damaged/destroyed due to negligent or intentional acts. In addition, the time frame of disposal currently established, three years, is not consistent with [State Comptroller policy](#) which indicates a two-year period.

Recommendation:

The Inventory Department should escalate the notification of missing assets to the department head and supervisor of those custodians with missing assets. In addition, the practice of disposing assets in the accounting system without the appropriate Notification of Missing/Stolen Property, Police Report, or Surplus Transfer form should be discontinued. Assets should be removed from inventory records in a two-year period based on State Comptroller requirements.

Management Response:

At the conclusion of the yearly physical assets inventory, the Inventory Department provides every department with a list of located and unaccounted assets under their custody. The Inventory Department will follow up after a few weeks and in case there is no action on the part of the department's custodian, will escalate the notification to the department's head and supervisor. Also, the current practice of removing assets from the database will be revised to comply with State Comptroller's requirements.

Responsible Party:

Daniel Dominguez, Director Cash/Property Management and Financial Reporting

Implementation Date:

October 31, 2026

RANKING CRITERIA

Priority	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.
High	A finding identified by internal audit considered to have a medium to high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level.
Medium	A finding identified by internal audit considered to have a low to medium probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.
Low	A finding identified by internal audit considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.

Report Distribution:

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Ms. Joanna Tapia, Senior Auditor

APPENDIX A: AUDIT CRITERIA

[Texas Government Code § 403.275 Liability for Property Loss](#)

[Texas Comptroller of Public Accounts, Fiscal Management SPA Process User's Guide: FPP N.005 Appendix A – Class Codes](#)

[Texas Comptroller of Public Accounts, Fiscal Management SPA Process User's Guide – FPP N.005, Chapter 2 - Missing or Stolen Property](#)

[UTEP Handbook of Operating Procedures, Section 7, Chapter 3: University-Owned Property and Equipment](#)

[Inventory Purchase Classification Guidelines](#)