The University of Texas Rio Grande Valley

ANNUAL INTERNAL AUDIT REPORT FY 2025

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SECTION I
Compliance with Texas Government Code, Section 2102.015: Website Postings

Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Report, and Other Audit Information on Internet Website

Texas Government Code, Section 2102.015, requires state agencies and higher education institutions, as defined in the statute, to post certain information on their internet websites. Accordingly, an entity should post its final audit plan and annual report on its Internet website within 30 days after the audit plan and annual report are approved by an entity's governing board or chief executive.

In accordance with Texas Government Code, Section 2102.015, submitting and posting the fiscal year 2026 Internal Audit Plan and fiscal year 2025 Internal Audit Annual Report is due November 1, 2025. Agencies and higher education institutions are also required to post a summary of actions taken to address issues raised by the audit plan or annual report. In addition, all periodic internal audit reports should be submitted "not later than the 30th day after the date the report is submitted to the state agency's governing board or the administrator of the state agency if the state agency does not have a governing board."

To comply with the requirements of the Texas Government Code, Section 2102.015, the FY 2025 Annual Internal Audit Report is posted on the home page of the UTRGV website under the link https://www.utrgv.edu/audits/tools-and-resources/index.htm.

FY 2026 Internal Audit Plan is posted under the Office of Audits & Consulting Services' website link https://www.utrgv.edu/audits/tools-and-resources/index.htm.

All periodic internal audit reports were submitted to the Governor's Office of Budget, Planning & Policy, State Auditor's Office, Legislative Budget Board, and the Sunset Advisory Commission within 30 days of submitting these reports to UT Rio Grande Valley's Internal Audit Committee. In addition, the periodic internal audit reports were posted to the Office of Audits & Consulting Services' website link https://www.utrgv.edu/audits/tools-and-resources/index.htm

SECTION II

Internal Audit Plan for Fiscal Year 2025

Explanation of Deviations from the Audit Plan

The FY 2025 Audit Plan Status Report indicates that the Office of Audits & Consulting Services did not complete all engagements on its budgeted audit plan. While not all audits/projects on the plan were completed, several engagements were at the draft report stage awaiting management responses. Due to timing, six of those were not issued by fiscal year end and the FY 2026 audit plan was adjusted to include those engagements. Five engagements had just started around the fiscal year-end and were carried forward to the FY 2026 audit plan. In addition, other engagements that were not started during the fiscal year were reassessed during the risk assessment and annual audit plan development process and either added to the FY 2026 Audit Plan or dropped.

Refer to the FY 2025 Annual Audit Plan Status Report for details

The University of Texas Rio Grande Valley
4th Quarter FY 2025 Audit Plan Status

Engagement Title	Original Budget	Additions/ Deletions	Revised Budget	Actual Hours	Variance - Revised Budget to Actual	Percent of Total Revised Budget	Percent of Total Actual Hours	Status as of August 31, 2025	Report/Memo Issue Date
Assurance Engagements									
Clery Audit	25	0	25	115	-90			Carryforward to FY 2026 Audit Plan	-
CPAF Audit	5	0	5	0	5			Carryforward to FY 2026 Audit Plan	-
Grant Drawdown Audit	30	0	30	214.5	-184.5			Carryforward to FY 2026 Audit Plan	-
IT Governance/Procurement Audit	125	0	125	259.5	-134.5			Carryforward to FY 2026 Audit Plan	-
NCAA Financial Aid Compliance Audit	150	0	150	156.5	-6.5			Carryforward to FY 2026 Audit Plan	-
University Staffing Audit	25	0	25	114.5	-89.5			Report Issued #25-ASCF-0006	05/06/2025
UT Health Cosmetic Surgery Clinic Audit	30	0	30	129	-99			Report Issued #24-AEN-02	03/18/2025
UT Health RGV Surgical Clinic - Harlingen Audit	100	0	100	185	-85			Report Issued #23-AEN-03	04/09/2025
Business Continuity Planning/Disaster Recovery Audit	300	0	300	104	196			Carryforward to FY 2026 Audit Plan	-
Charge Description Master Audit	300	0	300	325.5	-25.5			Carryforward to FY 2026 Audit Plan	-
Clinical Trials Billings Audit	300	0	300	0	300			Not Started-Reassessed and on FY 2026 Audit Plan	-
Environmental Health & Safety Audit	400	0	400	0	400			Not Started-Reassessed and on FY 2026 Audit Plan	-
EPIC Provisioning Access Management Audit	400	0	400	191	209			Carryforward to FY 2026 Audit Plan	-
Human Development & School Services Audit	0	250	250	467	-217			Carryforward to FY 2026 Audit Plan	-
Institutional Review Board (IRB) Audit	300	0	300	0	300			Not Started-Reassessed and on FY 2026 Audit Plan	-
Interdepartmental Transfers/Service Centers Audit	350	0	350	0	350			Not Started-Reassessed and on FY 2026 Audit Plan	-
NCAA Recruiting Compliance Audit	300	0	300	0	300			Not Started-Reassessed and on FY 2026 Audit Plan	-
School of Medicine PeopleSoft Inventory Mgmt System Audit	300	0	300	0	300			Not Started-Reassessed and on FY 2026 Audit Plan	-
Termination & Transfer of Employees Audit	350	0	350	12	338			Carryforward to FY 2026 Audit Plan	-
UT Health Clinics-Privacy Audit	400	0	400	357.25	42.75			Report Issued #RGV-25AS-0011	04/09/2025
Assurance Engagements Subtotal	**4190**	**250**	**4440**	**2630.75**	**1809.25**	**42.92%**	**29.83%**		
Advisory and Consulting Engagements									
AIM Expenditures	300	-300	0	0	0			Dropped and Hours Repurposed	-
Athletics Business Consulting	0	200	200	0	200			Not Started-Reassessed and not included on FY 2026 Audit Plan	-
Education, Training and Advice to Institutional Departments	450	0	450	661.5	-211.5			Ongoing	-
Executive Leadership Meetings and Others	200	0	200	109	91			Ongoing	-
Institutional Committee Meetings and Adhoc Workgroups	350	0	350	148.5	201.5			Ongoing	-
Onboarding and Key/Card Process Consulting	0	150	150	43.5	106.5			Carryforward to FY 2026 Audit Plan	-
Advisory and Consulting Engagements Subtotal	**1300**	**50**	**1350**	**962.5**	**387.5**	**13.05%**	**10.91%**		
Required Engagements									
Audits/Reviews by External Agencies	50	0	50	124.5	-74.5			Ongoing	-
FY 2024 Financial Audit-Final	9	0	9	0	9			No Assistance Provided	-
FY 2025 Financial Audit-Interim	6	0	6	0	6			No Assistance Provided	-
JAMP (Academic)	150	0	150	161	-11			Report Issued #RGV-25-RQ-0004	10/31/2024
KNAPP Family Practice Residency Program Audit	125	0	125	137.5	-12.5			Report Issued #25-RQ-0005	01/10/2025
McAllen Family Practice Residency Program Audit	125	0	125	129	-4			Report Issued #25-RQ-0006	01/10/2025
NCAA Agreed Upon Procedures	40	0	40	9	31			Completed	-
Nursing Shortage Reduction Program Grant Audit	200	0	200	254.5	-54.5			Report Issued #25-RQ-0008	08/29/2025
TEC 51.9337 Compliance Assessment Audit	26	0	26	23	3			Completed-Annual Internal Auditor's Report	10/31/2024
Required Engagements Subtotal	**731**	**0**	**731**	**838.5**	**-107.5**	**7.07%**	**9.51%**		
Investigations									
Reserve Hours for Investigations	200	-200	0		0				
Vendor Payment Redirect Investigation	0	400	400	148.5	251.5			Memo Issued	6/4/2025
Investigations Subtotal	**200**	**200**	**400**	**148.5**	**251.5**	**3.87%**	**1.68%**		
Follow-Up									
1st Quarter	50	0	50	69.5	-19.5			Completed	-
2nd Quarter	50	0	50	20.5	29.5			Completed	-
3rd Quarter	50	0	50	36	14			Completed	-
4th Quarter	200	-150	50	26	24			Completed	-
Follow-Up Subtotal	**350**	**-150**	**200**	**152**	**48**	**1.93%**	**1.72%**		
Development - Operations									
Annual Audit Plan and Risk Assessments	500	0	500	441.5	58.5				
Annual Internal Audit Report	50	0	50	52.5	-2.5			Report Issued	10/31/2024
Development/Maintenance of Technologies	450	-250	200	240.5	-40.5				
Internal Audit Committee Meetings	300	-100	200	213	-13				
Internal Quality Assurance Review	100	0	100	20	80				

The University of Texas Rio Grande Valley
4th Quarter FY 2025 Audit Plan Status

Engagement Title	Original Budget	Additions/ Deletions	Revised Budget	Actual Hours	Variance - Revised Budget to Actual	Percent of Total Revised Budget	Percent of Total Actual Hours	Status as of August 31, 2025	Report/Memo Issue Date
Management of Audit Activity	600	0	600	876	-276				
UT System Meetings and Reporting	100	0	100	140.5	-40.5				
Development - Operations Subtotal	**2100**	**-350**	**1750**	**1984**	**-234**	**16.92%**	**22.49%**		
Development - Initiatives and Education									
Internal Audit Office Organization and Strategic Initiatives	100	0	100	104	-4				
Internal Auditing Education Partnership Program	38	0	38	37	1				
New Audit Management System Familiarization	300	0	300	709.5	-409.5				
Professional Development	710	0	710	1138.5	-428.5				
Professional Organizations	25	0	25	2.5	22.5				
UT System Audit Office Initiatives	100	0	100	112	-12				
Development - Initiatives and Education Subtotal	**1273**	**0**	**1273**	**2103.5**	**-830.5**	**12.31%**	**23.85%**		
Reserve									
Reserve Hours for Unanticipated Projects	200	0	200		200				
Reserve Subtotal	**200**	**0**	**200**		**200**	**1.93%**	**0.00%**		
Total Audit Hours	**10344**	**0**	**10344**	**8819.75**	**1524.25**	**100%**	**100%**		

TEC Section 51.9337(h) Assessment & Benefits Proportionality Audit

Senate Bill 20 (86th Legislative Session) made several modifications and additions to Texas Government Code and Texas Education Code (TEC) related to purchasing and contracting. Effective September 1, 2015, TEC §51.9337 requires that "The chief auditor of an institution of higher education shall annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor."

The UTRGV Office of Audits & Consulting Services conducted this required compliance assessment for the fiscal year 2025, and our conclusion is as follows:

Based on our review of current institutional policies, the UT System policies, and the UT System Board of Regents Rules and Regulations, UTRGV has generally adopted all the rules and policies required by TEC §51.9337. The review and revision of institutional policies are an ongoing process. These rules and policies will continue to be assessed annually to ensure continued compliance with TEC 51.9337.

In addition, Rider 8, of the General Appropriations Act (87th Legislature, Conference Committee Report) requires each higher education institution to consider audits of benefits proportional by fund using a methodology approved by the State Auditor's Office based on risk. We deemed the risk of benefits proportionality as low; therefore, an audit was not included in the FY 2026 Audit Plan.

FY 2025 Observations and Action Plans

REPORT NO.	REPORT DATE	REPORT NAME	OBSERVATIONS	MANAGEMENT RESPONSES/ACTION PLANS	IMPLEMENTATION STATUS
UTRGV 25-RQ-0004	10/31/2024	Joint Admission Medical Program (JAMP) Audit	No Findings	Not Applicable	Not Applicable
UTRGV 25-RQ-0005	1/10/2025	Knapp Family Practice Residency Program Audit	No Findings	Not Applicable	Not Applicable
UTRGV 25-RQ-0006	1/10/2025	McAllen Family Practice Residency Program Audit	No Findings	Not Applicable	Not Applicable
UTRGV 24-AEN-02	3/18/2025	UT Health RGV Cosmetic Surgery Clinic Audit	We reviewed policies 09.01MM Medication Management and 09.04MM Medication of the Patient's Medication. The policies do not address procedures for reporting discrepancies in inventory or for documenting disposal of waste. Additionally, both policies have not been reviewed and updated since December 2019.	Policies are currently being reviewed in preparation for the Ambulatory Surgical Center and Cancer Center, they should be completed by 02/28/2025. 09.04MM Management of the Patient's Medication was reviewed on 01/08/2021 by Michael Dobbs, MD Leadership is exploring options for an electronic policy management system to assist in the administration of clinical policies, ensuring timely updates and efficient oversight. The expectation is to have it in place in early 2025.	In Progress
UTRGV 24-AEN-02	3/18/2025	UT Health RGV Cosmetic Surgery Clinic Audit	The control environment surrounding the medication management process at the clinic is a manual process. The lack of an automated inventory tracking system increases the reliance on periodic inventory counts, medication inventory logs, and other supporting documentation. We observed the following: An inventory of medication is not conducted on a set schedule. Clinic personnel did not conduct periodic physical inventories or reconciliations to logs and other supporting documentation. Prior to July 2023, clinical staff did not maintain a medication inventory log. This log is used to track medication received, expired medication dates, physician orders, and who removed medication for dispensing.Receiving documentation such as packing slips and invoices are maintained in a binder at the clinic and filed by month. We reviewed two orders for the prescription drug Botox, which were identified during this audit scope, to determine if receiving documentation was maintained in the binder. We noted that receiving documentation for one Botox order could not be found. In July 2023, a log was developed to track the prescription drug Botox, but it doesn't align with the medication inventory log found in the policy. Additionally, the university is in the process of implementing a PeopleSoft inventory module which will track clinic supplies and will be integrated with our new EPIC Electronic Health Record System and the Jaegger Procurement System.	Log was created on 07/2024, Medical Assistant was able to add patient and medication information going back to 01/31/2023 by running a report on the EMR used at that time. Currently each clinic is responsible for creating and maintaining their medication logs. We will ensure a manual periodic reconciliation process is maintained at each clinic. Future state includes an automated inventory management system, which will tentatively go live once the New Surgical Center opens on 04/2025. Log has been attached.	In Progress
UTRGV 23-AEN-03	4/9/2025	UT Health RGV Surgical Clinic - Harlingen Audit	No Findings	Not Applicable	Not Applicable
UTRGV 25AS-0011	4/9/2025	UT Health Clinics Privacy Audit	Confidential	Confidential	Confidential
UTRGV 25-ASCF-0006	5/6/2025	University Staffing Audit	Currently, nepotism rule is mentioned in HOP ADM 04-206 Recruitment and Hiring of Staff Employees and reference University of Texas System Board of Regent's Rules and Regulations Rule 30106, Nepotism. However, there are no formal UTRGV policies and procedures to provide uniform guidance for disclosing and monitoring familial relationships in adherence to Regent Rule.	A HOP policy governing nepotistic relationships among employees and the required reporting of such relationships is being drafted and reviewed.	In Progress
UTRGV 25-ASCF-0006	5/6/2025	University Staffing Audit	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. No mechanism or guidance exists to disclose any relationships that develop while employed that may create a conflict of interest.	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.	In Progress

REPORT NO.	REPORT DATE	REPORT NAME	OBSERVATIONS	MANAGEMENT RESPONSES/ACTION PLANS	IMPLEMENTATION STATUS
UTRGV 25-ASCF-0006	5/6/2025	University Staffing Audit	We selected 34 employees identified as having a familia relationship and found that 28 employees did not have a management plan on file. 12 of the 28 were involved/engaged in a sponsored project of which 6 individuals had multiple projects. 6 employees with a management plan on file did not address sponsored program conflict of interest	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 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.	In Progress
UTRGV 25-RQ-0008	8/29/2025	Nursing Shortage Reduction Program Grant Audit	A separate cost center was not created for the NSRP award to account for expenditures. The cost center used was recycled. Title 19 Texas Administrative Code §22.508 and the THECB NSRP Program Announcement states, "any award under each institution awarded a grant under this program must be accounted for separately by institution and year."	We have been coordinating with the Research Division to ensure all NSRP awards are properly recorded. Starting last year, we began creating separate project numbers for each NSRP-funded award to improve tracking and reporting. The NSRP award # 00950 for $121,177.95, covering the period from 07/30/2024 to 08/31/2028, was recorded under its own project number as part of this updated process. We are continuing this approach and are currently in the process of setting up a new project number for the latest NSRP award, which was confirmed earlier this week.	Implemented

SECTION III
Consulting Services and Other Activities

CONSULTING SERVICES AND OTHER ACTIVITIES

Date Completed	Name of Engagement	High-Level Non-Audit Services Objective(s)	Observation/Findings and Recommendations	Fiscal Impact/Other Impact
6/4/2025	Vendor Payment Redirect Investigation	Determine the circumstances of a UTRGV vendor payment wired to the wrong bank account.	Vendor was not contacted via phone call to confirm changes. Document procedures and training, vendor initiated changes via PaymentWorks must be completed by vendor, non-PaymentWorks vendor changes must be approved by supervisory level, PS vendor management system access must be limited to defined user group based on role, and vendor communication and response must be coordinated and timely when vendor payment issues arise.	Fiscal Impact & Process Improvement

SECTION IV
External Audit Services

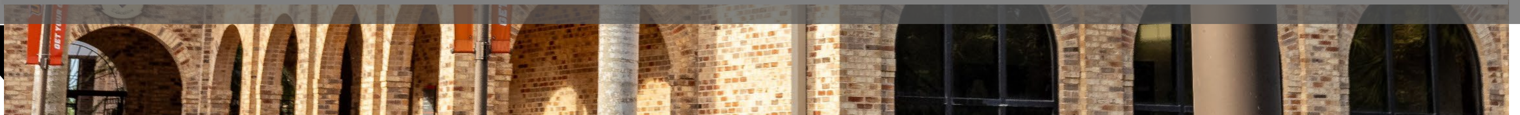
EXTERNAL AUDIT SERVICES PROCURED IN THE FISCAL YEAR 2025

Report Date	Type of Service	Objective
January 15, 2025	NCAA Agreed-Upon Procedures conducted by BakerTilly.	Performed procedures to evaluate whether the Statement of Revenues and Expenses of UTRGV's Department of Intercollegiate Athletics is in compliance with NCAA Bylaw 3.2.4.16 for FY 2024.
March 28, 2025 and May 31, 2025	Deloitte & Touche performed a required program specific audit of the Cancer Prevention and Research Institute of Texas (CPRIT) Program.	Express an opinion on the Schedule of Expenditures of State Awards and compliance on the CPRIT program for the year ending August 31, 2023 and August 31, 2024.
May 22, 2025	Deloitte & Touche performed a program specific audit of the Department of Education Student Financial Assistance Cluster.	Student Financial Assistance Cluster for the year ending August 31, 2024.

SECTION V
External Quality Assurance Review
(Peer Review)

Report of the Independent Validation of the Quality Assessment Review of The University of Texas Rio Grande Valley Office of Audits and Consulting Services

December 2023



December 2023

Eloy R. Alaniz, Jr., Chief Audit Officer
The University of Texas Rio Grande Valley

In September 2023, The University of Texas Rio Grande Valley (UT Rio Grande Valley or the University) internal audit (IA) function, the Office of Audits and Consulting Services (OACS), completed a self-assessment of internal audit activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). UT Rio Grande Valley OACS engaged an independent review team consisting of internal audit professionals with extensive higher education and healthcare experience to perform an independent validation of OACS' QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning IA's conformity to the IIA's *International Standards for the Professional Practice of Internal Auditing* (the IIA *Standards*) and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the Texas Internal Auditing Act (TIAA).

The IIA's *Quality Assessment Manual* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform." "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*. "Partially conforms" means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the IA activity from performing its responsibilities in an acceptable manner. "Does not conform" means deficiencies are judged to be so significant as to seriously impair or preclude the IA activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by OACS, we agree with OACS' overall conclusion that the internal audit function **"Generally Conforms"** with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics, as well as with OACS' conclusions regarding GAGAS and TIAA requirements. Our review noted strengths as well as opportunities for enhancing the internal audit function.

This information has been prepared pursuant to a client relationship exclusively with, and solely for the use and benefit of, The University of Texas System Administration and UT Rio Grande Valley and is subject to the terms and conditions of our related contract. Baker Tilly disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than The University of Texas System Administration and UT Rio Grande Valley.

The review team appreciates the cooperation, time, and candid feedback of executive leadership, stakeholders, and OACS personnel.

Very truly yours,

Baker Tilly US, LLP

Baker Tilly US, LLP

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Summary

Background

Baker Tilly was engaged to conduct an independent validation of The University of Texas Rio Grande Valley (UT Rio Grande Valley or the University) Office of Audits and Consulting Service's (OACS) self-assessment with the assistance of one internal audit executive from a peer institution. The primary objective of the validation was to verify the assertions noted in the attached self-assessment report concerning adequate fulfillment of the organization's expectation of the internal audit activity and its conformity to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (the *IIA Standards*) and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and relevant requirements of the Texas Internal Auditing Act (TIAA).

The scope and approach for the independent validation included:

- Interviewing stakeholders of the OACS function, including the President and other members of UT Rio Grande Valley's leadership team, the chair of the Institutional Audit Committee (IAC), and OACS personnel.
- Reviewing the self-assessment report and a sample of OACS documents related to fiscal years 2021, 2022, and 2023.
- Considering current internal audit activities in relation to the *Standards* promulgated by the IIA as well as GAGAS and TIAA requirements.
- Identifying opportunities to enhance the internal audit function and other institution-wide considerations.

Conclusions of the Independent Review Team

Based on our independent validation of the QAR performed by OACS, it is our overall opinion that the internal audit function **"Generally Conforms"** with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics. The IIA's *Quality Assessment Manual* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform." "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes are judged to be in conformance with the *Standards*. "Partially conforms" means deficiencies in practice are judged to deviate from the *Standards*, but these deficiencies did not preclude the IA activity from performing its responsibilities in an acceptable manner. "Does not conform" means deficiencies are judged to be so significant as to seriously impair or preclude the IA activity from performing adequately in all or in significant areas of its responsibilities.

We agree with OACS' conclusions regarding its adherence to GAGAS and TIAA requirements.

Our review noted strengths as well as opportunities for enhancing the internal audit function and processes that affect OACS' effectiveness, as further detailed on the following pages.

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Observations

Strengths

During our review we noted a number of strengths, including the following:

- **Experience, knowledge, and tenure of team** -- The OACS team has built strong, lasting relationships across campus. Management seeks input from OACS in both formal and informal settings, including on the risk and controls impacts of key University decisions and initiatives. Team members know who to loop in for various discussions and decisions and can help ensure the right stakeholders have a seat at the table.
- **Efficient audit process** – OACS has developed a mature, transparent audit process, which allows for audit objectives, findings, and recommendations to be easily understood by auditees. Further, as the highly tenured OACS team can efficiently execute audits with minimal supervision, there is broader coverage across risk areas, and OACS leadership is able to dedicate time to elevated discussions and emerging risks across campus.
- **Judgement and partnership of the Chief Audit Officer (CAO)** – As a member of the President's Cabinet, the CAO plays a pivotal role in providing valuable insights on committees, leveraging his understanding of emerging risks facing the University. Leadership trusts the CAO's judgment and ability to support enhanced risk mitigation efforts.
- **Skillset of team** – Over time, OACS team members have developed a diverse range of skillsets including IT, healthcare, and research. Within these areas, designated team members have established themselves as go-to resources, fostering relationships to effectively support evolving risks.
- **Team environment and morale** – The OACS team is positive, supported, engaged, and motivated to deliver quality work and value to the University.

For a further sense of the positive feedback from stakeholder interviews, see Appendix E for key words captured.

"The audit process is very transparent. There are no surprises, no "gotcha" … it feels like we are a team solving the problem together."

"OACS provides check and balances—Let's find it and let's fix it."

"OACS is a great team—very open, process-oriented, with the right mindset to facilitate change."

"The CAO and OACS team have great relationships around campus. I trust their judgment and opinions. OACS is not afraid to tell you the good and the bad."

Opportunities for Enhancement

Internal Audit-Specific Observations

The review team agrees with the *Standards* assessment and opportunities for enhancement identified in OACS' September self-assessment report, included in **Appendix D**. We offer the following observations and recommendations to continue to build on OACS' solid performance:

- **Developing additional healthcare expertise and capacity** – As the University opens a surgical center, increases its clinical footprint, and considers opening a hospital, clinical activities may account for half of the University's revenue in coming years. Consider expanding the proportion of OACS time dedicated to healthcare auditing to align with the proportion of University revenue from healthcare. This may include retaining additional skillsets and capacity to meet the evolving needs and risk profile of the University.
- **Expanding current skillsets** – As the University continues to transform and expand, OACS should consider dedicating additional time and growing skillsets in the following. This may require additional time and resources to obtain appropriate specialized training.
  - Sponsored Research – UT Rio Grande Valley is working to achieve R1 status by 2030; as research activity and portfolio size grow, consider growing research audit and advisory work to broaden coverage across the University's research risk landscape.
  - Athletics – The University is expanding its athletics program to include additional sports such as football. A larger athletics program can lead to heightened compliance demands and a need for increased attention regarding revenue (e.g., ticket sales) and cash handling considerations.
  - Information Technology (IT) – Given the inherent risks in the cybersecurity and information security space, IA should dedicate additional time, where feasible, in gaining coverage across the University's IT risk landscape.
- **Engaging in multi-year team planning** – The recent departure of the Assistant Director provides an opportunity to bring in fresh perspectives and new skillsets to the OACS function, as well as additional options for career pathing. Additionally, given the current tenure of OACS team members, consider succession planning or multi-year team planning to help future proof the OACS function. Specifically, identify back up roles and opportunities to cross-train team members, and as team members turnover, consider a transition period (e.g., of at least six months) to help onboard and shift responsibilities to incoming team members.
- **Enhancing communication of independence** – As OACS scopes and plans its various activities, including participation on committees and task forces as well as assurance activities in areas where consulting or advisory reviews were recently performed, the CAO should enhance communication to management as to how OACS maintains and protects its independence in executing its work (e.g., IA charter, staffing different team members on assurance engagements where consulting engagements were recently performed).
- **Leveraging new audit software** -- In pursuit of enhancing operational efficiency, OACS should explore (along with UT System Audit Office) the possibility of leveraging the new audit software to automate client requests and streamline follow-up processes (e.g., status dashboard, capacity to upload follow-up support).

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Institution-wide Considerations

Although our assessment was of the OACS function, the IIA *Standards* require review teams to consider the intersection of OACS activities with risk management and compliance activities across the institution. Addressing these observations will help to optimize the performance of OACS:

- **Refreshing policies and procedures** -- As the University continues to evolve and mature, existing policies and procedures are likely to become outdated, as they have been initially designed for a smaller institution and may no longer align with the current scale and nature of the University. As the University modernizes, OACS, as the resident internal control experts, could fulfill a vital role in providing perspective on processes and controls in place for updated policies and procedures.

Appendix A: Work Performed

In completing our review, the independent review team:

- Conducted interviews with 19 individuals from positions across UT Rio Grande Valley and from the UT System Administration Audit Office (see list in **Appendix B**) to understand their views of the current internal audit function in relation to strategic goals, major initiatives, and challenges
- Reviewed documentation, including:
    - Internal audit charter
    - Organizational charts
    - Recent annual audit plans
    - Recent annual risk assessments
    - Departmental policies and procedures
    - Staff training plans and qualifications
    - Reports to the Audit Committee
    - Sample internal audit reports
    - Quality assurance and improvement plan (QAIP) documentation
    - QAR program guides
    - GAGAS self-assessment guides
    - Work papers for OACS projects performed during the past two fiscal years
- Considered the current internal audit function in relation to the *Standards* promulgated by the IIA in the areas of:
    - Structure and reporting relationships
    - Roles and responsibilities
    - Degree of independence and objectivity
    - Education, training, qualifications, and experience of personnel
    - Management of the OACS activity
    - Quality of OACS deliverables
- Assessed additional materials, as necessary, to further validate the self-assessment completed

Appendix B: Interviews Conducted

Institutional Audit Committee External Members

Mr. Brad Freudenberg, External Audit Committee Member
Mr. Elias Longoria, Chair, External Audit Committee Member

Executive and Senior Leadership

Ms. Karen Adams, JD, Chief Legal Officer
Ms. Samantha Allen, President's Chief of Staff
Mr. Guy Bailey, PhD, President
Ms. Isabel Benavides, Chief Compliance Officer
Mr. Kevin Crouse, Chief Information Security Officer
Ms. Magdalena Hinojosa, EdD, Senior Vice President for Strategic Enrollment and Student Affairs
Ms. Kelly Nassour, PhD, Executive Vice President for Institutional Advancement
Mr. Michael Patriarca, MBA, Executive Vice Dean, School of Medicine, Vice President, UT Health Rio Grande Valley
Mr. Can (John) Saygin, PhD, Senior VP Research and Dean of Graduate College
Mr. Thomas Spencer, PhD, Associate Vice President for Research Operations

Internal Audit

Mr. Eloy Alaniz, Chief Audit Officer
Ms. Angelica Coello, Auditor
Mr. Jose Gomez, Senior IT Auditor
Mr. Paul Plata, Senior Auditor
Ms. Norma Ramos, Director of Audits
Ms. Cecilia Sanchez, Senior Auditor

System Audit Office

Ms. Moshmee Kalamkar, Director of Operations
Mr. J. Michael Peppers, UT System Chief Audit Executive

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Appendix C: Independent Review Team Member Information

Ashley Deihr, CPA, CIA, CFE
Partner, Baker Tilly

With nearly twenty years of experience, Ashley assists institutions to achieve strategic and financial success, optimize operational effectiveness and enhance compliance. Ashley drives innovation through strategic and enterprise risk assessments, internal audit and compliance reviews and investigations and business process reviews. She has assisted clients in developing and reengineering infrastructures, governance practices, internal controls, and business processes to mitigate risk and enhance efficiency, effectiveness and compliance in such areas as budgeting and resource management, financial management and reporting, sponsored research administration, compliance governance and international operations. Ashley is a Certified Public Accountant, a Certified Internal Auditor, and a Certified Fraud Examiner.

Jorge Osorio
Internal Audit Director, St. John's University

With experience spanning nearly two decades, Jorge directs the operations of the internal audit department at St. John's University. He assists the university in attaining strategic and financial success through the development of a multi-year audit plan that aids the university to reach its strategy goals by identifying unexploited opportunities and potential risks. Jorge consults with university administration and executives during audits to streamline existing processes, and presents a semi-annual report of the internal audit activities to the Audit Committee of the Board of Trustees. His work includes fraud investigations, risk assessments and multiple types of audits in the following areas: compliance, regulatory, financial, budgeting, business process, etc. He has assisted external auditors in the performance of financial audits and the Single Audit (A-133). In the past, he also performed Sarbanes-Oxley audit testing. Jorge has bachelor's degrees in accounting and economics, holds a master's degree in taxation, and is a certified construction auditor.

Appendix D: Office of Audits and Consulting Services Self-Assessment Report

MEMORANDUM

DATE: September 27, 2023

TO: Elias Longoria, UTRGV Internal Audit Committee Chair
Guy Bailey, UTRGV Founding President

SUBJECT: Internal Audit Self-Assessment – Internal Audit Activity

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Dear Mr. Longoria,

The Office of Audits & Consulting Services (Office) completed a quality self-assessment of the Internal Audit (IA) activity in preparation for validation by an independent assessor. The principal objective of the review was to assess the IA activity's conformance to The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing* (*Standards*), the IIA's Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the Texas Internal Auditing Act (TIAA). The scope of the review was of the current and prior fiscal years (FY 2022 and 2021), with an emphasis on current practices, and the methodology used was based on the IIA's *Quality Assessment Manual*.

The IIA's *Quality Assessment Manual* suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform." "Generally Conforms" is the top rating and means that an IA activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*. "Partially Conforms" means deficiencies in practice that are judged to deviate from the *Standards* are noted, but these deficiencies did not preclude IA from performing its responsibilities in an acceptable manner. "Does Not Conform" means deficiencies in practice are judged to be so significant as to seriously impair or preclude the IA activity from performing adequately in all or in significant areas of its responsibilities.

It is our overall opinion that our internal audit program Generally Conforms to the *Standards* and Code of Ethics. In addition, it is our overall opinion that the internal audit program is in conformance with *the TIAA,* and as applicable, to *GAGAS.* The internal assessment identified opportunities for further improvement, of which details are provided below.

We appreciate your support for the internal audit function.

Sincerely,

Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Officer

cc: The University of Texas Rio Grande Valley Institutional Audit Committee
J. Michael Peppers, Chief Audit Executive, The University of Texas System Administration

Background

The University of Texas System Institutions and System Internal Audit groups comply with the Texas Internal Auditing Act to have independent quality assessment reviews performed every three years. During this Quality Assurance cycle, each institution conducted a self-assessment with independent validation. The national accounting and advisory firm of Baker Tilly was contracted to perform the independent validation for each institution separately. Recommendations included in this report were presented to Baker Tilly and a representative from an internal audit group of a peer institution to review and confirm.

Scope and Methodology

This was a comprehensive self-assessment in which each institution in the University of Texas System reviewed information about its respective IA practices and policies, including risk assessment and audit planning processes, audit tools and methodologies, engagement and staff management processes, a review of a representative sample of work papers and reports, and interviews with audit staff and campus audit clients and leadership. The results of this review resulted in the following report with recommendations for improvement along with our internal assessment of conformance with the *Standards* that was then validated by Baker Tilly and the peer internal auditor.

Overall Opinion

It is our overall opinion that our internal audit program Generally Conforms to the *Standards* and Code of Ethics. In addition, it is our overall opinion that the internal audit program is in conformance with the *Texas Internal Auditing Act,* and as applicable, with *GAGAS.*

Strengths

We identified the following points of pride:

Staff Experience and Subject Matter Expertise

The audit staff has an average of 25 years of internal auditing experience. The staff consists of highly skilled and qualified professionals with 83% certified as either Certified Internal Auditors, Certified Public Accountants, Certified Information Systems Auditors, or Certified Healthcare Internal Audit Professionals. Additionally, 71% of the staff hold multiple certifications. This knowledge base serves as a unique resource. They are well acquainted with the UTRGV processes and have established relationships with key university personnel.

Relationships with University Leadership and Collaboration

The Office has established collaborative relationships with university leadership. The Executive Leadership has requested that the Office conduct special audits/engagements. Members of the audit staff provide advisory services through their participation in various institutional committees such as the Handbook of Operating Procedures Committee, Operational Information

Technology and Data Governance Committee, Athletics Council, and Clery Compliance Committee, and hiring committees.

The Office collaborates with Institutional Compliance and Legal Affairs Offices in its annual risk assessment and audit plan development process. This eliminates duplication of effort and utilizes combined expertise to evaluate the university's risks. University management calls upon the Office for advice on internal controls, compliance issues, policy interpretation, and operational best practices. The Chief Audit Officer meets with the external members of the Internal Audit Committee bi-monthly to discuss audit activities and attends the president's bi-monthly leadership meetings.

Training

All auditors receive, on average, 40 hours of continuing professional education annually. Auditors are members of various associations and receive specialized training offered by the Institute of Internal Auditors, Information Systems Audit and Controls Association, Association of Certified Fraud Examiners, Association of Healthcare Internal Auditors, American Institute of Certified Public Accountants, Association of College and University Auditors, Texas Association of College and University Auditors, National Council of University of Research Administrators, Society of Corporate Compliance and Ethics, and HealthCare Compliance Association.

Members of a University System

As members of the UT System, the Office has access to a knowledge base with subject matter experts who can provide guidance and information when needed in areas such as Healthcare, Information Technology, Financials, Research and Compliance. In addition, the UT System Audit Office schedules biannual Internal Audit Council meetings bringing together fellow UT institution Chief Audit Executives to discuss current audit issues, risks, and best practices.

Internal Audit Governance

The Chief Audit Officer periodically presents the Internal Audit Charter and the Audit Committee Charter to the Institutional Audit Committee for review and approval if changes are necessary. Also, the Chief Audit Officer typically presents a refresher of Institutional Audit Committee responsibilities in the 1st Quarter Institutional Audit Committee meeting.

Opportunities for Improvement

We identified several opportunities for improvement in the following areas:

1. Ongoing Evaluation of Risks

   The internal audit function facilitates the institution's risk assessment process and uses the final assessment to develop its audit plan. This risk assessment process is performed

annually; however, the risk landscape changes frequently, and the internal audit function should have its finger on the pulse.

Recommendation: The Chief Audit Officer should continue to meet with personnel from high-risk areas more frequently throughout the fiscal year to discuss on-going and emerging risks.

2. Audit Planning Process

   Standards require that the internal audit's planned engagements must be based on documented assessment of the organization's risks, consistent with the organization's goals. The risk assessment process does not include data analytics to enhance IA's understanding of UTRGV's operations and associated risks.

   Recommendation:

   The Chief Audit Officer should develop a strategy and tactical plan to utilize data analytics during the audit planning process to enhance IA's understanding of UTRGV's risks and to support the engagements included on the internal audit plan.

3. Continuous Auditing and Monitoring

   Continuous Auditing (CA) enables IA to continually gather data from processes that support auditing activities. More specifically, CA enables IA to have broader, more proactive reviews while improving IA's value add to UTRGV. IA is not conducting CA activities. Continuous monitoring (CM) enables management to continually review business processes for adherence to and deviations from intended levels of performance and effectiveness. While IA has engaged business owners in developing CM for ProCards and Financial Aid compliance, other areas can benefit from this process.

   Recommendation:

   The Chief Audit Officer should develop a strategy and tactical plan to expand its use of data analytics through continuous auditing. In addition, the strategy should include teaming with more business owners to develop continuous monitoring capabilities for certain high transactional volume business processes and shift monitoring responsibilities to the business.

4. Engagement Closeout

   After the Audit Director issues audit reports to the audit committee members, the auditors are responsible for completing the project engagement close-out process for their assigned projects within the audit management system, which includes finalizing and releasing project engagements to TeamCentral for recommendations tracking. The project engagement recommendations are not released timely to TeamCentral.

Table to Support the Self-Assessment Report

Quality Assessment Evaluation Summary—Overall Evaluation	GC	PC	DNC
OVERALL EVALUATION	✓		

Quality Assessment Evaluation Summary—Major/Supporting *Standards*		GC	PC	DNC
1000	**Purpose, Authority, and Responsibility**	✓		
	1010 Recognition of the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing)	✓		
1100	**Independence and Objectivity**	✓		
	1110 Organizational Independence	✓		
	1111 Direct Interaction with the Board	✓		
	1112 Chief Audit Executive Roles Beyond Internal Auditing	✓		
	1120 Individual Objectivity	✓		
	1130 Impairment to Independence or Objectivity	✓		
1200	**Proficiency and Due Professional Care**	✓		
	1210 Proficiency	✓		
	1220 Due Professional Care	✓		
	1230 Continuing Professional Development	✓		
1300	**Quality Assurance and Improvement Program**	✓		
	1310 Requirements of the Quality Assurance and Improvement Program	✓		
	1311 Internal Assessments	✓		
	1312 External Assessments	✓		
	1320 Reporting on the Quality Assurance and Improvement Program	✓		
	1321 Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”	✓		
	1322 Disclosure of Nonconformance	✓		
2000	**Managing the Internal Audit Activity**	✓		
	2010 Planning	✓		
	2020 Communication and Approval	✓		
	2030 Resource Management	✓		
	2040 Policies and Procedures	✓		
	2050 Coordination and Reliance	✓		
	2060 Reporting to Senior Management and the Board	✓		
	2070 External Service Provider and Organizational Responsibility for Internal Auditing	✓		
2100	**Nature of Work**	✓		
	2110 Governance	✓		
	2120 Risk Management	✓		
	2130 Control	✓		
2200	**Engagement Planning**	✓		
	2201 Planning Considerations	✓		

Quality Assessment Evaluation Summary—Major/Supporting *Standards*		GC	PC	DNC
	2210 Engagement Objectives	√		
	2220 Engagement Scope	√		
	2230 Engagement Resource Allocation	√		
	2240 Engagement Work Program	√		
2300	**Performing the Engagement**	√		
	2310 Identifying Information	√		
	2320 Analysis and Evaluation	√		
	2330 Documenting Information	√		
	2340 Engagement Supervision	√		
2400	**Communicating Results**	√		
	2410 Criteria for Communicating	√		
	2420 Quality of Communications	√		
	2421 Errors and Omissions	√		
	2430 Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"	√		
	2431 Engagement Disclosure of Nonconformance	√		
	2440 Disseminating Results	√		
	2450 Overall Opinions	√		
2500	**Monitoring Progress**	√		
2600	**Communicating the Acceptance of Risks**	√		
	The IIA's Code of Ethics	√		

GC = Generally Conforms
PC = Partially Conforms
DC = Does not Conform

Appendix E: Positive Words from Interviews

Note: The relative size of the words correlates to their occurrence/use by interviewees

SECTION VI
Internal Audit Plan for Fiscal Year 2026

Texas Government Code, Section 2102.005(b) Compliance

The Texas Internal Auditing Act Sec. 2102.005(b) requires that a state agency's internal audit program shall consider methods for ensuring compliance with contract processes and controls and for monitoring agency contracts.

The UTRGV Office of Audits & Consulting Services considers risks related to contracting processes and monitoring controls as well as information technology annually through its risk assessment process when developing its internal audit plan (**Refer to Internal Audit Plan FY 2026**).

In addition, in accordance with the Texas Education Code (TEC) §51.9337 related to purchasing and contracting, the Office of Audits & Consulting Services is required to annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings in the annual auditor's report or in a separate report to the state auditor (**Refer to TEC §51.9337 Compliance in Section II**).

Fiscal Year 2026 Audit Plan

Prepared by: Office of Audits & Consulting Services

Approved by: Internal Audit Committee, July 2025

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Background

In accordance with Texas with Texas Government Code, *Chapter 2102*, referred to as the Texas Internal Auditing Act, The University of Texas System Administration Policy 129, The Institute of Internal Auditors' *Global Internal Audit Standards 9.4 – Internal Audit Plan,* and Generally Accepted Government Auditing Standards, a formal Audit Plan was prepared for fiscal year (FY) 2026. This Audit Plan allows the chief audit executive to carry out the responsibilities of the Office of Audits & Consulting Services. The Office of Audits & Consulting Services is responsible for providing the president of the University of Texas Rio Grande Valley (UTRGV) with information about the adequacy and effectiveness of the institution's system of internal administrative and accounting controls and the quality of operating performance when compared with established standards. Therefore, the overall objective was to develop a standardized Audit Plan which addresses the highest risks of UTRGV.

The Audit Plan is based on risk assessments performed, management input, and available current audit resources. The chief audit executive sought input on the annual plan from the president and executive management. In addition, the chief audit executive reviewed major goals and institutional priorities to identify those areas where value-added audit services could be provided. The methodology used in assessing risk is described below.

Since the Texas State Auditor's Office, the Texas State Comptroller's Office, and The University of Texas System Audit Office audit UTRGV, we will coordinate our audit work to eliminate any duplication of effort. Consequently, we may limit or supplement our work as deemed necessary. Additionally, due to changing circumstances, any additions or deletions to the FY 2026 Audit Plan are communicated to and approved by the UTRGV Internal Audit Committee.

Audit Universe and Risk Assessment Methodology

The plan (Appendix A) is prepared using a risk-based approach to ensure that areas and activities specific to UT Rio Grande Valley with the greatest risk are identified for audit consideration.

As part of the FY 2026 Audit Plan process, a risk assessment was conducted based on a top-down process that included conversations and requests for input with risk collaborators, executives, and managers from the various operating areas on campus. The goal for this risk assessment approach was to start at the top with an awareness of critical initiatives and objectives to ensure the risks assessed were the most relevant. The assessment process was standardized by creating common terms and criteria, enabling the trending of risks and UT System-wide comparisons. An emphasis was placed on collaboration with other functions that assess or address risks such as Institutional Compliance and the Legal Office.

We developed a Risk List through the evaluation of the twenty-one (21) major processes applicable to UTRGV. These twenty-one processes are as follows:

1. Governance
2. Finance
3. Information Technology
4. Research
5. Human Resources
6. Facilities Management
7. Property Management
8. Purchasing/Supply Chain
9. Legal
10. Risk Management
11. Public Services
12. Auxiliary Services
13. University Relations
14. University Development
15. Enrollment Management
16. Student Services
17. Academic Support
18. Instruction
19. Medical Practice Plan
20. Medical Training
21. Medical Services Revenue Cycle

For all critical (red) or high (orange) risks identified on the risk list, either an audit or project was included in the Annual Audit Plan (Appendix A), or an explanation/mitigation strategy was provided on the risk list for those, not on the Audit Plan.

The 84th Legislature passed Senate Bill 20 which requires consideration of risks related to contract management, procurement contracting, sole source agreements, and procurement functions. These risks were considered in our risk assessment process described above.

Scope of Audits

The *Global Internal Audit Standards* addresses the engagement scope of work as follows:

Standard 13.3 – The scope must establish the engagement's focus and boundaries specifying activities, locations, processes, systems, records, components, time period covered in the engagement, and other elements to be reviewed, and sufficient to achieve the engagement objectives.

Internal auditors must consider whether the engagement is intended to provide assurance or advisory services because the stakeholder expectations and the requirements of the *Standards* differ depending on the type of engagement.

Scope limitations must be discussed with management when identified, with a goal of achieving resolution. Scope limitations are assurance engagement conditions, such as resource constraints or restriction on access to personnel, facilities, data, and information, that prevent internal auditors from performing the work as expected in the audit work program.

If a resolution cannot be achieved with management, the chief audit executive must elevate the scope limitation issue to the board according to an established methodology.

Internal auditors must have the flexibility to make changes to the engagement objectives and scope when audit work identifies the need to do so as the engagement progresses.

The chief audit executive must approve the engagement objectives and scope and any changes that occur during the engagement.

The planned scope of each of the audits is described in **Appendix A**.

Risk-Based Audits

The risk assessment process identified areas that are critical or high risk to UTRGV, resulting in audits and projects. A few of those audits include the Interdepartmental Transfers, Institutional Review Board, Radioactive Materials, Denials Management, Artificial Intelligence, Research Data Protection Controls, and IT Asset End of Life, which covers TAC 202 requirements.

Required Audits (Externally and Internally)

The UT System Board of Regents approved an independent CPA firm to conduct the FY 2025 UT System-wide Consolidated Financial Audit. Interim procedures will be conducted during the month of July 2025, and year-end procedures will be conducted in November 2025. The NCAA Agreed-Upon Procedures is an annual requirement in accordance with NCAA regulations and is conducted in November and December by an external firm.

In accordance with the Texas Education §51.9337(h) – "The chief auditor of an institution of higher education shall annually assess whether the institution has adopted the rules and policies required by this section and shall submit a report of findings to the state auditor." This compliance assessment will be conducted in September/October 2025 and the certification will be included in the Annual Internal Audit Report.

Advisory Engagements

Advisory engagements will primarily include Research Core Facilities, Travel and Entertainment Expenses Data Analysis, and a co-sourced clinical trial billing consulting engagement with an external firm. We will continue to provide education, training and advice to institutional departments.

Investigations

Hours have been reserved for any investigations that may arise during the year.

Follow up

Professional standards require that follow-up audits be conducted to ensure that management has taken corrective action on previously reported findings. Reporting to the Institutional Audit Committee on the status of the implementation of the recommendations will continue.

Reserve for Unanticipated Projects

Hours reserved for engagements that may arise during the fiscal year will be captured in the following categories: financial, operational, and special requests.

Development-Operations

The Operations section includes activities necessary to conduct the internal audit function and serve management and governance such as hours allocated for attending the Institutional Audit Committee meetings as well as hours devoted to performing internal quality assurance assessments and an external quality assurance review. It also includes hours towards developing the annual audit plan.

Development-Initiatives and Education

The Initiatives & Education section includes activities that improve the strategic initiatives of the internal audit function and/or its internal leadership and staff.

Budget and Staffing

The budget for this Audit Plan was prepared in accordance with the *FY 2024 UT System Annual Audit Plan Guidelines*. The Office is budgeted for seven auditors. The internal audit staff consists of highly qualified and skilled audit professionals with 71% (5 out of 7) certified. The UTRGV president provides institutional oversight over the chief audit executive (CAE) and the chief audit executive of the UT System Audit Office provides professional oversight of the UTRGV internal audit function. The Institutional Audit Committee provides strategic oversight and direction of all internal audit activities.

The CAE is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), and Certified Information Systems Auditor (CISA) and has over 25 years of audit experience. The director has over 30 years of audit experience and is a CIA and a Certified Government Auditing Professional (CGAP). Three senior staff auditors have many years of auditing experience, two are CIAs, and one is Certified in Healthcare Auditing and a CISA. Our senior IT auditor is also a CISA.

Career development for the staff is a strategic goal of the Office of Audits & Consulting Services, and it is the CAE's practice to create a working environment that facilitates career opportunities for the audit staff within and outside the office. Currently, a staff auditor is pursuing professional certification. The CAE continues to seek low-cost training for its staff and provides them with the opportunity to perform a wide range of audit activities and provide exposure to high levels of management.

Calculation of FY 2026 Audit Hours

The number of audit hours available for FY 2026 was calculated using 2,080 hours per auditor. There are 7.0 budgeted audit positions for the fiscal year. Estimated hours associated with administrative tasks, holidays, training, and other types of leave were deducted to arrive at the available hours for audits and special projects. The Audit Plan includes **10,453 hours** for audits and consulting engagements as well as audit staff and management development hours. The FY 2026 Budget Hours are included in **Appendix B.**

Approval of the Audit Plan

The Audit Plan is reviewed and approved as follows:

- The UT System Audit Office – Audit plan presented on June 27, 2025
- The UTRGV Audit Committee – Audit plan was approved on June 30, 2025
- The UT System Board of Regents – Audit Plan provided on August 20, 2025

Appendix A - FY 2026 Audit Plan (Budgeted Hours)

Fiscal Year 2026 Annual Audit Plan

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Audit Plan Category	Engagement Code	Engagement Title	Budgeted Hours	Engagement Risk Ranking	Primary Taxonomy	Engagement Objective
AS	RGV26AS1318	Interdepartmental Transfers (IDTs) Audit	300	High	Research	Evaluate the proper use of interdepartmental transfers.
AS	RGV26AS1319	Non-Purchase Orders Payments Audit	300	Critical	Finance	Evaluate whether controls are in place to effectively manage the inappropriate use of the non-purchase order check request process.
AS	RGV26AS1320	Accounts Receivable - Athena Audit	250	High	Revenue Cycle - Medical Services	Evaluate the efficiency and effectiveness of the controls over the collections of accounts receivable maintained in the Athena EMR system.
AS	RGV26AS1322	Persons of Interest (POI) Audit	250	High	Human Resources	Determine whether controls are in place to ensure that POIs receive access to services and systems allowed through the POI program.
AS	RGV26AS1332	Radioactive Materials Audit	300	Critical	Risk Management & Compliance	Evaluate the effectiveness of procedures in place to comply with regulatory requirements for radioactive materials and radioactive producing devices.
AS	RGV26AS1333	Assets Management Audit	350	High	Finance	Evaluate whether appropriate controls are in place to effectively account for UT Health RGV and Research assets.
AS	RGV26AS1335	Controlled Substances Audit	300	High	Patient Care Operations	Evaluate controls over the handling, prescribing, and inventory management of controlled substances.
AS	RGV26AS1343	NCAA Recruiting Audit	300	High	Athletics	Determine whether policies and procedures are in place to adhere to NCAA recruitment legislation.
AS	RGV26AS1344	Charge Capture - Surgery Department Audit	300	High	Revenue Cycle - Medical Services	Determine whether controls are in place to ensure that all services provided are accurately documented and translated into billable charges for the Department of Surgery.
AS	RGV26AS1345	Denials Management Audit	300	High	Revenue Cycle - Medical Services	Determine whether controls are in place to identify, address, and resolve denied claims to recover revenue.
AS	RGV26AS1347	IT Asset End of Life Audit	300	High	Information Technology	Evaluate the effectiveness of controls governing the end-of-life phase of IT assets, including decommissioning, data sanitization, secure disposal, and record retention. Meets TAC 202 compliance requirement.
AS	RGV26AS1348	ADA Title II Digital Accessibility Compliance Audit	250	High	Information Technology	Assess the institution's readiness and compliance with the 2024 amendments to the Americans with Disabilities Act (ADA) Title II regulations, specifically regarding the accessibility of web content and mobile applications.
AS	RGV26AS1352	Clinical Laboratory Compliance Audit	250	High	Patient Care Operations	Determine whether controls are in place to comply with Clinical Laboratory Improvement Amendments requirements.
AS	RGV26AS1356	Artificial Intelligence (AI) Audit	200	High	Enterprise Activities	Evaluate the design, implementation, and effectiveness of governance structures, risk management practices, and internal controls related to the use of Artificial Intelligence (AI) technologies within UTRGV.

Fiscal Year 2026 Annual Audit Plan

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Audit Plan Category	Engagement Code	Engagement Title	Budgeted Hours	Engagement Risk Ranking	Primary Taxonomy	Engagement Objective
AS	RGV26AS1357	Authorizations Process Audit	250	High	Revenue Cycle - Medical Services	Assess the effectiveness of the authorization process to support patient care and operational efficiency.
AS	RGV26AS1358	Research Data Protection Controls Audit	300	High	Information Technology	Assess the adequacy and effectiveness of data protection controls over confidential research data. Meets TAC 202 compliance requirements.
ASCF	RGV26ASCF1346	Termination and Transfer of Employees Audit - Carryforward from FY2025	200	High	Human Resources	Evaluate the effectiveness of the processes related to the disabling and updating of terminated and transferred employees' access to UTRGV applications and networks.
ASCF	RGV26ASCF1349	EPIC Provisioning Access Management Audit - Carryforward from FY2025	100	High	Revenue Cycle - Medical Services	Ensure access controls are in place to manage user access and determine whether access to critical EMR systems is appropriate and monitored. Meets TAC 202 compliance requirements.
ASCF	RGV26ASCF1350	Institutional Review Board (IRB) Audit - Carryforward from FY2025	100	High	Research	Evaluate key activities of the IRB in the protection of human subjects in research.
AD	RGV26AD1250	Institutional Committee Meetings and Adhoc Workgroups	200	NA	NA	Attend campus committee meeting and other meetings in an advisory capacity (i.e., Executive Compliance Committee, Handbook of Operating Procedures Committee, Endowment Compliance Commitee, Research Security Governance Committee, Operational IT and Data Committee, Data Governance Committee, Athletics Council Compliance Subcommittee, Clery Compliance Committee, PCI Workgroup, etc.)
AD	RGV26AD1252	Education, Training and Advice to Institutional Departments	450	NA	NA	Provide internal controls training and/or assistance to institutional support offices and UTRGV supervisors, cost/project center reviewers.
AD	RGV26AD1253	Executive Leadership Meeting and Others	150	NA	NA	Attend standing or impromptu meetings with Executive Leadership and Management.
AD	RGV26AD1323	Clinical Trials Billing Consulting	500	Critical	Research	Assess the effectiveness of controls for clinical trials billings process. Planned Co-Source.
AD	RGV26AD1331	Research Core Facilities Consulting	250	High	Research	Provide assistance to research management in establishing research core facilities.
AD	RGV26AD1359	Travel & Entertainment Expenses Data Analysis	150	Critical	Finance	Utilize PowerBi to analyze travel and entertainment expenses for compliance with policy.
RQ	RGV26RQ1325	FY 2025 Financial Audit - Interim	6	Low	Finance	Assist External Auditors in FY2025 UT System wide AFR audit interim work.

Fiscal Year 2026 Annual Audit Plan

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Audit Plan Category	Engagement Code	Engagement Title	Budgeted Hours	Engagement Risk Ranking	Primary Taxonomy	Engagement Objective
RQ	RGV26RQ1326	FY 2025 Financial Audit - Final	9	Low	Finance	Assist External Auditors in FY2025 UT System wide AFR audit final work.
RQ	RGV26RQ1327	TEC 51.9337 Compliance Assessment Audit	20	Low	Finance	Annual assessment that UTRGV has adopted the rules and policies required by 51.9337.
RQ	RGV26RQ1421	Audits/Reviews by External Agencies	75	NA	NA	Assistance to external agencies auditing UTRGV such as the Statewide Single Audit, Sponsored Program Reviews, NCAA AUP, etc.
IV	RGV26IV1206	Investigations Reserve	300	NA	NA	Investigations of fraud resulting from hotline and other sources.
FL	RGV26FL1207	1st Quarter Follow Up	50	NA	NA	Follow up on engagement recommendations during the 1st Quarter of FY 2026 and reported to the Institutional Audit Committee.
FL	RGV26FL1208	2nd Quarter Follow Up	50	NA	NA	Follow up on engagement recommendations during the 2nd Quarter of FY 2026 and reported to the Institutional Audit Committee.
FL	RGV26FL1209	3rd Quarter Follow Up	50	NA	NA	Follow up on engagement recommendations during the 3rd Quarter of FY 2026 and reported to the Institutional Audit Committee.
FL	RGV26FL1211	4th Quarter Follow Up	50	NA	NA	Follow up on engagement recommendations during the 4th Quarter of FY 2026 and reported to the Institutional Audit Committee.
OP	RGV26OP1241	Annual Audit Plan and Risk Assessments	500	NA	NA	Conduct risk assessments capturing institutional risks and develop FY 2027 annual audit plan based on critical and high risks.
OP	RGV26OP1242	Internal Quality Assurance Review	100	NA	NA	Perform periodic internal quality assessments as required by the Global Internal Audit Standards, includes preparation for the next external quality assurance review.
OP	RGV26OP1243	Institutional Audit Committee Meeting	300	NA	NA	Prepare agenda and participation in the Internal Audit Committee Meetings.
OP	RGV26OP1244	Annual Internal Audit Report	50	NA	NA	Prepare state required FY 2025 annual internal auditor's report. Due: November 1, 2025.
OP	RGV26OP1245	Development & Maintenance of Technologies	200	NA	NA	Maintenance of audit program templates in eCase, includes eCase Champions meetings and reporting of technical issues. Also includes other technologies such as data analytics software.
OP	RGV26OP1246	CAE & Director Audit Management	300	NA	NA	Management of Audit Activity including development, hiring, promoting department, includes CAEs time spent engaging with staff in Brownsville.
OP	RGV26OP1247	Staff Meetings	300	NA	NA	Monthly in-person and biweekly staff meetings to discuss updates/status of multiple projects, includes travel time between RGV locations.

Fiscal Year 2026 Annual Audit Plan

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Audit Plan Category	Engagement Code	Engagement Title	Budgeted Hours	Engagement Risk Ranking	Primary Taxonomy	Engagement Objective
OP	RGV26OP1248	UT System Audit Meetings and Reporting	100	NA	NA	CAE biweekly meetings and monthly meetings as well as reporting requests.
IE	RGV26IE1232	UT System Strategic Initiatives	43	NA	NA	Participation in System Audit Office Strategic Initiatives.
IE	RGV26IE1233	Professional Development	800	NA	NA	Training for professional staff, such as continuing professional education (CPE) from licensed providers, UTRGV mandated training, and other non-CPE training, including travel time.
IE	RGV26IE1234	UTRGV & Internal Audit Office Organization and Strategic Initiatives	100	NA	NA	UTRGV strategic initiatives as well as assessing internal audit strategic plan outcomes and making necessary adjustment to tactical plan based on assessment. This includes updating internal audit manual and procedures.
IE	RGV26IE1235	Internal Auditing Education Partnership (IAEP) Program	50	NA	NA	Providing assistance to the Robert C. Vackar College of Business & Entrepreneurship School of Accountancy with the IAEP program.
XX	RGV26XX1249	Unanticipated Projects Reserve	400	NA	NA	Unanticipated projects and management requests.
		Total Budgeted Hours	**10453**			

Audit Plan Summary

Audit Plan Category		Budgeted Hours	Percentage of Budgeted Hours
AS & ASCF		4900	46.88%
AD & ADCF		1700	16.26%
RQ & RQCF		110	1.05%
IV & IVCF		300	2.87%
FL		200	1.91%
OP		1850	17.70%
IE		993	9.50%
XX		400	3.83%
	Total	**10453**	**100.00%**

Appendix B - FY 2026 Available Audit Hours

The University of Texas Rio Grande Valley
FY 2026 Annual Audit Plan
FY 2026 Internal Audit Estimated Budget $1,197,087

Calculation of Available Hours

	CAE Director	Management Team	Staff	Co-source (as applicable)	Total	%
Audit Hours*	1,535	1,510	6,908	500	**10,453**	75%
Non-Audit Hours:						
General Administration	225	225	900		1,350	10%
Holidays	120	120	540		780	6%
Vacation & Sick Leave	200	225	1,013		1,438	10%
Total Available Hours	2,080	2,080	9,360	500	14,020	100%
Gross Budgeted Positions (# of FTEs)					7.00	
Vacancies (# of Net FTEs)					0.50	
Net Positions (# of FTEs)					6.50	

Reminders:

AUDIT HOURS SHOULD BE EQUAL TO TOTAL BUDGETED HOURS ON TAB B - ENGAGEMENTS <> **10,453**

Audit Hours SHOULD be approximately 70 – 80% of Total Available Hours

Audit Hours SHOULD include co-source staffing for engagements that are on the audit plan in Tab B

Audit Hours SHOULD include Training/CPE hours in Initiatives & Education category

Audit Hours SHOULD *NOT* include students/interns unless they will be tracking time in TimeXpress *(non-typical)*

Non-Audit Hours SHOULD include G&A, holidays, and leave

Total Available Hours (Audit/Direct + Non-Audit/Indirect) SHOULD be calculated using expected staff levels, considering gross FTE positions minus estimate of FTE position vacancies and turnover

	Total	Holiday	V/S Leave	GA	Projects
CAO	2,080	120	200	225	1,535
Director	2,080	120	225	225	1,510
Senior Auditor	2,080	120	225	200	1,535
Senior Healthcare Auditor	2,080	120	225	200	1,535
Senior IT Auditor	2,080	120	225	200	1,535
Healthcare Auditor	2,080	120	225	200	1,535
Auditor	2,080	120	225	200	1,535
Co-Source	500	-	-	-	500
Total Available Hours	15,060	840	1,550	1,450	11,220
Less 50% estimated vacancy	(1,040)	(60)	(113)	(100)	(768)
Net Available Hours	14,020	780	1,438	1,350	10,453

Appendix C - Critical & High Risks Not on FY 2026 Audit Plan

Detailed Risk Statement	Risk Mitigating Factors
Asset Identification, Management & Compliance - downtime, breaches, and loss of public confidence due to poor asset management and system.	Network Access Control (NAC) being implemented
Data Identification and Classification Project - ineffective management and protection of sensitive information, adherence to regulatory requirements, access controls.	Project planning and initial implementation for the Microsoft Purview data protection and compliance.
Decentralized IT groups not adhering to centralized processes and protocols creates broad data and network security concerns.	FY 24 Decentralized It Audit
Identity Governance - lack of strategy and resources to implement a modern identity governance program.	Planning is underway to evaluate the design and cost of a modern 21st century identity governance strategy and operations.
Insufficient security (ISO & IT) staff reducing the ability to secure and monitor critical resources, respond to IT and IS requests, and timely address service failures.	The Office of CISO is hiring new staff positions.
Lack of an effective process between IT Governance and Procurement may delay or negatively impact the purchase of needed Software	FY 25 IT Governance/Procurement Audit
Failure to prohibit and prevent use of Prohibited Technologies.	Implementation planning is underway by management.
Unable to keep up with Artificial Intelligence (AI) threats and misuse	Draft policy under review.
Inability to resume business operations timely in the event of a disaster that affects system availability or data integrity	FY 2025 Audit
Not terminating or modifying employee accounts when employees change job titles or exit the university results in sensitive data and system resources lost or stolen.	FY 2025 Audit
SOM - new medical center IT devices not managed by central IT	Management is addressing risk.
Breach or loss of sensitive/confidential institutional data stored or processed on unapproved third-party and/or cloud services.	Improved user education. FY 22 Cloud/3rd Party Security Management Audit.
Inability to adjust with the velocity of vendors updating software	Management is addressing risk through operations.
Inability to comply with requirements of the new UTS 165 security rules.	Management is addressing risk through operations with hiring new staff positions.
Patch and Vulnerability Management Process - exposure to devices and network resources due to outdated applications and/or unpatched systems.	Using tools (penetration testing, vulnerability scanning, reporting metrics, etc.) to address this risk. In addition, new information security staff positions are being added.
Security compromise due to insider threats	Multi-factor authentication (MFA) for major systems. Global Protection has been implemented, Endpoint Detection and Response (EDR) monitoring East - West lateral movement traffic monitoring and increase number of Information Security staff.
Incomplete inventory of electronic medical devices	Inventory Management System in PeopleSoft will interface with EPIC.
SOM - EPIC access to UT Health RGV patient data by contracted EPIC community connect partner.	Access to EPIC Data can only be access by individuals who have EPIC certifications.
Finance-Financial Accountability -SOM Accounting Roles and Institutional Finance roles overlapping	Management is addressing the overarching structure, including understanding the extensive job responsibilities within SOM and any duplication already conducted by Financial Services or others (HR, SE, etc.). Items under consideration include: (1) need to enhance the lines of communication; (2) understanding of job responsibilities. Fit for Growth Report (identifies duplicate functions)
Inaccurate financial statements and related reporting	Internal validations and extended checklist completed by AFR team (Fiscal Year-end Financial Task file) Formal documented processes for MFR, Sources & Uses and other major related reporting. SAHARA and internal reconciliations, external audits, semi-annual inspections of departmental monthly reconciliations. Routine collaborations with impacted departments. Maintain adjustments file with supporting documentation for assumptions and calculated projections. UT System AFR SmartView checks

Detailed Risk Statement	Risk Mitigating Factors
Non-compliance with accounting standards (GAAP, GASB, State, UT System, etc.) can lead to reduced appropriations, restatements, legal exposure	Ongoing training, policy updates, compliance checks, annual professional development, including collaboration with UT System on new GAAP/GASB implementations; AFR review checklist and UT System AFR review Staff attends annual UT System AFR workshops and Texas Comptroller Fiscal Management Accounting Policy Meetings Collaboration with Planning & Analysis, Student Accounting, Grants Accounting and Research to confirm accurate related financial reporting Confirm IFRS reporting agrees to the AFR before finalizing the report
Inaccurate employee payroll processing, including remitting taxes due. Payroll errors (incorrect payroll calculations, overpayments, underpayments, missed payments) will lead to employee dissatisfaction and financial discrepancies. Inaccurate or outdated employee data will lead to Incorrect payments, tax reporting errors and incorrect mailing of tax documents. Vendor data can be compromised, thus sending the payment to the wrong vendor. Inaccurate validation of payroll processing	Extensive payroll data validation, HR/payroll system integration, collaboration with HR regarding personnel action updates, employee and department training A third-party system is used to determine U.S. tax residency status, conduct tax analysis, and apply the applicable tax rules and tax treaty exemptions. This third-party system complies with the institution's safeguard standards. Access to the system is role-based and restricted to designated members of the tax compliance team, Business Analysts (BAs), and IT Application Administrators. Payroll tax records are established based on the employee's U.S. tax residency status to ensure accurate withholding and reporting in accordance with IRS regulations All manual adjustments to salaries and payout entries are entered and reviewed by both HR and Payroll for double validation
Inaccurate payroll processing will lead to incorrect tax reporting to the IRS (941, W-2, 1098T), SSA, TRS, and HRIS	All applicable taxes are withheld in the calendar year the benefit is received. Taxation is applied uniformly to all employees, with no exceptions, in accordance with IRS regulations. Additionally, all fringe benefit data is reviewed and verified as part of the year-end reporting process Records of fringe benefit transactions are maintained for four calendar years, in compliance with institutional policy and IRS requirements. IRS regulations are actively monitored to ensure continued compliance with federal tax laws and reporting requirements
Inaccurate standard data collection for payroll processing. Ghost employees, falsified/inaccurate hours, unauthorized changes to payroll records can lead to financial loss and legal consequences or departments missing set payroll deadlines	Collaboration with HR, training for departments and payroll staff, segregation of duties, data audit trails, supervisor/employee review of payroll data integrity Verification of employee bank updates (TEAMS or phone call)
Failure to set-up accounts, account invoicing, account reconciling against met clinical milestones per participant resulting in timely and accurate payments.	Clinical Trials Management System still needed. Excel Spreadsheets used in lieu of system. UTMB EPIC system will not take over the Research Revenue piece.
Lack of Clinical Research-Electronic Health Record Research Workflows & Standards	Clinical Trials Management System still needed. Excel Spreadsheets used in lieu of a system. UTMB will not take over the Research Revenue piece.
Lack of investigational pharmacy infrastructure for the receipt, storage, randomization, dispensing, tracking, and destruction of drugs	Pharmacist is on board, joined UT System Pharmacists group. Infrastructure at ION. SOP developed to address risk.
Staffing Shortage in billing compliance	Budget Negotiator position covered for FY2025. Financial Analyst still pending. Need to develop coverage analysis (billing compliance) HOP. Developed clinical research SOPs detailing research billing compliance workflows. Possible roll out in FY2025. Once technology options are defined and built.
EHSRM-Compliance and Adverse exposure to an infectious agent. Compliance issues including violations, fines and shut down of clinical operations.	Program is deficient due to the significant increase in the number of clinical sites without a corresponding increase in the number of laboratory safety personnel. We have been approved to hire another laboratory safety person to alleviate the deficiency.
Clery Office-Annual Security Report (ASR) not encompassing all required elements.	1) Clery Coordinator has been hired. 2) A Clery Committee has been put in place to address all required Clery elements in the ASR. 3) Sub committees are being formed to address specific elements. 4) The Clery Committee is in the process of receiving Clery training. CarryForward Audit in FY 2025
Students not returning for subsequent semester.	Management is addressing issue.

Detailed Risk Statement	Risk Mitigating Factors
Limitations of space cause significant challenges in accommodating academic and administrative needs	Permanent remote work is providing some space alleviation.
The risk of not committing to construction projects due to significant delays and costs	UTS construction delays may cost UTRGV over $1M if process delays are not addressed. Currently experiencing supply chain issues, significant increases in construction costs (30%-40%).
UT Health RGV - Lack of Compliance with UT System UTS 155 MSRDP.	Faculty Compensation plan was approved and submitted to UT System. Management reviewing the collections process. Conflict of Interest Policy has not been implemented.
UT Health RGV - Lack of a single EMR System creates inconsistency in tracking relevant information for healthcare operations programs	EPIC implemented in 2025.
Non Research sponsored contracts not appropriately reviewed	Fixed Contracts Audit issued 2021. Cost center creation for these types of contracts will go through Research to determine if project or cost center is created.
Inadequate staffing to address needs and communications with officials at local, state and federal levels	Management is aware of the risk.
Unallowability of Costs-Compensation Cost	Management is addressing. Effort certification timeliness process has improved. Required training, including certifications must be completed before new projects are activated. Projects may be placed on hold until training is completed. Follow up certifications are periodically performed. CPAF Audit addressed system limitations; access to queries will be made to HR.
Finance-Not appropriately invoicing and lack of oversight may increase the possibility of revenue not recorded accurately	Currently UTRGV does not have a centralized contracts office to capture all revenue contracts; Contract invoicing, reimbursement requests and revenue collection affect GASB reporting. A committee is currently reviewing contract processes at UTRGV. Management is working in addressing this.
Risk of not retaining qualified staff	Management will work on addressing the risk
decentralized tasks across campus that impact financial reporting	Continuous work in progress.
A/P - Failure to obtain funds that were originally issued in error. Untimely reissue of payments.	AP maintains a centralized ACH Reversal Log shared with the Treasury Office to track all requests. Treasury confirms reversal/recall eligibility, manages processing, and monitors provisional credit and confirms completion within established timeframes (5 business days). Upon Treasury confirmation of returned funds, AP voids or reissues the voucher as appropriate. If the ACH recall is unsuccessful, AP coordinates with the vendor/department to request a refund and recover the funds manually. If unsuccessful and the vendor does not issue a refund, AP will coordinate with the State Comptroller's Office to place a state warrant hold on the supplier to recover the funds through future state payments. For payments requiring reissue due to vendor banking updates, vendors are expected to coordinate directly with their bank for redirection and must submit updated banking information through PaymentWorks for future payments.
Treasury - Risk of inappropriately recalling funds.	Controls in place within JPM web portal to mitigate duplicate payments and recall can only be returned/deposited from where funds were issued from (IE. university bank account). Log is maintained in secure SharePoint location. A/P submits request using said log, Treasury will update the log and email A/P if/when funds are successfully returned to the university.
Inability to lock down buildings remotely in case of an "active shooter" situation or some other emergency,	Currently recommending the transition to a single architecture access control system (Genetec).
Police-Possible physical harm to the public during Special Events	Increased FTE's and reduced vacancies. Conduct Special Event Plan's for large events. Recommending the placement of Bollards to specific locations to eliminate access to the campus community.
Not having a Conflict of Interest policy which would cause confusion and make it difficult to ensure compliance with regulations.	Management has a draft policy in a review process.
Travel Office - Delays in reimbursement to non-cardholder travelers	Managment is aware of issue and is creating a process to address risk.
Not creating the necessary criteria to designate and determine purpose of centers and institutes	Academic centers report to deans or chairs. Organized Research Units Policy effective April 2025.
Program does not have sufficient resources to sustain program. If it fails, Research may lose OLA.	New program with not enough resources available and responsibilities cross boundaries - Students, Research, Clinical Research, SOM. Will be discussed with Clinical Research and SOM. (Contact person: Rick Glenn)

Detailed Risk Statement	Risk Mitigating Factors
Foreign influence & theft of IP. Not in compliance with all the changes required from the federal government, state and UT System	NEW Mandatory module implemented for Research Security which includes Reasearch Security, COI, Undue foreign influence, and export controls. Policy not in place but will be included under COI. Framework and governance for research committee meeting actively to address issues in infrastructure. Not required to certify this FY.
Unknowingly collaborating with restricted entities/parties	Checks conducted at front end - restrictive part screening. Increased Training/Awareness; Contracts are reviewed by Office of Contracts & Industry Agreements; ARGO has questions that trigger export controls and routed early to Dir Res Integr. & Export Compl. and engage Office of Contracts & Industry (CIA) which also review international agreements. Visual Compliance being used and adding Uni-tracker (Australian China defense) to assist in risks related to Research Security; Export Controls Manual on website; NEW Mandatory module implemented for Research Security which includes Undue foreign influence and export controls along with Reasearch Security and COI.
A/P - Risk that the original check may still clear resulting in a duplicate payment.	Requests are logged in a shared stop payment log with Treasury, which includes a confirmation section completed by Treasury once the stop is processed. A/P performs a monthly reconciliation of stop payments (A/P and Banner) to ensure completion through
Treasury - Risk of inappropriately stopping funds for the campus community.	Treasury receives requests to place stop payments from Payroll, A/P and Bursar's Office to void and reissue checks. Treasury verifies check has not cleared bank before submitting stop payment request to our financial institution. Logs are maintained in secure SharePoint location for A/P and Bursar's Office stop payment requests. Treasury will be creating a log for Payroll Office as well. Treasury will update the logs and email the requesting department if/when funds are successfully returned to the university.
Unauthorized access to financial systems or data breaches can lead to data theft and financial manipulation.	Access controls, encryption Quarterly review of access to USAS / FMS PeopleSoft, including ensuring there is appropriate level of segregation of tasks (no conflicting roles) over expenditure processing in USAS
Increased risks of noncompliance with regulatory requirements due to complexity of Cancer Center operations. ASC/ATLAS contract negotiation for Ambulatory work at the ASC. Potential for delay in the opening date if negotiations with ATLAS is not completed timely.	Contract negotiations with Atlas ongoing.
Risk of unaccounted assets. In addition, risk of assets being lost, stolen, and not recovered has increased.	Inventory Management System in PeopleSoft will interface with EPIC. UTMB conducted detailed and thorough walkthrough and assessment of UTRGV network for every clinic. New computers were ordered. With EPIC, certain equipment must stay in offices for compatibility with EPIC.
Risk of incorrect payments may occur due to human error during review, including inaccurate invoice details, duplicate payments, or missing documentation.	A/P Technicians perform detailed invoice reviews to verify 3-way match criteria (PO, receipts, invoice). A/P staff have the Invoice Processing Checklist available as a resource to promote consistency and reduce potential processing errors. System validations in iShop and PeopleSoft include logic to help detect duplicate invoices. Invoices of $10K or more undergo additional supervisory review before payment release.
A/P - Funds may be sent to incorrect account or with improper tax withholding.	A/P matches the supplier invoice to the PO or A/P form to make sure information is complete. Payments to domestic banks are generally not remitted via bank wire, they are issued via ACH. Management is changing processes.
Treasury - Risk of fraudulent or erroneous disbursement resulting from inaccurate wire instructions provided to Accounts Payable Office.	Internal controls are in place in Treasury. One employee submits the wire in the bank platform and another reviews the information and releases the payment. Treasury compiles a wire template with screenshots of payment information from SharePoint account.
Treasury - Risk of fraudulent or erroneous payroll disbursement resulting from inaccurate banking information provided by Payroll Office.	Internal controls are in place. One employee submits the wire in the bank platform and another reviews the information and releases the payment. A log is maintained by the payroll department that includes the revised bank account. Both Treasury employees have access to the log and able to review the information.

SECTION VII
Reporting Suspected Fraud and Abuse

Reporting Suspected Fraud and Abuse

To comply with the requirements of Section 7.09, Page IX-40, General Appropriations Act (88th Legislature), a link for Fraud Reporting was created at the bottom of The University of Texas Rio Grande Valley's website https://www.utrgv.edu/.

In addition, the UTRGV Office of Audits and Consulting Services has a link directly to the State Auditor's Office as follows:

> https://www.utrgv.edu/audits/report-fraud/index.htm
>
> "To report suspected fraud, waste, or abuse of state appropriated funds by UTRGV, please contact the Texas State Auditor's Office through the fraud hotline @ 1-800-TX-AUDIT (1-800-892-8348) or online through the State Auditor's website @ http://sao.fraud.state.tx.us.
>
> In addition to reporting it to the Texas State Auditor's Office, please report it to the "UTRGV Anonymous Compliance Hotline @ 1-877-882-3999."

The Institutional Compliance Office receives inquiries and allegations regarding a wide range of compliance issues including fraud and abuse, and the Office tracks investigations and any resulting actions through to completion.

To comply with the Coordination of Investigation requirements of Texas Government Code, Section 321.022, the UTRGV Office of Audits and Consulting Services notifies the Texas State Auditor's Office of Investigations and Audit Support when investigations of fraud are conducted. The University of Texas System Administration's Audit Office is also notified.