Annual Internal Audit Plan and Changes to the Internal Audit Department

August 26, 2021

Overview

1. Internal Audit Definition
2. Staff Members and Certified Competencies
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5. Additional Points

Definition of Internal Auditing

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Staff Members and Certified Competencies

Name	Job Title	Certifications
Hurd, Phillip Wayne	Chief Audit Executive	CCEP, CIA
O'Neal, Brandee M	Director	CIA
Moreno, Cesario Anthony	Auditor IV (UHCL Specialist)	CFE
Gerry, Kim A.	Auditor IV (UHD Specialist)	CFE
Applebach, Connie C	Auditor III	CISA
Collier, Jeff A.	Auditor III	
Davis, Tamara T	Auditor II	
Porter, Eric	Auditor II	
Tran, Emily Kim	Auditor II	
McClellan, Elias Jacob	Auditor II	CFE
Buoy, Johnnie	IS Support and Dev	
White, Barbara Carol	Asst, Administrative, Exec	
Dahlke, Sandra	RBW Asst, Admin, Exec	CAP

FY21 Internal Audit Activity

as of August 26, 2021 Board of Regents Meeting

Audits Completed

- Export Controls (UHCL)
  AR-2021-07
- Contracts Requiring Board of Regents Approval (UHS)
  AR - 2021-01
  AR - 2021-04
  AR - 2021-06
  AR - 2021-08
- Accounts Payable
  AR - 2021-05
- Board of Regents Travel and Entertainment FY20
  AR - 2021-02
- Chancellor/President's Travel and Entertainment FY20 (UHS/UH)
  AR-2021-03

Special Projects Completed

- Vendor Validation (UH, UHCL, UHD and UHV)
- UHS Institutional Compliance Fraud and Non-Compliance Hotline (~115 Reports)
- UHD Admissions
- UHD Grant Issue
- UHCL Vendor Issue

Audits in Progress

- Research Governance and Process Overview (UH, UHCL and UHD)
- Export Controls (UH)
- Intellectual Property, Oversight and Protection (UH)
- Compliance with Federal Sentencing Guidelines (UH, UHCL, UHD and UHV)
- Travel Expense (UH, UHCL, UHD and UHV)
- Board of Regents Travel and Entertainment FY21
- President's Travel and Entertainment FY21 (UH, UHCL, UHD and UHV)
- Contracts Requiring Board of Regents Approval (UHS)
- Joint Admission Medical Program (UHV)
- Accounts Receivable (UH, UHCL, UHD and UHV)
- UHS Emergency Management

Special Projects in Progress

- UHS Institutional Compliance Fraud and Non-Compliance Hotline (Varies per FY)
- UH Business school Contract Issue.
- UHD/UH Formula funding issue – referred by THECB
- Research compliance issue
- Lab Safety and compliance oversight

Audits in Planning

- Procurement Card Management (UH, UHCL, UHD and UHV)
- Compliance with Education Code §51.9337 (UHS)

Existing Year Projects that are in Process			
No.	**TITLE**	**STATUS** (select from drop-down list)	**COMMENTS**
1	Procurement Card Management (UH, UHCL, UHD and UHV)	Project Currently In Progress	**Started in August**
2	Intellectual Property, Oversight and Protection (UH)	Project Currently In Progress	**In fieldwork**
3	Research Governance and Process Overview (UH, UHCL, UHD)	Project Currently In Progress	**In fieldwork**
4	Travel Expense (UH, UHCL, UHD, and UHV)	Project Currently In Progress	**Started in August**
5	Joint Admissions Medical Program (UHV)	Project Currently In Progress	**Scheduled to be finished by November**
6	Education Resource Center (UH)	Project Currently In Progress	**In fieldwork**
7	Compliance with Federal Sentencing Guidelines (UH, UHCL, UHD and UHV)	Project Currently In Progress	**in fieldwork**
8	Accounts Receivable	Project Currently In Progress	**In fieldwork**
9	Export Controls	Project Currently In Progress	**Working on Identified risk.**
10	Compliance with Education Code §51.9337 (UHS)	Project Currently In Progress	**Scheduled to be finished by November**
11	Travel & Entertainment Expenditures - Board, FY21	Project Currently In Progress	**Board Requested - Continual -Report in November**
12	Travel & Entertainment expenditures - President, FY21 (UH, UHCL, UHD, and UHV)	Project Currently In Progress	**Board Requested - Continual -Report in November**
13	IA Data Analytics and Value Enhancements	Project Currently In Progress	**This is on ongoing skills enhancement project to integrate data analytics and increase sample size through integration of AI and RPA into the audit process.**

Additions to Audit Plan Based on Risk Assessment and Risk Register											
No.	**ENGAGEMENT TITLE**	**GROUPING**	**TYPE**	**SCOPE**	**TIME FRAME**	**INCLUSION RATIONAL**	**Entity to be Audited**				
	Provide the title of the audit engagement.	**Assurance Blended Consulting Special Project**	**Compliance Financial Information Technology Investigation Operational**	**Controls Review Full Review Limited Review**	**Near Term - 1-6 Months Medium Term - 7-12 Months Long Term - 13-18 Months**	**Information describing why this project is included on the audit plan.**	**UHS**	**UH**	**UHCL**	**UHD**	**UHV**
1	Grants Management	Assurance	Operational	Controls Review	Near Term - 1-6 Months	High rating on the risk assessment and recent audit issues show this is an area that UHS must ensure is well managed and compliant.		X	X		
2	Conflict of Interest	Blended	Operational	Full Review	Near Term - 1-6 Months	High rating on the risk assessment and recent audit issues show this is an area that UHS must ensure is well managed and compliant.		X	X	X	X
3	Capital Assets Management	Assurance	Operational	Full Review	Medium Term - 7-12 Months	This is a verification and validation of equipment, process for tracking and management and efficacy analysis against modern systems.		X	X	X	X
4	Compliance with NIST 800-171	Blended	Information Technology	Limited Review	Near Term - 1-6 Months	Research security is of paramount importance and protection of unclassified but sensitive information is now a requirement for many research areas. This audit will provide a gap analysis.	X	X	X	X	X
5	Research Center Management	Assurance	Financial	Controls Review	Near Term - 1-6 Months	Research centers often have Multiple sources of Income and often have different rules for expenses. High rating on the risk assessment and recent audit issues show this is an area that UHS must ensure is well managed and compliant.		X			
6	Facilities Cost of Quality	Blended	Operational	Limited Review	Medium Term - 7-12 Months	This audit will analyze work order process, rework, callback and manage control over the process.		X			
7	Training Audit	Assurance	Compliance	Controls Review	Medium Term - 7-12 Months	Federal sentencing guidelines dictate that training be effective. This audit will analyze training requirements at all 4 UHS university's and the effectiveness to employee.		X	X	X	X
8	Foreign influence Analysis and oversight	Consulting	Compliance	Limited Review	Near Term - 1-6 Months	This is a special project to assist the compliance function in ensuring foreign influence and export controls are managed properly.		X			
9	Annual Procurement Report	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit		X			
10	Athletics - Football Attendance	Assurance	Compliance	Limited Review	Near Term - 1-6 Months	Mandatory Audit		X			
11	Board of Regents Travel & Entertainment, FY 2022	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X				
12	Chancellor/President's Travel & Entertainment, FY 2022	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X	X	X	X
13	Construction and Other Contracts Requiring Board of Regents Approval	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X			

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14	Compliance with Education Code 51.9337	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit	X				
15	NCAA-Rules Compliance	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X			
16	Quality Assurance Reviews - Internal/External	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X			
17	State Benefits Proportionality	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X	X	X	X
18	Education Resource Center (UH)	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X			
19	Compliance with Texas Administrative Code §202	Assurance	Compliance	Limited Review	Medium Term - 7-12 Months	Mandatory Audit		X	X	X	X

Additional Points

- 20% of available talent hours are reserved for Management/Board requests and investigations.

- Improvements in efficiencies which result in additional talent hours will be applied to near-term audits first, then to mid-term audits.

- Internal auditing is currently undergoing skills upgrade processes to integrate additional analytics, computer assisted auditing techniques (CAAT), Robotic Process Automation (RPA) and basic artificial intelligence (AI.)

- Internal Audit has been reorganized to provide more customer service, more audit effort, increase efficiency and decrease management overhead.