



The University of Texas at Brownsville

FY 2012 Audit of Ethics Program

December 12, 2012



OFFICE OF INTERNAL AUDITS

The University of Texas at Brownsville

Norma L. Ramos, CIA, CGAP

Director of Internal Audits

DATE

Dr. Juliet V. Garcia, President
The University of Texas at Brownsville
80 Fort Brown
Brownsville, Texas 78520

Dear Dr. Garcia:

As part of our Audit Plan for fiscal year FY 2012, we completed the **FY 2012 Audit of Ethics Program** at The University of Texas at Brownsville. The objective of this audit was to evaluate the design, implementation and effectiveness of UTB's ethics-related objectives, programs and activities.

Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

We appreciate the assistance provided by UTB's management and other personnel. We hope the information and analyses presented in our report are helpful.

Sincerely,

Norma L. Ramos, CIA, CGAP
Director of Internal Audits

cc: *The University of Texas at Brownsville*

Dr. Alan F. J. Artibise, Provost and Vice President for Academic Affairs

Dr. Ruth Ann Ragland, Associate Provost

Ms. Rosemary Martinez, CPA, Vice President for Business Affairs

Dr. Hilda Silva, Vice President for Student Affairs

Mr. Irvine W. Downing, Vice President for Institutional Advancement and
Vice President for Economic Development and Community Services

Dr. Luis Colom, Vice President for Research

Dr. Clair Goldsmith, Vice President for Information Technology Services and Chief Information Officer

Dr. Marilyn Woods, Chief of Staff

UT System Administration

Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs, *Ad Interim*

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Executive Summary

The FY 2012 approved audit plan included the FY 2012 Audit of Ethics Program. The Ethics program at The University of Texas at Brownsville (UTB) is part of the Compliance program managed by the Compliance Manager. UTB has also established a grievance program for students based out of the Judicial Affairs Office. The institution has different means to provide awareness to students, contractors, and employees about the ethics program and related policies, such as training, brochures, posters and website information, as well as surveys and an Ethics Hotline staffed by third party professionals.

Reported ethical violations are coordinated and assigned through a triage team. Follow-up is performed by the Office of Compliance to ensure implementation of recommendations. Results of investigations, inspections and other information are presented to executive management quarterly at Internal Audit and Compliance Committee Meetings.

The objective of the audit was to evaluate the design, implementation and effectiveness of UTB's ethics-related objectives, programs and activities

Overall, the Ethics program and related objectives and activities at UTB:

- Appear to be designed in support of the mission and vision of the institution;
- Are being implemented as intended; and
- Are effective.



Background Information

The Ethics program at The University of Texas at Brownsville (UTB) is part of the Compliance program managed by the Compliance Manager who reports to the Associate Vice President for Business Affairs and the Vice President for Business Affairs/Compliance and Ethics Officer.

UTB has established different means to provide awareness to students, contractors, and employees about the ethics program and related policies, such as training, brochures, posters and website information, as well as surveys. Ethics violations can be reported anonymously through the Ethics Hotline, a 24-hour, 7-day telephone and online service staffed by third party professionals. UTB has also established an on-campus telephone number and information is provided on reporting violations to the State Auditor's Office Hotline or website.

Reported ethical violations are coordinated and assigned through a triage team. The person or team assigned the investigation provides a written report with recommendations to the triage team. A final report is sent to the President/Provost and subjects of investigation. Follow-up is performed by the Office of Compliance to ensure implementation of recommendations. Results of investigations, inspections and other information are presented to executive management quarterly at Internal Audit and Compliance Committee Meetings.

In addition to the ethical violations reported through the Ethics Hotline, UTB has established a grievance program for students based out of the Judicial Affairs Office. The Compliance Office coordinates with Judicial Affairs when an ethics complaint involves students and the Judicial Affairs Office coordinates with Compliance Office if the student grievance is related to an employee and appears to be a Human Resources issue.

Audit Objectives

The objectives of the audit was to evaluate the design, implementation and effectiveness of UTB's ethics-related objectives, programs and activities

Scope of Work

The scope of our work included:

- Review of policies and procedures related to the Ethics Program at UTB;
- Interviews with key personnel; and
- Review of mandated training records.

Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards*



for the *Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

Audit Results

Design

In evaluating the design of the Ethics program at UTB we:

- Reviewed the standards and guidelines related to Internal Audit's responsibilities and activities related to evaluating an organization's ethics program.
- Reviewed and evaluated key agency documents that reveal governance and ethics program structure.
- Interviewed key management about their role in the ethics program to establish tone at the top.

We determined the Ethics program is adequately designed to support the mission and vision of the institution.

Implementation

In evaluating the implementation of the Ethics program at UTB we:

- Reviewed and evaluated the communication of the ethics program to internal and external stakeholders.
- Reviewed and evaluated the institution's investigative function.

We determined implementation of the ethics program appears adequate and appropriate. Communication and awareness efforts to stakeholders are in place and, the investigative function's structure and reporting procedures support the institution's mission and vision.

Effectiveness

In evaluating the effectiveness of the Ethics program at UTB we reviewed performance measures and metrics presented to executive management.

We determined the Ethics program at UTB is effective and the reporting structure is strong. Executive Management is informed quarterly of:

- Reported ethical issues, violations, and final outcome.
- Instances of noncompliance with ethics mandated training.
- Inspections conducted by Compliance Office related to account reconciliations.
- Monitoring of "A" risks as identified in the enterprise risk management plan.



Conclusion

Overall, the Ethics program and related objectives and activities at UTB appear to be designed in support of the mission and vision of the institution, are being implemented as intended, and are effective.