

The University of Texas System Administration System Audit Office

Annual Audit Report Fiscal Year 2025



The University of Texas System
System Audit Office
210 West 7th Street
Austin, Texas 78701



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I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Web site

The System Audit Office FY 2025 Internal Audit Annual Report, which includes its approved FY 2026 Annual Audit Plan (see Section VI) and a summary of weaknesses/concerns and related actions taken resulting from the FY 2025 Annual Audit Plan (see Section II), can be found on the UT System website (specifically, the “Reports to State” webpage <https://www.utsystem.edu/documents/reports-state> , choosing “Annual Audit Reports” from the “Report Type” drop down menu). The annual report can also be found at <https://www.utsystem.edu/offices/system-audit/about-internal-audit>.



II. Internal Audit Plan for Fiscal Year 2025

FY 2025 Audit Plan – Engagements	Status of Plan
Assurance Engagements	
Contract Monitoring Audit (carryforward)	5/1/2025
Carryforward - University of Texas Health Intelligence Platform (UT-HIP) Data Classification and Data Security Audit (co-source)	9/17/2024
Chief Administrator Travel, Entertainment, and Housing Expenses Audit	8/28/2025
Education & Research Center at Laredo Audit	Carryforward to FY26
Group Purchasing Organization (GPO) Accreditation Applications Review	Complete – Report NA
Oil & Gas Leases Audit	2/28/2025
Third Party Risk Management Audit (co-source)	8/5/2025
University Lands Data Classification and Data Security Audit	Carryforward to FY26
UTIMCO Core Management System (CMS) & Client Participation System (CPS) Audit	Carryforward to FY26
UTT Patch & Configuration Management Audit Assistance	Complete – Report NA
Advisory Engagements	
Carryforward - Artificial Intelligence Advisory	12/11/2024
Business Process Review (Phase IV)	Postponed to FY26
Copilot Pilot	Complete – Report NA
Decentralized Application Systems Advisory	Carryforward to FY26
Identity Management Federation Advisory	Complete – Report NA
Risk Management, Information Security and Systemwide Compliance (RISC) Advisory	Complete – Report NA
TEC §51.3525 Advisory	Complete – Report NA
University of Texas Health Intelligence Platform (UT-HIP) Advisory	5/7/2025
UTIMCO Application Development Advisory	2/21/2025
General Audit Assistance to System Administration	Ongoing
System Administration Committees and Councils	Ongoing
UTIMCO Meetings and Oversight Activities	Ongoing
Required Engagements	
Joint Admission Medical Program (JAMP) Audit	2/21/2025
UT System Administration & Consolidated Financial Audit Assistance	Deloitte Report
NCAA Agreed-Upon Procedures at UT Arlington (co-source)	1/14/2025
NCAA Agreed-Upon Procedures at UT El Paso (co-source)	1/13/2025
NCAA Agreed-Upon Procedures at UT Permian Basin (co-source)	1/15/2025
NCAA Agreed-Upon Procedures at UT Rio Grande Valley (co-source)	1/14/2025
NCAA Agreed-Upon Procedures at UT San Antonio (co-source)	1/13/2025
Investigations	
Various Special Reviews	Internal Memos, as applicable



Follow-Up	
System Audit Follow Up Procedures	Various Memos
Operations	
Assistance to Institutions - Academic	Ongoing – Report NA
Assistance to Institutions - Health	Ongoing – Report NA
Assistance to Institutions - All	Ongoing – Report NA
Systemwide Annual Risk Assessment and Audit Plan	Complete – Report NA
Audit, Compliance, and Risk Management Committee (ACRMC) and Board of Regents	Quarterly – Report NA
Systemwide Internal Audit Council	Ongoing – Report NA
Investigation Triage, Tracking & Assistance	Ongoing – Report NA
Systemwide Internal Audit Reporting	Complete – Report NA
IT Audit Collaboration, Skill, and Tool Development	Ongoing – Report NA
General Communications	Ongoing – Report NA
Systemwide TeamMate/eCASE Administration	Ongoing – Report NA
Online Reporting	Ongoing – Report NA
Data Analytics Collaboration, Skill, and Tool Development	Ongoing – Report NA
UT System Administration Internal Audit Committee	Quarterly – Report NA
Institutional Audit Committees	Quarterly – Report NA
Management of the Internal Audit Activity	Ongoing – Report NA
System Audit Office Annual Risk Assessment and Audit Plan	Complete – Report NA
System Audit Quality Assurance Activities	Ongoing – Report NA
TeamMate/eCASE and Website Maintenance and Management	Ongoing – Report NA
External Reporting and Requests	Ongoing – Report NA
Initiatives and Education	
Audit Management Software (AMS) Implementation	Ongoing – Report NA
New IIA Standards Implementation	Ongoing – Report NA
Quality Program and Metrics Implementation	Ongoing – Report NA
Resource Capabilities and Knowledge/Resource Management	Ongoing – Report NA
Other Systemwide Internal Audit Initiatives	Ongoing – Report NA
Internal Audit Staff Training	Ongoing – Report NA
Professional Organizations and Associations	Ongoing – Report NA

Deviations from Audit Plan Submitted:

The System Audit Office completed its FY 2025 annual audit plan except for the deviations noted below. Four engagements for which reports had not yet been issued at the end of FY 2025 were carried forward for completion in FY 2026. Minimal changes from the original FY 2025 annual audit plan were made as follows.

- *Postponed:* Business Process Review (Phase IV)
- *Added:* Artificial Intelligence Advisory (FY 2024 Carryforward to FY 2025), Copilot Pilot



TEC Section 51.9337(h):

Senate Bill 20 (84th Legislative Session) made several modifications and additions to Texas Government Code (TGC) 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 System Audit Office conducted this required assessment for FY 2025 and found the following:

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

TGC Section 2102.015:

A summary table of observations identified from FY 2025 engagements, the actions planned to be taken by management, and the current implementation status is included on the following pages to address web site posting requirements as required by Texas Government Code Section 2102.015. Audit results are included in each issued audit report, which are provided to the State Auditor’s Office.



Report Date	Report Name	Observations	Management Action Plans	Status
9/17/24	University of Texas Health Intelligence Platform (UT-HIP) Data Classification and Data Security Audit (co-sourced with EisnerAmper LLP)	Observation 1 (Medium): Testing backup restoration procedures of UT-HIP at least annually will help ensure that the system can recover sufficiently and timely from disruptions that would initiate the activation of recovery plans.	Management Action Plan 1: UT-HIP will conduct a restoration test and continue to perform a test of the recovery plan at least annually.	Implemented
2/21/25	Joint Admission Medical Program (JAMP) Audit	Observation 1 (Medium): Incomplete or inaccurate financial reporting from the participating institutions could lead to a misstated financial statement, which may result in the Council making decisions based on incorrect information. Ensuring complete and accurate financial reporting documentation is crucial for maintaining the integrity and effectiveness of the JAMP program.	Management Action Plan 1: The JAMP Office has consistently monitored and enforced timely expenditure report submissions and recognizes the opportunity to further strengthen the consistency and accuracy of institutional financial documentation. The JAMP Office remains committed to ensuring comprehensive financial oversight and compliance, and steps are already underway to enhance reporting processes and provide additional guidance to participating institutions. To further reinforce best practices in financial documentation and compliance, the JAMP Office has begun implementing the following steps: - Enhanced Financial Tracking – systematically tracking the unused funds returned by participating institutions and cross-referencing them with the expenditure reports. - Clarification of Reporting Guidelines – providing updated guidance to clarify statement of account requirements to ensure institutions submit documentation that fully aligns with grant periods. - Institutional Accountability Measures – beginning with the FY 2025 expenditure reports, implementing a structured review and feedback process, ensuring that any reports not fully adhering to guidelines are flagged for timely correction. - Proactive Engagement with Institutions – continuing to work collaboratively with participating institutions to address discrepancies early and ensure alignment with reporting standards.	Implemented



Report Date	Report Name	Observations	Management Action Plans	Status
2/28/25	Oil & Gas Leases Audit	The report contains confidential information and is not subject to the disclosure requirements of the Texas Public Information Act, based on the Texas Education Code Section 66.81. Specific results of the audit were provided to University Lands and appropriate members of UT System management.		
5/1/25	Contract Monitoring Audit – FY24 Carryforward	Observation 1 (High): Without centralized monitoring of high-risk contracts, there is a risk that significant contract issues are not anticipated and effectively identified and remedied. Observation 2 (High): Without the ability to track contract spending effectively and efficiently, there is a risk that departments may unintentionally exceed contract expenditure limits.	Management Action Plan 1: The University of Texas System Administration should have a process in place to monitor high-risk contracts to mitigate the risk of significant contract issues being identified, remedied, and reported. Contracts and Procurement (CnP) does not provide departmental monitoring of high-risk contracts. The department's contract manager and/or Subject Matter Experts (SMEs) are responsible for monitoring their respective contracts with the assistance of their Department Contract Administrators (DCAs). CnP is currently reviewing solutions-oriented processes to help mitigate this risk and is assessing current internal processes specific to contract risk levels. Specifically, CnP will submit a request to add a field with the contract management software platform, CCARS, to designate high risk contracts, enabling a listing of high-risk contracts which will assist departments with enhanced monitoring. Management Action Plan 2: The University of Texas System Administration relies on the individual departments to monitor contract payments and the subsequent contract expenditures and balances. Without proper and thorough clarification to the departments on ownership of this responsibility for contract spend monitoring, this risk could unintentionally exceed contract expense maximums and not take the required remedial steps. The University of Texas System Administration currently does not have any processes to monitor and verify that the departments are effectively and accurately managing contract expenditure. To assist the departments, CnP has provided information sessions and business tools (via an excel spreadsheet template) for DCAs to assist with contract spend tracking for their respective departments. Working with UT System Shared Information Services (SIS) group, the solution is to build out in the PeopleSoft platform a field that will associate each payment invoice	Follow-up to be performed Follow-up to be performed



Report Date	Report Name	Observations	Management Action Plans	Status
5/1/25	Contract Monitoring Audit – FY24 Carryforward (continued)	Observation 2 (High) - continued: Observation 3 (High): Without clear guidance and communication regarding Business Associate Agreements, information security assessments, and UT Systemwide agreements, there is an increased risk of noncompliance with key regulations and increased risk that institutions that utilize the contracts do not assess vendors to determine whether they have sufficient information security practices and controls to maintain the confidentiality, security, and integrity of their data that are consistent with the institutions' risk tolerances. Observation 4 (Medium): When monitoring plans do not include activities to review a vendor's ongoing information security practices, there is an increased risk of data breaches, unauthorized access, compliance violations, reputational damage, business disruptions, and increased costs. Observation 5 (Low): Without initial training and training targeted at addressing department needs, there is a risk that contract monitoring processes are not fully understood and requirements not followed. Without documented procedures or cross training, changes in department staff could become challenging, resulting in time-consuming efforts to reestablish effective and efficient business processes.	with the respective contract number. This will manage contract expenditure and will help mitigate the risk of payments exceeding the contract total value. Additionally, this solution will ensure verification of total payment made against each contract. This will take collaborations between various stakeholders and will require additional time to fully execute. Management Action Plan 3: CnP created an ad hoc working group with the ISO department to develop guidance and communication regarding Business Associate Agreements (BAAs), information security assessments, and UT Systemwide agreements. This will ensure established processes are in place so that institutions utilizing the contracts understand their role in maintaining the confidentiality, security, and integrity of their data. In addition to the working group, CnP will update the launch brief, a document which spells out compliance requirements that the institutions must follow when participating in UT Systemwide contracts. Management Action Plan 4: The same ad hoc working group described above will also analyze current procedures with the ISO group to ensure established processes are in place. These procedures will outline a process the departments will use to monitor a vendor's information security practices and controls. This will help ensure vendors have taken adequate steps to protect confidentiality of our data and to comply with applicable regulations. Management Action Plan 5: We identified a contract management gap across the University of Texas System Administration's 32 departments two years ago and created the DCA role to assist with each respective department's contract management responsibilities. A DCA training roadmap was developed that identified training opportunities, including an initial 4-hour workshop that established core job expectations of the DCA role. Numerous DCA training sessions have been held since then with a commitment to conduct annual DCA training sessions for all DCAs. However, there is room for improvement in	Follow-up to be performed Follow-up to be performed Follow-up to be performed



Report Date	Report Name	Observations	Management Action Plans	Status
5/1/25	Contract Monitoring Audit – FY24 Carryforward (continued)	Observation 5 (Low) - continued:	DCA training and robust utilization of the DCA Teams. A commitment to monthly 'office hours' for DCAs will be implemented in the summer of 2025. Providing consistent, quality annual DCA training for all departments will continue to be a focus for CnP. (Upcoming DCA training is in May 2025.) Additionally, CnP is updating the CnP website with Resources and Tools for the DCAs, including workflow processes. Training videos will be available in the future with the new and improved CnP website. Furthermore, CnP will explore development of a policy that will require all DCAs who work on contracts 50% or more as part of their job responsibilities, including managing complex contracts over \$5 million, to become Certified Texas Contract Managers (CTCM).	
8/5/25	Third Party Risk Management Audit (Co- sourced with Protiviti)	Observation 1 (High): Consistent application of standard risk assessment protocols, including processing timelines, risk rating criteria, documentation of risk rating decisions, vendor attestation requirements, and recurring risk assessment requirements, will help ensure that third-party risks are timely and effectively identified, managed, and monitored. Observation 2 (Medium): Oversight of vendor performance monitoring will reduce the risk that vendor non-compliance with contractual requirements compromises data security. Observation 3 (Medium): Implementing a contract tagging process will help ensure contracts are reviewed by the appropriate offices before execution and facilitate ongoing monitoring when required.	Management Action Plan 1: The Information Security Office (ISO) will improve transparency and consistency in its vendor assessment process by communicating estimated timelines, standardizing vendor risk rating guidance, documenting rationale for assessment changes, and clarifying third-party attestation requirements by August 31, 2026, depending upon the changes to the contract processes with the addition of the Supply Chain Alliance to UT System Administration. Management Action Plan 2: ISO will clarify and refine responsibilities for ongoing vendor monitoring and reassessments, provide training to DCAs, and explore expanding continuous monitoring by August 31, 2026, depending upon the changes to the contract processes with the addition of the Supply Chain Alliance to UT System Administration. Management Action Plan 3: Contracts and Procurement (CnP) will continue to provide quality reviews when processing a contract (workflow) and ensure that the contract is not executed without the appropriate reviews. CnP is currently updating formal process workflows and is also reviewing solutions-oriented processes to help mitigate risk and is assessing current internal processes specific to contract risk levels. The CCARS contract management system is not as robust as CnP requires, and CnP is also	Follow-up to be performed Follow-up to be performed Follow-up to be performed



**The University of Texas System Administration
System Audit Office**

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Report Date	Report Name	Observations	Management Action Plans	Status
8/5/25	Third Party Risk Management Audit (Co-sourced with Protiviti) (continued)	Observation 3 (Medium) - continued:	researching other potential new contract management systems with the ability to identify and route contract requests for compliance checks and security risks prior to the service being acquired and implemented. This transition to a new contract management system will take up to 12-18 months, at minimum.	
6/2/25 & 8/7/25 & 8/7/25 & 8/28/25	Chief Administrator Travel, Entertainment, and Housing Expenses Audit	UTIMCO (6/2/25): This audit resulted in no reportable observations. UT Tyler (8/7/25): This audit resulted in no reportable observations. UT Medical Branch (8/7/25): This audit resulted in no reportable observations. Stephen F. Austin (8/28/25): This audit resulted in no reportable observations.		



III. Consulting Services & Other Activities Completed

Report Date	Report Name	Overall Objectives(s)	Observations/Results/Recommendations
12/11/24	Artificial Intelligence Advisory	Completion of FY2024 engagement: Provide advisory services based on discussions to be held with various parties involved with artificial intelligence.	No reportable observations
1/14/25	UT Arlington NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' Statement of Revenues and Expenses (SRE).	No reportable observations
1/13/25	UT El Paso NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' Statement of Revenues and Expenses (SRE).	No reportable observations
1/15/25	UT Permian Basin NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
1/14/25	UT Rio Grande Valley NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
1/13/25	UT San Antonio NCAA Agreed-Upon Procedures (Co-sourced with Baker Tilly)	Perform NCAA Agreed-Upon Procedures on Athletics' SRE.	No reportable observations
2/21/25	UTIMCO Application Development Advisory	Provide advisory services related to UTIMCO's application modernization initiative.	No reportable observations
5/7/25	UT Health Intelligence Platform (UT-HIP) Advisory	Provide advisory services and assistance as needed related to UT-HIP.	No reportable observations
5/13/25	Identity Management Federation Advisory	Provide assistance in assessing and updating Identity Management Federation governing documents and standards.	No reportable observations
N/A	TEC 51.3525 Compliance Guidance	Provide guidance to institutions based on discussions to be held with various parties involved with implementation of Senate Bill 17.	No reportable observations
8/18/25	Copilot Pilot	Participation in a UT System Administration Microsoft Copilot pilot initiative which aims to identify potential risks and privacy concerns while exploring internal audit use cases for Copilot.	No reportable observations
8/18/25	Risk Management, Information Security and Systemwide Compliance (RISC) Advisory	Provide advisory services based on discussions to be held with various parties involved.	No reportable observations
8/18/25	TEC §51.3525 Advisory	Provide advisory services and assistance as needed related to TEC §51.3525.	No reportable observations
Various	Reviews	Investigative or special projects/reviews conducted at select UT institutions, UT System Administration, and/or UTIMCO.	Reports/memos issued, as appropriate



IV. External Audit Services Procured in FY 2025

The University of Texas System contracted with Deloitte & Touche, LLP (Deloitte) to perform an independent audit of the FY 2024 UT System financial statements (including stand-alone audits at some of the institutions) and an independent audit of the FY 2024 financial statements of The University of Texas/Texas A&M Investment Management Company (UTIMCO) Corporation, the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund (collectively, the Funds). Also, Deloitte performed interim work for the audit of the UT System and Funds' FY 2025 financial statements.

In addition, UT System contracted with Deloitte to complete audits of Cancer Prevention Research Institute of Texas (CPRIT) grants at select UT institutions to conclude on the Schedule of Expenditures of State Awards for the CPRIT program and compliance over CPRIT programs (scope of FY 2024 grant activity). Other UT institutions may separately contract with other vendors to perform agreed-upon procedures.

The University of Texas System Administration contracted with Wolcott and Associates to perform benefit audits for the Office of Employee Benefits of employee and retiree medical and prescription insurance claims and contracted with R.L. Townsend and Associates to perform ongoing construction billing and final contract review audits for the Office of Capital Projects. The System Audit Office co-sourced with EisnerAmper LLP to work on the University of Texas Health Intelligence Platform (UT-HIP) Data Classification and Data Security Report (FY 2024 carryforward to FY 2025), with Protiviti to complete the Third Party Risk Management Report, and with Baker Tilly to complete the reports of: NCAA Agreed-Upon Procedures at UT Arlington, NCAA Agreed-Upon Procedures at UT El Paso, NCAA Agreed-Upon Procedures at UT Permian Basin, NCAA Agreed-Upon Procedures at UT Rio Grande Valley, and NCAA Agreed-Upon Procedures at UT San Antonio.



V. External Quality Assurance Review



December 2023

Mr. J. Michael Peppers, Chief Audit Executive
The University of Texas System

In August 2023, The University of Texas (UT) System Administration Audit Office (System Audit), completed a self-assessment of internal audit (IA) activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). System Audit engaged an independent review team consisting of internal audit professionals with extensive higher education and healthcare experience to perform an independent validation of System Audit's QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning System Audit'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 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.

Based on our independent validation of the QAR performed by System Audit, we agree with System Audit's 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 System Audit's 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 System Audit 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 System Audit.

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

Very truly yours,

Baker Tilly US, LLP



VI. Internal Audit Plan for Fiscal Year 2026

Audit Plan Category	Engagement Title	Budgeted Hours	Risk	Primary Taxonomy	Engagement Objective
Assurance	University Lands Data Classification and Data Security Audit (carryforward)	80	High	Information Technology	<i>Completion of FY 2025 engagement:</i> Determine if data classification procedures and data security measures are in place and effective, and comply with relevant policies and standards.
Assurance	Education & Research Center at Laredo Audit (carryforward)	50	Medium	Enterprise Activities	<i>Completion of FY 2025 engagement:</i> Identify key activities of the Education & Research Center at Laredo and determine if proper controls and process are in place to meet their primary objectives.
Assurance	UTIMCO Client Participation System (CPS) and Core Management System (CMS) Audit (carryforward)	50	Medium	Finance	<i>Completion of FY 2025 engagement:</i> Determine if proper internal controls are in place and are effective for UTIMCO's CPS and CMS applications.
Assurance	Benefits Data Protection Audit	400	High	Information Technology	Determine if data security measures for benefits data are in place, effect, and comply with relevant policies, standards (UTS 165 and Texas Administrative Code §202.76 security control standards), and regulations (e.g., HIPAA Security Rule).
Assurance	Robotic Process Automation (RPA) Data Management Audit	550	High	Information Technology	Determine if data governance and data security practices for data used in RPA automations managed by the Office of Collaborative Business Services ensure data protection in accordance with its classification and applicable policies, standards (UTS 165 and Texas Administrative Code §202.76 security control standards), and regulations (potentially HIPAA Security Rule and others). NOTE: co-source 400 of 550
Assurance	SharePoint and Azure Access Control Audit	400	High	Information Technology	Assess the design and effectiveness of access controls governing Microsoft SharePoint and Azure environments used to store UT System Administration data, with a focus on ensuring that access rights are appropriately restricted and controls are in place to detect and mitigate excessive sharing and/or unintended access.
Assurance	Wire Transfer Audit	400	Medium	Finance	Determine if proper internal controls are in place and are effective for System Administration's process for wire transfers.
Assurance	Chief Administrator Travel & Entertainment Audit	1200	Low	Finance	Determine if chief administrators' travel, entertainment, and university residence maintenance (as applicable) expenses are appropriate, accurate, and in compliance with applicable policies. NOTE: Chief Administrators are selected for audit based on risk.
Assurance	Oil & Gas Audit - TBD Company	500	Medium	Finance	Determine if a selected operator (TBD company) has accurately reported and paid oil and gas royalties to University Lands.
Assurance	Group Purchasing Organization (GPO) Accreditation Applications Review	40	Medium	Finance	Determine if controls, as represented by the Group Purchasing Organization (GPO) accreditation applicant, meet the minimum standards of the UT System Accreditation Program.
Advisory	Decentralized Application Systems Advisory (carryforward)	150	High	Information Technology	<i>Completion of FY 2025 engagement:</i> Provide advisory services in identifying application systems not centrally managed and the effectiveness of oversight in ensuring technology controls are in place and comply with applicable policies and standards.
Advisory	Artificial Intelligence (AI) Advisory	100	High	Information Technology	Ongoing participation in AI pilot programs and advisory services on data protection and privacy related to generative AI use.
Advisory	Business Continuity Advisory	150	Medium	Enterprise Activities	Participation in Business Impact Analysis and Business Continuity Planning initiative being facilitated by the Information Security Office.
Advisory	UTIMCO Structured Query Language (SQL) Server Upgrade Advisory	250	High	Information Technology	Review controls surrounding the Microsoft Structured Query Language (SQL) Server upgrade process, ensuring that the upgrade was planned, tested, and implemented in accordance with industry best practices.
Advisory	Business Process Review (Phase IV)	300	Medium	Human Resources	Deployment of the tool that was developed and piloted in Phase III utilizing the results to provide advisory services on departmental controls over key business processes. NOTE: Postponed from FY25
Advisory	Systemwide Compliance Program Advisory	300	High	Risk Management & Compliance	Provide advisory services based on discussions to be held with various parties involved.
Advisory	UTIMCO Advisory	300	Medium	Finance	Provide advisory services based on discussions to be held with various parties involved.
Advisory	Risk Management, Information Security and Systemwide Compliance (RISC) Advisory	200	High	Risk Management & Compliance	Provide advisory services based on discussions to be held with various parties involved.
Advisory	Police Advisory	200	Medium	Risk Management & Compliance	Provide advisory services based on discussions to be held with various parties involved.
Advisory	Contracts & Supply Chain Alliance Advisory	100	High	Finance	Provide advisory services based on discussions to be held with various parties involved.
Advisory	Business Administration Services Advisory	100	Medium	Risk Management & Compliance	Provide advisory services based on discussions to be held with various parties involved.
Advisory	System Administration Committees and Councils	200	NA	NA	Participate on System Administration Committees and Councils (e.g., ERM, SLC, InfoSec, UT Share, Executive and Endowment Compliance, etc.).
Advisory	General Audit Assistance to System Administration	200	NA	NA	Provide general assistance and support to System Administration departments and response to management requests.
Advisory	UTIMCO Meetings and Oversight Activities	40	NA	NA	Attend UTIMCO Board of Directors, Committee, and other oversight meetings.
Required	NCAA Agreed Upon Procedures	1000	Medium	Athletics	Perform agreed-upon procedures regarding internal controls, revenues, and expenses of intercollegiate athletics program activity. NOTE: co-source 800 of 1000
Required	UT System Administration & Consolidated Financial Audit Assistance	450	Medium	Finance	Assist the external auditor on the System Administration and Consolidated financial statements FY 2025 year-end & FY 2026 interim audit work (includes institutional internal audit guidance and coordination).
Investigations	Investigations Reserve	300	NA	NA	Reserve for investigations that may arise.



The University of Texas System Administration System Audit Office

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Audit Plan Category	Engagement Title	Budgeted Hours	Risk	Primary Taxonomy	Engagement Objective
Follow Up	System Audit Follow Up Procedures	200	NA	NA	Follow-up on open recommendations from previous audits conducted by System Audit.
Operations	Assistance to Institutions	450	NA	NA	Provide oversight, guidance, and assistance to the institutional internal audit in various audit areas and other topics.
Operations	Participation in Institutional Audit Committees	50	NA	NA	Provide oversight, guidance, and assistance to the institutional internal audit by attending institutional audit committee and other meetings.
Operations	Systemwide Annual Risk Assessment and Audit Plan	200	NA	NA	Coordinate and conduct institutional audit plan presentations to provide feedback on draft annual audit plans, prepare the Systemwide annual audit plan for approval by the ACRMC and analyze Systemwide risk, audit, and issue trends.
Operations	Audit, Compliance, and Risk Management Committee (ACRMC) and Board of Regents	250	NA	NA	Prepare for and attend ACRMC and Board of Regents meetings. May also include other reports for and requests from Regents.
Operations	Systemwide Internal Audit Council	500	NA	NA	Prepare for and attend Internal Audit Council meetings, including efforts on Internal Audit strategic activities, communication and education among the Chief Audit Executives.
Operations	Investigation Triage, Tracking & Assistance	100	NA	NA	Track, monitor, and report on fraud and investigation activities.
Operations	Systemwide Internal Audit Reporting	300	NA	NA	Collect and summarize information for Systemwide annual internal audit reporting, including tracking plan status and reportable findings.
Operations	IT Audit Collaboration, Skill, and Tool Development	300	NA	NA	Provide IT audit guidance, tool development and support, and educational and collaboration opportunities to assist and enhance IT audit capabilities of institutional audit teams.
Operations	General Communications	75	NA	NA	Develop and deliver communications to institutional internal audit.
Operations	Systemwide TeamMate/eCASE Administration	700	NA	NA	Support the Systemwide administration of audit management software used by institutional internal audit by managing structure and processes, including job aids, guidance, etc. NOTE: UTPB partial appointment to UTS 100 of 700 (TeamMate)
Operations	Online Reporting	100	NA	NA	Collect, track, sort, and post audit reports online.
Operations	Data Analytics Collaboration, Skill, and Tool Development	1400	NA	NA	Provide data analytics technical guidance, tool development and support, and educational and collaboration opportunities to assist and enhance capabilities of institutional audit teams, in addition to assistance on specific institutional engagements.
Operations	UT System Administration Internal Audit Committee	250	NA	NA	Prepare for and attend System Administration Internal Audit Committee meetings.
Operations	Management of the Internal Audit Activity	600	NA	NA	Manage the System Audit Office's internal audit activities such as prioritization and status updates of engagements.
Operations	System Audit Office Annual Risk Assessment and Audit Plan	300	NA	NA	Facilitate risk assessments used to develop the risk-based System Audit Office's annual audit plan.
Operations	System Audit Quality Assurance Activities	300	NA	NA	Conduct internal quality assurance activities, including quality related enhancements to System Audit Office's policies/processes/procedures and External Quality Assessment (EQA) preparation and/or implementation of recommendations.
Operations	TeamMate/eCASE and Website Maintenance and Management	100	NA	NA	Update System Audit's TeamMate and eCASE software and keep Systemwide Internal Audit and System Audit Office websites current.
Operations	External Reporting and Requests	75	NA	NA	Prepare State Auditor's Office (SAO) annual report and other SAO reporting requests. May also include reports or requests from other external agencies. Includes TEC section 51.9337(h) compliance work.
Initiatives and Education	Systemwide eCASE Post-Implementation	500	NA	NA	Post-implementation of eCASE audit management software, including monitoring product enhancements and bugs.
Initiatives and Education	New IIA Standards Implementation	500	NA	NA	Activities related to changes required for compliance with the new IIA Standards.
Initiatives and Education	Quality Program and Metrics Implementation	200	NA	NA	Strengthen leading practice and standards use with quality program implementation (includes coordination/guidance for triennial QAR).
Initiatives and Education	Resource Capabilities and Knowledge/Resource Management	100	NA	NA	Provide guidance, tools, educational opportunities to enhance capabilities and development of auditors Systemwide.
Initiatives and Education	Other Systemwide Internal Audit Initiatives	200	NA	NA	Follow up on execution of various initiatives.
Initiatives and Education	Internal Audit Staff Training	800	NA	NA	Attend training to develop staff competencies and knowledge, including Continued Professional Education to support certifications.
Initiatives and Education	Professional Organizations and Associations	200	NA	NA	Participate in and contribute to professional organizations.
Initiatives and Education	Internal Audit Strategy for Use of Artificial Intelligence (AI)	300	NA	NA	Develop a Systemwide strategy for use of AI to enhance internal audit processes. NOTE: UTPB partial appointment to UTS 250 of 300
Reserve	TBD Special Requests	350	NA	NA	Assist executive management in addressing unexpected issues. NOTE: UTPB partial appointment to UTS 65 of 350 (TBD)



Risk Assessment/Methodology Used to Develop FY 2026 Annual Audit Plan & High Risks Not Included

The Audit Plan outlines the internal audit activities that will be performed by the System Audit Office during FY 2026 in accordance with responsibilities established by UT System, the TIAA, the IIA Global Standards, and GAGAS. The plan is prepared using a risk-based approach to ensure that areas and activities with the greatest risk are identified for consideration to be audited. The Audit Plan includes audit work, which is included in the Assurance, Advisory, Required, Investigations, and Follow-up sections; Operations (ongoing System Administration and oversight activities); and Initiatives & Education (developmental initiatives that may be employed over multiple years). The Audit Plan was approved by the UT System Administration Internal Audit Committee on 8/18/25 and was approved by the UT System Board of Regents' Audit, Compliance, and Risk Management Committee on 8/20/25 as part of the Systemwide Audit Plan.

The System Audit Office's risk assessment approach was accomplished by evaluating important strategic initiatives and operational objectives that were previously defined for each of the System Administration offices. Meetings were held with department heads, members of executive management, and other risk collaborators to review the activities, associated risks, and potential audits and consulting projects. Risks were ranked, based on probability and impact ratings, as well as past audit coverage and other interrelated risks. Engagements were identified to address the highest risks. In addition, the FY 2026 Audit Plan includes other required engagements and reserve time for unanticipated items.

As in past years, additional focus was placed on IT risk through collaboration with IT and Information Security leadership to identify and agree upon critical services and functions that could have a significant impact on business objectives. IT risks related to Title 1, Texas Administrative Code, Chapter 202 (Information Security Standards) are considered in the framework used to assess risk and required information security control standards are included as criteria for all audits in which they apply. Additional focus continues to be placed on emerging and rapidly changing cybersecurity threats and controls in place to prevent and detect potential exposures.

An audit of benefits proportionality for appropriation years 2020-2021 was completed as part of the FY 2022 Audit Plan, as required under Rider 8, page III-50, of the General Appropriations Act (87th Legislature). Because benefits proportionality was not identified as a high-risk area in the annual risk assessment, and is no longer required under Rider 8, page III-58, of the General Appropriations Act (89th Legislature), there are no plans to conduct an audit during FY 2026. A FY 2024 carryforward audit of the contract monitoring process at System Administration was completed in FY 2025, and follow-up procedures on reportable observations will continue in FY 2026. In addition, the FY 2026 plan includes the engagement, Contracts & Supply Chain Alliance Advisory. The FY 2026 audit plan includes an engagement to review procurement controls of GPOs applying to become accredited for use by UT System Administration and UT institutions. The FY 2026 Audit Plan does not include an internal audit related to expenditure transfers, capital budget controls, or other limitation or restriction in the General Appropriations Act; however, these areas may be reviewed as part of the external financial audit.

Additional high risks were identified in the general areas of information technology, human resources, and facilities management. While related engagements are not part of the FY 2026 Annual Audit Plan, there are other mitigating activities and follow-up engagements that address these risks.

VII. Reporting Suspected Fraud and Abuse

Actions taken to implement the requirements of General Appropriations Act (89th Legislature), Section 7.09, page IX-41, Fraud Reporting and Texas Government Code, Section 321.022 include:

- SAO fraud reporting link on the bottom right of UT System homepage (<https://www.utsystem.edu/>)
- UT System policy UTS 118 pertaining to fraudulent activities, including coordination of investigations and reporting of suspected fraud (<https://www.utsystem.edu/sites/policy-library/policies/uts-118-dishonest-or-fraudulent-activities>)



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- UT System Hotline, which provides employees a way to report instances of suspected wrongdoing (<https://www.utsystem.edu/offices/systemwide-compliance/hotline>), including a link to report suspected fraud, waste, and abuse involving state funds to the SAO (<https://sao.fraud.texas.gov/>)
- The System Audit Office continues coordination with the Offices of Systemwide Compliance and General Counsel regarding a Systemwide fraud reporting protocol and tool to help ensure consistent and timely communication.