



February 19, 2019

Dr. Minerva Gonzales
Interim Dean of the College of Nursing
The University of Texas Permian Basin
4901 E. University Boulevard
Odessa, Texas 79762

Dear Dr. Gonzales:

We have completed our audit of the University of Texas Permian Basin (UTPB) College of Nursing. This audit was conducted in accordance with guidelines set forth in UTS 129, the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, and *Generally Accepted Government Auditing Standards (GAGAS)* as issued by the Comptroller General of the United States.

The purpose of our audit was to test and evaluate the effectiveness of the internal controls over financial processes and assets, and to evaluate compliance with UT System and UTPB policies and procedures.

From our audit we noted one high risk finding regarding inventory records for the Simulation Lab, along with two medium risk findings. These are discussed in detail in the attached report along with management's responses. Overall, based upon the results of our testing, it is our opinion that the internal controls of the College of Nursing are effective, and that it is complying with UT System and UTPB policies and procedures.

We wish to express our appreciation to the management and staff of the College of Nursing for the courtesy and cooperation extended to us during this audit.

Sincerely,

A handwritten signature in black ink that reads "Glenn S. Spencer".

Glenn Spencer, CPA
Chief Audit Executive

cc: Dr. Sandra Woodley, President
Dr. Daniel Heimmermann, Provost and Vice President for Academic Affairs
Mr. J. Michael Peppers, UT System Chief Audit Executive

The University of Texas

Permian Basin

College of Nursing

Audit Report

January 2019



Office of Internal Audit
4901 E. University Boulevard
Odessa, Texas 79762

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Executive Summary

We have completed our audit of the College of Nursing as part of the approved FY 2018 audit plan in order to test and evaluate the effectiveness of the internal controls over financial processes and assets; and to evaluate compliance with UT System and UT Permian Basin (UTPB) policies and procedures. From the results of our work, we noted the following exceptions:

Risk

Rank Finding

-  **The separate inventory records for the Simulation Lab have not been updated and are incomplete**
-  **Eleven computers are not included in the College of Nursing’s inventory records**
-  **State funds in excess of the allowable GSA limit were used for travel**

**OVERALL
CONCLUSION**

While we noted some exceptions, based upon the results of our testing it is our opinion that overall, the internal controls of the College of Nursing are effective, and it is complying with UT System and UT Permian Basin policies and procedures.

While we did note the above exceptions, it is our opinion that overall, based on the results of our testing, the internal controls of the College of Nursing are effective, and it is complying with UT System and UTPB policies and procedures. Additional information, along with our recommendations, is detailed in the section entitled “Current Year Audit Results”.

Risk Ranking for Findings:  Critical  High  Medium  Low

Background

The UTPB Nursing Program was created in 2011 and admitted the first class in August 2013. The Program was upgraded to the College of Nursing in 2016. The mission of the College of Nursing is to “educate and prepare graduates to function in professional nursing roles now and in the future, to promote, maintain, and restore health, using evidence-based practice and contributing to research and current technology in providing safe and effective nursing services to diverse individuals of all ages and to communities.” In November 2015, the Commission on Collegiate Nursing Education (CCNE) granted accreditation, with the first graduating class of sixteen nurses occurring in May of 2015. The pass rate on the National Council Licensure Exam (NCLEX) for this class was 91%. The NCLEX exam is a standardized exam that each state board of nursing uses to determine whether or not a candidate is prepared for entry-level nursing practice.

Upon this achievement, the Texas Board of Nursing upgraded the program from initial approval to full approval status in 2016. However, the NCLEX pass rates temporarily dipped below the required 80

percent pass rate in 2016 and 2017. The accreditation status was then revised to “full approval with warning” in 2017. Consequently, the College of Nursing undertook aggressive measures to address program deficiencies. As a result of those efforts, the 2018 pass rate for the College of Nursing increased to 81.25%. Subsequently, the Texas Board of Nursing changed the approval status to “full approval” on January 25, 2019.

Audit Objective

The purpose of our audit was to test and evaluate the effectiveness of the internal controls over financial processes and assets, and to evaluate compliance with UT System and UTPB policies and procedures.

Scope and Methodology

The scope of the audit encompassed activity in fiscal year 2018 and included the following procedures:

- Gain an understanding of the College purpose and function
- Review segregation of duties
- Test expense transactions
- Test inventory and capital assets
- Review compliance with UT System and UTPB policies and procedures

Our audit was conducted in accordance with the guidelines set forth in UTS 129; with the Institute of Internal Auditor’s *International Standards for the Professional Practice of Internal Auditing*; and with *Generally Accepted Governmental Auditing Standards* (GAGAS) as issued by the Comptroller General of the United States.

Risk Ranking Criteria

Risk Level	Definition
PRIORITY	An issue identified by an internal audit, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Permian Basin or UT System as a whole.
HIGH	Risk that is considered to be substantially undesirable and results in a medium to high probability of significant adverse effects to UT Permian Basin either as a whole or at the college/department/unit level.
MEDIUM	Risk that is considered to be undesirable and has a low to medium probability of adverse effects to UT Permian Basin either as a whole or at the college/department/unit level. Without appropriate controls, the risk will occur some of the time.
LOW	Considered to have minimal probability of adverse effects to the UT institution either as a whole or at the college/ school/unit level. Even with no controls, the exposure to UT Permian Basin will be minimal.

Current Year Audit Results

1. Incomplete Simulation Lab Inventory Records

From our observation, we found that the Simulation Lab inventory listing has not been updated since 2015, and no dollar values are listed. There are some instances where valuable items donated to the College of Nursing appear to be more than the capital asset threshold of \$5,000.

Assessed Level of Risk: High

Recommendation

The College of Nursing should coordinate with the Office of Accounting to determine or estimate the value of unlisted items and to update the Simulation Lab’s inventory listing. Also, the College of Nursing should notify the Advancement Office of all donated assets in order to accurately record in-kind gifts.

Management’s Response

We concur. The College of Nursing hired a full time Nursing Simulation Lab Coordinator. One of her primary responsibilities is to inventory each item in the lab. This process to inventory the Sim Lab equipment is underway. The Simulation Lab Director will coordinate with the Office of Accounting to determine the value of unlisted items. In addition, the College of Nursing will notify the Advancement Office of any donated items to accurately record in-kind gifts.

Implementation Date

A complete inventory of the Simulation Lab equipment is underway and will be complete by August 2019. The Advancement Office will be notified immediately of any donated items to the College of Nursing.

Person Responsible for Implementation

Diana Ruiz, Simulation Lab Director

2. Discrepancy in Inventory Records

According to the UTPB Handbook of Operating Procedures (HOP) Part VI Section 8.2 and 8.8, Department heads are responsible to ensure that the annual physical inventory of University property assigned to their department is completed in a timely manner. UTPB HOP Part VI Section 8.8 also emphasizes that moving the responsibility and ownership of inventory items from one department to another is critical in maintaining accurate departmental records. This important internal control is used to identify any discrepancy in a timely manner as well as to reduce the risk of misappropriation of assets.

For our audit, we compared the most recent inventory listing from the College of Nursing and the Information Resources Division (IRD). We found that eleven computers, with a total value of \$11,227.39, are not on the College of Nursing's inventory listing. Those items are on the inventory listing for IRD and have not been transferred to the College of Nursing.

Assessed Level of Risk: Medium

Recommendation

In order to reflect the accuracy of ownership and responsibility, the College of Nursing should coordinate with the Office of Accounting to transfer all eleven computers from the IRD inventory to the College of Nursing.

Management’s Response

A request had been made to transfer the eleven computers to Nursing’s inventory list in 2015. We were told the computers were to stay on the inventory list of the department that purchased the computers. We will make another attempt to transfer these computers to the College of Nursing.

Implementation Date

Immediately

Person Responsible for Implementation

Jennifer Drinkard, Administrative Assistant II

3. Lodging Expenses in Excess of State Limit

Per UTPB’s travel policy, when using state funds, the federal GSA rate is to be used as the maximum rate for the cost of lodging (exclusive of occupancy taxes). When using local or institutional funds, the maximum rate is 115% of GSA, or the conference hotel rate if it is not feasible or cost effective to stay at another location.

From our testing of department travel expenses, we found that state funds were used to reimburse an employee for a conference hotel rate over the maximum GSA rate in the amount of \$1,159.04.

Assessed Level of Risk: Medium

Recommendation

Since state funds are more restrictive than local/ institutional funds, any excess lodging or other travel expenses above the GSA rate should be paid with local/ institutional funds.

Management’s Response

The College of Nursing will use local/institutional funds to pay excess lodging or other travel expenses above the GSA rate. Administrative Assistants were unaware that they needed to take the overages from local/university funds and only GSA rates out of state funds.

Implementation Date

Immediately

Person Responsible for Implementation

Jennifer Drinkard, Administrative Assistant II

Status of Prior Year Findings and Recommendations

Not applicable. There has been no prior audit of the College of Nursing.

Conclusion

While we did note some exceptions, it is our opinion that overall, based on the results of our testing, the internal controls of the College of Nursing are effective, and it is complying with UT System and UTPB policies and procedures.