



UT Tyler
THE UNIVERSITY OF TEXAS AT TYLER

Internal Audit Department

December 8, 2022

Dr. Kirk A. Calhoun
President
The University of Texas at Tyler
3900 University Blvd.
Tyler, TX 75799

Dr. Calhoun,

We have completed the Nursing Shortage Reduction Program (NSRP) Regular Program Fiscal Year 2017 Audit as part of our Fiscal Year (FY) 2022 Audit Plan. The objective of this audit was to determine if funds expended complied with the program expenditure guidelines. The scope of the audit was limited to expenditures from the beginning of FY 2017 (September 1, 2016) through November 8, 2021, when the final expenditure report was provided to THECB.

This audit was conducted in accordance with guidelines set forth in *The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*. We appreciate the assistance provided by management and other personnel and hope the information presented in our report is helpful.

Sincerely,

Stephen Ford
Vice President, Chief Audit Executive

Enclosure

cc:

Mr. Dwain Morris, Executive Vice President, Administration, Chief Business Officer
Dr. Amir Mirmiran, Executive Vice President, Academic Affairs, Provost
Dr. Julie Phillely, Executive Vice President, Health Affairs, Vice Provost
Ms. Kris Kavasch, Senior Vice President, Finance, Chief Financial Officer
Dr. Barbara Haas, Dean, School of Nursing
Dr. Archie Holmes, UT System Executive Vice Chancellor for Academic Affairs
Dr. John Zerwas, UT System Executive Vice Chancellor for Health Affairs
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**Nursing Shortage Reduction Program –
Regular Program Fiscal Year 2017
Audit Report**



December 8, 2022

INTERNAL AUDIT DEPARTMENT
3900 UNIVERSITY BOULEVARD
TYLER, TEXAS 75799

The University of Texas at Tyler
Nursing Shortage Reduction Program – Regular Program Fiscal Year 2017 Audit

AUDIT OBJECTIVE

The objective of this engagement was to determine if funds were expended in compliance with allowable award expenditures outlined in the Program Announcement.

CONCLUSION

The College of Nursing and Health Sciences was awarded \$500,215.45 for The Nursing Shortage Reduction Program (NSRP) in Fiscal Year (FY) 2017 by the Texas Higher Education Coordinating Board (THECB). The funds were available to spend on September 1, 2017, through August 31, 2021. It is noted that prior to the performance of this audit, UT Tyler had already returned \$68,347.01 of the award to THECB in February 2022 where these funds had not been expended by the award end date. During the audit, expenditures from the award in the amount of \$133,787.00 were identified as having been expended subsequent to the required award deadline of August 31, 2021.

OBSERVATIONS

This audit identified the following opportunities for improvement:		
1	High	Communicate late spending to the THECB and develop monitoring procedures.
2	High	Disseminate award information to institutional departments, as required.

#1: Communicate Late Spending to the THECB and Develop Monitoring Procedures

High: Expenditures of award funds were made after the required deadline.

THECB awarded UT Tyler \$500,215.45 as part of the FY 17 NSRP Regular Program. Program guidelines require institutions to expend award funds within four (4) fiscal years after the year of the award, which puts the deadline

for this award at August 31, 2021. During testing of expenditures, nine (9) transactions totaling \$133,787.00 were identified that were not expended until September 9, 2021, which was after the August 31, 2021, deadline. From the efforts performed during this audit, and in collaboration with management to understand the cause of this issue, it is noted that the department miscalculated the award end date and continued to process invoices due to this error.

Opportunity for Improvement #1: The School of Nursing Management, who were responsible for managing this award, through extensive collaboration with UT Tyler Executive Management, should prepare an agreed upon communication to THECB to inform them of this identified issue and to understand the next steps.

Management Response – Dean, School of Nursing: *In September 2022, shortly after Internal Audit communicated that spending had occurred after the FY 17 NSRP Regular Program ending date, UT Tyler remitted \$133,787.00 to THECB to repay these out of period expenditures. The Dean, School of Nursing will send a written communication to THECB immediately after issuance of this audit report, attaching a copy of this report to the transmittal. The transmittal will highlight the fact that spending after the award ending date was inadvertent due to a*

miscalculation of this date, that the funds have been returned, and that process improvements are being implemented to prevent similar circumstances going forward.

Anticipated Implementation Date: *November 30, 2022*

Opportunity for Improvement #2: The School of Nursing Management, who were responsible for managing this award, through extensive collaboration with UT Tyler Executive Management, should develop a process to monitor spending deadlines and work with Executive Management to develop oversight of the monitoring process. These procedures will help ensure future awards are fully expended.

Management Response – Dean, School of Nursing: *School of Nursing leadership has already collaborated with administrative and sponsored program leaders to identify several tools and cross checks to monitor spending deadlines. In order to identify additional systematic processes and controls to ensure future awards are fully expended a School of Nursing representative will participate in the multidisciplinary process improvement project led by the University’s Office of Planning, outlined directly below.*

Anticipated Implementation Date: *February 28, 2023*

Opportunity for Improvement #3: Executive Management should review the monitoring processes throughout UT Tyler to ensure appropriate oversight procedures are in place to monitor the expenditure of awarded funds, especially for awards that are not monitored by the Office of Research, Scholarship and Sponsored Programs, such as this award.

Management Response – SVP, Finance, CFO: *The SVP Finance, in collaboration with senior institutional leadership, has initiated a project led by the UT Tyler Office of Planning to identify a multidisciplinary approach to improving processes across the organization, with a goal of maximizing appropriate use of grant funds within the allowable periods. Additionally, the Provost has recommended that all institutional grants and contracts with deliverables and obligations have oversight by the Office of Research, Scholarship, and Sponsored Programs to supplement oversight by the principal investigator, academic unit, and budget and finance.*

Anticipated Implementation Date: *February 28, 2023*

#2: Disseminate Award Information to Institutional Departments, as required

High: If award information is not disseminated, institutional responsibilities may not be completed as required.

The NSRP Program Announcement states, “Each institution that applies for an award from this program must provide a primary point of contact for their institution. This primary point of contact is responsible for the dissemination of necessary information and coordination at their institution for all matters pertaining to this

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program. This includes coordination with their accounting, budget, audit, and reporting officials. The point of contact must distribute this announcement and all other forms to these areas.” This information was not communicated, as required, to each of the departments listed above.

Opportunity for Improvement: The School of Nursing Management, through extensive collaboration with UT Tyler Executive Management, should ensure that a primary point of contact is assigned for all NSRP awards and information is disseminated as required.

Management Response – Dean, School of Nursing: *The Dean, School of Nursing, is now designated as UT Tyler’s primary point of contact for THECB’s Nursing Shortage Reduction Program. Several other UT Tyler leaders are also receiving THECB’s communications about the NSRP program. The Dean, School of Nursing, is disseminating information and coordinating within the institution for all matters pertaining to the program.*

Anticipated Implementation Date: *Already implemented.*

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BACKGROUND

The College of Nursing and Health Sciences at The University of Texas at Tyler was awarded \$500,215.45 for The Nursing Shortage Reduction Program (NSRP) Fiscal Year (FY) 2017 by the Texas Higher Education Coordinating Board (THECB). Program guidelines state “Institutions have four fiscal years after the year of award in which to expend award funds.” The guidelines also require an audit for awards that exceed \$500,000.

STANDARDS

The audit was conducted in accordance with guidelines set forth in *The Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

SCOPE and PROCEDURES

The scope of the audit included a review of transactions from FY 2017 when the funding was received, through November 8, 2021, when the final report was provided to THECB. Procedures included the following:

- reviewing Program guidelines to gain an understanding of expenditure requirements,
- obtaining the population of transactions from the PeopleSoft accounting system,
- agreeing the population totals to the final report submitted to THECB, and
- testing a sample of expenditures and supporting documentation to verify compliance with program restrictions.

OBSERVATION RANKINGS

Internal audit across the UT System uses a consistent process to evaluate audit results based on risk factors and the probability of a negative outcome.

Legend	
Priority	<i>A finding is defined as an issue that if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Tyler.</i>
High	<i>A finding that is considered to have a <u>medium to high probability</u> of adverse effects to UT Tyler as a whole or to a significant college or department.</i>
Medium	<i>A finding that is considered to have a <u>low to medium probability</u> of adverse effects to UT Tyler as a whole or to a college or department.</i>
Low	<i>A finding that is considered to have a <u>minimal probability</u> of adverse effects to UT Tyler as a whole or to a college or department. These findings are communicated separately to management.</i>