



TEXAS WOMAN'S  
UNIVERSITY™

# ANNUAL INTERNAL AUDIT REPORT

FOR FISCAL YEAR ENDED  
AUGUST 31, 2023

OFFICE OF  
**Audit Services**

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**PURPOSE**

The purpose of this annual report is to provide information on the assurance services, consulting services, and other activities of the internal audit function. In addition, the annual internal audit report assists oversight agencies in their planning and coordination efforts.

The Texas Internal Auditing Act, Texas Government Code, Chapter 2102, requires that an annual report on internal audit activity be filed by November 1st of each year and submitted to the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the State Auditor’s Office, and the entities’ governing boards and chief executives. The State Auditor’s Office prescribes the form and content of the report.

The annual report was prepared using the guidelines provided by the Texas State Auditor’s Office. Additional information regarding the Texas Woman’s University (TWU) Office of Audit Services can be found at the following website: [www.twu.edu/audit-services](http://www.twu.edu/audit-services).

**I. COMPLIANCE WITH TEXAS GOVERNMENT CODE, SECTION 2102.015**

Texas Government Code, Section 2102.015 requires that the internal audit plan and the internal audit annual report be posted on the institution’s website. Accordingly, the Office of Audit Services has posted the approved FY 2024 Audit Plan on the departmental website at [www.twu.edu/audit-services](http://www.twu.edu/audit-services) and will post the FY 2023 Annual Internal Audit Report on the same site upon the report’s issuance.

**II. INTERNAL AUDIT PLAN FOR FY 2023 and STATUS OF RECOMMENDATIONS**

Report Number	Report Title	Issued Date/Status
23-01	Investments Review	January 11, 2023
23-02	Procurement Card Program Audit	August 3, 2023
23-03	Purchasing Compliance Audit	September 11, 2023
	CARES Audit	(a)
	General IT Controls	(a)
	College of Professional Education	(b)
(a)	Proposed carry-forward to FY 2024 Audit Plan	
(b)	Cancelation approved by Finance and Audit Committee	

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## HIGHER EDUCATION CODE - TEC Section 51.9337(h)

The Purchasing Compliance Audit (Report 22-06) was completed on August 31, 2023. The audit is required by the Texas Education Code, Section 51.9337(h), and resulted in one issue which was addressed prior to the conclusion of the audit.

Texas Government Code, Section 2102.015, requires entities to include the following on their website:

- A “detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any, raised by the audit plan or annual report.”
- A “summary of the action taken by the agency to address the concerns, if any, that are raised by the audit plan or annual report.”

To address these requirements, an entity can summarize fiscal year 2023 internal audit recommendations and report on its action and progress toward implementing those recommendations. The following represents the status of implementation of the FY 2023 audit recommendations, as well as any outstanding prior audit recommendations from previous fiscal years.

Report Number	Report Date	Title	Recommendation	Status	Responsible Area
20-02	December 20, 2019	Investments Audit	Update the Investment Policy Related to Diversification	Implemented	Finance & Administration
20-08	April 29, 2021	Network Firewall	Enhance Configurations	Incomplete/Ongoing	Information Technology
20-08	April 29, 2021	Network Firewall	Enhance Policies and Procedures	Incomplete/Ongoing	Information Technology
21-03	July 8, 2021	TAC 202 Compliance	Enhance Logical Security Processes	Incomplete/Ongoing	Information Technology
21-04	October 1, 2021	Student Receivables	Formalize Existing Reconciliation Process Between Colleague and Oracle	Implemented	Finance & Administration
22-01	December 3, 2021	Safety and Security	Develop Annexes to Support the Comprehensive Emergency Management Plan (CEMP)	Incomplete/Ongoing	Finance & Administration
22-01	December 3, 2021	Safety and Security	Review, Update and Approve the CEMP and Annexes	Incomplete/Ongoing	Finance & Administration
22-01	December 3, 2021	Safety and Security	Consistently Perform and Document Drills	Incomplete/Ongoing	Finance & Administration
22-01	December 3, 2021	Safety and Security	Complete and Monitor Training	Incomplete/Ongoing	Finance & Administration
22-01	December 3, 2021	Safety and Security	Update the CEMP for Coordination Measures and Audit Requirements	Incomplete/Ongoing	Finance & Administration
22-02	December 15, 2021	Investments Audit	Update the Investment Policy Related to Diversification	Implemented	Finance & Administration
22-03	March 11, 2022	College of Business	Perform Account Reconciliations	Incomplete/Ongoing	Academic Affairs
22-03	March 11, 2022	College of Business	Monitor Completion of Training	Incomplete/Ongoing	Academic Affairs
22-03	March 11, 2022	College of Business	Enhance Conflicts of Interest Reporting	Incomplete/Ongoing	Academic Affairs
22-03	March 11, 2022	College of Business	Enhance Asset Procedures	Incomplete/Ongoing	Academic Affairs
22-03	March 11, 2022	College of Business	Perform User Access Reviews	Incomplete/Ongoing	Academic Affairs

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Report Number	Report Date	Title	Recommendation	Status	Responsible Area
22-04	March 3, 2022	Information Technology Change Management	Enhance Separation of Duties	Incomplete/Ongoing	Information Technology
22-04	March 3, 2022	Information Technology Change Management	Enhance Change Management Documentation	Incomplete/Ongoing	Information Technology
22-04	March 3, 2022	Information Technology Change Management	Implement Change Management Metrics	Incomplete/Ongoing	Information Technology
22-04	March 3, 2022	Information Technology Change Management	Review and Update the Charter and Related Procedures	Incomplete/Ongoing	Information Technology
22-04	March 3, 2022	Information Technology Change Management	Implement Detective Controls	Incomplete/Ongoing	Information Technology
23-02	August 3, 2023	Pcard Program Audit	Update the Procurement Card Manual.	Not Started	Finance & Administration
23-02	August 3, 2023	Pcard Program Audit	Enhance Monitoring of Pcard Holders	Not Started	Finance & Administration
23-02	August 3, 2023	Pcard Program Audit	Strengthen Monitoring of Pcard Transactions and Enforce Pcard Policies and Procedures.	Not Started	Finance & Administration
23-03	September 11, 2023	Purchasing Compliance	Monitor annual completion of ethics training and the Non-Disclosure and Conflict of Interest forms.	Not Started	Finance & Administration

### III. CONSULTING SERVICES AND NON-AUDIT SERVICES COMPLETED

No consulting services were completed in FY 2023, as defined in the Institute of Internal Auditors' International (IIA) Standards for the Professional Practice of Internal Auditing. Consulting services are advisory in nature and are generally performed at the specific request of an engagement client. The Office of Audit Services did not perform any non-audit services, as defined in the Generally Accepted Government Auditing Standards (GAGAS) during FY 2023.

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## IV. EXTERNAL QUALITY ASSURANCE REVIEW (PEER REVIEW)



August 27, 2021

TO: Ms. Kathleen Wu, Board of Regents Chair and Presiding Officer  
 Ms. Stacie D. McDavid, Board of Regents Finance and Audit Committee Chair, Vice Chair and Assistant Presiding Officer  
 Dr. Carine M. Feyten, Ph.D., Chancellor and President

Texas Woman's University  
 P.O. Box 425587  
 Denton, TX 76204

Ms. Wu, Ms. McDavid and Dr. Feyten:

We have completed the quality assurance review (QAR) of the internal audit function at Texas Woman's University (TWU) which is required by the Texas Internal Auditing Act, the Institute of Internal Auditor's (IIA) International Professional Practice Framework (IPPF), and the U.S. Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS). For the purposes of this review, we collectively refer to these as the Standards.

We conducted an independent validation of the assertions and conclusions made in the QAR Self-Assessment Report issued by Ms. Shannon South, Director of Audit Services, on January 28, 2021. We conducted the validation using the State Agency Internal Audit Forum Peer Review Guidelines and the Master Peer Review Program as guidance. The review included internal audit activities for the period December 1, 2017 through June 30, 2020. We reviewed the QAR Self-Assessment Report, reviewed supporting documentation, and interviewed audit staff, TWU leadership, and TWU Board of Regents representatives.

The rating system used for expressing an opinion for this review provides 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 that are judged to be in conformance with the Standards. "Partially conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit 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 internal audit activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by Ms. South, we agree with the overall conclusion that the internal audit function "Generally Conforms" with the Standards, with specific conformance noted in the following chart.

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Standard Type and Description	Opinion
<i>Texas Internal Auditing Act</i>	Generally Conforms
<i>Generally Accepted Government Auditing Standards</i>	Generally Conforms
<i>IIA's Code of Ethics</i>	Generally Conforms
<b>IPPF's Attribute Standards</b>	
1000 – Purpose, Authority, and Responsibility	Generally Conforms
1100 – Independence and Objectivity	Generally Conforms
1200 – Proficiency and Due Professional Care	Generally Conforms
1300 – Quality Assurance and Improvement Program	Partially Conforms
<b>IPPF's Performance Standards</b>	
2000 – Managing the Internal Audit Activity	Generally Conforms
2100 – Nature of Work	Generally Conforms
2200 – Engagement Planning	Generally Conforms
2300 – Performing the Engagement	Generally Conforms
2400 – Communicating the Results	Generally Conforms
2500 – Monitoring Progress	Generally Conforms
2600 – Communicating the Acceptance of Risks	Generally Conforms

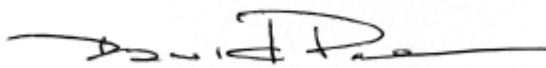
We agree with the goals set by the Office of Audit Services as stated in the QAR Self-Assessment Report.

In addition, the following are recommendations for you and the Office of Audit Services' consideration:

- 1) Perform an annual Quality Assurance and Improvement review. Due to the recent changes in audit leadership, this was not consistently performed.
- 2) Continue strategic efforts to maintaining audit department director and staff consistency. Perform an annual review of audit department staffing (e.g. Compensation, staffing levels, staff certification and experience requirements and organization should be reviewed annually for entire team by Director of Audit Services with a summary provided to the Finance & Audit Committee. Director of Audit Services compensation package should be reviewed by Human Resources on a regular basis (1-3 years).
- 3) Provide formal 1:1 Finance & Audit Committee training for all new members related to their internal audit responsibilities.
- 4) Continue developing audit department strategic readiness for the shift to a System environment.
- 5) Consider adding the Director of Audit Services to the Cabinet.
- 6) Consider elevating the Director of Audit Services position to Chief Audit Executive.

We appreciate the assistance provided to us during this review by the Board of Regents, the Chancellor and President, TWU leadership, and the Office of Audit Services.

Sincerely,



David Price, CPA, CIA  
Chief Audit Executive  
The University of Texas at Arlington



Justin McAninch, MBA, CIA, CFE  
Audit Manager  
The University of Texas Health Science Center at Tyler

**V. INTERNAL AUDIT PLAN FOR FY 2024**

The FY 2024 Internal Audit Plan was approved by the TWU Board of Regents on August 10, 2023. The FY 2024 Internal Audit Plan was submitted to the State Auditor’s Office and posted on the TWU website. Quarterly updates provided to the committee can be obtained by reviewing Reports of the Office of Audit Services on the meeting agenda.

The FY 2024 audit plan was prepared using risk assessment techniques that identify the individual audits to be conducted during the year. The risk-ranked audit universe was based on the operating conditions present at the time of the assessment. The risk factors utilized during the risk assessment process included:

- Information Technology
- Student Relations
- Reputational
- Governance
- Operation and Regulatory Compliance

The risk-rated audit universe was calculated by weighting the risk factors on the basis of inherent risk. Inherent risk is the risk related to a process without any consideration for control activities.

The Office of Audit Services has posted the FY 2024 Audit Plan on the departmental website at [www.twu.edu/audit-services](http://www.twu.edu/audit-services).

Risk areas ranked as “high” but not scheduled to be audited during fiscal year 2024 are:

• Database Administration/ERP	• Revenues
• Public Safety	• Accreditation Standards
• Application Selection/Development	• Financial Aid
• Online Learning	• Budget and Planning
• Advising	• Information Technology Services
• Registrar	• Purchasing/Credit Cards
• Human Resource Administration	• Information Security

There are no audits on the FY 2024 Audit Plan that address expenditure transfers, capital budget controls, or any other limitation or restriction in the General Appropriations Act (87<sup>th</sup> Legislature Conference Committee Report). An audit is included on the FY 2024 audit plan that addresses the specific aspects of contract management related to TEC §51.9337.

After consideration of the estimated time for holidays and leave, the Fiscal Year 2024 audit plan budget was based on 3,286 available staff hours for 2 internal audit professionals. Of this time, approximately 1,900 hours will be dedicated to performing risk-based and required audits, 200 hours is needed for follow-up on prior audits, 250 hours are set aside for investigations and

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unscheduled requests, 200 hours will be utilized for staff education and service to the profession, and 1,000 hours are allocated for administrative and other value-added work, including the annual risk assessment, institutional committee service, and department development.

**VI. EXTERNAL AUDIT SERVICES PROCURED IN FY 2023**

The following external audit services, including financial and performance audits and attestation engagements, reviews, and agreed-upon procedures, were procured during FY 2023.

External Auditor	Services Provided
Weaver	Facilitation of the Annual Risk Assessment
Howe & Springer, P.C.	NCAA Agreed-upon Procedures

**VII. REPORTING SUSPECTED FRAUD AND ABUSE**

**The General Appropriations Act (87<sup>th</sup> Legislature), Section 7.09 Fraud Reporting**

Actions taken to implement the requirements of Section 7.09, Fraud Reporting, General Appropriations Act (87<sup>th</sup> Legislature Conference Committee Report) are noted below:

- TWU has placed a link on the TWU homepage that states “Report Fraud, Waste, or Abuse”. The [link](#) on the TWU homepage takes a user directly to the State Auditor’s Office webpage for reporting fraud, waste, and abuse.
- TWU has also incorporated into its University Regulation and Procedure (URP: 01.215) “Fraud and Fraudulent Activities” policy information on how to report suspected fraud involving state funds to the State Auditor’s Office. This information includes a [link](#) to the State Auditor’s Office website.

**Texas Government Code §321.022 Coordination of Investigations**

- a) If the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the department or entity.
- b) The state auditor, in consultation with state agencies and institutions, shall prescribe the form, content, and timing of a report required by this section.
- c) All records of a communication by or to the state auditor relating to a report to the state auditor under Subsection (a) are audit working papers of the state auditor.

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If a situation were to occur where this code is applicable, Texas Woman's University would report such activities to the State Auditor's Office through its webpage for reporting fraud, waste, and abuse.

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