



# **ANNUAL INTERNAL AUDIT REPORT**



**Fiscal Year 2023**

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## **I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Annual Internal Audit Report, and Other Audit Information on Internet Website**

In accordance with Texas Government Code, Section 2102.015, UT Health San Antonio, Office of Internal Audit & Consulting Services (Internal Audit) posted the approved FY 2024 Internal Audit Plan and its FY 2023 Internal Audit Annual Report to its website.

<http://uthscsa.edu/internalaudit/auditreport.asp>

Additionally, all internal audit reports are posted on the UT System Audit Office website, unless the information is excepted from public disclosure under Chapter 552.

<https://www.utsystem.edu/documents/audit-reports-institution>

Texas Government Code, Section 2102.015 also requires entities to update the Audit Plan information to include the following information on its website:

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

The Texas State Auditor’s Office (SAO) based on Texas Government Code, Section 2102.015 allows entities to include the summaries described above to be included in the annual audit plan. As such, Internal Audit has included in Section II of this report the required information by summarizing FY 2023 internal audit recommendations and report on its action and progress toward implementing those recommendations. See page 6 for Schedule of Open Audit Recommendations and the status as of August 31, 2023 (FY 2023).

## II. Internal Audit Plan for Fiscal Year 2023 & Project Status

<i>Project/Report #</i>	<i>Report Title</i>	<i>Report Date or Status</i>
<b><i>Risk Based Audits</i></b>		
<b><i>UTHSCSA 22-02CF</i></b>	UTHP Charge Capture	<i>March 14, 2023</i>
<b><i>UTHSCSA 22-03CF</i></b>	Infection Control at the COHR and Remote Clinics	<i>January 25, 2023</i>
<b><i>UTHSCSA 22-08CF</i></b>	Epic Application – General IT Controls Effectiveness	<i>January 17, 2023</i>
<b><i>UTHSCSA 23-03</i></b>	Dentistry Revenue Cycle Billing Process	<i>Rolled to FY 2024*</i>
<b><i>UTHSCSA 23-04</i></b>	Sub-certification Process and Monitoring of Key Controls	<i>November 21, 2022</i>
<b><i>UTHSCSA 23-05</i></b>	Physician Credentialing	<i>Rolled to FY 2024*</i>
<b><i>UTHSCSA 23-06</i></b>	Payroll Process – Employment Status	<i>Rolled to FY 2024*</i>
<b><i>UTHSCSA 23-08</i></b>	National Institutes of Health (NIH) - Expenditures	<i>Cancelled</i>
<b><i>UTHSCSA 23-09</i></b>	Epic Application Security & Infrastructure Security Assessment	<i>June 16, 2023</i>
<b><i>UTHSCSA 23-10</i></b>	axiUm Application Security	<i>March 27, 2023</i>
<b><i>UTHSCSA 23-11</i></b>	Construction Management	<i>Rolled to FY 2024*</i>
<b><i>UTHSCSA 23-12</i></b>	Research Computing Environment - Security and Policy Compliance	<i>Absorbed in UTHSCSA 23-16</i>
<b><i>UTHSCSA 23-14</i></b>	Be Well, Texas Program	<i>November 2023</i>
<b><i>UTHSCSA 23-46</i></b>	Azure Virtual Desktop	<i>May 17, 2023</i>
<b><i>Consulting Audits</i></b>		
<b><i>UTHSCSA 23-07</i></b>	Procurement – Sole Source Vendor	<i>November 2023</i>
<b><i>UTHSCSA 23-16</i></b>	Data Governance Maturity Assessment	<i>October 6, 2023</i>
<b><i>UTHSCSA 23-44</i></b>	IT Redundancy	<i>January 31, 2023</i>
<b><i>Externally Required Audits</i></b>		
<b><i>UTHSCSA 23-22</i></b>	Residency Program Award/Family & Community Medicine	<i>December 30, 2022</i>
<b><i>UTHSCSA 23-23</i></b>	Body Donation	<i>November 2023</i>
<b><i>UTHSCSA 23-24</i></b>	SAO Annual Reporting Requirement on Procurement Policies	<i>October 31, 2022</i>
<b><i>UTHSCSA 23-26</i></b>	Annual Internal Audit Report (SAO)	<i>October 31, 2022</i>
<b><i>University of Texas System Required Audits</i></b>		
<b><i>UTHSCSA 23-20</i></b>	FY 2022 Financial Statement Audit Assistance (Year-end)	<i>Completed</i>
<b><i>UTHSCSA 23-21</i></b>	FY 2023 Financial Statement Audit Assistance (Interim)	<i>Completed</i>

*\*Department had a Lead-Auditor vacancy causing several projects to roll to FY 2024*

**Texas Government Code and Texas Education Code (TEC) Requirements:**

TEC Section 51.9337(h) 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 UT Health San Antonio Internal Audit Office conducted this required assessment for FY 2023, and found the following:

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

**Higher Education Institution Audit Requirements**

A summary table of recommendations to address issues identified from FY 2023 engagements, the actions 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.

## FY 2023 Summary of Internal Audit Recommendations and Implementation Status

Report Date	Report Title / Status of Audit	Recommendation(s)	Management Action Plan(s)
Report Date: January 17, 2023	<b>Report Title</b> UTHSCSA 22-08CF  Audit of Epic Application – General IT Controls Effectiveness  <b>Status of this Audit</b> Completed	<b>Audit of Epic Application – General IT Controls Effectiveness</b>  UT Health is not required to post information since it's exempt from public disclosure under Texas Government Code Chapter 552.	
Report Date: January 25, 2023	<b>Report Title</b> UTHSCSA 22-03CF  Infection Control at the COHR and Remote Clinics  <b>Status of this Audit</b> Completed	<b>Infection Control at the COHR and Remote Clinics</b>  <b>A.1 Infection Control Monitoring</b>  <b>Recommendation:</b> The UT Dentistry Infection Control Policy should clearly define a formal Infection Control Monitoring evaluation process, to include the responsibility, frequency, documentation requirements and any pertinent disciplinary actions. Infection control monitoring should be performed on a routine and timely basis for all sterilization locations, providing documented feedback to ensure that operators are adhering to established standards. Risk Rating: Medium  <b>B.1 Instrument Sterilization Verification/Documentation</b>  <b>Recommendation:</b> The provider's verification of instrument sterilization performed prior to patient procedures should be documented. Risk Rating: Medium	<b>Action Plan:</b>  The UT Dentistry Infection Control Policy will be updated to clearly define a formal Infection Control Monitoring evaluation process, to include the responsibility, frequency, documentation requirements and any pertinent disciplinary actions. Infection control monitoring will be performed on a routine and timely basis for all sterilization locations, providing documented feedback to ensure that operators are adhering to established standards.  Detailed steps provided and entered in the workpapers.  <b>Implementation Status:</b>  Completed
Report Date: March 27, 2023	<b>Report Title</b> UTHSCSA 23-10  Audit of axiUm application - General IT Controls Effectiveness  <b>Status of this Audit</b> Completed	<b>Audit of axiUm application - General IT Controls Effectiveness</b>  UT Health is not required to post information since it's exempt from public disclosure under Texas Government Code Chapter 552.	
Report Date: May 17, 2023	<b>Report Title</b> UTHSCSA 23-10  Audit of Azure Virtual Desktop	<b>Audit of Azure Virtual Desktop (pre-implementation review)</b>  1 (a) Management to ensure elevated privileged access activities captured in the audit log are reviewed annually. (b) An established approval process and access path for requesting and approving vendor	<b>Management implemented the action plan listed below to minimize risk prior to go-live.</b>  <b>Action Plan:</b> 1 a) Develop an annual report to audit elevated access within Subscriptions and management tools. The report will identify the user and role within the subscription and management tool. Management will determine if permission should be maintained or revoked. The second

	<p><b>Status of this Audit</b> Completed</p>	<p>support requests and temporary access to data through a secure channel should exist.</p> <p>2. Management to ensure elevated privileged access is assigned on a least privileged basis and restricted to a limited number of individuals based on their job roles and responsibilities</p> <p>3. Configuration settings should be updated to use "customer-managed keys to support data-at-rest encryption.</p> <p>4. (a) A backup and recovery process should be put in place. (b) The backup tool should be configured to notify authorized individuals when a backup failure occurs.</p> <p>5. (a) The SOC 2 Type 2 report should be reviewed. (b) Management to identify and analyze noted deviations in the SOC report and determine its impact on her environment. (c) Applicable complimentary user entity control responsibilities should be suitably designed and operating effectively.</p>	<p>report will be created to look for anomalies to identify elevated access that has been provisioned before the annual report has been reviewed. b) A support process and approval workflow will be created to determine if vendor access to data is needed. If access is needed workflow includes approval and revoking steps.</p> <p>2. Develop an annual report to audit elevated access within Subscriptions and management tools. The report will identify the user and role within the subscription and management tool. Management will determine if permission should be maintained or revoked. The second report will be created to look for anomalies to identify elevated access that has been provisioned before the annual report has been reviewed.</p> <p>3. Customer-managed keys for the Azure storage account have been created and we are in the process to deploy to the storage account. A policy has also been created to audit if the storage account is not configured with Customer managed keys</p> <p>4. The second phase of Azure Virtual Desktop will include a scope for backup and recovery. The process will be developed to meet SLA identified.</p> <p>5. GRC plans to configure calendar with reoccurring yearly review of SOC2 Type 2.</p>
<p>Report Date: October 31, 2023</p>	<p><b>Report Title</b> UTHSCSA 23-14</p> <p>Audit of Be Well, Texas Disbursements Audit</p> <p><b>Status of this Audit</b> In-Process</p>	<p><b>Audit of Be Well, Texas Disbursements Audit</b></p> <p>A.1 Recommendation Ensure all grant funded disbursements contain sufficient documentation, in order to confirm payment transaction documentation is complete, accurate, and retained in accordance with regulatory and contractual requirements.</p> <p>B.1 Recommendation:</p>	<p>Action Plan:</p> <p>A.1 Updated language in FY24 subcontracts places liability on subcontracted providers to maintain receipts for all purchases for seven years of contract date, and to validate claims generated in CMBHS monthly to include verifying clients are not eligible for Medicare or Medicaid. Additionally, the fee-for-service contracted providers will be required to validate or attest to the accuracy of the claims generated in CMBHS prior to Be Well processing service requests for payment.</p> <p>To mitigate the risk of any missing documentation Be Well invested in Salesforce at a total cost of \$115,000 annually an internal accounting software that allows for proper controls measures, approvals, and accounting of all grant-funds activities. Be Well has also centralized documentation of financial records on the newly created SharePoint where staff have been instructed to organize files for continuity. Additionally, starting in FY24 all subcontracted providers were required to submit a detailed budget as a requirement for contract execution, and the Be Well Quality Assurance and Process Improvement team has updated their audit screening tool to verify financial compliance with all contracts.</p> <p>B.1 Be Well Texas will work with the Office of Sponsored Program (OSP) and the Texas Department of Health and Human Services to resolve the \$29,953 disallowable expenditure issue. The aforementioned process</p>

		<p><i>Continue to work with the Texas Department of Health and Human Services to resolve the \$29,953 disallowable expenditure issue.</i></p>	<p><i>improvement within salesforce also provides additional control measures to ensure expenses are processed to the correct projects.</i></p> <p><i>Implementation Status:</i></p> <p><i>In-Process, expected completion 11/30/2023</i></p>
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### III. Consulting Services and Non-Audit Services Completed

The table below summarizes the key FY 2023 consulting and non-audit services performed by Internal Audit.

<b>Project Number#</b>	<b>Request Closed</b>	<b>Engagement Title</b>	<b>High Level Objective</b>	<b>Observations Results</b>	<b>Status</b>
UTHSCSA 22-03CF	Jan 25, 2023	COHR	Reviewed infection control processes across all dental clinics to include Laredo for the SoD.	Where needed, Management has planned/ or taken appropriate corrective action.	Completed
UTHSCSA 23-44	Jan 14, 2023	IT Redundancy	Confidential IT engagement.		
UTHSCSA 23-45	Feb 3, 2023	Cash Handling Investigation	Assessed process and procedures for cash handling for SoD.		

### IV. External Quality Assurance Review

*UT Health San Antonio has a peer review conducted in coordination with The University of Texas System Office every three years. The last review/validation was conducted in July of 2020, another review was internally conducted August 2023 with an external validation conducted in October 2023, with a final report issued by December 31, 2023.*

## V. Internal Audit Plan for Fiscal Year 2024

The Institutional Internal Audit Committee approved the FY 2024 Internal Audit Plan on June 22, 2023, and revised on October 18, 2023. The finalized Audit Plan is listed below:

<b>Project #</b>	<b>Audit Title</b>	<b>General Objective/Description</b>
<b>Assurance Engagements</b>		
<b>UTHSCSA 23-03CF</b>	Dentistry Revenue Cycle – Billing Process	Assess the controls and procedures as it pertains to the billing and claims process with the SoD practice plan. (carry forward FY 2023)
<b>UTHSCSA 24-01</b>	Facilities Management (FM) – Construction Projects	Evaluate the policies and processes in place to effectively manage internal construction projects below \$10M that FM oversees.
<b>UTHSCSA 24-02</b>	Construction Management	Evaluate the policies and processes in place to effectively manage construction projects in excess of ten million dollars.
<b>UTHSCSA 24-03</b>	Physician Credentialing	Assess MSRDP processes for: physician credentialing, recredentialing and monitoring of physicians licensures and insurance for expirations to ensure compliance with government regulations and Institutional policy.
<b>UTHSCSA 24-04</b>	Sterilization Audit (SoM)	Determine if adequate controls and good processes (training) over sterilization of equipment are in place.
<b>UTHSCSA 24-05</b>	Sub-certification Process and Monitoring of Key Controls	Validate the Institutional monitoring plan related to segregation of duties and account reconciliations and financial review and analysis.
<b>UTHSCSA 24-06</b>	Record Release Process - HIPAA	Determine if adequate controls are in place to ensure patient data is released timely and within federal, state, and Institutional policy.
<b>UTHSCSA 24-07</b>	Cloud Security & Performance Assessment	Evaluate the security measures and performance of cloud computing systems and services.
<b>UTHSCSA 24-08</b>	Third-Party Security Governance & Access Management	Analyze vendors' access to systems to identify excess or inappropriate access and governance posture in the enterprise.
<b>UTHSCSA 24-09</b>	Robotic Process Automation & Data Protection	Evaluate and improve the effectiveness and efficiency of data protection measures through automation.
<b>UTHSCSA 24-10</b>	Epic Hosting Information Security	Evaluate the security posture of the Epic application and identify any vulnerabilities or weaknesses that could be exploited by malicious actors.
<b>UTHSCSA 24-11</b>	Endpoint Encryption	Assess and evaluate the effectiveness of an organization's endpoint security measures and identify potential vulnerabilities or weaknesses. (Meets requirements of TAC 202.76)
<b>UTHSCSA 24-12</b>	Windows File Server	Assessment of the controls around Windows File Servers facilitates assurance that identification and resolution of server vulnerabilities support business objectives.
<b>Assurance Engagements (Risk-based Audits)</b>		<b>27.4%</b>
<b>Advisory and Consulting Engagements</b>		<b>18.6%</b>
<b>Required Engagements</b>		
<b>UTHSCSA 24-25</b>	Residency Program Award/Family & Community Medicine	Review expenditures for the Residency program and report on the compliance with grant regulations to the Texas Higher Education Coordinating Board.
<b>UTHSCSA 24-26</b>	Joint Admission Medical Program (JAMP)	Determine whether funding related to the JAMP program is appropriately utilized in accordance with pertinent policies and procedures, regulations, and grant requirements (Texas Higher Education Coordinating Board).
<b>UTHSCSA 24-27</b>	SAO Annual Reporting Requirement on Procurement Policies	Review for compliance with the Texas Education Code §51.9337 requirement that the chief audit executive annually certify to the state auditor that the institution has procurement policies in place that

<b>Project #</b>	<b>Audit Title</b>	<b>General Objective/Description</b>
		<i>comply with the Texas Education Code requirements for higher education institutions.</i>
<b>UTHSCSA 24-43</b>	Annual Internal Audit Report (SAO)	<i>Prepare and issue the annual SAO Internal Audit Activity Report.</i>
<b>Required Engagements</b>		<b>6.4%</b>
<b>Other</b>		
<b>Investigation Reserve</b>		<b>3%</b>
<b>Audit Reserve</b>		<b>13.5%</b>
<b>Follow-up</b>		<b>1.7%</b>
<b>Development – Operations</b>		<b>21.5%</b>
<b>Development – Initiatives and Education</b>		<b>7.9%</b>

### ***Risk Assessment Used to Develop the Internal Audit Plan***

The institutional annual risk assessment was conducted using the methodology developed by the UT System Audit Office. The risk assessment involved using a top-down approach based on the institutional strategic objectives and priorities. The risk assessment included consideration of risks associated with (1) the applicable information technology risks related to Title 1, Texas Administrative Code, Chapter 202, Information Security Standards, and (2) benefits proportionality. Internal Audit also considered potential risk areas based on external inputs from other academic healthcare Institutions, external firms, and other professional organizations such as the Association of Healthcare Internal Auditors. Internal Audit assigned scores to risk factors for each objective to obtain the overall risk score. Internal Audit determined residual risks to the institution and included areas of higher risk in the annual internal audit plan.

In addition to the audits derived from the risk assessment, the audit plan includes other required, recurring, and/or requested projects as directed by the University of Texas System, external regulatory agencies, and UT Health San Antonio management.

### **VI. External Audit Services Procured in FY 2023**

The University of Texas System contracted with Deloitte and Touche, LLP to perform an independent audit of the FY 2023 University of Texas System financial statements, which included the performance of certain audit procedures at UT Health San Antonio. Internal Audit did not contract for any audit services in FY 2023.

### **VII. Reporting Suspected Fraud and Abuse**

Actions taken to comply with Section 7.09, page IX-38, the General Appropriations Act (87<sup>th</sup> Legislature), as well as Texas Government Code, Section 321.022, *Coordination of Investigations*, include:

- The UT Health San Antonio home page provides a link to the Compliance Hotline web page (<http://uthscsa.edu/compliance/compline.asp>) which provides its phone number and information on how employees can confidentially report suspected improper conduct, illegal actions, and fraud.
- The Compliance Hotline web page provided a link to the State Auditor's Office (SAO) Hotline web page (<http://sao.fraud.state.tx.us>) which provides information on reporting suspected fraud, waste and abuse to the SAO.
- The UT Health San Antonio Handbook of Operating Procedures ([HOP](#)) [Policy 2.5.5 Fraud, Abuse and False Claims Act](#) (HOP) Policy 2.5.5, *Fraud, Abuse and False Claims Act* provides information on the coordination of investigations and reporting of suspected fraud and abuse.