



INTERNAL AUDIT ANNUAL REPORT



Fiscal Year 2024

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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 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 2025 Internal Audit Plan and its FY 2024 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 2024 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, 2024 (FY 2024).

II. Internal Audit Plan for Fiscal Year 2024 & Project Status

<i>Project/Report #</i>	<i>Report Title</i>	<i>Report Date or Status</i>
<i>Risk Based Audits</i>		
<i>UTHSCSA 24-01</i>	Facilities Management (FM) – Construction Projects	<i>In-Progress</i>
<i>UTHSCSA 24-02</i>	Construction Management	<i>Cancelled*</i>
<i>UTHSCSA 24-03</i>	Physician Credentialing	<i>Transferred to FY 2025**</i>
<i>UTHSCSA 24-05</i>	Sub-certification Process and Monitoring of Key Controls	<i>December 8, 2023</i>
<i>UTHSCSA 24-08</i>	Third-Party Security Governance & Access Management	<i>June 27, 2024</i>
<i>UTHSCSA 24-09</i>	Robotic Process Automation & Data Protection	<i>Cancelled*</i>
<i>UTHSCSA 24-10</i>	Epic Hosting Information Security	<i>March 4, 2024</i>
<i>UTHSCSA 24-11</i>	Endpoint Encryption	<i>Cancelled*</i>
<i>UTHSCSA 24-12</i>	Windows File Server	<i>February 14, 2024</i>
<i>UTHSCSA 24-52</i>	Texas Education Code Section 51.3525 Compliance Audit	<i>August 12, 2024**</i>
<i>Consulting Audits</i>		
<i>UTHSCSA 23-03CF</i>	Dentistry Revenue Cycle – Billing Process Flow	<i>June 26, 2024</i>
<i>UTHSCSA 24-04</i>	Sterilization Audit (SoM)	<i>October 31, 2024</i>
<i>UTHSCSA 24-06</i>	Record Release Process – HIPAA (SoD)	<i>October 23, 2024</i>
<i>UTHSCSA 24-07</i>	Cloud Security & Performance Assessment	<i>October 23, 2024</i>
<i>UTHSCSA 24-18</i>	Peoplesoft – Oracle Fusion Pre-Implementation	<i>April 10, 2024</i>
<i>UTHSCSA 24-19</i>	Wi-Fi Network Security and Performance	<i>October 23, 2024</i>
<i>UTHSCSA 24-47</i>	Data & Record Management	<i>January 19, 2024</i>
<i>UTHSCSA 24-48</i>	Retirement Benefit Review	<i>February 13, 2024</i>
<i>UTHSCSA 24-49</i>	Sample Medication Inventory Controls	<i>June 24, 2024</i>
<i>UTHSCSA 24-50</i>	Separation of Duties – Requisition and Approval Controls	<i>June 26, 2024</i>
<i>UTHSCSA 24-51</i>	Ransomware and Phishing	<i>June 28, 2024</i>
<i>Externally Required Audits</i>		
<i>UTHSCSA 24-25</i>	Residency Program Award/Family & Community Medicine	<i>January 10, 2024</i>
<i>UTHSCSA 24-26</i>	Joint Admission Medical Program (JAMP)	<i>November 1, 2023</i>
<i>UTHSCSA 24-27</i>	SAO Annual Reporting Requirement on Procurement Policies	<i>October 30, 2024</i>
<i>UTHSCSA 24-43</i>	Annual Internal Audit Report (SAO)	<i>Completed</i>

**Project was cancelled or transferred to the FY 2025 plan due to changes in the risk landscape and/or the scope or complexity of completed work on the FY2024 Audit Plan.*

***Project added to the Audit Plan during FY 2024 (High Priority Request from UT System Administration) with proper approval from the Institution's Audit Committee (4/17/24). In order to complete this audit, two audits were removed from the plan to ensure ample resources were available.*

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 2024, 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 2024 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 2024 Summary of Internal Audit Recommendations and Implementation Status

Report Date	Report Title/Status of Audit	Recommendation(s)	Management Action Plan(s)
8/12/2024	(UTHSCSA 24-52) Texas Education Code Section 51.3525 Compliance Audit	<p><i>Based on the work performed, UT Health San Antonio, has achieved compliance with TEC §51.3525 and key requirements of UTS 197. However, while not specifically required by statute, we have identified opportunities, as described below, to help ensure ongoing compliance with TEC §51.3525.</i></p> <p><u>A.1 Central Location for Information</u></p> <p><i>Recommendation:</i> Management should consider redesigning the Senate Bill 17 link on the Institution’s intranet homepage to guide employees to a central location for statute guidance and communicate this resource to employees.</p> <p>Risk Rating: Low</p> <p><u>A.2. Education</u></p> <p><i>Recommendation:</i> Management should ensure employees are educated about TEC §51.3525 requirements.</p> <p>Risk Rating: Low</p> <p><u>A.3. Monitoring Plan</u></p> <p><i>Recommendation:</i> Management should document a monitoring plan to ensure ongoing compliance with TEC §51.352.</p> <p>Risk Rating: Medium</p> <p><u>A.4. Certification to the Chancellor</u></p> <p><i>Recommendation:</i> Management should document the process the President will rely upon to support certification to the Chancellor.</p> <p>Risk Rating: Low</p>	<p><u>Action Plan:</u></p> <p><u>A.1 Central Location for Information</u></p> <p><i>Management Action Plan:</i> Management will relocate the resources related to SB17 compliance to the Institutional Compliance Office webpage.</p> <p>Risk Rating: Low</p> <p><u>A.2. Education</u></p> <p><i>Management Action Plan:</i> TEC §51.3525 content will be added to a general compliance training module.</p> <p>Risk Rating: Low</p> <p><u>A.3. Monitoring Plan</u></p> <p><i>Management Action Plan:</i> Management will draft and adopt a monitoring plan.</p> <p>Risk Rating: Medium</p> <p><u>A.4. Certification to the Chancellor</u></p> <p><i>Management Action Plan:</i> The President relied on current Institutional monitoring activities and the results of this audit to certify compliance with TEC §51.352 for FY 2024. The process that the President will rely on to certify on-going compliance will be documented in the overall monitoring plan to be developed by December 31, 2024. The plan will include monitoring updates to the President and the Institutional Compliance Committee semi-annually going forward.</p> <p>Risk Rating: Low</p> <p>All items are expected to be completed by December 31, 2024.</p>
June 27, 2024	(UTHSCSA-24-08) Third-Party Security Governance & Access Management	<p><i>Due to the confidential nature of the Audit Report, all specific contents have been redacted. However, all identified findings have been thoroughly addressed and resolved.</i></p>	

Report Date	Report Title/Status of Audit	Recommendation(s)	Management Action Plan(s)
March 4, 2024	(UTHSCSA-24-10) Epic Hosting Information Security	Due to the confidential nature of the Audit Report, all specific contents have been redacted. However, all identified findings have been thoroughly addressed and resolved.	
February 14, 2024	Report Title (UTHSCSA-24-12) Windows File Server	Due to the confidential nature of the Audit Report, all specific contents have been redacted. However, all identified findings have been thoroughly addressed and resolved.	

III. Consulting Services and Non-Audit Services Completed

The table below summarizes the key FY 2024 consulting and non-audit services performed by Internal Audit.

Project Number#	Request Closed	Engagement Title	High Level Objective	Observation Results	Status
UTHSCSA 23-03CF	June 26, 2024	Dentistry Revenue Cycle – Billing Process Flow	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 24-04	October 31, 2024	Sterilization Audit (SoM)	Reviewed infection control processes across of sampled clinics for the SoM in preparation for Joint Commission Accreditation.		
UTHSCSA 24-06	October 23, 2024	Record Release Process – HIPAA (SoD)	Assessed controls as related to SoD use of a third-party vendor.		
UTHSCSA 24-07	October 23, 2024	Cloud Security & Performance Assessment	Confidential IT engagement		
UTHSCSA 24-18	April 10, 2024	Peoplesoft – Oracle Fusion Pre-Implementation	Confidential IT engagement.		
UTHSCSA 24-19	October 23, 2024	Wi-Fi Network Security and Performance	Confidential IT engagement.		
UTHSCSA 24-47	January 19, 2024	Data & Records Management	Confidential IT engagement.		
UTHSCSA 24-48	February 13, 2024	Retirement Benefit Review	Review of benefits to ensure compliance to state requirements.		
UTHSCSA 24-49	June 24, 2024	Sample Medication Inventory Controls	Assessed controls relating to the use of sample medication within the SoM.		
UTHSCSA 24-50	June 26, 2024	Separation of Duties (SOD) – Requisition and Approval Controls	Assisted management in obtaining tools in order to conduct continuous monitoring of SOD related to requisition and approval of disbursements.		
UTHSCSA 24-51	June 28, 2024	Ransomware and Phishing	Confidential IT engagement.		

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 January of 2024. The following information are the results of the review:

Quality Assurance Review - UT Health San Antonio Internal Audit Background

- In accordance with the IIA's Professional Practices & Standards, a Quality Assurance Review (QAR) was completed.
- Process: Internal Self-Assessment validated by an independent, third-party (Baker-Tilly).
- The period under review included the current and prior fiscal years (FY 2021 and FY 2024) generally September 2020 – August 2023.

Results – Generally Conforms, which is the highest rating available.

Strengths Identified by Baker Tilly:

- Mission-driven activities
- Strong relationship with stakeholders
- Internal Audit's Annual Risk Assessment and Audit Plan
- Leadership's trust in Internal Audit Department's competence and quality

Enhancement Opportunities* Identified by Baker Tilly:

- Consider dedicating additional resources to assist with future healthcare audits
- Further refine reporting content for Institutional Audit Committee (IAC) meetings

Status Update

* - IA has already taken action to address the opportunities identified by Baker Tilly. Verbally communicated to the AC.

V. Internal Audit Plan for Fiscal Year 2025

The Institutional Internal Audit Committee approved the FY 2025 Internal Audit Plan on June 26, 2024. The finalized Audit Plan is listed below:

<i>Audit Title</i>	<i>General Objective/Description</i>
Assurance Engagements	
Record Release Process – HIPAA	<i>Determine if adequate controls are in place to ensure patient data is released timely and within federal, state, and Institutional policy.</i>
Controlled Substances – Research	<i>Assess the process and procedures in place to ensure compliance with pertinent federal, state, and Institutional requirements.</i>
Controllable Write-Offs – UTHP	<i>Evaluate the efficiency and effectiveness over billing and collections as it pertains to controllable write-offs for UTHP.</i>
Revenue Cycle – Central Verification	<i>Determine whether the central verification process is operating effectively and efficiently in obtaining proper authorizations needed to collect on filed claims.</i>
NIH Grant Review – Expenditures	<i>Assess the process and procedures regarding NIH grant expenditures to determine compliance with pertinent requirements.</i>
Physician Credentialing	<i>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.</i>
Monitoring of Key Financial Controls – UTS 142	<i>Validate the Institutional monitoring plan related to segregation of duties and account reconciliations and financial review and analysis.</i>
Access Management & Identity Governance (TAC 202)	<i>Ensure that the right individuals have the appropriate access to technology resources while preventing unauthorized access that could lead to security breaches, data loss, and regulatory non-compliance.</i>
Decentralized IT Operations and Security Governance	<i>Establish and enforce security policies, controls, and procedures to protect IT assets and data and ensure decentralized IT operations comply with relevant regulations, standards, and policies.</i>
axiUm – Epic (Wisdom) Implementation	<i>Ensure the new system performs efficiently, delivers reliable results, and meets performance expectations. The assessment areas to cover are Data Conversion, Application Interface, IT Processes, Segregation of Duties, and Reporting, Hypercare/Warranty phase, to mention a few.</i>
Epic Hosting Information Security	<i>Ensure the security, integrity, confidentiality, and availability of information resources.</i>
Medical Device Management – Hospital	<i>Ensure the effective management, maintenance, and security of medical devices to provide safe and reliable healthcare services.</i>
Patch Management	<i>Ensure that software updates and patches are applied promptly and effectively to protect systems from vulnerabilities and maintain operational integrity.</i>
Peoplesoft – Oracle HCM Implementation – Wave 2	<i>Ensure the new system performs efficiently, delivers reliable results, and meets performance expectations. The assessment areas to cover are Data Conversion, Application Interface, IT Processes, Segregation of Duties, and Reporting, Hypercare/Warranty phase, to mention a few.</i>
Privileged Access Management – Netwrix	<i>Securing and managing the elevated access rights of privileged accounts to prevent unauthorized access, data breaches, and insider threats.</i>
Epic System- University Health System	<i>Ensure the successful implementation and operation of the Epic electronic health record (EHR) system within a community healthcare setting.</i>
Web and API Security	<i>Ensure the protection of web applications and APIs from various threats and vulnerabilities to maintain data and services' confidentiality, integrity, and availability.</i>
Assurance Engagements (Risk-based Audits)	40.9%

Audit Title	General Objective/Description
<i>Advisory and Consulting Engagements</i>	23.2%
Required Engagements	
UTHSCSA 24-25 Residency Program Award/Family & Community Medicine	<i>Review expenditures for the Residency program and report on the compliance with grant regulations to the Texas Higher Education Coordinating Board.</i>
UTHSCSA 24-27 SAO Annual Reporting Requirement on Procurement Policies	<i>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 comply with the Texas Education Code requirements for higher education institutions.</i>
UTHSCSA 24-43 Annual Internal Audit Report (SAO)	<i>Prepare and issue the annual SAO Internal Audit Activity Report.</i>
<i>Required Engagements</i>	2.3%
Other	
<i>Investigation Reserve</i>	2.5%
<i>Audit Reserve</i>	2.6%
<i>Follow-up</i>	2.1%
<i>Development – Operations</i>	14.2%
<i>Development – Initiatives and Education</i>	12.2%

Additional “high” risks identified, but not included in the FY 2025 Audit Plan are found in the following areas. Many of these risks are mitigated by other initiatives throughout the institution.

- Foreign Influence
- Telemedicine
- Payor Contract Compliance
- Infusion Charge Capture and Billing
- Revenue Cycle – Claims Processing
- Use of Prohibited Technologies
- Travel & Entertainment
- TX-Ramp (TGC 2054.0593)
- Physical Security & Environmental Protection
- Risk Management – Information Security & Compliance Services
- Inventory Management

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. In addition, Internal Audit completed a significant number of interviews with key institutional leadership and stakeholders to solicit their input regarding key strategic objectives and associated risks. 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 2024

The University of Texas System contracted with Deloitte and Touche, LLP to perform an independent audit of the FY 2024 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 2024.

VII. Reporting Suspected Fraud and Abuse

Actions taken to comply with Section 7.09, page IX-38, the General Appropriations Act (87th 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 (<https://sao.fraud.texas.gov/>) 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.