



THE UNIVERSITY OF TEXAS
PERMIAN BASIN™

ANNUAL
INTERNAL AUDIT

REPORT

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2025

OFFICE OF INTERNAL AUDIT AND ADVISORY SERVICES



October 30, 2025

Sandra Woodley, DBA., President

Ms. Catherine Speer, Chair of the Institutional Audit Committee:

Attached is the annual report for the Office of Internal Audit for the fiscal year (FY), which ended August 31, 2025. This report is required by the Texas Internal Auditing Act and provides information on the activities of the internal audit function.

If you have any questions about the contents of this report, please do not hesitate to contact me.

Respectfully submitted,

Ali Subhani, CFE, CIA, CISA, GSNA, CDPSE

Chief Audit Executive

Report Distribution:

- State Auditor's Office
- Governor's Office of Budget, Planning, and Policy
- Legislative Budget Board
- Members of the UT Permian Basin Institutional Audit Committee
- UT System Audit Office

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I. COMPLIANCE WITH TEXAS GOVERNMENT CODE, SECTION 2102.015

The UT Permian Basin FY 2025 Internal Audit Annual Report, which includes a summary of weaknesses/concerns and related actions taken resulting from the FY 2025 Internal Audit Plan (see Appendix I) and its approved FY 2026 Internal Audit Plan (see Appendix 3), can be found on the UT Permian Basin Office of Internal Audit and Advisory Services website at

<https://www.utpb.edu/university-offices/internal-audit/annual-reports>

II. INTERNAL AUDIT PLAN FOR FY 2025

Engagements	Status
Assurance Engagements	
Contract Management Audit	Report issued on October 22, 2025
Change in Leadership Audits	Report issued on August 15, 2025
Student Fee Audit	Report issued on April 4, 2025
Business Continuity and Disaster Recovery Planning Audit	Report issued on May 30, 2025
Required Engagements	
TEC §51.9337	Report issued on January 21, 2025
Annual Financial Report - FY 2024 (assist Deloitte)	Deloitte Report (UT System)
NCAA Agreed Upon Procedures	Baker Tilly report issued on August 31, 2024
UTPB STEM Academy Expenditure Review	Report issued on December 17, 2024
Advisory Engagements	
Use of Donor Funds - FY24 Carry-forward	Report issued on October 23, 2024
Permian Strategic Partnership Advisory	Combined into Management Advisory reserve
Student Housing Advisory	Combined into Management Advisory reserve



Engagements	Status
Advisory Engagements	
Continuous Auditing / Data Analytics	Ongoing
EIR Accessibility Standards Consulting	Combined into Management Advisory reserve
Artificial Intelligence Governance Advisory	Combined into Management Advisory reserve
Scholarship Fund Management Advisory	Combined into Management Advisory reserve
Athletics Business Processes Advisory	Complete
TEC §51.3525 Compliance Advisory	Combined into Management Advisory reserve
Meetings with Leadership / General Advisory	Ongoing
Investigations	
Various Special Reviews	Internal Memos, as applicable
Follow-Up	
General follow-up procedures	Ongoing - Internal Memos, as applicable
Development - Operations	
Internal Audit Committee	Ongoing
Audit-related staff meetings/discussions	Ongoing - Report NA
Quality Control Processes and Interim Self-Assessment	Ongoing - Report NA
Annual Risk Assessment and Audit Plan	Ongoing - Report NA
UT System requests and Internal Audit Council	Ongoing - Report NA
External Audit Assistance and Coordination	Ongoing - Report NA
Annual Internal Audit Report - FY 2025	Complete (October 30, 2025)
Audit software administration	Ongoing - Report NA
Development - Initiatives and Education	
Continuing Professional Education (CPE)	Ongoing - Report NA
Other Training, including travel	Ongoing - Report NA
Audit software conversion and training	Complete - Report NA

Deviations from Audit Plan Submitted:

The UTPB Office of Internal Audit and Advisory Services completed its FY 2025 Internal Audit Plan except for the deviations noted below. One engagement for which reports had not yet been issued at the end of FY 2025 was carried forward for completion in FY 2026 and is now complete. Changes from the original FY 2025 Internal Audit Plan were made as follows.

- Canceled: Advisory projects as outlined in the prior table
- Postponed: None
- Added: None

Monitoring Advisory TEC Section 51.9337(h):

Senate Bill 20 (84th Legislative Session) made several modifications and additions to the Texas Government Code (TGC) and the Texas Education Code (TEC) related to purchasing and contracting. Effective September 1, 2015, TEC §51.9337 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 UTPB Office of Internal Audit conducted this required assessment for FY 2025 and communicated that: *Based on the review of current institutional policy and the UT System Board of Regents' Rules and Regulations, UT Permian Basin has adopted the rules and policies required by Texas Education Code §51.9337. These rules and policies will continue to be assessed annually to ensure continued compliance.*

TGC Section 2102.015:

See Appendix I for a summary table of observations identified from FY 2025 engagements, the actions planned to be taken by management, and the current implementation status. This data is included to address website posting requirements as required by Texas Government Code §2102.015. Audit results are included in each issued audit report, which are provided to the State Auditor's Office.

III. CONSULTING SERVICES AND OTHER ACTIVITIES COMPLETED

The following table outlines consulting services and other activities that were completed:

Report Date	Project Name	Overall Objective	Results
NA	Continuous Auditing / Data Analytics	Provide training and guidance to university personnel in using analytics tools to monitor compliance	No reportable observations
NA	Athletics Business Process Advisory	Advise Athletics in reviewing and updating financial operations	No reportable observations
NA	Various Special Reviews	Investigations or special reviews conducted at the request of management	Internal memos issued, as appropriate

IV. EXTERNAL AUDIT SERVICES PROCURED IN FY 2025

While no other external audit services were procured by UT Permian Basin during Fiscal Year 2025, other engagements relevant to the university were performed by outside entities and include the following for FY 2025:

- Deloitte & Touche LLP, contracted by UT System to conduct audit procedures related to the FY 2024 Annual Systemwide Consolidated Financial Report and interim procedures for the audit of the FY 2024 Systemwide Consolidated Annual Financial Report.
- Bakery Tilly Us LLP, contracted by UT System to conduct the UTPB Department of Intercollegiate Athletics, agreed upon procedures report.
- The Texas Comptroller of Public Accounts completed a desk audit of Statewide Controls Over Expenditure Processing.
- The Texas Comptroller of Public Accounts performed follow-up procedures for observations noted in the Post-payment Audit Report # 742-23.

- The State Auditor's Office performed follow-up procedures for observations related to financial aid.

V. EXTERNAL QUALITY ASSURANCE REVIEW

An external quality assurance review was completed in November 2023. See Appendix 2.

VI. INTERNAL AUDIT PLAN FOR FY 2026

A copy of the plan is included in Appendix 3.

VII. REPORTING SUSPECTED FRAUD AND ABUSE

Actions taken by the University of Texas Permian Basin to implement the requirements of the General Appropriations Act (88th Legislature), Article IX, Section 7.09, Fraud Reporting and Texas Government Code, include:

- SAO fraud reporting link on the bottom right of the UT Permian Basin homepage (<https://www.utpb.edu/>)
- UT System policy UTS 118 pertaining to fraudulent activities, including coordination of investigations and reporting of suspected fraud (<https://www.utsystem.edu/sites/policy-library/policies/uts-118-dishonest-or-fraudulent-activities>)
- UT Permian Basin Hotline, which provides employees a way to report instances of suspected wrongdoing (<https://www.utpb.edu/university-offices/compliance-and-accommodations/>)

APPENDIX I: STATUS OF AUDIT RECOMMENDATIONS

Report Date	Report Name	Observation	Management Response	Status
9/30/2024	Cybersecurity and Threat Response Audit	Seven observations. Excepted from disclosure under Texas Government Code §552.139 or other law. Full report has been provided to the State Auditor's Office.	Excepted from disclosure under Texas Government Code §552.139 or other law. Full report has been provided to the State Auditor's Office.	One observation open.
04/04/2025	Student Fee Audit	UTPB does not comply with two provisions of Texas Education Code (TEC) Chapter 54: Tuition and Fees.	Responsibility for maintaining both catalogs has been reassigned to the Office of the Registrar. Going forward, one staff person will manage both catalogs to ensure consistency and compliance with applicable requirements. The published catalogs will be updated to include all course and lab fees prior to the next academic year. Regarding the lab fee that appears to exceed the statutory limit, the Provost's Office will research the history of the specific fee noted in the audit to determine the intent of and need for the increase, and coordinate with the Bursar to correct the billing system prior to the next academic term so that the lab fee is charged correctly and within the statutory limit.	Open - Various due dates
04/04/2025	Student Fee Audit	All published fee amounts should be verified for accuracy to ensure current and prospective students can accurately anticipate their cost.	Responsibility for maintaining both catalogs has been reassigned to the Office of the Registrar. Going forward, one staff person will manage both catalogs to ensure published information is accurate. The Graduate Studies Catalog will be corrected to reflect current fees prior to the next academic year.	Open - 7/15/2025
04/04/2025	Student Fee Audit	Centralized coordination and oversight are needed to ensure student fees are established and managed in accordance with applicable policies and procedures and used as intended.	Centralized coordination and oversight are needed to ensure student fees are established and managed in accordance with applicable policies and procedures and used as intended.	Open- 8/31/2025



Report Date	Report Name	Observation	Management Response	Status
04/04/2025	Student Fee Audit	Policies, procedures, and training materials should be established to clearly communicate guidelines for establishing, processing, and managing of student fees and comply with Regents' Rule 40401 requirements.	Procedures for fee request/approval and the collection and use of fee revenue will be documented for inclusion in the HOP. As part of centralizing all fee documentation and establishing a monitoring plan in response to Observation 2, additional materials will be developed to assist departmental staff in understanding the appropriate use of fee revenue.	Open- 8/31/2025
05/30/2025	Disaster Recovery and Business Continuity Planning Audit	Four observations. Excepted from disclosure under Texas Government Code §552.139 or other law. Full report has been provided to the State Auditor's Office.	Excepted from disclosure under Texas Government Code §552.139 or other law. Full report has been provided to the State Auditor's Office.	Open - Various due dates
08/15/2025	Change in Leadership Audits - College of Education	Opportunities exist to enhance compliance with institutional requirements related to compliance training, conflict of interest certifications, and fiscal management.	Procedures within the College of Education will be updated to facilitate compliance with institutional requirements.	Open – Due 5/31/2026
08/15/2025	Change in Leadership Audits - College of Arts and Humanities	Opportunities exist to enhance compliance with institutional requirements related to compliance training, conflict of interest certifications, and fiscal management.	Procedures within the College of Arts and Humanities will be updated to facilitate compliance with institutional requirements.	Open – Due 5/31/2026
10/22/2025	Contract Management Audit	Procurement spend is not reported accurately to fulfill external reporting requirements.	Monitoring procedures will be established within the Purchasing department to verify data accuracy prior to submission to the Legislative Budget Board (LBB) and posting to transparency reporting platforms. This will allow for timely resolution of any discrepancies.	Open – Due 11/1/2025
10/22/2025	Contract Management Audit	A process to reliably track and monitor total spend on contracts is not in place.	To ensure UTPB implements a reliable methodology to track contract spend, a contract expenditure tracking protocol will be implemented using existing financial systems and departmental self-monitoring.	Open – Due 11/1/2025



Report Date	Report Name	Observation	Management Response	Status
10/22/2025	Contract Management Audit	Processes are not aligned with the Contract Management Handbook.	Processes will be enhanced to improve compliance with the Contract Management Handbook (CMH). Key improvements include: • The Purchasing Director or designee will use and approve a compliance checklist before contract execution to ensure alignment with the CMH. • The Purchasing Director will implement risk assessments and formal contract close-out procedures.	Open – Due 12/1/2025



APPENDIX 2: EXTERNAL QUALITY ASSURANCE REVIEW



November 2023

Ms. Dyan Hudson, Interim Chief Audit Executive
University of Texas Permian Basin

In June 2023, The University of Texas Permian Basin (UT Permian Basin) internal audit (IA) function, the Office of Internal Audit (OIA), completed a self-assessment of internal audit activities in accordance with guidelines published by the Institute of Internal Auditors (IIA) for the performance of a quality assessment review (QAR). UT Permian Basin IA engaged an independent review team consisting of internal audit professionals with extensive higher education and healthcare experience to perform an independent validation of IA's QAR self-assessment. The primary objective of the validation was to verify the assertions made in the QAR report concerning IA's conformity to the IIA's *International Standards for the Professional Practice of Internal Auditing* (the IIA Standards) and Code of Ethics, Generally Accepted Government Auditing Standards (GAGAS), and the relevant requirements of the Texas Internal Auditing Act (TIAA).

The IIA's *Quality Assessment Manual* suggests 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 IA 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 IA activity from performing adequately in all or in significant areas of its responsibilities.

Based on our independent validation of the QAR performed by IA, we conclude that the internal audit function **"Partially Conforms"** with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* due to challenges related to the following:

- Standard 1300 – Quality Assurance and Improvement Program
- Standard 2040 – Policies and Procedures
- Standard 2330 – Documenting Information

Our review noted strengths as well as opportunities for enhancing the internal audit function.

This information has been prepared pursuant to a client relationship exclusively with, and solely for the use and benefit of, The University of Texas System Administration and UT Permian Basin and is subject to the terms and conditions of our related contract. Baker Tilly disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than The University of Texas System Administration and The University of Texas Permian Basin.

The review team appreciates the cooperation, time, and candid feedback of executive leadership, stakeholders, and IA personnel.

Very truly yours,

Baker Tilly US, LLP



APPENDIX 3: FY 2026 AUDIT PLAN

FY 2026 Work Plan	Budget	Percent of Total	General Objective/Description
Assurance Engagements			
Contract Management (FY 2025 c/f)	150		Anticipated carry-forward to complete FY25 engagement to determine whether controls in all contracting phases (solicitation, award, monitoring, and termination) are effective to ensure compliance with applicable policies and State procurement law
Contract Management and Performance - Chartwells	160		Evaluate contract oversight and monitoring, compliance with terms, and vendor performance
Change in Leadership Audits	350		Review administrative business processes in colleges with new leadership to determine whether controls are implemented in compliance with applicable university policies and procedures
Faculty Workload	350		Review controls over management and monitoring of faculty workload processes that ensure accountability, fairness, and compliance with applicable policies and rules
OnBase Document Imaging	300		To ensure that the controls over the OnBase System are adequate to ensure that access to data is properly safeguarded and operational processes are efficient and effective
Assurance Engagements Subtotal	1310	32.7%	
Advisory Engagements			
Employee and Contractor Offboarding	250		Evaluate employee and contractor offboarding processes, including timely system access removal.
Continuous Auditing / Data Analytics	100		Perform recurring data analyses to monitor risk areas and advise management on potential analytics of benefit to their monitoring responsibilities
Bursar Department	300		To evaluate and provide recommendations to enhance the internal control environment within the Bursar Department's operations.
General Advisory Services	150		Ad hoc meetings with executive management and general advisory services
Advisory Engagements Subtotal	800	20.0%	
Required Engagements			
TEC §51.9337 Compliance Assessment	10		Determine compliance with Texas Education Code §51.9337 regarding contracting and purchasing policies
Annual Financial Report - FY 2025 (assist Deloitte)	9		Provide assistance as needed to external auditors
Annual Financial Report - Interim Procedures (assist Deloitte)	6		Provide assistance as needed to external auditors
UTPB STEM Academy Expenditure Review	40		Perform contractually required review of FY 2025 STEM Academy expenditures.
THECB Facilities Audit	100		Assist THECB peer reviewer with required facilities audit
Required Engagements Subtotal	165	4.1%	
Investigations			
Investigations - Reserve/General	250		Reserve for investigations



FY 2026 Work Plan	Budget	Percent of Total	General Objective/Description
Investigations Subtotal	250	6.2%	
Reserve for Assurance and Advisory Engagements/General	0		Reserve for selection of additional risk-based assurance engagement, management-requested audits and advisory services, emerging risks and issues, and other non-specific ad hoc consulting.
Reserve Subtotal	0	0.0%	
General Follow-up Procedures	120		Follow up to validate implementation of management action plans
Follow-Up Subtotal	120	3.0%	
External Audit Assistance and Coordination	60		Coordination and monitoring of audits performed by external entities.
Internal Audit Committee	120		Preparation for audit committee meetings
Internal Quality Assurance Review	140		Self assessment of departmental quality assurance program.
Audit-related staff meetings/discussions	150		Discussion of audit-related issues not specific to one engagement.
Annual Risk Assessment and Audit Plan	120		Perform risk assessment and develop annual internal audit plan
UT System requests and Internal Audit Council	100		
Annual Internal Audit Report - FY 2025	40		Annual report to State Auditor's Office
Audit software administration	60		eCase software administration as needed
Management of the Internal Audit Activity	120		
Development - Operations Subtotal	910	22.7%	
Development - Initiatives and Education			
Continuing Professional Education (CPE)	120		certifications
Other Training (including travel)	247		
Strategic Plan Initiatives	80		
Development - Initiatives and Education Subtotal	447	11.2%	
Total Budgeted Hours	4002	100.0%	

Risk Assessment/Methodology Used to Develop FY 2026 Annual Audit Plan & High

Risks Not Included

The FY 2026 Internal Audit Plan includes planned internal audit activities that will be performed during the fiscal year. The goals for this risk assessment approach were to start with executive management with an awareness of critical initiatives and objectives to ensure the risks assessed are the most relevant and timely. An emphasis was placed on collaboration with other functions that assess, handle, or manage risk. Information Technology risks represent a broad, high-risk category in the risk assessment and include specific information technology risks related to control standards required under Texas Administrative Code §202.76. An audit of benefits proportionality was last performed as part of the FY 2022 Internal Audit Plan, for appropriation years 2020-2021 as required under Rider 8, page III-50, of the General Appropriations Act (87th Legislature). Because benefits proportionality was not identified as a high-risk area in the annual risk assessment, there are no plans to conduct an audit during FY 2026.

This risk assessment process also evaluates risks associated with achieving the requirements of TEC §51.9337 and TGC §2102.005(b) related to required standards for purchasing authority and consideration of contracting risk.

A review for compliance with TEC §51.9337 will be performed, as required. In addition, an audit of contract management practices was included in the FY 2025 annual audit plan based on risk. The resulting Internal Audit Plan outlines the internal audit activities that will be performed during FY 2026 in accordance with responsibilities established by UT Permian Basin, UT System, the IIA Standards, and generally accepted government auditing standards. The plan is prepared using a risk-based approach, as described above, to ensure that areas and activities with the greatest risk are identified for consideration to be audited. The Internal Audit Plan includes Engagements (Assurance, Advisory, Required, Investigations, and Follow-up); Operations (ongoing non-engagement activities); and Initiatives & Education (training and developmental initiatives that may be employed over multiple years).

The Internal Audit Plan with the list of potential projects was approved by the UT Permian Basin Internal Audit Committee on June 2, 2025, and by the UT System Board of Regents' Audit, Compliance, and Risk Management Committee on August 20, 2025, as part of the UT Systemwide Audit Plan. The finalized Internal Audit Plan was approved by the UT Permian Basin Internal Audit Committee on October 30, 2025.



Additional critical/high risks were identified in the general areas of:

- Funding,
- Federal Policy / Program Uncertainty,
- Cybersecurity, and
- Enrollment

While engagements to address all these risks are not part of the FY 2026 Internal Audit Plan, there are other risk mitigation activities that address them.