



The University of Texas at Brownsville

FY 2012 Audit of the Office of Global Engagement

December 12, 2012



OFFICE OF INTERNAL AUDITS

The University of Texas at Brownsville

Norma L. Ramos, CIA, CGAP

Director of Internal Audits

December 12, 2012

Dr. Juliet V. Garcia, President
The University of Texas at Brownsville
80 Fort Brown
Brownsville, Texas 78520

Dear Dr. Garcia:

As part of our Audit Plan for fiscal year 2012, we completed the **FY 2012 Audit of the Office of Global Engagement** at The University of Texas at Brownsville. The objectives of this audit were to:

- Review the internal controls over the Office of Global Engagement regarding the control environment, segregation of duties, approvals and authorizations, safeguarding of assets, and monitoring, to provide reasonable assurance that existing internal controls are adequate.
- Review the admission process of international students to ensure compliance with applicable policies, laws, and procedures.

Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

The recommendations in this report represent, in our judgment, those most likely to provide a greater likelihood that management's objectives are achieved. The recommendations differ in such aspects as difficulty of implementation, urgency, visibility of benefits, and required investments in facilities and equipment, or additional personnel. The varying nature of the recommendations, their implementation costs, and their potential impact on operations should be considered in reaching your decision regarding courses of action.

We appreciate the assistance provided by UTB's management and other personnel. We hope the information and analyses presented in our report are helpful.

Sincerely,

A handwritten signature in cursive script that reads "Norma L. Ramos".

Norma L. Ramos, CIA, CGAP
Director of Internal Audits

cc: *The University of Texas at Brownsville*

Dr. Alan F. J. Artibise, Provost and Vice President for Academic Affairs

Dr. Ruth Ann Ragland, Associate Provost

Ms. Rosemary Martinez, CPA, Vice President for Business Affairs

Dr. Hilda Silva, Vice President for Student Affairs

Mr. Irvine W. Downing, Vice President for Economic Development and Community Services

Dr. Luis Colom, Vice President for Research

Dr. Clair Goldsmith, Vice President for Information Technology Services and CIO

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Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs, *Ad Interim*

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Table of Contents

<i>Executive Summary</i>	2
<i>Background Information</i>	3
<i>Audit Objectives</i>	4
<i>Scope of Work</i>	4
<i>Audit Results</i>	4
<i>Control Conscious Environment</i>	4
<i>Departmental Expenditures</i>	4
<i>Conclusion</i>	13



Executive Summary

The 2012 approved audit plan included the Audit of the Office of Global Engagement at the University of Texas at Brownsville. Our audit was limited to interviews with departmental employees, and review of departmental records.

The objectives of the audit were to:

- Review the internal controls over the Office of Global Engagement regarding the control environment, segregation of duties, approvals and authorizations, safeguarding of assets, and monitoring, to provide reasonable assurance that existing internal controls are adequate.
- Review the admission process of international students to ensure compliance with applicable policies, laws, and procedures.

Based on the procedures performed, the admission process of international students needs improvement. We also identified improvements in the following areas:

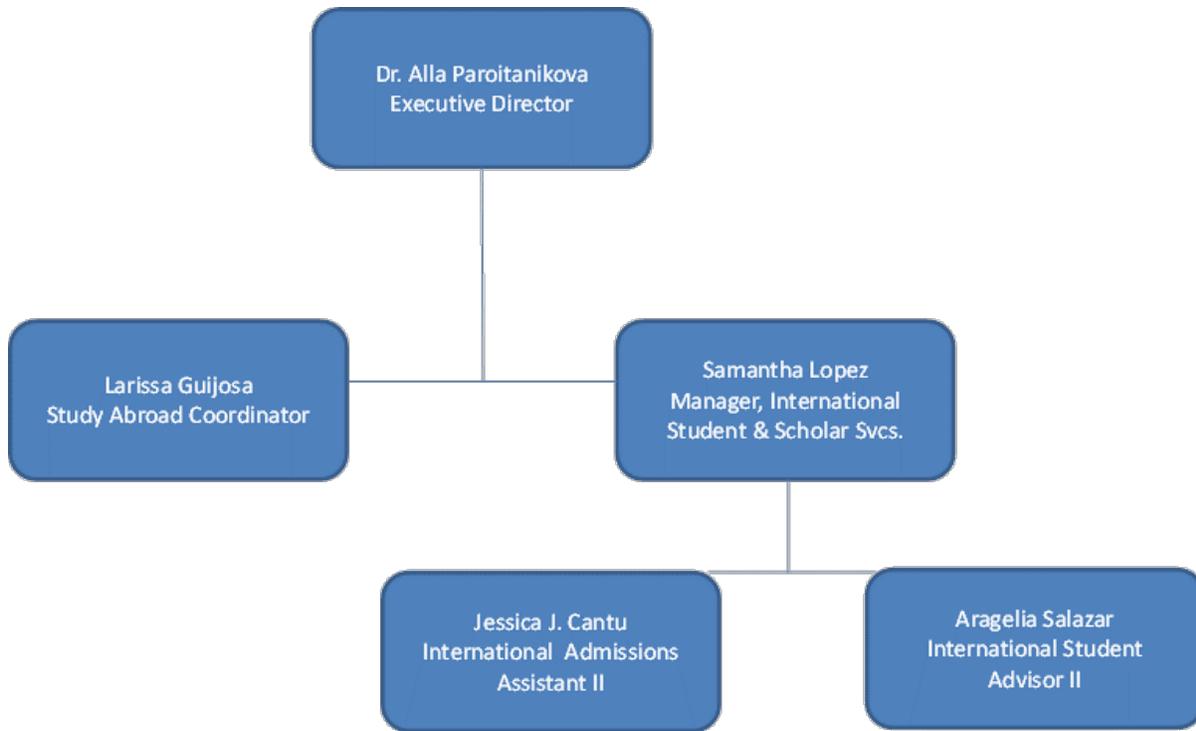
- ✓ Purchasing guidelines for M&O, travel, and procurement card expenses
- ✓ Inventory reporting
- ✓ Compliance with HOOP 10.6.1: Annual Leave
- ✓ Compliance with UTS 142.1: Policy on the Annual Financial Report, Section 3.2: Certifications by Account Owners (Sub certifications)

Implementation of the recommendations will help to strengthen the current internal controls and will provide reasonable assurance that the University is operating in compliance with applicable policies, laws, and procedures.



Background Information

The University of Texas at Brownsville (UTB) approved audit plan for FY 2012 includes the FY 2012 Audit of the Office of Global Engagement. The Office of Global Engagement reports directly to the university provost. The Office of Global Engagement provides opportunities for cultural and educational exchange. UTB welcomes students and faculty from other countries to the university community. Likewise, the Office of Global Engagement offers study abroad opportunities for UTB students. The Office of Global Engagement is composed of the following:



The annual budget for the Office of Global Engagement for FY 2012 is included below.

Account Name	Account #	3300	4000	5000	6000	7000	8000	Total
Global Engagement	11-4-1-401090	\$ -	\$ 1,675.00	\$ -	\$ 265,829.00	\$ 15,037.00	\$ 19,217.00	\$ 301,758.00
International Education Fee	12-6-1-404780	\$ -	\$ 49,416.00	\$ 22,551.00	\$ 10,655.00	\$ 58,112.00	\$ 3,200.00	\$ 71,967.00
International Student Activity Fee	12-4-1-401160	\$ -	\$ 32,900.00	\$ -	\$ 16,337.00	\$ 15,663.00	\$ 900.00	\$ 32,900.00
International Student Application Fee	12-4-1-401170	\$ 3,039.00	\$ 7,000.00	\$ -	\$ 6,827.00	\$ 2,466.00	\$ 746.00	\$ 10,039.00
								\$ 416,664.00



Audit Objectives

The objectives of the audit were to:

- Review the internal controls over the Office of Global Engagement regarding the control environment, segregation of duties, approvals and authorizations, safeguarding of assets, and monitoring, to provide reasonable assurance that existing internal controls are adequate.
- Review the admission process of international students to ensure compliance with applicable policies, laws, and procedures.

Scope of Work

The scope of our testing included FY 2012 from September 1, 2011 to date February 29, 2012. See the audit results for the detailed audit steps that were performed.

Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

Audit Results

Control Conscious Environment

Based on our review, the Office of Global Engagement has created a control conscious environment. The office has written goals and objectives that are appropriate to the department and departmental employees have attended internal control training.

Departmental Expenditures

We tested a sample of 27 expenditures, as well as 25 payroll disbursements, by reviewing supporting documentation for appropriateness, validity, and approvals. In addition, the following attributes were used as we reviewed each transaction:

- Adequate Supporting Documentation
- Adequate and Appropriate Business Purpose
- Mathematically Accurate
- Properly Recorded
- Within Allowed Limits
- Non-Reimbursement or Direct Payment of Prohibited Items

We determined internal controls over expenditures need improvement due to the following:



Program Fee and Student Fee Combined into one cost center

Program fee and student fee transactions are currently combined into one cost center (International Education Fee Cost Center), instead of two separate cost centers to ensure the revenue and expenses are properly accounted for from program fee and international student fees. We identified two instances where a travel expense for program fee was paid from a student fee account rather than a separate program fee account.

Vendor	Voucher	Date	Amount
Ms. Larissa F. Guijosa	V0621457	12/01/11	\$412.40
Dr. Jared Montoya	V0622235	12/13/11	\$26.91

Entertainment Expenses:

- There were two instances where adequate supporting documentation was not maintained.

Vendor	Voucher	Date	Amount
Steward Hospitality	V0620651	11/16/11	\$1,112.00
Ms. Larissa F. Guijosa	V0619806	11/02/11	\$115.82

- There was one instance where payment for food purchased for a business purpose was not approved by the provost.

Vendor	Voucher	Date	Amount
Luby's Cafeteria	V0620790	11/21/11	\$421.00

- Due to lack of account reconciliation, the international student education fee was charged for an entertainment expense which is not an appropriate expense from a fee account.

Vendor	Voucher	Date	Amount
H.E.B Food Store	V0618468	10/13/11	\$128.00

University Procurement Cards:

- The Office of Global Engagement has three procurement cards used to purchase office supplies and other items. Based on our review of procurement card purchases, we determined vendor hold verification is not being completed by the Office of Global Engagement as per 34 Texas Administrative Code §5.57.

Vendor Hold Status

State agencies and four-year institutions of higher education are required to verify vendors' hold status for non-emergency payments made with a procurement card. Texas Administrative Code prohibits a state agency from using a payment card or reimbursing an officer or employee for the use of a payment card for a purchase from a vendor if a payment to the vendor is prohibited by a warrant hold statute.



Recommendation #1:

We recommend the Office of Global Engagement coordinate with Budget Office to determine the best resolution to properly identify and record all transactions for program fees and international student fees separately to ensure the respective fees are being utilized appropriately. We recommend the account manager ensure office staff comply with proper purchasing procedures and guidelines as it relates to the following:

- Documentation of the business purpose should be clearly defined and specific. General statements, such as “to fulfill duties” or “to enhance university operations” are not adequate documentation of the business purpose for the expense. The expense must support the mission and purpose of UT System and/or UTB.
- Entertainment expenses must have provost approval.
- Original detailed/itemized receipts and information on the business purpose of the expense and the individuals or groups attending the event should be explicitly provided.
- Credit card holders must verify vendor hold status for purchases made with a procurement card to comply with the Texas Administrative Code.

Management’s Response: OGE worked with the Business Office to create two different cost centers for our International Education Fee and the Study Abroad and Program fees. It will provide transparency and accountability to prevent the unauthorized charges on the accounts. The accounts were created in November 2012.

Administrative Assistant is required now to check vendor hold status for purchases with procurement cards and provide the information about the status at the time of approving the purchase.

- OGE will provide as much information on the business purpose of the expense as possible to meet the standards. OGE is looking forward to any guidelines from the BO regarding these standards. .

Implementation Date: Effective Immediately

Asset Management

We traced 5 items located in the Office of Global Engagement to the respective inventory listing. We also confirmed the existence of 5 assets selected from official inventory records to the office.

Based on our inventory testing, we identified the following:

- There were two items in a different location from official inventory listing.
 - Projector - Epson Powerlite 1705C (747-52262) found in Lightner Center vs. listing South 251
 - Cpu-Dell Optiplex 380 (747-055886) found in

HOOP 10.2.5 states the following: "State law requires that each state agency make a complete inventory of non-consumable property annually. Each year the State Purchasing and General Services Commission specifies the date by which an agency should have completed its inventory. Spot checks will be made throughout the year by Property Control or Internal Auditor to ensure that University records are correct."



Lightner Center vs. Library 211

- There were three items under a different custodian. The items should be under the responsibility of the current Director of Global Engagement.
 - Projector - Epson Powerlite 1705C (747-52262) under Dr. Suzanne Lalonde-Romano
 - Cpu-Dell Optiplex 380 (747-055886) under Ms. Annabel Trevino
 - Hp Color Laserjet 3700DTN Printer (747-050867) under Mr. Ubaldo Martinez, Jr.

Recommendation #2:

We recommend that a physical inventory be conducted to ensure that inventory is accounted for and reported appropriately. Proper forms should be submitted to central inventory for any items not found in the department and to correct the location of the item, and the inventory custodian.

Management's Response: We have conducted the inventory and located the items. OGE sent the completed Inventory Transfer Forms for three (3) items listed above in September 2012.

Implementation Date: Effective immediately.

Time Reporting

We selected a sample of 3 full time employees to determine if their longevity was accurately paid based on their state service months recorded by Human Resources (HR). Based on our review of employee records, we noted no exceptions.

We selected a sample of 4 hourly employees to determine if time cards were adequately computed and approved by supervisory level. We also selected a sample of 3 full time employees to determine if absence reports were properly approved, submitted to HR, and recorded accurately in the University's official records. The following observations were made:

- There were two instances where an absence report was not submitted to HR.
- There was one instance where the absence report did not have supervisory approval.

HOOP 10.6.1 –K. Employee Responsibilities states the following:
"The employee shall provide appropriate notice to the supervisor of the request to use annual leave. The employee shall promptly and accurately record the use of leave by submitting an absence report form, and if appropriate, record the absence on their time card."

Recommendation #3: We recommend Office of Global Engagement comply with HOOP 10.6.1 by submitting absence reports to Human Resources for leave taken.

Management's Response: All absence reports have been submitted to HR. OGE will keep on file all the required documents with proper signatures.

Implementation Date: Effective Immediately



Accounting and Financial Reporting

We obtained the departmental monthly financial reports and monthly reconciliations for the months of September 2011, December 2011 and February 2012. Based on our review, we determined account reconciliations are not being completed. This includes reconciliations of payroll and leave balances for employees.

Recommendation #4: We recommend the Office of Global Engagement reconcile all accounts immediately.

In addition, we recommend the Office of Global Engagement ensure compliance with the UTB/TSC process for monthly account reconciliations and requirements of *UTS 142.1: Policy on the Annual Financial Report, Section 3.2: Certifications by Account Owners (Sub certifications)*

Management's Response: The OGE has reconciled all the accounts for the last fiscal year, and current reconciliations are now performed by Ms. Veronica Sosa, Academic Business Analyst from the Office of Academic Affairs.

Implementation Date: Effective Immediately

International Students

There are two nonimmigrant visa categories for persons wishing to study in the United States. These visas are commonly known as the F and M visas. Code of Federal Regulations 214.1 A student may enter with the F-1 or M-1 visa provided they meet the following criteria:

- Student must be enrolled in an "academic" educational program, a language-training program, or a vocational program.
- The school must be approved by the U.S. Citizenship and Immigration Services.
- Student must be enrolled as a full-time student at the institution.
- Student must be proficient in English or be enrolled in courses leading to English proficiency.
- Student must have sufficient funds available for self-support during the entire proposed course of study.

UT 142.1: Policy on the Annual Financial Report, Section 3.2: Certification by Account Owners (sub Certifications) states the following:

- *Account Manager is responsible for the reconciliation of the accounts for the departments and functions under their scope of organizational responsibility;*
- *all account reconciliations are being performed on a monthly basis for each cost center under my responsibility (this includes both revenue and expense accounts);*
- *all revenue and expenses are appropriate and allowable for each month;*
- *all reconciling items have been identified, adjusted or satisfactorily resolved;*
- *reviewed and approval of all reconciliation, for the departmental accounts;*
- *certified that there are no misstatements and omissions in the accounts for which account manager is responsible for; and*
- *there are adequate segregation of duties; no single employee has responsibility for 1) entering transactions, 2) purchasing with procurement, 3) receiving cash, 4) reconciling accounts and 4) approving reconciliations*



Form I-20 is a government form on which UTB certifies to the U.S. government that students are eligible to receive an F-1 visa. It certifies that a student:

- Is going to be an enrolled full time student pursuing a bachelor's or Master's degree;
- Has satisfied all admission requirements and been accepted to UTB; and
- Has sufficient financial support to study and live in the U.S. for the duration of the course of study.

We selected a sample of 11 out of 386 student records for review to ensure compliance with UTB admissions requirements. Based on our review, the following were noted:

Transcripts:

- 5 out of 11 (45%) transcripts accepted were not evaluated by the approved foreign credential evaluation service during fall of 2011, however OGE began using the recommended evaluations services effective Spring of 2012.

English Proficiency:

- There was one graduate student who was granted conditional admission because the student did not meet the minimum score for the TOEFL exam. Therefore, the student was not proficient in English however the student was listed as English proficient on the I-20.

Recommendation #5: In order to provide reasonable assurance that the University is operating in compliance with applicable policies, laws, and procedures we recommend that the Graduate Office ensure that only students that have demonstrated English proficiency in speaking and reading skills are accepted and issued an I-20.

Management's Response: The Graduate Office strictly follows the UTB international graduate admissions criteria of the TOEFL minimum scores and no longer offers conditional admissions for international graduate students.

International students must comply with the following:

1. Apply for admission
2. Submit transcripts from previously attended colleges, universities or high schools in English. Transcript evaluation report must be completed by an approved credential evaluation service.
3. Students are required to take the TOEFL exam. Minimum TOEFL Scores are:
Internet base test 61
Paper base test 500
Computer base test 173
4. Students must take the THEA or a state-approved exam prior to enrollment. In order to be exempt from the THEA exam, a student may take the Compass, the SAT exam (score a 1070 with a minimum of 500 on each of the verbal and math sections) or the ACT exam (with a 23 minimum of 19 in each section).
5. Obtain a passport valid for at least five years.
6. Complete and notarize the "Affidavit of Financial Support" form.
7. Provide an original bank statement or an original signed letter with the bank's letterhead indicating the minimum financial funds available (statement should not be older than 90 days as of the first class day).
8. Immigration regulations require that F-1 and J-1 students be enrolled as full-time students. This is defined as a minimum of 12 credit hours per semester for undergraduate students and at least nine credit hours semester for graduate students in the fall and spring semesters. Students are not required by I.C.E. to enroll in classes during the summer session unless summer is their first semester in the USA. If a student goes below the full-time status requirements without the advisor's approval, the student will be considered "out of status".



Implementation Date: Effective Immediately

Passport valid for at least 5 years:

- There was one instance where the student's passport was valid for less than 5 years (01/22/2011 to 01/22/2014).

Recommendation #6: In order to provide reasonable assurance that the University is operating in compliance with applicable policies, laws, and procedures, we recommend that the executive director evaluate the required number of years a passport is valid. Once determined, ensure controls are in place to ensure compliance with the requirement.

Management's Response: OGE has modified the admission requirements for undergraduate international student admissions with a "passport valid for at least 6 months at the time of Consulate appointment."

Implementation Date: Effective Immediately

Affidavit of Financial Support

The University is required to verify to the best of its ability that a student will have enough financial support to cover all academic and living costs for the duration of the students' academic program. The affidavit of support is used to meet the requirement and must be notarized as required by the Office of Global Engagement internal procedures. However, we observed the following:

- There was one instance where the form was not notarized.
- There were two instances where the form was incomplete.

Bank Statement:

- There were two instances where a bank statement was not submitted.

Recommendation #7: In order to provide reasonable assurance that the University is operating in compliance with applicable policies, laws, and procedures, we recommend that the executive director review and evaluate the affidavit of support form for those students receiving full scholarships to use internally and update OGE procedures for affidavit of support requirements.

Management response: OGE has updated the affidavit of support document requirements for those students where the University departments provide financial support.

Enrolled Full Time/out of status

- Currently, the OGE utilizes a manual report to monitor international student's academic standing. Due to the manual process, the opportunity for errors increases. We observed one undergraduate student who was enrolled for 9 hours in Spring 2012 who is currently on probation and therefore ineligible to be in the country. We determined the Office of Global Engagement needs to strengthen monitoring controls over the number of hours a



student is required to enroll each semester as well as monitoring controls over students' academic standing.

Recommendation #8: In order to provide reasonable assurance that the University is operating in compliance with applicable policies, laws, and procedures, we recommend that OGE employees properly monitor:

- the number of hours international students are required to be enrolled each semester.
- students' academic standing to comply with immigration regulations.

Implementation of the above recommendations will ensure UTB's continued eligibility for enrollment of nonimmigrant students.

Management's Response: OGE has established a good monitoring system in place despite of not having an effective immigration software. OGE checks the hours of students enrolled four times a semester. OGE has created a new visa type: F-3 part-time border commuter and F-3-1 for full-time border commuters. This change was implemented in September 2012 so that OGE can detect if an international student meets the requirement for a certain number of credit hours per semester.

Implementation Date: Effective Immediately



J-1 Scholar Visa Status

The exchange of visiting scholars promotes interchange, mutual enrichment, and linkages between research and educational institutions in the United States and foreign countries.

J-1 visiting scholar appointments at the University fall into one of the following categories:

- Professor
- Researcher Scholar
- Short-term Scholar
- Specialist

We selected five J1-Exchange Visitor applicants for review. Based on our review, the following was noted:

- There was one instance where a letter of offer to a scholar was not current/valid. There was a DS 2019 "Certificate of Eligibility for Exchange Visitor (J-1) Status" request form filed for an extension from 01/05/2011 to 01/04/2013 that was processed without a current Letter of Offer to Scholar. Letter of Offer on file for the 2011-2013 extension was dated November 09, 2007.

Recommendation #9: We recommend that the executive director establish documentation requirements to ensure visiting scholar appointments at the University contain appropriate information to demonstrate compliance with requirements.

Management's Response: The OGE has revised and updated the internal procedures and forms for J1-Exchange Visitor application process. The current Letter of Offer is not required if OGE is processing an extension, and the salary and position of a J-1 holder has not changed. It is now reflected in our internal protocol.

Implementation Date: Effective Immediately

The following criteria were used as we reviewed each file:

1. J-1 Biodata form
2. Valid Passport
3. Bank statement
4. Educational Credentials/Diploma (must be evaluated and translated if obtained from outside the U.S.)
5. Letter of Offer to Scholar
6. Proof of Medical Coverage for scholar and dependents

Form DS-2019 "Certificate of Eligibility for Exchange Visitor (J-1) Status" permits a prospective exchange visitor to seek an interview at a U.S. embassy or consulate in order to obtain a J visa to enter the United States. It identifies the exchange visitor and their designated sponsor and provides a brief description of the exchange visitor's program, including the start and end date, category of exchange, and an estimate of the cost of the exchange program.



On-Campus Employment

On-campus employment for international students is limited to part time (20 hours or less per week) during the fall and spring semesters. It may be full time (more than 20 hours per week) during the summer and official school breaks as long as student is enrolled in classes.

We selected a sample of 10 out of 157 international student employees to determine compliance with the requirements above. Based on our review, no exceptions were noted.

Conclusion

Overall, Office of Global Engagement needs improvement in internal controls over departmental expenditures, asset management, leave management, and account reconciliations.

The Office of Global Engagement needs to strengthen controls over the acceptance process of international students. Implementation of the above recommendations will provide reasonable assurance that the University is operating in compliance with applicable policies, laws, and procedures.