The University of Texas Rio Grande Valley™

IT Governance Audit

Report No. 18-RBA-04

February 27, 2019

Office of Audits & Consulting Services

February 27, 2019

Dr. Guy Bailey, President
The University of Texas Rio Grande Valley
2102 Treasure Hills Blvd., Suite 3.115
Harlingen, TX 78550

Dear Dr. Bailey,

The Office of Audits & Consulting Services has completed the IT Governance Audit as part of our fiscal year 2018 Audit Plan. The objective of this audit was to determine UTRGV's IT Governance framework and evaluate processes governing capital allocations decisions, project approvals, and other critical decisions.

This audit was conducted in accordance with The University of Texas System's (UTS) Policy 129 *Internal Audit Activities*, the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)* and *Generally Accepted Government Auditing Standards (GAGAS)*. The *Standards and GAGAS* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of audits. We are required to adhere to these *Standards* and UTS 129.

The recommendations in this report represent, in our judgment, those most likely to provide a greater likelihood that management's objectives are achieved. Implementation of the recommendations will strengthen UTRGV's IT governance.
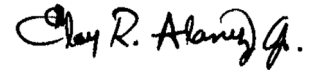
We appreciate the assistance provided by UTRGV's management and other personnel. We hope the information and analyses presented in our report are helpful.

Sincerely,

Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Officer

cc: Dr. Jeff Graham, Chief Information Officer
           UTRGV Internal Audit Committee
           UT System Audit Office
           Governor's Office of Budget, Planning and Policy
           Sunset Advisory Commission
           State Auditor's Office
           Legislative Budget Board

Executive Summary

Overall Assessment

UTRGV's proposed IT governance structure is well defined and includes elements to better manage and utilize resources ultimately gaining more value. However, the IT governance structure is not in place. Implementing the proposed IT governance structure as well as the ITIL governance framework will achieve effective IT governance.

Risk Levels

Priority
High
Medium
Low

Background: IT governance aligns IT resources with business goals and objectives. Technology at The University of Texas Rio Grande Valley (UTRGV) is constantly evolving. Recent changes include a new enterprise-wide system (PeopleSoft), migration to UT System shared services, and implementation of a new medical billing system. The PeopleSoft project was a major implementation that took several years and consumed a vast amount of resources. A governance committee provided executive oversight to manage these resources. The chief information officer (CIO) stated that this committee served as the IT governance committee. In May 2016, UTRGV participated in an IT Governance Capability Benchmarking study. The study compared UTRGV with current and aspirational peers and determined that UTRGV significantly lagged behind peers on a maturity scale. UTRGV's IT management team developed a proposal to establish a formal, functional IT governance.

Objective: To determine UTRGV's IT Governance framework and evaluate processes governing capital allocations decisions, project approvals, and other critical decisions.

Scope/Period: Current IT governance procedures.

Key Observations:

High 1) UTRGV does not have a formal enterprise-wide IT governance body. The PeopleSoft (PS) implementation governance committee serves as the IT decision-making body for major IT solutions. The PS implementation governance committee will transition into UTRGV's IT Governance Committee. The CIO developed an IT governance proposal with recommendations for maximizing the value of IT.

High 2) The CIO stated that UTRGV's IT governance framework will be modeled after the Information Technology Infrastructure Library (ITIL). The ITIL framework is based on five services/stages. The IT governance proporal structure is similar to ITIL's first stage of the ITIL lifecycle. UTRGV has not implemented all of ITIL's lifecycle.

Root Cause: 1) & 2) Delay due to Peoplesoft implementation taking priority.

Action Plan: 1) The proposed governance structure is being further developed with naming and training of committee members. Committee charters, meeting agendas, areas of responsibility and infrastructure to support committees are being developed. Once completed the committees will be set up.

2) Meeting set up in early January after which the framework will be implemented through the committee structure.

Detailed Observations	Recommendations	Management Action Plans
1) IT Governance - Currently, UTRGV does not have a formal enterprise- wide IT governance body. The PeopleSoft implementation governance committee serves as the IT decision-making body for major non-implementation IT solutions. Membership for the PeopleSoft implementation governance committee includes executive management and key members from the implementation areas. This committee will transition into UTRGV's IT Governance Committee. The CIO developed an IT governance proposal with recommendations for maximizing the value of IT. These recommendations will be presented to the UTRGV Leadership Team for approval. The proposed IT governance structure is in the planning stage with design documentation drafted. It includes three areas each with its own committees: Strategic, Operational and Technical. One steering and five committees represent these three areas as follows: • IT and Data Strategy Steering Committee • Operational IT and Data Committee • Administrative Services Committee • Research & Educational Technology Committee • IT Architecture & Infrastructure Committee • Data Governance Committee These six groups have defined responsibilities, members, and description/purpose. Membership will include executive management and representatives from different areas. Members will determine group leadership. Groups are encouraged to work independently with closely aligned goals, objectives, and operating principles. In addition, the proposed IT governance framework specifies the role of information security in IT governance.	1) The CIO should formalize the IT governance structure as proposed.	1) The proposed governance structure is being further developed with the naming of and training, potential committee members. In addition, the committee charters, meeting agendas, areas of responsibility and the infrastructure to support the committees are being developed. Once completed the committees will be set up. **Implementation Date:** Kick off meeting to train proposed committee members in what IT Governance is and why we are doing it was held in December 2018. The teams will be formally kicked off starting in January after meeting with the IT and Data Strategy Steering Committee with all teams set up and starting to function by the end of the first quarter 2019.

Detailed Observations	Recommendations	Management Action Plans
The CIO stated that UTRGV's IT governance framework was a similar version to the Information Technology Infrastructure Library, more commonly known as ITIL governance standards. The ITIL framework is based on five services: Strategy, Design, Transition, Operation, and Continual Service Improvement. The IT governance proposal structure mentioned above is similar to service strategy, the first stage of the ITIL lifecycle. UTRGV has not implemented all ITIL's lifecycle.	2) The CIO should present the ITIL governance framework to the newly formed IT and Data Strategy Steering Committee and implement the full framework.	2) Will work to set up a meeting in early January after which the framework will be implemented through the committee structure. **Implementation Date:** January 2019 for the meeting and first quarter 2019 for the implementation of the governance framework.

APPENDIX

Risk Classifications and Definitions

Priority	High probability of occurrence that would significantly impact UT System and/or UT Rio Grande Valley. Reported to UT System Audit, Compliance, and Risk Management Committee (ACMRC). Priority findings reported to the ACMRC are defined as "*an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.*"
High	Risks are considered substantially undesirable and pose a significant level of exposure to UT Rio Grande Valley operations. Without appropriate controls, the risk will happen on a consistent basis. Immediate action is required by management in order to address the noted concern and reduce exposure to the organization.
Medium	Risks are considered undesirable and could moderately expose UT Rio Grande Valley. Without appropriate controls, the risk will occur some of the time. Action is needed by management in order to address the noted concern and reduce the risk exposure to a more desirable level.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Rio Grande Valley will be minimal. Action should be taken by management to address the noted concern and reduce risk exposure to the organization.