

Reporting of Foreign Gifts and Contracts

Audit Report # 22-106
January 11, 2022



The University of Texas at El Paso
Office of Auditing and Consulting

"Committed to Service, Independence and Quality"



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January 11, 2022

Dr. Heather Wilson
President, The University of Texas at El Paso
Administration Building, Suite 500
El Paso, Texas 79968

Dear Dr. Wilson:

The Office of Auditing and Consulting Services has completed a limited-scope audit of Reporting of Foreign Gifts and Contracts. During the audit, we identified strengths in University procedures and controls. An issue not related to the main audit objective was identified and reported to management in a separate memo.

We appreciate the cooperation and assistance provided by the Vice President of Business Affairs, Contracts & Grants Accounting and Institutional Advancement staff during our audit.

Sincerely,

A handwritten signature in blue ink that reads 'Lori Wertz'. The signature is fluid and cursive, with the first letters of 'Lori' and 'Wertz' being capitalized and prominent.

Lori Wertz
Chief Audit Executive

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EXECUTIVE SUMMARY

Background

Section 117 of the Higher Education Act (HEA) requires institutions that receive Title IV federal student aid to submit reports to the US Department of Education identifying:

- gifts received from any foreign source,
- contracts with a foreign source, and
- any ownership interest in, or control over the institution by a foreign source.

Institutions must report contracts or gifts that have a value of \$250,000 or more for a calendar year.

Audit Objectives

The objective of this audit was to verify compliance with HEA, Section 117 regarding gifts or contracts with or from a foreign source.

Scope

The audit scope covered all gifts and contracts that meet the reporting threshold as defined in Section 117 of the Higher Education Act.

Strengths

The departments involved in the reporting process have controls in place to identify foreign gifts and contracts. In addition, they work collaboratively to ensure accurate reporting.

Summary of Audit Results

No reportable issues.

Conclusion

Based on the results of audit procedures performed, we conclude that the University complies with the requirements of HEA Section 117 for the reporting of foreign gifts and contracts.

BACKGROUND

Section 117 of the Higher Education Act (HEA) requires institutions that receive Title IV federal student aid to submit reports to the US Department of Education identifying:

- gifts received from any foreign source,
- contracts with a foreign source, and
- any ownership interest in, or control over the institution by a foreign source.

Institutions must report contracts or gifts that have a value of \$250,000 or more for a calendar year. Tuition paid by foreign sources falls within required reporting.

To comply with Section 117, UTEP has developed procedures to ensure that the units involved in receiving gifts or contracts keep proper records. The Office of the Vice President for Business Affairs (VPBA) is responsible for compiling the information from departments across campus and reporting on the US Department of Education website. The VPBA receives information from the Office of Institutional Advancement, Contracts & Grants Accounting (C&G), and Student Business Services (SBS) and files the required reports. In addition, during Fiscal Year 2021 the Office of Institutional Compliance worked closely with the VPBA to implement a Risk Management Plan to decrease the risk of non-compliance with Section 117.

The audit scope covered all gifts and contracts that meet the reporting threshold as defined in Section 117 of the Higher Education Act.

The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

AUDIT RESULTS

A. Identification of Reportable Gifts and Contracts

- Departments who received gifts and contracts at the University are responsible for identifying those that come from a foreign source. Each department designed and implemented a control for such identification: C&G/Office of Research and Sponsored Projects: The sponsor profile in PeopleSoft contains a field to determine whether they are foreign or not. In this way, C&G can run reports directly from PeopleSoft to verify the total funds received from a foreign source.
- Institutional Advancement: Each University donor has a profile created in the Raiser's Edge database. The profile includes an address field which identifies foreign donors and amounts donated.
- Student Business Services: Tuition payments from a foreign source are also considered reportable. A separate detail code was created in the Banner Student Information System to identify the source and apply payments from abroad.

Auditors tested the design and implementation of controls mentioned above. The controls created by the departments were effective in the identification of reportable gifts and contracts.

No issues were noted.

B. Compliance with the Reporting Requirements of Section 117 of the HEA

The VPBA is responsible for compiling the information from departments across campus and reporting on the US Department of Education website. Auditors performed detail testing of foreign gifts and contracts to ensure that those that meet the \$250,000 threshold were reported.

It was determined that the University's disclosures of foreign gifts and contracts comply with Section 117 of the HEA. In addition, disclosures were supported by adequate internal records.

No issues were noted.

Report Distribution:

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