

# National Automated Clearing House Association Rules

eChecks

*August 2022*



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**The University of Texas at Austin**  
**Office of Internal Audits**  
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August 3, 2022

President Jay C. Hartzell  
The University of Texas at Austin  
Office of the President  
P.O. Box T  
Austin, Texas 78713

Dear President Hartzell,

We have completed our audit to determine whether The University of Texas at Austin's (UT Austin) eCheck payment option complies with the *National Automated Clearing House Association (Nacha) 2021-2022 Operating Rules for Internet Initiated/Mobile Entries*. The audit is required and was part of our Fiscal Year 2022 Audit Plan.

Generally, the eCheck payment option complies with the *Nacha Rules*, eCheck access is controlled, and appropriate processes are in place and supported by UT Austin Enterprise Business Information Technology Solutions (eBITS).

We appreciate the cooperation and assistance of the eBITS team throughout the audit. Please let me know if you have questions or comments regarding this audit.

Sincerely,

A handwritten signature in blue ink that reads "Sandy Jansen".

Sandy Jansen, CIA, CCSA, CRMA  
Chief Audit Executive

cc: Mr. Mark Barber, Assistant Director, eBITS  
Mr. Darrell Bazzell, Senior Vice President and Chief Financial Officer  
Ms. Heather Hanna, Interim Executive Director for eBITS  
Ms. Monica Horvat, Director of Administration for the President  
Ms. Melissa Loe, Chief of Staff, Financial and Administrative Services  
Mr. Juan Ortiz, Director, eBITS  
Ms. Lori Peterson, Executive Director, Accounting and Financial Management



# National Automated Clearing House Association (Nacha) Rules

eChecks

Project Number: #22.033

## Audit Objective

The objective of this audit was to determine compliance with the *National Automated Clearing House Association (Nacha)*<sup>1</sup> 2021-2022 Operating Rules for Internet Initiated/Mobile Entries.

## Conclusion

Generally, The University of Texas at Austin’s (UT Austin) eCheck payment option complies with the *Nacha Rules*, eCheck access is controlled, and appropriate processes are in place and supported by UT Austin Enterprise Business Information Technology Solutions’ (eBITS). One recommendation related to data retention is included below.

## Audit Observation

Recommendation	Risk Level	Estimated Implementation Date
eCheck Data Retention	Medium	October 2022

UT Austin retains eCheck data past the retention period defined by The University of Texas at Austin Records Retention Schedule (UTRRS). eCheck data, which includes account numbers, dates back to 2005-2006. UTRRS requires accounts receivable and banking records to be maintained for the fiscal year of the transaction and for three additional fiscal years, with certain exceptions. Retaining sensitive data, such as bank account numbers, beyond requirements increases risk of data exposure.

### Recommendation:

Management should implement the requirements outlined in the UTRRS, dispose of eCheck data retained beyond requirements, and maintain future data in alignment with requirements.

**Management’s Corrective Action Plan:** An automated solution to purge records that are beyond their retention date is being implemented.

**Responsible Person:** Assistant Director of eBITS

<sup>1</sup> Nacha is a trade association responsible for overseeing the ACH Network. Nacha requires an annual audit of each Originator to ensure financial information is protected. Nacha Website - <https://www.nacha.org/>



### Scope and Methodology

The scope of this audit included current controls for the eCheck payment option, including physical security, personnel controls, access controls, and network security.

To achieve the audit objectives, we reviewed *Nacha Rules*; UT Austin policies, procedures, and guidelines; the current list of users with access to \*DEFINE related eCheck information; and supporting documentation. In addition, we conducted interviews and performed limited testing on information systems.

### Background

UT Austin allows for online payments (e.g., tuition, housing, and dining) through an eCheck. Monetary transfers via eCheck rather than by debit or credit card are processed through the Automated Clearing House (ACH) Network. Because UT Austin creates ACH entries, it is considered an Originator.

### Engagement Team<sup>2</sup>

Mr. Paul Douglas, CISA, CCSFP, IT Audit Director  
Mr. Matt Stewart, CISA, IT Audit Associate Director  
Ms. Madelyne Puyau, CISA, IT Audit Senior  
Ms. Samantha Tatum, CISA, IT Audit Staff

### Report Distribution

The University of Texas at Austin Institutional Audit Committee  
The University of Texas System Audit Office  
Legislative Budget Board  
Governor's Office  
State Auditor's Office

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<sup>2</sup> This project was co-sourced with Postlethwaite & Netterville, APAC (P&N).



## Observation Risk Ranking

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.

Risk Level	Definition
Priority	If not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of The University of Texas at Austin (UT Austin) or the UT System as a whole.
High	Considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
Medium	Considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
Low	Considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

In accordance with directives from UT System Board of Regents, Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.