



# **Internal Audit Annual Report The Texas State University System Office of Internal Audit**

**Fiscal Year Ending August 31, 2023**



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## **I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Website**

Texas Government Code Section 2102.015 requires state agencies and higher education institutions to post certain information on their internet websites. The Texas State University System (TSUS) Office of Internal Audit ensures compliance with Section 2102.015 through the following procedures:

- Posting its annual audit and compliance plan to the Office of Internal Audit webpages of the TSUS and components' websites within 30 days after formal approval by the Board of Regents ("the Board"). The Fiscal Year 2024 Audit and Compliance Plan was approved by the Board on August 10, 2023 and has been posted as required.
- Posting this *Internal Audit Annual Report for Fiscal Year 2023* to the Office of Internal Audit webpages of the TSUS and components' websites within 30 days of distributing the report to the Finance & Audit Committee of the Board.
- Including in the quarterly board materials, posted on the TSUS website, a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by audit and compliance plan projects and a detailed summary of the actions taken by management to address resultant recommendations.

The TSUS Office of Internal Audit reserves the right to not post information contained in the audit and compliance plan, reports, or this *Internal Audit Annual Report* if the information is exempt from public disclosure under Chapter 552 of the Texas Government Code.

## II. Audit and Compliance Plan for Fiscal Year 2023

The TSUS Office of Internal Audit prepares a consolidated audit and compliance plan (“Plan”) for System Administration and its components. The following is a listing of all projects included in the Plan for fiscal year 2023, amended to include the status of the projects as of August 31, 2023, the report titles, report numbers (if applicable), and dates the reports were issued to external oversight entities.

### LAMAR UNIVERSITY STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
Financial Aid Logical Access	Completed. Financial Aid Banner Logical Access Controls Audit, LU-23-002, 4-10-2023.
Youth Camps	Completed. Youth Camps Audit, LU-23-001, 6-1-2023.
Multi-Hazard Operations and Active Attack Response Plan	Completed. Management Advisory Letter, Multi-hazard Operations and Active Attack Response Plan, 6-1-2023.
Overdose Awareness Training	Completed. Management Advisory Letter, Overdose Awareness Training, 6-1-2023.
Weapons Inventory	Completed. Management Advisory Letter, System-wide Weapons Inventory Verification, 6-30-2023.
Course Materials	Completed. Management Advisory Letter, Course Materials, 8-23-2023.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2023 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report; rather, it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2024 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-24-2022.
Security Awareness and Training	In progress.
Continuing Education	Completed. Activity does not result in a report.

**LAMAR UNIVERSITY (continued)**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

KVLU-FM Radio Station (Audit Delegation 734-2022-003)	Completed. KVLU Financial Statement FY 2022, 4-10-2023.
NCAA Agreed-Upon Procedures (Audit Delegation 734-2022-004)	Completed. Lamar University NCAA AUP 2022 Final AUP Report, 3-7-2023.
Special Projects	<ul style="list-style-type: none"> <li>➤ Athletic Sponsorship Agreements. Completed, Management Advisory Letter LU-23-003, 4-12-2023.</li> <li>➤ IT Policy Review. Completed. Internal memorandum issued 8-31-2023.</li> <li>➤ EthicsPoint #42 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #45 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #100 - closed within the hotline system.</li> <li>➤ EthicsPoint #101 - closed within the hotline system.</li> <li>➤ EthicsPoint #102 - closed within the hotline system.</li> <li>➤ EthicsPoint #103 - closed within the hotline system.</li> <li>➤ State Auditor’s Office Hotline Complaint #22-0249 - in progress.</li> <li>➤ State Auditor’s Office Hotline Complaint #23-2230 – completed. Response provided via email 08-31-2023.</li> <li>➤ Review of hiring process complaint – completed. Activity did not result in a written report.</li> <li>➤ Review of inquiry by external law enforcement agency of wire fraud – Coordinated through management and reported to SAO 9-26-2022.</li> <li>➤ Review of documents and preparation of additional information for System Office of General Counsel in response to request from Attorney General’s Office – completed 11-11-2022.</li> <li>➤ Review of complaint made to and received from the THECB regarding old outstanding balance on student account – completed 2-1-2023. Activity did not result in a written report.</li> <li>➤ Evaluated options for hotline complaint reporting systems for consideration by the Chief Audit Executive.</li> <li>➤ Evaluated information provided by staff for obtaining additional licenses for the forensic tool application and associated equipment.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ THECB Desk Review Texas Reskilling Support Fund Grant Program.</li> <li>➤ State Auditor’s Office Statewide Single Audit – Federal Compliance for FY 2023 and an Audit of the Schedule of Expenditures of Federal Awards for FY 2023 – in progress.</li> <li>➤ Weaver and Tidwell, LLP, Intercollegiate Athletics Agreed-Upon Procedures (Delegation 734-2023-001).</li> <li>➤ Mitchell T. Fontenote CPA, Inc., KVLU Financial Statements Together with Auditor’s Report (Delegation 734-2023-002).</li> </ul>

**LAMAR UNIVERSITY (continued)**  
**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.

**SAM HOUSTON STATE UNIVERSITY  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
4+1 Teaching Program	In progress.
Scholarship Process Follow-up	Completed. Management Advisory Letter, Follow-up on Scholarship Process Audit, SHSU-23-002, 4-10-2023.
Multi-Hazard Operations and Active Attack Response Plan	Completed. Management Advisory Letter, Multi-hazard Operations and Active Attack Response Plan, 6-1-2023.
Overdose Awareness Training	Completed. Management Advisory Letter, Overdose Awareness Training, 6-1-2023.
Weapons Inventory	Completed. Management Advisory Letter, System-wide Weapons Inventory Verification, 6-30-2023.
Course Materials	Completed. Management Advisory Letter, Course Materials, 8-23-2023.
Berkat Bundle	Completed. Verbal report to management 8-28-2023.
NCAA Compilation	Completed. NCAA Financial Statement Compilation FY 2022, SHSU-23-001, 2-23-2023.
Charter School (Audit Delegation 753-2022-003)	Completed. Annual Financial Report for the Sam Houston State University Charter School for the Fiscal Year Ended August 31, 2022, 2-23-2023.
NCAA Agreed-Upon Procedures (Audit Delegation 753-2023-001)	Completed. Report on Agreed Upon Procedures for the Year Ended August 31, 2022, 3-7-2023.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2023 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report; rather, it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2024 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-24-2022.
Continuing Education	Completed. Activity does not result in a report.

**SAM HOUSTON STATE UNIVERSITY (continued)**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Special Projects	<ul style="list-style-type: none"> <li>➤ EthicsPoint #94 – referred to Title IX.</li> <li>➤ EthicsPoint #95 – closed within the hotline system.</li> <li>➤ EthicsPoint #96 – closed within the hotline system.</li> <li>➤ EthicsPoint #97 – closed within the hotline system.</li> <li>➤ EthicsPoint #98 – closed within the hotline system.</li> <li>➤ EthicsPoint #99 – closed within the hotline system.</li> <li>➤ EthicsPoint #100 – in progress.</li> <li>➤ EthicsPoint #101 – closed within the hotline system.</li> <li>➤ EthicsPoint #102 – closed within the hotline system.</li> <li>➤ EthicsPoint #103 – closed within the hotline system.</li> <li>➤ EthicsPoint #104 – closed within the hotline system.</li> <li>➤ Anonymous Complaint, Rodeo Activities – in progress.</li> <li>➤ Coordinated review and communications between the President’s Office, HR, Legal, and System Administration regarding activities of a former faculty member.</li> <li>➤ Presidential Request, Event Management - completed. Presented to State Auditor’s Office March 2023.</li> <li>➤ State Auditor’s Office Complaint #20-0218 – in progress.</li> <li>➤ Evaluated options for audit management software systems for consideration by the Chief Audit Executive.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ State Auditor’s Office Statewide Single Audit – Federal Compliance for FY 2023 and an Audit of the Schedule of Expenditures of Federal Awards for FY 2023 – in progress.</li> <li>➤ Premiere Group - High-Intensity Drug Trafficking Areas Program Grant – in progress.</li> <li>➤ State Comptroller’s Office – Dual Employment.</li> <li>➤ Belt Harris Pechacek, LLLP, Charter School Annual Financial Report FYE 8-31-2022 (Audit Delegation 752-2022-003).</li> <li>➤ Webb &amp; Wells, PC, Intercollegiate Athletics Agreed-Upon Procedures (Audit Delegation 753-2023-001).</li> </ul>

**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.



**SUL ROSS STATE UNIVERSITY**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Ghost Employees	Completed. Management Advisory Letter, Ghost Employees, SRSU-23-002, 11-30-2022.
Multi-Hazard Operations and Active Attack Response Plan	Completed. Management Advisory Letter, Multi-hazard Operations and Active Attack Response Plan, 6-1-2023.
Overdose Awareness Training	Completed. Management Advisory Letter, Overdose Awareness Training, 6-1-2023.
Weapons Inventory	Completed. Management Advisory Letter, System-wide Weapons Inventory Verification, 6-30-2023.
Course Materials	Completed. Management Advisory Letter, Course Materials, 8-23-2023.
Overloads	In progress.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2023 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report; rather, it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2024 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-24-2022.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ Presidential Request, Grade Changes - completed. Verbal report.</li> <li>➤ Presidential Request, Utilization of Athletics Space - in progress.</li> <li>➤ EthicsPoint #23 - closed within hotline system.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"> <li>➤ Comptroller's Office, Post Payment Follow-up Audit (from 2015).</li> <li>➤ Belt Harris Pechacek, LLLP, Title IV, State Auditor's Office Audit (Audit Delegation 756-2023-001) – in progress.</li> </ul>

**SUL ROSS STATE UNIVERSITY (continued)**  
**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.

**TEXAS STATE UNIVERSITY**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

<b>Project/Activity</b>	<b>Status, Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Multi-Hazard Operations and Active Attack Response Plan	Completed. Management Advisory Letter, Multi-hazard Operations and Active Attack Response Plan, 6-1-2023.
Overdose Awareness Training	Completed. Management Advisory Letter, Overdose Awareness Training, 6-1-2023.
Weapons Inventory	Completed. Management Advisory Letter, System-wide Weapons Inventory Verification, 6-30-2023.
THECB Facilities Audit	Completed. THECB Facilities Audit, TXST-23-003, 8-2-2023.
Course Materials	Completed. Management Advisory Letter, Course Materials, 8-23-2023.
Background Checks	In progress.
Laboratory Safety	In progress.
Research Compliance (IACUC)	In progress.
Monitoring Technology Services Provided by External Vendors Audit	In progress.
Monitoring External Vendors' Use of University Technology	In progress.
NCAA Agreed-Upon Procedures, FY 2022 (Delegation 754-2022-002)	Completed. Texas State University NCAA AUP 2022 Final AUP Report, 1-12-2023.
NCAA Agreed-Upon Procedures, FY 2023 (Delegation 754-2023-003)	In progress.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2023 fiscal year.

**TEXAS STATE UNIVERSITY (continued)**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report; rather, it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2024 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-24-2022.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ EthicsPoint #41 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #44 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #75 – Verbal Report, 3-24-2023, referred to Academic Affairs, closed within the hotline system.</li> <li>➤ EthicsPoint #76 – closed within the hotline system.</li> <li>➤ EthicsPoint #77 – closed within the hotline system.</li> <li>➤ EthicsPoint #78 – closed within the hotline system.</li> <li>➤ EthicsPoint #79 – Verbal Report, 3-24-2023, referred to Academic Affairs, closed within the hotline system.</li> <li>➤ EthicsPoint #80 – Verbal Report, 1-27-2023.</li> <li>➤ EthicsPoint #81 – referred to Title IX, closed within the hotline system.</li> <li>➤ EthicsPoint #82 – referred to Title IX, closed within the hotline system.</li> <li>➤ EthicsPoint #83 – closed within the hotline system.</li> <li>➤ EthicsPoint #84 – referred to Human Resources, closed within the hotline system.</li> <li>➤ EthicsPoint #85 – closed within the hotline system.</li> <li>➤ Review of Department of Housing and Residential Life Employee Time Reporting. Completed, Internal Memorandum, 1-3-2023.</li> <li>➤ Review of Meadows Center Cash Handling. Activity did not result in a written report.</li> <li>➤ Faculty prohibited activity. Referred to Academic Affairs.</li> <li>➤ Review of Courtesy Vehicles. Verbal Report, 8-2-2023.</li> <li>➤ Review of transfer of assets to the Texas Department of Criminal Justice. Activity did not result in a written report.</li> <li>➤ State Auditor's Office Special Investigations Unit project assistance - ongoing.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.

**TEXAS STATE UNIVERSITY (continued)**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Audit Liaison Activities	<p>These activities do not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ Internal Revenue Service – Payroll.</li> <li>➤ State Auditor’s Office Statewide Single Audit – Federal Compliance for FY 2023 and an Audit of the Schedule of Expenditures of Federal Awards for FY 2023 – in progress.</li> <li>➤ Atchley &amp; Associates, LLP, Emmett &amp; Miriam McCoy College of Business Administration Development Foundation Financial Statement Audit, FY 2022 (Delegation 754-2023-001).</li> <li>➤ Montemayor Britton Bender PC, Cancer Prevention and Research Institute of Texas Grant at Texas State University for FY 2022 and FY 2023 (Delegation 754-2023-002) – in progress.</li> <li>➤ James Moore &amp; Co., PL., NCAA Agreed-Upon Procedures, FY 2022 (Delegation 754-2023-003) – in progress.</li> </ul>
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**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.
Special Projects	<ul style="list-style-type: none"> <li>➤ Foundation Activities, Verbal Report, 11-17-2022.</li> <li>➤ Review of Veterans’ Alliance of Texas State Chartered Student Organization, Internal Memorandum, 6-16-2023.</li> <li>➤ EthicsPoint #36 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #37 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #38 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #39 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #40 (through System Administration) – closed within the hotline system.</li> <li>➤ EthicsPoint #67 – closed within the hotline system.</li> <li>➤ EthicsPoint #68 – closed within the hotline system.</li> <li>➤ EthicsPoint #68 – closed within the hotline system.</li> <li>➤ EthicsPoint #70 – closed within the hotline system.</li> <li>➤ EthicsPoint #71 – closed within the hotline system.</li> <li>➤ EthicsPoint #74 – closed within the hotline system.</li> <li>➤ Math Grant – dismissed by District Attorney’s Office 7-13-2023.</li> </ul>

**TEXAS STATE UNIVERSITY (continued)**  
**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

Audit Liaison Activities	Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"><li>➤ State Comptroller's Office – Dual Employment.</li><li>➤ Cancer Prevention &amp; Research Institute of Texas - Grant Monitoring Review.</li><li>➤ Texas Workforce Commission - Civil Rights Division Personnel Policies and Procedures Review.</li><li>➤ James Moore &amp; Co., PL., NCAA Agreed-Upon Procedures, FY 2022 (Delegation 754-2022-002).</li><li>➤ Montemayor Britton Bender PC, Student Financial Aid Title IV Audit FY 2022 (Delegation 754-2022-003).</li></ul>
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**LAMAR INSTITUTE OF TECHNOLOGY  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
Multi-Hazard Operations and Active Attack Response Plan	Completed. Management Advisory Letter, Multi-hazard Operations and Active Attack Response Plan, 6-1-2023.
Overdose Awareness Training	Completed. Management Advisory Letter, Overdose Awareness Training, 6-1-2023.
Weapons Inventory	Completed. Management Advisory Letter, System-wide Weapons Inventory Verification, 6-30-2023.
Course Materials	Completed. Management Advisory Letter, Course Materials, 8-23-2023.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2023 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report; rather, it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2024 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-24-2022.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ Investigation of reported concerns - in progress.</li> <li>➤ EthicsPoint #12 – closed within hotline system.</li> <li>➤ EthicsPoint #13 – closed within hotline system.</li> <li>➤ EthicsPoint #14 – closed within hotline system.</li> <li>➤ Review of missing hard drive – reported to SAO on 10-5-2022.</li> <li>➤ Review of vendor hack and wire fraud incident – Management reported to FBI, bank, and police department.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ THECB FY 2021 Perkins Desk Review – in progress.</li> <li>➤ Belt Harris Pechacek, LLLP, Annual Financial Report (Delegation 789-2023-001) – in progress.</li> <li>➤ Belt Harris Pechacek, LLLP, Title IV Funds (Delegation 789-2023-002) – in progress.</li> </ul>

**LAMAR INSTITUTE OF TECHNOLOGY (continued)**  
**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.
Special Projects	➤ EthicsPoint #12 – closed within hotline system.



**LAMAR STATE COLLEGE - ORANGE**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
Multi-Hazard Operations and Active Attack Response Plan	Completed. Management Advisory Letter, Multi-hazard Operations and Active Attack Response Plan, 6-1-2023.
Overdose Awareness Training	Completed. Management Advisory Letter, Overdose Awareness Training, 6-1-2023.
Weapons Inventory	Completed. Management Advisory Letter, System-wide Weapons Inventory Verification, 6-30-2023.
Course Materials	Completed. Management Advisory Letter, Course Materials, 8-23-2023.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2023 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report; rather, it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2024 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-24-2022.
Continuing Education	Completed. Activity does not result in a report.
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"> <li>➤ THECB Desk Review Texas Reskilling Support Fund Grant Program.</li> <li>➤ Department of Defense (DoD) Voluntary Education (VolEd) Institutional Compliance Program (ICP).</li> <li>➤ THECB FY 2021 Perkins Desk Review – in progress.</li> <li>➤ Belt Harris Pechacek, LLLP, Annual Financial Report (Delegation 787-2023-001) – in progress.</li> <li>➤ Weaver and Tidwell, Title IV Funds (Delegation 787-2023-002) – in progress.</li> </ul>

**LAMAR STATE COLLEGE – ORANGE (continued)**  
**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.

**LAMAR STATE COLLEGE - PORT ARTHUR**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
Multi-Hazard Operations and Active Attack Response Plan	Completed. Management Advisory Letter, Multi-hazard Operations and Active Attack Response Plan, 6-1-2023.
Overdose Awareness Training	Completed. Management Advisory Letter, Overdose Awareness Training, 6-1-2023.
Weapons Inventory	Completed. Management Advisory Letter, System-wide Weapons Inventory Verification, 6-30-2023.
Course Materials	Completed. Management Advisory Letter, Course Materials, 8-23-2023.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2023 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report; rather, it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2024 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-24-2022.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ EthicsPoint #8 – closed within the hotline system.</li> <li>➤ Review of check diversion/altered check activity – reported to SAO on 9-26-2022.</li> <li>➤ Review of complaint involving surface tablets – activity did not result in a written report.</li> <li>➤ Review of complaint received regarding lack of responsiveness from a department – activity did not result in a written report.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ Department of Veterans Affairs FY 2022 Compliance Survey.</li> <li>➤ Comptroller's Office – Post Payment Audit – in progress.</li> <li>➤ State Auditor's Office - Compliance with Historically Underutilized Business and State Use Program Requirements – in progress.</li> </ul>

**LAMAR STATE COLLEGE - PORT ARTHUR (continued)**  
**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.

**SYSTEM ADMINISTRATION**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Title IX Quarterly and Annual Reporting	Completed. Quarterly reports submitted to Chancellor as required. Annual report submitted to the Texas Higher Education Coordinating Board on 10-28-22.
Multi-Hazard Operations and Active Attack Response Plan	Completed. Management Advisory Letter, Multi-hazard Operations and Active Attack Response Plan, 6-1-2023.
Overdose Awareness Training	Completed. Management Advisory Letter, Overdose Awareness Training, 6-1-2023.
Weapons Inventory	Completed. Management Advisory Letter, System-wide Weapons Inventory Verification, 6-30-2023.
Course Materials	Completed. Management Advisory Letter, Course Materials, 8-23-2023.
Construction Audits, Delegation #758-2023-002	<ul style="list-style-type: none"> <li>➤ SHSU Newton Gresham Library Renovation – in progress.</li> <li>➤ SHSU North Residence Hall – completed. North Residence Hall at Sam Houston State University, 6-1-2023.</li> <li>➤ SRSU Museum of the Big Bend Annex System – in progress.</li> <li>➤ TXST TV and Film Studios Building (Live Oak Hall) – in progress.</li> <li>➤ TXST University Police Department (Pecan Building) – in progress.</li> <li>➤ TXST Infrastructure Research Lab – completed. Infrastructure Research Laboratory, 4-17-2023.</li> </ul>
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2023, 8-29-2023.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2023 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report; rather, it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2024 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-24-2022.
Continuing Education	Completed. Activity does not result in a report.

**SYSTEM ADMINISTRATION (continued)**  
**STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN**

Special Projects	<ul style="list-style-type: none"> <li>➤ State Auditor's Office Hotline Complaint #22-0249 - in progress.</li> <li>➤ EthicsPoint #13 (LIT) – closed within hotline system.</li> <li>➤ EthicsPoint #14 (LIT) – closed within hotline system.</li> <li>➤ Presidential Request, Event Management - completed. Referred to State Auditor's Office March 2023.</li> <li>➤ Foundation Activities (TXST), Verbal Report, 11-17-2022.</li> <li>➤ Updated information for all components for the system-wide fraud reporting hotline.</li> <li>➤ Evaluated information provided by staff regarding options for hotline complaint reporting systems.</li> <li>➤ Evaluated information provided by staff regarding options for audit management software systems.</li> <li>➤ Evaluated information provided by staff for obtaining additional licenses for the forensic tool application and associated equipment.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Component Audit Assistance	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the TSUS Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ State Auditor's Office, Statewide Single Audit Follow-up.</li> <li>➤ R.L. Townsend &amp; Associates, Construction Audits (Delegation 758-2018-002).</li> <li>➤ TSUS Foundation Audit Delegation #758-2023-001 (FY 2022).</li> <li>➤ TSUS Audit Delegation #758-2023-002 (contract extension).</li> <li>➤ TSUS Foundation Audit Delegation #758-2023-003 (FY 2023).</li> </ul>
Compliance Program Enhancements	On-going. Activity does not result in a report.
Compliance Newsletter	Completed. Newsletters issued in November 2022, February 2023, May 2023, and August 2023.
Compliance Risk Universe	On-going. Activity does not result in a report.

**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023**

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Clergy Act	Management Advisory Letter, Clergy Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.
Special Projects	EthicsPoint #35 – closed within the hotline system.

### III. Consulting Services and Nonaudit Services Completed

The *International Standards for the Professional Practice of Internal Auditing* defines “consulting services” as advisory in nature, generally performed at the specific request of management. The *Government Auditing Standards* define “nonaudit services” as those activities which are not financial audits, attestation engagements, or performance audits. The following bulleted lists represent consulting and nonaudit services conducted during fiscal year 2023:

#### LAMAR COMPONENTS

- Prepared and sent email “blasts” at all Lamar components reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Distributed the audit delegation and external audit reminder mass email.
- Performed a review of the KVLU Financial Statement Audit and an analysis of data therein for the year ending August 31, 2022 and summarized results.
- Performed an analysis of NCAA-related financial information for the year ending August 31, 2022 and summarized results.
- Advisory services for several aspects of the shared services platform for LIT, LSCO, and LSCPA.
- Reviewed and commented on potential administrative policy changes at all components.
- Researched a variety of issues at management’s request at all components.
- Monitored and advised on IT business continuity at all components.
- Advised management on IT systems and applications controls at all components.
- Continued periodic meetings with Lamar Component Presidents, Vice Presidents of Finance and Operations, Chief Information Officers, and Information Security Officers, as well as other management to discuss activities or areas of concerns.
- Served in board member capacity for the Texas Association of College and University Auditors.
- Presented at Texas Association of College and University Auditors 2023 Conference.
- Served in board member capacity for the Texas Society of Certified Public Accountants.
- Worked in conjunction with other TeamMate+ Champions on various activities and tasks.
- Coordination and communication with LU IT on the windows maintenance cycle and other IT related matters involving Internal Audit applications and shared drives.

#### SAM HOUSTON STATE UNIVERSITY

- Prepared and sent email “blasts” reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse (“See Something, Say Something”).
- Prepared and sent email “blasts” reminding faculty and staff of audit delegation requirements and external audit notifications.
- Held monthly meetings with executive management.
- Modified the risk assessment survey within Qualtrics to more efficiently obtain management’s input during the Annual Risk Assessment process.
- Consulted with Strategic Enrollment and Innovation Group (SEI) regarding risks associated with IT and provided informal feedback.
- Served as participant in Digital Execution Scorecard assessment facilitated by Gartner and provided feedback on IT governance.
- Reviewed the annual Asset Forfeiture report for the University Police Department.
- Researched a variety of issues at management’s request.

- Served on the President's Council.
- Served as ex-officio member of the Critical Incident Response Team.
- Served as ex-officio member of the SHSU Compliance Committee.
- Consulted with the Controller's Office regarding compliance activities.
- Served on the Strategic Priority – SP2-G2 Task Force.
- Attended the annual SGA Safety Walk and consulted with SGA and other campus constituents on a Safety and Security Review.
- Risk presentation at the Budget Kickoff Meeting.
- Reviewed Taylor and Francis contract.
- Reviewed SHSU One Stop Shop activities surrounding separation of duties.
- TRS Reporting Issue with HR/Payroll.
- Confidential PII LSC Office review.
- Reviewed HR ORP Retirement contribution returned checks.
- Reviewed Integrative Natural History Book Series Agreement (Hargrave, Lutterschmidt, Cook).
- Provided feedback to HR/Payroll regarding their two distinct reviews of FLSA practices of the Graduate School and the Student Affairs Division.
- Provided feedback to HR/Payroll on their proposed time and leave reporting education / reminder process.
- Met with Spirit Programs and advised regarding the programs' related activities.
- Developed and implemented online Fraud Awareness training available to faculty and staff via Talent Management.

### **SUL ROSS STATE UNIVERSITY**

- Prepared and sent email “blasts” reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Participated in weekly operational meetings with SRSU executive staff.

### **TEXAS STATE UNIVERSITY**

- Prepared and sent email “blasts” reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Held monthly meetings with the President and periodic meetings with Vice President of Finance and Support Services and Chief Information Officer, as well as other management to discuss activities or areas of concerns.
- Researched a variety of issues at management's request.
- Reviewed and commented on potential administrative policy changes.
- Performed an analysis of NCAA-related financial information for the year ending August 31, 2022 and communicated results to Board.
- Performed an analysis of financial information for the Texas State Student Financial Audit and HEERF for the year ending August 31, 2022 and communicated results to Board.
- Performed an analysis of McCoy Foundation financial information for the years ending August 31, 2021 and August 31, 2022 and communicated results to Board.
- Consulted with the Office of Institutional Compliance and Ethics regarding audits, investigations, and special projects.
- Worked in conjunction with other TeamMate+ Champions on various activities and tasks.
- Developed new risk assessment surveys within Qualtrics to obtain management's input more efficiently during the Annual Risk Assessment process.



- Served as Director, Virtual Learning Committee, for the Association of College and University Auditors.
- Served on the Business Services Council.
- Served as ex-officio member of the Human Resources Stakeholders Team.

### **SYSTEM ADMINISTRATION**

- Proposed changes and provided commentary on potential Rule changes for the Board's consideration.
- Provided commentary on potential administrative policy changes at System Administration and various components.
- Researched a variety of issues at management's request.
- Reviewed and commented on various iterations of "right to audit" clauses in draft contracts.
- Hosted the annual TSUS Office of Internal Audit conference.
- Maintained the TSUS CPE Sponsorship with the Texas State Board of Public Accountancy as a registered CPE sponsor.
- Participated in all TSUS Sexual Misconduct Policy (includes Title IX) task force meetings.

#### IV. External Quality Assurance Review (Peer Review)

Texas Government Code 2102 requires periodic external assessments of the audit function for compliance with applicable professional standards. The following excerpt is the most recent independent external validator's statement regarding the TSUS internal audit function, based on criteria outlined in the Institute of Internal Auditors (IIA) *Quality Assessment Manual for the Internal Audit Activity*. Because the IIA requires peer reviews to be conducted every 5 years, the next peer review has been included in the 2024 Audit and Compliance Plan.

There are three ratings that can be given in an IIA peer review. The validator rated the TSUS internal audit function with a "Generally Conforms" rating, which is the best rating available.



## Texas State University System

### INDEPENDENT VALIDATION OPINION REPORT QUALITY ASSURANCE SELF-ASSESSMENT REVIEW

November 2019

Prepared by:  
Richard Tarr, CIA, CISA  
P.O. Box 5607 16  
Orlando, FL 32856  
Ph/Fax: 407.896.2760  
E-mail: [rtarr@racar.com](mailto:rtarr@racar.com)

Texas State University System – 2019


## OVERVIEW

As required by the Texas Internal Auditing Act (article 6252-5d, V.A.C.S.) and the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (IIA Standards)*, a quality assurance review (QAR) was conducted of The Texas State University System (System) internal audit activity. The IIA Standards require that internal audit activities obtain an assessment either through an external review or a self-assessment quality assurance review, with an independent validation.

As an independent reviewer, I was engaged to conduct a validation of the self-assessment that was conducted by the System Office of Audits and Analysis. The primary objective of the validation was to independently verify the assertions made in the System's attached self-assessment report regarding adequate fulfillment of the expectations of the IA activity by the Audit and Finance Committee of the Board of Regents and its conformity to the *IIA Standards*. An additional objective was to provide recommendations that the reviewer deems may be of value to the System IA activity. Matters that might have been reviewed and reported on in an external review, such as an in-depth analysis of best practices, governance, and use of advanced technology, were excluded from the scope of this review.

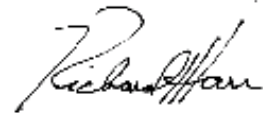
In acting as a validator, I am fully independent of the System and have the necessary knowledge and skills to undertake this engagement. The validation was conducted from November 19 through November 22, 2019. It consisted primarily of a review and testing of the procedures and documented results of the self-assessment conducted by the System's IA review team. It also included a review of a limited sample of various audit workpapers; an evaluation of responses to surveys distributed to System Administration executives, component Presidents and management, and audit staff; and interviews with the audit staff, Finance and Audit Committee Chair of the Board of Regents and the Texas State University System Chancellor.

Texas State University System – 2019

 **OPINION**

Based upon my interviews, workpaper reviews, and a review of the work conducted by the IA review teams, I concur with the conclusion that the internal audit activity at the System Office of Audits and Analysis (OAA) and the four component locations, the Texas State University, Lamar University, Sam Houston State University, and Sul Ross State University, **generally conforms** to the applicable *IIA Standards* and the Texas Internal Auditing Act.

This opinion, representing the best possible evaluation, means that there are in place the relevant structures, policies, and procedures, including the processes by which they are applied, that comply with the *IIA Standards* and the Texas Internal Auditing Act in all material respects. The workpapers documenting the self-assessment conducted by the System's IA review team showed that the review was appropriately documented by the team and the opinion appears to have been objectively developed.



Richard H. Tarr, CIA, CISA

## V. Audit and Compliance Plan for Fiscal Year 2024

The TSUS Office of Internal Audit prepares a consolidated audit and compliance plan (“Plan”) for TSUS components and System Administration. 28,925 hours have been budgeted for activities/projects included in the Plan (including travel and administrative time). The TSUS Board of Regents approved the Plan on August 11, 2023. Additional risks ranked as “high” identified during the risk assessment that are not included in the fiscal year 2023 Plan due to finite resources appear on Page 32.



# Office of Internal Audit

## Audit and Compliance Plan

### Fiscal Year 2023



**Carole M. Fox, CPA**  
Chief Audit Executive, Texas State University System

**Ramona Stricklan, CIA, CFE**  
Director, Lamar Components

**Kelly Blissett, CPA, MBA**  
Director, Sam Houston State University

**Scott Cupp, CIA, CCA**  
Director, Sul Ross State University

**Mike Miller, CIA, CGAP**  
Director, Texas State University

**Kelly Wintemute, CCEP, MBA**  
Compliance Officer, Texas State University System

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## INTRODUCTION AND PURPOSE

The *Fiscal Year 2024 Audit and Compliance Plan* (“Plan”) documents functional areas the Office of Internal Audit intends to devote resources to during fiscal year 2024. The Plan satisfies statutory responsibilities outlined in Section 2102.008 of the Texas Government Code, the Texas State University System *Rules and Regulations*, and applicable auditing standards. The number of hours budgeted to perform all activities in the Plan totals 22,110.

### Plan Categories

The Plan is divided into three different categories:

- **Statutory/Required Audits and Activities:** Projects required by law or by external oversight entities for all institutions and System Administration (except where noted).
- **Risk-Based Functional Areas:** Projects allocated amongst the institutions based on risks identified during the annual risk assessment process and subsequently categorized by functional area. See the section entitled “Risk Assessment Process” below for more information.
- **Other Activities:** Projects required by grant agreements or third parties, consulting and advisory services, special projects such as time-sensitive management-requested reviews or investigations, identification and communication of emerging compliance requirements, liaising with external auditors, and other functions designed to assist management in mitigating risks.

### Risk Assessment Process

Because of the increase in the number of statutorily-required projects and activities, audit and compliance resources available for risk-based projects have diminished. Therefore, it is critical that such projects focus on areas where independent reviews will provide the most value to the Texas State University System as a whole. In order to identify such projects, the Office of Internal Audit uses a two-phase risk assessment process.

The first phase is the annual risk assessment, used to build this Plan. (Texas Government Code 2102.005 requires audit plans to be developed “*utilizing risk assessment techniques.*”) The collective risk assessments performed at the institutions and System Administration in developing this Plan included, but were not limited to, the following:

- Soliciting input from the Board of Regents, the Chancellor, Vice-Chancellors, and Component Presidents and management;
- Consulting with oversight entities regarding emerging concerns;
- Considering national trends within higher education;
- Evaluating materiality;
- Assessing the potential impact of negative public scrutiny; and
- Utilizing professional judgment and knowledge gained from prior projects regarding areas of risk and information gained through continual risk assessment discussions with management throughout the year.

The risk assessments considered a myriad of risks, including those associated with the lingering impact of COVID-19, the potential for fraud, contracting and contract management risks, benefits proportionality risks, and information technology risks (including those associated with Title 1, Texas Administrative Code, Chapter 202, *Information Security Standards*). The risk assessments also considered work performed by external auditors, institutional risk appetites, and activities where assurance or consulting engagements would be most helpful to management.

Upon completion of the annual risk assessment, identified risks were categorized into various functional areas based on the various organizational structures within the Texas State University System, the Risk Dictionary classifications created by the *Association of College and University Auditors*, and the functional expense classifications promulgated by the *National Association of College and University Business Officers* for financial statement reporting purposes.

Each functional area contains numerous activities, processes, and operations that could be the subject of an audit. (See Appendix A.) Except for compliance reviews (which are typically conducted on a system-wide basis), the various functional areas and the specific projects selected for review in those functional areas vary amongst the institutions and System Administration depending on the level of risk. For example, a project in the Financial Management functional area at Lamar University could involve an audit of accounts payable, while a project in the Financial Management functional area at Sul Ross State University could involve an audit of accounts receivable. There could be no projects (or multiple projects) in the Financial Management functional area at Sam Houston State University.

The second phase (of risk assessment) occurs when audit resources become available to commence a project in a designated functional area. Although the first phase of the risk assessment provides clear indicators of auditable units that would benefit from review, some units are of higher risk than others, and sometimes, risks identified during the annual risk assessment become mitigated as time passes. Therefore, as project planning begins, we conduct additional assessments to pinpoint the activities best suited for review. This approach affords us the flexibility to ensure emerging risks are timely reviewed.

As in prior years, there may be circumstances that require us to devote resources to activities not outlined in the Plan. Per the *Rules and Regulations*, significant changes to the Plan require approval by the Chair of the Finance and Audit Committee. Also, consistent with prior years, the risk assessment identified high risk areas that were not included in the Plan due to finite resources.

The Plan appears on the following page. Blue checkmarks, which represent one or more planned projects, are used to identify the functional areas at individual institutions and System Administration where the Office of Internal Audit plans to devote resources throughout the year. Green checkmarks represent one or more planned projects where compliance initiatives will be performed on a system-wide basis. Gray checkmarks represent one or more planned information review projects to be performed on a system-wide basis in support of continuous risk assessment activities.



**TEXAS STATE UNIVERSITY SYSTEM  
AUDIT AND COMPLIANCE PLAN - FISCAL YEAR 2024**

<b>STATUTORY/REQUIRED AUDITS AND ACTIVITIES</b>								
	<b>LU</b>	<b>SHSU</b>	<b>SRSU</b>	<b>TXST</b>	<b>LIT</b>	<b>LSCO</b>	<b>LSCPA</b>	<b>System Administration</b>
SB 20 – Annual Review/Contract Administration	✓	✓	✓	✓	✓	✓	✓	✓
THECB Facilities Audit	✓	✓	✓					
Quarterly Follow-Up Reviews	✓	✓	✓	✓	✓	✓	✓	✓
Risk Assessment/Audit & Compliance Plan (2025)	✓	✓	✓	✓	✓	✓	✓	✓
Annual Internal Audit Report	✓	✓	✓	✓	✓	✓	✓	✓
COM Anatomy Lab		✓						
Quality Assurance Self-Assessment	✓	✓	✓	✓	✓	✓	✓	✓
Nursing Shortage Reduction Program		✓						
NCAA Compilation		✓						
TAC 202 Biennial Cyber-Security Audit (A)	✓							
Adaptation of New Internal Auditing Standards	✓	✓	✓	✓	✓	✓	✓	✓
Title IX Quarterly and Annual Reporting	✓	✓	✓	✓	✓	✓	✓	✓
Continuing Education	✓	✓	✓	✓	✓	✓	✓	✓
State-Mandated Training (Compliance Office)								✓

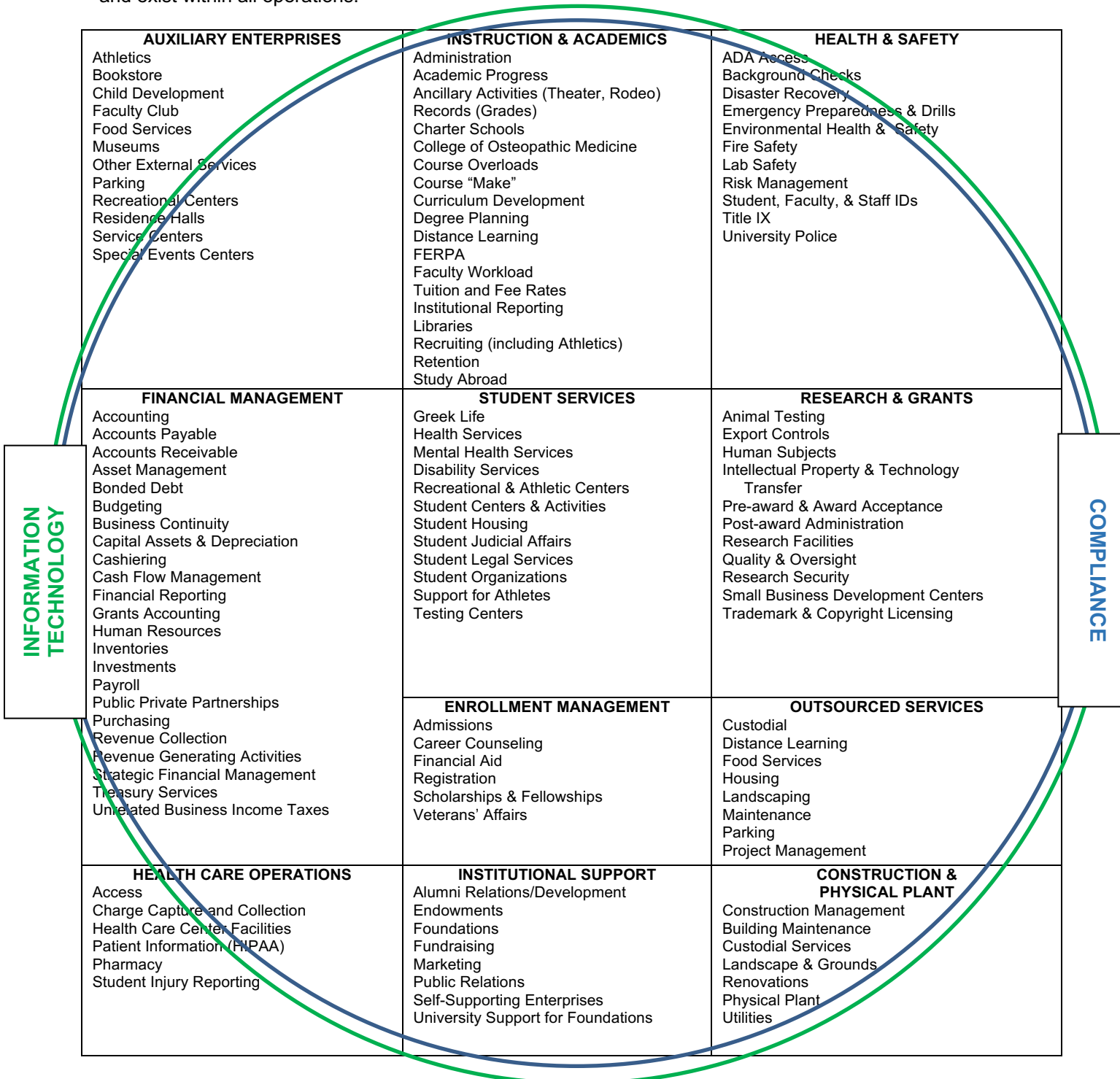
<b>RISK-BASED FUNCTIONAL AREAS (See Appendix A)</b>								
Auxiliary Enterprises	✓✓	✓	✓	✓✓	✓	✓	✓	
Instruction and Academic Support		✓		✓				
Health & Safety	✓	✓✓	✓	✓✓	✓	✓	✓	
Financial Management	✓✓	✓✓	✓✓	✓✓	✓	✓	✓	
Student Services	✓	✓✓	✓	✓	✓	✓	✓	
Enrollment Management	✓✓	✓✓	✓✓	✓	✓✓	✓	✓	
Research and Grants	✓	✓✓	✓	✓✓	✓	✓	✓	
Health Care Operations	✓	✓	✓	✓	✓	✓	✓	
Construction and Physical Plant		✓		✓	✓	✓	✓	✓
Information Technology	✓	✓	✓	✓	✓	✓	✓	

<b>OTHER ACTIVITIES</b>								
Special Projects	✓	✓	✓	✓	✓	✓	✓	✓
SACSCOC Assistance			✓		✓	✓		
Audit & Compliance Liaison Activities	✓	✓	✓	✓	✓	✓	✓	✓
Clery Act Reviews	✓	✓	✓	✓	✓	✓	✓	

✓ = One or more planned audit project(s)    ✓ = One or more planned compliance project(s)    ✓ = One or more planned system-wide information review(s)    (A) Per Management's Request

## APPENDIX A RISK-BASED FUNCTIONAL AREAS

This chart depicts examples of (but not all) subprocesses/activities within each functional area, many of which overlap. These activities represent potential auditable units; however, some activities inherently have higher risks than others. Finite resources preclude audits of every activity listed, including those known to have higher risks. Therefore, the absence of checkmarks in the Plan for risk-based audits means that no work is planned in the corresponding functional area(s). Information technology and compliance risks surround all of the functional areas and exist within all operations.



**ADDITIONAL RISKS RANKED AS “HIGH” IDENTIFIED DURING  
THE RISK ASSESSMENT THAT ARE NOT INCLUDED IN THE FISCAL YEAR 2024 PLAN**

Finite resources and statutory activities precluded the inclusion of all identified high-risk projects at the components and System Administration in the Plan. Such high-risk projects included, but were not limited to:

Accessibility of Electronic Information Resources (EIR)  
 Account Reconciliations  
 Camps  
 Charter school contracts and activities  
 Cybersecurity  
 Data Breach and Ransomware Response Plans  
 Data governance  
 Data Governance and Data Management  
 Disposal of IT assets/Data Destruction  
 Faculty turnover  
 Financial Aid Processes  
 Grants Management – Post Award  
 Hazardous Materials and Waste Storage and Disposal  
 Health-care programs  
 HIPAA data and information  
 HR Business Processes  
 HR Onboarding Processes  
 HVAC operations  
 IT – Backup and recovery  
 IT – Banner Logical Access (HR Users’ Roles and Access)  
 IT – Cloud computing and management of third-party IT providers  
 IT – Logical Access – End User Access Reviews of Critical Applications  
 IT and Software Asset Management Processes, including Device Sanitization Procedures  
 Minors on Campus  
 Monitoring of Electronic Access to Physical Structures  
 Physical Access to Network and Server Closets  
 Preventive maintenance  
 Production of annual security report by police department  
 Recruiting and retaining rodeo team; preventing injuries  
 Security Cameras  
 Shared Services – Change Management Audit (shared services)  
 Student Conduct and Student Behavioral Assessment Team  
 Student lodging  
 Study Abroad and International Travel - Student Safety  
 Timely Warnings regarding Clery Act Compliance  
 Title IV

## VI. External Audit Services Procured in Fiscal Year 2023

- Lamar University contracted with the following firms:
  - Mitchell T. Fontenote CPA, Inc., KVLU Financial Statements Together with Auditor's Report (Delegation 734-2022-003).
  - Weaver and Tidwell, LLP, Intercollegiate Athletics Agreed-Upon Procedures (Delegation 734-2022-004).
  
- Sam Houston State University contracted with the following firms:
  - Belt Harris Pechacek, LLLP, Charter School Annual Financial Report FYE 8-31-2022 (Audit Delegation 753-2022-003).
  - Webb & Wells, PC, Intercollegiate Athletics Agreed-Upon Procedures (Audit Delegation 753-2023-001).
  
- Sul Ross State University contracted with the following firm:
  - Belt Harris Pechacek, LLLP, Title IV, State Auditor's Office Audit Delegation 756-2023-001.
  
- Texas State University contracted with the following firms:
  - Atchley & Associates, LLP, Emmett & Miriam McCoy College of Business Administration Development Foundation Financial Statement Audit, FY 2022 (Delegation 754-2023-001).
  - Montemayor Britton Bender PC, Cancer Prevention and Research Institute of Texas Grant at Texas State University for FY 2022 and FY 2023 (Delegation 754-2023-002).
  - James Moore & Co., PL., NCAA Agreed-Upon Procedures, FY 2022 (Delegation 754-2023-003).
  
- Lamar Institute of Technology
  - Belt Harris Pechacek, LLLP, Annual Financial Report (Delegation 789-2023-001).
  - Belt Harris Pechacek, LLLP, Title IV Funds (Delegation 789-2023-002).
  
- Lamar State College Orange
  - Belt Harris Pechacek, LLLP, Annual Financial Report (Delegation 787-2023-001).
  - Weaver and Tidwell, Title IV Funds (Delegation 787-2023-002).
  
- System Administration contracted with the following firms:
  - R.L. Townsend & Associates, Construction Audits (Delegation 758-2023-002).
  - Consulting services: Dolores Stanford and Associates, Clery Review.

## VII. Reporting Suspected Fraud and Abuse

The TSUS has taken the following actions to ensure compliance with requirements of Section 7.09, page IX-38, the General Appropriation Act (87th Legislature):

- The TSUS contracts with EthicsPoint, an internet-based confidential fraud reporting hotline. On the main webpage for TSUS, there is a link entitled [Report Fraud & Abuse](#), which redirects to the EthicsPoint portal for reporting suspected fraud, waste or abuse. The link also appears on each TSUS component's homepage. Further, each component sends periodic email reminders to its employees regarding confidential avenues for reporting concerns about potential waste, fraud, and abuse of resources; the lack of compliance with laws, regulations, and/or University policies and procedures; or violations of the TSUS's Code of Ethics.

Additionally, there is a link to the State Auditor's fraud reporting hotline on the TSUS webpage and each component's webpage.

Lastly, Texas State University has a local hotline that is monitored by the Office of Internal Audit.

- The TSUS Rules and Regulations place specific requirements for employees to report suspected waste, fraud, or abuse and delegates responsibility to the Chief Audit Executive to report such matters to the State Auditor's Office. The Rules and Regulations also include information on how to report suspected fraud involving state funds to the State Auditor's Office.
- The TSUS is aware of and complies with the requirements of Texas Government Code, Section 321.022, regarding reporting to the State Auditor's Office those situations where a reasonable cause to believe that money received from the state may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred. The TSUS Rules and Regulations explicitly state: "*Texas State University System, through the Chief Audit Executive, will report suspected fraud or unlawful conduct to the State Auditor's Office (SAO) if he or she knows of facts pointing to fraud or unlawful conduct.*" The Office of Internal Audit conducts reviews into complaints regarding potential waste, fraud, or abuse (including complaints forwarded to the TSUS by the State Auditor's Office) and provides a written response summarizing the results of those reviews.