



Internal Audit Annual Report Texas State University System Office of Audits & Analysis

Fiscal Year Ending August 31, 2018



Higher Learning. Higher Return.

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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 Audits & Analysis ensures compliance with Section 2102.015 through the following procedures:

- Posting its annual audit and compliance plan to the Office of Audits & Analysis pages of the TSUS and components' websites within 30 days after formal approval by the Board of Regents ("the Board"). The Fiscal Year 2019 Audit and Compliance Plan was approved by the Board on August 17, 2018 and has been posted as required.
- Posting this Internal Audit Annual Report for Fiscal Year 2018 to the Office of Audits & Analysis pages 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 plan projects and a detailed summary of the actions taken by management to address resultant recommendations.

The TSUS Office of Audits & Analysis reserves the right to not post information contained in the internal 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 2018

The TSUS Office of Audits & Analysis prepares a consolidated audit and compliance plan (“the Plan”) for System Administration and its components. The following is an excerpt listing all projects included in the Plan for fiscal year 2018, amended to include the status of the projects, the report titles, report numbers (if applicable), and dates the reports were issued to external oversight entities.

SYSTEM ADMINISTRATION STATUS OF PROJECTS IN FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN

Audit/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Safety and Security Initiative	Completed. Management Advisory Letter - Pandemic Preparedness Results, 11-16-17.
Construction Audits	Completed. Texas State University System Retama Hall Renovations Construction Audit, 9-5-18.
Payroll and Leave Reporting	Risk assessment completed. This audit has been included as a system-wide initiative in the Fiscal Year 2018 Audit and Compliance Plan.
Cybersecurity Audit Program	Completed risk assessment and audit program. Audit included in Fiscal Year 2019 Audit and Compliance Plan.
Social Media	Completed. Internal memo issued to System Audit Director.
Sexual Assault Prevention and Reporting	Completed. Management Advisory Letter - Compliance Review - Sexual Assault Prevention and Reporting, 8-31-18.
Title IX Compliance	In progress.
Clery Act	Not performed. Will be completed in fiscal year 2019.
SB 20 – Annual Review	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
SB 20 – Contract Administration	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
Investments	Completed. Public Funds Investment Act, System Administration-18-002, 12-21-17.
Benefits Proportionality	Completed. Member Institutions and System Administration, Benefits Proportionality, 8-30-18.
Follow-Up Procedures	On-going. Results posted in Board Book materials on a quarterly basis.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a formal report; rather, it resulted in the Fiscal Year 2019 Audit Plan.
Internal Audit Annual Report	Completed. System Administration Internal Audit Annual Report, 10-24-17.
Continuing Education	Completed. Activity does not result in a report.

Special Projects	Completed a review of a complaint filed through EthicsPoint (the System's confidential fraud reporting hotline system) and summarized results within the system.
SACSCOC Assistance	On-going. Activity does not result in a report.
Response to System Requests	Analyzed leave reporting practices as part of a system-wide initiative. Activity did not result in a report.
Component Audit Assistance	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report.
Compliance Program Development	On-going. Activity does not result in a report.
Compliance Newsletter	Completed. Newsletters issued in November 2017, February 2018, May 2018, and August 2018.
Compliance Risk Universe	On-going. Activity does not result in a report.

PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2018

Audit/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Cybersecurity Reporting Requirements	Management Advisory Letter - Cybersecurity Reporting Requirements, 9-6-17.
Title IX	Management Advisory Letter - Title IX Coordinator Review Results, 9-27-17.
Minors on Campus	Management Advisory Letter - Minors on Campus, 10-16-17.
Tuition and Fee Rates	Analysis provided to management, 10-5-17.

**LAMAR INSTITUTE OF TECHNOLOGY
STATUS OF PROJECTS IN FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN**

Audit/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Inventory Special Project	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
Physical Security	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
Payment Card Industry Data Security Standard (PCI DSS)	In progress.
IT - On-Going	On-going. Activity does not result in a report.
SB 20 – Annual Review	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
SB 20 – Contract Administration	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
Investments	Completed. Public Funds Investment Act, LIT-18-002, 12-21-17.
Benefits Proportionality	Completed. Member Institutions and System Administration, Benefits Proportionality, 8-30-18.
Follow-Up Procedures	On-going. Results posted in Board Book materials on a quarterly basis.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a formal report; rather, it resulted in the Fiscal Year 2019 Audit Plan.
Internal Audit Annual Report	Completed. Lamar Institute of Technology Internal Audit Annual Report, 10-24-17.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	IT Audit Roundtable Meetings. Activity does not result in a report.
Response to System Requests	Analyzed leave reporting practices as part of a system-wide initiative. Activity did not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report. Liaison activities involved the Texas Workforce Commission Personnel Policies and Procedures System Review.

PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2018

Audit/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Special Projects	Management Advisory Letter - Approved Exception to Leave Policy, LIT-17-002, 9-15-17.

**LAMAR STATE COLLEGE-ORANGE
STATUS OF PROJECTS IN FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN**

Audit/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Physical Security	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
Payment Card Industry Data Security Standard (PCI DSS)	In progress.
IT - On-Going	On-going. Activity does not result in a report.
SB 20 – Annual Review	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
SB 20 – Contract Administration	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
Investments	Completed. Public Funds Investment Act, LSCO-18-002, 12-21-17.
Benefits Proportionality	Completed. Member Institutions and System Administration, Benefits Proportionality, 8-30-18.
THECB Facilities Audit	Completed. Texas Higher Education Coordinating Board Facilities Audit, LSCO-18-004, 8-6-18.
Follow-Up Procedures	On-going. Results posted in Board Book materials on a quarterly basis.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a formal report; rather, it resulted in the Fiscal Year 2019 Audit Plan.
Internal Audit Annual Report	Completed. Lamar State College Orange Internal Audit Annual Report, 10-24-17.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	IT Audit Roundtable Meetings. Activity does not result in a report.
Response to System Requests	Analyzed leave reporting practices as part of a system-wide initiative. Activity did not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report. Liaison activities involved the following entities: <ul style="list-style-type: none"> ➤ The Texas Higher Education Coordinating Board Facilities Audit. ➤ The Texas Comptroller of Public Accounts Fiscal Management Division Post-Payment Audit.

PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2018

Audit/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Brown Estate	Brown Estate Audit, LSCO-17-002, 10-11-17.
IT – Network and Server Management	Network and Server Management, LSCO-17-001, 10-6-17.

**LAMAR STATE COLLEGE-PORT ARTHUR
STATUS OF PROJECTS IN FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN**

Audit/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Physical Security	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
Payment Card Industry Data Security Standard (PCI DSS)	In progress.
IT – Patch Management	In progress.
IT - On-Going	On-going. Activity does not result in a report.
SB 20 – Annual Review	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
SB 20 – Contract Administration	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
Investments	Completed. Public Funds Investment Act, LSCPA-18-002, 12-21-17.
Benefits Proportionality	Completed. Member Institutions and System Administration, Benefits Proportionality, 8-30-18.
THECB Facilities Audit	Completed. Texas Higher Education Coordinating Board Facilities Audit, LSCPA-18-004, 6-7-18.
Follow-Up Procedures	On-going. Results posted in Board Book materials on a quarterly basis.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a formal report; rather, it resulted in the Fiscal Year 2019 Audit Plan.
Internal Audit Annual Report	Completed. Lamar State College Port Arthur Internal Audit Annual Report, 10-24-17.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	IT Audit Roundtable Meetings. Activity does not result in a report.
Response to System Requests	Analyzed leave reporting practices as part of a system-wide initiative. Activity did not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report. Liaison activities involved the Texas Higher Education Coordinating Board Facilities Audit.

LAMAR UNIVERSITY
STATUS OF PROJECTS IN FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN

Audit/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Chartwells Contract Review	Not performed. Finite resources and higher risk or mandated projects resulting from the 2019 Risk Assessment precluded carrying this project to the Fiscal Year 2019 Audit and Compliance Plan.
Faculty Performance Evaluations	Not performed. Finite resources and higher risk or mandated projects resulting from the 2019 Risk Assessment precluded carrying this project to the Fiscal Year 2019 Audit and Compliance Plan.
Grants Management	In progress.
Physical Security	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
Payment Card Industry Data Security Standard (PCI DSS)	In progress.
IT – New Data Center	Completed. Reaud, Wimberly, and Cherry Data Center Review, LU-17-004, 11-21-17.
IT – Network Management	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
IT – Server Management	In progress.
IT - On-Going	On-going. Activity does not result in a report.
SB 20 – Annual Review	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
SB 20 – Contract Administration	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
Investments	Completed. Public Funds Investment Act, LU-18-005, 12-21-17.
Benefits Proportionality	Completed. Member Institutions and System Administration, Benefits Proportionality, 8-30-18.
KVLU-FM Radio Station	Completed. KVLU – FM, 9-24-18.
NCAA Agreed-Upon Procedures	Completed. Intercollegiate Athletics Program, 9-25-18.
Follow-Up Procedures	On-going. Results posted in Board Book materials on a quarterly basis.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a formal report; rather, it resulted in the Fiscal Year 2019 Audit Plan.
Internal Audit Annual Report	Completed. Lamar University Internal Audit Annual Report, 10-24-17.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	➤ Conducted reviews into 5 complaints filed through EthicsPoint (the System’s confidential fraud reporting hotline system). Reports are

	<p>pending for 2 of the complaints; one complaint was resolved internally, and results summarized within the system; reviews into the remaining complaints are in progress.</p> <ul style="list-style-type: none"> ➤ Management Advisory Letter - Athletics - End Zone Angels, LU-18-001, 8-24-18. ➤ IT Audit Roundtable Meetings. Activity does not result in a report.
Response to System Requests	Analyzed leave reporting practices as part of a system-wide initiative. Activity did not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report. Liaison activities involved the following entities:</p> <ul style="list-style-type: none"> ➤ The State Auditor's Office (SAO) Statewide Single audit and the Student Financial Aid A-133 audit. ➤ Weaver and Tidwell, LLP, NCAA Agreed Upon Procedures. ➤ Mitchell T. Fontenote, CPA, KVLU FM Radio Station financial statement audit. ➤ The Texas Workforce Commission Personnel Policies and Procedures System Review.

PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2018

Audit/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Special Project	Management Advisory Letter - TExES 068 Tutoring Program, LU-17-007, 2-8-18.

**SAM HOUSTON STATE UNIVERSITY
STATUS OF PROJECTS IN FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN**

Audit/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Other Revenue Sources in Agriculture & Engineering Technology	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
Financial Reporting Processes & Controls – IT Integrated	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
IT – Change Management Processes	In progress.
IT – Banner Data Classification and Segregation of Duties	In progress.
SB 20 – Annual Review	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
SB 20 – Contract Administration	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
Investments	Completed. Public Funds Investment Act, SHSU-18-002, 12-21-17.
Benefits Proportionality	Completed. Member Institutions and System Administration, Benefits Proportionality, 8-30-18.
NCAA Agreed-Upon Procedures	Completed. NCAA Financial Statement Compilation, SHSU-18-001, 2-13-18.
Follow-Up Procedures	On-going. Results posted in Board Book materials on a quarterly basis.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a formal report; rather, it resulted in the Fiscal Year 2019 Audit Plan.
Internal Audit Annual Report	Completed. Sam Houston State University Internal Audit Annual Report, 10-24-17.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> ➤ Conducted reviews into 7 complaints filed through EthicsPoint (the System’s confidential fraud reporting hotline system). Four of the complaints were resolved internally and the results summarized within the system; reviews into the remaining complaints are in progress. ➤ IT Audit Roundtable Meetings. Activity does not result in a report.
Response to System Requests	Analyzed leave reporting practices as part of a system-wide initiative. Activity did not result in a report.

Audit Liaison Activities	<p>On-going. Activity does not result in a report. Liaison activities involved the following entities:</p> <ul style="list-style-type: none"> ➤ The State Auditor’s Office (SAO) Statewide Single audit and the Student Financial Aid A-133 audit. ➤ The Texas Higher Education Coordinating Board (THECB) Desk Review of Formula Funding at SHSU. ➤ The Texas Comptroller of Public Accounts Sales, Excise, and Use Tax audit. ➤ The Department of Education Student Financial Aid and Clery Report Review.
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DEVIATIONS FROM AUDIT AND COMPLIANCE PLAN

Audit/Activity	Explanation
SHSU Online & Correspondence Course Review	Prior to commencement of this project, the University eliminated all correspondence courses. Approval to remove this project from the Audit and Compliance Plan was obtained from the Chair of the Finance & Audit Committee on August 7, 2018. The modified Audit and Compliance Plan was posted on the TSUS webpage as required on August 7, 2018.

PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2018

Audit/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Quarterly Investment Reports	Completed. Review of FY 2016 Quarterly Investment Reports, SHSU-17-003, 09-26-17.
Special Project	Management Advisory Letter - 2017 Spain Faculty-Led Study Abroad Program, SHSU-17-004, 11-2-17.
IT – Data Center Environment and Physical Security	Data Center Environment and Physical Security, SHSU-16-008, 12-13-17.

**SUL ROSS STATE UNIVERSITY AND RIO GRANDE COLLEGE
STATUS OF PROJECTS IN FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN**

Audit/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Enrollment Management	Not performed. Carried forward to Fiscal Year 2019 Audit and Compliance Plan.
Purchasing	In progress.
Grants Management	Not performed. Grants Management is being outsourced and will be reviewed in Fiscal Year 2020.
SB 20 - Annual Review	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
SB 20 - Contract Administration	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
Investments	Completed. Public Funds Investment Act, SRSU-18-003, 12-21-17.
Benefits Proportionality	Completed. Member Institutions and System Administration, Benefits Proportionality, 8-30-18.
Follow-Up Procedures	On-going. Results posted in Board Book materials on a quarterly basis.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a formal report; rather, it resulted in the Fiscal Year 2019 Audit Plan.
Annual Internal Audit Report	Completed. Sul Ross State University and Sul Ross State University Rio Grande College Internal Audit Annual Report, 10-24-17.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	Completed. Management Advisory Letter - Review of Museum of the Big Bend Documents - SRSU-18-001, 9-27-17.
Response to System Requests	Analyzed leave reporting practices as part of a system-wide initiative. Activity did not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report.

**TEXAS STATE UNIVERSITY
STATUS OF PROJECTS IN FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN**

Audit/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Travel Expenditures	In progress.
Compliance with Research Agreements	In progress.
Leave Reporting	Risk assessment completed. This audit has been included as a system-wide initiative in the Fiscal Year 2019 Audit and Compliance Plan for System Administration.
SaaS Applications	Postponed. This audit has been included in the 2019 Audit and Compliance Plan.
EHSRM Key Positions	In progress.
Compliance with NCAA Bylaws	In progress.
Monitoring of Electronic Access to Physical Structures	Not performed. Carried forward to 2019 Audit and Compliance Plan.
SB 20 – Annual Review	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
SB 20 – Contract Administration	Completed. Management Advisory Letter: Senate Bill 20 Required Audits for Fiscal Year 2018, 8-24-18.
Investments	Completed. Public Funds Investment Act, TXST-18-002, 12-21-17.
Benefits Proportionality	Completed. Member Institutions and System Administration, Benefits Proportionality, 8-30-18.
Follow-Up Procedures	On-going. Results posted in Board Book materials on a quarterly basis.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a formal report; rather, it resulted in the Fiscal Year 2019 Audit Plan.
Internal Audit Annual Report	Completed. Texas State University Internal Audit Annual Report, 10-24-17.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> ➤ Completed a review into a complaint referred by the State Auditor’s Office and issued report SAO Hotline Complaint 18-2081, 8-3-18. ➤ Conducted reviews into 5 complaints filed through EthicsPoint (the System’s confidential fraud reporting hotline system). Three of the complaints were resolved internally and the results summarized within the system; reviews into the remaining complaints are in progress. ➤ Initiated twelve other special projects as the result of “walk-in”, mailed, or emailed complaints or management requests. Nine projects were resolved internally, and the remaining three projects

	<p>are in progress.</p> <ul style="list-style-type: none"> ➤ IT Audit Roundtable Meetings. Activity does not result in a report.
Response to System Requests	Analyzed leave reporting practices as part of a system-wide initiative. Activity did not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report. Liaison activities involved the following entities:</p> <ul style="list-style-type: none"> ➤ The State Auditor’s Office (SAO) Statewide Single audit and the Student Financial Aid A-133 audit. ➤ The Texas Higher Education Coordinating Board (THECB) AY 2016 A-133 Evaluation and Desk Review of Teacher Quality Grant. ➤ The THECB Desk Review of Work-Study Mentorship. ➤ The Texas Comptroller of Public Accounts Post Payment audit. ➤ The Texas Comptroller of Public Accounts Sales, Excise, and Use Tax audit. ➤ The Texas Department of Transportation review of the University’s Internal Ethics and Compliance Program. ➤ Justices of the Peace and Constables Association regarding internal controls at the University’s Texas Justice Court Training Center. ➤ Assistance to The Department of Education OIG regarding an investigation into grant activity.

PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2018

Audit/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
General Controls, SAP	General Controls Audit of SAP, TXST 17-001, 10-11-17.
Credentialing	Credentialing, TXST-17-005, 5-7-18.

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 2018:

SYSTEM ADMINISTRATION

- Provided commentary on potential Rule changes for the Board’s consideration as well as on potential administrative policy changes.
- Prepared audit delegation requests for multiple projects across the TSUS.
- Researched a variety of issues at management’s request.
- Met periodically with University personnel and FEMA representatives regarding Hurricane Harvey recoveries.
- Maintained the TSUS CPE Sponsorship with the Texas State Board of Public Accountancy as a registered CPE sponsor.
- Assisted components in re-accreditation efforts, and in particular, assessing audit requirements and the timing of required audits.

LAMAR COMPONENTS

- Presented information on internal controls and audit observations at training sessions for Lamar University student organization officers and advisors.
- Reviewed documentation in support of Lamar University’s reaccreditation.
- Prepared audit delegation requests for external audit services at Lamar University.
- Researched use of Lamar University space by an Epilepsy clinic.
- Consulted with Lamar University Risk Management on certain safety issues and concerns identified during the risk assessment process.
- Observed Lamar University’s physical plant inventory.
- Advised on Lamar University’s access log monitoring for sensitive information in Banner.
- Met periodically with University personnel regarding Hurricane Harvey recoveries at Lamar Institute of Technology.
- Reviewed and commented on potential administrative policy changes at all components.
- Researched on 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.

SAM HOUSTON STATE UNIVERSITY

- Prepared audit delegation requests for the review and audit of SHSU’s financial statements in support of its reaccreditation efforts and the SHSU Charter School, respectively.
- Researched a variety of issues at management’s request.
- Performed an analysis of procurement card and purchasing transactions for Procurement and Business Services using data analytics software.
- Consulted with the Office of International Programs and Controller’s Office regarding study abroad programs.
- Met periodically with University personnel and FEMA representatives regarding Hurricane Harvey recoveries.

- Served as ex-officio on the University Compliance and Safety committees.
- Consulted with the University Police Department regarding an IT asset forfeiture investigation and a welfare check on an individual.
- Consulted with the Office of Research and Sponsored Programs regarding the state of research protocol compliance.
- Consulted with the Enrollment Management and Academic Affairs offices regarding the changes in SHSU correspondence course offerings.
- Provided assistance to the Investigations and Audit Support division of the State Auditor's Office on an investigation.

SUL ROSS STATE UNIVERSITY AND RIO GRANDE COLLEGE

- Served as Secretary to SRSU President's Select Task Force on Efficiencies and Innovation.
- Served on Risk Management Advisory Committee.
- Served on Cash Handling and Elimination Committee.
- Reviewed check requests and segregation of duties resulting in an internal memo to the President.
- Reviewed travel expense support for one faculty member resulting in an internal memo to the President.
- Reviewed grant aging and follow-up resulting in an internal memo to the President.
- Reconstructed accounting records to determine the extent of a cash theft.

TEXAS STATE UNIVERSITY

- Provided assistance in determining the appropriate scope of and obtaining audit services for a grant from the Cancer Prevention and Research Institute of Texas.
- Prepared audit delegation requests for the review of Texas State's financial statements in support of the University's reaccreditation efforts.
- Served on the Business Services Council.
- Served as ex-officio member of the Human Resources Stakeholders Team.

IV. External Quality Assurance Review (Peer Review)

Who audits the auditors? 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 *Quality Assessment Manual for the Internal Audit Activity*. There are three ratings that can be given. 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

September 2016

Prepared by:
Richard Tarr, CIA, CISA
3035 Dawley Avenue
Orlando, FL 32806
Ph: 407.896.2760
E-mail: rtarr@racar.com

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. The Texas State University System internal audit activity (IA) had an external review in 2013 and chose to conduct a self-assessment quality assurance review with an independent validation in 2016.

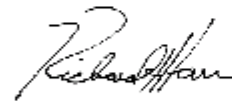
As an independent reviewer, I was engaged to conduct an independent validation of that self-assessment. The primary objective of the validation was to independently verify the assertions made in the System's attached self-assessment report regarding adequate fulfillment of the basic expectations of the IA activity 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 validator, I am fully independent of the System and have the necessary knowledge and skills to undertake this engagement. The validation was conducted from August 29th through September 1st, 2016. 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

Finance and Audit Committee Chair of the Board of Regents and the Texas State University System Chancellor.

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 component institutions, **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. A review of 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 2019

The TSUS Office of Audits & Analysis prepares a consolidated audit and compliance plan (“the Plan”) for TSUS components and System Administration. 25,958 hours have been budgeted for activities/projects included in the Plan (including travel and administrative time). The TSUS Board of Regents approved the Fiscal Year 2019 Audit and Compliance Plan on August 17, 2018.



Office of Audits and Analysis

Fiscal Year 2019 Audit and Compliance Plan



Higher Learning. Higher Return.

Carole M. Fox, CPA
System Director, Office of Audits and Analysis

INTRODUCTION AND PURPOSE

The *Fiscal Year 2019 Audit and Compliance Plan* (“the Plan”) documents activities the Office of Audits and Analysis intends to conduct during fiscal year 2019. 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 25,958.

The Plan was developed using risk assessments performed at the components and System Administration after determining the resources necessary to complete statutory activities. Component Audit Directors developed plans for their respective institutions, the System Audit Director and Associate Director developed a plan for System Administration (including system-wide initiatives), and the Compliance Officer developed a plan for compliance reviews across all components. As required by statute, the risk assessments considered a myriad of risks, including those associated with fraud, contract management, benefits proportionality, and information technology (with an emphasis on 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 for which assurance or consulting engagements would be most helpful to management.

The collective risk assessments included, but were not limited to, the following activities:

- Soliciting input from the Board of Regents, the Chancellor, Vice-Chancellors, and Component Presidents and management;
- Consulting with oversight entities regarding emerging concerns;
- Networking with other university auditors and compliance officers regarding emerging issues;
- Reviewing the System’s consolidated annual financial reports for the most current fiscal year to identify significant financial items;
- Assessing the potential impact of negative public scrutiny; and
- Utilizing professional judgment and knowledge gained from prior audits regarding the effectiveness of governance, internal control, and risk assessment processes.

The end result of the Plan development and risk assessment activities is a list of projects that collectively form the *Fiscal Year 2019 Audit and Compliance Plan*. Projects in the Plan are categorized as follows:

- **Risk-Based Audits and Compliance Projects:** Projects identified through the various risk assessment processes described above. These projects typically involve reviews of controls over the reliability and integrity of financial and operating information; compliance with policies, plans, procedures, laws, and regulations; the safeguarding of assets; the use of resources; and the accomplishment of established objectives and goals for operations or programs.
- **Statutory Audits and Activities:** Projects required by law.
- **Other Activities:** Projects required by grant agreements or third parties; consulting/advisory services; time-sensitive management-requested reviews; investigations; identification and communication of emerging compliance requirements; liaising with external auditors; and other functions designed to assist management in mitigating risks.

Finite resources and statutory projects precluded the inclusion of all identified high-risk projects in the Plan; Appendix A includes a listing of such projects. As in prior years, there may be circumstances that require us to devote resources to activities not outlined in the Plan. Significant changes to the Plan require approval by the Chair of the Finance and Audit Committee.

System Administration
Fiscal Year 2019 Audit and Compliance Plan



Higher Learning. Higher Return.

Carole M. Fox, CPA
System Director

Charles H. Gregory, CISA, CGEIT
Associate Director

Kelly Wintemute, MBA, CCEP
Compliance Officer

SYSTEM ADMINISTRATION FISCAL YEAR 2019 AUDIT AND COMPLIANCE PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS AND COMPLIANCE REVIEWS	
Hazlewood	System-wide tests of eligibility for Hazlewood exemptions.
Leave Reporting	System-wide review of leave reporting.
General Data Protection Regulation (GDPR)	System-wide review of implementation of requirements related to the European Union (EU) law on data protection and privacy.
Title IX	Continuation of a multi-year, system-wide review of components' compliance with various Title IX requirements.
TSUS Policy Alignment	Initiation of a multi-year, system-wide review to identify and remedy institutional policies that conflict with or are superseded by TSUS <i>Rules and Regulations</i> .
Construction Audits (OUTSOURCED)	Joint venture with the Office of Finance for third-party construction and cost recovery audits.
TAC 202 and Cybersecurity	System-wide assessment of components' compliance with Texas Administrative Code (TAC) 202, Information Security, and 85 th Legislature cybersecurity requirements.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Annual Review	System-wide annual review as to whether rules and policies required by Texas Education Code 51.9337 (h) have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Multi-hazard Emergency Operations Plan; Safety and Security Review	System-wide review of components' compliance with Texas Education Code, Section 51.217, which requires implementation and audits of emergency operation plans; additionally, includes a review of components' utilization of certain security measures.
GAO Auditing Standards Revisions	Review and update internal policies and procedures for fiscal year 2020 to ensure the 2018 General Accountability Office (GAO) revisions of the Governmental Auditing Standards are implemented as required by Texas Government Code 2102.011.
Follow-Up Reviews	Follow-up on management's progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Special Projects	Perform management-requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
SACSCOC Assistance	Provide assistance with audit-related requirements for components' re-accreditation activities.
Respond to System	Gather information/perform analyses requested by System

Administration Requests	Administration.
Component Audit Assistance	Supplement and assist component audit staff on component-based audits.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.
System-wide Equal Employment Opportunity (EEO) Training	Assist the Office of General Counsel in developing a centralized online EEO training program for all TSUS institutions.
Compliance Newsletter	Prepare and distribute quarterly newsletter highlighting trends, topics, and resources in compliance-related areas.
Compliance Risk Universe	Update and expand (as needed) the compliance universe for future risk assessment and review purposes.
Compliance Program Development	Continued design and implementation of compliance committee and policies and procedures.



Lamar Institute of Technology

Lamar State College-Orange

Lamar State College-Port Arthur

Lamar University

Fiscal Year 2019 Audit Plans

**Ramona Stricklan, CIA, CFE
Component Director, Office of Audits and Analysis**

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LAMAR INSTITUTE OF TECHNOLOGY FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Inventory Special Project	Conduct physical inventories of selected sites/departments as part of our continuous risk assessment and monitoring process.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Respond to System Administration Requests	Gather information/perform analyses requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.

LAMAR STATE COLLEGE-ORANGE FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Physical Security	Review general physical security of buildings.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Respond to System Administration Requests	Gather information/perform analyses requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.

LAMAR STATE COLLEGE-PORT ARTHUR FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Physical Security	Review general physical security of buildings.
IT – Patch Management	Review process for timely implementation of security patches to information resources.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
THECB Facilities Audit	A revisit due to the results of the THECB Peer Review Team audit conducted in fiscal year 2018 as required by Texas Education Code 61.0583.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Respond to System Administration Requests	Gather information/perform analyses requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.

LAMAR UNIVERSITY FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Grants Management	Evaluate the adequacy of controls in the grants management process.
IT – Logical Access	Determine that appropriate logical access exists for workflows where the potential for fraud and or misuse of data is vulnerable.
IT – Network Management	Evaluate network management practices.
IT – Server Management	Evaluate server management practices.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
KVLU-FM Radio Station (OUTSOURCED)	Assist the external auditor with a review of KVLU-FM Radio Station financial statement for the fiscal year ended August 31, 2018, as required by the Corporation of Public Broadcasting.
NCAA Agreed-Upon Procedures (OUTSOURCED)	Assist the external auditor with a review of the University’s NCAA Athletic financial statement for the fiscal year ended August 31, 2018, as required by the NCAA.
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Respond to System Administration Requests	Gather information/perform analyses requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.



Sam Houston State University

Fiscal Year 2019 Audit Plan

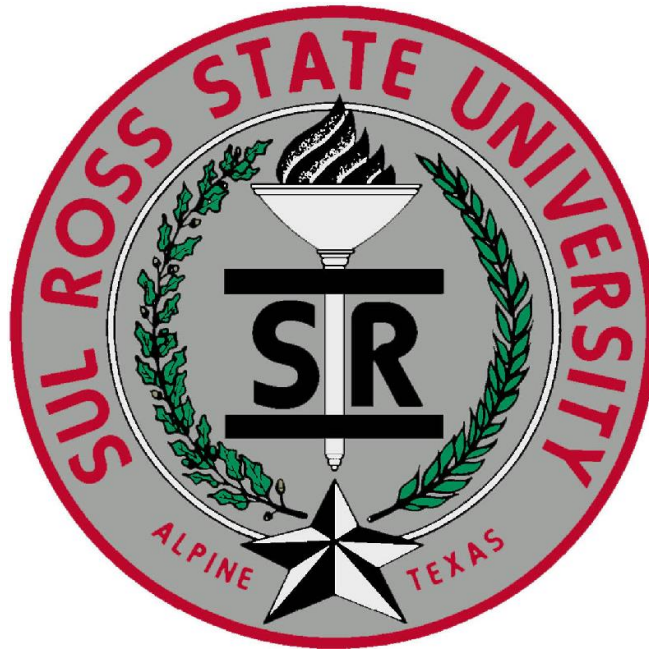
**Kelly R. Bielamowicz, MBA, CPA
Component Director, Office of Audits and Analysis**

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SAM HOUSTON STATE UNIVERSITY FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Department of Agricultural Sciences	Identify sources of other revenue within the department and evaluate controls over collecting, remitting, and accounting for those revenues.
Facilities Management	Evaluate controls over select processes within Business Services, Facilities Services, and Planning & Construction.
Financial Reporting – IT Integrated	Review processes and controls related to financial reporting, including those over the information systems supporting financial reporting.
IT – Patch Management	Assess processes used to ensure all software and firmware updates, patches, security advisories, and threat bulletins are identified, assessed, evaluated, and implemented in a timely manner.
Other Revenues – Academic Departments	Identify sources of other revenues within all academic departments.
IT – Project Management and System Development Methodology	Assess the IT project management and system development life cycle methodologies used to develop / purchase, configure, and implement applications and services.
IT – Blackboard Learning Management System	Evaluate the IT general and application controls in place for the learning management system.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.

OTHER ACTIVITIES	
Joint Admission Medical Program (JAMP)	Test for the appropriateness of expenditures for fiscal year 2018. (Report due October 31, 2018)
NCAA Agreed-Upon Procedures (OUTSOURCED)	Assist the external auditor with a review of the University's NCAA Athletic financial statement for the fiscal year ended August 31, 2018, as required by the NCAA.
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Respond to System Administration Requests	Gather information/perform analyses requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.



**Sul Ross State University
and Rio Grande College**

Fiscal Year 2019 Audit Plan

**Scott A. Cupp, CIA
Component Director, Office of Audits and Analysis**

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**SUL ROSS STATE UNIVERSITY AND RIO GRANDE COLLEGE
FISCAL YEAR 2019 AUDIT PLAN**

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Enrollment Management	Review the organization-wide enrollment management processes and related controls over risks associated with recruitment, admissions, and enrollment.
Accounts Payable	Evaluate controls and procedures over accounting functions for accounts payable.
Meats Lab	Evaluate the adequacy of controls in the meats lab, including control of inventory, pricing, security, and best practices.
Capital Projects/Construction	Evaluate the controls relating to the handling of construction contracts, payments to contractors and subcontractors, and change order processing.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
THECB Facilities Audit	Determine compliance with THECB’s project approval, application, and reporting processes at SRSU and RGC as required by Texas Education Code 61.0583.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Joint Admission Medical Program (JAMP)	Test for the appropriateness of expenditures for fiscal year 2018. (Report due October 31, 2018)
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Respond to System Administration Requests	Gather information/perform analyses requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.



Texas State University
Fiscal Year 2019 Audit Plan

Steven R. McGee, CPA, CIA, CFE
Component Director, Office of Audits and Analysis

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM™

TEXAS STATE UNIVERSITY FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Laboratory Safety	Assess adequacy and effectiveness of protocols, measures, and/or elements implemented to ensure a safe environment for students and employees in Laboratory environments.
Research Compliance	Evaluate compliance with requirements stipulated in selected research area(s).
SaaS Applications	Review of general procedures and controls over vendors hosting SaaS (on-demand) applications.
General IT Controls, Student Affairs	Review general controls (such as access, change management, physical security, backup and recovery, and computer operation controls) over IT systems maintained in Student Affairs.
Student Recreation Center	Review Recreational Sports Fee collections and utilization.
Monitoring of Electronic Access to Physical Structures	Assess the adequacy and appropriateness of procedures to monitor electronic access to University buildings/rooms.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Joint Admission Medical Program (JAMP)	Test for the appropriateness of expenditures for fiscal year 2018. (Report due October 31, 2018)
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Respond to System Administration Requests	Gather information/perform analyses requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.

APPENDIX A
HIGH-RISK PROJECTS NOT INCLUDED IN THE AUDIT AND COMPLIANCE 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:

- Academic operations
- ADA compliance
- Athletic activities
- Bi-Weekly payroll processes
- Bond covenants
- Business continuity
- Campus safety
- Center for Port Management/Port Management Program
- Certain athletic activities
- Certain automated controls/processes
- Charter school contracts and activities
- Compliance with FERPA (Family Educational Rights and Privacy Act)
- Compliance with Title IV
- Continuing Education
- Deferred maintenance
- Distance Learning
- Employee retention
- ERM (Enterprise Risk Management) activities
- Faculty workloads
- Governance over various programs/activities
- Grade-related and grade-change-related processes
- Health-care programs
- Industrial Technology
- IT processes
- Lab safety
- Online course material and material on course sites (such as Blackboard)
- Outsourced Services
- Overload payments
- Recreational Sports
- Recruiting activities
- Research protocols
- Research using human subjects and IRBs (Institutional Review Board)
- Risk management
- Rodeo
- Safety training
- Small Business Development Centers
- Software Licensing Management
- Student injury reporting
- Student Retention
- Student Travel Safety - Study Abroad
- Support for student athletes
- University Advancement
- University-provided support for foundations

VI. External Audit Services Procured in Fiscal Year 2018

- The TSUS System Administration extended its contracts with Deloitte & Touche LLP for consulting services related to internal audit activities (no work performed at System Administration), and with RSM (formerly McGladrey LLP) for construction audits.
- Lamar University contracted with the following firms:
 - Weaver and Tidwell, LLP NCAA Agreed Upon Procedures for the Athletic Department's Statement of Revenues and Expenditures for the fiscal year ended August 31, 2017.
 - Mitchell T. Fontenote, CPA, for an audit of KVLU FM Radio Station's fiscal year 2017 financial statements.
 - Belt Harris Pechacek, LLLP, Certified Public Accountants, to perform a review of the University's financial statements for fiscal year 2017 and 2018 in support of its reaccreditation efforts.
- Sam Houston State University contracted with the following firms:
 - Bickley, Prescott, Webb & Wells, PC for the NCAA Agreed Upon Procedures for the Athletic Department's Statement of Revenues and Expenditures for the fiscal year ended August 31, 2017.
 - Belt Harris Pechacek, LLLP, Certified Public Accountants, to conduct an audit of the financial statements for the SHSU Charter School for fiscal year ended August 31, 2018.
 - Belt Harris Pechacek, LLLP, Certified Public Accountants, to perform a review of the University's financial statements for fiscal years 2017 and 2018 in support of its reaccreditation efforts.
- Sul Ross State University contracted with BKD, LLP to review the University's financial statements for fiscal year 2017 in support of its reaccreditation efforts.
- Texas State University contracted with the following firms:
 - Montemayor Britton Bender PC, Certified Public Accountants, to conduct a review of the University's Cancer Prevention Research Institute of Texas (CPRIT) Program and of the University's financial statements for fiscal years 2017, 2018, and 2019 in support of its reaccreditation efforts.
 - Rick Reed, for the University's Athletics Department financial statement review required by NCAA Bylaws.

VII. Reporting Suspected Fraud and Abuse

The TSUS has taken the following actions to ensure compliance with requirements of Section 7.09, Fraud Reporting, General Appropriations Act (85th Legislature), Article IX, Page IX-38:

- The TSUS contracts with EthicsPoint, an internet-based fraud reporting hotline. On the main webpage, there is a link entitled [Report Fraud & Abuse](#), which redirects to the EthicsPoint mechanism 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 System'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 Audits and Analysis.

- The TSUS Rules and Regulations place specific requirements for employees to report suspected waste, fraud, or abuse and delegates responsibility to the System Audit Director to report such matters 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 Director of Audits and Analysis, 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 Audits & Analysis 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.