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TEXAS A&M UNIVERSITY - COMMERCE

Review of Faculty Human Resources Processes

Catherine A. Smock, C.P.A.
Chief Auditor
PROJECT SUMMARY

Overview

Processes and controls at Texas A&M University – Commerce require significant improvement to ensure that faculty human resources operations are performed efficiently and effectively and in compliance with laws, policies, regulations, and rules. Significant improvements are needed in the adjunct faculty hiring process, the termination clearance process, and the completion of Employment Eligibility Verification forms (Form I-9s). Opportunities for improvement also exist in the faculty teaching credential verification process.

A prior audit of staff human resources processes in 2011 identified significant weaknesses in the University’s termination clearance process and completion of Form I-9s for staff employees. Faculty and staff follow the same processes for these human resources tasks.

Summary of Significant Results

Adjunct Faculty Hiring Process

Significant weaknesses were noted in the University’s adjunct faculty hiring process. Our audit testwork identified a lack of background checks, required documents, and position postings for adjunct faculty new hires. Consistent guidance and monitoring processes have not been established for the hiring of adjunct faculty increasing the risk that the University is not hiring qualified faculty and is not complying with A&M System regulations and hiring requirements. A comprehensive adjunct faculty hiring process is important to the University since forty-four percent of faculty at the University are adjunct faculty.

Termination Clearance Process

The faculty termination clearance process does not ensure that termination requirements are completed in a timely manner. Our audit testwork identified a significant number of exceptions in regard to the timely removal of employees from payroll and the
timely removal of employees’ access to information systems. Without a timely removal process there is an increased risk of unauthorized payroll transactions and unauthorized access to information systems by former employees which could result in the loss or misuse of University resources and confidential information.

**Form I-9s**

Form I-9s were not accurately completed in compliance with federal Homeland Security requirements during the hiring process. A significant number of Form I-9s tested had missing or inaccurate employee information or dates. Failure to complete the Form I-9s puts the University at risk for possible civil and criminal penalties levied according to the Immigration Reform and Control Act of 1986.

**Summary of Management’s Response**

In response to recommendations made by The Texas A&M University System as a result of its recent audit of Texas A&M University-Commerce’s processes and controls over University faculty and human resources operations, numerous modifications and improvements have been and will be made to existing processes and needed procedures were developed and implemented. The University will hire a Chief Human Resources Officer who will oversee improvements needed, as well as provide a single source of accountability for human resource practices.

**Scope**

The review of faculty human resources at Texas A&M University-Commerce focused on faculty hiring, Form I-9s, termination, and grievance processes. The audit period primarily included activities from January 1, 2012 to September 1, 2012. Fieldwork was conducted from September to October 2012.
### OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Adjunct Faculty Hiring Process

**Observation**

The adjunct faculty hiring process was not monitored to ensure compliance with hiring requirements.

<table>
<thead>
<tr>
<th>The adjunct faculty hiring process was not monitored to ensure compliance with hiring requirements.</th>
<th>The adjunct faculty hiring process needs improvement to ensure compliance with faculty hiring requirements. Adjunct faculty represents 44% of all the University faculty members. The following exceptions were noted:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Five of 15 (33%) adjunct faculty new hires reviewed did not have criminal history background checks performed.</strong> A&amp;M System Regulation 33.99.14 requires that every offer of System employment shall be conditioned on receipt of an acceptable criminal history record information check.</td>
<td></td>
</tr>
<tr>
<td><strong>Four of 15 (27%) adjunct faculty files reviewed were missing one or more required documents including a transcript, a resume/vita, Family Educational Rights and Privacy Act forms, and a primary language form.</strong> These documents are necessary to ensure applicants have qualifications required as part of the hiring decision and the applicant acknowledges their responsibilities related to confidential student information.</td>
<td></td>
</tr>
<tr>
<td><strong>Adjunct faculty positions were not listed with the Texas Workforce Commission as required by A&amp;M System Regulation 33.99.01.</strong> In accordance with federal and state law, if external candidates are to be considered for a position, the vacancy must be listed with the Texas Workforce Commission.</td>
<td></td>
</tr>
</tbody>
</table>

A process was not in place to provide consistent monitoring and oversight over the adjunct faculty hiring process. University personnel were not aware that adjunct faculty positions were required to be posted. There were no procedures for posting adjunct faculty positions through the PeopleAdmin system which automatically lists open positions with the Texas Workforce Commission. Although there were checklists for full-time faculty hiring files, no checklists had been developed for adjunct faculty hiring files to ensure that all necessary steps had been completed and all necessary documents were included. Without consistent guidance and monitoring, the risk of noncompliance with hiring requirements is increased.
Recommendation

1. Adjunct Faculty Hiring Process (cont.)

   Develop and implement a process to ensure compliance with federal, state and A&M System hiring requirements. Develop procedures to ensure that background checks are performed, that hiring files include all necessary documents, and that open adjunct faculty positions are posted with the Texas Workforce Commission.

Management’s Response

<table>
<thead>
<tr>
<th>Observation</th>
</tr>
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<tbody>
<tr>
<td>The current termination clearance process is inefficient and ineffective.</td>
</tr>
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</table>

   During the fall 2012 semester, the Provost’s Office instituted several new procedures for adjunct faculty. For example, a checklist of required documentation has been developed and implemented to ensure that all required information is included in the adjunct faculty’s file before a contract is issued and an EPA is approved. This process has ensured that only qualified faculty are retained. Adjunct faculty contracts for spring 2013 were not issued unless all required documentation (background check, FERPA, curriculum vita, etc.) was present in the faculty member’s file. In addition, information concerning required completion of Form I-9s and training was included in all adjunct contracts. Also, in December 2012, adjunct faculty positions were posted with the Texas Workforce Commission as required by A&M System Regulation 33.99.01 as well as the Texas A&M University-Commerce employment site.

2. Termination Clearance Process

Observation

   The faculty termination clearance process does not ensure that Employee Personnel Action forms (EPA) are prepared timely and employee active directory and email accounts are removed timely. Eight of 30 (27%) EPA forms were not prepared timely (5 to 91 days after termination date), 21 of 23 (91%) active directory accounts were not closed timely (6 to 194 days after termination date), and 22 of 23 (96%) email accounts were not closed timely (5 to 199 days after termination date).

   The University has a termination checklist; however, most departments are not using the checklist. The University established a termination notification process using the EPA forms. The EPA notification process is not efficient or effective in ensuring timely removal of active directory and email account access. The EPA is not always prepared timely and it may take several days to route and finalize the EPA before it is forwarded to the Information Technology (IT) department. IT automatically receives all EPA forms that have “terminate” as part of the action,
2. Termination Clearance Process (cont.)

even though the employee may be actually transferring from one position to another at the University. Therefore, IT has to contact departments to verify what specific action needs to be taken before access can be removed.

In recent years, external audits conducted at A&M System members by the State Auditor’s Office and State Comptroller’s Office have recommended that terminated employees access to information systems be removed within one day of their termination. Timely removal of employees from payroll and access to information systems reduces the risk of inappropriate payments and unauthorized access to information systems by former employees which could result in the loss or misuse of University resources and confidential information.

Recommendation

Establish a termination clearance process that is effective in ensuring that employee payroll processing is completed and information technology access is removed timely. Requiring the use of a termination checklist that is completed in a timely manner with electronic notifications to appropriate parties would assist in this process.

Management's Response

This recommendation will be comprehensively addressed through the following activities:

- A new “Standard Administrative Process” will be developed and implemented.
- Instructions and detailed packets will be provided.
- Hiring managers and departmental personnel will be re-trained with the new materials and a log of the training sessions will be kept.
- Special BUG (Budget Users Group) sessions will be conducted for training administrative assistants.
- Hiring managers will attend required training on this issue.
- An e-mail notification system will be implemented.
- A departing employee checklist will be enforced.
2. Termination Clearance Process (cont.)

- Process to be reviewed by the Compliance Officer.
- Periodic reviews to be conducted by the Compliance Office.
- EPA will be verified against the process and notifications of process failures will be reported to deans and the respective vice president.
- Departmental violations will delay or prohibit request for replacement/approval by vice president of respective office.

Implementation is May, 2013.

3. Form I-9s

Observation

Thirty-eight of 40 (95%) faculty new hires reviewed had a Form I-9, Employment Eligibility Verification, which was not completed accurately in accordance with federal Homeland Security requirements. Thirty-four forms were missing the date employees began employment in the certification section, five had missing employee information (employee signature and/or date, and alien number for nonimmigrant aliens) in Section 1, and seven had inaccurate or incomplete review and verification information (missing driver's license expiration date, passport number, or incorrect combination of verification documents) in Section 2.

Form I-9s are centralized in the Human Resources (HR) department; however, various employees completed the Form I-9s. There has been inadequate training of employees on how to complete the Form I-9s properly. In addition, HR employees incorrectly interpreted the note on the Form I-9, “State employment agencies may omit the date the employee began employment,” to include the University as a state employment agency. This note is related to agencies such as the Texas Workforce Commission. Due to the misinterpretation, HR was following incorrect procedures for completing the form. Failure to complete the Form I-9s accurately puts the University at risk for possible civil and criminal penalties levied according to the Immigration Reform and Control Act of 1986.

Recommendation

Increase monitoring and review of Form I-9s for accuracy and timely completion. Ensure personnel involved with completing and
3. Form I-9s (cont.)

reviewing Form-9s have received the necessary training and are knowledgeable of Form I-9 compliance requirements.

Management’s Response

All employees in the Employee Services department have been re-trained on proper procedures for completing the I-9 Form. Each employee will be provided a “Handbook for Employers” produced by the U.S. Citizenship and Immigration Services Department which contains detailed instructions for completing Form I-9 (Employment Eligibility Verification Form). The Employee Services web site will be updated with links to the U.S. Citizenship and Immigration Services website and links to I-9 Central which contains additional information including updates and penalties that may apply.

A detailed set of instructions will be developed and provided on the HR website for completing the Form I-9. The instructions will provide information about off campus employees and remote location requirements for completing the I-9. Instructions will be provided for certification of copies by a notary.

All employees in the Employee Services department and any employees in departmental offices identified as “need to know” employees will be required to take the Form I-9 Training provided by the Texas A&M University Payroll Services Department which will be adapted and posted on the A&M-Commerce web site.

Texas A&M University currently is working on a project to provide electronic I-9 capability before the end of the current fiscal year. A&M-Commerce will initiate the electronic version of the I-9 as soon as it is available. The electronic version will allow a more timely submission of the I-9 for employees not assigned to the home campus.

Finally, a monitoring procedure will be initiated which will require verification by two A&M University-Commerce employees, who will be responsible for checking each I-9 for accuracy and completeness.

Implementation will be August 31, 2013.

4. Faculty Teaching Credential Verification

Observation

The review and verification of faculty teaching credentials was not documented.

A documented review of faculty teaching credentials for compliance with SACS requirements was not available for any
### 4. Faculty Teaching

#### Credential Verification

(cont.) faculty hires reviewed. Hiring departments are responsible for reviewing faculty teaching credentials; however, the University did not require any type of documentation of this review. Without documenting that the applicant has appropriate teaching credentials as part of the hiring process, the risk of hiring unqualified applicants is increased.

Subsequent to our audit test work, the University adopted forms to document faculty credentials and required that these forms be completed and submitted to the Provost Office. As part of this process, the University identified five faculty members that did not have the necessary credentials for courses they were teaching, several of which were new hires for the fall 2012 semester. Faculty credential guidelines are established by SACS to ensure that the institution’s faculty have appropriate qualifications. SACS comprehensive standards state that the University is responsible for verifying and documenting the qualifications of its faculty as an element in maintaining accreditation.

**Recommendation**

In order to comply with SACS requirements, ensure that a documented review and verification of faculty teaching credentials is completed as part of all faculty hires. Include in the faculty handbook and in the faculty hiring procedures the requirements for documented verification of faculty teaching credentials.

**Management’s Response**

*Prior to the audit field work, the Provost’s Office initiated a process to ensure qualified faculty members are hired and retained. Our newly implemented process identified a small number of current faculty that lacked proper credentials. This process was further expanded to include two new faculty credentialing forms (forms 1 and 2). The forms, certified and signed by the department head and dean, ensure that current and new faculty members possess teaching credentials in accordance with SACS requirements. Each faculty file was compared to the applicable faculty credential form to make certain that all current faculty members (adjunct, part-time, full-time) have the requisite degree and/or educational background or professional experience to teach the courses assigned. In those situations where such credentials were not adequate, faculty members were moved or relieved of those teaching duties.*

*The implementation of using the forms for new faculty hires during the search/hiring process was instituted in late fall 2012. In addition, the requirements for documented verification of faculty teaching credentials are being added to the faculty handbook under Section*
III, Faculty Employment Procedures, number 3 – New Faculty Selection and Formal Offer of Hiring. The revised faculty handbook is expected to be available no later than June 2013.
BASIS OF REVIEW

Objective

The overall objective of the audit is to review processes and controls over University faculty human resources to determine if strategic and operational results and outcomes were achieved in an efficient and effective manner, and to determine compliance with laws, policies, regulations, and rules.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System, the Southern Association of Colleges and Schools Commission on Colleges’ standards and guidelines, and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Texas A&M University – Commerce enrolled approximately 11,750 students in fall 2012. The University has 87 undergraduate degree programs and 52 graduate degree programs. In addition to the main campus in Commerce, Texas, the University offers courses at six other locations. Twenty-six degree programs are offered totally online.

Faculty human resources hiring processes were decentralized between three main areas: the Department of Institutional Diversity and Equity, the Office of the Provost and Vice President for Academic Affairs, and the Human Resources department.
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First Quarter Report for Fiscal Year 2013

TEXAS A&M UNIVERSITY

Review of Accounts Payable

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20120220
PROJECT SUMMARY

The Division of Finance at Texas A&M University has processes in place to provide reasonable assurance that voucher payments for goods and services purchased are in compliance with laws and policies. Procedures are in place for reviewing and monitoring voucher payments for compliance with payment requirements including proper supporting documentation and departmental approvals. Implementation of the AggieBuy system has streamlined much of the University’s payment process and has improved the accuracy and timeliness of voucher payments.

BASIS OF REVIEW

Objective and Scope

The review of accounts payable at Texas A&M University focused on the timely and accurate processing of voucher transactions in compliance with laws and policies. This included testing of vouchers and supporting documentation as well as various data analysis of voucher transactions excluding those for construction, travel, and certain other non-standard purchases such as those made with procurement cards. The audit period focused primarily on activities from July 1, 2011 to June 30, 2012. Fieldwork was conducted primarily from August to October, 2012.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System, Texas Government Code Chapter 2251 "Payment for Goods and Services", Texas A&M University Rules, Department of Accounts Payable procedures, and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We
believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The mission of the Accounts Payable Department within the Division of Finance is to serve the State of Texas, Texas A&M University, Texas A&M University at Galveston, and the Texas A&M University System Offices by processing payments to vendors in a prompt and efficient manner while ensuring compliance with laws, policies, rules and regulations. The Accounts Payable Department strives to provide prompt customer service and on-going education of policies and procedures to the University community and vendors.

The Accounts Payable Department processed over 300,000 vendor payments totaling $1.6 billion for Texas A&M University and the Texas A&M University System Offices during the period July 1, 2011 to June 30, 2012. This included payments for goods and services purchased, construction, travel, and other non-standard purchases such as those made using a procurement card.

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First Quarter Report for Fiscal Year 2013

TEXAS A&M ENGINEERING
EXTENSION SERVICE

Strategic Planning and Performance Measures Audit

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20130901
PROJECT SUMMARY

Texas A&M Engineering Extension Service’s controls over the strategic planning process help ensure that the process is in compliance with A&M System policy. In addition, the Agency’s enterprise risk management process provides for effective risk identification, ranking, mitigating and monitoring activity development and maps effectively to the Agency’s strategic plan to ensure its goals and objectives will be achieved.

The Agency has developed and implemented a process for the development and annual review of the strategic plan. Performance measures are defined in the strategic plan and tracked in the A&M System’s TracDat system. The Agency communicates the status of performance measures to all employees via annual meetings and the Agency intranet. The Agency evaluates the process annually to update the plan to help ensure its customers’ needs are met.

BASIS OF REVIEW

Objective and Scope

The objective of the audit was to review the strategic planning process at the Texas A&M Engineering Extension Service to determine if processes are in compliance with the System policy related to strategic planning.

The scope of the review extended from September 1, 2011 through August 31, 2012 and included a review of fiscal year 2013 strategic plan changes. Areas reviewed included strategic plan development, performance measure and strategy monitoring, development of the Agency enterprise risk management plan and performance measure reporting to the state and A&M System. Fieldwork was conducted in October 2012.
Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Texas A&M Engineering Extension Service’s (TEEX) mission is to develop a skilled and trained workforce that enhances public safety, security, and economic growth of the state and the nation through training, technical assistance, and emergency response. During fiscal year 2012, TEEX provided training and technical assistance to over 183,697 people. TEEX’s fiscal year 2012 budget included total revenues of $88.5 million.
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First Quarter Report for Fiscal Year 2013

TEXAS A&M TRANSPORTATION INSTITUTE

Review of the Proving Grounds Quality Assurance Program

Catherine A. Smock, C.P.A.
Chief Auditor
PROJECT SUMMARY

The quality assurance program for the Texas A&M Transportation Institute's (TTI) Proving Grounds provides reasonable assurance that testing procedures performed at the Proving Grounds Research Facility are conducted in accordance with the International Standard Organization (ISO) 17025 as required by American Association for Laboratory Accreditation (A2LA). ISO 17025 specifies the general requirements for the competence of testing laboratories and is used by laboratories in developing their management system for quality, administrative, and technical operations.

The Proving Grounds Research Facility is located at TTI's Riverside campus and conducts various mechanical and calibration testing activities related to vehicle and highway safety research. These tests are funded through federal contracts and grants which require the testing laboratories to go through an external accreditation process periodically to determine their compliance with the ISO 17025 standards. This audit of the Proving Grounds quality assurance program is required as part of the external accreditation process performed by A2LA. More than 100 vehicle and highway safety-related tests were performed at the Proving Grounds Research Facility during fiscal year 2012.

BASIS OF REVIEW

Objective and Scope

The review of the TTI Proving Grounds quality assurance program for ISO 17025 accreditation purposes focused on compliance with the Agency’s quality management system testing procedures and International Standard ISO 17025-General Requirements for the Competence of Testing and Calibration Laboratories requirements. The review of the quality assurance program and testing documentation was performed for activities occurring from September 1, 2011 to August 31, 2012. Fieldwork was conducted from September to October, 2012.
Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.” The requirements of ISO 17025 were also used as criteria for this review.

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Texas A&M Transportation Institute has been in existence since 1950, and during this time has partnered with universities, communities, and industries to address a broad range of transportation issues including vehicle highway safety research. The TTI Proving Grounds Research Facility performs multiple types of tests related to vehicle and highway safety including bogie, crash, pendulum, static, and skid testing with more than 100 tests performed during fiscal year 2012. Research performed at the Proving Grounds has focused on saving lives for more than 40 years.
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First Quarter Report for Fiscal Year 2013

TEXAS A&M UNIVERSITY

Review of the Education Research Center

Catherine A. Smock, C.P.A.
Chief Auditor

Project #20130201
PROJECT SUMMARY

Texas A&M University has processes in place to provide reasonable assurance that the Education Research Center is in compliance with state and federal laws related to the interagency agreement between Texas A&M University, the Texas Higher Education Coordinating Board (THECB), and the Texas Education Agency (TEA). The Education Research Center operated within its contractual requirements.

The Education Research Center, established in July 2007, is one of three education research centers in Texas created to maintain a warehouse of student data and conduct research using this data. The Education Research Center received initial funding of $1,050,000 to establish the center and perform certain research projects for a five-year period. Expenditures from the initial grant totaled approximately $104,122 in fiscal year 2012 and there is a remaining balance of just under $45,000. Several other grants have been received since its inception which provided funding for other education research projects. The Education Research Center contract ended on August 31, 2012; however, the Center has been granted a three-month extension and will remain active through November 30, 2012. Any remaining funds from the original Education Research Center grant will be used to further educational research as directed by the funding agencies.

BASIS OF REVIEW

Objective and Scope

The objective of the audit was to assess the University’s compliance with the contract terms and state and federal laws related to the interagency agreement between Texas A&M University, the Texas Higher Education Coordinating Board, and the Texas Education Agency to establish the Education Research Center at the University. The interagency agreement with the THECB and TEA requires Texas A&M University to obtain an audit of the Education Research Center annually. The review of the Education Research Center focused primarily on expenditures and contract compliance. Our review did not include a detailed review of data security or a penetration test as the Education
Research Center arranged to be included in a controlled penetration test performed by the Texas Department of Information Resources for THECB. The audit period was September 1, 2011 through August 31, 2012. Fieldwork was conducted during September 2012.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The interagency agreement between Texas A&M University, the Texas Higher Education Coordinating Board, and the Texas Education Agency provided the University with $1,050,000 in 2007 to create and operate a research center for a period of five years. The State of Texas Education Research Center at Texas A&M University studies major issues in education reform and school governance in order to improve policy and decision-making in P-16 education. The Education Research Center’s interdisciplinary team of researchers investigates the nature and impact of school resources and educational practices that affect students’ learning and close the achievement gap. In support of its mission, the Education Research Center conducts research in three areas: educator preparation; school finance, resources, and facilities; and curriculum and teaching methods.
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