

The Texas A&M University System Internal Audit Department

**INTERNAL AUDIT ANNUAL REPORT  
FOR FISCAL YEAR 2021**



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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 Web Site**

Texas Government Code, Section 2102.015, requires state agencies and higher education institutions to post their annual internal audit plan and their internal audit annual report on their Internet website. It also requires a detailed summary of the issues identified in the audit reports and management's response to the audit issues be included on the website.

To comply with the requirements of Texas Government Code, Section 2102.015, the annual internal audit plan, the annual internal audit report and audit reports are posted on the Internal Audit Department's Internet website. Audit reports include detailed observations and management's responses for addressing the observations. Unless excepted from public disclosure, items are posted within 30 days of completion.

## II. Internal Audit Plan for Fiscal Year 2021

Audit Title By System Member	Report #	Report Date
<b><i>Systemwide Audits</i></b>		
Purchasing Cards	20210106	9/15/2021
Texas Higher Education Coordinating Board Construction Audit Reporting	Cancelled	N/A
<b><i>A&amp;M System Offices</i></b>		
Treasury Services – Cash and Investments	20210108	5/12/2021
Security Operations Center	20210109	8/11/2021
<b><i>Texas A&amp;M University</i></b>		
Collegiate Licensing	20210203	In Progress
Accounts Payable (Travel)	20210202	8/11/2021
International Ocean Discovery Program	20210204	6/16/2021
Purchasing	20210201	3/10/2021
Transportation Services – Information Technology	20210206	In Progress
Student Information System	20210205	10/13/2021
Tuition and Fees	20210207	4/14/2021
<b><i>Prairie View A&amp;M University</i></b>		
Financial Management Services – Revenue Management	20210501	10/13/2021
<b><i>Tarleton State University</i></b>		
Student Information System	20210402	In Progress
Student Housing	20210401	3/10/2021
<b><i>Texas A&amp;M International University</i></b>		
Financial Management Services	20211601	6/16/2021
<b><i>Texas A&amp;M University-Central Texas</i></b>		
Financial Aid	20212401	In Progress
Financial Management Services	20212402	7/14/2021
<b><i>Texas A&amp;M University-Commerce</i></b>		
Financial Management Services	20212101	9/15/2021
<b><i>Texas A&amp;M University-Corpus Christi</i></b>		
Information Technology	20211501	8/11/2021
<b><i>Texas A&amp;M University-Kingsville</i></b>		
Student Information System	20211702	10/13/2021
Financial Management Services	20211701	In Progress

Audit Title By System Member	Report #	Report Date
<b><i>Texas A&amp;M University-San Antonio</i></b>		
Student Information System	20212501	5/12/2021
<b><i>Texas A&amp;M University-Texarkana</i></b>		
Student Information System	20212201	4/14/2021
<b><i>West Texas A&amp;M University</i></b>		
Student Information System	20211802	1/13/2021
Financial Management Services	20211801	In Progress
<b><i>Texas A&amp;M AgriLife Research</i></b>		
Centers and Institutes	20210602	6/16/2021
Animal Care and Use - Outside Brazos County	20210601	7/14/2021
<b><i>Texas A&amp;M Engineering Extension Service</i></b>		
Financial Management Services	20210901	10/13/2021
Health and Safety	20210902	In Progress
<b><i>Texas A&amp;M Forest Service</i></b>		
Financial Management Services	Cancelled	N/A
<b><i>Texas A&amp;M Transportation Institute</i></b>		
Health and Safety	20211201	9/15/2021
<b><i>Texas Division of Emergency Management</i></b>		
Governance	20213001	In Progress

## **Deviations from Fiscal Year 2021 Audit Plan**

The following fiscal year 2021 projects were cancelled:

- Texas A&M Forest Service – Financial Management Services
- Texas Higher Education Coordinating Board Construction Audit Reporting

## **Benefits Proportionality**

The following audits were performed in fiscal year 2020 to address the benefits proportionality audit requirement prescribed in Rider 8, page III-48 of the General Appropriations Act for the 2020-21 biennium.

<b>Audit Title</b>	<b>Report #</b>	<b>Report Date</b>
Compliance with Benefits Proportional by Fund Requirements FY18	20200101	5/7/2020
Compliance with Benefits Proportional by Fund Requirements FY19	20200110	8/12/2020

## **Texas Education Code, Section 51.9337**

Based on a review of current Texas A&M University System policies, procedures, forms, and checklists, it was determined that the A&M System has adequately adopted the rules and policies required by Texas Education Code, Section 51.9337. Audits of purchases of goods and services by A&M System members, as determined by the annual risk-based audit plan, will assess compliance with these rules, policies and additional contract controls.

### III. Consulting Services and Nonaudit Services Completed

<b>Review Title</b>	<b>Report Number</b>	<b>Report Date</b>	<b>Objective(s)</b>	<b>Observations/Results and/or Suggestions</b>
Review of NCAA Compliance at Texas A&M University – Corpus Christi	20201503	10/16/2020	The objective was to assess the internal controls over selected NCAA compliance areas to ensure they are operating as intended and in compliance with policies and NCAA guidelines.	Suggestions for improvement were provided.
Review of Texas A&M University System Member COVID Plans	20210112	01/27/2021	The objective was to determine if members have key components in their COVID-19 plans as required by the A&M System's COVID-19 Guidelines.	No suggestions for improvement were noted.
Review of the Legislative Actions Process at the Texas Division of Emergency Management	20213002	04/20/2021	The objective was to review the processes in place for the assignment, tracking, accuracy, approval, and submission of the legislative action items.	Suggestions for improvement were provided.
Change in Management Review of the President at Texas A&M University	20210209	06/24/2021	The objective was to review and assess certain organizational, fiscal and operational information to provide the incoming president with a current assessment of operations.	Suggestions for improvement were provided to the incoming president.

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

This section contains the most recent peer review report for the System Internal Audit Department, dated August 17, 2021.





## TEXAS TECH UNIVERSITY SYSTEM™

Office of Audit Services

August 17, 2021

Mr. Charlie Hrcir, Chief Auditor  
System Internal Audit Department  
Texas A&M University System  
Moore/Connolly Building, 4th Floor  
301 Tarrow  
College Station, Texas 77840-7896

Dear Mr. Hrcir,

We have completed the external quality assurance review of the System Internal Audit Department (SIAD) at Texas A&M University System (TAMUS) for the period from May 1, 2018 through April 30, 2021. The objective of the review was to provide reasonable assurance that the internal auditing program conforms with the Texas Internal Auditing Act (Texas Government Code, Chapter 2102), the Institute of Internal Auditors' (IIA) *Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing*, and U.S. Government Accountability Office Government Auditing Standards and to appraise the quality of operations. We addressed this objective through interviews of selected stakeholders to the internal audit function; interviews of SIAD staff members; review of documents prepared by SIAD; review of quality control processes; and evaluation of SIAD work products from a sample of audit reports. These activities were performed during July 2021.

Based on the information we received and evaluated, it is our overall opinion that the internal audit function **Generally Conforms** with the Texas Internal Auditing Act, the IIA *Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing*, and U.S. Government Accountability Office Government Auditing Standards in all material respects during the period under review. This opinion, which is the highest of three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal auditing program. Additionally, SIAD is held in high regard by its key stakeholders within TAMUS, indicating that the office is accomplishing its mission to assist the Board of Regents, Chancellor, and Chief Executive Officers by providing independent, objective assurance and consulting services designed to add value and improve the A&M System's operations.

We appreciate the cooperation and assistance provided to us throughout the course of our review by the members of SIAD and the Texas A&M University System community.

Sincerely,

Handwritten signature of Kimberly F. Turner in black ink.

Kimberly F. Turner, CPA  
Chief Audit Executive  
Office of Audit Services  
Texas Tech University System

Handwritten signature of Carole M. Fox in black ink.

Carole M. Fox, CPA  
Chief Audit Executive  
Office of Internal Audit  
Texas State University System

Handwritten signature of Toni Stephens in blue ink.

Toni Stephens, CPA, CIA, CRMA  
Chief Audit Executive  
Office of Audit & Consulting Services  
University of Texas at Dallas

## **V. Internal Audit Plan for Fiscal Year 2022**

This section includes the approved internal audit plan for fiscal year 2022.



**THE TEXAS A&M  
UNIVERSITY SYSTEM**

## **System Internal Audit Department**

**Fiscal Year 2022 Audit Plan**



## System Internal Audit Department Fiscal Year 2022 Audit Plan

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### **SYSTEMWIDE AUDITS**

Compliance with Benefits Proportional by Fund Requirements – FY 2020  
Compliance with Benefits Proportional by Fund Requirements – FY 2021  
Texas Higher Education Coordinating Board Construction Audit Reporting \*

### **A&M SYSTEM OFFICES**

Contract Administration  
Information Technology  
Workday

### **TEXAS A&M UNIVERSITY**

Athletics  
Cash Management  
Division of Research – Information Technology  
Health Science Center – Academic and Research Information Technology  
Higher Education Emergency Relief Fund (HEERF) Compliance  
NCAA Compliance  
Office of the Provost – Information Technology  
Qatar – Expenditures  
Youth Safety

### **PRAIRIE VIEW A&M UNIVERSITY**

Higher Education Emergency Relief Fund (HEERF) Compliance  
Information Technology

### **TARLETON STATE UNIVERSITY**

Higher Education Emergency Relief Fund (HEERF) Compliance

### **TEXAS A&M INTERNATIONAL UNIVERSITY**

Higher Education Emergency Relief Fund (HEERF) Compliance  
Learning Management System

### **TEXAS A&M UNIVERSITY–CENTRAL TEXAS**

Health & Safety

### **TEXAS A&M UNIVERSITY–COMMERCE**

Higher Education Emergency Relief Fund (HEERF) Compliance



**System Internal Audit Department  
Fiscal Year 2022 Audit Plan**

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**TEXAS A&M UNIVERSITY–CORPUS CHRISTI**

Learning Management System

**TEXAS A&M UNIVERSITY–KINGSVILLE**

Learning Management System

**TEXAS A&M UNIVERSITY–SAN ANTONIO**

Learning Management System

**TEXAS A&M UNIVERSITY–TEXARKANA**

Tuition & Fees

**WEST TEXAS A&M UNIVERSITY**

Health & Safety  
Learning Management System

**TEXAS A&M FOREST SERVICE**

Volunteer Fire Department Grant Program

**TEXAS DIVISION OF EMERGENCY MANAGEMENT**

Health & Safety  
Information Technology

\* This audit will be performed to fulfill requirements of the Texas Higher Education Coordinating Board's (THECB) Facility Audit Protocol for the members selected by THECB for FY 2022 facilities audits.



## System Internal Audit Department Fiscal Year 2022 Audit Plan

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The purpose of the audit plan is to outline audits and other activities the System Internal Audit Department will conduct during fiscal year 2022. The plan is developed to satisfy responsibilities established by the Board of Regents Bylaws, System Policy 10.01, *Internal Auditing*, Texas Government Code Section 2102.008, and applicable auditing standards. The Chief Auditor is authorized to make changes to the plan to address changes in identified risks. The Committee on Audit and the Chancellor will be notified of any significant additions, deletions, or other changes to the audit plan. Deliverables for planned audits may include audit reports, technical assistance, data analysis, and other written and oral communications.

The specific scope of each audit will be determined once the audit team has completed the planning process for the audit. This process includes consideration of the governance, risk management, and control processes that provide reasonable assurance that:

- Risks relating to the achievement of the system's strategic objectives are appropriately identified and managed.
- The actions of the system's officers, directors, employees, and contractors are in compliance with the system's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the system.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

## **Internal Audit Plan for Fiscal Year 2022**

### **Risk Assessment Methodology**

The development of our annual audit plan is based on a rigorous risk-based approach. Our process includes meeting with each A&M System member CEO and their executive team, as well as, members of the Chancellor's executive committee to obtain information on risks facing the A&M System in the upcoming 12 to 18 months. During the meetings financial, strategic, compliance, and other potential significant risk areas are discussed. Using information gathered from these meetings, our members' most recent enterprise risk management information, compliance plan information, and prior audit coverage we analyze risks associated with over 300 auditable units. The auditable units include areas such as finance, research, information technology, auxiliary enterprises, student services, and health and safety. Also considered for the fiscal year 2022 audit plan were risks associated with benefits proportionality as described in Rider 8, page III-48, the General Appropriations Act (86th Legislature), contract administration as described in Government Code 2261, State Contracting Standards and Oversight and applicable information technology risks related to Title I, Texas Administrative Code, Chapter 202, *Information Security Standards*. Our plan is not a static document; risks may change during the year and audits may need to be added or cancelled due to changing risks. Any significant changes to the plan are communicated to the Committee on Audit.

This collection of information provides the means to assess the risks for the auditable units of each A&M System member, and ultimately prioritize the list of auditable units based upon their overall risk to the organization. Those auditable units with the highest calculated risk for the A&M System are included in the annual audit plan. The total budgeted hours for the audit plan is 36,600.

## **Internal Audit Plan for Fiscal Year 2022**

Listing of audits included in the fiscal year 2022 Audit Plan which address the following:

### *Benefits Proportionality*

#### **SYSTEMWIDE AUDITS**

Compliance with Benefits Proportional by Fund Requirements – FY 2020  
Compliance with Benefits Proportional by Fund Requirements – FY 2021

### *Contract Management*

#### **A&M SYSTEM OFFICES**

Contract Administration  
Information Technology  
Workday

#### **TEXAS A&M UNIVERSITY**

Athletics  
Division of Research – Information Technology  
Office of the Provost – Information Technology  
Qatar – Expenditures  
Youth Safety

#### **PRAIRIE VIEW A&M UNIVERSITY**

Information Technology

#### **TEXAS A&M INTERNATIONAL UNIVERSITY**

Learning Management System

#### **TEXAS A&M UNIVERSITY–CORPUS CHRISTI**

Learning Management System

#### **TEXAS A&M UNIVERSITY–KINGSVILLE**

Learning Management System

#### **TEXAS A&M UNIVERSITY–SAN ANTONIO**

Learning Management System

#### **WEST TEXAS A&M UNIVERSITY**

Learning Management System

#### **TEXAS A&M FOREST SERVICE**

Volunteer Fire Department Grant Program

#### **TEXAS DIVISION OF EMERGENCY MANAGEMENT**

Information Technology



## **VI. External Audit Services Procured in Fiscal Year 2021**

### **A&M System Offices**

Audit of Easterwood Airport Passenger Facility Charge  
Audit of Easterwood Airport Management Financial Statements

### **Texas A&M University**

Review of Consolidated Financial Statements  
Audit of KAMU – TV Financial Statements  
Audit of KAMU – FM Financial Statements  
Program-Specific Audit of Cancer Prevention & Research Institute of Texas Grant Program - TAMU  
Program-Specific Audit of Cancer Prevention & Research Institute of Texas Grant Program - TAMHSC  
Financial Audit of Texas A&M University Office in Mexico  
Agreed-Upon Procedures for Intercollegiate Athletics Program

### **Prairie View A&M University**

Agreed-Upon Procedures for Intercollegiate Athletics Program  
Review of Financial Statements  
Audit of KPVU-FM Radio Station Financial Statements

### **Tarleton State University**

Agreed-Upon Procedures for Financial Aid  
Review of Financial Statements  
Agreed-Upon Procedures for Perkins Close Out

### **Texas A&M International University**

Agreed-Upon Procedures for Intercollegiate Athletics Program  
Compliance Audit of the Financial Aid Program

### **Texas A&M University-Commerce**

Audit of Texas A&M University-Commerce Alumni Association Financial Statements  
Audit of Texas A&M University-Commerce Foundation Financial Statements  
Audit of KETR – FM Radio Station Financial Statements  
Agreed-Upon Procedures for Intercollegiate Athletics Program

### **Texas A&M University–Corpus Christi**

Agreed-Upon Procedures for Intercollegiate Athletics Program

### **Texas A&M University–Kingsville**

Compliance Audit of Title IV Program

### **Texas A&M University-San Antonio**

Audit of Texas A&M University-San Antonio Foundation Financial Statements

### **West Texas A&M University**

Audit of West Texas A&M University Foundation Financial Statements

### **Texas A&M AgriLife Extension Service**

Financial Audit of the Stiles Farm Foundation

### **Texas A&M AgriLife Research**

Program-Specific Audit of Cancer Prevention & Research Institute of Texas Grant Program

### **Texas A&M Engineering Experiment Station**

Program-Specific Audit of Cancer Prevention & Research Institute of Texas Grant Program

### **Texas A&M Research Foundation**

Audit of Financial Statements

## **VII. Reporting Suspected Fraud and Abuse**

General Appropriations Act fraud reporting requirements:

Members of the A&M System have a link on their home page for reporting suspected fraud, waste and abuse. The *Risk, Fraud & Misconduct Hotline* link directs an individual to the A&M System's vendor supported anonymous reporting hotline which informs individuals of methods to report fraud including a link to the State Auditor's Office Fraud, Waste or Abuse Hotline website and toll-free telephone number.

The A&M System's policy and regulation on *Fraud, Waste and Abuse* (<http://policies.tamus.edu/10-02.pdf> and <https://policies.tamus.edu/10-02-01.pdf> ) establish the responsibilities of the employees, management, and Internal Audit related to the prevention, deterrence, detection, and investigation of fraud, waste, and abuse.

Texas Government Code reporting requirements:

The Texas A&M University System Internal Audit Department is responsible for reviewing allegations of fraud, waste, and abuse. Internal Audit reports to the State Auditor's Office incidences that the department believes involve fraud, misappropriation, or misuse of funds received by the A&M System from the state.

## VIII. Contracting Audits – Fiscal Years 2017 – 2021

The State Auditor’s Office (SAO) has identified The Texas A&M University System Offices as one of the 25 largest state entities for the purposes of Texas Government Code Section 2261.258. To assist the SAO in performing its required function related to this code, we have included each audit report related to contracts and contract processes and controls completed in the last five years. The list includes work performed at The Texas A&M University System and each of its member institutions.

Report Title By System Member	Report #	Report Date	Follow Up
<b><i>A&amp;M System Offices</i></b>			
Debt Service	20170106	August 2017	Not Required
Easterwood Airport Operations	20170108	December 2017	October 2018
Facilities, Planning & Construction	20190107	January 2020	March 2020
Security Operations Center	20210109	August 2021	In Progress
<b><i>Texas A&amp;M University</i></b>			
Athletics Department Administration	20160206	October 2016	August 2018
Student Health Services	20160208	November 2016	August 2017
Health Science Center Contract Administration	20162301	February 2017	September 2017
Memorial Student Center	20170203	March 2017	Not Required
College of Medicine – Financial Management Services	20170209	October 2017	July 2018
Health & Safety	20170210	November 2017	January 2020
Recreational Sports	20180201	March 2018	July 2018
Facilities Condition	20180202	March 2018	November 2018
University Center	20180211	August 2018	April 2019
Student Activities	20190204	June 2019	July 2020
Contract Administration	20200203	July 2020	February 2021
Bush School Information Technology	20200202	December 2019	March 2020
Health Science Center - Clinical Healthcare Operations	20200201	February 2020	February 2021
Division of Information Technology	20200209	October 2020	September 2021
University-Administered Major Construction	20200111	January 2021	Not Required
Purchasing - Payment Cards	20200210	November 2020	February 2021
Purchasing	20210201	March 2021	Not Required
<b><i>Prairie View A&amp;M University</i></b>			
Learning Management System General and Application Controls	20160503	October 2016	March 2017
Owens Franklin Health Center	20180503	September 2018	December 2019
Information Technology	20180504	November 2018	September 2019
Financial Management Services	20190506	February 2020	In Progress
Health and Safety	20200503	November 2020	In Progress
Student Information System	20200504	November 2020	September 2021
<b><i>Tarleton State University</i></b>			
Athletics	20170403	August 2017	May 2018
Financial Management Services	20190402	April 2019	August 2020
<b><i>Texas A&amp;M International University</i></b>			
Health & Safety	20181601	May 2018	March 2019
Athletics	20191601	May 2019	October 2019
Financial Management Services	20211601	June 2021	September 2021

Report Title By System Member	Report #	Report Date	Follow Up
<b><i>Texas A&amp;M University-Central Texas</i></b>			
Student Information System	20202401	April 2020	January 2021
Financial Management Services	20212402	July 2021	In Progress
<b><i>Texas A&amp;M University-Commerce</i></b>			
Athletics	20192103	October 2019	Not Required
<b><i>Texas A&amp;M University-Corpus Christi</i></b>			
Financial Management Services	20201502	November 2020	June 2021
Information Technology	20211501	August 2021	Not Required
<b><i>Texas A&amp;M University-Kingsville</i></b>			
Contract Administration	20171701	April 2017	May 2018
Health & Safety	20181701	January 2018	June 2019
Athletics Department	20181703	November 2018	September 2019
<b><i>Texas A&amp;M University-San Antonio</i></b>			
Financial Management Services	20192502	September 2019	August 2021
Health and Safety	20202501	December 2020	In Progress
Student Information System	20212501	May 2021	In Progress
<b><i>Texas A&amp;M University-Texarkana</i></b>			
Athletics	20172202	June 2017	April 2018
Financial Management Services	20182201	November 2018	January 2020
Student Information System	20212201	April 2021	In Progress
<b><i>West Texas A&amp;M University</i></b>			
Auxiliary Services – Bookstore, Housing and Athletics	20161801	December 2016	March 2019
<b><i>Texas A&amp;M AgriLife Research, AgriLife Extension, and Veterinary Diagnostic Laboratory</i></b>			
Financial Management Services	20180606	October 2018	September 2019
Centers and Institutes	20210602	June 2021	In Progress
<b><i>Texas A&amp;M Engineering Extension Service</i></b>			
Export Controls	20180901	March 2018	July 2019
<b><i>Texas A&amp;M Engineering Experiment Station</i></b>			
Financial Management Services	20170801	June 2017	October 2018
Research Centers and Institutes	20180801	March 2018	July 2019
<b><i>Texas A&amp;M Forest Service</i></b>			
Rural Volunteer Fire Department Assistance Grants	20171102	April 2017	May 2018
<b><i>Texas A&amp;M Transportation Institute</i></b>			
Financial Management Services	20191201	April 2019	October 2019