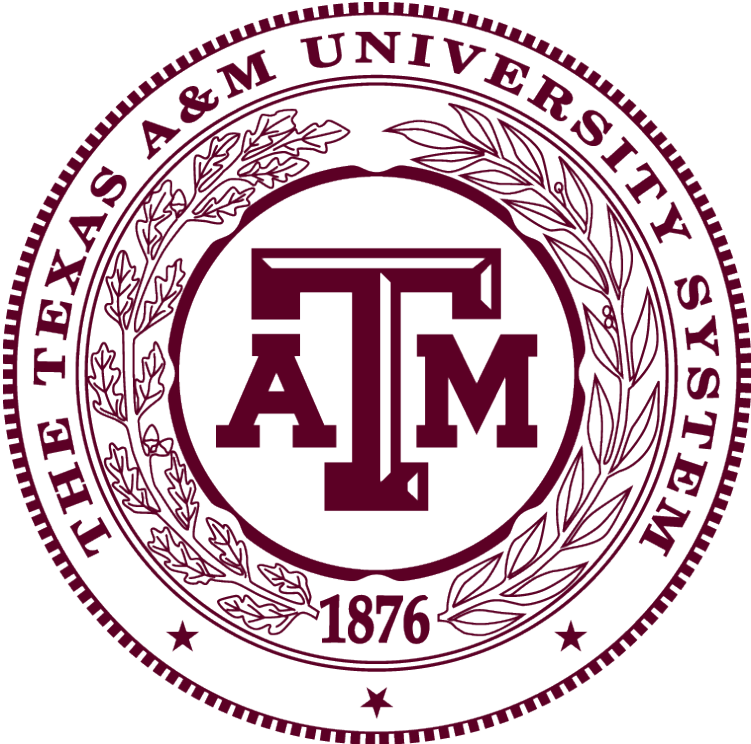


The Texas A&M University System Internal Audit Department

**INTERNAL AUDIT ANNUAL REPORT  
FOR FISCAL YEAR 2023**



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

To comply with the requirements of Texas Government Code, Section 2102.015, the annual internal audit plan and the annual internal audit report are posted on the Internal Audit Department's Internet website.

## II. Internal Audit Plan for Fiscal Year 2023

Audit Title By System Member	Report #	Report Date
<b><i>Systemwide</i></b>		
Compliance with Benefits Proportional by Fund Requirements – FY 2022	20230101	7/12/2023
<b><i>A&amp;M System Offices</i></b>		
Debt Service	20230102	8/9/2023
<b><i>Texas A&amp;M University</i></b>		
School of Education & Human Development – Information Technology	20230201	8/9/2023
Health and Safety	20230202	In Progress
Health Science Center – Academic and Research Information Technology	20230203	In Progress
Health Science Center – Center for Innovation in Advanced Development and Manufacturing	20230204	7/12/2023
Learning Management System	20230205	5/10/2023
Payroll	20230206	8/9/2023
Residence Life	20230207	6/14/2023
Sponsored Research Services	20230208	7/12/2023
Transportation Services	20230209	10/11/2023
Utilities and Energy Services	20230210	In Progress
<b><i>Prairie View A&amp;M University</i></b>		
Learning Management System	20230501	3/15/2023
Payroll	20230502	7/12/2023
<b><i>Tarleton State University</i></b>		
Learning Management System	20230401	2/15/2023
Program for Minors	20230402	5/10/2023
<b><i>Texas A&amp;M International University</i></b>		
Information Technology	20231601	3/15/2023
<b><i>Texas A&amp;M University-Central Texas</i></b>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20232401	9/13/2023
<b><i>Texas A&amp;M University-Commerce</i></b>		
Learning Management System	20232101	6/14/2023
Tuition and Fees	20232102	8/9/2023
<b><i>Texas A&amp;M University-Corpus Christi</i></b>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20231501	4/12/2023
Tuition and Fees	20231502	6/14/2023

Audit Title By System Member	Report #	Report Date
<b><i>Texas A&amp;M University–Kingsville</i></b>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20231701	4/12/2023
University Housing and Residence Life	20231702	In Progress
<b><i>Texas A&amp;M University-San Antonio</i></b>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20232501	4/12/2023
<b><i>Texas A&amp;M University-Texarkana</i></b>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20232201	7/12/2023
<b><i>West Texas A&amp;M University</i></b>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20231801	10/11/2023
Programs for Minors	20231802	3/15/2023
<b><i>Texas A&amp;M AgriLife Research</i></b>		
Export Controls	20230601	In Progress
<b><i>Texas A&amp;M Engineering Experiment Station</i></b>		
Export Controls	20232801	5/10/2023
<b><i>Texas A&amp;M Forest Service</i></b>		
Financial Management Services	20231101	9/13/2023
<b><i>Texas Division of Emergency Management</i></b>		
Disaster Finance	20233001	In Progress

## **Deviations from Fiscal Year 2023 Audit Plan**

There were no deviations from the Fiscal Year 2023 Audit Plan.

## **Benefits Proportionality**

The following audits were performed in fiscal year 2023 to address the benefits proportionality audit requirement prescribed in Rider 8, page III-50 of the General Appropriations Act for the 2022-2023 biennium.

<b>Audit Title</b>	<b>Report #</b>	<b>Report Date</b>
Compliance with Benefits Proportional by Fund Requirements – FY 2022	20230101	7/12/2023

## **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

Review Title	Report Number	Report Date	Objective(s)	Observations/Results and/or Suggestions
Texas A&M University  College of Dentistry Anatomical Gift Program Review	20220210	9/16/2022	The objective was to determine whether internal controls and processes were in place for the College of Dentistry anatomical gift program in accordance with audit requirements set forth by the State Anatomical Board.	Results of review were provided to management.
Texas A&M University  Endowment Compliance	20220211	11/15/2022	The objective was to ensure adequate controls exist over endowments and determine compliance with laws and policies.	Results of review were provided to management.
A&M System Offices  Review of RELLIS	20220115	11/29/2022	The objective was to review operations at the RELLIS campus at the Texas A&M University System to gain an understanding of selected internal controls and processes.	Results of review were provided to management.
Texas A&M University  Review of the Office of Sustainability	20220212	12/8/2022	The objective was to determine if processes are in place to ensure consistent and accurate information for the Sustainability Tracking Assessment and Rating System (STARS) report.	Results of review were provided to management.
Systemwide  Review of Cash on Hand	20230104	1/13/2023	The objective was to perform an analysis of FY2022 cash on hand balances and verify accuracy.	Results from analysis were provided to management.
Systemwide  Review of Training	20230103	1/31/2023	The objective was to ensure employees complete the required training courses timely and comply with established guidelines.	Results from analysis were provided to management.
A&M System Offices  Review of Chancellor's Research Initiative Funding	20230105	3/8/2023	The objective was to determine whether monitoring controls are in place to ensure university awards are managed in compliance with applicable guidelines.	Results of the review were provided to management.

*The Texas A&M University System  
Internal Audit Annual Report for Fiscal Year 2023*

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<b>Review Title</b>	<b>Report Number</b>	<b>Report Date</b>	<b>Objective(s)</b>	<b>Observations/Results and/or Suggestions</b>
Texas A&M Engineering Experiment Station  Review of the Rio Grande Valley Advanced Manufacturing Innovation Hub (RAMI)	20232802	6/30/2023	The objective was to determine if internal controls are in place to ensure training is being provided through RAMI as intended and in compliance with contractual agreements.	Results of the review were provided to management.
Texas A&M University  Review of University Police Department Statistics	20230212	8/16/2023	The objective was to determine how Texas A&M University Police Department statistics compare to other major universities.	Results from analysis were provided to management.
Texas A&M University- Texarkana  Change in Management Review - President	20232203	8/22/2023	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

**Texas A&M University System  
Internal Audit Department  
External Quality Assessment Review**

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

## Overall Conclusion of the Independent Review Team

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 (Standards)*, and U.S. Government Accountability Office Government Auditing Standards (GAGAS) in all material respects during the period under review. Strengths and leading practices as well as opportunities for continued program enhancement are included in our report, and we agree with the results of the self-assessment performed by the SIAD team.

The rating system that was used for expressing an opinion for this review provides for three levels of conformance: generally conforms, partially conforms, and does not conform. “Generally Conforms” means that the SIAD has policies, procedures, and a charter that were judged to be in accordance with the standards, even if opportunities for improvement may exist. “Partially Conforms” means deficiencies, while they might impair, did not prohibit the SIAD from carrying out its responsibilities. “Does Not Conform” means deficiencies in practice were found that were considered so significant as to seriously impair or prohibit the SIAD from carrying out its responsibilities.

The following table lists the specific sections of the IIA Standards, Code of Ethics, and GAGAS and contains our opinion of how the activities of the SIAD conform to each section:

Standard Type and Description	Opinion
<i>IIA Attribute Standards:</i>	
1000 Purpose, Authority, and Responsibility	Generally Conforms
1100 Independence and Objectivity	Generally Conforms
1200 Proficiency and Due Professional Care	Generally Conforms
1300 Quality Assurance and Improvement Program	Generally Conforms
<i>IIA Performance Standards:</i>	
2000 Managing the Internal Audit Activity	Generally Conforms
2100 Nature of Work	Generally Conforms
2200 Engagement Planning	Generally Conforms
2300 Performing the Engagement	Generally Conforms
2400 Communicating Results	Generally Conforms
2500 Monitoring Progress	Generally Conforms
2600 Communicating the Acceptance of Risks	Generally Conforms
<i>The Institute of Internal Auditors' Code of Ethics</i>	
Generally Accepted Government Auditing Standards	Generally Conforms

## Strengths and Leading Practices

**SIAD is well-respected, and the A&M System and member administrators view SIAD as helpful, collaborative, and responsive.** Administrators indicated SIAD’s monthly reporting on follow-up as extremely helpful to maintain constant focus on the implementation of management action plans. They also appreciate the Chief Auditor’s sharing of common audit issues with all members, which multiplies the positive impacts of its audit work.

**SIAD's independence through its reporting line to the Board of Regents is well-established and recognized by system and member administrators.**

**SIAD has an established data analytics team that has developed significant expertise and robust data analytics tools for inherently high-risk areas such as student financial aid, as well as procurement and travel card expenditures.** SIAD's efforts have benefitted higher education as a whole, since SIAD readily shares its expertise and tools at conferences and upon request.

**A number of system and member administrators indicated SIAD's follow-up process, combined with focus by the Board of Regents and senior management, encourages earlier implementation of management action plans to address audit issues.** Additionally, SIAD's internal practice of documenting follow-up in the original audit file maximizes efficiency by facilitating easy access to the original audit information.

**SIAD has begun incorporating the monitoring efforts in place within the Texas A&M University System Security Operations Center and the Texas A&M University Division of Information Technology into the audit process.** SIAD also has a staff member who attends the System Information Security Council's monthly meetings to stay informed of the current risks affecting the system members and any mitigating controls that are being implemented. Partnerships such as this are mutually beneficial, allowing for information exchange and the integration of additional information and subject matter expert resources within the audit process.

## Opportunities for Continued Program Enhancement

### Information Technology Risk Coverage

SIAD has six Certified Information Systems Auditors and one Certified Information Systems Security Professional on staff, and its annual work includes various information technology (IT) audits around the system and members. In performing IT audits, SIAD primarily uses an audit program template and scripts that were developed several years ago and are updated regularly to reflect the current threat environment. Given the speed at which IT systems change and new risks develop, it may be beneficial for the system to consider supplementing SIAD's IT audit work with a co-sourcing arrangement for a deeper look at more technical topics.

As cybersecurity risks continue to increase, SIAD should consider revising its current annual IT risk assessment process by validating the Information Technology risk assessment performed by the Chief Information Officer to ensure all risks are included in the annual System-wide and member risk assessment.

#### **Chief Auditor Response**

We will consider the recommendation that we supplement our IT work with a co-sourcing arrangement for a deeper look at more technical topics.

Internal Audit will work closely with the System Chief Information Officer to ensure our risk assessment process includes those risks identified by the Office of the System CIO and the System's Cybersecurity Group.

## SIAD Knowledge and Skills

While SIAD collectively possesses the knowledge, skills, and other competencies needed to perform their work, the vast majority of staff members have accounting or finance backgrounds. In the future, actively recruiting for other skillsets or experiences that are related to risks within the System may provide better diversity in the skillset and opportunities for a fresh look at audit processes, additional perspectives on audit topics, and the ability to expand the use of data analytics and other technology-based tools during the audit process. Additionally, since the System has an active hotline for fraud and other reporting, it would be beneficial to encourage more staff to pursue the Certified Fraud Examiner certification.

### **Chief Auditor Response**

We will consider the recommendation to recruit individuals with other skillsets or experiences related to risks within the A&M System. Internal Audit believes recruiting individuals with business degrees is one of the primary reasons for the department's past success and will continue to pave the way to future success.

The department currently encourages all employees to pursue varying professional certifications, including Certified Fraud Examiner. We will continue to share this with our staff to ensure they consider this when identifying certifications they would like to pursue.

## Audit Efficiency

SIAD implemented TeamMate+, its audit management system, in 2020. TeamMate+ is robust, providing opportunities for clients to select from many options and parameters to establish their workflow, data points, risk information, and the like. While SIAD's audit documentation conforms with standards, evaluating SIAD's use of TeamMate+ options may yield opportunities to streamline documentation, including project steps and information used in entrance or exit conferences. During the review, consider whether TeamMate+ might provide opportunities to incorporate additional risk considerations in the annual risk assessment process.

SIAD developed a robust response to GAGAS requirements that changed in 2019, requiring additional documentation related to internal controls. GAGAS has issued new guidance relaxing some of the added requirements, which may allow SIAD to eliminate or lessen some of the additional work.

### **Chief Auditor Response**

We will review our use of TeamMate+ in fiscal year 2022 to determine if there are any opportunities to streamline documentation and to incorporate additional risk considerations in the annual risk assessment process.

We will review the new GAGAS guidance to determine if updates to documentation requirements related to internal controls are necessary.

## Engagement Overview

### Background

Internal audit functions within Texas state agencies, including higher education systems and institutions, are required to conform 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 generally accepted government auditing standards (GAGAS).

These standards require internal audit functions to undergo periodic external quality assurance reviews to assess conformance with the standards at least every three years. The TAMUS SIAD completed its last external quality assurance review in June 2018.

### Objective, Scope, and Methodology

Our objective was to provide reasonable assurance that SIAD conforms to the standards listed above and to appraise the quality of its operations. The scope of our review covered the time period from May 1, 2018 through April 30, 2021. We performed our quality assessment based on the latest version of the IIA Standards published in January 2017 and the 2018 revision of GAGAS.

We accomplished our objective through the following procedures:

- Interviews of selected stakeholders of the internal audit function, including audit clients, key administrators from the system and members, and the chair of the Board of Regents' Committee on Audit (listed in Appendix A)
- Interviews of SIAD staff members
- Review of the previous external quality assurance report and information on the implementation status of those recommendations
- Review of the SIAD and audit committee charters
- Review of the organizational structure and reporting lines of the audit function
- Review of the qualifications and training histories of the SIAD staff
- Review of the annual risk assessment, audit plan, audit manual, follow-up reports, and other materials prepared by SIAD, including the self-assessment recommendations
- Review of the quality assurance and improvement program
- Examination of a sample of SIAD work products and audit and advisory reports
- Comparison of SIAD's audit and advisory practices with the standards

These activities were performed during July 2021.

## Quality Assessment Team

**Carole M. Fox, CPA**, is the chief audit executive for Texas State University System, the first higher education system established in Texas. She directs and coordinates the activities of 15 auditors and the System Compliance Officer, serving System Administration operations in Austin, Texas, as well as 7 member institutions spread across the State from the Texas–Louisiana border to the Big Bend region of west Texas. Carole began her career over 39 years ago as an assistant state auditor. She was later recruited to The University of Texas (UT) System Audit Office, with responsibility for audits of all UT academic components. She left higher education to serve as the director of internal audit at two state agencies – positions she held for more than 12 years. She returned to higher education in 2007 upon joining the Texas State University System. Carole is a past President of the Texas Association of College and University Auditors, and has participated in several peer reviews and performed numerous speaking and training engagements throughout her career.

**Toni Stephens, CPA, CIA, CRMA**, is the chief audit executive for the University of Texas at Dallas. She received her accounting degree from Texas A&M University in College Station, TX and has over 36 years of higher education audit experience, including at the Texas State Auditor’s Office. Toni’s professional activities include serving as the Association of College and University Auditors (ACUA) President, board and faculty member, and various committee leadership roles. Current board participation includes service as an audit committee advisor for the Dallas ISD and an advisory board member for the UT Dallas Center for Internal Auditing Excellence. Former board and leadership roles also include service on the Dallas Chapter of the Institute of Internal Auditors (IIA) board and President and board member for the Texas ACUA. Honors include receiving excellence in service awards from both ACUA and the Dallas IIA. Toni has served on numerous quality assurance reviews across higher education and also speaks at various auditing conferences throughout the country.

**Kimberly F. (Kim) Turner, CPA**, is the chief audit executive for the Texas Tech University System and leads a department of 18 auditors in four cities<sup>1</sup> serving three general academic institutions and two health sciences centers. A former ACUA President, Kim received ACUA’s Professional Contributions award in 2014 and ACUA’s Excellence in Service Award in 2011 for her work in developing and maintaining the Risk Dictionary. Kim has served as founding president of the High Plains Chapter of The IIA, Texas Society of CPAs South Plains Chapter president and state board member, and board chair for the City of Lubbock Audit Committee and for Lubbock Meals on Wheels. Kim is currently Board Secretary for the Texas Tech Credit Union. A member of ACUA Faculty, Kim is a frequent speaker for professional organizations and has served on numerous peer review teams to enhance the performance of internal audit functions both inside and outside of higher education.

## Report Distribution

Chancellor John Sharp  
Regent Michael Hernandez, Chair of the Audit Committee

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<sup>1</sup> As of September 1, 2021, when Midwestern State University joins the Texas Tech University System.



## Appendix A: Interviews Conducted

### Stakeholders Served by the Audit Function

#### Board of Regents

- Regent Mike Hernandez, Chair, Texas A&M University System Board of Regents Committee on Audit

#### Executives of Texas A&M University System (TAMUS) and Member Institutions

- Mr. John Sharp, Chancellor
- Dr. Katherine Banks, President, Texas A&M University (TAMU)
- Dr. Emily Cutrer, President, Texas A&M University – Texarkana
- Dr. Patrick Stover, Vice Chancellor and Dean for Agriculture and Life Sciences, Director for AgriLife Research
- Dr. Mark Weichold, Interim Provost & Executive President, TAMU
- Ms. Janet Gordon, TAMUS Ethics & Compliance Officer
- Dr. Walter Wendler, President, West Texas A&M University
- Mr. Billy Hamilton, Deputy Chancellor & Chief Financial Officer
- Dr. Jon Mogford, Chief Operating Officer and Senior Vice President – Texas A&M Health
- Mr. Ross Bjork, Athletics Director, TAMU
- Mr. Mark Stone, Chief Information Officer, TAMUS

### Staff Members of the Audit Function

#### Senior Management of System Internal Audit Department

- Mr. Charlie Hrcir, Chief Auditor
- Ms. Robin Woods, Director
- Ms. Amanda Dotson, Director

System Internal Audit Department – Audit Managers, Senior Auditors, and Staff



## **V. Internal Audit Plan for Fiscal Year 2024**

This section includes the approved internal audit plan for fiscal year 2024.



**THE TEXAS A&M  
UNIVERSITY SYSTEM**

## **System Internal Audit Department**

**Fiscal Year 2024 Audit Plan**



## System Internal Audit Department Fiscal Year 2024 Audit Plan

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### **SYSTEMWIDE**

Diversity, Equity and Inclusion Compliance

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

Facilities Planning and Construction

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

College of Arts and Sciences – Information Technology

Export Controls

Payment Cards

Recreational Sports

School of Law – Information Technology

School of Medicine Anatomical Gift Program

University Health Services

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

Athletics

Health and Counseling Services

Tuition and Fees

### **TARLETON STATE UNIVERSITY**

Health and Safety

Texas Higher Education Coordinating Board Construction Audit Reporting \*

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

Tuition and Fees

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

Information Technology

### **TEXAS A&M UNIVERSITY–COMMERCE**

Programs for Minors

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

Programs for Minors



**System Internal Audit Department  
Fiscal Year 2024 Audit Plan**

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**TEXAS A&M UNIVERSITY–KINGSVILLE**

Programs for Minors  
Tuition and Fees

**TEXAS A&M UNIVERSITY–SAN ANTONIO**

Information Technology  
Tuition and Fees

**TEXAS A&M UNIVERSITY–TEXARKANA**

Financial Management Services  
Information Technology

**WEST TEXAS A&M UNIVERSITY**

Financial Accounting System

**TEXAS A&M AGRILIFE RESEARCH**

Financial Management Services

**TEXAS A&M AGRILIFE EXTENSION**

Financial Management Services  
Programs for Minors

**TEXAS A&M ENGINEERING EXPERIMENT STATION**

Contract Administration  
Payroll

**TEXAS A&M ENGINEERING EXTENSION SERVICE**

Information Technology  
Payroll

**TEXAS A&M TRANSPORTATION INSTITUTE**

Payroll

**TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY**

Financial Management Services



**System Internal Audit Department  
Fiscal Year 2024 Audit Plan**

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**TEXAS DIVISION OF EMERGENCY MANAGEMENT**

State Disaster Reimbursement

\* 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 2024 facilities audits.



## System Internal Audit Department Fiscal Year 2024 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 2024. 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 2024**

### **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 2024 audit plan were risks associated with benefits proportionality as described in Rider 8, page III-50, the General Appropriations Act (87th 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 33,650.

## **Internal Audit Plan for Fiscal Year 2024**

Listing of audits included in the fiscal year 2024 Audit Plan which address the following:

### *Benefits Proportionality*

**None**

### *Contract Management*

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

Facilities, Planning and Construction

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

College of Arts and Sciences – Information Technology

Recreational Sports

School of Law – Information Technology

School of Medicine Anatomical Gift Program

University Health Services

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

Athletics

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

Information Technology

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

Information Technology

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

Information Technology

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

Financial Accounting System

#### **TEXAS A&M ENGINEERING EXPERIMENT STATION**

Contract Administration

#### **TEXAS A&M ENGINEERING EXTENSION SERVICE**

Information Technology

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

State Disaster Reimbursement

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

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

Audit of Easterwood Airport Passenger Facility Charge  
Cyber Risk Assessment

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

Agreed-Upon Procedures for Intercollegiate Athletics Program  
Audit of Cancer Prevention & Research Institute of Texas Grant Program – TAMHSC  
Audit of Cancer Prevention & Research Institute of Texas Grant Program – Texas A&M  
Audit of KAMU – FM Radio Station Financial Statements  
Audit of KAMU – TV Television Station Financial Statements  
Audit of Texas A&M University Office in Mexico Financial Statements  
Audit of the Qingdao National Laboratory for Marine Science  
Review of Consolidated Financial Statements for SACS Accreditation

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

Agreed-Upon Procedures for Intercollegiate Athletics Program  
Review of Intercollegiate Athletics Compliance Systems

### **Tarleton State University**

Agreed-Upon Procedures for Intercollegiate Athletics Program

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

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

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

Agreed-Upon Procedures for Donor Award Agreements & Awarded Scholarships  
Agreed-Upon Procedures for Intercollegiate Athletics Program  
Agreed-Upon Procedures for Perkins Loan Closeout  
Review of Intercollegiate Athletics Compliance Systems

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

Agreed-Upon Procedures for Intercollegiate Athletics Program  
Compliance Audit of Title IV Program  
Review of Annual Security and Fire Safety Report

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

Audit of Texas A&M University-San Antonio Foundation Financial Statements  
Audit of the Institute of School and Community Partnerships Financial Statements  
Review of Annual Security and Fire Safety Report

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

Agreed-Upon Procedures for Intercollegiate Athletics Program  
Audit of West Texas A&M University Foundation Financial Statements

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**Texas A&M AgriLife Research**

Audit of Cancer Prevention & Research Institute of Texas Grant Program

**Texas A&M Engineering Experiment Station**

Audit of Cancer Prevention & Research Institute of Texas Grant Program

**Texas A&M Research Foundation**

Audit of Texas A&M Research Foundation 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. 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 Hotline website and toll-free telephone number.

The A&M System's policy and regulation on *Fraud Prevention* (<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.

Texas Government Code reporting requirements:

The Texas A&M University System Internal Audit Department is responsible for reviewing allegations of fraud. 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 2019 – 2023

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>			
Facilities, Planning & Construction	20190107	January 2020	July 2020
Security Operations Center	20210109	August 2021	December 2022
Contract Administration	20220112	December 2022	In Progress
Workday	20220114	May 2022	February 2023
<b><i>Texas A&amp;M University</i></b>			
Student Activities	20190204	June 2019	July 2020
University-Administered Major Construction	20200111	January 2021	Not Required
Health Science Center - Clinical Healthcare Operations	20200201	February 2020	February 2021
Bush School Information Technology	20200202	December 2019	March 2020
Contract Administration	20200203	July 2020	February 2021
Division of Information Technology	20200209	October 2020	September 2021
Purchasing - Payment Cards	20200210	November 2020	February 2021
Purchasing	20210201	March 2021	Not Required
Collegiate Licensing	20210203	November 2021	Not Required
International Ocean Discovery Program	20210204	June 2021	January 2022
Athletics	20220201	September 2022	In Progress
NCAA Compliance	20220206	November 2022	June 2023
Qatar Expenditures	20220208	January 2022	Not Required
Youth Safety	20220209	April 2022	August 2023
School of Education & Human Development – Information Technology	20230201	August 2023	In Progress
Health Science Center - Center for Innovation in Advanced Development and Manufacturing	20230204	July 2023	In Progress
Learning Management System	20230205	May 2023	Not Required
Sponsored Research Services	20230208	July 2023	Not Required
<b><i>Prairie View A&amp;M University</i></b>			
Owens Franklin Health Center	20180503	September 2018	December 2019
Information Technology	20180504	November 2018	September 2019
Financial Management Services	20190506	February 2020	May 2022
Health and Safety	20200503	November 2020	October 2021
Student Information System	20200504	November 2020	September 2021
Financial Management Services – Revenue Management	20210501	October 2021	In Progress
Information Technology	20220502	January 2023	In Progress
Learning Management System	20230501	March 2023	Not Required
<b><i>Tarleton State University</i></b>			
Financial Management Services	20190402	April 2019	August 2020
Learning Management System	20230401	February 2023	Not Required
Programs for Minors	20230402	May 2023	In Progress

Report Title By System Member	Report #	Report Date	Follow Up
<b><i>Texas A&amp;M International University</i></b>			
Athletics	20191601	May 2019	October 2019
Financial Management Services	20211601	June 2021	September 2021
Learning Management System	20221602	November 2022	January 2023
Information Technology	20231601	March 2023	June 2023
<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	January 2022
<b><i>Texas A&amp;M University-Commerce</i></b>			
Athletics	20192103	October 2019	Not Required
Financial Management Services	20212101	September 2021	Not Required
Learning Management System	20232101	June 2023	In Progress
<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
Learning Management System	20221501	January 2022	Not Required
<b><i>Texas A&amp;M University-Kingsville</i></b>			
Athletics Department	20181703	November 2018	September 2019
Financial Management Services	20211701	November 2021	Not Required
Learning Management System	20221701	May 2022	Not Required
<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	December 2021
Student Information System	20212501	May 2021	July 2022
Learning Management System	20222501	April 2022	Not Required
<b><i>Texas A&amp;M University-Texarkana</i></b>			
Financial Management Services	20182201	November 2018	January 2020
Student Information System	20212201	April 2021	August 2022
<b><i>West Texas A&amp;M University</i></b>			
Financial Management Services	20211801	November 2021	July 2022
Learning Management System	20221802	July 2022	Not Required
<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>			
Financial Management Services	20210901	October 2021	February 2022
<b><i>Texas A&amp;M Engineering Experiment Station</i></b>			
Export Controls	20232801	May 2023	Not Required
<b><i>Texas A&amp;M Forest Service</i></b>			
Volunteer Fire Department Grant Program	20221101	February 2022	Not Required

<b>Report Title By System Member</b>	<b>Report #</b>	<b>Report Date</b>	<b>Follow Up</b>
<b><i>Texas A&amp;M Transportation Institute</i></b> Financial Management Services	20191201	April 2019	October 2019
<b><i>Texas Division of Emergency Management</i></b> Health & Safety	20223001	December 2022	May 2023
Information Technology	20223002	August 2022	Not Required