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PROJECT SUMMARY

Overview

Environmental health, safety, and security processes at Texas A&M University - Kingsville require significant improvement to ensure that a safe environment exists and the University is in compliance with relevant laws, policies, regulations, and rules. Currently, the University’s Environmental Health and Safety Office (EHS) has one staff member which is significantly below the minimum number of safety staff recommended for the University using a well-accepted industry environmental health and safety staffing model. This has limited EHS’ ability to properly oversee important safety functions including fire and life safety inspections and chemical inventory and storage. Preparation of a formal risk assessment is also needed to identify and analyze safety and security risks throughout the University, along with the necessary controls and staffing levels.

Other opportunities for improvement were noted in the areas of lab safety inspections, safety training, Clery Act reporting and compliance, camp and student travel safety, required spill prevention, control and countermeasure plans, environmental health and safety rule, and EHS performance measures.

Summary of Significant Results

Safety and Security Risk Assessment

Staffing of EHS has been significantly reduced from three full-time equivalent employees to one as a result of turnover during the past few years. Completion of a formal risk assessment and analysis is needed to assist management in identifying and prioritizing the University’s environmental health, safety, and security risks. The risk assessment will help management determine the controls and staffing levels required to address the safety and security risks at the University. The lack of available EHS staffing resulted in many of the control weaknesses and non-compliance issues identified in this report.
**Fire and Life Safety Inspections**

Formal fire and life safety inspections are not performed for all campus facilities and grounds as required by Texas A&M System Supplemental Risk Management Standards. As a result, fire and life safety deficiencies were noted in several campus buildings and one prior deficiency noted during the State Fire Marshall Inspection report issued in 2010 had not yet been fully addressed. Without an effective fire and life safety process which includes performing fire and life safety inspections for all campus facilities and timely follow-up reviews of deficiencies identified, there is a greater risk of injury to faculty, staff, students, and visitors along with property damage.

**Chemical Inventory and Storage**

No chemical inventory had been performed in several years for the Chemistry department’s main chemical storeroom. In addition, most chemical inventories tested were missing information such as lab location, quantities, storage location, and chemical hazard information which are needed for adequate monitoring. Differences were also noted between the chemicals and corresponding quantities listed in the chemical inventory records and those found onsite. Instances were noted in which chemicals were being stored in non-compliance with University procedures and were not properly secured. Controlled substances were also found that were not being properly tracked and secured. Improved inventory and monitoring processes are needed to ensure proper safeguards are in place regarding storage and use of hazardous chemicals.

**Summary of Management’s Response**

It is the intent of Texas A&M University - Kingsville to take aggressive action to fully implement the recommendations of the audit report. Texas A&M University - Kingsville will continue to develop, implement, and review written campus safety and security procedures and guidelines based on the results of a formal safety and security based risk assessment. As recommended, Texas A&M University - Kingsville has taken action to hire the requisite level of EHS personnel to address the findings of the audit. Texas A&M University - Kingsville will leverage technology to provide accurate, timely, and consistent information that is critical to continuous improvement in the areas of fire and life safety inspections and chemical inventory and storage. Texas A&M University - Kingsville will establish procedures and protocols that promote the goal of a
safe and secure campus environment for faculty, staff, students, and visitors.

Scope

The review of environmental health, safety and security at Texas A&M University - Kingsville focused primarily on the areas of: laboratory and fire and life safety inspections; chemical inventory and storage; student and employee safety training; Clery Act reporting and compliance; camps and clinics; student and faculty travel; spill prevention, control and countermeasure plans; and benchmarking certain aspects of the University Police Department operations. The audit period focused primarily on activities from September 1, 2010 to January 31, 2012. Fieldwork was conducted from February to April, 2012.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Safety and Security Risk Assessment

Observation

Completion of a formal risk assessment and analysis is needed to identify and analyze the safety and security risks at the University. A formal risk assessment will provide management with the means to determine the controls and staffing levels needed to address the safety and security risks especially given the diversity of activities and operations within the University. For instance, the University has a strong focus on research and agricultural programs, both of which have high inherent safety risks. There is currently only one full-time EHS staff member to provide oversight and support for safety processes within the University as well as the Texas A&M Health Science Center Pharmacy School located on the University's campus.

Staffing of the EHS department has been significantly reduced from three full-time staff members to only one safety manager due to employee turnover over the past few years. Management indicated that some assistance is provided by the Director of Risk Management and Sustainability as well as lab supervisors and custodial staff. A recent report prepared by the A&M System Environmental Health and Safety Division indicated that the University needs a minimum of almost four full-time equivalent safety staff as calculated using a well-accepted industry environmental health and safety staffing model. The lack of available EHS staff time and effort resulted in several of the control weaknesses and non-compliance issues identified in this report.

The Treadway Commission’s Committee of Sponsoring Organization’s “Internal Control - Integrated Framework” states that the process of identifying and analyzing risk is an ongoing iterative process and is a critical component of an effective internal control system. Along with assessing risks, management should identify and put into effect actions needed to address the risks including control activities to help ensure that the actions are carried out properly and in a timely manner. In addition, the “Environmental Management Guide for Colleges and Universities” published by the Environmental Protection Agency recommends a systematic approach to providing a healthy and environmentally sustainable campus. This approach includes identification of risk
1. Safety and Security Risk Assessment (cont.)

Factors and compliance requirements as part of the planning process.

Recommendation

Prepare a formal risk assessment for safety and security to identify and analyze all safety and security risks at the University and the corresponding controls needed to address these risks.

Reassess the number of personnel required to effectively oversee and administer the safety and security controls and operations. As the University grows and expands, it will be important to closely monitor the number of personnel needed to maintain these operations.

Management’s Response

Texas A&M University - Kingsville concurs with the audit finding that a formal risk assessment process is necessary to ensure a safe and secure work environment.

The position of Environmental Health and Safety Coordinator has been reestablished and filled. The additional staff position will facilitate the time and effort necessary to address the manning shortfalls identified during the audit. Working in conjunction with the Association of College & University Auditors, Texas A&M University - Kingsville expects to have a formal safety and security risk assessment process with identified controls completed by August 31, 2012.

2. Fire and Life Safety Inspections

Observation

Formal fire and life safety inspections were not performed at least annually for all campus facilities.

Instances of fire and life safety deficiencies were noted in several campus buildings. These deficiencies included damaged ceiling tiles, incorrect or missing fire extinguishers, non-sealed "punch throughs," loose electrical covers, exposed wiring, broken electrical plate covers, missing fire signage, blocked exits, use of candles, and general housekeeping issues. In addition, testing of the 2010 State Fire Marshall Inspection report for University residence halls indicated that one of the eight (13%) prior deficiencies tested had not yet been fully addressed.

Formal fire and life safety inspections are performed for teaching labs and residence halls, but inspections for the rest of the University's facilities are limited to informal observations by the...
2. Fire and Life Safety Inspections (cont.)

safety manager with assistance from custodians and heating, ventilation, and air conditioning personnel. As a result, fire and life safety deficiencies identified in these areas are not recorded and reported to management or formally tracked and followed up to ensure they are addressed. In addition, Residence Life staff perform the monthly fire and safety inspections of residence halls, but do not have formal fire and life safety inspection training and EHS does not review the checklist used or receive the completed inspection reports for the residence halls.

Texas A&M System Supplemental Risk Management Standards require that procedures be adopted to identify and address fire and life safety deficiencies through inspections of facilities and grounds. Without an effective fire and life safety process which includes performing fire and life safety inspections for all facilities with timely follow-up reviews of deficiencies identified, there is a greater risk of injury to faculty, staff, students, and visitors along with property damage.

**Recommendation**

Management should direct personnel to address all fire and life safety deficiencies noted during inspections in a timely manner.

Implement a formal fire and life safety inspection process that includes inspections of all campus facilities. Prepare a risk-based fire and life safety inspection schedule of the various facilities to determine the inspection frequency necessary to ensure a safe living, teaching and working environment. Also assess and rate the associated risk of each fire and life safety deficiency identified during inspections and include a required implementation date based on the associated risk.

Develop and implement a formal follow-up inspection process to include formal tracking of all deficiencies identified during fire and life safety inspections, including the State Fire Marshal Inspection report findings. Include regular status updates of corrective actions taken to address these deficiencies and schedule follow-up visits based on the stated implementation dates to ensure appropriate corrective actions have been taken. Inform upper management of deficiencies that are not corrected in a timely manner.

**Management’s Response**

Texas A&M University - Kingsville concurs with the audit finding that a formal fire and life safety inspection process and a formal follow-up procedure are necessary to ensure a safe working and living environment. A risk-based safety inspection schedule is under
2. Fire and Life Safety Inspections (cont.)

Improved inventory and monitoring processes are needed to ensure proper safeguards are in place regarding storage and use of hazardous chemicals.

development, in conjunction with the State Fire Marshal’s office, which will include all buildings on campus. Fire and life safety issues noted during inspections will be assessed and rated for their associated risk and corrected within 30 days or sooner based on the nature of the discrepancy. Formal work orders will be submitted to Physical Plant through the TMA work order system allowing for the formal tracking and follow-up of the issues based on their stated implementation dates. University Housing and Residence Life staff will be formally trained to conduct fire and life safety inspections within residence halls. The process will be completed by August 31, 2012.

3. Chemical Inventory and Storage

Observation

No chemical inventory has been performed in several years for the Chemistry department’s main chemical storeroom. EHS procedures require that chemical inventory listings be submitted annually. Additional testing of chemical inventory and storage resulted in the following:

- Chemical inventories obtained from 29 different labs included 19 (66%) that were missing necessary information such as lab location, current quantities, storage location, and chemical hazard information.

- Differences between chemicals listed in the chemical inventory records and those found onsite were noted for 6 of 60 (10%) chemicals tested as well as differing quantities for 10 of 52 (19%) where chemical quantities had been included.

- Chemical storage included instances where chemicals were being stored above eye-level, over sinks, on shelves with no lip, with the large bottles in front of small bottles, etc. In addition, controlled substances were found that were not being properly tracked and secured.

- Instances were noted in which access to chemicals within the facilities was not adequately restricted including lab doors that were open or unlocked and chemicals stored in unlocked storage cabinets or on open shelving.

There are no comprehensive procedures in place related to the University’s chemical inventory and security processes including requirements for ensuring all chemical inventories are properly completed in a timely manner. In addition, there is no standard
3. Chemical Inventory and Storage (cont.)

chemical inventory format required to be used by departments to ensure these inventories contain all information needed for monitoring purposes. The University’s chemical hygiene plan contains several specific requirements regarding the proper handling and storage of hazardous chemicals. In addition, Texas A&M System Supplemental Risk Management Standards involving health and safety require implementation of a chemical safety program to protect students, employees, and the environment. This includes addressing areas such as proper storage, handling, and monitoring of chemicals.

**Recommendation**

Develop and implement comprehensive written procedures for chemical inventory and monitoring processes including use of a standard chemical inventory template that captures all necessary information to better facilitate more real time monitoring of chemical inventories. Consider using the chemical inventory process currently in use by the Biology department as a model for all labs. Require all laboratories containing chemicals to submit updated chemical inventories at least annually according to a predetermined schedule. Monitor to ensure inventories are received from all labs as required.

Implement a follow-up inspection process for labs which includes ensuring hazardous chemicals are stored according to the University’s Chemical Hygiene Plan and properly secured such as locking lab doors when not in use and/or locking chemicals within the labs.

Improve current processes for identifying the existence of controlled substances and properly securing and maintaining accountability of the substances.

Inform upper management of non-compliance with chemical inventory and storage requirements.

**Management’s Response**

*Texas A&M University - Kingsville concurs with the audit finding that comprehensive written procedures for chemical inventory and storage is necessary to ensure a safe working and learning environment. Texas A&M University - Kingsville will transition to the CHEMTRACKER chemical inventory system. The new system will standardize and facilitate real-time monitoring of chemical inventories and controlled substances. The chemical inventory system will be implemented by January 31, 2013. Storage and security of controlled substances and hazardous chemicals will be*
3. Chemical Inventory and Storage (cont.)

Lab safety monitoring processes need improvement in some areas to ensure facilities and laboratories remain safe.

4. Lab Safety Inspections

Observation

Improvements are needed in the University’s current process for inspecting teaching and research labs on an annual basis. Several issues were noted related to current lab safety inspection processes as follows:

- There are no procedures to provide detailed guidance for performing lab safety inspections.
- The current schedule of lab safety inspections is not risk-based.
- Inspection reports do not rank the risk of each deficiency identified or include a required implementation date that corresponds to the associated risk.
- Safety deficiencies identified are not formally tracked and followed up to determine whether the deficiencies have been addressed in a timely manner.

Testing of 35 safety deficiencies previously identified in teaching labs and 55 in research labs determined that six (17%) teaching and thirteen (24%) research lab safety deficiencies had not been corrected.

Although most teaching and research labs appeared to be generally well-maintained, certain lab safety deficiencies were noted in most labs observed. This included instances where emergency eye-washes and showers had no documentation indicating that they had been flushed and had boxes or other equipment stored near them such that they could not be readily accessed during an emergency. Additional instances of deficiencies noted included storing items within 18 inches of sprinkler head assemblies, boxes blocking electrical panels, fire extinguishers blocked, fading chemical labels, storage in chemical fume hoods, and general housekeeping issues.

The University does have certain lab safety processes in place including monthly completion of a safety assessment checklist by the lab supervisors, use of student safety surveys to help identify potential safety risks in teaching labs, completion of a project hazard assessment to identify and address potential safety risks related to
4. Lab Safety Inspections (cont.)

research projects involving radioactive or biological hazards, and safety coverage provided by certain research protocol review committees.

Texas A&M System Supplemental Risk Management Standards require implementation of a laboratory safety program to reduce occupational exposure to health and safety hazards. This includes developing a program to monitor and evaluate harmful exposures, in accord with nationally recognized practices and protocols.

Recommendation

Management should direct personnel to address all lab safety deficiencies noted during inspections in a timely manner.

Enhance the current lab safety inspection process by preparing a risk-based safety inspection schedule of the various laboratories to determine the inspection frequency necessary to ensure a safe teaching and working environment. Also assess and rate the associated risk of each lab safety deficiency identified and include a required implementation date based on this risk.

Develop and implement a formal follow-up inspection process to include formal tracking of all lab safety deficiencies identified including regular status updates of corrective actions taken and scheduled follow-up visits based on the stated implementation dates to ensure appropriate corrective actions have been taken. Inform upper management if corrective actions are not completed in a timely manner.

Management’s Response

Texas A&M University - Kingsville concurs with the audit finding that all lab safety deficiencies noted during inspections are addressed in a timely manner to ensure a safe working and learning environment. A risk-based safety inspection schedule is under development which will include all labs on campus. Laboratory safety issues noted during inspections will be assessed and rated for their associated risk and corrected within 14 days or sooner based on the nature of the discrepancy. Formal work orders will be submitted to Physical Plant through the TMA work order system allowing for the formal tracking and follow-up of the issues based on their stated implementation dates. The process and procedures will be completed by August 31, 2012.
5. Safety Training

Observation

Current processes do not ensure that all students and employees receive the necessary safety training in a timely manner.

Testing of required safety training for a sample of students and employees indicated some students and many employees did not complete training in a timely manner or had no documentation to verify that training was completed. The following was noted:

- Twenty-four of 30 (80%) employees tested that are required to take hazard communication (HazCom) training had no documentation that they had taken the training. Six of these were newer employees hired during the audit period.

- Seventeen of 30 (57%) employees tested that are required to take annual bloodborne pathogen (BBP) training did not have documentation that they had taken the training within the past year as required. Ten had no documentation that the training had ever been taken including six newer employees hired during the audit period. Three did not complete the training prior to their due date or within two weeks of their employment date. The remaining four employees tested did not have documented training due dates so it could not be determined if the training was completed timely. In addition, the list of employee job titles required to take BBP training may need to be expanded due to the potential exposure to bloodborne pathogens. For instance, only the Associate Athletic Director and trainers in the athletic department are required to take this training although coaches could have potential exposure as well.

- Seven of 83 (8%) students tested that had courses with labs did not pass the required lab safety training as of the 12th class day in accordance with University requirements. For five of these students there was no documentation that the training was ever completed.

Current procedures allow new employees who do not complete the required safety training during orientation to complete it within 30 days, which is not timely. It was also stated that prior employee safety training records may have been misplaced during recent staffing changes. The University is in the process of migrating all employee safety training to the Texas A&M University System's TrainTraq training system which will provide detailed tracking, documentation, and reporting of training for increased monitoring and compliance. In addition, the University recently implemented an
automated training solution for student lab safety training and is still refining this new process.

Texas A&M System Supplemental Risk Management Standards involving health and safety require that standard operating procedures be developed and published and corresponding training be provided and documented on identified health and safety hazards to affected faculty, staff, students, and visitors. In addition, Texas Administrative Code, Title 25 Health Services, Rule 295.7 requires that employers develop a hazard communication program to provide training for new or newly assigned employees.

**Recommendation**

Ensure that all employees with potential exposure to hazardous chemicals and bloodborne pathogens receive safety training prior to initial exposure to these materials/pathogens. Consider providing periodic refresher HazCom training for these employees.

Complete current efforts to migrate employee safety training into the TrainTraq system. Ensure required due dates are added and utilize the automated features within the system to monitor and track employee safety training for timely completion. Review current positions that have the potential for exposure to bloodborne pathogens and update the list of titles required to take BBP training as needed.

Ensure all students have the required safety training prior to participating in lab work. Provide additional instruction and enforcement as needed to ensure lab instructors verify all students complete required safety training prior to allowing students into the lab. Continue refining the current process of using the Blackboard system for online safety training as needed.

**Management’s Response**

*Texas A&M University - Kingsville* concurs with the audit finding that all safety training for students and employees is completed in a timely manner to ensure a safe working and learning environment. EHS will continue working with Academic Affairs to ensure 12th class day completion of lab safety training including providing additional instruction to and enforcement of lab instructors as needed. *Texas A&M University - Kingsville* will transition all HazCom and BBP training requirements to the A&M System’s TrainTraq System including the use of required due dates and automated features of this system. Current positions that have the potential for exposure will be reassessed and the list of titles required to complete BBP
5. Safety Training (cont.)  

| training will be updated as needed. The transition will be completed by August 31, 2012. |

6. Clery Act Compliance

Observation

Non-compliance with federal Clery Act requirements was noted in the areas of campus security authorities, the daily crime log, emergency response and evacuation procedures, the annual security report, and the annual fire safety report as follows:

- All campus security authorities have not been identified although many members of the University's leadership have been included.

- The online campus crime log (UPD Police Blotter) does not include the disposition of each crime and there is no backup person trained to maintain the log as required. In addition, the log improperly contains non-Clery crimes and the format for the crime log's hard copy could be enhanced to make it easier to view all required Clery information.

- No information about how the campus will determine the appropriate segment or segments of the campus community to receive an emergency notification was included within the required emergency response and evacuation procedures. There was also no information related to testing emergency response and evacuation procedures.

- A small number of required statements were missing from the annual security report.

- No list showing the titles of each person or organization to which students and employees should report the occurrence of a fire was included in the annual fire safety report.

The federal Clery Act requires that institutions of higher education publish crime statistics and other required security information in an annual security report as well as comply with various other crime and safety related requirements. There are currently no internal operating procedures regarding Clery Act reporting and compliance processes. In addition, there is not a Clery compliance committee or other mechanism for reviewing the annual security report before its submission and to assist in identifying and reviewing new Clery requirements. Non-compliance with Clery Act requirements could result in significant fines and penalties to the University.
6. Clery Act Compliance (cont.)

**Recommendation**

Address the issues noted in the areas of campus security authorities, the daily crime log, emergency response and evacuation procedures, the annual security report, and the annual fire safety report.

Develop and implement comprehensive written internal procedures for the Clery Act reporting and compliance processes.

Designate and train an individual responsible as the Clery "daily crime log" backup person.

Implement a mechanism for reviewing the annual security report before its submission, and assisting in identification and review of new Clery requirements, such as by creating a University Clery compliance committee for additional oversight and assistance.

**Management's Response**

*Texas A&M University - Kingsville concurs with the audit finding that all campus crimes and relevant information should be printed and published in accordance with the law. The Chief of Police will work with a designated Clery Act compliance committee to correct noted deficiencies above including development and implementation of written procedures and training a backup for the daily crime log. Corrections will be completed by September 30, 2012.*

7. Camps

**Observation**

Camp safety documentation is not consistently obtained and reviewed especially for third-party camps.

For five youth camps tested, camp safety documentation was not found as follows:

- Three (60%) camps did not have required documentation of background checks for all camp staff and volunteers. Two were third-party camps in which no written certification was provided that background checks were performed and that these checks were clear as required. For the University’s band camp it was stated employees run the camp and background checks are performed when they are hired. However, six of the University employees were hired more than a year prior to the camp ranging from 1987 - 2008 when background checks may not have been performed. In addition, several camp staff were students and three were not University employees.
7. Camps (cont.)

- Twelve of 50 (24%) camp attendees tested did not have a completed medical treatment authorization and liability waiver form. Two signed up via an online application process, but there was no documentation that the waiver had been signed. The remaining ten attended a third-party camp that did not provide waivers upon request.

- Twenty of 50 (40%) camp attendees tested did not have emergency contact information. Ten of these were from a third-party camp that had not retained the camp documentation.

The University provides detailed guidance for ensuring the safety of youths attending camps including a requirement that background checks be performed on all individuals affiliated with the camp. This includes adding a provision to contracts with third-party camps requiring a certification in writing that they have conducted criminal background checks on all individuals affiliated with the camp and that they are clear. However, the current template used for contracting with third-party camps does not contain this provision. The University also requires each camp or program participant to complete a medical treatment authorization and liability waiver form although there is currently no requirement to obtain emergency contact information for campers.

**Recommendation**

- Improve current monitoring processes to ensure camps/programs are in compliance with University rules and procedures.

- Revise the current template used to contract with third-party camps to include the required provision that background checks be performed for all camp staff and volunteers and that a written certification is provided that the checks were performed and cleared.

- Perform background checks for all employees serving as camp staff and volunteers if they have not had a background check performed within the past year.

- Ensure camps obtain signed medical treatment authorization and liability waiver forms and emergency contact information for all camp attendees. Revise current camp procedures to require that emergency contact information be obtained and add a place to include this information on required camp forms such as the waiver.
Management's Response

7. Camps (cont.)

Texas A&M University - Kingsville concurs with the audit finding that current camps/programs monitoring processes require improvement to ensure compliance with System policy and regulations and University rules and procedures. All camp/program coordination is now directly reporting to the Associate Dean of Students. All camp forms, including third-party contracts, have been reviewed and updated as recommended and are required for the 2012 camp season. The University's process for performing background checks has been revised and an annual check will be performed by all camps. The emergency treatment and liability waiver form now includes the emergency contact information for all camp attendees and this requirement has been added to camp procedures, to ensure the information is collected for each camper.

8. Student Travel

Observation

For five student trips tested, non-compliance with current student travel safety requirements were noted as follows:

- Three (60%) trips had a driver of a leased vehicle that was not a University employee.
- One (20%) trip used a privately owned vehicle with no indication that the state inspection was current.
- Four (80%) trips had drivers that did not have their driving record verified by the University Police Department (UPD) and were not on the Physical Plant's qualified driver list.

University procedures indicate that only University employees (including student employees) may be authorized to drive university-owned or leased vehicles and a current state inspection is required when using a privately owned vehicle. However, there is currently no field on the student trip itinerary form to document a review of the state inspection for a privately owned vehicle. In addition, departments are required to verify that the drivers for student trips are either on the Physical Plant's list of qualified drivers or meet specific requirements, including having a verified acceptable driving record. Driving records were being verified by UPD through the Texas Law Enforcement Telecommunication System (TLETS), but that system became unavailable to UPD and no alternate process was subsequently implemented. No list of qualified drivers is maintained by the Physical Plant.
8. Student Travel (cont.)

Recommendation

Implement additional procedures and improve monitoring processes to ensure compliance with the University’s student travel rule. Add a field on the student trip itinerary form to indicate whether privately owned vehicles used have a current state inspection. Begin maintaining a qualified driver’s list at the Physical Plant and/or implement a process for which UPD can verify driving records as needed.

Management’s Response

Texas A&M University - Kingsville concurs with the audit finding that current student travel monitoring processes require improvement and require additional procedures to ensure compliance with the University’s student travel rule. A UPD process will be developed for the completion of safe driver checks. In addition, current state inspections and safe driver checks will be included on the student travel itinerary. The process and procedures will be completed by August 31, 2012.

9. Spill Prevention, Control, and Countermeasure Plan

Observation

The University has established and implemented a Spill Prevention, Control, and Countermeasure (SPCC) Plan as required by the United States Environmental Protection Agency (EPA) Spill Prevention, Control, and Countermeasure Plan Rule. However, the plan has not been reviewed and evaluated within five years as required by Title 40 of the United States Code of Federal Regulations (CFR) Subpart. The completion of the review and evaluation must be documented including a signed statement as to whether the plan will be amended either at the beginning or end of the plan or in a log or an appendix to the plan. In addition, any amendments to the plan must be implemented as soon as possible, but not later than six months following preparation of any amendment. EHS staff indicated that discussions are currently being held to review and evaluate the plan.

Recommendation

Continue current efforts to complete a review and evaluation of the current SPCC plan and document this process as required. Amend the plan as needed within six months of this review. Implement a mechanism to ensure that a review and evaluation of the plan is
9. Spill Prevention, Control, and Countermeasure Plan (cont.)

A University rule has not been developed to support environmental health and safety processes.

management’s Response

Texas A&M University - Kingsville concurs with the audit finding to continue and complete the review and evaluation of the current SPCC plan. Texas A&M University - Kingsville will contract with Banester Engineering Consultants to provide the University with a reviewed and updated SPCC plan by August 31, 2012. A mechanism will also be implemented by this date to ensure a review and evaluation of the plan is completed as required going forward.

10. Environmental Health and Safety Rule

Observation

Safety guidelines have been developed to address Texas A&M System Supplemental Risk Management Standards; however, no university-level rule has been developed to serve as the basis for these guidelines and ensure they are effectively implemented with the exception of camps and student travel. Without a formal university-level rule that addresses environmental health and safety, there is a greater risk that environmental health and safety requirements are not effectively implemented due to a lack of authority to enforce these requirements and/or a potential unawareness of the procedures in this area. The Treadway Commission’s Committee of Sponsoring Organization’s “Internal Control - Integrated Framework” states that control activities involve a policy establishing what should be done by management which serves as a basis for corresponding procedures to affect the policy.

Recommendation

Develop a formal University rule related to environmental health and safety to better ensure environmental health and safety procedures are effectively implemented.

Management’s Response

Texas A&M University - Kingsville concurs with the audit finding to develop a formal University rule related to environmental health and safety to ensure a safe working and learning environment. Texas A&M University - Kingsville will continue to develop comprehensive rules and procedures. The environmental health and safety rule will
10. Environmental Health and Safety Rule (cont.)

Performance measures have not been developed for EHS.

be approved by August 31, 2012 with appropriate notification to targeted personnel.

11. Performance Measures

Observation

Although goals and objectives have been developed for EHS, corresponding performance measurement systems have not been prepared to determine whether these objectives are achieved. EHS has focused primarily on addressing day-to-day environmental health and safety processes. According to the State Auditor’s Guide to Performance Measure Management issued in March 2012, performance measurement serves a number of external, as well as, internal purposes and performance information is used by successful agencies to effectively and efficiently manage their operations. As a result, the report strongly encourages the use of performance measures as an integral part of strategic and operational management.

Recommendation

Establish performance measures to evaluate the achievement of goals and objectives for EHS. Monitor performance on a routine basis and effectively communicate results to management and customers.

Management's Response

Texas A&M University - Kingsville concurs with the audit finding to establish EHS performance measures to evaluate the achievement of goals and objectives. The Office of Environmental Health and Safety will submit to the executive team quarterly and annual reports containing key performance indicators for the department. The process and procedures will be completed by August 31, 2012.
BASIS OF REVIEW

Objective

Review the processes and controls over environmental health, safety and security to determine if resources are used efficiently and effectively to provide reasonable assurance that a safe environment exists for students, faculty, staff and visitors. Determine compliance with laws, policies, regulations and rules relevant to environmental health, safety and security.

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 A&M University – Kingsville’s Rules and procedures; the Treadway Commission’s Committee of Sponsoring Organization’s Internal Control – Integrated Framework (COSO); the Environmental Protection Agency’s “Environmental Management Guide for Colleges and Universities” and “Spill Prevention, Control, and Countermeasure Plan Rule”; Texas Administrative Code, Title 25, Part 1, Chapter 295, Subchapter A, Rule 295 "Hazardous Communication”; State Auditor's Guide to Performance Measure Management, Report No. 12-333; federal and state laws; 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 Environmental Health and Safety Office (EHS) and the University Police Department (UPD) within the Division of Finance and Administration comprise the two most significant elements of the safety and security function at Texas A&M University – Kingsville. Both departments oversee safety and security functions for the University which include ensuring that facilities are up-to-
date, safe, operate to the expectation of the facility users, and are in compliance with state and federal regulations. Also the departments minimize occupational injuries to University employees, personal injuries to the University community and losses, and/or damage to University property by maintaining a safe learning and working environment for everyone on campus.

EHS has a budgeted staff of two with one position currently vacant and a fiscal year 2012 operating budget of just over $130,000. UPD has fifteen budgeted positions and a fiscal year 2012 operating budget of approximately $663,000.
AUDIT TEAM INFORMATION

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PRAIRIE VIEW A&M UNIVERSITY

Review of Student Financial Aid

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

Overview

Prairie View A&M University continues to need improvements in its student financial aid programs to better serve its students, and ensure compliance with related laws, policies, regulations and rules. Significant weaknesses in controls were identified in the areas of reconciliations, data accuracy, and compliance with federal and state requirements. Additional improvements are also needed in the areas of departmental band scholarships, cash handling, and financial aid procedures.

Prior year student financial aid audits also identified significant weaknesses in the University’s processing of student financial aid and scholarships. A review of prior audits concluded that two of the three prior audit recommendations in the 2008 Review of Student Financial Aid completed by System Internal Audit have not been fully implemented, and there are two prior audit recommendations from the State Auditor’s Office 2007 and 2009 reports that have yet to be fully implemented. While the University is not currently in danger of losing federal program eligibility due to excessive student loan default rates, the University’s student loan default rate is trending upward in recent years.

The University has experienced significant turnover in the leadership over its student financial aid programs with six directors of the Office of Student Financial Aid and Scholarships (Financial Aid) in the past eight years, three of which were hired within the past three years. The current director of Financial Aid was hired in fall 2010. In addition, a new student information system, Banner, was implemented in 2008. This high turnover in departmental leadership and change in information systems has resulted in the constant changing of operational procedures and a general state of flux in Financial Aid.

In order for the University to establish and maintain an effective control environment over its student financial aid programs it will need to demonstrate stability in student financial aid leadership; continued emphasis for all departments to comply with procedures...
related to financial aid and scholarships; and an effective and appropriately staffed financial aid office. Over 90% of the 8,423 students enrolled at Prairie View A&M University in academic year 2010-2011 received some type of financial aid such as grants, loans, or scholarships. The University awarded over $90 million in federal grants and loans, and approximately $6.5 million in TEXAS grants. In addition, students received $15 million in scholarships.

Summary of Significant Results

Reconciliations

Reconciliation processes do not include formal reconciliations of all financial aid accounts or a formal, comprehensive reconciliation of the information used to prepare the annual Fiscal Operations Report and Application to Participate (FISAP) report. Although improvements have been made since the prior audit, the monthly account reconciliation process is not fully completed. In addition, the reconciliation of information reported on the FISAP is not documented. Formal, documented reconciliation processes are important to ensure that errors or discrepancies are detected and corrected in a timely manner.

Data Accuracy

There are data inaccuracies between the various modules within the Banner student information system. Discrepancies were noted in student social security numbers, birth dates, citizenship status, and academic records. Without accurate information the risk is increased that students may not be awarded aid appropriately and in compliance with requirements.

Non-compliance with Financial Aid Requirements

Several areas of non-compliance with state and federal student financial aid requirements were noted in the areas of satisfactory academic progress, Pell grants, annual loan limits, TEXAS grants, and student eligibility verifications. Without adequate controls to ensure compliance with financial aid requirements, the University is at increased risk for penalties, sanctions, and reduction or loss of financial aid funding due to non-compliance.

Summary of Management’s Response

Management appreciates the System Internal Audit Department’s efforts to identify issues needing improvement and steps necessary to ensure improvement is achieved. We are committed to
satisfactorily addressing these issues and have developed and enhanced procedures to address these issues.

All recommendations are scheduled to be implemented by February 28, 2013.

Scope

The review of student financial aid at Prairie View A&M University focused on federal and state aid, scholarships, verifications, withdrawals, cash management and reconciliations. The audit period focused primarily on activities from September 1, 2010 to August 31, 2011. Fieldwork was conducted from January to April, 2012.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Reconciliations

Observation

While monthly account reconciliations have been established for many scholarship and financial aid accounts since the prior student financial aid audit, there is no formal monthly reconciliation of Pell grant accounts or the direct loan accounts and there is no evidence that monthly account reconciliations are reviewed for accuracy. In addition, there is no formal reconciliation between all responsible departments (Financial Aid, Business Affairs, Sponsored Projects) and information systems involved in preparing the annual FISAP report. These systems include the University’s financial accounting system and student information system, and the Department of Education’s systems for grant and direct loan processing and fund management. Procedures for preparing and reconciling the various systems to the FISAP report are not documented.

Although detailed account reconciliation procedures have been established, the process for reviewing monthly reconciliations is not complete. The prior interim director of Financial Aid prepared a formal reconciliation for the fiscal year 2009-2010 FISAP report, but that process was not repeated when the fiscal year 2010-2011 FISAP report was prepared.

Periodic reconciliations are necessary to identify differences between two or more sets of records or systems so that appropriate actions can be taken to resolve any discrepancies or outstanding items. Monitoring needs to include procedures to ensure reconciliations are completed, all differences are explained and reconciling items cleared in an appropriate timeframe. Without adequate review and monitoring procedures, there is an increased risk that errors or discrepancies occur and are not detected and corrected.

Recommendation

Establish monitoring procedures to ensure that all financial aid accounts are formally reconciled and reviewed. Develop and implement a formal reconciliation process to ensure the accuracy of data used to prepare the FISAP report and document this reconciliation process.
Management’s Response

1. Reconciliations (cont.)

We agree with your recommendations. Student Financial Aid and Scholarships management will conduct the following:

1. Collaborate with pertinent offices (i.e. Reconciliation and Student Employment offices, etc.) to make sure that FAMIS properly reflects funds transferred between years and that the amounts reported are indeed accurate. Student Financial Aid and Scholarship management will continue to work with other offices in subsequent years to complete the FISAP.

2. Reorganize the Student Financial Aid and Scholarships Office to create supervisory personnel dedicated to the reconciliation and review of all funds under its purview.

3. The Student Financial Aid and Scholarships Office will download a list of all financial aid accounts into an Excel spreadsheet. This documentation will be used by the Student Financial Aid and Scholarships Office to track and report the status of reconciliations. The Student Financial Aid Reconciliations Supervisor will forward the status report to the Director of Student Financial Aid and Scholarships on a bi-weekly basis.

This process will be implemented by February 28, 2013.

In addition to the aforementioned actions, Student Financial Aid and Scholarship management propose the following procedures to insure accuracy in FISAP reporting:

1. Update detailed reconciliation procedures for review by the Reconciliation Office (Business Affairs).

2. Obtain additional training for representatives from the Reconciliation Office (Business Affairs).

3. The Director of Student Financial Aid and Scholarships will be responsible for obtaining supplemental information from the Budget, Treasury Services, Registrars, Human Resources, and Student Employment offices.
2. Data Accuracy

Observation

Data discrepancies exist between modules within the Banner student information system.

Discrepancies were identified in student data provided from modules within the Banner student information system. There were numerous discrepancies in student information between the data retrieved from the financial aid module and the student module. These data discrepancies included dates of birth, social security numbers, citizenship status, high school diploma/GED, and prior degrees. Information in each module of Banner is obtained from different sources. Although there are processes within each module to resolve any student data errors within that module, processes do not exist to resolve differences between modules and ensure information is consistent and accurate. In addition, when the University converted from the old student information system to Banner, all relevant information in the old system was not converted and brought forward into Banner.

Different departments throughout the University depend upon accurate student information to make informed decisions and ensure compliance with state and federal requirements. Without processes to detect and correct data discrepancies throughout the Banner modules, there is an increased risk that errors will be made and students will receive aid for which they are not eligible.
Recommendation

2. Data Accuracy (cont.)

Establish procedures to ensure data accuracy and consistency of student information between the different modules within the Banner student information system.

Management’s Response

We agree with your recommendations.

The Office of Information Technology has developed a tool to perform daily tests for data discrepancies between various modules in the Banner system including social security numbers, citizenship status, birth dates, high school diploma and prior degrees. The results of these daily tests are distributed to key personnel in the offices of Student Financial Aid and Scholarships and Enrollment Management to research and reconcile these discrepancies. A weekly progress report showing a summary of the daily test is distributed to managers of these areas.

Representatives from the offices of Student Financial Aid and Scholarships and Enrollment Management, and other departments as needed, will cooperatively develop procedures to ensure data accuracy and consistency of information. This process will include but not limited to, researching and reconciling each data element for the data retrieved from different sources in a timely manner.

This process will be implemented by February 28, 2013.

3. Non-compliance with Financial Aid Requirements

Observation

Several areas of non-compliance with state and federal student financial aid requirements as well as University procedures were identified during our review of student records. The following specific issues were noted:

- The satisfactory academic progress review and appeal process needs improvement. Twenty-eight of 97 (29%) student records reviewed had exceptions related to satisfactory academic progress. Twelve appeals reviewed were denied yet they were coded as approved in Banner. Sixteen appeals reviewed did not have the necessary appeal requests on file. Appeals were granted by individual counselors, rather than by an appeals committee. A process was not in place to ensure appeal decisions were accurately
3. Non-compliance with Financial Aid Requirements (cont.)

coded in Banner. A prior State Auditor’s Office report recommended improving controls over satisfactory student academic progress appeal processes.

- Pell grant award exceptions to a few students were identified through our data analysis work. Four students received Pell grants although they had already received an undergraduate degree. Pell grants are only available for students enrolled in undergraduate degree programs. Another student received a Pell grant although the student’s expected family contribution exceeded the limit for Pell grants, and two students received Federal Supplemental Educational Opportunity Grants (FSEOG) although they did not receive a Pell grant. Although these errors represent a very small percentage of the overall population of students receiving Pell grants, these funds should be returned to the Department of Education (Pell $14,569 and FSEOG $3,000). A prior State Auditor’s Office report recommended improving controls over processes to ensure correct eligibility status in awarding Pell grants and FSEOG.

- Annual loan disbursement limits were exceeded for 75 students. Although this did not cause students to go over their cost of attendance, they are still in non-compliance with federal loan regulations. Processes were not in place to prevent and detect the over-awards.

- The student eligibility verification process was not operating effectively to ensure awards were made and disbursed in compliance with federal regulations and University procedures. Four students were given TEXAS grants even though the verification was completed and the corrected expected family contribution exceeded the limit of $4,000. Changes were not made to awards based upon verified information.

Funds were disbursed to students before the verification process was completed. Three of 15 (20%) verifications reviewed had disbursements made prior to completion of the verification. In addition, a review of Pell grants revealed that 104 Pell awards were distributed prior to completion of verification. While interim disbursements of Title IV aid is allowed according to federal regulations, the University’s verification procedure states that the University does not make interim disbursements. Students must complete the verification process before aid is awarded or disbursed.

The University has not established effective controls to detect errors and non-compliance with financial aid requirements (state, federal,
3. Non-compliance with Financial Aid Requirements (cont.)

University) prior to disbursement of aid to students. Without controls and monitoring processes in place to identify and correct errors and non-compliance, the University is at risk of penalties, sanctions, and possible reduction or loss of financial aid for students.

Recommendation

Establish processes and controls to ensure student financial aid is awarded in compliance with state and federal regulations and University rules and procedures. Return funds that were awarded in error.

Management’s Response

We agree with your recommendations.

Student Financial Aid and Scholarships management will modify the system to enforce and track compliance with state and federal regulations. In addition, controls will be modified to ensure all documents are received before awarding aid, reports will be developed and desk reviews will be conducted weekly to monitor compliance with regulations. These reviews will be maintained in the Student Financial Aid and Scholarships Office.

Student Financial Aid and Scholarships management has developed a satisfactory academic progress (SAP) committee that meets periodically to determine awards. In addition, staff access will be reviewed and limited based on their responsibilities regarding SAP approval.

Student Financial Aid and Scholarships management will review their records and return all funds that were awarded in error.

This process will be implemented by November 30, 2012.

4. Departmental Band Scholarships

Observation

Band scholarship processes need improvement. Four of 15 departmental scholarships tested in this audit were band scholarships. Two of these scholarships had supporting documentation; however, two did not. In addition, five University band students complained to the media that they had not received band scholarships that had been promised to them. Band scholarships for fall 2011 were not paid to four of these five students until December 2011 and January 2012. Spring 2012
band scholarships were paid after the students’ complaints appeared in the news media. Student complaints about the band scholarship process have continued. During the last academic year, the band awarded 73 band scholarships totaling approximately $182,000.

Financial Aid provides guidance and oversight for departmental scholarship awards. However, the band managed scholarship awards more independently, managing their own accounts and issuing their own award letters. The band did not have documented procedures for making and processing scholarship awards and information was not communicated timely and accurately between the band, students, and Financial Aid. Without following established procedures and oversight processes there is an increased risk that student scholarships are not being processed accurately and timely.

**Recommendation**

Establish procedures for managing band scholarship awards. Ensure that scholarship awards are disbursed timely and in accordance with scholarship award notifications made to students.

**Management’s Response**

_We agree with your recommendations._

*Student Financial Aid and Scholarships management has established procedures for managing band scholarships and these processes are in place for the fall semester. Student Financial Aid and Scholarships management will provide the Business Affairs Budget Office with a report of awards prior to awarding aid. This process will be monitored in the fall to ensure awards are disbursed timely and in accordance with scholarship award notifications._

_This process will be implemented by November 30, 2012._

**5. Cash Handling – Scholarship Checks**

**Observation**

Financial Aid’s cash handling procedures need improvement. Scholarship checks received in Financial Aid from external parties are not restrictively endorsed by the department. The transfer of custody of these checks within the department is not documented and departmental transmittal forms are not completed. Financial Aid personnel have not received training in cash handling.
5. Cash Handling – Scholarship Checks (cont.)

Financial aid procedures on the University’s web site are not consistent and accurate.

Prairie View A&M University: Review of Student Financial Aid

procedures and are not aware of the A&M System regulation regarding cash handling procedures. The A&M System regulation requires that checks are to be restrictively endorsed upon receipt and the transfer of custody of funds is to be documented. Financial Aid’s departmental procedures require the completion of a transmittal form for all scholarship checks received; however, this form is not consistently completed. Without appropriate cash handling procedures, the risk is increased that funds will be lost or misappropriated.

Recommendation

Provide training in cash handling procedures to Financial Aid personnel. Ensure that checks are endorsed and that transfers and transmittal forms are completed in accordance with A&M System regulations and Financial Aid departmental procedures.

Management’s Response

We agree with your recommendations.

Student Financial Aid and Scholarships management will contact the Financial Services department to schedule and complete training in cash handling. Upon completion of this training, Student Financial Aid and Scholarships management will ensure checks are restrictively endorsed, transfers are documented, and transmittal forms are completed and submitted to the University Cashier’s Office in Financial Services.

The University Cashier’s Office in Financial Services will validate the receipt of all checks attached with the transmittal form to ensure proper disbursement to each student’s account.

The University Cashier’s Office in Financial Services will then deposit the checks with the University’s financial institution in accordance with A&M regulations and University procedures.

This process will be implemented by August 31, 2012.

6. Financial Aid Procedures

Observation

There are inconsistent and inaccurate procedures for student financial aid posted on the University's web site. The Prairie View A&M University Office of Student Financial Aid Manual of Financial Aid Policies and Procedures that is posted on the
6. Financial Aid Procedures (cont.)

University's policy web page is outdated and has inaccurate information. Current financial aid procedures are posted on the University's Financial Aid web page. There is no process to coordinate information between the two web pages. The two web pages have inconsistent and conflicting information which increases the risk that students, parents, and University personnel will not have accurate information necessary for decision-making purposes.

**Recommendation**

Provide consistent, accurate financial aid information and procedures on the University's web site.

**Management’s Response**

*We agree with your recommendations.*

Student Financial Aid and Scholarships management has removed outdated procedures from the University’s policy library. The current financial aid information and procedures are stated on the Financial Aid web site.

Student Financial Aid and Scholarships management and University management will review all University administrative procedures related to scholarships and ensure all criteria accurately reflects the current criteria.

*This process will be implemented by November 30, 2012.*
BASIS OF REVIEW

Objective

The objective of the audit was to review the processes and controls over the University’s student financial aid system to determine if strategic and operational results and outcomes are 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; Prairie View A&M University Rules and Procedures; the Federal Code of Regulations and the Federal Student Financial Aid Handbook; 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 Office of Financial Aid and Scholarships is comprised of approximately 30 individuals and reports to the Office of Academic Affairs. The mission of Financial Aid is to offer coordinated delivery of comprehensive student aid programs that are supportive of the recruitment of academically talented and diverse students.
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THE TEXAS A&M UNIVERSITY
SYSTEM OFFICES

Review of the Oversight of
Environmental Management Systems

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

Overview

The System Office of Safety’s processes and controls related to the oversight and support of each System member’s environmental management system (EMS) requires significant improvement to ensure results and outcomes are achieved in an efficient and effective manner, and in compliance with A&M System policy. The Office of Safety has not provided adequate monitoring, oversight and reporting necessary to ensure each member takes an aggressive approach to being exemplary environmental stewards. Areas requiring improvement by the Office of Safety are monitoring of the status of each member’s EMS; providing annual reports on the status of each member’s EMS; timely System policy reviews and updates; establishing a timeline for full utilization of the Intelex software; and establishment of goals, targets and performance measures for the Office of Safety.

An environmental management system refers to the management of an organization’s environmental programs in a comprehensive, systematic, planned and documented manner. It is a dynamic process that assesses environmental impacts, sets improvement targets, carries out plans to achieve them, and monitors results. To support an ongoing EMS, each System member must commit adequate ongoing resources to sustain the program.

Summary of Significant Results

System Member EMS Status

The Office of Safety is not adequately monitoring and effectively communicating with System members on establishing, implementing and updating environmental controls including the establishment of an EMS at each member. Seventeen of the 20 System members do not have a fully functioning EMS in place to date. Additionally, most members do not have an active Environmental Advisory Council which is required by System Policy 24.01. Organizational changes and a lack of defining priorities for the System Office of Safety has led to the lack of
guidance and monitoring by the office. Without ongoing monitoring and communications on the status of each member's EMS, there is increased risk that environmental deficiencies and non-compliance will occur and not be detected and addressed in a timely manner.

Annual Reports on the Status of EMS

The Office of Safety is not consistently obtaining from the System members’ annual reports on the status of each member’s EMS and environmental activities. Additionally, an accurate summary of the status of each member’s EMS has not been included since fiscal year 2008 in the annual risk management report provided to the Chancellor and the Board of Regents. The lack of timely and accurate information increases management’s risk in making informed decisions on deficiencies, strategic matters, and operational areas. It also impacts the ability of the Board of Regents, the Chancellor and member executive management to ensure accountability for exemplary environmental stewardship and compliance with System Policy 24.01.

Summary of Management’s Response

Management concurs with the recommendations of the audit report. The Office of Safety will establish and communicate clear expectations of member environmental management systems, monitor and report EMS progress to executive management, and annually summarize each member’s EMS status in a report to the Chancellor and the Board of Regents. Changes to System policy will be made to clarify responsibilities. Members’ use of software tools will also be made an integral part of these expectations. The Office of Safety will also align its own internal goals, targets and performance measures to include these specific EMS measures.

Scope

The review of the oversight of environmental management systems at the System Office of Safety focused on the areas of System policy compliance; the System Office of Safety’s goals, targets and performance measures; and the status of each member’s EMS. The review focused primarily on activities from January 1 to December 31, 2011. Fieldwork was conducted in March 2012.
The Office of Safety is not adequately monitoring and providing guidance to System members on their environmental management systems.

The Office of Safety has not taken the aggressive steps necessary to engage upper management at the System Offices and System members in establishing, implementing, and updating environmental controls. Additionally, the Office of Safety is not providing ongoing monitoring of the System member’s EMS to ensure compliance with System Policy 24.01, Risk Management. The most recent evidence that the Office of Safety was monitoring the status of each member’s EMS was in April 2010 following assistance from an external consultant in the establishment of each System member’s EMS. Further, the System Office of Safety does not have a formal reporting process to communicate with the System Offices and System member executive management on the status of each member’s EMS and related environmental activities and programs.

The lack of adequate monitoring and communication by the Office of Safety with the System Offices and System member executive management has been a contributing factor to the A&M System being in non-compliance with System Policy 24.01. Currently, seventeen System members do not have a fully functional environmental management system in place. Additionally, not all members have maintained active environmental advisory councils charged with identifying member environmental impacts, prioritizing these impacts, and planning activities to address these impacts. Organizational changes and a lack of defining priorities for the System Office of Safety has led to the lack of guidance and monitoring by the Office of Safety of the status of each System member’s EMS. Without ongoing monitoring and reporting, there is increased risk that deficiencies and non-compliance with policies and procedures are not detected and addressed in a timely manner.

System Policy 24.01, Risk Management requires all members to have an EMS “that identifies significant environmental interfaces and manage these on a priority basis with appropriate resources within the context of our mission.” It also states, “The chancellor and CEOs shall establish an advisory council to guide and assess policy implementation.” “System Risk Management shall...act as facilitator for each member EMS, offering oversight and guidance...” The requirement for a member EMS has been in
1. System Member EMS Status (cont.)

place since November 2006 when System Policy 24.04, Environment was approved. In September 2008, System Policy 24.04 was incorporated into System Policy 24.01. The Office of Safety has provided EMS support to members in the past through training sessions on the development of an EMS and software implementation; however, there is limited documentation of on-going efforts to aid members by providing oversight and guidance as required by System policy.

Recommendation

The Office of Safety should clearly communicate its oversight and guidance to System members, including executive management for the member, on establishing, implementing, and updating environmental controls to promote member compliance with System Policy 24.01. In addition, the Office of Safety should develop a monitoring process that tracks the status of each member's EMS. Further, the Office of Safety should complete development of an executive level reporting process that provides appropriate A&M System and member executive management with feedback on the assessment of member EMS and environmental activities.

Management’s Response

The System Office of Safety will regularly reiterate to the members specific expectations for (a) implementing environmental controls (e.g., regulatory compliance) and (b) maintaining the members’ environmental management system according to A&M System environmental policy. The Office of Safety will adapt its existing monitoring process to better track each member’s progress toward these expectations over time. As a key part of this oversight and guidance, the Office of Safety has developed and will implement an executive management communication process to better inform and engage leaders in establishing a culture of environmental stewardship and providing the needed resources to accomplish this mandate.

Target implementation date: August 31, 2012.

2. Annual Reports on the Status of EMS

Observation

The Office of Safety is not gathering annual reports on the status of each member’s EMS and environmental activities. Guidance has not been provided to the members on the type of report to submit or the deadline for these submissions. System Policy
24.01, *Risk Management* states, “The CEO shall submit an annual report to System Risk Management on the status of the member’s EMS and environmental activities, including measured progress toward achieving environmental objectives and targets.”

Additionally, the Office of Safety is not including a summary of the status of each member’s EMS in the annual risk management report provided to the Chancellor and the Board of Regents. According to System Policy 24.01, the Office of Safety is responsible for assessing member reports and including a summary in its annual risk management report.

A review of the previous risk management reports indicated that the Office of Safety has not accurately reported on the status of each member’s EMS since the fiscal year 2008 report was submitted in February 2009. The report for fiscal year 2009, submitted in December 2009, discusses the consultant and the Intelex software, but not the individual member’s status. The report for fiscal year 2010, submitted in January 2011, states that the policy related to EMS was implemented for all A&M System members; however, further in the report it states that there were rapid advances in EMS implementation at most members. The report for fiscal year 2011, submitted in December 2011, included little information on the status of EMS.

There is no review process in place to ensure the annual risk management report is accurate and includes the required information. The lack of timely and accurate information increases management’s risk to make informed decisions on deficiencies, strategic matters, and operational areas that may not be in compliance with policies and procedures. It also impacts the ability of the Board of Regents, the Chancellor, and member executive management to ensure accountability for exemplary environmental stewardship and compliance with System Policy 24.01.

**Recommendation**

The Office of Safety should develop annual reporting requirements for members to follow in reporting the status of their EMS. Ensure that all CEO reports are submitted in a timely manner. Summarize the member reports for inclusion in the annual risk management report issued to the Chancellor and the Board of Regents.

**Management’s Response**

*The System Office of Safety will develop a specific annual report outline and content and convey this to the members. The Office of*
2. Annual Reports on the Status of EMS (cont.)

Safety will ensure timely submission by scheduling an annual due date and communicating timely reminders to CEOs. The outline and content of the annual CEO reports will be summarized by the Office of Safety into a system-wide EMS annual report.

**Target date for implementation:** November 30, 2012.

3. Review of System Policy 24.01

**Observation**

The System policy on environmental management has not been reviewed in compliance with System Policy 01.01, *System Policies, Regulations, and Member Rules* that requires each policy and regulation be reviewed at least every two years. System Policy 24.01, *Risk Management* includes guidance to members on environmental management, risk management, health and safety, and insurable risk. This policy was due to be reviewed on September 26, 2010. Additionally, the policy has not been updated to address the changes in the responsible System office due to the creation of the Office of Safety. The policy currently states the responsible office as System Risk Management. An out-of-date policy with the incorrect responsible office increases the risk that members do not receive current guidance and support for EMS.

**Recommendation**

Review and update the System policy related to EMS. Ensure that the System policy specifies the correct responsible System office to provide proper guidance to members.

**Management’s Response**

*The System Office of Safety will propose a new System policy to address environmental health and safety and separate these from System Policy 24.01, Risk Management. The Office of Safety will be clearly designated as the responsible System office for environmental management.*

**Target implementation date:** August 31, 2012.
4. Timeline for Software Utilization

Observation

There is no timeline in place to ensure full utilization of the Intelex software at all System members.

No timeline with targets and milestones has been developed to assist System members in fully utilizing the Intelex software for their environmental management systems. Members are not consistently using the software to develop and track their EMS due to a lack of dedicated resources. The lack of a timeline for full software utilization increases the risk of inefficient operations.

In fiscal year 2009, the System Office of Risk Management and Safety hired a consultant to aid members in the creation of their EMS. The consulting agreement included the implementation of an Intelex software system to assist in monitoring environmental impacts and interfaces. All members shared in the cost of the consultant with the System Offices funding $48,365 or 29% of the total cost of $166,150. Four coaching sessions on developing an EMS and a session on the new Intelex software were held in October 2009 through January 2010. Member participation at these coaching sessions varied.

Recommendation

Work with the System members to establish a timeline with targets and milestones for the utilization of the Intelex software at all members.

Management’s Response

The System Office of Safety will provide updated software implementation training, with mandatory participation by all members. Members will then be given target implementation assignments and held to scheduled milestones for software utilization.

Target implementation date: November 30, 2012.

5. Goals, Targets and Performance Measures

Observation

The Office of Safety’s goals, targets and performance measures require improvement.

The Office of Safety has not developed adequate targets and performance measures necessary to achieve its goals in a timely manner. Additionally, while goals have been established, there are currently no goals that specifically address System policies and regulations for which the Office of Safety is responsible.
Goals and targets provide the department’s employees with a clear understanding of what the department wants to achieve. Annual performance measures define the department’s expectations for accomplishing its goals. Without goals, targets and performance measures, management is not able to hold individuals and programs accountable.

**Recommendation**

Include the requirements of System Policy 24.01 in the goals for the Office of Safety. Establish targets and performance measures for each goal of the Office of Safety to evaluate achievement of the goal. Monitor performance on a routine basis and effectively communicate results with appropriate parties throughout the System.

**Management’s Response**

The System Office of Safety will expand its existing strategic goals to include specific targets and performance measures in the areas of environment, health and safety, fire and life safety, and security.

Target implementation date: November 30, 2012.
BASIS OF REVIEW

Objective

Review the System Office of Safety’s processes and controls related to the oversight and support of each System member’s environmental management system to determine if results and outcomes are achieved in an efficient and effective manner and in compliance with laws, policies, regulations and rules. The System Office of Safety is responsible for guiding members in establishing, implementing and updating environmental controls, including short- and long-term objectives, as well as providing an annual assessment of System member’s progress toward achieving environmental objectives and targets.

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 Treadway Commission’s Committee of Sponsoring Organization’s Internal Control – Integrated Framework (COSO); 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

An environmental management system refers to the management of an organization’s environmental programs in a comprehensive, systematic, planned and documented manner. It is a dynamic process that assesses environmental impacts, sets improvement targets, carries out plans to achieve them, and monitors results.

System Policy 24.01, Risk Management states, “In line with our historical mission of environmental education, research and extension, our goals as servant leaders are to ensure system-wide
protection of assets, respect for the health and safety of individuals, strict accountability for the resources entrusted to the system and integrity throughout the organization. In so doing, we will take an aggressive approach to being exemplary environmental stewards.” It also states, “The system and its members shall realize this environmental policy by means of environmental management systems (EMS) that identify significant environmental interfaces and manage these on a priority basis with appropriate resources within the context of our mission.”
AUDIT TEAM INFORMATION

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The Texas A&M University System Internal Audit Department

Third Quarter Report for Fiscal Year 2012

TEXAS A&M UNIVERSITY – SAN ANTONIO

Review of Human Resources

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

Project #20122503
PROJECT SUMMARY

Overview

Texas A&M University – San Antonio has processes and controls in place to provide reasonable assurance that human resources operations are performed effectively and efficiently and in compliance with applicable laws, policies, regulations, and rules with the exception of the processes related to employee promotion and contract employee hiring and termination. Significant improvements are needed to ensure employee promotions and contract employee hiring and terminations adhere to A&M System and University requirements.

Opportunities for improvement were also identified in the areas of the faculty and staff new hire process, employee management system service agreement language, and the employee termination process.

The University’s Human Resources Department is centralized with five full-time staff serving approximately 300 faculty and staff employees.

Summary of Significant Results

Promotion Process

Evidence was not available to verify that employee promotions adhere to requirements in System Regulation 33.99.04, Promotion, Transfer and Voluntary Moves and University Procedure 33.99.04.00.01, Promotion, Transfer and Voluntary Moves for Non-Faculty Employees. It could not be verified that non-faculty employees were evaluated for a promotion based on whether they met or exceeded position description qualifications as required by System regulation. In addition, it could not be determined if promotion documentation required by the University’s procedures was reviewed or communicated to the
Human Resources Department prior to the promotion effective date. Evidence that promotion recommendations were made in coordination with the Human Resources Department as required could also not be located. Justification forms, though not required, were not found for all promotions tested. These forms identify funding sources and ensure those funds are available prior to the personnel action being finalized. Adherence to the established regulation and procedure requirements along with completion of the justification form helps ensure the individual being promoted has the appropriate knowledge, skills, education, abilities and experience for the position and that adequate budgetary dollars are available to support the personnel action.

**Contract Employee Hiring and Termination Processes**

Testing of the hiring and termination files for contract employees identified high rates of non-compliance with policies, regulations, and rules related to human resources management. Administration and oversight of the hiring and termination processes for contract employees requires improvement. The inconsistencies identified indicate the contract employee new hire files are not adequately maintained and monitored.

Contract employee termination processes do not ensure timely removal of information technology access after a contract employee’s termination. Limited guidance and lack of monitoring increases the risk that access to information technology is not terminated timely. This could result in unauthorized access to information systems by former contract employees.

**Summary of Management’s Response**

*The University’s Human Resources Department has reviewed the audit findings and concurs with recommendations for improvements to the promotion, employee hiring, and termination processes. Steps to improve these processes have already been implemented. Efforts are currently underway to revise University procedures to clarify processes associated with promotions, employee hiring, and terminations.*

*The Office of the Provost has reviewed the audit findings and concurs with recommendations for improvements to contract employee hiring and termination processes. Steps to improve these processes have already been implemented. Efforts are currently underway to revise the faculty hiring procedure.*
Steps have also been taken to revise the PeopleAdmin service agreement to incorporate changes identified in the audit findings. All audit recommendations are scheduled to be implemented by October 31, 2012.

Scope

The review of the human resources processes at Texas A&M University - San Antonio focused on hiring, Form 1-9, and termination processes for faculty and staff. The review of the promotion process focused on staff only. The PeopleAdmin employee management system service agreement was reviewed for completeness. The audit period focused primarily on activities from February 2011 through January 2012. Fieldwork was conducted from February 2012 to April 2012.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Promotion Process

Observation

The University’s promotion process does not comply with System Regulation 33.99.04, Promotion, Transfer and Voluntary Moves or University Procedure 33.99.04.O0.01, Promotion, Transfer and Voluntary Moves for Non-Faculty Employees. According to the System regulation, non-faculty employees will be evaluated for promotion based on whether they meet or exceed the qualifications documented in the position description. It could not be verified that this occurred for any of the promotions tested. Evidence that a promotion recommendation was coordinated with the Human Resources Department as required by the University procedure could also not be located. For seven of fifteen (47%) promotions reviewed, position descriptions were not submitted to the Human Resources Department until after the promotion was effective. In addition, for fourteen promotions (93%) it could not be determined if the employee’s most recent evaluation was reviewed as part of the promotion process. A justification form, which provides budgetary approval for a new position or the promotion, was not included in the promotion documentation for four (27%) files reviewed. While this form is not required it is an effective tool to ensure budget funds are available and approved to support the salary increase associated with the promotion. It was also noted that the salary increase for one promotion effective on November 1, 2011 was to be supported by funds donated in association with a University scholarship. A justification form was approved for this particular position; however, neither the funds nor the final documentation regarding allowable use of the funds had been received as of the test work audit date. Salary savings are being used to support the salary increase in the interim.

While it is reasonable to ensure the promotion process is not stagnant, it is necessary to verify the employee meets the necessary requirements for the promotion and that budgeted funds are available to support salary increases. This requires the involvement of the hiring authority, applicable division head, Human Resources Department, comptroller, and president or designee prior to the promotion effective date. Without performing all steps of the promotion process prior to the effective date, the
1. Promotion Process (cont.)

risk exists that the promoted employee may not be the most qualified candidate for the position.

Recommendation

Ensure the promotion process complies with the requirements detailed in System Regulation 33.99.04 and University Procedure 33.99.04.O0.01. This will require involvement of the hiring authority, applicable division head, Human Resources Department, comptroller, and president or designee prior to the promotion being effective. Require use of the justification form as part of the promotion process to ensure funding is available to support salary increases awarded in conjunction with promotions.

Management’s Response

Human Resources will revise University Procedure 33.99.04.O0.01, Promotion, Transfer and Voluntary Moves for Non-Faculty Employees, to further clarify the promotion process to include confirmation of budget approval, “meets expectations” performance rating on the most recent evaluation, employee is in the position at least six months (unless reviewed by Human Resources and approved by the division head and president), degree verification (if applicable), and receipt of the signed position description form prior to the effective date of promotion. Human Resources will communicate changes in processes to University leadership.

Human Resources will revise University Procedure 33.99.04.O0.01 and submit to University Compliance by the end of July 2012 with review and approval expected by September 2012.

Human Resources revised the Position/Classification Checklist related to promotions to include confirmation of budget approval, “meets expectations” performance rating on most recent evaluation, employee in position at least six months (unless reviewed by Human Resources and approved by the division head and president), degree verification (if applicable), and receipt of signed position description form prior to the effective date of promotions and prior to processing the request. The checklist was revised in June 2012 and is currently being used.
2. Contract Employee Hiring and Termination Processes

Observation

Improvements are needed in providing guidance and monitoring for contract employee hiring documentation and termination processes.

Administration and oversight of the hiring and termination processes for contract employees, such as adjunct faculty, requires improvement. Testing of the hiring and termination files for contract employees identified high rates of non-compliance with policies, regulations, and rules related to human resources management. A sample of ten contracted employee hiring files were tested, and nine (90%) of the ten files contained no documentation of candidate ranking compared to other applicants interviewed. In addition, documentation of reference checks could not be located for five of the ten (50%) contract employee files tested. For eight of ten (80%) contract employee files tested, there was no documentation in the files to determine if the same interview questions were asked of each applicant for the position. For two of the ten (20%) contract employee files tested, documentation of the interview questions asked of the selected candidate and the associated responses could not be located in the hiring files.

The inconsistencies identified indicate the contract employee new hire files are not adequately maintained and monitored. Maintenance of hiring documentation for all employees is necessary to support hiring decisions. Texas A&M System Regulation 33.99.01, Employment Practices and Texas A&M University – San Antonio Procedure 33.99.01.O0.01, Employment and Hiring Practices for Staff are the cornerstone for employment practices. As of test work, no written procedural distinction was made in the hiring process for full-time and part-time (adjunct) faculty. University procedures for hiring of full-time faculty and part-time faculty are in draft format.

Testing of timely information technology access removal after a contract employee's termination identified that four of six (67%) contract employee's active directory accounts expired more than thirty days after the termination date. Two additional contract employee active directory accounts were deactivated 27 days after termination. In recent years, leading IT practices and external audits conducted at A&M System members by the State Auditor's Office and the State Comptroller's Office have recommended that terminated employees access to information systems be removed within one day of their termination. The University's termination clearing checklist required by University Procedure 32.99.99.O0.01, Employee Termination Procedure, was not found in any of the five (100%) contract employee files tested. Without following this checklist there is an increased risk
2. Contract Employee Hiring and Termination Processes (cont.)

that terminated contract employees will continue to have access to University assets, which is not appropriate unless specifically approved by the system/data owner.

**Recommendation**

Continue efforts to finalize the draft for full-time and part-time faculty hiring procedures in a timely manner. Strengthen the monitoring function to ensure documentation retained in hiring files is in compliance with hiring related policies, regulations, rules, and procedures, and that it supports the hiring decision made. Ensure employees involved in the hiring process understand the significance of, and are trained on, required hiring processes.

Increase efforts to ensure terminated contract employees’ information technology access is removed within one business day of the termination date. If extended access to IT systems is requested for a terminated employee, ensure a formal request is submitted and approved by the system owner. This request should include the specific data access required and the length of time the additional access is needed. Ensure the data access has been limited to only that data which is requested and is removed as soon as it is no longer needed, according to the request dates.

Ensure the termination clearing checklist is utilized for each termination as required by the University procedure.

**Management's Response**

The full-time and part-time faculty hiring procedures have been combined into one University procedure, Faculty Hiring Procedure. The procedure is in the final stages of the University approval process. It is expected that this procedure will be approved by August 2012. As of April 2012, the Office of the Provost implemented a process to review all faculty hiring/recruitment files to ensure verification of required documentation to include interview questions, reference checks, and hiring matrix prior to issuing faculty letters of appointment.

Human Resources revised its process for regular faculty and staff terminations. When departments notify the Human Resources Department of a termination, Human Resources sends an email to the employee’s supervisor, University Police, Procurement, Comptroller, Payroll, Facilities, Library, and Information Technology. The email notification includes a termination clearing checklist which alerts departments to take action regarding ending computer access and obtaining University equipment, p-card, etc. Human Resources emails the above listed departments no later than 24 hours after
2. Contract Employee Hiring and Termination Processes (cont.)

receiving termination notifications. This process was implemented in February 2012. We have also implemented a checklist to follow when an employee transfers from one department or division to another.

On May 14, 2012 the payroll department began training individuals responsible for creating EPA's in Canopy. It is anticipated that each academic department's administrative assistant will be trained by August 2012 to create EPA's for faculty (full and part time) new hires, rehires, as well as terminations. A list of faculty not returning for the fall and/or spring semesters will be submitted to the Office of the Provost and the academic departments will initiate an End of Term EPA which is routed to Human Resources for the completion of the termination.

3. PeopleAdmin Service Agreement

Observation

The service agreement in place between Texas A&M University – San Antonio and the PeopleAdmin employee management system does not include sufficient language to adequately protect the University's mission-critical and confidential records. Additional language is needed to provide better protection and to specifically address the vendor's responsibility for protecting the confidential data they are hosting and their liability in the event that the data is illegally accessed or lost while in their possession. Although the current service agreement language was considered to be sufficient by management, specific detail as to how the data should be protected by the vendor and acceptable methods of return, destruction, or disposal of information at the end of the contract are not included. In addition, the prior Human Resources Director is listed as the main University contact. PeopleAdmin is currently used to electronically manage applications, position descriptions, and evaluations.

Several Texas A&M University System members have a procedure detailing what clauses service agreements should include to adequately protect data managed by an external vendor. These procedures, some in place since 2005, include how confidential information is to be protected by the vendor and acceptable methods of return, destruction, or disposal of data at the end of the contract. Texas A&M University – San Antonio does not have this type of procedure in place.
3. PeopleAdmin Service Agreement (cont.)

Recommendation

Develop a University procedure to address how mission-critical and/or confidential data should be protected when managed by an external vendor. Update the PeopleAdmin service agreement to include appropriate language to more fully protect the mission-critical and confidential data being managed. Ensure a current employee is listed as the main contact in the service agreement.

Management’s Response

University Procedure 29.01.99.O0.01, Security of Electronic Information addresses mission-critical and/or confidential data which was approved October 14, 2010. This procedure will be revised to include measures that will mitigate information security risks associated with vendor access. The University will reference similar procedures found at other System members in determining what revisions are necessary.

Human Resources is currently working with PeopleAdmin to change the service agreement to include verbiage related to the protection of mission-critical and confidential data and update the University’s main contact information. It is anticipated that this will be completed by the end of August 2012.

4. Employee Hiring and Termination Processes

Observation

Hiring files do not consistently contain appropriate documentation to support the selection of the employee hired and demonstrate the best qualified candidate was selected in an objective and unbiased evaluation of the candidate's knowledge, skills, education, abilities and experience. A sample of thirty staff and ten full-time faculty new hire files were selected for testing. For four of thirty (13%) staff new hire files reviewed, evidence of a candidate ranking could not be located. Additionally, documentation of reference checks for the selected candidates could not be located for 40% of full-time faculty new hire files and 17% of staff new hire files.

Four of the ten (40%) full-time faculty new hire files did not contain hiring checklists. While there is no written requirement that hiring checklists be maintained, they are a valuable tool to ensure the hiring process adheres to requirements in policies, regulations, rules and procedures. For 20% of the full-time faculty files reviewed, it could not be verified that the same interview questions...
4. Employee Hiring and Termination Processes (cont.)

were asked to all candidates. For one (10%) full-time faculty new hire, evidence of interview questions and answers could not be located.

As mentioned in Section 2 of this report, maintenance of hiring documentation for all employees is necessary to support hiring decisions. Texas A&M System Regulation 33.99.01, Employment Practices and Texas A&M University – San Antonio Procedure 33.99.01.O0.01, Employment and Hiring Practices for Staff are the cornerstone for employment practices. Without this documentation the University cannot demonstrate that the most qualified applicants are being hired.

The termination process does not consistently ensure terminated employees are removed from the payroll system in a timely manner, which increases the risk that a terminated employee could continue to be paid inappropriately. None of the terminated employees tested received pay in error after their termination date. The University is in the process of transferring to an electronic termination checklist and employee personnel approval routing process in an effort to increase timeliness of the termination process.

Recommendation

Strengthen the monitoring function to ensure documentation is retained in hiring files to support compliance with hiring related policies, regulations, rules, and procedures. Ensure employees involved in the hiring process understand the significance of, and are trained on, required hiring processes.

Complete implementation of the electronic employee personnel approval routing process and monitor to determine that employees are removed from the payroll system timely after termination.

Management’s Response

Human Resources will revise University Procedure 33.99.01.O0.01, Employment and Hiring Practices for Staff Procedures, to further clarify the requirements related to hiring staff such as ensuring the selected candidate meets the minimum qualifications of the position, budget has been verified, references checked, degree(s) verified, etc. Additionally, the procedure will be revised to specify that Human Resources will review all hiring/recruitment files prior to granting hiring approval. All official offers of employment are to be made by Human Resources.
Human Resources will revise the University procedure and submit to University Compliance by the end of July 2012 with review and approval expected by September 2012. Human Resources began making all official offers of employment after confirming receipt of all the required approvals and documentation in June 2012.

Human Resources began requiring selection/hiring committees to take the “Effective Hiring Practices” training through TrainTraq in May 2012. Additionally, in May 2012 Human Resources began meeting with all selection/hiring committees prior to beginning the recruitment process to review the selection and hiring process and to explain the evaluation matrix.

The System Office of General Council provided a supervisor training workshop in June 2012 which included a presentation on selection and hiring practices. The University president required that all supervisors attend this training and over fifty supervisors attended.

Human Resources will refine the documentation provided to selection/hiring committees into a staff recruitment packet which will include a checklist, steps involved in the evaluation and selection process, evaluation matrix, reference checks, interview questions, and topics to avoid. Human Resources anticipates that the staff recruitment packet will be developed and implemented by the end of July 2012.

The payroll department began training individuals responsible for creating Employee Payroll Actions (EPAs) in Canopy. It is anticipated that each department’s designated employee will be trained August 2012 to create EPAs for (full- and part-time) new hires, rehires, as well as terminations. The Payroll Department anticipates implementation of the electronic EPA process by the end of October 2012 for all departments.
BASIS OF REVIEW

Objective

The objective of this audit was to review the processes and controls over human resources to determine if strategic and operational results and outcomes are 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, Texas A&M University – San Antonio rules and 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 Texas A&M University – San Antonio Human Resources Department reports to the Assistant Vice President for Finance and Administration. Human resources functions are centrally performed and monitored by the Human Resources Department and Office of the Provost to ensure compliance with policies, regulations, rules and procedures. The five full-time human resources staff serves approximately 300 faculty and staff employees. A human resources departmental liaison training program is in development.
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Third Quarter Report for Fiscal Year 2012

TEXAS A&M AGRILIFE ADMINISTRATIVE SERVICES

Review of Human Resources

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

Overview

Texas A&M AgriLife Administrative Services has human resources processes and controls in place that are functioning as required by System policy and Agency procedures with the exception of termination processes. The employee termination process does not ensure timely removal of employee access to information systems and proper documentation is not consistently maintained for cancelling employee ID cards and returning keys upon termination. Opportunities for further improvement were also noted in the areas of accurate and timely completion of Form I-9s, protection of confidential information by a third-party vendor, and the hiring process. Texas A&M AgriLife Administrative Services provides centralized human resources support to Texas AgriLife Research, Texas AgriLife Extension Service and the Texas Veterinary Medical Diagnostic Laboratory.

Summary of Significant Results

Termination Process

The employee termination process does not ensure timely removal of employee access to information systems and proper documentation of the return or cancellation of employee identification cards or the return of keys. The employee termination process is not consistently documented and monitored to ensure that all requirements are completed. The lack of monitoring of the completion of termination process requirements increases the agencies’ risk of unauthorized access to information systems and facilities by former employees which could result in the loss or misuse of agency resources.

Summary of Management’s Response

AgriLife Human Resources reviewed the audit findings and agrees with the need for improvements in specific areas. Human Resources will work closely with AgriLife Information Technology to improve the process for removing access and deactivating accounts.
Efforts to enhance the training and education of hiring supervisors are currently in progress and will continue.

Scope

The review of human resources processes at Texas A&M AgriLife Administrative Services focused on termination procedures, Form I-9s, security of confidential information and hiring procedures at Texas AgriLife Research, Texas AgriLife Extension Service and the Texas Veterinary Medical Diagnostic Laboratory (collectively called AgriLife). Audit tests did not include faculty. The audit reviewed activities at various units/departments within the three agencies from September 1, 2010 to October 31, 2011. Fieldwork was conducted from December 2011 to March 2012.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Termination Process

Observation

Improvements are needed to ensure all steps in the termination process are consistently completed in a timely manner.

The employee termination process does not ensure timely removal of employee access to information systems and proper documentation of the return or cancellation of employee identification (ID) cards or the return of keys.

Access to information systems was not removed within one business day following the termination date for eight of thirty (27%) employees having Active Directory/Novell access, one of four (25%) employees having Financial Accounting Management Information Systems access, and three of four (75%) employees having Laserfiche access. Access by terminated employees to the AgriLife and A&M System information systems could result in unauthorized access to confidential data or the loss of availability of critical systems and data due to deleted or corrupted data or viruses and other malware. This could also damage the agencies’ public image.

Supporting records were not available to document the issuance and return of ID cards for eighteen of thirty (60%) terminated employees and the return of keys for fifteen of thirty (50%) terminated employees. As a result, it could not be determined whether ID cards or keys had been returned for these employees. For those with supporting records, ID cards were not returned and/or corresponding access was not removed within one business day following the termination date for one of three (33%) AgriLife employees. AgriLife Procedures 21.99.99.A1.02, Employee Termination Checklist, require units to keep accurate records of all property, including keys, credit cards, computers, etc. which are issued to and returned from AgriLife employees. In addition, units must keep records of all access provided to employees, including special key cards, network, e-mail accounts, and access to other computer-based systems. Unauthorized access to AgriLife facilities could result in loss or damage to AgriLife property and equipment.

AgriLife’s employee termination procedures require employee termination checklists be completed; however, they do not require all items on the list be checked or otherwise noted that the item
1. Termination Process

(continuation)

does not apply in order to determine the completeness of this checklist. Additionally, procedures do not specify a time period in which access must be removed and property be returned upon an employee's termination. Human resource liaisons have a lengthy period of sixty days as cited on the employee termination checklists to submit the checklist to AgriLife Human Resources through Laserfiche. In addition, the checklists are not consistently reviewed by AgriLife Human Resources for completeness as they are returned.

AgriLife’s employee termination procedures require decentralized units to notify AgriLife Human Resources when employees are terminated. However, the AgriLife Information Technology Department (IT) is not consistently notified when employees are terminated in order to remove their access to information systems. AgriLife IT personnel indicated they are currently working on a new web-based system to fully centralize and electronically manage all information systems on-boarding and off-boarding documentation.

Recommendation

Revise the current employee termination procedures to specify a time period in which access must be removed and property returned upon an employee’s termination. Improve monitoring processes related to employee terminations by:

- Requiring all items on the employee termination checklist to either be checked or noted as not applicable in order to determine the completeness of termination process requirements.

- Adding a date completed field for each item on the checklist to determine the timeliness of completion.

- Shortening the sixty-day timeline for the submission of the checklist to ensure that termination tasks are being completed in a timely manner.

- Reviewing the checklist upon return to AgriLife Human Resources for completeness and timeliness. Also, the internal management review team should include coverage of this area during their scheduled reviews to ensure supporting documentation and accurate records of property including keys, ID cards, credit cards, computers, etc. which have been issued to and returned from employees are being maintained as required.
1. Termination Process (cont.)

Continue working to develop a better system for notifying AgriLife IT of an employee's termination so that the employee's access can be removed within one business day of the termination date. If extended access to information systems is requested for a terminated employee, ensure a formal request is submitted and approved by the IT system owner. This request should include the specific access required and the length of time the additional access is needed. Ensure the access is limited to only that time period which is required.

Management’s Response

AgriLife Human Resources will revise current employment termination procedures to specify a time period in which access must be removed and property returned upon an employee’s termination. The termination checklist will be revised to require a response on each item and a date, where applicable. The Employee Termination Checklist procedures will be revised to require that completed forms be submitted to Human Resources within 30 days of termination. Checklists will be reviewed for completeness by Human Resources personnel. These revisions will be completed by August 31, 2012.

AgriLife IT has updated the Information Security, Computer Use and Software Installation/Use procedures and identified specific individuals within the units who are responsible for removing access to the network. AgriLife IT has also created a system that all departments will be required to use and is scheduled for launch by August 31, 2012, along with new rules and procedures related to off-boarding IT accounts within the agencies.

The internal management review team will add the termination process to their compliance reviews by November 30, 2012.

2. Accuracy of Form I-9s

Observation

Instances were noted in which Form I-9s, Employment Eligibility Verification, were not completed accurately and timely in accordance with Department of Homeland Security requirements. Three of twenty-nine (10%) Form I-9s could not be tested for timeliness due to missing employee or employer signature dates. Six of twenty-nine (21%) Form I-9s tested were not fully or correctly completed. Employees completing these forms require additional instruction and oversight regarding Form I-9 completion requirements.
2. Accuracy of Form I-9s (cont.)

The Department of Homeland Security, US Citizenship and Immigration Services’ Instructions OMB No. 1615-0047 on Form I-9 states that “Employers must sign and date the certification in Section 2” and “Employers must complete Section 2 by examining evidence of identity and employment eligibility within three (3) business days of the date employment begins.” Failure to complete the Form I-9s accurately and timely puts the agencies at risk for possible civil and criminal penalties levied according to the Immigration Reform and Control Act of 1986.

Recommendation

Improve the Form I-9 process to ensure forms are completed accurately and timely. Enhance the current monitoring process and ensure that personnel involved with completing and reviewing Form I-9s are trained and knowledgeable of Form I-9 completion requirements.

Management’s Response

AgriLife Human Resources will provide additional training materials to units regarding proper completion of an I-9, as well as a list of the most common errors. Employees who receive I-9s will be retrained and a secondary review will be put into place for all new I-9s received.

Because the current Form I-9 has an expiration date of 8/31/12 and the US Citizenship and Immigration Services has invited public comment on a revised Form I-9, training for units will be delayed until the revised Form I-9 has been made official. However, if the form has not been revised by October 31, 2012, training will proceed.

3. Confidential Information Hosted by Third-Party Vendor

Observation

AgriLife’s current service agreement with PeopleAdmin does not contain sufficient language to ensure that AgriLife’s confidential employee data is adequately protected or that the vendor will be responsible and liable in the event that this data is illegally accessed or lost while in their possession. While AgriLife’s current service agreement with PeopleAdmin does contain a broad hold harmless statement, there are no references to how the data will be protected by the vendor and acceptable methods of return, destruction, or disposal of AgriLife information at the end of the contract. In the event that confidential data being hosted by
PeopleAdmin is exposed or otherwise misused, AgriLife may be at risk of liability and negative publicity. This could lead to a damaged reputation as well as costly expenses and litigation. AgriLife is now working to amend their agreement with PeopleAdmin to include additional language regarding the security of confidential data.

In addition, this agreement does not comply with AgriLife Procedure 29.01.03.A1, Information Security and Computer Use – Vendor Access, which has requirements regarding specifications that must be included in vendor contracts including how AgriLife information is to be protected by the vendor and acceptable methods of return, destruction or disposal of AgriLife information at the end of the contract.

**Recommendation**

Continue working to amend the current agreement with PeopleAdmin to include the necessary stipulations regarding protection of confidential AgriLife data as well as appropriate language regarding responsibility and liability for any unauthorized exposure of this data. Otherwise, make these changes during the next renewal period for this agreement.

Ensure the amended agreement and future agreements are in compliance with the stipulations noted in the AgriLife information resources security procedure related to vendor access.

**Management’s Response**

_AgriLife Human Resources will amend its current agreement with PeopleAdmin as recommended by August 31, 2012._

**4. Hiring Process**

**Observation**

Hiring supervisors are not required to complete training on the hiring process and hiring documentation retention requirements.

AgriLife Human Resources provides informal training and assistance to hiring supervisors as needed, but without formal required training there is a greater risk that the hiring process will be done poorly, and the agency may end up with an unqualified employee, complaints of discrimination and noncompliance with applicable laws, policies, regulations, rules and procedures. It is critical that hiring supervisors are fully knowledgeable and aware of all hiring requirements because the AgriLife Human Resources’ hiring process relies on the hiring supervisors within the decentralized units to certify their compliance with A&M System
4. Hiring Process (cont.)

and AgriLife hiring requirements by completing and signing a hiring certificate as required by AgriLife 33.99.01.A1, Recruiting and Employment Procedures. The hiring certificate certifies the following requirements have been met: application materials were reviewed for all qualified applicants, a standard set of interview questions was asked of all interviewed applicants, references were checked for the final applicant, and job-related credentials were verified as required by A&M System Regulation 33.99.01, Employment Practices, and agency procedures.

Hiring documentation as prepared and used by the decentralized units is being retained in various forms which may include PeopleAdmin, Laserfiche, or paper files limiting the ability of AgriLife Human Resources to monitor this information for compliance. AgriLife Human Resources' procedures specify that documentation is required to be retained, but allows units to choose the form used. Without the ability to monitor hiring documentation, there is a greater risk that hiring files may not contain sufficient documentation and information to support the selection of the employee hired and demonstrate that the best qualified candidate was selected.

Recommendation

Require hiring supervisors to complete formal training to ensure they are knowledgeable and aware of the hiring process and documentation retention requirements, especially related to the items they are certifying on the hiring certificate. Require training for employees who will be performing hiring duties if they have not been trained within the past two years. Encourage hiring documentation to be maintained in PeopleAdmin to the extent feasible to better facilitate the monitoring of documentation for appropriateness and compliance.

Management’s Response

AgriLife Human Resources will create additional training resources and opportunities for hiring supervisors or anyone that will be performing hiring duties who has not had training within the past two years to ensure they are knowledgeable about the hiring process and document retention requirements. These resources will be available by November 30, 2012. In addition, an effort will be made to contact each unit to educate them regarding the hiring process and direct to specific resources that may be applicable. A Human Resources Manager has also been assigned responsibility for the hiring process, which we believe will result in improved communication with and education of hiring supervisors.
4. Hiring Process (cont.)

Supervisors will be strongly encouraged to attach recruiting file documents in the PeopleAdmin system.

BASIS OF REVIEW

Objective

The overall objective of the audit was to review the processes and controls over Texas A&M AgriLife Administrative Services' human resources processes to determine if strategic and operational results and outcomes are 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 Texas AgriLife Research, Texas AgriLife Extension Service, and the Texas Veterinary Medical Diagnostic Laboratory rules and procedures; various other human resource guidelines published by the Texas A&M AgriLife Human Resources department; state and federal regulations; 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 AgriLife Administrative Services provides guidance and support to Texas AgriLife Research (1,700 employees), Texas AgriLife Extension Service (1,900 employees), and Texas Veterinary Medical Diagnostic Laboratory (175 employees) and monitors their work for accuracy and compliance with policies, regulations, rules, and procedures. This central support unit is staffed by 22 full-time employees and contains the Chief Human Resources Officer for Texas AgriLife Research, Texas AgriLife Extension Service, and the
Texas Veterinary Medical Diagnostic Laboratory. Texas A&M AgriLife also provides some human resources support to the Texas A&M University College of Agriculture and Life Sciences’ (COALS) employees, although COALS follows Texas A&M University rules and procedures.

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Third Quarter Report for Fiscal Year 2012

TEXAS FOREST SERVICE

Review of Environmental Health and Safety

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

The Texas Forest Service’s processes and controls over environmental health and safety operations generally provide reasonable assurance that a safe environment exists for staff and visitors and that the Agency is in compliance with relevant laws, policies, regulations and rules. Opportunities for improvement were noted in the areas of the Texas Forest Service Safety Manual, defensive driving training, and commercial driver’s licenses.

Oversight of environmental health and safety processes is under the responsibility of the Safety Office which is part of the Human Resources Department within the Finance and Administration Division.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Review of Safety Manual

Observation

The Texas Forest Service Safety Manual is out-of-date and does not correspond to current processes. Without current procedures, new and existing employees may not have the information needed to perform their responsibilities in adherence with requirements established by the System and Agency management. Agency management is aware the manual is out-of-date; however, the manual revision was not monitored for completion. An up-to-date safety manual helps to ensure that management’s safety expectations and procedures are communicated to employees and it assists with continuity should employee turnover occur.

Recommendation

Monitor the safety manual revision process to ensure the safety manual is periodically reviewed and updated in a timely manner.
Management’s Response

We agree with the auditors’ recommendations. We plan to have the current review and update completed by August 31, 2012.

2. Defensive Driving Training

Observation

| Employees are not completing required defensive driving training. |

Employees are not consistently attending defensive driving training every five years as required by the Texas Forest Service Safety Manual. The Agency uses a spreadsheet to track defensive driving training. The following information was reflected in the spreadsheet:

- Twenty-three of 98 (23%) long-time employee records lacked evidence of completing a defensive driving course while employed with the Agency.

- Twenty-eight of 75 (37%) long-time employee records lacked evidence of completing the refresher course within the last five years.

- Twenty-seven of 34 (79%) new hires were not included in the spreadsheet for tracking and did not take the required training.

- Four of five (80%) new hires included in the spreadsheet did not have evidence of completing a defensive driving course.

The Agency considers motor vehicle operation as one of its greatest hazards and has implemented a requirement for employees to attend defensive driving training. According to the Texas Forest Service Safety Manual, “All drivers must adopt a policy of defensive driving. This includes attending a National Safety Council defensive driving course each five years or within 90 days of a reportable accident or attending the TFS Driver Training Course (TFS field personnel only).” The lack of a monitoring process to ensure compliance with this requirement increases the risk of on-the-job accidents and financial liability sustained by the Agency and its employees.

Recommendation

Implement a monitoring process to ensure employees complete the required defensive driving training. Ensure new employees are included in the monitoring process.
Management’s Response

We agree with the auditors’ recommendations. We plan to utilize TrainTraq to monitor this training requirement in the same manner as other mandatory training. We plan to have TrainTraq updated and the monitoring process in place by April 30, 2012.

3. Commercial Driver’s License

Observation

Nine of 18 (50%) new hires, required to obtain or maintain a commercial driver’s license (CDL), did not obtain their CDL in a timely manner in accordance with the requirements in their position description. The Agency documents the need for a CDL and other required licenses through the employee’s position description. The position description also details the time period allowed to obtain the license. As of December 2011, three new hires had not obtained the required CDL. Without their CDL, these employees are unable to fulfill the required job duties listed in their position description.

According to the Texas Forest Service Employee Handbook, “A valid Texas commercial driver’s license is required of all TFS employees who operate trucks with a manufacturer’s rated carrying capacity of 20,000 pounds or more.” The Agency does not allow an employee to drive a vehicle requiring a CDL if the employee does not have one; however, license requirements are not monitored to determine if new employees obtain the required CDL timely. Additionally, a review of position descriptions for these employees indicated inconsistency in the time period allowed to obtain the license.

Recommendation

Ensure all employees required to have a CDL obtain the license in a timely manner. Develop a monitoring process to ensure compliance with licensure requirements outlined in specific employee position descriptions.

Management’s Response

We agree with the auditors’ recommendations. The Agency’s position description form has been updated to better identify this requirement. We plan to utilize TrainTraq to track and monitor this licensure requirement in the same manner as mandatory training.
We plan to have TrainTraq updated and the monitoring process in place by May 31, 2012.

**BASIS OF REVIEW**

**Objective and Scope**

Review the processes and controls over environmental health and safety operations at the Texas Forest Service to determine if resources are used efficiently and effectively to provide reasonable assurance that a safe environment exists for staff and visitors. Determine compliance with laws, policies, regulations and rules relevant to environmental health and safety. This review focused on the areas of employee certifications, required licenses, required safety training, safety monitoring and reporting processes, and the management team review process. Activities related to these areas were reviewed for the period September 1, 2010 to August 31, 2011. Fieldwork was conducted from December 2011 to January 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; the Committee of Sponsoring Organization of the Treadway Commission’s Internal Control – Integrated Framework (COSO); Occupations Code; Texas Administrative Code; Texas Forest Service Safety Manual; 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 Texas Forest Service is mandated by law to “assume direction of all forest interests and all matters pertaining to forestry within the jurisdiction of the state.” Additionally, the Agency
responds to emergency incidents (e.g., wild fires, natural disasters) throughout the state and is also tasked by the Governor's Division of Emergency Management to provide emergency response coordination and emergency response teams for natural disasters. The Agency Finance and Administration division provides oversight of the Safety Office which coordinates environmental health and safety agency-wide. The Safety Office has one full-time employee.

The Agency plays an important role in the national incident management system developed to coordinate and provide support in emergency situations. As part of this, the Agency utilizes the standards set forth by the National Wildfire Coordinating Group publication *Wildland and Prescribed Fire Qualifications Systems Guide PMS 310-1* in training and qualification of its incident response personnel. Agency certification is issued annually in the form of an Incident Qualifications and Certification Card (Red Card), which certifies the individual is qualified to perform in a specified position during an incident. The National Wildfire Coordinating Group is an operational group designed to coordinate programs of the participating wildfire management agencies.

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THE TEXAS A&M UNIVERSITY
SYSTEM OFFICES

Review of Emergency Notification Processes

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

The Texas A&M University System Office of Safety needs to improve the guidance and monitoring it provides to A&M System members on emergency management. Generally, System members have processes in place for emergency management and notification that provide reasonable assurance that members are in compliance with laws, policies, and regulations. Areas identified as requiring improvement by the System Office of Safety are the review and update of the System policy and regulation related to emergency management and ensuring universities are complying with emergency management reporting requirements.

Emergency management plans are designed to establish policies, procedures, and organizational structure for responding to emergencies. Plans should be entity-specific and should take an all-hazards approach which encourages effective response to any disaster or emergency.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Review of Emergency Management System Policy and Regulation

Observation

System Policy 34.07, Emergency Management and System Regulation 34.07.01, Emergency Management Plan for System University Campuses have not been updated for changes in recent state laws and statutes, do not specify the appropriate responsible System Office, and have exceeded the required review dates.

The System policy and regulation related to emergency management have not been updated to include the following recent changes in state statutes. Texas Education Code 51.217, Multihazard Emergency Operations Plan; Safety and Security Audit, amended and effective September 1, 2011, applies to all
System members and states, “The plan must provide for the implementation of a safety and security audit.” Additionally, Texas Education Code 51.218, *Emergency Alert System*, effective June 17, 2011, applies to all System members and states, “Each institution of higher education shall establish an emergency alert system for the institution’s students and staff, including faculty. The emergency alert system must use email or telephone notifications in addition to any other alert method the institution considers appropriate to provide timely notification of emergencies affecting the institution or its students and staff.” There is currently no System policy or regulation in place providing guidance to members on emergency notification systems.

System Policy 34.07 was due to be reviewed on December 5, 2010, 16 months ago, and System Regulation 34.07.01 was due to be reviewed on June 2, 2011, 11 months ago. The System policy and regulation reference the System Office of Risk Management and Safety as the contact office, but the Office of Safety no longer reports to the Office of Risk Management. Additionally, while System Policy 34.07 applies to all System members, System Regulation 34.07.01 only applies to the universities. However, there are certain elements in System Regulation 34.07.01 that would be beneficial for the System agencies and Health Science Center including Section 1 – Emergency Management Plan Essential Elements and Section 4 – Annual Plan Submission and Reporting.

Organizational changes and a lack of defining responsibilities between the Office of Risk Management and the Office of Safety have delayed the review and update of the System policy and regulation related to emergency management. System Policy 01.01, *System Policies, Regulations, and Member Rules and Procedures*, requires each policy and regulation to be reviewed at least every two years. Without current policies and regulations that provide appropriate guidance to members and incorporate changes to state laws and statutes, the risk of non-compliance by System members is increased. According to System Policy 01.01, System policies guide members by creating administrative structures, setting priorities, delegating authority, assigning responsibility, ensuring accountability, and defining reporting requirements.

**Recommendation**

Review and update the System policy and regulation related to emergency management. Ensure that the System policy and regulation specify the responsible System office and incorporate, as needed, recent changes to applicable laws and statutes and any
Management’s Response

Management concurs with the recommendations of the audit report. The System Office of Safety has begun efforts to review and update System Policy 34.07, Emergency Management, and System Regulation 34.07.01, Emergency Management Plan for System University Campuses. These revisions will include, at a minimum, updates of the responsible System office, recent changes to applicable laws and statues, and guidance to all member universities and agencies. In addition, these revisions will clarify emergency management reporting requirements and responsibilities.

Target implementation date: September 30, 2012 for submission of proposed revisions to the policy/regulation review process.

2. University Emergency Management Reporting

Observation

The System Office of Safety is not monitoring and obtaining required member university emergency management reports. System Regulation 34.07.01 states that these submissions shall be made through the System Office of Risk Management and Safety; however, organizational changes and a lack of defining responsibilities between the Office of Risk Management and the Office of Safety have led to a lack of monitoring of emergency management reporting.

Additionally, the System has not updated the central point of contact for notification by universities as exercises or actual emergencies occur. Monitoring of emergency management plans and reporting ensures that members have emergency management plans in place in the case of an emergency. It also decreases the risk that members are in non-compliance with applicable laws, policies, and regulations.
Recommendation

Develop a mechanism to monitor the annual submission of emergency management plans and the submission of tests and exercises as required by System Regulation 34.07.01.

Management’s Response

Management concurs with the recommendations of the audit report. The System Office of Safety will develop a system for reminding System members of their responsibilities, according to System Regulation 34.07.01, to submit copies of their emergency management plans, log receipt of the submissions and report on compliance annually to the Chancellor. Additionally, the system developed will be used to periodically remind, log receipt, and report on tests and exercises as required in the regulation.

Target implementation date: November 30, 2012.

BASIS OF REVIEW

Objective and Scope

The overall objective was to review and assess the A&M System’s processes for crisis management response and notification to determine that the A&M System members are in compliance with laws, policies, regulations, and rules relevant to crisis management response.

The review of emergency notification processes focused on the System Offices’ compliance with the System policy and regulation related to emergency management and responsibilities therein. A survey was conducted of System members asking specifically about the existence and content of each member’s emergency management plan and processes in place for emergency notification. The members’ emergency management plans were not tested in detail. The audit period focused primarily on activities from January 1, 2011 to December 31, 2011. Fieldwork was conducted from March to April 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; the Texas Education Code Sections 51.217 and 51.218;
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

Emergency management plans are designed to establish policies, procedures, and organizational structure for responding to emergencies. Plans should be entity-specific and should take an all-hazards approach which encourages effective response to any disaster or emergency.

Guidance on emergency management is provided to members through System Policy 34.07, Emergency Management and System Regulation 34.07.01, Emergency Management Plan for System University Campuses. The purpose of System Policy 34.07 “is to ensure each system member has a plan and that the plan is sufficient to protect human life and property under the control of each system member.” System Regulation 34.07.01 “is designed to provide a consistent approach to campus emergency management.”

Guidance on emergency management is provided by the State of Texas within the Texas Education Code. Texas Education Code Section 51.217, Multihazard Emergency Operations Plan; Safety and Security Audit, effective September 1, 2009, states, “An institution shall adopt and implement a multihazard emergency operations plan for use at the institution. The plan must address mitigation, preparedness, response, and recovery.” Texas Education Code 51.218, Emergency Alert System, effective June 17, 2011, applies to all System members and states, “Each institution of higher education shall establish an emergency alert system for the institution’s students and staff, including faculty. The emergency alert system must use email or telephone notifications in addition to any other alert method the institution considers appropriate to provide timely notification of emergencies affecting the institution or its students and staff.”
The mission of the Office of Safety is to lead the System in the development of efficient and effective safety programs, including occupational health and safety, public safety and security, fire and life safety, environmental stewardship, compliance, and emergency preparedness that together encourage and promote a culture of safety. The Office of Safety has four full-time employees that report to the A&M System Chancellor through the Chief Safety Officer, and a fiscal year 2012 operating budget of approximately $384,000.
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Third Quarter Report for Fiscal Year 2012

THE TEXAS A&M UNIVERSITY SYSTEM

Review of Compensation and Classification

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

Standardization of the compensation administration procedures for the Texas A&M University System members located in Brazos County could reduce redundancies, promote efficiencies, and help address potential inequities among similar positions. Each of the ten Brazos County System members is responsible for managing its own compensation administration procedures. These procedures are comprised of the rules and processes used by management to implement the various elements of compensation administration including compensation structures, salary administration, and employee benefit programs. The Brazos County System members employ approximately 51% (9,700 employees) of the A&M System’s non-faculty employees.

System Regulation 31.01.01, Compensation Administration requires each CEO to establish and communicate salary administration rules, procedures and pay plans for all categories of positions. System members have taken various approaches in meeting this directive including relying on System regulations, developing individual rules and standard administrative procedures, and creating guidelines within internal manuals or website links to areas such as the Fair Labor Standards Act. The regulation does not define requirements for the format or content of member compensation plans resulting in inconsistent pay plans among members.

OBSERVATION, RECOMMENDATIONS, AND RESPONSE

Compensation Administration Procedures

Observation

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<th>Standardization of compensation administration procedures could promote efficiencies.</th>
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<td>The standardization of compensation administration procedures for System members located in Brazos County could promote efficiencies and help mitigate possible salary inequities among</td>
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**The Institute of Internal Auditors Research Foundation Auditing Compensation and Benefits Programs** by Kelli W. Vito
similar positions. Procedures which could benefit from standardization include the rules and processes used by System members for compensation structures, salary administration, and employee benefit programs.

Additionally, the System regulation on compensation administration was last reviewed in April 2003. This is not in compliance with System Policy 01.01, System Policies, Regulations and Member Rules that requires each regulation be reviewed at least every two years. Out-of-date information increases the risk that members do not receive current guidance regarding compensation administration procedures.

As part of their compensation administration procedures, all Brazos County System members, with the exception of the A&M System Offices, have two pay plans in place, a classified pay plan and a non-classified pay plan. The purpose of the pay plans is to organize jobs and pay and to guide compensation decisions and control costs. Pay plans typically establish pay ranges that determine minimum, midpoint and maximum pay for each range as well as any overlap between pay ranges; however, not all Brazos County System member pay plans include a midpoint or maximum for each pay range.

Seven of the ten System members located in Brazos County follow the Texas A&M University Classified Pay Plan. This plan establishes the assigned salary range and minimum rate for each classified title as well as the title code and exemption status. These classified positions are sufficiently similar so that the same descriptive title can be used for each with a typical set of duties for all positions in that classification.

Four members are using the Texas A&M University Non-Classified Pay Plan. Non-classified positions are generally considered one of a kind, have negotiable salaries, are widely recruited, and carry a college degree and/or special training requirement. As of test work, approximately 3,600 Brazos County System member employees held classified titles while 6,100 held non-classified titles.

The reliance on the Texas A&M Classified and Non-Classified Pay Plans indicates a degree of standardization is already in place. The lack of a formal, standardized pay plan for Brazos County causes potential salary inequities among positions and inconsistent pay practices resulting in unmet employee expectations or overspending for certain salaries.
Repetition of similar job titles within the pay plans in place at System members has also resulted in repetition of career ladders. Career ladders define a series of levels within a job family where the nature of work is similar and levels represent requirements for increased skill, knowledge and responsibility as an employee moves through a career. While repetition of career ladders was identified, it was also noted that several System members rely on career ladders in place at Texas A&M University. For example, information technology career ladders are in place at four of ten individual System members while four other System members use the Texas A&M University information technology career ladder. Two members do not have information technology career ladders. Multiple career ladders cause potential salary inequities among positions and inconsistent pay practices resulting in unmet employee expectations or overspending for certain salaries.

While individual members may have job titles and career ladders truly unique to that member, such as foresters employed by the Texas Forest Service or dentists employed by the Texas A&M Health Science Center, these titles could be incorporated in a standard pay plan so as to effectively reduce the number of pay plans to manage.

A general comparison of common job categories and number of people employed in those categories was performed between System members in Brazos County and the State of Texas Position Classification Plan (State Plan). Results indicate that the State Plan is more compact while serving a larger number of people. For instance, in the category of information technology, 162 common titles exist among the System members while only 57 exist in the State Plan. There are 543 System member employees holding information technology titles within Brazos County while 4,780 employees hold information technology titles under the State Plan.

A contributing cause to the limited standardization of compensation administration procedures in the A&M System is the lack of an established human resources function for the Texas A&M University System as a whole. Compensation administration is a complex subject and a vital component of any organization. It must be managed in a way to allow an organization to achieve its mission, remain competitive with the market, and avoid unjustified financial costs.
Recommendations

The A&M System should:

1. Consider establishing a strategic human resources leadership role for the A&M System to provide guidance, assistance and consistency system-wide for compensation administration.

2. Consider standardizing compensation administration procedures for Brazos County System members including the development of a standardized pay plan. The standardized pay plan would provide the general framework for compensation and should ensure flexibility is retained to allow each member the ability to operationally manage certain aspects of compensation administration (i.e. adjustments for geographical market difference, merit increases, differences in funding stream).

3. Perform regular reviews of the pay plan to ensure job pay is competitive with market standards and in line with the A&M System’s pay philosophy and System members’ strategic priorities.

4. Update System Regulation 31.01.01, Compensation Administration to clearly define and reflect standardization of compensation administration procedures.

5. Consider expanding these recommendations to include compensation administration procedures for System members located outside of Brazos County.

Management’s Response

A strategic human resources leadership role will be established to provide guidance, assistance, and consistency system-wide for compensation administration. This HR leadership role will work collaboratively with all System members to develop and communicate a comprehensive pay plan for the A&M System; develop standardized compensation administration procedures; and update System Regulation 31.01.01, Compensation Administration. The standardized compensation administration procedures will provide the general framework to include the following:

1. A standardized pay plan for the A&M System.

2. A biennial review of the pay plan.
3. System member flexibility to hire, reward, and retain employees both locally and in various geographical market areas.

The procedures will be specific enough to support consistency of administration but broad enough to allow each member adequate flexibility to achieve its mission, to remain competitive, and to meet the unique and immediate needs of its workforce and customers.

The draft implementation report will be reviewed by the A&M System chief financial officers and upon the Chancellor’s approval, the final recommendation will be implemented during the fiscal year 2014 budget process to be effective September 1, 2013.
BASIS OF REVIEW

Objective and Scope

The review of compensation and classification processes for A&M System members located in Brazos County focused on ensuring current processes are in compliance with laws, policies, regulations and rules and the processes are operating in an efficient and effective manner. The audit period focused primarily on activities from September 1, 2010 through March 31, 2012. Areas reviewed included compensation administration procedures; pay plans including job titles, salaries and career ladders; and general job and position descriptions. Fieldwork was conducted from January through March 2012.

The following A&M System members were included in this review: the A&M System Offices, Texas A&M University, Texas A&M Health Science Center, Texas Engineering Extension Service, Texas Engineering Experiment Station, Texas AgriLife Research, Texas AgriLife Extension Service, Texas Veterinary Medical Diagnostic Laboratory, Texas Transportation Institute, and the Texas Forest Service.

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 A&M System member rules and procedures, and other sound administrative practices. Texas Government Code, Chapter 654, Position Classification; the State Auditor’s Office Methodology Manual; the Institute of Internal Auditors Research Foundation Auditing Compensation and Benefits Programs; and the State of Texas Compensation and Classification System were used as reference guides throughout the review. 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.
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Texas A&M Health Science Center
Texas AgriLife Research
Texas AgriLife Extension Service
Texas Veterinary Medical Diagnostic Laboratory
Texas Engineering Extension Service
Texas Engineering Experiment Station
Texas Forest Service
Texas Transportation Institute