

The Texas A&M University System Internal Audit Department



Monthly Audit Report
August 12, 2020

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TARLETON STATE UNIVERSITY

CLERY ACT REPORTING

August 12, 2020

**Charlie Hrncir, CPA
Chief Auditor**

Project #20200401



Overall Conclusion

Overall, internal controls for Clery Act reporting processes at Tarleton State University are in place to ensure compliance with laws, policies, and procedures.

Basis of Audit

Objective and Scope

The objective of this audit was to determine if internal controls for Clery Act reporting processes at Tarleton State University are in place to ensure compliance with laws, policies, and procedures.

The audit focused on the following areas:

- Campus security authorities
- Crime incident reporting
- Department of Education submissions
- Fire incident reporting
- Policy statements
- Timely warnings

The audit period was primarily January 2019 to December 2019. Fieldwork was conducted from April 2020 to June 2020.

Methodology

Our audit methodology included interviews, observation of processes, and review of documentation and testing of data using sampling as follows:

- To determine whether campus security authorities (CSAs) completed Clery Act training, auditors tested the full population of university employees which are all designated as CSAs.
- To determine whether crime reports for Clery geographies required to maintain crime logs contained all necessary information and were properly categorized for Clery Act reporting purposes, auditors judgmentally selected a nonstatistical sample of 30 crime reports.

- To determine whether fire reports were properly recorded for Clery Act reporting purposes, auditors judgmentally selected a nonstatistical sample of five fires from the fire log for the Stephenville campus.
- To determine if the annual security reports disclosed all required components of policy statements as required by the Handbook of Campus Safety and Security Reporting, auditors tested the full population of six Clery geographies.
- To determine if the annual fire safety reports disclosed all required components of policy statements as required by the Handbook of Campus Safety and Security Reporting, auditors tested the full population of one annual fire safety report.
- To determine accuracy with the Department of Education submission, auditors compared the entire population of crime and fire statistics on the annual security report and annual fire safety report for each Clery geography.
- To determine if timely warnings contained sufficient information and were issued to the appropriate population in a reasonable period, auditors tested the full population of two timely warnings.

Criteria

Our audit was based upon standards as set forth in the following:

- Texas A&M University System Policies and Regulations
- Tarleton State University Rules and Procedures
- Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act)
- United States Department of Education Handbook for Campus Safety & Security Reporting (2016 Edition)
- Other sound administrative practices

The audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards (GAGAS). 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. The Office of Internal Audit is independent per the GAGAS standards for internal auditors.

Audit Team

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System Internal Audit
THE TEXAS A&M UNIVERSITY SYSTEM

THE TEXAS A&M UNIVERSITY SYSTEM

COMPLIANCE WITH BENEFITS PROPORTIONAL BY FUND REQUIREMENTS - FY 2019

August 12, 2020

**Charlie Hrncir, CPA
Chief Auditor**

Project #20200110



Overall Conclusion

The Texas A&M University System members generally comply with provisions in Article IX, Section 6.08 of the General Appropriations Act in fiscal year 2019. The act requires that benefits paid from General Revenue funds be proportional to the salary and wages paid with General Revenue funds. The audit determined that:

- A&M System member Benefits Proportional by Fund Reports submitted to the State Comptroller's Office were materially accurate.
- Salaries paid from General Revenue funds were for eligible employees.
- Transfers and deposits into member General Revenue funds were appropriate.

The A&M System received \$224 million from the Legislature for fiscal year 2019 benefit expenses attributable to employees paid on General Revenue funds. The A&M System also received a net amount of \$61 million in General Revenue-Dedicated funds attributable to employees paid on General Revenue-Dedicated funds. General Revenue-Dedicated funds are set aside by law for a particular purpose or entity. These funds consist of Educational and General funds (specifically, tuition and fees) and interest earned on State Treasury deposits. In addition, the A&M System received \$14 million for benefit expenses attributable to employees paid on other appropriated funds. Other appropriated funds include the available university fund, as well as, patient and lab revenues collected by the system members.

Overall, the A&M System received \$8,450 less in General Revenue than was available to them. This is 0.003% of the appropriated benefits received by the A&M System members for the time period reviewed. While members were generally in compliance with the proportionality requirements, revisions may be necessary for five members, of which:

- Two members received \$12,170 in excess General Revenue.
- Three members received \$20,620 less in General Revenue than was available to them.

The A&M System members have until August 31, 2020 to finalize the fiscal year 2019 Benefits Proportional by Fund Reports. The A&M System members who

may have revisions or funds due to the state are working with the Comptroller’s Office and the System Office of Budgets and Accounting.

The Texas State Auditor’s Office methodology requires that our audit report disclose the aggregate dollar amount of all instances of noncompliance with the proportionality requirements identified during the audit, regardless of materiality.

Detailed Results

The following table compares the total benefits paid from appropriated funds to the benefits allowed to be paid from appropriated funds for fiscal year 2019.

Member Name	Appropriated Benefits Allowed Per State Guidelines	Appropriated Benefits Paid (APS011)	Excess (Deficit) of Appropriated Benefits	%
A&M System Offices	3,895,573	3,895,573	-	0.00%
Texas A&M	102,584,771	102,584,764	(7)	0.00%
Tarleton	15,064,988	15,064,988	-	0.00%
PVAMU	14,100,021	14,100,991	970	0.01%
AgriLife Research	14,458,283	14,458,283	-	0.00%
AgriLife Extension	21,476,983	21,476,983	-	0.00%
TEES	4,432,891	4,432,891	-	0.00%
TEEX	8,421,435	8,432,635	11,200	0.13%
TAMUG	4,456,139	4,446,228	(9,911)	-0.22%
TFS	8,023,524	8,023,524	-	0.00%
TTI	1,757,419	1,757,419	-	0.00%
A&M-Corpus Christi	12,790,019	12,790,019	-	0.00%
TAMIU	8,091,495	8,091,495	-	0.00%
Texas A&M-Kingsville	13,264,162	13,264,162	-	0.00%
WTAMU	12,212,510	12,212,510	-	0.00%
TVMDL	2,955,634	2,955,634	-	0.00%
A&M-Commerce	15,064,003	15,064,003	-	0.00%
TAMUT	4,221,871	4,221,871	-	0.00%
TAMHSC	23,787,876	23,777,174	(10,702)	-0.05%
A&M-Central Texas	2,477,678	2,477,678	-	0.00%
A&M-San Antonio	5,788,419	5,788,419	-	0.00%
Total A&M System	299,325,694	299,317,244	(8,450)	0.003%

Basis of Audit

Objective and Scope

The audit focused on ensuring that A&M System members paid employee benefits on appropriated funds proportional to the source of funds for fiscal year 2019.

The areas audited included:

- Benefits Proportional by Fund Report accuracy
- Employee eligibility for General Revenue funding
- General Revenue Fund deposits and transfers

Fieldwork was conducted from April 2020 to June 2020.

Methodology

Our audit procedures were consistent with the methodology prescribed by the Texas State Auditor’s Office to comply with Rider 8, page III-46, of the General Appropriations Act (86th Legislature). These procedures included the review of the following:

- Accuracy of information and proportional funding calculations included in the Benefits Proportional by Fund Reports submitted to the State Comptroller’s Office
- Eligibility of employee benefits paid with appropriated funds
- Appropriateness of transfers and deposits into members’ General Revenue funds

State entities are required to pay for employee benefits in proportion to their method of finance to ensure that the General Revenue fund is not disproportionately used to fund employee benefits. An entity’s method of finance refers to the sources and amounts authorized to finance certain expenses or appropriations made in the General Appropriations Act and may include General Revenue, General Revenue-Dedicated, federal funds, and other funds. Employee benefits included on the Benefits Proportional by Fund Reports are the state employer match for Social Security, Group Insurance Premiums, Teacher Retirement System, and Optional Retirement Program.

The State Comptroller’s Office developed the Benefits Proportional by Fund Report to provide guidance and a reporting mechanism for state entities to demonstrate benefits proportionality. The report calculates the percentage of

total funding for each appropriated fund and then uses those percentages to determine the amount of benefits that should be paid by each appropriated fund. State entities that have multiple appropriated funds complete the Benefits Proportional by Fund Report annually and submit it to the State Comptroller's Office on or before November 19. Any adjustments required based on the report are to be made in the Uniform Statewide Accounting System (USAS) to ensure that actual expenses match the calculated proportional benefits.

Criteria

Our audit was based upon standards as set forth in the following:

- The State of Texas *General Appropriations Act for the 2018-2019 Biennium (86th Legislature)*; Rider 8, page III-46 and Article IX, Section 6.08, page IX-27
- Office of the Comptroller of Public Accounts' Fiscal Policies and Procedures
- Texas A&M University System Policies and Regulations
- Texas A&M University System *Best Practices for the APS011 Benefits Proportional by Fund Beginning in Fiscal Year 2014 (Edited July 2019)*
- Texas A&M University System members' rules and procedures
- Other sound administrative practices

The audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards (GAGAS). 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. The Office of Internal Audit is independent per the GAGAS standards for internal auditors.

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