

# The Texas A&M University System Internal Audit Department



Monthly Audit Report  
July 13, 2022

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**LEARNING MANAGEMENT SYSTEM**

**July 13, 2022**

**Charlie Hrcir, CPA**  
**Chief Auditor**



## Overall Conclusion

Internal controls over the learning management system at West Texas A&M University are operating as intended and in compliance with laws and policies.

West Texas A&M University had an undergraduate enrollment of 9,544 as of fall semester 2021. The university contracts with Blackboard to provide its learning management system to students, faculty, and staff using cloud hosting services.

### Summary Table

Audit Areas	Controls Assessment
Change Management	Effective – No Observations
High Risk Role Access	Effective – No Observations
New User Access	Effective – No Observations
Password Settings	Effective – No Observations
Privileged User Accounts	Effective – No Observations
Terminated User Access	Effective – No Observations
User Access Review	Effective – No Observations
Vendor Agreement	Effective – No Observations

## Basis of Audit

### Objective, Scope, & Methodology

The overall objective of this audit was to determine if internal controls were in place to ensure the confidentiality, integrity, and availability of the learning management system at West Texas A&M University.

The audit focused on the following areas:

- Change management
- High risk role access
- New user access
- Password settings
- Privileged user accounts
- Terminated user access
- User access review
- Vendor agreement

The audit period was primarily September 1, 2020 to March 31, 2022. Fieldwork was conducted from May 2022 to June 2022.

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

Audit Objective	Methodology
<u>Change Management</u> Determine if change management processes and controls are appropriate.	Auditors used professional judgement to select a nonstatistical sample of recent changes to the application and related systems to determine whether the process operated as intended and appropriate segregation of duties was used.
<u>High Risk Role Access</u> Determine if controls for high risk role access are in place and appropriate to secure the application.	Auditors determined which roles within the application are considered to be higher risk. Auditors determined that access to those roles was appropriate based on position responsibilities.

<b>Audit Objective</b>	<b>Methodology</b>
<p><u>New User Access</u></p> <p>Determine if controls for new user access and new user training are in place and appropriate to secure the application.</p>	<p>Auditors obtained a list of new users added to the application during the audit period. Auditors used professional judgement to select a nonstatistical sample of users in order to determine if documentation supporting the access was properly approved and that training was completed.</p>
<p><u>Password Settings</u></p> <p>Determine if controls for password settings are in place and appropriate to secure the application.</p>	<p>Auditors gained an understanding of how application users were authenticating into the hosted environment and obtained documentation of the password settings. Auditors determined if the password settings were compliant with university procedures.</p>
<p><u>Privileged User Accounts</u></p> <p>Determine if controls for privileged user accounts are in place and appropriate to secure the application.</p>	<p>Auditors obtained a list of employees with administrator rights to the application and determined whether this access aligned with vendor agreement expectations and was appropriate based upon job duties.</p>
<p><u>Terminated User Accounts</u></p> <p>Determine if controls for terminated user access are in place and appropriate to secure the application.</p>	<p>Auditors gained an understanding of the process for removing access to the application. For the high risk role access, auditors determined that all active accounts were appropriate.</p>
<p><u>User Access Review</u></p> <p>Determine if controls for the user access review are in place and appropriate to secure the application.</p>	<p>Auditors obtained the most recent user access review and determined whether the review was completed timely and appropriately.</p>
<p><u>Vendor Agreement</u></p> <p>Determine if a vendor agreement is in place for the hosting and management</p>	<p>Auditors obtained and reviewed the vendor agreements and inquired of available vendor controls reports.</p>

<b>Audit Objective</b>	<b>Methodology</b>
of the learning management system and that it clearly defines responsibilities of each party.	Auditors determined if key processes performed by the vendor were documented in the vendor contract terms and whether appropriate reviews were performed for the agreement.

Controls Assessment Classification

Audit areas highlighted in red in the Summary Table are considered to have significant weaknesses in internal controls. Significant weaknesses include errors, deficiencies, or conditions which result in one or more violations of internal controls, laws, A&M System policies, or member rules. These violations have a high probability for legal consequences, financial consequences, or negative impacts to the organization’s reputation. These are situations in which a CEO, provost, vice president, dean, or director need to be involved in the problem resolution.

Audit areas highlighted in yellow in the Summary Table are considered to have notable weaknesses in internal controls. Notable weaknesses include errors, deficiencies or conditions which result in minor to moderate noncompliance with internal controls, laws, A&M System policies, or member rules. These are situations which can and should be corrected at the department or supervisor level.

Audit areas highlighted in green in the Summary Table are considered to have effective internal controls.

Items that were not significant or notable were communicated to management during the course of the audit.

## Criteria

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

- Texas A&M University System Policies and Regulations
- West Texas A&M University Rules and Standard Administrative Procedures
- Executed agreement between The Texas A&M University System and Blackboard, Inc.
- 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**

Robin Woods, CPA, Director  
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## **Distribution List**

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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 2021

July 13, 2022

Charlie Hrncir, CPA  
Chief Auditor



## 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 2021. The act requires that benefits paid from General Revenue funds be proportional to the salary and wages paid with General Revenue funds.

### Summary Table

Audit Areas	Controls Assessment
Benefits Proportional by Fund Report Accuracy	Effective – No Observations
Employee Eligibility for General Revenue Funding	Effective – No Observations
General Revenue Fund Deposits and Transfers	Effective – No Observations

## Detailed Results

The A&M System received \$232 million from the Legislature for fiscal year 2021 benefit expenses attributable to employees paid on General Revenue funds. The A&M System also received a net amount of \$64 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 \$20 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 \$79,751 in excess General Revenue. This is 0.025% 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 three members, of which:

- West Texas A&M University received \$112,383 in excess General Revenue
- Texas A&M University-Commerce received \$211 in excess General Revenue
- Texas A&M Engineering Extension Service received \$32,843 less in General Revenue than was available to them

The A&M System members have until August 31, 2022 to finalize the fiscal year 2021 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.

The Texas A&M University System: Compliance with Benefits Proportional by Fund Requirements – FY 2021

The following table compares the total benefits paid from appropriated funds to the benefits allowed to be paid from appropriated funds for fiscal year 2021.

<b>Member Name</b>	<b>Appropriated Benefits Allowed Per State Guidelines</b>	<b>Appropriated Benefits Paid (APS011)</b>	<b>Excess (Deficit) of Appropriated Benefits</b>	<b>%</b>
A&M System Offices	3,765,236	3,765,236	-	0.00%
Texas A&M	115,894,340	115,894,340	-	0.00%
Tarleton	15,073,777	15,073,777	-	0.00%
PVAMU	12,959,987	12,959,987	-	0.00%
AgriLife Research	14,680,096	14,680,096	-	0.00%
AgriLife Extension	20,070,480	20,070,480	-	0.00%
TEES	4,723,242	4,723,242	-	0.00%
TEEX	9,086,256	9,053,413	(32,843)	-0.36%
TAMUG	4,395,200	4,395,200	-	0.00%
TAMFS	8,303,740	8,303,740	-	0.00%
TTI	2,380,339	2,380,339	-	0.00%
A&M-Corpus Christi	14,412,320	14,412,320	-	0.00%
TAMIU	7,951,158	7,951,158	-	0.00%
Texas A&M-Kingsville	12,697,735	12,697,735	-	0.00%
WTAMU*	12,264,932	12,377,315	112,383	0.91%
TVMDL	3,154,824	3,154,824	-	0.00%
A&M-Commerce	14,916,770	14,916,981	211	0.00%
TAMUT	4,538,500	4,538,500	-	0.00%
TAMHSC	23,036,037	23,036,037	-	0.00%
A&M-Central Texas	2,463,479	2,463,479	-	0.00%
A&M-San Antonio	7,452,427	7,452,427	-	0.00%
TDEM	1,312,818	1,312,818	-	0.00%
<b>Total A&amp;M System</b>	<b>315,533,693</b>	<b>315,613,444</b>	<b>79,751</b>	<b>0.025%</b>

\*Audited by the Texas State Auditor's Office.

## **Basis of Audit**

### Objective, Scope, & Methodology

The overall objective of this audit was to ensure that A&M System members paid employee benefits on appropriated funds proportional to the source of funds for fiscal year 2021.

The audit focused on the following areas:

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

The audit period was primarily September 1, 2020 to August 31, 2021. Fieldwork was conducted from January 2022 to May 2022.

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 (GAA) 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.

Consistent with the methodology prescribed by the Texas State Auditor's Office to comply with Article III, Rider 8 of the General Appropriations Act (87<sup>th</sup> Legislature), our audit methodology included the review of documentation and testing of data using sampling as follows:

<b>Audit Objective</b>	<b>Methodology</b>
<p><u>Benefits Proportional by Fund Report Accuracy</u></p> <p>Determine whether the information reported on the Benefits Proportional by Fund Report is accurate and complete in accordance with GAA and comptroller requirements.</p>	<p>Auditors obtained the 2021 Benefits Proportional by Fund Report along with relevant supporting documentation for each of The Texas A&amp;M University System members except West Texas A&amp;M University whose report was audited by the State Auditor’s Office.</p> <p>Auditors reviewed the report for accuracy and completeness according to the comptroller’s guidelines and GAA Article IX Sec 6.08.</p>
<p><u>Employee Eligibility for General Revenue Funding</u></p> <p>Review positions paid from General Revenue to ensure only positions authorized for General Revenue funds were paid from these funds.</p>	<p>Auditors used professional judgment to select nonstatistical samples of employees paid from General Revenue funds from each of The Texas A&amp;M University System members except The Texas A&amp;M University System Offices who do not have any employees paid using General Revenue funds.</p> <p>Management was asked to review the list and provide the business purpose for the employees’ eligibility to be paid using General Revenue funds.</p> <p>Auditors then reviewed the explanations to determine if they were in line with expected activity.</p>
<p><u>General Revenue Fund Deposits and Transfers</u></p> <p>Review salary expense transfers and refunds of expenditure transactions to</p>	<p>Auditors used professional judgment to select nonstatistical samples of deposits and transfers from General Revenue at the state treasury related to payroll from</p>

Audit Objective	Methodology
verify that if the member reduced salary expenditures from General Revenue, it also made a corresponding reduction in benefit expenditures from General Revenue.	each of The Texas A&M University System members except The Texas A&M University System Offices.  Management was asked to review the list and provide the business purpose for the transactions.  Auditors then reviewed the explanations to determine if they were in line with expected activity.

Controls Assessment Classification

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Audit areas highlighted in green in the Summary Table are considered to have effective internal controls.

Items that were not significant or notable were communicated to management during the course of the audit.

## Criteria

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

- The State of Texas *General Appropriations Act for the 2022-2023 Biennium (87<sup>th</sup> Legislature); Rider 8, page III-46*
- The State of Texas *General Appropriations Act for the 2020-2021 Biennium (86<sup>th</sup> Legislature); Article IX, Section 6.08, page IX-28*
- 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 2021)*
- 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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