

The Texas A&M University System Internal Audit Department

**INTERNAL AUDIT ANNUAL REPORT
FOR FISCAL YEAR 2022**



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I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit Information on Internet Web Site

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

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

II. Internal Audit Plan for Fiscal Year 2022

Audit Title By System Member	Report #	Report Date
<i>Systemwide Audits</i>		
Compliance with Benefits Proportional by Fund Requirements – FY 2020	20220101	1/12/2022
Compliance with Benefits Proportional by Fund Requirements – FY 2021	20220110	7/13/2022
Texas Higher Education Coordinating Board Construction Audit Reporting	20220111	6/15/2022
<i>A&M System Offices</i>		
Contract Administration	20220112	In Progress
Information Technology	20220113	10/12/2022
Workday	20220114	5/11/2022
<i>Texas A&M University</i>		
Athletics	20220201	9/14/2022
Cash Management	20220202	6/15/2022
Division of Research – Information Technology	20220203	4/13/2022
Health Science Center – Academic and Research Information Technology	Cancelled	N/A
Higher Education Emergency Relief Fund (HEERF) Compliance	20220205	4/13/2022
NCAA Compliance	20220206	In Progress
Office of the Provost – Information Technology	20220207	6/15/2022
Qatar – Expenditures	20220208	1/12/2022
Youth Safety	20220209	4/13/2022
<i>Prairie View A&M University</i>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20220501	10/12/2022
Information Technology	20220502	In Progress
<i>Tarleton State University</i>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20220401	2/9/2022
<i>Texas A&M International University</i>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20221601	10/12/2022
Learning Management System	20221602	In Progress
<i>Texas A&M University-Central Texas</i>		
Health & Safety	20222401	8/17/2022
<i>Texas A&M University-Commerce</i>		
Higher Education Emergency Relief Fund (HEERF) Compliance	20222101	10/12/2022
<i>Texas A&M University-Corpus Christi</i>		
Learning Management System	20221501	1/12/2022

Audit Title By System Member	Report #	Report Date
<i>Texas A&M University–Kingsville</i> Learning Management System	20221701	5/11/2022
<i>Texas A&M University-San Antonio</i> Learning Management System	20222501	4/13/2022
<i>Texas A&M University-Texarkana</i> Tuition & Fees	20222201	7/13/2022
<i>West Texas A&M University</i> Health & Safety	20221801	7/13/2022
Learning Management System	20221802	7/13/2022
<i>Texas A&M Forest Service</i> Volunteer Fire Department Grant Program	20221101	2/9/2022
<i>Texas Division of Emergency Management</i> Health and Safety	20223001	In Progress
Information Technology	20223002	8/17/2022

Deviations from Fiscal Year 2022 Audit Plan

The following fiscal year 2022 project was cancelled:

- Health Science Center – Academic and Research Information Technology

Benefits Proportionality

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

Audit Title	Report #	Report Date
Compliance with Benefits Proportional by Fund Requirements – FY 2020	20220101	1/12/2022
Compliance with Benefits Proportional by Fund Requirements – FY 2021	20220110	7/13/2022

Texas Education Code, Section 51.9337

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

III. Consulting Services and Nonaudit Services Completed

Review Title	Report Number	Report Date	Objective(s)	Observations/Results and/or Suggestions
Texas A&M University-San Antonio Review of Student Financial Aid Awards	20222502	10/27/2021	The objective was to review specific student financial assistance awards identified by management as questionable during an internal review of emergency aid.	Suggestions for improvement were provided.
Texas A&M AgriLife Research Conflict & Development Center Review	20220601	5/9/2022	The objective was to review center operations to gain an understanding of selected internal controls and processes related to operations, contract and grant administration, and financial management.	Suggestions for improvement were provided.
TDEM Review of Procurement Process for the Jim Hogg County Immigrant Processing Center	20223003	7/11/2022	The objective was to determine if the agency's procurement process for the Jim Hogg Immigrant Processing Center was in compliance with established procurement processes.	Suggestions for improvement were provided.
Texas A&M AgriLife Extension Service Change in Management for the Director of AgriLife Extension Service	20220701	8/3/2022	The objective was to review and assess certain organizational, fiscal and operational information to provide the incoming director with a current assessment of operations.	Suggestions for improvement were provided to the incoming director.
Texas A&M AgriLife Research Change in Management for the Director of AgriLife Research	20220602	8/11/2022	The objective was to review and assess certain organizational, fiscal and operational information to provide the incoming director with a current assessment of operations.	Suggestions for improvement were provided to the incoming director.
Texas A&M University-Kingsville Change in Management Review – President	20221703	8/18/2022	The objective was to review and assess certain organizational, fiscal and operational information to provide the incoming president with a current assessment of operations.	Suggestions for improvement were provided to the incoming president.

IV. External Quality Assurance Review (Peer Review)

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



TEXAS TECH UNIVERSITY SYSTEM™

Office of Audit Services

August 17, 2021

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

Dear Mr. Hrcir,

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

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

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

Sincerely,

Handwritten signature of Kimberly F. Turner in black ink.

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

Handwritten signature of Carole M. Fox in black ink.

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

Handwritten signature of Toni Stephens in blue ink.

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

V. Internal Audit Plan for Fiscal Year 2023

This section includes the approved internal audit plan for fiscal year 2023.



**THE TEXAS A&M
UNIVERSITY SYSTEM**

System Internal Audit Department

Fiscal Year 2023 Audit Plan



System Internal Audit Department Fiscal Year 2023 Audit Plan

SYSTEMWIDE

Compliance with Benefits Proportional by Fund Requirements – FY 2022

A&M SYSTEM OFFICES

Debt Service

TEXAS A&M UNIVERSITY

College of Education & Human Development – Information Technology
Health and Safety
Health Science Center – Academic and Research Information Technology
Health Science Center – Center for Innovation in Advanced Development and Manufacturing
Learning Management System
Payroll
Residence Life
Sponsored Research Services
Transportation Services
Utilities and Energy Services

PRAIRIE VIEW A&M UNIVERSITY

Learning Management System
Payroll

TARLETON STATE UNIVERSITY

Learning Management System
Programs for Minors

TEXAS A&M INTERNATIONAL UNIVERSITY

Information Technology

TEXAS A&M UNIVERSITY–CENTRAL TEXAS

Higher Education Emergency Relief Fund (HEERF) Compliance

TEXAS A&M UNIVERSITY–COMMERCE

Learning Management System
Tuition and Fees



**System Internal Audit Department
Fiscal Year 2023 Audit Plan**

TEXAS A&M UNIVERSITY–CORPUS CHRISTI

Higher Education Emergency Relief Fund (HEERF) Compliance
Tuition and Fees

TEXAS A&M UNIVERSITY–KINGSVILLE

Higher Education Emergency Relief Fund (HEERF) Compliance
University Housing and Residence Life

TEXAS A&M UNIVERSITY–SAN ANTONIO

Higher Education Emergency Relief Fund (HEERF) Compliance

TEXAS A&M UNIVERSITY–TEXARKANA

Higher Education Emergency Relief Fund (HEERF) Compliance

WEST TEXAS A&M UNIVERSITY

Higher Education Emergency Relief Fund (HEERF) Compliance
Programs for Minors

TEXAS A&M AGRILIFE RESEARCH

Export Controls

TEXAS A&M ENGINEERING EXPERIMENT STATION

Export Controls

TEXAS A&M FOREST SERVICE

Financial Management Services

TEXAS DIVISION OF EMERGENCY MANAGEMENT

Disaster Finance



System Internal Audit Department Fiscal Year 2023 Audit Plan

The purpose of the audit plan is to outline audits and other activities the System Internal Audit Department will conduct during fiscal year 2023. The plan is developed to satisfy responsibilities established by the Board of Regents Bylaws, System Policy 10.01, *Internal Auditing*, Texas Government Code Section 2102.008, and applicable auditing standards. The Chief Auditor is authorized to make changes to the plan to address changes in identified risks. The Committee on Audit and the Chancellor will be notified of any significant additions, deletions, or other changes to the audit plan. Deliverables for planned audits may include audit reports, technical assistance, data analysis, and other written and oral communications.

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

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

Internal Audit Plan for Fiscal Year 2023

Risk Assessment Methodology

The development of our annual audit plan is based on a rigorous risk-based approach. Our process includes meeting with each A&M System member CEO and their executive team, as well as, members of the Chancellor's executive committee to obtain information on risks facing the A&M System in the upcoming 12 to 18 months. During the meetings financial, strategic, compliance, and other potential significant risk areas are discussed. Using information gathered from these meetings, our members' most recent enterprise risk management information, compliance plan information, and prior audit coverage, we analyze risks associated with over 300 auditable units. The auditable units include areas such as finance, research, information technology, auxiliary enterprises, student services, and health and safety. Also considered for the fiscal year 2023 audit plan were risks associated with benefits proportionality as described in Rider 8, page III-50, the General Appropriations Act (87th Legislature), contract administration as described in Government Code 2261, State Contracting Standards and Oversight and applicable information technology risks related to Title I, Texas Administrative Code, Chapter 202, *Information Security Standards*. Our plan is not a static document; risks may change during the year and audits may need to be added or cancelled due to changing risks. Any significant changes to the plan are communicated to the Committee on Audit.

This collection of information provides the means to assess the risks for the auditable units of each A&M System member, and ultimately prioritize the list of auditable units based upon their overall risk to the organization. Those auditable units with the highest calculated risk for the A&M System are included in the annual audit plan. The total budgeted hours for the audit plan is 36,050.

Internal Audit Plan for Fiscal Year 2023

Listing of audits included in the fiscal year 2023 Audit Plan which address the following:

Benefits Proportionality

SYSTEMWIDE AUDITS

Compliance with Benefits Proportional by Fund Requirements – FY 2022

Contract Management

TEXAS A&M UNIVERSITY

College of Education & Human Development – Information Technology
Health Science Center – Academic and Research Information Technology
Health Science Center – Center for Innovation in Advanced Development and
Manufacturing
Learning Management System
Sponsored Research Services

PRAIRIE VIEW A&M UNIVERSITY

Learning Management System

TARLETON STATE UNIVERSITY

Learning Management System

TEXAS A&M INTERNATIONAL UNIVERSITY

Information Technology

TEXAS A&M UNIVERSITY–COMMERCE

Learning Management System

TEXAS DIVISION OF EMERGENCY MANAGEMENT

Disaster Finance

VI. External Audit Services Procured in Fiscal Year 2022

A&M System Offices

Audit of Easterwood Airport Passenger Facility Charge

Texas A&M University

Review of Consolidated Financial Statements for SACS Accreditation

Audit of KAMU – TV Financial Statements

Audit of KAMU – FM Financial Statements

Audit of Cancer Prevention & Research Institute of Texas Grant Program – Texas A&M

Audit of Cancer Prevention & Research Institute of Texas Grant Program – TAMHSC

Audit of Texas A&M University Office in Mexico Financial Statements

Agreed-Upon Procedures for Intercollegiate Athletics Program

Audit of the Qingdao National Laboratory for Marine Science

Prairie View A&M University

Agreed-Upon Procedures for Intercollegiate Athletics Program

Audit of KPVU-FM Radio Station Financial Statements

Tarleton State University

Agreed-Upon Procedures for Intercollegiate Athletics Program

Texas A&M University-Commerce

Audit of Texas A&M University-Commerce Alumni Association Financial Statements

Audit of Texas A&M University-Commerce Foundation Financial Statements

Audit of KETR – FM Radio Station Financial Statements

Agreed-Upon Procedures for Intercollegiate Athletics Program

Texas A&M University–Corpus Christi

Agreed-Upon Procedures for Intercollegiate Athletics Program

Agreed-Upon Procedures for Perkins Loan Closeout

Agreed-Upon Procedures for Donor Award Agreements & Awarded Scholarships

Texas A&M University–Kingsville

Agreed-Upon Procedures for Intercollegiate Athletics Program

Audit of Perkins Loan Closeout

Compliance Audit of Title IV Program

Texas A&M University-San Antonio

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

Audit of the Institute of School and Community Partnerships Financial Statements

West Texas A&M University

Compliance Audit of Title IV Program

Audit of West Texas A&M University Foundation Financial Statements

Texas A&M AgriLife Research

Audit of Cancer Prevention & Research Institute of Texas Grant Program

Texas A&M Engineering Experiment Station

Audit of Cancer Prevention & Research Institute of Texas Grant Program

Texas A&M Research Foundation

Audit of Texas A&M Research Foundation Financial Statements

VII. Reporting Suspected Fraud and Abuse

General Appropriations Act fraud reporting requirements:

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

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

Texas Government Code reporting requirements:

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

VIII. Contracting Audits – Fiscal Years 2018 – 2022

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

Report Title By System Member	Report #	Report Date	Follow Up
<i>A&M System Offices</i>			
Easterwood Airport Operations	20170108	December 2017	October 2018
Facilities, Planning & Construction	20190107	January 2020	March 2020
Security Operations Center	20210109	August 2021	In Progress
Workday	20220114	May 2022	In Progress
<i>Texas A&M University</i>			
College of Medicine – Financial Management Services	20170209	October 2017	July 2018
Health & Safety	20170210	November 2017	January 2020
Recreational Sports	20180201	March 2018	July 2018
Facilities Condition	20180202	March 2018	November 2018
University Center	20180211	August 2018	April 2019
Student Activities	20190204	June 2019	July 2020
Contract Administration	20200203	July 2020	February 2021
Bush School Information Technology	20200202	December 2019	March 2020
Health Science Center - Clinical Healthcare Operations	20200201	February 2020	February 2021
Division of Information Technology	20200209	October 2020	September 2021
University-Administered Major Construction	20200111	January 2021	Not Required
Purchasing - Payment Cards	20200210	November 2020	February 2021
Purchasing	20210201	March 2021	Not Required
Collegiate Licensing	20210203	November 2021	Not Required
International Ocean Discovery Program	20210204	June 2021	January 2022
Qatar Expenditures	20220208	January 2022	Not Required
Athletics	20220201	September 2022	In Progress
Youth Safety	20220209	April 2022	In Progress
<i>Prairie View A&M University</i>			
Owens Franklin Health Center	20180503	September 2018	December 2019
Information Technology	20180504	November 2018	September 2019
Financial Management Services	20190506	February 2020	May 2022
Health and Safety	20200503	November 2020	October 2021
Student Information System	20200504	November 2020	September 2021
Financial Management Services – Revenue Management	20210501	October 2021	In Progress
<i>Tarleton State University</i>			
Financial Management Services	20190402	April 2019	August 2020
<i>Texas A&M International University</i>			
Health & Safety	20181601	May 2018	March 2019
Athletics	20191601	May 2019	October 2019
Financial Management Services	20211601	June 2021	September 2021
<i>Texas A&M University-Central Texas</i>			
Student Information System	20202401	April 2020	January 2021
Financial Management Services	20212402	July 2021	January 2022

Report Title By System Member	Report #	Report Date	Follow Up
<i>Texas A&M University-Commerce</i>			
Athletics	20192103	October 2019	Not Required
Financial Management Services	20212101	September 2021	Not Required
<i>Texas A&M University-Corpus Christi</i>			
Financial Management Services	20201502	November 2020	June 2021
Information Technology	20211501	August 2021	Not Required
Learning Management System	20221501	January 2022	Not Required
<i>Texas A&M University-Kingsville</i>			
Health & Safety	20181701	January 2018	June 2019
Athletics Department	20181703	November 2018	September 2019
Financial Management Services	20211701	November 2021	Not Required
Learning Management System	20221701	May 2022	Not Required
<i>Texas A&M University-San Antonio</i>			
Financial Management Services	20192502	September 2019	August 2021
Health and Safety	20202501	December 2020	December 2021
Student Information System	20212501	May 2021	July 2022
Learning Management System	20222501	April 2022	Not Required
<i>Texas A&M University-Texarkana</i>			
Financial Management Services	20182201	November 2018	January 2020
Student Information System	20212201	April 2021	August 2022
<i>West Texas A&M University</i>			
Financial Management Services	20211801	November 2021	July 2022
Learning Management System	20221802	July 2022	Not Required
<i>Texas A&M AgriLife Research, AgriLife Extension, and Veterinary Diagnostic Laboratory</i>			
Financial Management Services	20180606	October 2018	September 2019
Centers and Institutes	20210602	June 2021	In Progress
<i>Texas A&M Engineering Extension Service</i>			
Export Controls	20180901	March 2018	July 2019
Financial Management Services	20210901	October 2021	February 2022
<i>Texas A&M Engineering Experiment Station</i>			
Research Centers and Institutes	20180801	March 2018	July 2019
<i>Texas A&M Forest Service</i>			
Volunteer Fire Department Grant Program	20221101	February 2022	Not Required
<i>Texas A&M Transportation Institute</i>			
Financial Management Services	20191201	April 2019	October 2019
<i>Texas Division of Emergency Management</i>			
Information Technology	20223002	August 2022	Not Required