



# **Internal Audit Annual Report The Texas State University System Office of Internal Audit**

**Fiscal Year Ending August 31, 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 Website**

Texas Government Code Section 2102.015 requires state agencies and higher education institutions to post certain information on their internet websites. The Texas State University System (TSUS) Office of Internal Audit ensures compliance with Section 2102.015 through the following procedures:

- Posting its annual audit and compliance plan to the Office of Internal Audit webpages of the TSUS and components' websites within 30 days after formal approval by the Board of Regents ("the Board"). The Fiscal Year 2023 Audit and Compliance Plan was approved by the Board on August 11, 2022 and has been posted as required.
- Posting this *Internal Audit Annual Report for Fiscal Year 2022* to the Office of Internal Audit webpages of the TSUS and components' websites within 30 days of distributing the report to the Finance & Audit Committee of the Board.
- Including in the quarterly board materials, posted on the TSUS website, a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by audit and compliance plan projects and a detailed summary of the actions taken by management to address resultant recommendations.

The TSUS Office of Internal Audit reserves the right to not post information contained in the audit and compliance plan, reports, or this *Internal Audit Annual Report* if the information is exempt from public disclosure under Chapter 552 of the Texas Government Code.

## II. Audit and Compliance Plan for Fiscal Year 2022

The TSUS Office of Internal Audit prepares a consolidated audit and compliance plan (“Plan”) for System Administration and its components. The following is a listing of all projects included in the Plan for fiscal year 2022, amended to include the status of the projects as of August 31, 2022, the report titles, report numbers (if applicable), and dates the reports were issued to external oversight entities.

### LAMAR UNIVERSITY STATUS OF PROJECTS IN FISCAL YEAR 2022 AUDIT AND COMPLIANCE PLAN

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
TAC 202 Biennial Review	Completed. System-wide report: Management Advisory Letter - TAC 202 Biennial Reviews, 8-30-2022.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
Benefits Proportionality	Completed. System-wide report: Benefits Proportionality, 8-30-2022.
Reaud Data Center	Completed. Reaud Data Center Audit Report, LU-22-001, 1-19-2022.
Suicide Prevention (Compliance)	In progress.
Hazing (Compliance)	In progress.
Sexual Misconduct (Compliance)	In progress.
Clery Act (Compliance)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2022 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2023 Audit and Compliance Plan</i> is posted on the TSUS and components’ webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-20-2021.
Continuing Education	Completed. Activity does not result in a report.
KVLU-FM Radio Station (Audit Delegation 734-2022-001)	Completed. KVLU FS 2021 Final, 3-28-2022.
NCAA Agreed-Upon Procedures (Audit Delegation 734-2022-002 )	Completed. Lamar University Final 2021 NCAA AUP Report, 2-10-2022.

Special Projects	<ul style="list-style-type: none"> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ External inquiry - completed. Internal memorandum issued: LU-22-004 Review of Transactions in a Specific Area, 3-10-2022.</li> <li>➤ Title IX Risk Assessment (Compliance) - management request; completed. Activity did not result in a written report.</li> <li>➤ Review of background checks - in progress.</li> <li>➤ Reviewed and provided commentary on various agreements with Lamar components' Foundations.</li> <li>➤ Provided scribing assistance to Provost.</li> <li>➤ NIST Review - management request. On-going activity.</li> <li>➤ SAO Hotline Complaint #22-0249 - in progress.</li> <li>➤ EthicsPoint #31 - closed within the hotline system.</li> <li>➤ EthicsPoint #32 - closed within the hotline system.</li> <li>➤ EthicsPoint #33 - closed within the hotline system.</li> <li>➤ EthicsPoint #34 - closed within the hotline system.</li> <li>➤ EthicsPoint #96 - closed within the hotline system.</li> <li>➤ EthicsPoint #97 - closed within the hotline system.</li> <li>➤ EthicsPoint #98 - closed within the hotline system.</li> <li>➤ EthicsPoint #99 - closed within the hotline system.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ Comptroller's Office - Dual Employment.</li> <li>➤ THECB Desk Review Texas Reskilling Support Fund Grant Program.</li> <li>➤ University of Houston - SBDC Subrecipient Grant Review.</li> <li>➤ Small Business Development Association Network Review.</li> <li>➤ Department of Education A-123C Improper Payment Review, Educational Assistance Grant.</li> <li>➤ Department of Education Review - Academic Partnerships.</li> <li>➤ Texas Workforce Commission - EEOC Personnel Policies and Procedures Review.</li> <li>➤ Mitchell T. Fontenote CPA, Inc., KVLU Financial Statements Together with Auditor's Report (Delegation 734-2022-001).</li> <li>➤ Weaver and Tidwell, LLP, Intercollegiate Athletics Agreed-Upon Procedures (Delegation 734-2022-002).</li> </ul>

### PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2022

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Special Projects	<ul style="list-style-type: none"> <li>➤ CICE - completed. Management Advisory Letter LU-21-004, Center for Innovation, Commercialization, and Entrepreneurship Report, 9-28-2021.</li> <li>➤ SAO Hotline Complaint #21-5063 - completed. Response not requested.</li> <li>➤ EthicsPoint #91 - closed within the hotline system.</li> <li>➤ EthicsPoint #93 - closed within the hotline system.</li> <li>➤ Sick Leave Pool (Management Request) - completed. Internal Management Advisory Letter LU-21-003, issued 10-26-2021.</li> </ul>

Logical Access Review	Completed. Logical Access LU-21-001, issued 9-15-2021.
Foreign Gifts, Grants, and Contracts (Compliance)	Completed. Management Advisory Letter, Foreign Gifts and Contracts, 12-8-2021.
Construction Audit - Setzer Center (Outsourced)	Completed. Lamar University, Setzer Student Center Renovation, 4-8-2022.

**SAM HOUSTON STATE UNIVERSITY  
STATUS OF PROJECTS IN FISCAL YEAR 2022 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
4+1 Teaching Program	In progress.
TAC 202 Biennial Review	Completed. System-wide report: Management Advisory Letter - TAC 202 Biennial Reviews, 8-30-2022.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
Benefits Proportionality	Completed. System-wide report: Benefits Proportionality, 8-30-2022.
Suicide Prevention (Compliance)	In progress.
Hazing (Compliance)	In progress.
Sexual Misconduct (Compliance)	In progress.
Clery Act (Compliance)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2022 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2023 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-20-2021.
Continuing Education	Completed. Activity does not result in a report.
NCAA Agreed-Upon Procedures	Completed. NCAA Financial Statement Compilation (Fiscal Year 2021), SHSU-22-001, 1-12-2022.
Special Projects	<ul style="list-style-type: none"> <li>➤ Title IX Risk Assessment (Compliance) - management request; completed. Activity did not result in a written report.</li> <li>➤ College of Osteopathic Medicine - completed. College of Osteopathic Medicine Anatomy Lab, SHSU-22-004, issued 4-21-2022.</li> <li>➤ Travel Expenses - management request; completed. Activity did not result in a written report.</li> <li>➤ EthicsPoint #91 - closed within the hotline system.</li> <li>➤ EthicsPoint #92 - closed within the hotline system.</li> <li>➤ EthicsPoint #93 - closed within the hotline system.</li> <li>➤ SAO Complaint #20-0218 - documents provided to SAO as requested.</li> </ul>

Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ Texas Workforce Commission - EEOC Personnel Policies and Procedures Review.</li> <li>➤ Belt Harris Pechacek, LLLP, Charter School Annual Financial Report FYE 8-31-2021 (Delegation 753-2022-001).</li> <li>➤ Webb &amp; Wells, PC, Intercollegiate Athletics Agreed-Upon Procedures (Delegation 753-2022-002).</li> <li>➤ Department of Education - Harvey Grant.</li> <li>➤ State Comptroller's Office - Dual Employment.</li> <li>➤ State Auditor's Office - Statewide Single Audit Follow-Up (2022).</li> <li>➤ State Auditor's Office - Benefits Proportionality.</li> </ul>

### PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2022

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Special Projects	<ul style="list-style-type: none"> <li>➤ EthicsPoint #80 - closed within the hotline system.</li> <li>➤ EthicsPoint #81 - closed within the hotline system.</li> <li>➤ EthicsPoint #82 - closed within the hotline system.</li> <li>➤ EthicsPoint #88 - closed within the hotline system.</li> <li>➤ SAO Hotline Complaint #21-5458 - memorandum issued to SAO on 9-15-2021.</li> </ul>
Foreign Gifts, Grants, and Contracts (Compliance)	Completed. Management Advisory Letter, Foreign Gifts and Contracts, 12-8-2021.
Access to Confidential Data	Completed. Management Advisory Letter SHSU-22-001, 12-16-2021.
Network Security	Completed. Network Security Strategy, Policy, and Standards Audit, SHSU-21-003, 1-31-2022.
Construction Audit - College of Osteopathic Medicine (Outsourced)	Completed. Sam Houston State University College of Osteopathic Medicine, 4-8-2022.
Scholarships	Completed. Scholarship Process, SHSU-21-001, 4-21-2022.



**SUL ROSS STATE UNIVERSITY  
STATUS OF PROJECTS IN FISCAL YEAR 2022 AUDIT AND COMPLIANCE PLAN**

<b>Project/Activity</b>	<b>Status, Report Title/Report Number, and Date Issued to External Oversight Entities</b>
TAC 202 Biennial Review	Completed. System-wide report: Management Advisory Letter - TAC 202 Biennial Reviews, 8-30-2022.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
Benefits Proportionality	Completed. System-wide report: Benefits Proportionality, 8-30-2022.
Grants/Title IV	In progress.
Suicide Prevention (Compliance)	In progress.
Hazing (Compliance)	In progress.
Sexual Misconduct (Compliance)	In progress.
Clery Act (Compliance)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2022 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2023 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-20-2021.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ Title IX Risk Assessment (Compliance) - management request; completed. Activity did not result in a written report.</li> <li>➤ Payroll transactions - completed. Activity did not result in a written report.</li> <li>➤ Grade change - management request. Activity did not result in a written report.</li> <li>➤ EthicsPoint #21 - closed within the hotline system.</li> <li>➤ EthicsPoint #22 - closed within the hotline system.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"> <li>➤ THECB Compliance Monitoring Desk Review of Formula Funding.</li> <li>➤ Veteran's Affairs - Registrar's Office.</li> </ul>

**SUL ROSS STATE UNIVERSITY (continued)**  
**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2022**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Special Projects	<ul style="list-style-type: none"> <li>➤ EthicsPoint #16 - closed within the hotline system.</li> <li>➤ EthicsPoint #19 - closed within the hotline system.</li> <li>➤ EthicsPoint #20 - closed within the hotline system.</li> <li>➤ Supplemental testing of enrollment data for the THECB - completed.</li> </ul>
Foreign Gifts, Grants, and Contracts (Compliance)	Completed. Management Advisory Letter, Foreign Gifts and Contracts, 12-8-2021.

**TEXAS STATE UNIVERSITY**  
**STATUS OF PROJECTS IN FISCAL YEAR 2022 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Disaster Recovery	Completed. Disaster Recovery Plan for University Systems, TXST-22-001, 12-10-2021.
Banner Controls	Completed. Banner Information Technology Controls, TXST-22-002, 7-25-2022.
Background Checks	In progress.
TAC 202 Biennial Review	Completed. System-wide report: Management Advisory Letter - TAC 202 Biennial Reviews, 8-30-2022.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
Benefits Proportionality	Completed. System-wide report: Benefits Proportionality, 8-30-2022.
Suicide Prevention (Compliance)	In progress.
Hazing (Compliance)	In progress.
Sexual Misconduct (Compliance)	In progress.
Clery Act (Compliance)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2022 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2023 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-20-2021.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ Title IX Risk Assessment (Compliance) - management request; completed. Activity did not result in a written report.</li> <li>➤ SP-22-01, hotline email, reviewed and referred to HR, closed.</li> <li>➤ SP-22-03, hotline message, reviewed and referred to law enforcement and Student Affairs management for appropriate action, closed.</li> <li>➤ SP-22-04, hotline email, reviewed and referred to HR, closed.</li> <li>➤ SP-22-05, Affiliated organization - management request; completed. Discussed results with management and referred matter to law enforcement.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ SP-22-06, employee exit complaint - reviewed and referred to Facilities management for appropriate action, closed.</li> <li>➤ EthicsPoint #61 - referred to law enforcement, closed within the hotline system.</li> <li>➤ EthicsPoint #62 - closed within the hotline system.</li> <li>➤ EthicsPoint #63 - closed within the hotline system.</li> <li>➤ EthicsPoint #64 - closed within the hotline system.</li> <li>➤ EthicsPoint #65 - closed within the hotline system.</li> <li>➤ EthicsPoint #66 - closed within the hotline system.</li> <li>➤ EthicsPoint #67 - closed within the hotline system.</li> <li>➤ EthicsPoint #68 - closed within the hotline system.</li> <li>➤ EthicsPoint #69 - closed within the hotline system.</li> <li>➤ EthicsPoint #70 - closed within the hotline system.</li> <li>➤ EthicsPoint #71 - closed within the hotline system.</li> <li>➤ EthicsPoint #72 - in progress.</li> <li>➤ EthicsPoint #73 - closed within the hotline system.</li> <li>➤ EthicsPoint #74 - closed within the hotline system.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ State Comptroller's Office - Dual Employment.</li> <li>➤ Atchley &amp; Associates, LLP, Emmett &amp; Miriam McCoy College of Business Administration Development Foundation Financial Statement Audit, FYE 2021 (Delegation 754-2022-001).</li> <li>➤ James Moore &amp; Co., PL., NCAA Agreed-Upon Procedures, FYE 2022 (Delegation 754-2022-002).</li> <li>➤ Montemayor Britton Bender PC, Student Financial Aid Title IV Audit FYE 2022 (Delegation 754-2022-003).</li> <li>➤ Internal Revenue Service - Payroll.</li> <li>➤ Cancer Prevention &amp; Research Institute of Texas - Grant Monitoring Review.</li> <li>➤ Texas Workforce Commission - Civil Rights Division Personnel Policies and Procedures Review.</li> </ul>

#### PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2022

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Laboratory Safety	In progress.
Research Compliance	In progress.
Procurement of Technology Services from External Vendors	Completed. Procurement of Technology Services from External Vendors, TXST-21-006, 10-22-2021.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit.

	<ul style="list-style-type: none"> <li>➤ James Moore &amp; Co., PL., NCAA Agreed-Upon Procedures, FYE 2021 (Delegation 754-2021-004)</li> <li>➤ Montemayor Britton Bender PC, Student Financial Aid Title IV Audit FYE 2021 (Delegation 754-2021-005).</li> </ul>
Foreign Gifts, Grants, and Contracts (Compliance)	Completed. Management Advisory Letter, Foreign Gifts and Contracts, 12-8-2021.
Construction Audit - University Events Center (Outsourced)	Completed. University Events Center Expansion, 10-21-2021.
Construction Audit - Ingram Hall (Outsourced)	Completed. Engineering and Science Building Ingram Hall 1-19-2022.

**LAMAR INSTITUTE OF TECHNOLOGY  
STATUS OF PROJECTS IN FISCAL YEAR 2022 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
TAC 202 Biennial Review	Completed. System-wide report: Management Advisory Letter - TAC 202 Biennial Reviews, 8-30-2022.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
Benefits Proportionality	Completed. System-wide report: Benefits Proportionality, 8-30-2022.
Digital Workforce Academy	Completed. Digital Workforce Academy Review, LIT-22-001, 7-21-2022.
Suicide Prevention (Compliance)	In progress.
Hazing (Compliance)	In progress.
Sexual Misconduct (Compliance)	In progress.
Clery Act (Compliance)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2022 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2023 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-20-2021.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ Title IX Risk Assessment (Compliance) - management request; completed. Activity did not result in a written report.</li> <li>➤ Investigation of reported concerns - in progress.</li> <li>➤ EthicsPoint #12 - in progress.</li> <li>➤ Incident notification - reported to SAO.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"> <li>➤ State Auditor's Office - Benefits Proportionality.</li> <li>➤ Texas Workforce Commission - EEOC Personnel Policies and Procedures Review.</li> </ul>

**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2022**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Construction Audit - Technical Arts Building (Outsourced)	Completed. Technical Arts Building, 1-19-2022.
Foreign Gifts, Grants, and Contracts (Compliance)	Completed. Management Advisory Letter, Foreign Gifts and Contracts, 12-8-2021.

**LAMAR STATE COLLEGE - ORANGE**  
**STATUS OF PROJECTS IN FISCAL YEAR 2022 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
TAC 202 Biennial Review	Completed. System-wide report: Management Advisory Letter - TAC 202 Biennial Reviews, 8-30-2022.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
Benefits Proportionality	Completed. System-wide report: Benefits Proportionality, 8-30-2022.
Suicide Prevention (Compliance)	In progress.
Hazing (Compliance)	In progress.
Sexual Misconduct (Compliance)	In progress.
Clery Act (Compliance)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2022 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2023 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-20-2021.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	➤ Title IX Risk Assessment (Compliance) - management request; completed. Activity did not result in a written report.
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. ➤ Texas Workforce Commission - EEOC Personnel Policies and Procedures Review.



**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2022**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Foreign Gifts, Grants, and Contracts (Compliance)	Completed. Management Advisory Letter, Foreign Gifts and Contracts, 12-8-2021.

**LAMAR STATE COLLEGE - PORT ARTHUR**  
**STATUS OF PROJECTS IN FISCAL YEAR 2022 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
TAC 202 Biennial Review	Completed. System-wide report: Management Advisory Letter - TAC 202 Biennial Reviews, 8-30-2022.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
Benefits Proportionality	Completed. System-wide report: Benefits Proportionality, 8-30-2022.
Suicide Prevention (Compliance)	In progress.
Hazing (Compliance)	In progress.
Sexual Misconduct (Compliance)	In progress.
Clery Act (Compliance)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2022 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2023 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-20-2021.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ Title IX Risk Assessment (Compliance) - management request; completed. Activity did not result in a written report.</li> <li>➤ SAO Hotline Complaint #22-1091 - memorandum provided to SAO on 2-25-2022.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"> <li>➤ Texas Workforce Commission - EEOC Personnel Policies and Procedures Review.</li> <li>➤ Department of Veteran's Affairs - Compliance Survey.</li> <li>➤ Belt Harris Pechacek, LLLP, Annual Financial Report, Fiscal Year 2021 (Delegation 788-2021-001).</li> <li>➤ Weaver and Tidwell, LLP, Program Specific Audit (Title IV), Fiscal Year 2021 (Delegation 788-2021-002).</li> </ul>

**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2022**

<b>Project/Activity</b>	<b>Report Title/Report Number, and Date Issued to External Oversight Entities</b>
Port Arthur Higher Education Foundation Review	Completed. Internal memorandum, 9-16-2021.
Foreign Gifts, Grants, and Contracts (Compliance)	Completed. Management Advisory Letter, Foreign Gifts and Contracts, 12-8-2021.

**SYSTEM ADMINISTRATION  
STATUS OF PROJECTS IN FISCAL YEAR 2022 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Title IX Quarterly and Annual Reporting	Completed. Quarterly reports submitted to Chancellor as required. Annual report submitted to the Texas Higher Education Coordinating Board on October 17, 2021.
TAC 202 Biennial Review	Completed. System-wide report: Management Advisory Letter - TAC 202 Biennial Reviews, 8-30-2022.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2022, 8-30-2022.
Benefits Proportionality	Completed. System-wide report: Benefits Proportionality, 8-30-2022.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2022 fiscal year.
TSUS Policy Alignment	In progress.
Sexual Misconduct (Compliance)	In progress.
Suicide Prevention (Compliance)	In progress.
Hazing (Compliance)	In progress.
Clery Report Review (Compliance)	In progress.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2023 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-20-2021.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ EthicsPoint #30 - closed within the hotline system.</li> <li>➤ EthicsPoint #31, for LU - closed within the hotline system.</li> <li>➤ EthicsPoint #32, for LU - closed within the hotline system.</li> <li>➤ EthicsPoint #33, for LU - closed within the hotline system.</li> <li>➤ EthicsPoint #34, for LU - closed within the hotline system.</li> <li>➤ EthicsPoint #35 - closed within the hotline system.</li> <li>➤ EthicsPoint #36, for TxState - closed within the hotline system.</li> <li>➤ EthicsPoint #37, for TxState - closed within the hotline system.</li> <li>➤ EthicsPoint #38, for TxState - closed within the hotline system.</li> <li>➤ EthicsPoint #39, for TxState - closed within the hotline system.</li> <li>➤ EthicsPoint #40, for TxState - closed within the hotline system.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Title IX Risk Assessment (Compliance) - management request; completed. Activity did not result in a written report.</li> <li>➤ Reviewed and provided commentary on various agreements with institutional Foundations.</li> <li>➤ Responded to multiple Open Records Requests.</li> <li>➤ Reviewed draft workload reports subsequent to a Rule change.</li> <li>➤ Updated information for all components for the system-wide fraud reporting hotline.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Component Audit Assistance	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the TSUS Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ State Auditor's Office, Statewide Single Audit Follow-up.</li> <li>➤ R.L. Townsend &amp; Associates, Construction Audits (Delegation 758-2018-002): <ul style="list-style-type: none"> <li>. LIT: Technical Training &amp; Education Building</li> <li>. LU: Setzer Center</li> <li>. SHSU: Arts Complex</li> <li>. SHSU: College of Osteopathic Medicine</li> <li>. Texas State: Ingram Hall</li> <li>. Texas State: University Events Center</li> </ul> </li> </ul>
Compliance Program Enhancements	On-going. Activity does not result in a report.
Compliance Newsletter	Completed. Newsletters issued in November 2021, February 2022, May 2022, and August 2022.
Compliance Risk Universe	On-going. Activity does not result in a report.

#### PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2022

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Construction Audits (Outsourced)	<p>R.L. Townsend &amp; Associates (Delegation 758-2018-002):</p> <ul style="list-style-type: none"> <li>➤ LIT: Technical Training &amp; Education Building - completed. Report issued 1-19-2022.</li> <li>➤ LU: Setzer Center - completed. Report issued 4-8-2022.</li> <li>➤ SHSU: College of Osteopathic Medicine - completed. Report issued 4-8-2022.</li> <li>➤ Texas State: Ingram Hall - completed. Report issued 1-19-2022.</li> <li>➤ Texas State: University Events Center - completed. Report issued 10-21-2022.</li> </ul>
Foreign Gifts, Grants, and Contracts Compliance Review	Completed. Management Advisory Letter, Foreign Gifts and Contracts, 12-8-2021.
Special Projects	EthicsPoint #29 - closed within the hotline system.

### III. Consulting Services and Nonaudit Services Completed

The *International Standards for the Professional Practice of Internal Auditing* defines “consulting services” as advisory in nature, generally performed at the specific request of management. The *Government Auditing Standards* define “nonaudit services” as those activities which are not financial audits, attestation engagements, or performance audits. The following bulleted lists represent consulting and nonaudit services conducted during fiscal year 2022:

#### LAMAR COMPONENTS

- Performed research on and prepared a review program related to Foundations.
- Prepared the audit delegation request for KVLU Financial Statement Audit for year ending August 31, 2022.
- Prepared the audit delegation request for LU NCAA Agreed Upon Procedures work for year ending August 31, 2022.
- Performed a review of the LSCPA Annual Financial Report and an analysis of data therein for the year ending August 31, 2021 and summarized results.
- Performed a review of the KVLU Financial Statement Audit and an analysis of data therein for the year ending August 31, 2021 and summarized results.
- Performed a review of the LSCPA Program Specific Audit of Student Financial Aid and an analysis of the data therein for the year ended August 31, 2021 and summarized results.
- Performed an analysis of NCAA-related financial information for the year ending August 31, 2021 and summarized results.
- Consulted with the Comptroller’s Office regarding avoidance of duplicative audit work at LIT for the Benefits Proportionality Audit for Appropriation Year 2021.
- Reviewed and commented on potential administrative policy changes at all components.
- Researched a variety of issues at management’s request at all components.
- Monitored and advised on IT business continuity at all components.
- Advised management on IT systems and applications controls at all components.
- Participated in education sessions with certain LU non-IT departments on TAC 202 requirements.
- Participated in meetings regarding the Texas Cybersecurity Framework Assessment at LU performed by AT&T under the direction of the Texas Department of Information Resources.
- Continued periodic meetings with Lamar Component Presidents, Vice Presidents of Finance and Operations, Chief Information Officers, and Information Security Officers, as well as other management to discuss activities or areas of concerns.
- Met with new Presidents at LU and LIT and provided onboarding information related to Internal Audit.
- Reviewed safety/health concerns regarding building utilized for LU Construction Management lab and reported information to President.
- Onboarded two employees.
- Drafted system-wide TAC Identification and Authentication audit program.
- Served in board member capacity for the Texas Association of College and University Auditors.
- Served in board member capacity for the Texas Society of Certified Public Accountants.
- Worked in conjunction with other TeamMate+ Champions on various activities and tasks.

## **SAM HOUSTON STATE UNIVERSITY**

- Compiled a multi-year summary of significant audit issues to assist in the on-boarding of the new Provost.
- Prepared and sent email “blasts” reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Created a fraud awareness training course to be included in Talent Management for all SHSU faculty and staff.
- Held monthly meetings with executive management.
- Prepared the audit delegation request for the required NCAA Agreed-Upon Procedures engagement.
- Prepared the audit delegation request for an audit of the financial statements of the SHSU Charter School.
- Presented risk management training and introduced enterprise risk management (ERM) concepts to the Office of the President.
- Developed and presented a basic introduction to “what is internal auditing” presentation to the SHSU ACEF student chapter.
- Developed and distributed a “what is risk” handout to SHSU management.
- Assisted in planning for TeamMate Analytics training to be presented next fiscal year.
- Coordinated with TeamMate+ champions and IT auditors to address FY 2022 priorities, including implementing data security plan priorities, which included performing FY 22 risk assessments and conducting periodic access review procedures.
- Developed a new risk assessment survey within Qualtrics to more efficiently obtain management’s input.
- Consulted with Strategic Enrollment and Innovation Group (SEI) regarding risks associated with IT and provided informal feedback.
- Consulted with SEI and IT on third-party risk management controls and provided informal feedback before management created an IT alignment project to address these risks.
- Provided feedback to SEI and IT regarding their draft policy to address risks associated with confidential data.
- Provided guidance and insight on IT governance to be in line with TAC 202 and Texas Government Code.
- Provided guidance to IT management on hardware asset management disposal procedures.
- Reviewed the annual Asset Forfeiture report for the University Police Department.
- Researched a variety of issues at management’s request.
- Served on the President’s Council.
- Served as ex-officio member of the Critical Incident Response Team and participated in a tabletop exercise.
- Served as ex-officio member of the SHSU Compliance Committee.
- Served as ex-officio member of the search committee for the VP of IT position.
- Consulted with the Controller’s Office regarding compliance activities.

## **SUL ROSS STATE UNIVERSITY**

- Prepared and sent email “blasts” reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Evaluated data related to the aging of student accounts and discussed results with management.
- Participated in weekly operational meetings with SRSU Provost and the Deans.
- Performed a formula funding review to support SRSU report of corrected activity.

- Worked on the transition between the departing President and the arriving Interim President, with an emphasis on University-owned property and the location of such property.
- Worked with the Interim Provost to get the office ready for new Provost arrival.
- Worked with new Interim President to acquaint him with audit department functions and the status of ongoing reviews.

### **TEXAS STATE UNIVERSITY**

- Prepared and sent email “blasts” reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Held monthly meetings with the President and periodic meetings with Vice President of Finance and Support Services and Chief Information Officer, as well as other management to discuss activities or areas of concerns.
- Researched a variety of issues at management’s request.
- Reviewed and commented on potential administrative policy changes.
- Prepared the audit delegation request for an audit of the financial statements for the Emmett & Miriam McCoy College of Business Administration Development Foundation for Fiscal Year 2022.
- Prepared the audit delegation request for the NCAA Agreed-Upon Procedures audit for Athletics for Fiscal Year 2022.
- Performed an analysis of NCAA-related financial information and communicated results to Board.
- Prepared the audit delegation request for a Federal Student Aid (Title IV) audit and Year 2 Educational Stabilization Funds for FY 2022.
- Consulted with the Office of Institutional Compliance and Ethics regarding audits, investigations, and special projects.
- Worked in conjunction with other TeamMate+ Champions on various activities and tasks.
- Served as Director, Virtual Learning Committee, for the Association of College and University Auditors.
- Served on the Business Services Council.
- Served as ex-officio member of the Human Resources Stakeholders Team.

### **SYSTEM ADMINISTRATION**

- Proposed changes and provided commentary on potential Rule changes for the Board’s consideration.
- Provided commentary on potential administrative policy changes at System Administration and various components.
- Provided recommendations regarding MOUs with various foundations.
- Prepared the audit delegation request for the TSUS Foundation audit.
- Researched a variety of issues at management’s request.
- Provided operational insight into information technology questions from executive leadership.
- Reviewed and commented on various iterations of “right to audit” clauses in draft contracts.
- Maintained the TSUS CPE Sponsorship with the Texas State Board of Public Accountancy as a registered CPE sponsor.
- Participated in all TSUS Sexual Misconduct Policy (includes Title IX) task force meetings.



#### IV. External Quality Assurance Review (Peer Review)

Texas Government Code 2102 requires periodic external assessments of the audit function for compliance with applicable professional standards. The following excerpt is the most recent independent external validator's statement regarding the TSUS internal audit function, based on criteria outlined in the Institute of Internal Auditors (IIA) *Quality Assessment Manual for the Internal Audit Activity*. Because the IIA requires peer reviews to be conducted every 5 years, the next peer review will be included in the 2024 Audit and Compliance Plan.

There are three ratings that can be given in an IIA peer review. The validator rated the TSUS internal audit function with a "Generally Conforms" rating, which is the best rating available.



## Texas State University System

### INDEPENDENT VALIDATION OPINION REPORT QUALITY ASSURANCE SELF-ASSESSMENT REVIEW

November 2019

Prepared by:  
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Texas State University System – 2019


## OVERVIEW

As required by the Texas Internal Auditing Act (article 6252-5d, V.A.C.S.) and the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (IIA Standards)*, a quality assurance review (QAR) was conducted of The Texas State University System (System) internal audit activity. The IIA Standards require that internal audit activities obtain an assessment either through an external review or a self-assessment quality assurance review, with an independent validation.

As an independent reviewer, I was engaged to conduct a validation of the self-assessment that was conducted by the System Office of Audits and Analysis. The primary objective of the validation was to independently verify the assertions made in the System's attached self-assessment report regarding adequate fulfillment of the expectations of the IA activity by the Audit and Finance Committee of the Board of Regents and its conformity to the *IIA Standards*. An additional objective was to provide recommendations that the reviewer deems may be of value to the System IA activity. Matters that might have been reviewed and reported on in an external review, such as an in-depth analysis of best practices, governance, and use of advanced technology, were excluded from the scope of this review.

In acting as a validator, I am fully independent of the System and have the necessary knowledge and skills to undertake this engagement. The validation was conducted from November 19 through November 22, 2019. It consisted primarily of a review and testing of the procedures and documented results of the self-assessment conducted by the System's IA review team. It also included a review of a limited sample of various audit workpapers; an evaluation of responses to surveys distributed to System Administration executives, component Presidents and management, and audit staff; and interviews with the audit staff, Finance and Audit Committee Chair of the Board of Regents and the Texas State University System Chancellor.

Texas State University System – 2019

 **OPINION**

Based upon my interviews, workpaper reviews, and a review of the work conducted by the IA review teams, I concur with the conclusion that the internal audit activity at the System Office of Audits and Analysis (OAA) and the four component locations, the Texas State University, Lamar University, Sam Houston State University, and Sul Ross State University, **generally conforms** to the applicable *IIA Standards* and the Texas Internal Auditing Act.

This opinion, representing the best possible evaluation, means that there are in place the relevant structures, policies, and procedures, including the processes by which they are applied, that comply with the *IIA Standards* and the Texas Internal Auditing Act in all material respects. The workpapers documenting the self-assessment conducted by the System's IA review team showed that the review was appropriately documented by the team and the opinion appears to have been objectively developed.



Richard H. Tarr, CIA, CISA

## V. Audit and Compliance Plan for Fiscal Year 2023

The TSUS Office of Internal Audit prepares a consolidated audit and compliance plan (“Plan”) for TSUS components and System Administration. 28,925 hours have been budgeted for activities/projects included in the Plan (including travel and administrative time). The TSUS Board of Regents approved the Plan on August 11, 2022. Additional risks ranked as “high” identified during the risk assessment that are not included in the fiscal year 2023 Plan due to finite resources appear on Page 32.



# Office of Internal Audit Audit and Compliance Plan Fiscal Year 2023



**Carole M. Fox, CPA**  
Chief Audit Executive, Texas State University System

**Ramona Stricklan, CIA, CFE**  
Director, Lamar Components

**Kelly Blissett, CPA, MBA**  
Director, Sam Houston State University

**Scott Cupp, CIA, CCA**  
Director, Sul Ross State University

**Mike Miller, CIA, CGAP**  
Director, Texas State University

**Kelly Wintemute, CCEP, MBA**  
Compliance Officer, Texas State University System

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## INTRODUCTION AND PURPOSE

The *Fiscal Year 2023 Audit and Compliance Plan* (“Plan”) documents functional areas the Office of Internal Audit intends to devote resources to during fiscal year 2023. The Plan satisfies statutory responsibilities outlined in Section 2102.008 of the Texas Government Code, the Texas State University System *Rules and Regulations*, and applicable auditing standards. The number of hours budgeted to perform all activities in the Plan totals 23,773.

### Plan Categories

The Plan is divided into three different categories:

- Statutory Audits and Activities: Projects required by law for all institutions and System Administration.
- Risk-Based Functional Areas: Projects allocated amongst the institutions based on risks identified during the annual risk assessment process and subsequently categorized by functional area. The presentation of these projects is different than in prior years: rather than listing the specific projects to be performed at each institution and System Administration, the Plan identifies the functional areas where projects will be performed. See the section entitled “Risk Assessment Process” below for more information.
- Other Activities: Projects required by grant agreements or third parties; consulting and advisory services; special projects such as time-sensitive management-requested reviews or investigations; identification and communication of emerging compliance requirements; liaising with external auditors; and other functions designed to assist management in mitigating risks.

### Risk Assessment Process

Because of the increase in the number of statutorily-required projects and activities, audit resources available for risk-based projects have diminished. Therefore, it is critical that such projects focus on areas where independent reviews will provide the most value to the Texas State University System as a whole. In order to identify such projects, the Office of Internal Audit uses a two-phase risk assessment process.

The first phase is the annual risk assessment, used to build this Plan. (Texas Government Code 2102.005 requires audit plans to be developed “*utilizing risk assessment techniques.*”) The collective risk assessments performed at the institutions and System Administration included, but were not limited to, the following:

- Soliciting input from the Board of Regents, the Chancellor, Vice-Chancellors, and Component Presidents and management;
- Consulting with oversight entities regarding emerging concerns;
- Considering national trends within higher education;
- Evaluating materiality;
- Assessing the potential impact of negative public scrutiny; and
- Utilizing professional judgment and knowledge gained from prior projects regarding areas of risk.

The risk assessments considered a myriad of risks, including those associated with the on-going impact of COVID-19, fraud, contract management, benefits proportionality, and information technology (including those associated with Title 1, Texas Administrative Code, Chapter 202, *Information Security Standards*). The risk assessments also considered work performed by external auditors, institutional risk appetites, and activities for which assurance or consulting engagements would be most helpful to management.

Upon completion of the annual risk assessment, identified risks were categorized into various functional areas, such as Financial Management, Academics and Instruction, and Outsourced Services. In creating the functional areas, we considered the various organizational structures within the Texas State University System, the Risk Dictionary classifications created by the *Association of College and University Auditors*, and the functional expense classifications promulgated by the *National Association of College and University Business Officers* for financial statement reporting purposes.

Each functional area contains numerous activities, processes, and operations that could be the subject of an audit. (See Appendix A.) Except for compliance reviews (which are typically conducted on a system-wide basis), the various functional areas and the specific projects selected for review in those functional areas vary amongst the institutions and System Administration depending on the level of risk. For example, a project in the Financial Management functional area at Lamar University could involve an audit of accounts payable, while a project in the Financial Management functional area at Sul Ross State University could involve an audit of accounts receivable. There could be no projects (or multiple projects) in the Financial Management functional area at Sam Houston State University.

The second phase (of risk assessment) occurs when audit resources become available to commence a project in a designated functional area. Although the first phase of the risk assessment provides clear indicators of auditable units that would benefit from review, some units are of higher risk than others, and sometimes, risks identified during the annual risk assessment become mitigated as time passes. Therefore, as project planning begins, we conduct additional assessments to pinpoint the activities best suited for review. This approach affords us the flexibility to ensure emerging risks are timely reviewed.

As in prior years, there may be circumstances that require us to devote resources to activities not outlined in the Plan. Per the *Rules and Regulations*, significant changes to the Plan require approval by the Chair of the Finance and Audit Committee. Also, consistent with prior years, the risk assessment identified high risk areas that were not included in the Plan due to finite resources.

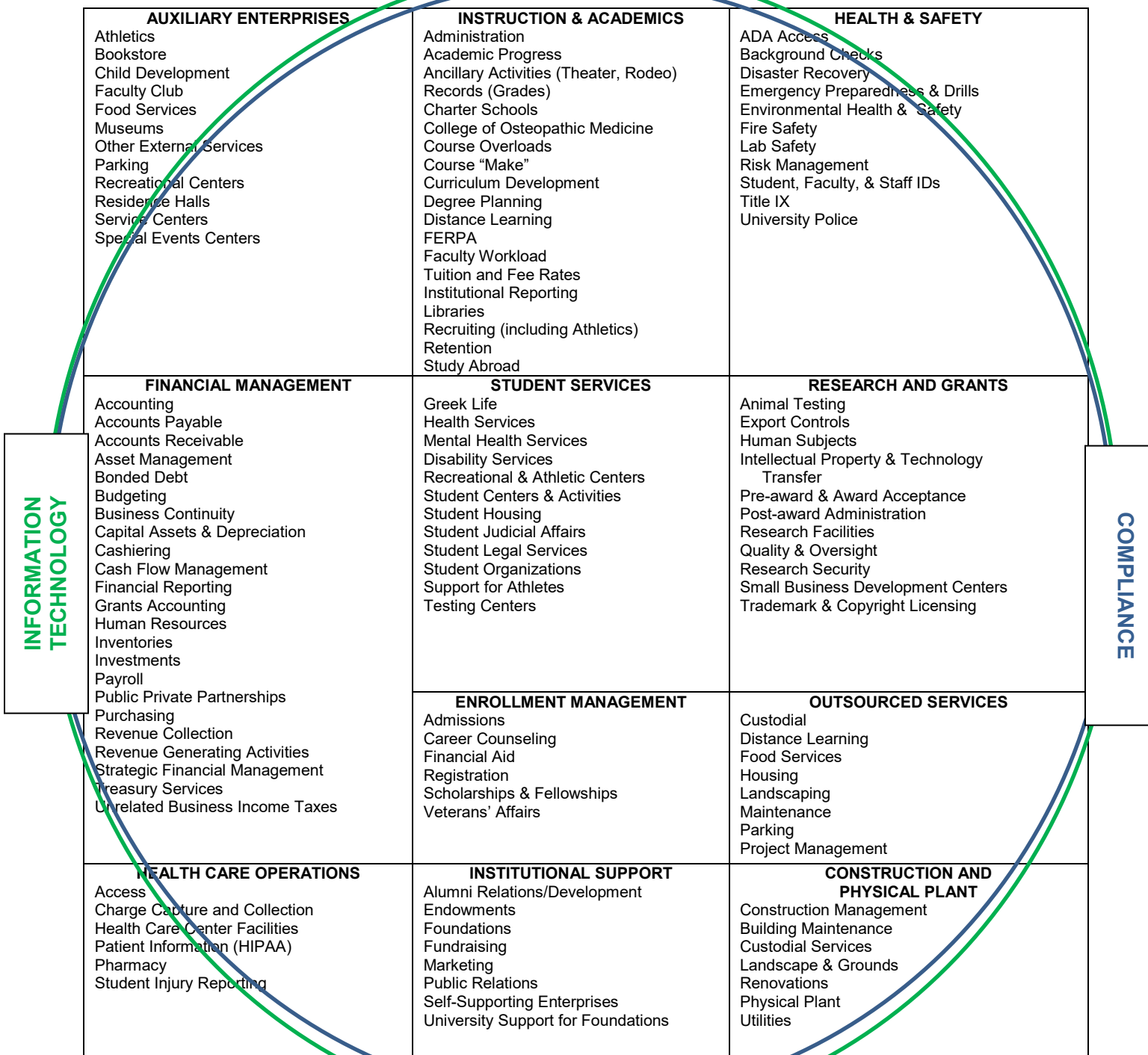
The Plan appears on the following page. Checkmarks, which represent one or more planned projects, are used to identify the functional areas at individual institutions and System Administration where the Office of Internal Audit plans to devote resources throughout the year.





## APPENDIX A RISK-BASED FUNCTIONAL AREAS

This chart depicts examples of (but not all) subprocesses/activities within each functional area, many of which overlap. These activities represent potential auditable units; however, some activities inherently have higher risks than others. Finite resources preclude audits of every activity listed, including those known to have higher risks. Therefore, the absence of check-marks in the Plan for risk-based audits means that no work is planned in the corresponding functional area(s). Information technology and compliance risks surround all of the functional areas and exist within all operations.



**ADDITIONAL RISKS RANKED AS “HIGH” IDENTIFIED DURING  
THE RISK ASSESSMENT THAT ARE NOT INCLUDED IN THE FISCAL YEAR 2023 PLAN**

Finite resources and statutory activities precluded the inclusion of all identified high-risk projects at the components and System Administration in the Plan. Such high-risk projects included, but were not limited to:

Academic Centers  
 ADA compliance  
 Athletic activities  
 Bond covenants  
 Certain automated controls/processes  
 Charter school contracts and activities  
 Chemical and Hazardous Waste  
 Compliance with FERPA (Family Educational Rights and Privacy Act)  
 Compliance with Title IV  
 Deferred maintenance  
 Distance Learning  
 Employee recruiting and retention  
 ERM (Enterprise Risk Management) activities  
 Faculty workloads  
 Foundations  
 Grade-related and grade-change-related processes  
 Health-care programs  
 IT processes  
 Minors on Campus  
 Non-endowed Funds - compliance with donor's request(s)  
 Online course material and material on course sites (such as Canvas)  
 Outsourced Services  
 Overload payments  
 Recreational Sports  
 Recruiting activities  
 Research data protection and technology control plans  
 Research protocols  
 Research using human subjects and IRBs (Institutional Review Board)  
 Risk management  
 Safety training  
 Small Business Development Centers  
 Software Licensing Management  
 Sports Club competitions  
 Student injury reporting  
 Student involvement programs  
 Student Retention  
 Student Travel Safety - Study Abroad  
 Support for student athletes  
 University Advancement  
 University-provided support for foundations  
 Unfunded Mandates

## VI. External Audit Services Procured in Fiscal Year 2022

- Lamar University contracted with the following firms:
  - Mitchell T. Fontenote CPA, Inc., KVLU Financial Statements Together with Auditor's Report FYE 8-31-2021 (Delegation 734-2022-001).
  - Weaver and Tidwell, LLP, Intercollegiate Athletics Agreed-Upon Procedures FYE 8-31-2021 (Delegation 734-2022-002).
  
- Sam Houston State University contracted with the following firms:
  - Belt Harris Pechacek, LLLP, Charter School Annual Financial Report FYE 8-31-2021 (Delegation 753-2022-001).
  - Webb & Wells, PC, Intercollegiate Athletics Agreed-Upon Procedures FYE 8-31-2021 (Delegation 753-2022-002).
  
- Texas State University contracted with the following firms:
  - Atchley & Associates, LLP, Emmett & Miriam McCoy College of Business Administration Development Foundation Financial Statement Audit, FYE 2021 (Delegation 754-2022-001).
  - James Moore & Co., PL, NCAA Agreed-Upon Procedures, FYE 2022 (Delegation 754-2022-002).
  - Montemayor Britton Bender PC, Student Financial Aid Title IV Audit FYE 2022 (Delegation 754-2022-003).
  
- Lamar State College Port Arthur contracted with the following firms:
  - Belt Harris Pechacek, LLLP, Annual Financial Report, FYE 2021 (Delegation 788-2021-001).
  - Weaver and Tidwell, LLP, Program Specific Audit (Title IV), FYE 2021 (Delegation 788-2021-002).
  
- System Administration contracted with the following firms:
  - R.L. Townsend & Associates, Construction Audits (Delegation 758-2018-002)
    - LIT: Technical Training & Education Building
    - LU: Setzer Center
    - SHSU: Arts Complex
    - SHSU: College of Osteopathic Medicine
    - Texas State: Ingram Hall
    - Texas State: University Events Center
  - Consulting services: Dolores Stanford and Associates, Clery Review

## VII. Reporting Suspected Fraud and Abuse

The TSUS has taken the following actions to ensure compliance with requirements of Section 7.09, page IX-38, the General Appropriation Act (87th Legislature):

- The TSUS contracts with EthicsPoint, an internet-based confidential fraud reporting hotline. On the main webpage for TSUS, there is a link entitled [Report Fraud & Abuse](#), which redirects to the EthicsPoint portal for reporting suspected fraud, waste or abuse. The link also appears on each TSUS component's homepage. Further, each component sends periodic email reminders to its employees regarding confidential avenues for reporting concerns about potential waste, fraud, and abuse of resources; the lack of compliance with laws, regulations, and/or University policies and procedures; or violations of the TSUS's Code of Ethics.

Additionally, there is a link to the State Auditor's fraud reporting hotline on the TSUS webpage and each component's webpage.

Lastly, Texas State University has a local hotline that is monitored by the Office of Internal Audit.

- The TSUS Rules and Regulations place specific requirements for employees to report suspected waste, fraud, or abuse and delegates responsibility to the Chief Audit Executive to report such matters to the State Auditor's Office. The Rules and Regulations also include information on how to report suspected fraud involving state funds to the State Auditor's Office.
- The TSUS is aware of and complies with the requirements of Texas Government Code, Section 321.022, regarding reporting to the State Auditor's Office those situations where a reasonable cause to believe that money received from the state may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred. The TSUS Rules and Regulations explicitly state: "*Texas State University System, through the Chief Audit Executive, will report suspected fraud or unlawful conduct to the State Auditor's Office (SAO) if he or she knows of facts pointing to fraud or unlawful conduct.*" The Office of Internal Audit conducts reviews into complaints regarding potential waste, fraud, or abuse (including complaints forwarded to the TSUS by the State Auditor's Office) and provides a written response summarizing the results of those reviews.