



Texas State University–San Marcos

Audit and Compliance

Audit Plan

Fiscal Year 2008

July 13, 2007

Texas State University-San Marcos is a member of the Texas State University System

Executive Summary

After multiple human resource challenges last year, Audit and Compliance was back at full staff as we began fiscal year 2007. As described by many athletic coaches, the past year has been one of rebuilding our team. Every individual on our staff is motivated to develop additional skills, particularly in information technology, such as SAP and ACL applications. Two are preparing for the Certified Information Systems Auditor (CISA) exam, and the third is studying for both the Certified Internal Auditor (CIA) and Certified Fraud Examiner (CFE) exams. In addition, we are moving forward in our implementation of Teammate, the electronic working papers software, including TeamCentral, which will ultimately allow each individual responsible for action items from audits to update them online and keep the list of outstanding items as current as possible.

The compliance program continues to move forward. This program is intended to mitigate penalties to the administration and the Board of Regents under the Federal Sentencing Guidelines and support compliance with Sarbanes-Oxley and the Governor's Executive Order RP-36. The Management Accountability Guidelines were placed on line last fall and are readily available for use by management. The compliance training modules are now in the Teaching Research and Collaboration System (TRACS), the Texas State instance of Sakai, an open-source technology developed by a consortium of universities including Texas State, Massachusetts Institute of Technology (MIT), Stanford, University of Michigan and Indiana University. Assessment tools are being added, and online training should be ready for implementation by the fall semester of the upcoming fiscal year.

We have made good progress on our current audit plan based on enterprise risk management, although two projects were delayed. Our office continues to serve as a resource in a wide variety of special projects, such as investigating Ethicspoint hotline complaints and fraud cases, acting as a liaison for the State Auditor's Office and other external entities, and responding to the Texas State University System. Although we are an independent appraisal function, our goal is to continue assisting the faculty, staff and students of Texas State University-San Marcos in meeting their responsibilities and the mission of the University. We appreciate your continued support.

AUDITS FOR FISCAL YEAR 2008

SYSTEM -WIDE INITIATIVES		
AUDIT	DESCRIPTION	HOURS
Student Safety	To evaluate the control framework surrounding the campuses' Risk Management processes.	200
Construction Management Processes	To evaluate the control framework surrounding the campuses' Construction Management processes.	200
Governor's Executive Order RP-36	To ascertain the campuses' compliance with the Executive Order.	200
Foundations	To evaluate the control framework surrounding the campuses' agreements with Foundations.	200
RISK-BASED AUDITS		
Academic Affairs		
Texas State Intensive English	Financial review.	200
Scholarship Endowments	Management and communication of university-controlled scholarship endowments, including college and departmental scholarship endowments.	250
Customer Service in Financial Aid	Assess effectiveness of organizational structure in meeting student service needs.	250
Freeman Ranch	Financial review	200
University Star	Financial review	200
Finance and Support Services		
Procurement Card Compliance	University-wide procurement card audit to ensure compliance with Presidential mandates and admonitions.	250
Historically Underutilized Business (HUB) Reporting	Review of HUB data to ensure accuracy and compliance with requirements for a good faith effort.	200
Joint Finance and Support Services and Information Technology		
SAP Application Controls	Review of the Accounts Payable module of the financial accounting system to assess internal controls and adequacy of training. The remaining modules will be audited in subsequent fiscal years until all have been reviewed.	300

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AUDIT	DESCRIPTION	HOURS
Information Technology		
Network Security	Ongoing assessment of campus-wide network security	250
Desk-top Software Licensing Procurement and Management	Extension and update of the licensing audits completed in FY 03 and FY 06 to ensure ongoing compliance with software licensing regulations	200
Student Affairs		
Students with Alternative Transportation Program	Review to assess concerns regarding volunteer students who transport students who cannot drive due to alcohol consumption.	250
Staff Safety	Personal safety in threatening/vulnerable situations	250
Student Background Checks	Feasibility for security sensitive positions.	200
President's Office/Provost/University Advancement/Finance and Support Services		
National Endowment for the Humanities	Federal audit.	250
REQUIRED AUDITS		
The National Collegiate Athletic Association (NCAA)	The NCAA requires that every area of athletic departments be reviewed every four years. The items to be reviewed in FY 08 include: Camps and Clinics, Student Athlete Vehicles, Team Travel, Financial Aid and Representatives of the University's Athletic Interests.	300
Financial Aid	An audit of student records and financial reporting practices to measure performance against the Department of Education and State regulations.	300
Investments	A State required audit of compliance with the University and System investment policies and the Public Funds Investment Act.	250
Technology Workforce Development Grants	Required by The Higher Education Coordinating Board	200
Advanced Research Program Grants	Required by The Higher Education Coordinating Board.	200
Peer Review	Required by state law every three years and professional standards every five.	250

NOTE: *The duration of each audit is an estimate which may vary due to the scope and objectives of the audit determined during the initial planning and risk assessment process as well as unanticipated issues that may arise during the audit. Special projects or request by management considered a priority may also alter the completion of the Audit Plan as scheduled.*

ALLOCATION OF AUDIT RESOURCES

DESCRIPTION	4 FTE's*
System Mandated Audits	800
High Risk Based on ERM at Component	3,250
Required Audits	1,500
Follow-up Status Report	170
Institutional Compliance	200
Special Projects (such as Ethicspoint, consulting)	300
Continuing Education	200
Leave (vacation, sick leave, holidays)	1,400
Administrative	500
TOTAL HOURS	8,320

*Based on full time equivalent professional staff

RISK ASSESSMENT PROCESS

Enterprise risk management (ERM) was utilized as the basis for our audit plan at Texas State for the first time for FY 2006 and continues into FY 2008. With ERM, management within each division or college is responsible for assessing risk based on input from a broad base of their employees. The long range plan presented in prior years was based on the ranking risk assessment methodology that in essence resulted in a new long range plan each year. Now that ERM has become the primary process for risk assessment and the University embraces this approach, risk is continuously monitored by management and the audit plan is revised annually to reflect variations in risk and mitigating controls. The plan also includes several audits mandated by the Texas State University System.

More details about enterprise risk management, including the presentation made in April, 2005, by David Crawford and the presentations that have been made to President's Cabinet and Student Affairs by Audit and Compliance, can be found on our website at www.txstate.edu/audit_compliance.