



## **Office of Audits and Analysis**

# **Fiscal Year 2018 Audit and Compliance Plan**



*Higher Learning. Higher Return.*

**Carole M. Fox, CPA**  
**System Director, Office of Audits and Analysis**

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## INTRODUCTION AND PURPOSE

The purpose of the Audit and Compliance Plan (“the Plan”) is to document audits and other activities the Office of Audits and Analysis intends to conduct during fiscal year 2018. The Plan satisfies responsibilities outlined in Section 2102.008 of the Government Code; the TSUS *Rules and Regulations*, and applicable auditing standards. As in prior years, there may be circumstances that require us to devote resources to activities not outlined in the Plan. Significant changes to the Plan require approval by the Chair of the Finance and Audit Committee. 29,306 hours have been budgeted for audit activities/projects (including travel and administrative time).

The Plan was developed through risk assessments deployed at the Components and System Administration. Component Audit Directors develop plans for their respective institutions; the System Audit Director develops a plan for System Administration (which includes system-wide initiatives). As required by auditing standards and state law, the risk assessments considered a myriad of risks, including, but not limited to, fraud, contract management, benefits proportionality, and information technology risks related to Title 1, Texas Administrative Code, Chapter 202, *Information Security Standards*. We also considered work performed by external auditors, such as the State Auditor’s Office in its annual Statewide Single Audit. Lastly, we considered institutional risk appetites in allocating finite resources to risk-based activities.

The collective risk assessments included, but were not limited to, the following activities:

- Soliciting input from the Board of Regents, the Chancellor, Vice-Chancellors, and Component Presidents and management;
- Consulting with oversight entities regarding “hot topic” concerns;
- Networking with other college and university internal auditors and compliance officers regarding emerging issues;
- Reviewing the Components’ and the System’s consolidated annual financial reports for the most current fiscal year to identify significant financial items;
- Assessing the impact of negative public scrutiny; and
- Utilizing professional judgment and knowledge gained from prior audits regarding the effectiveness of governance, internal control, and risk assessment processes.

The end result of the risk assessments is a list of projects that collectively form the 2018 Audit and Compliance Plan. Projects fall into the following categories:

- **Risk-Based Audits and Compliance Projects:** Projects that typically involve reviews of internal controls associated with the reliability and integrity of information; compliance with policies, plans, procedures, laws, and regulations; safeguarding of assets; economical and efficient use of resources; and the accomplishment of established objectives and goals for operations or programs.
- **Required Audits and Activities:** Projects required by law, grant agreements, TSUS *Rules and Regulations*, and/or auditing standards.
- **Other:** Activities that involve consulting/advisory services, management-requested reviews, investigations; identification/communication of new compliance requirements; liaising with external auditors; and other projects to address unanticipated risks.

Finite resources precluded the inclusion of all identified high-risk projects in the Plan. Such high-risk projects encompassed, but were not limited to, certain athletic activities, faculty workloads and overload pay, charter school contracts and activities, safety training, ADA compliance, certain automated controls/processes, health-care programs, recruiting activities, and compliance with various state and federal regulations.

## **System Administration**

### **Fiscal Year 2018 Audit and Compliance Plan**



*Higher Learning. Higher Return.*

**Carole M. Fox, CPA  
System Director**

**Charles H. Gregory, CISA, CGEIT  
Associate Director**

**Kelly Wintemute, MBA, CCEP  
Compliance Officer**

## SYSTEM ADMINISTRATION FISCAL YEAR 2018 AUDIT AND COMPLIANCE PLAN

AUDIT	DESCRIPTION
<b>RISK-BASED AUDITS AND COMPLIANCE REVIEWS</b>	
Safety and Security Initiative	Conclusion of a multi-year activity designed to assist component management in identifying opportunities to enhance existing safety and security activities and processes. The final module for 2018 involves Pandemics.
Construction Audits	Joint venture with the Office of Contract Administration for third-party construction audits. (OUTSOURCED)
Payroll and Leave Reporting	Review of payroll and leave reporting processes.
Cybersecurity Audit Program	Develop audit program addressing TAC 202 and 85 <sup>th</sup> legislature cybersecurity requirements for deployment at all component institutions in Fiscal Year 2019.
Social Media	Perform risk assessment on the governance framework(s) surrounding the management and utilization of social media at all component institutions and the System Office.
Sexual Assault Prevention and Reporting	Review of components' compliance with sexual assault prevention and reporting requirements of SB 966, SB 968, and SB 969, 85 <sup>th</sup> Legislature.
Title IX Compliance	Continued review of components' compliance with specific Title IX requirements.
Clery Act	Review of components' compliance with specific provisions of the Clery Act.
<b>REQUIRED AUDITS AND ACTIVITIES</b>	
SB 20 – Annual Review	Annual review as to whether rules and policies required under SB 20, 84 <sup>th</sup> legislature, have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration required under SB 20, 84 <sup>th</sup> legislature.
Investments	Biennial review of compliance with the requirements of the Texas Public Funds Investment Act. (Report due December 31 <sup>st</sup> , 2017)
Benefits Proportionality	Audit of benefits proportionality for fiscal year 2015, 2016, 2017 as required by the General Appropriations Act (Report due August 31 <sup>st</sup> , 2018).
Follow-Up Procedures	Follow-up on management's progress in implementing outstanding audit recommendations as required by auditing standards.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2019 Audit Plan as required by auditing standards.
Internal Audit Annual Report	Prepare/submit prescriptive report outlining specific audit activities for the preceding fiscal year as required by Government Code 2102.
Continuing Education	Required by Government Code 2102 and auditing standards.
<b>OTHER</b>	
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
SACSOC Assistance	Provide assistance with audit-related requirements for components' re-accreditation activities.
Response to System Requests	Gather information/perform analyses requested by System Administration.

Component Audit Assistance	Supplement and assist component audit staff on component-based audits.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.
Compliance Program Development	Formalize compliance policies and procedures, develop and implement quarterly compliance meetings, webpage.
Compliance Newsletter	Distribute quarterly newsletter highlighting "hot topics" and resources in compliance-related areas.
Compliance Risk Universe	Update and expand (as needed) the compliance universe for future risk assessment and review purposes.



**Lamar Institute of Technology**

**Lamar State College-Orange**

**Lamar State College-Port Arthur**

**Lamar University**

**Fiscal Year 2018 Audit Plans**

**Ramona Stricklan, CIA, CFE**  
**Component Director, Office of Audits and Analysis**

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## LAMAR INSTITUTE OF TECHNOLOGY FISCAL YEAR 2018 AUDIT PLAN

AUDIT	DESCRIPTION
<b>RISK-BASED AUDITS</b>	
Inventory Special Project	Conduct physical inventories of selected sites/departments as part of our continuous risk assessment and monitoring process.
Physical Security	Review general physical security of buildings.
Payment Card Industry Data Security Standard (PCI DSS)	Continued review of compliance with PCI DSS – the set of security standards regarding the accepting, processing, storing, or transmitting of credit card information.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
<b>REQUIRED AUDITS AND ACTIVITIES</b>	
SB 20 – Annual Review	Annual review as to whether rules and policies required under SB 20, 84th legislature, have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration required under SB 20, 84th legislature.
Investments	Biennial review of compliance with the requirements of the Texas Public Funds Investment Act. (Report due December 31 <sup>st</sup> , 2017)
Benefits Proportionality	Audit of benefits proportionality for fiscal year 2015, 2016, 2017 as required by the General Appropriations Act (Report due August 31 <sup>st</sup> , 2018).
Follow-Up Procedures	Follow-up on management’s progress in implementing outstanding audit recommendations as required by auditing standards.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2019 Audit Plan as required by auditing standards.
Internal Audit Annual Report	Prepare/submit prescriptive report outlining specific audit activities for the preceding fiscal year as required by Government Code 2102.
Continuing Education	Required by Government Code 2102 and auditing standards.
<b>OTHER</b>	
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Response to System Requests	Gather information requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.



## LAMAR STATE COLLEGE-ORANGE FISCAL YEAR 2018 AUDIT PLAN

AUDIT	DESCRIPTION
<b>RISK-BASED AUDITS</b>	
Physical Security	Review general physical security of buildings.
Payment Card Industry Data Security Standard (PCI DSS)	Continuation of a review of compliance with PCI DSS – the set of security standards regarding the accepting, processing, storing, or transmitting of credit card information.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
<b>REQUIRED AUDITS AND ACTIVITIES</b>	
SB 20 – Annual Review	Annual review as to whether rules and policies required under SB 20, 84th legislature, have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration required under SB 20, 84th legislature.
Investments	Biennial review of compliance with the requirements of the Texas Public Funds Investment Act. (Report due December 31 <sup>st</sup> , 2017)
Benefits Proportionality	Audit of benefits proportionality for fiscal year 2015, 2016, 2017 as required by the General Appropriations Act (Report due August 31 <sup>st</sup> , 2018).
THECB Facilities Audit	Required audit per Texas Education Code 61.0583 to determine compliance with THECB project approval, application, and reporting processes.
Follow-Up Procedures	Follow-up on management’s progress in implementing outstanding audit recommendations as required by auditing standards.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2019 Audit Plan as required by auditing standards.
Internal Audit Annual Report	Prepare/submit prescriptive report outlining specific audit activities for the preceding fiscal year as required by Government Code 2102.
Continuing Education	Required by Government Code 2102 and auditing standards.
<b>OTHER</b>	
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Response to System Requests	Gather information requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.

## LAMAR STATE COLLEGE-PORT ARTHUR FISCAL YEAR 2018 AUDIT PLAN

AUDIT	DESCRIPTION
<b>RISK-BASED AUDITS</b>	
Physical Security	Review general physical security of buildings.
Payment Card Industry Data Security Standard (PCI DSS)	Continuation of a review of compliance with PCI DSS – the set of security standards regarding the accepting, processing, storing, or transmitting of credit card information.
IT – Patch Management	Review process for timely implementation of security patches to information resources.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
<b>REQUIRED AUDITS AND ACTIVITIES</b>	
SB 20 – Annual Review	Annual review as to whether rules and policies required under SB 20, 84th legislature, have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration required under SB 20, 84th legislature.
Investments	Biennial review of compliance with the requirements of the Texas Public Funds Investment Act. (Report due December 31 <sup>st</sup> , 2017)
Benefits Proportionality	Audit of benefits proportionality for fiscal year 2015, 2016, 2017 as required by the General Appropriations Act (Report due August 31 <sup>st</sup> , 2018).
THECB Facilities Audit	Required audit per Texas Education Code 61.0583 to determine compliance with THECB project approval, application, and reporting processes.
Follow-Up Procedures	Follow-up on management’s progress in implementing outstanding audit recommendations as required by auditing standards.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2019 Audit Plan as required by auditing standards.
Internal Audit Annual Report	Prepare/submit prescriptive report outlining specific audit activities for the preceding fiscal year as required by Government Code 2102.
Continuing Education	Required by Government Code 2102 and auditing standards.
<b>OTHER</b>	
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, and EthicsPoint / SAO Special Investigations Unit referrals; and other activities.
Response to System Requests	Gather information requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.

## LAMAR UNIVERSITY FISCAL YEAR 2018 AUDIT PLAN

AUDIT	DESCRIPTION
<b>RISK-BASED AUDITS</b>	
Chartwells Contract Review	Determine if parties are in compliance with terms of the contract and review payments and financial terms.
Faculty Performance Evaluations	Evaluate the adequacy of the management framework in place to oversee the faculty performance evaluation process.
Grants Management	Evaluate the adequacy of controls in the grants management process.
Physical Security	Review general physical security of buildings.
Payment Card Industry Data Security Standard (PCI DSS)	Continuation of a review of compliance with PCI DSS – the set of security standards regarding the accepting, processing, storing, or transmitting of credit card information.
IT – New Data Center	Evaluate the general data center controls.
IT – Network Management	Evaluate network management practices.
IT – Server Management	Evaluate server management practices.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
<b>REQUIRED AUDITS AND ACTIVITIES</b>	
SB 20 – Annual Review	Annual review as to whether rules and policies required under SB 20, 84th legislature, have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration required under SB 20, 84th legislature.
Investments	Biennial review of compliance with the requirements of the Texas Public Funds Investment Act. (Report due December 31 <sup>st</sup> , 2017)
Benefits Proportionality	Audit of benefits proportionality for fiscal year 2015, 2016, 2017 as required by the General Appropriations Act (Report due August 31 <sup>st</sup> , 2018).
KVLU-FM Radio Station	Assist the external auditor with a review of KVLU-FM Radio Station financial statement for the fiscal year ended August 31, 2017, as required by the Corporation of Public Broadcasting. (OUTSOURCED)
NCAA Agreed-Upon Procedures	Assist the external auditor with a review of the University's NCAA Athletic financial statement for the fiscal year ended August 31, 2017, as required by the NCAA. (OUTSOURCED)
Follow-Up Procedures	Follow-up on management's progress in implementing outstanding audit recommendations as required by auditing standards.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2019 Audit Plan as required by auditing standards.
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Response to System Requests	Gather information requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.



**Sam Houston State University**

**Fiscal Year 2018 Audit Plan**

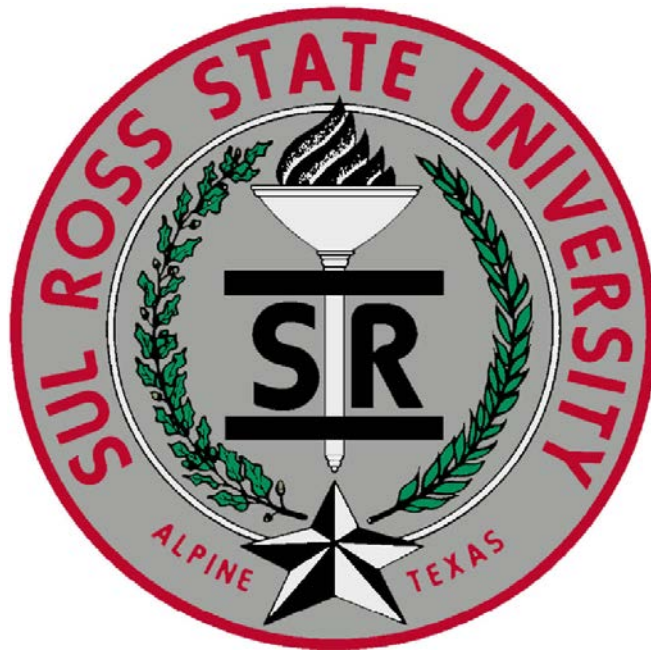
**Kelly R. Bielamowicz, MBA, CPA  
Component Director, Office of Audits and Analysis**

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**SAM HOUSTON STATE UNIVERSITY FISCAL YEAR 2018 AUDIT PLAN**

<b>AUDIT</b>	<b>DESCRIPTION</b>
<b>RISK-BASED AUDITS</b>	
SHSU Online & Correspondence Course Review	Assess the online and correspondence course offerings and related academic advisement procedures.
Other Revenue Sources in Agriculture & Engineering Technology	Assess the sources of other revenue and determine whether processes and controls are in place to help ensure proper accounting for other revenue within the Department of Agriculture & Engineering Technology.
Financial Reporting Processes & Controls – IT Integrated	Determine whether processes and controls are in place to help ensure the accuracy and completeness of financial reporting, and that information systems supporting financial reporting are secure and contain accurate and complete data.
IT – Change Management Processes	Evaluate policies and procedures used to make changes to applications, reports, interfaces, databases, and operating systems; evaluate the controls in place to ensure all changes are authorized, tested, and approved.
IT – Banner Data Classification and Segregation of Duties	Evaluate the processes used to classify critical and sensitive data; assess whether adequate segregation of duties exists.
<b>REQUIRED AUDITS AND ACTIVITIES</b>	
SB 20 – Annual Review	Annual review to determine if rules and policies required under SB 20, 84 <sup>th</sup> Legislature, have been adopted.
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NCAA Agreed-Upon Procedures	Assist the external auditor with a review of the University’s NCAA Athletic financial statement for the fiscal year ended August 31, 2017, as required by the NCAA. (PARTIALLY OUTSOURCED)
Follow-Up Procedures	Follow-up on management’s progress in implementing outstanding audit recommendations as required by auditing standards.
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Response to System Requests	Gather information requested by System Administration.

Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.
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**Sul Ross State University  
and Rio Grande College**

**Fiscal Year 2018 Audit Plan**

**Scott A. Cupp, CIA  
Component Director, Office of Audits and Analysis**

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**SUL ROSS STATE UNIVERSITY AND RIO GRANDE COLLEGE  
FISCAL YEAR 2018 AUDIT PLAN**

AUDIT	DESCRIPTION
<b>RISK-BASED AUDITS</b>	
Enrollment Management	Review the organization-wide enrollment management processes and related controls over risks associated with recruitment, admissions, enrollment, advising, and retention.
Purchasing	Evaluate controls and procedures over the purchasing/receiving function.
Grants Management	Evaluate the adequacy of controls in the grants management process.
<b>REQUIRED AUDITS AND ACTIVITIES</b>	
SB 20 - Annual Review	Annual review to determine if rules and policies required under SB 20, 84 <sup>th</sup> Legislature.
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**Texas State University**  
**Fiscal Year 2018 Audit Plan**

**Steven R. McGee, CPA, CIA, CFE**  
**Component Director, Office of Audits and Analysis**

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## TEXAS STATE UNIVERSITY FISCAL YEAR 2018 AUDIT PLAN

AUDIT	DESCRIPTION
<b>RISK-BASED AUDITS</b>	
Travel Expenditures	Assess compliance with in-state, out-of-state, and international travel policies and regulations.
Compliance with Research Agreements	Evaluate compliance with requirements stipulated in selected research agreements.
Leave Reporting	Assess compliance with leave reporting requirements.
SaaS Applications	Review of general procedures and controls over vendors hosting SaaS (on-demand) applications.
EHSRM Key Positions	Review of key positions that relate to safety in various educational and operational areas at the University.
Compliance with NCAA Bylaws	Review to assess compliance with selected requirements in NCAA Bylaws.
Monitoring of Electronic Access to Physical Structures	Review to assess the adequacy and appropriateness of procedures to monitor electronic access to University buildings/rooms.
<b>REQUIRED AUDITS AND ACTIVITIES</b>	
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