



Office of Audits and Analysis

Fiscal Year 2017 Audit Plans



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 Plan is to document audits and other activities the Office of Audits and Analysis intends to conduct during fiscal year 2017. The Audit 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 Audit Plan. Significant changes to the Audit Plan require approval by the Chair of the Finance and Audit Committee. 28,605 hours have been budgeted for audit activities/projects (including travel and administrative time).

The Audit 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 audit of federal student financial assistance funds 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 System-wide Audit Plan. Projects fall into the following categories:

- **System-Wide Initiatives:** Projects performed across all TSUS institutions.
- **Risk-Based Audits:** 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, coupled with an increase in mandated projects, precluded the inclusion of all identified high-risk projects in the Audit Plan. Such high-risk projects encompassed, but were not limited to, certain athletic activities, manual and automated controls/processes, health-care programs, recruiting activities, and various state and federal regulations.

System Administration
Fiscal Year 2017 Audit Plan



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

Charles H. Gregory, CISA, CGEIT
Associate Director

SYSTEM ADMINISTRATION FISCAL YEAR 2017 AUDIT PLAN

AUDIT	DESCRIPTION
SYSTEM-WIDE INITIATIVES	
Safety and Security Initiative	Continuation of a multi-year activity designed to assist component management in identifying opportunities to enhance existing safety and security activities and processes. The modules for 2017 include: Policies, Communication, Residential Facilities, and Athletics-Concussion Management.
Cybersecurity Reporting Requirements	To review components' compliance with applicable provisions of SB 1597 and 1134, 83 rd Legislature.
Cloud Services	Review components' utilization of cloud services.
RISK-BASED AUDITS	
Construction Audits	Joint venture with the Office of Contract Administration for third-party construction audits. (OUTSOURCED)
Prudent Person Investment Thresholds	Assess selected components' compliance with investment thresholds established under the TSUS <i>Investment Policy</i> .
Commercial Paper	Review internal controls surrounding utilization of the TSUS Commercial Paper Program.
Public Art Program	Assess selected components' compliance with provisions of the Public Art Program rule in Chapter III, Paragraph 1.52 of the TSUS <i>Rules and Regulations</i> .
Title IX	Review of implementation and ongoing activities related to components' compliance with Title IX requirements.
Mental Health Resources	Review components' compliance with the resources required by HB 197 and SB 1624, 84 th Legislature, to be offered in relation to mental health.
Minors on Campus	Review components' practices/safety precautions taken for minors on campus.
Tuition and Fee Rates	Assess adherence to tuition and fee rates approved by the Board of Regents.
REQUIRED AUDITS AND ACTIVITIES	
SB 20 – Annual Review	Annual review as to whether rules and policies required under SB 20, 84 th legislature, have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration required under SB 20, 84 th legislature.
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 2018 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.
OTHER	
Special Projects	Perform management requested reviews; audits/reviews predicated by unanticipated risks, oversight-entity mandates, 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 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 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.
State Due Date Database	Create and update a database outlining all required (state) statutory reports and activities.



Lamar Institute of Technology

Lamar State College-Orange

Lamar State College-Port Arthur

Lamar University

Fiscal Year 2017 Audit Plans

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

MEMBER THE TEXAS STATE UNIVERSITY SYSTEM™

LAMAR INSTITUTE OF TECHNOLOGY FISCAL YEAR 2017 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
IT – Payment Card Industry (PCI) Data Security Standard Reassessment	Reassess PCI-related areas using initial assessment as a baseline.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
REQUIRED AUDITS AND ACTIVITIES	
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.
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 2018 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.
OTHER	
Special Projects	Perform management requested reviews, audits/reviews predicated by unanticipated risks, oversight-entity mandates, 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 2017 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Brown Estate	Evaluate operational and financial controls and processes.
IT – Network and Server Management	Evaluate network and server management practices.
IT – Payment Card Industry (PCI) Data Security Standard Reassessment	Reassess PCI-related areas using initial assessment as a baseline.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
REQUIRED AUDITS AND ACTIVITIES	
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.
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 2018 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.
OTHER	
Special Projects	Perform management requested reviews, audits/reviews predicated by unanticipated risks, oversight-entity mandates, 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 2017 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
IT – Network and Server Management	Evaluate network and server management practices.
IT – Payment Card Industry (PCI) Data Security Standard Reassessment	Reassess PCI-related areas using initial assessment as a baseline.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
REQUIRED AUDITS AND ACTIVITIES	
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.
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 2018 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.
OTHER	
Special Projects	Perform management requested reviews, audits/reviews predicated by unanticipated risks, oversight-entity mandates, 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 2017 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Hourly Payroll & One-Time Payments	Evaluate controls, efficiency, and effectiveness of payments to hourly workers and use of one-time payments for all employees.
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.
Vehicle Usage by Coaches and Athletic Staff	Evaluate the processes and controls related to vehicle usage by coaches and athletic staff who operate courtesy or University vehicles.
Grants Management	Evaluate the adequacy of controls in the grants management process.
IT – Network Management	Evaluate network management practices.
IT – Server Management	Evaluate server management practices.
IT- Active Directory	Evaluate the configuration and management of Active Directory.
IT – Payment Card Industry (PCI) Data Security Standard Reassessment	Reassess PCI-related areas using initial assessment as a baseline.
IT – New Data Center	Evaluate the general data center controls.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
REQUIRED AUDITS AND ACTIVITIES	
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.
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, 2016, as required by the Corporation of Public Broadcasting. (OUTSOURCED)
NCAA Athletics	Assist the external auditor with a review of the University's NCAA Athletic financial statement for the fiscal year ended August 31, 2016, as required by the NCAA. (OUTSOURCED)
Joint Medical Education Program (JAMP)	Test for appropriateness of expenditures for fiscal year 2016. (Report due October 31st, 2016.)
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 2018 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.

OTHER	
Special Projects	Perform management requested reviews, audits/reviews predicated by unanticipated risks, oversight-entity mandates, 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.



Sam Houston State University

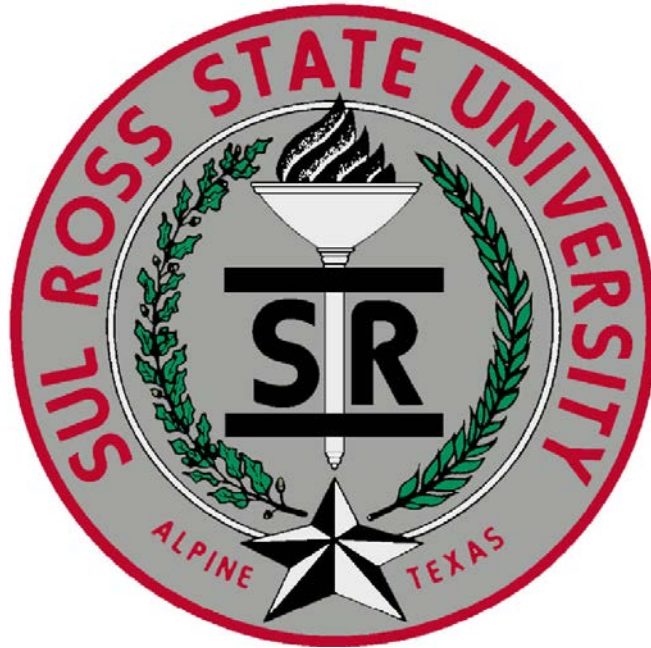
Fiscal Year 2017 Audit Plan

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

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SAM HOUSTON STATE UNIVERSITY FISCAL YEAR 2017 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Research Protocol Compliance	Assess compliance with applicable federal and state laws, policies, and standards for the use of human and animal subjects in research.
Budget Process Review	Assess the annual budgeting and forecasting processes and the related internal controls.
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, 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.
IT – Travel Expense Management Pre-implementation Review	Evaluate the policies and procedures used to develop, configure, and implement Travel Expense Management, a third-party software-as-a-service (SaaS) application; evaluate the processes management uses to ensure the business objectives and user requirements are tested and approved prior to “go-live”.
REQUIRED AUDITS AND ACTIVITIES	
SB 20 – Annual Review	Annual review to determine if rules and policies required under SB 20, 84 th Legislature.
SB 20 – Contract Administration	Risk-based testing of contract administration required under SB 20, 84 th Legislature.
Quarterly Investment Reports	Review compliance with the requirements of the Texas Public Funds Investment Act, § 2256.023 Internal Management Reports.
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, 2016, 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.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2018 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.
OTHER	
Special Projects	Perform management requested reviews, audits/reviews predicated by unanticipated risks, 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.



**Sul Ross State University
and Rio Grande College**

Fiscal Year 2017 Audit Plan

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

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SUL ROSS STATE UNIVERSITY FISCAL YEAR 2017 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Financial Internal Controls: Human Resources/Payroll	Evaluate internal controls surrounding financial operations as per Texas Auditing Act 2102.005(s)(A), with a focus on management of human resources and payroll for Alpine and RGC campuses.
Enrollment Management	Review controls over risks associated with admissions and enrollment.
Staff Development Policy	Evaluate compliance with new policies regarding the use of public funds to provide scholarships for faculty/staff development at SRSU and RGC.
Purchasing	Evaluate controls and procedures over the purchasing/receiving function at SRSU and RGC.
REQUIRED AUDITS AND ACTIVITIES	
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.
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 2018 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 2012 and auditing standards.
OTHER	
Special Projects	Perform management requested reviews, audits/reviews predicated by unanticipated risks, oversight-entity mandates, Ethics Point/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.



Texas State University
Fiscal Year 2017 Audit Plan

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TEXAS STATE UNIVERSITY FISCAL YEAR 2017 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Travel Expenditures	Assess compliance with in-state, out-of-state, and international travel policies and regulations.
Compliance with Research Grant Agreements	Review compliance with requirements stipulated in selected research grant agreements.
Clery Act	Review compliance with selected requirements in the Clery Act.
Credentialing	Review University policies and procedures for ensuring employees possess required credentials and test for compliance.
Pharmacy	Assess compliance with dispensing requirements.
General Controls, SAP	Assess the general controls over SAP to ensure critical HR and financial data are adequately protected.
IT Security Controls	Review IT security controls in place for the campus network.
Multi-factor Authentication	Review the process for implementing multi-factor authentication on University systems.
PCI Data Security Standards	Assess compliance with Payment Card Industry (PCI) data security standards.
REQUIRED AUDITS AND ACTIVITIES	
SB 20 – Annual Review	Annual review as to whether rules and policies required under SB 20, 84 th legislature, have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration required under SB 20, 84 th legislature.
Quarterly Investment Reports	Review compliance with the requirements of the Texas Public Funds Investment Act, § 2256.023 Internal Management Reports.
Nursing Shortage Reduction – Under 70 Program	Assess compliance with Texas Higher Education Coordinating Board rules (THECB) regarding the Nursing Shortage Reduction Program Under 70 Awards program as required by THECB Rule 22.508.
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 2018 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.
OTHER	
Special Projects	Perform management requested reviews, audits/reviews predicated by unanticipated risks 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.