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X C: Mr. Terry Anderson
Mr. Alan Howard
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JAN 25 2011

January 20, 2011 2011 FEB -1 AM 11:47

President For Finance
and Support Services

Mr. William A. Nance
Vice President for Finance and Support Services
Texas State University - San Marcos
601 University Dr., JCK 920
San Marcos, TX 78666-4615

Re: Audit Delegation Request 754-2011-001

Dear Mr. Nance:

In accordance with Texas Government Code, Section 321.020, the State Auditor's Office delegates to Texas State University - San Marcos (University) the authority to employ a private auditor to conduct an audit of the fiscal year 2011 financial statements for the University's Research Foundation, as described in your online request dated January 18, 2011.

This delegation of authority is subject to the following:

1. The University will provide the State Auditor's Office with advance notice of key meetings in a timely manner. Examples of key meetings include entrance and exit conferences, meetings regarding internal control assessments, and status meetings. State Auditor's Office representatives may attend key meetings related to any audit engagement the University enters into under this delegation of authority.
2. The University will notify the State Auditor's Office if an amendment to the contract significantly alters any contract terms, including, but not limited to, the scope of work to be performed and the term of the contract.
3. The services of the private auditor have been procured in a manner allowed by law.
4. Any contracts entered into under this delegation of authority will include the following language: The Contractor understands that acceptance of state funds under this contract acts as acceptance of the authority of the State Auditor's Office to conduct an audit or investigation in connection with those funds. The Contractor further agrees to cooperate fully with the State Auditor's Office in the conduct of the audit or investigation, including providing all records requested. The Contractor will ensure that this clause concerning the State Auditor's Office's authority to audit state funds and the requirement to cooperate fully with the State Auditor's Office is included in any subcontracts it awards. Additionally, the State Auditor's Office shall at any time have access to and the rights to examine, audit, excerpt, and transcribe any pertinent books, documents, audit documentation, and records of the Contractor relating to this contract for any purpose.

Robert E. Johnson Building
1501 N. Congress Avenue
Austin, Texas 78701

P.O. Box 12067
Austin, Texas 78711-2067

Phone:
(512) 936-9500

Fax:
(512) 936-9400

Internet:
www.sao.state.tx.us

Mr. William A. Nance, Vice President for Finance and Support Services
Texas State University - San Marcos
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5. If the terms of the agreement with the private auditor are set forth only in an engagement letter, the engagement letter will include the language quoted in #4 above.
6. A signed copy of the contract for audit services should be provided to the State Auditor's Office within two weeks of execution. For risk assessment purposes, the State Auditor's Office should have access to any draft audit reports and should be provided a copy of such reports upon request. Additionally, the University will provide the State Auditor's Office with copies of all final audit reports and other deliverables provided under the contract, including reports on internal controls and compliance, and management letters or reports to management, within two weeks of completion. You may submit the contract and audit reports electronically to auditdelegation@sao.state.tx.us or submit hard copies to the attention of Audit Delegation. Please include the audit delegation request number 754-2011-001 with all submissions and related correspondence.

If you have any questions, please contact James Timberlake, Audit Manager, or me, at (512) 936-9500.

Sincerely,



Anita D'Souza
Chief of Staff

cc: Ms. Carole Fox, CPA, Director of Audits and Analysis, Texas State University System