



Office of Audits and Analysis

Fiscal Year 2019 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 *Fiscal Year 2019 Audit and Compliance Plan* (“the Plan”) documents activities the Office of Audits and Analysis intends to conduct during fiscal year 2019. 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 25,958.

The Plan was developed using risk assessments performed at the components and System Administration after determining the resources necessary to complete statutory activities. Component Audit Directors developed plans for their respective institutions, the System Audit Director and Associate Director developed a plan for System Administration (including system-wide initiatives), and the Compliance Officer developed a plan for compliance reviews across all components. As required by statute, the risk assessments considered a myriad of risks, including those associated with fraud, contract management, benefits proportionality, and information technology (with an emphasis on 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.

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 emerging concerns;
- Networking with other university auditors and compliance officers regarding emerging issues;
- Reviewing the System’s consolidated annual financial reports for the most current fiscal year to identify significant financial items;
- Assessing the potential 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 Plan development and risk assessment activities is a list of projects that collectively form the *Fiscal Year 2019 Audit and Compliance Plan*. Projects in the Plan are categorized as follows:

- **Risk-Based Audits and Compliance Projects:** Projects identified through the various risk assessment processes described above. These projects typically involve reviews of controls over the reliability and integrity of financial and operating information; compliance with policies, plans, procedures, laws, and regulations; the safeguarding of assets; the use of resources; and the accomplishment of established objectives and goals for operations or programs.
- **Statutory Audits and Activities:** Projects required by law.
- **Other Activities:** Projects required by grant agreements or third parties; consulting/advisory services; time-sensitive management-requested reviews; investigations; identification and communication of emerging compliance requirements; liaising with external auditors; and other functions designed to assist management in mitigating risks.

Finite resources and statutory projects precluded the inclusion of all identified high-risk projects in the Plan; Appendix A includes a listing of such projects. 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.

System Administration
Fiscal Year 2019 Audit and Compliance Plan



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Carole M. Fox, CPA
System Director

Charles H. Gregory, CISA, CGEIT
Associate Director

Kelly Wintemute, MBA, CCEP
Compliance Officer

SYSTEM ADMINISTRATION FISCAL YEAR 2019 AUDIT AND COMPLIANCE PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS AND COMPLIANCE REVIEWS	
Hazlewood	System-wide tests of eligibility for Hazlewood exemptions.
Leave Reporting	System-wide review of leave reporting.
General Data Protection Regulation (GDPR)	System-wide review of implementation of requirements related to the European Union (EU) law on data protection and privacy.
Title IX	Continuation of a multi-year, system-wide review of components' compliance with various Title IX requirements.
TSUS Policy Alignment	Initiation of a multi-year, system-wide review to identify and remedy institutional policies that conflict with or are superseded by TSUS <i>Rules and Regulations</i> .
Construction Audits (OUTSOURCED)	Joint venture with the Office of Finance for third-party construction and cost recovery audits.
TAC 202 and Cybersecurity	System-wide assessment of components' compliance with Texas Administrative Code (TAC) 202, Information Security, and 85 th Legislature cybersecurity requirements.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Annual Review	System-wide annual review as to whether rules and policies required by Texas Education Code 51.9337 (h) have been adopted.
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Multi-hazard Emergency Operations Plan; Safety and Security Review	System-wide review of components' compliance with Texas Education Code, Section 51.217, which requires implementation and audits of emergency operation plans; additionally, includes a review of components' utilization of certain security measures.
GAO Auditing Standards Revisions	Review and update internal policies and procedures for fiscal year 2020 to ensure the 2018 General Accountability Office (GAO) revisions of the Governmental Auditing Standards are implemented as required by Texas Government Code 2102.011.
Follow-Up Reviews	Follow-up on management's progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
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.
SACSCOC Assistance	Provide assistance with audit-related requirements for components' re-accreditation activities.

Respond to System Administration 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.
System-wide Equal Employment Opportunity (EEO) Training	Assist the Office of General Counsel in developing a centralized online EEO training program for all TSUS institutions.
Compliance Newsletter	Prepare and distribute quarterly newsletter highlighting trends, 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.
Compliance Program Development	Continued design and implementation of compliance committee and policies and procedures.



Lamar Institute of Technology

Lamar State College-Orange

Lamar State College-Port Arthur

Lamar University

Fiscal Year 2019 Audit Plans

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

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LAMAR INSTITUTE OF TECHNOLOGY FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Inventory Special Project	Conduct physical inventories of selected sites/departments as part of our continuous risk assessment and monitoring process.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management's progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
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.
Respond to System Administration Requests	Gather information/perform analyses 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 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Physical Security	Review general physical security of buildings.
IT - On-Going	On-going review of significant IT-related activities such as disaster recovery tests and new application implementation.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
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.
Respond to System Administration Requests	Gather information/perform analyses 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 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Physical Security	Review general physical security of buildings.
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.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
THECB Facilities Audit	A revisit due to the results of the THECB Peer Review Team audit conducted in fiscal year 2018 as required by Texas Education Code 61.0583.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
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.
Respond to System Administration Requests	Gather information/perform analyses 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 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Grants Management	Evaluate the adequacy of controls in the grants management process.
IT – Logical Access	Determine that appropriate logical access exists for workflows where the potential for fraud and or misuse of data is vulnerable.
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.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
KVLU-FM Radio Station (OUTSOURCED)	Assist the external auditor with a review of KVLU-FM Radio Station financial statement for the fiscal year ended August 31, 2018, as required by the Corporation of Public Broadcasting.
NCAA Agreed-Upon Procedures (OUTSOURCED)	Assist the external auditor with a review of the University’s NCAA Athletic financial statement for the fiscal year ended August 31, 2018, as required by the NCAA.
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.
Respond to System Administration Requests	Gather information/perform analyses 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 2019 Audit Plan

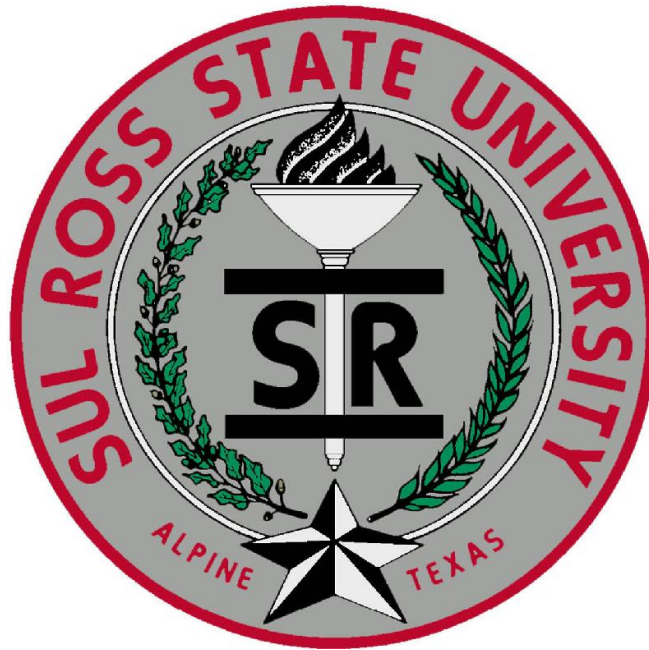
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Component Director, Office of Audits and Analysis**

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SAM HOUSTON STATE UNIVERSITY FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Department of Agricultural Sciences	Identify sources of other revenue within the department and evaluate controls over collecting, remitting, and accounting for those revenues.
Facilities Management	Evaluate controls over select processes within Business Services, Facilities Services, and Planning & Construction.
Financial Reporting – IT Integrated	Review processes and controls related to financial reporting, including those over the information systems supporting financial reporting.
IT – Patch Management	Assess processes used to ensure all software and firmware updates, patches, security advisories, and threat bulletins are identified, assessed, evaluated, and implemented in a timely manner.
Other Revenues – Academic Departments	Identify sources of other revenues within all academic departments.
IT – Project Management and System Development Methodology	Assess the IT project management and system development life cycle methodologies used to develop / purchase, configure, and implement applications and services.
IT – Blackboard Learning Management System	Evaluate the IT general and application controls in place for the learning management system.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Joint Admission Medical Program (JAMP)	Test for the appropriateness of expenditures for fiscal year 2018. (Report due October 31, 2018)
NCAA Agreed-Upon Procedures (OUTSOURCED)	Assist the external auditor with a review of the University’s NCAA Athletic financial statement for the fiscal year ended August 31, 2018, as required by the NCAA.
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.

Respond to System Administration Requests	Gather information/perform analyses 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 2019 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 2019 AUDIT PLAN**

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Enrollment Management	Review the organization-wide enrollment management processes and related controls over risks associated with recruitment, admissions, and enrollment.
Accounts Payable	Evaluate controls and procedures over accounting functions for accounts payable.
Meats Lab	Evaluate the adequacy of controls in the meats lab, including control of inventory, pricing, security, and best practices.
Capital Projects/Construction	Evaluate the controls relating to the handling of construction contracts, payments to contractors and subcontractors, and change order processing.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
THECB Facilities Audit	Determine compliance with THECB’s project approval, application, and reporting processes at SRSU and RGC as required by Texas Education Code 61.0583.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Joint Admission Medical Program (JAMP)	Test for the appropriateness of expenditures for fiscal year 2018. (Report due October 31, 2018)
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.
Respond to System Administration Requests	Gather information/perform analyses 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 2019 Audit Plan

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Component Director, Office of Audits and Analysis

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TEXAS STATE UNIVERSITY FISCAL YEAR 2019 AUDIT PLAN

AUDIT	DESCRIPTION
RISK-BASED AUDITS	
Laboratory Safety	Assess adequacy and effectiveness of protocols, measures, and/or elements implemented to ensure a safe environment for students and employees in Laboratory environments.
Research Compliance	Evaluate compliance with requirements stipulated in selected research area(s).
SaaS Applications	Review of general procedures and controls over vendors hosting SaaS (on-demand) applications.
General IT Controls, Student Affairs	Review general controls (such as access, change management, physical security, backup and recovery, and computer operation controls) over IT systems maintained in Student Affairs.
Student Recreation Center	Review Recreational Sports Fee collections and utilization.
Monitoring of Electronic Access to Physical Structures	Assess the adequacy and appropriateness of procedures to monitor electronic access to University buildings/rooms.
STATUTORY AUDITS AND ACTIVITIES	
SB 20 – Contract Administration	Risk-based testing of contract administration as required by Texas Education Code 51.9337 (g).
Quality Assurance Review	Third-party review of the audit function as required by Texas Government Code 2102.007.
Follow-Up Reviews	Follow-up on management’s progress in implementing action plans to address audit recommendations as required by Texas Government Code 2102.011.
Annual Risk Assessment and Audit Plan	Conduct risk assessment activities and prepare the 2020 Audit Plan as required by Texas Government Code 2102.005.
Internal Audit Annual Report	Prepare and submit prescriptive report outlining annual audit activities as required by Texas Government Code 2102.009.
Continuing Education	Obtain continuing education as required by Texas Government Code 2102.011.
OTHER ACTIVITIES	
Joint Admission Medical Program (JAMP)	Test for the appropriateness of expenditures for fiscal year 2018. (Report due October 31, 2018)
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.
Respond to System Administration Requests	Gather information/perform analyses requested by System Administration.
Audit Liaison Activities	Coordinate activities with external audit entities conducting audits within the Texas State University System.

APPENDIX A
HIGH-RISK PROJECTS NOT INCLUDED IN THE AUDIT AND COMPLIANCE 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 operations
- ADA compliance
- Athletic activities
- Bi-Weekly payroll processes
- Bond covenants
- Business continuity
- Campus safety
- Center for Port Management/Port Management Program
- Certain athletic activities
- Certain automated controls/processes
- Charter school contracts and activities
- Compliance with FERPA (Family Educational Rights and Privacy Act)
- Compliance with Title IV
- Continuing Education
- Deferred maintenance
- Distance Learning
- Employee retention
- ERM (Enterprise Risk Management) activities
- Faculty workloads
- Governance over various programs/activities
- Grade-related and grade-change-related processes
- Health-care programs
- Industrial Technology
- IT processes
- Lab safety
- Online course material and material on course sites (such as Blackboard)
- Outsourced Services
- Overload payments
- Recreational Sports
- Recruiting activities
- Research protocols
- Research using human subjects and IRBs (Institutional Review Board)
- Risk management
- Rodeo
- Safety training
- Small Business Development Centers
- Software Licensing Management
- Student injury reporting
- Student Retention
- Student Travel Safety - Study Abroad
- Support for student athletes
- University Advancement
- University-provided support for foundations