

# Internal Audit Annual Report The Texas State University System Office of Internal Audit

Fiscal Year Ending August 31, 2023





I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Website

Texas Government Code Section 2102.015 requires state agencies and higher education institutions to post certain information on their internet websites. The Texas State University System (TSUS) Office of Internal Audit ensures compliance with Section 2102.015 through the following procedures:

Posting its annual audit and compliance plan to the Office of Internal Audit webpages of the TSUS and components' websites within 30 days after formal approval by the Board of Regents ("the Board"). The Fiscal Year 2024 Audit and Compliance Plan was approved by the Board on Augustwe

## II. Audit and Compliance Plan for Fiscal Year 2023

The TSUS Office of Internal Audit prepares a consolidated audit and compliance plan (“Plan”) for System Administration and its components. The following is a listing of all projects included in the Plan for fiscal year 2023, amended to include the status of the projects as of August 31, 2023, the report titles, report numbers (if applicable), and dates the reports were issued to external oversight entities.

### LAMAR UNIVERSITY STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going Financial Aid Logical Access	On-going. Activity does not result in a report. Completed. Financial Aid Banner Logical Access Controls Audit, LU-23-002

LAMAR UNIVERSITY (continued)  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

KVLU-FM Radio Station (Audit Delegation 734-2022-003)	Completed. KVLU Financial Statement FY 2022, 4-10-2023.
NCAA Agreed-Upon Procedures (Audit Delegation 734-2022-004)	Completed. Lamar University NCAA AUP 2022 Final AUP Report, 3-7-2023.
Special Projects	<p>Athletic Sponsorship Agreements. Completed, Management Advisory Letter LU-23-003, 4-12-2023.</p> <p>IT Policy Review. Completed. Internal memorandum issued 8-31-2023.</p> <p>EthicsPoint #42 (through System Administration) – closed within the hotline system.</p> <p>EthicsPoint #45 (through System Administration) – closed within the hotline system.</p> <p>EthicsPoint #100 - closed within the hotline system.</p> <p>EthicsPoint #101 - closed within the hotline system.</p> <p>EthicsPoint #102 - closed within the hotline system.</p> <p>EthicsPoint #103 - closed within the hotline system.</p> <p>State Auditor's Office Hotline Complaint #22-0249 - in progress.</p> <p>State Auditor's Office Hotline Complaint #23-2230 – completed. Response provided via email 08-31-2023.</p> <p>Review of hiring process complaint – completed. Activity did not result in a written report.</p> <p>Review of inquiry by external law enforcement agency of wire fraud – Coordinated through management and reported to SAO 9-26-2022.</p> <p>Review of documents and preparation of additional information for System Office of General Counsel in response to request from Attorney General's Office – completed 11-11-2022.</p> <p>Review of complaint made to and received from the THECB regarding old outstanding balance on student account – completed 2-1-2023. Activity did not result in a written report.</p> <p>Evaluated options for hotline complaint reporting systems for consideration by the Chief Audit Executive.</p> <p>Evaluated information provided by staff for obtaining additional licenses for the forensic tool application and associated equipment.</p>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <p>THECB Desk Review Texas Reskilling Support Fund Grant Program.</p>

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LAMAR UNIVERSITY (continued)  
PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023

Project /Activity	Report Title/Report Number, and
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SAM HOUSTON STATE UNIVERSITY (continued)  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

Special Projects

EthicsPoint #94 – referred to Title IX.  
EthicsPoint #95 – closed within the hotline system.  
EthicsPoint #96 – closed within the hotline system.  
EthicsPoint #97 – closed within the hotline system.  
EthicsPoint #98 – closed within the hotline system.  
EthicsPoint #99 – closed within the hotline system.  
EthicsPoint #100 – in progress.  
EthicsPoint #101 – closed within the hotline system.  
EthicsPoint #102 – closed within the hotline system.  
EthicsPoint #103 – closed within the hotline system.  
EthicsPoint #104 – closed within the hotline system.  
Anonymous Complaint, Rodeo Activities – in progress.  
Coordinated review and communications between the President's Office, HR, Legal, and System Administration regarding activities of a former faculty member.  
Presidential Request, Event Management - completed. Presented to State Auditor's Office March 2023.

<sup>3</sup>/<sub>4</sub>



SUL ROSS STATE UNIVERSITY  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

Project/ Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Ghost Employees	Completed. Management Advisory Letter, Ghost Employees, SRSU-23-002, 11-30-2022.
[REDACTED]	

SUL ROSS STATE UNIVERSITY (continued)  
PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.





TEXAS STATE UNIVERSITY (continued)  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

Audit Liaison Activities	<p>These activities do not result in a report issued by the Office of Internal Audit.</p> <p>Internal Revenue Service – Payroll. State Auditor’s Office Statewide Single Audit – Federal Compliance for FY 2023 and an Audit of the Schedule of Expenditures of Federal Awards for FY 2023 – in progress. Atchley &amp; Associates, LLP, Emmett &amp; Miriam McCoy College of Business Administration Development Foundation Financial Statement Audit, FY 2022 (Delegation 754-2023-001). Montemayor Britton Bender PC, Cancer Prevention and Research Institute of Texas Grant at Texas State University for FY 2022 and FY 2023 (Delegation 754-2023-002) – in progress. James Moore &amp; Co., PL., NCAA Agreed-Upon Procedures, FY 2022 (Delegation 754-2023-003) – in progress.</p>
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PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.
Special Projects	<p>Foundation Activities, Verbal Report, 11-17-2022. Review of Veterans’ Alliance of Texas State Chartered Student Organization, Internal Memorandum, 6-16-2023. EthicsPoint #36 (through System Administration) – closed within the hotline system. EthicsPoint #37 (through System Administration) – closed within the hotline system. EthicsPoint #38 (through System Administration) – closed within the hotline system. EthicsPoint #39 (through System Administration) – closed within the hotline system. EthicsPoint #40 (through System Administration) – closed within the hotline system. EthicsPoint #67 – closed within the hotline system. EthicsPoint #68 – closed within the hotline system. EthicsPoint #68 – closed within the hotline system. EthicsPoint #70 – closed within the hotline system. EthicsPoint #71 – closed within the hotline system. EthicsPoint #74 – closed within the hotline system. Math Grant – dismissed by District Attorney’s Office 7-13-2023.</p>





LAMAR INSTITUTE OF TECHNOLOGY (continued)  
PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023

Project /Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-



LAMAR STATE COLLEGE - ORANGE  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going Multi-	On-going. Activity does not result in a report.

LAMAR STATE COLLEGE – ORANGE (continued)  
PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023

Project /Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.

LAMAR STATE COLLEGE - PORT ARTHUR

LAMAR STATE COLLEGE - PORT ARTHUR (continued)  
PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2023

Project /Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Clery Act	Management Advisory Letter, Clery Act, 9-23-2022.
Suicide Prevention	Management Advisory Letter, Suicide Prevention Information on Student Identification Cards, 11-30-2022.
Sexual Misconduct	Management Advisory Letter, Sexual Misconduct Reporting Requirements, 6-30-2023.
Hazing	Management Advisory Letter, Hazing Information, 8-29-2023.

SYSTEM ADMINISTRATION  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

Project /Activity	Status, Report Title/Report Number, and
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SYSTEM ADMINISTRATION (continued)  
STATUS OF PROJECTS IN FISCAL YEAR 2023 AUDIT AND COMPLIANCE PLAN

Special Projects	<p>State Auditor's Office Hotline Complaint #22-0249 - in progress.  EthicsPoint #13 (LIT) – closed within hotline system.  EthicsPoint #14 (LIT) – closed within hotline system.  Presidential Request, Event Management - completed. Referred to State Auditor's Office March 2023.  Foundation Activities (TXST), Verbal Report, 11-17-2022.  Updated information for all components for the system-wide fraud reporting hotline.  Evaluated information provided by staff regarding options for hotline complaint reporting systems.  Evaluated information provided by staff regarding options for audit management software systems.  Evaluated information provided by staff for obtaining additional licenses for the forensic tool application and associated equipment.</p>
Respond to System Administration Requests Component Audit Assistance1 0.48 ref 7	On-going. Activity does not result in a report.

### III. Consulting Services and Non-audit Services Completed

The International Standards for the Professional Practice of Internal Auditing defines "consulting services" as advisory in nature, generally performed at the specific request of management, advised (a) 2.0

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advisory for the new matter

Served on the President's Council.

Served as ex-officio member of the Critical Incident Response Team.

Served as ex-officio member of the SHSU Compliance Committee.

Consulted with the Controller's Office regarding compliance activities.

Served on the Strategic Priority – SP2-G2 Task Force.

Attended the annual SGA Safety Walk and consulted with SGA and other campus constituents on a Safety and Security Review.

Risk presentation at the Budget Kickoff Meeting.

Reviewed Taylor and Francis contract.

Reviewed SHSU One Stop Shop activities surrounding separation of duties.

TRS Reporting Issue with HR/Payroll.

Confidential PII LSC Office review.

Reviewed HR ORP Retirement contribution returned checks.

Reviewed Integrative Natural History Book Series edT d 9 (0) B E (e) 4 8 2 7 (i) 2 . 6 2 4 (s) 6 5 4 5 9 (t) 6 6 6 (i) 2 6 2 6 (r) 0 (e)



Served as Director, Virtual Learning Committee, for the Association of College and University Auditors.  
Served on the Business Services Council.  
Served as ex-officio member of the Human Resources Stakeholders Team.

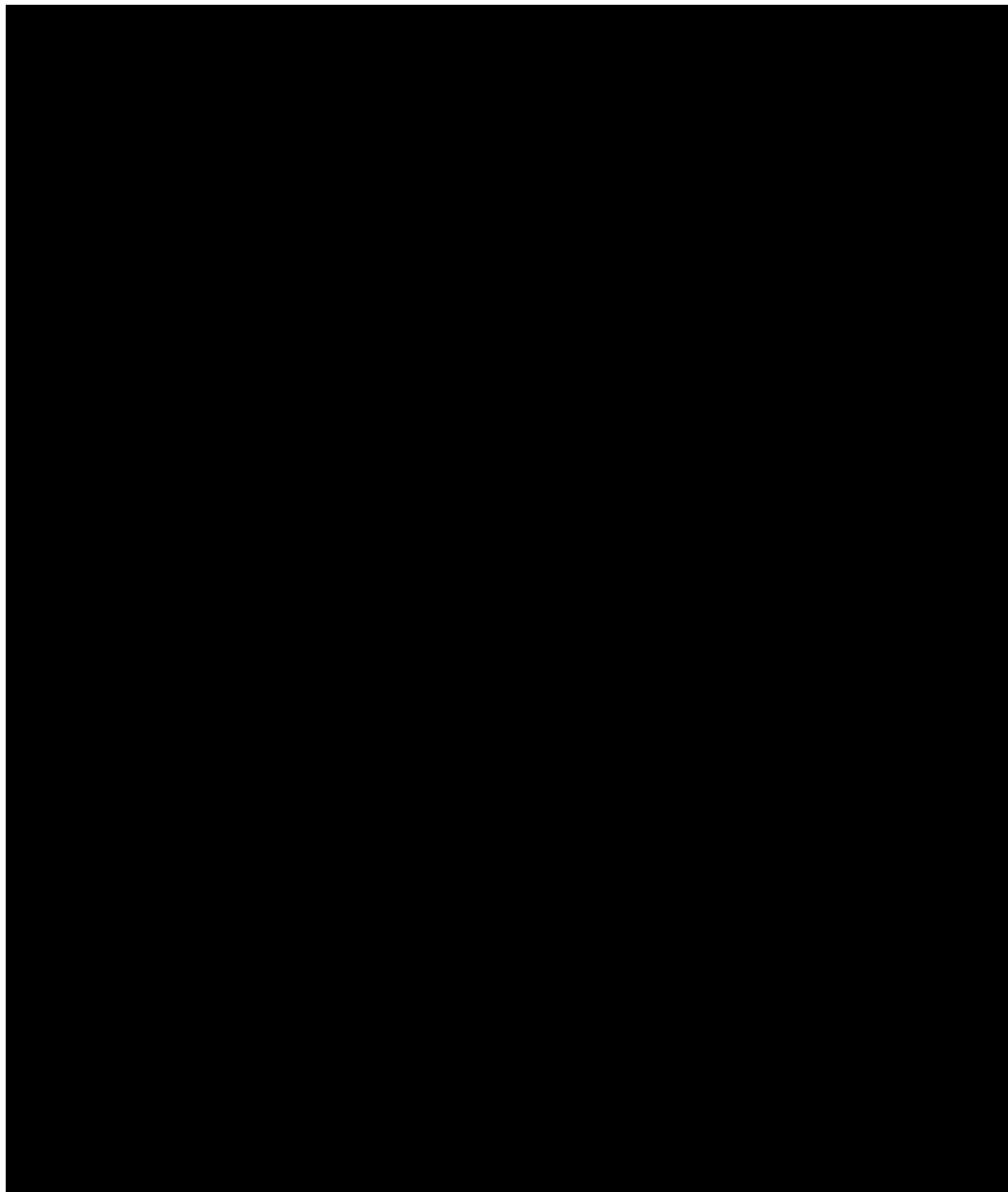
#### SYSTEM ADMINISTRATION

Proposed changes and provided commentary on potential Rule changes for the Board's consideration.  
Provided commentary on potential administrative policy changes at System Administration and various components.  
Researched a variety of issues at management's request.  
Reviewed and commented on various iterations of "right to audit" clauses in draft contracts.  
Hosted the annual TSUS Office of Internal Audit conference.  
Maintained the TSUS CPE Sponsorship with the Texas State Board of Public Accountancy as a registered CPE spo0 Tw 10.5 (f)-6

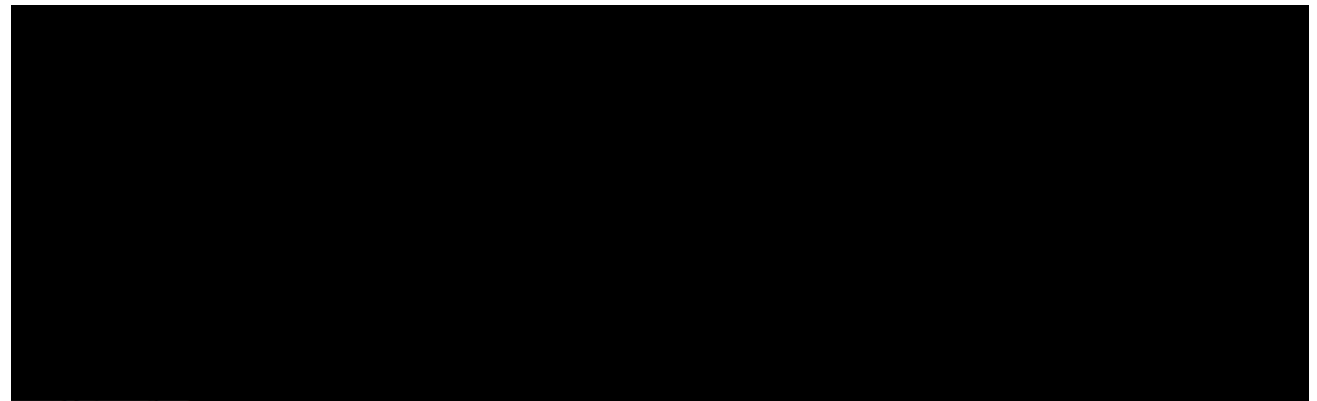
#### IV. External Quality Assurance Review (Peer Review)

Texas Government Code 2102 requires periodic external assessments of the audit function for compliance with applicable professional standards. The following excerpt is the most recent independent external validator's statement regarding the TSUS internal audit function, based on criteria outlined in the Institute of Internal Auditors (IIA) Quality Assessment Manual for the Internal Audit Activity. Because the IIA requires peer reviews to be conducted every 5 years, the next peer review has been included in the 2024 Audit and Compliance Plan.

There are three ratings that can be given in an IIA peer review. The validator rated the TSUS internal audit function with a "Generally Conforms" rating, which is the best rating available.





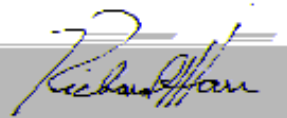


mar University, Sam Houston  
**generally conforms** to the  
ing Act.

component locations, the Texas State University, La  
State University, and Sul Ross State University,  
applicable *IIA Standards* and the Texas Internal Audit

the means that these are the most appropriate representation of the best possible evaluation  
of the review team's findings, including the extent to which the review team's findings  
do not comply with the *IIA Standards* and the Texas Internal Audit Act, which they are applied, (f

assessment conducted by the System's IA review team showed that the review  
conducted by the team and the findings are appropriate. The review was a properly developed  
objectively developed.

  
Richard H. Tarr, CIA, CISA

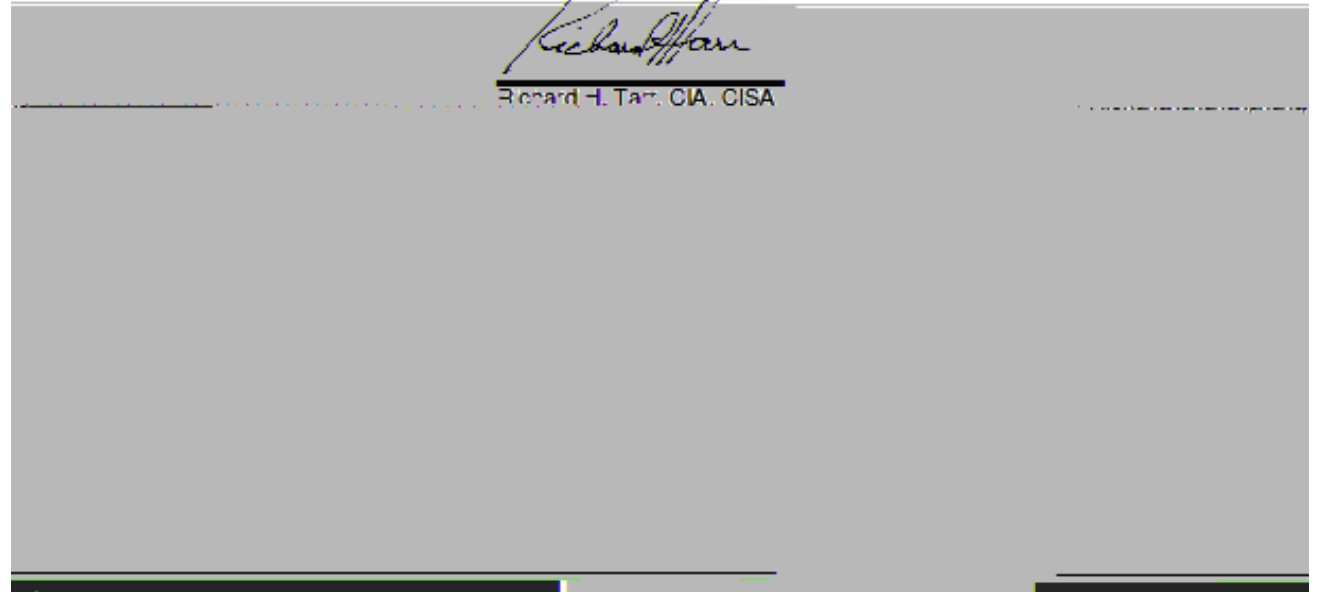




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## INTRODUCTION AND PURPOSE

The Fiscal Year 2024 Audit and Compliance Plan (“Plan”) documents functional areas the Office of Internal Audit intends to devote resources to during fiscal year 2024. The Plan satisfies statutory responsibilities outlined in Section 2102.008 of the Texas Government Code, the T

Upon completion of the annual risk assessment, identified risks were categorized into various functional areas based on the various organizational structures within the Texas State University System, the Risk Dictionary classifications created by the Association of College and University Auditors, and the functional expense classifications promulgated by the National Association of College and University Business Officers for financial statement reporting purposes.

Each functional area contains numerous activities, processes, and operations that could be the subject of an audit. (See Appendix A.) Except for compliance reviews (which are covered by the Texas State University System's Internal Control System (ICS) and the Texas State University System's Internal Control System (ICS) - 2

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ADDITIONAL RISKS RANKED AS “HIGH” IDENTIFIED DURING  
THE RISK ASSESSMENT THAT ARE NOT INCLUDED IN THE FISCAL YEAR 202 4 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:

Accessibility of Electronic Information Resources (EIR)  
Account Reconciliations  
Camps  
Charter school contracts and activities  
Cybersecurity  
Data Breach and Ransomware Response Plans  
Data governance  
Data Governance and Data Management  
Disposal of IT assets/Data Destruction  
Faculty turnover  
Financial Aid Processes  
Grants Management – Post Award  
Hazardous Materials and Waste Storage and Disposal  
Health-care programs  
HIPAA data and information  
HR Business Processes  
HR Onboarding Processes  
HVAC operations  
IT – Backup and recovery  
IT – Banner Logical Access (HR Users’ Roles and Access)  
IT – Cloud computing and management of third-party IT providers  
IT – Logical Access – End User Access Reviews of Critical Applications  
IT and Software Asset Management Processes, including Device Sanitization Procedures  
Minors on Campus  
Monitoring of Electronic Access to Physical Structures  
Physical Access to Network and Server Closets  
Preventive maintenance  
Production of annual security report by police department  
Recruiting and retaining rodeo team; preventing injuries  
Security Cameras  
Shared Services – Change Management Audit (shared services)  
Student Conduct and Student Behavioral Assessment Team  
Student lodging  
Study Abroad and International Travel - Student Safety  
Timely Warnings regarding Clery Act Compliance  
Title IV



## VII. Reporting Suspected Fraud and Abuse

The TSUS has taken the following actions to ensure compliance with requirements of Section 7.09, page IX-38, the General Appropriation Act (87th Legislature):

The TSUS contracts with EthicsPoint, an internet-based confidential fraud reporting hotline.