

**Texas State Technical College
Board of Regents
Audit Committee Meeting
3801 Campus Drive
Col. James T. Connally Aerospace Center
Board Room
Waco, TX**

**Thursday, February 11, 2016
10:45 a.m.**

AGENDA

- I. Meeting Called to Order by Audit Committee Chair Ivan Andarza**
[Ivan Andarza, Joe Gurecky, J.V. Martin]
- II. Committee Chair Comments**
- III. Minute Order:**
Proposed MO #
- None
- IV. Reports:**
- [Status of Fiscal Year 2016 Audit Schedule & Other Projects](#)2
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- [Follow-up Schedule and Status](#)6
- [Benefits Proportionality Audit](#)9
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- V. Adjourn**



**Texas State Technical College
Internal Audit
Status of Fiscal Year 2016 Audit Schedule & Other Projects**

Description	Division/Campus	Status	Report No.	Report Date
INTERNAL AUDITS				
Public Funds Investment Act Audit	Accounting & Finance	Complete	16-005A	9/3/15
Ft. Bend Construction Audit (TSTC Foundation)	Accounting & Finance	Complete	16-010A	9/29/15
College Assistance Migrant Program Grant Audit	Operations	Complete	16-009A	11/9/15
50th Anniversary Celebration Audit	Marketing	Complete	16-017A	12/11/15
Benefits Proportionality Audit	Accounting & Finance	Complete	16-015A	1/8/16
Variable Expenditures Audit	All divisions	In Progress		
Violence Against Women Act & Campus Sexual Violence Elimination Act Compliance Audit	Operations	In Progress		
Developmental Education Scaling and Sustaining Success Grant	Operations	In Progress		
Portal Application Audit	OIT			
Student Worker's Audit	All divisions	In Progress		
Internal Network Penetration Test	OIT			
SB 20 Compliance Audit	All divisions			
EXTERNAL AUDITS				
State Auditor's Office: A-133 Follow-up	Harlingen	In Progress		
State Auditor's Office: A-133 Follow-up	Waco	In Progress		
State Auditor's Office: A-133 Follow-up	West Texas	In Progress		
State Auditor's Office: A-133 Follow-up	Marshall	In Progress		
THECB: Perkins Basic Grant Programmatic Desk Review & Site Visit	OSP	In Progress		
THECB: TEXAS Grant Compliance Audit	OSP	In Progress		
OTHER INTERNAL PROJECTS				
Internal Hotline: Allegation - An employee is going to school full-time while being paid as a full-time employee. Result - Found that the courses were being attempted as credit by exam, therefore, no conflict with work schedule was found. However, we determined that financial aid that was awarded needed to be returned by the employee because credit by exam is not eligible for such aid.	Harlingen	Complete	16-011I	10/12/15
Internal Hotline: Allegation - The legitimacy of financial aid of an employee's dependent was questioned. Result - By obtaining the tax transcripts used to apply for financial, aid, we determined the allegation was unsubstantiated.	Harlingen	Complete	16-012I	10/22/15
Internal Hotline: Allegation - Employee attempted to sell College equipment without using the approved disposal process. Result - Determined the allegation had merit. Found the equipment was still on College property so the sale was stopped. Additionally, determined that the employee used College equipment off campus for an unrelated purpose. Employment was terminated.	Waco	Complete	16-014I	10/30/15
SAO Hotline: Allegation - Some employees in a specific area receive inflated salaries, and the supervisor promotes a hostile working environments for other employees. Result - This allegation was investigated by the HR Department. They did not find the allegation to have merit.	Harlingen	Complete	16-017I	11/17/15

Description	Division/Campus	Status	Report No.	Report Date
Internal Hotline: Allegation - It was alleged that an employee abused her vouchering and check signing authorities. Result - We did not find any evidence that payments made to the employee were for anything other than legitimate business expenses.	Marshall	Complete	16-0201	1/13/16



**Texas State Technical College
Internal Audit
Summary of Audit Reports**

Report Name & No.	Audit Finding	Summary of Finding Support	Management's CAP(s)	Resp. Sr Mgr	Expect. Complete Date
Benefits Proportionality Audit (16-015A)	1.	No exceptions noted.			
CAMP Grant Audit (16-009A)	1.	We identified reporting errors that need to be corrected for this Grant, and administrative errors that need to be corrected going forward for any similar grants.	Our testing identified various reporting errors. Those included the number of students served being incorrect in one year, first year completers being wrong in three years, and one student not being reported as completers when they should have been. Additionally, we identified students in two years that were reported as completers when they were not, and budget information being wrong or missing in all four years. [Note: None of the errors individually were significant.] Files for two students could not be located, and proof that a student was eligible to participate was missing from another file.	1.1 As we move forward with similar grants , we will work closely with the Office of Sponsored Programs (OSP). Our grants will be receiving additional support from OSP as it relates to grant and budget compliance. Additionally, close communication will be will encouraged to ensure that all procedures are followed and understood. 1.2 The final report due in November 2015 will include accurate information.	Hyde 1.1 - Immediately 1.2 - 11/30/15
Cybersecurity Audit (15-049A)	1.	Controls related to wireless access and mobile devices need to be improved, as well as overall IT security training and awareness.	Wireless Access: All campuses have wireless access capabilities enabled. Management disclosed that some of the campuses currently do not have guest access segregated from private access. At campuses where the accesses are segregated, guests can only access the internet. At the campuses where it is not segregated, guests have the ability to "see" servers and devices on the network. While access to those servers and devices are protected through secure login controls, the ability to see them increases the risk that the assets be hacked. Management indicated that they are currently addressing the issue as resources permit.	1.1 Due to network and hardware configuration, the following TSTC networks do not have separate guest and secure wireless: Sweetwater, Brownwood, Breckenridge, Abilene and Marshall. We are currently in the stages of correcting Brownwood and Breckenridge. The estimated completion date is October 31, 2015. Sweetwater and Marshall should be completed by July 2016 and Abilene by October 2016.	Herrera 10/31/16

Report Name & No.		Audit Finding	Summary of Finding Support	Management's CAP(s)	Resp. Sr Mgr	Expect. Complete Date
			Mobile Devices: Mobile devices (smart phones and tablets) have quickly become standard tools for performing College work. As such, sensitive information is accessed anywhere and at any time through e-mails, reports, and systems accessible through the internet. We feel the College needs to define its risk appetite associated with this activity, and implement appropriate controls and procedures that reflect its expectations.	1.2 The training has been developed and is available through Moodle in the TSTC Portal. Institutional Advancement is currently revising the training to include an end-of-course quiz. That training will be fully deployed Statewide by December 1st and will be mandatory annually for all employees hires during the on-boarding process.	Herrera	12/31/15
			Information Security Training: We were only able to verify that less than 15% of current employees have received IT security related training. While training does not assure management that risky behavior will not occur, it does set expectations for appropriate behavior.	1.3 A draft Mobility Management Policy has been created and is in the early stages of revision. Once OIT management has approved the draft it will go to the Information Technology Action Group for comment, revision and acceptance prior to going to EMC and the Chancellor for review. We expect the Mobility Management Policy to be in place by April 1st, 2016.	Herrera	4/1/16
50th Celebration Audit (16-017A)	1.	No exceptions noted.				



**Texas State Technical College
Internal Audit
Follow Up Schedule & Status**

Report Name & No., Resp. Sr Mgr	Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Expect. Complete Date
December 2010 Attestation Disclosure, Herrera	1. TSTC provides internet service to members of the West Texas Telecommunications Consortium (WTTC). In 2008, WTTC was cited for an FCC violation in an external audit because the audit concluded that WTTC "surrendered control of its competitive bidding process" to TSTC because a TSTC employee sat on the WTTC board at the time. However, the audit went on to conclude that the selection of TSTC was the most cost effective bid. Nevertheless, as a result of this audit finding, the funding agency has indicated in letters to both TSTC and WTTC that \$589 thousand may be required to be repaid. The certainty of that requirement is yet unknown.	TSTC and WTTC issued an attorney drafted joint appeal on January 11, 2011, to the funding agency in an attempt to 1) clarify the audit finding, and 2) appeal the ruling that the money may need to be repaid. This appeal is based primarily on the facts that no negative monetary effect was felt by WTTC, and the TSTC employee who was on the Board did not actually participate in any part of the bid process. The appeal also included affidavits from 4 WTTC Board members, the WTTC WAN Director, and the TSTC employee that state the TSTC employee did not participate in the bidding or selection process.	On-going: As of 01/13/16, we had not received a response on our appeal to the finding from the FCC. TSTC General Counsel previously spoke with outside counsel on the matter who indicated the FCC is severely backlogged on appeals. They are just reviewing appeals filed in 2006. Internal Audit will leave this on the follow-up schedule until the appeal has been heard. This may take several years.	We are still pending a ruling from the FCC on the matter.	Still awaiting FCC response
Harlingen, Waco, Marshall, WT, Sys Ops: 2014 Employee Time Reporting Audits, Hoekstra	1. The forms used to report time should be enhanced to capture more information on the compensatory time that is being requested so as to assist HOD with verifying the time calculation. This would benefit employees by further ensuring they are credited with the correct amount of compensatory time.	1.2 HOD will review (and revise if necessary) all existing policies and procedures related to leave and compensatory time to ensure compensatory time is handled consistently throughout the System.	Partially Complete: HR personnel have been trained to better scrutinize all manual times sheets. In December, the Payroll Department kicked off a project to automate the timesheets. IA was in attendance during the planning meetings with programmers. The programmers are currently working on the automation.		TBD
		1.3 Depending on availability of IT programming personnel, HOD will facilitate enhancements of the current leave system to accommodate automation of compensatory time recording and calculation.	See above comments		TBD
		1.4 Once the method for time reporting is determined, System-wide training will be implemented.	See above comments		TBD

Report Name & No., Resp. Sr Mgr		Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Expect. Complete Date
Harlingen: A-133 Audit (performed by the SAO), Pena, Adams, Herrera	1.	Summary: Cost of Attendance budgets need to be adjusted to reflect actual enrollment so that the potential for over awards is reduced.	Continue to calculate initial award on full-time enrollment, and after the census date adjust the cost of attendance to the actual enrollment level. Awards will continue to be adjusted as necessary.	01/19/16: Partially implemented. SAO will retest in FY 2017.		2/1/17
Marshall: A-133 Audit (performed by the SAO), Sanders, Adams, Herrera	1.	Summary: Cost of Attendance budgets need to be adjusted to reflect actual enrollment so that the potential for over awards is reduced.	Continue to run an automated process to adjust awards based upon enrollment. The financial aid office will ensure only eligible budget components are included in the COA calculation.	01/19/16: Partially implemented. SAO will retest in FY 2017.		2/1/17
VA Benefits Compliance Audits (15-029A, 30A, 40A, 41A), Adams	1.	A centralized and standardized method for maintaining and monitoring documentation, and reporting enrollment data to the VA needs to be implemented. The processes currently on both campuses varies, with documentation and reporting exceptions noted at both.	We will: - Centralize files that contain all required documents for every student by scanning all documents for safekeeping in ImageNow. - Because some offices do not have scanners, equipment will need to be purchased as resources permit. - All school certifying officials will begin using curriculum information obtained from the THECB to evaluate courses and programs of study. - Obtain access to required documents maintained by other departments and determine a way to organize these. We feel these steps will help us better meet monitoring and reporting requirements.	On-going: Item #1 is completed. As of 12/07/15, Item 2: : There is a PO in place on the Waco Campus for a scanner and they are working on the Marshall Campus to share a scanner with another department. Item #3 - Instead of using the curriculum information from the THECB, the department will use and maintain evals. Item #4 - A request to gain access to other department drawers was submitted. The department is waiting on the IT department and drawer owners to grant access.		TBD
Cybersecurity Audit (15-049A), Herrera	1.	Controls related to wireless access and mobile devices need to be improved, as well as overall IT security training and awareness.	1.1 Due to network and hardware configuration, the following TSTC networks do not have separate guest and secure wireless: Sweetwater, Brownwood, Breckenridge, Abilene and Marshall. We are currently in the stages of correcting Brownwood and Breckenridge. The estimated completion date is October 31, 2015. Sweetwater and Marshall should be completed by July 2016 and Abilene by October 2016.	Partially Complete		10/31/16
			1.2 The training has been developed and is available through Moodle in the TSTC Portal. Institutional Advancement is currently revising the training to include an end-of-course quiz. That training will be fully deployed Statewide by December 1st and will be mandatory annually for all employees hires during the on-boarding process.	On-going		12/31/15

Report Name & No., Resp. Sr Mgr		Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Expect. Complete Date
			1.3 A draft Mobility Management Policy has been created and is in the early stages of revision. Once OIT management has approved the draft it will go to the Information Technology Action Group for comment, revision and acceptance prior to going to EMC and the Chancellor for review. We expect the Mobility Management Policy to be in place by April 1st, 2016.	On-going		4/1/16



Internal Audit Department

Audit Report

**Benefits Proportionality Audit
of
TEXAS STATE TECHNICAL COLLEGE**

January 8, 2016

**This audit was conducted in accordance with the
International Standards for the Professional Practice of Internal Auditing
of the Institute of Internal Auditors.**

Executive Summary

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Internal Audit has audited compliance to Article IX, section 6.08 of the General Appropriations Act as of August 31, 2014. This section of the Act deals with benefits proportionality.

Section 6.08 indicates payments for employee benefits for salaries and wages paid from sources other than

General Revenue funds (GR), including payments received pursuant to interagency agreements or as contract receipts, shall be made in proportion to the source of funds from which the respective salaries or wages are paid. The primary purpose of this audit was to ensure benefits paid from GR funds were proportionate to the fund source of the related salaries.

The scope of our audit included all salaries and benefits paid in fiscal years 2012, 2013, and 2014. For those years, we tested payments of benefits that were paid from GR funds to ensure the payments were made proportionately from the same source as the related salaries. We reviewed positions in which salaries were paid using GR funds to ensure those positions were authorized to be paid using those funds. We reviewed salary expense transfers and refunds of expenditure transactions to verify that, if the College reduced salary expenditures originally paid using GR funds, it also made corresponding reductions in benefit expenditures paid from GR. Finally, we tested the accuracy of the 2012, 2013 and 2014 APS011 forms submitted to the State Comptroller to ensure the correct proportion of dedicated GR (tuition) was used when paying benefits with GR funds.

For all payments tested, benefits were paid proportionately from the same funding source that paid the salaries. We determined that the employee positions paid from GR funds were authorized to be paid from those funds. We also concluded that the GR funds were refunded benefits in the same proportion to salaries in instances where a refund was necessary. Finally, we found all APS011 forms were accurate and well supported. We did not find any instance of non-compliance, nor identify any reimbursement that needed to be made to the State Comptroller due to non-compliance.

Based on our audit work, we feel the College complied with Article IX, section 6.08 of the General Appropriations Act (Act) for fiscal years 2012, 2013, and 2014. This same conclusion was

reached in similar audits conducted in FY 2014 by both Internal Audit and auditors from the State Comptroller's Office.

Introduction

Article IX, section 6.08 of the General Appropriations Act requires employee benefits paid using GR funds to be paid in the same proportion that the related salaries are paid. For instance, if only fifty percent of an employee's salary was paid using GR funds, then only fifty percent of the related benefits could be paid from those same funds.

Rider 8, page III-39 of the General Appropriations Act of the 84th Texas Legislature required the College to conduct an internal audit of benefits proportionality using a methodology approved by the Texas State Auditor's Office. This requirement was established after a similar directive was made on May 29, 2014, by the Governor's Office. The latter directive was presumably intended to standardize the method in which the audits were being conducted by agencies by issuing specific guidance. The earlier directive gave no specific guidance.

The College achieves benefits proportionality compliance through automated payroll and accounting processes. Benefits are allocated to the various funds by an automated process based upon which funds paid the salaries. The types of appropriated funds that are used are monitored by the accounting office on a monthly basis, with the relevant reporting being done on an annual basis. The Payroll Department, Comptroller, and Colleague programmers all play critical roles in ensuring proportionality compliance.

For fiscal years 2012, 2013, and 2014, salaries paid from GR funds were approximately \$57.5 million, \$58.8 million, and \$64.4 million, respectively. The associated benefits were approximately \$19.1 million, \$20.2 million, and \$21.5 million, respectively.

Objectives

The objective of the audit was to ensure compliance with Article IX, section 6.08 of the General Appropriations Act for fiscal years 2012, 2013, and 2014. More specifically, the objectives were to ensure:

- a. Payments of benefits that were paid from GR funds were made proportionately from the same source as the related salaries.
- b. The positions in which salaries were paid using GR funds were authorized to be paid using those funds.

- c. Corresponding benefit expenditure reductions were made when salary expense transfers and refunds of expenditure transactions occurred that were originally paid using GR funds.
- d. The 2012, 2013 and 2014 APS011 forms submitted to the State Comptroller were accurate.

Scope & Methodology

The scope of our audit included all salaries and benefits paid in fiscal years 2012, 2013, and 2014 using GR funds. To accomplish our objectives, we recalculated benefits, traced salary and benefit refunds, reviewed job descriptions, and tested the accuracy of APS011 reports. The audit incorporated the methodology prescribed by the State Auditors Office.

General Observations

An automated process for calculating proportionality has been established that significantly reduces the risk of error. In our testing, we did not identify any errors. Additionally, procedures have been established which would detect material deviations should they occur.

Summary of Finding

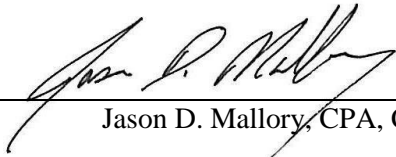
No issues of non-compliance or instances requiring reimbursement were noted.

Opinion

Based on the audit work performed, the College complied with Article IX, section 6.08 of the General Appropriations Act for fiscal years 2012, 2013, and 2014.

We would like to extend our appreciation for the time and assistance given by management and employees during this audit.

Submitted by:



Jason D. Mallory, CPA, CIA

January 8, 2016

Date



Internal Audit Department

Audit Report

**CAMP Grant Audit
of
TEXAS STATE TECHNICAL COLLEGE**

November 9, 2015

**This audit was conducted in accordance with the
International Standards for the Professional Practice of Internal Auditing
of the Institute of Internal Auditors.**

Executive Summary

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Internal Audit has audited the College Assistance Migrant Program (CAMP) Grant (Grant). The Grant was awarded by the Department of Education (ED), and benefitted migrant students on the Harlingen campus. The overall purpose of the Grant was to assist migrant workers in obtaining a college education. It was originally awarded on July 1, 2010 for \$401,845. It was re-

awarded on 7/1/11, 7/1/12, 7/1/13, and 7/1/14 for \$407,416, \$413,159, \$408,447, and \$424,998, respectively. The total award amount over those five years was \$2,055,865, with \$2,052,150 being drawn by the College. Our audit included transactions through August 31, 2015. The Grant was not re-awarded in Fiscal Year 2016.

The purpose of our audit was to determine whether:

- major Grant provisions were met. Those provisions required at least 45 migrant students to be served annually, with 86% of them completing the first academic year, and 81% of the first year completers to continue on to a second year. Support services were required to be offered to second year students as well;
- required reports were accurate and filed timely;
- expenditures that were paid by the grant were permissible and legitimate;
- relevant records were secured;
- grant agreements were executed by an appropriate level of management; and
- access to the cash draw system was restricted.

Our testing revealed that 235 students benefitted from the Grant over the five year award period. All expenditures were appropriate, records were secured, all draws were legitimate, and access to the draw system was restricted. We were unable to verify the manager who executed the Grant agreement because documentation was unavailable during our audit. But because the Harlingen management team was familiar with the Grant, we feel it is unlikely someone without proper authority entered into the Grant. We did note that the College did not meet the number and percentage requirements in any year. These facts were reported annually to the ED, and they continued to award the monies, leaving us with the opinion that the figures were targets rather than hard requirements. We did identify several reporting errors over the four years we tested, and administrative matters

that we feel management should address for this Grant and others going forward.

The Grant ended on August 31, 2015, with only the final reporting to be completed. The College intends to reapply for the Grant in the future.

Introduction

The Department of Education awarded the College the CAMP grant worth \$2,066,496 over a five year period. The Grant began in June 2010 and continued through August 31, 2015. Its purpose was to assist with the educational needs of migrant workers by facilitating a program that assisted with educational and infrastructure needs, financial, learning and language gaps, and cultural weaknesses. The Grant offered counseling, academic advising, and peer advisors/tutors, as well as opportunities to attend cultural events, and financial assistance for students.

The Grant was facilitated by the former College Readiness Department in Harlingen under the previous accreditation structure. Over the course of the five year Grant period, the program served 235 migrant students. For a student to qualify to participate in the program either the student or the student's parent had to be a migrant farm worker. As previously stated, the Grant was not renewed in current fiscal year. Any future grants would be administered under the Office of Sponsored Programs, the office responsible for administering all grant awards under the new single accreditation structure.

Objectives

The purpose of our audit was to determine whether:

- major Grant provisions were met;
- required reports were accurate and file and filed timely;
- expenditures that were paid by the grant were permissible and legitimate;
- relevant records were secured;
- grant agreements were executed by an appropriate level of management; and
- access to the cash draw system was restricted.

Scope & Methodology

The scope of our audit included all Grant transactions and pertinent documentation from June 2010 through August 2015. To accomplish our objectives, we verified the number of students served and calculated their completion and re-

enrollment rates. We reviewed grant expenditures and cash draws to ensure they were allowable and evidenced by supporting documentation. We reviewed annual progress reports for accuracy and timeliness, and made other observations to support our opinion.

General Observations

We noted that the graduation rate for Grant participants averaged 19.4%, just slightly less than the campus wide rate of 22.14% for the same period of time. In our opinion, this indicates that the efforts associated with the Grant provided opportunities for success for a segment of Texans that they may not have had otherwise.

Summary of Finding

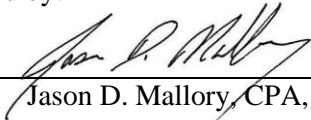
We identified reporting errors that need to be corrected for this Grant, and administrative errors that need to be corrected going forward for any similar grants.

Opinion

Based on the audit work performed, the Grant was generally administered properly. We did identify reporting errors that we recommend be corrected at the final report, and limited administrative errors which prevented us from reviewing some requested documents on three students.

We would like to extend our appreciation for the time and assistance given by management and employees during this audit.

Submitted by:



Jason D. Mallory, CPA, CIA

11/9/15

Date

AUDIT FINDING DETAIL

Finding #1: We identified reporting errors that need to be corrected for this Grant, and administrative errors that need to be corrected going forward for any similar grants.

Criterion: The Grant required annual progress reports to be submitted by November 15 of each year. The information that was required to be reported included (the number of student served, the number of and percentage of first year completers and students who re-enroll, biographical student data, and budget information). Additionally, the Grant required the student to be a migrant worker, or from the family of migrant workers. To verify this, College personnel had to check income related information.

Our testing identified various reporting error. Those included the number of students served being incorrect in one year, first year completers being wrong in three years, and one student not being reported as completers when they should have been. Additionally, we identified students in two years that were reported as completers when they were not, and budget information being wrong or missing in all four years. [Note: None of the errors individually were significant.]

Files for two students could not be located, and proof that a student was eligible to participate was missing from another file.

Consequence: Potential for reimbursed costs to be disallowed by the DOE due to reporting discrepancies.

Possible Solution: Going forward, all grants will be administered through the Office of Sponsored Programs. This office is dedicated to this function. This should help reduce reporting and other clerical errors. Because final reporting has not been performed yet on this Grant, we recommend the errors be corrected at that time, if possible.

Management Response:

Division: Office of Sponsored Programs

Senior Management: Carliss Hyde

Task	Brief Description	Responsible Individual	Completion Date
1.1	As we move forward with similar grants , we work closely with the Office of Sponsored Programs (OSP). Our grants will be receiving additional support from OSP as it relates to grant and budget compliance. Additionally, close communication will be will encouraged to ensure that all procedures are followed and understood.	Toni Luna	Immediately
1.2	The final report due in November 2015 will include accurate information.	Toni Luna	November 30, 2015



Internal Audit Department

Audit Report

**Cybersecurity Audit
of
TEXAS STATE TECHNICAL COLLEGE**

November 10, 2015

**This audit was conducted in accordance with the
International Standards for the Professional Practice of Internal Auditing
of the Institute of Internal Auditors.**

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We have completed an audit of cybersecurity. The main objective of the audit was to identify and test key controls implemented by the Office of Information Technology (OIT) that reasonably ensure the risk of unauthorized access and/or loss of sensitive College data stored on computing devices is reasonably limited.

Our audit focused on controls in the following ten areas:

- network security
- wireless security
- mobile device security
- vendors/contractors
- data encryption
- employee training
- identification management
- disaster recovery
- incident response plans
- logging and monitoring computing activity

We determined that OIT has designed and implemented numerous controls within each area. We determined that firewalls, unique user IDs and passwords, segregation of VLANs, and periodic network perimeter scans have been deployed. We also determined that wireless access at some locations have been segregated for public and private use, contractors and vendors who process College data or access College systems have been vetted, systems and data are backed up nightly, and requests for access are authenticated. Finally, we determined that incident plans have been established for unforeseen breaches and other IT incidents, and certain types of activity on the network (such as unauthorized access attempts) are monitored using specialized software.

While we offered management recommendations to enhance some controls, we do not feel most were significant enough to include in this report. However, we do feel that improvements in IT security training, and necessary enhancements to controls related to wireless access and mobile device usage were significant enough to include in this report.

Introduction

The Office of Information Technology (OIT) supports all campus instructional and enterprise computing needs. OIT provides assistance with connectivity, applications, and desktop support, and security.

IT security's primary objective is to prevent unauthorized access and/or loss of sensitive College data stored on computing devices. The primary risks to data involve various hacking schemes, unauthorized access by employees, insecure hardware/software configurations. The risks are ever changing due to constant improvements in technology.

The College has designated a Director of IT Security to survey and manage various IT risks through collaboration with other directors in OIT. All functions report to the VC/Chief Technology Officer.

The controls that have been implemented include a mix of hardware, software, and human based procedures. They include firewalls, access reviews, segregation of duties, and periodic scans and monitoring procedures.

Objectives

The main objective of the audit was to identify and test key controls implemented by the Office of Information Technology (OIT) that reasonably ensure the risk of unauthorized access and/or loss of sensitive College data stored on computing devices is limited.

Scope & Methodology

The scope of our audit was limited to the key controls related to network, wireless, and mobile device security, contractors and vendors, data encryption, employee training, identity management, disaster recovery, incidence response, and logging and monitoring activity. We validated the existence of these key controls and ensured the controls were operating effectively. We also developed our audit criteria using the Control Crosswalk published by the Texas Department of Information Resources. To accomplish this we validated Virtual Local Area Network technology (VLANs) was utilized to segment traffic, determined whether the College established procedures for tracking and monitoring mobile devices, and verified third party contractors and vendors are vetted. We also reviewed the identity finder installation logs, confirmed whether virtual private networks (VPN), separated accounts, and passwords were established to access the College systems, and reviewed training material and a

listing of the participants that have completed the information security training. Finally, we reviewed active users and access requests/reauthorization forms, reviewed policies and procedures for backups and incidents, and verified the existence and operation of various tracking and monitoring systems.

General Observations

OIT has designed and implemented cost effective controls to protect College data processed and stored on IT assets. Those controls consider various risks, and are enhanced as the risk environment changes. Furthermore, IT security is viewed as a team responsibility, with all member of OIT playing key roles.

Summary of Findings

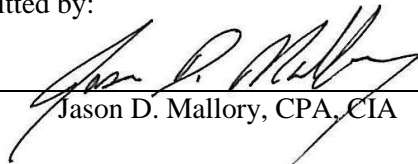
Controls related to wireless access and mobile devices need to be improved, as well as overall IT security training and awareness.

Opinion

Based on the audit work performed, strong controls have been implemented that ensure the risk of unauthorized access and/or loss of sensitive College data stored on computing devices is reasonably limited. However, we feel improvements are needed in the areas of training, wireless access, and mobile device security. Management concurred with our assessment and agreed to implement appropriate corrective actions.

We would like to extend our appreciation for the time and assistance given by management and employees during this audit.

Submitted by:



Jason D. Mallory, CPA, CIA

11/10/15

Date

AUDIT FINDING DETAIL

Finding #1: Controls related to wireless access and mobile devices need to be improved, as well as overall IT security training and awareness.

Criterion: Key controls were tested for ten primary areas related to cyber security. We obtained those keys controls through conversations with management, and compared them to typical controls relied upon by similar institutions. We noted that probable IT risks have been evaluated and reasonably controlled. We noted improvements in the following areas would reduce the risk of sensitive information being compromised as a result of unauthorized access.

Wireless Access:

All campuses have wireless access capabilities enabled. Management disclosed that some of the campuses currently do not have guest access segregated from private access. At campuses where the accesses are segregated, guests can only access the internet. At the campuses where it is not segregated, guests have the ability to “see” servers and devices on the network. While access to those servers and devices are protected through secure login controls, the ability to see them increases the risk that the assets be hacked. Management indicated that they are currently addressing the issue as resources permit.

Mobile Devices:

Mobile devices (smart phones and tablets) have quickly become standard tools for performing College work. As such, sensitive information is accessed anywhere and at any time through e-mails, reports, and systems accessible through the internet. We feel the College needs to define its risk appetite associated with this activity, and implement appropriate controls and procedures that reflect its expectations.

Information Security Training:

We were only able to verify that less than 15% of current employees have received IT security related training. While training does not assure management that risky behavior will not occur, it does set expectations for appropriate behavior.

Consequences: Increased risk of sensitive information being compromised as a result of unauthorized access or unapproved procedures.

Possible Solution: Internal audit recommends that segregated wireless access be established at all campuses and locations, a formal policy governing mobile devices be developed and implemented, and information security training be completed by all employees.

Management Response:

Division: Office of Information Technology
Senior Management: Ricardo Herrera

Task	Brief Description	Responsible Individual	Completion Date
1.1	Due to network and hardware configuration, the	Rick Collatos	October 2016

Task	Brief Description	Responsible Individual	Completion Date
	following TSTC networks do not have separate guest and secure wireless: Sweetwater, Brownwood, Breckenridge, Abilene and Marshall. We are currently in the stages of correcting Brownwood and Breckenridge. The estimated completion date is October 31, 2015. Sweetwater and Marshall should be completed by July 2016 and Abilene by October 2016.		
1.2	The training has been developed and is available through Moodle in the TSTC Portal. Institutional Advancement is currently revising the training to include an end-of-course quiz. That training will be fully deployed Statewide by December 1st and will be mandatory annually for all employees as well as new hires during the on-boarding process.	Shelli Scherwitz	December 2015
1.3	A draft <i>Mobility Management Policy</i> has been created and is in the early stages of revision. Once OIT management has approved the draft it will go to the Information Technology Action Group for comment, revision and acceptance prior to going to EMC and the Chancellor for review. We expect the Mobility Management Policy to be in place by April 1st, 2016.	Rick Herrera	April 2016



Internal Audit Department

Audit Report

**50th Celebration Audit
of
TEXAS STATE TECHNICAL COLLEGE**

December 11, 2015

**This audit was conducted in accordance with the
International Standards for the Professional Practice of Internal Auditing
of the Institute of Internal Auditors.**

Executive Summary

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We have completed an audit of the expenses and revenues generated by the College's 50th anniversary celebration (Event) held on April 22, 2015. Expenses for the Event were paid by both the College and the Foundation, the independent fundraising entity dedicated to enhancing the College. The revenue generated by the Event was recorded in the Foundation's

account, to be used for the benefit of students and instructional aid. The objectives of audit were to determine:

- whether all reported donations were legitimate,
- that donations are being used properly, and
- whether all expenses were recorded, and paid from allowable funds (especially for those paid by the College).

For revenue, we ensured all recorded revenue was legitimate by tracing a sample to the Foundation's bank account. We also tested donation restrictions by reviewing accounts the revenue was recorded in, and its uses to date. For expenses, we selected samples of expenses paid by both the Foundation and College and reviewed invoices and other purchasing documentation. We reviewed the funds from which the expenses were paid to ensure the funds were allowed to be used for the various expenditures. And, we reviewed all purchases made in FY 2015 to identify any expenditures that were not disclosed to us. Finally, we compiled an income statement for the Event.

Our tests revealed that \$312,675 was raised by the event. All of that revenue was deposited into the Foundation's bank account, and properly recorded in its general ledger. We also determined that, to date, the revenue has been used appropriately. Our tests also revealed that the Foundation incurred \$110,140 in related expenses, while the College incurred \$71,426. All expenses were fully supported by original invoices and other purchasing documentation. For the expenses paid by the College, there were no restrictions on the funds that paid the expenses. We calculated a direct net income of \$131,109 for the Event, with significant other benefits being highly probable.

Introduction

Governor James Connally signed legislation on April 22, 1965, which created TSTC. In 2015, the College, with significant assistance from the Foundation, planned and held a 50th anniversary celebration. The Event was held on April 22, 2015,

at the Hilton in downtown Austin, and featured the Governor, Lieutenant Governor, and former State Comptroller. The Event was not only a celebration of the College's 50 year history, but also a fund raising and community relations event.

The event raised \$312,675 from individual, business, and public donors. Those donors included businesses from all over Texas, economic development corporations, various cities, as well as individuals. Donations ranged from \$28,200 to \$100, and were received from over 150 donors.

The Event's total cost was \$181,566, with the majority of those expenses being attributable to venue, food, and audio/video costs (sound system and lighting). Other costs included band, insurance, various supplies, travel and lodging. The Foundation paid \$110,140 of the total with the remaining \$71,426 being paid by the College. The College's largest single expense was audio/video at a cost of approximately \$48,000.

The College's mission and its benefits to Texas were on display that evening to key business leaders, politicians, and other constituents and beneficiaries.

Objectives

The objectives of the audit were to determine whether:

- all reported donations were legitimate,
- donations were/are being used properly, and
- all expenses were recorded, and paid from allowable funds (especially for those paid by the College).

Scope & Methodology

The scope of our audit included all revenues and expenses generated by the Event. Our testing was through October 31, 2015. Both College and Foundation expenses were examined. To accomplish our objectives, we traced donations to bank accounts and the general ledger, reviewed original purchasing documentation, and verified the funds that paid expenses were appropriate. We also reviewed the restrictions on the donations, and searched all 2015 purchases for missing expenses.

General Observations

The College's purchasing processes were followed for all expenses incurred as a result of the Event. Expenses that were not allowed to be purchased by a State entity were purchased by the Foundation. Foundation personnel were able to detail all revenues, and present supporting documentation. Additionally, given the fact that the Event resulted in net income with over 150

donors contributing, it has to be viewed as successful from fund raising and community relations perspectives.

Summary of Finding

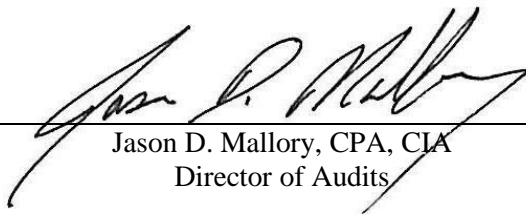
No material exceptions were identified.

Opinion

Based on the audit work performed, we determined that the Event resulted in a net profit of \$131,109. We also determined that all revenue was deposited and recorded, and all expenses were supported, recorded, and allowable.

We would like to extend our appreciation for the time and assistance given by management and employees during this audit.

Submitted by:



Jason D. Mallory, CPA, CIA
Director of Audits

December 11, 2015

Date



Texas State Technical College
Internal Audit
Attestation Disclosures

Responsible Management	Issue Reported by Management	Report Date	Management's Corrective Action Plan	Internal Audit Assistance/Follow-up
	No new issues were reported this quarter.			

The noted items were reported during the attestation process, and have been disclosed to the Chancellor. These were deemed to be worthy of disclosure to the Audit Committee.