Board of Regents

Audit Committee

Meeting

August 10, 2017 Waco, Texas



Texas State Technical College Board of Regents Audit Committee Meeting

Texas State Technical College Statewide Conference Center 1651 E. Crest Drive Waco, TX 76705

Thursday, August 10, 2017 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 #25-17(c)	
	Proposed Audit Plan for Fiscal Year 2018.	A-3
IV.	Reports:	
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	Follow-up Schedule & Status	A-19
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	Fort Bend: HVAC Instructional - Departmental Audit	A-29
	OIT: TAC §202 Compliance Audit	A-35
	Harlingen: Provost Office - Departmental Audit	A-42
	Harlingen: Developmental Education - Departmental Audit	A-47
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Audit Agenda,	August	10,	2017

Attestation Disclosures	Α-	10)1	
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V. Adjourn

Please note:

Meetings are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of the discussions and the reports of previous meetings. The estimated times are approximate and may be adjusted as required with no prior notice. Lunch will be at approximately noon.



Board Meeting Date:

August 10, 2017

Proposed Minute Order #: 25-17(c)

Proposed By:

Jason D. Mallory, Director of Audits

Subject:

Proposed Audit Plan for Fiscal Year 2018

Background:

The Texas Internal Auditing Act, Chapter 2102 of the Texas Government Code, requires Board of Regents' approval for the annual audit plan and any

revisions.

Justification:

The guidelines of the Internal Auditing Act require that the internal auditor use risk assessment techniques to prepare an annual audit plan. The plan must identify the individual audits to be conducted during the year, and requires

approval by the Board of Regents.

Additional Information:

None

Fiscal Implications:

Funds Available as Budgeted for Fiscal Year 2018.

Attestation:

This Minute Order is in compliance with all applicable laws and regulations to

the best of my knowledge.

Attachment(s):

Proposed Audit Plan - Fiscal Year 2018

Recommended Minute Order:

"The Board of Regents approves the audit plan for fiscal year 2018."

Recommended By:

Jason D. Mallory, Director of Audits



Audit Plan

Fiscal Year 2018

Proposed August 10, 2017



Executive Summary

The purpose of the Audit Plan (Plan) is to outline audits and other activities the Internal Audit Department will conduct during fiscal year 2018. The Plan was developed through collaboration with the Board of Regents (Board), Executive Management, and other managers throughout the College, as well as the Internal Audit staff. Risk assessment techniques, described later in this report, identified individual audits to be conducted during the year by considering the College's major activities and processes, which included its accounting systems and processes, administrative processes, and information technology systems. The Plan, its development, and approval are intended to satisfy requirements under the Internal Audit Charter (SOS GA.1.4) and the Texas Internal Auditing Act (TGC Chapter 2102).

The Plan relied heavily on risk assessments performed by departmental managers of major activities and processes performed throughout the College. Those assessments identified the impact specific risks rated by the Board and Executive Management would have on those major activities and processes. Sixty-eight people throughout the College participated in the planning process, with 7 high level risks being applied to 61 major activities and processes.

As result of those efforts, the Plan includes 13 full-scope audits, 1 external quality assessment review of the Internal Audit Department, and financial aid testing (A-133) by the State Auditor's Office (SAO). It also proposes consulting projects in the form risk assessments be performed at the Ft. Bend campus, and for departmental managers who request them. Additionally, investigations will be performed on all complaints reported through the ethics hotline, assistance given to external auditors as requested, and follow-up audits performed on outstanding findings from previous audits. It should be noted that known issues related to inventory control, sponsored billings, and fire marshal inspections will be follow-up audit priorities. Audit work will conclude with preparing another annual audit plan and the Annual Audit Report which will summarize all FY 2018 audit activity.

Risk information available at the time was considered in the preparation of this Plan, therefore, it is subject to revision should the risk climate materially change, or unexpected events occur. If this happens, the Director of Audits will promptly notify the Board and Executive Management of requested revisions to the Plan.

Description of the Risk-Based Methodology used to develop the Plan

The planning process began with requesting input through a survey from the Board and Executive Management on their priorities related to the following 7 risks:



Strategic Risk

These are risks that will significantly reduce the likelihood that strategic goals and WIGS will be achieved.

Financial Risk

These are risks that will have significant financial impacts on the College. Consequences of these risks include important revenues being reduced or lost, or unnecessary expenses being realized.

Accounting & Reporting Risk

These risks affect key accounting records (financial statements, general ledger) and reports (reports sent to the Board, State, Feds), possibly causing them to be materially misstated.

Fraud Risk

These are risks that increase the likelihood that fraud, waste, and abuse occur within the organization.

Regulatory/Compliance Risk

These are risks of non-compliance to a significant statute, regulation, covenant, or policy the College is subject to.

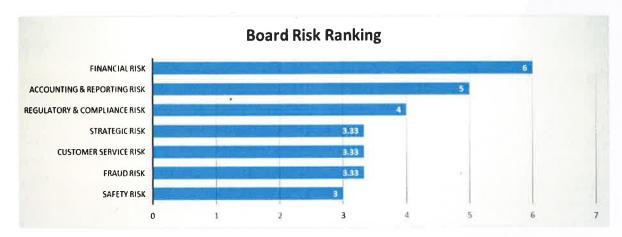
Safety Risk

These are risks that increase the likelihood that a student, employee, or visitor of the College is seriously injured or killed.

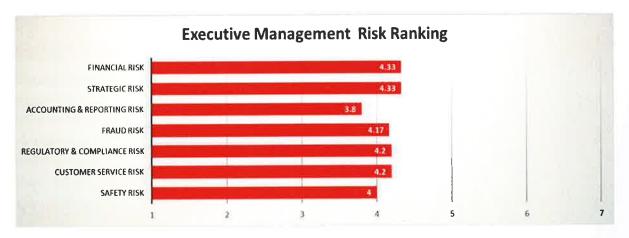
Customer Service Risk

These risks significantly impact customers in a negative way. Examples include poor customer service, poor learning experience, missed deadlines on commitment, etc.

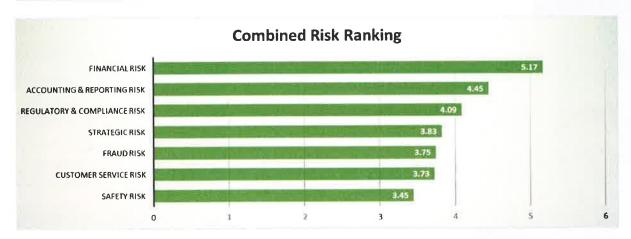
The results of that survey of the Board and Executive Management yielded the following results:











Using the results from the Combined Risk Ranking, each risk was assigned a weighted score based upon its position relative to the other risks. These weighted scores were then used in conjunction with scores from risk assessments performed by departmental managers (described

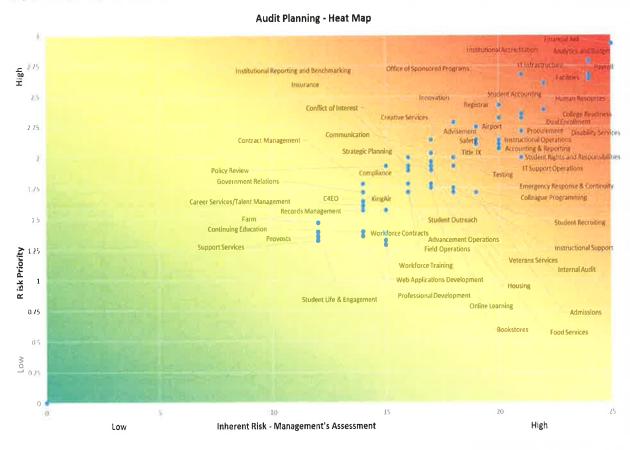


below) to determine the overall significance of activities and processes within the College relative to other activities.

Our next step was to solicit the opinion of departmental managers on how the risks impact their major activities and processes. This was achieved by requesting departmental managers rate the impact the individual risks would have on their areas if they materialized. Each risk carried the same weight. Their answers to each question were given raw scores and then summed for each activity being assessed.

The scores from the surveys answered by the Board and Executive Management along with the scores from the questions answered by departmental managers were plotted on the y and x axes, respectively, of a heat map to demonstrate the inherent risk each activity poses to the College.

Those results are as follows:



This heat map helped identify the activities and processes where audits would be most beneficial to the College.



Finally, we considered specific audit requests from all parties, as well as statutorily required audits. Those requests, with the exception of the required audits, are listed below. The frequency of a specific request is also listed. The indicates requests that are in some manner reflected in the Proposed Plan:

Accounting related (3)	Safety (6)	IT security (2)
HR policies and procedures	Areas subject to fraud and	Grants and scholarships (2)
(1)	waste (3)	
Faculty workload (2)	Procurement (3)	General compliance (3)
Investments (2)	Housing maintenance (1)	General customer service (3)
Fire marshal inspections (1)	Program vitality (1)	Sponsored receivables (1)
Advisory committees (1)	Title IX (1)	Student recruiting (1)
Travel (1)	Rentable space (other than	Fleet management (2)
	housing) (1)	
Employee leave (1)	Institutional memberships (1)	Funding formula (1)
Student surveys (1)	Termination and campus	TeamViewer (1)
	clearing (1)	
Google Drive (1)	PCI Compliance (1)	Online Employment
-		Application (1)
Network penetration		

Internal Audit Available Time

Total hours (4 Staff * 52 Weeks *40 hours)	8,320	100%
Less: Estimated vacation, holiday, & sick	936	11%
Required training	240	3%
Various meetings & departmental administration	760	9%
Total hours available for audits & other projects	6,384	77%

Description of Project Types

<u>Full-scope audits:</u> These are projects in which some activity or other management assertion is evaluated so that an objective opinion can be offered.

<u>Follow-up audits:</u> These are projects in which deficiencies identified in past audits are tested to ensure management applied appropriate corrective action, or has openly accepted the risk.

<u>Risk assessments:</u> These are consulting engagements in which Internal Audit facilitates a discussion with management to identify and document risks that are present in their areas of responsibility, and documents their assessment of how well those risks are currently mitigated.



<u>Investigations:</u> These are performed as a result of a complaint made either in person or anonymously through the College's or State Auditor's Office ethics hotlines. As a matter of rule, all complaints are investigated, with results communicated to the Board and other concerned parties.

Other projects: These include special projects requested by the Board or management, assistance given to external auditors, and administrative tasks within the Internal Audit such as preparing the annual audit plan, the Annual Audit Report, and staff evaluations.

Proposed Audit Plan

Risk Categories	FR	ARR	RCR	SR	FRR	CSR	STR	How selected?
Proposed Audits	TEX		111200		43.0		(TE project	
1. TEC 51.9337 (Contracting) Audit		Total .						Required annually
2. Public Funds Investment Act Audit								Required bi-annually
3. TAC 202 (IT Security) Audit								Required bi-annually
4. TEC 51.217 (Safety) Audit								Required every 3 years
5. Benefits Proportionality Audit								Required by the Appropriations Bill
6. EQAR – IA								Required every 3 years
7. THECB Facilities Audit (Waco)								Required every 5 years
8. PCI Compliance Audit								Risk based
9. Departmental Audit (TBD)								Risk based
10. Departmental Audit (TBD)								Risk based
11. Departmental Audit (TBD)								Risk based
12. Departmental Audit (TBD)							Mary Mary	Risk based
13. Internal Penetration Test (Marshall)								Risk based



14. Internal Penetration Test (Sweetwater)					Risk based
15. A-133 Test work					Performed by SAO
16. Inventory Follow-up Audit) Est				Risk based
17. Sponsored Billings Follow-up Audit					Risk based
18. Fire Marshal Inspection Follow-up Audit (Waco)					Risk based
19. Ft. Bend Campus Business Process Risk Assessments					Risk based
20. Risk Assessments					Risk based

FR - Financial Risk, ARR - Accounting Risk, RCR - Regulatory/Compliance Risk, SR - Strategic Risk, FRR - Fraud Risk, CSR - Customer Service Risk, STR - Safety Risk

Audit will test specific risks in this category.

Risk category not yet known because specific project TBD.

The following heat map demonstrates the activities and processes the Proposed Plan touches:

Recommended Audit Work- Heat Map 4g)H Conflict of Interest 2.05 Contract Management Accounting & Reporting 1.25 1.5 Workforce Contracts R isk Priority Internal Audit Professional Development Food Services 05 Low Inherent Risk - Management's Assessment High LOW



Descriptions of the projects follows:

- 1. TEC 51.9337 (Contracting) Audit: This audit will test compliance to TEC 51.9337 related to contracting. Some of the tests that will be performed include policy requirements, training, conflict of interest disclosures, tracking of contracts, approval authority, and the availability and compliance to a College contract handbook
- 2. Public Funds Investment Act Audit: This audit will test compliance to TGC, Title 10, Chapter 2256 related to the College investments. Some of the tests that will be performed include policy requirements, training, types and valuation of investments, periodic reports, bidding requirements, and required disclosures.
- 3. TAC 202 (IT Security) Audit: This audit will be a continuance of the audit performed in FY 2017 on required IT controls that were not tested. It will focus on the required IT control families listed in the regulation, with an emphasis on IT security.
- 4. TEC 51.217 (Safety) Audit: This audit will test compliance to TEC 51.217. Random safety inspections will be performed at all locations using a comprehensive checklist developed by the Texas School Safety Center. Because safety requirements are not specifically prescribed by the regulation, College policy will also be tested, along with the effectiveness of the current safety processes (frequency of inspections, timeliness and effectiveness of corrective actions on safety deficiencies, training, and the effectiveness of the reporting process).
- 5. Benefits Proportionality Audit: This audit will test employee benefits to ensure they are paid proportionally from the same fund group that paid the salaries.
- 6. EQAR IA: This review will be a quality review of the processes within Internal Audit to determine compliance to the Texas Internal Auditing Act and related standards. Tests include gauging management and Board perception on quality, work paper documentation, quality processes, and general policies.
- 7. THECB Facilities Audit (Waco): This audit will test construction projects completed in Waco between July 2012 and July 2017 to ensure they were properly reported to the THECB.
- 8. PCI Compliance Audit: This audit will focus on <u>Payment Card Industry</u> requirements related to the acceptance of credit cards. Tests will be performed to ensure cardholder data is properly handled, processed and secured.
- 9. Departmental Audit (TBD): In this audit, a department will be chosen. Compliance testing to select business process requirements and policies will be tested. Those requirements relate to purchasing, inventory control, employee leave, travel, IT security, training, and others.
- 10. Departmental Audit (TBD): See #9.



- 11. Departmental Audit (TBD): See #9.
- 12. Departmental Audit (TBD) See #9.
- 13. Internal Penetration Test (Marshall): This will be a discreet unannounced attempt to inappropriately access IT hardware, software and data through means available to the general public.
- 14. Internal Penetration Test (Sweetwater): See # 14.
- 15. A-133 Test Work: This will be a follow-up audit on financial aid deficiencies noted in Marshall and Harlingen. It will test the Cost of Attendance calculation.
- 16. Inventory Follow-up Audit: This will be a follow-up audit on deficiencies noted in inventory controls in various FY 2017 audits.
- 17. Sponsored Billings Follow-up Audit: This will be a follow-up audit on accounts receivable, particularly on sponsored accounts. This stems from a billing issue that was identified in FY 2017.
- 18. Fire Marshal Inspection Follow-up Audit (Waco): Internal Audit will provide an independent monitoring service to Executive Management to ensure fire safety concerns on the Waco campus elevated by the State Fire Marshal are being timely and effectively addressed.
- 19. Ft. Bend Campus Business Process Risk Assessments: This project will be a consulting engagement to assess the training and other needs of new employees on the Ft. Bend campus related to select business requirements, such as purchasing, inventory control, travel, leave documentation, etc.
- 20. Risk Assessments: These will consist of documenting departmental managers' opinions of inherent risks in their areas of responsibility, and facilitating an assessment of how well current controls mitigate those risks. These will be on an as-requested basis. Internal Audit will not offer an opinion on the results because test work will not be performed.





Texas State Technical College Internal Audit Status of Fiscal Year 2017 Audit Schedule & Other Projects

Description	Division/Campus	Status	Report No.	Report Date
INTERNAL AUDITS				
Facilities Development Project Compliance Audit	Harlingen	Complete	17-008A	10/28/2016
Departmental Audit	Office of COO	Complete	17-006A	10/28/2016
Reconciliation of Statewide TSI Exam Fees	Integrated Marketing	Complete	17-012A	11/1/2016
Internal Quality Assessment Review	Internal Audit	Complete	17-003A	11/21/2016
Departmental Audit	Office of External Relations	Complete	17-009A	12/14/2016
Departmental Audit	Welding - Marshall Campus	Complete	17-013A	3/2/2017
Departmental Audit	Provost - West Texas Campuses	Complete	17-016A	3/15/2017
Financial Aid Fraud Audit	Financial Aid	Complete	17-004A	3/21/2017
Dual Enrollment Audit	Operations	Complete	17-015A	4/5/2017
Departmental Audit	Welding - West Texas	Complete	17-017A	4/4/2017
Departmental Audit	Diesel - Ft. Bend	Complete	17-023A	6/15/2017
Departmental Audit	HVAC - Ft. Bend	Complete	17-022A	6/19/2017
TAC §202 Compliance Audit	OIT	Complete	17-002A	6/28/2017
Departmental Audit	Provost - Harlingen	Complete	17-020A	6/29/2017
Departmental Audit	Developmental Education - Harlingen	Complete	17-021A	7/6/2017
Construction Audit	Fort Bend	In progress		
SB 20 Contract Audit	Purchasing	In progress		
Texas Commission on Law Enforcement: Agency Audit Texas Commission on Law Enforcement: Agency Audit Thomas P Miller & Associates: DOL TAACCCT Grant	Sweetwater Police Waco Police OSP	Complete Complete Complete	5505 6302	1/12/2016 10/25/2016 12/31/2016
			6302	
State Auditor's Office: A-133 Follow-up	Harlingen	Complete	17-027	2/21/2017
State Auditor's Office: A-133 Follow-up	Marshall	Complete	17-027	2/21/2017
FAA: Annual Inspection of Automated Weather	Waco Airport	Complete		report not
Observing System (AWOS): No issues.				ued.
Texas Workforce Commission: Personnel Policies & Procedures Review	HR	Complete		2/28/2017
DOL: Monitoring Visit for TAACCCT Grant	OSP	Complete		3/16/2017
DPS - Texas CJIS-ISO Audit	Waco Police	Complete		4/10/2017
THECB: 2015/2016 Perkins Grant Programmatic Desk Review (West Texas) - No issues.	OSP	Complete		report not ued.
THECB: 2015/2016 Perkins Grant Desk Review (Harlingen) - Received an email on 5/10/17 stating the auditor resigned, and the audit would be place on hold until further notice.	OSP	On Hold		
THECB: 2015/2016 Perkins Grant Desk Review (Waco) Received an email on 5/10/17 stating the auditor resigned, and the audit would be place on hold until further notice.	OSP	On Hold		
THECB: 2015/2016 Perkins Grant Desk Review (Marshall) - Received an email on 5/10/17 stating the auditor resigned, and the audit would be place on hold until further notice.	OSP	On Hold		
THECB: 2015/2016 Perkins Grant Desk Review (West Texas) - Received an email on 5/10/17 stating the auditor resigned, and the audit would be place on hold until further notice.	OSP	On Hold		

OTHER INTERNAL PROJECTS

Description	Division/Campus	Status	Report No.	Report Date
Internal Hotline: Allegation - Employee wasted money by engaging a consultant that added no value to the College. Results - Determined that value was added by the consulting engagement to several IT projects, that the engagement occurred during the consolidation of OIT, and the engagement was not a unilateral decision. No waste noted.	OIT	Complete	17-0051	9/16/2016
Theft of Cash Investigation - Investigated a cash shortage at the North Texas Campus. Determined that additional money was missing, but because of the lack of controls, could not reliably determine whether it was theft.	North Texas	Complete	16-037I	9/29/2016
Internal Hotline: Allegation - Supervisor abused his/her position by misusing federal funds for personal travel, and to fund disallowable activities. Results - Could not validate the allegation, but control gaps were noted.	Cross-divisional/Harlingen	Complete	17-0101	1/20/2017
Risk Assessment of the gift shop for the Harlingen Challenger Center - We reviewed the objectives and risks associated with the gift shop. Our project objective was to recommend controls related to accounting, sales tax, cash, and inventory to management.	Integrated Marketing	Complete	17-014RA	N/A
SAO Hotline: Allegation - Supervisor traveled with another employee, who is also a friend. Travel was perceived as wasteful. Results - Investigation could not be performed because the anonymous allegation was too vague. No specific employees were named. I reached out to the SAO for guidance, and they indicated that they have no way to communicate with the reporter.	Unknown	Complete	17-018I	2/15/2017
SAO Hotline: Allegation - Cell phone emoluments need to be reviewed. The report was unclear on whether the reporter took exception to the process for approving such emoluments, or they disagreed with specific ones. Results - Did not identify any obviously wasteful expenses. A review of the current process for approving stipends reasonably controls waste. Furthermore, the annual expense Statewide is approximately \$65 thousand.	Waco	Complete	17-019I	3/28/2017
Department of Education Hotline: Allegation - Certain grant funds were being used to support lobbying and recruiting activities. Both are disallowable. Results - Found no evidence to support the allegation. Forwarded response to the Department of Education on 5/11/17.	Harlingen	Complete	17-024I	5/11/2017
Risk Assessment of Focus WIGs - Completed a consulting engagement in which all Focus WIGs were risk assessed. Internal Audit's role was limited to facilitating discussions and documenting results. A management report was created.	Cross-divisional	Complete	17-027RA	6/7/2017
Internal Hotline: Allegation - Unlicensed software is/has been used by IT technicians. Results - Determined that the allegation had no merit for 2 pieces of software mentioned in complaint. For another piece of software, we did find inappropriate use. The appropriate license was subsequently purchased at a cost of \$30,000.	OIT	Complete	17-026I	6/21/2017
SAO Hotline: Allegation - Employee received preferential treatment by being allowed to be absent from work without having to charge his paid time off. Results - Forwarded to HR for investigation. Per their investigation, the allegation had no merit.		Complete	17-025I	6/29/2017

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
Fort Bend: Diesel Instructional - Departmental Audit (17-023A) 91-1-	We identified numerous exceptions related to inventory control in the Diesel Instructional Department.	We identified the following exceptions: • 7 assets did not have an asset tag attached. • A trailer assigned to a steward in the Department is located in and used by the Welding Department. • We were unable to locate 2 assets. • We identified 6 assets used by the Department that are assigned to stewards outside of the Department, with one of those items being assigned to a steward on another campus. • I asset is assigned to a steward who is no longer an employee. Further research revealed that the terminated employee still has 41 assets under his stewardship. • I asset is located in the Department, but is listed in Colleague as being assigned to a steward on the North Texas campus.	We recognized that there was a need to review existing policies and procedures related to the inventory process. As a result, a team composed of approximately 15 employees representing, procurement, inventory, grants, and the TSTC Foundation was created to look at existing processes and make recommendations to streamline and standardize processes as appropriate. This team began meeting in December 2016 and currently meets every two weeks. The group will continue to meet on a regular basis until all items have been reviewed and any recommended changes have been implemented. The topics that include items related to the findings from this audit will be given the highest priority to ensure standard processes are developed and followed by all inventory teams statewide. In addition, we will conduct face-to- face training for Fort Bend does not currently have any inventory personnel; however, once we have filled the vacant inventory positions in Marshall and Sweetwater, we will take a team of inventory personnel from other TSTC locations to conduct a complete inventory of all assets in Fort Bend. Anticipated completion date for the full inventory is December 2017.	Ноекstra	12/31/2017
Fort Bend: HVAC Instructional - Departmental Audit (17-022A)	1. We identified numerous exceptions related to inventory control in the HVAC Instructional Department.	We identified the following exceptions: • 5 items did not have asset tags attached. • 2 items in the HVAC lab have asset tags attached, however, the inventory record in Colleague for these numbers do not match the items. According to Colleague the assets assigned those numbers have been disposed of. • 1 item was located in and used by the Department, however, the steward assigned to the item is not a Departmental employee. • 3 items as described in Colleague do not match the actual item. The description and serial numbers listed in Colleague match other items. • 15 items were transferred to the Cyber Security Department without the appropriate	See the response above.	Hoekstra	12/31/2017

Report Name &	Andit Finding	Summary of Finding Support	Management's CAP(s)	Resp. Sr Mgr	Expect. Complete Date
OIT: TAC \$202 1.	Twenty three of the 106 control	Twenty three of the 106 controls tested have not yet been implemented.	As noted in the report, a majority of the required controls	Нептега	Ongoing
Compliance Audit			have been implemented with the remaining controls being		
(17-002A)			evaluated and addressed. For the controls not yet		
			implemented, we are evaluating the associated risk to		
			TSTC and associated applicability in our environment to		
			prioritize implementation. IT Security along with TAC 202		
			compliance is a priority for TSTC.		

No material exceptions noted,

No material exceptions noted,	No material exceptions noted.
Harlingen: Provost Office - Departmental Audit (17-020A)	Harlingen: 1. Developmental Education - Departmental Audit (17-021A)

Ongoing	Ongoing	Ongoing
Livingston, Hyde	Livingston, Hyde	Livingston, Hyde
Management took immediate steps to ensure all grant deliverables were met.	Management took immediate steps to ensure all grant deliverables were met	Management took immediate steps to ensure all grant deliverables were met.
ACEPP currently lacks an operations and management plan and formal delineation of individual responsibilities and team coordination. Aside from quarterly reports to the Department of Labor, the program has little documentation of its processes, marketing and recruitment strategies, progress, accomplishments, and the barriers it has encountered.	Summary: Candidates brought forward by Workforce Solutions either did not have the basic reading and/or math skills to participate, or the candidates were unable to secure funding.	TSTC originally intended to train 411 participants through ACEPP, but submitted a modification to the USDOL to decrease projections to 225 participants early on due to a realization of training space limitations. As of the October 2016 site visit, ACEPP had served a total of twelve participants—two CNC Machining students, two Welding students, and eight Industrial Maintenance students. The two primary reasons for ACEPP's inability to meet its recruitment targets are the inaccessibility of the original target population (soldiers transitioning from the Fort Hood military base) and other potential participants' lack of funds to pay for the training.
Trade Adjustment 1. The current ACEPP program management Assistance Community Copega and Career Traphing Grant—Interim Evaluation Report by Thomas P. Miller & Associates	2. TSTC's relationship with the Workforce Solutions-Heart of Texas Board has been unproductive in recruiting suitable candidates for Accelerated Career and Education Pathway Program (ACEPP).	efs.
Trade Adjustment Assistance Community College and Career Traming Grant Interim Evaluation Report by Thomas P. Miller & Associates	P	

No.					Expect. Complete
	Audit Finding	Summary of Finding Support	Management's CAP(s)	Resp. Sr Mgr	Date
Trade Adjustment 1. Assistance Community College and Career Training Grant – Monitoring Report by Department of Labor	Trade Adjustment 1. TSTC did not meet any of the nine grant Assistance Community College and Career Training Grant— Monitoring Report by Department of Labor	Summary: 1, Had difficulty hiring instructors, 2. Relied heavily on participants from Fort Hood that never materialized 3. Experienced difficulties when partnering with Workforce Solutions 4. Incorrectly interpretted the definition of who can be counted as a unique participant.	1.1 Hired a director, increased instructor wages, hired new trainers. 1.2 Hired a dedicated recruiter, revamped the program to make the training more accessible. 1.3 Contract was terminated with Workforce Solutions due to poor performance. 1.4 Developed a pathway that allows for matriculated students to take exams that lead to industry credentials, added Fiber Optics credential, segmented training modules, structured training with multiple on and off ramps, will replicate programs statewide.	Livingston, Hyde	Ongoing
2.	2. TSTC charged the grant \$1,968.12 for Summary: Report identified 9 specific advertisement costs that solely promoted the disallowable costs totalling \$1,968.12.	Summary: Report identified 9 specific disallowable costs totalling \$1,968.12.	2.1 Reversed charges 2.2 OSP adopted a multi-level process to review and approve all grant funded transactions	Livingston, Hyde	Ongoing

No material exceptions noted.		
Waco Police: CJIS 1.	Security Audit	



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
Harlingen, Waco, Marshall, WT, Sys Ops: 2014 Employee Time Reporting Audits, Rushing	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 furthe ensuring they are credited with the correct amount of compensatory time.	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 are credited with the correct amount of compensatory time.	Partially Complete: HR personnel have been trained to better scrutinize all manual time sheets, In January 2016, an IT project was approved to create a single State-wide application to manage leave requests, accruals, and timesheets. This system will be computing device agnostic.	107/11/17: Human Resources has worked with OIT on modifications to the Leave Request system to accommodate additional timekeeping components. The current projected timeline to test a new timekeeping system is fall 2017 with training and roll out to employees occurring before the end of 2017.	12/31/2017
		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	Additional programming is still pending with IT on the Leave Request System. An update related to other significant technical issues with the system delayed dedicated programming time specific to Compensatory time alone. The next change that is in line for the Leave system is Compensatory time. Additional standardization of the paper forms continues as well as internal controls to monitor timekeeping while other solutions are pending.	TBD
		1.4 Once the method for time reporting is determined, System-wide training will be implemented.	See above comments	Training cannot be completed until the update of the system is complete.	TBD
Harlingen: A- 133 Audit (performed by the SAO), Wolaver	1. Summary: Cost of Attendance budgets need to be adjusted to reflect actual enrollment so that the potential for over awards is reduced.	Summary: Cost of Attendance Continue to calculate initial award on full-time budgets need to be adjusted to reflect enrollment, and after the census date adjust the actual enrollment so that the potential cost of attendance to the actual enrollment level, for over awards is reduced. Awards will continue to be adjusted as necessary.	Ongoing: 07/06/17 - The finding was reissued because corrective action was not completed until after their testing date. It will be retested by the SAO in the 2017 Single Audit, Testing has begun:		2/1/2018
Marshall: A-133 Audit (performed by the SAO), Wolaver	Summary: Cost of Attendance budgets need to be adjusted to reflect actual enrollment so that the potential for over awards is reduced.	Summary: Cost of Attendance Continue to run an automated process to adjust budgets need to be adjusted to reflect awards based upon enrollment. The financial aid actual enrollment so that the potential office will ensure only eligible budget for over awards is reduced.	Ongoing: 07/06/17 - The finding was reissued because corrective action was not completed until after their testing date. It will be retested by the SAO in the 2017 Single Audit. Testing has begun.		2/1/2018
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. Sweetwarer and Marshall should be completed by July 2016 and Abilene by October 2016.	Partially Complete: At 12/19/16, the Brownwood, Breckenridge, and Marshall campuses have been completed. Sweetwater and Abilene are scheduled for completion by July 15, 2017. The delay is due to a piece of equipment needing to be purchased.		7/15/2017

Expect. Complete Date	8/31/2019	5/31/2017	TBD
Management Comments on Status	In regards to 2.1: The feasibility of implementing the technology has been completed and we are submitting a budget request to purchase necessary software to perform this task. Once budget approval is funded, it will be a 24 month implementation time frame. Estimated completion date based on budgeting cycle is Aug 2019.		
Internal Audit Comments on Status	Substantially Complete: As of 7/7/17, 8 of 9 corrective action plans have been completed. The only item that is pending to be completed is CAP 2.1 relating to secured logons to lab computers.	Ongoing: At 7/5/17, an inform sentence is being written to assist with the reconciliation, but the first reconciliation has not yet been completed.	Ongoing: We are aware that the team referenced in the CAP is actively meeting, and addressing inventory issues. We have forwarded them issues identified in prior audits, and have had conversations with team members about planned improvements. As of 07/06/17, their efforts are still one-going. In FY 2018, we will perform an extensive review of inventory controls throughout the College to ensure all assets and controlled items are properly accounted for.
Management's CAP(s)	d and agree We Frhe issues, required December Ussistance	1.5 The Statewide leads for Advisement & Testing and Student Accounting will meet quarterly to reconcile the accounts. A report will be provided to the AVC/Financial Services and VP/Enrollment Services.	1.1 There was a need to review existing policies and procedures related to the inventory process. As a result, a team composed of approximately 15 employees representing, procurement, inventory, grants, and the TSTC foundation was created to look at existing processes and make recommendations to streamline and standardize processes as appropriate. This team began meeting in December 2016 and currently meets every two weeks. The first order of business for the team was to create a list of all the different activities and functions related to inventory and activities and functions related to inventory and activities and functions related to inventory and identified. The topics include items such as: review of SOS's, standardizing inventory tags, review forms, and review the inventory process for assets acquired using TPFA funds, etc. The group will continue to meet on a regular basis until all items have been reviewed and any recommended changes have been implemented. The topics that include items related to the findings from this audit will be given the highest priority to ensure standard processes are developed and followed by all inventory teams statewide.
Internal Audit Finding	It, We were able to find information on the internet that was useful to us in the our social engineering attacks. As such, we were able to obtain both enduser credentials to systems containing protected data, and other information that could be used to get those credentials using relatively low-tech methods. We also noted instances in which physical security needs to be improved, Finally, we were able to inappropriately access student and employee data on servers using techniques available to more sophisticated hackers.	1. Stronger controls need to be established to account for all earned exam fees, regardless of whether they are collected or waived.	Telated to inventory control in the Welding Department.
Report Name & No., Resp. Sr Mgr	Internal Network Penetration Test (16-016A), Herrera	Reconciliation of Statewide TSI Exam Fees (17- 012A), Kilgore, Hoekstra	Summary of Departmental Audits (Marshall Welding Department 17- 013A, Fort Bend Diesel 17-023A, Fort Bend HVAC 17- 022A), Hoekstra

Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Expect, Complete Date
 Business processes that support dual enrollment, to include recording receivables, billing and collecting, and obtaining signed memorandums, need to be improved.	1.1 The TSTC 2017-2018 MOU was revised in coordination with the Dual Enrollment team, Beth Holquin, Marina Wilcox, Rene Ralston & Kori Bowen, stating the new DE policy, billing procedures, exceptions and amendments. The revised MOU clearly states who will sign the MOU and that all MOU's statewide will be housed on the Sweetwater campus and Lulu Morales will be responsible for accountability of each ISD. A Google spreadsheet has been created for all DE managers to log each ISD, date sent, and date received in the Sweetwater office. Marina Wilcox will be the TSTC representative signing the MOU's.	Pending Review: We have verified that the MOU template has been revised to include the language discussed in the CAP. We will follow-up in September to verify the process for the MOUs is working as management intends.		3/29/2017
	1.2 The billing and student accounting process for Dual Eurollment was a complete manual process with no system of checks and balances. Rick Herrera and Orlando Penuelas have been tasked to head up the Dual Eurollment "Front End Team" which will be addressing the automization of the student accounting/billing system in conjunction with Deborah Gibson. Through the revision of the MOU and its processes, as per Jonathon Hoekstra and the Business Intelligence team, all billing will be made through the ISD. If the ISD is not paying, it will be their responsibility to collect all tuition and fees from the student. Recommendations from the Audit report have been relayed to the Front End Team.	Pending Review: We will follow-up in October 2017 to ensure the billing process has been improved, and working as management intends,		7/31/2017

Report Name &					
No., Kesp. Sr Mer	Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Complete Date
Student	1. Summary: It was discovered that	ifted focus	Partially Complete: On 07/6/17, we verified	The following processes have been added or improved	TBD
Accounting	billing for an articulation agreement	to further consolidate processes across the	39.59	since March 2017:	
(2017	between the College and a local	campuses, The Finance Chief of Staff is		(1) A secure portal was established to exchange	
Attestation),	university was over 18 months		remaining balance originally referenced in the	enrollment, grading and billing information between the	
Hoekstra	behind.	ership in	attestation was invoiced on 06/20/17, with receipt	attestation was invoiced on 06/20/17, with receipt two colleges' registrars, instructional departments and	
		fully evaluating the processes within the	pending.	accounting offices.	
		department and further assessing issues therein.		(2) Invoices and statements have been prepared and sent	
		There are several opportunities to significantly		to the Baylor cashier and instructional departments for	
		improve collection processes both within student		each term, listing the specific charges for each student	
		accounts receivable and sponsored billing		account. All supporting documentation has been provided	
		(institutional) receivables. We are currently		to Baylor.	
		working through the outstanding receivables with		(3) Flight accounts with credit balances for which	
		Baylor University and are reasonably certain the		students are no longer enrolled are being reviewed by	
		balance will be collected. In addition, personnel		TSTC APT staff to close out and authorize refunds of	
		are reviewing other accounts receivable balances		unspent amounts. This issue is included because	
		for collectability.		refunded balances are credited to (reduce) Baylor's	
				outstanding balance. The following issue is pending:	
				(1) The articulation agreement hasn't been undated since	
				(1) The articulation agreement has a recommendation of the	
				2011. TSTC accounting requested specified dates for	
				billing and payment of TSTC sponsored accounts since	
				no due dates were identified in the 2011 agreement.	
				Baylor was expected to submit the draft to TSTC staff in	
				June to be reviewed by OGC before signing	
10000					C C C C C C C C C C C C C C C C C C C
TAC \$202	1. Twenty-three of the 106 IT controls	As noted in the report, a majority of the required Ongoing	Ongoing		IBD
Compilance Audit (17-002A).	we tested trave not yet been implemented.	remaining controls being evaluated and			
Herrera		addressed. For the controls not vet implemented.			
		we are evaluating the associated risk to TSTC and			
		associated applicability in our environment to			
		prioritize implementation. IT Security along with			
		TAC 202 compliance is a priority for TSTC.			



Internal Audit Department

Audit Report

Departmental Audit of Diesel Instructional Department (17-023A) TEXAS STATE TECHNICAL COLLEGE Fort Bend Campus

June 15, 2017

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

We recently completed a departmental audit in the Diesel Instructional Department (Department) on the Fort Bend Campus as of April 30, 2017. The audit focused on compliance to numerous College policies related to purchasing, travel, inventory control, cash handling, work study, employee leave, select HR rules, safety, training, and IT security. The following table summarizes the areas reviewed, and our results:

Topic	Test Focus	Results
Purchasing	Split purchases, proper approvals, proper documentation, clear benefit to College, completed training purchasing training.	In compliance.
Procurement Cards	Secure custody of cards, monthly completion and reconciliation of logs, legitimate purchases, proper approvals, split purchases, training.	Not applicable. The Department does not have a procurement card.
Travel	Legitimacy of travel, proper approval, correct State rates.	Not applicable.
Inventory Control	Assets are secured, physical inventory was accurately completed within the last year, any transferred, missing, or disposed of items have the appropriate documentation on file.	Not in compliance. Finding issued.
Cash Handling	Access to cash is properly restricted, all cash on hand is accounted for, and there are proper segregation of duties are in place.	Not applicable. The Department does not handle cash.
Work Study	Student workers schedules and duties, validity of timesheets, financial need of students.	Not applicable.
Staffing Levels	Appropriateness of staffing levels.	Levels appeared appropriate.
Employee Leave	Approval for all leave, appropriate documentation on file for extended leaves of absences.	In compliance.



Performance	Written employee performance	In compliance.
Evaluations	evaluations performed in the	-
	past year.	
Safety	Safety awareness and	In compliance.
	compliance to hazardous	
	chemicals, fire extinguishers,	
	indoor air quality, eyewash and	
	showers stations, concealed	
	handgun policy, small appliance	
	policy, driver safety program.	
Minors on	Appropriate training and	In compliance.
Campus	background checks.	
Required	Driver Safety, Information	In compliance. Isolated exceptions
Training	Security Awareness, Active	and management recommendations,
	Shooter, Title IX	but no material exceptions.
Time	Unusual entries, proper	Not applicable.
Keeping	approval, timely submission,	
	and overtime amounts on	
	timesheets.	
IT	Password protected	In compliance. Isolated exceptions
	screensavers, appropriate	and management recommendations,
	Colleague access, Identity	but no material exceptions.
	Finder software, use of OIT	
	servers, social engineering.	

Overall, the Department was in compliance with the governing policies tested. As noted above, isolated exceptions were identified; with the only material instance of non-compliance being inventory control. Those incidences were discussed with management, and corrective action was implemented.

Introduction

The Diesel Instructional Department in Fort Bend offers both an Associate of Applied Science – Heavy Truck Specialization degree and a Heavy Truck Specialization Diesel certificate. The AAS degree program of study is 4 semesters long and requires students to complete 60 credit hours. The certificate program is 3 semesters long and requires 36 credit hours. There are three full time instructors. For the Summer 2017 semester, the program has 43 students enrolled. Career opportunities for TSTC diesel graduates include working for companies including Chevron, Freightliner, Halliburton, Holt Equipment, John Deere, Martex Drilling Co, Sabine Mining, and Peterbilt.

The Department had total expenditures of \$91,270 for fiscal year 2016 using appropriated funds. Those expenditures were comprised of \$55,472 in salaries and \$35,898 in other



operating cost. The other operating cost includes consumables, such as fuels and other lubricants, and furnishings and equipment for the lab on the new campus.

Objectives

The objective of the audit was to ensure the Department acted in accordance to College policy in the select areas previously noted.

Scope & Methodology

The scope of our audit included all Departmental activities and transactions in fiscal years 2017 to date related to purchasing, travel, inventory control, cash handling, work study, employee leave, select HR rules, safety, training, and IT security. The following Statewide Operating Standards and other guidelines formed the basis of our testing: FA 1.16, FA 5.4, Procurement Card Program Guidelines and training, FA 6.1, FA 1.13, FA 1.19, FA 2.1, FA 2.2, IFAP Volume 6 Chapter 2, HR 2.3.12 through HR 2.3.14, HR 2.3.18, HR 2.2.3, HR 2.2.8, GA 5.1.1 through GA 5.1.7, and GA 1.6.1 through GA 1.6.12 We also reviewed departmental staffing levels and required training participation.

General Observations

The Department helps the College fulfill its State mandated mission of Placing More Texans by having 43 students currently enrolled in its programs. While the Department graduated 7 students in Summer 2016, it is on pace to significantly bypass that mark. The Department teaches in state of the art facilities with modern equipment, and the instructors are very hands-on while teaching. They are mindful to comply with College policies while fulfilling their responsibilities. The Department Chair and instructors were receptive to our recommendations during this audit.

Summary of Findings

We identified numerous exceptions related to inventory control in the Diesel Instructional Department.

Opinion

Based on the audit work performed, we determined that the Department is in compliance with the College policies tested in this audit. We did identify exceptions related to inventory control that need to be addressed. We would like to express our gratitude for the time and assistance provided by the staff during this audit.

Submitted by:

June 15, 2017

Jason D. Mallory, CPA, CIA

Date



AUDIT FINDING DETAIL

Finding #1: We identified numerous exceptions related to inventory control in the Diesel Instructional Department.

Criterion: We tested compliance to SOS FA 1.19, Real and Personal Property Accountability in the Diesel Instructional Department. Specifically, we verified that the Department conducts a physical inventory of its assets annually, and that assets can be easily located and are properly recorded. We also ensured assets were assigned to the persons within the Department, included asset tags, and were properly safeguarded from theft and damage.

We identified the following exceptions:

- 7 assets did not have an asset tag attached.
- A trailer assigned to a steward in the Department is located in and used by the Welding Department.
- We were unable to locate 2 assets.
- We identified 6 assets used by the Department that are assigned to stewards outside of the Department, with one of those items being assigned to a steward on another campus.
- 1 asset is assigned to a steward who is no longer an employee. Further research revealed that the terminated employee still has 41 assets under his stewardship.
- 1 asset is located in the Department, but is listed in Colleague as being assigned to a steward on the North Texas campus.
- A computer that we were unable to verify its location.

Consequences: Assets could be misappropriated without being readily detected, and associated records are not accurately stated.

Possible Solution: We recommend the specific deficiencies noted above be addressed, and that current inventory practices be re-evaluated in light of single accreditation and be standardized across all campuses.

Management Response:

Division: Finance

Executive Management: Jonathan Hoekstra, VC/CFO

Task	Brief Description	Responsible Individual	Completion Date
1.1	We recognized that there was a need to review existing policies and procedures related to the inventory process. As a result, a team composed of approximately 15 employees representing,	Linda Rodriguez- Guillen	12/31/17



Task	Brief Description	Responsible Individual	Completion Date
	procurement, inventory, grants, and the TSTC Foundation was created to look at existing processes and make recommendations to streamline and standardize processes as appropriate. This team began meeting in December 2016 and currently meets every two weeks. The group will continue to meet on a regular basis until all items have been reviewed and any recommended changes have been implemented. The topics that include items related to the findings from this audit will be given the highest priority to ensure standard processes are developed and followed by all inventory teams statewide.		
	In addition, we will conduct face-to- face training for Fort Bend employees during the Fall 2017 semester. Fort Bend does not currently have any inventory personnel; however, once we have filled the vacant inventory positions in Marshall and Sweetwater, we will take a team of inventory personnel from other TSTC locations to conduct a complete inventory of all assets in Fort Bend. Anticipated completion date for the full inventory is December 2017.		





Internal Audit Department

Audit Report

Departmental Audit of HVAC Instructional Department (17-022A) TEXAS STATE TECHNICAL COLLEGE Fort Bend Campus

June 19, 2017

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

We recently completed a departmental audit in the HVAC Instructional Department (Department) on the Fort Bend Campus as of April 30, 2017. The audit focused on compliance to numerous College policies related to purchasing, travel, inventory control, cash handling, work study, employee leave, select HR rules, safety, training, and IT security. The following table summarizes the areas reviewed, and our results:

Topic	Test Focus	Results
Purchasing	Split purchases, proper approvals, proper documentation, clear benefit to College, completed training purchasing training.	In compliance.
Procurement Cards	Secure custody of cards, monthly completion and reconciliation of logs, legitimate purchases, proper approvals, split purchases, training.	In compliance. Isolated exceptions and management recommendations, but no material exceptions.
Travel	Legitimacy of travel, proper approval, correct State rates.	Not applicable.
Inventory Control	Assets are secured, physical inventory was accurately completed within the last year, any transferred, missing, or disposed of items have the appropriate documentation on file.	Not in compliance. Finding issued.
Cash Handling	Access to cash is properly restricted, all cash on hand is accounted for, and there are proper segregation of duties are in place.	Not applicable. The Department does not handle cash.
Work Study	Student workers schedules and duties, validity of timesheets, financial need of students.	Not applicable.
Staffing Levels	Appropriateness of staffing levels.	Levels appeared appropriate.
Employee Leave	Approval for all leave, appropriate documentation on file for extended leaves of absences.	In compliance.



Performance	Written employee performance	In compliance. Isolated exceptions	
Evaluations	evaluations performed in the	and management recommendations,	
	past year.	but no material exceptions	
Safety	Safety awareness and	In compliance.	
	compliance to hazardous		
	chemicals, fire extinguishers,		
	indoor air quality, eyewash and		
	showers stations, concealed		
	handgun policy, small appliance		
	policy, driver safety program.		
Minors on	Appropriate training and	In compliance.	
Campus	background checks.		
Required	Driver Safety, Information	In compliance.	
Training	Security Awareness, Active		
	Shooter, Title IX		
Time	Unusual entries, proper	Not applicable.	
Keeping	approval, timely submission,		
	and overtime amounts on		
	timesheets.		
IT	Password protected	In compliance.	
	screensavers, appropriate		
	Colleague access, Identity		
	Finder software, use of OIT		
	servers, social engineering.	10.17	

Overall, the Department was in compliance with the governing policies tested. As noted above, isolated exceptions were identified, but the only material instance of non-compliance related to inventory control. Those incidences were discussed with management, and corrective action was implemented.

Introduction

The HVAC Instructional Department in Fort Bend offers both an Associate of Applied Science – HVAC degree and a HVAC Technician certificate. The AAS degree program of study is 5 semesters long and requires students to complete 60 credit hours. The certificate program is 3 semesters long and requires 36 credit hours. There are two full time instructors. For the Summer 2017 semester the program has 33 students enrolled. Graduates can pursue opportunities as HVAC technicians, which involves applying electricity and refrigeration principles, troubleshooting, and installation/repair of commercial and residential HVAC systems.

The Department had total expenditures of \$93,326 for fiscal year 2016 using appropriated funds. Those expenditures were comprised of \$60,141 in salaries and \$33,185 in other



operating cost. The other operating cost includes consumables, such as chemical supplies, and furnishings and equipment for the HVAC lab on the new campus.

Objectives

The objective of the audit was to ensure the Department acted in accordance to College policy in the select areas previously noted.

Scope & Methodology

The scope of our audit included all Departmental activities and transactions in fiscal year 2017 to date related to purchasing, travel, inventory control, cash handling, work study, employee leave, select HR rules, safety, training, and IT security. The following Statewide Operating Standards and other guidelines formed the basis of our testing: FA 1.16, FA 5.4, Procurement Card Program Guidelines and training, FA 6.1, FA 1.13, FA 1.19, FA 2.1, FA 2.2, IFAP Volume 6 Chapter 2, HR 2.3.12 through HR 2.3.14, HR 2.3.18, HR 2.2.3, HR 2.2.8, GA 5.1.1 through GA 5.1.7, and GA 1.6.1 through GA 1.6.12 We also reviewed departmental staffing levels and required training participation.

General Observations

The Fort Bend HVAC Department helps the College fulfill its State mandated mission of Placing More Texans by having 33 students currently enrolled in the AAS program. While the Department only graduated one student in Summer 2016, it is on pace to significantly bypass that mark. The Department teaches in state of the art facilities with modern equipment, and the instructors are very hands-on while teaching. They are mindful to comply with College policies while fulfilling their responsibilities. The Department Chair and instructors were very receptive to our recommendations during this audit.

Summary of Findings

We identified numerous exceptions related to inventory control in the HVAC Instructional Department.

Opinion

Based on the audit work performed, we determined the Department is in compliance with the College policies tested in this audit. We did identify exceptions with inventory controls that need to be addressed. We would like to express our gratitude for the time and assistance provided by the staff during this audit.

Jason D. Mallory, CPA, CIA

June 19, 2017

Date



AUDIT FINDING DETAIL

We identified numerous exceptions related to inventory control in the HVAC Finding #1: Instructional Department.

Criterion: We tested compliance to SOS FA 1.19, Real and Personal Property Accountability in the HVAC Instructional Department. Specifically, we verified that the Department conducts a physical inventory of its assets annually, and that assets can be easily located and are properly recorded. We also ensured assets were assigned to the persons within the Department, had asset tags attached, and are properly safeguarded from theft and damage.

We identified the following exceptions:

- 5 items did not have asset tags attached.
- 2 items in the HVAC lab have asset tags attached, however, the inventory record in Colleague for these numbers do not match the items. According to Colleague the assets assigned those numbers have been disposed of.
- 1 item was located in and used by the Department, however, the steward assigned to the item is not a Departmental employee.
- 3 items as described in Colleague do not match the actual item. The description and serial numbers listed in Colleague match other items.
- 15 items were transferred to the Cyber Security Department without the appropriate documentation being completed.

Consequences: Assets could be misappropriated without being readily detected, and associated records are not accurately stated.

Possible Solution: We recommend the specific deficiencies noted above be addressed, and that current inventory practices be re-evaluated in light of single accreditation and be standardized across all campuses.

Management Response:

Division:

Finance

Executive Management: Jonathan Hoekstra, VC/CFO

Task	Brief Description	Responsible Individual	Completion Date
1.1	We recognized that there was a need to review	Linda	12/31/17
	existing policies and procedures related to the	Rodriguez-	
	inventory process. As a result, a team composed of	Guillen	
1	approximately 15 employees representing,		
	procurement, inventory, grants, and the TSTC		
	Foundation was created to look at existing		



Task	Brief Description	Responsible Individual	Completion Date
	processes and make recommendations to streamline and standardize processes as appropriate. This team began meeting in December 2016 and currently meets every two weeks. The group will continue to meet on a regular basis until all items have been reviewed and any recommended changes have been implemented. The topics that include items related to the findings from this audit will be given the highest priority to ensure standard processes are developed and followed by all inventory teams statewide.		
	In addition, we will conduct face-to- face training for Fort Bend employees during the Fall 2017 semester. Fort Bend does not currently have any inventory personnel; however, once we have filled the vacant inventory positions in Marshall and Sweetwater, we will take a team of inventory personnel from other TSTC locations to conduct a complete inventory of all assets in Fort Bend. Anticipated completion date for the full inventory is December 2017.		





Internal Audit Department

Audit Report

TAC §202 Compliance Audit (17-002A) TEXAS STATE TECHNICAL COLLEGE

June 28, 2017

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

We have completed an audit of the College's compliance to Texas Administrative Code §202 (TAC §202). The primary purpose of the audit was to ensure the minimally required IT security processes and controls have been implemented as required by the State's Department of Information Resources and TAC §202.

To accomplish our audit objectives, we reviewed various IT policies and procedures, and scrutinized several process, including access controls, server configuration, employee training, and disaster recovery and incident responses. We also reviewed the roles and responsibilities related to IT security, especially those within the Office of Information Technology (OIT).

TAC §202 defines 282 controls that are divided into 26 control families. Of these controls, 135 were required to be implemented by February 2017. While we were only able to test 106 of the 135 required controls, tests were performed in every control family. Our testing revealed that of the 106 controls we tested, 83 (78%) have been implemented. We also determined that 23 (22%) of those controls were either not implemented, or not adequately implemented. Accordingly, we feel that significant efforts have been made to comply with TAC §202 to ensure a secure IT environment, but there are required controls that management still needs to implement. Implementation of those controls will not only bring the College into compliance, but create an even more secure environment for its IT assets.

In FY 2018, we will test the 29 controls we were unable to test in this audit, as well as retest the controls that were found to be missing or deficient. The details of missing and/or deficient controls are not included in this report due to security concerns, but can be provided upon request.

Introduction

Originally proposed in 2002, TAC §202 established the baseline information security standards for Texas agencies and institutions of higher education. Over the years it was amended to address wireless technology, encryption standards, and firewall, encryption, and incident management practices. In 2014, it was revised to closely align with the Federal Information Security Management Act (FISMA) and the National Institute of Standards and Technology (NIST) 800-53. A phase-in period was granted to allow organizations time to implement the required controls, with implementation deadlines of February 2015, February 2016, and February 2017. An audit of these controls must be performed every 2 years. This audit is intended to satisfy that requirement.

TAC §202 defines 282 controls that are divided into 26 control families. Of these controls, 135 were required to be implemented by February 2017. The following is a breakdown of those controls and their respective families:



Control Family	Total # of Controls	# of Required Controls
Access Controls	25	12
Authority and Purpose	2	0
Accountability, Audit, and Risk Management	8	0
Awareness and Training Controls	5	4
Audit and Accountability Controls	16	10
Security Assessment and Authorization Controls	9	7
Configuration Management	11	8
Contingency Planning	13	7
Data Quality and Integrity	2	0
Data Minimization and Retention	3	0
Identification and Authentication	11	7
Individual Participation and Redress	4	0
Incident Response	10	7
Maintenance	6	4
Media Protection	8	4
Physical and Environmental Protection	20	10
Planning	9	3
Program Management	16	16
Personnel Security	8	8
Risk Assessment	6	4
System and Services Acquisition	22	7
System and Communications Protection	44	11
Security	2	0
System and Information Integrity	17	6
Transparency	3	0
Use Limitation	2	0
	282	135

In this audit, we were <u>only</u> able to test 106 of the 135 required controls. [NOTE: Because several of the required controls are application level controls, we opted to test these controls only on 2 critical systems - Colleague and ImageNow. Future audits will include other systems.]

The following are the results of the 106 controls we tested:

Control Family	Implemented	Implemented with Recommendations	Not Implemented	Total
Access Controls	6	1	5	12*
Awareness and Training Controls	3	1	0	4*
Audit and Accountability Controls	3	4	3	10*
Security Assessment and Authorization Controls	2	2	2	6



	78%			
		83		
Percent of Total	55%	23%	22%	100%
Total	58	25	23	106
Information Integrity				4.1
System and	1	0	1	2
Protection				1 - 1
Communications				
System and	1	0	0	1
Acquisition				
System and Services	3	0	0	3
Risk Assessment	2	1	1	4*
Personnel Security	2	4	2	8*
Program Management	10	5	1	16*
Planning	1	0	2	3*
Protection				
Environmental				
Physical and	7	2	1	10*
Media Protection	2	1	1	4*
Maintenance	3	0	1	4*
Incident Response	4	2	1	7*
Authentication				
Identification and	2	0	0	2
Contingency Planning	4	2	1	7*
Management				
Configuration	2	0	1	3

^{*}All required controls in the control family have been tested.

Objectives

The primary purpose of the audit was to ensure the minimally required IT security processes and controls have been implemented as required by the State's Department of Information Resources and TAC §202.

Scope & Methodology

The audit included all IT controls required by TAC §202. We referred to the Security Controls Standards Catalog version 1.3, NIST Special Publication 800-53 Revision 4 (Security and Privacy Controls for Federal Information Systems and Organizations), NIST Special Publication 800-53A Revision 4 (Assessing Security and Privacy Controls in Federal Information Systems and Organizations), the Control Crosswalk, and various NIST Special Publications.

General Observations

We determined the majority of the required information security controls have been implemented. In this project, we worked closely with OIT personnel. Because TAC §202



does not consider the type of organization and its sometimes unique risk environment, some required controls can seem onerous. Nevertheless, OIT is diligently trying to implement all controls. Everyone we worked with was receptive to our observations and recommendations, and immediately took steps to close gaps once we identified them.

Summary of Findings

Some of the controls required by TAC §202 have not been implemented.

Opinion

Based on the audit work performed, the majority of the required minimum information security controls have been implemented, but management needs to continue its efforts to implement the others.

We would like to express our gratitude for the time and assistance provided by the staff during this audit.

Submitted by:

Jason D. Mallory, CPA

June 28, 2017

Date



AUDIT FINDING DETAIL

Finding #1: Some of the controls required by TAC §202 have not been implemented.

Criterion: The Security Control Standards Catalog specifies the minimum information security controls to implement. For each required control, Internal Audit inquired and reviewed policies and procedures, roles and responsibilities, information system functions and processes, etc. Internal Audit also examined various documents and information system generated reports/screenshots to determine whether controls were implemented.

We determined that the majority of the information security controls were implemented; however, not all of the required controls were implemented by the required date. Controls in the following families were found to be either not implemented, or deficient:

Control Family	Not Implemented
Access Controls	5
Awareness and Training Controls	0
Audit and Accountability Controls	3
Security Assessment and	2
Authorization Controls	
Configuration Management	1
Contingency Planning	1
Incident Response	- 1
Maintenance	1
Media Protection	1
Physical and Environmental	1
Protection	
Planning	2
Program Management	1
Personnel Security	2
Risk Assessment	1
System and Information Integrity	1
Total	23

Consequences: Non-compliance, and increased likelihood that IT risks materialize.

Possible Solution: Review and implement the required minimum set of controls that are in the Security Control Standards Catalog.



Management Response:

Division:

Office of Information Technology Ricardo Herrera

Senior Management:

Task	Brief Description	Responsible Individual	Completion Date
1.1	As noted in the report, a majority of the required	Donald	Ongoing
	controls have been implemented with the	Laforce,	
	remaining controls being evaluated and	Shelli	
	addressed. For the controls not yet implemented,	Scherwitz,	
	we are evaluating the associated risk to TSTC and	Rick Collatos	
	associated applicability in our environment to		
	prioritize implementation. IT Security along with		
	TAC 202 compliance is a priority for TSTC.		





Internal Audit Department

Audit Report

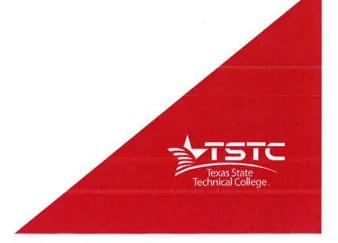
Departmental Audit of the Harlingen Provost Office (17-020A) TEXAS STATE TECHNICAL COLLEGE

June 29, 2017

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

We recently completed an audit of the Harlingen Provost Office (Department) as of April 30, 2017. The audit focused on compliance to numerous College policies related to purchasing, travel, inventory control, cash handling, work study, employee leave, select HR rules, safety, training, and IT security. The following table summarizes the areas reviewed, and our results:

Topic	Test Focus	Results
Purchasing	Split purchases, proper approvals, proper documentation, benefit to College, completed training purchasing training.	In compliance. Isolated exceptions and management recommendations, but no material exceptions.
Food Purchases	Copy of agenda, guest list, business purpose/benefit to TSTC, receipt, allowable purchase, proper approvals.	In compliance. Management recommendations, but no material exceptions.
Procurement Cards	Secure custody of cards, monthly completion and reconciliation of logs, legitimate purchases, proper approvals, split purchases, training.	In compliance. Isolated exception, management recommendation, but no material exceptions.
Travel	Legitimacy of travel, proper approval, correct State rates.	In compliance.
Inventory Control	Assets are secured, physical inventory was accurately completed within the last year, any transferred, missing, or disposed of items have the appropriate documentation on file.	In compliance. Isolated exceptions, but no material exceptions.
Cash Handling	Access to cash is properly restricted, all cash on hand is accounted for, and there are proper segregation of duties are in place.	In compliance. Management recommendations, but no material exceptions.
Work Study	Student workers schedules and duties, validity of timesheets, financial need of students.	Not applicable. The Department currently is not employing student workers.
Staffing Levels	Appropriateness of staffing levels.	Levels appeared appropriate.



Employee Leave	Approval for all leave, appropriate documentation on	In compliance.
	file for extended leaves of	
	absences.	
Performance	Written employee performance	In compliance. Isolated exception,
Evaluations	evaluations performed in the	management recommendation.
	past year.	
Safety	Safety awareness and	In compliance.
	compliance to hazardous	
	chemicals, fire extinguishers,	
	indoor air quality, eyewash and	
	showers stations, concealed	
	handgun policy, small appliance	
	policy, driver safety program.	
Minors on	Appropriate training and	Not applicable. The Department
Campus	background checks.	does not regularly interact with
		minors.
Required	Driver Safety, Information	In compliance. Management
Training	Security Awareness, Active	recommendation.
m:	Shooter, Title IX	
Time	Unusual entries, proper	In compliance. Exceptions and
Keeping	approval, timely submission,	management recommendations.
	and overtime amounts on	The second secon
T.	timesheets.	
IT	Password protected	In compliance. Isolated exception,
	screensavers, appropriate	management recommendations, but
	Colleague access, current anti-	no material exceptions.
	virus software, use of OIT	
	servers, social engineering.	

Overall, the Department was in compliance with the governing policies tested. As noted above, isolated exceptions were identified, but none represented material non-compliance. Those incidences were discussed with management, and corrective action was implemented.

Introduction

The Harlingen Provost Office consists of the Provost, an Executive Assistant and a Secretary; prior to April 2017, there was also a Senior Staff Assistant. The Department had total expenditures of \$285,760.30 for fiscal year 2016. Regarding the expenditures, the total amounts were from local and E&G funds. The actual expenditures in fiscal year 2016 were \$253,585.83 in salaries and benefits, \$6,708.70 in travel, and \$25,465.77 in other operating cost.



The Provost Office is responsible for administrative oversight of the campus, execution of policies and strategic initiatives, and the overall management of daily operation of the Harlingen campus. In addition, the Provost fosters a positive work culture that helps make TSTC a great place to work. She is also responsible for building and maintaining relationships throughout the community. This is accomplished by the Provost participating in speaking engagements, serving on community committees, and communicating with local and regional elected officials. In addition, the Provost was appointed as TSTC's Lead Provost in October 2016 in which she supervises activities, plans and organizes assigned objectives, and oversees performance for the statewide provost team.

Objectives

The objective of the audit was to ensure the Department acted in accordance to College policy in the select areas previously noted.

Scope & Methodology

The scope of our audit included all Departmental activities and transactions in fiscal year 2016 related to purchasing, travel, inventory control, cash handling, work study, employee leave, select HR rules, safety, training, and IT security. The following Statewide Operating Standards and other guidelines formed the basis of our testing: FA 1.16, FA 5.4, Procurement Card Program Guidelines and training, FA 6.1, FA 1.13, FA 1.19, FA 2.1, FA 2.2, IFAP Volume 6 Chapter 2, HR 2.3.12 through HR 2.3.14, HR 2.3.18, HR 2.2.3, HR 2.2.8, GA 5.1.1 through GA 5.1.7, and GA 1.6.1 through GA 1.6.12 We also reviewed departmental staffing levels and required training participation.

General Observations

The Harlingen Provost Office oversees the Harlingen campus, and the Provost oversees performance for the statewide Provost team. The Department is mindful to comply with College policies. When minor instances of non-compliance were discovered during the audit, the Department took steps to immediately resolve the issues.

Summary of Findings

No material exceptions were identified.

Opinion

Based on the audit work performed, we determined that the Harlingen Provost office is in compliance with the College policies tested in this audit.

We would like to express our gratitude for the time and assistance provided by the staff during this audit.



Submitted by:

Jason D. Mallory, CPA, CYA

June 29, 2017 Date





Internal Audit Department

Audit Report

Departmental Audit of the Harlingen Developmental Education Office (17-021A)

TEXAS STATE TECHNICAL COLLEGE

July 6, 2017

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

We recently completed an audit of the Harlingen Developmental Education Department (Department) as of April 30, 2017. The audit focused on compliance to numerous College policies related to purchasing, travel, inventory control, cash handling, work study, employee leave, select HR rules, safety, training, and IT security. The following table summarizes the areas reviewed, and our results:

Topic	Test Focus	Results
Purchasing	Split purchases, proper approvals, proper documentation, benefit to College, completed training purchasing training.	In compliance. Exceptions and management recommendations, but no material exceptions.
Food Purchases	Copy of agenda, guest list, business purpose/benefit to TSTC, receipt, allowable purchase, proper approvals.	Not applicable; there were no food purchases in the sample selected for review.
Procurement Cards	Secure custody of cards, monthly completion and reconciliation of logs, legitimate purchases, proper approvals, split purchases, training.	In compliance. Isolated exception, management recommendation, but no material exceptions.
Travel	Legitimacy of travel, proper approval, correct State rates.	In compliance. Exceptions and management recommendations, but no material exceptions.
Inventory Control	Assets are secured, physical inventory was accurately completed within the last year, any transferred, missing, or disposed of items have the appropriate documentation on file.	In compliance. Isolated exceptions, but no material exceptions.
Cash Handling	Access to cash is properly restricted, all cash on hand is accounted for, and there are proper segregation of duties are in place.	Not applicable.
Work Study	Student workers schedules and duties, validity of timesheets, financial need of students.	Not applicable.



Staffing	Appropriateness of staffing	Levels appeared appropriate.
Levels	levels.	Management recommendation.
Employee Leave	Approval for all leave, appropriate documentation on file for extended leaves of absences.	In compliance; test work revealed a process and documentation recommendations related to 9 month faculty paid leave. However, no material exceptions were noted.
Performance Evaluations	Written employee performance evaluations performed in the past year.	In compliance,
Safety	Safety awareness and compliance to hazardous chemicals, fire extinguishers, indoor air quality, eyewash and showers stations, concealed handgun policy, small appliance policy, driver safety program.	In compliance.
Minors on Campus	Appropriate training and background checks.	Not applicable. The Department does not regularly interact with minors.
Required Training	Driver Safety, Information Security Awareness, Active Shooter, Title IX	In compliance.
Time Keeping	Unusual entries, proper approval, timely submission, and overtime amounts on timesheets.	In compliance. Exception and management recommendation, but not a material exception.
IT	Password protected screensavers, appropriate Colleague access, Identity Finder software, use of OIT servers, social engineering.	In compliance. Isolated exception and management recommendation, but not material exception.

Overall, the Department was in compliance with the governing policies tested. As noted above, isolated exceptions were identified, but none represented material non-compliance. Those incidences were discussed with management, and corrective action was implemented.

Introduction

The Harlingen Developmental Office currently consists of the Department Chair, 6 Instructors, 2 9-month Instructors, 2 Adjunct Instructors and 3 Lab Assistants. The



Department had total expenditures of \$797,386.56 for fiscal year 2016. Regarding the expenditures, the total amounts were from local, E&G funds, and an S3 Project grant. The actual expenditures in fiscal year 2016 were \$748,232.03 in salaries and benefits, \$2,391.75 in travel, and \$46,762.78 in other operating cost.

The Developmental Education department is responsible for assisting students in improving their reading, writing, and math skills so that they will be more likely to succeed in their college-level courses. Developmental courses include Developmental Math (ranging from Basic Mathematics to Intermediate Algebra), and Developmental Reading & Writing. In Fall 2016, there were 651 students enrolled in Developmental Math courses and 435 enrolled in Developmental Reading & Writing; in Spring 2017, there were 571 students enrolled in Developmental Math and 279 enrolled in Development Reading & Writing.

Objectives

The objective of the audit was to ensure the Department acted in accordance to College policy in the select areas previously noted.

Scope & Methodology

The scope of our audit included all Departmental activities and transactions in fiscal years 2016 and 2017 related to purchasing, travel, inventory control, cash handling, work study, employee leave, select HR rules, safety, training, and IT security. The following Statewide Operating Standards and other guidelines formed the basis of our testing: FA 1.16, FA 5.4, Procurement Card Program Guidelines and training, FA 6.1, FA 1.13, FA 1.19, FA 2.1, FA 2.2, IFAP Volume 6 Chapter 2, HR 2.3.12 through HR 2.3.14, HR 2.3.18, HR 2.2.3, HR 2.2.8, GA 5.1.1 through GA 5.1.7, and GA 1.6.1 through GA 1.6.12 We also reviewed departmental staffing levels and required training participation.

General Observations

The Harlingen Developmental Education Department is mindful to comply with College policies, the Supervisor and staff were open in providing information, were very cooperative and receptive to our recommendations. We observed Department faculty genuinely eager to assist students during and after class, as well as participate in various professional development trainings over the past couple years. The Department also recognizes the significance of, and has adopted effective controls in safeguarding assets.



Summary of Findings

No material exceptions were identified.

Opinion

Based on the audit work performed, we determined that the Harlingen Developmental Education Department is generally in compliance with the College policies tested in this audit.

We would like to express our gratitude for the time and assistance provided by the staff during this audit.

Submitted by:

Jason D. Mallory, CPA, QIA

July 6, 2017

Date





TAACCCT Round IV
Accelerated Career and Educational
Pathways Program (ACEPP)
Interim Evaluation Report



Texas State Technical College

December 2016

Submitted by:



THOMAS P. MILLER & ASSOCIATES

Executive Summary

In 2014, Texas State Technical College (Waco campus) received a grant of \$2,378,294 from the U.S. Department of Labor's (USDOL's) Trade Adjustment Assistance Community College and Career Training (TAACCCT) program to fund the Accelerated Career and Education Pathway Program (ACEPP). The purpose of ACEPP is to provide entry points for the unemployed and veterans to access career pathways in manufacturing-related positions, specifically: welders, industrial maintenance mechanics, and Computer Numeric Control operators/machinists. ACEPP was originally designed as a 16-week accelerated training program incorporating online modules and hands-on, lab-based instruction that is designed to move participants quickly into entry-level manufacturing jobs.

Since its inception, ACEPP's design has undergone a series of changes regarding its target population, recruitment strategy and activities, curriculum, and staffing. Two **critical contextual factors** at an institutional level have directly impacted ACEPP's implementation strategy:

- · Campus merger and reorganization and
- Leadership's philosophy on TSTC's responsiveness to industry demand.

Two strengths/accelerators have facilitated implementation:

- TSTC's administration supports ACEPP's concept and implementation.
- ACEPP has engaged effective and industry-experienced instructors who developed high-quality curricula.

Three major findings emerged with corresponding recommendations for improvement:

Finding	Recommendation
The current ACEPP program	The current ACEPP management team should develop and
management structure should be	utilize a written operations and management plan and
revisited to increase efficiency and	convene regular team project management meetings.
facilitate program success.	
TSTC's relationship with the Workforce	TSTC administrators should assess the viability of Workforce
Solutions-Heart of Texas Board has been	Solutions-Heart of Texas as a recruitment source and its
unproductive in recruiting suitable	contractual relationship.
candidates for ACEPP.	
	TSTC administrators and faculty and ACEPP instructors
Due to several compounding factors,	should consider crosswalking ACEPP's curriculum and
ACEPP has not met recruitment targets.	delivery mode into CNC Machining, Welding and Industrial
	Maintenance academic certificate and degree programs to
	potentially alleviate recruitment and funding challenges.

As ACEPP enters its third year, the current management team should consider the recommendations summarized above and detailed in the report to maximize the chances of training a greater number of people and serving as a model for other TSTC workforce development initiatives.



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ACEPP Findings and Recommendations	13



Introduction

Interim Evaluation Report: Purpose and Background

In 2014, Texas State Technical College (Waco campus) received a grant of \$2,378,294 from the U.S. Department of Labor's (USDOL's) Trade Adjustment Assistance Community College and Career Training (TAACCCT) program to fund the Accelerated Career and Education Pathway Program (ACEPP). The purpose of ACEPP, as stated in TSTC's grant application to USDOL, is to provide entry points for the unemployed and veterans to access career pathways in manufacturing-related positions, specifically: welders, industrial maintenance mechanics, and Computer Numeric Control operators/machinists. ACEPP was originally designed as a 16-week accelerated training program incorporating online modules and hands-on, lab-based instruction that is designed to move participants quickly into entry-level manufacturing jobs.

In compliance with USDOL grant requirements, grant staff procured an independent contractor, Thomas P. Miller & Associates (TPMA), along with their sub-contractors, Dr. Ester Smith, and the Policy and Research Group (PRG), to conduct an evaluation of ACEPP. This Interim Evaluation Report examines ACEPP's implementation from September 2014 to October 2016, (Program Years 1 and 2) as well as underlying processes, modifications, successes, and obstacles. It concludes with findings and recommendations for the third year of ACEPP's implementation.

Summary of Implementation Evaluation Methodology

The Interim Evaluation Report describes ACEPP implementation activities in PY1 and PY2 of their TAACCCT Round 4 program operations. The evaluators drew upon the following data sources to generate the content of this report:

- Interviews with TSTC administrators, the TSTC Recruitment Specialist, and ACEPP instructors, October 17-18, 2016;
- An interview with the Workforce Solutions Heart of Texas Recruitment Specialist and Operations Manager, October 18, 2016;
- A focus group with ACEPP students (program participants), October 17, 2016;
- An in-person meeting with TSTC administrators, July 19, 2016;
- Meetings with TSTC administrators and the Project Director, February 2015 and August 2015;
- Quarterly calls with TSTC administrators and ACEPP staff, and
- Program documents and artifacts:
 - Trade Adjustment Assistance Community College and Career Training Proposal to Department of Labor (received November 2014);
 - o Quarterly reports to USDOL (received November 2015 and July 2016);
 - o Accelerated Program Calendar (received February 2016);
 - o ACEPP Marketing and Recruitment plan (received March 2016);
 - o Post-merger Integrated Marketing Division organizational chart (Grants 101 PowerPoint presentation, Office of Sponsored Programs, received October 2016);



- Workforce Solutions-Heart of Texas Recruitment Specialist Job Description (received October 2016);
- o TSTC's contract w/Workforce Solutions-Heart of Texas (received November 2016);
- o TSTC Strategic Plan, 2016-2020 (received November 2016), and
- o ACEPP Brochures (received November 2016).

A general inductive thematic approach, with influences of applied phenomenology, is used to analyze the qualitative data gathered from the sources noted above. This approach provides a theoretical foundation for subjective meaning to be interpreted and extrapolated from discourse and documentation. Emerging themes are identified within the analytical framework via triangulation and collaborative inquiry.

Outcomes/Impact Analysis Update

In 2016, the evaluators discussed data availability for the outcomes/impact study with TSTC administrators and have secured data use agreements with both the college and the Texas Workforce Commission (TWC). In July 2016, the evaluators acquired information on which data elements and variables would be available for the non-credit students enrolled in TAACCCT-funded programs. In September 2016, the data use agreement between TSTC and the evaluators was signed. This agreement covers the administrative data (student demographics and course enrollment/completion information) that will be used for the impact evaluation. In October 2016, TSTC staff received the signed data use agreement from TWC, and subsequently signed it. This agreement with TSTC will allow the evaluators to access administrative employment and wage data for ACEPP participants.

The original impact evaluation plan was developed in coordination with ACEPP staff and predicated a much larger sample of participants. As is noted elsewhere in this report, the program has experienced recruitment difficulties; participants have enrolled in the program at a much lower rate than was initially projected. Consequently, the initial impact evaluation plan will likely need to be modified to account for the reduced sample. The evaluators cannot finalize a revised impact evaluation design until final enrollment numbers are known. However, given that the participation numbers are substantially reduced from the initial program projections, the evaluators will likely propose a descriptive outcome evaluation in place of the initial impact evaluation. This final determination will be made by September 2017, when final program enrollment figures are available.

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¹ See Thomas, D.R. (2006). A general inductive approach for analyzing qualitative evaluation data. *American Journal of Evaluation*, 27, 237-245.

ACEPP Background

Summary: Original ACEPP Plan and Target Population

TSTC administrators' original vision for ACEPP was to equip the unemployed and transitioning veterans with workforce-relevant skills so they would be prepared for employment in entry-level manufacturing positions. In response to regional industry representative input that skilled workers were needed more quickly than traditional certificate and degree programs could produce them, the ACEPP tracks were designed to last sixteen weeks each and incorporate content to prepare participants to test for industry-recognized credentials. The original planned duration of each program also aligned with the traditional military training calendar, a structure to which potential participants would be accustomed. The curriculum for each track would include online, self-paced learning modules and significant lab-based instruction, allowing participants more hands-on skills practice than what is offered in a traditional certificate or associate's degree program. Participants would undergo a series of testing to ensure a minimum baseline skill level prior to beginning training. ACEPP was placed in TSTC Waco's Continuing Education/Workforce Development Department (now the Industry Relations Department of the Integrated Marketing Division.)

Although ACEPP's target population was described broadly in the grant application, TSTC administrators intended that many participants would be transitioning military veterans recruited from the Fort Hood military base in Killeen, Texas. TSTC administrators and ACEPP program staff anticipated that returning veteran participants would use GI Bill benefits to pay for training and living expenses.

The original grant proposal projected that ACEPP would train 411 participants. Due primarily to recruitment barriers as discussed at length in subsequent sections of the report, as well as practical considerations of laboratory space, TSTC received USDOL approval to modify participant projections to 225.

Program Changes

Since October 2014, ACEPP's recruitment strategy, curriculum delivery plan, and staffing structure have evolved, as described in the sections below.

Recruitment Strategy Changes

ACEPP staff expected that most program participants would be transitioning veterans from the Fort Hood military base located in Killeen, Texas. The rest would come from the workforce system, namely, through referrals from Workforce Solutions-Heart of Texas. In response to the Fort Hood Educational Center's resistance to working with TSTC to recruit participants early in the project, TSTC attempted to make the program more appealing by offering free transportation and lodging for transitioning soldiers in the program (though they would pay tuition). However, TSTC was unable to get any traction with the Educational Center due to factors discussed in the Findings and Recommendations section, Finding 3 section of this report.



The former Program Director developed a recruitment and marketing plan in March 2015. Additional recruitment efforts through May 2016 focused on job fairs and veterans' events, marketing the program via billboards and newspaper and radio advertisements, designing ACEPP brochures and other printed materials through the TSTC Marketing and Communications Division, and coordination with the Workforce Solutions-Heart of Texas Recruitment Specialist as potential candidates were identified. Most participants were recruited through the workforce system in this timeframe.

When the Program Director resigned and a new team of administrators took over the management of ACEPP in June 2016, TSTC hired a Recruitment Specialist. The Recruitment Specialist started in July 2016 and to date has focused on several different strategies. They include:

- Raising awareness of ACEPP within the various internal TSTC departments;
- Working with the TSTC Marketing Department on messaging and promotional materials;
- Establishing the program's eligibility for Sallie Mae Smart Option private student loans and the TSTC Office of Financial Aid;²
- Building or strengthening existing community connections. The TSTC Recruitment Specialist
 developed a contact with the Fort Hood Wounded Warrior transition unit through his work with
 his own company prior to accepting the TSTC position. This contact may allow TSTC to bypass the
 Fort Hood Education Center, which handles access to soldiers for marketing educational
 programs and services. Another planned strategy includes marketing ACEPP to incumbent
 workers in the region and the companies that employ them.
- Meeting with the Workforce Solutions-Heart of Texas Recruitment Specialist.

Curriculum Changes

ACEPP was originally designed as a 16-week full-time training course for each of the three tracks (CNC Machining, Welding, and Industrial Maintenance.) Due to participants' scheduling needs, program staff and the instructors decided in early 2016 to break the 640-hour course down into four different modules of 160 hours each. Participants may enter and exit at any module based on their baseline skill level and goals. This was intended to make the program more flexible and affordable for those whose skill levels would allow them to bypass one or more modules. (The instructors assess each student's skills prior to beginning the program to identify the module in which they should start.)

The curriculum timeline and structure change took place in January 2016, prior to any participant enrollment. Currently, the CNC student and part-time Industrial Maintenance students come to class and lab in the evenings, while full-time Industrial Maintenance students and Welding students attend during the day. The different tracks and associated modules are outlined in the table on the next page.

² Because ACEPP does not offer academic credit and the curricula does not meet certain federal Department of Education time and duration criteria, federal student aid sources such as Pell grants and Direct Subsidized and Unsubsidized loans cannot be used to pay for the training.

ACEPP Tracks and Modules

Track	Modules
	Basic Shop
Computer Numeric Control Machining	Basic Shop II
	 Operations
	Lathe and Mill Programming
	Fillet Welds 1F-4F
Welding	Grove Welds 1G-4G
	Welds on Pipe 1G& 2G
	Welds on Pipe 5G and 6G
	Basic Mechanical Systems
Industrial Maintenance	Advanced Mechanical Systems
	Electrical and Moto Control Systems
	PLC and Robotics

Source: ACEPP Calendar, received February 2016

While the timing and structure of the curriculum has changed, the content of the curriculum and the instructors' process for developing it remains the same, and is described in the <u>Strengths and Accelerators section</u> of the report. To date, the instructors report no problems working simultaneously with participants at different skill levels.

Staffing

ACEPP was placed in TSTC's Continuing Education/Workforce Training Department at the Waco campus (now under the Industry Relations Department in the Integrated Marketing Division.) ACEPP's current organizational and management structure is as follows.

- The **Office of Sponsored Programs** manages the grant budget and compliance requirements, as it does for all grants TSTC receives.
- The Executive Vice President of Industry Relations oversees the strategy and operations of the Continuing Education and Workforce Training Departments where ACEPP is situated.
- The **Associate Vice President of Continuing Education** supports ACEPP by ensuring that it complies with Texas Higher Education Coordinating Board requirements and aligns with the Continuing Education and Workforce Development Departments' efforts to support non-credit students.
- The Executive Director of Contract Services is responsible for overseeing the daily operations of the project.
- The **TSTC Recruitment Specialist** is responsible for developing and implementing a comprehensive recruitment strategy for ACEPP.
- The Workforce Solutions-Heart of Texas Recruitment Specialist is responsible for recruiting and assessing candidates from the workforce system.
- The Instructors (CNC Machining, Welding, and Industrial Maintenance—four total) developed curriculum, assess, and train students.

The following timeline outlines project staffing changes and dynamics.

Texas State Technical College

TAACCCT Round IV Interim Evaluation Report

- October 2014: ACEPP funding period begins.
- January 2015: ACEPP Project Director hired.
- April 2015: ACEPP CNC Machining Instructor hired.
- June 2015: ACEPP Welding Instructor hired.
- July 2015: Workforce Solutions-Heart of Texas Recruitment Specialist hired.
- August 2015: Industrial Maintenance Instructor hired
- **February 2016:** The Associate Vice President of Continuing Education/Workforce Development began contributing time to the project.
- May 2016: Industrial Maintenance instructor resigned; new Industrial Maintenance instructors hired.
- June 2016: ACEPP Project Director resigned; Director of Contract Services assumed day-to-day project management responsibilities.
- July 2016: TSTC Recruitment Specialist hired; part-time Industrial Maintenance instructor hired.

Critical Contextual Factors

A discussion of two major institutional-level factors – the recent TSTC statewide merger and reorganization and leadership's philosophy on TSTC's obligation to respond quickly to industry dynamics – is necessary to provide context for the findings and recommendations noted below.

Campus Merger and Reorganization

TSTC underwent a major reorganization which was finalized in January 2016, centralizing functions that each of its nine campuses had previously managed under separate structures. The reorganization has implications both for ACEPP's future strategy and tactical operations, particularly regarding the role of Continuing Education and Workforce Development programs at TSTC and marketing and communications functions.

All Continuing Education and Workforce Development programs, which have existed at different campuses since TSTC's inception, were placed within the new Integrated Marketing Department in the new organizational structure. The placement of the ACEPP program has not changed with the merger; it still resides within the Continuing Education and Workforce Development Departments, and ultimately under the Integrated Marketing Division. Advancement functions and the Office of Sponsored Programs also fall under the Integrated Marketing Division. The merger also centralized marketing and communications functions for all nine TSTC locations under the Integrated Marketing Division. Under the new organizational structure, TSTC put all its academic credit-bearing certificate and degree programs in the Operations Division, separate from Integrated Marketing. (See the Integrated Marketing Division Organizational Chart; please note that only the Departments directly involved in ACEPP's implementation have been detailed in this diagram.)

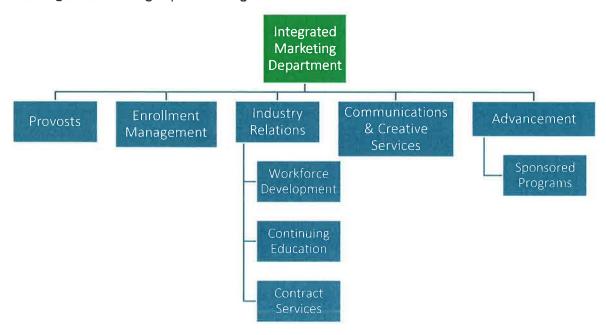
TSTC Continuing Education and Workforce Development programs have historically been mostly financially self-sufficient at each campus, and receive none of TSTC's state budget appropriation to cover their operations. Private dollars primarily cover operational costs (companies pay for employee training or individuals pay for their own courses.) According to interviews with TSTC administrators, the financial contributions of Continuing Education and Workforce Development programs at the different campuses

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have historically comprised less than about five percent of TSTC's overall annual revenue, and in some years at different locations, have lost money. However, senior TSTC Waco administrators noted the importance of Continuing Education and Workforce Development programs as incubators for innovative ideas and approaches to education delivery. Because Continuing Education and Workforce Development programs do not face the same level of regulatory constraints as typical academic programs, they can move more quickly, respond rapidly to the needs of the local labor market, and test new ideas. In the past, elements of some Continuing Education and Workforce Development programs at different campuses have been integrated into academic credit programs.

The centralization of marketing and communications functions as a part of the merger is significant for ACEPP's future strategy, as well. Centralization may present an increased challenge to ACEPP in obtaining timely, appropriate marketing materials. Because the new Communications and Creative Services Department now serves all the TSTC campuses' marketing needs, its ability to respond quickly to requests for updated marketing materials may be impaired, affecting ACEPP's ability to recruit effectively in its last 14 months. The TSTC Recruitment Specialist's request to TSTC administration to give ACEPP the flexibility to develop its own marketing materials has yet to be approved, because of TSTC's goal to have consistency across its marketing materials. This has been an ongoing challenge since the beginning of the project. The former Program Director and the current management team reported that ACEPP was not able to produce program-specific brochures and flyers that were critical to its recruitment efforts at the start of grant implementation, due to the Waco's Marketing Department's slow internal processes. For example, in August 2015, the Project Director reported that ACEPP pathway-specific informational brochures that the Waco Marketing Department was asked to produce were still not ready, nearly a full year after receipt of grant funding. ACEPP is also not featured prominently on TSTC's Web site.

TSTC Integrated Marketing Department Organizational Chart



Source: TSTC Office of Sponsored Programs, Grants 101 PowerPoint Presentation, received October 18, 2016.



Leadership's Philosophy on TSTC's Responsiveness to Industry Demands

TSTC Continuing Education and Workforce Development programs typically uses a different strategy to train people for employment than that of TSTC academic credit programs. Consistent with this strategy, ACEPP was designed as a competency-based accelerated learning platform structured to facilitate and support rapid deployment of training directly responsive to occupational opportunities and employer needs in the manufacturing industry.

The ACEPP model is representative of a model of education TSTC leadership wants to integrate into academic credit programs. According to TSTC senior administrators, the TSTC Chancellor supports training strategies that expedite time to completion so that companies do not have to wait two years or longer to hire well-prepared workers when needs arise. Although the TSTC Strategic Plan 2016-2020 does not address Continuing Education/Workforce Development specifically, it describes the new direction TSTC plans to pursue as follows:

TSTC continues to innovate the educational process by rightsizing educational programs and providing new options for learning, including **competency-based learning**, [emphasis added] project-based learning, and innovative methods of aligning and maintaining instructional content to the needs of business and industry.³

At present, TSTC's Operations Division, which oversees all academic credit programs, is working to integrate competency-based options into existing academic programs. TSTC has embarked on a process of reconfiguring its education delivery system to train workers for high-demand, high-wage technical occupations by providing faster and more effective programs to address workforce demands in a timely manner. The process involves shifting from "contact hours" to performance outcomes including student retention, program completion, job placement, and earnings. TSTC considers ACEPP as an incubator for growing and testing a full transitioning to a "sustainable, performance based model of training delivery."

³ TSTC Strategic Plan 2016-2020, Page 6, received November 21. 2016.

⁴ Trade Adjustment Assistance Community College and Career Training Proposal to Department of Labor, Pages 5, 6.

⁵ Trade Adjustment Assistance Community College and Career Training Proposal to U.S. Department of Labor, Page 6.

ACEPP Strengths and Accelerators

Several factors have facilitated ACEPP's launch and contributed to its implementation and progress to date. These include:

- TSTC's administration supports ACEPP's concept and implementation; and
- ACEPP has engaged effective and industry-experienced instructors who developed high-quality curricula and facilities.

Strength/Accelerator #1

TSTC's administration supports ACEPP's concept and implementation.

TSTC administration has demonstrated strong support of ACEPP through the following:

- TSTC administration built and refurbished labs for two of the three training areas: Industrial
 Maintenance and Welding. The CNC Machining lab is shared with the academic credit machining
 programs.
- The former Program Director and administrators hired three instructors with industry experience and instructional experience several months before classes were to start, allowing them to develop curricula that are appropriate for the accelerated training program.
- The former Program Director and instructors restructured ACEPP from a 640 hours 16 weeks full-time training program to a modular program to increase its appeal and accessibility to more students. They divided the curricula into four modules of 160 hours each and allowed students to test out of modules. It offered training during the day and in the evening to accommodate a wider group of students: offering full-time and part-time options. They adjusted the training costs by module, thereby offering the training at a lower cost if a student can test out of certain modules.
- The Industry Relations Department allocated \$100,000 to scholarships (ten awards of \$10,000 each), helping candidates who met ACEPP requirements but were not able to pay for the training.
 Most current students reported they would not have been able to afford ACEPP and would not have taken it without the scholarships.
- The management team supplemented ACEPP staff with a TSTC recruiter in July 2016 to help moving closer to the ACEPP recruitment goal as it became evident that its expected main recruitment source for the program – Fort Hood soldiers leaving the military – would not materialize.

A key component of the TSTC organizational restructuring is to move into the direction of offering competency-based accelerated training that is highly responsive to industry and business needs. TSTC administration considers ACEPP an incubator for its new direction, and as such, has dedicated significant efforts and resources to encourage the success of the model.

Strength/Accelerator #2

ACEPP has engaged effective and industry-experienced instructors who developed high-quality curricula.

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ACEPP has four instructors: two for Industrial Maintenance, and one each for CNC and Welding. Each has significant prior professional experience and qualifications in their respective industries. Collectively, the instructors possess more 20 years of experience in their chosen fields and in training others. Current ACEPP program management report that they are well-prepared to assess and effectively teach students from divergent backgrounds and levels of experience. Three of the instructors were hired more than six months before the first enrollment wave of students in the first quarter of 2016 and had ample time to prepare detailed lesson plans and projects.

ACEPP instructors described the curriculum development process as creating comprehensive curriculum that integrates their professional experience and is responsive to current industry needs. ACEPP instructors leveraged their prior instructional experiences to customize course content for ACEPP students. Anticipating unique and diverse learning needs of students as well as different levels of ability and speed of progression, instructors reported accommodating students' varying skill sets and pace through a customized curriculum, flexibility, and individualized learning techniques. They also identified tools that support students' progression in the training.

The proposal to the U.S. Department of Labor identified Tooling U as the didactic instruction tool for all three ACEPP pathways. However, the instructors ultimately decided to use Tooling U software less extensively than originally planned due to a number of reasons. For example, the CNC instructor found the Tooling U modules out of date, and the CNC operator simulations to be dissimilar to the machines the students would encounter on the job. Instead, the CNC instructor used an online instruction program, IMMERSE TO LEARN. IMMERSE TO LEARN is supplemented by lab projects and a precision machinery technology textbook recommended by the National Institute for Metalworking Skills (NIMS). In the process of developing the CNC curriculum, the instructor consulted with the academic credit program machining instructors for recommendations on projects. The CNC Machining academic credit instructors shared their curriculum and lesson plans with her, gave her access to their drive with program information, and allowed her to observe them teaching. The CNC instructor shares the CNC lab of the academic-credit program. Use of the academic credit CNC program lab is possible because the ACEPP CNC program meets in the evening to accommodate student availability. The CNC instructor created a curriculum that engages students in every piece of machinery in the lab and hones in on their manual skills in projects. Once students have demonstrated their manual skills, they transition to the CNC portion of the course, in which they learn how to set up and run various programs. The CNC instructor considers the curriculum effective because it allows her to customize the approach and spend more time on parts where students struggle.

The Industrial Maintenance didactic curriculum consists of a textbook and a workbook. While the part-time IM instructor considers the textbook to be "very good," he recognized that the textbook offers only an overview of PLC (Programmable Logic Computers) because each manufacturer has a different PLC. In addition, the IM equipment TSTC purchased two years ago is out of date. The IM instructor uses his industry experience to address deficiencies in the curriculum and equipment and accommodates students for whom some of the material (e.g., motor controls and air conditioning) is too advanced. The instructor uses his own tools and gages in class. He also uses old air conditioners that the TSTC Maintenance Department supplied to train students on the basics, and takes students on field trips on the TSTC campus to show them the equipment they will encounter on the job.

The Welding instructor developed the curriculum based on years of work experience. He received recommendations from employers on which certifications are most in demand in the area, so he could tailor his course content accordingly. The curriculum teaches the skills and competencies that companies want their employees to have. The Welding instructor decided to use only five Tooling U-SME welding modules throughout the course. Instead, the instructor identified and analyzed other methods and resources to deliver the didactic portion of the course. The instructor focuses on teaching safety, how to setup the machines, and how to troubleshoot major problems. The curriculum consists of 10 percent classroom work and 90 percent lab time. It includes diagrams, welding symbols, fillet metals and welds, measurements, and teaches students how to do inspections. The instructor relies on practice exercises, a virtual tool, and modules from the American Welding Society (AWS) curriculum to train students effectively. Students take tests for AWS credits as practice in the lab. Instruction is customized to students' aptitudes. The instructor assesses where students are on a learning curve and implements the content of the appropriate modules to fit students' skills. While the curriculum is comprehensive at this point, the instructor is ready to reformat the curriculum if a company needs welders with a specialty. The welding lab is well equipped, but does not have air conditioning. The lab is hot during the summer, but it represents real life conditions for welders.

Students reported that although the training was fast-paced and intense, they appreciated the instructors' customized approaches to instruction. They identified the value of practicing for industry certification exams during lab time, and believe they are well-prepared to enter jobs in their fields after completing the training.

ACEPP Findings and Recommendations

Finding #1

The current ACEPP program management structure should be revisited to increase efficiency and facilitate program success.

Following the June 2016 departure of the former Program Director, ACEPP program management was divided among three TSTC administrators. The Executive Director of Contract Services handles day-to-day operations and oversees students, instructors, and purchasing, devoting 50 percent of his time to ACEPP. The Associate Vice President for Continuing Education spends 25 percent of her time on ACEPP, ensuring the program's compliance with Texas Higher Education Coordinating Board requirements and alignment with TSTC's efforts to support non-credit students. The Office of Sponsored Programs manages the ACEPP budget and post-award compliance with USDOL requirements, as it does for all TSTC grant programs.

ACEPP currently lacks an operations and management plan and formal delineation of individual responsibilities and team coordination. Aside from quarterly reports to the Department of Labor, the program has little documentation of its processes, marketing and recruitment strategies, progress, accomplishments, and the barriers it has encountered. The program did not have a marketing and recruitment plan until March 2016. However, the new TSTC Recruitment Specialist has updated and modified the ACEPP marketing and recruitment strategies, and has provided candid feedback to program

management and other TSTC administrators about the challenges experienced working with the Communications and Creative Services Department.

There are currently no regular team meetings including all the internal and external ACEPP staff (program management team, instructors, recruiters, and leadership, as needed) to discuss key program issues and direction, develop strategies to address challenges, and manage execution of mitigating strategies. In the absence of regular meetings, ACEPP program management, instructors, recruiters, and leadership have lacked a forum to collaborate efficiently, share resources and information, and make coordinated progress toward solving the barriers ACEPP faces.

Following the departure of the former Program Director in June 2016 and the division of program management among TSTC administrators, there was minimal oversight of and collaboration with the Workforce Solutions – Heart of Texas Recruitment Specialist. Both TSTC program management and the Workforce Solutions – Heart of Texas Recruitment Specialist reported limited interaction, communication, collaboration, and resource-sharing between the two organizations after June 2016. Workforce Solutions-Heart of Texas and TSTC administrators and staff reported only two meetings about the program between June and mid-October (one with program management in August and one with the TSTC Recruitment Specialist in October), and estimated that otherwise, e-mail communication had occurred approximately six times. The Workforce Solutions-Heart of Texas Recruitment Specialist also lacked marketing materials and updated information about program changes such as class start dates, hours, and costs. Long delays in responses to his requests for information and materials have negatively impacted the overall recruitment strategy.

Recommendation

The current ACEPP management team should develop and utilize a written operations and management plan and convene regular team project management meetings.

The current diffuse TSTC-ACEPP program management structure increases the importance of a written operations and management plan. An operations and management plan defines each staff member's role and required tasks to achieve short-term, intermediate, and longer-term milestones. It sets the communication strategies (such as regular team meetings and status reports on tasks and milestones) within ACEPP and among all partners involved and specifies oversight activities. An operations and management plan ensures consistency, provides oversight, monitors progress, and facilitates accountability. Even if unforeseen circumstances affect timelines and progress, targets can be adjusted, this plan is critical to ensuring that adequate time and resources are being dedicated to important activities. An operations and management plan can help the team think ahead to concrete strategies and milestones for recruitment strategy and program sustainability beyond grant funding.

Regular biweekly ACEPP team meetings should be convened and agenda topics should include program updates and both strategic and tactical items of business. The team should come to internal consensus on strategy around the overall direction and strategy of the program, management matters, participant funding sources, and recruitment/marketing activities. Meetings should end with a summary of action items identified for all team members, and program management should maintain knowledge of the status of these action items in between meetings and assist in execution when possible.

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The ACEPP operations and management plan should delineate recruitment strategies that reflect the urgency of advancing toward ACEPP recruitment targets in the remaining 14 months of the grant. These recruitment strategies need to account for ACEPP's positioning following the organizational restructuring of TSTC colleges that centralized recruitment and marketing. The centralization of the recruitment and marketing functions has created a challenge for ACEPP. Looking for uniformity and consistency, centralized recruitment and marketing do not facilitate fast-faced marketing and recruitment programs. The Communications and Creative Services Division should prioritize working with ACEPP to increase its profile.

Finding #2

TSTC's relationship with the Workforce Solutions-Heart of Texas Board has been unproductive in recruiting suitable candidates for ACEPP.

Facilitating quick entry into the labor force by offering short-term training options in high-demand jobs has been ACEPP's primary goal. TSTC chose the Workforce Solutions - Heart of Texas as a strategic partner in meeting the larger workforce and economic development needs in the region. The workforce system facilitates services for career exploration and workforce preparation that supplement college services to help students select a program of study, training opportunities, and/or finding a job. Under the ACEPP grant, the Workforce Solutions - Heart of Texas created a grant-funded Recruitment Specialist position whose responsibilities are to:⁶

- Develop, organize, and provide outreach activities to support recruitment scheduling and logistics
 of grant program participants. ACEPP target populations include veterans, disabled, and Trade
 Adjustment Assistance (TAA)-eligible individuals.
- Screen and refer qualified applicants who meet the requirements set forth by the grant.
- Administer standardized assessment tests for potential grant program participants.
- Conduct follow-up services on all referrals made to the program.
- Communicate effectively both orally and in writing to include presentations regarding ACEPP grant program within Workforce Solutions.
- Assist in identifying placement information.
- Develop and maintain a productive working relationship with staff, key clients, stakeholders, grant program administrators, the Workforce Development Board, elected officials, co-workers, local employers, and the general public.
- Work with customers who are exiting training to facilitate their training-related placement.

The Recruitment Specialist's responsibilities specified by Workforce Solutions – Heart of Texas do not include the development of a written recruitment plan, setting recruitment targets, nor provision of written status and performance reports to TSTC-ACEPP.

Workforce Solutions - Heart of Texas hired a full-time Recruitment Specialist in July 2015 with grant funding from a contract initiated by TSTC. Locating the Recruitment Specialist in the Waco One-Stop Career Center was expected to increase workforce system customer exposure to ACEPP. Placing the Recruitment Specialist in an office adjacent to the Resource Center (a 32-computer station lab that

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⁶ CECT Workforce Solutions, LLC – Job Description: Career Specialist – TAACCCT; Essential Job Requirements, pages 1-

^{2,} received October 20, 2016 from Workforce Solutions-Heart of Texas Operations Manager.

facilitates the exploration of education training opportunities and customer job searching) and locating his workstation near the Rapid Reemployment Services area, where long-term unemployment insurance claimant customers referred from the Texas Workforce Commission are served were also intended to increase his exposure.

The Recruitment Specialist indicated that prior to June 2016, when the former Program Director resigned, he attended several events with the former Program Director and participated in job fairs in which ACEPP had a booth and distributed program brochures TSTC provided—three sets of brochures, one for each track. He also communicated with the former Program Director on a regular basis (twice a week). According to the TSTC Quarterly Report covering the period of October-December 2015, the Recruitment Specialist "presents information in the weekly orientations and also in the Resource Room." The Recruitment Specialist described his current activities in an interview as consisting of speaking about ACEPP during orientation to Workforce Solutions - Heart of Texas clients who are recently unemployed and creating awareness of ACEPP among Workforce Solution staff. He meets with Workforce Solution clients who express interest in the program, provides them with more information, and if their assessment scores are satisfactory he refers them to ACEPP TSTC contacts. In describing the program to potential candidates, the Recruitment Specialist uses the three program brochures; he does not have a recruitment packet with more comprehensive information to distribute. The former Program Director's communications with the Recruitment Specialist although frequent (twice a week) were all by phone. The Recruitment Specialist did not provide any written reports to the former Program Director on his recruitment strategies and outcomes. Communication and collaboration challenges between TSTC and Workforce Solutions-Heart of Texas are described in Finding 1.

Although the importance of Workforce Solutions — Heart of Texas as a recruitment source has increased because of the challenges of recruiting from the Fort Hood military base, it has not been productive. Identification of suitable ACEPP candidates from Workforce Solutions-Heart of Texas has been challenging. Some of the candidates who expressed interest in ACEPP were not able to pass TABE, one of the assessments required to determine readiness for the training (identified as a barrier in the January-March 2016 Quarterly Report). ACEPP instructors also noted a lack of basic mathematical and mechanical skills among several participants. TSTC administrators attribute the program's low enrollment to not reaching the right target market—because the unemployment rate is so low in the Waco area, those who are unemployed tend to lack very basic reading, math, and mechanical aptitude skills necessary to succeed in a fast-paced program like ACEPP.

Candidates recruited from the workforce system also lack access to personal funds to pay for ACEPP, since they are generally unemployed. ACEPP candidates referred through Workforce Solutions - Heart of Texas also lacked access to Workforce Innovation and Opportunity Act (WIOA) training funds to offset ACEPP's cost. TSTC has made multiple attempts to secure ACEPP's status as a Certified Training Provider, but the Texas Workforce Commission's slow-moving pace has delayed application review. As the Workforce Solutions - Heart of Texas Board encumbered all WIOA training funds in 2016, candidates referred from the workforce system could not use Individual Training Accounts to pay for ACEPP. TSTC offered one-time scholarships to these candidates to cover the tuition. Without such scholarships, the

⁷ Quarterly Narrative Progress Report, Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants February 15, 2016 for Quarter Ending 12/31/2015; A. Quarterly Summary for Grant Activities, page 1.

Texas State Technical College

TAACCCT Round IV Interim Evaluation Report

likelihood of candidates referred from Workforce Solutions offices being able to afford the program is low. The Workforce Solutions-Heart of Texas Recruitment Specialist considers cost the primary recruitment barrier. To date, eight ACEPP participants have been referred from the workforce system, three since June 2016.

Recommendation:

TSTC administrators and ACEPP program management should assess the viability of Workforce Solutions-Heart of Texas as a recruitment source and its contractual relationship.

Senior TSTC administrators do not consider Workforce Solutions- Heart of Texas a viable recruitment source as it does not have a large pool of candidates that meet ACEPP requirements or who can pay for the training. Despite several attempts to secure ACEPP's status as a Certified Training Provider, TSTC has been unable to do so due to Texas Workforce Commission's (TWC) delays in approving the application. The resulting lack of access to Workforce Solutions training funds leave any potential candidates from the workforce system unable to pay for the training.

A key factor in the assessment of the relationship between TSTC and Workforce Solutions- Heart of Texas should be the feasibility of getting ACEPP certified as a training provider for Workforce Solutions clients and the availability of WIOA training funds to clients who qualify for ACEPP training.

If Workforce Solutions- Heart of Texas remains a recruitment source, a more formal and accountable relationship should be implemented and the contract between the two organizations modified. TSTC should explicitly request assistance from Workforce Solutions- Heart of Texas in getting ACEPP certified as a training provider and ensure that Workforce Solutions- Heart of Texas allocates WIOA training funds for ACEPP. TSTC and Workforce Solutions- Heart of Texas should clarify the responsibilities of the Recruitment Specialist to include the development of a recruitment plan focused on Workforce Solutions-Heart of Texas, set recruitment targets, and have regular communications including weekly/monthly activity reports and periodic face-to-face meetings with the TSTC recruiter. The Workforce Solutions-Heart of Texas Recruitment Specialist should also participate in all regular project management meetings (discussed in the recommendation for Finding 1.) If feasible, TSTC should also ask Workforce Solutions-Heart of Texas to include ACEPP information on its web site.

TSTC ACEPP should also provide timely support to the Workforce Solutions- Heart of Texas Recruitment Specialist with appropriate marketing materials including updated information and a recruitment packet to hand out to potential candidates. The packet should include the program description, a flyer/brochure, contact information, description of required applicant qualifications, and description of the application process.

Finding #3:

Due to several compounding factors, ACEPP has not met recruitment targets.

TSTC originally intended to train 411 participants through ACEPP, but submitted a modification to the USDOL to decrease projections to 225 participants early on due to a realization of training space

limitations. As of the October 2016 site visit, ACEPP had served a total of twelve participants—two CNC Machining students, two Welding students, and eight Industrial Maintenance students.

The two primary reasons for ACEPP's inability to meet its recruitment targets are the inaccessibility of the original target population (soldiers transitioning from the Fort Hood military base) and other potential participants' lack of funds to pay for the training, TSTC administrators and instructors believe auxiliary factors include the low unemployment rate in the Waco area and the downturn in the oil and gas industry, a major manufacturing employer.

Inaccessibility of the original target population: Although ACEPP's target population was described broadly in the grant application, administrators and staff intended that many participants would be transitioning military veterans recruited from the Fort Hood military base in Killeen, Texas. TSTC administrators anticipated that the participants would use GI Bill benefits to pay for training and living expenses.

Although the former Project Director made effort to make contacts at Fort Hood and participate in their career and education events, she encountered resistance from the base's Education Services Division. Program management and TSTC administrators attribute this resistance to the federal Department of Defense's current philosophy, which prioritizes job placement over education and training for exiting soldiers, with little regard to the quality of the jobs. This philosophy is reportedly due to military downsizing initiatives, which make it more important for veterans to have immediate options for earning income when exiting service. Additionally, TSTC administrators report that the federal Department of Defense is more interested in education and training programs delivered free of charge to transitioning veterans than those that come with cost. Federal Department of Defense and Fort Hood base leadership believe that transitioning soldiers should not have to use GI bill benefits to pay for training. Training providers that charge for programs are blocked from recruiting through Fort Hood's Education Unit. TSTC offered to pay for participant transportation from Killeen to the Waco campus for class four days per week, but Fort Hood declined the offer and continued to restrict TSTC's access to the Education Unit.

Lack of affordability: Continuing Education and Workforce Development programs have generally sustained their own operations through private revenue from companies paying to train their employees or individuals paying for their own courses. None of TSTC's state budget appropriation is earmarked for their operations. USDOL grant funding has not covered all ACEPP costs, and therefore TSTC is charging approximately \$10,000 per participant for the training, which is greater than the cost of TSTC's one-year certificate programs in CNC Machining, Welding, and Industrial Maintenance.

TSTC anticipated that transitioning veteran participants would use the GI Bill to pay for the training. Another group of potential participants (workforce system customers) do not have personal funds to cover the cost of ACEPP. Candidates referred through Workforce Solutions — Heart of Texas lacked access to WIOA training funds for ACEPP because the Board had already encumbered its budget for the fiscal year. Participants recruited from the workforce system to date have used Industry Relations Department full scholarships to pay for the training and most report they would have been unable to take it otherwise.

Potential candidates also cannot apply federal student financial aid like Pell grants and Direct Subsidized and Unsubsidized Loans to pay for ACEPP because the tracks do not offer academic credit. The program also does not meet federal duration and timing requirements of federal student aid eligibility. The TSTC Recruitment Specialist has successfully navigated the process of securing ACEPP's eligibility for Sallie Mae

Smart Option private loans, but it has been difficult to convince candidates that ACEPP is a better choice than a certificate program that costs less.

Recommendation:

TSTC administration and faculty and ACEPP instructors should consider crosswalking ACEPP's curriculum and delivery mode into CNC machining, Welding, and Industrial Maintenance academic certificate and degree programs to potentially alleviate recruitment and funding challenges.

This recommendation aligns with TSTC senior administration's focus on higher education delivery innovations to increase responsiveness to regional industry demand. Competency-based learning programs like ACEPP are generating significant interest in higher education circles nationwide. These programs accelerate time to completion and allow students with prior knowledge and experience to bypass unneeded courses. They also typically allow for significantly greater hands-on time to practice skills. TSTC's Continuing Education and Workforce Development programs have historically served as laboratories of sorts, allowing new strategies to be tested outside the regulatory realm of traditional academic credit programs.

TSTC administration and faculty should consider integrating ACEPP's delivery model and curricula into applicable parts of the curriculum for the Waco campus's existing CNC Machining, Welding, and Industrial Maintenance certificates and associate's degrees. Students should be given the option to begin a certificate or degree program with competency-based courses (the ACEPP curriculum) to teach and refine critical hands-on skills, then complete more didactic coursework later in the program, if desired. Program faculty and ACEPP instructors should complete a crosswalk between the curricula together and identify the existing course content for which ACEPP could substitute on the pathway to certificates and associate's degrees. Both the ACEPP instructors and the faculty could teach the crosswalked courses.

This strategy reduces reliance on the military and the workforce system as recruitment sources; however, its success is contingent on a commitment to consensus-building between the faculty and ACEPP instructors. Additionally, it will require strong support throughout TSTC's new organizational structure, most importantly in the Operations Division, which oversees all TSTC's academic credit programs. The approach has the potential to alleviate the affordability and recruitment issues ACEPP faces. If made a part of an academic credit curriculum, federal student aid sources can be applied to the cost. The TSTC Recruitment Specialist's job would likely evolve under this structure, and new responsibilities would include educating existing students about the option to take accelerated, competency-based courses as part of a certificate or associate's degree program.

U. S. Department of Labor

Employment and Training Administration

Dallas Regional Office 525 Griffin St., Room 317 Dallas, Texas 75202



March 16, 2017

Cindy Reily Associate Vice President, Sponsored Programs Texas State Technical College 3801 Campus Drive Waco, TX 76705

Dear Ms. Reily:

During the period of February 21-24, 2017, the U.S. Department of Labor, Employment and Training Administration conducted a program and financial review of Texas State Technical College Trade Adjustment Assistance Community College and Career Training grant (TC-26469-14-60-A-48). The purpose was to assess whether key policies, procedures and systems are in place for effective grant management.

The enclosed report outlines the review's scope and identifies two compliance findings and required actions. The report includes \$1,968.12 in questioned costs.

The ETA Regional Office would appreciate a response to the findings and required actions within 45 calendar days from this letter's date. Your response should include the corrective actions your office has taken or plans to take, specific time frames for accomplishing these tasks, and supporting documentation where requested, to show that required actions have been accomplished.

I appreciate the cooperation your staff provided during this review and hope it was helpful to your organization. For questions concerning this report, please contact Federal Project Officer, Edgar Garcia at (972) 850-4650, Division Chief, Kristy Woodard at (972) 850-4661 or me at (972) 850-4662.

Sincerely,

GREG GOODWIN

Director

Office of Special Initiatives and Demonstrations

Enclosure

Monitoring Report Trade Adjustment Assistance Community College and Career **Training** Grant # TC-26469-14-60-A-48 **Texas State Technical College** Waco, Texas Issued by Region IV - Dallas March 16, 2017

EXECUTIVE SUMMARY

During the period of February 21-24, 2017, the U.S. Department of Labor (DOL), Employment and Training Administration (ETA) conducted a program and financial review of Texas State Technical College (TSTC) Trade Adjustment Assistance Community College and Career Training grant, #TC-26469-14-60-A-48. The purpose of the review was to assess whether key policies, procedures and systems are in place for effective grant management.

Interviews were conducted with TSTC staff to discuss program implementation, grant operation, and programmatic and financial reporting requirements in order to assess ongoing activities for enrollment and training.

A summary of the reviewer's observations and findings are outlined below:

GENERAL OBSERVATIONS:

- TSTC is fully staffed with qualified, experienced staff who are fully dedicated to the grant.
- TSTC's campus is well equipped with state of the art facilities and equipment conducive to TAACCCT grant training programs. None of the equipment was purchased with grant funds.
- TSTC has all of the necessary policies and procedures in place to properly manage grant activities.
- TSTC's project coordinator maintains hard copy participant files. The files are in a secure location, cataloged by participant name and include documentation to validate eligibility for students to be counted as unique participants.

COMPLIANCE FINDING:

- TSTC did not meet any of the nine grant performance goals for years one and two.
- TSTC charged the grant \$1,968.12 for advertisement costs that solely promoted the institution.

An official response to the findings outlined above must be submitted to the Regional Office within 45 days of the date of this report.

REVIEW SCOPE

Dates of Review

February 21-24, 2017

Site(s) Visited

Texas State Technical College, Waco, Texas

ETA Reviewer

Edgar Garcia, Federal Project Officer (FPO)

Program Reviewed

Trade Adjustment Assistance Community College and Career Training grant, #TC-26469-14-60-A-48

Time Period for Data Covered in Review

October 1, 2014 through December 31, 2016

Date of Exit Conference

February 24, 2017

In Attendance

<u>U.S. Department of Labor – Employment and Training Administration</u> Edgar Garcia, FPO

Southeast Technical Institute

Chuck Donley, Executive Director, Contract Services
Lisa Frenette, Associate Vice President, Grant Accounting
Cledia Hernandez, Associate Vice President, Continuing Education
Carliss Hyde, Vice President, Sponsored Programs
Bob Livingston, Executive Vice President, Industry Relations
Brandy Scott, Senior Auditor
Cindy Reily, Associate Vice President, Sponsored Programs
Chad Wooten, Vice President, Accounting and Reporting

The reviewer used the following areas of ETA's Core Monitoring Guide and the Financial Supplement as the primary tools for conducting the review.

Core Activity 1: Design and Governance

Objective 1.1: Strategic Planning Objective 1.2: Service Design Objective 1.3: Program Integration

Core Activity 2: Program and Grant Management Systems

Objective 2.1: Administrative Controls

Objective 2.2: Personnel

Objective 2.3: Civil Rights

Objective 2.4: Sustainability

Objective 2.6: Equipment

Objective 2.7: Procurement

Objective 2.9: Reporting Systems

Core Activity 3: Financial Management Systems

Objective 3.6: Internal Controls

Objective 3.7: Financial Reporting

Core Activity 4: Service/Product Delivery

Objective 4.1: Operating Systems

Objective 4.2: Participant Files

Objective 4.5: Business Relationships

Core Activity 5: Performance Accountability

Objective 5.1: Service Goals

Objective 5.2: Performance Outcomes

Objective 5.4: Performance Data

Please note that the review did not cover any areas outside the defined scope. Although no material issues came to the reviewer's attention other than those contained in this report, there is no assurance that other issues may not exist.

BACKGROUND

TSTC was awarded a Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant (TC-26469-14-60-A-48) in the amount of \$2,378,924. The authorized period of performance is October 1, 2014 to September 30, 2018.

The Round Four TAACCCT grant program provides eligible institutions of higher education with funds to expand and improve their ability to deliver education and career training programs that can

be completed in two years or less. The intent of the program is to meet the educational or career training needs of workers who have lost their jobs or are threatened with job loss as a result of foreign trade by funding the expansion and improvement of education and career training programs that are suited for these individuals. A key feature of the Round Four Solicitation requires that all applicants demonstrate employer engagement, use labor market information to focus training on local economic needs and improve programs, and evaluate their programs.

Texas State Technical College used grant funds to expand its ability to deliver education and career training programs in a competency based, accelerated learning platform. The program is structured to support rapid deployment of training connected to employment in the state's growing manufacturing sector. The Accelerated Career and Education Pathway Program (ACEPP) provides an entry point for TAA-eligible, the unemployed and veterans to access career pathways in manufacturing-related occupations such as welders, industrial maintenance mechanics and CNC Operators/machinists.

Outcomes as of 9/30/2016

					有效的扩张			Commissiones
		Ye	ear-1	Y	ear-2	Cur	nulative	建 原金用的复数
		Goal	Actual	Goal	Actual	Goal	Actual	Percentage Accomplished
1	Unique Participants Served	50	0	137	14	187	14	8%
2	Completed Program of Study	0	0	102	14	102	14	14%
3	Students Retained	50	0	19	0	69	0	0%
4	Students Completing Credit Hours	0	0	134	0	134	0	0%
5	Students Earning Credentials	0	0	111	14	111	14	13%
6	Students Pursuing Further Education	0	0	19	0	19	0	0%
7	Students Entered Employment	0	0	62	1	62	1	2%

8	Students Retained in Employment	0	0	38	0	38	0	0%
9	Students Received Wage Increase	0	0	10	0	10	0	0%

TABLE 1

TSTC performance outcomes through Year 2 are below the forecasted goals. However, technical assistance was provided during the on-site visit that should assist TSTC in meeting most of its targeted outcomes by the end of the performance period. See Finding #1 for additional information.

Expenditures as of 12/31/2016

\$2,378,924	\$1,255,832	\$1,123,092	45.8%	56%

TABLE 2

The expenditure rate for TSTC is slightly below target when compared to the grant's period of performance time elapsed; however, TSTC submitted a Statement of Work modification that has been approved by the Grant Officer. This will enable TSTC to increase expenditures by allocating funds to expand its geographic service area and to hire an instructor for a new Fiber Optics Installer training program.

COMPLIANCE FINDINGS

Finding #1: Performance Accountability (Objective 5.2: Performance Outcomes)

TSTC did not meet any performance goals for years one and two as shown on TABLE 1 of this report.

The reasons that led to underperformance include:

- TSTC had difficulty hiring program instructors. Due to a strong state economy, salary disparity between the institution and the industry made it difficult to attract qualified candidates. TSTC needed to hire three instructors. Its first instructor was hired on January 2015, the second in June 2015, and its last instructor in July 2016. The untimely hiring of qualified instructors hindered the timely completion of all program curriculums. As a result of the late hiring, curriculum for all training programs was not completed until December 2015, six months after TSTC was scheduled to commence training.
- TSTC relied heavily on participants from Fort Hood Army Base. The base policy towards training providers changed in order to focus on placement rather than training. The change in focus limited opportunities to enroll military participants.
- TSTC experienced difficulties when partnering with the local Job Center, Workforce Solutions
 Heart of Texas. TSTC had a contract with the Job Center to dedicate one full FTE to evaluate
 and refer participants to the three training programs being offered by TSTC. However, the
 contract was terminated due to poor performance.
- TSTC incorrectly interpreted the definition of who can be counted as a unique participant. Its interpretation was that the college had to recruit new participants for all grant training programs. TSTC was not aware that it could recruit participants from its standing two-year manufacturing training programs. As a result, TSTC did not actively recruit standing two-year students or count these students when they enroll in grant funded programs. Many current two-year manufacturing students have the necessary skills and abilities to attain one of the training certificates developed with grant funds. Allowing TSTC standing students to obtain a certificate developed with grant funds will enable TSTC to increase its program numbers significantly.

During the review, TSTC conducted a quick overview of training records and determined that 16 previously uncounted participants who were enrolled in associate degree programs had also obtained one of industry recognized certificates developed with grant funds. TSTC indicated that it will conduct a more in-depth review to identify additional participants and will offer all of its

current students the opportunity to obtain a grant funded certificate. This should enable TSTC to meet all of its proposed performance goals by the end of its performance period.

The Statement of Work (SOW), page 24, lists the grant's yearly performance goals.

Required Action: TSTC must develop an action plan to improve performance. The plan should include offering associate degree students the opportunity to obtain credentials in grant funded programs. In addition, TSTC should ensure all participants have been correctly counted. Finally, TSTC should expeditiously implement its recently approved SOW modification to expand its service area and to add a Fiber Optics Installer training program. These activities will allow TSTC to increase its pool of potential participants.

Finding #2: Allowable Cost (Objective 3.5: Allowable Cost)

TSTC charged the grant \$1,968.12 for advertisement costs that solely promoted the institution.

The costs that are being questioned are as follow:

Voucher#	Purchase Order#	Amount	Item Description	Vendor	Object Classification
V1280058	5038073	\$420.29	Good Value Ink Pens with TSTC logo for ACEPP Director	New York Clothiers	77309
V1287305	5039610	\$373.64	TSTC logo table drape for job fairs	New York Clothiers	77309
V1287305	5039610	\$888.14	Ear buds with TSTC logo for job fairs	New York Clothiers	77309
V1287305	5039610	\$12.00	Name tags for J Vaughn	Platemakers	77300
V1294649	5041524	\$12.00	Name tags for S Grisham	Platemakers	77300
V1301506	5389120	\$55.78	TSTC logo items for Ft. Hood Edu Services Division Bldg	TSTC Waco Bookstore	77309
V1315372	6028903	\$31.99	TSTC logo shirt for recruiting	TSTC Waco Bookstore	77334
V1341240	6035464	\$48.29	TSTC logo shirt for recruiting	TSTC Waco Bookstore	77334
V1388091	7030305	\$125.99	Shirts for DOL trainer for recruiting	TSTC Waco Bookstore	77309
Total		\$1,968.12			

TSTC Staff said that they were aware of the requirements to ensure that advertising costs reflected the DOL program. However, the above transactions were overlooked.

There is \$1,968.12 in questioned costs as a result of this finding.

2 CFR Part 220, Appendix A, J 1.f provides that unallowable advertising and public relations cost includes costs of (3) promotional items and memorabilia, including models, gifts and souvenirs, and (4) the cost of advertising and public relations designed solely to promote the institution.

2 CFR Part 220, Appendix A, section C.4.a provides that a cost is allocable to a particular cost objective (i.e., a specific function, project, sponsored agreement, department or the like) if the good or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship.

Required Action: During the review, TSTC made journal entries returning these questioned costs. However, this report provides the opportunity to document the allowability of the costs. If TSTC agrees that the reversing journal entries were correct, no further action is necessary.

OFFICE OF SPONSORED PROGRAMS

3801 Campus Dr. Waco, TX 76705

254-867-3005

Edgar M. Garcia U.S. Department of Labor Employment and Training Administration Dallas Regional Office 525 Griffin St., Room 317 Dallas, Texas 75202

RE: Texas State Technical College Trade Adjustment Assistance Community College and Career Training Grant (TC-26469-14-60-A-48)

Dear Mr. Garcia, please accept this as our formal response to the program and financial review conducted during the period of February 21-24, 2017.

Finding: Performance Accountability	Circumstances:	Response and Action Plan:
TSTC did not meet any of the nine grant performance goals for years one and two.	TSTC had difficulty hiring program instructors. Due to a strong state economy, salary disparity between the institution and the industry made it difficult to attract qualified candidates. TSTC needed to hire three instructors. Its first instructor was hired on January 2015, the second in June 2015, its last instructor in July 2016. The untimely hiring of qualified instructors hindered the timely completion of all program curriculums. As a result of the late hiring, curriculum for all training programs was not completed until December 2015, six months after TSTC was scheduled to commence training.	 TSTC hired a Director in January 2015 Due to competitive market rates, TSTC was not able to hire trainers at proposed instructor rates. TSTC requested approval from DOL to increase wages based on market differential. CNC trainer was hired April 1, 2015; Welding trainer was hired June 15, 2015, and IMT trainer was hired August 17, 2015 and tendered his resignation May 31, 2016. A new IMT trainer was hired July 2016.



TSTC relied heavily on participants from Fort Hood Army Base. The base policy towards training providers changed in order to focus on placement rather than training. The change in focus limited opportunities to enroll military participants.

- In June 2016 TSTC hired a dedicated recruiter with a military and industry background to focus on four target markets: TAA eligible individuals, veterans exiting service, incumbent workers, and the unemployed.
- TSTC revamped the program to make the training more accessible to the market segments listed above as well as incorporated addition pathways to industry-recognized credentials.

TSTC experienced difficulties when partnering with the local Job Center, Workforce Solutions Heart of Texas. TSTC had a contract with the Job Center to dedicate one full FTE to evaluate and refer participants to the three training programs being offered by TSTC. However, the contract was terminated due to poor performance.

 The center was able to recruit some participants, however, due to limited state funding for the students from the local workforce board, the students were not able to participate in the training. Additionally, the centers primary focus was also job placement and training was considered a second option.

TSTC incorrectly interpreted the definition of who can be counted as a unique participant. Its interpretation was that the college had to recruit new participants for all grant-training programs. TSTC was not aware that it could recruit participants from its standing two-year manufacturing training programs. As a result, TSTC did not actively recruit standing two-year students or count these students when they enroll in grant-funded programs. Many current twoyear manufacturing students have the necessary skills and abilities to attain one of the training certificates developed

with grant funds. Allowing

- With the new market segments, TSTC developed a pathway that allowed matriculated students to reverse articulate formal training in order to challenge exams that lead to industry recognized credentials.
- This allowed TSTC to immediately increase performance of completers and credentials by 38 additional participants.

Status	Credentialing	Training	Total
Completed:	12	15	27
In progress:	26	11	37
	38	26	64

 Following an amendment that was approved March 2017, TSTC incorporated the Fiber Optics credential into its existing Industrial Maintenance training program. TSTC has also segmented training modules

	TSTC standing students to obtain a certificate developed with grant funds will enable TSTC to increase its program numbers significantly.	further to allow for industry required training and issuing of institutional credentials. TSTC has structured training with multiple onramps and offramps to allow all market segments to obtain competency based credentials. TSTC is working on replicating training programs statewide.
TSTC charged the grant \$1,968.12 for advertisement costs that solely promoted the institution.	During the review, TSTC made journal entries returning these questioned costs.	TSTC agrees that the reversing journal entries are correct. OSP Compliance has adopted a multilevel process to review and approve all grant-funded transactions.

The visit was very helpful to our program and we appreciate the assistance and feedback that you were able to provide. For any questions concerning our response, please don't hesitate to contact me.

Regards,

Cindy Reily

Associate Vice President,

Cridy Reils

Office of Sponsored Programs

U.S. Department of Labor

Employment and Training Administration Region IV Dallas Regional Office 525 South Griffin Street, Room 317 Dallas, TX 75202



April 28, 2017

Cindy Reily Associate Vice President, Sponsored Programs Texas State Technical College 3801 Campus Drive | Waco, TX 76705

Dear Ms. Reily:

We have reviewed your April 27, 2017, response to the U.S. Department of Labor, Employment & Training Administration's (ETA) program and financial review report of Texas State Technical College's Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant #TC-26469-14-60-A-48 and have determined that the compliance findings are resolved. I commend you and your staff for your prompt actions to improve the effectiveness and accountability of your program.

Should you have any questions or technical assistance needs, please feel free to contact Edgar Garcia at (972) 850-4650, Kristy Woodard at (972) 850-4661 or me at (972) 850-4662.

Sincerely,

GREG GOODWIN

Director

Office of Special Initiatives and Demonstrations

CJIS Security Audit

CJIS Security Policy Version 5.5





Auditor: Chip Burleson

Audit Date: 04/10/2017

Agency Identification

Agency Name: Texas State Technical College Police Department Waco ORI: TX1551800

Street Address: 1101 Airline Dr.

City: Waco Zip Code: 76705

Local Agency Security Officer

Name & Title:

Phone Number:

Fax Number:

Email Address:

LASO is same as TAC (If checked)

Terminal Agency Coordinator

Name & Title: Melissa Kubitza

Phone Number: (254) 867-3689

Fax Number:

Email Address: melissa.kubitza@tstc.edu

Do you have a Management Control Agreement for all non-law enforcement governmental support?	
IN OUT NA	
NOTES	
IT support provided by TSTC IT support Department.	
Do you have a Security Addendum for all Vendors involved in CJI support or secure location access?	
IN OUT NA NOTES	
Crimes RMS Security Addendum is in place. No CJI verified no SID's. Moving towards getting interface connection with DPS for MDT access.	
5.2 Security Awareness* Have all personnel (Dispatchers, Law Enforcement, IT, Contractors) received Security Awareness train Describe methods used, (ie; Omnixx Trainer, CJIS Online, PDF, etc.) provide documentation.	ning?
(Discuss new level guidelines and topics for Level One, Two, Three, and Four as baselines.)	
IN OUT NA NA	
NOTES	1
Omnixx for Department personnel. IT support uses CJIS online.	
5.3 Incident Response* Provide a documented incident plan detailing incident handling, collection of evidence, incident responsand incident monitoring. (Ensure DPS OIC contact information is included.)	nse training,
IN OUT NA NA	
NOTES	i
Agency supplied at the time of audit.	

5.1 MCA/Security Addendum*

5.4 Auditing and Accountability

5.4.1.1 Events

Are the following events logged and kept for a minimum of one year?

- Successful and unsuccessful system log-on attempts.
- Successful and unsuccessful attempts to access, create, write, delete or change permission on a user account, file, directory or other system resource.
- Successful and unsuccessful attempts to change account passwords.
- Successful and unsuccessful actions by privileged accounts.
- Successful and unsuccessful attempts for users to access, modify, or destroy the audit log file.

5.4.1.1.1 Content

Is the following content included with every audited event?

- Date and time of the event.
- The component of the information system (e.g., software component, hardware component) where the event occurred.
- Type of event.
- User/subject identity.
- Outcome (success or failure) of the event

IN OUT NA NA
NOTES
Omnixx is compliant.
5.5 Access Control Does the agency validate information system accounts at least annually and keep documentation?
IN OUT NA NA
NOTES
Omnixx report provided as documentation. Quarterly.
5.5.1 Account Management* Provide a documented process for creating, activating, disabling and removing accounts with CJI access.
IN OUT NA NA
NOTES
Agency provided at the time of audit.

5.5.3 Unsuccessful Login Attempts Does the system which accesses CJI enforce a limit of no more than 5 consecutive invalid access attempts by a user, and does the system automatically lock the account/node for a 10 minute time period unless released by an administrator?
IN OUT NA NA
NOTES
Omnixx - 3
5.5.4 System Use Notification Does the system display an approved system use notification message before granting access informing potential users of various usages and monitoring rules?
IN OUT NA V
NOTES
Omnixx -
5.5.5 Session Lock Does the information system accessing CJI prevent further access to the system by initiating a session lock after a maximum of 30 minutes of inactivity, and the session lock remains in effect until the user reestablishes access using appropriate identification and authentication procedures?
Note Exemptions; MDTs (Patrol Vehicles), Dispatch, and Receive Only Terminals (ROT).
IN OUT NA NA
NOTES
10 minutes
5.5.6 Remote Access Explain the agencies process for allowing remote support: agency personnel, IT support, vendors. Does the agency authorize, monitor, and control all methods of remote access to the information system to include Virtual Escorting?
IN OUT NA
NOTES
Direct Connection to DPS.
A-89

Are encryption requirements met for connection(s) outside of secure location? Provide details and FIPS certificates (Numbers).*
IN OUT NA V
NOTES
Are AA (Advanced Authentication) requirements met for connection(s) outside of secure location? Provide details.
IN OUT NA V
NOTES
5.5.6.1 & 5.5.6.2 Personally Owned Information Systems & Publicly Accessible Computers*
Does the agency have a policy addressing personally owned or publicly accessible computers?
IN OUT NA NA
NOTES
Agency supplied at the time of audit.
5.6.1 User ID's Have all users been issued their own login ID and there is no sharing of ID's allowed?
IN OUT NA NA
NOTES
No sharing is allowed.
5.6.2.1.1 Standard Authenticators
Do passwords (and PINs, if applicable) meet CJIS Policy requirements?
IN OUT NA NA
NOTES
Omnixx is compliant.

5.6.2.2 Advanced Authentication

А.	Is agency using BYOD devices; Smart Phones, Tablets, Etc. to process CJI data? Provide details below:	
	If YES to above, AA is required.	
IN 🔽	OUT NA 🗸	
NOTES		
В.	Laptop Is agency using Laptop devices to process CJI data? Describe methods and policy agency has in place to meet requirements:	
	(If YES to above, AND no AA in place, devices must be limited to secure area(s) ONLY.)	
IN 🔽	OUT NA 🗸	
NOTES		
Located	in the TLETS and CJIS security policy.	
C.	Tablets / Smart Phones Is agency using Tablet devices or Smart Phones to process CJI data? Provide details below:	
	If YES to above, and AA is not present, devices must be controlled via MDM (Mobile Device Management), be agency issued, and have documented AA compensating control according to Security Policy Supplement. (Email to security.committee@dps.texas.gov).	
IN 🔽	OUT NA 🗸	
NOTES		

5.7.1.2 Network Diagram* Does the agency have a current Network Diagram which lists all communication paths, circuits, and relevant components and include "For Official Use Only", Agency name and date?
IN OUT NA NA
NOTES
Agency supplied at the audit.
5.8.1 Media Storage and Access
Does the Agency store any CJI outside of the Secure Location? If YES to above, but data does not meet FIPS 140-2 encryption requirement, is the data encrypted AT REST to meet FIPS 197 certified, 256 bit as described on the National Security Agency (NSA) Suite B Cryptographic list of algorithms?
IN OUT NA V
NOTES
5.8.3 Digital Media Sanitization and Disposal*
Please provide the formal written procedures the agency has for the secure disposal or destruction of electronic media, and if these procedures are witnessed or carried out by authorized personnel.
IN OUT NA NA
NOTES
Agency supplied at the time of audit.
5.8.4 Disposal of Physical Media*
Please provide the formal written procedures the agency has for the secure disposal or destruction of physical media, and if these procedures are witnessed or carried out by authorized personnel.
IN OUT NA NA
NOTES
Agency supplied at the time of audit.

5.9 Physical Prote	ecti	on
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The agency's facility, area, room, or group of rooms shall have physical and personnel security controls sufficient to protect CJI. The physically secure location is subject to criminal justice agency management control; SIB control; FBI CJIS Security addendum; or a combination thereof.

Physically Secure Location:

- Does the agency keep a list of personnel with authorized access?
- Does the agency control physical access to information system distribution and transmission lines within the physically secure location?
- Does the agency control physical access to information system devices that display CJI and position information system devices in such a way to prevent unauthorized individuals from accessing and viewing CJI?
- Does the agency control information system-related items entering and exiting the physically secure location?

If the agency cannot meet all the controls required for establishing a physically secure location, does the agency meet at a minimum:

Controlled Area:
 Limit access to the controlled area during CJI processing times to only those personnel authorized by the agency? Lock the area, room, or storage container when unattended? Position information system devices and documents containing CJI in such a way as to prevent unauthorized access or viewing? Follow the encryption requirements found in section 5.10.1.2 for electronic storage of CJI?
IN OUT NA NA
NOTES
Agnecy provided a list of authorized personnel that are buzzed in through dispatch. Network closet is locked. Screen protectors on pc in dispatch. Policy in place to fix terminals on site.
5.10.1.1 Boundary Protection Does the agency have a boundary protection device (firewall) implemented to protect computers and access devices from non-CJI networks including Internet access?
IN OUT NA NA
NOTES
Juniper Firewall

5.10.1.2 Encryption* Does the agency encrypt all CJI data to meet FIPS 140-2 standards before it leaves the secure location? Provide Relevant Certificate numbers below:
IN OUT NA V
NOTES
Is CJI data segmented from other non-criminal justice agency's networks/data? Describe methods below:
IN V OUT NA
NOTES
Juniper firewall.
5.10.1.5 Cloud Computing Does agency utilize cloud services or ensure that all data is encrypted prior to being transmitted outside of secure area(s)? If applicable, view the Security Addendum to ensure all security requirements are met; to include prohibiting scanning any email or data files for the purpose of data mining, advertising, etc. IN OUT NA OUT
NOTES
5.10.2 Facsimile Transmission of CJI Faxing over a standard telephone line is exempt from encryption requirements. Use of a server, application or email-like technology must meet encryption requirements as defined in Section 5.10. Describe the agencies use (if applicable) of fax services below. Does agency meet encryption requirements?
IN OUT NA V
NOTES

5.10.3 Partitioning and Virtualization

Partitioning 5.10.3.1

Are applications, services, or information services physically or logically separate? Separation may be accomplished through the use of one or more of the following:

- Different Computers
- Different Central Processing Units
- Different instances of the operating system
- Different network addresses
- Other methods approved by the FBI CJIS ISO

Virtualization 5.10.3.2

Are virtualized environments secured with the following additional controls in place? Isolate the host from the virtual machine. In other words, virtual machine users cannot access host files, firmware, etc.

- Maintain audit logs for all virtual machines and hosts and store the logs outside the host's virtual environment.
- Virtual machines which are internet facing (web servers, portal servers, etc.) shall be physically separate from virtual machines (VM) that process CJI internally or be separated by a virtual firewall.
- Drivers which serve critical functions shall be stored within the specific VM they service. In other words, do not store these drivers within the hypervisor, or host operating system, for sharing. Each VM is to be treated as an independent system secured as independently as possible.
- Additional Technical Security controls which MAY be implemented include:
- Encrypt CJI when in a virtualized environment where CJI is comingled with non-CJI or segregate and store unencrypted CJI within its own secure VM.
- Encrypt network traffic within the virtual environment.
- Implement IDS and/or IPS monitoring within the virtual environment.
- Virtually or physically firewall each VM within the virtual environment to ensure that only allowed protocols will transact.

	 Segre 	gate the admini	strative dutie	s for the host.	
IN		OUT	NA 🗸		
NO	TES				

5.10.4.1 Security Updates Describe the agencies computer update processes. When were the last Windows updates applied? When was the last update for CAD/RMS (Version)?
IN OUT NA NA
NOTES
Department personnel disconnects from TLETS network and connects to the PD Network to run updates. Quartlerly. last updated April 7
5.10.4.2 & 5.10.4.3 Antivirus Are all IT systems (workstations, servers, mobile computing devices, and critical information system entry points, including terminals and MDTs without Internet access) with CJIS connectivity protected with anti-virus, anti-spam and spyware protection? Are automatic updates enabled on all systems that have Internet access or please describe the update process?
IN OUT NA NA
NOTES
AVG - updated quarterly. April 7th
5.10.4.5 Security Alerts Does the agency receive Security Alerts and Advisories? From what organization(s)?
IN OUT NA NA
NOTES
Microsoft Technet, DIR , US Cert
5.12 Personnel Security All Personnel who access CJIS Data either physically, logically, or remotely must be fingerprint based background checked. Has this been completed for everyone?
IN OUT NA NA
NOTES
Fingerprinted as a condition of hire.

Are assignment changes updated within a timely manner and accounts disabled to meet CJIS Policy requirements?
IN OUT NA
NOTES
Within week.
5.12.4 Personnel Sanctions Does the agency have a formal sanctions process for personnel failing to comply with established information security policies and procedures?
IN OUT NA NA
NOTES
Agency provided at the time of audit.
5.13 Mobile Devices* Has the agency established written usage restrictions and implementation guidelines for wireless technologies? (ex: BYOD policy or local SOP, MDM Policy).
IN OUT NA V
NOTES
5.13.1.1 All 802.XX Wireless Protocols Does the agency maintain a complete inventory of all Access Points (Aps) and 802.XX wireless devices, and provide documentation of logging (if supported) and review on a recurring basis per local policy? (Wired Equivalent Privacy (WEP) and WiFi Protected Access (WPA) cryptographic algorithms, used by all PRE-802.11i protocols, DO NOT meet the requirements for FIPS 140-2 and SHALL NOT be used.)
IN OUT NA V
NOTES

5.13.1.4 Mobile Hotspots
If agency allows mobile devices that are approved to access or store CJI to function as a Wi-Fi hotspot for connection, are they limited to agency controlled devices ONLY?
IN OUT NA V
NOTES
5.13.2 Mobile Device Management (MDM)
If Mobile Device Management (MDM) is in use, does it meet at least the following compensating controls
Remote locking of device
Remote wiping of device
Setting and locking device configuration
Detection of "rooted" or "jailbroken" devices
Enforce folder and/or disk level encryption
Application of mandatory policy settings on the device
Detection of unauthorized configurations or software/applications
Ability to determine the location of agency controlled devices
 Prevention of unpatched devices from accessing CJI or CJI systems
Automatic device wiping after a specified number of failed attempts
IN OUT NA
NOTES

S.13.4.3 Personal Firewall Are personal / software based firewalls enabled on all wireless laptop devices and do they meet current CJIS Security Policy requirements?
IN OUT NA
NOTES
5.13.5 Incident Response (Mobile Devices) In addition to the requirements in Section 5.3 Incident Response, agencies are responsible to meet additional reporting and handling procedures. Has the agency developed a written plan which includes the items listed below in the event of:
Loss of device control:
• Device known to be locked, minimal duration of loss
• Device lock state unknown, minimal duration of loss
 Device lock state unknown, extended duration of loss
Device known to be unlocked, more than momentary duration of loss
Total Loss of device:
CJI stored on device
Lock state of device
Capabilities for remote tracking or wiping of device
Device compromise
Device loss or compromise outside of United States
IN OUT NA V
NOTES

5.13.7.2.1 Compensating Controls for Advanced Authentication*

If Mobile Device Management (MDM) is in use, does it meet at least four of the following compensating controls: (NOTE: Compensating controls is not an option for mobile devices when deployed via a BYOD policy).

- Possession of the agency issued smartphone or tablet as an indication it is the authorized user
- Implemented password protection on the Mobile Device Management application and/or secure container where the authentication application is stored
- Enable remote device locking
- Enable remote data deletion
- Enable automatic data wipe after predetermined number of failed authentication attempts
- Remote device location (GPS) tracking
- Require CJIS Security Policy compliant password to access the device
- Use of device certificates as per Section 5.13.7.3 Device Certificates

IN 🔽	OUT	NA 🗸			
NOTES					

(* indicates documentation is required from agency)



Texas State Technical College Internal Audit Attestation Disclosures

	Internal Audit Assistance/Follow-up
n	Intern

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.