

Meeting of the Board of Regents

Audit Committee

March 10, 2022
Crawford, Texas



TEXAS STATE TECHNICAL COLLEGE

**Audit Committee Meeting
of the Board of Regents**

**Gathering Oaks Retreat
316 Canyon Oaks Rd
Crawford, TX 76638**

Thursday, March 10, 2022

9:30 a.m.

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Audit Committee

[Tony Abad (Chair), Kathy Stewart, Lizzy de la Garza Putegnat]

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**Texas State Technical College
Internal Audit
Status of Fiscal Year 2022 Audit Schedule & Other Projects**

Description	Division/Campus	Status	Project No.	Report Date	Last Audit Date	Audit Reason
INTERNAL AUDITS						
Public Funds Investment Act Audit	Finance	Complete	22-003A	9/24/21	9/26/19	Required every 2 years
Virtual Private Network Audit (TAC 202)	Office of Information Technology	Complete	22-004A	11/22/21	-	Risk Based
Benefits Proportionality Audit	Payroll	Complete	22-008A	12/8/21	12/6/19	Required every 2 years
Police Evidence Room Inspections	Police	Complete	22-018A	12/15/21	Fiscal Year 2019	Risk Based
Academic Records Management Audit	Registrar/Instructional	Complete	22-005A	12/17/21	-	Risk Based
Coronavirus Aid, Relief, and Economic Security (CARES) Act Compliance Audit	OSP/Financial Aid/Student Services	Complete	22-006A	12/20/21	7/6/21	Risk Based
Internal Network Penetration Test	Fort Bend Campus	Complete	22-012A	1/4/22	3/29/19	Risk Based
TAC 202 Follow-up Audit	Office of Information Technology	Complete	22-009A	3/10/22	10/7/21	Required Bi-annually
On-Line Learning Audit	Instructional	In progress			-	Risk Based
Canvas System Audit (TAC 202)	Instructional/IT	In progress			-	Risk Based
Cash Counts	Various	In progress			Fiscal Year 2013	Risk Based
Tuition Audit	Finance	In progress			7/8/14	Risk Based
TEC 51.9337 (Contracting) Audit	Contract Office				9/23/21	Required Annually
Internal Network Penetration Test	North Texas Campus				2/13/19	Risk Based
Bookstore Audit	Marshall Campus				7/3/08	Risk Based
Audit of TWC Server	Business Analysis				-	Risk Based

EXTERNAL AUDITS

Benefit Pay Replacement Desk Audit performed by the Comptroller's Office	Statewide	Complete	001-21-01	9/1/21
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OTHER INTERNAL PROJECTS

SAO Hotline: Received a complaint of employee related issues within a department. Results: The complaint was forwarded to HR for resolution. They concluded that recent organizational changes were not well communicated. One manager was terminated. For future changes that will result in changes to job titles, a matrix will be required that documents decision rationale.	Enrollment Services	Complete	22-010I	12/15/21
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SAO Hotline: Received a complaint of a perceived race bias which has allegedly resulted in some employees not being required to submit leave requests. Results: The complaint was forwarded to HR for resolution. They reviewed the leave requests and use of select employees within OIT. They determined leave requests were being submitted, as required. No trends or anomalies were identified that supported the allegation.	OIT	Complete	22-013I	12/15/21
Report by management: On 12/8/21, management notified us of a payment made to a fraudster based on fraudulent payment instructions. Results: This is currently being investigated by Internal Audit and TSTC Police.	A/P	In progress	22-019I	
Internal Hotline: On 12/11/21, an anonymous concern was reported from presumably an instructor. The concern centered around students repeatedly registering for courses to receive financial aid, and then dropping courses. Results: Pending review and investigation.	Instructional/Student Services	In progress	22-020I	
Internal Hotline: On 1/19/22, an anonymous concern was reported related to alleged past criminal history of a current student, and the possibility he was an ongoing threat to other students. This report was immediately forwarded to the TSTC Police, Student Discipline, and Title IX personnel for follow-up and action.	Instructional/Student Services	In progress	22-024I	

Glossary	
A/P	Accounts Payable
HR	Human Resources
IA	Internal Audit
IT	Information Technology
OIT	Office of Information Technology
SAO	State Auditor's Office
TEC	Texas Education Code
TAC	Texas Administrative Code
TWC	Texas Workforce Commission



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

Report Name & No.	Audit Finding	Summary of Finding Support	Management's Control Action Plan	Resp. Sr Mgr	Expect. Complete Date
Virtual Private Network (VPN) Audit (22-004A)	1. We identified 3 required controls that were not fully implemented. Those controls related to password configurations, testing of backups, and notification of when an audit log fails to update.	Tested 52 required controls. Found 3 that were not yet implemented.	1.1 Control #AU-5: Recommended accepting the risk because compensating controls are in place. 1.2 Control #CP-4: We will develop a method to test these backups periodically to provide assurance that they are recoverable while also minimizing the disruption to end users. 1.3 Control #IA-5: Implement a new password management system.	Scherwitz, McKee	1.2 8/31/22, 1.3 5/31/22
Academic Records Management Audit (22-005A)	1. There are specific opportunities to better control the integrity of final grades recorded in Colleague. These opportunities include more closely monitoring and restricting access to the systems relied upon, considering implementation of a single standardized method for submitting final grades, and enhancing select controls for final grade change requests.	We reviewed access to Moodle, Webadvisor, and Colleague to determine who can enter and /or change grades. We found access to each, as it relates to grading, needed to be significantly improved. We found numerous instances of persons no longer employed by the College still having access, access incompatible with other responsibilities, and no effective process for monitoring or changing assigned access.	1.1 For Moodle, access is currently being evaluated, with hundreds of accounts already being removed. Texas Administrative Code (TAC) 202 compliance is also under review. For Webadvisor and Colleague, access to those systems will also be reviewed. Workday will eventually replace those systems.	McKee	2/28/22

Report Name & No.	Audit Finding	Summary of Finding Support	Management's Control Action Plan	Resp. Sr Mgr	Expect. Complete Date
		From the onset of our audit, we determined there is no single, prescribed method for instructors to maintain grade books or post final grades. Some instructors use Moodle as a gradebook for individual assignments, while others maintain other documentation (like Excel spreadsheets). Most instructors utilize Moodle to post grades to Colleague, while others enter their grades in Webadvisor.	1.2 Over the next few years, each instructional department will be transitioning to a new learning management system. Once all departments have completed the transition, the new Learning Management System (LMS) will be TSTC's single method for maintaining gradebooks and posting grade.	Bowers, Yanez	12/31/23
		When changing final grades already recorded in Colleague, there is a defined process in which the instructor of record and the Program or Department Chair must approve the change. We determined that employees in the Registrar's Office had no assurances that the signatures that were on the forms were valid.	1.3 To minimize any errors and ensure compliance with Statewide Operating Standard ES 4.13 "Change of Grade on a Student's Permanent Academic Record" policy the Office of the Registrar will implement additional procedures to include the review of signatures before processing the request. In addition to help minimize any errors the Office of the Registrar in collaboration with the Instructional Division will implement the use of Adobe sign to submit requests for changing a grade to a student's record	Stuart-Carruthers, Arredondo	5/31/22

Report Name & No.	Audit Finding	Summary of Finding Support	Management's Control Action Plan	Resp. Sr Mgr	Expect. Complete Date
Audit of Higher Education Emergency Relief Fund II (HEERF II) Grant as part of Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA ACT) (22-006A)	1. We found isolated instances of non-compliance related to some student disbursements and reporting requirements.	We found 2 instances in which the appropriate written or electronic consents were not obtained from students to utilize their award for outstanding College debt.	1.1 There were two students who did not have the appropriate electronic consent forms on file due to a billing issue within TSTC. Both of these students have now signed the consent form.	Stuart-Carruthers, Adler	Immediately

Report Name & No.	Audit Finding	Summary of Finding Support	Management's Control Action Plan	Resp. Sr Mgr	Expect. Complete Date
		<p>Information that must be reported must be in a format and location that is easily accessible to the public, and be updated no later than 10 days after the end of each calendar quarter. One of the seven criteria requires, "(4) The estimated total number of students at the institution that are eligible to receive Emergency Financial Aid Grants to Students to be disclosed on the College's website. It currently is not, even though this same issue was cited during a similar audit we completed on July 6, 2021. In addition, some of the data provided on the College's website is outdated. The last information posted was as of May 28, 2021 for the grant in this audit. It is required to be updated no later than 10 days after the end of each calendar quarter.</p>	<p>1.2 We agree that the information on the website was outdated. We were given further guidance by the Department of Education on November 17, 2021 and our website is now in compliance.</p>	Stuart-Carruthers	Immediately

Report Name & No.	Audit Finding	Summary of Finding Support	Management's Control Action Plan	Resp. Sr Mgr	Expect. Complete Date
	2. Internal controls did not always operate as designed.	<ul style="list-style-type: none"> • 5 students (9 disbursements) did not have a case/application in the student's account in Salesforce representing their grant request. • 22 students who had multiple application submissions did not have documentation in their files for the additional requests uploaded to the files area in Salesforce, and 2 students did not have a financial aid application on file prior to receiving their funds. Per the awarding protocol, both documentation that supports any additional request and a financial aid application must be on file. • We also identified instances of Salesforce not linking the students' email replies to their case, or to the actual email sent from the Advocacy & Resource Center (ARC). 	2.1 Perform weekly self-audits of random awards.	Stuart-Carruthers	3/30/22

Texas State Technical College
Internal Audit
Follow Up Schedule & Status

Completion Summary			
	9/30/21	12/31/21	Audits cleared from (Added to) Schedule
Audits from FY 2017 & Earlier	4	4	0
Audits from FY 2018	1	1	0
Audits from FY 2019	0	0	0
Audits from FY 2020	1	1	0
Audits from FY 2021	6	6	0
Audits from FY 2022	0	5	(5)
Net Total	12	17	(5)

Highlights:

TAC 202 Audits: 6 more controls were implemented.
Faculty Credentials Audit (21-018A): 1 CAP cleared.
Audit of HEERF Grant as part of CARES ACT (21-006A): 1 more CAP cleared.
Servion Contract Audit: 2 CAPs cleared.
Airport Operations: 2 more CAPs cleared.
Student Club Accounts: The single outstanding CAP is substantially complete.

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
Summary of Departmental Audits (Marshall Welding Department 17-013A, Fort Bend Diesel 17-023A, Fort Bend HVAC 17-022A), C. Wooten, Boykin	1. We identified numerous exceptions related to inventory control in the Welding Department. In 2021, the SAO also cited the following issues: The College's process was not adequate to ensure that donated assets were added to its inventory and SPA; the College's process was not adequate to ensure that it accounted for auctioned and disposed assets; the College does not perform a reconciliation between its financial record system and SPA for all assets; Law enforcement is not always notified within 48 hours of the College determining that an asset has been stolen; The College did not consistently determine employee negligence when investigating stolen assets.	1.1 SPA will no longer be used after 8/31/21, therefore, no reconciliation will be necessary. 1.2 Implement enhance fixed asset training that includes awareness to report donated assets. 1.3 Implementation of Workday 1.4 Utilize a cross divisional committee to review negligence related to stolen assets.	Partially Complete: At 9/30/21, SPA is not longer being used (1.1), and the CIAG Committee has held its first meeting to review negligence related to missing assets (1.4). On 12/11/21, IA was informed that training (1.2) was under development, but will be tailored to reflect Workday. It won't be rolled out until Workday is implemented. Workday has been pushed to 4/30/22 (1.3).		1.2 5/30/22 1.3 4/30/22
TAC §202 Compliance Audits (17-002A) (21-017A), McKee, Scherwitz	1. Several required controls were not yet implemented.	As noted in the report, a majority of the required controls have been implemented with the remaining controls being 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.	Ongoing: At 1/4/22, 9 systems and the IT general controls have been audited. A total of 0 general controls and 8 (total for all systems audited) application controls were not yet implemented. In this quarter, 6 controls were improved to implemented status.		Ongoing

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
PCI Compliance Audit (18-009A), Herrera	1. Numerous IT related controls and/or their control elements, as prescribed by PCI DSS, have not been implemented. As such, PCI DSS compliance is not being fully met.	1.1 In an effort to ensure the protection of payment card data for students and employees, The Office of Information Technology has been working with Food Services to resolve a number of important control deficiencies during the audit and will continue to review and implement recommendations moving forward. As we anticipate that the review and implementation review of 100 controls across 6 objectives will take over a year, we will prioritize controls that have the largest impact on the protection of cardholder data. As part of this process, we will also implement the recommendation of an annual assessment of PCI-DSS controls to ensure ongoing adherence to PCI-DSS compliance changes.	Ongoing: Follow-up testing began on 4/12/21 and is continuing. At 9/30/21, 20 more controls had cleared.		Ongoing
Airport Operations Audit (20-008A), Herrera, Semien	1. Contract management procedures should be enhanced to ensure all contract provisions are met.	1.3 Use of Taxiway: L3 was made aware of the need for them to halt using the taxiway and begin to remove their equipment. We will establish a timeline for them to remove the equipment in coordination with L3. Kevin Semien will be responsible for this task and timeline will be complete no later September 30, 2020.	Ongoing: At 11/16/21, we were informed that L3 would build a new hangar in the location of the boneyard. Once construction begins, the yard will be cleared. Construction is expected to be complete by 6/30/22.		12/30/2020 6/30/22

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
Audit of Disbursements from Student Club Accounts (21-007A), Stuart-Carruthers, C. Wooten	1. Controls are not consistently applied to ensure disbursements from Club Accounts are authorized and appropriate.	1.1 The College will cease the practice of administering club accounts by Fall of 2021 as clubs transition their funds. Student Life and Student Accounting staff will encourage student clubs to house their student club funds in a bank account off campus that is opened specifically and exclusively for the registered and recognized TSTC club. The new bank accounts will be 100% legally owned and controlled by the clubs themselves (not TSTC), and the club funds will no longer be accounted for in TSTC systems.	Substantially Complete: 12/9/21 - Several active clubs have transitioned their funds to their own bank accounts. There are still some active clubs that have yet to transition, and some inactive clubs that have no contact information. For the latter 2, a plan has been developed to possibly close the accounts and deposit the funds to a Foundation account to be used for students. The plan is currently being vetted to ensure it is allowable. Management expects all accounts to be closed by 2/28/22.		2/28/22
Audit of Contracts with Servion (21-005A), Semien, Guzman	1. Both contracts associated with the fuel services provided on the airport need to be better monitored.	1.1 Invoicing & Receivables: Blanca Guzman and Elvira Reyna, Budget Analyst will work with Accounting to ensure our invoicing and receivables are done timely and as scheduled for each individual lease. They will also be generating their own monthly reports and tracking activities.	Partially Complete: 12/16/21 Anji Holecek has taken over the invoice/accounting follow up process. Has monthly meeting with Kevin to review invoicing and receivables. Have call into Anji to discuss further.		4/30/21
Faculty Credentials Audit (21-018A), DeLeon	1. While the system of controls for faculty credentialing have been appropriately designed, full implementation is still ongoing.	1.2 Implement the Strategic Planning Online system. 1.3 Finish self-audits of all instructors hired before 3/1/2020.	Partially Complete: All current faculty have been uploaded into SPOL, and Tyler is currently working on transferring paper files into SPOL. Ongoing		12/31/21 5/31/22

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
Audit of HEERF Grant as part of CARES ACT (21- 006A), Stuart- Carruthers	2. Internal controls need to be improved.	2.2 Perform weekly self-audits of random awards.	Ongoing: Per management, self- audits are being performed, however, student accounts that have been audited were not being documented. Therefore, we were unable to verify which student's accounts were reviewed. We recommend the department tracks which accounts have been audited going forward. We will revisit the self-audits next quarter.	ARC began to consistently audit emergency aid requests in September 2021. Since then, at least 10 cases are randomly audited per month by the department coordinator. The cases that have been audited are listed in the Salesforce Audits spreadsheet. In order to produce a more accurate internal audit and to ensure that all the communication is tracked within the students case, the staff is currently learning to link their employee Gmail account to their salesforce profile. Additionally, each case that has been audited has a comment reflecting the audit in the case that has been reviewed.	3/31/22
Financial Processes Audit by the State Auditor's Office (21-001A), C. Wooten, Scherwitz	1. The College had weaknesses in its asset recording and disposal processes.	See Fixed Asset Issues	See Fixed Asset Issues		See Fixed Asset Issues
2. The College should strengthen its access controls and maintenance processes to help ensure the reliability of its financial data.	1.3 Workday will make assigning and managing access easier to eliminate such issues.	Ongoing - 1/5/2022, implementation was still ongoing.			4/30/22

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
Accounts Receivable/Billing Audit (21-025A), C. Wooten	1. We identified systemic issues related to the timely recording of revenue and receipt of payments. Additionally, we identified some instances of payments being different from the contractual amounts.	1.1 TSTC plans to have fully implemented Workday, a new ERP system that should greatly enhance the visibility, efficiency and consistency of billing processes and payment collection. Potential non-compliance by lessees will continue to remain a known, but manageable risk.	Ongoing		5/31/22
VPN Audit (22-004A), Scherwitz	1. We identified 3 required controls that were not fully implemented. Those controls related to password configurations, testing of backups, and notification of when an audit log fails to update.	1.1 AU-5: Recommended accepting the risk because compensating controls are in place. 1.2 CP-4: We will develop a method to test these backups periodically to provide assurance that they are recoverable while also minimizing the disruption to end users. 1.3 IA-5: Implement a new password management system.	Ongoing		1.2 8/31/2022, 1.3 5/31/2022
Academic Records Management Audit (22-005A), Stuart-Carruthers, Bowers, Yanez, Scherwitz, McKee	1. There are specific opportunities to better control the integrity of final grades recorded in Colleague. These opportunities include more closely monitoring and restricting access to the systems relied upon, considering implementation of a single standardized method for submitting final grades, and enhancing select controls for final grade change requests.	1.1 For Moodle, access is currently being evaluated, with hundreds of accounts already being removed. TAC 202 compliance is also under review. For Webadvisor and Colleague, access to those systems will also be reviewed. Workday will eventually replace those systems.	Ongoing		2/28/22

Report Name & No., Resp. Sr Mgr	Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Expect. Complete Date
		1.2 Over the next few years, each instructional department will be transitioning to a new learning management system. Once all departments have completed the transition, the new LMS will be TSTC's single method for maintaining gradebooks and posting grade.	Ongoing		12/31/23
		1.3 To minimize any errors and ensure compliance with ES 4.13 "Change of Grade on a Student's Permanent Academic Record" policy the Office of the Registrar will implement additional procedures to include the review of signatures before processing the request. In addition to help minimize any errors the Office of the Registrar in collaboration with the Instructional Division will implement the use of Adobe sign to submit requests for changing a grade to a student's record.	Ongoing		5/31/22

Audit of HEERF II Grant as part of CRRSA ACT (22-006A), Stuart-Carruthers	1. We found isolated instances of non-compliance related to some student disbursements and reporting requirements.	1.1 There were two students who did not have the appropriate electronic consent forms on file due to a billing issue within TSTC. Both of these students have now signed the consent form.	Pending Review		Immediately
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Report Name & No., Resp. Sr Mgr	Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Expect. Complete Date
		1.2 We agree that the information on the website was outdated. We were given further guidance by the Department of Education on November 17, 2021 and our website is now in compliance.	Pending Review		Immediately
	2. Internal controls did not always operate as designed.	See actions in project 21-006A.	Ongoing		3/30/22

Benefits Proportionality Audit (22-008A), Sill, Motwani	1. Between April 2019 and September 2021, \$67,984.46 of ORP benefits were erroneously paid from appropriated funds. This was an unexpected result of a programming change made to the automated system relied upon to calculate and process proportionality.	1.1 Effective immediately, all calculations will be verified in the test system rather than just the specific change made to ensure no errors exist before implementing in the live system. These verifications will be made by multiple individuals in the Payroll team and confirmed by the Accounting and Reporting office. Angela Sill and Anju Motwani will be responsible for ensuring changes are more thoroughly tested in the future.	Pending Review		Immediately
		1.2 The calculated amount (\$67,984.46) that needed to be returned to the State was submitted on November 8, 2021 as instructed by the State Comptroller's Office.	Pending Review		Immediately

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
Internal Network Penetration Test (22-012A), Guevara, Guzman, Wilkey	1. We were able to obtain logon credentials to two different systems from 4 employees.	1.1 Each manager has individually counseled their respective employees on the seriousness of the lapse in judgement, and required each employee to be retrained. One employee has already completed the training, with the other 2 being required to complete by 1/7/22.	Pending Review		Immediately



Internal Audit Department

Audit Report

Audit of the Virtual Private Network (22-004A) **TEXAS STATE TECHNICAL COLLEGE**

November 22, 2021

**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 Virtual Private Network (VPN) as of October 1, 2021. The VPN provides encrypted access to the College's network to remote computers, enabling users to access necessary data from locations off of campus. The audit focused on application-level controls required by Texas Administrative Code 202 (TAC 202). We typically, audit 49 controls in 13 TAC domains, but expanded the testing for this software to 54 controls.

In our tests, we verified system access, periodic maintenance, training, audit logs, and baseline configurations. We also tested controls related to access, security awareness and training, audit and accountability safeguards, configuration management, and contingency planning. Finally, we tested media protection, risk assessment, planning, and purchasing processes, as well as system integrity.

The majority of the controls required by TAC 202 have been implemented, identified 3 controls that were not fully implemented. Those controls relate to password configuration, contingency planning testing, and notification of audit log failures. We feel these issues warranted comment in this report to ensure correction and/or risk acceptance. Details are not provided in this report so as to minimize potential risks associated with disclosing them publicly. Those details were provided to the responsible IT staff, and can be made available upon request. The following table summarizes the areas reviewed, and related results:

Control Family	Implemented	Implemented with Recommendations	Not Implemented	Required
Access Controls	11	0	0	11 See Note 1
Awareness and Training Controls	3	0	0	3
Audit and Accountability Controls	8	0	1	9
Configuration Management	4	0	0	4
Contingency Planning Controls	4	0	1	5
Identification and Authentication Controls	4	0	1	5
Maintenance Controls	2	0	0	2
Media Protection Controls	1	0	0	1
Planning Controls	1	0	0	1

Personnel Security Controls	4	0	0	4
Risk Assessment Controls	1	0	0	1
System and Services Acquisition Controls	2	0	0	2
System and Communications Protection Controls	4	0	0	4
System and Information Integrity Controls	2	0	0	2
Total	51	0	3	54

Note 1: Two controls we tested are not required. We tested them because we felt they were uniquely suited for this application.

Introduction

The VPN, known as Pulse Secure, was acquired from Kudelski Security at an initial cost of \$19,786.50 in July 2019. Through the date of this audit, licensing expenses have totaled \$101,617.33. Because the pandemic created a need for more remote work, the College holds 900 concurrent session licenses which allows 900 sessions to be run at any single point in time.

The VPN is used by employees to remotely access the college's internal network. This is done by first establishing an internet connection and then logging into the Pulse Secure desktop client installed on employees' computers. Employees are then required to enter their unique credentials in order to establish a secure connection from an outside network to the college's internal network.

There are five application administrators within the Office of Information Technology responsible for the day to day support of the VPN. This includes routine maintenance and support for the appliances installed at the Waco, Fortbend, and Harlingen campuses. The VPN appliance is the network device installed locally on these campuses and is equipped with enhanced security features allowing all campuses to connect securely.

Objectives

The objective of the audit was to ensure TAC 202 minimally required application level controls, especially security related ones, are in place and working as intended for the Pulse Secure Virtual Private Network.

Scope & Methodology

The scope of our audit included all minimally required TAC 202 application controls as it relates to the VPN. The Texas Department of Information Resources (DIR) Security Controls Standards Catalog, NIST Special Publication 800-53A revision 4, NIST Special Publication 800-77 revision 1 Guide to IPsec VPNs, and the National Security Agency | Cybersecurity Information Securing

IPsec Virtual Private Networks publication. To accomplish our objectives, we reviewed access, policies, system configurations, and other related information. We reviewed system configuration reports, observed functionality, and interviewed key OIT personnel responsible for the administration of the application.

General Observations

Access is granted for all users through the College's active directory servers. Access is managed through realms which ensure users gain access to only servers/applications they need. Access by vendors is strictly managed and evidenced through access agreements. The VPN is used annually to provide IT acceptable use training, and the administrators have completed additional training to support their roles. Content of audit records capture all required information, backups are completed of configuration files ensuring restoration to a known state, and there are strong encryption and cryptographic controls applied the system. Controls are in place to ensure software patches and upgrades get installed on the appliances as they become available. Those updates and patches are tested prior to being implemented.

Summary of Findings

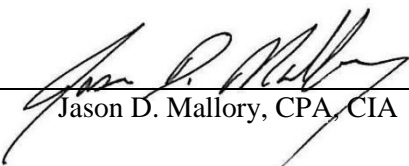
We identified 3 required controls that were not fully implemented. Those controls related to password configurations, testing of backups, and notification of when an audit log fails to update.

Opinion

Based on the audit work performed, the VPN overwhelmingly complies with TAC 202 requirements. It is being utilized in a safe and secure manner to optimize the protection of College data. We did identify 3 required controls that were not yet fully implemented.

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

Submitted by:



Jason D. Mallory, CPA, CIA

November 22, 2021

Date

AUDIT FINDING DETAIL

Finding #1: We identified 3 required controls that were not fully implemented. Those controls related to password configurations, testing of backups, and notification of when an audit log fails to update.

Criterion: The TAC 202 Security Controls Standard Catalog specifies the minimum information security controls to implement for all State information and information systems. For each required control, Internal Audit reviewed policies and procedures, third party vendor, agreements, users' access roles and privileges, security settings, etc.

We determined that the majority of the information security controls were implemented. There were 3 that were not implemented by the required date. Controls in the following families were found to be either not be fully implemented:

Control Family	Not Implemented
Access Controls	0
Awareness and Training Controls	0
Audit and Accountability Controls	1
Configuration Management	0
Contingency Planning Controls	1
Identification and Authentication Controls	1
Maintenance Controls	0
Personnel Security Controls	0
Risk Assessment Controls	0
System and Services Acquisition Controls	0
System and Communications Protection Controls	0
System and Information Integrity Controls	0
Total	3

Consequences: Being out of compliance with TAC 202 controls increases the likelihood of data leaks, data exfiltration, data deletion, account breaches, malware, and malicious insider attacks.

Possible Solutions: We recommend the 3 missing controls be implemented, or the risk be accepted based due to legitimate system limitation.

Management Response

AU-5

OIT agrees that there is not an automated alert system in place for the VPN to notify responsible staff in the case of an audit log failure. The monitoring of the audit logs in the Pulse Secure system would require a 3rd party software. We do not feel the benefits of implementing that

software for this system outweigh the costs. There are compensating manual controls in place, though, to monitor the audit logs on a monthly basis. Larry McKee, Executive Director of OIT Compliance, recommends the risk of not having automated alerts for audit log failures be accepted.

CP-4

OIT agrees that periodic tests of backup files for the VPN configuration are not being performed. This is due to there not currently being appliances available to perform the tests without causing a disruption of services provided to end users. We recognize the benefit of testing backup configuration files. As such, we will develop a method to test these backups periodically to provide assurance that they are recoverable while also minimizing the disruption to end users. This will be performed on an annual basis. The first test will be performed by August 31, 2022. Larry McKee, Executive Director of OIT Compliance, will be responsible for ensuring these tests are performed.

IA-5

OIT agrees that the current password configuration does not meet the minimal requirements. This is due to constraints placed on the system by Colleague. The Colleague system creates Active Directory accounts, and it is this connection that is limiting our ability to enforce the minimum requirements. OIT is in the process of implementing a new password management system, Okta, to remedy this issue. The expected implementation date is May 31, 2022. Larry McKee, Executive Director of OIT Compliance, will be responsible for ensuring the minimum password configuration requirement is met once Okta is implemented.



Internal Audit Department

Audit Report

Benefits Proportionality Audit (22-008A)

TEXAS STATE TECHNICAL COLLEGE

December 9, 2021

**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

Internal Audit has audited compliance to Article IX, section 6.08 of the General Appropriations Act of the 87th Legislature as of November 30, 2021 (Section 6.08). Rider 8 of the General Appropriations Act requires an audit of compliance for fiscal years 2019, 2020, and 2021, using methodology approved by the State Auditor's Office. All results must be submitted to the Legislative Budget Board, State Comptroller's Office, and the State Auditor's Office by August 31, 2022. That methodology includes testing compliance to the applicable rules prescribed by Section 6.08, verifying the accuracy of the APS011 reports for each year, and identifying and reporting all instances of noncompliance with the proportionality requirements, regardless of materiality.

The scope of our audit included all salaries and benefits paid in fiscal years 2019, 2020, and 2021. We tested 120 payroll transaction in each fiscal year (for a total of 360 transactions) to ensure proportionality was achieved. In particular, we verified General Revenue (GR) did not pay more benefits than it should have based upon proportionality rules. We tested a sample of salary refunds to the State Treasury initially paid by GR to ensure benefits were also returned. We verified positions paid by appropriated funds were allowable. Finally, we verified the APS011 report from all three fiscal years were accurate, submitted timely, and that proportionality was achieved. We expanded our testing after we identified a processing error. Our intent was to determine the total amount of the error so that a full reimbursement could be made to the State Comptroller.

Based on our audit work, we determined the College substantially achieved compliance with section 6.08 of the General Appropriations Act for fiscal years 2019, 2020, and 2021. But we identified a payroll processing error that began in April 2019 and ended in September 2021 that resulted in \$67,984.46 that were erroneously paid from appropriated funds. These funds must be refunded to the State Comptroller.

Introduction

Section 6.08 states employee benefits paid from GR shall be proportional to the method of finance that paid the related salaries and wages. It also requires a report to be filed with the State Comptroller's and State Auditor's Offices by November 20 of each year demonstrating proportionality of appropriated funds for the preceding fiscal year. Associated rules are developed by the State Comptroller, with compliance biennially subject to audit by the State Auditor (based upon a risk assessment they perform).

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

For fiscal years 2019, 2020, and 2021, benefits paid from GR were approximately \$25,332,173, \$24,618,215, and \$24,526,776, respectively. For the same period, benefits paid from tuition revenue were \$2,150,693, \$4,480,975, and \$3,904,414 respectively.

Objectives

The overall objective of the audit was to ensure compliance with Article IX, Section 6.08 of the General Appropriations Act of the 87th Legislature for fiscal years 2019, 2020, and 2021. More specific objectives were to ensure

- Employee benefits paid from GR were made proportionality from the same source the related salaries and wages were paid.
- The positions in which salaries were paid using appropriated funds (GR and tuition) were authorized to be paid using those funds.
- In instances where salaries paid by appropriated funds (GR and tuition) were returned to the State, all corresponding benefits were also returned.
- The APS011 reports were submitted timely and accurately to the State Comptroller, with benefits proportionality being achieved.

Scope & Methodology

The scope of our audit included all salaries and benefits paid in fiscal years 2019, 2020, and 2021. To accomplish our objectives, we utilized the methodology prescribed by the State Auditor's Office as required by Rider 8, page III-46 of the General Appropriations Act of the 87th Legislature. That methodology included testing compliance to the applicable rules prescribed by Section 6.08, verifying the accuracy of the APS011 reports for each year, and identifying and reporting all instances of noncompliance with proportionality, regardless of materiality.

General Observations

An automated process for calculating benefits proportionality has been established. When an error was identified within the programming of that automated process, the Payroll Department immediately identified the source of the error and began taking steps to correct it. The Payroll Department worked with Internal Audit to determine the total impact of the programming error. Additionally, the College's Controller completes the required reporting timely and accurately.

Summary of Findings

Between April 2019 and September 2021, \$67,984.46 of ORP benefits were erroneously paid from appropriated funds. This was an unexpected result of a programming change made to the automated system relied upon to calculate and process proportionality.

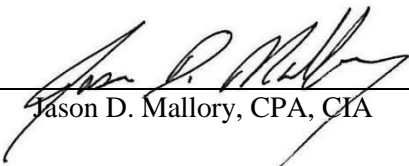
Opinion

Based on the audit work performed, the College substantially complied with Article IX, Section 6.08 of the General Appropriations Act of the 87th Legislature for fiscal years 2019, 2020, and 2021. But one issue of noncompliance related to one specific benefit type was identified, which

resulted in \$67,984.46 being erroneously paid from appropriated funds. This amount must be immediately refunded to the State Comptroller.

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

Submitted by:



Jason D. Mallory, CPA, CIA

December 9, 2021

Date

AUDIT FINDING DETAIL

Finding #1: Between April 2019 and September 2021, \$67,984.46 of ORP benefits were erroneously paid from appropriated funds. This was an unexpected result of a programming change made to the automated system relied upon to calculate and process proportionality

Criterion: We selected a sample of 30 employees from across the College and verified their salaries and associated benefits were paid in the same proportion of each funding source. To accomplish this, we tested 12 months of each employee's payroll transactions across fiscal years 2019, 2020, and 2021. For each month tested, we verified that OASI, MEDI, ERS Life insurance, TRS/ORP, and group health benefits were proportional to the related salaries that were paid.

While testing these individuals, we identified the ORP benefit was not proportional for an employee whose salary was split funded between appropriated funds and other institutional funds. Accordingly, we tested all employees with similar pay structures. We determined that in April 2019 a programming change was made to the automated payroll application, PayTexasPost, that created the unintended error. While the required change management processes were followed, the error was not identified because it was unrelated to the change. For the 30 employees who were enrolled in ORP retirement and were split funded, this change resulted in appropriate funds paying \$67,984.46 too much over the time period of April 2019 through September 2021.

Rider 8 of the General Appropriations Act requires all instances of noncompliance be reported, with those funds being returned immediately to the State Comptroller.

Consequences: Noncompliance and the need to return of funds to the State Comptroller's Office.

Possible Solutions: We recommend returning the funds to the State Comptroller's Office.

Management Response

Management of the Finance Division (Human Resources & Accounting and Reporting departments) agree with the observations made in the audit. The miscalculation of the ORP benefits to be proportionate by fund was as a result of an error in the PayTexasPost system. When a change is made to this system (PayTexasPost), that change is verified in a test environment before implementing the change in the 'live' system. However, only the change made is confirmed and not the entire application. Effective immediately, all calculations will be verified in the test system rather than just the specific change made to ensure no errors exist before implementing in the live system. These verifications will be made by multiple individuals in the Payroll team and confirmed by the Accounting and Reporting office. Angela Sill and Anju Motwani will be responsible for ensuring changes are more thoroughly tested in the future.

The calculated amount (\$67,984.46) that needed to be returned to the State was submitted on November 8, 2021 as instructed by the State Comptroller's Office.



Internal Audit Department

Audit Report

Audit of Police Evidence Room (22-018A) of TEXAS STATE TECHNICAL COLLEGE Harlingen Campus

December 15, 2021

**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

On November 29, 2021, we performed a surprise inspection of the Police Department's evidence room (Room) on the Harlingen campus. This inspection was a way to verify all evidence is accounted for, and controls remain strong. The integrity of evidence is often crucial to the successful prosecution of crimes. And, because the Room contains illegal drugs and weapons confiscated during arrests, security is especially paramount.

The primary objectives of this audit were to ensure all evidence maintained in the Room in Harlingen was present and/or accounted for, and that access to it was restricted and monitored. We accomplished these objectives by tracing samples, reviewing access and other detective controls, and observing the general organization and cleanliness of the Room and related documentation.

We were able to find all evidence we traced, and controls were adequate to ensure the contents are safeguarded from damage, loss, and theft.

Introduction

The campus Police Department confiscates property during arrests and other incidences to hold as evidence in criminal proceedings. They hold this evidence in a walk-in safe that remains locked and restricted. They also hold abandoned and lost property in a separate locked and restricted room until the rightful owners can be located. Dedicated evidence and lost/found property rooms are established to safely store these items until the district attorney disposes of the criminal cases through prosecution or dismissal, or, as in cases of abandoned property, a rightful owner can be located or sufficient time has passed for it to be properly disposed of.

Illegal drugs (mostly marijuana), various weapons, to include bb guns and knives are stored in Room 1. Access to all evidence is restricted and tracked through the use of logs. Room 2 contains various lost/found items that are not unlawful. For purposes of this audit, evidence related to criminal cases was only tested.

Objectives

The primary objectives of this audit were to ensure all evidence maintained in the Room was present and/or accounted for, and that access was restricted and monitored.

Scope & Methodology

The scope of our audit included all items stored in the Room as of November 29, 2021. To accomplish our objective, we traced samples of evidence noted in records to the actual items and vice versa, observed access and other safeguarding controls, and noted the general organization and cleanliness of the Room. We did not test the lost/found property stored in the other room.

General Observations

Well-designed controls have been put in place over the Room to ensure the security of the items stored within them. The Police are diligent in their efforts to limit access to the evidence and treat it as highly sensitive. Limited access, entry logs, and sealed evidence bags are the key controls for the evidence room.

Summary of Findings

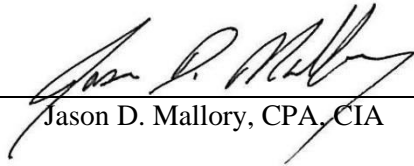
No material exceptions were identified.

Opinion

Based on the audit work performed, all evidence related to criminal cases was present and/or accounted for, with access restricted and monitored.

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

Submitted by:



Jason D. Mallory, CPA, CIA

December 15, 2021

Date



Internal Audit Department

Audit Report

Academic Records Management Audit (22-005A) **TEXAS STATE TECHNICAL COLLEGE**

December 17, 2021

**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 completed an audit of academic records management processes through 10/31/2021. The primary objective of this audit was to verify grades recorded on official transcripts reflect those assigned by the various instructors who taught the related classes. To achieve that objective, we also verified controls and processes relied upon to ensure the integrity of recorded grades, to include access to the systems that facilitate recording. [Note: This audit was not intended to validate whether a grade submitted by an instructor was *actually earned* by the student through successful completion of the curriculum.]

The scope of our audit included a diverse sample of 100 grades recorded in the Spring 2021 semester. Each campus was tested and included several programs of study. We verified that these grades were submitted by the instructors of record, and that any changes after submission were properly approved by these same instructors. Gradebooks, section assignment documentation, logs within Moodle and Webadvisor, and discussions with staff in Curriculum, the Registrar's Office, OIT, and instructions were key in achieving our objectives.

Our tests indicated that grades recorded on official transcripts reconcile to the grades assigned and submitted by instructors of record. We did identify opportunities to better control the overall process, to include more closely monitoring and restricting access to the systems relied upon, considering implementation of a single standardized method for submitting final grades, and enhancing select controls for changing final grades.

Introduction

Instructors maintain grade books that support the final grade assigned to students. Final grades are recorded in Colleague, and can only be changed by a few individuals through a well-defined process. Those grades migrate to Colleague through two other systems, Moodle and Webadvisor. Instructors enter grades into those systems, not Colleague directly. The Registrar's Office at the end of each semester verifies all registered students have a grade for each course they took. This process does not validate grades are appropriate. The Registrar's Office also controls all changes to the final grade should one be necessary. Changes require the instructor of record to submit a request, along with an explanation. This request must be approved by the Program or Department Chair. Only the Office of the Registrar has the authority to make the actual change in Colleague. In the Spring 2021 semester, students had the option to elect a pass/no pass grade rather than a letter grade. This option was put in place due to the pandemic.

The Office of Information Technology (OIT) acts as system administrators for the Moodle, Webadvisor, and Colleague systems. Their primary duty is ensuring the systems are reliable and secure using the TAC 202 methodology. The Moodle system is a learning platform designed to provide a single robust, secure and integrated system to create personalized learning environments. The Webadvisor system gives students, staff, and faculty access to the various College databases. Colleague is the current ERP used for financial, student, and HR data.

Objectives

The objective of this audit was to verify grades recorded in Colleague, including the official transcript, reflect the grades awarded by the instructors. The design and operation of the supporting processes and controls to ensure this objective is met were also tested.

Scope & Methodology

The scope of the audit included Spring 2021 final grades and related documents. A diverse sample of grades that incorporated all campuses, numerous programs of study, and several different instructors was tested. Reports and logs from Moodle, Webadvisor and Colleague were utilized, as was assistance from personnel in Instruction, OIT, the Registrar's Office, and Curriculum. The following College Statewide Operating Standard, College Catalogs, documents served as our methodology:

- TSTC SOS ES 4.06 Grading System
- TSTC SOS ES 4.13 Changing a Grade on a Student's Permanent Academic Record
- 2021-2022 College Catalog & Student Handbook
- Texas Department of Information Resources (DIR) Security Control Standards Catalog version 1.3

General Observations

Grade integrity requires a collaborative effort among Instructional, Curriculum, the Registrar's Office and OIT. Staff in each of these areas were responsive to our requests during this audit. For many of the observations cited in Finding #1, corrective action began immediately once we brought our concerns to the responsible personnel.

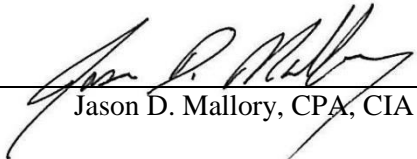
Summary of Findings

There are specific opportunities to better control the integrity of final grades recorded in Colleague. These opportunities include more closely monitoring and restricting access to the systems relied upon, considering implementation of a single standardized method for submitting final grades, and enhancing select controls for final grade change requests.

Opinion

Based on the audit work performed, the final grades recorded on official transcripts reflect the intent of the various instructors who taught the related classes. There are opportunities to improve supporting controls and processes, though. We would like to extend our appreciation for the time and assistance given by management and employees during this audit.

Submitted by:



Jason D. Mallory, CPA, CIA

December 17, 2021

Date

AUDIT FINDING DETAIL

Finding #1: There are specific opportunities to better control the integrity of final grades recorded in Colleague. These opportunities include more closely monitoring and restricting access to the systems relied upon, considering implementation of a single standardized method for submitting final grades, and enhancing select controls for final grade change requests.

We reviewed the processes for submitting and recording final grades reflected on official transcripts. Our tests included reviewing access to systems that facilitate the grading process, as well as various methods relied upon.

While we did determine that grades assigned by instructors are accurately reflected on transcripts, there are controls that should be improved.

- We reviewed access to Moodle, Webadvisor, and Colleague to determine who can enter and /or change grades. We found access to each, as it relates to grading, needed to be significantly improved. We found numerous instances of persons no longer employed by the College still having access, access incompatible with other responsibilities, and no effective process for monitoring or changing assigned access. Additionally, we determined Moodle and Webadvisor had not undergone compliance efforts to implement controls required by TAC 202.

We recommend access to these systems be immediately improved, and that the systems be brought into compliance with the required controls. OIT immediately began addressing our concerns during the audit, to include removing hundreds of terminated employees from Moodle and identifying access that is appropriate for current employees.

- From the onset of our audit, we determined there is no single, prescribed method for instructors to maintain grade books or post final grades. Some instructors use Moodle as a gradebook for individual assignments, while others maintain other documentation (like Excel spreadsheets). Most instructors utilize Moodle to post grades to Colleague, while others enter their grades in Webadvisor. The lack of a single method increases the need to implement different controls based on the method used by individual instructors, and increases the risk of errors. It also increases the risk that final grades cannot be supported by documented grades on individual assignments. There were a few instances in our testing where we had to contact instructors that were no longer employed by the College to provide their gradebooks. Fortunately, we were successful in contacting them and they were cooperative.

We recommend that Instructional leadership decide on a single TSTC method for maintaining gradebooks and posting grades, to include utilizing a single system. In our audit, we determined that Moodle is overwhelmingly utilized currently.

- When changing final grades already recorded in Colleague, there is a defined process in which the instructor of record and the Program or Department Chair must approve the change. We determined that employees in the Registrar's Office had no assurances that the signatures that were on the forms were valid. Once we brought this concern to the Registrar, she immediately implemented a method for ensuring the appropriate personnel in Instruction requested and approved changes. She agreed with our observation.

Consequences: Failure to address these observations could lead to errors or even intentionally inappropriate grades being recorded on official transcripts.

Possible Solutions: See the recommendations noted in the Criterion section.

Management Response

Regarding access to Moodle and Webadvisor and TAC 202 Compliance:

Management of OIT agrees with the observations that access and TAC 202 compliance needs to be improved. For Moodle, access is currently being evaluated, with hundreds of accounts already being removed. TAC 202 compliance is also under review. For Webadvisor and Colleague, access to those systems will also be reviewed. Workday will eventually replace those systems. Larry McKee, Executive Director/OIT Compliance, will ensure these actions are fully implemented no later than February 28, 2022.

Regarding single method for maintaining gradebooks and inputting final grade:

Management of the Student Learning department agrees with the recommendations made in the audit. Over the next few years, each instructional department will be transitioning to a new learning management system. Once all departments have completed the transition, the new LMS will be TSTC's single method for maintaining gradebooks and posting grade. Mike Bowers and Hector Yanez will ensure this transition occurs.

Regarding change of grades:

The Office of the Registrar agrees with the finding that no process was in place to validate that the Change of Grade forms submitted by faculty corresponded to the appropriate faculty and department chair for the course. To minimize any errors and ensure compliance with ES 4.13 "Change of Grade on a Student's Permanent Academic Record" policy the Office of the Registrar will implement additional procedures to include the review of signatures before processing the request. In addition to help minimize any errors the Office of the Registrar in collaboration with the Instructional Division will implement the use of Adobe sign to submit requests for changing a grade to a student's record. Paula Arredondo, Registrar, will be responsible for ensuring this action is taken no later than May 15, 2022.



Internal Audit Department

Audit Report

Audit of HEERF II Grant as part of CRRSA ACT (22-006A) TEXAS STATE TECHNICAL COLLEGE

December 20, 2021

**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 Higher Education Emergency Relief Fund II (HEERF II/CARES 2) grant received from the Department of Education (ED) as a result of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). THE CRRSAA authorized nearly \$23 billion in support for institutions of higher education, in addition to the previous funds provided through the Coronavirus Aid, Relief and Economic Security Act (CARES Act). In January 2021, TSTC (College) was awarded \$21,292,313, of which \$4,982,578 was allocated for students and \$16,309,735 for the institution; in comparison to a total of \$9,965,155 received for CARES I. In this audit, we refer to this money as CARES 2.

The College received an additional \$1,138,898 due to being a Minority Serving Institution, and an additional installment of CARES funds (CARES 3) totaling \$37,633,773, with approximately half being allocated for students and half for the institution. The scope of this audit *only* included the \$21,292,313 received in January 2021 for CARES 2. Future audits are planned for the other grants and awards.

The primary objective of this audit was to ensure the awarding, disbursement, timing, and reporting of the CARES 2 funds complied to Section 314(a)(1) of the CRRSAA, and other specific rules and available guidance. We verified the processes and internal controls relied upon in the awarding, disbursing, timing and reporting to ensure compliance will be achieved going forward on the additional funds previously detailed. We accomplished our objectives by testing a sample of awards made to students in the Spring and Summer 2021 terms. We also tested a sample of expenditures made by the College using the funds in that same time period through September 2021.

We determined the use of CARES 2 funds generally complied with applicable rules. We found an isolated instance of non-compliance in the student portion of the awards, and non-compliance with reporting requirements that are detailed in Finding #1. We would not characterize any of these as significant non-compliance matters. Management was immediately made aware of the exceptions. We also identified specific controls that we feel should be enhanced to ensure future awards are compliant. Those are discussed in Finding #2.

Introduction

The objective of the HEERF II grant was to assist institutions of higher education with preventing, preparing for, and responding to the Coronavirus. This money was intended to assist both students and the College.

Student Portion

To qualify for assistance, students with exceptional need were prioritized; several requirements in place for CARES 1 were no longer required for CARES 2. Students could use funds for any component of their cost of attendance or for emergency costs that arose due to coronavirus, including tuition, food, housing, health care or child care. The College developed and documented

an awarding protocol to identify students' needs to help distribute the funds; this protocol improved compared to the plan developed with CARES 1 and included standardized amounts to award. This protocol required students to apply through the College's website, with the request going directly to Salesforce, a customer relationship management software that allows the College to track, document and communicate with the student. Once an application is submitted, an Advocacy and Resource Center (ARC) representative within Retention Services will evaluate the application and contact the student. ARC representatives made the final determination on the amount of each award based on those applications and discussions. The Financial Aid and Student Accounting Departments processed and disbursed the approved awards, respectively. Students were able to apply for, and receive multiple awards; documentation was not required for the first request. However, for any additional requests, a financial aid application and documentation supporting the request was required. Students could receive a maximum of \$6,000.

As of August 6, 2021, all of the \$4,982,578 was disbursed. These disbursements were made between January and August 2021. 1,781 unduplicated students (2,952 duplicated students) received an average award of \$2,798. The following table details the amounts awarded by each campus:

Campus	Amount	% of Total	# of Students	% of Total Students
Waco	\$1,203,250	24.15%	701	23.75%
EWCHCEC	\$127,607	2.56%	81	2.74%
Harlingen	\$2,158,651	43.32%	1,294	43.83%
Fort Bend	\$134,132	2.69%	83	2.81%
Sweetwater	\$120,033	2.41%	68	2.30%
Abilene	\$171,066	3.43%	84	2.85%
Brownwood	\$28,274	0.57%	15	0.51%
Breckenridge	\$35,181	0.71%	14	0.47%
Marshall	\$378,802	7.60%	226	7.66%
North Texas	\$61,863	1.24%	48	1.63%
Online Programs	\$563,719	11.31%	338	11.45%
Total	\$4,982,578	100%	2,952	100%

Institutional Portion

Like the student portion, a documented plan for distributing the institutional funds was put in place. Those funds could cover any costs associated with significant changes to the delivery of instruction as a result of the Coronavirus. Payments to contractors for the provision of pre-enrollment recruitment activities, endowments, and or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship were not allowable. The Office of Sponsored Programs and Procurement helped ensure the use of these funds were both authorized and allowable.

Institutional funds are not categorized by each installment received, like the student portion. Rather, all CARES institutional installments are grouped together with each installment being added as a running total, therefore, the first and third installment of CARES is added in the totals below. All three CARES institutional installments totaled \$39,987,345. As of September 30, \$14,619,975 of the total institutional funds received, were disbursed. The majority of funds were used by the Instructional division, OIT and Physical Plant to purchase masks and other safety and cleaning supplies, additional lab equipment so students could meet social distancing requirements, and equipment for online learning.

As of the date of this report, the deadline to disburse all CARES 2 funds was extended to May 13, 2022. Internal Audit worked closely with members of Sponsored Programs, Financial Aid, Retention Services, Student Learning and Procurement to perform this audit.

Objectives

The primary objective of this audit was to ensure the awarding, disbursement, timing, and reporting of the CARES 2 funds complied to Section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act and other specific rules and available guidance. Internal controls relied upon to ensure compliance were also validated.

Scope & Methodology

The scope of our audit included all student & institutional disbursements in the Spring and Summer 2021 semesters. For institutional funds, our scope extended through September 2021. To accomplish our objectives, we selected a sample of student and institutional awards and verified the uses were appropriate. For students we validated that a process was in place, that award amounts were approved, and that documentation from the student was obtained if the award was applied to their outstanding account balance. We reviewed approval controls, reporting requirements, and timeliness of all disbursements. We also reconciled data, and analyzed it to identify suspicious or unusual trends. We utilized the following guidance as our methodology.

- Section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act
- Department of Education CRRSAA: HEERF II
- Department of Education HEERF II Fact Sheet
- NASFAA's HEERF II Reference Page

General Observations

Several departments continued to coordinate to disburse the almost \$21 million in CARES 2 funds, in less than 1 year from receiving the CARES 1 funds. For the student portion, Student Services created an awarding protocol, a 15-page document that outlines steps on reviewing applications, how to add notes and upload documents, and Financial Aid awarding procedures. ARC representatives contacted students and approved their awards in a quick manner to help alleviate the financial impact they were experiencing. We also did not see any related party awards, as this was an issue disclosed in the previous CARES 1 audit.

For institutional funds, the same request process established with CARES 1 was performed. Specifically, for instructional funds, requests included detailed documentation and approval.

Summary of Findings

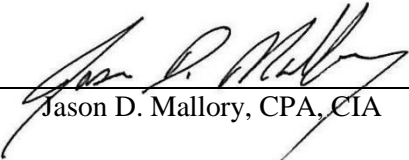
1. We found isolated instances of non-compliance in some student disbursements and reporting requirements.
2. Internal controls did not always operate as designed.

Opinion

Based on the audit work performed, the College complied with Section 314(a)(1) of the Coronavirus Response and Relief Supplemental Appropriations Act and other guidance associated with the CARES 2 funds. We identified minor and isolated instances of non-compliance. We also identified opportunities to continue to improve controls for the benefit of future CARES disbursements.

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

Submitted by:



Jason D. Mallory, CPA, CIA

December 20, 2021

Date

AUDIT FINDING DETAIL

Finding #1: We found isolated instances of non-compliance related to some student disbursements and reporting requirements.

Criterion: We reviewed 50 students who received CARES 2 funds to verify there was written or electronic consent from the student if their award was used to satisfy an outstanding College debt. The College utilized a Transfer of Cares Funds form to comply with that requirement. However, we found 2 instances in which the appropriate written or electronic consents were not obtained.

We also reviewed reporting requirements. These requirements for the student aid portion of the awards include 7 criteria. Information that must be reported must be in a format and location that is easily accessible to the public, and be updated no later than 10 days after the end of each calendar quarter. One of the seven criteria requires, “(4) The estimated total number of students at the institution that are eligible to receive Emergency Financial Aid Grants to Students under the CRRSAA and ARP (a)(1) and (a)(4) programs” to be disclosed on the College’s website. It currently is not, even though this same issue was cited during the CARES 1 audit we completed on July 6, 2021.

In addition, some of the data provided on the College’s website is outdated. The last CARES II award information posted was as of May 28, 2021. It is required to be updated no later than 10 days after the end of each calendar quarter.

Consequences: Criticism from external examiners should funds be selected for audit.

Possible Solutions: Immediately correct the noted non-compliance exceptions.

Management Response

Management of the Enrollment Management departments agrees with the observations made in the audit. There were two students who did not have the appropriate electronic consent forms on file due to a billing issue within TSTC. Both of these students have now signed the consent form. This will be monitored throughout the awarding of CARES III funds by Jackie Adler.

In addition, we agree that the information on the website was outdated. We were given further guidance by the Department of Education on November 17, 2021 and our website is now in compliance. We will work with the Office of Sponsored Programs to make sure that once the quarterly reports are sent to the Department of Education the report is posted within 10 days which will be monitored by Christine Stuart-Carruthers.

AUDIT FINDING DETAIL

Finding #2: Internal controls did not always operate as designed.

Criterion: We reviewed 50 students (84 disbursements) who received CARES 2 awards to verify the process of reviewing, approving and awarding funds followed the College's awarding protocol. Although improvements were noted since CARES 1, we still found inconsistencies in following the protocol established by management. We identified the following exceptions:

- 5 students (9 disbursements) did not have a case/application in the student's account in Salesforce representing the CARES 2 request.
- 22 students who had multiple application submissions did not have documentation in their files for the additional requests uploaded to the files area in Salesforce, and 2 students did not have a financial aid application on file prior to receiving CARES 2 funds. Per the awarding protocol, both documentation that supports any additional request and a financial aid application must be on file.
- We also identified instances of Salesforce not linking the students' email replies to their case, or to the actual email sent from ARC.

Consequences: Inappropriate awarding of funds, and increased reputational and fraud risks.

Possible Solutions: Follow all controls and processes that have been established for the awarding and processing of the funds.

Management Response

Management of the Enrollment Management departments agrees with the observations made in the audit.

- Of the 5 students (9 disbursements) that did not have a case/application in the student's account in Salesforce representing the CARES 2 request, all 5 were on the Google worksheet that was in place before Salesforce was used. All cases for CARES 3 will be in Salesforce.
- Of the 22 students who had multiple application submissions, we were unable to find documentation for 9 of the requests. We will replace the funds for those 9 students with institutional funds. 5 of the student's documentation was received via email, which has now been linked to their Salesforce record. 8 of the students had requests that did not require additional documentation due to the nature of the request (fuel, food, hygiene supplies and other items where documentation is not possible or reasonable). This process has been updated in the awarding protocol to make clear that the ARC coach has the ability to waive the additional documentation if it is not feasible.
- Due to the email address' students reply from, not all emails are automatically logged in Salesforce. We have provided all ARC Coaches with detailed instructions on how to link those replies to the student cases.

We have been performing random audits of cases each week. Belinda Palomino ARC Coordinator/State Lead will be responsible for monitoring the cases to ensure these items are corrected.



Internal Audit Department

Audit Report

Internal Network Penetration Test (22-012A)

TEXAS STATE TECHNICAL COLLEGE

Fort Bend Campus

January 4, 2022

**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

Between November 8, 2021 and December 2, 2021, we performed vulnerability scans and penetration testing of the College's internal network on the Fort Bend Campus.

The primary objective of this project was to ensure sensitive information stored and processed by primary systems, and systems directly supporting the confidentiality, integrity, and accessibility of those systems, have controls in place to detect and prevent attacks from unauthorized individuals on the campuses. Physical and logical security controls, to include the actions and habits of personnel, were targeted in this project. Unlike the test we conducted in FY 2019, we selectively sampled employees with probable access to sensitive data using our knowledge of internal information. In our FY 2019 test, we relied solely upon public information we collected through the internet.

We tested end user training effectiveness (known as social engineering) by calling and sending emails to select individuals requesting sensitive information that would never legitimately be sought. We attempted to access areas that should be restricted to identify sensitive information or assets that could be pilfered. We attempted to gain access to privileged systems and information by scanning the network to identify control flaws, tested wireless access points, and searched for available ports connected to the internal network that we could plug in to, and we attempted to access computers available to the public to determine whether we could potentially access sensitive information. Finally, we verified personnel completed Cyber Security Awareness Training within the last year. Both manual and automated testing methods were used to detect and/or exploit potential vulnerabilities. Industry standards noted in the Scope & Methodology section of this report served as our basis.

Our results indicated an improvement over access to sensitive information since our last test. Employees on campus acknowledged our presence by asking what our purpose on campus was and if we were current students. Our email and telephone phishing attempts on 25 employees that were selectively targeted were largely unsuccessful, and we were unable to compromise the same employees who provided log on credentials during the previous test. Most employees selected for our social engineering attempts demonstrated an alertness to potential scams during our telephone call attempts. The Colleges open wireless connection was segregated from the internal network while other available connections required user authentication before granting access, and we did not find any buildings left unlocked after hours. Cybersecurity training required annually is being completed by employees.

We were able to obtain user IDs and passwords to the Portal on 2 individuals through our phishing emails, and 2 individuals provided their Colleague credentials via our telephone calls.

Introduction

The Office of Information Technology (OIT) Division, overseen by an Executive Director, assists the College with its operational needs by maintaining secure IT networks, providing end-user

support and training, assisting with IT purchases, and maintaining critical databases and offering critical application support.

Internal Audit worked closely with members of the IT Support Operations Department and the Department of Infrastructure Operations. Other than managers, employees in IT were only notified when accounts were compromised or immediate remediation was required. Also, to ensure the integrity of the results, limited people on the campus were notified of our tests prior to us performing them.

With remote work still ongoing and shifts in instructional delivery, there were fewer employees/students on the campuses. Fewer people decreased the likelihood of risks related to behavioral lapses that could occur. Many of the rooms and areas on the Fort Bend Campus were restricted or closed. The learning resource center was closed along with other areas where public computer access is granted.

Objectives

The objectives of the internal network penetration test were to:

- ensure primary systems, and systems directly supporting the confidentiality, integrity, and accessibility of primary systems have the controls in place to detect and prevent attacks.
- ensure unauthorized individuals on campus are unable to access privileged systems or sensitive data.
- verify the effectiveness of end-user training on threats related to information security.
- allow the College to gain insight into real-world attack vectors that may have not been previously considered or tested.

This test was not intended to verify all risks the campus may face during an attack. Instead we focused on targeted employees and likely scenarios based upon the information we gathered during our testing.

Scope & Methodology

The scope of the penetration test included the physical and logical securities of core network equipment, access network equipment, and networking closets located on the Fort Bend Campus. It also included employee behavior, especially their awareness and vigilance against potential related attacks that compromise IT systems and sensitive data. The following industry standards served as our methodology:

- IS Benchmarks - Baseline Configurations for Secure Operating System and Application Deployment
- NIST Configuration Baselines - Baseline Configurations for Secure Operating System and Application Deployment
- NIST 800-53 - Security and Privacy Controls for Federal Information Systems and Organizations
- NIST 800-115 - Technical Guide to Information Security Testing and Assessment

To accomplish our objectives, we sent emails and made telephone calls to 25 employees whom we felt had access to sensitive information systems to try and trick them into disclosing their user IDs and passwords to the Portal and Colleague. From the same users selected in our social engineering attempts we requested Cyber Security training grades for fiscal years 2019, 2020, and 2021. We visited the Fort Bend Campus and attempted to access areas that should be locked, scanned networks, tested open ports in buildings, and ascertained employee awareness of our presence.

General Observations

Our social engineering attempts were largely unsuccessful. During our attempted telephone calls most users were aware of possible threats and scams, and closely protected their credentials to the Colleague and Portal applications. In fact, one user who was compromised in 2019 immediately hung up on us once we requested this information. Our phishing emails and telephone calls resulted in numerous users reporting the suspicious email to Help Desk.

Wireless networks were segregated between privileged and guest accounts, and we were unable to scan for other computers on the open wireless network. Services available on both the guest and internal wireless networks were appropriate. Wireless access points did not emit signals outside of the physical perimeters of the originating buildings. Staff on campus demonstrated security awareness when walking away from their offices or when going to lunch. Computers were locked and there was no sensitive information left unattended in restricted areas as previously identified in 2019. Access to closets containing networking equipment were locked, as were faculty offices. The building was inaccessible after business hours. Finally, public computers in common areas were restricted.

Summary of Finding

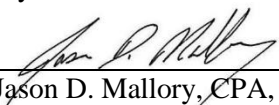
We were able to obtain logon credentials to two different systems from 4 employees.

Opinion

Based on the audit work performed, assets and sensitive information are generally well protected on the campus in Fort Bend. The few deficiencies we identified can be easily remediated through personal reminders of risks and associated responsibilities of the employees by management.

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

Submitted by:



Jason D. Mallory, CPA, CIA

January 4, 2022

Date

AUDIT FINDING DETAIL

Finding #1: We were able to obtain logon credentials to two different systems from 4 employees.

Criterion: We made telephone calls and sent emails to a sample of employees on the Fort Bend campus in an attempt to obtain their logon credentials to the Portal and Colleague. We made an unannounced visit to the Fort Bend Campus to determine what areas and information we could access that should be restricted. And, we scanned the wireless networks available on campus to identify opportunities hackers and bad actors could exploit.

Our tests yielded the following results that need to be addressed:

- Two employees provided their logon credentials to the Portal by submitting information in response to a phishing email we sent.
- Two employees submitted their logon credentials to Colleague during a telephone call we made posing as a Help Desk employee. [Note: One of those employees failed to complete the required cybersecurity training in each of the last 3 years. That person is no longer employed with the College.]

Consequences: Increased risk of inappropriate access to sensitive data.

Possible Solutions: We recommend the specific employees who provided their logon credentials be counseled, and the campus community be informed of our test and results. We also recommend management work with staff to ensure they are adhering to the essential information security trainings provided by the College.

Management Response

The respective managers in Student Services and Finance agree with the observations made in the audit. Employees have been trained in Cybersecurity risks, but failed to recognize the emails and telephone calls as risks. Each manager has individually counseled their respective employees on the seriousness of the lapse in judgement, and required each employee to be retrained. One employee has already completed the training, with the other 2 being required to complete by 1/7/22. Each employee has also been notified that future attempts to test their awareness will be performed, with failure to follow proper protocol resulting in more severe consequences. Steve Guevara, Peggy Wilkey, and Blanca Guzman are the responsible managers.

An Executive Summary of TAC-202 at Texas State Technical College

March 2022

The *Texas Administrative Code, Section 202* (commonly known as TAC-202) creates the minimum standards for IT security at state agencies. TSTC is subject to these requirements.

The *Texas Department of Information Resources*, the chief IT agency in Texas, provides agencies with a resource for fulfilling TAC-202. These guidelines are published in a *controls catalog* that classifies controls as either required or recommended.

There are 135 required controls that agencies must apply to the general IT environment and/or their individual systems. Such required controls relate to access, change management, audit logging, back-up & recovery, maintenance, and various physical safeguards.

TAC-202 is so broad and so comprehensive that agencies across the state struggle to comply with the daunting scope of the rules. Indeed, reaching full compliance can take many years for some while other agencies may never reach the goal.

Since the work cannot possibly be completed all at once, the TSTC approach to TAC-202 has been to first target the high-risk and/or mission critical systems. Then, in turn, the various requirements are addressed in a logical sequence of declining risk levels. This work is ongoing today.

While an internal audit is required biennially, TSTC has elected to practice a higher degree of audit frequency in TAC-202. In a collaboration between Internal Audit Department and the TSTC IT staff, the college has a *continuous* audit process. This approach exceeds the minimum requirements and ensures a better pace of continuous improvement toward final completion.

As a result of these continuous efforts, a detailed database of controls shared by both IT and Internal Audit has been built that memorializes the required controls that have been audited, as well as the current status of their implementation. This database is invaluable in managing and documenting the extensive efforts to comply and ensure IT security.

An executive summary of the progress made by TSTC in TAC-202 is presented quarterly by Internal Audit to the Board of Regents in a report called: ***TAC 202 Compliance – Quarterly Update***. This report follows.





To: Audit Committee
 From: Jason D. Mallory, Audit Director
 Subject: TAC 202 Compliance – Quarterly Update
 Date: March 10, 2022

The purpose of this memo is to provide you the current implementation statuses of IT controls required by TAC 202 tested in numerous internal audits of systems conducted since 2017. Annually, the list of audits of systems will increase as we continue to audit. Each quarter we test select controls which were previously not implemented. From October 1 through December 31, 2021, **6** more required controls were implemented. These controls were related to Colleague and Perceptive Content. For the systems that are lightly shaded, all controls have been implemented.

RESULTS

General Controls

Original Audit: June 28, 2017

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 1}	Total
As of December 2021	63	19	0	4	86

Note 1: Management has elected to not implement controls SC-20 & SC-21 because implementing is too costly, and does not provide additional risk mitigation. Furthermore, they have researched other agencies and institutions of higher education, and no one else has implemented the controls. IA-7 relates to cryptographic modules. There are no systems or environments that use these. Finally, they have elected to accept risks with not fully implementing CM-11 related to fully restricting software from being installed by end-users. They feel that compensating controls such as malware, and the ability to restrict specific downloads from the internet assist with mitigating associated risks.

Colleague

Original Audit: June 28, 2017

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
October 2021 – December 2021	38	11	0	0	49
July 2021 – September 2021	35	11	3	0	49
Change	+3	0	-3	0	

Perceptive Content

Original Audit: June 28, 2017

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 2}	Total
October 2021 – December 2021	33	15	0	1	49

July 2021 – September 2021	30	15	3	1	49
Difference	+3	0	-3	0	

Note 2: AU-5 requires the system to send an alert when an audit log fails. This system does not have that capability.

Maxient

Original Audit: February 25, 2019

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
As of December 2021	46	3	0	0	49

Google Suite

Original Audit: December 10, 2018

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 3}	Total
As of December 2021	38	9	0	2	49

Note 3: AC-7 requires the system to lock for at least 15 minutes after 10 failed logon attempts. AC-8 requires a banner to be displayed that indicates unauthorized access is prohibited before a user signs on. This system does support either of these requirements. The risk of unauthorized access is mitigated by other compensating controls.

Target X

Original Audit: September 30, 2019

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
As of December 2021	48	1	0	0	49

Informatica Server

Original Audit: September 30, 2019

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
As of December 2021	49	0	0	0	49

PrismCore

Original Audit: September 21, 2020

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 4}	Total
As of December 2021	42	6	0	1	49

Note 2: AU-5 requires the system to send an alert when an audit log fails. This system does not have that capability.

Informer

Original Audit: April 6, 2021

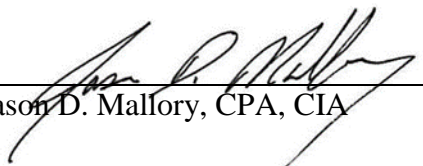
Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 4}	Total
October 2021 – December 2021	35	9	5	0	49
July 2021 – September 2021	35	9	5	0	49
Difference	0	0	0	0	

VPN

Original Audit: November 22, 2021

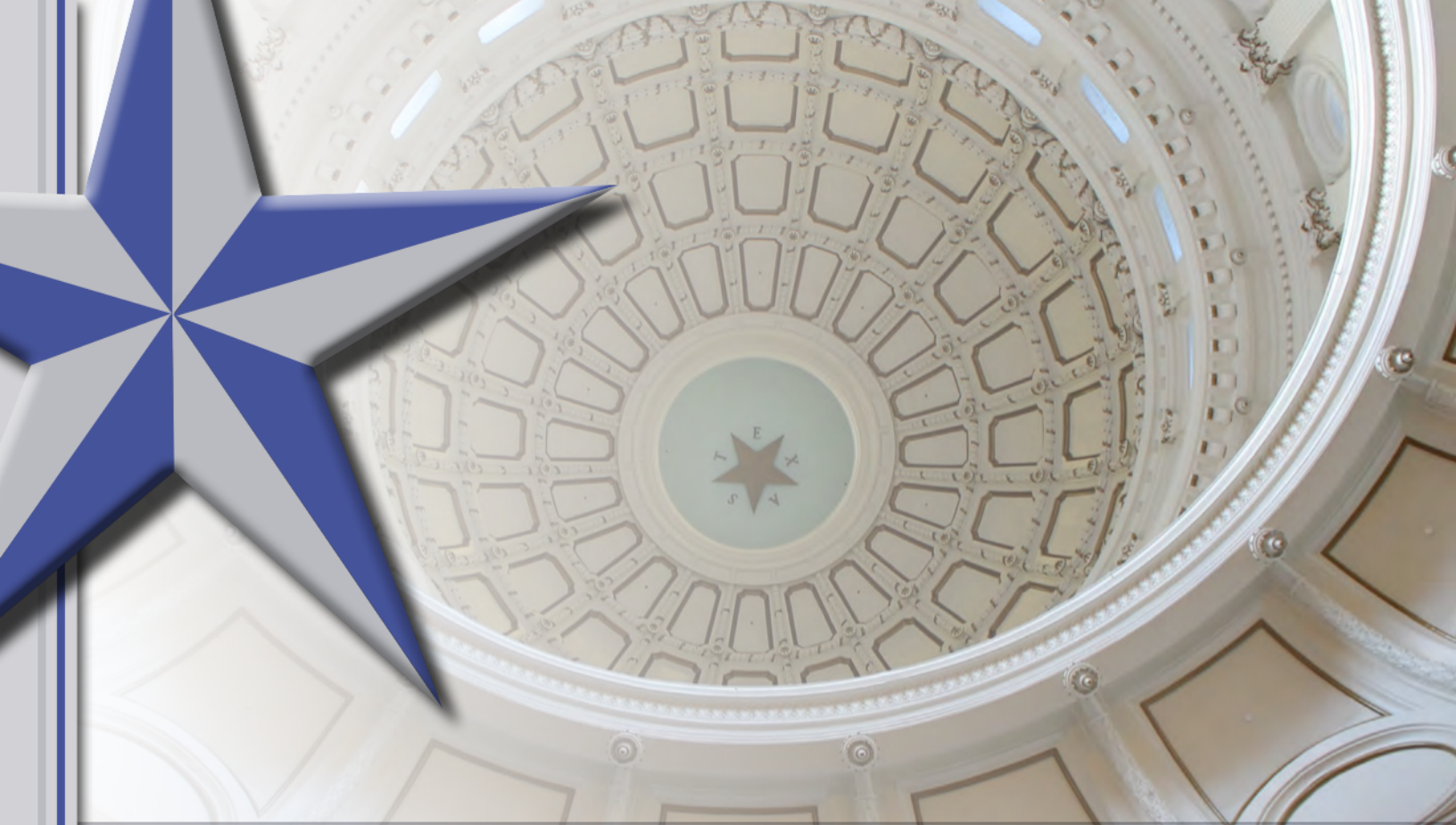
Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted Note 4	Total
October 2021 – December 2021	49	0	3	0	52
July 2021 – September 2021	Not yet audited	Not yet audited	Not yet audited	Not yet audited	52
Difference					

Submitted by:



Jason D. Mallory, CPA, CIA_____
March 10, 2022
Date

cc: Mike Reeser, Chancellor/CEO
Ricardo Herrera, VC/CSSO
Shelli Scherwitz, Executive Vice President/OIT
Larry McKee, Executive Director/OIT Compliance



A Statewide Desk Audit

Benefit Replacement Pay

Audit Report # 001-21-01
September 1, 2021

Glenn Hegar
Texas Comptroller of Public Accounts





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Executive Summary

Purpose and Scope

The Fiscal Management Division of the Comptroller of Public Accounts (Comptroller's office) performed a desk audit of benefit replacement pay (BRP) eligibility at institutions of higher education (institutions).

The objectives of the audit were to determine if active employees of the institutions who were hired between 2012 and 2019 and identified as BRP eligible have met the eligibility criteria to receive BRP as part of their compensation, prevent any future incorrect BRP payments, and ensure the BRP indicators in the Human Resource Information System (HRIS) are accurate.

The audit scope included a review of supporting documentation, information and systems in 67 institutions, including:

- Verification of whether each employee was participating in the Teacher Retirement System, optional retirement plan or no retirement system.
- Any record/supporting documentation the institutions have for the Oct. 31, 1995, salary. The amount of the increase in compensation for BRP is equal to 5.85 percent of the employee's compensation as of Oct. 31, 1995, not to exceed \$965.25, plus an additional amount equal to the retirement contribution paid by the employee because of the BRP.
- The institutions' internal documents/systems that track the BRP funds paid to date per calendar year and that identify what portion was paid with local funds and what portion was paid with appropriated funds.
- An ad hoc analysis report generated with HRIS data to determine if employees on the report were eligible, ineligible or had an unknown eligibility status based on the HRIS data.
- Review of the employees' state work history as recorded on the Comptroller's Payroll Pay database.

Background

In 1995, Senate Bill 102 eliminated the state-paid portion of the employee contribution to Social Security for wages paid after Dec. 31, 1995. Beginning with wages paid Jan. 1, 1996, state-paid Social Security stopped, and eligible employees began receiving a "benefit replacement pay" increase to offset the loss of the state-paid Social Security.



Per [Texas Payroll/Personnel Resource – Institution of Higher Education Provisions – Benefit Replacement Pay for Institutions of Higher Education](#), institutions of higher education are required to keep sufficient records to prove they are paying BRP accurately, and must make those records available to the Comptroller's office on request.

Audit Results

Auditors reviewed 67 institutions with active BRP employees. See [Table 1](#) for a list of audited institutions. There were one or two findings for 36 of the 67 institutions. See [Table 2](#) for results by institution.



Detailed Findings

For each BRP employee listed on an institution's HRIS records, auditors verified:

- The employee was an active state employee on Aug. 31, 1995.
- If the employee terminated employment before Sept. 1, 2005, he or she returned to state employment within 12 months to maintain BRP eligibility.
- If the employee terminated employment on or after Sept. 1, 2005, he or she returned to state employment within 30 days to maintain eligibility.
- If the employee retired on or before May 31, 2005, and returned to work after Sept. 1, 2005, that he or she returned on or before Sept. 29, 2005, to maintain eligibility.
- If the employee retired on or after June 1, 2005, that he or she returned any time in July or August 2005 to maintain eligibility.
- The employee did not retire on June 1, 2005, return before Sept. 1, 2005, and later terminate and return a second time.

Overpayment/Underpayment of BRP

Of the 67 institutions audited, auditors identified five institutions with BRP overpayments totaling \$29,781.42 and four institutions with BRP underpayments totaling \$26,437.57. See [Table 2](#).

Institutions are responsible for ensuring that eligible employees' compensation is increased by the full amount of the authorized BRP. The amount of the increase for BRP is 5.85 percent of the employee's compensation as of Oct. 31, 1995, not to exceed \$965.25, plus an additional amount equal to the retirement contribution paid by the employee because of the BRP.

The auditors gave the institutions detailed information about the incorrect BRP amounts; those details are not included in this report because they contain confidential information. Auditors asked the institutions which portions of the over- and underpayments came from local versus appropriated funds, and asked the institutions to recover appropriated and institutional overpayments, and to reimburse and/or process correcting entries to the state's treasury.

Recommendation/Requirement

Institutions of higher education must continue their efforts to correctly process BRP payments by using the correct service dates and BRP amounts and by providing appropriate training for payroll personnel.



Additionally, [34 Texas Administrative Code Section 5.40](#) requires state agencies to promptly correct an underpayment of compensation through a supplemental payroll. The agencies must also compensate the employees for the underpaid BRP amounts.

Incorrect HRIS Reporting

Of the 67 institutions audited, 36 institutions failed to report 165 instances of personnel information to HRIS as required. As a result, the Comptroller's office issued the following reports with inaccurate and/or missing information:

- Equal Employment Opportunity Report.
- Annual Report (Statewide Hiring Practices for the Fiscal Year).
- Veteran's Workforce Summary.

Twenty-six institutions did not report 109 employee terminations; if those employees were hired by other institutions, the hiring institution would be unable to accurately change the BRP indicators in HRIS. Additionally, 19 institutions incorrectly reported 53 instances of the BRP indicators in HRIS.

Auditors also identified two institutions where three newly hired employees' employment dates were entered incorrectly in HRIS.

The Comptroller's office collects and maintains payroll and personnel information on all state employees. The information is used to report statistics to legislative and oversight bodies, media and the general public. Institutions of higher education must report personnel and payroll events to HRIS as outlined in [34 Texas Administration Code Section 5.41](#).

Recommendation/Requirement

The institutions must ensure all payroll and personnel transactions are reported to HRIS correctly and in a timely manner. The data submitted to HRIS must be made in the manner, frequency and form required by the Comptroller's office.

Underpayment of Longevity

Auditors identified two employees at two institutions with incorrect state effective service dates, resulting in \$5,040 in underpayments of longevity pay. The employees did not receive the correct state service credits based on their employment dates.

In general, the institutions' payroll policies and procedures include the verification of prior state service when an employee indicates prior service in the job application and/or the internal form.



When an agency hires an employee, the agency must research whether the employee has previous state service. If such service exists, the agency must confirm the amount of lifetime service credit and properly record it or risk underpaying longevity pay. See [Texas Payroll/Personnel Resource – Longevity Pay](#).

Recommendation/Requirement

Institutions must continue to review each employee's job application and internal prior state service form for prior service, and must confirm that it is properly recorded to ensure accurate longevity pay. See [34 Texas Administrative Code Section 5.40\(g\)](#).

[34 Texas Administrative Code Section 5.40\(c\)\(2\)](#)

Quality control measures. Each state agency must ensure that its internal operating procedures include quality control measures that will detect any underpayment of compensation to a state employee.



Tables

Table 1: Audited Institutions

Agency #	Agency Name
506	University of Texas M.D. Anderson Cancer Center
555	Texas A&M Agrilife Extension Service
556	Texas A&M Agrilife Research
557	Texas A&M Veterinary Medical Diagnostic Laboratory
575	Texas Division of Emergency Management
576	Texas A&M Forest Service
707	Texas A&M University System - Office of Technology Commercialization
708	Texas A&M University System - Shared Services Center
709	Texas A&M University System Health Science Center
710	Texas A&M University System
711	Texas A&M University
712	Texas A&M Engineering Experiment Station
713	Tarleton State University - A&M Component
714	University of Texas at Arlington
715	Prairie View A&M University
716	Texas A&M Engineering Extension Service
717	Texas Southern University
718	Texas A&M University at Galveston
719	Texas State Technical College System
720	University of Texas System
721	University of Texas at Austin
723	University of Texas Medical Branch at Galveston
724	University of Texas at El Paso
727	Texas A&M Transportation Institute
729	University of Texas Southwestern Medical Center
730	University of Houston
731	Texas Woman's University
732	Texas A&M University - Kingsville
733	Texas Tech University
734	Lamar University - Beaumont
735	Midwestern State University
736*	University of Texas - Pan American
738	University of Texas at Dallas
739	Texas Tech University Health Sciences Center
742	University of Texas of the Permian Basin
743	University of Texas at San Antonio
744	University of Texas Health Science Center at Houston
745	University of Texas Health Science Center at San Antonio
746	University of Texas Rio Grande Valley
747*	University of Texas at Brownsville
749	Texas A&M University at San Antonio
750	University of Texas at Tyler
751	Texas A&M University - Commerce
752	University of North Texas
753	Sam Houston State University
754	Texas State University

* Abolished



Agency #	Agency Name
755	Stephen F. Austin State University
756	Sul Ross State University
757	West Texas A&M University
758	Texas State University System
759	University of Houston - Clear Lake
760	Texas A&M University - Corpus Christi
761	Texas A&M International University
763	University of North Texas Health Science Center at Fort Worth
764	Texas A&M University - Texarkana
765	University of Houston – Victoria
768	Texas Tech University System
769	University of North Texas System
770	Texas A&M University - Central Texas
773	University of North Texas at Dallas
774	Texas Tech University Health Sciences Center - El Paso
783	University of Houston System
784	University of Houston - Downtown
785	University of Texas Health Science Center at Tyler
787	Lamar State College - Orange
788	Lamar State College - Port Arthur
789	Lamar Institute of Technology
Total — 67 Higher Education Institutions	

* Abolished



Table 2: Audit Results by Institution

Agency #	Agency Name	Audit Results	Agency Response
506	University of Texas M.D. Anderson Cancer Center	<ul style="list-style-type: none">• One longevity underpayment of \$160.• Two instances of incorrect HRIS reporting – BRP indicators incorrectly reported.	The institution's initial records were based on employee-provided information regarding state service. After reaching out to another state entity, we have obtained additional, prior state service and updated our leave and longevity records. This resulted in a \$160 longevity underpayment that was processed and paid to the employee on Jun. 20, 2021. The institution has corrected the Federal Insurance Contributions Act (FICA) BRP indicator for both employees to reflect "W." This correction is now reflected in the Comptroller's HRIS as per the attached screen shots.
555	Texas A&M Agrilife Extension Service	One instance of incorrect HRIS reporting – did not report termination	Texas A&M AgriLife Extension Service has taken corrective action to clear this item in May 2021.
556	Texas A&M Agrilife Research	Two instances of incorrect HRIS reporting – did not report terminations	Texas A&M AgriLife Research has taken corrective action to clear these two items in May 2021.
709	Texas A&M University System Health Science Center	Two instances of incorrect HRIS reporting – did not report terminations	Texas A&M University Health Science Center has taken corrective action to clear this item in May 2021.
711	Texas A&M University	Thirteen instances of incorrect HRIS reporting – did not report nine terminations and incorrectly reported four BRP indicators	Texas A&M University has taken corrective action to clear the four incorrect HRIS BRP indicators. Additional documentation will be submitted in a separate email to support the revised BRP eligibility status. Texas A&M University has taken corrective action to clear the nine HRIS termination records with updated termination or retirement dates. For all changes, records that could not be updated directly in the HRIS database were submitted through a Letter of Authorization.
712	Texas A&M Engineering Experiment Station	Four instances of incorrect HRIS reporting – three BRP indicators incorrectly reported and one termination not reported	Texas A&M Engineering Experiment Station has taken corrective action to clear these four items in May and June 2021.
714	University of Texas at Arlington	One instance of incorrect HRIS reporting – incorrect BRP indicator	The University of Texas at Arlington agreed with the finding of the one incorrect HRIS reporting of BRP. We have made the correction in the HRIS system. The auditor with the Comptroller's office confirmed on June 15, 2021, that the HRIS system was updated to reflect the correct BRP indicator.
715	Prairie View A&M University	<ul style="list-style-type: none">• One BRP overpayment of \$2,922.78.• One BRP underpayment of \$6,376.43.• Three instances of incorrect HRIS reporting – two incorrect BRP indicators and one termination not reported.	The BRP underpayment of \$6,376.43 has been processed through the University's payroll and the employee will receive payment on Aug. 1, 2021. Both the employee and manager have been notified of this payment. For the BRP overpayment of \$2,922.78, the HRIS reporting indicator has been updated to discontinue payment. The state account will be reimbursed a total of \$750.43, which is the portion of the payment made using state funds. The two employees with the incorrect data in HRIS will be updated.
717	Texas Southern University	<ul style="list-style-type: none">• One BRP overpayment of \$11,603.53.• One BRP underpayment of \$12,063.47.• Two instances of incorrect HRIS reporting – did not report two terminations.	Overpayment – Of the \$11,603.53 amount, \$6,443.48 were appropriated funds that have been refunded to the state treasury during the audit. Underpayment – \$12,063.47 will be paid to employee on Aug. 1, 2021, and the employee will continue to receive the monthly BRP payment. Termination records have been updated based on the Letters of Authorization that have been submitted to the state.



Agency #	Agency Name	Audit Results	Agency Response
721	University of Texas at Austin	<ul style="list-style-type: none"> • One BRP underpayment of \$2,068.02. • Seven instances of incorrect HRIS reporting – did not report seven terminations; The University made the changes in a timely manner. 	<p>In regard to the BRP underpayment, the University of Texas at Austin agrees with the finding. After a long break in service, the employee was rehired by the University of Texas at Austin in January 2018 while he was concurrently employed by Texas State University. At that time, Texas State University was responsible for monitoring and ensuring BRP was included in his annual salary. The employee's annual salary with the University of Texas at Austin was negotiated during this period of overlapping employment, and was not increased above the negotiated salary by the authorized BRP amount when the overlapping employment ended as is required by the Texas Government Code. The employee has since retired from the university, so this is not an ongoing concern. The university will review our BRP monitoring practices specifically related to employees with overlapping employment to ensure compliance in the future.</p> <p>In regard to the seven instances of incorrect HRIS reporting for reporting termination records in error, the University of Texas at Austin agrees that these are instances of incorrect HRIS reporting. The university implemented a new HCM/Payroll system, Workday, in November 2018. At the time of that implementation, all of our reporting integrations were rebuilt and we had the opportunity to identify and correct some known issues that existed in our legacy system. One of those issues related to erroneous submission of termination records for faculty members when there was no actual break in service. Each of the identified instances of incorrect HRIS reporting occurred in our legacy system and is no longer occurring now that we are reporting out of Workday. We have submitted LOAs directly to the state Comptroller's office to correct the HRIS record and have received confirmation that the updates were made.</p>
723	University of Texas Medical Branch at Galveston	Three instances of incorrect HRIS reporting – did not report two terminations and incorrectly reported one BRP indicator	The University of Texas Medical Branch (UTMB) requested the Comptroller's office to correct the records with the correct termination and indicator information in June of 2021.
724	University of Texas at El Paso	One instance of incorrect HRIS reporting – one termination record sent in error	The University processed an LOA correction with the Statewide Fiscal Systems for the noted employee. The employee in question now shows continuous employment with no breaks since Jan. 16, 1994.
727	Texas A&M Transportation Institute	Two instances of incorrect HRIS Reporting – did not report terminations	It is a common occurrence within the A&M System for employees to be employed by one A&M System agency/university and have a portion of their salary paid by another agency/university at some point during their career. In this case, the identified employees were agency 712 (Texas A&M Engineering Experiment Station) employees. Fortunately, the code that builds the HRIS transactions was modified in Workday (the A&M System's HR Management system) a few years back to ensure HRIS status updates automatically for the non-employing agency. In the interim, the A&M System manually enters a termination or retirement record in HRIS for the non-employing agency to match the termination/retirement record from the employing agency.
730	University of Houston	Thirty-one instances of incorrect HRIS reporting – did not report 30 terminations and one incorrect BRP indicator reported	The University of Houston System acknowledges the information. Currently we are reviewing the interface between UH System and the State of Texas HRIS system to ensure all job actions are submitted accurately moving forward. Regarding the incorrect reporting of the BRP indicator, this has been corrected in the HRIS system. There is no further corrective action to be taken.
731	Texas Woman's University	Three instances of incorrect HRIS reporting – did not report terminations	We have confirmed the three instances identified by the Comptroller's staff and corrected. We appreciate their assistance and partnership. In addition, an internal record maintenance process has been implemented to prevent incorrect HRIS reporting going forward.



Agency #	Agency Name	Audit Results	Agency Response
733	Texas Tech University	Three BRP overpayments totaling \$9,710.20 (\$3,436.17, \$5,929.35, \$344.68)	Texas Tech University appreciates the time spent by the audit team and agrees with the findings identified by the Comptroller's office. Texas Tech University will calculate the overpayment allocation between state and institutional funds based on how the individuals were paid at the time. We will work with the assigned Appropriation Control Officer (ACO) to remit any overpayments made on state funds to the state of Texas. Calculations will be completed and the ACO contacted by Aug. 20, 2021. Additionally, Texas Tech University will begin reviewing active employees that currently receive BRP to ensure payment is appropriate. If any employees are found to be ineligible for BRP during the review, appropriate action will be taken.
734	Lamar University - Beaumont	One instance of incorrect HRIS reporting – did not report termination	The termination date of Aug. 31, 2015, is not a valid date. The Personnel Action Form (PAF) referenced the date only for the fiscal year and pay resumed Sept. 1, 2015, without interruption. The HRIS system has been updated with the correct termination date of Aug. 31, 2020.
738	University of Texas at Dallas	Six instances of incorrect HRIS reporting – four BRP indicators incorrectly reported and two terminations not reported	We agree with your findings and have already made the requisite corrections, where applicable. We will conduct routine reviews of our submissions to ensure compliance and continue to work with our HR and Payroll staff as well as University of Texas at Dallas (UTD) employees to emphasize the importance of timely and accurate HRIS reporting.
739	Texas Tech University Health Sciences Center	One instance of incorrect HRIS reporting – did not report termination	Texas Tech University Health Sciences Center (TTUHSC) agrees and has taken action to correct the issue. TTUHSC (0739) updated the employee's record to reflect the termination date prior to the interagency transfer to Texas Tech University (TTU) (0733) in 2002. The termination date in TTUHSC's HRIS records system is now accurate.
742	University of Texas of the Permian Basin	One BRP overpayment of \$2,664.11	The university agrees with the finding. The University has concluded that only institutional funds and no state funds were used related to this matter.
743	University of Texas at San Antonio	Four instances of incorrect HRIS reporting – two incorrect BRP indicators and two terminations not reported	As of this response date, HRIS has been updated to ensure data is accurate based on findings from the auditor. The two BRP records indicated above were flagged correctly in University of Texas at San Antonio (UTSA) PeopleSoft system; however, HRIS records didn't match. Therefore, to resolve any future occurrences, a help ticket has been submitted to review the electronic file sent from UT System to HRIS to ensure the data feed is loading correctly in HRIS. In addition, UTSA will conduct an ongoing audit of BRP records against HRIS data to identify issues and make corrections timely.
744	University of Texas Health Science Center at Houston	Five instances of incorrect HRIS reporting – incorrect BRP indicators	The University of Texas Health Science Center at Houston concurs with the auditor's findings and has since corrected the records to appropriately reflect the BRP ineligibility of the five employees identified. Human Resources in conjunction with the System Data Resources (SDR) Department is modifying its process to appropriately identify the BRP status of incoming employees.



Agency #	Agency Name	Audit Results	Agency Response
745	University of Texas Health Science Center at San Antonio	Seven instances of incorrect HRIS reporting – incorrect BRP indicators	While all 7 individuals were incorrectly designated as BRP eligible, no benefit replacement pay was processed during the time in question. We have corrected our HR/Payroll records for the involved individuals such that they are no longer designated as BRP eligible in our system. We have also sent HRIS Letter of Authorization forms to the Texas Comptroller with corrections for all involved individuals such that they are no longer designated as BRP eligible in the state's system. Six of the seven instances involved return to work retirees. We have implemented controls to review and update our records as retirees return to work to ensure any retiree who may have been flagged in our system as BRP eligible upon their initial hire date are updated to reflect BRP ineligible, thereby preventing future discrepancies. One instance involved an employee who transferred to our institution with prior state service from multiple agencies. Based on his initial hire date with the state, an incorrect assessment was made for BRP eligibility. It was not known that the individual had a brief break in service which rendered him ineligible for benefit replacement pay. He broke service on May 30, 1995, and only individuals employed by the state as of Aug. 31, 1995, were eligible for BRP. We have implemented controls to thoroughly review and update our records as individuals with prior state service are re-employed by our institution to ensure BRP designations are properly made and reported.
746	University of Texas Rio Grande Valley	<ul style="list-style-type: none">• One BRP underpayment of \$5,929.65• Eight instances of incorrect HRIS reporting – incorrect BRP indicators reported	The university processed the onetime payment of \$5,929.65 to the employee on Aug. 2, 2021. It is important to mention that the employee is already retired, so the original calculation made by the auditor had to be revised to reflect the May 31, 2021, termination date. For the rest of the records, we have confirmation from the auditor that the flags were corrected in HRIS for the eight employees listed. These were corrected since June 2021.
750	University of Texas at Tyler	One instance of incorrect HRIS reporting – incorrect BRP indicator	We are in agreement with the finding, and action has been taken to address.
752	University of North Texas	Seven instances of incorrect HRIS reporting – six incorrect BRP indicators and one termination not reported	University of North Texas (UNT) System has verified that the original status of the seven employees listed had the incorrect indicator code set up in the HRIS system. All employees were corrected on May 12, 2021, with the correct indicator or term on the employee's profile. UNT System will continue to monitor our reporting to ensure the data that is uploaded into HRIS system correctly reflects our employee population.
753	Sam Houston State University	<ul style="list-style-type: none">• One longevity underpayment of \$4,880.• Five instances of incorrect HRIS reporting – one invalid entry of new hire record, one new hire record not entered, and three terminations not reported	Sam Houston State University agrees with the BRP audit results. Further, the University confirms all issues identified above are remedied. HRIS corrections were entered or requested on April 08, 2021. As of July 26, 2021, the system accurately reflects the changes. Longevity payment was made to correct underpayment on May 17, 2021.
754	Texas State University	Three instances of incorrect HRIS reporting – one incorrect BRP indicator and two terminations not reported	TXST agrees with the findings on all three records and has corrected all three. Measures have been put in place to ensure records are vetted and verified moving forward.
756	Sul Ross State University	One instance of incorrect HRIS reporting – did not report termination	The correct termination date was keyed into the HRIS Employee Description Information form on May 20, 2021. The Reason Code used was 065 (Transfer to a different state agency) with the effective date of Sept. 30, 2018.



Agency #	Agency Name	Audit Results	Agency Response
759	University of Houston - Clear Lake	Twelve instances of incorrect HRIS reporting – 11 terminations not reported and one incorrect BRP indicator reported	The University of Houston System acknowledges the information below. Currently we are reviewing the interface between UH System and the HRIS system to ensure all job actions are submitted accurately moving forward. Regarding the incorrect reporting of one employee, this has been corrected in the HRIS system. There is no further corrective action to be taken.
760	Texas A&M University - Corpus Christi	<ul style="list-style-type: none"> • One BRP overpayment of \$2,880.80. • Two instances of incorrect HRIS reporting – one termination not reported and one incorrect BRP indicator reported 	Texas A&M University-Corpus Christi acknowledges and agrees with the findings. The University has worked with the Texas A&M University System Office and corrections are now reflected in the University's Workday Human Capital Management (HCM) and in the Human Resource Information System (HRIS).
765	University of Houston - Victoria	Five instances of incorrect HRIS reporting – did not report terminations	The University of Houston System and the University of Houston – Victoria (UHV) acknowledge the information below. Currently we are reviewing the interface between the University of Houston System and the HRIS system to ensure all job actions are submitted accurately moving forward.
768	Texas Tech University System	One instance of incorrect HRIS reporting – incorrect new hire record	Texas Tech University System appreciates the time spent by the audit team and agrees with the finding identified by the Comptroller's office. On May 28, 2021, Texas Tech University System corrected the HRIS information regarding the hire record. Additionally, Texas Tech University System will begin reviewing active employees that currently receive BRP to ensure information is correct. Corrective action will be taken for any employee findings as a result of our review.
769	University of North Texas System	One instance of incorrect HRIS reporting – incorrect BRP indicator	UNT System has verified that the original status of the employee had the incorrect indicator code set up in the HRIS system. The record was corrected on Jul. 23, 2021, with the correct indicator on the employee's profile. UNT System will continue to monitor our reporting to ensure the data that is uploaded into the HRIS system correctly reflects our employee population.
783	University of Houston System	Six instances of incorrect HRIS reporting – did not report terminations	The University of Houston System acknowledges the information below. Currently we are reviewing the interface between the University of Houston (UH) System and the HRIS system to ensure all job actions are submitted accurately moving forward.
784	University of Houston - Downtown	Twelve instances of incorrect HRIS reporting – 10 terminations not reported and two incorrect BRP indicators reported	The University of Houston-Downtown acknowledges the information below. Currently we are reviewing the interface between University of Houston (UH) System and the HRIS system to ensure all job actions are submitted accurately moving forward. Regarding the two instances of incorrect BRP indicators, they have been corrected in the HRIS system. There is no further corrective action to be taken.
Total — 36 Agencies			



Texas State Technical College
Internal Audit
Attestation Disclosures

Responsible Management	Issue Reported by Management	Report Date	Management's Corrective Action Plan	Internal Audit Assistance/Follow-up
No new reports were made.				

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.