

Meeting of the Board of Regents

Audit Committee

August 28, 2025
Waco, Texas



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

**John B. Connally Visitor Center
1651 E. Crest Dr.,
Waco TX 76705***

**Thursday, August 28, 2025
9:30 a.m.**

AGENDA

[Ron Rohrbacher (Chair), Curtis Cleveland, Eric Beckman]

I. MEETING CALLED TO ORDER BY AUDIT COMMITTEE CHAIR RON ROHRBACHER

II. COMMITTEE CHAIR COMMENTS

III. MINUTE ORDERS & REPORTS

- | | | |
|---------------------------------------------------------------|-------------------------|------|
| 1. Proposed Audit Plan for Fiscal Year 2026 | <i>Jason D. Mallory</i> | A-1 |
| 2. Status of Fiscal Year 2025 Audit Schedule & Other Projects | <i>Jason D. Mallory</i> | A-2 |
| 3. Status of Construction Audits | <i>Jason D. Mallory</i> | A-11 |
| 4. Summary of Audit Reports | <i>Jason D. Mallory</i> | A-12 |
| 5. Follow-up Schedule & Status | <i>Jason D. Mallory</i> | A-16 |
| 6. Workday Application Audit (25-025A) | <i>Jason D. Mallory</i> | A-29 |
| 7. Payroll Process Audit (25-016A) | <i>Jason D. Mallory</i> | A-35 |

**Presiding officer will be physically present at this address.*

(c) denotes Consent Agenda Item

8. Tuition Audit (25-022A)	<i>Jason D. Mallory</i>	A-42
9. Student Conduct Audit (25-027A)	<i>Jason D. Mallory</i>	A-47
10. TAC 202 Compliance – Quarterly Update (25-007A)	<i>Jason D. Mallory</i>	A-53
11. Construction Audit – Waco Worksite (25-004A)	<i>R.L. Townsend</i>	A-57
12. Construction Audit - EDA & TSC Renovation (25-004A)	<i>R.L. Townsend</i>	A-61
13. Desk Audit - Payment Approval Authority and Security	<i>Texas Comptroller's Office</i>	A-66
14. Attestation Disclosures	<i>Jason D. Mallory</i>	A-82

IV. CHANCELLOR COMMENTS

V. BOARD COMMENTS

VI. ADJOURN

**Presiding officer will be physically present at this address.*

(c) denotes Consent Agenda Item

Board Meeting Date: August 28, 2025 **Proposed Minute Order #:** IA 02-25(c)

Proposed By: Jason D. Mallory, Chief Audit Executive

Subject: Proposed Audit Plan for Fiscal Year 2026

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

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

Additional Information: None

Fiscal Implications: Funds available as budgeted for fiscal year 2026.

Attestation: The Minute Order is in compliance with all applicable laws and regulations to the best of my knowledge.

Attachment(s): Proposed Audit Plan for Fiscal Year 2026

Recommended Minute Order: "The Texas State Technical College Board of Regents approves the audit plan for fiscal year 2026."

Recommended By: Jason D. Mallory, Vice Chancellor/Chief Audit Executive

[ORIGINAL SIGNED BY]

Fiscal Year 2026 Audit Plan

Proposed August 28, 2025

Executive Summary

The purpose of the Audit Plan (Plan) is to outline audits and other activities the Internal Audit Department will conduct throughout fiscal year 2026. The Plan was developed through collaboration with the Board of Regents, Executive Management, and managers who oversee the major processes and activities that are crucial to fulfilling the College's mission. Internal Audit staff also provided input.

Documented assessments which considered the impact and likelihood of significant risks were performed on each major process and activity by the respective managers. The Internal Audit Department used the information provided by these risk assessments, as well as the other input provided, to assist in selecting the audits detailed in this proposal. We considered the following factors when selecting each audit:

- Time since last audit
- Risk or impact of fraud
- Financial impact a process, Department, or activity has on the College
- Turnover of key personnel
- Request by management or the Board
- Significance of regulatory exposure
- Recent known issues within a process, Department, or activity
- Regulatory requirement
- Recent changes to significant procedures/processes, or increased activity

The Plan, its development, and approval are intended to satisfy requirements under the College's Internal Audit Charter (SOS GA.1.4) and the Texas Internal Auditing Act (TGC Chapter 2102).

The Plan includes 19 full-scope internal audits, and 1 limited scope audit. The Plan also anticipates follow-up audits, investigations, and consulting type of projects. The Plan includes compliance and operational audits, audits of information technology assets and resources (IT), audits required by regulation, and those specifically requested by Regents and/or Executive Management.

Internal Audit Available Time

Total hours (5 Staff * 2,080 available man hours)	10,400	100%
Less: Estimated holidays, leave & training	2,160	21%
Total hours available for audits, other projects & administration	8,240	79%

Proposed 2026 Audit Plan

Operational Audits

1. **TEC 51.9337 (Contracting) Audit:** Required to be audited annually. This audit will test compliance to TEC 51.9337 related to contracting. Some of the tests that will be performed include policy requirements, training, conflict of interest disclosures, tracking of contracts, approval authority, and the availability and compliance to a College contract handbook.
2. **Public Funds Investment Act Compliance Audit(s):** Required to be audited every 2 years. This audit will test the College's investment portfolio and related procedures to ensure compliance to the Act.
3. **ARC Audit:** This audit will test benefits and cash awards given to students through this department.
4. **Financial Aid Audit:** This audit will test various State grant and loan programs offered to students through the Financial Aid Office.
5. **Student Counseling Audit:** This audit will test the effectiveness and efficiency of the mental health services offered by the department. It will also test confidentiality of the information they maintain.
6. **Audit of Overload Pay:** This audit will test procedures related to pay made to instructors for course loads above the mandatory minimum.
7. **Admissions Audit:** This audit will test the effectiveness and efficiency of processes and procedures related to admitting students to the College.
8. **Dual Enrollment Audit:** This audit will test the effectiveness and efficiency of processes and procedures related to teaching and awarding college credit to high school students. Financial processes will be within the scope of this audit.
9. **Facilities Development Project Compliance Audit – Harlingen Campus:** This audit will determine whether significant construction projects, repairs and renovations, property acquisitions, and lease-purchase agreements since 2019 on the Harlingen Campus complied with the approval and review rules in Texas Administrative Code, Title 19, Part 1, Chapter 17 (TAC 17). This audit is required as part of the Texas Higher Education Coordinating Board's (THECB) Institution Facilities Audit.

10. **Construction Audits:** These audits will test contract compliance to ongoing construction projects to ensure all amounts paid to the contractors are appropriate. At least 5 will be conducted.

IT Audits

1. **Internal Network Penetration Test (Waco campus):** This audit will test the security of sensitive information accessible through the College's network. It will also test manual procedures which safeguard sensitive information. Social engineering will be a key component in this project.
2. **Internal Network Penetration Test (Hutto campus):** This audit will test the security of sensitive information accessible through the College's network. It will also test manual procedures which safeguard sensitive information. Social engineering will be a key component in this project.
3. **Internal Network Penetration Test (Harlingen campus):** This audit will test the security of sensitive information accessible through the College's network. It will also test manual procedures which safeguard sensitive information. Social engineering will be a key component in this project.
4. **Audit of Eaglesoft Software:** This audit will test TAC 202 controls for software used in the dental hygiene program. These controls ensure the integrity, reliability, confidentiality, and availability of the system. This software potentially handles/stores sensitive medical related information.
5. **Audit of Element 451 Software:** This audit will test TAC 202 controls for software used in the admissions process.
6. **TAC 202 Follow-up:** This will be a quarterly follow-audit of TAC 202 controls that were found in prior audit to need improvement.

Other Projects

1. **Follow-ups on Past Audit Recommendations:** These will review the implementation status of corrective action plans on outstanding audit recommendations.
2. **Hotline Assessments and Investigations:** These will involve administering the anonymous ethics hotline, reviewing all reported complaints, and performing appropriate procedures to validate each complaint.
3. **Other projects:** Will include projects requested by management. Will also include the preparation of the Annual Audit Report and the 2026 Audit Plan.



**Texas State Technical College
Internal Audit
Status of Fiscal Year 2025 Audit Schedule & Other Projects**

Description	Division/Campus	Status	Project No.	Report Date	Last Audit Date	Audit Reason
INTERNAL AUDITS						
SB 17 Compliance Audit	Human Resources/Legal	Complete	25-001A	8/19/24	-	Compliance Based
TWC Contract Audit	Business Intelligence	Complete	25-002A	9/12/24	5/16/22	Risk Based
Internal Network Penetration Test	North Texas	Complete	25-011A	11/19/24	6/9/22	Risk Based
Internal Network Penetration Test	Fort Bend	Complete	25-013A	11/21/24	1/4/22	Risk Based
Internal Network Penetration Test	New Braunfels	Complete	25-012A	11/25/24	-	Risk Based
Clery Audit	Safety & Security	Complete	25-003A	12/12/24	4/8/20	Compliance Based
Travel Expense Audit	Procurement	Complete	25-010A	12/16/24	6/28/24	Risk Based
Workforce Training	Workforce Training	Complete	25-006A	2/24/25	10/12/18	Risk Based
Workday - TAC 202 Audit	OIT	Complete	25-027A	5/16/25	-	Risk Based
Payroll Audit	Payroll	Complete	25-016A	5/27/25	8/14/23	Risk Based
Tuition Audit	Finance	Complete	25-022A	5/28/25	3/29/22	Risk Based
Student Conduct Audit	Retention Services	Complete	25-025A	5/28/25	-	Risk Based
TAC 202 Follow-up	OIT	Complete	25-007A	6/30/25	3/31/25	Risk Based
Syllabi Audit	Operations	In Progress			-	Risk Based
Audit of Federal Financial Aid	Financial Aid	In Progress			3/21/17	Risk Based
TEC 51.9337 (Contracting) Audit	Contract Office	In Progress			9/19/24	Risk Based
Hiring Process	Human Resources	Removed			-	Risk Based
Construction Audits						
JBC Remodel Construction Audit	Facilities, Planning & Construction	Complete	25-004	2/24/25	-	Risk Based
Construction Audit - Waco Worksite	Facilities, Planning & Construction	Complete	25-004	5/16/25	-	Risk Based
EEC & TSC Renovation Construction Audit	Facilities, Planning & Construction	Complete	25-004	5/16/25	-	Risk Based
Marshall CCAP Construction Audit	Facilities, Planning & Construction	In Progress			-	Risk Based
Abilene CCAP Construction Audit	Facilities, Planning & Construction	In Progress			-	Risk Based
Waco CCAP Construction Audit	Facilities, Planning & Construction	In Progress			-	Risk Based
Fort Bend CCAP Construction Audit	Facilities, Planning & Construction	In Progress			-	Risk Based
Harlingen CCAP Construction Audit	Facilities, Planning & Construction	In Progress			-	Risk Based
Hutto CCAP Construction Audit	Facilities, Planning & Construction	In Progress			-	Risk Based

EXTERNAL AUDITS

Compliance with Public Funds Investment Act and Rider 5, General Appropriations Act, Reporting Requirements by the State Auditor's Office	Finance	Complete	24-020	8/31/24
Desk Audit - Controls Over Expenditure Processing by the Comptroller's Office	Procurement, Accounting	Complete	001-23-03	11/20/24

A Summary Report on Full-time Equivalent State Employees for Fiscal Year 2024 by the State Auditor's Office	HR	Complete	25-706	12/1/24
FY2024 Perkins Desk Review by the Texas Higher Education Coordinating Board	Office of Sponsored Programs	Complete		2/20/24
Post Payment Audit performed by the Comptroller's Office	Procurement, Accounting	Complete		3/26/25
Desk Audit - Payment Approval Authority and Security by the Comptroller's Office.	Procurement, Accounting	Complete		5/2/25
Desk Audit - Commercial Charge Card Rebate Program by the Comptroller's Office.	Procurement, Accounting	In Progress		

OTHER INTERNAL PROJECTS

Internal Hotline: Received a complaint that a supervisor abused his authority by requiring an employee to perform tasks that he was not responsible for. Results: The allegation was forwarded to HR for review and resolution. They did not identify any wrongdoing on the part of the supervisor.	OIT	Complete	24-039I	8/22/24
Internal Hotline: Received an anonymous concern alleging a supervisor does not foster an environment which makes TSTC a great place to work. Results: The concern was forwarded to HR. They did not identify any violation of policies by the supervisor.	Testing	Complete	24-036I	8/30/24
Internal Hotline: We received a report from a student regarding a phishing scam she was the target of regarding a fake employment opportunity. Results: We referred the report to OIT, Career Services and Enrollment Services. All employees and students were notified of the scam, all students who responded to the scam were contacted to help remediate any losses they suffered, and procedures were implemented to shutdown the path the scammer utilized. It does not appear the scam was successful.	OIT, Enrollment Services	Complete	25-008I	No report was issued. This was handled by OIT.
Management Report: We were notified in late August of a suspicion of 2 employees using surplus property for personal use. Results: Validated the suspicion, but determined their actions were largely caused by a misunderstanding due to a language barrier.	Physical Plant/Surplus Property	Complete	25-009I	9/20/24
Management Request: Management engaged us to review travel expenses from a certain budget to offer control recommendations. Results: Provided management recommendations to better control expenses and the management of the budget.	Operations	Complete	25-014I	11/15/24

Face to Face Report: An employee contacted Internal Audit to report theft of time by a co-worker. Results: The complaint was referred to the Provost Office, who met with the employee and Team Lead to correct the issue. Ongoing monitoring is taking place.	Operations	Complete	25-015I	11/5/24
Internal Hotline Report: Received an allegation that the Advocacy Resource Center is no longer providing snacks. Results: Referred the matter to management due to the complaint being trivial. Determined that some continuing education students were abusing the food pantry. The intent of the pantry is to provide meals to students in need, not to provide snacks.	Advocacy Resource Center	Complete	25-018I	11/4/24
Internal Hotline Report: Allegation that a supervisor was under the influence at work. Results: The matter was referred to HR and the accused person's supervisor. Their review did not find the allegation to have merit.	Enrollment Services	Complete	25-019I	11/18/24
Internal Hotline Reports: Received an allegation of a manager harassing and bullying subordinates, with protection being provided by her supervisor. Results: Complaints were referred to HR for review and action. This was one of many within Enrollment Services that represented a cultural issue. In January, a group meeting was held to deal with the issues. Some managers were dismissed.	Enrollment Services	Complete	25-017I & 25-020I	No report. Handled by management as part of an employee issue.
Internal Hotline Report: Received an allegation of student financial assistance being abused by a student. Results: We determined the allegation had merit. The student received \$1,000 based on a need that was not legitimate.	Operations/ ARC	Complete	25-023I	3/7/25
Internal Hotline Report: Received an allegation that a manager received a kickback from a vendor. Results: Allegation had no merit. This was one of many within Enrollment Services that represented a cultural issue. In January, a group meeting was held to deal with the issues. Some managers were dismissed.	Marketing/Enrollment Services	Complete	25-024I	No report. Handled by management as part of an employee issue.
SAO Hotline: Received a report from a lady in Arizona indicating a person with a tsc.edu email was attempting to phish her. Results: Determined that the attempts were legitimate, but the perpetrator was not connected to the College. He was using a legitimate College email that was issued to him after applying to be a student. That email was shut down, the process for issuing emails to applicants was changed.	Marketing/Enrollment Services	Complete	25-031I	No report, but contact was made with the reporter to inform her that the perpetrator was not connected with the College.

Open Records Request: Compiled all allegations of fraud, waste, and abuse and the associated findings from 1/1/2021 and forward. This request came from State Representative.	College-wide	Complete	25-034P	No report
Management Request: The Chancellor requested we validate his base salary due to recent errors. Results: Validated his base salary by comparing it to documented Board action since 2019. His current base salary is now accurately reflected.	Office of the Chancellor	Complete	25-032P	No report
Management Request: We were informed of a financial aid fraud. Results: Determined that 6 awards of federal financial aid were made to a person using stolen identities.	Marketing (Enrollment, Financial Aid), Financial Services	Complete	25-033I	3/28/25
Internal Hotline Report: Received an anonymous complaint regarding travel expenses that were submitted by employees that were denied. Results: Determined the expenses were appropriately disallowed.	Enrollment Services	Complete	25-041I	5/16/25
Internal Hotline Report: Received an anonymous report questioning the amount of sick leave an employee is taking, and alleging reports are being manipulated by a manager to cover the absences. Results: Determined the employee took extensive amounts of leave during her 30 month employment. She resigned after being paid from the sick leave pool. The department will be audited in fiscal year 2026 to determine whether reports are being manipulated.	Counseling	Complete	25-028I	5/24/25
State Auditor's Hotline Report: Received an anonymous complaint regarding certain birth control services allegedly offered by ARC. Results: This was forwarded to management for review. Determined a sample of a drug was given to ARC by Planned Parenthood, but the drugs were never disbursed to students. A decision was made that ARC would not provide medication.	ARC	Complete	25-043I	No report issued.
Internal Hotline Report: Received an anonymous complaint about a manager making politically pointed comments in meetings with staff, and favoring certain employees. Results: This matter was referred to HR. As of May 20, 2025, HR has engaged the manager, with a plan to actively monitor and coach him, if needed.	Waco	Complete	25-044I	No report issued.

Internal Hotline Report: Received an anonymous report alleging money was disbursed by ARC for questionable purposes. Results: This report is similar to one investigated at 25-023I completed in March. In fiscal year 202 this allegation will be reviewed as part of a full scope audit.	ARC	Complete	25-047I	No report issued.
Internal Hotline Report: Received an anonymous report alleging an employee was afforded paid time off for college courses, but dropped the courses without altering her work schedule. Results: Allegation had merit. The employee who engaged in that behavior was separated from the College.	Enrollment Services	Complete	25-045I	6/25/25
Internal Hotline Report: Received an anonymous report regarding a news article about graduate from the lineman program. The allegation implied suggested the article misled people to believe the graudate was a licensed electrician. Results: The report had no merit. The article was focused on him successfully completing the lineman program, and did not even mention he was a licensed electrian.	General	Complete	25-048I	No report
Internal Hotline Report: Received an anonymous report concerned about an employee with a criminal background. The reporter was concerned about safety and the reputation of the College. Results: Currently being investigated.		In Progress	25-046I	

Glossary	
ARC	Advocacy Resource Center
HR	Human Resources
IA	Internal Audit
OIT	Office of Information Technology
SAO	State Auditor's Office
TEC	Texas Education Code
TAC	Texas Administrative Code
THECB	Texas Higher Education Coordinating Board



**Construction Audits
Status Report
June 30, 2025**

In Progress

TSTC - Project Name	Contractor	Estimated Substantial Completion	GMP	Agreed to Audit Issues/Cost Avoidance	Audit Cost	Status from R. L. Townsend Construction Audit Services
Marshall CCAP	Bartlett Cocke	11/01/2024	\$ 9,163,093	\$ 19,058	\$ 16,500	Audit Entrance Meeting 2/14/2024 GC Labor burden agreed to at 30% Cost Avoidance for GC Labor Burden appx \$10K Closeout AQ Log Issued - currently reviewing BC responses
Harlingen CCAP	JT Vaughn	06/30/2025	\$ 46,526,257	TBD	\$ 52,000	Audit Entrance Meeting 5/23/24 April 2025 Pay App billed 71.25% AQ Log issued to date GC labor review initiated with Vaughn
Abilene CCAP	Imperial	06/16/2025	\$ 20,000,000	\$ 12,725	\$ 22,000	Audit Entrance Meeting 11/15/2023 GC Labor Rates reviewed and agreed to May 2025 Pay App billed 80% Closeout AQ Log in process
Fort Bend CCAP	JT Vaughn	08/01/2025	\$ 42,000,000	TBD	\$ 48,000	Audit Entrance Meeting 2/22/2024 May 2025 Pay App billed 76.37% AQ Log issued to date GC labor review initiated with Vaughn
Waco CCAP	Rogers O'Brien	09/02/2025	\$ 59,600,000	TBD	\$ 65,000	Audit Entrance Meeting 11/17/2023 Current documentation requested AQ Log in process
Hutto CCAP	SpawGlass	04/30/2026	\$ 32,500,000	TBD	\$ 31,500	Audit Entrance Meeting 2/25/2025 Project/Audit in early stages 1st billing anticipated for July 2025
Total			\$ 209,789,350	\$ 31,783	\$ 235,000	

Complete

TSTC - Project Name	Contractor	Substantial Completion	Final Contract Value	Audit Recovery	Audit Cost	Status from R. L. Townsend Construction Audit Services
Griffith Hall	Lee Lewis	completed	\$ 21,212,688	\$ 278,281	\$ 15,000	Final Report Issued 7/20/2022
FTB Welding	Bartlett Cocke	completed	\$ 8,089,004	\$ 55,977	\$ 11,000	Final Report Issued 8/24/2023
JBC Remodel	Imperial	completed	\$ 13,020,898	\$ 111,275	\$ 16,500	Final Report Issued 2/24/2025
EEC & TSC Reno (CSP)	Imperial	04/29/2025	\$ 9,300,000	\$ 26,510	\$ 8,500	Final Report Issued 5/16/2025
Waco Worksite	Mazanec	12/05/2024	\$ 12,000,000	\$ 21,943	\$ 16,500	Final Report Issued 5/16/2025
Total			\$ 63,622,590	\$ 493,986	\$ 67,500	
Grand Total			\$ 273,411,940	\$ 525,769	\$ 302,500	
			Net Audit Recovery	\$ 223,269		



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

Report Name & No.		Audit Finding	Summary of Finding Support	Management's CAP(s)	Resp. Sr Mgr	Expect. Complete Date
Workday Application Audit (25-025A)	1.	Controls and processes related to access, training, and records retention require enhancement. We identified 13 of the 49 TAC 202 controls that should be improved.	We determined that 13 of the 49 controls were not implemented. The controls needing attention primarily related to access processes. The other controls related to records retention and training.	1.1 Implement a formal review of user accounts to validate access, verify onboarding and annual training requirements are met before access is granted, and start collaborating with the Records Management Officer to establish a comprehensive data retention plan for Workday.	Bernal	12/18/25
Payroll Process Audit (25-016A)	1.	There are several opportunities to improve the effectiveness and efficiency of the payroll process by segregating activities that produce data used in that process, reducing system access, and improving guidelines and expectations of other employees and managers outside of the Payroll Department.	We identified opportunities to better segregate roles that impact the payroll process, improve benefit processes which ensure employees authorize and receive the benefits they pay for, and reduce risks related to fraudulent payroll transactions. We also identified what we feel are root causes for issues that have recently impacted the payroll process. These have often times manifested in areas outside of the Payroll Department. An example is the need for employees to submit approved timesheets before payroll is processed.	1.1 We completed the first phase of improvements by transferring the payroll accounts payable function and related FTEs to Finance to strengthen financial controls. This marks the beginning of a broader effort to separate front-end, employee-facing activities from back-end processing functions. HR will continue to manage benefits, compensation setup, onboarding, life events, and time/leave management, with phased improvements and control enhancements underway.	Mayfield/C. Wooten	Completed in May 2025

			1.2 Over the next 90 days, HR and Finance will jointly assess and respond to the recommendation in the supplemental audit report which details specific observations to determine where further changes are needed. As part of this work, we are also evaluating the most appropriate alignment of payroll reporting responsibilities. Preliminary planning places external compliance reporting (e.g., W-2s, tax filings) with Finance, and internal reporting to support organizational decision-making with HR.	Mayfield/C. Wooten	8/31/25
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Tuition Audit (25-022A)	1.	The ability to edit tuition tiers in Workday should be better restricted.	We found 2 people who had access that was not needed. We did not, however, identify any inappropriate or unauthorized changes, though.	1.1 Once notified of the access issue, we immediately had the access restricted to just personnel within Student Accounting. Going forward, we will also review access at least annually to ensure the ability to alter rate tables is properly restricted.	Harvey	Immediately
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Student Conduct Audit (25-027A)	1.	There are opportunities to improve documentation and classification standards, matters related to sanctions, as well as access to documentation and training.	49 of 60 cases were missing one or more documents; 11 cases were not updated in Maxient; 27 cases were not documented on the SR&R Case Review spreadsheet; 11 cases were not classified as Housing matters; 5 cases were not conduct related; 1 case was not classified as academic dishonesty; inconsistencies in sanctions, particularly related to alcohol matters; 2 instances where the sanction did not follow policy; 7 of 25 members on the Statewide Review Board have not attended training.	1.1 All required documents related to conduct cases will be archived in Maxient; a tracking system will be developed and maintained to the completion of all sanctions; sanctioning guidelines will be reviewed and revised to promote consistency for similar violations; and all members of the Statewide Review Board will be required to complete standardized training.	McMillan	12/31/25
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TAC 202 Compliance – Quarterly Update (25-007A)	1.	No more controls were implemented this quarter.				
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Audit of Construction Contract – Waco Worksite	1.	TSTC realized savings of \$21,943.	Found cost recovery in sales tax on dumpsters, change order markups, the bond cost.	No action is required. All amounts were either recovered or avoided.	Wesson	Immediately
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Audit of Construction Contract – EDA & TSC Renovations	1.	TSTC realized savings of \$25,574 and avoided costs of \$936.	Found cost recovery change orders and sales tax on dumpsters.	No action is required. All amounts were either recovered or avoided.	Wesson	Immediately
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Desk Audit - Payment Approval Authority and Security by the Texas Comptroller of Public Accounts	1.	No exceptions noted.
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**Texas State Technical College
Internal Audit
Follow Up Schedule & Status**

Completion Summary			
	3/31/25	6/30/25	Audits cleared from (Added to) Schedule
Audits from FY 2023	3	3	0
Audits from FY 2024	5	4	1
Audits from FY 2025	8	9	(1)
Net Total	16	16	0

Highlights:

Procurement Card Program Audit (24-018A): All corrective action was completed.
Internal Network Penetration Test - Fort Bend (25-013A): All corrective action was completed.
Investigation of an Advocacy Resource Center (ARC) Award (25-023I): One CAP completed, with the other substantially complete.
FY 2024 Perkins Desk Review by THECB: All corrective action was completed.
Post-Payment Audit by the Texas Comptroller of Public Accounts: 5 CAPs were implemented, with one being partially complete.
3rd Quarter Attestation: All corrective action was completed.
Investigation of Financial Aid Fraud (25-033I): Two CAPs complete, with one pending review.
Payroll Process Audit (25-016A): One CAP complete.
Tuition Audit (25-022A): All corrective action was completed.

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
T Drive Audit (23-012A), McKee	1.	We identified 4 of 41 required TAC 202 controls that still need to be implemented. These controls relate to audit logs and periodic testing of the back-up files. The control related to testing back-ups was implemented during our audit, but we would like more history of operation before concluding it is fully implemented.	1.2 OIT will have a written plan to periodically test system backup and recovery that will include the creation of an OIT ticket to track the testing of the T:Drive. This plan will include a spreadsheet where the tickets will be tracked for the annual backup and recovery testing of the T:Drive.	Substantially Complete: 6/30/25: Internal Audit reached out to Management regarding the controls pending remediation. Per managements response control is still pending remediation and are requiring more time to complete due to management priorities shifting.	This testing will be moved into our Disaster Recovery plan and Testing, which is under the IT General controls section of this document. Update: As of 3/19/25, we are preparing for the table top exercise for a few systems.	8/31/2025 , 12/31/2025
Audit of IT General Controls (23-018A), McKee	1.	We identified 6 of 34 required TAC 202 controls that still need to be implemented. These controls relate to testing of the contingency and disaster recovery plans, physical and environmental access controls to the data centers, and the need to consider enhancements to controls related to mobile devices.	1.1 Implement a solution to assist in the authorizing, monitoring, and control of mobile devices accessing TSTC information pending available funding to implement the solution. This solution will allow TSTC to be able to monitor mobile devices that are enrolled in a Bring Your Own Device (BYOD) plan.	Ongoing: 6/30/25: Internal Audit reached out to Management regarding the controls pending remediation. Per managements response control is still pending remediation and are requiring more time to complete due to management priorities shifting.	As of 3/19/25 is being discussed with leadership. 6/30/25: As of 6/27/25, the status has not changed.	12/1/26
			1.2 Update and test the disaster recovery plan by performing a tabletop exercise which will serve as training for those involved in the Disaster Recovery Plan. This plan will be updated and tested on an annual basis going forward.	Ongoing: 6/30/25: Internal Audit reached out to Management regarding the controls pending remediation. Per managements response control is still pending remediation and are requiring more time to complete due to management priorities shifting.	Currently reviewing DR Plan and Recovery Procedures. The testing dates could change depending on how long it take to update the documentation. Update: As of 3/19/25, we are preparing for the table top exercise for a few systems.	8/31/2025 , 12/31/2025

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
Payroll and Benefits Proportionality Audit (23-019A), Sill, Motwani	2.	Workday is including non-benefits eligible pay items in the proportionality calculation.	2.1 The Accounting Office will work with Workday consultants to find the best solution for this. In the meantime, the Accounting Office will continue to review and spot check the proportionality in the monthly payroll review.	Ongoing: On 6/17/25, this is still outstanding due to the immaterial amount. The payroll department has recently been moved to the Finance division. As part of the reorganization, the Finance division is in the process of looking into the boomerang integration. This integration should help resolve this issue.		12/31/2024 3/31/2025 9/30/2025
PCI Audit (24-002A), McKee, Franke	1.	Twenty four of the 103 applicable controls we tested require attention. Primarily, those controls required better documentation. But, we did identify opportunities to improve anti-virus software implementation, multi-factor authentication, and the incident response plan.	1.1 Documentation and processes will be created to address the findings.	Ongoing: Verified on 12/11/24 that the revised completion date is 12/31/2025. At 3/19/25, the expected completion date was still on track. 6/30/25: Per Managements response this is on track and will be ongoing.		12/31/2024 12/31/2025
Safety & Security Audit (24-007A), Various Managers	1.	There are safety processes and issues throughout the College that need to be improved.	1.1 All corrective actions will be implemented no later than August 31, 2024. Those will include improvements in monitoring of various processes, improved documentation and frequency of self-inspections, updated evacuation routes, more frequent performance of fire drills, and other necessary improvements to address the specific observations listed above.	Pending Verification: Improvements have been made to clear issues identified by external inspection, enhance accident reporting, and test elevator call boxes. Still need to work on updating evacuation routes, improving inspection frequency at some campuses, fire drills. More testing of other issues will occur over the next 6 months.		8/31/24

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
CRIMES Software Audit (24-019A), Becerra	1.	We identified 13 of the 48 required TAC 202 controls managed by College personnel that either need to be implemented, or enhanced. Additionally, we were unable to test 15 of the 48 controls because the vendor failed to provide necessary information.	1.1 We will facilitate a meeting between the vendor and OIT personnel to help get a full understanding of those TAC 202 controls that could not be tested during the audit. If the answers are unsatisfactory, we will pursue another solution in which security can be fully verified. We will also request OIT take over the administration of the software, comparable to other software utilized by the college.	Ongoing: Verified on 12/11/2024 progress is being made, but work is not yet complete. As of 3/25/25, 4 more controls were verified as implemented.		12/1/2024, 1/30/2025
Fleet Management Audit (24-025A), Sondermann	1.	Some controls used to effectively manage the fleet are not operating.	1.1 Driver eligibility, accident process, GPS Tracking, and fuel monitoring will be enhanced.	Partially Complete: As of 7/9/25, Workday and FleetCommander is interfacing properly, accident process - still working with risk management to ensure SORM reports are completed, GPS Tracking - trackers have been received and drivers being notified, fuel monitoring - the Wex fuel invoice is reviewed by the Fleet Manager for any unusual charges. Once GPS trackers are installed, and more data is available, Fleet Manager will review the reconciliation process to determine if a better method can be used.		1/31/2025 12/31/2025

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
	2.	Vehicles labeled as educational are generally not subject to the same controls applied to fleet vehicles, even though some are being used like fleet vehicles.	2.1 Will partner with Property Management to identify the use of current educational vehicles, and explore ways to manage them.	Partially Complete: As of 7/9/25, the Fleet Manager is working on a master list of all vehicles, including departmental/educational vehicles. As part of compiling the list, the Fleet Manager is working with departments to determine the use of each vehicle, so that it may be classified correctly. The departmental vehicles (those that are driven) will be loaded into Fleet Commander. The fleet Coordinators will review departmental vehicles monthly and contact departments with reminders for maintenance, registrations, etc. Plan to have this process in place by 12/31/25.		11/1/2024 12/31/2025
			2.2 Work with Procurement to streamline a workflow for new vehicles.	Ongoing		1/31/2025 12/31/2025

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
Compliance Audit of Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (25-003A), Kubitz	1.	Some administrative requirements were not fully met when the 2024 Annual Security Report and Annual Fire Safety Report were first issued on October 1.	1.3 Our process will include regular consultations with Campus Management, Facilities personnel, and Legal Counsel to account for newly acquired properties and jurisdictional changes as the College continues to grow. All properties will be thoroughly reviewed during report preparation to ensure requests to external law enforcement agencies cover all relevant public property. We anticipate full implementation of this procedure by March 1, 2025.	Pending Review: Lead indicated that the action related to verifying all covered property would be completed by July.		3/1/2025, 7/1/2025
Workforce Training Audit (25-006A), Bowen	1.	Administrative procedures related to access, hiring, pay, and course scheduling should be improved.	1.1 Remove inappropriate access to Colleague.	Partially Complete: At 6/30/25, Since the audit, there have been 3 people whose inappropriate access has been removed, however there are still 6 people with unnecessary access.		3/31/2025, 7/15/2025

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 Utilize faculty orientation, clarify manual processes, and review faculty service agreements.	Partially Complete: At 6/16/25, although SCRM currently has a pool of qualified instructors, the SCRM team is finalizing the job description and application questions for temporary accelerated instructional roles to be used with Evergreen Requisition in Workday. Evergreen will enable a formal and transparent application process for all qualified instructors, featuring a built-in tracking mechanism to monitor applicant activity. Once SCRM staff receive training, a hiring process specific to temporary accelerated instructional roles will be documented and integrated into the existing SCRM Processes and Procedures manual. In parallel, SCRM is also developing standardized communication protocols to ensure these opportunities are consistently shared with campuses statewide.		3/31/2025, 9/30/2025

Report Name & No., Resp. Sr Mgr		Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Expect. Complete Date
			1.3 Clarify the operating manual surrounding temporary teaching roles for accelerated training, email distribution lists for opportunities, and implement a tracking system for applicants that would like to teach.	Partially Complete: At 6/16/25, full-time credit faculty may only teach courses if the schedule does not conflict with their credit teaching assignments; SCRM project managers must obtain confirmation from the supervisor confirming scheduling conflicts do not exist. SCRM procedures were updated to include a "no credit course conflict" with supervisor confirmation being required. Quarterly compliance reviews will be conducted by the SCRM team by the end of the 4th quarter. Regarding instructor pay, a new Instructor Trainer Protocol was created in March 2025 which includes a new required pay structure. Starting September 1, all pay should follow this new protocol.		3/31/2025, 9/30/2025

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
	2.	Financial transactions and financial performance monitoring should be enhanced.	2.1 Meet on a monthly basis to collectively review recent activity, as opposed to regular individual review. Initial communication to outstanding balances will be performed by the Accounting team, with supporting communication for unsatisfied invoices beyond 90 days to be supported by the Workforce Training and Continuing Education department, assigned to the departmental teammate with the most regular contact with the invoice recipient.	Ongoing: At 6/23/25, receivables over 90 days old has decreased by \$49,693.42. However, there is still a receivable for Texas A&M Engineering Experiment Station, TEES for \$198,668 that still has not been resolved. Workforce Training and Accounting have not begun meeting on a monthly basis, but has been sending monthly reports of unpaid invoices.		3/31/2025, 7/31/2025

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
Investigation of an Advocacy Resource Center (ARC) Award (25-0231), Clinton-Solis	1.	An award of ARC funds was inappropriate.	1.1 Improve the Request for Support form, the intake process and documentation requirements, and create guidelines and scenarios around the appropriate use of funds. This will include the consideration of the student's academic standing, conduct, graduation date, and financial aid package. The process for allocating Helpings Hands funds by campus, requirements for the various funding sources and the escalation and additional approvals for disbursement will be reviewed and agreed upon in partnership with the TSTC Foundation. ARC staff will receive training on all existing and updated protocols once a semester and randomly audit cases weekly.	Substantially Complete: At 6/30/25, Helping hands guidelines were revised to include student status requirements, award limitations and approvals, and examples of approved and excluded expenses. A refresher training with staff on "best practices" was held in February 2025, however, an updated training over process revisions is planned for July/August 2025 during a departmental off-site. In addition, a spreadsheet was shared with the Director of Support Services to begin performing weekly audits of cases.		6/30/2025, 8/31/2025
Post-Payment Audit by the Texas Comptroller of Public Accounts, Motwani, Sill,	1.	Some payroll transactions did not comply Comptroller Requirements.	1.1 HR Generalists will process the calculation sheets for Holiday Payouts, with payroll validating the information.	Partially Complete: The 4 people who were found to have issues were compensated. There is still work in determining how holidays will be considered since Workday cannot perform that function.		3/1/2025, 9/30/2025

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
Investigation of Financial Aid Fraud (25-0331), Stuart-Carruthers, Harvey, Medrano	1.	Six instances of fraud were confirmed.	1.1 For any individuals flagged as high risk during the application process, the Enrollment Department will require a valid picture ID before allowing registration. Self-audits will be conducted during registration periods in which high-risk applications have registered to ensure IDs are obtained.	Pending Review		4/15/25
Workday Application Audit (25-025A), Bernal	1.	Controls and processes related to access, training, and records retention require enhancement. We identified 13 of the 49 TAC 202 controls that should be improved.	1.1 Implement a formal review of user accounts to validate access, verify onboarding and annual training requirements are met before access is granted, and start collaborating with the Records Management Officer to establish a comprehensive data retention plan for Workday.	Ongoing		3/1/2025 , 7/1/2025

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
Payroll Process Audit (25-016A), Mayfield, C. Wooten	1.	There are several opportunities to improve the effectiveness and efficiency of the payroll process by segregating activities that produce data used in that process, reducing system access, and improving guidelines and expectations of other employees and managers outside of the Payroll Department.	1.1 We completed the first phase of improvements by transferring the payroll accounts payable function and related FTEs to Finance to strengthen financial controls. This marks the beginning of a broader effort to separate front-end, employee-facing activities from back-end processing functions. HR will continue to manage benefits, compensation setup, onboarding, life events, and time/leave management, with phased improvements and control enhancements underway.	Completed		5/31/25
			1.2 Over the next 90 days, HR and Finance will jointly assess and respond to the recommendation in the supplemental audit report which details specific observations to determine where further changes are needed. As part of this work, we are also evaluating the most appropriate alignment of payroll reporting responsibilities. Preliminary planning places external compliance reporting (e.g., W-2s, tax filings) with Finance, and internal reporting to support organizational decision-making with HR.	Ongoing		8/31/25

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
Tuition Audit (25-022A), Harvey	1.	The ability to edit tuition tiers in Workday should be better restricted.	1.1 Once notified of the access issue, we immediately had the access restricted to just personnel within Student Accounting. Going forward, we will also review access at least annually to ensure the ability to alter rate tables is properly restricted.	Complete		Immediately
Student Conduct Audit (25-027A), McMillan	1.	There are opportunities to improve documentation and classification standards, matters related to sanctions, as well as access to documentation and training.	1.1 All required documents related to conduct cases will be archived in Maxient; a tracking system will be developed and maintained to the completion of all sanctions; sanctioning guidelines will be reviewed and revised to promote consistency for similar violations; and all members of the Statewide Review Board will be required to complete standardized training.	Ongoing		12/31/25

Internal Audit Department

Audit Report

**Workday Application
Audit (25-025A)**

May 16, 2025

**This audit was conducted in accordance with the
Global Internal Audit Standards
of the Institute of Internal Auditors**

Executive Summary

We performed an audit of the Workday application to ensure its availability, confidentiality, privacy, processing integrity, and security. This audit was conducted between January 15, 2025, and March 13, 2025. We examined 49 controls required by the Texas Department of Information Resources, Texas Administrative Code 202 (TAC 202). We also utilized the most current SOC 2 Type 2 reports for period 10/1/23 to 9/30/24 for 23 of the required TAC 202 controls.

Controls related to access, training, user identification and authentication, personnel security, risk assessment, audit and accountability, and information integrity were tested. Configuration management, contingency planning, maintenance, and system communication protection controls were also tested.

Of the 49 required controls we examined, 13 need improvement. These related to access, records retention and training. The details of the specific controls are not included in this report, but are available upon request. The following table summarizes the required TAC 202 controls we tested and our results:

Control Family	Implemented	Implemented with Recommendations	Not Implemented
Access Controls	5	0	6
Awareness and Training Controls	2	0	2
Audit and Accountability Controls	9	0	0
Configuration Management Controls	4	0	0
Contingency Planning Controls	5	0	0
Identification and Authentication Controls	4	0	1
Maintenance Controls	2	0	0
Personnel Security Controls	0	0	3
Risk Assessment Controls	1	0	0
System and Service Acquisition Controls	1	0	0
System and Communication Protection Controls	2	0	0
System and Information Integrity Controls	1	0	1
Total	36	0	13

Introduction

Workday is an enterprise platform that helps organizations manage human resources, finances, adaptive planning, students, and other services that can be subscribed to by the College. Workday

delivers its applications via a software-as-a-service (SaaS) model. In this delivery model, Workday is responsible for providing the infrastructure (i.e., hardware and middleware), data security, software development (i.e., software updates and patches), and operational processes (i.e., operation and management of the infrastructure and systems to support the service). The College entered into an agreement with Workday on October 17, 2019. The finance and human resources portions of the software were implemented by the College in April 2022. The student portion was implemented within the last year. TSTC has renewed its agreement and subscription to Workday in January 2025. That agreement ends on August 31, 2030. The total cost over the next 5-year period will be approximately \$11 million.

The Office of Information Technology (OIT) supports Workday and its users. Twenty-three employees within OIT provide support, to include assisting with access, and supporting different functions of the application related to integration, prism data, reporting, security, setup and student integration.

Objectives

Our objectives for the Workday application audit were to ensure confidentiality, accountability, and integrity of data stored, transmitted and processed by the Workday Application by verifying compliance to TAC 202. This audit focused on the Enterprise Resource Planning (ERP) portion of Workday.

Scope & Methodology

The scope of our audit consisted of examining processes and procedures as they relate Workday Enterprise Resource Planning (EPR) services. We utilized the Texas Department of Information Resources Security Control Standards Catalog, version 2.1, the National Institute of Standards and Technology 800-53r5 (NIST 800-53r5) Framework, and the most recent SOC 2 Type 2 audit report performed by an independent auditor.

To accomplish our audit objectives, we examined user access, training documentation, configuration files, identification and authentication configurations, and various Statewide Operating Procedures published by TSTC. For controls related to Workday's cloud environment (SaaS), we reviewed control reports related to security, availability, processing integrity, confidentiality, and data privacy.

Positive Observations

The level of support for Workday ensures limited downtime and availability when needed. Security is configured in a restrictive mode that does not allow users to bypass authentication measures. Passwords are masked when entered, and accounts are locked after a set number of failed login attempts. Multi-factor authentication controls provide added security. The College properly vetted the application during the risk assessment and acquisition process. Finally, the vendor provides extensive resources to users and OIT support staff. The software is significantly more reliable and effective than the antiquated one it replaced.

Summary of Finding

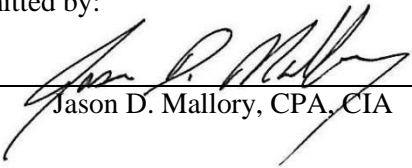
Controls and processes related to access, training, and records retention require enhancement. We identified 13 of the 49 TAC 202 controls that should be improved.

Opinion

Based on the audit work performed, the majority of TAC 202 required controls have been implemented, but there are opportunities to improve controls over user access, user training, and records retention requirements.

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

May 16, 2025

Date

AUDIT FINDING DETAIL

Finding #1: Controls and processes related to access, training, and records retention require enhancement. We identified 13 of the 49 TAC 202 controls that should be improved.

Criterion: Internal Audit tested 49 controls detailed in the TAC 202 Security Control Standard Catalog.

We determined that 13 of the 49 controls were not implemented. The controls needing attention primarily related to access processes. The other controls related to records retention and training.

Control Family	Not Implemented
Access Controls	6
Awareness and Training Controls	2
Identification and Authentication Controls	1
Personnel Security Controls	3
System and Information Integrity Controls	1
Total	13

Details of the controls we tested are included on a database shared with OIT. The 13 controls referred to above are included in that database, with specific information that explains why we feel improvements are needed. They are not included in this report because disclosure could create a security risk. The details are available upon request.

Consequences: Increased risks of unauthorized access to sensitive information, and non-compliance to data retention requirements.

Recommendations: We recommend user accounts be reviewed on an annual basis and include recertifying accounts. We recommend all users take required training during the on boarding process, and annually thereafter as required by policy. Finally, we recommend OIT work with the Records Management Officer to implement a data retention plan for all Workday data stored and processed by the College.

Management Response

Management of the OIT Operational Services, Security, and Compliance agrees with the observations made in the audit. By Dec 18, 2026 OIT will implement a formal review of user accounts to validate access, verify onboarding and annual training requirements are met before access is granted, and start collaborating with the Records Management Officer to establish a comprehensive data retention plan for Workday. Collaboration with the HR Learning and Development team may also be necessary for the training portion of this action. Carrie Bernal,

Associate Vice President, IT Operational Services and Larry McKee, Director of IT Security and Compliance, will be responsible for implementing these corrective measures.

Internal Audit Department

Audit Report

Payroll Process Audit (25-016A)

May 27, 2025

**This audit was conducted in accordance with the
Global Internal Audit Standards
of the Institute of Internal Auditors**

Executive Summary

In October 2024, the Vice Chancellor/Chief Human Resources Officer requested an audit of payroll procedures to ensure payroll is processed effectively and efficiently. The catalyst for this request were recent errors and oversights in select paychecks and W2s that she wanted to ensure were corrected going forward.

The overall objective of this audit was to verify payroll is processed effectively and efficiently. The payroll process includes all activities which affect employees' pay. That process obviously includes monthly processing by the Payroll Department to pay employees, and creating W-2s and related reports. The payroll process also includes activities that impact pay that are performed outside of the Payroll Department. Those activities include enrolling employees in various benefits, creating and approving timesheets, and approving various forms of leave. This audit attempted to include all major activities that impact the payroll process, not just the those performed by the Payroll Department. The accuracy of all pay, to include benefit elections and withholdings, and payroll taxes were tested. Flowcharts were also produced to help us and management consider improvements that may be beneficial. The payroll processed in December 2024 was tested.

The following is a summary of the tests that were performed, along with the results.

Test	Results
Only legitimate employees are set up on payroll, and paid their approved rates.	We did not find any fraudulent, or "ghost" employees. All pay rates were correct. Pay is also calculated correctly. There are opportunities to better control the risk of ghost employees by segregating roles and capabilities of both Payroll employees and other employees, by better restricting Workday access, and by periodically validating social security numbers through the Social Security Administration database.
Payroll is accurate and processed timely.	Payroll is processed timely. There are opportunities to improve the timeliness of some pay types, like overtime. This would require more timely actions from people outside of payroll. Additionally, segregating certain activities would better control the risk of inappropriate or erroneous changes to pay components.
Withholdings are proper and authorized.	All withholdings are authorized. There are opportunities to improve documentation which evidences benefits were authorized, with their costs calculated correctly. Segregating certain responsibilities would also strengthen controls.

Pay is deposited to approved accounts.	Employees' paychecks are deposited to bank accounts they authorize, and there are adequate controls to reduce the risk of unauthorized changes to those deposit instructions.
Additional pay items are calculated and paid timely.	All additional pay items, like bonuses, were correctly paid. There is an opportunity to improve the documentation that these were authorized. There is also an opportunity to clarify expectations.
W2s are correct.	All W2s are correct, and tie to year end payroll. Additional controls were established prior to this audit to validate W2s before they were made available to employees.
Access to the payroll system and data is appropriate.	There were several people outside of the Payroll Department who had payroll processing related access, and employees within the Payroll Department who had access they should not have.
The College administers all deferred compensation plans properly.	An expert consultant opined that the administration of the 403b, 457b, and 457f plans were correct.

A supplemental report detailing 19 specific observations and recommendations was provided to management to assist them with taking specific action on various processes. Those are not included in this report due to its level of detail. That supplemental report is available upon request.

Overall, payroll is processed correctly and timely. There are opportunities to improve controls and processes which would reduce risks common to payroll processing, and to improve the efficiency of those efforts. Our observations largely stem from a lack of segregation of roles within the payroll process. As Human Resources has evolved, they have become more customer focused. There has been an intentional cross training of some responsibilities in an attempt to expedite employee requests and needs. With payroll being such a significant expense, though, we feel there needs to be a more clear segregation in roles as it related to payroll processing.

Introduction

The College currently has 1,988 active employees, divided into three categories for payroll: bi-weekly, monthly non-exempt, and monthly exempt employees. The 179 bi-weekly employees are generally paid an hourly rate, and include student workers, police officers, and flight instructors. The 470 monthly non-exempt employees are salaried employees. This category includes personnel from Admissions and Enrollment, OIT/Help Desk, Auxiliary, and Physical Plant. The remaining employees fall into the monthly exempt category. The total payroll expense for December 2024 was \$219,768.96 for bi-weekly, and \$11,607,952.09 for monthly.

The Payroll Department is responsible for processing payroll. This includes ensuring paychecks are issued to employees on the scheduled pay date. They have procedures to verify all pay and

withholding amounts are accurate. In addition, the Payroll Department remits various payroll related liabilities to the appropriate vendor, and works with a third-party vendor to prepare quarterly tax filings and year-end W2 forms.

To ensure payroll amounts are accurate, Payroll employees work with other Human Resource employees and other managers throughout the College to ensure front end processes that affect payroll are completed timely. These processes include adding new employees, removing terminated employees, ensuring the appropriate benefit and tax deductions are withheld, verifying timesheets are entered and approved, and validating compensation changes are updated timely. In addition to the regular bi-weekly and monthly payrolls, on-demand payroll checks are issued when necessary in between normal payroll cycles.

Payroll is led by the Senior Manager of HR Shared Services, with two additional employees. They report to the Senior Executive Director HR Operations and Shared Services.

Objectives

The objective of the audit was to ensure payroll processing is effective and efficient, with processes and controls in place that ensure all amounts paid are correct, authorized, and timely.

Scope & Methodology

The scope of audit included major processes that support payroll processing through March 20, 2025. The December 2024 payroll that was processed was tested for compliance testing. To accomplish our objectives, we utilized IRS Publication 15, the most recent Employee Retirement System (ERS) benefit rate tables, and current processes as documented by flowcharts developed through discussions with Payroll employees and other Human Resources personnel. Our tests included calculating net pay, taxes, and all benefits for a sample of employees. We confirmed benefits directly with employees, and reviewed specific documentation and processes.

Positive Observations

Payroll work diligently to ensure payroll is processed accurately and timely. They have established a validation process for the data that is used to process payroll, yet recognize improvements to their processes are needed. There are multiple processes that occur outside of Payroll that affect payroll processing. These include hiring and terminating employees, facilitating employees' benefit elections, and completing and approving timesheets.

Summary of Finding

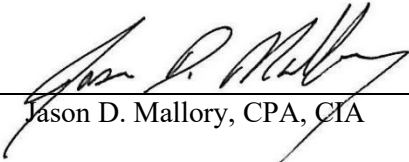
There are several opportunities to improve the effectiveness and efficiency of the payroll process by segregating activities that produce data used in that process, reducing system access, and improving guidelines and expectations of other employees and managers outside of the Payroll Department. *A detailed list of these opportunities, along with our recommendations was provided to management in a separate supplemental report.*

Opinion

Based on the audit work performed, payroll is processed accurately and timely. But, there are several opportunities to improve processes and controls that would improve its effectiveness, efficiency, and reliability.

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

Submitted by:



Jason D. Mallory, CPA, CIA

May 27, 2025
Date

AUDIT FINDING DETAIL

Finding #1: There are several opportunities to improve the effectiveness and efficiency of the payroll process by segregating activities that produce data used in that process, reducing system access, and improving guidelines and expectations of other employees and managers outside of the Payroll Department. *A detailed list of these opportunities, along with our recommendations was provided to management in a separate supplemental report.*

Criterion: We recalculated pay and its related components for a sample of employees. We flowcharted supporting processes, and verified compliance to IRS and ERS rules. We also reviewed system access, confirmed benefit authorizations, and examined authorizations and supporting documentation.

We identified opportunities to better segregate roles that impact the payroll process, improve benefit processes which ensure employees authorize and receive the benefits they pay for, and reduce risks related to fraudulent payroll transactions. We also identified what we feel are root causes for issues that have recently impacted the payroll process. These have often times manifested in areas outside of the Payroll Department. An example is the need for employees to submit approved timesheets before payroll is processed.

Consequences: Failure to address the observations noted in the supplemental report decreases the effectiveness and efficiency of the payroll process, and increases the risk of errors and fraud without readily being detected.

Recommendations: We recommend each of the observations discussed in the supplemental report be addressed.

Management Response

Management of the Human Resources and Finance Divisions agrees with the audit findings. The current structure of payroll operations, historically centralized, presented risks due to limited role segregation and oversight. In May 2025, we completed the first phase of improvements by transferring the payroll accounts payable function and related FTEs to Finance to strengthen financial controls. This marks the beginning of a broader effort to separate front-end, employee-facing activities from back-end processing functions. HR will continue to manage benefits, compensation setup, onboarding, life events, and time/leave management, with phased improvements and control enhancements underway.

Over the next 90 days, HR and Finance will jointly assess and respond to the recommendation in the supplemental audit report which details specific observations to determine where further changes are needed. As part of this work, we are also evaluating the most appropriate alignment of payroll reporting responsibilities. Preliminary planning places external compliance reporting (e.g., W-2s, tax filings) with Finance, and internal reporting to support organizational decision-making with HR. Final decisions and a formal framework will be shared by August 1, 2025. To ensure long-term accountability and sustainability, regular quality reviews, access audits, and joint

process evaluations will be conducted. Points of contact for this initiative are Vice Chancellor/CHRO Pamela Mayfield and Vice Chancellor/CFO Chad Wooten, or their delegates.

Internal Audit Department

Audit Report

Tuition Audit (25-022A)

May 28, 2025

**This audit was conducted in accordance with the
Global Internal Audit Standards
of the Institute of Internal Auditors**

Executive Summary

We completed an internal audit of tuition charged in the Fall 2024 semester to verify it was calculated and charged correctly. Our tests included reconciling tuition rates used by Workday to rates approved by the Board of Regents and approved program tiers, ensuring access to rate tables used in those calculations were restricted, and validating compliance requirements related to waivers, TPEG, and remittance of tuition to the State Comptroller's Officer.

We determined that tuition charged in Fall 2024 was materially correct. The correct tuition rates and program tiers were utilized. Additionally, tuition waivers and other reductions that were applied were appropriate. The amount withheld for the Texas Public Education Grant (TPEG) was calculated correctly, as was the required remittances of tuition revenue to the Comptroller's Office. Finally, related controls were in place and operating as intended, with the exception of one observation noted in Finding #1.

The only observation we made that requires attention is detailed in Finding #1. We determined access to edit tables in Workday related to calculating tuition need to be better restricted.

Introduction

Texas Education Code, Chapter 54 requires the Board to establish tuition rates, sets minimum levels for tuition, and outlines permissible waivers and fees. Currently, charges include statutory state tuition set at \$25 per credit hour for residents of Texas, and \$179 per credit hour for nonresidents. Designated tuition is divided into tiers, with the rate being based on the program of study. The current designated tuition rates are \$282, \$245, \$207, and \$169 for tiers 1-4, respectively.

The College's instructional programs are categorized into different tuition tiers. The rates are approved the prior academic year by the Board of Regents at their August meeting. The Leadership Team selects the tuition tiers each program will be assigned. This is based on a process that considers seven metrics, which include growth in number of applicants, labor market growth, placement rate, net value benchmark, wage benchmark, capacity ratio, and graduate growth. The Business Intelligence team makes recommendations to the Leadership Team based on an analysis of data from the previous 2 years. The Leadership Team makes the final determination of tier placement. For the Fall 2024 semester, the tiers include the following programs:

Tier	Program	Statutory Tuition	Designated Tuition
Tier 1	Advanced Manufacturing, Aircraft Airframe, Aircraft Powerplant, Electrical Lineworker, Instrumentation, LVN to RN Transition Nursing Program, Welding	\$25/hour for Texas Residents, \$179/hour for Nonresidents	\$282/hour

Tier 2	Biomedical Equipment, Building Construction, Computer Network and Systems Administration, Culinary Arts, Cybersecurity, Diesel Equipment, Electrical Power and Controls, Vocational Nursing	\$25/hour for Texas Residents, \$179/hour for Nonresidents	\$245/hour
Tier 3	Chemical Dependency Counseling, Computer Programming, Drafting and Design, Auto Collision and Management, Automotive Technology, Business Management, Dental Hygiene, Digital Media and Design, Education and Training, Electrical Construction, Emergency Medical Services, Health Information, HVAC, Industrial Systems, Occupational Safety and Environmental Compliance, Precision Machining, Process Operations, Solar Energy, Surgical Technology, Wind Energy	\$25/hour for Texas Residents, \$179/hour for Nonresidents	\$207/hour
Tier 4	Aircraft Pilot Training, Automation and Control, Avionics, Electromechanical Technology, Mechatronics, Plumbing & Pipefitting, Pre-Allied Health, Robotics, Web Design and Development	\$25/hour for Texas Residents, \$179/hour for Nonresidents	\$169/hour

The total statutory tuition collected for the Fall 2024 semester was \$4,135,983.10, and the total designated tuition collected was \$27,704,535.50.

The Senior Director of Institutional Revenue is currently responsible for updating and maintaining tuition rates and program tiers within Workday. Financial Accounting is responsible for remitting TPEG and tuition amounts to the State Comptroller. Depending on the type of waiver or exemption applied, Student Accounting and Human Resources are involved in granting these to eligible students.

Objectives

The objectives of this audit were to:

- Verify only tuition rates approved by the Board of Regents were used in calculating student charges.
- Recalculate a sample of tuition charges to ensure Workday is applying the instructions correctly, given program of study, number of hours enrolled in, and residency status.
- Verify programs were assigned to the appropriate tuition tier.
- Ensure access to change rate tables and program tiers is restricted, and well controlled.
- Ensure tuition waivers and/or exemptions are appropriate.

- Verify tuition withheld for TPEG is appropriate.
- Verify tuition remitted to the State is appropriate and timely.

Scope & Methodology

The scope of the audit included all tuition charged in the Fall 2024 semester, as well as the related processes and controls that are relied upon. Our methodology was based upon Texas Education Code, Chapter 54, SOS 1.10 Tuition and Fees, SOS FA 3.3 Texas Public Education Grants, and other internal policies. To accomplish our objectives, we recalculated tuition for a sample of students, verified tuition rates and program tiers, and reviewed a sample of waivers/exemptions. We also verified amounts set aside for TPEG and amounts remitted to the State. Additionally, we verified access to change tuition rates and program tiers is appropriately restricted. Finally, we reviewed the process used to ensure approved tuition changes are implemented.

Positive Observations

Approved tuition rates are well documented, and there is a well-documented process for selecting tiers each program will be placed in. Tuition charges are calculated through an automated process, with those calculation instructions being input and maintained by the Senior Executive Director of Student Accounting and Institutional Revenue. The Financial Accounting office has established a strong process for setting aside TPEG amounts and remitting tuition to the State timely. The staff involved in this audit provided documentation when requested, and were responsive to our requests.

Summary of Finding

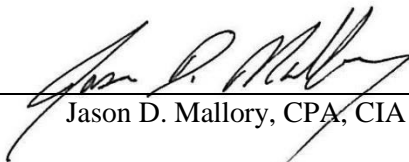
1. The ability to edit tuition tiers in Workday should be better restricted.

Opinion

Based on the audit work performed, tuition calculations are based upon approved rates and tiers. Waivers/exemptions, TPEG amounts are appropriate, and tuition remittances to the State are appropriate and timely. Controls are generally well designed and implemented, with the exception of the one observation noted in Finding #1.

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

May 28, 2025
Date

AUDIT FINDING DETAIL

Finding #1: The ability to edit tuition tiers in Workday should be better restricted.

Criterion: We reviewed the list of all persons who have access to edit the SF- Traditional Student Tiers report within Workday. There are 5 people with edit access. The numbers used in this table are directly used in calculating all student tuition for the semester. We reviewed each persons' job responsibilities to ensure that their access was necessary and appropriate. We also determined whether each person had recently performed edits.

We found 2 people who had access that was not needed. We did not, however, identify any of that access has been used to make inappropriate or unauthorized changes.

Consequences: Increased risk of unauthorized changes that could affect the entire student population's tuition calculations and charges.

Recommendations: We recommend that access be immediately revoked, with a periodic review of access being performed.

Management Response

Management within Financial Services agrees with the finding. Once notified of the access issue, we immediately had the access restricted to just personnel within Student Accounting. Going forward, we will also review access at least annually to ensure the ability to alter rate tables is properly restricted. Jan Harvey, Sr. Director of Institutional Revenue will be responsible for ensuring access is appropriate.

Internal Audit Department

Audit Report

Student Conduct Audit (25-027A)

May 28, 2025

**This audit was conducted in accordance with the
Global Internal Audit Standards
of the Institute of Internal Auditors**

Executive Summary

We have completed an internal audit of the student conduct process for the period of September 2023 through December 2024. The primary purpose of the audit was to ensure a well-defined, effective and efficient process is in place to report, review and resolve student conduct matters. The scope of the audit included all student conduct reports submitted for the period under audit. General conduct issues on campus were tested, as well as issues at on-campus housing facilities and matters involving academic integrity. SOS ES 3.23, Student Rights and Responsibilities, SOS ES 4.27 Academic Integrity, the TSTC Student Code of Conduct, Student Handbook and various other internal documents informed our testing.

Sixty conduct cases were reviewed in this audit, with every campus represented in our sample. For each case, we verified required documentation was on file, with sanctions and their resolutions being appropriate, timely and in accordance with policy. Some of our other testing included verifying conduct expectations and related processes were clearly communicated to faculty and staff, staff involved in the process were properly trained, and access to conduct records were secured and restricted. We also analyzed data to identify trends that might assist with improving processes

We determined there is a well-defined student conduct process that sets expectations for appropriate conduct. It also establishes sanctions for violations. Those processes and expectations are communicated to students and staff. Generally, specific conduct cases are well documented, sanctions are both appropriate and adhered to by students. Staff involved in the process are trained, and access to conduct records and documentation is restricted, in most cases.

There are opportunities to improve some processes, though. Those opportunities lie within documentation, communication, training, sanction tracking, and restricting access to related records. Details are provided in the Findings section of this report.

Introduction

The Student Code of Conduct established appropriate conduct for all students on campus, and encourages fair and efficient solutions for problems arising out of the student/college relationship. Academic dishonesty, and acts violating various College policies are prohibited. Verbal and physical abuse, possession of dangerous weapons and illegal substances, and other disrupting or violent acts are prohibited anywhere on campus.

Faculty and staff, and students can submit alleged violations via the TSTC website, or directly to designated personnel. The Student Rights & Responsibilities Department (“SR&R”) handles all violations, to include determining corrective actions and sanctions. SR&R is notified of alleged violations, investigates each allegation to determine its legitimacy, and decides on the sanctions depending on the nature of the violation. Sanctions for academic dishonesty is decided by faculty, but documentation is forwarded to SR&R for recordkeeping. Students can appeal to a designated panel of employees to reconsider sanctions involving restrictions, loss of privileges, withholding/revocation of grades or degrees, suspension, or expulsion. This panel is made up of volunteer staff and faculty who are trained on the required process.

SR&R is overseen by the Manager of Case Development and consists of 2 Student Development Specialists and 2 Senior Specialists. SR&R falls under Retention Services, within the Operations Division. SR&R also handles student grievances, which was audited in fiscal year 2024.

During the period from September 1, 2023 and December 31, 2024, there 1,484 alleged conduct violations reported.

Campus	# of Reported Violations	Campus	# of Reported Violations
Abilene	13	Breckenridge	5
Brownwood	3	Hutto	16
Fort Bend	36	Harlingen	234
Marshall	286	New Braunfels	8
North Texas	3	Sweetwater	94
TSTC Connect	282	Waco	419
Location not Disclosed	85	Total	1,484

The following summarizes the general types of conduct issues handled by SR&R in fiscal years 2022 through 2024:

	FY 2022	FY 2023	FY 2024
Conduct	429	487	816
Academic Dishonesty	73	93	187
Total	502	580	1,003

One incident can generate multiple conduct cases because of the way they are reported. This makes exact analysis difficult. Generally, the numbers above are accurate.

Objectives

The objective of this audit was to ensure a well-defined, effective and efficient process is in place. Specifically, to ensure:

- Policies and procedures are in place to define acceptable student conduct, and handle sanctions. Those are communicated to both faculty and students.
- Sanctions related to unacceptable conduct is appropriate, follows policy, and completed timely.
- Training is provided to staff involved in the conduct process.
- Access to student conduct data is restricted.

In addition, we aimed to identify trends and patterns in disciplinary incidents, to aid in improving processes.

Scope & Methodology

The scope of our audit included allegations of inappropriate conduct reported between September 2023 through December 2024. SOS's ES 3.23 and ES 4.27, the TSTC Student Code of Conduct, the Student Handbook and various other internal documents formed the basis of our testing. To

offer an opinion on the objectives of this audit, we reviewed a sample of conduct allegations in the time period under audit to determine whether they followed policy in the review, assessment, and documentation of each situation, and to determine whether any sanction was fair, timely, and allowable. Training records of staff responsible for this activity were reviewed, as was access to conduct related documentation to ensure it was adequately restricted.

Positive Observations

SR&R staff were exceptionally helpful in assisting with questions and providing documents. Student conduct policies and procedures are well documented, and readily available on the College's website. We found staff and faculty are generally diligent when reviewing and resolving issues in manners that are both fair and timely.

Summary of Finding

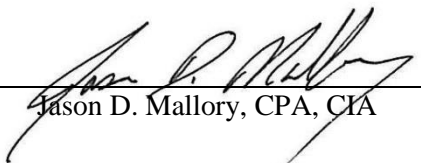
There are opportunities to improve documentation and classification standards, matters related to sanctions, as well as access to documentation and training.

Opinion

Based on the audit work performed, the student conduct process is well-defined and communicated, and generally follows all required standards. There are opportunities, though, to improved processes that support this activity.

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

May 28, 2025
Date

AUDIT FINDING DETAIL

Finding #1: There are opportunities to improve documentation and classification standards, matters related to sanctions, as well as access to documentation and training.

Criterion: We reviewed 60 conduct cases, including academic integrity cases to determine if conduct processes are being appropriately followed. This included verifying appropriate documentation, including the Incident Report, Initial Letter, Outcome Letter, Case Resolution Form (CRF) and/or Academic Integrity Discipline form, as well as various fields in Maxient. We also verified these cases were included in the SR&R Case Review spreadsheet. This is used as a tracking tool to follow up on cases and the related sanctions.

Access to documentation, and training records were also reviewed.

We noted the following exceptions that led us to conclude processes should be improved:

- 49 of 60 cases were missing one or more documents. These included incident reports, initial appointment letters, outcome letters, academic integrity discipline reports, and CRF's. 11 cases were not updated in Maxient, and 27 cases were not documented on the SR&R Case Review spreadsheet. The lack of documentation on this spreadsheet decreases the effectiveness of tracking resolutions.
- There were 11 cases that were not classified as Housing matters, 5 cases that were not conduct related, and 1 case that was not classified as academic dishonesty. There also does not seem to be a consistent process for informing Housing of conduct cases in their area.
- While not pervasive, we did identify inconsistencies in sanctions, particularly related to alcohol matters. And, there were 2 instances where the sanction did not follow policy.
- 7 of 25 members on the Statewide Review Board have not attended training.

Consequences: Increased risk of cases not being handled in accordance to policy, and sanctions not being completed.

Recommendations: We recommend all conduct process documents utilized in the respective cases be archived to document how the matter was handled. We recommend sanctions be adequately tracked and validated for completion, and sanctions for similar violations be consistent. Finally, we recommend all members of the Statewide Review Board complete training.

Management Response

The Student Rights and Responsibilities office agrees with the observations made in the audit. The issues identified—such as inconsistent documentation of conduct processes, inadequate tracking of sanction completion, inconsistent sanctioning for similar violations, and incomplete training of Statewide Review Board members—stemmed from varied practices across the department and some gaps in process oversight.

Although some corrective actions are already underway, by the end of the Fall 2025 semester, the following corrective actions will be implemented: all required documents related to conduct cases will be archived in Maxient to ensure complete case histories; a tracking system will be

developed and maintained to the completion of all sanctions; sanctioning guidelines will be reviewed and revised to promote consistency for similar violations; and all members of the Statewide Review Board will be required to complete standardized training. Integrity of the solutions will be measured through semesterly audits of conduct case files, yearly reviews of sanctioning trends, and verification of completed training for all board members.

Forrest McMillan, Manager of Student Development, will oversee the implementation of this corrective action plan.

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

August 2025

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, VC/CAE
 Subject: TAC 202 Compliance – Quarterly Update
 Date: June 30, 2025

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 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 April 1 through June 30, 2025, 0 outstanding controls were implemented. There are currently 27 controls from past audits to test. 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
As of March 2022	38	11	0	0	49

Perceptive Content

Original Audit: June 28, 2017

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 2}	Total
As of March 2022	33	15	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.

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 4: 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	Total
As of June 2022	38	11	0	0	49

VPN

Original Audit: November 22, 2021

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 5}	Total
As of September 2022	50	0	0	2	52

Note 5: AU-5 requires monitoring of audit log failures. Implementing this control would require a 3rd party software add-on, which we do not feel the benefit of doing so outweighs the cost. We have a compensating control where we monitor logs monthly. CP-4 requires periodic back-up testing. The testing of this control would cause a disruption to services provided to employees working remotely. There are compensating controls of stored backup configurations. OIT tests the backups before completing any upgrades or updates to the appliance.

Canvas LMS

Original Audit: May 20, 2022

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
As of December 2022	43	10	0	0	53

TWC Server

Original Audit: May 16, 2022

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
Jan 2023 – Mar 2023	47	4	0	0	51

T Drive

Original Audit: March 17, 2023

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
April 2025 – June 2025	40	0	1	0	41
January 2025 – March 2025	40	0	1	0	41
Difference	0	0	0	0	

IT General Controls

Original Audit: June 23, 2023

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 4}	Total
April 2025 – June 2025	24	6	3	1	34
January 2025 – March 2025	24	6	3	1	34
Difference	0	0	0	0	

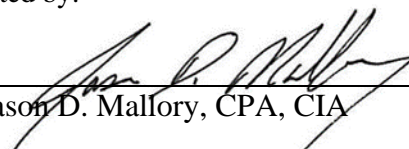
Note 4: In Note 1 for the General Controls Audit conducted in FY 2017, management elected to not fully implement CM-11 related to end-user installed software. They feel compensating controls such as malware and the ability to restrict specific downloads from the internet assist with mitigating associated risks. They continue to accept this risk to the extent it is not fully controlled by completely restricting administrator rights on laptops and PCs. .

CRIMES

Original Audit: March 17, 2023

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
April 2025 – June 2025	24	1	23	0	48
January 2025 – March 2025	24	1	23	0	48
Difference	0	0	0	0	

Submitted by:


 Jason D. Mallory, CPA, CIA

June 30, 2025

Date

cc: Mike Reeser, Chancellor/CEO
 Dale Bundy, VC/CIO

Final Construction Audit Report

The TSTC Foundation

Construction Manager at Risk – Mazanec Construction Co, Inc.

The TSTC Foundation & Mazanec Construction – CMAR for the TSTC Waco Annex Contract #4195



Construction Audit Report Submitted By:

R. L. Townsend & Associates, LLC

May 16, 2025

*The contents of this report are based on our understanding of documents and other information provided to us as of the date of this report. If anyone has any questions regarding the contents of this report, please contact our office for clarification.
A revised report will be issued with a revised date if any material representation needs to be corrected.*

EXECUTIVE SUMMARY

Audit Background

As a part of an overall program of controlling construction costs, The TSTC Foundation engaged R. L. Townsend & Associates to perform a review of the contract and billing records associated with The TSTC Foundation & Mazanec Construction – CMAR for the TSTC Waco Annex project.

The building was new construction of a 30,000sf industrial training center and included two large flex lab spaces. The labs will contain machines and equipment commonly used by area industry partners to train students.

Mazanec Construction Co. Inc. (Mazanec) entered into a Construction Manager-at-Risk Agreement with The TSTC Foundation on July 17, 2023.

The objective of the audit was to ensure the project was billed in accordance with the contract terms. The following key financial terms were included in the contract:

- Pre-construction Phase Fee was included in Amendment 1 for \$6,500
- Construction Phase Fee was based on 2.67% of Direct Construction Cost and included in Amendment 1 for a total stipulated amount of \$321,257
- General Conditions was a Not to Exceed amount
- The substantial completion date was scheduled for December 5, 2024
 - Amendment 2 extended substantial completion to December 12, 2024
 - Amendment 3 extended substantial completion to March 31, 2025
 - Amendment 4 extended substantial completion to May 15, 2025

The procedures used during the audit were in accordance with the Proposal submitted July 24, 2023, and included a review of labor, materials, equipment, subcontracts, and change orders.

Summary of Final GMP and Billing as of Payment Application 20, April 24, 2025

Document	General Conditions	Cost of Work	Owner's Contingency	CM Contingency	CM Fee	Total Construction
Contract - CMAR Agreement						\$ -
Amendment 1 - GMP	\$ 616,420	\$11,065,683	\$ 200,000	\$ 150,000	\$ 321,257	\$12,353,360
Amendment 2 - Extend SC 12/16/2024						\$ -
Amendment 3 - Extend SC 03/31/2025						\$ -
Amendment 4 - Extend SC 05/15/2025						\$ -
CO 01 - Deduct Contingencies		\$ (197,765)	\$ (89,459)	\$ (150,000)		\$ (437,224)
CO 01 - RFC Markup/Return of Savings		\$ (116,443)			\$ (16,980)	\$ (133,423)
CO 01 - P&P Bond Credit	\$ (3,846)					\$ (3,846)
RFC's		\$ 93,561	\$ (110,541)		\$ 16,980	\$ -
Final GMP	\$ 612,574	\$10,845,036	\$ -	\$ -	\$ 321,257	\$11,778,867
Total billed						
Final Pay App #20, 4/24/2025						\$11,778,867

Conclusions

- As a result of the audit, the project realized savings of \$21,943
- Owner and Contractor representatives were very responsive throughout the course of this audit.

AUDIT DISCUSSION ITEMS

The following chart shows the amounts billed which did not comply with the terms of the contract.

Note	Description	Status	Amount	Credit Realized
1	P&P Bond	Agreed	\$ 3,846	CO 1/PA 18
2	Sales Tax on Dumpsters	Agreed	\$ 1,117	CO 1/PA 18
3	Mazanec - RFC Markup	Agreed	\$ 16,980	CO 1/PA 18
	Total Audit Credit		\$ 21,943	

The detailed notes are discussed on the following pages of the report.

AUDIT NOTES

1. P&P Bond

P&P Bond was billed \$99,186 in Payment Application 1, per the invoice. The final bond cost was reconciled to the final contract value and resulted in a premium credit of \$3,846.

Status: Issue closed. \$3,846 was credited in Change Order 1 and included in Payment Application 18.

2. Sales Tax on Dumpsters

The state of Texas allows for sales tax exemption on dumpster services for tax exempt entities. Sales tax was included in dumpster service invoices and estimated at \$1,117. Mazanec agreed to credit the project for the sales tax billed.

Status: Issue closed. \$1,117 was credited in Change Order 1 and included in Payment Application 18.

3. Mazanec – RFC Markup

During the review of change orders, various Request for Changes (RFC's) were identified to have included Mazanec markup of 7.50% that totaled \$16,980. The changes were funded from Owner Contingency established in the original GMP and included in the basis to calculate CM Fee. The additional 7.50% markup was determined to have been billed in error.

Status: Issue closed. \$16,980 was credited in Change Order 1 and included in Payment Application 18.

Final Construction Audit Report

Texas State Technical College

**Competitive Sealed Proposal (CSP)
Contractor - Imperial Construction, Inc.**

**EDA Award 08-79-05468
for EEC & TSC Renovations
Contract #4248**



Construction Audit Report Submitted By:

**R. L. Townsend & Associates, LLC
PO # 10008972**

May 16, 2025

*The contents of this report are based on our understanding of documents and other information provided to us as of the date of this report. If anyone has any questions regarding the contents of this report, please contact our office for clarification.
A revised report will be issued with a revised date if any material representation needs to be corrected.*

EXECUTIVE SUMMARY

Audit Background

As a part of an overall program of controlling construction costs, Texas State Technical College engaged R. L. Townsend & Associates to perform a review of the contract and billing records associated with the EDA Award 08-79-05468 for EEC & TSC Renovations project.

The project, located on the Waco campus, consisted of the renovation of the Electrical Electronics Center and the Technical Studies Center to house five TSTC programs: Biomedical Equipment Technology, Electrical Power and Controls, Instrumentation Technology, Occupational Safety and Environmental Compliance, and Robotics and Industrial Controls Technology.

Construction was funded, in part, with a grant from the U.S. Economic Development Administration. Imperial Construction, Inc. entered into a Construction Agreement structured as a CSP.

The objective of the audit was to ensure the project was billed in accordance with the contract terms. The procedures used during the audit were in accordance with the Proposal submitted March 1, 2024, and included a review of the construction contract, payment applications, change orders and allowance items.

Summary of GMP and Billing as of Payment Application #18 Retainage, April 25, 2025

Document	Total Construction
Contract	\$ 9,050,000
CO 01	\$ 250,000
CO 02	\$ 400,000
CO 03	\$ 150,000
CO 04	\$ 275,000
CO 05	\$ 130,300
Total GMP	\$ 10,255,300
Total Completed and Stored as of PA 18 RET, 4/25/2025	\$ 10,255,300
% Complete	100%

Conclusions

- As a result of the audit, TSTC realized a credit of \$25,574.
- Owner and Contractor representatives were very responsive throughout the course of this audit.

AUDIT DISCUSSION ITEMS

The following chart shows the amounts billed which did not comply with the terms of the contract.

Note	Description	Amount	Status	Credit Realized
1	PCO Markup	\$ 1,669	Agreed	PCO 58/PA 17
2	Imperial SPW	\$ 2,764	Agreed	PCO 58/PA 17
3	Dumpster Charges	\$ 7,500	Agreed	PCO 58/PA 17
4	PCO 04 - Markup	\$ 114	Agreed	PCO 58/PA 17
5	PCO 10 - The Demo Company	\$ 6,883	Agreed	PCO 58/PA 17
6	PCO Adjustments - LockridgePriest	\$ 6,644	Agreed	PCO 58/PA 17
	Total Audit Credit	\$ 25,574		
1	PCO Markup - Cost Avoidance	\$ 936		
	Total Audit Savings	\$ 26,510		

The detailed notes are discussed on the following pages of the report.

AUDIT NOTES

1. PCO Markup – Bonds and Insurance

During the course of the project, various PCOs were issued to add funds to Owner Contingency for change order work. Markup percentages and the method of calculation for General Liability Insurance, Builder's Risk Insurance and Bond were not defined. Imperial agreed to use suggested markup rates provided by Audit; however, the basis of calculation remained on the total add. The reduced rates resulted in a net credit of \$1,669 due to the project.

Change Order 5 was issued to reconcile the project and included markup for Bonds and Insurance. Imperial applied the per Audit rates resulting in a cost avoidance of \$936.

Status: Issue closed. \$1,669 was credited in PCO 58 and included in Payment Application 17. Change Order 5 cost avoidance totaled \$936.

2. Imperial Self-Performed Work

Various PCOs were issued that included Imperial Self-Performed Work in which the cost appeared to be estimated. Audit requested backup to reconcile the cost. Based on backup provided by Imperial, it was determined that a \$2,764 credit was due to the project.

Status: Issue closed. \$2,764 was credited in PCO 58 and included in Payment Application 17.

3. Dumpster Charges

Various PCOs were issued that included charges for dumpsters that totaled \$7,500. The cost appeared to have been estimated, and the backup was not located. Imperial agreed to credit the project.

Status: Issue closed. \$7,500 was credited in PCO 58 and included in Payment Application 17.

4. PCO 4 Markup

PCO 4 was funded by Owner Contingency and included General Liability, Builder's Risk and Bond markup. These markups are applied to the original Owner Contingency balance as well as any increases to the contingency. Due to materiality, this was noted during the audit as an observation. However, Imperial issued a credit to the project to correct the error.

Status: Issue closed. \$114 was credited in PCO 58 and included in Payment Application 17.

5. The Demo Company – PCO 10

Audit identified \$212,366 of change order work performed by The Demo Company. PCO 10, in the amount of \$62,196, was the only PCO to include backup detail. Based on the backup provided, and an additional response from The Demo Company, an adjustment of \$3,480 was made to credit the Superintendent position which is covered by OH&P. An additional adjustment of \$3,403 was made to reduce the labor rate of the Foreman.

Backup for the additional change order work of \$150,170 was not pursued by TSTC.

Status: Issue closed. \$6,883 was credited in PCO 58 and included in Payment Application 17.

6. LochridgePriest – PCO Adjustments

LochridgePriest included administrative items, small tools and warranty costs in PCOs that are covered by OH&P. The PCO adjustments resulted in a credit of \$6,644 due to the project.

Status: Issue closed. \$6,644 was credited in PCO 58 and included in Payment Application 17.

May 2, 2025

Greetings:

The Texas Comptroller of Public Accounts has completed its annual Payment Approval Authority and Security desk audit for 172 state agencies (agencies) and institutions of higher education (institutions). The objective of this review was to assess compliance with pertinent statutes, rules and Comptroller requirements. The related statewide report is attached.

This annual report covered employee terminations and transfers from Sept. 1, 2023, to Aug. 31, 2024. The audit scope included a review of:

- Statewide systems ad hoc reports.
- Signature cards database entries.
- Staff system access.

Additionally, auditors determined whether agencies and institutions complied with requirements to:

- Revoke terminated/transferred employee authorization to approve payments.
- Remove terminated/transferred employee access to Comptroller systems.

We intend for this report to be used by agency management and certain state officials and agencies as listed in Texas Government Code, Section 403.071. However, this report is a public record and its distribution is not limited.

The agencies and institutions may inquire about and register for training related to expenditure approval and authorization through the Fiscal Management [Training Center](#). For immediate training needs, review our current [web-based training and tutorials](#) or contact your [Fiscal Management contact](#) for assistance.

We would like input from you or your designee on the quality of the audit process and the service the audit staff provided while conducting this audit. Please take our [Fiscal Management Audit Survey](#) to rate and comment on the payment approval authority and security desk audit process. Your feedback is greatly appreciated.



Comptroller.Texas.Gov
P.O. Box 13528
Austin, Texas 78711-3528

512-463-4444
Toll Free: 1-800-531-5441 ext: 3-4444
Fax: 512-463-4902

Page Two
May 2, 2025

Thank you for your cooperation. If you have any questions or comments regarding this audit, please contact Roslyn Harris at (512) 463-4258 or Ly Griffin at (512) 463-4825, or email EASignatureCards@cpa.texas.gov.

Sincerely,



Jennifer Smith
Payment Operations Area Manager
Fiscal Management Division

Attachments

cc: Rob Coleman, Fiscal Management Division Director, Texas Comptroller of Public Accounts
Agency heads and CFOs at all audited agencies





A Statewide Desk Audit

Payment Approval Authority and Security

Audit Report #001-24-01
May 2, 2025

Glenn Hegar
Texas Comptroller of Public Accounts



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Executive Summary

Purpose and Scope

The Texas Comptroller of Public Accounts (Comptroller's office) performed a desk audit of payment approval authorization and security at state agencies (agencies) and institutions of higher education (institutions).

The objectives of the audit were to determine whether agencies and institutions complied with Comptroller requirements for terminated and transferred employee authorization and Comptroller system access from Sept. 1, 2023, through Aug. 31, 2024. The audit was conducted in accordance with Texas Government Code, Section 403.071.

The audit scope included reviews of statewide system ad hoc reports, signature card database entries and staff system access. These included reviews of:

- A weekly Comptroller Statewide Security Administration (SSA) termination/transfer report to determine whether agencies and institutions notified the Comptroller's office to remove terminated employees authorized to approve payments from the agency's signature card.
- A weekly Comptroller SSA termination/transfer report to determine whether agencies and institutions requested system security access removal for terminated employees.
- An ad hoc report for payments released by unauthorized users to determine whether any of the terminated employees approved payments without authorization (after termination).
- A quarterly ad hoc report showing all users with access to the statewide systems at the time the report is run. Auditors compare users with access to approve payments to authorized users on the signature card database to determine whether there were any users with payment approval access who were never added to the signature card database. Failure to add a user may be the result of an agency or institution not notifying the Comptroller's office that the user would be approving agency payments at the time systems access was requested.
- A quarterly termination ad hoc report from the Standardized Payroll/Personnel Reporting System (SPRS) and the Human Resource Information System (HRIS) with a comparison to weekly termination reports. If a related issue is discovered, this comparison ensures all terminations were captured and addressed in this annual report.
- An ad hoc report to verify that no employees who approved agency payments during this audit period also entered the same payments in the system without oversight.



Background

Expenditure Approvals and Certification (FPP B.007) requires an individual who approves/releases payments (or payment batches) in the Comptroller's statewide financial systems to be properly authorized. The agency or institution must complete and submit a voucher signature card and authorization letter to authorize staff to approve expenditures.

Access Requirements for Comptroller Systems (FPP K.015) requires the agency security coordinator to ensure no user has payment release/approval capabilities in the Comptroller's statewide financial systems unless the user is authorized and listed on a voucher signature card and the agency has notified the Comptroller's office about the authorization.

Audit Results

Auditors reviewed termination/transfer information at 172 agencies and institutions for employee terminations and transfers. The 172 agencies and institutions had 60,756 employees terminated/transferred. Of those, 1,379 had access to the Comptrollers' financial systems or were authorized to approve payments.

The 1,379 employees (384 transferred and 995 terminated) had Comptroller system access and were on the signature card. Of the 172 agencies and institutions tested, auditors identified one to three findings in 29 agencies and institutions; these findings involved 33 of the terminated employees. See Table 1 for a list of reviewed and audited agencies and institutions. See Table 2 for results by agency and institution.



Detailed Findings

Failure to Notify Comptroller to Remove Terminated Employees From Signature Card

During the audit period, 27 agencies and institutions failed to notify the Comptroller's office in a timely fashion about the termination of 31 employees designated to approve expenditures. The requests to remove the employees from the signature cards were sent four to 122 days late.

[34 Texas Administrative Code Section 5.61\(k\)\(3\)\(B\)](#) requires an agency to notify the Comptroller's office whenever a designated employee's authority to approve expenditures is revoked for any reason. The Comptroller's office must receive notification of the employee's termination no later than the fifth day after the effective termination date. Any officer or employee may send the notification of termination or revocation to the Comptroller's office.

Since this administrative code provision does not specify how the Comptroller's office must be notified about the terminations, the Comptroller's office accepts emails, faxes, letters, memorandums or other written notices. The written notification must indicate:

- The designated employee has terminated employment.
- The agency revoked (or will revoke) the employee's security access.
- The effective date of the revocation or termination.

The risk of a terminated employee remaining on the signature card is that the employee could approve paper vouchers submitted to the Comptroller's office during that time. Any payment produced by a paper voucher approved by a terminated employee would constitute an unapproved expenditure. Auditors determined no unapproved documents were processed during the audit period by 30 of the 31 employees who had been designated to approve expenditures but then terminated. See [34 Texas Administrative Code Section 5.61\(k\)\(3\)\(B\)](#) and [Expenditure Approvals and Certification \(FPP B.007\)](#).

See Table 2 for agencies and institutions with this issue.

Recommendation/Requirement

Agencies and institutions must ensure compliance with the terminated employee security revocation requirements. They must also ensure the staff member responsible for sending revocation notifications to the Comptroller's office is aware of any terminations on or before the effective revocation dates. The staff member also must follow up with the Comptroller's office to ensure it received the notifications and revoked system access.



Failure to Request Security Access Removal for Terminated Employees

During the audit period, 13 agencies and institutions failed to submit timely notice to remove security access for 13 employees who were either terminated or whose authority to approve expenditures was revoked.

The lack of timely notice meant the employees retained security access to Comptroller systems for 10 to 34 days after termination. The employees could have approved expenditures submitted to the Comptroller's office during that time. Any expenditure that was approved under the employees' expired authority would have constituted an unapproved expenditure. Auditors ran a report to determine whether any expenditure was approved by the terminated employees; no expenditures were submitted after employee termination dates.

When an employee's authority to approve an agency's expenditures is revoked for any reason, the employee's security profile must be changed not later than the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the agency. See [34 Texas Administrative Code Section 5.61\(k\)\(5\)\(A\)–\(B\)](#).

When an employee's authority to approve an agency's expenditures is revoked for any reason, the employee's security profile must be changed no later than the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the agency. See [Access Requirements for Comptroller Systems \(FPP K.015\)](#) for more information.

Recommendation/Requirement

Agencies and institutions must ensure compliance with terminated employee security revocation requirements. They must also ensure that the staff member responsible for sending the revocation notifications to the Comptroller's office is aware of any employee terminations on or before the effective revocation dates. The staff member also must follow up with the Comptroller's office to ensure it received the notifications and revoked system access.

Employee Approved Payment Without Authority

During the audit period, one agency did not notify the Comptroller's office about the termination of one employee designated to approve expenditures. Additionally, the agency did not request system security access removal for the terminated employee.

The employee terminated on April 30, 2024. The Comptroller's office was not notified about the employee's termination. The lack of timely notification meant the employee remained listed on the agency's voucher signature cards and theoretically retained access to the Comptroller's system for 64 days after termination. In the first 20 days



after the employee's termination date, the unauthorized employee or another staff member using the terminated employee's access credentials approved 18 transactions totaling \$67,298.

These payments produced by an electronic or paper voucher approved under the employee's expired authority are considered unapproved expenditures.

Whenever a designated employee terminates employment with an agency, the Comptroller's office must receive notification of the employee's termination. See [34 Texas Administrative Code Section 5.61\(k\)](#).

Recommendation/Requirement

The agency must enhance its controls to ensure compliance with [34 Texas Administrative Code Section 5.61](#). The agency must ensure the staff member responsible for sending these notifications to the Comptroller's office is aware of employee terminations on or before the termination effective dates. The staff member also must follow up with the Comptroller's office to ensure it received the notifications and revoked system access.



Tables

Table 1: Audited Agencies and Institutions

Agency Number	Agency Name
101	Senate
102	House of Representatives
103	Texas Legislative Council
104	Legislative Budget Board
105	Legislative Reference Library
116	Sunset Advisory Commission
201	Supreme Court
211	State Bar of Texas
212	Office of Court Administration
215	Office of Capital and Forensic Writs
221	Court of Appeals - First Court of Appeals District
222	Court of Appeals - Second Court of Appeals District
223	Court of Appeals - Third Court of Appeals District
224	Court of Appeals - Fourth Court of Appeals District
225	Court of Appeals - Fifth Court of Appeals District
226	Court of Appeals - Sixth Court of Appeals District
228	Court of Appeals - Eighth Court of Appeals District
229	Court of Appeals - Ninth Court of Appeals District
230	Court of Appeals - Tenth Court of Appeals District
231	Court of Appeals - Eleventh Court of Appeals District
233	Court of Appeals - Thirteenth Court of Appeals District
234	Court of Appeals - Fourteenth Court of Appeals District
241	Comptroller - Judiciary Section
242	State Commission on Judicial Conduct
243	State Law Library
300	Governor - Fiscal
301	Governor - Executive
302	Attorney General
303	Texas Facilities Commission
304	Comptroller of Public Accounts
305	General Land Office
306	Texas State Library and Archives Commission
307	Secretary of State
308	State Auditor
312	State Securities Board
313	Department of Information Resources
320	Texas Workforce Commission
323	Teacher Retirement System of Texas



Agency Number	Agency Name
326	Texas Emergency Services Retirement System
327	Employees Retirement System of Texas
329	Texas Real Estate Commission – Semi-Independent
332	Texas Department of Housing and Community Affairs
338	State Pension Review Board
347	Texas Public Finance Authority
356	Texas Ethics Commission
360	State Office of Administrative Hearings
362	Texas Lottery Commission
364	Health Professions Council
401	Texas Military Department
403	Texas Veterans Commission
405	Department of Public Safety
407	Texas Commission on Law Enforcement
409	Commission on Jail Standards
411	Texas Commission on Fire Protection
448	Office of Injured Employee Counsel – Administered by 454
450	Department of Savings and Mortgage Lending – Semi-Independent
451	Texas Department of Banking – Semi-Independent
452	Texas Department of Licensing and Regulation
454	Texas Department of Insurance
455	Railroad Commission of Texas
456	Texas State Board of Plumbing Examiners
457	Texas State Board of Public Accountancy – Semi-Independent
458	Texas Alcoholic Beverage Commission
459	Texas Board of Architectural Examiners – Semi-Independent
460	Texas Board of Professional Engineers and Land Surveyors – Semi-Independent
466	Office of Consumer Credit Commissioner – Semi-Independent
469	Credit Union Department – Semi-Independent
473	Public Utility Commission of Texas
475	Office of Public Utility Counsel
476	Texas Racing Commission
477	Commission on State Emergency Communications
479	State Office of Risk Management
481	Texas Board of Professional Geoscientists
503	Texas Medical Board
504	State Board of Dental Examiners
506	University of Texas M. D. Anderson Cancer Center
507	Texas Board of Nursing
508	Texas Board of Chiropractic Examiners
510	Texas Behavioral Health Executive Council
513	Texas Funeral Service Commission



Agency Number	Agency Name
515	Texas State Board of Pharmacy
529	Health and Human Services Commission
530	Department of Family and Protective Services
533	Executive Council of Physical and Occupational Therapy
537	Department of State Health Services
542	Cancer Prevention and Research Institute of Texas
551	Department of Agriculture
554	Texas Animal Health Commission
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
578	State Board of Veterinary Medical Examiners
580	Texas Water Development Board
582	Texas Commission on Environmental Quality
592	Soil and Water Conservation Board
601	Texas Department of Transportation
608	Texas Department of Motor Vehicles
644	Texas Juvenile Justice Department
696	Texas Department of Criminal Justice
701	Texas Education Agency
706	Texas Permanent School Fund Corporation
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
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



Agency Number	Agency Name
731	Texas Woman's University
732	Texas A&M University - Kingsville
733	Texas Tech University
734	Lamar University
735	Midwestern State University
737	Angelo State University
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
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
755	Stephen F. Austin State University, a member of The University of Texas System
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
771	Texas School for the Blind and Visually Impaired
772	Texas School for the Deaf
773	University of North Texas at Dallas
774	Texas Tech University Health Sciences Center - El Paso
781	Texas Higher Education Coordinating Board
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



Agency Number	Agency Name
789	Lamar Institute of Technology
802	Parks and Wildlife Department
808	Texas Historical Commission
809	State Preservation Board
813	Texas Commission on the Arts
907	Comptroller - State Energy Conservation Office
909	Comptroller - Texas Broadband Development Office
930	Texas Treasury Safekeeping Trust Company
Total — 172 State Agencies and Higher Education Institutions	



Table 2: Audit Results by Agency and Institution

Agency #	Agency Name	Audit Results
101	Senate	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
303	Texas Facilities Commission	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
305	General Land Office	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
326	Texas Emergency Services Retirement System	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
327	Teacher Retirement System of Texas	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
362	Texas Lottery Commission	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
364	Health Professions Council	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.One employee approved 18 payments without authority.
403	Texas Veterans Commission	<ul style="list-style-type: none">Failed to remove two employees from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
456	Texas State Board of Plumbing Examiners	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
469	Credit Union Department – Semi-Independent	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
477	Commission on State Emergency Communications	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
479	State Office of Risk Management	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
551	Department of Agriculture	<ul style="list-style-type: none">Failed to remove two employees from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
554	Texas Animal Health Commission	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
580	Texas Water Development Board	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
601	Texas Department of Transportation	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
696	Texas Department of Criminal Justice	<ul style="list-style-type: none">Failed to request removal of systems access for one employee in a timely manner.
706	Texas Permanent School Fund Corporation	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
709	Texas A&M University System Health Science Center	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
710	Texas A&M University System	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.Failed to request removal of systems access for one employee in a timely manner.
717	Texas Southern University	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
720	University of Texas System	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.



Agency #	Agency Name	Audit Results
723	University of Texas Medical Branch at Galveston	<ul style="list-style-type: none">Failed to remove two employees from signature card in a timely manner.
731	Texas Woman's University	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
749	Texas A&M University at San Antonio	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
759	University of Houston - Clear Lake	<ul style="list-style-type: none">Failed to request removal of systems access for one employee in a timely manner.
763	University of North Texas Health Science Center at Fort Worth	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
781	Texas Higher Education Coordinating Board	<ul style="list-style-type: none">Failed to remove two employees from signature card in a timely manner.
785	University of Texas Health Science Center at Tyler	<ul style="list-style-type: none">Failed to remove one employee from signature card in a timely manner.
Total — 29 State Agencies and Higher Education Institutions With 33 employees and 41 Issues Identified		



**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.