

Meeting of the Board of Regents

Audit Committee

May 14, 2026

Rosenberg, Texas



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

**Brazos Building, Rm 128
26706 Southwest Freeway, Rosenberg, TX 77471*
Thursday, May 14, 2026
10:00 am**

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. | Status of Fiscal Year 2026 Audit Schedule & Other Projects | A-1 |
| | <i>Jason D. Mallory</i> | |
| 2. | Status of Construction Audits | A-5 |
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| 3. | Summary of Audit Reports | A-6 |
| | <i>Jason D. Mallory</i> | |
| 4. | Follow-up Schedule & Status | A-9 |
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| 5. | Internal Network Penetration Test (26-023A) – Harlingen Campus | A-17 |
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| 6. | Audit of Student Counseling Services (26-005A) | A-23 |
| | <i>Jason D. Mallory</i> | |
| 7. | Audit of Faculty Overload Pay (26-012A) | A-32 |
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| 8. | Dual Enrollment Audit (26-010A) | A-39 |
| | <i>Jason D. Mallory</i> | |

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

(c) denotes Consent Agenda Item

9. TAC 202 Compliance – Quarterly Update (26-011A)	<i>Jason D. Mallory</i>	A-44
10. CCAP Diesel Technology Build (Marshall) (26-009A)	<i>R.L. Townsend</i>	A-49
11. Review of Texas Education Code, Chapter 51, Subchapter E-3	<i>THECB</i>	A-53
12. Attestation Disclosures	<i>Jason D. Mallory</i>	A-59

IV. CHANCELLOR COMMENTS

V. BOARD COMMENTS

VI. ADJOURN

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

(c) denotes Consent Agenda Item



**Texas State Technical College
Internal Audit
Status of Fiscal Year 2026 Audit Schedule & Other Projects**

Description	Division/Campus	Status	Project No.	Report Date	Last Audit Date	Audit Reason
INTERNAL AUDITS						
Public Funds Investment Act Compliance Audit	Finance	Complete	26-003A	9/26/25	11/20/23	Compliance
Eaglesoft Software Audit - TAC 202	OIT/Operations	Complete	26-001A	9/29/25	-	Risk Based
Facilities Development Project Compliance Audit	Campus Expansion - Harlingen	Complete	26-002A	11/21/25	10/28/16	Compliance
Internal Network Penetration Test	Hutto	Complete	26-017A	12/10/25	12/9/22	Risk Based
Internal Network Penetration Test	Waco	Complete	26-013A	12/11/25	12/9/22	Risk Based
Internal Network Penetration Test	Harlingen	Complete	26-023A	2/13/26	9/30/22	Risk Based
Counseling Services Process Audit	Operations	Complete	26-005A	3/3/26	-	Risk Based
Faculty Overload Pay	Operations	Complete	26-012A	3/4/26	-	Risk Based
Dual Enrollment Audit	External Relations	Complete	26-010A	3/18/26	-	Risk Based
TAC 202 Follow-up	OIT	In Progress	26-011A	3/31/26	12/31/25	Risk Based
Financial Aid - TEOG, TPEG grants and other loans	Financial Aid	In Progress			-	Compliance
Admissions Process Audit	Enrollment Services	In Progress			9/30/19	Risk Based
Element 451 Software Audit - TAC 202	OIT/Enrollment Services	In Progress			-	Risk Based
TEC 51.9337 (Contracting) Audit	Contract Office	In Progress			8/29/25	Compliance
Advocacy and Resource Center Process Audit	Operations				-	Risk Based
CONSTRUCTION AUDITS						
Marshall CCAP Construction Audit	Facilities, Planning & Construction	Complete	26-009A	2/19/26	-	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						
Office of Civil Rights Audit performed by the THECB	Harlingen Campus	Complete			11/13/25	
Audit of Commercial Driver's License Training by the Federal Motor Carrier Safety Agency	Professional Driving Academy	Complete			No report issued: Auditor indicated the results were positive.	
Review of Texas Education Code, Chapter 51, Subchapter E-3 performed by the THECB	Harlingen Campus	Complete			2/11/26	

Description	Division/Campus	Status	Project No.	Report Date	Last Audit Date	Audit Reason
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OTHER INTERNAL PROJECTS

Internal Hotline: Received an allegation from a student that her identity was stolen. She alleged someone in 2022 registered for classes and paid for classes under her name, which resulted in all classes being failed. This resulted in financial aid being suspended.. Results: Evidence suggests this was a frivolous complaint aimed at overriding financial aid suspension. In a conversation with the student, she indicated she did not intend on filing the complaint.	Harlingen	Complete	26-014I	No report issued.		
Internal Hotline: Received an allegation of financial aid fraud. Results: Determined the student last attended in Fall 2022 and Spring 2023. There were red flags on her FAFSA that were not verified because the Department of Education suspended that requirement. The matter was reported to the Department of Education for investigation.	Financial Aid	Complete	26-015I	No report issued.		
Internal Hotline: Received a concern that a hostile student was creating a safety issue for employees and other students. Results: Student was expelled from campus.	Marshall campus	Complete	26-018I	No report issued.		
Internal Hotline: Received a concern that an HR employee acts hostile to other employees when conducting her work. Results: The matter was referred to VC/CHRO for review and action. She counseled the accused employee on the perception of her actions.	HR	Complete	26-020I	No report issued.		
Internal Hotline: Received a complaint that a supervisor hired a personal friend who was not as qualified as other candidates. Results: HR investigated. They determined no policy was violated, and the applicant that was hired met the requirements of the position. Also, they did not find any evidence that interview questions were shared to manipulate the results.	IT	Complete	26-021I	No report issued.		
Internal Hotline: Received a complaint from an employee that his annual review was not fair or accurate. Results: Forwarded to HR for review. HR and the employee's direct manager met to further discuss the results. Another discussion was held between the employee and his manager.	Operations	Complete	26-025I	No report issued.		

Description	Division/Campus	Status	Project No.	Report Date	Last Audit Date	Audit Reason
Management Referral: Received a concern related to training documents with a forged date. Results: Determined the concern had merit. Consequently, employment action was taken on 3 employees.	Professional Driving Academy	Complete	26-022I	12/4/25		
Management Referral: Investigated a complaint that instructors in a certain program are not effective in their roles. Results: Allegation had merit. Multiple corrective actions were taken.	EPC Program - Fort Bend Campus	Complete	26-008I	12/12/25		
Management Request: Risk assessed select processes within the Professional Driving Academy to help improve their control processes.	Professional Driving Academy	Complete	26-024P	No report issued. Risk assessment provided to management.		
Internal Hotline: Received a complaint that an employee is stealing time to pursue outside interests. This was previously reported and addressed by management in October 2024. Results: Determined the complaint had merit. The employee was separated from employment.	Waco Campus	Complete	26-007I	1/9/26		
Internal Hotline: Received a complaint that approved work accommodations due to illness were not honored by a supervisor, creating a morale issue with employees. Results: Management and HR investigated the complaint, and determined it had merit. Employment action was taken as a result.	Financial Aid	Complete	26-035I	No Report		
Management Referral: Received a concern employees did not act as good stewards while on a business trip. Specifically, the costs of 2 meals were unreasonable. Results: The Police Department's internal affairs officer investigated the matter. He was able to obtain reliable information through subpoenas that pointed to restaurant employees adding unauthorized tips. It is more probable the officers did not act inappropriately.	Police	Complete	26-019I	No report, but evidence maintained as part of a Police investigation.		
Internal Hotline: Received a concern that certain procedures that impact enrollment activities are performed outside of Enrollment Services, creating bottlenecks, confusion for potential students and untimely actions. Results: This matter was forwarded to management to consider potential process improvements.	Enrollment Services/Student Rights	Complete	26-037I	No report		

Description	Division/Campus	Status	Project No.	Report Date	Last Audit Date	Audit Reason
Management Request: Reviewed salary, bonus and pay information to verify it was accurate. Results: Determined all salary, bonus and pay information was correct. Noted one small overpayment due to an error that was corrected in	Compensation/Payroll	Complete	26-039P	No report.		
Internal Hotline: Received a complaint that an hourly employee is frequently away from her normal work location and no one can locate her. Results: See comments at 26-038I.	Retention Services	Complete	26-036I	No report		
Internal Hotline: Received 2 complaints that employees on the Waco campus are difficult to contact, and are rarely in their offices. Results: This matter was referred to management for action since the reports did not provide sufficient detail to reliably investigate. The VP/Retention Services communicated her expectations to all employees in an email on 3/20/26. Additionally, those expectations will be reiterated in face to face meetings. Some of the expectations include timeframes to answer calls, emails and chats, as well as standardized signage to be placed on doors when not in the office.	Retention Services	Complete	26-038I	No report		

Glossary	
ARC	Advocacy Resource Center
EPC	Electrical Power and Controls
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
March 31, 2026**

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
Abilene CCAP	Imperial	06/16/2025	\$ 20,000,000	\$ 76,343	\$ 22,000	Audit Entrance Meeting 11/15/2023 Draft Final Report Issued 1/26/2026 Final Report pending approval of the final Payment Application
Harlingen CCAP	JT Vaughn	06/30/2025	\$ 46,526,257	\$ 292,435	\$ 52,000	Audit Entrance Meeting 5/23/24 Audit Closeout in process
Fort Bend CCAP	JT Vaughn	08/01/2025	\$ 42,000,000	\$ 158,413	\$ 48,000	Audit Entrance Meeting 2/22/2024 AQ Log issued through December 2025 Audit Closeout in process (added backfill scope) Final Pay App anticipated for March/April 2026
Waco CCAP	Rogers O'Brien	09/02/2025	\$ 59,600,000	TBD	\$ 65,000	Audit Entrance Meeting 11/17/2023 Substantial Completion reached in December AQ Log issued through December 2025 Final Pay App anticipated for April/May (added parking lot)
Hutto CCAP	SpawGlass	04/30/2026	\$ 32,500,000	TBD	\$ 31,500	Audit Entrance Meeting 2/25/2025 Initial AQ Log in process Billed 28% Complete
Total			\$ 200,626,257	\$ 527,191	\$ 218,500	

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 Cocks	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	completed	\$ 9,300,000	\$ 26,510	\$ 8,500	Final Report Issued 5/16/2025
Waco Worksite	Mazanec	completed	\$ 12,000,000	\$ 21,943	\$ 16,500	Final Report Issued 5/16/2025
Marshall CCAP	Bartlett Cocks	completed	\$ 8,947,003	\$ 32,749	\$ 16,500	Final Report Issued 2/19/2026
Total			\$ 72,569,592	\$ 526,735	\$ 84,000	
Grand Total			\$ 273,195,849	\$ 1,053,926	\$ 302,500	
			Net Audit Recovery	\$	751,426	

Audit nearing completion
Audit recently completed



**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
Internal Network Penetration Test (26-023A) Harlingen Campus	1.	Some aspects of IT and the physical security need attention.	27 of 100 employees opened the link embedded in our email, with 14 submitting their Workday credentials; No one reported the suspicious email; One unoccupied office was unlocked, with the employee's computer also unlocked and accessible; 2 buildings were unlocked doors after business hours; Found 27 open ports connected to the internal network.	1.1 A campus wide email was sent to notify all employees of the test, and to remind everyone of their responsibilities to protect sensitive data and physical assets. The email stressed the importance of being vigilant when unexpected emails are received. Support will also be given to OIT to ensure all employees who failed the phishing test complete the additional training.	Cano-Monreal	Immediately
				1.2 All employees who failed will be contacted, counseled, and required to complete remedial training.	Cano-Monreal, Fortner	2/13/26
				1.3 All unused ports that were found will be disabled, with spot checks performed by field technicians in publicly accessible areas.	Pierce	1/27/26
				1.4 Remind Physical Plant to verify all doors are locked after hours.	Cano-Monreal	Immediately

Audit of Student Counseling Services (26-005A)	1.	There are opportunities to improve internal controls related to documentation, publicizing services, timeliness of services, caseload monitoring.	Documentation missing in several files; inconsistent forms methods for ensuring services are publicized to students; Several instances where services were provided outside of the expected timelines; Caseloads are unevenly distributed and monitoring is a manual process.	1.1 Formal training completed every August, with new hire training being completed immediately. Biweekly review of processes; audit cases on a bi-weekly basis.	Buchanan	8/31/26
				1.2 Utilize PNC to better monitor caseloads.	Buchanan	5/8/26
	2.	Access to sensitive information requires immediate attention.	49 people had access to records that did not seem appropriate.	2.1 Contact PNC to have access restricted.	Buchanan	3/23/26

Audit of Faculty Overload Pay (26-012A)	1.	The calculation methodology that is actually being applied, as well as the timing of payments, are inconsistent. Simplifying and documenting the calculation methodology, providing standardized training, formalizing a review and approval process, and establishing hard deadlines for payments would improve the control structure around these payments, and ensure more transparency.	We calculated several over and underpayments; Several payments made late; no comprehensive documentation of calculation methodology nor formal training; calculation is manual and prone to errors; payments are made prior to them being fully earned; enrollment data used is most likely not correct; some payments that appeared to not be calculated properly.	1.1 Establish simplified formal procedures for calculating overload, established timelines, consistent payment dates, and clarified review and approval requirements will be developed and implemented for the calculation of Spring 2026 overload. By May 1, 2026, standardized training will be developed and available prior to Summer 2026 overload calculations.	Getterman	8/31/26
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Dual Enrollment Audit (26-010A)	1.	There are opportunities to improve background checks and training for instructors who teach dual enrollment students on the College's campuses. Consideration should be given to performing periodic background checks beyond those performed at pre-employment, and to either follow or change the training requirement currently stated in the governing SOS.	Periodic background checks beyond the initial pre-employment checks are generally not performed on faculty who teach dual credit students on the College's campuses; training does not conform to SOS GA 1.6.7.	1.1 Oversight of SOS GA 1.6.7 will be reviewed and the standard will be updated regarding the level of training and the frequency of background checks for dual enrollment instructors to meet legal requirements and reflect the College's values and risk appetite.	Getterman	8/31/26
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Audit of CCAP Diesel Technology Build (Marshall) (26-009A)	1.	Identified \$32,749 in cost savings.	\$19,058 overbilling on payroll burden; \$4,441 overbilling on equipment; \$9,250 potential costs were avoided.	1.1 All amounts were credited on pay applications or included on a check that was received.	Wesson	Immediately
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TAC 202 Compliance – Quarterly Update (26-011A)	1.	1 more control was implemented this quarter from the T-Drive Audit. Additionally, mobile device controls were implemented for devices owned by the College, but OIT has recommended similar controls not be implemented for devices owned by employees. A total of 63 controls are pending re-verification.				
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Review of Texas Education Code, Chapter 51, Subchapter E-3 by THECB	Auditor noted full compliance.					
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**Texas State Technical College
Internal Audit
Follow Up Schedule & Status**

Completion Summary			
	12/31/25	3/31/26	Audits cleared from (Added to) Schedule
Audits from FY 2023	3	1	2
Audits from FY 2024	4	4	0
Audits from FY 2025	5	5	0
Audits from FY 2026	5	6	(1)
Net Total	17	16	1

Highlights:

Safety & Security Audit (24-007A): Noted that required corrective actions on SORM and SFMO inspections have been implemented.
Syllabi Audit (25-039A): One more corrective action was completed.
Internal Network Penetration Test (26-017A) East Williamson County (Hutto) Campus: All corrective action completed.
Internal Network Penetration Test (26-013A) Waco Campus: All corrective actions were implemented.
Instructional Quality Investigation (26-008I): 9 corrective actions were completed.
Leave Investigation (26-007I): All corrective actions were completed.
Internal Network Penetration Test (26-023A) Harlingen Campus: 3 of 4 corrective actions were completed.
T Drive Audit (23-012A): Final corrective action was completed.
Payroll and Benefits Proportionality Audit (23-019A): Final 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
Audit of IT General Controls (23-018A), Fortner		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.	Substantially Completed: At 3/23/26, OIT has created an implementation statement addressing TAC 202 control AC-19 access control for mobile devices. The document outlines OIT's purpose, scope, and current implementation for managing (TSTC owned) mobile devices. OIT has documented its risk acceptance of not applying AC-19 to employee owned devices and acknowledges the risk associated with not doing so.		12/1/26

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 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: At 9/26/25 Internal Audit reached out to management regarding the controls pending remediation. Per managements response the control is still pending remediation. They require more time to complete.		8/31/2025, 12/31/2025, 6/30/2026
PCI Audit (24-002A), Fortner, 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: At 12/19/25 OIT was in the process of implementing Monday software. This will allow for better tracking of the action and status on outstanding audit issues. At 3/26/26, more controls were not yet implemented.		12/31/2024 12/31/2025, 5/31/2026
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.	Partially Complete: Improvements have been made to clear issues identified by external inspection, and enhance accident reporting. Still need to work on updating evacuation routes, improving inspection frequency at some campuses, fire drills. More testing of other issues will occur in the 2027 Safety Audit. Update: As of 3/19/26, outstanding findings from external inspections by SORM and SFMO Have been resolved. Accident reporting, Housing inspections, and Fire Drills have improved, however there was missing documentation for each of these. Each of these will be tested in a more thorough manner in the 2027 Safety Audit.		8/31/2024, 12/31/2026

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), Sylve		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: A decision has been made to obtain a different vendor. Demonstrations and bidding started on 9/30/2025. At 12/19/2025, the final demonstration was scheduled. At 3/13/2026, we learned that the procurement process was opened back up because the selected vendor was not RAMPS certified.		12/1/2024, 1/30/2025, 12/31/2025, 03/31/2026, 6/30/2026
Fleet Management Audit (24-025A), Yeppez		1. 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 3/17/26, the fleet team is currently completing a "Non-Fleet Rolling Stock" Review. This includes a detailed eyes-on inspection of each campus. These reviews are expected to be completed by the end of March 2026. Once these reviews are complete, a master list of all vehicles will be generated and all vehicles and other stock will be loaded into the FleetCommander application. The anticipated completion date for this is April 2026.		11/1/2024, 12/31/2025, 3/31/2026, 5/31/2026
Workforce Training Audit (25-006A), Howard		1. Administrative procedures related to access, hiring, pay, and course scheduling should be improved.	1.1 Remove inappropriate access to Colleague.	Partially Complete: 3/23/26, Since the audit, there have been 3 people whose inappropriate access has been removed, however there are still employees with unnecessary access to A/R sponsor setup; one employee in particular has access to the A/R sponsor setup, some billing and sponsor payment entry, and student registration. At 12/19/25, we were informed an OIT helpdesk ticket was going to be made to update access, however, the users in question still have access.		3/31/2025, 7/15/2025, 3/31/2026, 6/30/2026

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.	Substantially Complete: 3/23/26, receivables over 90 days old has slightly increased since last quarter, and the \$198,668 receivable from Texas A&M Engineering Experiment Station, TEES for \$198,668 is still outstanding. Finance is currently reviewing this balance and will be reaching out to Texas A&M for additional information.		3/31/2025, 7/31/2025, 12/31/2025 3/31/2026, 5/31/2026
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 At 12/19/25 OIT was in the process of implementing Monday software. This will allow for better tracking of the action and status on outstanding audit issues. We will follow-up again in March 2026.		12/18/26

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.	1.2 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.	Substantially Complete: 3/23/26 The ERS integration is now fully automatically running since December 2025. All benefit cost are being entered/updated by the integration automatically. HR is working on a method to verify employee benefit elections. They are in the process of testing if this can be accomplished by sending a Workday task. If not, a letter will be sent to employee to confirm benefit selections. HR plans to have this completed by end of April 2026.		8/31/2025 3/31/2026, 6/30/2026
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.	Pending Review At 12/19/25, changes to the Statewide Review Board have been made and training is ongoing. In addition, the department will be conducting semesterly audits of conduct case files and annual reviews of sanctioning trends.		12/31/2025 2/28/2026

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
Syllabi Audit (25-039A), Flanagan		1. There are isolated opportunities to more fully comply with TEC 51.947 to ensure all students are informed of expectations.	1.2 The automation of TSTC-internal core competencies is planned for implementation in Fall 2026 for PBE courses.	Ongoing - At 3/21/26 determined they are currently working through a backlog created by the manual process of embedding core competencies within syllabi. Clearing this backlog is a necessary prerequisite to activating automation. Once this work is complete, they will be positioned to fully implement the automated process. They fill they are on track for activation in Fall 2026.		12/31/2025 , 9/30/2026
Eaglesoft Patterson Application Audit (26- 001A), Bernal & Dorsey		1. Significant improvement is required to implement the minimally required controls. We identified 25 of the 46 TAC 202 controls that need attention. Those related to access, logging of activity, system configuration, back-up and recovery, and general security.	1.1 OIT will enhance resource allocation, improve oversight mechanisms, and establish regular training sessions for staff to address these issues. The solution's endurance will be measured through quarterly reviews.	Ongoing At 12/19/25 OIT was in the process of implementing Monday software. This will allow for better tracking of the action and status on outstanding audit issues. We will follow-up again in March 2026.		12/18/26
Instructional Quality Investigation (26-0081), Ballas, Bowling, Hoekstra		1. There was a quality issue within EPC on the Ft. Bend campus that needs to be improved. We also determined the environment in which the instructors taught contributed to, and allowed, these issues to materialize and persist for an extended period of time.	1.8 An instructor academy is being developed and on track.	Ongoing		8/31/26

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
			1.10 By March 1, 2026, the statewide Operations Leadership Team will review the findings, points of failure, and vulnerabilities. By August 1, 2026, the Operations Leadership Team will implement the appropriate corrective actions applicable to statewide programs to mitigate the risk of negative impacts to instructional quality.	Ongoing		8/1/26
Internal Network Penetration Test (26-023A) Harlingen Campus, G. Cano-Monreal, Fortner		1 Some aspects of IT and the physical security need attention.	1.2 Regarding Building W and the Student Center that were found unlocked after hours, Physical Plant will be reminded about locking and proper closure of these doors after hours.	Pending Review		2/13/26
Audit of Student Counseling Services (26-005A), Buchanan		1 There are opportunities to improve internal controls related to documentation, publicizing services, timeliness of services, caseload monitoring.	1.1 Formal training completed every August, with new hire training being completed immediately. Biweekly review of processes; audit cases on a bi-weekly basis.	Ongoing		8/31/26
			1.2 Utilize PNC to better monitor caseloads.	Ongoing		5/8/26
		2 Access to sensitive information requires immediate attention.	2.1 Contact PNC to have access restricted.	Pending Review		3/23/26

Report Name & No., Resp. Sr Mgr		Internal Audit Finding	Management's CAP(s)	Internal Audit Comments on Status	Management Comments on Status	Expect. Complete Date
Audit of Faculty Overload Pay (26-012A), Getterman		1. The calculation methodology that is actually being applied, as well as the timing of payments, are inconsistent. Simplifying and documenting the calculation methodology, providing standardized training, formalizing a review and approval process, and establishing hard deadlines for payments would improve the control structure around these payments, and ensure more transparency.	1.1 Establish simplified formal procedures for calculating overload, established timelines, consistent payment dates, and clarified review and approval requirements will be developed and implemented for the calculation of Spring 2026 overload. By May 1, 2026, standardized training will be developed and available prior to Summer 2026 overload calculations.	Ongoing		8/31/26
Dual Enrollment Audit (26-010A), Getterman		1. There are opportunities to improve background checks and training for instructors who teach dual enrollment students on the College's campuses. Consideration should be given to performing periodic background checks beyond those performed at pre-employment, and to either follow or change the training requirement currently stated in the governing SOS.	1.1 Oversight of SOS GA 1.6.7 will be reviewed and the standard will be updated regarding the level of training and the frequency of background checks for dual enrollment instructors to meet legal requirements and reflect the College's values and risk appetite.	Ongoing		8/31/26

Internal Audit Department

Audit Report

**Internal Network Penetration Test (26-023A)
Harlingen Campus**

February 13, 2026

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

Executive Summary

Between December 1, 2025 and December 19, 2025, we performed an internal network penetration test on the Harlingen campus. This test was primarily focused on identifying internal network vulnerabilities, employees' cybersecurity awareness, and the security of physical spaces.

The primary objective of this project was to ensure the physical and logical security of information technology (IT) assets directly supporting the confidentiality, integrity, and accessibility of College information. We tested various security controls, procedures, and employee behaviors, to include the segregation of the College's internal and guest wireless networks. We scanned networks to identify open ports that should be restricted, searched for devices containing possible default user credentials being used on network devices, attempted to social engineer a sample of employees to validate their cybersecurity awareness, and attempted to gain unauthorized access to buildings and rooms where sensitive information and network equipment is stored. We also attempted to access computers when employees were away from their workstations during business hours, and pulled on doors after business hours. We conducted similar tests on this campus in fiscal year 2023.

Employees secured computers and sensitive information by locking computers or shutting them down when not present. We did not find sensitive information left in open view or easily accessible. Sensitive documents were disposed of properly, internal and guest wireless networks were segregated. Those networks were also protected with authentication and encryption protocols. Wireless internet access was only accessible within the College's controlled boundaries. And finally, closets containing IT equipment were properly restricted. Buildings were generally secured after business hours, with 2 exceptions noted.

There is an opportunity to enhance IT and physical security. Of the 100 employees who received our phishing email, 27 clicked the embedded link in that email. Fourteen of those submitted their Workday credentials. We also found doors to 2 buildings unlocked after business hours, and several open ports in one building. Finally, we were able to access one employee's office where keys and an open laptop was accessible

Introduction

The Office of Information Technology (OIT) Division assists the campus with its IT needs by securing IT networks, providing end-user support and training, assisting with IT purchases, maintaining critical databases, and offering application support. On the Harlingen campus there is a Statewide Director who manages a Field Technician Supervisor, 3 Field Technicians and 1 Work-study student. The campus is overseen by a Provost.

Internal Audit worked closely with members of the IT Support Operations. Other than the Provost, employees in IT were only notified when accounts were compromised or immediate remediation was required. Very few people were notified ahead of time of our tests to ensure the integrity of the results.

Objectives

The objectives of the internal network penetration test were to:

- ensure primary systems, and systems directly supporting the confidentiality, integrity, and accessibility of primary systems have the appropriate security controls in place to detect and prevent attacks.
- ensure unauthorized individuals on the campuses are reasonably prevented from accessing privileged systems or sensitive data.
- verify the separation of employee and guest networks.
- identify logon credentials on network devices.
- verify the completion rate of cybersecurity training.
- attempt to identify other real-world attack vectors.

This test was not intended to verify all risks the campus and IT may face during an attack.

Scope & Methodology

The scope of the penetration test included the physical and logical securities of core network equipment, and networking closets, and other areas on campus where sensitive information may be located. It also included employee behavior, especially their awareness of potential attacks that compromise IT systems and other sensitive data. The following industry standards served as our methodology:

- IS Benchmarks - Baseline Configurations for Secure Operating System and Application Deployment.
- NIST 800-128 – Guide for Security Focused Configuration Management of Information Systems.
- NIST 800-53r5 - Security and Privacy Controls for Federal Information Systems and Organizations.
- NIST 800-115 - Technical Guide to Information Security Testing and Assessment.

To accomplish our audit objectives, we sent phishing emails requesting Workday login credentials to 100 employees who potentially have access to sensitive information. We scanned wireless networks and network services from open ports, attempted to access restricted areas not available to the public, and reviewed training records for employees.

Positive Observations

Employees were aware of our presence as we attempted to enter public and restricted areas, as noted by comments they made to us. Offices and other work spaces were well maintained to prevent accidental data loss. Computers and offices were locked when no one was present, and sensitive information was not left in open view. We observed OIT personnel testing and securing open ports located on campus as we performed walk-throughs, demonstrating improvements noted during recent tests on other campuses.

Closets housing computer and network equipment were also secured from unauthorized access. Wireless networks were restricted to College controlled boundaries and were secured. And, all 100 employees we tested completed their annual cybersecurity awareness training for fiscal year 2025.

Summary of Finding

1. Some aspects of IT and the physical security need attention.

Opinion

Based on the audit work performed, IT assets, sensitive information, and restricted areas are generally well protected on the Harlingen Campus. But, as detailed in Finding #1, there are opportunities to improve security in certain situations.

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

Submitted by:

[ORIGINAL SIGNED BY]

Jason D. Mallory, CPA, CIA

February 13, 2026

Date

AUDIT FINDING DETAIL

Finding #1: Some aspects of IT and the physical security need attention.

Criterion: We sent out phishing emails to 100 employees highlighting fictitious reward points they have available in our STAR program. The email required an embedded link be clicked to access that system, and required Workday logon credentials. We intentionally included grammatical errors in the email to alert the employees that it was a phishing attempt.

We attempted to enter staff offices during business hours, and buildings after business hours when classes were not being held. We also tested open ports in buildings to determine whether they were connected to the College's internal network.

The following exceptions were noted:

- Twenty seven of 100 employees opened the link embedded in our email, with 14 submitting their Workday credentials. Those 14 were immediately contacted by IT staff to change their passwords. There was one person who submitted his credentials who also failed our phishing test in fiscal year 2023.
- No one who received the email reported the suspicious email, so the opportunity to limit the success of the email by alerting employees was lost.
- One unoccupied office was unlocked, with the employee's computer also unlocked and accessible.
- Two buildings had unlocked doors after business hours.
- We identified 27 open ports connected to the internal network.

Consequences: Increased risks of unauthorized access to sensitive data or assets.

Recommendations: We recommend the following actions:

- All College employees should be informed of our tests to remind them security is a high priority. This reminder should also stress reporting suspicious emails so that OIT can take action to stop those emails from being successful.
- For the employees who failed the phishing test, we recommend they be counseled, and required to take additional training. They should also be made aware that they will be tested again in the near future.
- All buildings and rooms should be locked after hours, with responsible personnel in each building being identified.
- All ports that are not being used, especially those located in public areas, should be disconnected from the network.

Management Response

Harlingen campus leadership agrees with the observations made in the audit. The following corrective/preventative actions have either been put in place or are in progress:

A campus wide email was sent out on January 27, 2026 notifying all employees of the test, and reminding everyone of their responsibilities to protect sensitive data and physical assets. The email stressed the importance of being vigilant when unexpected emails are received.

Supervisors for all 27 employees that clicked on the phishing email link and/or submitted sensitive data, as well as the employee that left their computer and office unlocked will be made aware, and will have conversations with the respective employees. The employees will be required to take additional cyber security training, and informed that they will be tested again in the near future. Regarding Building W and the Student Center that were found unlocked after hours, Physical Plant will be reminded about locking and proper closure of these doors after hours. Conversations are already taking place regarding disconnection of the 27 open ports found connected to the internal network. These action plans will be fully implemented no later than February 13, 2026.

Gina Cano-Monreal, Provost for the Harlingen campus, will be responsible for ensuring these actions are fully implemented.

Phishing Campaign:

Management of the OIT department agrees with the observation made in the audit that phishing emails increase the risk of TSTC accounts being compromised. Remedial training will be required for employees who were caught by the phishing campaign via Workday and must be completed by February 13, 2026. Brandon Fortner will be responsible for the implementation of this corrective action plan.

Open Ports:

Management of the OIT department agrees with the observation made in the audit that open ports increase the risk of the network being accessed inappropriately. The cause of the open ports was simple oversight in identifying them. The networking team will disable these ports no later than January 27, 2026. To limit recurrences, a procedure of spot-checking unused ports in publicly accessible areas by network field technicians has been implemented. Brandon Pierce is responsible for ensuring this is performed.

Internal Audit Department

Audit Report

Audit of Student Counseling Services (26-005A)

March 3, 2026

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

Executive Summary

We have completed an audit of select processes within the Counseling Department (Counseling) as of October 31, 2025. The primary purpose of the audit was to ensure well-defined, effective and efficient processes are in place for providing mental health services to students. All counseling sessions with students in fiscal year 2025, as well as all other processes through October 31, 2025, were within the scope of the audit. Student awareness of counseling services, required session documentation, timeliness of services provided, and counselor credentials, including their respective caseloads, were tested. We also reviewed access and security of related records due to their very sensitive nature. Finally, we tested procedures related to treating minors, and the safety of the counselors while providing counseling services. TSTC's Counseling Services Policies and Procedures Manual, the TSTC Catalog & Student Handbook, and various other internal documents formed the basis for our testing. We also used policies provided by the Texas Behavior Health Executive Council and American Counseling Association.

We determined there are multiple ways services are publicized so students in need know how to seek treatment. Only current students are eligible for services. There are well-defined intake and assessment expectations; documents and information related to this process is currently being maintained in the Point and Click Solutions (PNC) system. This is software designed specifically for counseling services. Counselors are appropriately credentialed and experienced, and have current, active licenses. They also complete required training to maintain their licenses.

We identified several opportunities to improve the processes that support this activity. Those include updating information in publicized communications that notify students of the availability of the services, improving controls that ensure services are rendered timely, distributing and monitoring caseloads of individual counselors to ensure those caseloads are more evenly distributed, and ensuring the intake and evaluation processes meet performance and documentation standards. These are discussed in Finding #1 of this report. We also identified an immediate need to better restrict information stored within the PNC system. This is detailed in Finding #2.

Note: Prior to the beginning of this audit, management in Enrollment Services and Counseling informed us that a counselor on one campus provided 12 students with documentation to support appeals to not have their federal financial aid suspended due to unsatisfactory academic progress. This documentation was suspicious because the counselor did not have existing relationships with 9 of those students, and her interactions with them were not properly documented. The students provided that documentation to enrollment coaches who used as a basis to approve appeals. A senior manager who oversees Enrollment Services and Financial Aid reviewed every appeal filed by those students and determined the approved appeals were appropriate, even though the documentation provided by the counselor did not follow protocol.

Going forward, Counselors will be reminded to follow all documentation requirements, and will acknowledge their responsibilities annually. Furthermore, a Counseling manager will approve the documentation related to financial aid appeals to indicate proper protocols were followed. The senior manager over Enrollment Services indicated she will determine whether a report is available that can identify appeals involving documentation from College counselors. This could help identify trends, training issues, and suspicious activity.

In the near future, Internal Audit will audit the financial aid appeal process to verify approved appeals are appropriate and comply with Title IV and College rules. Appeals that include documentation provided by College counselors will specifically be included in that audit.

Introduction

Counseling services are available for all currently enrolled students at every campus. Each campus has an assigned counselor. The services focus on mental health issues, and are intended to help students navigate barriers preventing them from being successful in their studies. These services do not extend to employees.

Services include individual and group counseling, and can focus on addiction, crisis management, or personal wellness. Depression, anxiety, stress related to school or work, and other personal issues are common topics handled by counselors. Workshops and various educational sessions are also conducted. The Counseling Services Policies and Procedures Manual establishes the protocol and documentation that must be followed. Issues may be resolved in single sessions, or result in follow-up sessions or referrals to outside entities. The nature of each issue determines the level of assistance that is provided. Sessions can be held in person or virtually. Services are initiated by students reaching out directly to counselors, or through referrals from faculty/staff. Some referrals are the result of sanctions imposed through the disciplinary process, or matters referred by campus police. The PNC system was recently implemented in April 2025 to better record and maintain session information. Therasoft was used prior to that.

During fiscal year 2025, a total of 236 students received services. The majority of the services were provided to students on the Harlingen and Waco campuses. The following is a summary of where the services were provided in fiscal year 2025:

Campus	# of Students	% served
Ft. Bend	27	11%
Harlingen	72	30%
Marshall	37	16%
North Texas/New Braunfels	21	9%
Waco	75	32%
West Texas	4	2%
Total	236	100%

We estimate these services resulted in at least 1,400 counseling sessions. Exact numbers were unavailable.

Counseling services are provided by a Manager, who is a Licensed Professional Counselor (LPC) and 7 counselors. The counselors include 2 LPC's, 3 Licensed Professional Counselor Associates (LPCAs), 1 Licensed Master Social Worker (LMSW), and 1 counselor with a Master's Degree in Counseling. The latter is actively pursuing her LMSW designation. Counseling reports directly to the Director of Student Support Services, who reports to the Vice President of Retention Services. All are within the Operations Division under the umbrella of the Executive Vice Chancellor/Chief Operations Officer.

Objectives

The objective of this audit was to ensure well-defined, effective and efficient processes are in place to provide students with mental health services. Specifically, we verified:

- The availability of services is well publicized.
- The intake and assessment processes work as intended, with it being timely and documentation being appropriate.
- Individual counselor caseloads for counselors are reasonable to provide the best care and treatment.
- A safe environment exists for counselors when interacting with students, especially those in crisis.
- Student mental health data is appropriately restricted.
- Counselors possess appropriate credentials and licenses to handle the types of issues they counsel.
- Only current students are treated, with permission obtained from a parent or guardian for students who are minors.

Scope & Methodology

The scope of our audit included student sessions recorded in Therasoft and PNC during fiscal year 2025, and all other related processes through October 31, 2025. The Counseling Services Policies and Procedures Manual, the TSTC Catalog & Student Handbook, policies provided by the Texas Behavior Health Executive Council and American Counseling Association, and various other internal documents formed the basis of our testing. Our test work included reviewing a sample of Counseling sessions, the methods that inform students of the availability of services, counselor credentials, distribution of caseloads, and access to sensitive data.

Positive Observations

Staff provided information timely, and participated in a formal risk assessment.

They implemented PNC in 2025 to address the known limitations of Therasoft. This new software will allow them to better manage related processes. In fiscal year 2025, 236 students received services, with at least 1,400 counseling sessions held. The counselors have the education, experience and licenses to provide the services. Services are available to students at every campus, even online only students.

Summary of Findings

1. There are opportunities to improve internal controls related to documentation, publicizing services, timeliness of services, caseload monitoring.
2. Access to sensitive information requires immediate attention.

Opinion

Based on the audit work performed, counseling services provided by credentialled mental health professionals are available to all current students. Students are made aware of the availability of these services in multiple ways. There are policies and procedures which govern this activity, and counselors are provided safe environments to operate. But, there are opportunities to improve

processes and controls that support this activity. And, access to sensitive data should be better restricted.

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

Submitted by:

[ORIGINAL SIGNED BY]

Jason D. Mallory, CPA, CIA

March 3, 2026

Date

AUDIT FINDING DETAIL

Finding #1: There are opportunities to improve internal controls related to documentation, publicizing services, timeliness of services, caseload monitoring.

Criterion: We reviewed 40 counseling sessions to determine whether required documentation was maintained. We tested the manner in which services are publicized to students so they know how to engage the services. We tested 21 requests for services to verify contact was made by counselors within 24-72 hours. And, we reviewed the process for managing caseloads. We made the following observations:

Documentation

- Documentation for 20 of 40 counseling sessions tested lacked one or more required documents, to include intake forms, informed consent forms, treatment plans, and/or case notes.
- 11 of 40 counseling sessions did not have the case notes updated within one week of the counseling session.
- 3 intake forms were missing signatures from the counselor who provided services.
- 4 sessions were incorrectly categorized in PNC.

Publicizing Services

- The Culture of Caring webpage does not list the contact information for the counselor assigned to the Marshall campus.
- A campus contact is not listed for the New Braunfels campus on the Counseling webpage, and a local resource listed on the same page is no longer available.
- A presentation in the orientation for new students includes an incorrect contact email. Specifically, the email is noted as counseling@tstc.edu rather than the proper tstccounseling@tstc.edu.
- We noted counselors on the West Texas and New Braunfels campus did not receive any QR code submissions during FY 2025, and there were low response rates using the code at Marshall, Hutto, and North Texas/Online. This indicates posters with the QR codes are either not used at these campuses, or not well publicized.

Timeliness of Services

- 4 of 21 requests for services were not acted on within 24-72 hours. Two requests took 6 & 7 days, respectively. The other 2 requests took 26 and 44 days, respectively.
- For 5 of 21 requests for services, we were unable to determine timeliness because documentation was not available.

Caseload Management

- Caseloads are unevenly distributed. We recognize there are multiple factors which play a role in this distribution. But in 2025, counseling sessions managed by a single counselor appeared to range from 503 sessions to 1 session. This information is not complete because session data was not made available to us in PNC.
- A manual process is currently used to monitor caseloads. It would be more efficient and effective to use reports available in PNC.

Consequences: Increased risk of students not knowing how to obtain services, services not being provided timely or documented properly, and caseloads being distributed unevenly among counselors which could impact quality and timeliness of the services.

Recommendations: We offer the following recommendations:

- Refamiliarize all counselors with documentation and time requirements, and actively monitor them for compliance and consistency. Periodic reporting of volume and nature of cases should also be considered to assist with the effectiveness and efficiency of the operation.
- Identify all sources used to publicize available services, and verify the information is current and accurate. We also recommend standardizing the manner of publicizing the services on each campus.
- More fully utilize PNC to manage caseload per counselor.

Management Response

Management of the Counseling Services agrees with the observations made in the audit. Internal controls within Counseling related to documentation practices, publicizing available services, timeliness of services, and caseload management require strengthening. This resulted in processes that lacked standardized procedures, clearly defined expectations, and consistent monitoring or internal reviews to ensure accountability and operational consistency.

Documentation

-A formal training will be completed every August reviewing the processes and policies within the counseling department.

-New hires will be required to complete the training upon starting at TSTC. Following the training each year, an acknowledgement form will be signed by each counselor.

-An informal review of processes will be conducted on a regular basis during the bi-weekly counseling statewide meetings.

-To uphold alignment and ensure that all required documentation is in each student's file, and to identify future areas for additional training, a spreadsheet has been created and shared with the Director of Student Support Services for the Manager to audit cases on a bi-weekly basis.

Publicizing Services

-The Culture of Caring Contact a Counselor webpage has been updated with the Marshall counselor's contact information and picture.

-The TSTC Counseling website has been updated with the counselor contact information for the New Braunfels campus.

-A list of mental health resources for the New Braunfels area is currently being compiled and will be added to the TSTC Counseling website.

-Enrollment Services has been contacted regarding the New Student Orientation (NSO) presentation in Workday and to correct the counseling email address. There are a variety of other NSO presentations available across the state, and we are working with different departments and campuses to ensure that the contact information is accurate statewide.

Timeliness of Services

-Currently, each campus has their own QR code that students can utilize if they are interested in counseling services. Moving forward a central QR code for students will be created that will allow them to login to the PNC student portal directly so they can schedule appointments without the tedious oscillation of phone calls and emails.

-If a student does not choose to utilize the QR code, and instead reaches out to a counselor by phone, email, or office visit, each communication will be documented within the encounter notes in PNC.

-To ensure good customer service and timeliness of services, a disclaimer to email communications will be added to the signature of each counselor and the TSTC Counseling email address, that states if the student has not been contacted within 48 hours after reaching out, they can contact the Manager of counseling services.

Caseload Management

-With the implementation of PNC, the access and ability to compile data in a more efficient way will be utilized to monitor counselor caseloads at regular intervals throughout the semester.

Counseling Services has developed an 11-week corrective action plan to address the items identified in the audit. We are actively working through the plan and anticipate full implementation by May 8, 2026. Amy Buchanan will lead the execution of this plan, monitor progress, and ensure each corrective action is completed within the established timeline. Documentation will be maintained to demonstrate implementation and ongoing compliance.

AUDIT FINDING DETAIL

Finding #2: Access to sensitive information requires immediate attention.

Criterion: We reviewed access to Therasoft and PNC to determine if access was appropriately restricted. These systems contain sensitive personal information involving mental health matters.

While access to PNC by employees is limited to counselors who work for the College, we identified 49 people outside of the College who have access. These people are/were PNC employees. This access probably originated during the implementation of the software in April 2025, but their continued access should be reviewed and restricted if not required.

Access to Therasoft was limited to the Counseling Manager. But, because there are files stored in it that have not yet been migrated to PNC, counselors may need information they currently do not have access to.

Consequences: Increased risk of inappropriate or unnecessary access to student mental health information in PNC, and the unavailability of pertinent student data in Therasoft.

Recommendations: We recommend access to PNC be limited to only essential users, with a process implemented to periodically review access. Regarding Therasoft, we recommend giving access as needs arise.

Management Response

Management of the Counseling Services agrees with the observations made in the audit. Internal controls within Counseling related to access to sensitive information require strengthening. This resulted in processes that lacked standardized procedures, clearly defined expectations, and consistent monitoring or internal reviews to ensure accountability and operational consistency. Management will contact PNC to inquire about access of the 49 PNC employees listed and recommend that it be limited to only essential users. The access contract with Therasoft will end March 23, 2026. By that time, the records that are currently in Therasoft will be moved to PNC, with the help of OIT and PNC for a mass upload of records. Counseling Services has developed an 11-week corrective action plan to address the items identified in the audit. We are actively working through the plan and anticipate full implementation by May 8, 2026. Amy Buchanan will lead the execution of this plan, monitor progress, and ensure each corrective action is completed within the established timeline. Documentation will be maintained to demonstrate implementation and ongoing compliance.

Internal Audit Department

Audit Report

Audit of Faculty Overload Pay (26-012A)

March 4, 2026

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

Executive Summary

We have completed an audit of overload payments to faculty in fiscal year 2025, along with supporting processes for these payments. All overload payments made from September 1, 2024, through December 31, 2025 were subject to this audit. The purpose of the audit was to verify overload payments were calculated properly and distributed timely. It was also intended to verify controls are adequate to meet these key objectives. To accomplish the audit, we recalculated a sample of payments, and reviewed the date each payment was disbursed. We also reviewed the calculation methodology and related documentation, eligibility and approval procedures, and trends. Finally, we searched for potential schedule conflicts which could have impacted whether the payments were reasonably earned.

We determined that only full-time instructors received the pay, and the pay was earned. We also verified the pay was reasonable. Finding #1 includes recommendations related to the calculation of overload payments and the approval process. It also includes observations and recommendations related to inconsistent payment timing, and the complexity of the calculation. The latter is especially important because the calculation is decentralized and manual in nature.

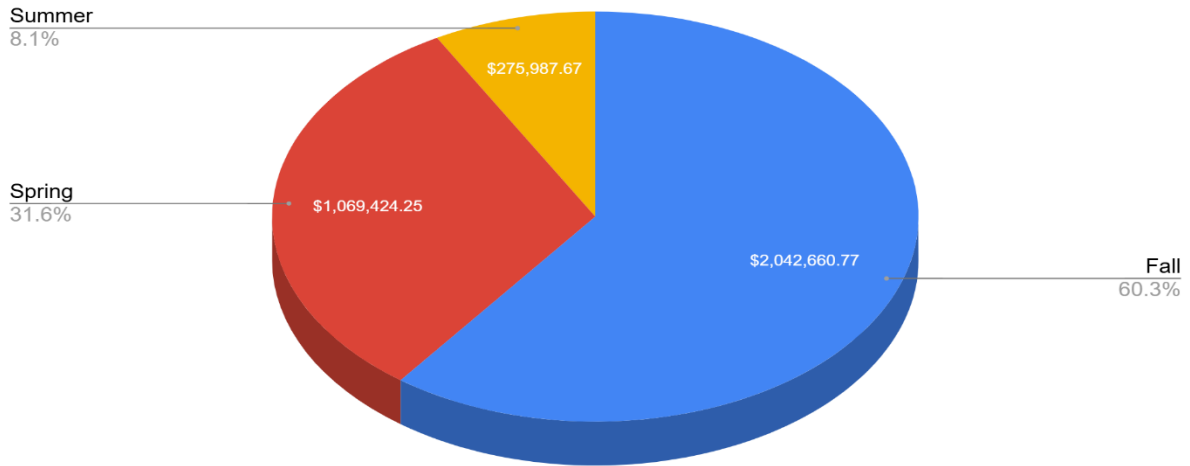
Introduction

Overload pay is a term that refers to additional pay faculty earn when they exceed a full instructional load. This is not a regulatory requirement. The College voluntarily implemented this pay to recognize and compensate faculty who teach more than is required. Full-time instructors are expected to work 40 hour per week, with 75% or about 30 hours per week engaged in instruction and instructional support activities. For instructors in hybrid programs, this translates to 24-30 hours per week in the classroom or lab. For instructors in online programs, this translates to between 100-125 duplicated students per semester. Only full-time instructors are eligible for the additional pay.

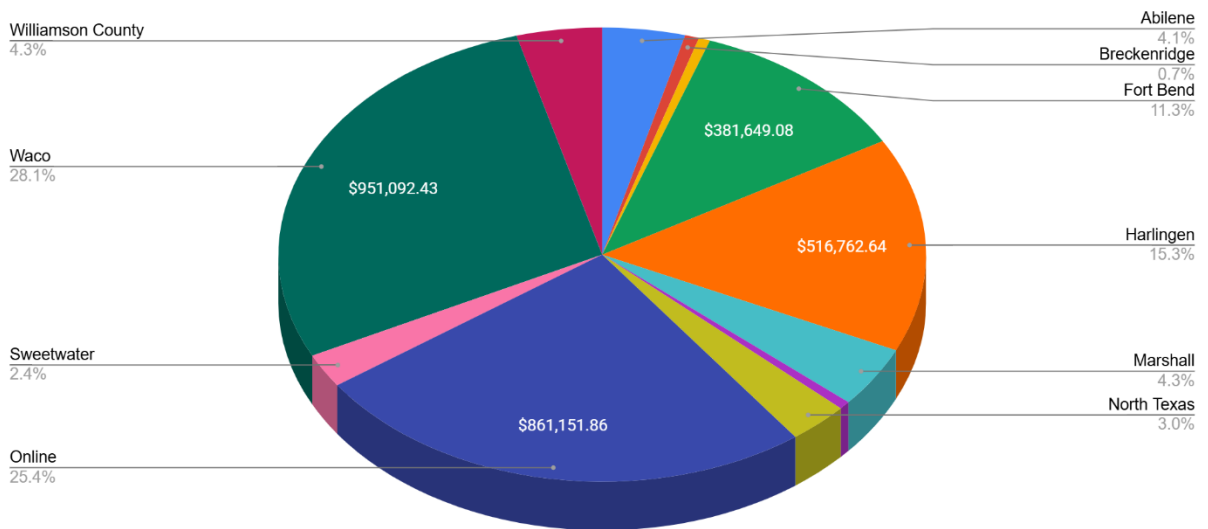
The calculation of overload pay differs slightly depending on whether an instructor teaches hybrid or online courses. Overload pay for hybrid instructors is calculated using the contact hours method. This method considers the average number of contact hours spent in the classroom and/or lab each week, and compares it to the full-time workload. Instructors are paid a set rate for each hour over the full-time workload. For online instructors, the duplicated student method is used. This method uses the total enrollment for each course section, as of the census date, and compares it to the full-time workload amount. The instructor is paid a set rate for each duplicated student above the full-time amount.

Overload pay has steadily increased over the last 3 fiscal years, with it reaching \$1.6 million in fiscal year 2025. It was \$1 million and \$773 thousand in fiscal years 2024 and 2023, respectively. Some of the increase is likely attributable to a rule being eliminated in fiscal year 2025 in which total load for an instructional department on individual campuses was considered before pay for individual instructors was calculated. The following charts provide insight into how the pay over the last 3 fiscal years has been distributed:

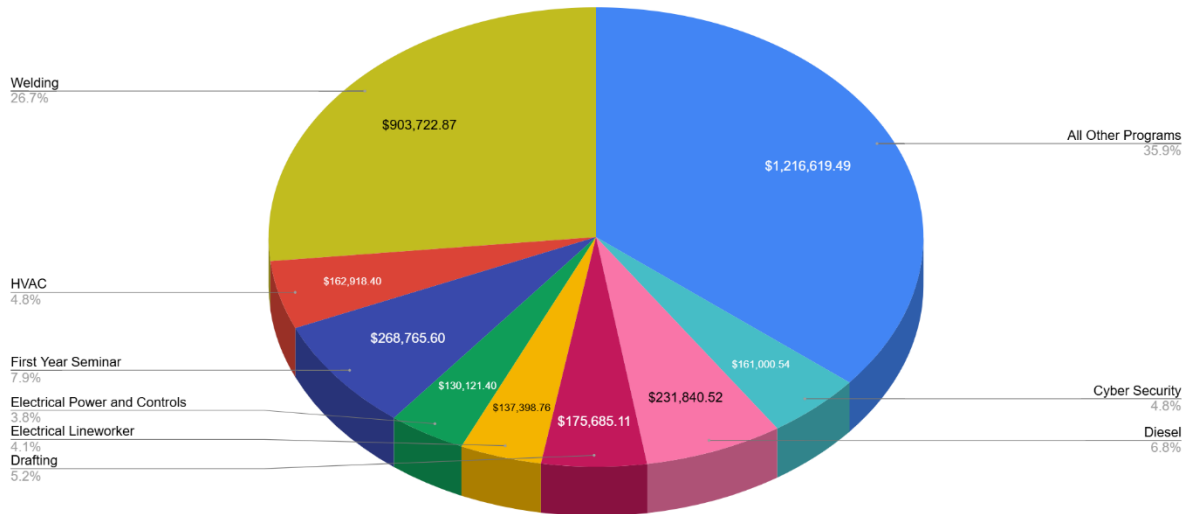
Overload Pay Distribution by Term Over the Last 3 Fiscal Years



Overload Pay Distribution by Campus Over the Last 3 Fiscal Years



Overload Pay Distribution by Program Over the Last 3 Fiscal Years



The Provost office at each campus, with assistance from Program Team Leads, are responsible for identifying which instructors qualify for overload pay, and calculating it. Calculations are submitted to Operations leadership for review, and to Compensation and HRIS personnel within Human Resources to consolidate the data for processing. Once consolidated, the data is sent to the Payroll department for payment.

Objectives

The objectives of the audit were to determine whether:

- Overload pay is calculated correctly based on the approved rates and workload.
- Overload payments are approved, and paid timely.
- Only full-time instructors receive overload pay.
- Reasonable internal controls are in place to ensure these objectives are met.

Scope & Methodology

The scope of our audit included all overload payments made in fiscal year 2025, and the processes and controls that are relied upon for those payments. To accomplish our objectives, we recalculated a sample of overload payments. We also verified those payments were approved, paid timely, and paid only to eligible instructors. Our test work also validated the controls currently relied upon which ensure these objectives are met. That included reviewing the calculation methodology, understand training and resources available to employees involved in calculating, approving, and distributing the payments.

Positive Observations

Operations leadership recognizes the benefits of overload pay to compensate full-time instructors who take on instructional work above the minimally-required load. The need for the pay is due to periodic increased student demand when the supply of instructors lags behind. Leadership requested our independent assessment of the calculation and related processes because they recognized the complexity of the calculation. They were very open to our observations and recommendations.

Several employees spent numerous hours sharing their knowledge and concerns of the processes. They were also responsive to our requests for documentation.

Summary of Finding

The calculation methodology that is actually being applied, as well as the timing of payments, are inconsistent. Simplifying and documenting the calculation methodology, providing standardized training, formalizing a review and approval process, and establishing hard deadlines for payments would improve the control structure around these payments, and ensure more transparency.

Opinion

Based on the audit work performed, overload pay is earned by, and payments made to, eligible instructors. The student demand creates the need to have additional pay for instructors who provide more instruction than the required minimum. However, there are opportunities to improve the processes and controls by ensuring the proper calculation methodology is consistently used, by enhancing the approval of payments, by setting hard deadlines for payments, and potentially by simplifying and automating the calculation.

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

Submitted by:

[ORIGINAL SIGNED BY]

Jason D. Mallory, CPA, CIA

March 4, 2026

Date

AUDIT FINDING DETAIL

Finding #1: The calculation methodology that is actually being applied, as well as the timing of payments, are inconsistent. Simplifying and documenting the calculation methodology, providing standardized training, formalizing a review and approval process, and establishing hard deadlines for payments would improve the control structure around these payments, and ensure more transparency.

Criterion: We recalculated 66 overload payments to instructors made in in fiscal year 2025 using the current methodology. Our sample included both online and hybrid instructors, as well as instructors from all campuses and departments. We also identified the dates of 494 payments to ensure the payments were timely. We reviewed available documentation explaining the calculation, and gained an understanding of training available for the employees involved in the process.

Our testing resulted in the following:

- For 23 of 66 payments tested, the overload pay received was more than what we calculated.
- For 8 of 66 payments tested, the overload pay received was less than what we calculated.
- We found 113 payments made 1 to 4 months late.
- There is not a comprehensive, written explanation of the calculation, nor formal guidelines related to the entire process. As such, the calculations, review and approval expectations, timelines for making payments, and responsible personnel vary between campuses, and, in some cases, differ between departments on the same campus.
- Formal training has not been implemented to ensure personnel involved in the process understand their responsibilities and the complexity of the calculation.
- The calculation relies upon a manual process that uses spreadsheets that are not always consistent. Additionally, the calculation differs depending on whether an instructor teaches a hybrid or on-line course.
- Payments are paid prior to the end of each semester. For the Fall, that payment is scheduled each November. Calculating and paying before the semester concludes results in payments being made before they are fully earned.
- Enrollment figures as of the census date are used to calculate pay. This likely results in each payment not reflecting the actual enrollment due to changes after the census date.
- Finally, we identified 7 instructors who received identical overload payments in consecutive semesters. However, the number of hours taught, and eligible for overload pay, differed. This suggested the calculation of the pay was incorrect in at least one of the semesters.

Consequences: Payments are not calculated correctly, and/or paid timely.

Recommendations:

- Implement a formal policy and procedures which clearly outline the calculation methodology, time lines, payment dates, and required approvals. We also recommend standardized training be conducted.

- Explore ways to simplify the calculation, to include automating as much of it as possible. Ideally, Workday could assist with automation.
- Prescribe allowable data sources used to calculate overload pay.
- Calculate the pay after each semester concludes to ensure the payments reflect actual load and enrollment data.
- Implement review procedures to verify calculations are correct and meet standards. This should also be aimed at identifying duplicate or unsupported payments.

Management Response

Management of the Operations division agrees with the observations made in the audit. The described overload payout inconsistencies are the result of the lack of formal policies and procedures.

By April 30, 2026, simplified formal procedures for calculating overload, established timelines, consistent payment dates, and clarified review and approval requirements will be developed and implemented for the calculation of Spring 2026 overload. By May 1, 2026, standardized training will be developed and available prior to Summer 2026 overload calculations.

Effectiveness will be monitored through the post-payout Expanded Instructional Contribution Payout and Rate of Error Assessment each semester.

The assessments and process improvement opportunities, as well as this corrective action plan, are the responsibility of Madelynn Getterman, Sr. Advisor to the Chief Operating Officer.

Internal Audit Department

Audit Report

Dual Enrollment Audit (26-010A)

March 18, 2026

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

Executive Summary

We have completed an audit of processes and activities that support the Dual Enrollment program. This program allows high school students to earn college credit while still working toward their high school diploma. The objectives of this audit included verifying contracts with independent school districts (ISDs) are in place, earned revenue is accurate and timely recorded, invoicing and collections of outstanding balances are accurate and timely, faculty are credentialed, and facilities and equipment meet College standards. We also verified admissions requirements and related documentation, employee background checks and training related to minors on campus, and compliance to Texas Administrative Code, Chapter 13, Subchapter Q which relates to the Financial Aid for Swift Transfer (FAST) program is achieved. The scope of this audit included all Dual Enrollment processes and activities from Fall 2024 through Fall 2025.

We determined the following:

- Memorandums of Understandings (MOUs) are in place with each ISD being served, they are executed by authorized personnel, and clearly articulate participation requirements and courses offered. Furthermore, there is a tracking system in place to ensure MOUs are obtained before participation is allowed.
- Tuition revenue is recorded timely, with proper accounting procedures in place to adjust it due to FAST participation.
- Admission standards for students are being met, and related documentation is being obtained.
- Faculty teaching Dual Enrollments students are qualified, with each being verified through the College's credentialing process.
- When instruction is performed at high schools, the facilities and equipment meet College standards, and are being validated by College staff. Recently, this process has been enhanced to include periodic re-validation for high schools who have long-standing relationships with the College.
- Texas Administrative Code, Chapter 13, Subchapter Q related to FAST participation is being complied with.

There is an opportunity to enhance background checks and minors on campus training for faculty who instruct students on the College's campuses. This is addressed in the findings section of this report. We also identified an opportunity for more timely invoicing and collection for amounts owed by ISDs, but those processes were being improved during this audit. As such, we did not cite that as a finding.

Introduction

Dual Enrollment provides an opportunity to high school students to earn college credit. These credits count towards both high school graduation and future college degrees and certificates. Courses are taught at one of the College's campuses, online or at the participating high schools. 70% of the students who participated in Fall 2024 matriculated to Spring 2025. 22% of those students enrolled as full-time students after high school graduation.

The College participates in the FAST program administered by the Texas Higher Education Coordinating Board. This program pays for the tuition, fees, books, and materials for all educationally disadvantaged students, defined as those who participate in the free/reduced lunch

program. Currently, FAST pays \$58.52 per credit hour for each qualified student. This rate is higher than the \$33 per credit hour earned for non-qualified students. Participation in FAST limits tuition that can be charged to any dual enrollment student from a public ISD to the FAST rate in effect at the time. ISDs pay the tuition, fees, and materials for all students that are not covered by FAST.

In Fall 2024, there were 1,760 dual enrollment students. They consisted of 1,299 FAST-qualified and 461 non-qualified students, earning the College \$263,763 and \$47,751, respectively, in associated tuition revenue. In Spring 2025 there were 1,492 students. Those consisted of 1,172 FAST-qualified and 320 non-qualified students, earning the College \$220,826 and \$45,342, respectively. Eighty-one high schools from 106 ISDs and homeschools participated in the program. Thirty-six different instructional programs provided instruction, with Automotive (577 students), Computer Programming (120 students), Culinary Arts (241 students), Cybersecurity (243 students), Diesel (137 students), Education Training (244 students), Pre-Allied Health (103 students), and Welding (982 students) programs having the highest enrollments.

The activity requires involvement from personnel in the Finance, Operations, and External Relations divisions. A Senior Director, College Pathways & Enrichment oversees the program. She reports to the Vice Chancellor/Chief External Relations Officer. The Senior Director manages 2 senior managers and 18 staff. They work with ISDs and students to recruit, maintain relationships, and assist with enrollment activities. They also track student progress.

Objectives

The objectives of this audit were to verify:

- Executed contracts with the independent school districts (ISDs) are in place;
- Earned revenue is recorded accurately and timely;
- Account receivable are invoiced accurately, and collected timely;
- Faculty are credentialed, and facilities and equipment meet College standards;
- Admissions and related documentation standards are met;
- Background checks of faculty, as well as training related to minors on campus are being performed;
- Compliance is achieved to Texas Administrative Code, Chapter 13, Subchapter Q which relates to the Financial Aid for Swift Transfer (FAST) program.

Scope & Methodology

The scope of our audit included all Dual Enrollment activities from Fall 2024 through Fall 2025. To accomplish our audit objectives, we reviewed MOUs in place with ISDs for accuracy and proper execution, as well as processes that ensure faculty, facilities, and equipment meet College standards. Admission documentation and standards were reviewed for a sample of students. For faculty, we verified background checks and training related minors on campus were performed. Accounting processes, to include revenue recognition, invoicing, and collection efforts were also tested. Finally, we verified FAST requirements were met since the College participates in that program.

The basis of our testing included the following College policies and Texas regulations:

- SOS ES 2.19 Dual Credit Partnerships Between TSTC and Secondary
- SOS GA 1.6.7 Minors on Campus
- SOS ES 1.11 Faculty Qualifications
- TAC, Title 25, §265.404
- TAC, Title 19, Chapter 4

Positive Observations

Staff were responsive to all our requests during this audit, and ensured we understood their responsibilities and processes. They have established strong controls to ensure all relationships with ISDs participating in Dual Enrollment are evidenced by an MOU, with all students meeting admissions standards. Their work spans across the State, with well over 100 ISDs and close to 2,000 students being served each year. The quality of faculty and facilities involved in Dual Enrollment is not compromised, nor are instructional standards. Dual Enrollment courses, in some cases, gives high school students skills that can be immediately applied in the workplace. They also give students head starts on obtaining TSTC degrees and certificates.

Summary of Finding

1. There are opportunities to improve background checks and training for instructors who teach dual enrollment students on the College's campuses. Consideration should be given to performing periodic background checks beyond those performed at pre-employment, and to either follow or change the training requirement currently stated in the governing SOS.

Opinion

Based on the audit work performed, dual credit courses maintain College standards, contractual agreements with ISDs are complied with, and proper accounting procedures are in place for revenue and accounts receivable. There is a need, however, to consider enhancing training and background checks due to the unique risks created due to the students generally being minors.

Submitted by:

[ORIGINAL SIGNED BY]

Jason D. Mallory, CPA, CIA

March 18, 2026

Date

AUDIT FINDING DETAIL

Finding #1: There are opportunities to improve background checks and training for instructors who teach dual enrollment students on the College’s campuses. Consideration should be given to performing periodic background checks beyond those performed at pre-employment, and to either following or changing the training requirement currently stated in the governing SOS.

Criterion: We tested the background checks and training related to minors on campus for 26 instructors who taught dual enrollment students on one of the College’s campuses. We determined pre-employment background checks are performed, and each instructor completes “minors on campus training” as part of their annual essentials training. However, we identified the following enhancements for consideration:

- Periodic background checks beyond the initial pre-employment checks are generally not performed. Instructors who teach at high schools are finger printed, and receive background checks that notify the ISDs of criminal matters that may occur after employment. The College does not have a similar monitoring procedure for instructors who teach on the College’s campuses.
- While training is conducted annually, it does not satisfy the training required by SOS GA 1.6.7 Minors on Campus. The SOS requires training that meets standards contained within TAC, Title 25, §265.404. Interestingly, that regulation does not apply to dual enrollment activities, resulting in the SOS requiring more than the regulation. The training required by the SOS must cover sexual abuse and molestation of children, take at least 1 hour to complete, and require a passing grade of at least 70% on a test with at least 25 questions.

Consequences: Non-compliance to policy requirements, as well as increased reputational risks in the unlikely event an incident occurs.

Recommendations: We recommend establishing a process each semester that identifies faculty who will teach high school students on campus, and re-performing background checks on these instructors periodically. We also recommend either conducting the type of training that is required by policy, or changing that policy. Since the policy references TAC, Title 25, §265.404, which does not apply to dual enrollment activities, the policy currently requires more than the regulation.

Management Response

Management of the Operations division agrees with the risks observed in the audit. The non-compliance with policy requirements is the result policy oversight being assigned to a supervisor who does not have oversight responsibility for background checks and related training. By August 31, 2026, oversight of SOS GA 1.6.7 Minors on Campus will be reviewed and the standard will be updated regarding the level of training and the frequency of background checks for dual enrollment instructors to meet legal requirements and reflect the College’s values and risk appetite. The effectiveness of approved updates will be measured through the compliance with the standards and procedures. The current policy review process occurs biannually and will be the responsibility of the policy lead editor. Until this is affirmed through the review and update of GA 1.6.7, Madelynne Getterman, Senior Advisor to the Executive Vice Chancellor & Operating Officer will be responsible for the implementation of this risk mitigation and alignment action.

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

May 2026

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: March 31, 2026

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 January 1 through March 31, 2026, 1 outstanding control was implemented for the T-Drive. Controls for mobile devices owned by the College have also been implemented, however, OIT recommends similar controls not be pursued for those owned by employees due to the difficulty to fully implement. There are currently 63 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
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T Drive

Original Audit: March 17, 2023

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
January 2026 – March 2026	41	0	0	0	41
October 2025 – December 2025	40	0	1	0	41
Difference	1	0	-1	0	

IT General Controls

Original Audit: June 23, 2023

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted ^{Note 6}	Total
January 2026 – March 2026	24	6	2	2	34
October 2025 – December 2025	24	6	3	1	34
Difference	0	0	-1	1	

Note 6: 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.

Additionally, OIT has recommended accepting the risk (AC-19) associated with managing mobile devices owned by employees due to the cost and difficulty to enforce. There is a policy, though, outlining expectations when those devices are used to access College information. There are controls in place for devices owned by the College.

CRIMES

Original Audit: March 17, 2023

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
January 2026 – March 2026	24	1	23	0	48
October 2025 – December 2025	24	1	23	0	48
Difference	0	0	0	0	

Workday

Original Audit: May 16, 2025

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
January 2026 – March 2026	36	0	13	0	49
October 2025 – December 2025	36	0	13	0	49
Difference	0	0	0	0	

Eglesoft

Original Audit: September 29, 2025

Period	Implemented	Implemented with Recommendations	Not Implemented	Risk Accepted	Total
January 2026 – March 2026	16	5	25	0	46
October 2025 – December 2025	16	5	25	0	46
Difference	0	0	0	0	

Submitted by:

[ORIGINAL SIGNED BY]

Jason D. Mallory, CPA, CIA

March 31, 2026

Date

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

Final Construction Audit Report

Texas State Technical College

**Construction Manager at Risk
Bartlett Cocke General Contractors, LLC**

**PROJECT #4202
CCAP Diesel Technology Building
TSTC in Marshall**



Construction Audit Report Submitted By:

**R. L. Townsend & Associates, LLC
PO# 1008204**

February 19, 2026

*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 (TSTC) engaged R. L. Townsend & Associates to perform a review of the contract and billing records associated with the CCAP Diesel Technology Building – TSTC in Marshall project.

The new facility was constructed to expand the Diesel Equipment Technology program. The expansion will house live equipment to provide students an enhanced hands-on learning experience.

Bartlett Cocke General Contractors, LLC (BC) was contracted for services under a Construction Manager at Risk Agreement.

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 \$35,000
 - Two Change Orders were approved for \$2,950 for fire hydrant flow tests
 - Pre-Construction was billed through Preconstruction Payment Application 1
- Construction Phase Fee was 5.49% based on the sum of the Cost of Work and General Conditions

The procedures used during the audit were in accordance with the Proposal submitted November 3, 2023, and included a review of labor, materials, equipment, subcontracts, and change orders.

Summary of Final GMP and Billing as of Payment Application 18, September 30, 2025

Document	Precon
Contract - Precon Phase Fee	\$ 35,000.00
Amendment 1 CO 1	\$ 1,474.00
Amendment 2 CO 2	\$ 1,474.00
Total Precon	\$ 37,948.00

Document	General Conditions	Cost of Work	CM Contingency	Construction Phase Fee	Total Construction
Amendment 3 GMP	\$ 838,577.00	\$ 7,637,902.00	\$ 183,255.00	\$ 503,036.00	\$ 9,162,770.00
Amendment 4 Exend SC to 11/20/2024					\$ -
AEAs Funded from CM Contingency		\$ 160,331.55	\$(160,331.55)		\$ -
AEA 55 Owner Savings Giveback	\$ (19,708.69)	\$ (135,726.85)	\$ (22,923.45)	\$ (37,408.51)	\$ (215,767.50)
Total GMP	\$818,868.31	\$7,662,506.70	\$ -	\$465,627.49	\$ 8,947,002.50
Total Billed					
PA 18, 9/30/2025	\$ 818,868.31	\$ 7,662,506.70	\$ -	\$ 465,627.49	\$ 8,947,002.50
% Complete					100%

Conclusions

- As a result of the audit TSTC realized audit credits of \$23,499 and avoided costs of \$9,250.
- A check was issued from BC to TSTC to resolve Audit Note 2.
- Contractually, General Conditions were not to exceed \$838,577. Although BC demonstrated costs equal to the amount allowed, credit was provided to reduce labor burden. Additional overcharges were identified in General Conditions overcharges; however, they were offset by incurred cost.

AUDIT DISCUSSION ITEMS

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

Note	Description	Status	Audit Credit	Credit Realized
1	BC - Payroll Burden	Agreed	\$ 19,058	PA 10
2	Advanced System - Vendor Invoices	Agreed	\$ 4,441	Check
	Total Audit Credit		\$ 23,499	
1	Cost Avoidance		\$ 9,250	
	Total Audit Savings		\$ 32,749	

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

AUDIT NOTES

1. BC - Payroll Burden

Initially, BC billed labor burden of Payroll Taxes & Insurance at 36.11%. After audit review of labor burden, BC agreed to reduce the burden to 30%. The burden rate applies to salary and hourly BC employees. An adjustment of \$19,058 was made in Payment Application 10.

BC billed labor burden at 30% for the duration of the project resulting in cost avoidance of \$9,250.

Status: Closed. \$19,058 was credited in Payment Application 10.

2. Advanced Systems – Vendor Invoices

As part of the audit process, a sample of material invoices was requested from Advanced Systems relating to AEA 25 and AEA 43. Per the contract, change orders are to be reimbursed on actual cost plus OH&P. Researching the equipment online, it appeared the actual cost was overstated:

AEA 25	Vendor	Description	Total Price	5.00% Markup	Total	Online Price	5.00% Markup	Total	Potential Overcharge
25	Wilson Electronics	Wilson Enterprise Antenna (1)	\$11,570	\$ 579	\$12,149	\$ 8,667	\$ 433	\$ 9,100	\$ 3,048
43	I-Pro	Multi-Sensor Outdoor Camera (4)	\$13,381	\$ 669	\$14,050	\$12,055	\$ 603	\$12,658	\$ 1,392
Potential Overcharge									\$ 4,441

Advanced Systems provided backup that looked to be an internal purchase order form but not the vendor's invoice.

Status: Closed. A check was issued from BC to TSTC for \$4,441.

Stacy, A. Hock
CHAIR

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COMMISSIONER OF HIGHER
EDUCATION

February 11, 2026

Mr. Mike Reeser
Chancellor & CEO
Texas State Technical College
3801 Campus Dr.
Waco, TX 76705

Re: *Review of Requirements related to Sexual Harassment, Sexual Assault, Dating
Violence, and Stalking at the Texas State Technical College; Compliance
Requirements – Texas Education Code, Chapter 51, Subchapter E-3*

Mr. Reeser,

We've completed the compliance monitoring review of requirements related to Sexual Harassment, Sexual Assault, Dating Violence, and Stalking at the Texas State Technical College. There were no observations to the requirements contained in Texas Education Code (TEC), Title 3, Subtitle A, Chapter 51, Subchapter E-3.

Summary

Texas State Technical College complied with the requirements contained in TEC, Title 3, Subtitle A, Chapter 51, Subchapter E-3.

This report will be presented to the Texas Higher Education Coordinating Board in April 2026.

The cooperation of your staff during this review is appreciated. If you have any questions or comments, please let me know.

Sincerely,



Lesli G. Gattis,
Deputy General Counsel & Interim Administrator for Internal Audit

Review Objective, Scope and Methodologies

Our review objective was limited to reviewing compliance with specific HB-1735 compliance and reporting requirements as codified in TEC, Title 3, Subtitle A, Chapter 51, Subchapter E-3 for the institutions of higher education (IHE). We collaborated with Academic and Health Affairs and agreed our audit scope would be limited to certain criteria as noted in the Summary of Results section in this report.

We further agreed that our role would be to remain neutral in policy matters while providing an objective review regarding the nature and extent of the IHE's compliance with the requirements of HB-1735 for IHEs.

We reviewed the information submitted to THECB, requested follow up information as needed, and performed limited testing to address the review objective.

Background

This review was included in the 2026 Compliance Monitoring Plan. Policy guidance and direction was centralized within the Academic and Health Affairs office.

The 86th Legislature enacted HB-1735, amending Texas Education Code (TEC), Title 3, Subtitle A, Chapter 51, by adding Subchapter E-3 requiring each postsecondary education institution to adopt a policy on sexual harassment, sexual assault, dating violence, and stalking applicable to each student enrolled at and each employee of the institution. Further, Section 51.292(a) authorizes the coordinating board to assess an administrative penalty for failure of the IHE to show substantial compliance with the act.

Additionally, Section 51.292(f) requires the THECB to annually submit its report to the governor, the lieutenant governor, the speaker of the house of representatives and the standing legislative committees with primary jurisdiction over legislation concerning sexual assault at postsecondary educational institutions. The report will include a summary of the postsecondary educational institutions found not to be in substantial compliance as provided by this section and any penalties assessed under this section during the calendar year preceding the date of the report.

Table 1: Subchapter E-3 Compliance Requirements and Summary Results

Bill Reference by Section	Policy Compliance Requirements	Compliance Assessment
51.282 (a)(1)(A)	A "Definitions" page and details prohibited behavior.	Complied
51.282 (a)(2)	Board-approved policy.	Complied
51.282 (b)(1)	Included in student handbook and personnel handbook.	Complied
51.282 (b)(2)	Dedicated webpage and clearly linked to the institution homepage.	Complied
51.282 (c)	Requires each entering freshman or undergraduate transfer students to attend an orientation on the institution's policy.	Complied
51.282 (d)	Prevention and outreach program that addresses required elements.	Complied
51.282 (e)(1) and (2)	Protocol addresses counseling resources and must allow course drop.	Complied
51.282 (f)	Biennial review and governing board approval of policy revisions.	Complied
51.283	Electronic reporting option for an enrolled student or an institution employee.	Complied
51.284	Provides "Amnesty for Students Reporting Certain Incidents".	Complied
51.285 (a) and (c)	Procedures for documenting a victim request not to investigate and to notify the victim of the institution's decision whether it will investigate the alleged incident.	Complied
51.286	A disciplinary process for certain violations.	Complied
51.287	Protocol for when a student withdraws or graduates with pending disciplinary charges.	Complied
51.288	Trauma-informed investigation training to each peace officer employed by an institution.	Complied
51.289 (1), (2), and (3)	Institution has an MOU with one or more of the following: (1) local law enforcement agencies;	Complied

Table 1: Subchapter E-3 Compliance Requirements and Summary Results

Bill Reference by Section	Policy Compliance Requirements	Compliance Assessment
	(2) sexual harassment, sexual assault, dating violence, or stalking advocacy groups; or (3) hospitals or other medical resource providers.	
51.290 (1) and (2)	Provides for at least one or more responsible employee, confidential employee, and student advocate. Responsible employee for the purposes of Title IX; (1) Confidential employee to whom enrolled students may speak confidentially; and (2) Student advocate is an enrolled student to whom an enrolled student may speak confidentially.	Complied
51.291	Addresses confidentiality adheres to these requirements stipulated in this sub-section.	Complied
51.293	Protocols address equal access for students enrolled at or employees of an institution who are persons with disabilities.	Complied

Table 2: Potential Penalties for Substantial Noncompliance

Statute and Rule Violations	Institutional Failure to Maintain Substantial Compliance Related to	Potential Annual Penalty
Tex. Educ. Code §51.282; §3.4	Policy Requirements	\$5,000
Tex. Educ. Code §51.282; §3.4	Policy Accessibility	\$5,000
Tex. Educ. Code §51.282; §3.4	Policy Orientation for Students	\$5,000
Tex. Educ. Code §51.282; §3.4	Outreach Program for Students and Employees	\$5,000
Tex. Educ. Code §51.282; §3.4	Policy Review	\$5,000
Tex. Educ. Code §51.283; §3.7	Electronic Reporting Option	\$5,000
Tex. Educ. Code §51.284; §3.5(e)	Amnesty for Students Reporting Certain Incidents	\$30,000
Tex. Educ. Code §51.285; §3.19	Victim Request Not to Investigate	\$5,000
Tex. Educ. Code §51.286; §3.10	Disciplinary Process for Certain Violations	\$30,000
Tex. Educ. Code §51.287; §§3.11, 3.30	Student Withdrawal or Graduation Pending Disciplinary Charges	\$30,000
Tex. Educ. Code §51.288; §3.12	Trauma Informed Investigation Training	\$5,000
Tex. Educ. Code §51.289; §3.13	Memoranda of Understanding Required	\$5,000
Tex. Educ. Code §51.290; §§3.14, 3.15	Responsible and Confidential Employee; Student Advocate	\$30,000
Tex. Educ. Code §51.291; §3.17	Confidentiality	\$60,000
Tex. Educ. Code §51.293; §3.16	Equal Access	\$5,000

PERFORMED BY:

Ms. Pricilla Martinez, Compliance Specialist

THECB

Board Members

Commissioner's Office

Dr. Wynn Rosser, Commissioner of Higher Education

Ms. Sarah Keyton, Deputy Commissioner, Administration

Ms. Melissa Henderson, Chief of Staff

Mr. David Troutman, Deputy Commissioner, Academic & Workforce Initiatives

Mr. Doug Brock, General Counsel

Texas State Technical College

Ms. Jennifer Tindell, Chief of Staff/Office of the Chancellor & CEO

Mr. Ed Vallejo, Deputy Vice Chancellor & General Counsel

Ms. Pamela Mayfield, Vice Chancellor & Chief Human Resource Officer

Ms. Edda Urrea, Sr. Executive Director, Learning & Organizational Development and Compliance, Title IX and ADA Statewide Coordinator

State Auditor's Office

Internal Audit Coordinator

Sunset Advisory Commission

Mr. Eric Beverly, Executive Director

Office of the Governor-Budget and Policy Division

Mr. Brady Franks, State Budget Director

Legislative Budget Board

Mr. Christopher Mattson, Manager



**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.