

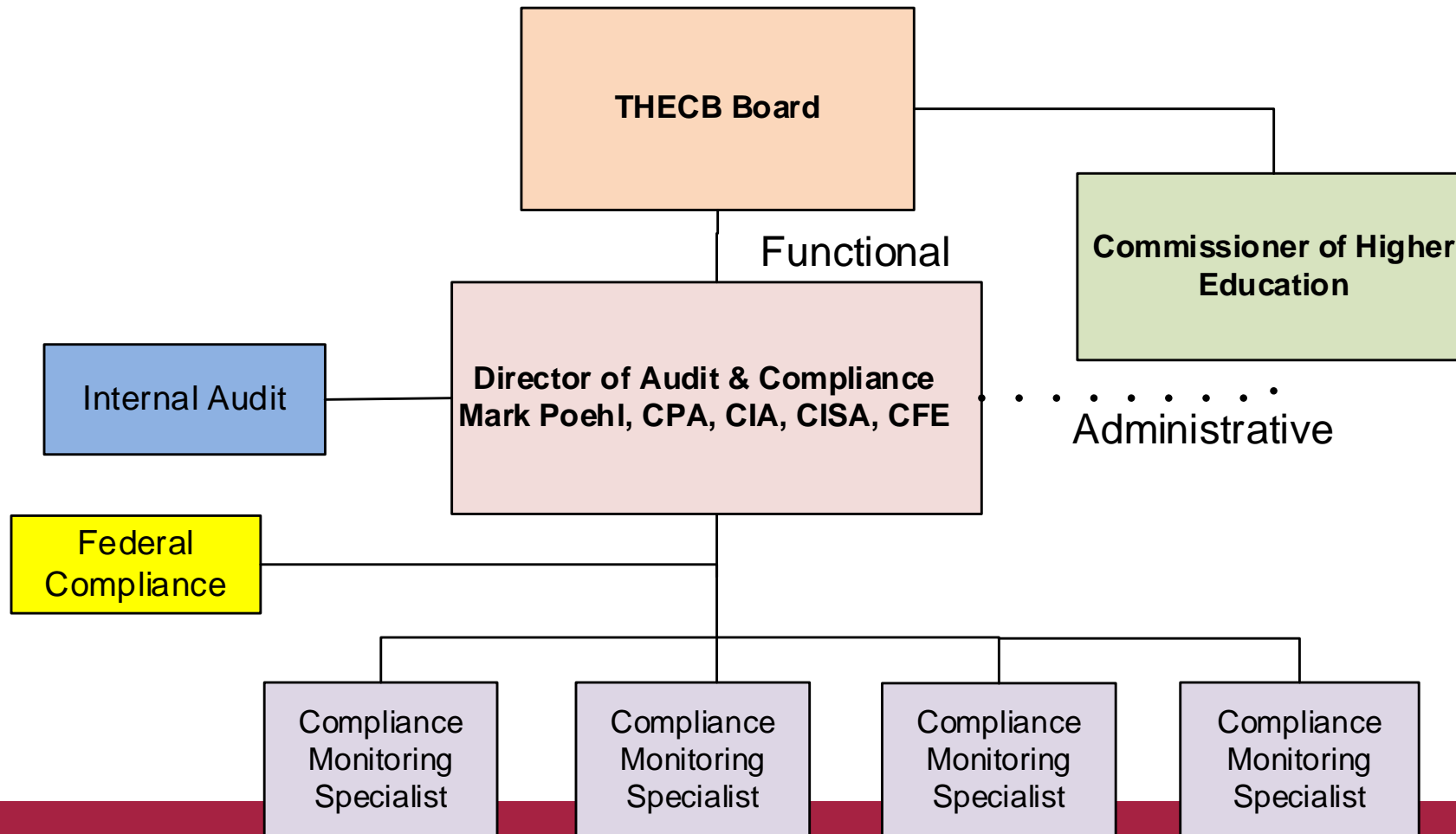
Understanding the FY 2019 Compliance
Monitoring Work Plan

Community, State & Technical College
Liaison Meeting
October 22, 2018



Texas Higher Education
Coordinating Board

Texas Higher Education Coordinating Board Internal Audit and Compliance Monitoring



Compliance Monitoring

CB Compliance Monitoring has statutory definition in SB 215, 83rd Legislative Session

Compliance Monitoring two areas of Emphasis:

- Funds allocated by the CB to institutions of higher education – grants, scholarships, loans, work study – used in accordance with laws and rules
- Data reported by institutions of higher education to the CB, used for funding or policymaking decisions – reported in accordance with laws and rules

CB Compliance Monitoring

- ❑ Audit processes follow professional auditing standards, with well-qualified/trained staff performing Compliance Monitoring Audits at your institution
- ❑ Audit processes emphasize a risk-based, planning, communication, and disruption-minimizing approach to work
- ❑ Audit reporting process is multi-staged and inclusive, and results in final report issued to the institution's President/Board Chair and applicable oversight bodies, that includes the institution's response to any noted recommendations

Compliance Monitoring Risk Process

The risk factors used by compliance monitoring are determined by the Texas Administrative Code, Title 19, Subchapter A, Rule §1.13 (b)(4).

They are:

- (A) the amount of student financial assistance or grant funds allocated to the institution by the Board;
- (B) whether the institution is required to obtain and submit an independent audit;
- (C) the institution's internal controls;
- (D) the length of time since the institution's last desk review or site visit;
- (E) past misuse of funds or misreported data by the institution;
- (F) in regard to data verification, whether the data reported to the Board by the institution is used for determining funding allocations; and
- (G) other factors as considered appropriate by the Board.

Compliance Monitoring Risk Process

- ❑ **Separate institutions by type:**

 - Public Universities

 - Public State/Technical Colleges**

 - Community Colleges**

 - Health Related Institutions

 - Private Institutions

 - All Other

- ❑ **Approximately 170 institutions = between 25 to 35 projects per year**

Compliance Monitoring Plan

- Present Plan to Agency Operations Committee, a standing committee of the Board for approval – July of each fiscal year
- Notify Institutions selected – early state fiscal year

Compliance Monitoring Plan – FY 2019

TEXAS HIGHER EDUCATION COORDINATING BOARD
INTERNAL AUDIT & COMPLIANCE MONITORING
Compliance Monitoring Plan
Fiscal Year 2019

Specific risk factors from Texas Administrative Code Section 1.13 Internal Auditor and Compliance Monitoring were used to develop the Compliance Monitoring Annual Plan. These factors included:

- > The amount of student financial assistance or grant funds allocated to the institution by the Board;
- > Whether the institution is required to obtain and submit an independent audit;
- > The institution's internal controls;
- > The length of time since the institution's last desk review or site visit;
- > Past misuse of funds or misreported data by the institution; and
- > In regard to data verification, whether the data reported to the Board by the institution is used for determining funding

Risk-Based Reviews	Hours	%
1. Formula Funding at Institutions of Higher Education	3,075	67%

Perform reviews of contact hours at public community/junior colleges and formula variable reviews at other public institutions of higher education. Formula funding for institutions of higher education totals approximately \$4.2 billion annually.

Public Universities – 6 institution(s), based on risk assessment

Onsite Review

The University of Texas Rio Grande Valley
Tarleton State University
Stephen F. Austin University
University of Houston-Downtown

Desk Review

Texas A&M University-Corpus Christi
Texas A&M University-Kingsville

Public Community/Junior Colleges – 8 institution(s), based on risk assessment

Onsite Review

Central Texas College
Howard College
North Central Texas College
McLennan Community College
Temple College

Desk Review

Grayson College
Laredo Community College
Lee College

Public State Colleges – 2 institution(s), based on risk assessment

Onsite Review

Lamar Institute of Technology
Lamar State College-Port Arthur

2. Financial Assistance Compliance at Institutions of Higher Education 1,525 33%

Perform compliance reviews of student financial assistance programs at public community/junior colleges or other public/private institutions of higher education. Student financial assistance disbursed to colleges and universities in Texas totals approximately \$1.7 billion annually.

Public Universities – 4 institution(s), based on risk assessment

Onsite Review

The University of Texas of the Permian Basin
The University of Texas at El Paso
Sam Houston State University

Desk Review

Texas A&M University-Commerce

Public Community/Junior Colleges – 3 institution(s) based on risk assessment

Onsite Review

Clarendon College
Alamo Community College District

Desk Review

Ranger College

Private Health Related Institutions - 1 institution, based on risk assessment

Desk Review

Baylor College of Medicine

TOTAL RISK-BASED REVIEWS 4,600 100%

Completion of FY18 Risk-Based Reviews

	Hours	%
1. Formula Funding at Institutions of Higher Education 1 institution	175	47%
2. Financial Aid Compliance at Institutions of Higher Education -1 institution	200	53%

TOTAL COMPLETION of FY18 REVIEWS 375 100%

Follow Up Reviews

	Hours	%
3. Formula Funding at Institutions of Higher Education institution(s)	600	100%

TOTAL FOLLOW UP REVIEWS 600 100%

Discussion & Questions



Texas Higher Education
Coordinating Board

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