

TEXAS HIGHER EDUCATION COORDINATING BOARD

Agency Operations Committee

Via Conference Call

April 23, 2020; 9:00 a.m.

*Ricky A. Raven,
Chair
Emma W. Schwartz
Vice Chair
S. Javaid Anwar
Cody C. Campbell
Fred Farias III, O.D.
Lauren C. McKenzie,
Student Representative,
Ex-Officio
Stuart W. Stedman
Ex-Officio*

PUBLIC TESTIMONY: The presiding chair shall designate whether public testimony will be taken at the beginning of the meeting, at the time the related item is taken up by the Board after staff has presented the item, or any other time. For procedures on testifying, please go to http://www.theccb.state.tx.us/public_testimony.

I. Welcome and Committee Chair's Opening Remarks

II. Approval of the Minutes

- A. January 22, 2020, Committee Meeting

III. Public Testimony on agenda items relating to the Agency Operations Committee

IV. Agency Operations

- A. Report on grants and contracts

V. Finance

- A. Update on Loan Program Payments and Bonds

VI. Internal Audit

- A. Update on Internal Audit Reports and Activities
- B. Discussion of Statements on Auditing Standards No. 114, The Auditor's Communication with Those Charged with Governance
- C. Discussion of the State of Texas Federal Portion of the Statewide Single Audit for the Fiscal Year Ended August 31, 2019, Report Number 20-317 issued March 2020 by the Texas State Auditor's Office

VII. Compliance Monitoring

- A. Update on Compliance Monitoring Reports and Activities

VIII. Adjournment

The Texas Higher Education Coordinating Board Committee on Agency Operations may convene in Executive Session at any point in this meeting, concerning any item listed in the agenda or to

Note: Highlighted items in gray are on the Consent Calendar

seek or to receive its attorney's advice on legal matters related thereto, pursuant to Texas Government Code Ann. 551.071.

Note: The Board will not consider or act upon any item before the Committee on Agency Operations at this meeting. This meeting is not a regular meeting of the full Board. Because the number of Board members who may attend the committee meeting may create a quorum of the full Board, the meeting of the Committee on Agency Operations is also being posted as a meeting of the full Board.

Texas Penal Code Section 46.035(c) states: "A license holder commits an offense if the license holder intentionally, knowingly, or recklessly carries a handgun under the authority of Subchapter H, Chapter 411, Government Code, regardless of whether the handgun is concealed or carried in a shoulder or belt holster, in the room or rooms where a meeting of a governmental entity is held and if the meeting is an open meeting subject to Chapter 551, Government Code, and the entity provided notice as required by that chapter." Thus, no person can carry a handgun and enter the room or rooms where a meeting of the THECB is held if the meeting is an open meeting subject to Chapter 551, Government Code.

Please Note that this governmental meeting is, in the opinion of counsel representing THECB, an open meeting subject to Chapter 551, Government Code and THECB is providing notice of this meeting as required by Chapter 551. In addition, ***please note*** that the written communication required by Texas Penal Code Sections 30.06 and 30.07, prohibiting both concealed and open carry of handguns by Government Code Chapter 411 licensees, will be posted at the entrances to this governmental meeting.

Note: Highlighted items in gray are on the Consent Calendar

Agency Operations Committee

AGENDA ITEM I

Welcome and Committee Chair's Opening Remarks

Mr. Ricky Raven, Chair of the Agency Operations Committee, will provide the Committee an overview of the items on the agenda.

Agency Operations Committee

AGENDA ITEM II

Consideration of Approval of the Minutes from January 22, 2020, Committee meeting

RECOMMENDATION: Approval

DRAFT
TEXAS HIGHER EDUCATION COORDINATING BOARD
Agency Operations Committee

Wednesday, January 22, 2020; 2:00 p.m.

**Board Room, 1st Floor
Room 1.170**

1200 East Anderson Lane, Austin, Texas

**The Agency Operations Committee convened at
1:59 p.m. on January 22, 2020, with the following members
present: Ricky Raven, presiding; Fred Farias; Javaid Anwar; Cody
Campbell; Emma Schwartz; Stuart Stedman; and Lauren McKenzie
(Ex-Officio).**

Other Board members present: Sam Torn

Members absent: none

AGENDA ITEM	ACTION
I. Welcome and Committee Chair's Opening Remarks	<p>Board Chair, Stuart Stedman, called the meeting of the Agency Operations Committee to order and announced the following appointments:</p> <ul style="list-style-type: none">• Emma Schwartz as Vice-Chair of the Agency Operations Committee• Cody Campbell as member of the Agency Operations Committee and member of the Committee on Academic Workforce and Success• Javaid Anwar as a member of the Agency Operations Committee <p>Chairman Stedman passed the meeting to Ricky Raven.</p>
II. Consideration of Approval of the Minutes from October 23, 2019, Committee Meeting	<p>On a motion by Ms. Schwartz, seconded by Dr. Farias, the Committee approved the October 23, 2019, Agency Operations Committee meeting minutes.</p>
III. Consent Calendar	<p>On a motion by Dr. Farias, seconded by Mr. Stedman, the Committee approved the Consent Calendar.</p>

AGENDA ITEM	ACTION
IV. Public Testimony on Agenda Items Relating to the Committee on Agency Operations	No action required.
V. Agency Operations	
<p>A. Four-year review of Coordinating Board Rules:</p> <ol style="list-style-type: none"> 1) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 1, Agency Administration 2) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 3, Rules Applying to All Public and Private or Independent Institutions of Higher Education in Texas Regarding Electronic Reporting Option for Certain Offenses; Amnesty 3) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 4, Rules Applying to All Public Institutions of Higher Education in Texas 4) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 5, Rules Applying to Public Universities, Health-Related Institutions, and/or Selected Public Colleges of Higher Education in Texas 5) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 6, Health Education, Training, and Research Funds 6) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 7, Degree Granting Colleges and Universities Other Than Texas Public Institutions 	<p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p> <p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p> <p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p> <p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p> <p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p> <p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p>

AGENDA ITEM	ACTION
7) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 8, Creation, Expansion, Dissolution, or Conservatorship of Public Community College Districts	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
8) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 9, Program Development in Public Two-Year Colleges	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
9) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 11, Texas State Technical College System	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
10) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 13, Financial Planning	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
11) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 14, Research Funding Programs	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
12) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 15, National Research Universities	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
13) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 17, Facilities	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
14) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 21, Student Services	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.
15) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board	This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.

AGENDA ITEM	ACTION
<p>Rules, Chapter 22, Student Financial Aid Programs</p> <p>16) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 23, Education Loan Repayment Programs</p> <p>17) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 25, Optional Retirement Program</p> <p>18) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 26, Programs of Study</p> <p>19) Consideration of adopting the Commissioner's recommendation to the Committee relating to the four-year review of Coordinating Board Rules, Chapter 27, Fields of Study</p>	<p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p> <p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p> <p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p> <p>This item was approved on the Consent Calendar. A copy of the Board rules as adopted may be found in the agenda materials.</p>
<p>B. Consideration of adopting the staff recommendation to the Committee relating to approval of a request from the University of North Texas to establish a branch campus in Frisco, Texas</p>	<p>Mr. Raven announced that this agenda item would typically fall under the Committee for Academic Workforce and Success, but due to the timing and need for action, this item was placed under the Agency Operations Committee. Mr. Raven passed the meeting to Dr. Farias, Chair of the Committee on Academic Workforce and Success, to lead the discussion.</p> <p>On a motion by Mr. Stedman, seconded by Ms. Schwartz, the Committee approved the request from the University of North Texas to establish a branch campus in Frisco, Texas.</p> <p>Dr. Stacey Silverman, Interim Assistant Commissioner for Academic Quality and Workforce, presented this item to the Committee and was available for questions.</p> <p>Dr. Farias handed the meeting back to Mr. Raven.</p>

AGENDA ITEM	ACTION
C. Report on grants and contracts	Mr. Bill Franz, General Counsel, and Ms. Linda Natal, Director of Contract & Grant Management, were available for questions. This item did not require any action.
VI. Finance	
A. Review of the Fiscal Year 2020 Financial Report to the Board	Mr. Ken Martin, Assistant Commissioner for Financial Services/CFO, presented this item to the Committee and was available for questions. This item did not require any action.
B. Consideration of adopting the staff's recommendation to the Committee to issue a Request for Proposals (RFP) for selection of a vendor for Financial Advisor for the agency's student loan program	<p>On a motion by Dr. Farias, seconded by Mr. Campbell, the Committee adopted the staff's recommendation to the Committee to issue a Request for Proposals for selection of a vendor for Financial Advisor for the agency's student loan program.</p> <p>Mr. Ken Martin, Assistant Commissioner for Financial Services/CFO, presented this to the Committee and was available for questions.</p>
C. Consideration of adopting the staff's recommendation to the Committee to issue a Request for Proposals (RFP) for selection of a vendor for Bond Counsel relating to the performance of legal services for the agency in support of the student loan bond program.	<p>On a motion by Ms. Schwartz, seconded by Dr. Farias, the Committee adopted the staff's recommendation to the Committee to issue a Request for Proposals for selection of a vendor for Bond Counsel relating to the performance of legal services for the agency in support of the student loan bond program.</p> <p>Mr. Ken Martin, Assistant Commissioner for Financial Services/CFO, presented this to the Committee and was available for questions.</p>
D. Consideration of adopting the staff's recommendation to the Committee for approval to enter into a five-year lease agreement to secure the current agency location with 1200 Anderson Partners with an early termination clause option	<p>On a motion by Mr. Stedman, seconded by Mr. Campbell, the Committee adopted the staff's recommendation to enter into a five-year lease agreement to secure the current agency location with 1200 Anderson Partners with an early termination clause option.</p> <p>Mr. Ken Martin, Assistant Commissioner for Financial Services/CFO, presented this to the Committee and was available for questions.</p>
VII. Internal Audit	

AGENDA ITEM	ACTION
A. Update on Internal Audit Reports and Activities	Mr. Mark Poehl, Director of Internal Audit and Compliance, and Mr. Paul Maeyaert, Assistant Director of Internal Audit and Compliance, presented this item to the Committee and were available to answer questions. This item did not require any action.
VIII. Compliance Monitoring	
A. Update on Compliance Monitoring Reports and Activities	Mr. Mark Poehl, Director of Internal Audit and Compliance, presented this item to the Committee and was available to answer questions. This item did not require any action.
VIII. Executive Session	
A. Pursuant to Texas Government Code, Section 551.076, the Board will meet in closed session to discuss the agency's Legacy Modernization Project	The Committee went into closed session at 3:06 p.m. and reconvened at 3:40 p.m. There was no action taken during the closed session.
IX. Adjournment	On a motion by Dr. Farias, seconded by Mr. Stedman, the meeting adjourned at approximately 3:40 p.m.

Agency Operations Committee

AGENDA ITEM III

Public Testimony on agenda items relating to the Agency Operations Committee

RECOMMENDATION: No action required

Background Information:

PUBLIC TESTIMONY: The presiding chair shall designate whether public testimony will be taken at the beginning of the meeting, at the time the related item is taken up by the Board after staff has presented the item, or any other time as determined by the presiding chair.

Agency Operations Committee

AGENDA ITEM IV-A

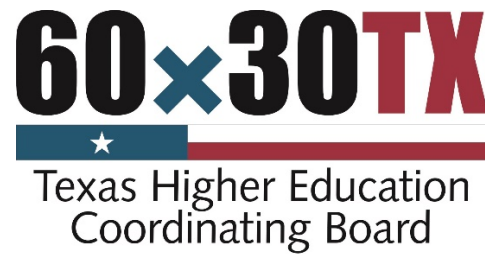
Report on grants and contracts

RECOMMENDATION: No action required

Background Information:

Title 19 Texas Administrative Code, Title 19, Rule 1.16(j) establishes that any contract for the purchase of goods or services that exceeds \$1 million may be entered into only if the contract is approved and signed by the Commissioner, to whom the Board of the Texas Higher Education Coordinating Board (THECB), by virtue of this rule, delegates such approval and signature authority. In addition to the Board receiving a quarterly report on *Contracts Executed by the Agency in Accordance with Board Rule 1.16*, the THECB staff also provides the Board a quarterly report highlighting and listing all grants and contracts exceeding \$1 million.

Bill Franz, General Counsel, is available to answer questions.



Texas Higher Education Coordinating Board

Contracts Executed by the Agency in Accordance with Board Rule 1.16

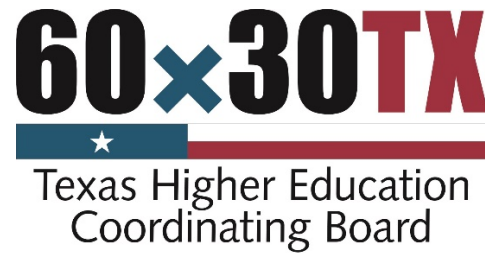
December 10, 2019 - March 10, 2020

Division	BMS#	Performing Agent	Description	Active Date	Total \$
Academic Planning & Policy	22873	DCF Blue Baker LLC	Catering	2/4/2020	350.00
Academic Planning & Policy	22875	DCF Blue Baker LLC	Catering	1/30/2020	300.00
Academic Planning & Policy	22892	TL Abbott Investments LLC	Business Cards	2/6/2020	137.50
Academic Planning & Policy	22915	GTS Technology Solutions Inc	Wireless Keyboard and Mouse	2/13/2020	91.99
Academic Planning & Policy	22966	TL Abbott Investments LLC	Business Cards	3/4/2020	38.00
Academic Planning & Policy	22624	Complete Book & Media Supply Inc	Books	2/5/2020	13.59
Academic Quality and Workforce	22473	Texas Tech Univ Health Science Center	Family Practice Residency Training Program	1/6/2020	630,168.00
Academic Quality and Workforce	22461	John Peter Smith Hospital	Family Practice Residency Training Program	1/27/2020	388,702.00
Academic Quality and Workforce	22478	The University of Texas Health Science Center at San Antonio	Family Practice Residency Training Program	12/12/2019	265,024.00
Academic Quality and Workforce	22485	The University of Texas Southwestern Medical Center at Dallas	Family Practice Residency Training Program	1/22/2020	259,135.00
Academic Quality and Workforce	22468	Memorial Hermann Hospital System	Family Practice Residency Training Program	1/6/2020	247,356.00
Academic Quality and Workforce	22463	University of Texas Rio Grande Valley	Family Practice Residency Training Program	1/15/2020	217,909.00
Academic Quality and Workforce	22459	Christus Spohn Hospital-Corpus	Family Practice Residency Training Program	2/3/2020	212,019.00
Academic Quality and Workforce	22475	The University of Texas Health Science Center at Tyler	Family Practice Residency Training Program	1/27/2020	176,683.00
Academic Quality and Workforce	22496	Texas A&M Health Science Center	Family Practice Residency Training Program	1/7/2020	170,793.00
Academic Quality and Workforce	22472	Texas Tech University HSC at El Paso Paul L Foster School of Medi	Family Practice Residency Training Program	12/17/2019	135,457.00
Academic Quality and Workforce	22501	Texoma Medical Center	Family Practice Residency Training Program	12/23/2019	135,457.00
Academic Quality and Workforce	22428	The University of Texas at Austin	Family Practice Residency Training Program	1/7/2020	123,678.00
Academic Quality and Workforce	22455	Baylor College of Medicine	Family Practice Residency Training Program	1/7/2020	123,678.00
Academic Quality and Workforce	22484	Methodist Hospitals of Dallas	Family Practice Residency Training Program	12/30/2019	106,010.00
Academic Quality and Workforce	22474	University of North Texas Health Science Center at Fort Worth	Family Practice Residency Training Program	2/3/2020	106,009.00
Academic Quality and Workforce	22520	University of North Texas Health Science Center at Fort Worth	Family Medicine Faculty Development Center	1/27/2020	101,009.00
Academic Quality and Workforce	22659	Janice Ann Fischer	Content advisor for Texas Essential Knowledge and Skills (TEKS)	1/15/2020	4,000.00
Academic Quality and Workforce	22660	Catherine Howard	Content advisor for Texas Essential Knowledge and Skills (TEKS)	1/16/2020	4,000.00
Academic Quality and Workforce	22924	XiJin Ge	Site Visit Contract	2/28/2020	3,000.00
Academic Quality and Workforce	22930	Eleanor Loiacono	Site Visit Contract	2/28/2020	3,000.00
Academic Quality and Workforce	22933	Stacey Reynolds	Site Visit Contract	3/5/2020	3,000.00
Academic Quality and Workforce	22938	Hon Yuen	Site Visit Contract	3/5/2020	3,000.00
Academic Quality and Workforce	22588	Lauri Arnold-Calder	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/15/2020	1,200.00
Academic Quality and Workforce	22589	Lisa Marie Hall	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/17/2020	1,200.00
Academic Quality and Workforce	22590	Rod Lamb	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/24/2020	1,200.00
Academic Quality and Workforce	22591	Cathy M Prause	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/24/2020	1,200.00
Academic Quality and Workforce	22592	Danny L Darden	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/21/2020	1,200.00
Academic Quality and Workforce	22597	Trevor L Chandler	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/24/2020	1,200.00
Academic Quality and Workforce	22602	Rick Lopez	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/24/2020	1,200.00
Academic Quality and Workforce	22604	Karen Boatman	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/17/2020	1,200.00
Academic Quality and Workforce	22605	Diane Dotson	Travel for Workforce Education Course Manual Cisco Course Review Work Group	1/17/2020	1,200.00
Academic Quality and Workforce	22639	Jill Jacqueline Locke	Autism Grants Application Reviewer	1/21/2020	1,000.00
Academic Quality and Workforce	22645	Catherine E Rice	Autism Grants Application Reviewer	1/30/2020	1,000.00
Academic Quality and Workforce	22603	Stacey Reynolds	Desk Review Contract	1/6/2020	500.00
Academic Quality and Workforce	22616	Chung Ching Morgan Wang	Desk Review Contract	1/15/2020	500.00
Academic Quality and Workforce	22651	Gerald K Letendre	Desk Review Contract	1/21/2020	500.00

Division	BMS#	Performing Agent	Description	Active Date	Total \$
Academic Quality and Workforce	22657	Tammy L Webster	Desk Review Contract	2/3/2020	500.00
Academic Quality and Workforce	22898	Longhorn Office Products Inc	Office Supplies	2/10/2020	201.65
Academic Quality and Workforce	22738	TL Abbott Investments LLC	Business Cards	1/24/2020	38.00
Academic Quality and Workforce	22880	V Quest Office Machines & Supplies LTD	Office Supplies	2/4/2020	25.62
Academic Quality and Workforce	22729	Texas Correctional Industries	Name Plates	1/28/2020	3.28
Academic Quality and Workforce	22732	Texas A&M University System Health Science Center	Minority Health Grant Program No-Cost Extension	2/6/2020	0.00
Academic Quality and Workforce	22733	The University of Texas Medical Branch at Galveston	Minority Health Grant Program No-Cost Extension	2/6/2020	0.00
Academic Quality and Workforce	22077	University of Texas Rio Grande Valley	Amendment for Unfilled Positions	12/12/2019	-75,000.00
Academic Quality and Workforce	22067	Baylor College of Medicine	Amendment for Unfilled Positions	1/13/2020	-117,945.21
College Readiness and Success	21902	Texas Christian Univ (Serv)	The Workforce Innovation and Opportunity Act (WIOA)	1/14/2020	582,750.00
College Readiness and Success	21901	Trinity University (Serv)	The Workforce Innovation and Opportunity Act (WIOA)	2/3/2020	446,425.00
College Readiness and Success	21903	Texas A&M University (Service)	The Workforce Innovation and Opportunity Act (WIOA)	2/3/2020	376,250.00
College Readiness and Success	22927	TL Abbott Investments LLC	Business Cards	2/18/2020	75.00
College Readiness and Success	22606	University of Houston	No-Cost Extension to Serve as Fiscal Agent for the Texas Challenge to Reach Higher	12/23/2019	0.00
Commissioner's Office	22736	Wolters Kluwer Financial Services Inc	TeamMate Software and Support	2/4/2020	21,549.84
Commissioner's Office	22897	Acerra Technologies Inc	Display and Camera System	2/13/2020	999.00
Commissioner's Office	22653	Texas Correctional Industries	Office Furniture	1/14/2020	770.00
Commissioner's Office	22931	Texas Correctional Industries	Office Furniture	2/21/2020	378.00
Commissioner's Office	22607	State Auditors Office	Professional Development Training	12/16/2019	289.00
Commissioner's Office	22954	HD Supply Facilities Maintenance LTD	Refrigerator	3/2/2020	239.39
Commissioner's Office	22963	Complete Book & Media Supply Inc	Book	3/2/2020	101.16
Commissioner's Office	22893	TL Abbott Investments LLC	Business Cards	2/10/2020	82.50
Commissioner's Office	22649	Longhorn Office Products Inc	Office Supplies	1/13/2020	42.91
Commissioner's Office	22663	V Quest Office Machines & Supplies LTD	Office Supplies	1/14/2020	41.65
Commissioner's Office	22617	TL Abbott Investments LLC	Business Cards	12/30/2019	38.00
Commissioner's Office	22952	Longhorn Office Products Inc	Office Supplies	3/2/2020	27.98
Commissioner's Office	22662	Longhorn Office Products Inc	Office Supplies	1/14/2020	20.14
Commissioner's Office	22953	HD Supply Facilities Maintenance LTD	Office Supplies	3/2/2020	7.12
Commissioner's Office	22647	Texas Correctional Industries	Office Supplies	1/13/2020	3.28
External Relations	22614	Shi Government Solutions Inc	Microphone for Conference Calls	12/20/2019	111.79
Financial Services	22951	Process to Process Deliveries	Process Serve Services Utilizing OAG's Contract	3/3/2020	100,000.00
Financial Services	22950	GTS Technology Solutions Inc	SmartSheet Licenses	3/3/2020	48,314.00
Financial Services	22722	Ziegner Technologies Inc	MIP Fund Accounting System	1/21/2020	3,257.74
Financial Services	22890	ABC Longhorn Moving	Blanket PRQ for Moving Company	2/5/2020	2,160.00
Financial Services	22626	HOV Services Inc	Microfilm Machine Support and Maintenance	1/6/2020	1,359.75
Financial Services	22655	Texas Comptroller of Public Accounts	General Appropriations Act Book Order	1/13/2020	735.00
Financial Services	22690	Governor's Center for Management Development	Management Development Program Course	1/21/2020	725.00
Financial Services	22945	Airflow Mechanical LLC	Ice Machine Repair	2/25/2020	687.00
Financial Services	22619	V Quest Office Machines & Supplies LTD	Office Supplies	1/2/2020	357.29
Financial Services	22638	Detech Fire & Security LLC	Security Badge Computer and Software	1/8/2020	340.00
Financial Services	22601	State Auditors Office	Professional Development Training	12/13/2019	299.00
Financial Services	22944	State Auditors Office	Professional Development Training	2/27/2020	299.00

Division	BMS#	Performing Agent	Description	Active Date	Total \$
Financial Services	22746	Longhorn Office Products Inc	Office Supplies	1/27/2020	295.40
Financial Services	22967	Workquest central store	Agency Hand Sanitizers	3/5/2020	186.82
Financial Services	22991	University of Texas at Austin - UT Copy Center	Envelopes	3/10/2020	174.70
Financial Services	22762	Texas Comptroller of Public Accounts	Agreement for Mail Services	2/12/2020	100.00
Financial Services	22748	Shi Government Solutions Inc	Office Supplies	1/27/2020	95.01
Financial Services	22610	Flores & Associates LLC	Canon Image Formula	12/18/2019	70.53
Financial Services	22664	Shi Government Solutions Inc	Keyboard and Mouse	1/21/2020	65.00
Financial Services	22883	V Quest Office Machines & Supplies LTD	Air Purifier	2/4/2020	64.63
Financial Services	22643	V Quest Office Machines & Supplies LTD	Air Purifier Filter	1/10/2020	59.95
Financial Services	22726	Shi Government Solutions Inc	Keyboard and Mouse	1/17/2020	52.80
Financial Services	22727	R W Gonzalez Office Products Inc	Office Supplies	1/21/2020	51.46
Financial Services	22609	V Quest Office Machines & Supplies LTD	Filter Replacement	12/18/2019	48.90
Financial Services	22633	TL Abbott Investments LLC	Business Cards	1/6/2020	46.00
Financial Services	22620	TL Abbott Investments LLC	Business Cards	12/30/2019	38.00
Financial Services	22958	Shi Government Solutions Inc	Ergonomic Keyboard	3/2/2020	37.10
Financial Services	22895	R W Gonzalez Office Products Inc	Office Supplies	2/6/2020	33.54
Financial Services	22728	R W Gonzalez Office Products Inc	Office Supplies	1/17/2020	33.03
Financial Services	22661	Quadient Inc	Office Supplies	1/21/2020	28.00
Financial Services	22894	Shi Government Solutions Inc	Office Supplies	2/6/2020	26.00
Financial Services	22917	Texas Correctional Industries	Office Supplies	2/13/2020	22.96
Financial Services	22743	V Quest Office Machines & Supplies LTD	Office Supplies	1/27/2020	17.90
General Counsel	22896	Lyncverse Technologies	Monitors	2/12/2020	530.00
General Counsel	22934	Texas Correctional Industries	Ergonomic Chair	2/25/2020	260.00
General Counsel	22656	V Quest Office Machines & Supplies LTD	Office Supplies	1/13/2020	130.75
General Counsel	22654	Longhorn Office Products Inc	Office Supplies	1/13/2020	32.78
General Counsel	22658	Longhorn Office Products Inc	Office Supplies	1/13/2020	6.83
Human Resources	22919	VALIC	Retirement Document Services	2/14/2020	1,500.00
Information Solutions & Services	22899	Shi Government Solutions Inc	Security WebInspect and Fortify Software	2/13/2020	45,559.00
Information Solutions & Services	22886	Great South Texas Corporation	Laptops	2/11/2020	10,889.95
Information Solutions & Services	22625	Governor's Ctr for Mangmnt Dev	Executive Leadership for Information Technology Seminar	1/6/2020	2,100.00
Information Solutions & Services	22621	Longhorn Office Products Inc	Office Supplies	1/2/2020	322.49
Information Solutions & Services	22618	Longhorn Office Products Inc	Office Supplies	1/6/2020	229.71
Information Solutions & Services	22599	GTS Technology Solutions Inc	Tone Cartridge	12/12/2019	196.34
Information Solutions & Services	22955	TL Abbott Investments LLC	Business Cards	3/9/2020	27.50
Information Solutions & Services	22955	TL Abbott Investments LLC	Business Cards	3/9/2020	10.50
Internal Audit	22772	Texas Assn of College & Univ Auditors	Texas Association of College and University Auditors Conference	1/28/2020	1,275.00
Internal Audit	22764	Texas Assn of College & Univ Auditors	Texas Association of College and University Auditors Conference	1/28/2020	850.00
Internal Audit	22778	Texas Assn of College & Univ Auditors	Texas Association of College and University Auditors Conference	1/28/2020	425.00
Strategic Planning and Funding	21967	Health & Human Svcs Commission	Baylor College of Medicine Request to Tranfer Appropriated Funds to HHSC to Support Undergraduate Medical Education	1/23/2020	17,000,000.00
Strategic Planning and Funding	22640	Kathryn Tart	Travel for Nursing Shortage Reduction Program Study Work Group	2/6/2020	5,000.00
Strategic Planning and Funding	22956	Longhorn Office Products Inc	Office Furniture	3/4/2020	283.13

Division	BMS#	Performing Agent	Description	Active Date	Total \$
Strategic Planning and Funding	22929	Longhorn Office Products Inc	Office Supplies	2/20/2020	201.65
Strategic Planning and Funding	22630	The Chronicle of Higher Education Inc	The Chronicle of Higher Education Renewal	1/6/2020	99.95
Strategic Planning and Funding	22730	V Quest Office Machines & Supplies LTD	Office Supplies	1/27/2020	90.08
Strategic Planning and Funding	22989	TL Abbott Investments LLC	Business Cards	3/9/2020	38.00
Strategic Planning and Funding	22932	Workquest Central Store	Office Supplies	2/20/2020	8.30
					\$21,902,491.65



Texas Higher Education Coordinating Board

Contracts Executed by the Agency Over \$1 Million

December 10, 2019 – March 10, 2020

Contracts Executed by the Agency Over \$1 Million

Division	BMS#	Performing Agent	Description	Active Date	Total \$
Academic Quality and Workforce	22577	The University of Texas Health Science Center at Houston	Emergency and Trauma Care Education Partnership Program (ETEP) – Graduate Nursing Education	12/30/2019	1,000,000.00
College Readiness and Success	21844	Texas A&M University	Advise TX College Advising Corps Grant	1/6/2020	1,980,000.00
Strategic Planning and Funding	21967	Health & Human Svcs Commission	Baylor College of Medicine Request to Transfer Appropriated Funds to HHSC to Support Undergraduate Medical Education	1/23/2020	17,000,000.00
					\$19,980,000.00

Agency Operations Committee

AGENDA ITEM V-A

Update on Loan Program Payments and Bonds

RECOMMENDATION: No action required

Background Information:

A continued spread of COVID-19, and measures taken to prevent or reduce it, are anticipated to adversely impact state, national and global economic activities and, accordingly, adversely impact the financial condition and performance of the State, and the extent of impact could be material. Businesses and individuals appear to be altering their behaviors in a manner that is having negative impacts on global and local economies. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Measures taken to prevent or reduce the spread of COVID-19 are anticipated to limit the growth of or reduce economic activity in the State, which in turn could increase the default rate of the College Access Student Loan program and reduce payment collections. Due to the recent and unprecedented nature of the spread of COVID-19, the duration and full extent of the impact of COVID-19 on the student loan program revenues, expenses, and cash flow are uncertain and cannot be quantified at this time.

The College Access Loan Program is funded through the issuance of tax exempt bonds. The investors of those marketable securities are paid interest and principal each year as the bonds become due from payments borrowers make on their loans. Statute requires the THECB to have 100% of the following year's debt service in their account at each fiscal year end. B-On-Time loans are GR/GRD funded with about \$152M of current outstanding loans. Texas Armed Services Scholarship Program loans are GR funded with about \$16M in loans currently outstanding.

The THECB had implemented a series of actions to bring relief to certain borrowers without fundamentally disrupting its ability to pay the required bond related debt service. General Counsel has reviewed these options and his assessment is that these options should be permissible under the state constitution and statute. The estimated cost is approximately \$8 million to the College Access Loan Program.

The actions implemented are:

1. A 60-day forbearance for any borrower who shows financial hardship due to COVID-19;

2. A temporary suspension of collection activities for borrowers who are delinquent, due to financial hardship from COVID-19, which would include:
 - No filing of new lawsuits, no phone calls, no new citations served;
 - Suspended credit reporting for delinquent loans; and
 - Suspended late fees

Ken Martin, Assistant Commissioner for Financial Services/CFO, will present this item to the Committee and be available to answer any questions.

Agency Operations Committee

AGENDA ITEM VI-A

Update on Internal Audit Reports and Activities

RECOMMENDATION: No Action Required

Background Information:

The Internal Audit team completed one project during the reporting period since the January 2020 Agency Operations Committee meeting. The final report is attached.

Internal Audit Engagement Completed

- *Review of Selected Academic Grant Programs (GME)*. This is a Category 2 Report. These reports contain some observations. While the noted observations require management attention, if addressed timely they do not pose a significant risk for negative reputational or financial consequences.

Internal Audit Projects In Progress	Stage of Project
Review of Bonds Program	Planning
Information Security Policy Compliance	Planning
Information Security (AT&T & NTT)	Planning

Other Internal Audit Activities

- Coordination of External Audit(s)
 - Single Audit (CLA)
 - KPMG Financial Statement Audit
 - SAO Audit – TEXAS Grants and Contract Management

The final report is attached. Mark Poehl, Director, Internal Audit and Compliance, is available to answer questions.



TEXAS HIGHER EDUCATION COORDINATING BOARD

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March 11, 2020

Dr. Harrison Keller
Commissioner of Higher Education
1200 E. Anderson Lane
Austin, TX 78752

Dear Dr. Keller,

I am attaching the final report of *An Audit of Academic Grant Program Administration-GME Expansion Program at the Texas Higher Education Coordinating Board*, Report No. THECB-IA-WP-20-221. This report will be presented at the April 2020 Agency Operations Committee meeting.

The issues presented in this report resulted in a Category 2 Report Rating. These reports contain some observations. While the noted observations require management attention, if addressed timely they do not pose a significant risk for negative reputational or financial consequences.

If you have any questions or comments, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl".

Mark A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and
Compliance

EXECUTIVE SUMMARY

The administration of the GME (Graduate Medical Education) Expansion program was generally effective:

1. Alignment exists between the program statute, rules and procedures.
2. Performance measure calculations are accurate and properly documented.
3. Award approval process agrees with requirements defined in Texas Administrative Code.
4. RFA (Request for Action) review process is performed timely and adequately.
5. 1:1 ratio was maintained as outlined in statute resulting in conformance with the law.

However, issues that warrant attention for better administration of the program include:

1. GME Expansion grant refund process should be defined and published.
2. Electronic folder and file proliferation across the agency, including the folders and files containing GME Expansion program information, is evidence of an undefined data administration process.

Audit Objective, Scope and Methodologies

Our audit objective was to review the internal administrative activities associated with the GME Expansion program. Our audit scope focused on current process. Our audit included reviewing relevant statutes, rules and agency policies and procedures, manuals and documentation related to the audit area, and performing various testing to address the audit objectives. We also interviewed appropriate agency staff.

We conducted this audit in conformance with the International Standards for the Professional Practice of Internal Auditing. Additionally, we conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We further acknowledge that, as internal auditors, we are independent according to the requirements specified in Government Auditing Standards.

Background

An audit of the GME Expansion program was included on the 2019 Internal Audit Plan. Texas Education Code, Graduate Medical Education Residency Expansion, Sections 58A.001 - 58A.026 gives statutory authority to the agency to award grant funding to allow GME programs to increase the number of first-year resident positions. Beginning in the 83rd legislature the GME expansion program was allocated funds to increase the number of first-year residency positions available in the state of Texas. Funding for the GME Expansion program has steadily increased since the 83rd legislature as represented in the following table.

Appropriation Year	Strategy	GME Funding
86 th legislative session 2020-2021	F.1.3	\$157,200,000
85 th legislative session 2018-2019	F.1.3	\$97,050,000
84 th legislative session 2016-2017	D.1.8	\$53,000,000
83 rd legislative session 2014-2015	D.1.7	\$14,250,000

Detailed Observation, Recommendation, and Management Response

1. GME Expansion grant refund process should be defined and published.

GME Expansion grant refund process should be defined and published. No written policies or procedures exist to document how GME Expansion grant refunds should be processed. Neither the Texas Education Code (TEC) nor the Texas Administrative Code (TAC) mentions GME Expansion program refunds. The written procedures for the GME Expansion program only reference refunds in one sentence, "Refunds to THECB of unexpended grant funds are processed as appropriate." Written procedures for this program do not detail the step-by-step process for administering refunds.

In FY 2018 and FY 2019, the agency received \$1,647,991.23 in refunds for the GME Expansion program.

Better definition of GME Expansion grant refund process could be incorporated by Rule and would serve to inform stakeholders of this important facet of program administration. If rules are updated to comply with the current practice, written procedures also need to be updated to consistently, and timely manage refunds.

Recommendations:

1. Revise written procedures to capture the step-by-step refund process.
2. Revise Texas Administrative Code to address the refund process.

Management Response:

Management agrees with the audit finding and recommendations that written procedures should be in place to ensure that awarded grantees understand the process to follow, if a refund is required. Additionally, internal procedures for processing refunds will be added to the Grant Management Handbook, which outlines grant procedures for staff to follow.

Implementation Date:

AQW staff incorporated the following language in the publication of the most recent GME Expansion Program Request for Applications, issued in November 2019.

Return of Unexpended Funds:

Grant funds are awarded for the duration of the grant period for the filled positions, as long the resident who initially fills the funded position continues to hold that position, and the expansion is maintained. Vacated funded positions may be refilled, and funding continued, with approval of the THECB. Vacated funded positions that are not refilled shall require a return of unexpended funds to the THECB within ninety (90) days after the position is vacated, unless otherwise agreed by the THECB and grantee.

Staff is considering adding the following language to Texas Administrative Code in fall 2020.

The Board shall require the return of any unused grant money by a graduate medical education program or sponsoring institution that receives a grant but fails to create and fill, within the timeframe specified in applicant's application, the number of residency positions proposed in the program's or sponsoring institution's grant application.

Responsible Party (ies):

- Stacey Silverman, Assistant Commissioner for Academic Quality and Workforce, Academic Affairs and Workforce Education
- Cindy Fisher, Program Specialist for Academic Quality and Workforce

2. Agency wide issue: Electronic folder and file proliferation across the agency, including the folders and files containing GME Expansion program information, is evidence of an undefined data administration process.

Electronic folder and file proliferation across the agency, including the folders and files containing GME Expansion program information, is evidence of an undefined data administration process.

This audit noted staff unrelated to the GME program having access to folders and files containing GME information. Further, access to these folders and files had not been reviewed by GME program management on a periodic basis. The lack of an undefined folder and file review process has been noted on other Internal Audits in other agency areas.

Similar Findings:

- An Audit of Formula Funding-Community College 'Ten Pay' Payment System
- Review of Physician Education Loan Repayment Program
- An Audit of Formula Funding

Over broad or outdated access and information that should no longer be retained results in unnecessary costs and risks. The agency pays for file storage space and is therefore paying for storage on files that are outdated and should no longer be retained. Likewise, these practices result in information being unnecessarily placed at risk of data security

compromise. The agency should only store and secure information that is within its records retention lifespan.

Folder Name	Number of Files	Number of Folders
Agency	49,384	3,558
APP	1,319,048	149,582
BF	715,508	104,633
CBX	109,000	11,079

Recommendations:

Develop an agency wide method for managing folders and files to ensure that information stored is only accessible to relevant staff and is only retained in accordance with records retention policy.

Management Response:

The agency will convene a group of key stakeholders to evaluate options and coordinate a path for implementation. By July 2020 the group will propose a formal execution plan for the Commissioner's consideration. This plan will include a timeline, with activities and milestones, to bring the agency into compliance with record management and retention standards.

Implementation Date:

July 2020 and ongoing thereafter

Responsible Party (ies):

Rey Rodriguez, Deputy Commissioner and Chief of Staff

PERFORMED BY:

Ms. Aporajita Ahmed, CPA, CFE, CITP, CGMA, CICA, Internal Audit lead
Ms. Michelle Koog, CFE, CISA, Internal Auditor

CC:

THECB

Board Members

Commissioner's Office

Mr. Ray Martinez, Deputy Commissioner for Academic Affairs and Workforce Education
Mr. Rey Rodriguez, Deputy Commissioner and Chief of Staff
Mr. William Franz, General Counsel
Stacey Silverman, Interim Assistant Commissioner for Academic Quality and Workforce
Cynthia Fisher, Program Specialist for Academic Quality and Workforce
Ms. Zhenzhen Sun, Assistant Commissioner for Information Solutions and Services

STATUTORY DISTRIBUTION REQUIREMENT

Legislative Budget Board

Mr. Christopher Mattson

Governor's Office of Budget & Planning

Mr. John Colyandro

State Auditor's Office

Internal Audit Coordinator

Sunset Advisory Commission

Ms. Jennifer Jones

Agency Operations Committee

AGENDA ITEM VI-B

Discussion of Statements on Auditing Standards No. 114, The Auditor's Communication with Those Charged with Governance

RECOMMENDATION: No Action Required

Background Information:

In accordance with the requirements of the Statements on Auditing Standards No. 114, the Board's external auditor, KPMG LLP, will be discussing their responsibility under generally accepted auditing standards. The discussion will include the auditor's responsibility for forming and expressing an opinion on whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects and in conformity with generally accepted accounting principles.

The auditor will also communicate an overview of the planned scope and timing of the audit, as well as financial risk areas.

Susan Warren, Audit Partner, with KPMG LLP, will present this item to the Committee and be available for questions.

Agency Operations Committee

AGENDA ITEM VI-C

Discussion of the State of Texas Federal Portion of the Statewide Single Audit for the Fiscal Year Ended August 31, 2019, Report Number 20-317 issued March 2020 by the Texas State Auditor's Office

RECOMMENDATION: No Action Required

Background Information:

The Federal Portion of the Statewide Single Audit for the Fiscal Year Ended August 31, 2019, Report Number 20-317 identified one Texas Higher Education Coordinating Board (THECB) finding. There were no questioned costs associated with this finding and it was classified as a "Significant Deficiency and Non-Compliance."

2019-026 Subrecipient Monitoring

The THECB was including incomplete identifying information in its Notice of Grant Award for recipients of the Carl D. Perkins Grant. Information that needs to be added to the Notice of Grant Award includes the grant's federal award date and whether or not the grant is considered research and development.

Management response indicates that corrective actions will be taken to address the finding by providing all required information, including the grant's federal award date and whether or not the grant is considered research and development.

The reported finding is provided on the following pages.

A representative of Clifton Larson Allen (CLA) is available for questions. CLA performs this audit under contract with the Texas State Auditor's Office.

**STATE OF TEXAS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019
TEXAS HIGHER EDUCATION COORDINATING BOARD**

**Reference No. 2019-026
Subrecipient Monitoring**

CFDA 84.048 – Career and Technical Education – Basic Grants to States
Award years – July 1, 2018 to September 30, 2020 and July 1, 2017 to September 30, 2019
Award numbers – V048A180043 – 18A and V048A170043
Statistically valid sample – No and Not Intended to be a Statistically Valid Sample
Type of finding – Significant Deficiency and Non-Compliance

Per 2 CFR 200.331(a), Texas Higher Education Coordinating Board (THECB) must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and, if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes: (1) Federal Award Identification – (iv) Federal Award Date (see 2 CFR 200.39 Federal award date) of award to the recipient by the Federal agency and (xii) Identification of whether the award is R&D.

Questioned Cost:	\$0
U.S. Department of Education	

THECB issues a Notice of Grant Award (NOGA) to each approved subrecipient prior to expending funds to that subrecipient under each grant. THECB maintains a template NOGA that is used for all agreements with subrecipients under the grant. In accordance with 2 CFR 200.331(a) and per THECB's template NOGA, each NOGA includes the following information: amount of federal funds, federal grant title, CFDA number, federal grant award number, term of grant, date all funds must be expended by, federal grant funding agency, and DUNS number.

THECB's template NOGA does not contain fields for the grant's federal award date or whether the grant is considered research development. For five (5) out of five (5) NOGAs tested, the grant's federal award date or whether the grant was considered research and development was not included. In fiscal year 2019, THECB passed through approximately 97.6% of Career and Technical Education funds to subrecipients. Providing incomplete information to subrecipients may result in inaccurate reporting by the subrecipients and ultimately by THECB.

Recommendation:

THECB should revise its standard NOGA template to include all required information to be communicated to subrecipients per 2 CFR 200.331. Additionally, for existing NOGAs, THECB should communicate required information to subrecipients in an addendum to the NOGA.

Views of Responsible Officials:

THECB agrees with this recommendation.

Corrective Action Plan:

THECB will integrate the federal award date and identification of whether a grant is considered research and development into the Perkins subrecipient NOGA template.

Implementation Date: July 15, 2020

Responsible Person: Melinda Nobles

Agency Operations Committee

AGENDA ITEM VII-A

Update on Compliance Monitoring Reports and Activities

RECOMMENDATION: No Action Required

Background Information:

The Compliance Monitoring team completed six projects during the reporting period since the January 2020 Agency Operations Committee meeting. The final reports are attached.

Formula Funding Engagements Completed

- A Follow Up of Formula Funding at Tyler Junior College (no findings)
- A Follow Up of Formula Funding at Texas A&M University - Kingsville (no findings)
- A Compliance Monitoring Desk Review at Midwestern State University (no findings)
- A Compliance Monitoring Desk Review at Laredo College (no findings)

Financial Assistance Engagements Completed

- Engagement Closeout Letter for A Compliance Monitoring Audit at Angelina College
- A Compliance Monitoring Audit of Graduate Medical Education at UT Health Science Center - Houston (no findings)

Projects In Progress	Stage of Project
Dallas County Community College District	Reporting
University of North Texas	Reporting
Cisco College	Reporting
College of the Mainland	Fieldwork
Texas College	Planning
Central Texas College	Planning
Texas Woman's University	Planning
University of Texas at Tyler	Planning
Temple College	Planning
University of Texas at Austin	Planning
Amarillo College	Planning
Tarrant County College	Planning
Austin Community College	Planning

Other Compliance Monitoring Activities

- Hiring of new Compliance Specialist
- Presentation at Texas Association of Community Colleges Chief Information Officers meeting February 3, 2020
- Coastal Bend College Heightened Monitoring follow up

The final reports are attached. Mark Poehl, Director, Internal Audit and Compliance, is available to answer questions.



TEXAS HIGHER EDUCATION COORDINATING BOARD

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December 11, 2019

Dr. Juan E. Mejia, President
Tyler Junior College
1327 South Baxter Avenue
Tyler, TX 75701

RE: A Follow Up of Formula Funding at Tyler Junior College

Dear Dr. Mejia:

Tyler Junior College implemented the recommendations in our prior report, *A Compliance Monitoring Audit of Formula Funding at Tyler Junior College (THECB-CM-FF-16-005)*, which was issued in December 2016.

Management implemented the recommendations by:

- Complying with statutory and rule limitations regarding immediate employability and paid tuition for continuing education contact hours reported for formula funding;
- Improving internal controls to ensure that the amounts reported on the Class Report (CBM004) are correct and supported by appropriate documentation; and
- Enhancing controls over access to educational records, in particular establishing and implementing policies and procedures and user access permission controls to comply with 34 CFR §99.31 (FERPA) and aligning with the best practices of TAC §§202.70-202.76 to better protect registration information and other student data from unauthorized use.

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

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl".

Mark. A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and Compliance

PERFORMED BY:

Ms. Elizabeth M. Steele, Compliance Specialist

cc:

THECB

Board Members

Commissioner's Office

Dr. Harrison Keller, Commissioner of Higher Education

Mr. Rey Rodriguez, Transition Chief of Staff

Ms. Linda Battles, Deputy Commissioner for Agency Operations and
Communications/COO

Dr. David Gardner, Deputy Commissioner for Academic Planning and Policy

Mr. William Franz, General Counsel

Strategic Planning and Funding

Dr. Julie Eklund, Assistant Commissioner

Tyler Junior College

Ms. Kimberly Lessner, Vice President of Marketing and Enrollment Services/CCO

Ms. Britt Sabota, Registrar

Dr. Deana Sheppard, Provost & Vice President for Academic and Student Affairs

Mr. Mike Coker, President, Board of Trustees

Texas Association of Community Colleges

Mr. Jacob Fraire, President

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Office of the Governor-Budget and Policy Division

Mr. John Colyandro, Policy Director

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Mr. Christopher Mattsson, Assistant Director



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December 13, 2019

Dr. Mark A. Hussey, President
Texas A&M University-Kingsville
700 University Blvd.
Kingsville, TX 78363

RE: A Follow Up of Formula Funding at Texas A&M University-Kingsville

Dear Dr. Hussey:

Texas A&M University-Kingsville implemented the recommendation in our prior report, *A Compliance Monitoring Desk Review of Formula Funding at Texas A&M University-Kingsville (THECB-CM-FF-19-006)*, which was issued in June 2019.

Management implemented the recommendation by:

- Strengthening oversight of student information security, complying with Texas Administrative Code §202.76, and complying with Department of Information Resources security standards.

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

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl".

Mark. A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and Compliance

PERFORMED BY:

Ms. Elizabeth M. Steele, Compliance Specialist

CC:

THECB

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Mr. Rey Rodriguez, Transition Chief of Staff

Ms. Linda Battles, Deputy Commissioner for Agency Operations and
Communications/COO

Dr. David Gardner, Deputy Commissioner for Academic Planning and Policy

Mr. William Franz, General Counsel

Strategic Planning and Funding

Dr. Julie Eklund, Assistant Commissioner

Texas A&M University-Kingsville

Mr. Jacob W. Flournoy, Vice President for Finance and CFO

Mr. Robert Paulson, Associate Vice President of Information Technology/CIO

Mr. J. Randy Hughes, Chief of Staff

Dr. Jaya Goswami, Associate Vice President for Academic Affairs

Texas A&M University System

Ms. Elaine Mendoza, Chairman, Board of Regents

Mr. John Sharp, Chancellor

Mr. Charlie Hrnccir, CPA, Chief Auditor

Texas Council of Public University Presidents and Chancellors

Dr. Rissa McGuire, Executive Director

State Auditor's Office

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January 17, 2020

Dr. Suzanne Shipley, President
Midwestern State University
3410 Taft Blvd.
Wichita Falls, Texas 76308

RE: Desk Review of Formula Funding at Midwestern State University

Dear Dr. Shipley,

Midwestern State University complied with relevant Coordinating Board rules and regulations for enrollment data used for formula funding and with Texas Administrative Code (TAC) Title 19, Section 13.100, in the areas of student semester credit hour eligibility, tuition payment, and enrollment.

Summary

Our review included tests of relevant enrollment data reported and certified by Midwestern State University for accuracy and completeness in accordance with TAC, Section 13. Our desk review focused on the following enrollment data and time periods:

- Semester Credit Hours and Tuition Payments for CBM001 (Student Report) during summer 2018, fall 2018, and spring 2019; and
- Enrollment for CBM004 (Class Report) during summer 2018, fall 2018, and spring 2019.

Our work included procedures to verify:

- Reported semester credit hours were eligible for formula funding;
- Student tuition payments were received in accordance with requirements; and
- Reported enrollment was eligible for formula funding.

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

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl".

Mark A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and Compliance

PERFORMED BY:

Ms. Jamyen Robinson-Hall, Compliance Specialist
Ms. Shebah Spears, Compliance Specialist

CC:

THECB

Board Members

Commissioner's Office

Dr. Harrison Keller, Commissioner of Higher Education
Dr. David Gardner, Deputy Commissioner for Academic Planning and Policy
Mr. William Franz, General Counsel

Strategic Planning and Funding

Dr. Julie Eklund, Assistant Commissioner

Midwestern State University

Mr. R. Craven Crosnoe, Chairman, Board of Regents
Ms. Tiffany Burks, Board of Regents' Audit, Compliance and Management Committee
Chair
Mr. Fred Dietz, Vice President of Enrollment Management
Ms. Leigh Kidwell, Chief Audit Executive
Dr. Beth Reissenweber, Vice President of Finance and Administration

Texas Council of Public University Presidents and Chancellors

Dr. Rissa McGuire, Executive Director

State Auditor's Office

Internal Audit Coordinator

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Ms. Jennifer Jones, Director

Office of the Governor-Budget and Policy Division

Mr. John Colyandro, Policy Director

Legislative Budget Board

Mr. Christopher Mattsson, Assistant Director



TEXAS HIGHER EDUCATION COORDINATING BOARD

P.O. Box 12788 Austin, Texas 78711

March 2, 2020

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Fred Farias III, O.D.
VICE CHAIR

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Dr. Ricardo J. Solis, President
Laredo College
West End Washington Street
Laredo, TX 78040

RE: Desk Review of Formula Funding at Laredo College

Dear Dr. Solis:

Laredo College complied with relevant Coordinating Board rules and regulations for enrollment data used for formula funding and with Texas Administrative Code (TAC) Title 19, Part 1, Chapter 13, in the areas of contact hours eligibility, tuition payments, and enrollments.

Summary

Our review included tests of relevant enrollment data reported and certified by Laredo College for accuracy and completeness in accordance with TAC, Chapter 13. Our desk review focused on the following enrollment data and time periods:

- Semester Credit Hours and Tuition Payment for CBM001 (Student Report) during summer 2018, fall 2018, and spring 2019;
- Contact Hours and Enrollment for CBM004 (Class Report) during summer 2018, fall 2018, and spring 2019; and
- Contact Hours and Enrollment for CBM00C (Continuing Education Class Report) during summer 2018, fall 2018, and spring 2019.

Our work included procedures to verify:

- Student tuition payment was received in accordance with requirements;
- Reported contact hours were eligible for formula funding; and
- Reported enrollment was eligible for formula funding.

This Compliance Monitoring report will be presented to the Texas Higher Education Coordinating Board (THECB) Committee on Agency Operations, a standing committee of the THECB Board, in April 2020.

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

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl".

Mark. A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and Compliance

PERFORMED BY:

Ms. Elizabeth M Steele, Compliance Specialist

Cc:

THECB

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January 21, 2020

Dr. Michael J. Simon
President
Angelina College
3500 S 1st St.
Lufkin, TX 75904

RE: Audit of the Texas Educational Opportunity Grant at Angelina College

Dear Dr. Simon,

The purpose of this letter is to inform you that we will not be performing our planned fiscal year 2020 audit of the Texas Educational Opportunity Grant at Angelina College.

A single audit finding for year ended 2018 covered aspects of the Texas Educational Opportunity Grant administration.

To ensure coordination of the effort, our Compliance Monitoring engagement will be conducted at a future time.

If you have any questions or concerns, please feel free to contact me or Ms. Steele at (512) 427-6418.

Regards,

A handwritten signature in black ink that reads "Mark A. Poehl".

Mark. A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and Compliance

PERFORMED BY:

Ms. Elizabeth M. Steele, Compliance Specialist
Ms. Carol Conner, Compliance Specialist

cc:

THECB

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February 28, 2020

Dr. Giuseppe N. Colasurdo, President
The University of Texas Health Science Center - Houston
7000 Fannin St #1200
Houston, Texas 77030

Dear Dr. Colasurdo,

I am attaching the final report on *A Compliance Monitoring Audit of Graduate Medical Education at The University of Texas Health Science Center - Houston*, Report No. THECB-CM-FA-20-009. There were no findings resulting from our engagement.

This Compliance Monitoring audit report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board on April 22, 2020.

If you have any questions or comments, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl".

Mark A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and Compliance

EXECUTIVE SUMMARY

The University of Texas Health Science Center - Houston (UTHSC) complied with relevant Coordinating Board (THECB) rules and regulations for the Graduate Medical Education (GME) grant and with Texas Administrative Code (TAC) Chapter 6, Subchapters G, H, and I in areas of institution eligibility, resident position eligibility, and allowability of grant expenditures.

Audit Scope, Objective, and Methodology

Our review included tests of relevant eligibility and expenditure data reported and certified by The University of Texas Health Science Center – Houston for accuracy and completeness in accordance with TAC Chapter 6, Subchapters G, H, and I.

Our work included procedures to verify:

- Resident positions were valid and accredited;
- Expenditures reported were allowable; and
- Expenditures reported reconcile with official accounting records.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for the findings and recommendations, if any, based on the audit objectives.

Our consideration of internal control was for the compliance purposes described in the scope section and was not designed to identify all deficiencies in internal control.

The audit methodology included objectively reviewing and analyzing various forms of documentation, conducting interviews and observations, and performing other tests of controls necessary to achieve the objectives of the audit.

Background

In 2013, the 83rd Texas Legislature created new grant programs intended to expand the availability of graduate medical education (GME) in Texas. In 2015, the 84th Texas Legislature, through Senate Bill 18, consolidated these programs into one overarching GME Expansion Grants Program. The Graduate Medical Education (GME) Expansion Program administers programs that support efforts to increase first-year residency positions and is available to support the maintenance and creation of those at existing and new GME programs.

PERFORMED BY:

Ms. Jamyen Robinson-Hall, Compliance Specialist

CC:

THECB

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