

TEXAS HIGHER EDUCATION COORDINATING BOARD

AGENCY OPERATIONS COMMITTEE

1200 EAST ANDERSON LANE, BOARD ROOM 1.170
AUSTIN, TEXAS

Live Broadcast available at: <https://www.highered.texas.gov>

January 26, 2022

11:00 a.m.

*(or upon adjournment of the Committee on Academic Workforce
and Success meeting, whichever occurs later)*

AGENDA

This meeting is conducted in person or via video conference, pursuant to Texas Government Code, Section 551.127. A quorum of the board of the Texas Higher Education Coordinating Board (Board) may be present in the Board Room, which is open to the public.

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.highered.texas.gov/public-testimony>.

- I. Welcome and committee chair's opening remarks
- II. Approval of the minutes
 - A. October 20, 2021, committee meeting
- III. Public testimony on agenda items relating to the Agency Operations Committee
- IV. Consideration of approval of the consent calendar
- V. Agency Operations
 - A. Report on grants and contracts
- VI. Finance
 - A. Review of the "Fiscal Year 2022 Financial Report" to the Board
- VII. Internal and External Audit
 - A. Discussion of "An Audit Report on the Distribution of the National Research University Fund" issued in November 2021 by the Texas State Auditor's Office

Note: Highlighted items in gray are on the consent calendar.

*Emma W. Schwartz,
Chair
Welcome W. Wilson, Jr.
Vice Chair*

*S. Javaid Anwar
Fred Farias III, O.D.
Robert P. Gauntt
Donna N. Williams*

*Matthew B. Smith
Student Representative,
Ex-Officio*

- B. Discussion of approach for obtaining an external quality assurance review of the Internal Audit and Compliance Monitoring functions
- C. Update on Internal Audit reports and activities
 - (1) "Quality Assurance and Improvement Program Report for FY 2021" (summary report)

VIII. Compliance Monitoring

- A. Auditor's update on state and federal Compliance Monitoring reports and activities
 - (1) "Compliance Monitoring Desk Review of Formula Funding at Sul Ross State University" (no findings).
 - (2) "Compliance Monitoring Desk Review of TEOG at Navarro College."
 - (3) "Compliance Monitoring Desk Review of Tuition Equalization Grant at Dallas Baptist University."

IX. Adjournment

The Texas Higher Education Coordinating Board Agency Operations Committee may convene in Executive Session at any point in this meeting, concerning any item listed in the agenda or to seek or to receive its attorney's advice on legal matters related thereto, pursuant to Texas Government Code Ann. 551.071.

Note: Because the Board members who attend the committee meeting may create a quorum of the full Board, the meeting of the Agency Operations Committee is also being posted as a meeting of the full Board. Only assigned committee members act upon any item before the Agency Operations Committee at this meeting.

Weapons Prohibited: Pursuant to Texas Penal Code, Section 46.03(a)(14), a person commits an offense if the person intentionally, knowingly, or recklessly possesses or goes with a firearm, location-restricted knife, club, or prohibited weapon listed in Section 46.05 in the room or rooms where a meeting of a governmental entity is held, if the meeting is an open meeting subject to Chapter 551, Government Code, and if the entity provided notice as required by that chapter.

Agency Operations Committee

AGENDA ITEM I

Welcome and committee chair's opening remarks

Ms. Emma Schwartz, 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 October 20, 2021, committee meeting

RECOMMENDATION: Approval

DRAFT
TEXAS HIGHER EDUCATION COORDINATING BOARD
Agency Operations Committee

Wednesday, April 20, 2021; 1:00 p.m.

Board Room, 1st Floor

Room 1.170

1200 East Anderson Lane, Austin, Texas

The Agency Operations Committee convened at 1:00 p.m. on April 20, 2021, with the following members present: Emma Schwartz, presiding; Fred Farias; Robert Gauntt; Donna Williams; and Matthew Smith (Ex-Officio).

Other Board members present: Welcome Wilson

Members absent: Ricky Raven and Javaid Anwar

AGENDA ITEM	ACTION
I. Welcome and Committee Chair's Opening Remarks	<p>Dr. Fred Farias opened the meeting and announced that Mr. Richard Clemmer and Mr. Robert Gauntt had been appointed to the Board and that he had appointed Mr. Robert Gauntt as a member of the Agency Operations Committee.</p> <p>Vice Chair Emma Schwartz called the meeting of the Agency Operations Committee to order and called the role.</p> <p>A quorum was met.</p>
II. Consideration of Approval of the Minutes from July 21, 2021, Committee Meeting	<p>On a motion by Mr. Gauntt, seconded by Dr. Farias, the committee approved the July 21, 2021, Agency Operations Committee meeting minutes.</p>
III. Public Testimony	<p>No action required.</p>
IV. Consent calendar	<p>No items were listed on consent. This item did not require any action.</p>
V. Agency Operations	
A. Report on grants and contracts	<p>Ms. Linda Natal, Director of Contract & Grant Management, was available for questions. This item did not require any action.</p>
VI. Finance	

AGENDA ITEM	ACTION
A. Review of the Fiscal Year 2021 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 a resolution authorizing the issuance of Texas College Student Loan Bonds in one or more series; and delegation of the authority for administration and approval of the activities necessary to complete the sale of the private activity bonds	<p>On a motion by Ms. Williams, seconded by Mr. Gauntt, the committee approved the issuance of Texas College Student Loan Bonds in one or more series; and delegation of the authority for administration and approval of the activities necessary to complete the sale of the private activity bonds.</p> <p>Mr. Ken Martin, Assistant Commissioner for Financial Services/CFO, presented this item to the committee and was available for questions.</p>
VII. Internal Audit	
A. Update on Internal Audit Reports and Activities	Mr. Mark Poehl, Assistant Commissioner for Internal Audit and Compliance, and Mr. Paul Maeyaert, Assistant Director of Internal Audit and Compliance, presented this item to the committee and were available for questions. This item did not require any action
VII. Compliance Monitoring	
A. Update on Compliance Monitoring Reports and Activities	Mr. Mark Poehl, Assistant Commissioner for Internal Audit and Compliance, and Mr. Paul Maeyaert, Assistant Director of Internal Audit and Compliance, presented this item to the committee and were available for questions. This item did not require any action.
VIII. Adjournment	On a motion by Mr. Gauntt, seconded by Dr. Farias, the meeting adjourned at approximately 1:39 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:

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

Consideration of approval of the consent calendar

RECOMMENDATION: Approval

Background Information:

To ensure meetings are efficient and to save institutions time and travel costs to attend the Agency Operations Committee meetings in Austin, the committee has a consent calendar for items that are noncontroversial. Any item can be removed from the consent calendar by a Board member.

Agency Operations Committee

AGENDA ITEM V-A

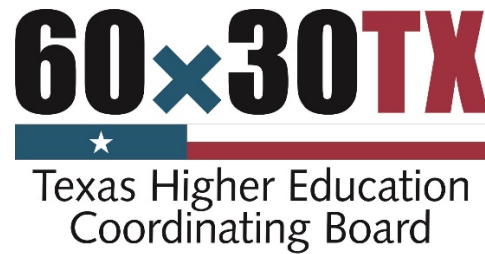
Report on grants and contracts

RECOMMENDATION: No action required

Background Information:

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 of the Texas Higher Education Coordinating Board (THECB), to whom the Board of the THECB (Board), 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.

Linda Natal, Director of Contracts and Procurements, is available to answer questions.



Texas Higher Education Coordinating Board

Contracts Executed by the Agency in Accordance with Board Rule 1.16

September 9, 2021 – November 30, 2021

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total \$
029 Open Education Resource Admin	25389	Brenda Norton	Amendment Open Education Resource	9/28/2021	12,456.00
029 Open Education Resource Admin	25400	Jesse Lee Taylor	Amendment Open Education Resource	9/28/2021	8,300.00
029 Open Education Resource Admin	25402	Dennis Wayne Hall	Amendment Open Education Resource	9/28/2021	7,683.00
029 Open Education Resource Admin	25390	Matthew Gritter	Amendment Open Education Resource	9/28/2021	7,018.00
029 Open Education Resource Admin	25401	Susan Abernathy Taylor	Amendment Open Education Resource	9/28/2021	4,154.00
029 Open Education Resource Admin	25403	Gerald Allen	Amendment Open Education Resource	9/28/2021	2,000.00
029 Open Education Resource Admin	25391	Robert Keith Hidalgo	Amendment Open Education Resource	9/28/2021	1,000.00
029 Open Education Resource Admin	25392	Miah Pullen	Amendment Open Education Resource	9/28/2021	1,000.00
045 Strategic Planning & Funding	25393	Next Chapter Communications LLC	No-Cost Extension Amendment	10/13/2021	0.00
065 Funding	25366	Baylor College of Medicine	Undergraduate Medical Education	9/20/2021	39,613,434.00
065 Funding	25463	Baylor College of Medicine	Graduate Medical Education	9/20/2021	8,423,496.00
065 Funding	25306	Baylor College of Medicine	Permanent Endowment Fund	9/20/2021	1,425,000.00
065 Funding	25307	Baylor College of Medicine	Permanent Health Fund	9/20/2021	1,914,193.00
070 Academic and Health Affairs	25408	The University of Texas Health Science Center at Houston	Emergency and Trauma Care Education Program No-Cost Extension	10/27/2021	0.00
070 Academic and Health Affairs	25753	Texas Institute for Graduate Medical Education and Research	Family Practice Residency Program	11/30/2021	245,269.00
070 Academic and Health Affairs	25723	Christus Spohn Hospital-Corpus	Family Practice Residency Program	11/22/2021	190,209.00
070 Academic and Health Affairs	25780	The University of Texas Health Science Center at Houston	Family Practice Residency Program	11/18/2021	180,198.00
070 Academic and Health Affairs	25787	McLennan County FPRP	Family Practice Residency Program	11/18/2021	180,198.00
070 Academic and Health Affairs	25724	Conroe Medical Educ Foundation	Family Practice Residency Program	11/18/2021	150,165.00
070 Academic and Health Affairs	25782	The University of Texas Health Science Center at Tyler	Family Practice Residency Program	11/22/2021	150,165.00
070 Academic and Health Affairs	25751	The University of Texas Medical Branch at Galveston	Family Practice Residency Program	11/18/2021	145,159.00
070 Academic and Health Affairs	25618	Baylor College of Medicine	Family Practice Residency Program	11/18/2021	115,126.00
070 Academic and Health Affairs	25749	The University of Texas at Austin	Family Practice Residency Program	11/22/2021	100,110.00
070 Academic and Health Affairs	25752	University of North Texas Health Science Center at Fort Worth	Family Practice Residency Program	11/22/2021	95,110.00
070 Academic and Health Affairs	25738	Scott & White FPRP	Family Practice Residency Program	11/18/2021	90,099.00
070 Academic and Health Affairs	25740	Scott & White Hospital- Round Rock	Family Practice Residency Program	11/18/2021	85,093.00
070 Academic and Health Affairs	25721	Baylor University Medical Center (Dallas)	Family Practice Residency Program	11/5/2021	60,066.00
070 Academic and Health Affairs	25741	Christus St Michael's Hospital DBA Christus Health ARK-LA-TEX	Family Practice Residency Program	11/18/2021	60,066.00
070 Academic and Health Affairs	25513	Texas Tech University HSC at El Paso Paul L Foster School of Medicine (774)	Negative Amendment Graduate Medical Education Expansion	11/18/2021	-75,000.00
070 Academic and Health Affairs	25719	Texas A&M Health Science Center	Rural and Public Health Rotation	11/9/2021	22,500.00
070 Academic and Health Affairs	25719	Texas Tech University Health Sciences Center	Rural and Public Health Rotation	11/9/2021	42,500.00
070 Academic and Health Affairs	25720	Houston Methodist Hospital	Rural and Public Health Rotation	11/3/2021	10,000.00
070 Academic and Health Affairs	25719	The University of Texas Health Science Center at Tyler	Rural and Public Health Rotation	11/9/2021	5,000.00
070 Academic and Health Affairs	25719	The University of Texas at Austin	Rural and Public Health Rotation	11/9/2021	2,500.00
070 Academic and Health Affairs	25720	John Peter Smith Hospital	Rural and Public Health Rotation	11/3/2021	17,500.00
075 OnCourse	25454	HubSpot Inc	Renewal Management Software	10/18/2021	15,127.20
075 OnCourse	25423	Instructure Inc	Studio and Canvas Cloud Subscriptions	10/26/2021	44,540.00
075 OnCourse	24514	National Human Resource Group Inc	Temporary Personnel Backend Developer	10/11/2021	57,200.00
075 OnCourse	24516	InfoStride Inc	Temporary Personnel Frontend Developer	10/11/2021	44,605.60
075 OnCourse	25518	Workquest Temps	Temporary Personnel Program Specialist V	10/4/2021	24,837.75
075 OnCourse	25848	Workquest Temps	Temporary Personnel Technical Writer III	11/5/2021	11,431.35
081 Upskill and Re-skill	25600	University of Houston -Clear Lake	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25601	Lone Star College System	GEER Funds Texas Reskilling Support Fund Amendment	11/2/2021	0.00
081 Upskill and Re-skill	25602	Odessa College	GEER Funds Texas Reskilling Support Fund Amendment	11/3/2021	0.00
081 Upskill and Re-skill	25603	Austin Community College	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25604	South Texas College	GEER Funds Texas Reskilling Support Fund Amendment	11/2/2021	0.00
081 Upskill and Re-skill	25605	The University of Texas at Tyler	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25606	College of the Mainland	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25607	Dallas College	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25608	Midwestern State University	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25609	Houston Community College System	GEER Funds Texas Reskilling Support Fund Amendment	11/22/2021	0.00
081 Upskill and Re-skill	25610	The University of Texas at Arlington	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25611	Texas A&M University-Kingsville	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25612	Texas State Technical College System	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25613	Galveston College	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25614	Hill College	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25615	The University of Texas at El Paso	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25617	Lamar State College-Orange	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25619	Lamar State College-Port Arthur	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25620	Prairie View A&M University	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25621	Grayson College	GEER Funds Texas Reskilling Support Fund Amendment	11/16/2021	0.00
081 Upskill and Re-skill	25622	Texas A&M University-Texarkana	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00

Division Unit	Contract #	Performing Agent	Description	Active Date	Total \$
081 Upskill and Re-skill	25623	Tarrant County College District	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25624	Panola College	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25625	Trinity Valley Community College	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25626	Kilgore College	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25628	University of Texas Rio Grande Valley	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25629	McLennan Community College	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25630	Ranger College	GEER Funds Texas Reskilling Support Fund Amendment	11/29/2021	0.00
081 Upskill and Re-skill	25631	University of Houston-Downtown	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25633	El Paso Community College	GEER Funds Texas Reskilling Support Fund Amendment	11/16/2021	0.00
081 Upskill and Re-skill	25634	Texas Tech University	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25635	Tarleton State University	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25636	Temple College	GEER Funds Texas Reskilling Support Fund Amendment	11/16/2021	0.00
081 Upskill and Re-skill	25637	Stephen F. Austin State University	GEER Funds Texas Reskilling Support Fund Amendment	11/29/2021	0.00
081 Upskill and Re-skill	25638	Texas A&M International University	GEER Funds Texas Reskilling Support Fund Amendment	11/29/2021	0.00
081 Upskill and Re-skill	25639	San Jacinto College District	GEER Funds Texas Reskilling Support Fund Amendment	11/2/2021	0.00
081 Upskill and Re-skill	25640	Collin County Community College District	GEER Funds Texas Reskilling Support Fund Amendment	10/29/2021	0.00
081 Upskill and Re-skill	25662	Cisco College	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25664	Collin County Community College District	GEER Funds Texas Reskilling Support Fund Amendment	11/23/2021	0.00
081 Upskill and Re-skill	25665	Lamar State College-Orange	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25667	Lamar University	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25668	Lone Star College System	GEER Funds Texas Reskilling Support Fund Amendment	11/23/2021	0.00
081 Upskill and Re-skill	25669	McLennan Community College	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25671	Sam Houston State University	GEER Funds Texas Reskilling Support Fund Amendment	11/2/2021	0.00
081 Upskill and Re-skill	25672	San Jacinto College District	GEER Funds Texas Reskilling Support Fund Amendment	11/2/2021	0.00
081 Upskill and Re-skill	25673	South Texas College	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
081 Upskill and Re-skill	25674	Texas A&M University-Corpus Christi	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25675	Texas A&M University-Kingsville	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25676	Texas Southern University	GEER Funds Texas Reskilling Support Fund Amendment	11/3/2021	0.00
081 Upskill and Re-skill	25677	Texas State Technical College System	GEER Funds Texas Reskilling Support Fund Amendment	10/28/2021	0.00
081 Upskill and Re-skill	25678	Trinity Valley Community College	GEER Funds Texas Reskilling Support Fund Amendment	10/29/2021	0.00
081 Upskill and Re-skill	25679	University of Houston-Downtown	GEER Funds Texas Reskilling Support Fund Amendment	11/3/2021	0.00
081 Upskill and Re-skill	25680	University of North Texas at Dallas	GEER Funds Texas Reskilling Support Fund Amendment	10/29/2021	0.00
081 Upskill and Re-skill	25681	The University of Texas at Arlington	GEER Funds Texas Reskilling Support Fund Amendment	10/29/2021	0.00
081 Upskill and Re-skill	25682	The University of Texas at Permian Basin	GEER Funds Texas Reskilling Support Fund Amendment	10/29/2021	0.00
081 Upskill and Re-skill	25683	Vernon College	GEER Funds Texas Reskilling Support Fund Amendment	10/29/2021	0.00
081 Upskill and Re-skill	25684	Victoria College	GEER Funds Texas Reskilling Support Fund Amendment	10/29/2021	0.00
081 Upskill and Re-skill	25686	Wharton County Junior College	GEER Funds Texas Reskilling Support Fund Amendment	11/3/2021	0.00
081 Upskill and Re-skill	25687	Texas State University	GEER Funds Texas Reskilling Support Fund Amendment	10/29/2021	0.00
081 Upskill and Re-skill	25688	El Paso Community College	GEER Funds Texas Reskilling Support Fund Amendment	11/18/2021	0.00
082 Learning Analytics	25501	Howard College	GEER Funds Reporting Modernization Grant	10/15/2021	50,000.00
082 Learning Analytics	25502	Lee College	GEER Funds Reporting Modernization Grant	10/21/2021	50,000.00
082 Learning Analytics	25503	Midland College	GEER Funds Reporting Modernization Grant	10/8/2021	50,000.00
082 Learning Analytics	25504	Navarro College	GEER Funds Reporting Modernization Grant	10/15/2021	50,000.00
082 Learning Analytics	25505	Texas Southmost College	GEER Funds Reporting Modernization Grant	10/15/2021	50,000.00
082 Learning Analytics	25521	Texas A&M University - Central Texas	GEER Funds Reporting Modernization Grant	11/8/2021	50,000.00
082 Learning Analytics	25523	The University of Texas at Tyler	GEER Funds Reporting Modernization Grant	11/8/2021	50,000.00
082 Learning Analytics	25524	University of Texas Rio Grande Valley	GEER Funds Reporting Modernization Grant	11/3/2021	50,000.00
082 Learning Analytics	25526	Clarendon College	GEER Funds Reporting Modernization Grant	10/11/2021	50,000.00
082 Learning Analytics	25527	Frank Phillips College	GEER Funds Reporting Modernization Grant	10/21/2021	50,000.00
082 Learning Analytics	25528	Odessa College	GEER Funds Reporting Modernization Grant	10/11/2021	50,000.00
082 Learning Analytics	25529	Vernon College	GEER Funds Reporting Modernization Grant	10/15/2021	50,000.00
082 Learning Analytics	25531	Weatherford College	GEER Funds Reporting Modernization Grant	10/27/2021	50,000.00
082 Learning Analytics	25532	Brazosport College	GEER Funds Reporting Modernization Grant	10/11/2021	50,000.00
082 Learning Analytics	25546	Del Mar College	GEER Funds Reporting Modernization Grant	10/27/2021	50,000.00
082 Learning Analytics	25553	Lamar Institute of Technology	GEER Funds Reporting Modernization Grant	11/17/2021	50,000.00
082 Learning Analytics	25561	Texas State Technical College System	GEER Funds Reporting Modernization Grant	11/1/2021	50,000.00
082 Learning Analytics	25565	Lamar University	GEER Funds Reporting Modernization Grant	11/8/2021	50,000.00
082 Learning Analytics	25568	Sul Ross State University	GEER Funds Reporting Modernization Grant	11/3/2021	50,000.00
082 Learning Analytics	25569	Sul Ross University Rio Grande	GEER Funds Reporting Modernization Grant	11/3/2021	50,000.00
082 Learning Analytics	25570	Tarleton State University	GEER Funds Reporting Modernization Grant	11/3/2021	50,000.00
082 Learning Analytics	25571	Texas A&M University-Corpus Christi	GEER Funds Reporting Modernization Grant	11/3/2021	50,000.00
082 Learning Analytics	25573	Texas A&M University-San Antonio	GEER Funds Reporting Modernization Grant	11/17/2021	50,000.00

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total \$
082 Learning Analytics	25581	The University of Texas at Permian Basin	GEER Funds Reporting Modernization Grant	11/17/2021	50,000.00
082 Learning Analytics	25584	Sam Houston State University	GEER Funds Reporting Modernization Grant	11/17/2021	50,000.00
082 Learning Analytics	25577	University of Houston -Clear Lake	GEER Funds Reporting Modernization Grant	11/15/2021	49,884.00
082 Learning Analytics	25551	Lamar State College-Orange	GEER Funds Reporting Modernization Grant	10/27/2021	47,660.00
082 Learning Analytics	25558	Southwest Texas Junior College	GEER Funds Reporting Modernization Grant	11/4/2021	46,400.00
082 Learning Analytics	25559	Temple College	GEER Funds Reporting Modernization Grant	11/1/2021	39,408.35
082 Learning Analytics	25555	McLennan Community College	GEER Funds Reporting Modernization Grant	11/1/2021	36,309.00
082 Learning Analytics	25530	Paris Junior College	GEER Funds Reporting Modernization Grant	10/21/2021	33,100.00
082 Learning Analytics	25544	Angelina College	GEER Funds Reporting Modernization Grant	10/27/2021	33,100.00
082 Learning Analytics	25549	Kilgore College	GEER Funds Reporting Modernization Grant	11/4/2021	33,100.00
082 Learning Analytics	25557	Northeast Texas Community College	GEER Funds Reporting Modernization Grant	11/1/2021	33,100.00
082 Learning Analytics	25560	Texarkana College	GEER Funds Reporting Modernization Grant	11/4/2021	33,100.00
082 Learning Analytics	25522	Texas State University	GEER Funds Reporting Modernization Grant	11/5/2021	25,000.00
082 Learning Analytics	25525	Austin Community College	GEER Funds Reporting Modernization Grant	11/4/2021	25,000.00
082 Learning Analytics	25543	Alamo Community College District	GEER Funds Reporting Modernization Grant	11/3/2021	25,000.00
082 Learning Analytics	25545	Dallas College	GEER Funds Reporting Modernization Grant	10/27/2021	25,000.00
082 Learning Analytics	25547	Hill College	GEER Funds Reporting Modernization Grant	10/27/2021	25,000.00
082 Learning Analytics	25566	Midwestern State University	GEER Funds Reporting Modernization Grant	11/3/2021	25,000.00
082 Learning Analytics	25574	Texas Southern University	GEER Funds Reporting Modernization Grant	11/3/2021	25,000.00
082 Learning Analytics	25582	University of Houston	GEER Funds Reporting Modernization Grant	11/17/2021	25,000.00
082 Learning Analytics	25548	Houston Community College System	GEER Funds Reporting Modernization Grant	11/1/2021	24,982.00
082 Learning Analytics	25556	North Central Texas Community College District	GEER Funds Reporting Modernization Grant	11/3/2021	10,550.00
082 Online Learning	24536	Houston Community College System	GEER Funds Open Education Resource	9/20/2021	57,400.00
082 Online Learning	24609	University of North Texas	GEER Funds Open Education Resource	10/11/2021	5,000.00
083D Data Infrastructure	25372	Workquest Temps	Temporary Personnel Deputy Director II	9/27/2021	181,828.80
083D Data Infrastructure	25428	Workquest Temps	Temporary Personnel Program Specialist III	9/13/2021	54,946.08
083I Data Infrastructure	25506	Microsoft Corporation	Cloud Security Project	10/2/2021	695,490.00
083I Data Infrastructure	25508	The Oxman Group LLC	Web Application Penetration Services	10/14/2021	98,000.00
091 Texas True	25645	Austin Community College	GEER Funds TRUE Institutional Capacity Grants	11/30/2021	2,000,000.00
091 Texas True	25701	Coastal Bend College	GEER Funds TRUE Institutional Capacity Grants	11/29/2021	842,871.00
091 Texas True	25718	Lamar State College-Orange	GEER Funds TRUE Institutional Capacity Grants	11/29/2021	781,000.00
091 Texas True	25642	Alamo Community College District	GEER Funds TRUE Institutional Capacity Grants	11/29/2021	500,000.00
091 Texas True	25643	Amarillo College	GEER Funds TRUE Institutional Capacity Grants	11/22/2021	500,000.00
091 Texas True	25644	Austin Community College	GEER Funds TRUE Institutional Capacity Grants	11/22/2021	500,000.00
091 Texas True	25652	Coastal Bend College	GEER Funds TRUE Institutional Capacity Grants	11/29/2021	500,000.00
091 Texas True	25706	Del Mar College	GEER Funds TRUE Institutional Capacity Grants	11/22/2021	500,000.00
091 Texas True	25759	Odessa College	GEER Funds TRUE Institutional Capacity Grants	11/30/2021	500,000.00
091 Texas True	25775	Trinity Valley Community College	GEER Funds TRUE Institutional Capacity Grants	11/30/2021	500,000.00
091 Texas True	25770	Temple College	GEER Funds TRUE Institutional Capacity Grants	11/30/2021	498,384.00
091 Texas True	25648	Central Texas College	GEER Funds TRUE Institutional Capacity Grants	11/22/2021	269,396.00
091 Texas True	25769	Southwest Texas Junior College	GEER Funds TRUE Institutional Capacity Grants	11/30/2021	250,000.00
091 Texas True	25647	Brazosport College	GEER Funds TRUE Institutional Capacity Grants	11/29/2021	216,750.00
091 Texas True	25764	Paris Junior College	GEER Funds TRUE Institutional Capacity Grants	11/30/2021	162,205.00
091 Texas True	25772	Texas State Technical College System	GEER Funds TRUE Institutional Capacity Grants	11/30/2021	129,987.00
120 Student Success	25493	Insco Distributing Inc	Texas Working Off-Campus Grant	10/12/2021	38,400.00
120 Student Success	25491	Arisma Group LLC dba Cendien	Texas Working Off-Campus Grant	10/18/2021	11,520.00
120 Student Success	25475	University of North Texas	The Work-Study Student Mentorship Program	9/23/2021	458,116.42
120 Student Success	25473	Dallas College	The Work-Study Student Mentorship Program	9/23/2021	149,199.00
120 Student Success	25473	Lone Star College System	The Work-Study Student Mentorship Program	9/23/2021	137,296.00
120 Student Success	25473	Houston Community College System	The Work-Study Student Mentorship Program	9/23/2021	129,464.00
120 Student Success	25475	The University of Texas at San Antonio	The Work-Study Student Mentorship Program	9/23/2021	115,623.00
120 Student Success	25475	The University of Texas at Austin	The Work-Study Student Mentorship Program	9/23/2021	104,667.00
120 Student Success	25473	Tarrant County College District	The Work-Study Student Mentorship Program	9/23/2021	101,525.00
120 Student Success	25473	South Texas College	The Work-Study Student Mentorship Program	9/23/2021	84,699.00
120 Student Success	25475	Sam Houston State University	The Work-Study Student Mentorship Program	9/23/2021	74,634.00
120 Student Success	25473	El Paso County Community College District	The Work-Study Student Mentorship Program	9/23/2021	68,607.00
120 Student Success	25473	San Jacinto College District	The Work-Study Student Mentorship Program	9/23/2021	61,119.00
120 Student Success	25475	The University of Texas at El Paso	The Work-Study Student Mentorship Program	9/23/2021	50,311.42
120 Student Success	25475	Tarleton State University	The Work-Study Student Mentorship Program	9/23/2021	46,357.00
120 Student Success	25475	Texas State Technical College-Waco	The Work-Study Student Mentorship Program	9/23/2021	39,596.00
120 Student Success	25473	Del Mar College	The Work-Study Student Mentorship Program	9/23/2021	28,132.00
120 Student Success	25475	Texas A&M University-San Antonio	The Work-Study Student Mentorship Program	9/23/2021	26,928.00

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total \$
120 Student Success	25473	Laredo Community College	The Work-Study Student Mentorship Program	9/23/2021	25,662.00
120 Student Success	25473	McLennan Community College	The Work-Study Student Mentorship Program	9/23/2021	25,241.00
120 Student Success	25473	Central Texas College	The Work-Study Student Mentorship Program	9/23/2021	20,619.00
120 Student Success	25473	Texas Southmost College	The Work-Study Student Mentorship Program	9/23/2021	20,369.00
120 Student Success	25473	Amarillo College	The Work-Study Student Mentorship Program	9/23/2021	19,760.00
120 Student Success	25473	Southwest Texas Junior College	The Work-Study Student Mentorship Program	9/23/2021	16,756.00
120 Student Success	25474	Our Lady of The Lake University of San Antonio	The Work-Study Student Mentorship Program	9/23/2021	15,490.00
120 Student Success	25473	Temple College	The Work-Study Student Mentorship Program	9/23/2021	13,853.00
120 Student Success	25474	St. Mary's University of San Antonio	The Work-Study Student Mentorship Program	9/23/2021	12,254.00
120 Student Success	25474	St. Edwards University	The Work-Study Student Mentorship Program	9/23/2021	11,771.00
120 Student Success	25474	Texas Christian University	The Work-Study Student Mentorship Program	9/23/2021	11,325.00
120 Student Success	25473	Paris Junior College	The Work-Study Student Mentorship Program	9/23/2021	10,642.00
120 Student Success	25473	Northeast Texas Community College	The Work-Study Student Mentorship Program	9/23/2021	10,197.00
120 Student Success	25473	Coastal Bend College	The Work-Study Student Mentorship Program	9/23/2021	9,745.00
120 Student Success	25473	Grayson College	The Work-Study Student Mentorship Program	9/23/2021	9,569.00
120 Student Success	25474	Texas Wesleyan University	The Work-Study Student Mentorship Program	9/23/2021	7,362.00
120 Student Success	25473	Brazosport College	The Work-Study Student Mentorship Program	9/23/2021	6,540.00
120 Student Success	25474	Huston-Tillotson University	The Work-Study Student Mentorship Program	9/23/2021	5,600.00
120 Student Success	25474	Texas Lutheran University	The Work-Study Student Mentorship Program	9/23/2021	5,593.00
120 Student Success	25474	Southwestern Assemblies of God University	The Work-Study Student Mentorship Program	9/23/2021	5,474.00
120 Student Success	25474	Texas College	The Work-Study Student Mentorship Program	9/23/2021	4,741.00
120 Student Success	25474	Jarvis Christian College	The Work-Study Student Mentorship Program	9/23/2021	4,546.00
120 Student Success	25474	Southwestern Adventist University	The Work-Study Student Mentorship Program	9/23/2021	2,050.00
120 Student Success	25399	The University of Texas at Austin	UT Austin Male Leadership Summit Grant	11/18/2021	5,000.00
201 Data Management and Research	25429	Carahsoft Technology Corp	Qualtrics Research Licenses	9/17/2021	57,422.91
201 Information Solutions and Services	25459	Insight Public Sector Inc	Adobe Acrobat Pro DC and Creative Cloud Licenses	10/18/2021	26,100.12
201 Information Solutions and Services	25470	Mura Software Inc	Basic Subscription Support	9/28/2021	16,800.00
201 Information Solutions and Services	24939	Ricoh USA Inc	Managed Print Services	10/8/2021	69,300.00
201 Information Solutions and Services	25433	KTX System LLC DBA Axerion USA	Software License and Support Maintenance	9/30/2021	44,740.00
201 Facilities and Support Services	25292	Texas State Library & Archives Commission	Records Storage and Imaging Services	11/5/2021	23,000.00
083C Data Infrastructure	25830	Girling Kelly Design Group LLC DBA Artefact	Human-Centered Research and Experience Design	11/9/2021	927,307.00
201 Academic Health and Affairs	25357	The University of Texas System	Texas Child Mental Health Care Consortium	10/15/2021	1,200,000.00
203 Information Solutions & Services	25828	Shi Government Solutions Inc	Renewal Siteimprove Web Governance Suite Software License	11/10/2021	20,948.00
317 Perkins-AQ&W Admin	24994	Houston Community College System	Perkins Basic Grant	9/23/2021	2,179,164.00
317 Perkins-AQ&W Admin	25016	South Texas College	Perkins Basic Grant	9/15/2021	2,163,618.00
317 Perkins-AQ&W Admin	25004	Lone Star College System	Perkins Basic Grant	9/15/2021	1,120,522.00
317 Perkins-AQ&W Admin	25014	San Jacinto College District	Perkins Basic Grant	9/15/2021	1,043,944.00
317 Perkins-AQ&W Admin	25018	Tarrant County College District	Perkins Basic Grant	9/14/2021	995,549.00
317 Perkins-AQ&W Admin	25001	Lee College	Perkins Basic Grant	9/9/2021	659,628.00
317 Perkins-AQ&W Admin	25005	McLennan Community College	Perkins Basic Grant	9/9/2021	614,112.00
317 Perkins-AQ&W Admin	25000	Laredo Community College	Perkins Basic Grant	9/22/2021	534,715.00
317 Perkins-AQ&W Admin	24997	Lamar Institute of Technology	Perkins Basic Grant	9/14/2021	517,502.00
317 Perkins-AQ&W Admin	25023	Texarkana College	Perkins Basic Grant	9/14/2021	398,953.00
317 Perkins-AQ&W Admin	25007	Navarro College	Perkins Basic Grant	9/9/2021	336,042.00
317 Perkins-AQ&W Admin	25010	Odessa College	Perkins Basic Grant	9/14/2021	331,920.00
317 Perkins-AQ&W Admin	25017	Southwest Texas Junior College	Perkins Basic Grant	9/14/2021	272,524.00
317 Perkins-AQ&W Admin	25032	Vernon College	Perkins Basic Grant	9/9/2021	268,797.00
317 Perkins-AQ&W Admin	25012	Paris Junior College	Perkins Basic Grant	9/21/2021	268,342.00
317 Perkins-AQ&W Admin	24998	Lamar State College-Orange	Perkins Basic Grant	9/14/2021	260,463.00
317 Perkins-AQ&W Admin	25025	Texas Southmost College	Perkins Basic Grant	9/14/2021	235,129.00
317 Perkins-AQ&W Admin	25009	Northeast Texas Community College	Perkins Basic Grant	9/28/2021	208,159.00
317 Perkins-AQ&W Admin	25006	Midland College	Perkins Basic Grant	9/9/2021	168,036.00
317 Perkins-AQ&W Admin	24995	Howard College	Perkins Basic Grant	9/14/2021	163,702.00
317 Perkins-AQ&W Admin	24993	Hill College	Perkins Basic Grant	9/22/2021	142,368.00
317 Perkins-AQ&W Admin	24990	Frank Phillips College	Perkins Basic Grant	9/15/2021	82,639.00
317 Perkins-AQ&W Admin	25037	Western Texas College	Perkins Basic Grant	9/9/2021	50,000.00
317 Perkins-AQ&W Admin	25222	Temple College	Perkins Leadership Grant	9/9/2021	75,500.00
317 Perkins-AQ&W Admin	25201	Texas Education Agency	TEA Perkins Application	10/8/2021	3,516,748.00
201 Facilities and Support Services	25311	1200 Anderson Partners LP	Office Space Rental	10/1/2021	1,731,085.68
510 SFAP - Student Loan Admin	25539	Workquest Temps	Temporary Personnel Customer Serv Rep III	10/7/2021	35,347.20
510 SFAP - Student Loan Admin	25541	Workquest Temps	Temporary Personnel Customer Serv Rep III	10/7/2021	35,347.20
510 SFAP - Student Loan Admin	25540	Workquest Temps	Temporary Personnel Customer Service Rep III	10/7/2021	35,347.20

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total \$
515G FAS	25250	University of North Texas	Bilingual Education Program	9/27/2021	104,464.00
515G FAS	25250	University of North Texas at Dallas	Bilingual Education Program	9/27/2021	104,464.00
515G FAS	25250	Texas Woman's University	Bilingual Education Program	9/27/2021	104,464.00
515G FAS	25250	The University of Texas at Dallas	Bilingual Education Program	9/27/2021	104,464.00
515G FAS	25250	The University of Texas at Arlington	Bilingual Education Program	9/27/2021	104,464.00
515G FAS	25250	Texas A&M University-Commerce	Bilingual Education Program	9/27/2021	104,464.00
515G FAS	25250	Texas Tech University	Bilingual Education Program	9/27/2021	104,464.00
515G FAS	25079	Angelo State University	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Sam Houston State University	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Tarleton State University	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas A&M International University	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas A&M University	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas A&M University - Central Texas	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas A&M University-Corpus Christi	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas A&M University-Kingsville	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas A&M University-Texarkana	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas A&M University-San Antonio	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas Southern University	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	The University of Texas at Arlington	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	The University of Texas at Dallas	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	The University of Texas at San Antonio	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	The University of Texas at Permian Basin	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	University of Houston -Clear Lake	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	University of Houston -Victoria	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	University of North Texas	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	University of North Texas at Dallas	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	University of Texas Rio Grande Valley	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	Texas Woman's University	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25079	University of Houston	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Alvin Community College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Angelina College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Cisco College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Clarendon College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Grayson College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Howard College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Lone Star College System	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	McLennan Community College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Alamo Community College District (Northeast Lakeview College)	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Northeast Texas Community College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Northwest Vista College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Odessa College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Palo Alto College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Paris Junior College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Ranger College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	San Antonio College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	St. Philip's College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	South Plains College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	South Texas College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Tarrant County College District	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Trinity Valley Community College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Victoria College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25249	Dallas College	Educational Aide Exemption Program	9/27/2021	10,702.00
515G FAS	25597	Girl Scouts of San Jacinto Council	License Plate Insignia Scholarship	11/16/2021	2,100.00
515G FAS	25256	University of Houston	Texas College Work-Study Program	9/27/2021	253,698.00
515G FAS	25259	Dallas College	Texas College Work-Study Program	9/27/2021	248,108.00
515G FAS	25256	University of Texas Rio Grande Valley	Texas College Work-Study Program	9/27/2021	241,090.00
515G FAS	25259	Lone Star College System	Texas College Work-Study Program	9/27/2021	228,315.00
515G FAS	25256	The University of Texas at Arlington	Texas College Work-Study Program	9/27/2021	225,937.00
515G FAS	25256	University of North Texas	Texas College Work-Study Program	9/27/2021	220,983.00
515G FAS	25259	Houston Community College System	Texas College Work-Study Program	9/27/2021	215,289.00
515G FAS	25256	Texas A&M University	Texas College Work-Study Program	9/27/2021	211,691.00
515G FAS	25256	Texas State University	Texas College Work-Study Program	9/27/2021	209,710.00

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total \$
515G FAS	25256	The University of Texas at San Antonio	Texas College Work-Study Program	9/27/2021	192,273.00
515G FAS	25256	The University of Texas at Austin	Texas College Work-Study Program	9/27/2021	174,054.00
515G FAS	25256	The University of Texas at El Paso	Texas College Work-Study Program	9/27/2021	170,623.00
515G FAS	25259	Tarrant County College District	Texas College Work-Study Program	9/27/2021	168,829.00
515G FAS	25256	Texas Tech University	Texas College Work-Study Program	9/27/2021	153,020.00
515G FAS	25259	South Texas College	Texas College Work-Study Program	9/27/2021	140,849.00
515G FAS	25256	Sam Houston State University	Texas College Work-Study Program	9/27/2021	124,111.00
515G FAS	25259	Austin Community College	Texas College Work-Study Program	9/27/2021	115,883.00
515G FAS	25259	El Paso County Community College District	Texas College Work-Study Program	9/27/2021	114,089.00
515G FAS	25256	The University of Texas at Dallas	Texas College Work-Study Program	9/27/2021	110,471.00
515G FAS	25256	University of Houston-Downtown	Texas College Work-Study Program	9/27/2021	105,757.00
515G FAS	25259	San Jacinto College District	Texas College Work-Study Program	9/27/2021	101,637.00
515G FAS	25256	Lamar University	Texas College Work-Study Program	9/27/2021	90,552.00
515G FAS	25256	Texas Woman's University	Texas College Work-Study Program	9/27/2021	86,276.00
515G FAS	25259	San Antonio College	Texas College Work-Study Program	9/27/2021	82,803.00
515G FAS	25259	Collin County Community College District	Texas College Work-Study Program	9/27/2021	77,777.00
515G FAS	25256	Tarleton State University	Texas College Work-Study Program	9/27/2021	77,088.00
515G FAS	25256	Texas Southern University	Texas College Work-Study Program	9/27/2021	71,353.00
515G FAS	25256	Stephen F. Austin State University	Texas College Work-Study Program	9/27/2021	70,873.00
515G FAS	25259	Blinn College	Texas College Work-Study Program	9/27/2021	70,487.00
515G FAS	25256	Texas A&M International University	Texas College Work-Study Program	9/27/2021	69,913.00
515G FAS	25256	Prairie View A&M University	Texas College Work-Study Program	9/27/2021	69,037.00
515G FAS	25256	Texas A&M University-Commerce	Texas College Work-Study Program	9/27/2021	68,610.00
515G FAS	25256	Texas State Technical College-Waco	Texas College Work-Study Program	9/27/2021	65,846.00
515G FAS	25256	Texas A&M University-Corpus Christi	Texas College Work-Study Program	9/27/2021	64,563.00
515G FAS	25259	Northwest Vista College	Texas College Work-Study Program	9/27/2021	63,959.00
515G FAS	25259	Tyler Junior College	Texas College Work-Study Program	9/27/2021	60,986.00
515G FAS	25256	University of Houston -Clear Lake	Texas College Work-Study Program	9/27/2021	51,590.00
515G FAS	25256	Angelo State University	Texas College Work-Study Program	9/27/2021	50,881.00
515G FAS	25256	The University of Texas at Tyler	Texas College Work-Study Program	9/27/2021	50,547.00
515G FAS	25251	Baylor University	Texas College Work-Study Program	9/27/2021	47,679.00
515G FAS	25259	Del Mar College	Texas College Work-Study Program	9/27/2021	46,783.00
515G FAS	25256	West Texas A&M University	Texas College Work-Study Program	9/27/2021	44,905.00
515G FAS	25256	Texas A&M University-San Antonio	Texas College Work-Study Program	9/27/2021	44,780.00
515G FAS	25256	Texas A&M University-Kingsville	Texas College Work-Study Program	9/27/2021	44,217.00
515G FAS	25259	Laredo Community College	Texas College Work-Study Program	9/27/2021	42,674.00
515G FAS	25259	McLennan Community College	Texas College Work-Study Program	9/27/2021	41,975.00
515G FAS	25259	Palo Alto College	Texas College Work-Study Program	9/27/2021	38,022.00
515G FAS	25259	Lee College	Texas College Work-Study Program	9/27/2021	36,489.00
515G FAS	25259	St. Philip's College	Texas College Work-Study Program	9/27/2021	35,019.00
515G FAS	25259	Central Texas College	Texas College Work-Study Program	9/27/2021	34,289.00
515G FAS	25256	University of North Texas at Dallas	Texas College Work-Study Program	9/27/2021	33,934.00
515G FAS	25259	Texas Southmost College	Texas College Work-Study Program	9/27/2021	33,872.00
515G FAS	25259	Navarro College	Texas College Work-Study Program	9/27/2021	33,663.00
515G FAS	25256	Midwestern State University	Texas College Work-Study Program	9/27/2021	33,403.00
515G FAS	25259	North Central Texas Community College District	Texas College Work-Study Program	9/27/2021	33,309.00
515G FAS	25256	University of Houston -Victoria	Texas College Work-Study Program	9/27/2021	28,032.00
515G FAS	25259	Southwest Texas Junior College	Texas College Work-Study Program	9/27/2021	27,865.00
515G FAS	25259	Wharton County Junior College	Texas College Work-Study Program	9/27/2021	26,541.00
515G FAS	25259	Kilgore College	Texas College Work-Study Program	9/27/2021	26,415.00
515G FAS	25251	Our Lady of The Lake University of San Antonio	Texas College Work-Study Program	9/27/2021	25,758.00
515G FAS	25259	Trinity Valley Community College	Texas College Work-Study Program	9/27/2021	24,403.00
515G FAS	25251	University of Mary Hardin-Baylor	Texas College Work-Study Program	9/27/2021	24,371.00
515G FAS	25256	The University of Texas Health Science Center at San Antonio	Texas College Work-Study Program	9/27/2021	23,975.00
515G FAS	25251	Houston Baptist University	Texas College Work-Study Program	9/27/2021	23,433.00
515G FAS	25259	Temple College	Texas College Work-Study Program	9/27/2021	23,036.00
515G FAS	25256	The University of Texas at Permian Basin	Texas College Work-Study Program	9/27/2021	22,546.00
515G FAS	25259	Alamo Community College District (Northeast Lakeview College)	Texas College Work-Study Program	9/27/2021	21,629.00
515G FAS	25259	Angelina College	Texas College Work-Study Program	9/27/2021	21,191.00
515G FAS	25251	St. Mary's University of San Antonio	Texas College Work-Study Program	9/27/2021	20,377.00
515G FAS	25251	Wayland Baptist University	Texas College Work-Study Program	9/27/2021	19,866.00
515G FAS	25251	St. Edward's University	Texas College Work-Study Program	9/27/2021	19,574.00

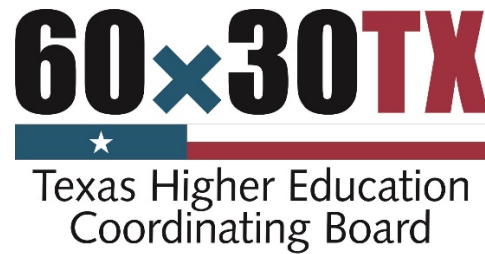
Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total \$
515G FAS	25251	Southern Methodist University	Texas College Work-Study Program	9/27/2021	19,094.00
515G FAS	25256	Texas A&M Health Science Center	Texas College Work-Study Program	9/27/2021	18,239.00
515G FAS	25259	Paris Junior College	Texas College Work-Study Program	9/27/2021	17,697.00
515G FAS	25251	University of St Thomas	Texas College Work-Study Program	9/27/2021	17,290.00
515G FAS	25259	Odessa College	Texas College Work-Study Program	9/27/2021	17,134.00
515G FAS	25259	Northeast Texas Community College	Texas College Work-Study Program	9/27/2021	16,957.00
515G FAS	25256	Sul Ross State University	Texas College Work-Study Program	9/27/2021	16,456.00
515G FAS	25256	Lamar Institute of Technology	Texas College Work-Study Program	9/27/2021	16,216.00
515G FAS	25259	Coastal Bend College	Texas College Work-Study Program	9/27/2021	16,206.00
515G FAS	25251	Abilene Christian University	Texas College Work-Study Program	9/27/2021	15,914.00
515G FAS	25259	Grayson College	Texas College Work-Study Program	9/27/2021	15,914.00
515G FAS	25251	Dallas Baptist University	Texas College Work-Study Program	9/27/2021	15,069.00
515G FAS	25259	Hill College	Texas College Work-Study Program	9/27/2021	14,787.00
515G FAS	25259	Alvin Community College	Texas College Work-Study Program	9/27/2021	14,558.00
515G FAS	25259	Vernon College	Texas College Work-Study Program	9/27/2021	14,235.00
515G FAS	25259	Howard College	Texas College Work-Study Program	9/27/2021	13,849.00
515G FAS	25256	Lamar State College-Port Arthur	Texas College Work-Study Program	9/27/2021	13,630.00
515G FAS	25251	Hardin-Simmons University	Texas College Work-Study Program	9/27/2021	13,307.00
515G FAS	25251	Texas Wesleyan University	Texas College Work-Study Program	9/27/2021	12,243.00
515G FAS	25259	Brazosport College	Texas College Work-Study Program	9/27/2021	10,877.00
515G FAS	25259	Midland College	Texas College Work-Study Program	9/27/2021	10,856.00
515G FAS	25256	Lamar State College-Orange	Texas College Work-Study Program	9/27/2021	10,512.00
515G FAS	25259	Galveston College	Texas College Work-Study Program	9/27/2021	9,917.00
515G FAS	25251	Letourneau University	Texas College Work-Study Program	9/27/2021	9,333.00
515G FAS	25251	Huston-Tillotson University	Texas College Work-Study Program	9/27/2021	9,312.00
515G FAS	25251	Texas Lutheran University	Texas College Work-Study Program	9/27/2021	9,302.00
515G FAS	25251	Southwestern Assemblies of God University	Texas College Work-Study Program	9/27/2021	9,104.00
515G FAS	25251	Lubbock Christian University	Texas College Work-Study Program	9/27/2021	8,895.00
515G FAS	25251	East Texas Baptist University	Texas College Work-Study Program	9/27/2021	8,269.00
515G FAS	25251	Texas College	Texas College Work-Study Program	9/27/2021	7,884.00
515G FAS	25251	Jarvis Christian College	Texas College Work-Study Program	9/27/2021	7,560.00
515G FAS	25251	South Texas College of Law	Texas College Work-Study Program	9/27/2021	7,393.00
515G FAS	25251	Austin College	Texas College Work-Study Program	9/27/2021	6,444.00
515G FAS	25256	Texas A&M University at Galveston	Texas College Work-Study Program	9/27/2021	5,944.00
515G FAS	25259	Clarendon College	Texas College Work-Study Program	9/27/2021	5,579.00
515G FAS	25251	Southwestern Adventist University	Texas College Work-Study Program	9/27/2021	3,410.00
515G FAS	25251	Wiley College	Texas College Work-Study Program	9/27/2021	3,378.00
515G FAS	25251	Jacksonville College	Texas College Work-Study Program	9/27/2021	2,356.00
515G FAS	25251	Southwestern Christian College	Texas College Work-Study Program	9/27/2021	761.00

95,575,036.28

Memorandum of Understanding (\$0 Contract Amount)

515G FAS	24929	Schreiner University	Financial Aid Program Participation Agreement	9/13/2021	0.00
515G FAS	24934	Southwestern Christian College	Financial Aid Program Participation Agreement	9/13/2021	0.00
515G FAS	25073	Region XIX-Edu Service Center	Financial Aid Program Participation Agreement	9/28/2021	0.00
515G FAS	25076	Region XX-Edu Service Center	Financial Aid Program Participation Agreement	9/15/2021	0.00
515G FAS	25077	Region I-Edu Service Center	Financial Aid Program Participation Agreement	9/20/2021	0.00
515G FAS	25080	Region XI-Edu Service Center	Financial Aid Program Participation Agreement	9/29/2021	0.00
515G FAS	25085	Houston ISD	Financial Aid Program Participation Agreement	9/29/2021	0.00
515G FAS	25128	Girl Scouts of San Jacinto Council	Financial Aid Program Participation Agreement	9/20/2021	0.00
515G FAS	25129	Houston Livestock Show & Rodeo	Financial Aid Program Participation Agreement	9/27/2021	0.00
515G FAS	25130	Mothers Against Drunk Driving	Financial Aid Program Participation Agreement	10/8/2021	0.00
515G FAS	25131	Texas Cotton Producers, Inc.	Financial Aid Program Participation Agreement	9/20/2021	0.00
515G FAS	25132	Texas Section American Water Assoc	Financial Aid Program Participation Agreement	9/20/2021	0.00
515G FAS	25133	Capitol Area Council-Boy Scouts of America	Financial Aid Program Participation Agreement	9/20/2021	0.00
515G FAS	25134	Lone Star State Ques of Omega Psi Phi Fraternity Inc	Financial Aid Program Participation Agreement	9/20/2021	0.00
515G FAS	25352	Region IV Education Service CTR	Financial Aid Program Participation Agreement	9/27/2021	0.00



Texas Higher Education Coordinating Board

Contracts Executed by the Agency Over \$1 Million

September 9, 2021 – November 30, 2021

Contracts Executed by the Agency Over \$1 Million

Division Unit	Contract #	Performing Agent	Description	Active Date	Total \$
065 Funding	25463	Baylor College of Medicine	Graduate Medical Education	9/20/2021	8,423,496.00
065 Funding	25306	Baylor College of Medicine	Permanent Endowment Fund	9/20/2021	1,425,000.00
065 Funding	25307	Baylor College of Medicine	Permanent Health Fund	9/20/2021	1,914,193.00
065 Funding	25366	Baylor College of Medicine	Undergraduate Medical Education	9/20/2021	39,613,434.00
070 Academic and Health Affairs	25244	Joint Admission Medical Program Council	Joint Admission Medical Program	9/13/2021	9,696,794.00
091 Texas True	25645	Austin Community College	GEER Funds TRUE Institutional Capacity Grants	11/30/2021	2,000,000.00
201 Academic Health and Affairs	25357	The University of Texas System	Texas Child Mental Health Care Consortium	10/15/2021	1,200,000.00
201 Facilities and Support Services	25311	1200 Anderson Partners LP	Office Space Rental	10/1/2021	1,731,085.68
317 Perkins-AQ&W Admin	24994	Houston Community College System	Perkins Basic Grant	9/23/2021	2,179,164.00
317 Perkins-AQ&W Admin	25016	South Texas College	Perkins Basic Grant	9/15/2021	2,163,618.00
317 Perkins-AQ&W Admin	25004	Lone Star College System	Perkins Basic Grant	9/15/2021	1,120,522.00
317 Perkins-AQ&W Admin	25014	San Jacinto College District	Perkins Basic Grant	9/15/2021	1,043,944.00
317 Perkins-AQ&W Admin	25201	Texas Education Agency	TEA Perkins Application	10/8/2021	3,516,748.00
					76,027,998.68

Agency Operations Committee

AGENDA ITEM VI-A

Review of the "Fiscal Year 2022 Financial Report" to the Board

RECOMMENDATION: No action required

Background Information:

During each quarterly committee meeting, the Finance Department provides a financial report summarizing the agency's fiscal-year-to-date budgetary and financial activities. This is a financial management report that is developed for both agency and Board use. Staff may revise this report periodically to present the most relevant information.

Key points:

- This report reflects data through the third quarter of Fiscal Year 2022 (FY 22).
 - September 1, 2021, through November 1, 2021
- The report is distributed to agency executive management monthly.
- Report overview:
 - Budget adjustments are primarily related to carrying forward of unexpended balances from FY 21 into FY 22.
 - College Access Loan borrower level volume is about 8% lower than the previous year's level.
 - One bond sale is planned for July 2022 for new money bonds to fund student loans during the 2022-2023 academic year. Approximately \$150 million of new money bond proceeds are anticipated.
 - This report reflects the new strategy structure as outlined in the General Appropriations Act from the 87th legislature.

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

Agency Operations Committee

AGENDA ITEM VII-A

Discussion of "An Audit Report on the Distribution of the National Research University Fund" issued in November 2021 by the Texas State Auditor's Office

RECOMMENDATION: No action required

Background Information:

The Texas State Auditor's Office issued a report on the distribution of the National Research University Fund in November 2021. This report indicated that the State Auditor's Office obtained reasonable assurance that information The University of Texas at Arlington reported to the Texas Higher Education Coordinating Board (Coordinating Board) met the eligibility requirements for receiving National Research University Fund appropriations. The State Auditor's Office tested the university's compliance with statutory and Coordinating Board requirements as they existed during fiscal years 2019 and 2020.

The state auditors determined that the Coordinating Board had processes for collecting information from higher education institutions to determine whether they met the eligibility requirements to receive funds from the National Research University Fund. However, opportunities exist for the Coordinating Board to strengthen its eligibility determination and reporting process. The Coordinating Board did not always ensure that its National Research University Fund eligibility analysis used the most current data that the university submitted.

The Coordinating Board's management response and corrective action are incorporated into the final report, which is attached for reference.

Representatives from the Texas State Auditor's Office will present this item and be available for questions.



Lisa R. Collier, CPA, CFE, CIDA
State Auditor

An Audit Report on
**The Distribution of the National
Research University Fund**

November 2021
Report No. 22-007



An Audit Report on

The Distribution of the National Research University Fund

SAO Report No. 22-007
November 2021

Overall Conclusion

The State Auditor's Office obtained reasonable assurance that information The University of Texas at Arlington (University) reported to the Higher Education Coordinating Board (Coordinating Board) met the eligibility requirements for receiving National Research University Fund appropriations (see text box for background information). Auditors tested the University's compliance with the statutory and Coordinating Board requirements as they existed during fiscal years 2019 and 2020 (see Appendix 4 for details on the requirements).

Additionally, the Coordinating Board had processes for collecting information from higher education institutions to determine whether they met the eligibility requirements to receive funds from the National Research University Fund. However, opportunities exist for the Coordinating Board to strengthen its eligibility determination and reporting process.

Although the University met the eligibility requirements, auditors identified controls that the University should improve. Specifically:

- The University should strengthen its process for reviewing and approving expenditures of restricted research funds.
- The University should improve its documentation of restricted research awards.

Table 1 on the next page presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Background Information

The Texas Constitution, Article 7, Section 20, established the National Research University Fund to provide eligible higher education institutions with funds to support increased research capacity.

The Higher Education Coordinating Board (Coordinating Board) establishes the criteria for eligibility to receive those funds. Each fiscal year, the Coordinating Board is required to provide certification to the Legislature and the Office of the Comptroller of Public Accounts that it has verified information regarding higher education institutions' eligibility to receive National Research University Fund appropriations.

Texas Education Code, Section 62.146(c), specifies that both the information higher education institutions report to the Coordinating Board and the Coordinating Board's certifications are subject to a mandatory audit by the State Auditor's Office.

Table 1

Summary of Chapter/Subchapters and Related Issue Ratings		
Chapter/ Subchapter	Title	Issue Rating ^a
1-A	The University Met the Eligibility Requirements to Receive a Distribution from the National Research University Fund	Low
1-B	The University Should Strengthen Controls Over Restricted Research Expenditures	Medium
2	The Coordinating Board Had Processes for Determining a Higher Education Institution's Eligibility to Receive Funds from the National Research University Fund	Low
<p>^a A chapter/subchapter is rated Priority if the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.</p> <p>A chapter/subchapter is rated High if the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.</p> <p>A chapter/subchapter is rated Medium if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.</p> <p>A chapter/subchapter is rated Low if the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.</p>		

Auditors communicated other, less significant issues separately in writing to University management.

Summary of Management's Response

At the end of each chapter in this report, auditors made recommendations to address the issues identified during this audit. The University agreed with the recommendations in this report, and the Coordinating Board concurred with the recommendations.

Audit Objectives and Scope

The objectives of this audit were to:

- Audit all or a representative sample of the restricted research funds awarded to an eligible higher education institution and the higher education institution's expenditures of those funds to determine compliance with applicable requirements.
- Examine any other issues considered appropriate.

The scope included the University's National Research University Fund eligibility, as well as Coordinating Board processes, from September 1, 2018, through August 31, 2020. The scope also included a review of significant internal control components related to the University's restricted research funds awarded and expenditure of those funds.

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Detailed Results

Chapter 1

The University Reported Information to the Coordinating Board That Met the Eligibility Requirements to Receive a Distribution from the National Research University Fund

The University of Texas at Arlington (University) reported information to the Higher Education Coordinating Board (Coordinating Board) that met the eligibility requirements for receiving funds from the National Research University Fund. Although the University met the eligibility requirements, it should strengthen its controls over restricted research expenditures.

Chapter 1-A

The University Met the Eligibility Requirements to Receive a Distribution from the National Research University Fund

**Chapter 1-A
Rating:**

Low ¹

To be eligible to receive funds from the National Research University Fund, higher education institutions must meet certain eligibility requirements. The eligibility requirements for receiving a distribution from the National Research University Fund include:

- Designation as an emerging research university;
- Expending at least \$45 million in restricted research funds in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made; and
- Satisfying at least four of the following six criteria:
 - ♦ Having endowment funds of at least \$400 million in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made.
 - ♦ Awarding at least 200 doctor of philosophy degrees in each of the two academic years preceding the state fiscal year for which the appropriation is made.
 - ♦ Having an entering freshman class of high academic achievement in each of the two academic years preceding the state fiscal year for which the appropriation is made.
 - ♦ Being a member of a nationally recognized research or scholarly institution (such as the Association of Research Libraries or applicable honor societies).

¹ The risk related to the issues discussed in Chapter 1-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

- ♦ Having high-quality faculty in each of the two academic years preceding the state fiscal year for which the appropriation is made.
- ♦ Offering high-quality graduate education in each of the two academic years preceding the state fiscal year for which the appropriation is made.

The University reported to the Coordinating Board in fiscal year 2021 that it had met the eligibility requirements necessary. (See Appendix 4 for more information about the requirements.) Auditors tested and verified the University's compliance with the statutory and Coordinating Board requirements that were in effect during fiscal years 2019 and 2020.

Table 2 summarizes the University's compliance with eligibility criteria for the National Research University Fund.

Table 2

Summary of The University of Texas at Arlington's Compliance with Eligibility Criteria for the National Research University Fund		
Eligibility Criteria	Fiscal/Academic Year 2019	Fiscal/Academic Year 2020
Mandatory Criteria		
Designated as an Emerging Research University	Yes	Yes
Expended at Least \$45 Million in Restricted Research Expenditures	\$45,937,650 ^a	\$52,066,264 ^b
Optional Criteria		
Endowment Funds of at Least \$400 Million	Not Applicable ^c	Not Applicable ^c
Awarded at Least 200 Doctor of Philosophy Degrees	203	228
Freshman Class of High Academic Achievement	58.1 percent ^d	54.2 percent ^d
Memberships ^e	Phi Kappa Phi	Phi Kappa Phi
High-quality Faculty ^f	5 National Academy Members	6 National Academy Members
High-quality Graduate Education	Not Applicable ^g	Not Applicable ^g
^a The University reported \$46,008,457 in expenditures of restricted research funds to the Coordinating Board for fiscal year 2019. However, auditors identified \$70,807 in unallowable costs during testing. (See Chapter 1-B for details.) ^b The University reported \$52,086,621 in expenditures of restricted research funds to the Coordinating Board for fiscal year 2020. However, auditors identified \$20,357 in unallowable costs during testing. (See Chapter 1-B for details.) ^c The University did not meet this criterion; however, it met the requirements for other eligibility criteria. ^d The University met this criterion based on Title 19, Texas Administrative Code, Section 15.43(b)(3)(C)(i), which states that "at least 50 percent of the first-time entering freshman class students at the institution are in the top 25 percent of their high school class." The Coordinating Board reported 56 percent for academic year 2019 and 55 percent for academic year 2020. The difference is a result of the Coordinating Board not using revised data that the University submitted to it. (See Chapter 2 for details.) ^e A university must be designated as a member of the Association of Research Libraries, have a Phi Beta Kappa chapter, or be a member of Phi Kappa Phi, based on Title 19, Texas Administrative Code, Section 15.43(b)(3)(D). ^f The University met this criterion based on Title 19, Texas Administrative Code, Section 15.43(b)(3)(E)(i). ^g The University did not meet this criterion; however, it met the requirements of other eligibility criteria.		

The University Should Strengthen Controls Over Restricted Research Expenditures

**Chapter 1-B
Rating:**

Medium ²

The University had restricted research expenditures totaling more than \$45 million in each of fiscal years 2019 and 2020, as required by the Texas Education Code and the Coordinating Board for National Research University Fund eligibility. However, certain expenditures were unallowable under Coordinating Board guidance (see the text box for a list of such expenditures).

The University had policies and procedures in place regarding restricted research expenditures, and expenditures tested were reviewed and approved. However, that review and approval was not always effective in identifying unallowable costs.

The University should strengthen its process for reviewing and approving expenditures of restricted research funds.

Auditors tested a representative random sample of 60 non-payroll related expenditures designated as restricted research for both fiscal years and determined that:

- For fiscal year 2019, 3 (5 percent) non-payroll related expenditures tested were unallowable. Those 3 expenditures totaled \$1,401.
- For fiscal year 2020, 1 (2 percent) non-payroll related expenditure tested was unallowable. That expenditure totaled \$3,984.

Auditors also selected for testing a sample of non-payroll related expenditures based on risk and determined that:

- Of 42 expenditures tested for fiscal year 2019, 5 (12 percent) expenditures totaling \$69,406 were unallowable.
- Of the 55 expenditures tested for fiscal year 2020, 6 (11 percent) expenditures totaling \$16,373 were unallowable.

Additionally, auditors selected and tested a sample of 25 payroll-related expenditures for each of fiscal year 2019 and fiscal year 2020 and determined that those expenditures were allowable.

The University should improve its documentation of restricted research awards.

The University was unable to provide documentation to support that it had reported all restricted research awards to the Coordinating Board as required by the

Unallowable Restricted Research Expenditures

The Coordinating Board identifies certain types of expenditures that are not allowed to be recorded as restricted research expenditures. These include:

- Indirect costs.
- Capital construction.
- Costs associated with entertainment or any direct benefit, including costs for shows, sports events, meals, lodging, rentals, gratuities, or personal, non-research related travel.

Source: Coordinating Board.

² The risk related to the issues discussed in Chapter 1-B is rated as Medium because issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

Coordinating Board's Standards and Accounting Methods for Reporting Restricted Research Expenditures.

The Coordinating Board maintains a list of restricted research awards for which universities can report expenditures to qualify for a distribution from the National Research University Fund. However:

- For fiscal year 2019, auditors identified 13 awards, of 853 awards tested, that were not included on the Coordinating Board's list of restricted research awards. Those 13 awards had expenditures totaling \$79,048.
- For fiscal year 2020, auditors identified 27 awards, of 946 awards tested, that were not included on the Coordinating Board's list of restricted research awards. Those 27 awards had expenditures totaling \$475,321.

Although the University reported the unallowable expenditures listed above and could not verify that all awards were included on the Coordinating Board's list of restricted research awards, it still had at least \$45 million in restricted research expenditures for both fiscal year 2019 and fiscal year 2020.

Recommendations

The University should:

- Strengthen its review and approval processes to ensure that only allowable costs are charged to restricted research funds.
- Maintain adequate documentation to support that awards are on the Coordinating Board's list of approved restricted research awards.

Management's Response

- 1. Strengthen its review and approval processes to ensure that only allowable costs are charged to restricted research funds.***

Management Response

UTA agrees with the SAO findings and recommendation for improvement. UTA will continue to strengthen controls to identify unallowable costs to the THECB SAM requirements. Controls will include periodic monitoring to identify and review entertainment related charges on restricted research cost centers.

Responsible Party: Director of Grant and Contract Services

- 2. Maintain adequate documentation to support that awards are on the Coordinating Board's list of approved restricted research awards.***

Management Response

UTA agrees with the SAO findings and recommendation for improvement. UTA will strengthen controls ensuring any qualified expenditures in a FY are included within the THECB transparency meeting review of that FY or in the subsequent year. A new approach for completing the THECB transparency based on cost centers with any FY expenditures in the FY will be implemented.

Responsible Party: Director of Grant and Contract Services

The Coordinating Board Had Processes for Determining a Higher Education Institution's Eligibility to Receive Funds from the National Research University Fund

**Chapter 2
Rating:**
Low ³

The Coordinating Board had processes for collecting and analyzing information from higher education institutions to determine whether they met the eligibility requirements to receive funds from the National Research University Fund. However, opportunities exist for it to improve its processes for determining eligibility.

The Coordinating Board did not always ensure that its National Research University Fund eligibility analysis used the most current data that the University submitted.

For fiscal years 2019 and 2020, the University sent to the Coordinating Board multiple sets of student data used to calculate the Freshman Class of High Academic Achievement portion of the eligibility report. Specifically, the data was used to determine whether at least 50 percent of the first-time entering freshman class students at the University were in the top 25 percent of their high school class. When preparing the report, the Coordinating Board did not use the most recently submitted set of student data, resulting in the University reporting incorrectly calculated percentages. Specifically:

- For fiscal year 2019, the Coordinating Board based its eligibility report on the conclusion that 56 percent of the freshman class were in the top 25 percent of their high school class, versus 58 percent based on the University's most recently reported data at the time.
- For fiscal year 2020, the Coordinating Board based its eligibility report on the conclusion that 55 percent of the freshman class were in the top 25 percent of their high school class, versus 54 percent based on the University's most recently reported data at the time.

While the discrepancies did not prevent the Coordinating Board from correctly determining that the University was eligible for the distribution of the National Research University Fund, the discrepancies did result in the Coordinating Board presenting incorrect information in the eligibility report.

³ The risk related to the issues discussed in Chapter 2 is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

Recommendation

In its annual analysis and report on institutional eligibility for National Research University Fund distributions, the Coordinating Board should incorporate the most current information that higher education institutions submit to it.

Management's Response

THECB concurs with the recommendation to incorporate the most current information that higher education institutions submit to it.

To implement the recommendation, THECB staff will annually verify information compiled the previous year, for criteria that require two consecutive years of data. Collection instruments will use a control requirement for each criterion, which documents the date of the data collected, with the requirement that all data be collected again/verified in each fiscal year.

Implementation Date: 1/1/2022

Responsible Person: Assistant Commissioner, Academic and Health Affairs

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Audit all or a representative sample of the restricted research funds awarded to an eligible higher education institution and the higher education institution's expenditures of those funds to determine compliance with applicable requirements.
- Examine any other issues considered appropriate.

Scope

The scope of this audit covered The University of Texas at Arlington's (University) National Research University Fund eligibility, as well as Higher Education Coordinating Board (Coordinating Board) processes, from September 1, 2018, to August 31, 2020. The scope also included a review of significant internal control components related to the University's restricted research funds awarded and expenditure of those funds (see Appendix 3 for more information about internal control components).

Methodology

The audit methodology included interviewing University personnel regarding the information reported for National Research University Fund eligibility; analyzing documentation related to eligibility requirements; and reviewing documentation related to restricted research awards and restricted research expenditures.

Auditors also reviewed Coordinating Board processes to verify the validity, accuracy, and completeness of information that higher education institutions self-reported.

Data Reliability and Completeness

Auditors determined the reliability of data by (1) interviewing University management about the data; (2) reviewing data for validity and completeness; and (3) relying on previous State Auditor's Office audit work on the University's data systems. Auditors determined that the data was sufficiently reliable for the purposes of this audit.

Sampling Methodology

Auditors selected a nonstatistical sample of restricted research expenditures, primarily through random selection, designed to be representative of the population. In those cases, test results may be projected to the population, but the accuracy of the projection cannot be measured. The population of restricted research expenditures consisted of the following:

- Payroll related transactions:
 - ♦ For fiscal year 2019, auditors selected a sample of 25 transactions out of a population of 37,029 transactions.
 - ♦ For fiscal year 2020, auditors selected a sample of 25 transactions out of a population of 46,137 transactions.
- Non-payroll related transactions:
 - ♦ For fiscal year 2019, auditors selected a sample of 60 transactions out of a population of 15,789 transactions.
 - ♦ For fiscal year 2020, auditors selected a sample of 60 transactions out of a population of 15,188 transactions.

For non-payroll related transactions, auditors selected additional restricted research expenditures based on risk. Out of the populations referenced above, auditors selected an additional 42 fiscal year 2019 transactions and 55 fiscal year 2020 transactions. Those sample items generally were not representative of the population; therefore, it would not be appropriate to project those test results to the population.

Auditors selected a nonstatistical sample of restricted research awards and selected additional restricted research awards based on risk. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population. These items were selected for testing to ensure that the University had sufficiently documented its determination that the awards met the definition of restricted research according to the Coordinating Board's rules and definitions.

Auditors selected a nonstatistical sample for freshman class of high academic achievement students through random selection. For fiscal year 2019, auditors selected a sample of 25 students from a population of 1,926 students. For fiscal year 2020, auditors selected a sample of 25 students from a population of 1,900 students. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Additionally, auditors selected a nonstatistical sample of Doctor of Philosophy degrees awarded through random selection. For fiscal year 2019, auditors selected a sample of 25 degrees awarded from a population of 203 degrees awarded. For fiscal year 2020, auditors selected a sample of 25 degrees awarded from a population of

228 degrees awarded. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Information collected and reviewed included the following:

- University and Coordinating Board policies, procedures, and documentation related to the National Research University Fund.
- The University's restricted research expenditures for fiscal years 2019 and 2020.
- University data and documentation to support compliance with certain eligibility criteria.

Procedures and tests conducted included the following:

- Interviewed management and key personnel at the University and the Coordinating Board.
- Tested samples of restricted research expenditures at the University for fiscal years 2019 and 2020.
- Reviewed documentation and performed tests on other National Research University Fund eligibility criteria that the Coordinating Board reported the University had met.
- Evaluated the University's controls over classifying restricted research awards and expenditures.
- Tested selected general controls over the University's accounting system.

Criteria used included the following:

- Texas Education Code, Chapter 62.
- Title 19, Texas Administrative Code, Chapters 13 and 15.
- The Coordinating Board's *Standards and Accounting Methods for Reporting Restricted Research Expenditures*.
- University policies and procedures.

Project Information

Audit fieldwork was conducted from May 2021 through August 2021. 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. Those standards also require independence in both fact and appearance. During the audit, legislative funding was vetoed. This condition could be seen as potentially affecting our independence in reporting results related to this agency. However, we proceeded with this audit as set forth by the annual state audit plan, operated under the Legislative Audit Committee. We believe this condition did not affect our audit conclusions.

The following members of the State Auditor's staff performed the audit:

- Robert Pagenkopf, MBA, CFE (Project Manager)
- Shaun Alvis, J.D. (Assistant Project Manager)
- Benjamin Hikida, MAcy, CFE
- Susana Preciado
- Jeremy Wong
- Dana Musgrave, MBA, CFE (Quality Control Reviewer)
- Michael A. Simon, CGAP (Audit Manager)

Issue Rating Classifications and Descriptions

Auditors used professional judgment and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 3 provides a description of the issue ratings presented in this report.

Table 3

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Internal Control Components

Internal control is a process used by management to help an entity achieve its objectives. The U.S. Government Accountability Office's *Government Auditing Standards* require auditors to assess internal control when internal control is significant to the audit objectives. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) established a framework for 5 integrated components and 17 principles of internal control, which are listed in Table 4.

Table 4

Internal Control Components and Principles		
Component	Component Description	Principles
Control Environment	The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.	<ul style="list-style-type: none"> ▪ The organization demonstrates a commitment to integrity and ethical values. ▪ The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control. ▪ Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives. ▪ The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives. ▪ The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.
Risk Assessment	Risk assessment is the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risks should be managed.	<ul style="list-style-type: none"> ▪ The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. ▪ The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed. ▪ The organization considers the potential for fraud in assessing risks to the achievement of objectives. ▪ The organization identifies and assesses changes that could significantly impact the system of internal control.
Control Activities	Control activities are the policies and procedures that help ensure that management's directives are carried out.	<ul style="list-style-type: none"> ▪ The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. ▪ The organization selects and develops general control activities over technology to support the achievement of objectives. ▪ The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Internal Control Components and Principles		
Component	Component Description	Principles
Information and Communication	Information and communication are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.	<ul style="list-style-type: none"> ▪ The organization obtains or generates and uses relevant, quality information to support the functioning of internal control. ▪ The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control. ▪ The organization communicates with external parties regarding matters affecting the functioning of internal control.
Monitoring Activities	Monitoring is a process that assesses the quality of internal control performance over time.	<ul style="list-style-type: none"> ▪ The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning. ▪ The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Source: Internal Control - Integrated Framework, Committee of Sponsoring Organizations of the Treadway Commission, May 2013.

National Research University Fund Eligibility Requirements

The Texas Education Code, Section 62.146, requires the Higher Education Coordinating Board (Coordinating Board) to certify verified information related to criteria used in determining higher education institutions' eligibility to receive funds from the National Research University Fund (Fund). In addition, both the information that higher education institutions submit to the Coordinating Board to establish Fund eligibility and the Coordinating Board's certification or verification of that information are subject to a mandatory audit by the State Auditor in accordance with Texas Government Code, Chapter 321.

The following excerpts from Title 19, Texas Administrative Code, Section 15.43, outline the eligibility criteria:

(a) The eligibility criteria for a general academic teaching institution to receive distributions from the Fund include: having an entering freshman class of high academic achievement; receiving recognition of research capabilities and scholarly attainment of the institution; having a high-quality faculty; and demonstrating commitment to high-quality graduate education.

(b) A general academic teaching institution is eligible to receive an initial distribution from the Fund appropriated for each state fiscal year if:

(1) the institution is designated as an emerging research university under the coordinating board's accountability system;

(2) in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made, the institution expended at least \$45 million in restricted research funds; and

(3) the institution satisfies at least four of the following six criteria:

(A) the value of the institution's endowment funds is at least \$400 million in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;

(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;

(C) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the entering freshman class of the institution demonstrated high academic achievement as reflected in the following criteria:

(i) At least 50 percent of the first-time entering freshman class students at the institution are in the top 25 percent of their high school class; or

(ii) The average SAT score of first-time entering freshman class students at or above the 75th percentile of SAT scores was equal to or greater than 1210 prior to fall 2017, consisting of the Critical Reading (CR) and Mathematics (M) Components, or equal to or greater than 1280 starting with fall 2017, consisting of the Evidence-Based Reading and Writing (ERW) and Mathematics (M) Components, or the average ACT score of first-time entering freshman class students at or above the 75th percentile of ACT scores was equal to or greater than 26; and

(iii) The composition of the institution's first-time entering freshman class demonstrates progress toward reflecting the population of the state or the institution's region with respect to underrepresented students and shows a commitment to improving the academic performance of underrepresented students. One way in which this could be accomplished is by active participation in one of the Federal TRIO Programs, such as having one or more McNair Scholars in a particular cohort.

(D) the institution is designated as a member of the Association of Research Libraries, has a Phi Beta Kappa chapter, or is a member of Phi Kappa Phi;

(E) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the faculty of the institution was of high quality as reflected in the following:

(i) There must be five or more recognitions of national or international distinction of tenured/tenure-track faculty through membership in one of the National Academies (including National Academy of Sciences, National Academy of Engineering, and National Academy of Medicine), the American Academy of Arts and Sciences, or through receiving a Nobel Prize; or

(ii) The annual number of awards of national and international distinction received by tenured/tenure-track faculty during a given academic year in any of the following categories is equal to or greater than 7 for each year.

(I) American Academy of Nursing Fellows

(II) American Council of Learned Societies Fellows

(III) American Law Institute Members

(IV) Beckman Young Investigators

(V) Burroughs Wellcome Fund Career Award Winners

(VI) Cottrell Scholars

- (VII) Getty Scholars in Residence
- (VIII) Guggenheim Fellows
- (IX) Howard Hughes Medical Institute Investigators
- (X) Lasker Medical Research Award Winners
- (XI) MacArthur Foundation Fellows
- (XII) Andrew W. Mellon Foundation Distinguished Achievement Award Winners
- (XIII) National Endowment for the Humanities Fellows
- (XIV) National Humanities Center Fellows
- (XV) National Institutes of Health MERIT (R37) Winners
- (XVI) National Medal of Science Winners
- (XVII) National Medal of Technology and Innovation Winners
- (XVIII) National Science Foundation CAREER Award Winners (excluding those who are also PECASE winners)
- (XIX) Newberry Library Long-term Fellows
- (XX) Pew Scholars in Biomedicine
- (XXI) Pulitzer Prize Winners
- (XXII) Presidential Early Career Awards for Scientists and Engineers (PECASE) Winners
- (XXIII) Robert Wood Johnson Health Policy Fellows
- (XXIV) Searle Scholars
- (XXV) Sloan Research Fellows
- (XXVI) Fellows of the Woodrow Wilson Center

(iii) In lieu of meeting either clause (i) or (ii) of this subparagraph, an institution may request that a comprehensive review of the faculty in five of the institution's Doctoral degree programs be conducted by external consultants selected by Coordinating Board staff in consultation with the institution and said review must demonstrate that the faculty are comparable to and competitive with faculty in similar programs at public institutions in the Association of American Universities. Costs for the review shall be borne by the institution. This review is only available if the institution has already met or, as determined by Coordinating Board staff, is on track to meet three of the other eligibility criteria listed in subparagraphs (A) - (D) of this paragraph;

(F) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the institution has demonstrated a commitment to high-quality graduate education as reflected in the following:

(i) The number of Graduate-level programs at the institution is equal to or greater than 50;

(ii) The Master's Graduation Rate at the institution is 56 percent or higher and the Doctoral Graduation Rate is 58 percent or higher; and

(iii) The institution must demonstrate that the overall commitment to five Doctoral degree programs, including the financial support for Doctoral degree students, is competitive with that of comparable high-quality programs at public institutions in the Association of American Universities. The five Doctoral degree programs selected for this review must be those selected in subparagraph (E)(iii) of this paragraph or, if subparagraph (E)(iii) of this paragraph is not chosen by the institution, then any five Doctoral degree programs at the institution. Costs for the review shall be borne by the institution.

Eligibility Determination Letter



Lisa R. Collier,
CPA, CFE, CIDA,
First Assistant State Auditor

August 11, 2021

Dr. Teik C. Lim, Interim President
The University of Texas at Arlington
701 S. Nedderman Drive
Arlington, TX 76019

Subject: The University of Texas at Arlington's Eligibility for the National Research University Fund

Dear Dr. Lim:

The State Auditor's Office has reviewed the report that the Higher Education Coordinating Board (Coordinating Board) submitted in March 2021 indicating that the University of Texas at Arlington (University) had met the eligibility requirements for distribution of funds from the National Research University Fund. In accordance with Texas Education Code, Section 62.146(c), the State Auditor's Office conducted the required audit of information that the University submitted to the Coordinating Board for the purposes of establishing eligibility.

The State Auditor's Office obtained reasonable assurance, through sampling, that the University met the criteria established in the Texas Education Code and by the Coordinating Board for expenditures for restricted research, number of doctor of philosophy degrees awarded, freshman class of high academic achievement, institutional recognition of research capabilities and scholarly attainment, and high-quality faculty. Therefore, the State Auditor's Office concluded that the University is eligible to receive funds from the National Research University Fund. The determination that the University met the eligibility requirements applies to those requirements as they existed during fiscal years 2019 and 2020.

If you have any questions, please contact Michael Simon, Audit Manager, or me at (512) 936-9500. We appreciate the University's assistance during this audit.

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

Robert E. Johnson Building
1501 N. Congress Avenue
Austin, Texas 78701

P.O. Box 12067
Austin, Texas 78711-2067

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SAO Report No. 21-323

Dr. Teik C. Lim, Interim President
The University of Texas at Arlington
August 11, 2021
Page 2

cc: Members of The University of Texas System Board of Regents
Mr. Kevin P. Eltife, Chairman
Ms. Janiece Longoria, Vice Chairman
Mr. James C. "Rad" Weaver, Vice Chairman
Ms. Christina Melton Crain
Mr. R. Steven Hicks
Mr. Jodie Lee Jiles
Dr. Nolan Perez
Mr. Stuart W. Stedman
Mr. Kelcy L. Warren
Ms. Thuy Dan "Mimi" Nguyen, Student Regent
Mr. James B. Milliken, Chancellor, The University of Texas System
Mr. J. Michael Peppers, Chief Audit Executive, The University of Texas System
Dr. Pranesh B. Aswath, Interim Provost and Vice President for Academic Affairs, The University of Texas at Arlington
Ms. Kelly Davis, Chief Financial Officer and Vice President, The University of Texas at Arlington
Dr. James Grover, Interim Vice President for Research, The University of Texas at Arlington
Mr. Shelby Boseman, Chief Legal Officer, The University of Texas at Arlington
Mr. David Price, Chief Audit Executive, The University of Texas at Arlington

Related State Auditor's Office Reports

Table 5

Related State Auditor's Office Reports		
Number	Report Name	Release Date
18-036	<i>An Audit Report on the Distribution of the National Research University Fund</i> (For The University of Texas at Dallas)	July 2018
12-038	<i>An Audit Report on the Distribution of the National Research University Fund</i> (For Texas Tech University and University of Houston)	June 2012

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair
The Honorable Dade Phelan, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable Greg Bonnen, House Appropriations Committee
The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

The University of Texas System

Members of the University of Texas System Board of Regents

Mr. Kevin P. Eltife, Chairman
Ms. Janiece Longoria, Vice Chairman
Mr. James C. "Rad" Weaver, Vice Chairman
Ms. Christina Melton Crain
Mr. R. Steven Hicks
Mr. Jodie Lee Jiles
Dr. Nolan Perez
Mr. Stuart W. Stedman
Mr. Kelcy L. Warren
Ms. Thuy Dan "Mimi" Nguyen, Student Regent

Mr. James B. Milliken, Chancellor

The University of Texas at Arlington

Dr. Teik C. Lim, Interim President

Higher Education Coordinating Board

Members of the Higher Education Coordinating Board

Dr. Fred Farias III, O.D., Chair
Ms. Donna N. Williams, Vice-Chair
Mr. S. Javaid Anwar
Mr. Richard L. Clemmer
Mr. Robert P. Gauntt
Ms. Emma W. Schwartz
Mr. R. Sam Torn
Mr. Welcome W. Wilson, Jr.
Dr. Daniel O. Wong
Mr. Matthew B. Smith, Student Representative
Dr. Harrison Keller, Commissioner of Higher Education



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Agency Operations Committee

AGENDA ITEM VII-B

Discussion of approach for obtaining an external quality assurance review of the Internal Audit and Compliance Monitoring functions

RECOMMENDATION: No action required

Background Information:

The Texas Internal Auditing Act, Texas Government Code, Chapter 2102, requires that internal auditors “conduct quality assurance reviews in accordance with professional standards...and periodically take part in a comprehensive external peer review.” Government Auditing Standards require that external peer reviews be performed every three years, at a minimum. These standards also encompass the site visits performed by Compliance Monitoring. The Assistant Commissioner, Internal Audit and Compliance, obtained external peer reviews in Fiscal Years 2013, 2016, and 2019. The next external peer review is due to be conducted in Fiscal Year 2022. These prior external peer reviews were conducted by experienced audit practitioners, based on a comprehensive, competitive procurement process. The cost of the last external peer review was \$18,500.

Other alternative external peer review approaches involve less formalized evaluations of conformance with auditing standards, such as peer volunteers who typically perform the external peer review for travel cost only. These approaches typically require a reciprocal service arrangement, whereby the Assistant Commissioner, Internal Audit and Compliance, would be required to perform an external peer review of another organization’s audit function during some future period. Prior Agency Operations Committee (AOC) discussions regarding these approaches to obtaining an external peer review resulted in concern expressed about the rigor and independence of such evaluations. Should the AOC express interest in procuring an external peer review, as in prior years, appropriate competitive procurement processes will be followed. The selected vendor will then be disclosed to the committee members at a subsequent AOC meeting.

Mark Poehl, Assistant Commissioner, Internal Audit and Compliance, will present this item and be available for questions.

Agency Operations Committee

AGENDA ITEM VII-C

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 October 2021 Agency Operations Committee meeting. The report is attached.

Internal Audit Engagements Completed

(1) "Quality Assurance and Improvement Program Report for FY 2021" (summary report)

Internal Audit Projects in Progress as of 9/22/21	Stage of Project
Data Modernization Initiative Review and Advisory Services	Planning/Fieldwork
GEER Funds Review and Advisory Services	Planning/Fieldwork

Resource Overview

Other Internal Audit Activities

- Coordination of External Audit(s)
 - National Research University Fund (NRUF) audit- Texas State Auditor's Office
 - State of Texas Single Audit - CLA
- Various activities related to federal grants compliance including participation in grant committee meetings and federal grant compliance training
- Requests for information and other inquiries

Mark Poehl, Assistant Commissioner, Internal Audit and Compliance, and Paul Maeyaert, Assistant Director, Internal Audit and Compliance, will present this item to the committee and are available to answer questions.

TEXAS HIGHER EDUCATION COORDINATING BOARD

Internal Audit and Compliance

Fiscal Year 2021

Quality Assurance and Improvement Program

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Requirements for Improvement

International Standards for the Professional Practice of Internal Auditing

Standard 1300-Quality Assurance and Improvement Program (QAIP): The Chief Audit Executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. To implement this standard, the chief audit executive must consider the requirements related to its five essential components:

- Internal assessments (Standard 1311)
- External assessments (Standard 1312)
- Reporting on the QAIP (Standard 1320)
- Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing" (Standard 1321)
- Disclosure of nonconformance (Standard 1322)

Generally Accepted Government Auditing Standards (GAGAS)

Chapter 5-Section 5.02 and 5.84, each audit organization performing audits in accordance with GAGAS must:

- a. Establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements, and
- b. Have an external peer review performed by reviewers independent of the audit organization being reviewed at least once every 3 years.

Professional Requirements and Auditor Independence

The Internal Audit and Compliance Department conducts audits in conformance with GAGAS promulgated by the US Government Accountability Office (GAO) and the Institute of Internal Auditors (IIA's) International Standards for the Professional Practice of Internal Auditing and Code of Ethics. These standards require that we be independent from any entity or person that we audit or may audit and be objective when conducting such audits. Furthermore, IIA Standards and GAGAS require that the Chief Audit Executive confirm to the Board, at least annually, the organizational independence of the internal audit activity. THECB Internal Audit and Compliance is organizationally independent of management and as such, remains objective when conducting audits.

Internal Assessments

Internal Audit Performance Measures—for Fiscal Year 2021

Performance Measure/Goal	Results	
	Fiscal Year End August 31, 2021	
<p>1. Was the approved annual audit plan achieved?</p> <p><i>Substantial achievement is the goal, with a target of 90% of project workload completed by year end.</i></p>	Full Achievement	100%
<p>2. Were final audit reports sent timely to oversight bodies?</p> <p><i>Substantial achievement is the goal, with a target of 100% of final reports sent to oversight bodies within 30 days of final report issuance.</i></p>	Full Achievement	100%
<p>3. Was the Internal Audit Annual Report submitted timely?</p> <p><i>This report has a November 1 statutory deadline.</i></p>	Full Achievement	100%
<p>4. Was the Internal Audit Annual Plan prepared in a timely manner?</p> <p><i>Advance preparation activity must be staged throughout the year to ensure that the final Annual Plan is ready for board approval at the July meeting.</i></p>	Full Achievement	100%
<p>5. Was the Internal Audit function in general conformity with professional standards, as measured by the External Quality Assurance Review?</p> <p><i>General conformance with the Institute of Internal Auditors Professional Standards is the highest rating, followed by Partial Conformance and Non-Conformance.</i></p>	Full Achievement	100%
<p>6. Was the Internal Audit function in general conformity with professional standards, as measured by an annual internal self-assessment?</p> <p><i>General conformance with the Institute of Internal Auditors Professional Standards is the highest rating, followed by Partial Conformance and Non-Conformance.</i></p>	Full Achievement	100%
<p>7. Was internal audit time used efficiently and effectively?</p> <p><i>Internal Audit holds itself to responsible standards for the effective and efficient use of auditor time. A benchmark standard of 75% of each auditor's time being charged to an audit, or being related to conducting audits, is the goal.</i></p>	Full Achievement	100%

Internal Audit Internal Review

Internal Audit performed an assessment of internal audit work quality to satisfy the requirements of professional auditing standards. The self-assessment of internal audit work quality was based on an evaluation of the audit project *A Follow Up of Performance Measures at The Higher Education Coordinating Board, THECB-IA-WP-20-223, issued in January 2021*. The review concluded that the Internal Audit Office generally conforms to the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing.

The department underwent a significant software migration to realize efficiencies by employing a cloud-based audit management software. This change kept cutting edge technology in the hands of the team and provides additional capabilities now and in the future.

Compliance Monitoring Performance Measures for Fiscal Year 2021

Performance Measure/Goal	Results	
	Fiscal Year End August 31, 2021	
<p>8. Was the approved annual audit plan achieved?</p> <p><i>Substantial achievement is the goal, with a target of 90% of project workload completed by year end.</i></p>	Full Achievement	98%
<p>9. Were final audit reports sent timely to oversight bodies?</p> <p><i>Substantial achievement is the goal, with a target of 100% of final reports sent to oversight bodies within 30 days of final report issuance.</i></p>	Full Achievement	100%
<p>10. Was the Compliance Monitoring Annual Plan prepared in a timely manner?</p> <p><i>Advance preparation activity must be staged throughout the year to ensure that the final Annual Plan is ready for board approval at the July meeting.</i></p>	Full Achievement	100%
<p>11. Was the Compliance Monitoring function in general conformity with professional standards, as measured by the External Quality Assurance Review?</p> <p><i>Pass with Generally Accepted Government Auditing Standards is the highest rating, followed by Pass with Deficiencies and Fail.</i></p>	Full Achievement	100%
<p>12. Was Compliance monitoring audit time used efficiently and effectively?</p> <p><i>Compliance Monitoring holds itself to responsible standards for the effective and efficient use of auditor time. A benchmark standard of 75% of each auditor's time being charged to an audit, or being related to conducting audits, is the goal.</i></p>	Full Achievement	100%
<p>13. How many third-party inquiries were resolved through Compliance Monitoring assistance?</p> <p><i>Substantial achievement is the goal, with a target of 100% of responses to third party requests.</i></p>	Full Achievement	100%

A total of 185 compliance monitoring engagements conducted from FY 2015 through FY 2021. Compliance monitoring engagements averaged 26.4 per fiscal year.

Compliance Monitoring			
Fiscal Year	Financial Aid	Formula Funding	Total
2021	15	16	31
2020	17	19	36
2019	10	13	23
2018	16	12	28
2017	13	8	21
2016	11	10	21
2015	12	13	25

External Assessment



Texas Higher Education Coordinating Board

INTERNAL AUDIT and COMPLIANCE DEPARTMENT REPORT

August 2019

Prepared by:
Richard Tarr, CIA, CISA
P.O. Box 560716
Orlando, FL 32856
Ph/Fax: 407.896.2760
E-mail: rtarr@racar.com



OVERVIEW

An External Quality Assurance (EQA) review was conducted at the offices of the Texas Higher Education Coordinating Board (THECB) in Austin, Texas from July 8 to July 12, 2019 for audits conducted from September 1, 2016 to March 31, 2019.

Texas Government Code § 2102 (Texas Internal Auditing Act) requires an internal audit activity be in conformance with the Standards for the Professional Practice of Internal Auditing, the Code of Ethics, contained in the Professional Practices Framework as promulgated by the Institute of Internal Auditors (IIA), and with the Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS). These are collectively referred to as the *Standards* in this report.

The overall objective of the EQA review was to determine the extent to which the Internal Audit and Compliance Department (IACD) at THECB is in conformance with the *Standards* and the requirements of the Texas Internal Auditing Act.

The review was performed by Richard Tarr, CIA, CISA and Elizabeth Stepp, CPA, CIA, CGAP, CRMA who attest that they are fully qualified to conduct this EQA review, and are independent in all respects from THECB and the IACD. The reviewers utilized guidance from both the State Agency Internal Audit Forum (SAIAF) Peer Review Program's assessment tool and the IIA's 2017 "Quality Assessment Manual" that include within the scope of the work evaluations and assessments of the following areas:

- The Director, Internal Audit and Compliance's reporting relationship and his communication with the Agency Operating Committee, and the Commissioner of Higher Education;
- The independence and the objectivity of the audit work performed;
- Existing internal audit policies and procedures;

- The risk assessment and annual audit planning process;
- The planning process for individual audit projects;
- The audit methodologies used in performing the work;
- A review of a representative sample of audit workpaper files and reports;
- The workpaper documentation that supported the work performed;
- The support in the workpapers for the conclusions and recommendations in the audit reports;
- How the results of audits are communicated;
- The procedures for following up on audit recommendations; and
- The knowledge, skills, discipline, and training of the staff.

Interviews were also conducted with selected individuals, who included, among others: the Chair of the Board; the Chair of the Agency Operating Committee (AOC); the Commissioner of Higher Education; the Deputy Commissioner for Academic Planning and Policy/Chief Academic Officer; the Deputy Commissioner for Agency Operations and Communications/Chief Operating Officer; the General Counsel; the Director of Internal Audit and Compliance; and the audit staff.

OPINION

It is important to note that the *Standards* are expressed in terms of broad concepts and objectives rather than detailed procedures, and their application requires the exercise of professional judgement. The extent of internal audit policies and procedures and the manner in which they are implemented will depend upon a number of factors such as an audit activity's size and organizational structure, the nature of its audit responsibilities, its philosophy with respect to the degree of operating autonomy appropriate for its staff, and the expectations of its board or governing body and senior management.

Based on the work outlined above, it is the review team's opinion concerning:

The IIA Standards:

For the period under review, the internal audit activity at the THECB "Generally Conforms" to the IIA Standards, and the Code of Ethics. This is the top rating provided within the IIA guidance, with the others being "Partially Conforms" and "Does Not Conform". For a detailed list of conformance to individual IIA Standards, please see Attachment A. The review team has identified opportunities for further enhancing the internal audit activity, details of which are provided in this report.

The GAO Standards:

For the period under review, the ICAD at the THECB has in place, in all material respects, the appropriate processes and procedures in place to receive a Peer Review Rating of "Pass". This rating is the highest of the three ratings provided within the GAO Standards, with the other ratings being "Pass With Deficiencies", and "Fail". For a detailed list of conformance to individual GAO Standards, please see Attachment B.

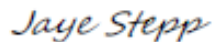
The Texas Internal Auditing Act:

As of July 12, 2019, the internal audit activity at the THECB conforms to all requirements.

This report should be sent to the Chair of the Board, the Chair of the Agency Operating Committee, and The Commissioner of Higher Education.



Richard H. Tarr, CIA, CISA
External Quality Assurance Team Lead



Elizabeth J. Stepp, CPA, CIA, CGAP, CRMA
External Quality Assurance Team Member

Agency Operations Committee

AGENDA ITEM VIII-A

Auditor's update on state and federal Compliance Monitoring reports and activities

RECOMMENDATION: No action required

Background Information:

State Compliance Monitoring

The state Compliance Monitoring team completed three projects during the reporting period since the October 2021 Agency Operations Committee meeting. The final reports are attached.

1. "Compliance Monitoring Desk Review of Formula Funding at Sul Ross State University" (no findings).
2. "Compliance Monitoring Desk Review of Texas Educational Opportunity Grant at Navarro College." There was one finding related to student eligibility.
3. "Compliance Monitoring Desk Review of Tuition Equalization Grant at Dallas Baptist University." There was one finding related to eligibility requirements.

Projects in Progress as of 12/7/2021	Stage of Project
Brazosport College (Formula Funding)	Planning
Victoria College (Formula Funding)	Fieldwork

Other Compliance Monitoring Activities

- Fiscal Year (FY) 2021 performance measures completed
- Hiring and training of new compliance specialist
- Title IX/SB 212 upcoming projects

Federal Compliance Monitoring

Federal Compliance Monitoring Activities

- Perkins FY 2019 subrecipient monitoring reviews – 14 of 15 project reports issued, one in fieldwork due to COVID-19-related issues
- Perkins FY 2020 subrecipient monitoring reviews – 20 projects in fieldwork
- GEER funding – participation in GEER meetings, training, and initial planning

The final reports are attached. Mark Poehl, Assistant Commissioner, Internal Audit and Compliance, and Paul Maeyaert, Assistant Director, Internal Audit and Compliance, will present this item and are available to answer questions.



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November 18, 2021

Mr. Pete P. Gallego, President
Sul Ross State University
BAB 200, Box C-100
Alpine, TX 79832

RE: A Compliance Monitoring Desk Review of Formula Funding at Sul Ross State University

Dear Mr. Gallego,

I am attaching the final report for *A Compliance Monitoring Desk Review of Formula Funding at Sul Ross State University*, Report No. THECB-CM-FF-21-002. There were no reportable conditions resulting from this engagement.

Our review was expanded as further described below, and results from this expanded review have been incorporated into this final report.

Results

Our review consisted of three stages:

- Stage One was a review of students reported for formula funding from summer 2019, fall 2019, and spring 2020;
- Stage Two was an expanded review of students reported for formula funding from summer 2019, fall 2019, and spring 2020, and focused on the student payment status for these students; and
- Stage Three was additional work performed by and coordinated with Sul Ross State University Internal Audit Office. This work focused on student payment status for students reported for formula funding from summer 2020, fall 2020, and spring 2021.

Stage One included tests of relevant enrollment data reported and certified by Sul Ross State University for accuracy and completeness in accordance with Texas Education Code Title 3, Subtitle A, Chapter 54, Section 54.007 Tuition and Fees; and Texas Administrative Code, Title 19, Part 1, Chapter 21, Subchapter A, Rule §21.4 Collection of Tuition. Our desk review focused on the following enrollment data and time periods:

- Semester Credit Hours and Tuition Payments for CBM001 (Student Report) during summer 2019, fall 2019, and spring 2020; and
- Contact Hours and Enrollment for CBM004 (Class Report) during summer 2019, fall 2019, and spring 2020.

Our work included procedures to verify:

- Student tuition payment was received in accordance with requirements;
- Reported semester credit hours were eligible for formula funding;
- Reported enrollment was eligible for formula funding; and
- Evidence of academic credentials were maintained to support required instructor qualifications.

One student out of 30 did not meet payment requirements per Title 19, Part 1, Chapter 21, Subchapter A, Rule §21.4 Collection of Tuition.

Stage Two expanded the testing of the CBM001 review based on the results from Stage One. Our work included procedures to verify:

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

Eight (8) unduplicated students reported on the CBM001 report for formula funding did not meet payment requirements and therefore were not compliant with student tuition payment requirements per Title 19, Part 1, Chapter 21, Subchapter A, Rule §21.4 Collection of Tuition.

Stage Three of the expanded testing of the CBM001 review was done in cooperation with Sul Ross State University Internal Audit Department (See Appendix I). Work for this stage focused on the following enrollment data and time periods.

- Semester Credit Hours and Tuition Payments for CBM001 (Student Report) during summer 2020, fall 2020, and spring 2021.

Work included procedures to verify:

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

The work performed by Sul Ross State University indicated an overall error rate of 2.6%, and per the General Appropriations Act, Article III Education, Special Provisions Relating Only to State Agencies of Higher Education, Section 16 Formula Variable and Educational and General Income Audits, this error rate is below the threshold for further consideration of formula funding correction or adjustment.

The work performed by Sul Ross State University further demonstrated that as of the Spring 2021 semester, student payment controls were working effectively to comply with Texas Education Code Title 3, subtitle A, Chapter 54, Section 54.007; Texas Administrative Code Title 19, Part 1, Chapter 21, Subchapter A, Rule §21.4, and Coordinating Board reporting requirements.

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 January 2022.

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". The signature is written in a cursive style with a large, stylized "M" and "P".

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

PERFORMED BY:

Ms. Elizabeth Steele, Compliance Specialist

CC:

THECB**Board Members****Commissioner's Office**

Dr. Harrison Keller, Commissioner of Higher Education

Mr. Rey Rodriguez, Deputy Commissioner and Chief of Staff

Ms. Lori Fey, Deputy Commissioner, Data Analytics and Innovation

Mr. Ray Martinez, Deputy Commissioner, Academic Affairs and Workforce Education

Ms. Nichole Bunker-Henderson, General Counsel

Data Analytics and Innovation

Ms. Emily Cormier, Assistant Commissioner, Strategic Planning and Funding

Sul Ross State University

Dr. Matt Moore, Executive Vice President for Strategic Engagement

Dr. Yvonne Realivasquez, Associate Vice President, Strategic Engagement

Mr. Scott Cupp, Director, Office of Internal Audit

Ms. Pamela Pipes, Registrar

Texas State University System

Mr. William F. Scott, Chairman, Board of Regents

Dr. Brian McCall, Chancellor

Ms. Carole Fox, Chief Audit Executive

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Internal Audit Coordinator

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Ms. Jennifer Jones, Director

Office of the Governor-Budget and Policy Division

Ms. Sarah Hicks, Budget and Policy Director

Legislative Budget Board

Mr. Christopher Mattson, Assistant Director



September 30, 2021

Mr. Mark Poehl, CPA, CIA, CISA, CFE
Assistant Commissioner, Internal Audit and Compliance
Texas Higher Education Coordinating Board
1200 E. Anderson Lane
Austin, Texas 78752

Dear Mr. Poehl,

The Office of Internal Audit has completed a review in support of the THECB's *Desk Review of Formula Funding Data Integrity* at Sul Ross State University. The purpose of our review was to supplement testwork performed by the THECB regarding enrollment reporting practices at the University. Our review included testing a random sample of 152 students enrolled in the Summer 2020, Fall 2020, and Spring 2021 semesters for compliance with tuition payment requirements outlined in Rule 21.4, Texas Administrative Code, Title 19, Part 1, Chapter 21, Subchapter A.

The results of our work are summarized below. Detailed workpapers supporting the results have been provided to the THECB.

Summer 2020

- Payment plans are not allowed during the Summer Sessions. All students are required to pay all tuition and mandatory and optional fees by the 15th class day.
- Of the 29 students reviewed, two (6.90%) did not complete payments on or before the 15th day of classes as specified by state law. Both students paid in full during the next semester.
- One of the two students, owing \$125, was allowed to register for Fall 2020 and owed \$6,967.94 at end of Fall semester. The student was not allowed to enroll in Spring 2021.
- None of the 29 students owed anything for Summer 2020 at the time of the review.

Fall 2020

- There were 64 students tested. This included 26 students on a payment plan and 38 students without a plan.
- Two (3.13%) of the students did not make their payments of tuition and fees by the 20th class day. The remainder were marked as compliant for paying by the 20th class day or had pending financial aid and/or had entered into and made the first payment on an installment payment plan prior to the 20th class day.
- Eleven (42.30%) of the 26 students with a payment plan did not follow the payment plan requirements.
- Thirteen (20.31%) of the students did not pay in full by the last payment due date for the semester.
- None of the 64 students owed anything for the Fall 2020 semester at the time of review.

Spring 2021


- There were 59 students tested. This included 26 students with a payment plan and 33 students without a plan.
- All students were marked as compliant for paying by the 20th class day, either due to paying in full or because they had pending financial aid and/or had entered into and made the first payment on an installment payment plan prior to the 20th class day.
- Sixteen (61.54%) of the 26 students with a payment plan did not follow the plan requirements regarding payment due dates.
- Twelve (20.33%) of the students did not pay in full by the last payment due date for the semester.
- At the time of the review, three (5.08%) of the 59 students still had past due balances totaling \$12,394.73 in tuition and fees. None of these students were allowed to enroll in either Summer Session or in Fall 2021.
- One (1.69%) additional student had a past due amount of \$436 for a meal plan, which is neither tuition or fees.
- Seven (11.86%) of the 59 students paid their balances in full after the established final due date.

Total

- There were 152 students reviewed over the three semesters including 52 with a payment plan.
- All but four students were compliant with paying by the 20th (or 15th, for Summer) class day by either paying in full or had pending financial aid and/or had established an installment payment plan and were current on the payment plan prior to the designated class day (20th or 15th).
- Twenty-seven (51.92%) of the 52 students on a payment plan did not follow the requirements of their payment plan regarding regular scheduled payments after the designated census date (20th or 15th class day).
- Twenty-seven (17.76%) of the students tested did not pay in full by the last payment due date for the semester.
- Three (1.97%) of 152 students had not paid their tuition and fees in full at the time of our review. These three students were not allowed to enroll in either of the Summer 2021 sessions or Fall 2021.

We appreciate the opportunity to work with you and your team on this project.

Sincerely,



Scott Cupp, CCA
 Director, Office of Internal Audit, Sul Ross State University
 Texas State University System



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October 7, 2021

Dr. Kevin G. Fegan, District President
Navarro College
3200 W. 7th Avenue
Corsicana, TX 75110

Dear Dr. Fegan,

I am attaching the final report on *A Compliance Monitoring Desk Review of the Texas Educational Opportunity Grant at Navarro College*, Report No. THECB-CM-FA-21-025. Your response has been incorporated into the final report.

Summary

Navarro College substantially complied with relevant statutes, rules, and regulations for the Texas Educational Opportunity Grant (TEOG) Program, except for one instance of non-compliance related to student eligibility. Navarro College awarded \$2,454.00 in TEOG funds to one student during fiscal year 2020 without obtaining and retaining required documentation to confirm eligibility. Navarro College did not have sufficient procedures to ensure compliance with TEC 56.404 (b) (TAC Sec. 22.258(e)), relating to required documentation when a student has been convicted of a felony or offense under the Texas Controlled Substances Act.

Our work included procedures to verify:

- Students met all eligibility criteria, including SAP requirements;
- Students demonstrated financial need;
- Students fulfilled residency requirements;
- Applicable students registered with the selective service system; and
- Reported award amounts reconciled with Navarro College's student data system and payment records.

Our desk review included tests of relevant financial data reported and certified by Navarro College for award year 2019-2020. We believe the evidence obtained provides a reasonable basis for the observations and recommendations, based on the desk review objectives.

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 January 2022.

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". The signature is written in a cursive style with a large, stylized "M" and "P".

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

Detailed Observation, Recommendations and Management Response

Navarro College awarded \$2,454.00 in TEOG funds to one student during fiscal year 2020 without obtaining and retaining required documentation to confirm eligibility.

TEC Eligibility Requirements

According to Texas Education Code (TEC) Sec. 56.404 (b), "A person is not eligible to receive a grant under this subchapter if the person has been convicted of a felony or an offense under Chapter 481, Health and Safety Code (Texas Controlled Substances Act), or under the law of another jurisdiction involving a controlled substance as defined by Chapter 481, Health and Safety Code, unless the person has met the other applicable eligibility requirements under this subchapter and has:

(1) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or completed a period of probation ordered by a court and at least two years have elapsed from the date of the receipt or completion; or

(2) been pardoned, had the record of the offense expunged from the person's record, or otherwise been released from the resulting ineligibility to receive a grant under this subchapter."

Recommendations:

- A. Develop quality control procedures to ensure compliance with TEC Sec. 56.404 (b), including sound records review and retention practices.
- B. Refund the \$2,454.00 in TEOG funds awarded for the above student to the Texas Higher Education Coordinating Board.

Management Response:

Description: The TEOG procedure has been updated to ensure future compliance. Please see the updated information below highlighted in yellow.

Responsible Party: The Financial Aid Department will review each application to ensure correct TEOG awarding. The TEOG application now has added enhancements to require the student to submit necessary, supporting documents when needed.

Estimated Completion Date: The procedure has been updated effective immediately. The Financial Aid Office will work with THECB to return the funds in the amount of \$2,454 for FY 2020.

Management's Response continued:

3.4.2 Texas Educational Opportunity Grant (TEOG) Program

The purpose of the TEOG program is to provide grant aid to financially needy students enrolled in Texas public two-year colleges.

Eligibility Requirements:

Individuals who:

- *Are Texas residents;*
- *Show financial need;*
- *If applying for a first-time award, have a family contribution of no more than \$2,000;*
- *Register for the Selective Service or are exempt from this requirement;*
- *Are enrolled at least 1/2 time (6 semester credit hours) in the first 30 hours (or their equivalent) in an associate's degree or certificate program at a public two-year college in Texas;*
- *Have not been granted an associate's or a baccalaureate degree; and*
- *Have not been convicted of a felony or a crime involving a controlled substance.*

o Note About Adhering to Program Controlled Substance Restrictions

A person is not eligible to receive an initial or continuation TEOG award if the person has been convicted of a felony or an offense under:

- 1. Chapter 481, Health and Safety Code (Texas Controlled Substances Act).*
- 2. The law of any other jurisdiction involving a controlled substance as defined by Chapter 481, Health and Safety Code.*

However, the convicted person does qualify if he/she has met the other applicable eligibility requirements under this subchapter and has done one of the following:

- 1. Received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion.*
- 2. Been pardoned and had the record of the offense expunged from the person's record.*

Navarro College requires a TEOG Application that includes a Statement of Student Eligibility, with required supporting documentation, from each TEOG recipient prior to the awarding of funds. If the student selects "Yes" to the question in regard to a conviction of a controlled substance, supporting documentation must be provided by the student before they are able to submit the application. The application and supporting documentation will be reviewed by the Financial Aid Office and processed according to the specified guidelines.

Management's Response continued:

- If supporting documentation meets the guidelines, an award will be made to the student.
- If the supporting documentation does not meet the guidelines, the student will not be eligible for a TEOG award.

This application is retained with the student's records at the institution and can be made available if requested in the course of a program review or audit.

Navarro College determined the Statement of Student Eligibility will be collected once during initial or incoming recipients enrollment here at the institution. The TEOG Application is available (online) to the student through Self- Service > Financial Aid.

Students who continue in college and who meet program academic standards can receive awards for up to 75 semester credit hours, for four years, or until they receive an associate's degree, whichever comes first. The academic requirements for continuing in the program are: At the end of the first year, the student must meet the school's Satisfactory Academic Progress (SAP) requirements. At the end of the second year, the student must complete at least 75 percent of the hours attempted in the prior academic year and have an overall college grade point average (GPA) of at least 2.5 on a 4.0 scale.

Matching funds are awarded after each census date of the term. These funds are checked at the time of billing and a final review happens prior to the submittal of the FAD001 Report Cycle 3 to THECB.

Hardship Policy

A student who is ineligible for a TEOG award based on grade point average (GPA) or completion rate for satisfactory academic progress, or enrollment less than half-time may be deemed eligible under a hardship provision. Hardships may be granted to allow for awards in excess of the 75 attempted semester credit hours (SCH), but the total number of hours paid for with TEOG funds cannot exceed 75 SCH.

Students may contact the financial aid office to request a hardship review to qualify for aid. The student will submit an explanation of the situation which will be reviewed by the financial aid office. If approved, the student will be awarded based on the current hardship proration schedule.

PERFORMED BY:

Ms. Shebah Washington, Compliance Specialist

CC:

THECB**Board Members****Commissioner's Office**

Dr. Harrison Keller, Commissioner of Higher Education

Mr. Rey Rodriguez, Deputy Commissioner and Chief of Staff

Ms. Nichole Bunker-Henderson, General Counsel

Mr. Ken Martin, Assistant Commissioner for Financial Services and Chief Financial Officer

Student Financial Aid Programs

Dr. Charles W. Contéro-Puls, Assistant Commissioner

Navarro College

Mr. Phil Judson, Chairman, Board of Trustees

Ms. Kristal Nicholson, Director of Student Financial Aid

Dr. Carol Hanes, Vice President of Academic Affairs

Ms. Sina Ruiz, Vice President of Enrollment Management

Ms. Teresa Thomas, Vice President of Finance and Administration

Mr. Barry Sullivan, Director of Information Technology

Texas Association of Community Colleges

Mr. Jacob Fraire, President

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December 17, 2021

Dr. Adam C. Wright, President
Dallas Baptist University
3000 Mountain Creek Parkway
Dallas, TX 75211

Dear Dr. Wright,

I am attaching the final report on *A Compliance Monitoring Desk Review of the Tuition Equalization Grant (TEG) at Dallas Baptist University*, Report No. THECB-CM-FA-21-031. Your response has been incorporated into the final report.

Summary

Dallas Baptist University substantially complied with relevant statutes, rules, and regulations for the Tuition Equalization Grant (TEG) Program, except for one instance of non-compliance related to student eligibility. Dallas Baptist University over awarded \$1,710.00 in TEG exceptional need funds to one graduate student during fiscal year 2020. Dallas Baptist University needs to strengthen procedures to ensure compliance with TEC 61.227 (e) (TAC Sec. 22.22 (2)), regarding awarding additional amounts of TEG funds to students.

Our work included procedures to verify:

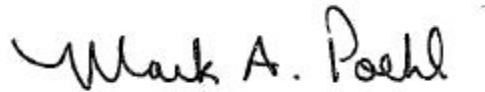
- Students demonstrated financial need
- TEG award amounts met criteria
- Students fulfilled residency requirements
- TEG degree plan/major requirement were met
- Applicable students registered with the selective service system; and
- Reported award amounts reconciled with Dallas Baptist University's student data system and payment records.

Our desk review included tests of relevant financial data reported and certified by Dallas Baptist University for award year 2019-2020. We believe the evidence obtained provides a reasonable basis for the observations and recommendations, based on the desk review objectives.

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 January 2022.

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". The signature is written in a cursive style with a large, stylized 'M' and 'P'.

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

Detailed Observation, Recommendations and Management Response

Dallas Baptist University over awarded \$1,710.00 in TEG exceptional need funds to one graduate student during fiscal year 2020. The TEG program rules do not include *graduate* students in the language regarding exceptional need funds (the Texas Education and Administrative Codes are indicated below).

The identified graduate student met the requirements to receive TEG funds for the academic year in question however the student was not eligible to receive the additional \$1710.00 in exceptional need funds.

The error was caused due to a lack of controls in place to confirm the student's classification at the start of the academic term, prior to awarding the exceptional need amount to an otherwise eligible student.

Texas Education Code (TEC) Eligibility Requirements

According to Texas Education Code (TEC) Sec. 61.227 (e), Notwithstanding any restrictions provided by Subsection (c) on the amount of a grant, a tuition equalization grant for an academic period for an undergraduate student who establishes exceptional financial need in accordance with the procedures and rules of the coordinating board may be certified by the institution at which the undergraduate student is enrolled in an amount not to exceed 150 percent of the amount of the grant that the student would otherwise have been awarded for that period under the other provisions of this section.

Texas Administrative Code (TAC) Eligibility Requirements

According to Texas Administrative Code (TAC) Sec. 22.22 (2), Exceptional TEG need-- An additional amount of TEG funds for which an undergraduate student may qualify on the basis of having an expected family contribution generated through the use of the federal methodology, less than or equal to \$1,000.

Recommendations:

- A. Strengthen the institution's quality control procedures to ensure compliance with TAC Sec. 22.22 (2) (e) including a sound review of the student records, specifically, the student's classification prior to awarding the TEG exceptional need amount.
- B. Refund the \$1,710.00 in TEG exceptional need funds over awarded to the above student in question to the Texas Higher Education Coordinating Board under the authority of the terms of Dallas Baptist University's current Memorandum of Understanding for State Financial Aid Programs, Sec. 4.13.

Management Response:

Please find below a response to the recommendations suggested by your office from our Director of Financial Aid, Mrs. Shermain Reed:

- A. In order to prevent incorrectly awarding the exceptional need amount of TEG funds to graduate students at DBU, the Financial Aid Department has implemented an awarding and transmittal rule to ensure that students with a graduate-level academic program will a) not be awarded the exceptional need amount, and b) transmittal to the student's account receivable will be hindered for the exceptional need amount of TEG.

Furthermore, a compliance report that will identify students with a graduate-level program and an exceptional need amount of TEG will be generated by our Technical Coordinator and provided to our Financial Aid Counselors before the date of disbursement each semester.

- B. A refund of funds for \$1710.00 was issued to the Texas Higher Education Coordinating Board on December 07, 2021.

PERFORMED BY:

Ms. Shebah Washington, Compliance Specialist

CC:

THECB

Board Members

Commissioner's Office

Dr. Harrison Keller, Commissioner of Higher Education

Mr. Rey Rodriguez, Deputy Commissioner and Chief of Staff

Ms. Nichole Bunker-Henderson, General Counsel

Mr. Ken Martin, Assistant Commissioner for Financial Services and Chief Financial Officer

Student Financial Aid Programs

Dr. Charles W. Contéro-Puls, Assistant Commissioner

Ms. DeCha Reid, Senior Director, Financial Aid Services

Dallas Baptist University

Ms. Kaye Dawn Lunsford, Chairman, Board of Trustees

Ms. Shermain Reed, Director of Student Financial Aid

Mr. Matt Winn, Vice President of Information Technology

Mr. Jonathan Teat, Vice President for Administration and Enrollment

Ms. Joy Bondurant, Director of Student Account Services

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AGENDA ITEM XI

Adjournment