

TEXAS HIGHER EDUCATION COORDINATING BOARD

AGENCY OPERATIONS COMMITTEE

VIA LIVE BROADCAST

July 21, 2021

12:00 p.m.

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

*Ricky A. Raven
Chair
Emma W. Schwartz
Vice Chair
S. Javaid Anwar
VACANT
VACANT*

*Matthew B. Smith
Student Representative,
Ex-Officio
Fred Farias III, O.D.
Ex-Officio*

AGENDA

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. April 21, 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
 - B. Update on the Fiscal Year 2021 Key Security Initiatives Implementation Roadmap
 - C. Update on outcomes of the 87th Texas Legislature's Regular Session
 - D. Consideration and possible action to approve the solicitation and/or procurement of software licenses, Software as a Service (SaaS) solutions, contracts, staff augmentation services, consulting and professional services using up to \$4 million in Governor's Emergency Education Relief Fund to support the completion of the agency's Legacy Application Portfolio Modernization Project
- VI. Finance
 - A. Review of the Fiscal Year 2021 Financial Report to the Board
 - B. Consideration of adopting the agency's operating budget for Fiscal Years 2022 and 2023

Note: Highlighted items are on the consent calendar

VII. Internal Audit

- A. Discussion of the audit of agencywide financial statements for the fiscal year ended August 31, 2020, by KPMG LLP
- B. Consideration of adopting the Annual Internal Audit Plan for Fiscal Year 2022
- C. Update on Internal Audit reports and activities
 - 1. Audit of Borrower Services Closure Memo
 - 2. Audit of formula funding (health-related institutions)

New agenda item D. Consideration and possible action to approve renewal of the KPMG LLP external financial statement audit services contract for Fiscal Year 2021

VIII. Compliance Monitoring

- A. Consideration of adopting the Annual State Compliance Monitoring Plan for Fiscal Year 2022
- B. Update on state and federal Compliance Monitoring reports and activities
 - 1. Follow-Up Review of An Investigation of NSRP and Carl D. Perkins at Coastal Bend College
 - 2. Compliance Monitoring Desk Review of CAL at Texas A&M University at Galveston
 - 3. Compliance Monitoring Desk Review of CAL at University of Houston-Victoria
 - 4. Compliance Monitoring Desk Review of Formula Funding at Southwest Texas Junior College
 - 5. Compliance Monitoring Desk Review of Formula Funding at Alvin Community College
 - 6. Compliance Monitoring Desk Review of TEOG at Hill College
 - 7. Compliance Monitoring Desk Review of College Access Loan at Schreiner University
 - 8. Compliance Monitoring Desk Review of Formula Funding at Galveston College
 - 9. Compliance Monitoring Desk Review of Formula Funding at Lamar Institute of Technology
 - 10. Compliance Monitoring Desk Review of Formula Funding at Prairie View A&M University
 - 11. Texas Southern University Financial Aid Engagement Closure Memo
 - 12. Compliance Monitoring Desk Review of College Access Loan at The University of Texas Health Science Center at San Antonio

13. Compliance Monitoring Desk Review of Formula Funding at Paris Junior College
14. Compliance Monitoring Desk Review of TEXAS Grant at Lamar 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.

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

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

Agency Operations Committee

AGENDA ITEM I

Welcome and Committee Chair's opening remarks

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

Agency Operations Committee

AGENDA ITEM II

Consideration of approval of the minutes from April 21, 2021, committee meeting

RECOMMENDATION: Approval

DRAFT
TEXAS HIGHER EDUCATION COORDINATING BOARD
Agency Operations Committee

Wednesday, April 21, 2021; 11:30 a.m.

Via Live Broadcast

**The Agency Operations Committee convened at
12:27 a.m. on April 21, 2021, with the following members
present: Emma Schwartz, presiding; Javaid Anwar; Fred Farias;
Stuart Stedman (Ex-Officio); and Levi McClenny (Ex-Officio).**

**Other Board members present: Sam Torn; Donna Williams;
and Welcome Wilson**

Members absent: Ricky Raven, Chair; and Cody Campbell

AGENDA ITEM	ACTION
I. Welcome and Committee Chair's Opening Remarks	Vice Chair, Emma Schwartz, called the video conference meeting of the Agency Operations Committee to order and called the role. Mr. Raven and Mr. Campbell were not in attendance. A quorum was met.
II. Consideration of Approval of the Minutes from October 21, 2020, Committee Meeting	On a motion by Dr. Farias, seconded by Mr. Anwar, the committee approved the January 20, 2021, Agency Operations Committee meeting minutes. Vote: Three in favor, none against.
III. Public Testimony	No action required.
IV. Agency Operations	
A. Report on grants and contracts	Ms. Linda Natal, Director of Contract & Grant Management, was available for questions. This item did not require any action.
B. Update on 87th Texas Legislature	Mr. John Wyatt, Senior Director for External Relations, presented this item to the committee and was available for questions. This item did not require any action.
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 authorization to enter into an agreement with the Office of the Attorney General (OAG), File and Serve Express, Texas Easy Serve, and Travis County Courts to continue to provide collection services for the agency's student loan program. The amount of the combined agreements is estimated to be \$2,700,000 for a two-year period beginning 9/1/2021.	<p>On a motion by Dr. Farias, seconded by Mr. Anwar, the committee approved entering into an agreement with the Office of the Attorney General (OAG), File and Serve Express, Texas Easy Serve, and Travis County Courts to continue to provide collection services for the agency's student loan program. The amount of the combined agreements is estimated to be \$2,700,000 for a two-year period beginning 9/1/2021. Vote: Three in favor, none against.</p> <p>Mr. Ken Martin, Assistant Commissioner for Financial Services/CFO, and Ms. Rachel Obaldo, Assistant Attorney General, Bankruptcy & Collections Division, presented this item to the committee and were 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
B. Discussion of Statements on Auditing Standards No. 114, The Auditor's Communication with Those Charged with Governance	Ms. Susan Warren, Audit Partner with KPMG LLP, presented this item to the committee and was 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.

AGENDA ITEM	ACTION
VIII. Executive Session	
<p>A. Pursuant to Texas Government Code Section 551.076, the Board will meet in closed session to discuss security recommendations from a Department of Information Resources contractor</p>	<p>The committee went into closed session at 1:16 p.m. There was no action taken during the closed session. The closed session ended at 2.09 p.m. and Mr. Anwar departed the meeting.</p> <p>Ms. Nichole Bunker-Henderson, General Counsel, announced that the meeting would adjourn.</p>
IX. Adjournment	<p>Ms. Schwartz adjourned the meeting at approximately 2:10 p.m.</p>

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.

Consent Calendar

- V. Matters relating to the Committee on Academic and Workforce Success
 - D. Consideration and possible action to approve the solicitation and/or procurement of software licenses, Software as a Service (SaaS) solutions, contracts, staff augmentation services, consulting and professional services using up to \$4 million in Governor's Emergency Education Relief Fund to support the completion of the agency's Legacy Application Portfolio Modernization Project

Agency Operations Committee

AGENDA ITEM V-A

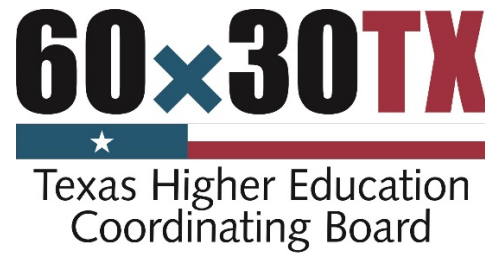
Report on grants and contracts

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, to whom the Board of the Texas Higher Education Coordinating Board (THECB), by virtue of this rule, delegates such approval and signature authority. In addition to the Board receiving a quarterly report on *Contracts Executed by the Agency in Accordance with Board Rule 1.16*, the THECB staff also provides the Board a quarterly report highlighting and listing all grants and contracts exceeding \$1 million.

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



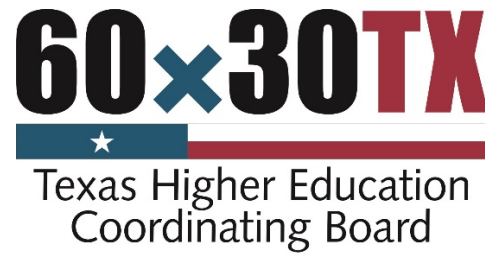
Texas Higher Education Coordinating Board

Contracts Executed by the Agency Over \$1 Million

March 9, 2021 – June 6, 2021

Contracts Executed by the Agency Over \$1 Million

Division	Contract	Performing Agent	Description	Active Date	Total \$
Academic Planning & Policy	24398	Texas Workforce Commission	Receivable Contract Related to the GradTX Portal	3/22/2021	\$ 1,500,000.00
Academic Quality and Workforce	24218	Baylor College of Medicine	Texas Child Mental Health Care Consortium	3/15/2021	\$ 2,254,113.00
Commissioner's Office	24251	The University of Texas at Austin	OnCourse Initiative	3/9/2021	\$ 3,000,000.00
Strategic Planning and Funding	24331	Health & Human Svcs Commission	Interagency Contract Between HHSC and THECB	5/25/2021	\$ 16,955,366.02
					\$ 23,709,479.02



Texas Higher Education Coordinating Board

Contracts Executed by the Agency in Accordance with Board Rule 1.16

March 9, 2021 – June 6, 2021

Division	Contract	Performing Agent	Description	Active Date	Total \$
Academic Planning & Policy	24398	Texas Workforce Commission	Receivable Contract Related to the GradTX Portal	3/22/2021	\$ 1,500,000.00
Academic Quality and Workforce	24407	Baylor University	2018-2020 Autism Grant Program No Cost Extension Amendment	5/3/2021	\$ -
Academic Quality and Workforce	24233	Texas State Technical College System	2020-2021 Perkins Basic Reallocation	3/16/2021	\$ 306,145.00
Academic Quality and Workforce	24196	Dallas College	2020-2021 Perkins Basic Reallocation	3/16/2021	\$ 279,692.00
Academic Quality and Workforce	24204	Houston Community College System	2020-2021 Perkins Basic Reallocation	4/13/2021	\$ 279,591.00
Academic Quality and Workforce	24227	South Texas College	2020-2021 Perkins Basic Reallocation	4/9/2021	\$ 257,649.00
Academic Quality and Workforce	24176	Alamo Community College District	2020-2021 Perkins Basic Reallocation	4/1/2021	\$ 228,525.00
Academic Quality and Workforce	24229	Tarrant County College District	2020-2021 Perkins Basic Reallocation	4/9/2021	\$ 143,309.00
Academic Quality and Workforce	24184	Austin Community College	2020-2021 Perkins Basic Reallocation	3/16/2021	\$ 141,380.00
Academic Quality and Workforce	24213	Lone Star College System	2020-2021 Perkins Basic Reallocation	4/1/2021	\$ 137,085.00
Academic Quality and Workforce	24235	Tyler Junior College	2020-2021 Perkins Basic Reallocation	3/16/2021	\$ 134,107.00
Academic Quality and Workforce	24181	Amarillo College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 124,423.00
Academic Quality and Workforce	24225	San Jacinto College District	2020-2021 Perkins Basic Reallocation	3/22/2021	\$ 123,608.00
Academic Quality and Workforce	24195	Collin County Community College District	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 105,483.00
Academic Quality and Workforce	24198	El Paso County Community College District	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 98,223.00
Academic Quality and Workforce	24214	McLennan Community College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 91,090.00
Academic Quality and Workforce	24189	Central Texas College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 87,762.00
Academic Quality and Workforce	24212	Lee College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 85,429.00
Academic Quality and Workforce	24197	Del Mar College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 83,647.00
Academic Quality and Workforce	24226	South Plains College	2020-2021 Perkins Basic Reallocation	4/8/2021	\$ 79,795.00
Academic Quality and Workforce	24234	Trinity Valley Community College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 79,057.00
Academic Quality and Workforce	24182	Angelina College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 74,421.00
Academic Quality and Workforce	24211	Laredo Community College	2020-2021 Perkins Basic Reallocation	3/22/2021	\$ 66,729.00
Academic Quality and Workforce	24219	North Central Texas Community College District	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 61,864.00
Academic Quality and Workforce	24187	Blinn College	2020-2021 Perkins Basic Reallocation	4/14/2021	\$ 57,943.00
Academic Quality and Workforce	24207	Lamar Institute of Technology	2020-2021 Perkins Basic Reallocation	3/22/2021	\$ 56,087.00
Academic Quality and Workforce	24201	Grayson College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 55,706.00
Academic Quality and Workforce	24231	Texarkana College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 54,145.00
Academic Quality and Workforce	24206	Kilgore College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 51,940.00
Academic Quality and Workforce	24222	Panola College	2020-2021 Perkins Basic Reallocation	3/22/2021	\$ 46,450.00
Academic Quality and Workforce	24216	Navarro College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 45,906.00
Academic Quality and Workforce	24223	Paris Junior College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 43,491.00
Academic Quality and Workforce	24221	Odessa College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 42,862.00
Academic Quality and Workforce	24193	Coastal Bend College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 40,831.00
Academic Quality and Workforce	24228	Southwest Texas Junior College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 38,478.00
Academic Quality and Workforce	24210	Lamar State College-Port Arthur	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 36,273.00
Academic Quality and Workforce	24190	Cisco College	2020-2021 Perkins Basic Reallocation	3/22/2021	\$ 35,690.00
Academic Quality and Workforce	24236	Vernon College	2020-2021 Perkins Basic Reallocation	3/22/2021	\$ 34,999.00
Academic Quality and Workforce	24209	Lamar State College-Orange	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 34,460.00
Academic Quality and Workforce	24238	Weatherford College	2020-2021 Perkins Basic Reallocation	4/8/2021	\$ 27,148.00
Academic Quality and Workforce	24232	Texas Southmost College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 25,541.00
Academic Quality and Workforce	24194	College of the Mainland	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 25,537.00
Academic Quality and Workforce	24237	Victoria College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 25,378.00
Academic Quality and Workforce	24220	Northeast Texas Community College	2020-2021 Perkins Basic Reallocation	4/8/2021	\$ 25,106.00
Academic Quality and Workforce	24230	Temple College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 24,578.00
Academic Quality and Workforce	24215	Midland College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 23,499.00
Academic Quality and Workforce	24240	Wharton County Junior College	2020-2021 Perkins Basic Reallocation	3/22/2021	\$ 23,339.00
Academic Quality and Workforce	24205	Howard College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 22,574.00
Academic Quality and Workforce	24203	Hill College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 21,973.00
Academic Quality and Workforce	24178	Alvin Community College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 21,499.00
Academic Quality and Workforce	24200	Galveston College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 19,165.00
Academic Quality and Workforce	24188	Brazosport College	2020-2021 Perkins Basic Reallocation	4/1/2021	\$ 14,417.00
Academic Quality and Workforce	24224	Ranger College	2020-2021 Perkins Basic Reallocation	3/22/2021	\$ 12,087.00
Academic Quality and Workforce	24192	Clarendon College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 10,852.00
Academic Quality and Workforce	24199	Frank Phillips College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 9,820.00
Academic Quality and Workforce	24239	Western Texas College	2020-2021 Perkins Basic Reallocation	3/11/2021	\$ 4,496.00
Academic Quality and Workforce	24530	National Alliance for Partnerships in Equity Inc	Annual Membership Dues	5/17/2021	\$ 150.00
Academic Quality and Workforce	24449	Hied Inc	Camtasia Software	4/27/2021	\$ 417.90
Academic Quality and Workforce	24372	Chinemelu Anumba	Desk Review	3/17/2021	\$ 500.00
Academic Quality and Workforce	24379	Jeffrey S Legg	Desk Review	3/24/2021	\$ 500.00
Academic Quality and Workforce	24391	Laura Crothers	Desk Review	4/16/2021	\$ 500.00
Academic Quality and Workforce	24395	T Grandon Gill	Desk Review	4/1/2021	\$ 500.00
Academic Quality and Workforce	24400	Barbara Turner	Desk Review	4/1/2021	\$ 500.00

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division	Contract	Performing Agent	Description	Active Date	Total \$
Academic Quality and Workforce	24452	Karen Hauer	Desk Review	5/17/2021	\$ 500.00
Academic Quality and Workforce	24357	The University of Texas at Austin	Digital Learning GEER Online Learning	5/11/2021	\$ 95,000.00
Academic Quality and Workforce	24442	The University of Texas Health Science Center at Houston	Emergency and Trauma Care Graduate Medical Education Amendment	5/27/2021	\$ 8,214.00
Academic Quality and Workforce	24443	The University of Texas Southwestern Medical Center	Emergency and Trauma Care Graduate Medical Education Amendment	5/27/2021	\$ 8,214.00
Academic Quality and Workforce	24444	Methodist Health System	Emergency and Trauma Care Graduate Medical Education Amendment	5/27/2021	\$ 2,738.00
Academic Quality and Workforce	24445	Houston Methodist Hospital	Emergency and Trauma Care Graduate Medical Education Amendment	5/27/2021	\$ 2,738.00
Academic Quality and Workforce	24261	Houston Community College System	GEER Funded Open Educational Resources	3/15/2021	\$ 57,282.00
Academic Quality and Workforce	24263	Prairie View A&M University	GEER Funded Open Educational Resources	3/24/2021	\$ 15,000.00
Academic Quality and Workforce	24433	The University of Texas at Austin	GEER Funded Open Educational Resources Amendment	5/19/2021	\$ -
Academic Quality and Workforce	24505	Quevarra Moten	Guest Speaker	5/17/2021	\$ 300.00
Academic Quality and Workforce	24446	Supply Chimp	Neenah Paper B632 Capitol Bond	4/30/2021	\$ 169.30
Academic Quality and Workforce	24279	Texas Chapter of the American College of Physicians	Negative Amendment 2020-2021 Statewide Preceptorship Program	4/20/2021	\$ (14,323.41)
Academic Quality and Workforce	24280	Texas Academy of Family Physicians	Negative Amendment 2020-2021 Statewide Preceptorship Program	4/16/2021	\$ (14,323.41)
Academic Quality and Workforce	24281	Texas Pediatric Society	Negative Amendment 2020-2021 Statewide Preceptorship Program	4/20/2021	\$ (14,323.41)
Academic Quality and Workforce	24531	Creative Commons Corporation	Registration Fees Certificate for Educators	5/20/2021	\$ 500.00
Academic Quality and Workforce	24218	Baylor College of Medicine	Texas Child Mental Health Care Consortium	3/15/2021	\$ 2,254,113.00
Academic Quality and Workforce	24422	TxDLA Inc	Texas Distance Learning Association Conference Registration	4/6/2021	\$ 940.00
Academic Quality and Workforce	24527	Boyd Buser	Virtual Site Visit	5/26/2021	\$ 1,500.00
Academic Quality and Workforce	24368	Julia Ann Gill	Virtual Site Visit	4/12/2021	\$ 1,000.00
Academic Quality and Workforce	24370	Jeffrey S Legg	Virtual Site Visit	4/28/2021	\$ 1,000.00
Academic Quality and Workforce	24374	G Edward Gibson	Virtual Site Visit	3/25/2021	\$ 1,000.00
Academic Quality and Workforce	24375	Sinem Mollaoglu	Virtual Site Visit	3/24/2021	\$ 1,000.00
Academic Quality and Workforce	24376	Chinemelu Anumba	Virtual Site Visit	4/12/2021	\$ 1,000.00
Academic Quality and Workforce	24380	Laura Aaron	Virtual Site Visit	4/22/2021	\$ 1,000.00
Academic Quality and Workforce	24425	Renee O Hawkins	Virtual Site Visit	5/17/2021	\$ 1,000.00
Academic Quality and Workforce	24434	Kristi Moore	Virtual Site Visit	4/28/2021	\$ 1,000.00
Academic Quality and Workforce	24448	David B Tanner	Virtual Site Visit	4/22/2021	\$ 1,000.00
Academic Quality and Workforce	24450	Peter H Fisher	Virtual Site Visit	4/28/2021	\$ 1,000.00
Academic Quality and Workforce	24462	Steven Rolston	Virtual Site Visit	4/28/2021	\$ 1,000.00
Academic Quality and Workforce	24467	Kenneth R Bartlett	Virtual Site Visit	5/17/2021	\$ 1,000.00
Academic Quality and Workforce	24469	K Peter Kuchinke	Virtual Site Visit	5/18/2021	\$ 1,000.00
Academic Quality and Workforce	24471	Linda Skria	Virtual Site Visit	5/17/2021	\$ 1,000.00
Academic Quality and Workforce	24485	Joel Meyers	Virtual Site Visit	5/17/2021	\$ 1,000.00
Academic Quality and Workforce	24570	Annette Ferguson	Virtual Site Visit	5/26/2021	\$ 1,000.00
Academic Quality and Workforce	24601	University of North Texas Health Science Center at Fort Worth	Virtual Site Visit	6/1/2021	\$ 1,000.00
Academic Quality and Workforce	24634	Seong-In Choi	Virtual Site Visit	6/1/2021	\$ 1,000.00
Academic Quality and Workforce	24638	Yang Joel Wong	Virtual Site Visit	6/1/2021	\$ 1,000.00
Academic Quality and Workforce	24651	Terri Collin Dilmore	Virtual Site Visit	6/3/2021	\$ 1,000.00
Academic Quality and Workforce	24600	Lisa R. Nash, D.O.	Virtual Site Visit	6/3/2021	\$ -
Academic Quality and Workforce	24518	WICHE/WCET	WCET Membership Renewal	5/13/2021	\$ 1,650.00
College Readiness and Success	24322	Molly Platz	Communications and Design Support for THECB Virtual Advising Chatbot (ADVI)	4/28/2021	\$ 4,999.00
College Readiness and Success	24483	Whova Inc	Event Management App	5/5/2021	\$ 3,579.00
College Readiness and Success	24151	Texas Southern University	GradTX 2.0 Grad Program	3/22/2021	\$ 15,000.00
College Readiness and Success	24607	PS Promotions Inc	Promotional Items Imprinted with the GenerationTX Logo	5/19/2021	\$ 8,275.00
College Readiness and Success	24610	Classic Forms and Products Inc	Promotional Items Imprinted with the GenerationTX Logo	5/19/2021	\$ 2,525.97
College Readiness and Success	24385	Lockbox Objectwin Technology Inc	Temporary Personnel Developer Analyst 3 Core	3/19/2021	\$ 85,880.00
College Readiness and Success	24402	Lockbox Objectwin Technology Inc	Temporary Personnel Developer Analyst 3 Core	3/31/2021	\$ 75,240.00
College Readiness and Success	24403	Esolvit Inc	Temporary Personnel Developer Analyst 3 Core	3/29/2021	\$ 65,923.20
College Readiness and Success	24504	Lockbox Objectwin Technology Inc	Temporary Personnel Developer Analyst 3 Core	5/7/2021	\$ 56,240.00
College Readiness and Success	24645	Lockbox Objectwin Technology Inc	Temporary Personnel Developer Analyst 3 Core	5/27/2021	\$ 48,640.00
College Readiness and Success	24384	Esolvit Inc	Temporary Personnel Developer Analyst 3 Core	3/15/2021	\$ 19,776.96
College Readiness and Success	24382	Lockbox Objectwin Technology Inc	Temporary Personnel Developer Analyst 3 Core	3/15/2021	\$ 3,040.00
College Readiness and Success	24435	Admithub Inc	Web Based Chatbot	5/17/2021	\$ 4,167.00
College Readiness and Success	24424	Audio Fidelity Communications Corp	Zoom Business Subscription Renewal	4/12/2021	\$ 3,016.50
Commissioner's Office	24408	Comptroller of Public Accounts SWCAP	Annual Statewide Cost Allocation Plan	4/6/2021	\$ 13,763.00
Commissioner's Office	24383	Baker & Taylor LLC	Book	3/19/2021	\$ 15.00
Commissioner's Office	24461	State Preservation Board	Capitol Parking Vouchers	4/21/2021	\$ 240.00
Commissioner's Office	24275	Texas Digital Library University of Texas Libraries	Closed Captioning Service	3/9/2021	\$ 420.00
Commissioner's Office	24335	Texas Workforce Commission	Collaborating with Texas OnCourse to Design a Mobile First Website	5/3/2021	\$ 400,000.00
Commissioner's Office	24366	Texas Legislative Service	Direct Publication Subscription	4/9/2021	\$ 4,379.50
Commissioner's Office	24489	Contessa Gallery & Frame Shop	Frame Mounting	4/30/2021	\$ 180.00
Commissioner's Office	24655	Contessa Gallery & Frame Shop	Frame Mounting	6/2/2021	\$ 140.00
Commissioner's Office	24523	Shi Government Solutions Inc	LinkedIn Learning Pro Licenses	5/12/2021	\$ 17,975.00
Commissioner's Office	24491	Assoc of Coll & University Auditors	Membership Annual Renewal	5/3/2021	\$ 1,100.00

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division	Contract	Performing Agent	Description	Active Date	Total \$
Commissioner's Office	24617	Austin Area Chapter of the ACFE	Membership Renewal	5/21/2021	\$ 60.00
Commissioner's Office	24378	V Quest Office Machines & Supplies LTD	Office Supplies	3/16/2021	\$ 214.23
Commissioner's Office	24251	The University of Texas at Austin	OnCourse Initiative	3/9/2021	\$ 3,000,000.00
Commissioner's Office	24440	V Quest Office Machines & Supplies LTD	Pens	4/22/2021	\$ 48.87
Commissioner's Office	24473	Jana Birchum Photo Video	Portrait Shoot for Commissioner and Board Chair	4/21/2021	\$ 760.00
Commissioner's Office	24415	State Auditors Office	Professional Development Training 2021 Audit Conference Class	3/30/2021	\$ 249.00
Commissioner's Office	24252	Asana Inc	Project Management Software	3/12/2021	\$ 660.00
Commissioner's Office	24633	Classic Forms and Products Inc	Promotional Items with Texas OnCourse logo	5/27/2021	\$ 1,381.79
Commissioner's Office	24156	Texas Education Agency	Receivable Contract Related to OnCourse GEAR/CARES Act	5/19/2021	\$ 900,000.00
Commissioner's Office	24456	Texas Comptroller of Public Accounts	Registration Fees Certified Texas Contract Developer	4/19/2021	\$ 375.00
Commissioner's Office	24529	TPASS Budget and Internal Acct.	Registration Fees Certified Texas Contract Developer	5/19/2021	\$ 375.00
Commissioner's Office	24541	TPASS Budget and Internal Acct.	Registration Fees Certified Texas Contract Developer	5/19/2021	\$ 375.00
Commissioner's Office	24475	University of Texas School of Law	Registration Fees CLE EConference	4/26/2021	\$ 545.00
Commissioner's Office	24490	Dallas/Fort Worth Minority Business Council	Registration Fees HUB Expo	5/6/2021	\$ 150.00
Commissioner's Office	24289	Atomic Jolt	Search LTI Software	3/10/2021	\$ 995.00
Commissioner's Office	24405	GTS Technology Solutions Inc	Smartsheet Data Uploader and Enterprise Plan Pro Support License Renewals	3/29/2021	\$ 43,806.00
Commissioner's Office	24291	Atlassian PTY LTD	Software Subscription	3/22/2021	\$ 2,000.00
Commissioner's Office	24360	Annette S Granat	Spanish Translation Services	3/10/2021	\$ 16,200.00
Commissioner's Office	24406	Shi Government Solutions Inc	Tableau Software Licenses	4/8/2021	\$ 10,101.44
Commissioner's Office	24365	Texas Association for College Admission Counseling	TACAC Conference Sponsorship	3/19/2021	\$ 5,000.00
Commissioner's Office	24411	Wolters Kluwer Financial Services Inc	TeamMate Gold Maintenance Software License	4/8/2021	\$ 967.56
Commissioner's Office	24354	Wolters Kluwer Financial Services Inc	TeamMate Gold Maintenance Software Licenses	3/10/2021	\$ 9,720.00
Commissioner's Office	24498	Workquest Temps	Temporary Personnel Curriculum Writer	5/11/2021	\$ 28,814.40
Commissioner's Office	24508	AVI-SPL LLC	Zoom Video Communications	5/7/2021	\$ 689.91
Compliance Monitoring	24492	State Auditors Office	Professional Development Training Auditing for Accounting Fraud	5/3/2021	\$ 289.00
Compliance Monitoring	24454	State Auditors Office	Professional Development Training Presentation Skills for Government Auditors and Managers	4/19/2021	\$ 249.00
Compliance Monitoring	24401	Austin Area Chapter of the ACFE	Registration Fees Vendor and Contractor Fraud	3/22/2021	\$ 40.00
Financial Services	24416	AHI Enterprises LLC	AED Replacement Supplies	4/9/2021	\$ 256.00
Financial Services	24367	Workquest Products	Hand Sanitizer Refill Pouches	3/15/2021	\$ 270.48
Financial Services	24501	Tele Communications Inc	Headsets	5/3/2021	\$ 193.20
Financial Services	24503	Tele Communications Inc	Headsets	5/3/2021	\$ 211.03
Financial Services	24419	R W Gonzalez Office Products Inc	Plexiglass Shields	3/31/2021	\$ 531.58
Financial Services	24484	Quadient Inc	Postal Supplies	4/28/2021	\$ 194.91
Financial Services	24412	Arthur J Gallagher Risk Management Services Inc	Property Insurance	4/6/2021	\$ 1,840.00
Financial Services	24664	Longhorn Office Products Inc	Quick Print Materials	6/4/2021	\$ 445.90
Financial Services	24153	Standard & Poors Financial Services LLC	Ratings for the THECB's Bonds FY21 Payments	3/15/2021	\$ 45,000.00
Financial Services	24155	Moody S Investors Service	Ratings for the THECB's Bonds FY21 Payments	3/15/2021	\$ 45,000.00
Financial Services	24423	Moody S Investors Service	Ratings for the THECB's Bonds FY21 Payments	4/6/2021	\$ 1,000.00
Financial Services	24418	Texas Comptroller of Public Accounts	Registration Fees Certified Texas Contract Manager	4/12/2021	\$ 750.00
Financial Services	24377	V Quest Office Machines & Supplies LTD	Water Filters Replacements	4/12/2021	\$ 148.20
Information Solutions & Services	24361	Shi Government Solutions Inc	Tableau Software	3/19/2021	\$ 2,525.36
Information Solutions & Services	24421	Coastal Commerce Group LLC	Audio Codes Renewal	4/16/2021	\$ 2,105.88
Information Solutions & Services	24363	Shi Government Solutions Inc	Dell Laptops 32510	3/17/2021	\$ 30,850.00
Information Solutions & Services	24451	Microsoft Corporation	Microsoft Premier Support Package	4/19/2021	\$ 128,840.00
Information Solutions & Services	24603	University of Texas at Austin Testing & Eval	Registration Fees Certified Texas Contract Developer Exam	5/21/2021	\$ 260.00
Information Solutions & Services	24437	Texas Comptroller of Public Accounts	Registration Fees Certified Texas Contract Manager	4/12/2021	\$ 750.00
Information Solutions & Services	24539	Broadleaf IT LLC	Stealthbits Technologies No Cost Extension Amendment	5/17/2021	\$ -
Perkins Compliance Admin	24394	State Auditors Office	State's Single Audit	3/17/2021	\$ 738.39
Perkins Compliance Admin	24453	State Auditors Office	State's Single Audit Amendment	4/16/2021	\$ 1,561.61
Strategic Planning and Funding	24640	Workquest Temps	Temporary Personnel Program Specialist III	6/2/2021	\$ 10,971.52
Strategic Planning and Funding	24630	DataCamp Inc	DataCamp Software Subscription	5/25/2021	\$ 3,992.00
Strategic Planning and Funding	24272	Texas Education Agency	Develop Education Research Center Receivable Grant	5/10/2021	\$ 375,000.00
Strategic Planning and Funding	24650	Shi Government Solutions Inc	HP Elite Display Monitor	6/2/2021	\$ 320.76
Strategic Planning and Funding	24331	Health & Human Svcs Commission	Interagency Contract Between HHSC and THECB	5/25/2021	\$ 16,955,366.02
Strategic Planning and Funding	24352	Dallas County El Centro College Campus	Nursing Shortage Reduction Program	3/11/2021	\$ 688,605.11
Strategic Planning and Funding	24352	Del Mar College	Nursing Shortage Reduction Program	3/11/2021	\$ 134,143.85
Strategic Planning and Funding	24352	Central Texas College	Nursing Shortage Reduction Program	3/11/2021	\$ 125,200.93
Strategic Planning and Funding	24352	Tarrant County College District	Nursing Shortage Reduction Program	3/11/2021	\$ 98,372.16
Strategic Planning and Funding	24352	Howard College	Nursing Shortage Reduction Program	3/11/2021	\$ 89,429.24
Strategic Planning and Funding	24353	University of Houston	Nursing Shortage Reduction Program	3/11/2021	\$ 71,543.39
Strategic Planning and Funding	24353	Texas A&M University System Health Science Center	Nursing Shortage Reduction Program	3/11/2021	\$ 71,543.39
Strategic Planning and Funding	24353	The University of Texas Health Science Center at Houston	Nursing Shortage Reduction Program	3/11/2021	\$ 53,657.54
Strategic Planning and Funding	24352	Texas Lutheran University	Nursing Shortage Reduction Program	3/11/2021	\$ 26,828.77
Strategic Planning and Funding	24353	Texas State Technical College-West Texas	Nursing Shortage Reduction Program	3/11/2021	\$ 17,885.85

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division	Contract	Performing Agent	Description	Active Date	Total \$
Strategic Planning and Funding	24353	The University of Texas Medical Branch at Galveston	Nursing Shortage Reduction Program	3/11/2021	\$ 17,885.85
Strategic Planning and Funding	24353	Texas Woman's University	Nursing Shortage Reduction Program	3/11/2021	\$ 8,942.92
Student Financial Aid Programs	24643	National Association of State Student Grant and Aid Programs	Membership Dues 2021-2022	6/2/2021	\$ 1,000.00
Student Financial Aid Programs	24430	National Association of Students	Registration Fees Conference Going Virtual	4/12/2021	\$ 99.00
Student Financial Aid Programs	24432	TASFAA	Registration Fees New Aid Officers Workshop	4/12/2021	\$ 450.00
Student Financial Aid Programs	24524	Governor's Center for Management Development	Registration Fees Senior Management Program	5/14/2021	\$ 2,400.00
Student Financial Aid Programs	24466	Workquest Temps	Temporary Personnel Admin Assistant III	4/19/2021	\$ 69,839.28
Student Financial Aid Programs	24652	Workquest Temps	Temporary Personnel Admin Assistant III	5/27/2021	\$ 16,020.48
Student Financial Aid Programs	24465	Workquest Temps	Temporary Personnel Customer Service Rep V	4/19/2021	\$ 88,253.28
					\$ 32,060,045.18
Memorandum of Understanding (\$0 Contract Amount)					
College Readiness and Success	24364	California Student Aid Commission	Development for Online Version of the Texas Application for State Financial Aid	3/22/2021	\$ -

Agency Operations Committee

AGENDA ITEM V-B

Update on the FY2021 Key Security Initiatives Implementation Roadmap

RECOMMENDATION: No action required

Background Information:

The Information Solutions and Services (ISS) division is responsible for establishing and maintaining the enterprise vision, strategy, and program to ensure agency information assets and technologies are adequately protected.

To improve the maturity of the agency cybersecurity framework, ISS publishes a Key Security Initiatives Implementation Roadmap at the beginning of each fiscal year to share the overall vision and help secure resources and track progress.

During this presentation, the agency information security management team will brief the Board on the progress made on the FY2021 Key Security Initiatives Implementation Roadmap and discuss the next steps to improve the security posture of the agency.

Ms. Zhenzhen Sun, Assistant Commissioner for Information Solutions and Services/Chief Information Officer, will present this agenda topic and be available to answer questions.

Agency Operations Committee

AGENDA ITEM V-C

Update on outcomes of the 87th Texas Legislature's Regular Session

RECOMMENDATION: No action required

Background Information:

The 87th Texas Legislature concluded its regular session on May 31, 2021.

John Wyatt, Senior Director for External Relations, will provide an update on policy and budgetary outcomes of the 87th legislative session.

Agency Operations Committee

AGENDA ITEM V-D

Consideration and possible action to approve the solicitation and/or procurement of software licenses, Software as a Service (SaaS) solutions, contracts, staff augmentation services, consulting and professional services using up to \$4 million in Governor's Emergency Education Relief Fund to support the completion of the agency's Legacy Application Portfolio Modernization Project

Total Project Cost: Not to exceed \$4,000,000
Source of Funds: Governor's Emergency Education Relief Fund

RECOMMENDATION: Approval

Background Information:

THECB staff seek approval to use up to \$4 million in the Governor's Emergency Education Relief Fund to procure software licenses, Software as a Service (SaaS) solutions, contracts, staff augmentation services, and/or consulting and professional services to support the completion of the agency's Legacy Application Portfolio Modernization Project. These initiatives will help accelerate the agency's move to the Cloud following industry best practices, reduce maintenance costs of the agency's IT portfolio and infrastructure, at the same time increasing IT security and user effectiveness. This project was approved as part of the June 2021 allocation of GEER funds to improve agency IT security.

Ms. Zhenzhen Sun, Assistant Commissioner for Information Solutions and Services/Chief Information Officer, will present this item and be available to answer questions.

Agency Operations Committee

AGENDA ITEM VI-A

Review of the Fiscal Year 2021 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 (FY) 2021 (September 1, 2020 through May 3, 2021).
- The report is distributed to agency executive management monthly.
- Report overview:
 - Budget adjustments are primarily related to carrying forward of unexpended balances (UB) from FY 20 into FY 21.
 - College Access Loan volume is about 8% lower than previous year's level.
 - Two bond sales occurred recently. Approximately \$150 million of new money bond proceeds were received from the sale of bonds to fund new loans for the 2021-22 academic year. Also, approximately \$96 million of bond proceeds were received to pay off the 2011 bond series. This and previous debt realignment activities have produced over \$100 million in debt cash flow savings to the program.
 - Graduate Medical Education encumbrances or expenditures are beginning to increase as the main distribution of the funds occur in the summer period.
 - The Graduate Medical Education Expansion program is projected to receive \$11.8 million from the GME permanent fund to fund additional residency positions. This is \$800,000 higher than originally appropriated.
 - The Texas OnCourse initiative is reflected in this report. The budget and expense activities are consolidated within the administrative strategy A.1.1. College Readiness and Success.

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 VI-B

Consideration of adopting the agency's operating budget for Fiscal Years 2022 and 2023

RECOMMENDATION: Approval

Background Information:

The General Appropriations Act is approved after each legislative session. This act funds both years of the upcoming biennium. The agency develops an operating budget before the start of each biennium and submits the budget for Board approval. The budget that is being presented today is aligned with the Conference Committee version of the General Appropriations Act for the 2022-23 biennium as approved by the 87th Texas Legislature.

Ken Martin, Assistant Commissioner for Financial Services/CFO, will present this item to the committee.

Agency Operations Committee

AGENDA ITEM VII-A

Discussion of the audit of agencywide financial statements for the fiscal year ended August 31, 2020, by KPMG LLP

RECOMMENDATION: No action required

Background Information:

The Board originally contracted with KPMG LLP to conduct the agencywide financial statement audit for fiscal year ended August 31, 2020, with renewal options for three one-year terms. The current contract to conduct an agencywide financial statement audit for the fiscal year ended August 31, 2020, was executed with KPMG for a fixed fee of \$190,800.

KPMG LLP has conducted the agencywide financial statement audit for the fiscal year ended August 31, 2020. The auditors rendered an unqualified or "clean" opinion on the financial statements, noting no reportable material weaknesses nor significant deficiencies during the audit.

Copies of the auditor's reports will be made available at the meeting. Representatives from KPMG will present the report to the committee.

Agency Operations Committee

AGENDA ITEM VII-B

Consideration of adopting the Annual Internal Audit Plan for Fiscal Year 2022

RECOMMENDATION: Approval

Background Information:

In accordance with the Texas Internal Auditing Act, for your consideration and approval, the Internal Audit function has developed the risk-based Annual Internal Audit Plan for Fiscal Year 2022 using risk assessment techniques as required. The Annual Internal Audit Plan for Fiscal Year 2022 presents the individual audits to be performed in Fiscal Year 2022.

Specific risk factors were considered as they apply to the agency's significant operational activities. These risk factors included:

- financial significance;
- reputational significance and visibility;
- complexity; inherent risk; and the potential for abuse;
- prior audit and compliance monitoring results as an indicator of control effectiveness;
- audit recency – internal audit, compliance monitoring (as applicable), KPMG, SAO, and/or federal auditors; and
- changes in mission or key management.

A risk-ranked listing of significant operational activities became the basis for the audits proposed for consideration herein.

The Annual Internal Audit Plan for Fiscal Year 2022 is attached. 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 any questions.

TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT & COMPLIANCE MONITORING

Annual Internal Audit Plan for Fiscal Year 2022

The Texas Internal Auditing Act requires state agency internal auditors to conduct a program of auditing that includes an annual audit plan, is prepared using risk assessment techniques, and identifies the individual audits to be conducted during the year. The following proposed plan meets the requirements of the Texas Internal Auditing Act.

Specific risk factors were considered as they apply to the agency's significant operational activities. These risk factors included:

- financial significance;
- reputational significance and visibility;
- complexity; inherent risk; and the potential for abuse;
- prior audit and compliance monitoring results as an indicator of control effectiveness;
- audit recency – internal audit, compliance monitoring (as applicable), KPMG, SAO, and/or federal auditors; and
- changes in mission or key management.

A risk-ranked listing of significant operational activities became the basis for the audits proposed for consideration herein.

Required and Risk-Based Audits

	<u>Estimated Hours Required</u>	<u>%</u>
1. Follow Up of Prior Audits <i>Assess the implementation status of previously reported internal audit findings in the areas of Academic Grants (3/2020), Select Security Awareness Practices (9/2019), and Formula Funding (5/2021). Review the status of recommendations made by other external auditors, as necessary.</i>	160	5%
2. Carry forward of remaining 2021 Projects <i>Carry forward of remaining work for Review of Selected Grant Programs and Contract Management projects</i>	520	18%
3. Solicit and Host an External Quality Assurance Review of the Internal Audit Function <i>Use competitive solicitation to engage a qualified, independent reviewer to perform an External Quality Assurance Review (QAR) of the Internal Audit Function. An External QAR is required by the Texas Internal Auditing Act, Texas Government Code, Title 10, Subtitle C, Chapter 2102.</i>	160	5%

4. Investigations	300	10%
<i>Texas Government Code Chapter 321.022, Coordination of Investigations, requires the coordination of investigations between the agency and the Texas State Auditor's Office. If the administrative head of an agency that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the agency or by a client/department of the agency may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the agency, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the agency.</i>		
5. Provide Assistance - External Audit of Agency Financial Statements	80	3%
<i>Internal Audit provides 80 hours of audit support to reduce external audit fees and to increase the level of knowledge of external auditors' assessment of the agency's financial statements and associated risks.</i>		
6. Data Modernization Initiative Ongoing Review and Advisory Services	470	16%
<i>Review and advise management on the state of governance, risk, and controls within and around the Data Modernization Initiative. The Data Modernization Initiative has as its stated vision to "Equip internal and external stakeholders with actionable insight and data vision for decision-making purposes."</i>		
7. CRAFT (Customer Relation and Feedback Tracking) System Application Audit	320	11%
<i>Perform an application audit of the CRAFT system to determine if the system adequately protects confidential or sensitive information and is reliable. CRAFT is an internal software application that allows the agency to easily record and track stakeholder inquiries received by phone, email, mail, website, and fax.</i>		
8. Governor's Emergency Education Relief (GEER) Funds Review and Advisory Services	470	16%
<i>Review and advise management on the state of governance, risk, and controls within and around the use of GEER funds. GEER I funds include \$160 million of support allocated to pass through to institutions of higher education institutions and \$15 million of support for specified agency initiatives. An additional \$94 million has been recently allocated under GEER II to THECB.</i>		
9. Audit of the Texas College Work-Study (TCWS) Program	440	15%
<i>Review the internal administrative activities of the TCWS program for compliance, effectiveness, and efficiency. The Texas College Work-Study program appropriations for FY 2021 were approximately \$9.3 million.</i>		
TOTAL HOURS - Required and Risk-Based Audits	2920	100%

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 two projects during the reporting period since the April 2021 Agency Operations Committee meeting. The final reports are attached.

Internal Audit Engagements Completed

(1) Audit of Borrower Services Closure Memo

(2) Audit of Formula Funding – Health-Related Institutions - The issues presented in this report resulted in a Category 2 Report Rating. These reports contain some observations. While the noted observations require management attention, if addressed timely, they do not pose a significant risk for negative reputational or financial consequences.

Internal Audit Projects in Progress as of 6/11/21	Stage of Project
FY 2021 Follow-Up Reviews for various prior projects	Fieldwork
Internal Annual Self-Assessment Review	Planning

Other Internal Audit Activities

- Continued transition to new TeamMate cloud-based audit software
- Annual Audit Risk Assessment and Plan
- Coordination of External Audit(s)
 - Financial Statement Audit - KPMG
 - SAO Audit – SB 65 audit response
 - State of Texas Single Audit - CLA
- Various activities related to federal grants compliance including participation in grant committee meetings and federal grant compliance training
- Legislative requests to proposed legislation 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

P.O. Box 12788 Austin, Texas 78711

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CHAIR

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Welcome Wilson, Jr.

Harrison Keller, Ph.D.
COMMISSIONER
OF HIGHER EDUCATION

(512) 427-6101
Fax (512) 427-6127

Web site:
<http://www.highered.texas.gov>

April 8, 2021

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

Dear Dr. Keller,

This is to inform you that an audit from our 2020 Internal Audit Plan has been closed after preliminary discussions with agency management. Specifically, our planned *Audit of Borrower Services* will be reconsidered at a future date because Borrower Services is in the early stages of identifying replacement software for its loan management system HELMS.

We have agreed to work with the Chief Financial Officer and his team to provide advice on risk and controls as the new loan management system is procured and implemented.

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

Sincerely,

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

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

PERFORMED BY:

Mr. Paul Maeyaert, JD, MBA, CIA, CGAP, CFE, Assistant Director
Ms. Michelle Koog, CFE, CISA, Internal Auditor

CC:

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

Mr. Rey Rodriguez, Deputy Commissioner and Chief of Staff
Ms. Nicole Bunker-Henderson, General Counsel
Mr. Ray Martinez, Deputy Commissioner for Academic Quality and Workforce
Ms. Lori Fey, Deputy Commissioner for Data Analytics and Innovation
Mr. Ken Martin, Assistant Commissioner for Financial Services and Chief Financial Officer
Ms. Zhenzhen Sun, Assistant Commissioner for Information Solutions and Services

STATUTORY DISTRIBUTION REQUIREMENT

Governor's Office - Budget and Policy Division
Ms. Sarah Hicks, Director

State Auditor's Office
Internal Audit Coordinator

Legislative Budget Board
Mr. Christopher Mattson, Manager

Sunset Advisory Commission
Ms. Jennifer Jones, Executive Director



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May 26, 2021

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

Dear Dr. Keller,

I am attaching the final report of *An Audit of Formula Funding-Health Related Institutions at the Texas Higher Education Coordinating Board*, Report No. THECB-IA-WP-21-233. This report will be presented at the July 2021 Agency Operations Committee meeting.

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

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

Sincerely,

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

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

EXECUTIVE SUMMARY

The administration of the Formula Funding-Health Related Institutions (FF-HRI) program is generally effective. Formula funding calculations are accurate and properly documented, however, issues that warrant attention for better administration of the program include:

1. Agency practices do not comply with the requirements of Texas Education Code regarding notification of formula funding recommendations.
2. The master spreadsheet containing important health-related institution formula funding information is not maintained in an accessible location to promote data integrity and business continuity.
3. Written procedures for health-related formula funding processes require improvement.

Audit Objective, Scope and Methodologies

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

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

Background

An audit of FF-HRI program was included on the 2021 Internal Audit Plan. Texas Education Code, Section 61.059, Appropriations, gives statutory authority to finance a system of higher education and to secure an equitable distribution of state funds deemed to be available for higher education. Funding for FF-HRI program has steadily increased as represented in the following table.

Appropriation Year	Funding
2020-2021	\$2,518,708,720
2018-2019	\$1,927,940,924
2016-2017	\$1,904,086,282
2014-2015	\$1,756,855,106

Pursuant to Texas Education Code, Sections 61.059(b-b-1), Formula Advisory Committee (FAC), such as, the advisory committee for FF-HRI, provide advice and recommendations regarding a set of formulas that provide appropriate funding levels and financial incentives necessary to best achieve the goals of the state's higher education plan. THECB is mandated to present formula funding recommendations to the Legislative Budget Board on June 1 of even years. In August of odd years, institutional representatives meet to answer the Commissioner's charges relating to formula funding in preparation for the CB's recommendation to the Legislative Budget Board. This FF-HRI advisory committee is established for each upcoming biennium with institutional representatives for Health-Related Institutions.

Detailed Observation, Recommendation, and Management Response

1. Agency practices do not comply with the requirements of Texas Education Code regarding notification of formula funding recommendations.

Agency practices do not comply with the requirements of Texas Education Code regarding notification of formula funding recommendations.

Texas Education Code (TEC) Section 61.059(d) requires that the Coordinating Board notify the governing boards of institutions of higher education of the formulas designated by the board to be used by the institutions in making appropriation requests for the next biennium. These notifications had not been made because of interpretation differences between the statute and appropriations rider.

Texas Education Code-61.059 (d)-Not later than June 1 of every even-numbered calendar year, the board shall notify the governing boards and the chief administrative officers of the respective institutions of higher education and university systems, the governor, and the Legislative Budget Board of the formulas designated by the board to be used by the institutions in making appropriation requests for the next succeeding biennium and shall certify to the governor and the Legislative Budget Board that each institution has prepared its appropriation request in accordance with the designated formulas and in accordance with the uniform system of reporting provided in this chapter.

The agency also did not certify to the governor and the Legislative Budget Board that each institution had prepared its appropriation request in accordance with the designated formulas and in accordance with the uniform system of reporting provided in TEC, Chapter 61-Texas Higher Education Coordinating Board.

Texas Education Code-61.003 (9)- "Governing board" means the body charged with policy direction of any public technical institute, public junior college, public senior college or university, medical or dental unit, or other agency of higher education, including but not limited to boards of directors, boards of regents, boards of trustees, and independent school district boards insofar as they are charged with policy direction of a public junior college.

Non-compliance with statutory notification and certification requirements reduces the effectiveness of the Coordinating Board's communication with stakeholders regarding important formula funding information.

Recommendations:

1. No later than June 1 of every even-numbered calendar year, notify the governing boards of the formulas designated by the board to be used by the

institutions in making appropriation requests for the next succeeding biennium.

2. Certify to the governor and the Legislative Budget Board that each institution has prepared its appropriation request in accordance with the designated formulas and in accordance with the uniform system of reporting.

Management Response:

Governing boards will be added to the distribution list of the formula funding recommendations when it is sent by the Commissioner of Higher Education in each even-numbered year.

Institutions of higher education are directed by the Legislative Budget Board and Governor's Office to not request formula funding in their legislative appropriations request. However, Coordinating Board staff direct institutions to prepare and report data to the Educational Data Center each semester. This data is provided to the Legislative Budget Board in November of each even-numbered year as the basis for the formula funding provided through the appropriations act. This data is certified by the institutions. When data is provided in November, the Coordinating Board staff have available certified Spring and Summer data, and error-free Fall data.

In order to comply with statute and based on the use of this certified and error-free data, the memo provided to the Legislative Budget Board in November of each even-numbered year will be amended to include a statement certifying that each institution has prepared its data in accordance with the designated formulas and in accordance with the uniform system of reporting.

Implementation Date:

Fiscal year 2022 during the next cycle of correspondence on formula funding

Responsible Party (ies):

Emily Cormier, Assistant Commissioner for Funding

2. The master spreadsheet containing important health-related institution formula funding information is not maintained in an accessible location to promote data integrity and business continuity.

The master spreadsheet containing important health-related institution formula funding information is not maintained in an accessible location to promote data integrity and business continuity. The spreadsheet is kept on the Program Lead's personal drive until it is finalized, and moved to a shared drive location.

While on the personal drive, the document is not readily accessible to others on short notice. Storage on the shared drive location accessible to an appropriate number of users would strengthen controls. Consideration of password protection of important documents may provide additional control where warranted.

Recommendations:

1. Keep business data in an appropriately accessible location, such as a shared drive with access defined based on business necessity.
2. Consider additional strengthening of information security and data integrity controls through password protection of documents that contain important information.

Management Response:

Per this finding, versions of the spreadsheet will be maintained on both the personal drive and the shared drive from initial development through the final product. The spreadsheet on the shared drive will be updated at least by close of business on Mondays from the initial development through final distribution of the file and the file will include the last date it was updated. Additionally, a request has been made of information resources for the shared drive folder to be limited to those individuals on the Funding and Resource Planning team, administrative staff, the Assistant Commissioner, and Deputy Commissioner. This will ensure appropriate data integrity while allowing necessary access on short notice.

Implementation Date:

July 15, 2021

Responsible Party (ies):

- Ed Buchanan, Manager, Funding
- Emily Cormier, Assistant Commissioner for Funding

3. Written procedures for health-related formula funding processes require improvement.

Written procedures for health-related formula funding processes require improvement. The current procedure document is not comprehensive. Procedures should be more descriptive of the daily operations of the program. Comprehensive procedures should include:

- detail for each step of the process,
- timelines for each step,
- staff responsible for accomplishing the processes,
- definition of the formulas to be calculated with references to relevant statutory authority,
- data sources used to calculate the formulas,
- communication methodologies, timelines, and requirements,
- reports received from external/internal parties and/or provided to the external/internal parties, and
- review and monitoring processes to evidence quality controls.

Complex processes like formula funding should be evidenced by strong review processes and are an important factor in promoting business continuity. Current processes are not supported by written procedures and evidence addressing how, when, and by whom measures were verified for computational accuracy and statutory compliance.

Recommendations:

Expand written procedures governing FF-HRI administration processes. Ensure the written procedures are routinely updated, address review processes, and serve as a resource to promote business continuity.

Management Response:

The procedure file for the HRI Formula Funding is in the process of a review and update to ensure all recommended information is included. These procedures will

be reviewed after each formula funding cycle to ensure they are routinely updated.

Implementation Date:

July 15, 2021

Responsible Party (ies):

- Ed Buchanan, Manager, Funding
- Emily Cormier, Assistant Commissioner for Funding

PERFORMED BY:

Ms. Apola Ahmed, CPA, CFE, CITP, CGMA, CICA, Certified Cybersecurity Professionals, Internal Audit Lead

CC:

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

Mr. Rey Rodriguez, Deputy Commissioner and Chief of Staff
Ms. Nichole Bunker-Henderson, General Counsel

Data Analytics and Innovation

Ms. Lori Fey, Deputy Commissioner
Ms. Emily Cormier, Assistant Commissioner for Funding
Mr. Ed Buchanan, Manager, Funding

STATUTORY DISTRIBUTION REQUIREMENT

Governor's Office - Budget and Policy Division
Ms. Sarah Hicks, Director

State Auditor's Office
Internal Audit Coordinator

Legislative Budget Board
Mr. Christopher Mattson, Manager

Sunset Advisory Commission
Ms. Jennifer Jones, Executive Director

SUPPLEMENTAL MATERIALS

Agency Operations Committee

AGENDA ITEM VII-D

Consideration and possible action to approve renewal of the KPMG LLP external financial statement audit services contract for Fiscal Year 2021

RECOMMENDATION: Approval

Background Information:

The board provided approval in July 2020 to issue a competitive solicitation for financial statement audit services for the Fiscal Year ended August 31, 2020, and to enter into a contract with the selected firm subject to Rule § 1.16. The contract includes options to renew the contract for up to three additional years.

KPMG successfully delivered its audit of FY20 on May 28, 2021. This request is to exercise the first option year renewal for FY22 to contract with KPMG LLP to provide financial statement audit services for Fiscal Year ended August 31, 2021, in the amount of \$190,000. The contract is contingent on the agency receiving delegation of authority from the Texas State Auditor's Office to contract for external audit services.

Mark Poehl, Assistant Commissioner, Internal Audit and Compliance, will present this item to the committee and is available to answer any questions.

Agency Operations Committee

AGENDA ITEM VIII-A

Consideration of adopting the Annual State Compliance Monitoring Plan for Fiscal Year 2022

RECOMMENDATION: Approval

Background Information:

In accordance with Texas Education Code (TEC), Section 61.035, Internal Auditor and Compliance Monitoring, for your consideration and approval, the Compliance Monitoring function has developed the Annual State Compliance Monitoring Plan for Fiscal Year 2022. This risk-based plan presents the individual engagements to be performed.

Specific risk factors from TEC, Title 3, Subtitle B, Chapter 61, Section 61.035, Internal Auditor and Compliance Monitoring, were considered as they apply to the state compliance monitoring activities at institutions. These risk factors include:

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

A risk-ranked listing of significant state compliance activities at institutions became the basis for the reviews proposed for consideration herein.

The Annual State Compliance Monitoring Plan for Fiscal Year 2022 is attached. 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 any questions.

TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT & COMPLIANCE MONITORING

Annual State Compliance Monitoring Plan for Fiscal Year 2022

Specific risk factors from Texas Education Code (TEC), Title 3, Subtitle B, Chapter 61, Section §61.035, Internal Auditor and Compliance Monitoring, were used to develop the risk-based Annual State Compliance Monitoring Plan for Fiscal Year 2022. These risk factors included:

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

Risk-Based Reviews

Hours

%

1. Formula Funding at Institutions of Higher Education (IHEs)

2,350

32%

Perform reviews of contact hours at public community/junior colleges
And formula funding reviews at other public institutions of higher
education. Formula funding for institutions of higher education totals
approximately \$4.6 billion annually.

Public Community/Junior Colleges – Ten institutions

Onsite Reviews * (Contingent upon IHE campus availability)

Texas Southmost College District
Northeast Texas Community College
Ranger College
Lone Star College System

Desk Reviews

Midland College
Victoria College
Brazosport College
Vernon College
Western Texas College

Public Health Related Institution – Three institutionsOnsite Review * (Contingent upon IHE campus availability)

The University of Texas Medical Branch at Galveston

Desk Reviews

University of North Texas Health Science Center at Fort Worth

Texas Tech University Health Science Center at El Paso

2. Financial Assistance Compliance at IHEs	2,525	34%
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Perform compliance reviews of student financial assistance or grant programs at public community/junior colleges or other public/private institutions of higher education. Financial assistance disbursed to colleges and universities in Texas totals approximately \$957 million annually.

Public Community/Junior Colleges – Two institutionsOnsite Review * (Contingent upon IHE campus availability)

South Plains College

Desk Review

Howard County Junior College District

Private Universities – Eleven institutionsOnsite Reviews * (Contingent upon IHE campus availability)

LeTourneau University

Lubbock Christian University

McMurry University

Jarvis Christian College

Wayland Baptist University

Desk Reviews

St. Mary's University of San Antonio

Concordia University

Houston Baptist University

Hardin-Simmons University

Southwestern University

Southwestern Assemblies of God University

3. Sexual Misconduct Reporting at IHEs	1,500	20%
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Perform compliance reviews of Senate Bill 212, and House Bill 1735 (86th Legislature) reporting at IHEs. These two bills are now codified in Texas Education Code (TEC) Title 3, Subtitle A, Chapter 51, Subchapters E-2 and E-3, respectively.

TOTAL RISK-BASED REVIEWS	6,375	86%
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Carryover, Follow up, and Quality Assurance Reviews

4. Completion of FY-21 Reviews of Financial Assistance Compliance at IHEs Three institutions	525	7%
5. Follow up Reviews Six institutions	375	5%
6. Quality Assurance Review Solicit and Host an External Quality Assurance Review of the Compliance Monitoring Function. Use competitive solicitation to engage a qualified, independent reviewer to perform an External Quality Assurance Review (QAR) of the Compliance Monitoring Function.	160	2%
TOTAL CARRYOVER, FOLLOW UP, and QA REVIEWS	1,060	14%
GRAND TOTAL	7,435	100%

Agency Operations Committee

AGENDA ITEM VIII-B

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 14 projects during the reporting period since the April 2021 Agency Operations Committee meeting. The final reports are attached. One report, item 4 below, includes one finding related to improving the student information system by tracking change history for critical formula funding data.

1. Follow-Up Review of An Investigation of NSRP and Carl D. Perkins at Coastal Bend College
2. Compliance Monitoring Desk Review of CAL at Texas A&M University at Galveston
3. Compliance Monitoring Desk Review of CAL at University of Houston-Victoria
4. Compliance Monitoring Desk Review of Formula Funding at Southwest Texas Junior College (one IT finding)
5. Compliance Monitoring Desk Review of Formula Funding at Alvin Community College
6. Compliance Monitoring Desk Review of TEOG at Hill College
7. Compliance Monitoring Desk Review of College Access Loan at Schreiner University
8. Compliance Monitoring Desk Review of Formula Funding at Galveston College
9. Compliance Monitoring Desk Review of Formula Funding at Lamar Institute of Technology
10. Compliance Monitoring Desk Review of Formula Funding at Prairie View A&M University
11. Texas Southern University Financial Aid Engagement Closure Memo
12. Compliance Monitoring Desk Review of College Access Loan at The University of Texas Health Science Center at San Antonio
13. Compliance Monitoring Desk Review of Formula Funding at Paris Junior College
14. Compliance Monitoring Desk Review of TEXAS Grant at Lamar University

State CM Projects in Progress as of 6/11/21	Stage of Project
Panola College (TEOG)	Reporting
Angelina College (TEOG)	Reporting
Lee College (Formula Funding)	Reporting
Sul Ross State University (Formula Funding)	Fieldwork
Texarkana College (TEOG)	Planning
West Texas A&M University (Formula Funding)	Planning
The University of Texas at Dallas (TEXAS Grant)	Planning
El Paso Community College (TEOG)	Planning

Other State Compliance Monitoring Activities

- House Bill 1735 of the 86th Regular Legislative Session Reporting –
 - Issued 17 “No Findings” reports
 - Issued 2 reports with findings
 - Issued summary results report titled *Summary Results – An Initial Review of House Bill 1735 Policy Compliance Requirements at 19 IHEs*
 - Coordinated with issuance of agency report titled *Initial Review of House Bill 1735 Policy Compliance Requirements at Institutions of Higher Education, A Report to the Texas Legislature Per Senate Bill 212 and House Bill 1735, 86th Texas Legislature* separately reported in CAWS Committee meeting

Federal Compliance Monitoring

The federal Compliance Monitoring team added a new team member in June to add coverage for the federal GEER funding in addition to the current Perkins grant coverage.

Federal Compliance Monitoring Activities

- Perkins Fiscal Year (FY) 19 sub-recipient monitoring reviews – 15 projects in fieldwork
- Single audit (A-133) reviews – 56 Projects – 17 reports issued, 40 projects in fieldwork
- Perkins FY 20 sub-recipient monitoring reviews – planning
- 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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May 10, 2021

Dr. Justin Hoggard, President
Coastal Bend College
3800 Charco Rd.
Beeville, TX 78102

Dear Dr. Hoggard,

The Texas Higher Education Coordinating Board has completed a follow up review of both *An Investigation of the Nursing Shortage Reduction Program (NSRP) and Related Matters*, and an *Investigation of the Carl D. Perkins Basic Grant* at Coastal Bend College. The results of each review are characterized below.

An Investigation of the Nursing Shortage Reduction Program and Related Matters

Coastal Bend implemented the following recommendations from our prior report *An Investigation of the Nursing Shortage Reduction Program and Related Matters and Coastal Bend College*, issued November 12, 2018.

Management has implemented all of the audit recommendations by:

- Refunding \$260,287 in reported NSRP expenses to the Texas Higher Education Coordinating Board;
- Establishing appropriate controls to ensure that the NSRP grant is appropriately accounted for;
- Complying with CBC travel policy regarding timely submission of travel claims to ensure accurate grant reporting;
- Revising policies and separating awards under the Nursing Shortage Reduction Program by award type, NSRP program, and by year to comply with Texas Administrative Code §22.508;
- Implementing grade change policies and procedures; and
- Updating grade change forms to include all pertinent information.

Grade Changes

CBC has made significant progress in implementing the grade change policies and procedures along with updated grade change forms. In addition, CBC was receptive to implementing additional suggestions for strengthening grade change controls that we shared.

An Investigation of the Carl D. Perkins Basic Grant

Coastal Bend implemented the following recommendations from our prior report *An Investigation of the Carl D. Perkins Basic Grant at Coastal Bend College (CBC)*, issued March 13, 2019.

Management has implemented all of the audit recommendations by:

- Payroll
 - Refunding \$160,051.60 in reported Perkins payroll expenditures to the Texas Higher Education Coordinating Board;
 - Establishing appropriate controls to ensure that payroll expenses related to the Perkins grant are accurately and timely documented and reported; and
 - Ensuring that time and effort reports accurately support the amounts charged to the grant and adhere to CBC policy and sound grant management principles.
- Inventory
 - Refunding \$22,451.24 in reported Perkins funded equipment and fixed asset expenses to the Texas Higher Education Coordinating Board;
 - Complying with grant reporting and control requirements for the purchase and use of equipment and supplies related to CTE (career and technical education) in the Perkins grant activities, including appropriate procurement, delivery, and assignment of equipment; and
 - Implementing an inventory control system that is updated in a timely manner for all receipt, assignment, and re-assignment of Perkins inventory items.

We appreciate the cooperation of your staff during this engagement. If you have any questions or comments, please let me know.

Sincerely,



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

PERFORMED BY:

Ms. Michelle Koog, CFE, CISA Internal Auditor
 Ms. Jamyen Robinson-Hall, Senior Compliance Specialist
 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. Nichole Bunker-Henderson, General Counsel
 Ms. Lori Fey, Deputy Commissioner, Data Analytics and Innovation
 Mr. Ray Martinez, Deputy Commissioner, Academic Affairs and Workforce Education

Data Analytics and Innovation

Dr. Julie Eklund, Assistant Commissioner, Strategic Planning
 Ms. Emily Cormier, Assistant Commissioner, Funding

Coastal Bend College

Mr. Victor Gomez, Chair, Board of Trustees
 Dr. Patricia Rehak, Provost and Chief Academic Officer

Texas Association of Community Colleges

Mr. Jacob Fraire, President and Chief Executive Officer

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Office of the Governor-Budget and Policy Division

Ms. Sarah Hicks, Director of Budget and Policy

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Mr. Christopher Mattsson, Assistant Director



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May 10, 2021

Col. Michael E. Fossum, Chief Operating Officer
Texas A&M University at Galveston
200 Seawolf Parkway
Galveston, Texas 77554

Dear Col. Fossum,

I am attaching the final report on *A Compliance Monitoring Desk Review of College Access Loan at Texas A&M University at Galveston*, Report No. THECB-CM-FA-21-020. There were no findings resulting from this engagement.

This Compliance Monitoring report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, on July 21, 2021.

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

Sincerely,

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

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

EXECUTIVE SUMMARY

Texas A&M University at Galveston complied with relevant Coordinating Board (THECB) rules and regulations for the College Access Loan (CAL) program and with the Texas Administrative Code (TAC), Title 19, Part 1, Chapter 22, Subchapter C, Sections 22.42 - 22.55.

We reviewed the following areas:

Award Amounts

No reportable findings were noted.

Student Eligibility

No reportable findings were noted.

Financial Need

No reportable findings were noted.

Satisfactory Academic Progress

No reportable findings were noted.

Residency

No reportable findings were noted.

Enrollment Requirement

No reportable findings were noted.

Approved Degree Program

No reportable findings were noted.

Reconciliation of CAL Funds

No reportable findings were noted.

Scope, Objective, and Methodology

Our review included tests of College Access Loan eligibility requirements data reported and certified by Texas A&M University at Galveston. Our review focused on CAL data for the financial aid year 2019-2020.

Our work included procedures to verify:

- Students met all eligibility criteria including SAP requirements;
- Students demonstrated financial need;
- Students fulfilled residency requirements;
- Students registered with Selective Service;
- Reported award amounts reconciled with student information system data and payment records;

- Students were enrolled at least half-time; and
- Students were in a course of study leading to an associate, bachelor's, graduate, or higher degree.

Background

The CAL program provides alternative educational loans to Texas students who are unable to meet the cost of attendance. Students must meet the following eligibility requirements to receive a CAL:

- Be a Texas resident;
- Be registered with Selective Service;
- Be enrolled at least half-time in a course of study leading to an associate, bachelor's, graduate, or higher degree or be enrolled in an approved Alternative Educator Certification Program; and
- Meet the satisfactory academic progress requirements set by the institution.

Texas Administrative Code, Title 19, Part 1, Chapter 1, Subchapter A, Section 1.13 (b)(2) states, "The purpose of the Board's risk assessment process and compliance methodologies is to maximize the effectiveness of monitoring funds allocated by the Board and data reported to the Board. The agency-wide, risk-based compliance monitoring function is established for... (A) funds allocated by the Board to institutions of higher education, private or independent institutions of higher education, and other entities, including student financial assistance funds, academic support grants, and any other grants, to ensure that those funds are distributed in accordance with applicable law and Board rule."

Texas A&M University at Galveston was awarded \$221,941 in College Access Loans for the financial aid year 2019-2020.

PERFORMED BY:

Ms. Carol Conner, CFE, Senior 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

Texas A&M University

Ms. Delisa Falks, Assistant Vice President, Scholarships and Financial Aid

Mr. Robert J. Fishkind, Associate Director, Scholarships and Financial Aid

Ms. Heather Fountain, Associate Director, Scholarships and Financial Aid

Texas A&M University System

Mr. John Sharp, Chancellor

Ms. Elaine Mendoza, Chairman, Board of Regents

Mr. Charlie Hrnir, Chief Auditor

State Auditor's Office

Internal Audit Coordinator

Sunset Advisory Commission

Ms. Jennifer Jones, Director

Office of the Governor-Budget and Policy Division

Ms. Sarah Hicks, Budget and Policy Director

Legislative Budget Board

Mr. Christopher Mattsson, Assistant Director



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May 10, 2021

Dr. Robert Glenn, President
University of Houston-Victoria
3007 N Ben Wilson
Victoria, Texas 77901

Dear Dr. Glenn,

I am attaching the final report on *A Compliance Monitoring Desk Review of College Access Loan at University of Houston-Victoria*, Report No. THECB-CM-FA-21-019. There were no findings resulting from this engagement.

This Compliance Monitoring review report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, on July 21, 2021.

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 dark ink that reads "Mark A. Poehl".

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

EXECUTIVE SUMMARY

University of Houston-Victoria complied with relevant Coordinating Board (THECB) rules and regulations for the College Access Loan (CAL) Program and with Texas Administrative Code (TAC), Title 19, Part 1, Chapter 22, Subchapter C, Sections 22.42 - 22.55.

We reviewed the following areas:

Award Amounts

No reportable findings were noted.

Student Eligibility

No reportable findings were noted.

Financial Need

No reportable findings were noted.

Satisfactory Academic Progress

No reportable findings were noted.

Residency

No reportable findings were noted.

Enrollment Requirement

No reportable findings were noted.

Approved Degree Program

No reportable findings were noted.

Reconciliation of CAL Funds

No reportable findings were noted.

Scope, Objective, and Methodology

Our review included tests of CAL eligibility requirements data reported and certified by University of Houston-Victoria. Our review focused on CAL data for the financial aid year 2019-2020.

Our work included procedures to verify:

- Students met all eligibility criteria including SAP requirements;
- Students demonstrated financial need;
- Students fulfilled residency requirements;
- Reported award amounts reconciled with student information system data and payment records;

- Students were enrolled at least half-time; and
- Students were in a course of study leading to an associate, bachelor's, graduate, or higher degree.

Background

The CAL Program provides alternative educational loans to Texas students who are unable to meet the cost of attendance. Students must meet the following eligibility requirements to receive a CAL:

- Be a Texas resident;
- Be enrolled at least half-time in a course of study leading to an associate, bachelor's, graduate, or higher degree or be enrolled in an approved Alternative Educator Certification Program; and
- Meet the satisfactory academic progress requirements set by the institution.

Texas Administrative Code, Title 19, Part 1, Chapter 1, Subchapter A, Section 1.13 (b)(2) states, "The purpose of the Board's risk assessment process and compliance methodologies is to maximize the effectiveness of monitoring funds allocated by the Board and data reported to the Board. The agency-wide, risk-based compliance monitoring function is established for... (A) funds allocated by the Board to institutions of higher education, private or independent institutions of higher education, and other entities, including student financial assistance funds, academic support grants, and any other grants, to ensure that those funds are distributed in accordance with applicable law and Board rule."

University of Houston-Victoria disbursed \$37,400 in College Access Loans for the financial aid year 2019-2020.

PERFORMED BY:

Ms. Jamyen Robinson-Hall, Senior 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

University of Houston-Victoria

Mr. Wayne Beran, Vice President, Administration and Finance

Mr. Jose Cantu, Vice President, Enrollment Management

Ms. Lashon Williams, Director, Financial Aid

Ms. Carolyn Mallory, Manager, Financial Aid Compliance

University of Houston System

Mr. Tilman J. Fertitta, Chairman, Board of Regents

Dr. Renu Khator, Chancellor

Mr. Philip Hurd, Chief Audit and Compliance Executive

State Auditor's Office

Internal Audit Coordinator

Sunset Advisory Commission

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Office of the Governor-Budget and Policy Division

Ms. Sarah Hicks, Budget and Policy Director

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April 29, 2021

Dr. Hector Gonzales, President
Southwest Texas Junior College
2401 Garner Field Road
Uvalde, TX 78801

RE: Desk Review of Formula Funding at Southwest Texas Junior College

Dear Dr. Gonzales,

I am attaching the final report for *A Compliance Monitoring Desk Review of Formula Funding at Southwest Texas Junior College*, Report No. THECB-CM-FF-21-010. There was one finding related to information technology controls resulting from this engagement. Management's response has been incorporated into the final report.

Summary

Information security controls over student enrollment information at Southwest Texas Junior College require improvement. Audit trails over key enrollment data such as class meeting days and times must be established to ensure the reliability and integrity of data used for formula funding decision making purposes. Therefore, our original review objectives, including a determination of the accuracy of contact hours reported by Southwest Texas Junior College, were unable to be met. We believe the evidence obtained provides a reasonable basis for the reportable observations and recommendations, if any, based on the desk review objectives.

A follow up will be performed to evaluate Southwest Texas Junior College's information security controls. This will serve as a basis for future base period assessments of the accuracy of contact hours reported for formula funding purposes.

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 July 2021.

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

Sincerely,

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

Detailed Observation, Recommendation and Management's Response

1. Information technology processes and controls over student information system enrollment data should be strengthened.

Information technology processes and controls over student information system enrollment data should be strengthened. Although Southwest Texas Junior College has policies and procedures in place to limit access to information systems, the student information system does not provide audit logs or change history for critical formula funding data, including:

- Credit hours
- Lab hours
- Lab contact hours
- Instruction mode
- Meeting times
- Lecture hours
- Lecture contact hours
- Type of instruction
- Meeting days
- Instructor of record

Audit logs provide documentary evidence to track a sequence of events, and the ability to monitor unauthorized system use or unusual activity. Without audit logs, maintaining the integrity of system information, and ensuring the reliability of data is limited.

Family Educational Rights and Privacy Act (FERPA) Title 34, Code of Federal Regulations, Subtitle A, Part 99, Subpart D, Section 99.31 [34 CFR 99.31(a)(1)(ii)] requires that "An educational agency or institution must use reasonable methods to ensure that school officials obtain access to only those education records in which they have legitimate educational interests." Security standards (Texas Administrative Code Title 1, Part 10, Chapter 202) established by the Department of Information Resources (DIR) for institutions of higher education are becoming a phased – in requirement for Community Colleges and provide a comprehensive basis for strengthening information security.

Recommendation:

Capture and retain student information system audit logs or change history for the critical data used for formula funding.

Management Response:

Southwest Texas Junior College utilizes Ellucian Colleague as its student management system. Colleague does include transaction logging capabilities. A limited amount of transactional data was available for the time period requested during the desk review, however, these transactions were confined to Personal Identifiable Information, i.e. social security number, date of birth and gender. SWTJC was unable to produce audit logs or change history for critical formula

funding data.

On February, 22, 2021, Southwest Texas Junior College staff met with an Ellucian Colleague representative regarding the setup and implementation necessary to capture transactional data. Although this process does not allow SWTJC to audit retroactively, as of 2/22/2021, transactional data related to formula funding is now being captured.

Further, supported by the Family Educational Rights and Privacy Act (FERPA) Title 34, Code of Federal Regulations, Subtitle A, Part 99, Subpart D, Section 99.31 [34 CFR 99.31(a)(1)(ii)] and Texas Administrative Code Title 1, Part 10, Chapter 202, an internal committee of Administrators and staff, who encompass multiple departments across the college has been formed. This committee will continue the work towards maintaining the integrity of system information, and ensuring the reliability of data. Additionally, SWTJC has hired a programmer to develop a report based upon the spreadsheet provided by Elizabeth Steele, Compliance Specialist, Texas Higher Education Coordinating Board. This report will guide internal audits of Southwest Texas Junior College student management system data.

A new Chief of Staff to the President position has been created. Their role has incorporated internal audit components, including the responsibility for this type of review and report. This procedure and corrective action will be in place by December 31, 2021.

PERFORMED BY:

Ms. Elizabeth Steele, Compliance Specialist

CC:

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

Dr. Harrison Keller, Commissioner of Higher Education

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Ms. Nichole Bunker-Henderson, General Counsel

Data Analytics and Innovation

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Ms. Emily Cormier, Assistant Commissioner, Funding

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Ms. Ann Tarski, Vice President of Finance

Ms. Denise Oden, Co-Director of Information Technology

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April 29, 2021

Dr. Christal M. Albrecht, President
Alvin Community College
3110 Mustang Road
Alvin, Texas 77511

RE: A Compliance Monitoring Desk Review of Formula Funding at Alvin Community College

Dear Dr. Albrecht,

Alvin Community College complied with relevant Coordinating Board rules and regulations for enrollment data used for formula funding and with Texas Administrative Code (TAC) Title 19, Part 1, Chapter 13, Subchapter F in the areas of student contact hour eligibility, tuition payment, and enrollment.

Summary

Our review included tests of relevant enrollment data reported and certified by Alvin Community College for accuracy and completeness in accordance with Texas Administrative Code (TAC) Title 19, Part 1, Chapter 13, Subchapter F. We believe the evidence obtained provides a reasonable basis for the reportable observations and recommendations, if any, based on the desk review objectives.

Our desk review focused on the following enrollment data and time periods:

- Contact Hours and Tuition Payments for CBM001 (Student Report) during summer 2019, fall 2019, and spring 2020;
- Enrollment for CBM004 (Class Report) during summer 2019, fall 2019, and spring 2020; and
- Enrollment for CBM00C (Continuing Education Class Report) during summer 2019, fall 2019, and spring 2020.

Our work included procedures to verify:

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

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

Sincerely,

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

PERFORMED BY:

Ms. Shebah Washington, Compliance Specialist

CC:

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

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

Ms. Nichole Bunker-Henderson, General Counsel

Data Analytics and Innovation

Dr. Julie Eklund, Assistant Commissioner, Strategic Planning

Ms. Emily Cormier, Assistant Commissioner, Funding

Alvin Community College

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Dr. Cynthia Griffith, Provost & Vice President of Instruction

Mr. Karl Stager, Vice President of Administrative Services & Chief Financial Officer

Ms. Irene Robinson, Registrar

Dr. Karen White-Goyzueta, Dean, Continuing Education and Workforce Development

Ms. Laurel Joseph, Assistant Director, Fiscal Affairs

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April 29, 2021

Dr. Pam Boehm, President
Hill College
112 Lamar Dr.
Hillsboro, TX 76645

Dear Dr. Boehm,

I am attaching the final report on *A Compliance Monitoring Desk Review of the Texas Educational Opportunity Grant at Hill College*, Report No. THECB-CM-FA-21-028. There were no findings resulting from this engagement.

Hill College complied with relevant Coordinating Board (THECB) rules and regulations for the Texas Educational Opportunity Grant (TEOG) and with the Texas Administrative Code (TAC), Title 19, Chapter 22, Subchapter M, Sections 22.253 through 22.263.

Summary

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

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 Hill College's student data system and payment records.

This Compliance Monitoring report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, on July 22, 2021.

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

Sincerely,

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

PERFORMED BY:

Ms. Jamyen Robinson-Hall, Senior 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

Hill College

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Mr. Billy Don Curbo, Vice President, Administrative Services

Ms. Kathleen Pustejovsky, Director, Student Information Services

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April 16, 2021

Dr. Charlie McCormick, President
Schreiner University
2100 Memorial Blvd.
Kerrville, Texas 78028

Dear Dr. McCormick,

I am attaching the final report on *A Compliance Monitoring Desk Review of College Access Loan at Schreiner University*, Report No. THECB-CM-FA-21-034. There were no findings resulting from this engagement.

This Compliance Monitoring report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, on July 22, 2021.

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

Sincerely,

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

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

EXECUTIVE SUMMARY

Schreiner University complied with relevant Coordinating Board (THECB) rules and regulations for the College Access Loan (CAL) Program and with Texas Administrative Code (TAC), Title 19, Part 1, Chapter 22, Subchapter C, Sections 22.42 - 22.55.

We reviewed the following areas:

Award Amounts

No reportable findings were noted.

Student Eligibility

No reportable findings were noted.

Financial Need

No reportable findings were noted.

Satisfactory Academic Progress

No reportable findings were noted.

Residency

No reportable findings were noted.

Enrollment Requirement

No reportable findings were noted.

Approved Degree Program

No reportable findings were noted.

Reconciliation of CAL Funds

No reportable findings were noted.

Scope, Objective, and Methodology

Our review included tests of CAL eligibility requirements data reported and certified by Schreiner University. Our review focused on CAL data for the financial aid year 2019-2020.

Our work included procedures to verify:

- Students met all eligibility criteria including SAP requirements;
- Students demonstrated financial need;
- Students fulfilled residency requirements;
- Reported award amounts reconciled with student information system data and payment records;

- Students were enrolled at least half-time; and
- Students were in a course of study leading to an associate, bachelor's, graduate, or higher degree.

Background

The CAL Program provides alternative educational loans to Texas students who are unable to meet the cost of attendance. Students must meet the following eligibility requirements to receive a CAL:

- Be a Texas resident;
- Be enrolled at least half-time in a course of study leading to an associate, bachelor's, graduate, or higher degree or be enrolled in an approved Alternative Educator Certification Program; and
- Meet the satisfactory academic progress requirements set by the institution.

Texas Administrative Code, Title 19, Part 1, Chapter 1, Subchapter A, Section 1.13 (b)(2) states, "The purpose of the Board's risk assessment process and compliance methodologies is to maximize the effectiveness of monitoring funds allocated by the Board and data reported to the Board. The agency-wide, risk-based compliance monitoring function is established for... (A) funds allocated by the Board to institutions of higher education, private or independent institutions of higher education, and other entities, including student financial assistance funds, academic support grants, and any other grants, to ensure that those funds are distributed in accordance with applicable law and Board rule."

Schreiner University disbursed approximately \$2.5 million in College Access Loans for the financial aid year 2019-2020.

PERFORMED BY:

Ms. Jamyen Robinson-Hall, Senior 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

Schreiner University

Mr. T. Weir Labatt III, Chairman, Board of Trustees

Ms. Elizabeth Oehler, Controller

Ms. Judy Cuellar, Director of Financial Aid and Student Accounts

Dr. Lucien Costley, Interim Vice President Administration and Finance

Independent Colleges and Universities in Texas

Dr. Steven E. Johnson, President

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April 16, 2021

Dr. W. Myles Shelton, President
Galveston College
4015 Avenue Q
Galveston, Texas 77550

Dear Dr. Shelton,

Galveston College complied with relevant Coordinating Board rules and regulations for enrollment data used for formula funding and with the Texas Administrative Code (TAC) Title 19, Part 1, Chapter 13, Subchapter F, Sections 13.100-13.109 in the areas of contact hours eligibility, tuition payments, and enrollments.

Summary

Our review included tests of relevant enrollment data reported and certified by Galveston College for accuracy and completeness in accordance with TAC, Title 19, Part 1, Chapter 13, Subchapter F, Sections 13.100-13.109.

Our desk review focused on the following enrollment data and time periods:

- Semester Credit Hours and Tuition Payment for CBM001 (Student Report) during summer 2019, fall 2019, and spring 2020;
- Contact Hours and Enrollment for CBM004 (Class Report) during summer 2019, fall 2019, and spring 2020; and
- Contact Hours and Enrollment for CBM00C (Continuing Education 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 contact 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.

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, on July 22, 2021.

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

Sincerely,

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

PERFORMED BY:

Ms. Carol Conner, CFE, Senior Compliance Specialist

cc:

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

Dr. Harrison Keller, Commissioner of Higher Education

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

Mr. Ray Martinez, Academic Affairs and Workforce Education

Ms. Nichole Bunker-Henderson, General Counsel

Data Analytics and Innovation

Dr. Julie Eklund, Assistant Commissioner, Strategic Planning

Ms. Emily Cormier, Assistant Commissioner, Funding

Galveston College

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Mr. Ron Crumedy, Associate Vice President for Student Services

Mr. Scott Branum, Director of Admissions and Registrar

Mr. Jason Smith, Director of Information Technology

Texas Association of Community Colleges

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April 16, 2021

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Dr. Lonnie L. Howard, President
Lamar Institute of Technology
PO Box 10043
Beaumont, Texas 77710

Dear Dr. Howard,

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

Summary

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

- Semester Credit Hours and Tuition Payments for CBM001 (Student Report) during summer semester 2019, fall semester 2019, and spring semester 2020;
- Contact Hours and Enrollment for CBM004 (Class Report) during summer semester 2019, fall semester 2019, and spring semester 2020; and
- Contact Hours and Enrollment for CBM00C (Continuing Education Class Report) during summer semester 2019, fall semester 2019, and spring semester 2020.

Our work included procedures to verify:

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

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,

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

PERFORMED BY:

Mr. Bobby Lane, CFE, CICA, 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

Dr. Julie Eklund, Assistant Commissioner, Strategic Planning

Ms. Emily Cormier, Assistant Commissioner, Funding

Lamar Institute of Technology

Dr. Kerry Mix, Vice President/Provost

Mr. David P. Mosley, Vice President for Strategic Initiatives

Mr. David Short, Registrar

Mrs. Christine Marsh, Coordinator of Institutional Effectiveness/Reporting Official

The Texas State University System

Mr. Charlie Amato, Chairman, TSUS Board of Regents

Dr. Brian McCall, Ph.D., Chancellor

Ms. Carole M. Fox, C.P.A., TSUS Chief Audit Executive

Ms. Ramona Stricklan, CIA, CFE, Director, Office of Internal Audit. Lamar Components

Texas Council of Public University Presidents and Chancellors

Dr. Rissa McGuire, Executive Director

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April 16, 2021

Dr. Ruth J. Simmons, President
Prairie View A&M University
700 University Drive
Prairie View, Texas 77446

RE: A Compliance Monitoring Desk Review of Formula Funding at Prairie View A&M University

Dear Dr. Simmons,

Prairie View A&M University has complied with relevant Coordinating Board rules and regulations for certifying enrollment data used for formula funding and with Texas Administrative Code (TAC) Title 19, Part 1, Chapter 13, Subchapter F in the areas of student semester credit hours, course and instructor eligibility, tuition payment, and enrollment.

Summary

Our review included the testing of the relevant enrollment data reported and certified by Prairie View A&M University for accuracy and completeness in accordance with Texas Administrative Code (TAC) Title 19, Part 1, Chapter 13, Subchapter F.

Our desk review focused on the following enrollment data and time periods:

- Semester credit hours from the certified CBM001 report (Student Enrollment Data) for: summer 2019, fall 2019, and spring 2020 and;
- Course enrollment and instructor verification from the certified CBM004 report (Class Report) for: summer 2019, fall 2019, and spring 2020

Our work included procedures to verify:

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

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

Sincerely,

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

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. 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

Dr. Julie Eklund, Assistant Commissioner, Strategic Planning

Ms. Emily Cormier, Assistant Commissioner, Funding

Prairie View A&M University

Ms. Cathy Smock, Chief Compliance Officer

Dr. James Palmer, Provost & Senior VP for Academic Affairs

Dr. Cynthia Carter-Horn, Senior VP for Business Affairs & Chief Financial Officer

Dr. Sarina Willis, VP for Enrollment Management

Texas A&M University System

Ms. Elaine Mendoza, Chair, Board of Regents

Mr. John Sharp, Chancellor

Mr. Charlie Hrcir, Chief Auditor

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April 7, 2021

Dr. Harrison Keller

This memorandum is to summarize a privileged correspondence dated March 2021, from the Chief Audit Executive of Texas Southern University. The correspondence transmitted results of an award eligibility evaluation of seven student financial aid programs at the university from academic years 2016/2017 through 2019/2020.

Texas Southern University determined that eight students improperly received TEXAS grant awards totaling \$22,500 during the time frame reviewed. The cause of the improper awards was identified in the report as students having not met program criteria. The institution has refunded \$22,500 to the Coordinating Board.

We plan on performing financial aid-related work to assess the effectiveness of corrective measures and compliance as part of our Fiscal Year 2022 Compliance Monitoring work plan.

Please let me know if you have any questions or comments.

Respectfully,

A handwritten signature in black ink that reads "Mark A. Poehl". The signature is written in a cursive, flowing style.

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



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June 3, 2021

Dr. William L. Henrich
President
The University of Texas Health Science Center at San Antonio
7703 Floyd Curl Drive
San Antonio, Texas 78229

Dear Dr. Henrich,

I am attaching the final report on *A Compliance Monitoring Desk Review of College Access Loan at The University of Texas Health Science Center at San Antonio*, Report No. THECB-CM-FA-21-033. There were no findings resulting from this engagement.

This Compliance Monitoring review report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, on July 21, 2021.

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

EXECUTIVE SUMMARY

The University of Texas Health Science Center at San Antonio (UT Health San Antonio) complied with relevant Coordinating Board (THECB) rules and regulations for the College Access Loan (CAL) Program and with the Texas Administrative Code (TAC), Title 19, Part 1, Chapter 22, Subchapter C, Sections 22.42-22.55.

We reviewed the following areas:

Award Amounts

No reportable findings were noted.

Student Eligibility

No reportable findings were noted.

Financial Need

No reportable findings were noted.

Satisfactory Academic Progress

No reportable findings were noted.

Residency

No reportable findings were noted.

Enrollment Requirement

No reportable findings were noted.

Approved Degree Program

No reportable findings were noted.

Reconciliation of CAL Funds

No reportable findings were noted.

Scope, Objective, and Methodology

Our review included tests of CAL eligibility requirements data reported and certified by UT Health San Antonio. Our review focused on CAL data for the financial aid year 2019-2020.

Our work included procedures to verify:

- Students met all eligibility criteria including SAP requirements;
- Students demonstrated financial need;
- Students fulfilled residency requirements;
- Reported award amounts reconciled with student information system data and payment records;

- Students were enrolled at least half-time; and
- Students were in a course of study leading to an associate, baccalaureate, graduate, or higher degree.

Background

The CAL Program provides alternative educational loans to Texas students who are unable to meet the cost of attendance. Students must meet the following eligibility requirements to receive a CAL:

- Be a Texas resident;
- Be registered with Selective Service, or be exempt;
- Be enrolled at least half-time in a course of study leading to an associate, baccalaureate, graduate, or higher degree or be enrolled in an approved Alternative Educator Certification Program; and
- Meet the satisfactory academic progress requirements set by the institution.

Texas Administrative Code, Title 19, Part 1, Chapter 1, Subchapter A, Section 1.13 (b)(2) states, "The purpose of the Board's risk assessment process and compliance methodologies is to maximize the effectiveness of monitoring funds allocated by the Board and data reported to the Board. The agency-wide, risk-based compliance monitoring function is established for... (A) funds allocated by the Board to institutions of higher education, private or independent institutions of higher education, and other entities, including student financial assistance funds, academic support grants, and any other grants, to ensure that those funds are distributed in accordance with applicable law and Board rule."

UT Health San Antonio disbursed \$1,167,471 in College Access Loans for financial aid year 2019-2020.

PERFORMED BY:

Ms. Carol Conner, CFE, Senior 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

The University of Texas Health Science Center at San Antonio

Dr. Jacqueline Mok, Vice President, Academic, Faculty and Student Affairs

Ms. Ellen Nystrom, Director, Financial Aid Director

Ms. Sherlie Schickedanz, Director, Information Systems, IMS Business Support Services

Mr. John Lazarine, Chief Audit Executive, Office of Audit Services

Ms. Kimberly Weber, Internal Audit Manager, Office of Audit Services

The University of Texas System

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Mr. Christopher Mattsson, Assistant Director



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May 21, 2021

Dr. Pamela Anglin
President
Paris Junior College
2400 Clarksville Street
Paris, TX 75460

RE: Desk Review of Formula Funding at Paris Junior College

Dear Dr. Anglin,

I am attaching the final report for *A Compliance Monitoring Desk Review of Formula Funding at Paris Junior College*, Report No. THECB-CM-FF-21-007. There were no findings resulting from this engagement.

Summary

Our review included tests of relevant enrollment data reported and certified by Paris Junior College for accuracy and completeness in accordance with Texas Administrative Code, Title 19, Part 1, Chapter 13, Subchapter F. Our desk review focused on the following enrollment data and time periods:

- Semester Credit Hours and Tuition Payment for CBM001 (Student Report) during summer 2019, fall 2019, and spring 2020;
- Contact Hours and Enrollment for CBM004 (Class Report) during summer 2019, fall 2019, and spring 2020; and
- Contact Hours and Enrollment for CBM00C (Continuing Education 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 contact 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.

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 July 2021.

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, slightly slanted style.

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

Paris Junior College

Mr. Curtis Fendley, President, Board of Regents

Ms. Sheila Reece, Vice President, Student Access and Success

Ms. Amie Cato, Registrar

Mr. Eddie Mahar, IT Director

Mr. Cody Helm, Controller

Texas Association of Community Colleges

Mr. Jacob Fraire, President

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Internal Audit Coordinator

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Office of the Governor-Budget and Policy Division

Ms. Sarah Hicks, Director of Budget and Policy

Legislative Budget Board

Mr. Christopher Mattsson, Assistant Director



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May 21, 2021

Dr. Kenneth R. Evans, President
Lamar University
4400 MLK Blvd., PO Box 10009
Beaumont, TX 77710

Dear Dr. Evans,

I am attaching the final report on *A Compliance Monitoring Desk Review of the TEXAS Grant at Lamar University*, Report No. THECB-CM-FA-21-018. There were no findings resulting from this engagement.

Lamar University complied with relevant Coordinating Board (THECB) rules and regulations for the Towards EXcellence, Access, and Success (TEXAS) Grant Program and with Texas Administrative Code (TAC) 19, Chapter 22, Sections §22.225-22.240.

Summary

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

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 Lamar University's student data system and payment records.

This Compliance Monitoring report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, in July 2021.

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

Sincerely,

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

PERFORMED BY:

Ms. Elizabeth M. Steele, Compliance Specialist

CC:

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

Dr. Harrison Keller, Commissioner of Higher Education

Mr. Rey Rodriguez, Deputy Commissioner and Chief of Staff

Ms. Nichole Bunker-Henderson, General Counsel

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

Student Financial Aid Programs

Dr. Charles W. Contéro-Puls, Assistant Commissioner

Lamar University

Dr. Katrina Brent, Assistant Provost of Enrollment Management

Ms. Deidre Mayer, Executive Director, Admissions/Interim, Scholarships and Financial Aid

Dr. Reginald Brazzle, Director of Scholarships, Financial Aid, and Veteran Affairs

Ms. Ramona Stricklan, Director of Internal Audit

Mr. Ryan Lee, Assistant Director of Financial Aid Operations

Ms. Lakrystal Joubert, Assistant Director of Compliance

Ms. Lisa Trent, Financial Aid Specialist Sr.

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Ms. Sarah Hicks, Budget and Policy Director

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