AGENCY OPERATIONS COMMITTEE

AGENDA

11:00 A.M., Wednesday, July 26, 2023
(or upon adjournment of the Committee on Academic and Workforce Success meeting, whichever occurs later)

Live broadcast available at: highered.texas.gov

Barbara Jordan Building (Room 2.035)
1601 N. Congress Avenue,
Austin, TX

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

Chair: Emma W. Schwartz
Vice Chair: Welcome W. Wilson, Jr.
Members: S. Javaid Anwar; Fred Farias III, O.D.; Donna N. Williams
Student Representative: Cage M. Sawyers (Ex-Officio)

AGENCY OPERATIONS COMMITTEE
A G E N D A

Public Testimony: *The 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 of the Texas Higher Education Coordinating Board (Board) after staff has presented the item, or any other time as determined by the chair. For procedures on testifying, please go to* highered.texas.gov/public-testimony.

I.   Welcome and committee chair's opening remarks

II.   Consideration and possible action to approve the minutes for the April 26, 2023, committee meeting

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

IV.   Consideration and possible action to approve the consent calendar

V.   Agency operations

     A.   Report on grants and contracts

     B.   Update on the 88th Texas Legislative Session

VI.   Finance

     A.   Review of the "Fiscal Year 2023 Financial Report" to the Board

     B.   Consideration and possible action to adopt the agency's operating budget for Fiscal Years 2024 and 2025

     C.   Consideration and possible action to approve the Texas Department of Information Resources Interagency Contract budget for Data Center Services

VII.   Internal and external audit

     A.   Discussion of the audit of agencywide financial statements for the fiscal year ended August 31, 2022, by KPMG LLP

     B.   Discussion of "An Audit Report on the College Access Loan Program at the Higher Education Coordinating Board" issued in April 2023 by the Texas State Auditor's Office

     C.   Consideration and possible action to adopt the Annual Internal Audit Plan for Fiscal Year 2024

Note: Highlighted items in gray are on the consent calendar   07/23

      D.   Auditor's update on Internal Audit reports and activities

           (1) Internal Audit Corrective Action Status Report - July 2023 (summary report)

VIII.   Compliance monitoring

      A.   Auditor's update on state and federal compliance monitoring reports and activities

           (1) "Compliance Monitoring Audit of Formula Funding at Trinity Valley Community College" (no findings)

           (2) "Compliance Monitoring Audit of Formula Funding at McLennan Community College" (no findings)

           (3) "Compliance Monitoring Audit of Formula Funding at Texas A&M University" (no findings)

           (4) "Compliance Monitoring Audit of Formula Funding at Austin Community College" (one finding related to IT controls)

           (5) "Compliance Monitoring Audit of Formula Funding at Texas Tech University" (no findings)

           (6) "Compliance Monitoring Follow Up Review of Formula Funding at Ranger College" (no findings)

           (7) "Compliance Monitoring Audit of Texas Educational Opportunity Grant (TEOG) at Tyler Junior College" (no findings)

           (8) "Compliance Monitoring Follow Up Review of Tuition Equalization Grant (TEG) at McMurry University" (no findings)

           (9) "Compliance Monitoring Follow Up Review of Tuition Equalization Grant (TEG) at Dallas Baptist University" (no findings)

           (10)"Compliance Monitoring Follow Up Review of Texas Educational Opportunity Grant (TEOG) at Navarro College" (no findings)

           (11) "Compliance Monitoring Corrective Action Status Report – July 2023"

      B.   Consideration and possible action to adopt the Annual State Compliance Monitoring Plan for Fiscal Year 2024

IX.   Adjournment

Executive Session: *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 § 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.*

Note: Highlighted items in gray are on the consent calendar   07/23

Only assigned committee members act upon any item before the Agency Operations Committee at this meeting.

Weapons Prohibited: Pursuant to Texas Penal Code § 46.03(a)(14), a person commits an offense if the person intentionally, knowingly, or recklessly possesses or goes with a firearm, location-restricted knife, club, or prohibited weapon listed in Penal Code § 46.05, in the room or rooms where a meeting of a governmental entity is held, if the meeting is an open meeting subject to the Open Meetings Act (Tex. Gov't Code Ch 551), and if the entity provided notice as required by that chapter.

Agency Operations Committee

<u>AGENDA ITEM I</u>

<u>Welcome and committee chair's opening remarks</u>

Ms. Emma Schwartz, chair of the Agency Operations Committee, will provide the committee an overview of the items on the agenda.

Agency Operations Committee

<u>AGENDA ITEM II</u>

<u>Consideration and possible action to approve the minutes for the April 26, 2023, committee meeting</u>

RECOMMENDATION: Approval

DRAFT
TEXAS HIGHER EDUCATION COORDINATING BOARD
Agency Operations Committee

Wednesday, April 26, 2023; 11:56 a.m.
Barbara Jordan Building (Room 2.305)
1601 N. Congress Ave
Austin, TX

The Agency Operations Committee convened at 11:56 a.m. on April 26, 2023, with the following members present: Emma Schwartz, presiding; Welcome Wilson, Vice Chair; S. Javaid Anwar; Fred Farias; Robert Gauntt; Donna Williams; and Georgia Hejny, Student Representative (Ex-Officio).
Other Board members present: Sam Torn and Daniel Wong

Members absent: Richard Clemmer

AGENDA ITEM	ACTION
I. Welcome and Committee Chair's Opening Remarks	Chair, Ms. Emma Schwartz, called the meeting of the Agency Operations Committee to order and called the role. A quorum was met.
II. Consideration of Approval of the Minutes from January 25, 2023, Committee Meeting	On a motion by Ms. Williams, seconded by Mr. Wilson, the committee approved this item with all members voting in favor.
III. Public Testimony	Ms. Schwartz stated there was no public testimony.
IV. Consent calendar	Ms. Schwartz stated there were no items on the consent calendar.
V. Agency Operations	
A. Report on grants and contracts	Ms. Nichole Bunker-Henderson, General Counsel, was available for questions. This item was for information only.
B. Update on the 88th Texas Legislature	Ms. Amy Peterson, Assistant Commissioner for External Relations, presented this item and was available for questions.

AGENDA ITEM	ACTION
	This item was for information only.
C. Consideration and possible action to adopt proposed amendments to Board Rules, Chapter 1, Subchapter C, Standards of Conduct	On motion by Mr. Gauntt, seconded by Mr. Wilson, the committee approved this item with all members voting in favor. Ms. Nichole Bunker-Henderson, General Counsel, presented this item and was available for questions.
D. 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	Ms. Zhenzhen Sun, Assistant Commissioner for Information Solutions and Service/Chief Information Officer, and Mr. Miguel Olivas, Information Security Officer were available to answer questions. This item was for information only
VI. Finance	
A. Review of the "Fiscal Year 2023 Financial Report" to the Board	Mr. Anthony Infantini, Chief Financial Officer, presented this item and was available for questions. This item was for information only.
B. Consideration and possible action to approve payment to the U.S. Treasury in August 2023 of an amount up to $6 million from the Texas Opportunity Fund for excess earnings relating to the 2013A refunding	On motion by Ms. Williams, seconded by Mr. Gauntt, the committee approved this item with all members voting in favor. Mr. Anthony Infantini, Chief Financial Officer, presented this item and was available for questions.
VII. Internal and external audit	
A. 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 was for information only.
B. Auditor's update on Internal Audit reports and activities.	Mr. Mark Poehl, Assistant Commissioner for Internal Audit and Compliance, and Mr. Paul Maeyaert, Assistant Director for Internal Audit and Compliance, presented this item and were available for questions.

AGENDA ITEM	ACTION
(1) GEER Funds Administration Review and Advisory Services-Interim Report March 2023 (2) Internal Audit Follow-Up Status Report-April 2023 (summary report)	This item was for information only.
VIII. Compliance monitoring	
A. Auditor's update on state and federal compliance monitoring reports and activities. (1) "Compliance Monitoring Desk Review of Formula Funding at the University of North Texas HSC at Ft. Worth" (no findings) (2) "Compliance Monitoring Audit of Formula Funding at Central Texas College" (no findings) (3) "Compliance Monitoring Desk Review of Formula Funding at Temple College" (no findings) (4) "Compliance Monitoring Corrective Action Status Report-April 2023"	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 was for information only.
IX. Adjournment	On a motion by Dr. Farias, seconded by Ms. Williams, the meeting adjourned at approximately 1:16 p.m.

Agency Operations Committee

<u>AGENDA ITEM III</u>

<u>Public testimony on agenda items relating to the Agency Operations Committee</u>

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

<u>AGENDA ITEM IV</u>

<u>Consideration and possible action to approve the consent calendar</u>

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

No items on consent.

Agency Operations Committee

<u>AGENDA ITEM V-A</u>

<u>Report on grants and contracts</u>

RECOMMENDATION: No action required

Background Information:

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

    Linda Natal, Director of Procurement, is available to answer questions.

Texas Higher Education
COORDINATING BOARD

Contracts Executed by the Agency in Accordance with Board Rule 1.16

March 1, 2023 – June 6, 2023

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total $
029 Open Education Resource Admin	28988	Erika M Warnick	No-Cost Extension Amendment	4/12/2023	0.00
029 Open Education Resource Admin	29289	Laredo Community College	Open Educational Resources Grant	5/31/2023	25,000.00
029 Open Education Resource Admin	29292	Odessa College	Open Educational Resources Grant	5/31/2023	25,000.00
029 Open Education Resource Admin	29294	Texas Tech University Health Sciences Center	Open Educational Resources Grant	5/25/2023	25,000.00
029 Open Education Resource Admin	29295	The University of Texas at San Antonio	Open Educational Resources Grant	5/22/2023	25,000.00
029 Open Education Resource Admin	29293	San Jacinto College District	Open Educational Resources Grant	5/22/2023	18,658.00
029 Open Education Resource Admin	29291	North Central Texas Community College District	Open Educational Resources Grant	5/24/2023	14,000.00
029 Open Education Resource Admin	29290	Midwestern State University	Open Educational Resources Grant	5/25/2023	12,300.00
029 Open Education Resource Admin	29297	Austin Community College	Open Educational Resources Grant	5/24/2023	10,000.00
029 Open Education Resource Admin	29299	Central Texas College	Open Educational Resources Grant	5/22/2023	5,000.00
029 Open Education Resource Admin	29301	The University of Texas at Tyler	Open Educational Resources Grant	5/25/2023	5,000.00
029 Open Education Resource Admin	29302	West Texas A&M University	Open Educational Resources Grant	5/22/2023	5,000.00
029 Open Education Resource Admin	29389	Tarrant County College District	Open Educational Resources Grant	5/24/2023	5,000.00
029 Open Education Resource Admin	29390	Lee College	Open Educational Resources Grant	5/24/2023	5,000.00
0387 Bonds	28555	Office of Attorney General (Bond Review)	Attorney General Filing Fees	5/26/2023	19,000.00
0387 Bonds	29118	United States Treasury	Bond Series 2013A	5/17/2023	6,000,000.00
070 Academic and Health Affairs	28522	John Peter Smith Hospital	Family Medicine Residency Program Grant	3/27/2023	341,023.00
070 Academic and Health Affairs	28541	University of Texas Rio Grande Valley	Family Medicine Residency Program Grant	3/6/2023	284,186.00
070 Academic and Health Affairs	28523	Memorial Hermann Hospital System	Family Medicine Residency Program Grant	3/1/2023	198,930.00
070 Academic and Health Affairs	28540	The University of Texas Health Science Center at San Antonio	Family Medicine Residency Program Grant	3/1/2023	198,930.00
070 Academic and Health Affairs	28542	The University of Texas Southwestern Medical Center	Family Medicine Residency Program Grant	3/6/2023	194,194.00
070 Academic and Health Affairs	28520	CHCA West Houston LP DBA West Houston Medical Center	Family Medicine Residency Program Grant	3/1/2023	127,884.00
070 Academic and Health Affairs	28524	Houston Methodist Hospital	Family Medicine Residency Program Grant	3/20/2023	113,674.00
070 Academic and Health Affairs	28534	Texoma Medical Center	Family Medicine Residency Program Grant	3/1/2023	113,674.00
070 Academic and Health Affairs	28535	The University of Texas at Austin	Family Medicine Residency Program Grant	4/3/2023	99,465.00
070 Academic and Health Affairs	28525	Methodist Health System	Family Medicine Residency Program Grant	3/28/2023	85,256.00
070 Academic and Health Affairs	28898	The University of Texas Health Science Center at Houston	No-Cost Amendment	3/20/2023	0.00
070 Academic and Health Affairs	28900	The University of Texas Southwestern Medical Center	No-Cost Amendment	3/20/2023	0.00
070 Academic and Health Affairs	28901	The University of Texas at Austin	No-Cost Amendment	3/20/2023	0.00
070 Academic and Health Affairs	28902	Baylor College of Medicine	No-Cost Amendment	3/30/2023	0.00
070 Academic and Health Affairs	28903	John Peter Smith Hospital	No-Cost Amendment	3/27/2023	0.00
070 Academic and Health Affairs	28904	Scott & White Memorial Hospital	No-Cost Amendment	3/20/2023	0.00
070 Academic and Health Affairs	28906	The University of Texas at Austin	No-Cost Amendment	3/20/2023	0.00
070 Academic and Health Affairs	28907	The University of Texas Health Science Center at Houston	No-Cost Amendment	3/20/2023	0.00
070 Academic and Health Affairs	28908	The University of Texas Health Science Center at San Antonio	No-Cost Amendment	3/20/2023	0.00
070 Academic and Health Affairs	28909	The University of Texas Southwestern Medical Center	No-Cost Amendment	3/20/2023	0.00
070 Academic and Health Affairs	28960	Baptist Hospitals of Southeast Texas	No-Cost Amendment	3/24/2023	0.00
070 Academic and Health Affairs	28914	University of North Texas Health Science Center at Fort Worth	No-Cost Extension Amendment	6/5/2023	0.00
070 Academic and Health Affairs	29081	Baylor University	No-Cost Extension Amendment	4/26/2023	0.00
071 SLDS ERC Upgrades 84.372A	29090	Workquest Temps	Temporary Personnel	4/25/2023	88,670.40
071 SLDS ERC Upgrades 84.372A	29091	Workquest Temps	Temporary Personnel	4/25/2023	48,040.59
083D Data Infrastructure	28936	Daman Consulting Incorporated	No-Cost Amendment	5/25/2023	0.00
131 Nursing Innovation	28729	Texas Southmost College	Nursing Innovation Grant Program	3/8/2023	408,695.66
131 Nursing Innovation	28727	Tarleton State University	Nursing Innovation Grant Program	3/8/2023	391,012.00
131 Nursing Innovation	28740	The University of Texas Health Science Center at Houston	Nursing Innovation Grant Program	3/1/2023	275,096.00
131 Nursing Innovation	28728	Texas Woman's University	Nursing Innovation Grant Program	3/10/2023	266,199.00
131 Nursing Innovation	28726	Texas A&M University-Commerce	Nursing Innovation Grant Program	3/1/2023	219,841.00
131 Nursing Innovation	28719	Kilgore College	Nursing Innovation Grant Program	4/25/2023	55,200.00
136 SSI CCA	29124	Temple University (Service)	No-Cost Amendment	5/5/2023	0.00
136 SSI CCA	28578	Alamo Community College District (Northeast Lakeview College)	Student Success Acceleration Program Implementation Grant	3/21/2023	180,000.00
136 SSI CCA	28015	Institute for Higher Education Policy	Technical Support Assistance for Equity Focused Action Planning	3/15/2023	749,000.00
138 GEERII Admin/Staffing	29428	Optimum Consultancy Service LLC	Temporary Personnel Amendment	6/2/2023	4,129.94
139 Apply Texas	29350	Deloitte Consulting LLP	Web Application Development Amendment	5/19/2023	295,000.00
140 GEER II Advise TX	28637	National College Advising Corps	Develop and Launch New Hybrid Advising Model	5/5/2023	350,000.00
141 GEER II Apply TX	29395	Deloitte Consulting LLP	ApplyTexas Amendment	5/16/2023	315,000.00
141 GEER II Apply TX	29022	OnData, Inc.	Professional Services for Data De-Identification	3/15/2023	30,000.00
143 Transfer Grants	29059	University of Texas Rio Grande Valley (Service)	Student Aid Award Amendment	5/3/2023	75,185.00
143 Transfer Grants	29058	The University of Texas at Arlington (Service)	Student Aid Award Amendment	5/3/2023	45,000.00
143 Transfer Grants	29057	University of North Texas (Service)	Student Aid Award Amendment	5/15/2023	40,000.00
143 Transfer Grants	29061	The University of Texas at El Paso (Service)	Student Aid Award Amendment	5/17/2023	25,200.00
143 Transfer Grants	29056	University of Houston- Downtown (Service)	Student Aid Award Amendment	5/3/2023	20,000.00
143 Transfer Grants	29060	The University of Texas at San Antonio (Service)	Student Aid Award Amendment	5/16/2023	16,392.00
143 Transfer Grants	29038	Workquest Temps	Temporary Personnel Amendment	3/30/2023	129,618.83

Contracts executed March 1, 2023 - June 6, 2023 and those not included in previous reports

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total $
143 Transfer Grants	29132	Workquest Temps	Temporary Personnel Amendment	4/26/2023	47,207.93
145 GEER II DMI Edu & Wkfrc	29129	Workquest Temps	Temporary Personnel Amendment	5/4/2023	48,830.40
145 GEER II DMI Edu & Wkfrc	29009	Workquest Temps	Temporary Personnel Amendment	3/17/2023	581.88
145 GEER II DMI Edu & Wkfrc	28952	Workquest Temps	Temporary Personnel Amendment	3/6/2023	406.92
147 My TX Future	28989	Deloitte Consulting LLP	Develop My Texas Future	4/3/2023	3,094,372.00
147 My TX Future	28736	Strada Collaborative Inc d/b/a Roadtrip Nation	No-Cost Amendment	3/1/2023	0.00
156 GEERII Shared Services	28947	Quottly Inc	Course Sharing Platform and Related Services	4/27/2023	525,000.00
156 GEERII Shared Services	29080	Amarillo College (Service)	Development of Course Sharing Processes and Protocols	5/18/2023	50,000.00
156 GEERII Shared Services	29084	Grayson College Service	Development of Course Sharing Processes and Protocols	5/24/2023	50,000.00
156 GEERII Shared Services	29096	Kilgore College (Service)	Development of Course Sharing Processes and Protocols	5/22/2023	50,000.00
156 GEERII Shared Services	29097	Lamar State College Orange Service	Development of Course Sharing Processes and Protocols	5/22/2023	50,000.00
156 GEERII Shared Services	29099	North Central Texas Community College District Service	Development of Course Sharing Processes and Protocols	5/18/2023	50,000.00
156 GEERII Shared Services	29100	San Jacinto College District Service	Development of Course Sharing Processes and Protocols	6/5/2023	50,000.00
156 GEERII Shared Services	29130	Temple College Service	Development of Course Sharing Processes and Protocols	6/2/2023	50,000.00
156 GEERII Shared Services	29039	Cvent Inc	Virtual Conference Platform	4/6/2023	61,833.00
159 GEERII Data Modernization/Cybersecurity	29107	Microsoft Corporation	Security Consulting Services Amendment	5/12/2023	749,860.00
159 GEERII Data Modernization/Cybersecurity	28987	Loblolly Consulting LLC	Temporary Personnel Amendment	3/2/2023	136,364.80
160 GEERII Community College Fin Implementation	29371	Workquest Temps	Temporary Personnel	5/11/2023	46,117.60
201 Academic Health and Affairs	28845	University of St Thomas	Professional Nursing Shortage Reduction Program Grant	3/8/2023	983,183.75
201 Academic Health and Affairs	28835	Del Mar College	Professional Nursing Shortage Reduction Program Grant	3/23/2023	797,044.28
201 Academic Health and Affairs	28857	Collin County Community College District	Professional Nursing Shortage Reduction Program Grant	3/20/2023	734,936.93
201 Academic Health and Affairs	28850	The University of Texas at Tyler	Professional Nursing Shortage Reduction Program Grant	3/8/2023	626,362.49
201 Academic Health and Affairs	28859	Austin Community College	Professional Nursing Shortage Reduction Program Grant	3/24/2023	600,371.01
201 Academic Health and Affairs	28830	University of Texas Rio Grande Valley	Professional Nursing Shortage Reduction Program Grant	3/23/2023	554,484.83
201 Academic Health and Affairs	28828	Texas Woman's University	Professional Nursing Shortage Reduction Program Grant	3/8/2023	456,936.57
201 Academic Health and Affairs	28823	Texas Lutheran University	Professional Nursing Shortage Reduction Program Grant	3/7/2023	446,668.33
201 Academic Health and Affairs	28848	Dallas College	Professional Nursing Shortage Reduction Program Grant	3/7/2023	424,400.20
201 Academic Health and Affairs	28811	Tarrant County College District	Professional Nursing Shortage Reduction Program Grant	3/27/2023	393,346.53
201 Academic Health and Affairs	28832	Covenant Health System	Professional Nursing Shortage Reduction Program Grant	3/20/2023	338,851.84
201 Academic Health and Affairs	28822	San Antonio College	Professional Nursing Shortage Reduction Program Grant	3/10/2023	279,483.06
201 Academic Health and Affairs	28827	The University of Texas at El Paso	Professional Nursing Shortage Reduction Program Grant	3/23/2023	274,675.35
201 Academic Health and Affairs	28814	Howard College	Professional Nursing Shortage Reduction Program Grant	3/9/2023	227,726.94
201 Academic Health and Affairs	28849	Alvin Community College	Professional Nursing Shortage Reduction Program Grant	3/7/2023	196,673.26
201 Academic Health and Affairs	28861	Cisco College	Professional Nursing Shortage Reduction Program Grant	3/20/2023	196,673.26
201 Academic Health and Affairs	28816	Trinity Valley Community College	Professional Nursing Shortage Reduction Program Grant	3/20/2023	175,970.81
201 Academic Health and Affairs	28824	Texas Tech University Health Sciences Center	Professional Nursing Shortage Reduction Program Grant	3/20/2023	156,590.62
201 Academic Health and Affairs	28851	Texas A&M University System Health Science Center	Professional Nursing Shortage Reduction Program Grant	3/10/2023	146,322.39
201 Academic Health and Affairs	28815	Weatherford College	Professional Nursing Shortage Reduction Program Grant	3/9/2023	144,917.14
201 Academic Health and Affairs	28831	Paris Junior College	Professional Nursing Shortage Reduction Program Grant	3/23/2023	144,917.14
201 Academic Health and Affairs	28843	University of the Incarnate Word	Professional Nursing Shortage Reduction Program Grant	3/20/2023	128,352.97
201 Academic Health and Affairs	28809	Texas Southmost College	Professional Nursing Shortage Reduction Program Grant	3/8/2023	113,863.47
201 Academic Health and Affairs	28817	University of Houston -Victoria	Professional Nursing Shortage Reduction Program Grant	3/20/2023	107,816.49
201 Academic Health and Affairs	28854	Texas State Technical College-Harlingen	Professional Nursing Shortage Reduction Program Grant	3/20/2023	107,816.49
201 Academic Health and Affairs	28847	Tarleton State University	Professional Nursing Shortage Reduction Program Grant	3/8/2023	89,847.08
201 Academic Health and Affairs	28846	Midland College	Professional Nursing Shortage Reduction Program Grant	3/20/2023	82,809.80
201 Academic Health and Affairs	28818	Midwestern State University	Professional Nursing Shortage Reduction Program Grant	3/7/2023	82,145.90
201 Academic Health and Affairs	28836	Panola College	Professional Nursing Shortage Reduction Program Grant	3/7/2023	72,458.57
201 Academic Health and Affairs	28853	Temple College	Professional Nursing Shortage Reduction Program Grant	3/8/2023	72,458.57
201 Academic Health and Affairs	28856	Blinn College	Professional Nursing Shortage Reduction Program Grant	3/8/2023	72,458.57
201 Academic Health and Affairs	28829	The University of Texas at Permian Basin	Professional Nursing Shortage Reduction Program Grant	3/8/2023	66,743.54
201 Academic Health and Affairs	28826	Amarillo College	Professional Nursing Shortage Reduction Program Grant	3/21/2023	62,107.35
201 Academic Health and Affairs	28858	Concordia University	Professional Nursing Shortage Reduction Program Grant	3/20/2023	61,609.43
201 Academic Health and Affairs	28833	Sam Houston State University	Professional Nursing Shortage Reduction Program Grant	3/7/2023	46,207.07
201 Academic Health and Affairs	28860	Texas A&M University-Texarkana	Professional Nursing Shortage Reduction Program Grant	3/21/2023	35,938.83
201 Academic Health and Affairs	28855	Texas A&M University-Commerce	Professional Nursing Shortage Reduction Program Grant	3/8/2023	30,804.71
201 Academic Health and Affairs	28813	Angelo State University	Professional Nursing Shortage Reduction Program Grant	3/7/2023	23,103.53
201 Academic Health and Affairs	28812	Hardin-Simmons University	Professional Nursing Shortage Reduction Program Grant	3/8/2023	20,536.48
201 Academic Health and Affairs	28834	Wayland Baptist University	Professional Nursing Shortage Reduction Program Grant	3/8/2023	12,835.30
201 Academic Health and Affairs	28825	Northeast Texas Community College	Professional Nursing Shortage Reduction Program Grant	3/7/2023	10,351.22
201 Academic Health and Affairs	28852	Lamar State College-Port Arthur	Professional Nursing Shortage Reduction Program Grant	3/8/2023	5,134.12
201 Academic Health and Affairs	28622	Baylor College of Medicine	Texas Child Mental Health Care Consortium Amendment	5/4/2023	5,378,012.00
201 Compliance Monitoring	29109	State Auditors Office	State's Single Audit	4/25/2023	90,000.00
201 Data Management and Research	29035	DataCamp Inc	DataCamp Subscription	3/31/2023	15,000.00

Contracts executed March 1, 2023 - June 6, 2023 and those not included in previous reports

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total $
201 Finance	29016	State Higher Education Executive Officers	State Higher Education Executive Officers Association Dues	3/20/2023	23,367.00
201 Information Solutions and Services	28915	Audimation Services Inc	Caseware IDEA Licenses and Training	3/30/2023	11,380.00
201 Information Solutions and Services	28935	Shi Government Solutions Inc	Deep Discovery Inspector Renewal	3/10/2023	55,579.20
201 Information Solutions and Services	29036	Carahsoft Technology Corp	GovDelivery Renewal	4/12/2023	34,113.95
201 Information Solutions and Services	29086	CDW Government Inc	HP ProBook Notebooks and HP Care Pack Hardware Support	5/2/2023	197,526.00
201 Information Solutions and Services	28991	KTX System LLC DBA Axxerion USA	Support Service Amendment	3/24/2023	12,346.80
201 Workforce Education	28758	Workquest Temps	Temporary Personnel Amendment	3/10/2023	81,738.72
201 Workforce Education	28979	Optomi LLC	TXWORKS Internship Program Grant	4/27/2023	136,000.00
201 Workforce Education	29093	Arisma Group LLC dba Cendien	TXWORKS Internship Program Grant	5/17/2023	96,000.00
201 Workforce Education	29361	Cobalt Digital Marketing	TXWORKS Internship Program Grant	5/25/2023	57,600.00
201 Workforce Education	29340	BookSpring	TXWORKS Internship Program Grant	5/25/2023	43,520.00
201 Workforce Education	29309	Nagarro Inc	TXWORKS Internship Program Grant	6/5/2023	43,200.00
201 Workforce Education	29094	City of Pflugerville	TXWORKS Internship Program Grant	4/26/2023	23,040.00
201 Workforce Education	28984	Economic Mobility Systems Inc	TXWORKS Internship Program Grant	4/3/2023	5,800.00
201 Workforce Education	29355	Optomi LLC	TXWORKS Internship Program Grant Amendment	5/23/2023	0.00
317 Perkins-AQ&W Admin	28751	Alamo Colleges District	Perkins Basic Reallocation Amendment	5/11/2023	563,257.00
317 Perkins-AQ&W Admin	28794	South Texas College	Perkins Basic Reallocation Amendment	5/15/2023	553,053.00
317 Perkins-AQ&W Admin	28800	Texas State Technical College System	Perkins Basic Reallocation Amendment	5/15/2023	545,215.00
317 Perkins-AQ&W Admin	28767	Dallas College	Perkins Basic Reallocation Amendment	5/16/2023	351,612.00
317 Perkins-AQ&W Admin	28802	Tyler Junior College	Perkins Basic Reallocation Amendment	5/15/2023	345,359.00
317 Perkins-AQ&W Admin	28782	Lone Star College System	Perkins Basic Reallocation Amendment	5/17/2023	329,237.00
317 Perkins-AQ&W Admin	28792	San Jacinto College District	Perkins Basic Reallocation Amendment	5/15/2023	323,648.00
317 Perkins-AQ&W Admin	28755	Austin Community College	Perkins Basic Reallocation Amendment	5/11/2023	292,743.00
317 Perkins-AQ&W Admin	28753	Amarillo College	Perkins Basic Reallocation Amendment	5/11/2023	289,994.00
317 Perkins-AQ&W Admin	28766	Collin County Community College District	Perkins Basic Reallocation Amendment	5/15/2023	284,123.00
317 Perkins-AQ&W Admin	28796	Tarrant County College District	Perkins Basic Reallocation Amendment	5/15/2023	255,630.00
317 Perkins-AQ&W Admin	28769	El Paso County Community College District	Perkins Basic Reallocation Amendment	5/15/2023	213,156.00
317 Perkins-AQ&W Admin	28781	Lee College	Perkins Basic Reallocation Amendment	5/15/2023	194,249.00
317 Perkins-AQ&W Admin	28793	South Plains College	Perkins Basic Reallocation Amendment	5/15/2023	177,982.00
317 Perkins-AQ&W Admin	28761	Central Texas College	Perkins Basic Reallocation Amendment	5/11/2023	171,064.00
317 Perkins-AQ&W Admin	28777	Lamar Institute of Technology	Perkins Basic Reallocation Amendment	5/15/2023	163,772.00
317 Perkins-AQ&W Admin	28783	McLennan Community College	Perkins Basic Reallocation Amendment	5/15/2023	158,492.00
317 Perkins-AQ&W Admin	28768	Del Mar College	Perkins Basic Reallocation Amendment	6/5/2023	147,514.00
317 Perkins-AQ&W Admin	28772	Grayson College	Perkins Basic Reallocation Amendment	5/15/2023	143,900.00
317 Perkins-AQ&W Admin	28759	Blinn College	Perkins Basic Reallocation Amendment	5/22/2023	133,987.00
317 Perkins-AQ&W Admin	28776	Kilgore College	Perkins Basic Reallocation Amendment	5/15/2023	122,627.00
317 Perkins-AQ&W Admin	28788	Odessa College	Perkins Basic Reallocation Amendment	5/22/2023	119,049.00
317 Perkins-AQ&W Admin	28764	Coastal Bend College	Perkins Basic Reallocation Amendment	5/22/2023	115,280.00
317 Perkins-AQ&W Admin	28785	Navarro College	Perkins Basic Reallocation Amendment	5/15/2023	102,181.00
317 Perkins-AQ&W Admin	28798	Texarkana College	Perkins Basic Reallocation Amendment	5/31/2023	96,556.00
317 Perkins-AQ&W Admin	28779	Lamar State College-Port Arthur	Perkins Basic Reallocation Amendment	5/15/2023	96,046.00
317 Perkins-AQ&W Admin	28754	Angelina College	Perkins Basic Reallocation Amendment	5/11/2023	88,436.00
317 Perkins-AQ&W Admin	28801	Trinity Valley Community College	Perkins Basic Reallocation Amendment	5/15/2023	81,563.00
317 Perkins-AQ&W Admin	28789	Panola College	Perkins Basic Reallocation Amendment	5/15/2023	80,707.00
317 Perkins-AQ&W Admin	28790	Paris Junior College	Perkins Basic Reallocation Amendment	5/15/2023	76,511.00
317 Perkins-AQ&W Admin	28786	North Central Texas Community College District	Perkins Basic Reallocation Amendment	5/15/2023	75,282.00
317 Perkins-AQ&W Admin	28795	Southwest Texas Junior College	Perkins Basic Reallocation Amendment	5/15/2023	74,098.00
317 Perkins-AQ&W Admin	28778	Lamar State College-Orange	Perkins Basic Reallocation Amendment	5/15/2023	69,656.00
317 Perkins-AQ&W Admin	28805	Weatherford College	Perkins Basic Reallocation Amendment	5/15/2023	68,345.00
317 Perkins-AQ&W Admin	28799	Texas Southmost College	Perkins Basic Reallocation Amendment	5/15/2023	65,687.00
317 Perkins-AQ&W Admin	28803	Vernon College	Perkins Basic Reallocation Amendment	5/15/2023	61,791.00
317 Perkins-AQ&W Admin	28787	Northeast Texas Community College	Perkins Basic Reallocation Amendment	5/22/2023	56,930.00
317 Perkins-AQ&W Admin	28807	Wharton County Junior College	Perkins Basic Reallocation Amendment	5/15/2023	49,666.00
317 Perkins-AQ&W Admin	28804	Victoria College	Perkins Basic Reallocation Amendment	5/15/2023	49,302.00
317 Perkins-AQ&W Admin	28771	Galveston College	Perkins Basic Reallocation Amendment	5/15/2023	48,665.00
317 Perkins-AQ&W Admin	28765	College of the Mainland	Perkins Basic Reallocation Amendment	5/11/2023	45,351.00
317 Perkins-AQ&W Admin	28784	Midland College	Perkins Basic Reallocation Amendment	5/15/2023	43,958.00
317 Perkins-AQ&W Admin	28775	Howard College	Perkins Basic Reallocation Amendment	5/15/2023	43,813.00
317 Perkins-AQ&W Admin	28797	Temple College	Perkins Basic Reallocation Amendment	5/15/2023	43,358.00
317 Perkins-AQ&W Admin	28762	Cisco College	Perkins Basic Reallocation Amendment	5/31/2023	42,993.00
317 Perkins-AQ&W Admin	28752	Alvin Community College	Perkins Basic Reallocation Amendment	5/11/2023	37,368.00
317 Perkins-AQ&W Admin	28770	Frank Phillips College	Perkins Basic Reallocation Amendment	6/5/2023	36,103.00
317 Perkins-AQ&W Admin	28760	Brazosport College	Perkins Basic Reallocation Amendment	5/24/2023	35,884.00

Contracts executed March 1, 2023 - June 6, 2023 and those not included in previous reports

Contracts Executed by the Agency in Accordance with Board Rule 1.16

Division Unit	Contract #	Performing Agent	Description	Active Date	Total $
317 Perkins-AQ&W Admin	28773	Hill College	Perkins Basic Reallocation Amendment	5/15/2023	34,773.00
317 Perkins-AQ&W Admin	28791	Ranger College	Perkins Basic Reallocation Amendment	5/15/2023	26,654.00
317 Perkins-AQ&W Admin	28763	Clarendon College	Perkins Basic Reallocation Amendment	5/11/2023	24,979.00
317 Perkins-AQ&W Admin	28806	Western Texas College	Perkins Basic Reallocation Amendment	5/15/2023	9,522.00
317 Perkins-AQ&W Admin	29122	Workquest Temps	Temporary Personnel	4/20/2023	27,321.84
510 SFAP - Student Loan Admin	29102	GlobalScope Communications Corporation	Cloud Based Call Center Services Amendment	4/26/2023	12,000.00
510 SFAP - Student Loan Admin	29064	Satori Marketing LLC	Marketing Support	4/17/2023	50,000.00
C0001 Conf Fd-General	29153	Compass Group USA dba/AT&T Executive and Conference Center	2023 THECB Leadership Conference	4/28/2023	59,400.00

$ 40,764,031.68

Memorandum of Understanding ($0 Contract Amount)

Division Unit	Contract #	Performing Agent	Description	Active Date	Total $
137 My TX Future	28862	South Plains College	Participation Agreement	5/31/2023	0.00
137 My TX Future	28926	Angelo State University	Participation Agreement	3/14/2023	0.00
137 My TX Future	28928	Texas Woman's University	Participation Agreement	3/7/2023	0.00
137 My TX Future	28930	Lamar State College Orange	Participation Agreement	3/7/2023	0.00
137 My TX Future	28931	University of Houston -Victoria	Participation Agreement	4/17/2023	0.00
137 My TX Future	28938	Tarleton State University	Participation Agreement	3/7/2023	0.00
137 My TX Future	28943	McLennan Community College	Participation Agreement	3/7/2023	0.00
137 My TX Future	28944	The University of Texas at Tyler	Participation Agreement	3/7/2023	0.00
137 My TX Future	28945	College of the Mainland	Participation Agreement	3/14/2023	0.00
137 My TX Future	28946	West Texas A&M University	Participation Agreement	3/7/2023	0.00
137 My TX Future	28948	Amarillo College	Participation Agreement	3/7/2023	0.00
137 My TX Future	28949	Midwestern State University	Participation Agreement	4/10/2023	0.00
137 My TX Future	28993	Frank Phillips College	Participation Agreement	4/10/2023	0.00
137 My TX Future	28994	Del Mar College	Participation Agreement	4/10/2023	0.00
137 My TX Future	28998	Blinn College	Participation Agreement	4/10/2023	0.00
137 My TX Future	29003	Wharton County Junior College	Participation Agreement	4/10/2023	0.00
137 My TX Future	29120	University of the Incarnate Word	Participation Agreement	5/19/2023	0.00
137 My TX Future	29123	Texas Lutheran University	Participation Agreement	5/19/2023	0.00

Contracts executed March 1, 2023 - June 6, 2023 and those not included in previous reports

Texas Higher Education
COORDINATING BOARD

Contracts Executed by the Agency Over $1 Million

March 1, 2023 – June 6, 2023

Division Unit	Contract #	Performing Agent	Description	Active Date	Total $
0387 Bonds	29118	United States Treasury	Bond Series 2013A	5/17/2023	6,000,000.00
147 My TX Future	28989	Deloitte Consulting LLP	Develop My Texas Future	4/3/2023	3,094,372.00
201 Academic Health and Affairs	28622	Baylor College of Medicine	Texas Child Mental Health Care Consortium Amendment	5/4/2023	5,378,012.00

$ 14,472,384.00

Agency Operations Committee

<u>AGENDA ITEM V-B</u>

<u>Update on the 88th Texas Legislative Session</u>

RECOMMENDATION: No action required

Background Information:

      The regular session of the 88th Texas Legislature ended on May 29, 2023, and its first called session began the same day. The first called session ended and the second called session began on June 27, 2023.

      Amy Peterson, Assistant Commissioner for External Relations, will provide an update on the 88th Legislature and related agency activities.

Agency Operations Committee

<u>AGENDA ITEM VI-A</u>

<u>Review of the "Fiscal Year 2023 Financial Report" to the Board</u>

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 2023 (FY 23).
  - September 1, 2022, through May 31, 2023
- The report is distributed to agency executive management monthly.
- Report overview:
  - Budget adjustments are primarily related to carrying forward unexpended balances from FY 22 into FY 23.
  - College Access Loan borrower level volume is approximately the same compared to the previous year's level.
  - A bond sale was successfully conducted for new money bonds to fund student loans during the 2023/2024 academic year. Approximately $140 million of new money bond proceeds were raised to help fund these new loans.
  - This report reflects the strategy structure as outlined in the General Appropriations Act from the 87th Legislature.

      Mr. Anthony Infantini, Chief Financial Officer, will present this item and be available to answer any questions.

Agency Operations Committee

AGENDA ITEM VI-B

Consideration and possible action to adopt the agency's operating budget for Fiscal Years 2024 and 2025

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. This budget is aligned with the General Appropriations Act for the 2024-25 biennium as approved by the 88th Texas Legislature.

Anthony Infantini, Chief Financial Officer and Assistant Commissioner for Finance, will present this item and be available to answer questions.

Agency Operations Committee

<u>AGENDA ITEM VI-C</u>

<u>Consideration and possible action to approve the Texas Department of Information Resources Interagency Contract budget for Data Center Services</u>

RECOMMENDATION: Approval

Background Information:

Agencies are required to enter interagency contracts with the Department of Information Resources (DIR) each biennium to pay for costs related to the state's Data Center Services program.

Payments to DIR under the Data Center Services budget are governed by capital budget rider appropriations. The appropriations subject to this interagency contract are a combination of the base budget request as well as additional amounts appropriated from the exceptional item requests.

Based on the capital budget authority and the amounts appropriated to the Texas Higher Education Coordinating Board for the 2024-2025 biennium in both House Bill 1 and Senate Bill 30, an amount of $18.5 million is requested to be approved.

Anthony Infantini, Chief Financial Officer and Assistant Commissioner for Finance, will present this item and be available to answer questions.

Agency Operations Committee

AGENDA ITEM VII-A

Discussion of the audit of agencywide financial statements for the fiscal year ended August 31, 2022, by KPMG LLP

RECOMMENDATION: No action required

Background Information:

The board of the Texas Higher Education Coordinating 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, 2022, was executed with KPMG for a fixed fee of $206,900.

KPMG LLP has conducted the agencywide financial statement audit for the fiscal year ended August 31, 2022. 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

<u>AGENDA ITEM VII-B</u>

<u>Discussion of "An Audit Report on the College Access Loan Program at the Higher Education Coordinating Board" issued in April 2023 by the Texas State Auditor's Office</u>

RECOMMENDATION: No action required

Background Information:

      The Texas State Auditor's Office issued "An Audit Report on the College Access Loan Program at the Higher Education Coordinating Board" in April 2023.

      The State Auditor's report indicated that the Texas Higher Education Coordinating Board (Coordinating Board) administered the College Access Loan Program (CAL) in accordance with applicable criteria. It also established controls to ensure that borrowers met CAL eligibility requirements and that loan accounts were updated accurately. However, the Coordinating Board should specify a time period to review error reports from its Higher Education Loan Management System (HELMS) to ensure accounts are updated in a timely manner.

      Management agrees with the finding and has implemented corrective action that will be reviewed by the State Auditor's Office. Management has reviewed system-generated error reports to ensure reports have been appropriately assigned for review on a timely basis. Regarding the error report specifically addressed in this audit report, staff have been assigned to work this error report with management oversight to ensure the error reports have been worked in a timely manner.

      The final report is attached for reference.

      Representatives from the Texas State Auditor's Office will present the report to the committee.

An Audit Report on

The College Access Loan Program at the Higher Education Coordinating Board

- The Coordinating Board has established controls over the College Access Loan Program to ensure that borrowers were eligible, account information was updated, and loan payments were accurately applied.

- The Coordinating Board should review error reports from its Higher Education Loan Management System within a specified time period to ensure that accounts are updated in a timely manner.

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

The Higher Education Coordinating Board (Coordinating Board) administered the College Access Loan Program (CAL) in accordance with applicable criteria. It established controls to ensure that borrowers met CAL eligibility requirements and that loan accounts were updated accurately. However, the Coordinating Board should specify a time period to review error reports from its Higher Education Loan Management System to ensure that accounts are updated in a timely manner.

- *Audit Objective* |p. *9*

This audit was conducted in accordance with Texas Government Code Sections 321.013 and 321.0132.

MEDIUM

ADMINISTRATION OF CAL

The Coordinating Board established controls for loan applications and administered loan payments properly; however, loan accounts were not always updated in a timely manner.
Chapter 1| p. 3

LOW

INFORMATION TECHNOLOGY

The Coordinating Board effectively maintained the completeness, integrity, and availability of CAL data.
Chapter 2| p. 7

LOW

PRIOR AUDIT RECOMMENDATION

The Coordinating Board fully implemented corrective action in response to a recommendation in a prior audit report.
Chapter 3| p. 8

For more information about this audit, contact Audit Manager James Timberlake or State Auditor Lisa Collier at 512-936-9500.

Summary of Management Response

Auditors made a recommendation to address the issues identified during this audit, provided at the end of Chapter 1 in this report. Coordinating Board management agreed with the recommendation.

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

PRIORITY: Issues identified present risks or effects that if not addressed could ***critically affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could ***substantially affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could ***moderately affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks ***or*** effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see Report Ratings in Appendix 1.

<div style="border: 2px solid gold; display: inline-block;">**MEDIUM**</div>

Chapter 1
Administration of CAL

The Higher Education Coordinating Board (Coordinating Board) administered the College Access Loan Program (CAL) in accordance with applicable criteria. It also established controls to ensure that borrowers met CAL eligibility requirements and that loan accounts were updated accurately. However, the Coordinating Board should specify a time period to review error reports from its Higher Education Loan Management System (HELMS) to ensure that accounts are updated in a timely manner.

The Coordinating Board established controls for loan applications and administered loan payments properly.

The Coordinating Board implemented CAL in 1988 under the Hinson-Hazlewood College Student Loan Program. Loans are awarded based on a borrower's need, as determined by the cost of attendance and any other financial aid that the borrower was eligible to receive. Figure 1 shows the number of borrowers and loans outstanding and the amount of those loans for CAL as of November 30, 2022. (See Appendix 2 for additional CAL data.)

Figure 1

CAL Key Statistics

| 56,238 Borrowers | 144,886 Loans Outstanding | $1,631,334,596 Amount of Loans Outstanding |
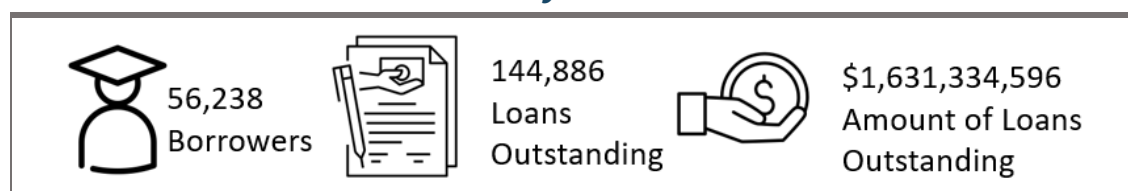
Source: Coordinating Board, as of November 30, 2022.

Loan Applications. Borrowers and cosigners, if applicable, complete the loan application in the HELMS portal, HELMSNet. The Coordinating Board has established controls in HELMSNet to ensure that borrowers are eligible for loans (see text box for eligibility requirements). In addition, HELMSNet prevents borrowers who have defaulted on a loan through the Coordinating Board from completing a new application. Before an application can be processed, HELMSNet controls require that:

- Higher education institutions certify borrower enrollment status, cost of attendance, and other financial aid awarded.

- Required loan disclosures are provided to borrowers.

Loan Payments. For all 25 loan payments tested, the Coordinating Board accurately applied loan payments in accordance with applicable criteria. For all 23 of those 25 loans tested that had a repayment schedule, the Coordinating Board appropriately billed amounts based on the repayment schedule and interest rate. Additionally, controls over loan payments in HELMS ensured that payments were applied in the appropriate order (fees, interest, and principal) and that automated payments were applied to loans.

> **CAL Eligibility Requirements**
>
> Borrowers must:
>
> - Be classified by a higher education institution as a Texas resident.
> - Be enrolled at least half-time at an eligible Texas institution.
> - Meet satisfactory academic progress requirements for the Texas institution.
> - Provide a statement with the estimated cost of attendance and have insufficient resources.
> - Provide two references at different addresses.
> - Receive a favorable credit evaluation or provide a qualified cosigner.
> - Sign a promissory note.
>
> Sources: Texas Education Code, Section 52.32; and Texas Administrative Code, Title 19, Rule 22.46.

However, loan accounts were not always updated in a timely manner.

For 59 of 60 loan accounts tested, the Coordinating Board updated loan accounts based on changes in school enrollment or repayment status accurately. However, loan accounts that required manual updating were not always resolved in a timely manner. Specifically, for 1 (2 percent) of 60 loan accounts tested, the loan account was in an incorrect status due to a system issue and was not appropriately updated for 336 days.

Additional analysis identified that a system issue with a loan account generates an error report that requires review by Coordinating Board staff. However, the Coordinating Board did not have a documented requirement for timely review

An Audit Report on the College Access Loan Program at the Higher Education Coordinating Board | 23-025   April 2023

and resolution of loans on the error report. Auditors identified 68 (31 percent) of 221 loan accounts that had been on an error report for at least 318 days that the Coordinating Board had not resolved.

Reviewing and resolving errors routinely helps ensure that loan accounts are up to date and that repayment schedules are established as required.

Figure 2 identifies loan account statuses and the total number of loans outstanding by status as of November 30, 2022.

Figure 2

CAL Loans by Status

Loan Status Designation

Status	Definition
First Time in School	Borrower is currently enrolled at least half-time in an eligible institution and has not left school for any reason.
Grace Period	Borrower is no longer enrolled in an eligible institution, but is not yet required to make payments. The grace period ends 6 months after the date the borrower left school.
Repayment	The borrower is currently on a repayment schedule and has not been enrolled in an eligible institution, has not been granted a deferment, and the grace period has expired.
Deferment	Borrower may return to school after leaving and cease making payments on loans during periods of enrollment. Borrower may also be granted a forbearance based on undue hardship.
Delinquent	Borrower has been in repayment and the account is past due.
Default	Borrower is more than 180 days past due. The loan is referred to the Office of the Attorney General to file suit for the outstanding balance.

Number of Outstanding College Access Loans by Status
As of November 30, 2022

Default 24,293
First Time in School 21,234
Grace Period 2,082
Delinquent 12,933
Deferment 10,190
Repayment 74,154

Source: Coordinating Board.

Recommendation

The Coordinating Board should develop, implement, and document a requirement to review error reports from HELMS within a specified time period to ensure that accounts are updated timely.

An Audit Report on the College Access Loan Program at the Higher Education Coordinating Board | 23-025   April 2023

Management's Response

Management agrees with the finding. We have reviewed system-generated error reports to ensure reports have been appropriately assigned for review on a timely basis. Other than the RPGEN error report identified in this audit finding, no other error reports were identified as not being reviewed timely by staff.

Regarding the error report specifically addressed in this audit report (RPGEN), the RPGEN error report generates daily after each batch run. We have assigned staff (Customer Service Representative IV) in Account Services to work this error report on Tuesday and Thursday of each week and have created a separate network location to track each report is worked, assigning management oversight to ensure the error reports have been worked in a timely manner.

Person Responsible for Implementation: Student Financial Aid Program Division Manager

Date of Implementation: March 3, 2023

<div style="border:2px solid green; display:inline-block; padding:4px;">*LOW*</div>

Chapter 2
Information Technology

The Coordinating Board effectively maintained the completeness, integrity, and availability of CAL data.

For the three key information technology systems audited (see text box), the Coordinating Board:

- Implemented and maintained information security policies, standards, and procedures that met or exceeded regulatory and legal requirements.

- Appropriately limited access to current employees whose job duties required the access.

- Implemented controls to manage changes made to HELMS and HELMSNet.

> **Key Systems**
>
> The Coordinating Board uses the following information systems to administer CAL:
>
> - The Higher Education Loan Management System (HELMS) is used to service loans and maintain borrower data.
> - HELMSNet is a Web portal used by borrowers, universities, and cosigners to apply and access accounts.
> - Laserfiche is used to store electronic copies of documentation supporting borrower account information in HELMS.
>
> Source: Coordinating Board.

<div style="border:1px solid; display:inline-block">**LOW**</div>

Chapter 3
Prior Audit Recommendation

> The Coordinating Board fully implemented[1] corrective action in response to a recommendation in a prior audit report.

The recommendation in Chapter 3-B of *An Audit Report on Financial Management Processes at the Higher Education Coordinating Board* (SAO Report No. 20-035, June 2020) stated:

> *The Coordinating Board should verify that all purchasing personnel involved in its contracts, including bid evaluation team members, sign forms that contain all the required disclosures prior to the award of contracts.*

For the one contract tested[2], the Coordinating Board obtained the required forms in accordance with Texas Government Code, Chapter 2262; and the *State of Texas Procurement and Contract Management Guide* (Version 2.0).

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[1] Fully implemented means the successful development and use of a process, system, or policy to implement a recommendation.

[2] Auditors selected a nonstatistical sample from a population of five active contracts valued at more than $100,000 that were (1) executed after the date when the Coordinating Board stated that it would implement corrective action and (2) were not contracts with another state agency. The sample was not necessarily representative of the population; therefore, it would not be appropriate to project those test results to the population.

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the Higher Education Coordinating Board (Coordinating Board) has processes and related controls to help ensure that it administers the College Access Loan Program (CAL) in accordance with applicable requirements.

Scope

The scope of this audit included (1) CAL balances outstanding as of November 30, 2022, (2) CAL payments between September 1, 2021, and November 30, 2022, and (3) following up on the implementation status of a recommendation from *An Audit Report on Financial Management Processes at the Higher Education Coordinating Board* (SAO Report No. 20-035, June 2020). The scope also included a review of significant internal control components related to the administration of CAL.

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

- Jennifer Brantley, MS, CPA (Project Manager)
- Armando S. Sanchez, MBA (Assistant Project Manager)
- Charlotte Carr, M.Ed.
- Joe Kozak, CPA, CISA
- Thanh Le, MBA
- Jessica McGuire, MSA
- Robert G. Kiker, CFE, CGAP (Quality Control Reviewer)
- James Timberlake, CIA, CFE (Audit Manager)

Methodology

We conducted this performance audit from September 2022 through April 2023 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. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Coordinating Board management for consideration.

Addressing the Audit Objective

During the audit, we performed the following:

- Determined whether the Coordinating Board had processes and related controls to administer CAL in accordance with Texas Education Code, Chapter 52; Texas Administrative Code, Title 19, Chapter 22; and the Coordinating Board's documented procedures, by:

  o Interviewing Coordinating Board management and staff to gain an understanding of the processes and controls related to the administration of CAL.

  o Testing nonstatistical random samples of loan accounts and loan repayments. A nonstatistical random sample is representative. This sample design was chosen so the sample could be evaluated in the context of the population. The sample results may be projected to the population, but the accuracy of the projection cannot be measured. The following samples were selected:

    ▪ 60 loan accounts, from a population of 233,954 loan disbursements, to determine if loans were maintained with current and accurate records.

    ▪ 25 loan payments that customer service representatives entered into the Higher Education Loan Management System (HELMS), from a population of 85,826, to determine if the payment was applied to the correct loan account and the amounts were accurate.

- o Testing controls in information systems over the (1) borrower application process, (2) changes in loan status, and (3) automated payment processes to determine if they were adequately designed, in place, and operating effectively.

- Determined whether the Coordinating Board had effective controls over information systems in accordance with Texas Government Code, Chapter 2054; Texas Administrative Code, Title 1, Chapter 202; the Department of Information Resources' *Security Control Standards Catalog* (Version 1.3); and the Coordinating Board's information technology policies and procedures by:

  - o Testing user access controls for the HELMS, HELMSNet, and Laserfische applications to determine if that access was restricted appropriately.

  - o Testing controls for HELMS and HELMSNet to determine if changes were adequately managed.

- Determined if the Coordinating Board implemented the recommendation made in Chapter 3-B of *An Audit Report on Financial Management Processes at the Higher Education Coordinating Board* (SAO Report No. 20-035, June 2020).

Data Reliability and Completeness

To determine data reliability and completeness, auditors (1) reviewed data queries, (2) analyzed the populations for reasonableness and completeness, and (3) conducted testing of HELMS and HELMSNet user access and certain application controls for HELMS and HELMSNet. Auditors determined that the following data sets were sufficiently reliable and complete for the purposes of the audit:

- Population of loan data in HELMS as of November 30, 2022.

- Population of CAL payment data in HELMS from September 1, 2021, to November 30, 2022.

Report Ratings

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

| Appendix 2

CAL Data

Figure 3 shows the College Access Loan Program (CAL) balances and number of loans by loan status as of November 30, 2022.

Figure 3

Loans by Balance and Status

Loan Status	Total CAL Balances [a]	Number of Outstanding Loans
First Time in School	$ 300,613,891	21,234
Grace Period	$ 32,830,184	2,082
Repayment	$ 761,937,383	74,154
Deferment	$ 132,246,547	10,190
Delinquent [b]	$ 403,706,592	37,226
Totals	**$1,631,334,596**	**144,886**

[a] Total balances include principal, interest, and fees. Total balances do not sum exactly due to rounding.
[b] Delinquent loans include loans that are in default.

Source: Coordinating Board, as of November 30, 2022.

Figure 4 shows the average outstanding balance and number of loans per borrower, the largest outstanding loan balance, and the most loans for one borrower as of November 30, 2022.

Figure 4

Outstanding Balance and Number of Loans per Borrower

Outstanding Balance
Average per Borrower $29,008
Largest $365,137

Number of Loans
Average per Borrower   2.58
Most for One Borrower 20

Source: Coordinating Board, as of November 30, 2022.

Figure 5 shows the number of loans based on the days past due and the number of loans that were uncollectible as of November 30, 2022. Loans become uncollectible when the borrower incurs a permanent disability or dies.

Loans that are more than 180 days past due are referred to the Office of the Attorney General so that a suit may be filed to collect the outstanding balance. Figure 5 identifies the number of loans for which a judgment to collect the outstanding balance had been issued.

Figure 5

Past Due and Uncollectible Loans
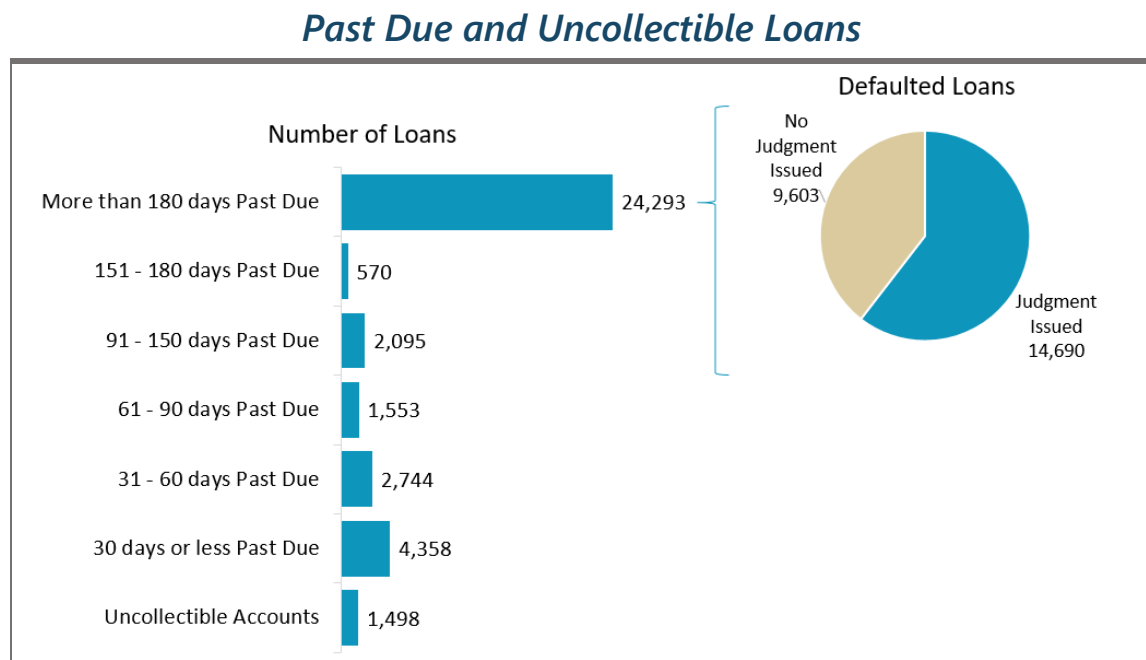
Source: Coordinating Board, as of November 30, 2022.

Appendix 3

Related State Auditor's Office Report

Figure 6

Report Number	Report Name	Release Date
20-035	*An Audit Report on Financial Management Processes at the Higher Education Coordinating Board*	June 2020

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dade Phelan, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Higher Education Coordinating Board

Members of the Higher Education Coordinating Board

Dr. Harrison Keller, Commissioner of Higher Education

Agency Operations Committee

<u>AGENDA ITEM VII-C</u>

<u>Consideration and possible action to adopt the Annual Internal Audit Plan for Fiscal Year 2024</u>

RECOMMENDATION: Approval

Background Information:

      For your consideration and approval, in accordance with the Texas Internal Auditing Act, the Internal Audit team has developed the Annual Internal Audit Plan for Fiscal Year 2024 using risk assessment techniques as required. The Annual Internal Audit Plan for Fiscal Year 2024 presents the individual audits to be performed in the upcoming fiscal year.

      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 2024 is attached. Paul Maeyaert, Interim Assistant Commissioner, Internal Audit and Compliance, will present this item to the committee and be available to answer any questions.

TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT & COMPLIANCE MONITORING

Annual Internal Audit Plan for Fiscal Year (FY) 2024

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	Prior Year Hours	Estimated FY24 Hours	%
1. Follow-Up of Prior Audits: *Assess the implementation status of previously reported recommendations by Internal Audit, including the CRAFT application, DMI, GEER, and the status of recommendations made by other external auditors, as necessary.*	160	160	5%
2. Carry Forward of Remaining 2023 Projects: *Carry forward of remaining work for FY 2023 projects.*	160	160	5%

Required and Risk-Based Audits, Continued	Prior Year Hours	Estimated FY24 Hours	%
3. Internal Audit Performance Measures and Quality Assurance: *Monitor performance measures for Internal Audit and perform ongoing quality assurance measures.*	200	200	6%
4. Self-Assessment of Work Quality, Internal Audit: *Perform a self-assessment of Internal Audit work quality, in accordance with the requirements of professional auditing standards.*	160	160	5%
5. Investigations: *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.*	300	300	9%
6. Provide Assistance - External Audit of Agency Financial Statements: *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.*	80	80	3%
7. Grant Funds Administration - Review and Advisory Services: *Review and advise management on the state of governance, risk, and controls within and around grant funds administration including a review of implementation of new or revised grants.*	450	450	14%

Required and Risk-Based Audits, Continued	Prior Year Hours	Estimated FY24 Hours	%
8. Information Security - Review and Advisory Services: *Review and advise management on the state of governance, risk, and controls within and around information security for selected initiatives, programs, or applications. Areas of significant change include the Data Modernization Initiative, the student loan system, and implementation of the CAPPS financial module.*	650	650	21%
9. Audit of Contract Management Administration: *Audit of agency contract administration process for compliance with laws, regulations, policies, and procedures. (Prior Year Hours were from Review of purchasing cards project)*	490	500	16%
10. Audit of Grant Research funding: *Audit of TRIP program with a focus on review of supporting documentation at two or more institutions. (Prior Year Hours were from Review of Building a Talent Strong Texas project)*	460	500	16%
Total Hours - Required and Risk-Based Audits	**3110**	**3160**	**100%**

Agency Operations Committee

AGENDA ITEM VII-D

Auditor's update on Internal Audit reports and activities

RECOMMENDATION: No action required

Background Information:

      One report was completed during the reporting period since the April 2023 Agency Operations Committee meeting.

Projects Completed

1. Internal Audit Corrective Action Status Report - July 2023 (summary report)

FY 23 Project Status as of July 2023	Stage of Project
Information Security - Review and Advisory Services	Planning/Fieldwork
Federal Funds Administration - Review and Advisory Services	Planning/Fieldwork
Review of Procurement/Purchasing cards	Reporting
Review of State's *Building a Talent Strong Texas* Strategic Plan	Planning
FY23 Self-Assessment of Work Quality	Planning

Other Internal Audit Activities
- ➢ Collaboration regarding GEER fund administration
- ➢ Collaboration regarding Data Modernization administration
- ➢ Collaboration regarding ethics and risk management agency training updates
- ➢ Collaboration regarding CAPPS financial
- ➢ External auditor coordination
  - o State of Texas Single Audit (CLA) Fiscal Year 2022
  - o Financial statement audit (KPMG) Fiscal Years 2022 and 2023
  - o CAL Loan Program audit (SAO)
  - o NRUF audit 2023 (SAO)
  - o ARPA - SLFRF federal grant subrecipient monitoring by Office of the Governor

      Paul Maeyaert, Interim Assistant Commissioner, Internal Audit and Compliance, will present this item and be available to answer questions.

Internal Audit Corrective Action Status Report - July 2023

Project	Issue date	Recommendation	Responsible Party	Expected	Status
CRAFT	7/27/2022	Perform needs assessment for a CRAFT replacement	Sarah Keyton, Associate Commissioner for Administration	Sep-23	In progress
CRAFT	7/27/2022	Assess and revise the current overall CB policy and procedure for periodic application user reviews	Sarah Keyton, Associate Commissioner for Administration	FY23	In progress
DMI	3/14/2022	Create a centralized cloud center outlining THECB and cloud vendor responsibilities	Miguel Olivas, Information Security Officer	Jul-23	In progress
DMI	3/14/2022	Add DMI deliverables to established annual risk assessments	Miguel Olivas, Information Security	Jul-23	In progress
GEER - March 2023	3/13/2023	Provide centralized monitoring for service (non-subrecipient) GEER projects.	Sarah Keyton, Associate Commissioner for Administration	Oct-23	In progress
GEER - March 2023	3/13/2023	Complete and retain the Contract Management Checklist in BMS and H drive for each service (non-subrecipient) GEER project.	Sarah Keyton, Associate Commissioner for Administration	Oct-23	In progress
GEER - March 2023	3/13/2023	Complete and retain the Subrecipient Monitoring Checklist in H drive for each grant (subrecipient) GEER	Sarah Keyton, Associate Commissioner for Administration	Oct-23	In progress
GEER - March 2023	3/13/2023	Provide consistent folder structure and naming in H drive that correlates to management's Smartsheet list and to finance (PCA) numbering and	Sarah Keyton, Associate Commissioner for Administration	Oct-23	In progress
GEER - March	3/13/2023	Finalize and document the approved Charter in H drive for all projects.	Sarah Keyton, Associate Commissioner for	Oct-23	In progress
SAO - CAL Program April 2023	4/14/2023	Develop, implement, and document a requirement to timely review error reports from HELMS	Student Financial Aid Program Division Manager	Mar-23	New

	LEGEND
New	Recommendation is newly reported
Verified	Verified - corrective action(s) has been verified as implemented.
In Progress	In Progress - corrective action (s) are in progress or are pending verification.
Verified as not Implemented	Verified as not implemented -Verification determined that either no corrective action was taken, or the corrective action taken did not mitigate the identified risk.

Agency Operations Committee

AGENDA ITEM VIII-A

Auditor's update on state and federal compliance monitoring reports and activities

RECOMMENDATION: No action required

Background Information:

State Compliance Monitoring

      The state Compliance Monitoring team completed 10 projects and a corrective action status report during the reporting period since the April 2023 Agency Operations Committee meeting. The final reports are attached.

Formula funding (FF) projects

1. "Compliance Monitoring Audit of Formula Funding at Trinity Valley Community College" (no findings)
2. "Compliance Monitoring Audit of Formula Funding at McLennan Community College" (no findings)
3. "Compliance Monitoring Audit of Formula Funding at Texas A&M University" (no findings)
4. "Compliance Monitoring Audit of Formula Funding at Austin Community College" (one finding related to IT controls)
5. "Compliance Monitoring Audit of Formula Funding at Texas Tech University" (no findings)
6. "Compliance Monitoring Follow Up Review of Formula Funding at Ranger College" (no findings)

Financial aid (FA) projects and other reports

7. "Compliance Monitoring Audit of Texas Educational Opportunity Grant (TEOG) at Tyler Junior College" (no findings)
8. "Compliance Monitoring Follow Up Review of Tuition Equalization Grant (TEG) at McMurry University" (no findings)
9. "Compliance Monitoring Follow Up Review of Tuition Equalization Grant (TEG) at Dallas Baptist University" (no findings)

10. "Compliance Monitoring Follow Up Review of Texas Educational Opportunity Grant (TEOG) at Navarro College" (no findings)
11. "Compliance Monitoring Corrective Action Status Report – July 2023"

FY 23 Project Status as of July 2023	Stage
University of Houston (FF)	Fieldwork/Reporting
Tarrant County College (FF)	Fieldwork/Reporting
Angelo State University (TEXAS)	Fieldwork
Trinity University (CAL)	Fieldwork
Southern Methodist University (CAL)	Fieldwork
Southwestern Christian College (TEG)	Fieldwork
Paul Quinn College (TEG)	Fieldwork
Texas Christian University (CAL)	Fieldwork
The University of Texas at Tyler (TEXAS)	Fieldwork
Del Mar College (TEOG)	Fieldwork
Jarvis Christian University (TEG)	Planning
Austin College (CAL)	Planning
Texas State Technical College (TEOG)	Planning
University of Texas MD Anderson Cancer Center (FF)	Planning
Our Lady of the Lake University of San Antonio (TEG)	Planning
St. Edward's University (CAL)	Carry forward to FY24
The University of Texas at San Antonio (FF)	Carry forward to FY24
Weatherford College (TEOG)	Carry forward to FY24
Southwestern Adventist University (TEG)	Carry forward to FY24

Other state compliance monitoring activities
  ➢ Complaint-resolution assistance
  ➢ HB 8 implementation planning
  ➢ Texas Sexual Misconduct Reporting upcoming project planning
  ➢ Hiring replacement compliance specialist

Federal Compliance Monitoring

Federal compliance monitoring activities
  ➢ GEER funding – participation in GEER meetings, training, and planning
  ➢ FY 22 Single Audit Review (CLA) – fieldwork and report
  ➢ GEER FY 2022 subrecipient monitoring reviews – planning
  ➢ Hiring replacement federal compliance specialist

The final reports are attached.

Paul Maeyaert, Interim Assistant Commissioner, Internal Audit and Compliance, will present this item and is available to answer questions.

Texas Higher Education
COORDINATING BOARD

April 13, 2023

Dr. Jerry King
President
Trinity Valley Community College
100 Cardinal Dr.
Athens, TX 75751

Re: *A Compliance Monitoring Audit of Formula Funding at Trinity Valley Community College,* Report No. THECB-CM-FF-23-007

Dear Dr. King,

I am attaching the final report on *A Compliance Monitoring Audit of Formula Funding at Trinity Valley Community College,* Report No. THECB-CM-FF-23-007. There were no observations resulting from this engagement.

This Compliance Monitoring audit report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, in July, 2023.

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

EXECUTIVE SUMMARY

Trinity Valley Community College complied with relevant Coordinating Board (THECB) rules and regulations for enrollment data used for formula funding and with Texas Education Code, Title 3, Subtitle B, Chapter 61, Section 61.035.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide 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.

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

We reviewed the following areas:

Reported Semester Credit Hours were Eligible for Formula Funding
No reportable findings were noted.

Student Tuition Payments were Received in Accordance with Requirements
No reportable findings were noted.

Reported Enrollment and Contact Hours were Eligible for Formula Funding
No reportable findings were noted.

Instructors of Record met Applicable Requirements
No reportable findings were noted.

Audit Scope, Objective, and Methodology

Our audit included tests of enrollment data reported and certified by Trinity Valley Community College. Our audit focused on the following enrollment data and time periods:

- CBM001 (Student Report) – Summer semester 2021, and Fall semester 2021;
- CBM0C1 (Student Census Report) – Spring semester 2022;
- CBM004 (Class Report) – Summer semester 2021, and Fall semester 2021;
- CBM0CS (Census Student Schedule Report) – Spring semester 2022; and
- CBM00C (Continuing Education Class Report) – Summer semester 2021, Fall semester 2021; and Spring semester 2022.

Our work included procedures to verify:

- Reported semester credit hours were eligible for formula funding;
- Student tuition payment was received in accordance with requirements;
- Reported enrollment and contact hours reported were eligible for formula funding;
- Evidence of academic credentials were maintained to support required instructor qualifications; and
- Information Security Controls related to student information were sufficient for the limited purpose of our review.

The audit methodology included objectively reviewing and analyzing various forms of documentation, conducting interviews and observations, and performing other tests of controls necessary to achieve the objectives of the audit. THECB used random sampling to determine the extent to which Trinity Valley Community College accurately reported semester credit hour data.

Background

Fifty public community college districts receive state appropriations based on their student enrollment data. These institutions are governed by locally elected boards that have the authority to levy property taxes in their districts. The state appropriations the colleges receive are used to fund administrative and instructional (education and general) services for post-secondary academic and vocational/technical education.

State financing of higher education programs for public community colleges is provided from the State's General Revenue Fund. The THECB and the Comptroller of Public Accounts distributes these appropriations to colleges based on allocations and performance measures. Each college submits enrollment reports (CBM Reports) to the THECB to document the number of contact hours taught by the college in each semester. The formula for state funding involves multiplying the base period contact hours submitted by colleges by the applicable funding rates.

PERFORMED BY:
Ms. Elizabeth Steele, Compliance Specialist
c:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Melissa Henderson, Chief of Staff
Ms. Sarah Keyton, Associate Commissioner for Administration
Mr. Anthony Infantini, Chief Financial Officer
Ms. Nichole Bunker-Henderson, General Counsel
Ms. Lori Fey, Deputy Commissioner, Data Analytics and Innovation
Dr. David Troutman, Deputy Commissioner, Academic Affairs and Workforce Education

Data Analytics and Innovation
Ms. Emily Cormier, Assistant Commissioner, Funding and Resource Planning

Trinity Valley Community College
Mr. Ray Raymond, President, Board of Trustees
Ms. Tammy Denney, Associate Vice President of Enrollment Management
Ms. Caroline Whitaker, Registrar
Dr. Philip Parnell, Vice President of Student Services
Dr. Kristin Spizzirri, Vice President of Instruction
Mr. David Gibson, Vice President of Information Technology/Chief Information Officer
Mr. David Hopkins, Vice President of Administrative Services/CFO
Ms. Stephanie Golem, Director of Accounting Services/Controller
Dr. Spencer Wagley, Director of Strategic Planning, Effectiveness & Accreditation/SACSCOC
Accreditation Liaison

Texas Association of Community Colleges
Dr. Ray Martinez, III, President and Chief Executive Officer

State Auditor's Office
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

07/23

Texas Higher Education
COORDINATING BOARD

1801 N. Congress Ave., Suite 12.200, Austin, TX 78701
Mail: PO Box 12788, Austin, TX 78711-2788
Phone: 512-427-6101
Fax: 512-427-6127

April 13, 2023

Dr. Johnette McKown
President
McLennan Community College
1400 College Drive
Waco, TX 76708

Re: *A Compliance Monitoring Audit of Formula Funding at McLennan Community College,* Report No. THECB-CM-FF-23-008

Dear Dr. McKown,

I am attaching the final report on *A Compliance Monitoring Audit of Formula Funding at McLennan Community College,* Report No. THECB-CM-FF-23-008. There were no observations resulting from this audit engagement.

This Compliance Monitoring audit report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, in July 2023.

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

Sincerely,

Mark A. Poehl

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

EXECUTIVE SUMMARY

McLennan Community College complied with relevant Coordinating Board (THECB) rules and regulations for enrollment data used for formula funding and with Texas Education Code, Title 3, Subtitle B, Chapter 61, Section 61.035.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide 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.

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

We reviewed the following areas:

Reported Semester Credit Hours were Eligible for Formula Funding
No reportable findings were noted.

Student Tuition Payments were Received in Accordance with Requirements
No reportable findings were noted.

Reported Enrollment and Contact Hours were Eligible for Formula Funding
No reportable findings were noted.

Instructors of Record met Applicable Requirements
No reportable findings were noted.

Audit Scope, Objective, and Methodology

Our audit included tests of enrollment data reported and certified by McLennan Community College. Our audit focused on the following enrollment data and time periods:

- CBM001 (Student Report) – Summer semester 2021, and Fall semester 2021;
- CBM0C1 (Student Census Report) – Spring semester 2022;
- CBM004 (Class Report) – Summer semester 2021, and Fall semester 2021;
- CBM0CS (Census Student Schedule Report) – Spring semester 2022; and
- CBM00C (Continuing Education Class Report) – Summer semester 2021, Fall semester 2021; and Spring semester 2022.

Our work included procedures to verify:

- Reported semester credit hours were eligible for formula funding;
- Student tuition payment was received in accordance with requirements;
- Reported enrollment and contact hours reported were eligible for formula funding;
- Evidence of academic credentials were maintained to support required instructor qualifications; and
- Information Security Controls related to student information were sufficient for the limited purpose of our review.

The audit methodology included objectively reviewing and analyzing various forms of documentation, conducting interviews and observations, and performing other tests of controls necessary to achieve the objectives of the audit. THECB used random sampling to determine the extent to which McLennan Community College accurately reported semester credit hour data.

Background

Fifty public community college districts receive state appropriations based on their student enrollment data. These institutions are governed by locally elected boards that have the authority to levy property taxes in their districts. The state appropriations the colleges receive are used to fund administrative and instructional (education and general) services for post-secondary academic and vocational/technical education.

State financing of higher education programs for public community colleges is provided from the State's General Revenue Fund. The THECB and the Comptroller of Public Accounts distributes these appropriations to colleges based on allocations and performance measures. Each college submits enrollment reports (CBM Reports) to the THECB to document the number of contact hours taught by the college in each semester. The formula for state funding involves multiplying the base period contact hours submitted by colleges by the applicable funding rates.

PERFORMED BY:
Ms. Shebah Washington, Compliance Specialist

c:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Melissa Henderson, Chief of Staff
Ms. Sarah Keyton, Associate Commissioner for Administration
Mr. Anthony Infantini, Chief Financial Officer
Ms. Nichole Bunker-Henderson, General Counsel
Ms. Lori Fey, Deputy Commissioner, Data Analytics and Innovation
Dr. David Troutman, Deputy Commissioner, Academic Affairs and Workforce Education

Data Analytics and Innovation
Ms. Emily Cormier, Assistant Commissioner, Funding and Resource Planning

McLennan Community College
Mr. K. Paul Holt, Chair, Board of Trustees
Ms. Holly Surginer, Director, Records and Registration
Dr. Fred Hills, Vice President, Instruction & Student Engagement
Dr. Stephen Benson, Vice President, Finance and Administration
Mr. Mario Leal, Chief Information & Technology Officer

Texas Association of Community Colleges
Dr. Ray Martinez, III, President and Chief Executive Officer

State Auditor's Office
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

07/23

Texas Higher Education
COORDINATING BOARD

May 1, 2023

Dr. M. Katherine Banks
President
Texas A&M University
12656 TAMU
College Station, TX 77843

Re: *A Compliance Monitoring Audit of Formula Funding at Texas A&M University,*
      Report No. THECB-CM-FF-23-001

Dear Dr. Banks,

I am attaching the final report on *A Compliance Monitoring Audit of Formula Funding at Texas A&M University,* Report No. THECB-CM-FF-23-001. There were no observations resulting from this engagement.

This Compliance Monitoring audit report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, in July, 2023.

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

EXECUTIVE SUMMARY

Texas A&M University complied with relevant Coordinating Board (THECB) rules and regulations for enrollment data used for formula funding and with Texas Education Code, Title 3, Subtitle B, Chapter 61, Section 61.035.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide 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.

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

We reviewed the following areas:

Reported Semester Credit Hours were Eligible for Formula Funding
No reportable findings were noted.

Student Tuition Payments were Received in Accordance with Requirements
No reportable findings were noted.

Reported Enrollment and Contact Hours were Eligible for Formula Funding
No reportable findings were noted.

Instructors of Record met Applicable Requirements
No reportable findings were noted.

Audit Scope, Objective, and Methodology

Our audit included tests of enrollment data reported and certified by Texas A&M University. Our audit focused on the following enrollment data and time periods:
- CBM001 (Student Report) – Summer semester 2021, and Fall semester 2021;
- CBM0C1 (Student Census Report) – Spring semester 2022;
- CBM004 (Class Report) – Summer semester 2021, and Fall semester 2021; and
- CBM0CS (Census Student Schedule Report) – Spring semester 2022.

Our work included procedures to verify:
- Reported semester credit hours were eligible for formula funding;
- Student tuition payment was received in accordance with requirements;
- Reported enrollment and contact hours reported were eligible for formula funding;
- Evidence of academic credentials were maintained to support required instructor qualifications; and
- Information Security Controls related to student information were sufficient for the limited purpose of our review.

The audit methodology included objectively reviewing and analyzing various forms of documentation, conducting interviews and observations, and performing other tests of controls necessary to achieve the objectives of the audit. THECB used random sampling to determine the extent to which Texas A&M University accurately reported semester credit hour data.

Background

The Texas Education Code §61.059(b) – directs the Board to "devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education."

The funding formulas are allocations; institutions of higher education have the authority to spend funds appropriated through the formulas in the manner deemed most appropriate; the formula models include enrollment as a major driver; and not all appropriations are made through the formulas.

Texas Administrative Code §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… (B) data reported by institutions of higher education to the Board and used by the Board for funding or policymaking decisions, including data used for formula funding allocations, to ensure the data are accurately and consistently reported."

PERFORMED BY:
Ms. Elizabeth Steele, Compliance Specialist
c:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Melissa Henderson, Chief of Staff
Ms. Sarah Keyton, Associate Commissioner for Administration
Mr. Anthony Infantini, Chief Financial Officer
Ms. Nichole Bunker-Henderson, General Counsel
Ms. Lori Fey, Deputy Commissioner, Data Analytics and Innovation
Dr. David Troutman, Deputy Commissioner, Academic Affairs and Workforce Education

Data Analytics and Innovation
Ms. Emily Cormier, Assistant Commissioner, Funding and Resource Planning

Texas A&M University
Ms. Venesa A. Heidick, Assistant Vice President, Registrar
Ms. Margot Goff, Director, Office of Academic and Business Performance Analytics
Mr. Steven Ragusa, Executive Director, IT, Enterprise Information
Mr. Kevin P. McGinnis, Vice President, Chief Compliance Officer
Mr. Joseph Pettibon, Vice President for Enrollment and Academic Services, Deputy CFO
Mr. Henry Judah, Associate Vice President, University Risk and Compliance
Ms. Tammy Hoskens, Compliance Officer III, University Risk and Compliance

Texas A&M University System
Mr. Tim Leach, Chairman, Board of Regents
Mr. John Sharp, Chancellor
Mr. Charlie Hrncir, Chief Auditor, Office of Internal Audit
Ms. Amanda Dotson, Director, Internal Audit

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Ms. Sarah Hicks, Budget and Policy Director

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Texas Higher Education
COORDINATING BOARD

1801 N. Congress Ave., Suite 12.200, Austin, TX 78701
Mail: PO Box 12788, Austin, TX 78711-2788
Phone: 512-427-6101
Fax: 512-427-6127

May 1, 2023

Dr. Richard Rhodes
Chancellor
Austin Community College
5930 Middle Fiskville Rd.
Austin, Texas 78752

Re: *A Compliance Monitoring Audit of Formula Funding at Austin Community College*,
    Report No. THECB-CM-FF-23-005

Dear Dr. Rhodes,

I am attaching the final report on *A Compliance Monitoring Audit of Formula Funding at Austin Community College*, Report No. THECB-CM-FF-23-005. There was one observation related to information security controls resulting from this engagement. Management's response has been incorporated into the report.

 Summary

Information security controls over student enrollment information at Austin Community 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.
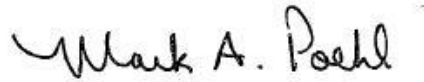
A follow up will be performed to evaluate Austin Community College's information security controls. This will serve as a basis for future base period assessments of the accuracy of contact hours reported for formula funding purposes.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide 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. Our consideration of internal control was for the compliance purposes described in the objective/scope section and was not designed to identify all deficiencies in internal control.

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 2023.

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

07/23

Sincerely,

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

Detailed Observation, Recommendation and Management's Response

 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 Austin Community 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
- Enrollment (add/drop)

- 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) 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 (TAC 202) established by the Department of Information Resources (DIR) for institutions of higher education are a 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's Response:

Response to Finding:
ACC has confirmed the finding. Audit logging in our student information system, Colleague, has been expanded as a test to gauge system performance and assess potential performance degradation. Audit logs are now being archived routinely and subsequently purged from Colleague. This test and process will continue through May 4. Based on the result of the test, ACC will take one of the following actions:
• If expanded audit logging has a negligible impact on business-critical system performance, ACC will maintain audit logging for all the fields listed in Table 1 below.

• If testing shows performance degradation, ACC will accept the risk of maintaining the current level of audit logging on some or all fields until Colleague is replaced with Workday Student (project currently underway with an anticipated go-live date of 9/1/25).

PERFORMED BY:
Ms. Jamyen Robinson-Hall, Senior Compliance Specialist
cc:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Melissa Henderson, Chief of Staff
Ms. Sarah Keyton, Associate Commissioner for Administration
Ms. Lori Fey, Deputy Commissioner, Data Analytics and Innovation
Dr. David Troutman, Deputy Commissioner, Academic Affairs and Workforce Education
Mr. Anthony Infantini, Chief Financial Officer
Ms. Nichole Bunker-Henderson, General Counsel

Data Analytics and Innovation
Ms. Emily Cormier, Assistant Commissioner, Funding and Resource Planning

Austin Community College
Dr. Nan McRaven, Chair, Board of Trustees
Ms. Monique Umphrey, Provost/ EVC for Academic & Student Affairs
Ms. Jenna Cullinane Hege, Vice Chancellor, Institutional Research & Analytics
Ms. Connie Wall, Director of Institutional Reporting

Texas Association of Community Colleges
Dr. Ray Martinez, III, President and Chief Executive Officer

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Ms. Sarah Hicks, Budget and Policy Director

Legislative Budget Board
Mr. Christopher Mattsson, Assistant Director

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May 10, 2023

Dr. Lawrence Schovanec
President
Texas Tech University
2500 Broadway
Lubbock, Texas 79409

Re: *A Compliance Monitoring Audit of Formula Funding at Texas Tech University,* Report No. THECB-CM-FF-23-002

Dear Dr. Schovanec,

I am attaching the final report on *A Compliance Monitoring Audit of Formula Funding at Texas Tech University,* Report No. THECB-CM-FF-23-002. There were no observations resulting from this audit engagement.

This Compliance Monitoring audit report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, in July 2023.

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

EXECUTIVE SUMMARY

Texas Tech University complied with relevant Coordinating Board (THECB) rules and regulations for enrollment data used for formula funding and with Texas Education Code, Title 3, Subtitle B, Chapter 61, Section 61.035.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide 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.

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

We reviewed the following areas:

Reported Semester Credit Hours were Eligible for Formula Funding
No reportable findings were noted.

Student Tuition Payments were Received in Accordance with Requirements
No reportable findings were noted.

Reported Enrollment and Contact Hours were Eligible for Formula Funding
No reportable findings were noted.

Instructors of Record met Applicable Requirements
No reportable findings were noted.

Audit Scope, Objective, and Methodology

Our audit included tests of enrollment data reported and certified by Texas Tech University. Our audit focused on the following enrollment data and time periods:

- CBM001 (Student Report) – Summer semester 2021, and Fall semester 2021;
- CBM0C1 (Student Census Report) – Spring semester 2022;
- CBM004 (Class Report) – Summer semester 2021, and Fall semester 2021; and
- CBM0CS (Census Student Schedule Report) – Spring semester 2022.

Our work included procedures to verify:

- Reported semester credit hours were eligible for formula funding;
- Student tuition payment was received in accordance with requirements;
- Reported enrollment and contact hours reported were eligible for formula funding;
- Evidence of academic credentials were maintained to support required instructor qualifications; and
- Information Security Controls related to student information were sufficient for the limited purpose of our review.

The audit methodology included objectively reviewing and analyzing various forms of documentation, conducting interviews and observations, and performing other tests of controls necessary to achieve the objectives of the audit. THECB used random sampling to determine the extent to which Texas Tech University accurately reported semester credit hour data.

Background

The Texas Education Code §61.059(b) – directs the Board to "devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education."

The funding formulas are allocations; institutions of higher education have the authority to spend funds appropriated through the formulas in the manner deemed most appropriate; the formula models include enrollment as a major driver; and not all appropriations are made through the formulas.

Texas Administrative Code §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… (B) data reported by institutions of higher education to the Board and used by the Board for funding or policymaking decisions, including data used for formula funding allocations, to ensure the data are accurately and consistently reported."

PERFORMED BY:
Ms. Shebah Washington, Compliance Specialist

c:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Melissa Henderson, Chief of Staff
Ms. Sarah Keyton, Associate Commissioner for Administration
Mr. Anthony Infantini, Chief Financial Officer
Ms. Nichole Bunker-Henderson, General Counsel
Ms. Lori Fey, Deputy Commissioner, Data Analytics and Innovation
Dr. David Troutman, Deputy Commissioner, Academic Affairs and Workforce Education

Data Analytics and Innovation
Ms. Emily Cormier, Assistant Commissioner, Funding and Resource Planning

Texas Tech University
Ms. Bobby Brown, Registrar
Ms. Jamie Hansard, Vice President for Enrollment Management
Mr. Sam Segran, Chief Information Officer & Vice President for Information Technology

Texas Tech University System
Dr. Tedd L. Mitchell, Chancellor
Mr. Mark Griffin, Chairman, Board of Regents
Ms. Kim Turner, Chief Audit Executive

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Mr. Christopher Mattsson, Assistant Director

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Welcome Wilson, Jr.
Daniel O. Wong

Harrison Keller, Ph.D.
 COMMISSIONER OF HIGHER
 EDUCATION

June 12, 2023

Mr. Derrick Worrels
President
Ranger College
1240 College Circle
Ranger, TX 76470

Re: *A Compliance Monitoring Follow-Up Review of Formula Funding at Ranger College,* Report No. THECB-CM-FF-22-003F

Dear Mr. Worrels,

I am attaching the final report on *A Compliance Monitoring Follow-Up Review of Formula Funding at Ranger College,* Report No. THECB-CM-FF-22-003F. There were no observations resulting from this engagement.

Ranger College implemented the recommendation in our prior report *A Compliance Monitoring Desk Review of Formula Funding at Ranger College*, Report No. THECB-CM-FF-22-003, issued March 17, 2022.

Management has implemented the audit recommendation by:

• Capturing and retaining student information system audit logs or change history, for critical data used for formula funding.

This Compliance Monitoring report will be presented to the Texas Higher Education Coordinating Board (THECB) Committee on Agency Operations, a standing committee of the THECB Board, in July, 2023.

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

Sincerely,

Paul Maeyaert

Paul Maeyaert, JD, MBA, CIA, CGAP, CFE
Interim Assistant Commissioner, Internal Audit and Compliance

PERFORMED BY:
Ms. Elizabeth Steele, Compliance Specialist
c:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Melissa Henderson, Chief of Staff
Ms. Sarah Keyton, Associate Commissioner for Administration
Ms. Nichole Bunker-Henderson, General Counsel

Data Analytics and Innovation
Ms. Emily Cormier, Assistant Commissioner, Funding and Resource Planning

Ranger College
Mr. Jackie Stephens, Chairman, Board of Regents
Ms. Gaylyn Mendoza, Senior Vice President of Financial and Administrative Services/CFO
Mr. Ahmy Arca, Vice President of Student Services
Mr. Robert Culverhouse, Associate Vice President of Technology
Mr. Glenn Paul, IT Consultant

Texas Association of Community Colleges
Dr. Ray Martinez, III, President and Chief Executive Officer

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  COMMISSIONER OF HIGHER
  EDUCATION

June 12, 2023

Dr. Juan E. Mejia
President & CEO
Tyler Junior College
1327 South Baxter Avenue
Tyler, Texas 75701

Re: *A Compliance Monitoring Audit of Texas Educational Opportunity Grant at Tyler Junior College*, Report No. THECB-CM-FA-23-016

Dear Dr. Mejia,

I am attaching the final report on *A Compliance Monitoring Audit of the Texas Educational Opportunity Grant (TEOG) at Tyler Junior College,* Report No. THECB-CM-FA-23-016. There were no findings resulting from this engagement.

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 2023.

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

Sincerely,

Paul Maeyaert

Paul Maeyaert, JD, MBA, CIA, CGAP, CFE
Interim Assistant Commissioner – Internal Audit and Compliance

Executive Summary

Tyler Junior College (TJC) complied with relevant Coordinating Board (THECB) rules and regulations for the TEOG Program and with Chapter 19 Texas Administrative Code (TAC), Part 1, Chapter 22, Subchapter M, Sections 22.256 – 22.264, in the areas of eligibility and award amounts.

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

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

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.

Selective Service Registration
No reportable findings were noted.

07/23

Audit Scope, Objective, and Methodology

Our compliance audit included tests of TEOG disbursements during fiscal year 2022 for compliance with relevant criteria, including:

- Student Eligibility
- Financial Need
- Satisfactory Academic Progress (SAP)

- Residency
- Selective Service Registration
- Award Amounts

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;
- Reported award amounts reconciled with TJC's student information system data and payment records; and
- Information Security Controls related to student information were sufficient for the limited purpose of our audit.

The audit methodology included objectively reviewing and analyzing various forms of documentation, conducting interviews and observations, and performing other tests of controls necessary to achieve the objectives of the audit. THECB used random and judgmental sampling to determine the extent to which TJC accurately reported TEOG data.

Background

The purpose of the TEOG Program is to provide grants of money to enable eligible students to attend public institutions of higher education in this state. During fiscal year 2022, there were 327 students who received award disbursements totaling $1,032,165.

PERFORMED BY:
Ms. Jamyen Robinson-Hall, Senior Compliance Specialist
cc:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Melissa Henderson, Chief of Staff
Ms. Sarah Keyton, Associate Commissioner for Administration
Ms. Nichole Bunker-Henderson, General Counsel

Student Financial Aid Programs
Dr. Charles W. Contéro-Puls, Assistant Commissioner
Ms. DeCha Reid, Senior Director, Financial Aid Services

Tyler Junior College
Ms. Peggy Smith, President, Board of Trustees
Ms. Sarah Van Cleef, Vice President, Financial and Admin. Affairs/CFO
Ms. Devon Wiggins, Director of Financial Aid
Ms. Lauren Miller, Controller
Ms. Kaytee Hassell, Deputy Chief Information Officer

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Dr. Ray Martinez, III, President and Chief Executive Officer

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R. Sam Torn
Welcome Wilson, Jr.
Daniel O. Wong

Harrison Keller, Ph.D.
 COMMISSIONER OF HIGHER
 EDUCATION

May 1, 2023

Dr. Sandra S. Harper
President
McMurry University
1400 Sayles Blvd
Abilene, TX 79697

Re: *A Compliance Monitoring Follow Up Review of Tuition Equalization Grant at McMurry University,* Report No. THECB-CM-FA-22-017F

Dear Dr. Harper,

McMurry University implemented the recommendation in our prior report *A Compliance Monitoring Desk Review of the Tuition Equalization Grant at McMurry University*, Report No. THECB-CM-FA-22-017, issued September 21, 2022.

Management has implemented the recommendation by:

- Capturing and retaining student information system audit logs or change history, for critical data used for financial aid.

This Compliance Monitoring follow-up report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, in July, 2023.

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. Elizabeth Steele, Compliance Specialist
c:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Melissa Henderson, Chief of Staff
Ms. Sarah Keyton, Associate Commissioner for Administration
Mr. Anthony Infantini, Chief Financial Officer
Ms. Nichole Bunker-Henderson, General Counsel
Dr. David Troutman, Deputy Commissioner, Academic Affairs and Workforce Education

Student Financial Aid Programs
Dr. Charles W. Contéro-Puls, Assistant Commissioner
Ms. DeCha Reid, Senior Director, Financial Aid Service

McMurry University
Ms. Kathi Edwards, Chair, Board of Trustees
Ms. Lisa Williams, Vice President of Financial Affairs
Mr. Tim Sechrist, Director of Financial Services
Mr. Michael Stephens, Database Manager, Finance & Administration

Independent Colleges and Universities in Texas
Dr. Steven E. Johnson, President

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Ms. Sarah Hicks, Budget and Policy Director

Legislative Budget Board
Mr. Christopher Mattsson, Assistant Director

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Texas Higher Education
COORDINATING BOARD

June 12, 2023

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

RE: *A Compliance Monitoring Follow Up Review of the Tuition Equalization Grant (TEG) at Dallas Baptist University*, Report No. THECB-CM-FA-21-031F.

Dear Dr. Wright,

Dallas Baptist University implemented the recommendation in our prior report *A Compliance Monitoring Desk Review of the Tuition Equalization Grant at Dallas Baptist University*, Report No. THECB-CM-FA-21-031, issued December 17, 2021.

Management has implemented the review recommendation by:

• Strengthening the institution's quality control procedures to ensure compliance with TAC Sec. 22.22 (2) (e) including a sound review of the student records, specifically, the student's classification prior to awarding the TEG exceptional need amount.

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 2023.

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,

Paul Maeyaert

Paul Maeyaert, JD, MBA, CIA, CGAP, CFE
Interim Assistant Commissioner, Internal Audit and Compliance

PERFORMED BY:
Ms. Shebah Washington, Compliance Specialist

c:

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Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Sarah Keyton, Associate Commissioner for Administration
Ms. Nichole Bunker-Henderson, General Counsel
Ms. Melissa Henderson, Chief of Staff

Student Financial Aid Programs
Dr. Charles W. Contéro-Puls, Assistant Commissioner
Ms. DeChà Reid, Senior Director, Financial Aid Services

Dallas Baptist University
Mr. Scott Turner, Chairman, Board of Trustees
Ms. Colby Caffey, Interim Director of Financial Aid
Mr. David Gibson, Vice President of Information Technology
Mr. Jonathan Teat, Vice President for Administration and Enrollment
Ms. Joy Bondurant, Director of Student Account Services
Dr. Blake Killingsworth, Vice President of Communications

Independent Colleges and Universities in Texas
Ms. Elizabeth Puthoff, President

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Ms. Sarah Hicks, Budget and Policy Director

Legislative Budget Board
Mr. Christopher Mattsson, Assistant Director

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Texas Higher Education
COORDINATING BOARD

June 12, 2023

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

RE: *A Compliance Monitoring Follow Up Review of the Texas Educational Opportunity Grant (TEOG) at Navarro College*, Report No. THECB-CM-FA-21-025F.

Dear Dr. Fegan,

Navarro College implemented the recommendation in our prior report *A Compliance Monitoring Desk Review of the Texas Educational Opportunity Grant at Navarro College*, Report No. THECB-CM-FA-21-025, issued October 7, 2021.

Management has implemented the review recommendation by:

- Strengthening the oversight of student eligibility, including sound records, retention practices, and complying with TAC Section 22.258(e).

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 2023.

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,

Paul Maeyaert

Paul Maeyaert, JD, MBA, CIA, CGAP, CFE
Interim Assistant Commissioner, Internal Audit and Compliance

PERFORMED BY:
Ms. Shebah Washington, Compliance Specialist

c:

THECB
Board Members

Commissioner's Office
Dr. Harrison Keller, Commissioner of Higher Education
Ms. Sarah Keyton, Associate Commissioner for Administration
Ms. Nichole Bunker-Henderson, General Counsel
Ms. Melissa Henderson, Chief of Staff

Student Financial Aid Programs
Dr. Charles W. Contéro-Puls, Assistant Commissioner
Ms. DeChà Reid, Senior Director, Financial Aid Services

Navarro College
Mr. Phil Judson, Chairman, Board of Trustees
Ms. Kristal Nicholson, Director of Student Financial Aid
Dr. Carol Hanes, Vice President of Academic Affairs
Ms. Sina Ruiz, Vice President of Enrollment Management
Ms. Teresa Thomas, Vice President of Finance and Administration
Mr. Barry Sullivan, Director of Information Technology

Texas Association of Community Colleges
Dr. Ray Martinez, III, President and Chief Executive Officer

State Auditor's Office
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Office of the Governor-Budget and Policy Division
Ms. Sarah Hicks, Budget and Policy Director

Legislative Budget Board
Mr. Christopher Mattsson, Assistant Director

Compliance Monitoring Corrective Action Status Report - July 2023

Project	Issue date	Recommendation	Expected	Status
Navarro College (TEOG)	10/7/2021	Update Controlled substance eligibility review	Oct-21	Verified
Navarro College (TEOG)	10/7/2021	Return $2454 to THECB	Oct-21	Verified
Dallas Baptist University (TEG)	12/17/2021	Update exceptional need eligibility review	Dec-21	Verified
Dallas Baptist University (TEG)	12/17/2021	Return $1710 to THECB	Dec-21	Verified
Ranger College (FF)	3/17/2022	Provide Information Security Review	May-23	Verified
Coastal Bend College (Perkins)	5/12/2022	Update Inventory Control Policy	Sep-23	Not Verified
Coastal Bend College (Perkins)	5/12/2022	Establish Centralized Inventory Control	Sep-23	Not Verified
South Plains College (TEOG)	9/19/2022	Update existing degree eligibility review	May-23	Not Verified
South Plains College (TEOG)	9/19/2022	Return $3310 to THECB	May-23	Not Verified
McMurry University (TEG)	9/21/2022	Update Information Security controls	Oct-22	Verified
Howard County Junior College (TEOG)	12/16/2022	Update TEOG Tuition Matching procedures	Dec-22	Not Verified
Howard County Junior College (TEOG)	12/16/2022	Corrective Plan to reimburse students	Sep-23	Not Verified
Wayland Baptist University	12/16/2022	Update Selective Service review procedures	Dec-22	Not Verified
Wayland Baptist University	12/16/2022	Return $5130 to THECB	Dec-22	Not Verified
Austin Community College (FF)	5/1/2023	Update Information Security controls	Jun-23	New

LEGEND

New	Recommendation is newly reported
Verified	Verified - corrective action(s) has been verified as implemented.
Not Verified	Not verified - corrective action (s) are in progress or are pending verification.
Verified as not Implemented	Verified as not implemented - Verification determined that either no corrective action was taken, or the corrective action taken did not mitigate the identified risk.

Agency Operations Committee

AGENDA ITEM VIII-B

<u>Consideration and possible action to adopt the Annual State Compliance Monitoring Plan for Fiscal Year 2024</u>

RECOMMENDATION: Approval

Background Information:

In accordance with Texas Education Code (TEC) Section 61.035, the Compliance Monitoring team has developed the Annual State Compliance Monitoring Plan for Fiscal Year 2024 for your consideration. 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, 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 Fiscal Year 2024 state compliance plan is attached. Paul Maeyaert, Interim Assistant Commissioner, Internal Audit and Compliance, will present this item and is available to answer questions.

TEXAS HIGHER EDUCATION COORDINATING BOARD

INTERNAL AUDIT & COMPLIANCE MONITORING

Annual State Compliance Monitoring Plan for Fiscal Year 2024

Specific risk factors from Texas Education Code, Title 3, Subtitle B, Chapter 61, Section 61.035, Compliance Monitoring, were used to develop the risk-based Annual State Compliance Monitoring Plan for Fiscal Year (FY) 2024. 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.

A risk-ranked listing of these factors became the basis for the projects proposed for consideration herein.

Projects	FY 23 Hours	FY 24 Hours	%
1. Formula Funding at Institutions of Higher Education	**1725**	**1325**	**20%**
Perform reviews of contact hours and other factors 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 $4.9 billion annually.			
a. Public Universities – three institutions based on risk assessment	*750*	*550*	

Onsite Reviews

    University of North Texas

Desk Reviews

    The University of Texas Permian Basin

    University of Houston – Victoria

Projects, continued	**FY23**	**FY24**	**%**
1. Formula Funding, continued	**Hours**	**Hours**	

b. Public Community Colleges – three institutions based on risk assessment   *775*   *575*

Onsite Reviews
> Ranger College
> Collin County Community College

Desk Reviews
> San Jacinto College

c. Public Health Related Institution – one institution based on risk assessment   *200*   *200*

Onsite Reviews
> The University of Texas Health Science Center at Houston

2. Financial Assistance Compliance at Institutions of Higher Education   **2900**   **2300**   **35%**

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 $1 billion annually.

a. Public Universities – three institutions based on risk assessment   *400*   *575*

Onsite Reviews
> Stephen F. Austin University
> Midwestern State University

Desk Reviews
> West Texas A&M University

b. Public Community/Junior Colleges – four institutions based on risk assessment   *575*   *775*

Onsite Reviews
> Dallas College
> Grayson County College
> Odessa College

Desk Reviews
> Midland College

Projects, continued 2. Financial Assistance, continued	FY23 Hours	FY24 Hours	%
c. Private Junior College – one institution based on risk assessment <u>Onsite Reviews</u> Jacksonville College	*0*	*200*	

d. Private Universities – three institutions based on risk assessment
 <u>Onsite Reviews</u>
     Texas Lutheran University
     McMurry University
 <u>Desk Reviews</u>
     University of Dallas
	1750	*575*	

e. Public State College – one institution based on risk assessment <u>Desk Reviews</u> Lamar State College – Orange	*175*	*175*	

3. Completion of FY 23 Risk Based Reviews
   a. Formula Funding at Institution of Higher Education - one institution
   b. Financial Assistance Compliance at Institutions of Higher Education - three institutions
	500	**750**	**12%**

4. Follow-Up Reviews
   a. Formula Funding at Institutions of Higher Education – four institutions
   b. Financial Assistance Compliance at Institution of Higher Education - one institution
	400	**500**	**8%**

5. Sexual Misconduct State Reporting at Institutions of Higher Education	**1600**	**1600**	**25%**
GRAND TOTAL ALL PROJECTS	**7125**	**6475**	**100%**