

The Texas A&M University System Internal Audit Department



Monthly Audit Report
August 14, 2024

TABLE OF CONTENTS

West Texas A&M University
Financial Accounting System

August 2024 Audit Tracking Report



System Internal Audit
THE TEXAS A&M UNIVERSITY SYSTEM

WEST TEXAS A&M UNIVERSITY

FINANCIAL ACCOUNTING SYSTEM

August 14, 2024

Charlie Hrncir, CPA
Chief Auditor



Overall Conclusion

Internal controls over the financial accounting system at West Texas A&M University are operating as intended and in compliance with applicable laws and policies.

West Texas A&M University had \$188 million in operating expenses in fiscal year 2023. They have over 800 faculty and staff, and more than 9,000 students. The university uses Ellucian Colleague software for its financial accounting system and manages over 450 users with access to the system.

Summary Table

Audit Areas	Controls Assessment
Account Management - High Risk Screen Access	Effective – No Observations
Account Management - New Users	Effective – No Observations
Account Management - Terminated Users	Effective – No Observations
Account Management - User Access Review	Effective – No Observations
Application Controls - Cash Receipts and Accounts Receivable	Effective – No Observations
Application Controls - Fixed Assets	Effective – No Observations
Application Controls - General Ledger	Effective – No Observations
Application Controls - Purchasing and Accounts Payable	Effective – No Observations

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine if internal controls are in place to ensure the confidentiality, integrity, and accuracy of the financial accounting system at West Texas A&M University.

The audit focused on the following areas:

- Account management - high risk screen access
- Account management - new users
- Account management - terminated users
- Account management - user access review
- Application controls - cash receipts and accounts receivable
- Application controls - fixed assets
- Application controls - general ledger
- Application controls - purchasing and accounts payable

The audit period was primarily from January 1, 2023 to January 31, 2024. Fieldwork was conducted from March 2024 to June 2024.

Our audit methodology included interviews, observation of processes, review of documentation, and testing of data using sampling as follows:

Audit Objective	Methodology
<p><u>Account Management - High Risk Screen Access</u></p> <p>Determine whether controls for user access to high-risk screens are in place and appropriate to secure the application.</p>	<p>Auditors consulted with management to determine the Colleague screens that are considered high risk. Auditors used professional judgment to select a nonstatistical sample of ten screens. The screens were provided to management to confirm the access is consistent with position responsibilities and if the number of users is appropriate.</p> <p>Additionally, the auditors provided management a list of nine users who had access to higher security class screens to confirm the access is</p>

Audit Objective	Methodology
	consistent with position responsibilities and if the number of users is appropriate.
<p><u>Account Management - New Users</u></p> <p>Determine whether controls for new user access are in place and appropriate to secure the application.</p>	<p>Auditors gained an understanding of the process for granting new users access to Colleague including differences for standard users and special privileges users.</p> <p>Auditors used professional judgment to select a nonstatistical sample of six new user accounts created during the audit period. The selected accounts were tested for required access request forms, approvals, and required training completions prior to access being granted.</p>
<p><u>Account Management - Terminated Users</u></p> <p>Determine whether controls for terminated user access are in place and appropriate to secure the application.</p>	<p>Auditors gained an understanding of the process for terminating Colleague user access. Auditors obtained a list of enabled Colleague accounts and a list of inactive employees and compared to ensure only active employees or appropriate contractors held access to Colleague accounts.</p>
<p><u>Account Management - User Access Review</u></p> <p>Determine whether controls for user access are in place and appropriate to secure the application.</p>	<p>Auditors gained an understanding of the user access review process. Auditors obtained and reviewed the two most recent monthly active directory and bi-annual Colleague department reviews of user access conducted by the university. Auditors tested the completeness of the reviews and ensured changes requested to user access during the review were appropriately made.</p>

Audit Objective	Methodology
<p><u>Application Controls - Cash Receipts and Accounts Receivable</u></p> <p>Determine whether input and output cash receipts and accounts receivable data are accurate, complete, authorized, and processed as intended in an acceptable time period.</p>	<p>Auditors gained an understanding of the process controls associated with the Colleague screens used to manage cash receipts and accounts receivable.</p> <p>Auditors used professional judgment to select a nonstatistical sample of cash and accounts receivable transactions which occurred during the audit period.</p> <p>Walkthroughs were conducted with the selected transactions to determine if the identified process controls are in place and operating as intended.</p> <p>Auditors also gained an understanding of the process controls used to manage the opening, closing, and reconciling of cash receipts. Screens and reports for reconciling a day’s cashiering session were obtained and reviewed to determine whether the process controls are in place and operating as intended.</p>
<p><u>Application Controls - Fixed Assets</u></p> <p>Determine whether input and output data for fixed assets are accurate, complete, authorized, and processed as intended in an acceptable time period.</p>	<p>Auditors gained an understanding of the process controls associated with the Colleague screens used to manage fixed assets.</p> <p>Auditors used professional judgment to select a nonstatistical sample of the acquisition, capitalization, and maintenance processes for fixed assets held by the university.</p> <p>Walkthroughs were conducted with the selected assets’ associated entries and screens to determine whether the identified process controls are in place and operating as intended.</p>

Audit Objective	Methodology
<p><u>Application Controls - General Ledger</u></p> <p>Determine whether input and output data for the general ledger are accurate, complete, authorized, and processed as intended in an acceptable time period.</p>	<p>Auditors gained an understanding of the process controls associated with the Colleague screens used to manage the general ledger.</p> <p>Auditors used professional judgment to select a nonstatistical sample of general ledger and budget journal entries to determine if they were accurate, complete, and were properly approved prior to posting to the general ledger.</p> <p>Auditors also gained an understanding of the general ledger closing process. Month-end general ledger closing and trial balance records were obtained and reviewed to determine whether the identified process controls are in place and operating as intended.</p>
<p><u>Application Controls - Purchasing and Accounts Payable</u></p> <p>Determine whether input and output data for purchasing and accounts payable are accurate, complete, authorized, and processed as intended in an acceptable time period.</p>	<p>Auditors gained an understanding of the process controls associated with the Colleague screens used to manage purchasing and accounts payable.</p> <p>Auditors obtained a population of various types of purchasing and accounts payable transactions during the audit period and judgmentally selected one of each type of transaction.</p> <p>Walkthroughs were conducted with the selected transactions to determine if the identified process controls are in place and operating as intended.</p> <p>Auditors also gained an understanding of the process controls used to reconcile accounts payable. Budget status and purchase order register reports were obtained and reviewed to determine whether the process</p>

Audit Objective	Methodology
	controls are in place and operating as intended.

Controls Assessment Classification

Audit areas highlighted in red in the Summary Table are considered to have significant weaknesses in internal controls. Significant weaknesses include errors, deficiencies, or conditions which result in one or more violations of internal controls, laws, A&M System policies, or member rules. These violations have a high probability for legal consequences, financial consequences, or negative impacts to the organization’s reputation. These are situations in which a CEO, provost, vice president, dean, or director need to be involved in the problem resolution.

Audit areas highlighted in yellow in the Summary Table are considered to have notable weaknesses in internal controls. Notable weaknesses include errors, deficiencies or conditions which result in minor to moderate noncompliance with internal controls, laws, A&M System policies, or member rules. These are situations which can and should be corrected at the department or supervisor level.

Audit areas highlighted in green in the Summary Table are considered to have effective internal controls.

Items that were not significant or notable were communicated to management during the course of the audit.

Criteria

Our audit was based upon standards as set forth in the following:

- Texas Department of Information Resources Security Control Standards Catalog
- Texas A&M University System Policies and Regulations
- Texas A&M University System Asset Management Manual
- West Texas A&M University Rules and Standard Administrative Procedures
- West Texas A&M University Information Technology Processes and University Administrative Procedures
- West Texas A&M University departmental procedures
- Other sound administrative practices

The audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards (GAGAS). 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. The Office of Internal Audit is independent per the GAGAS standards for internal auditors.

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System Internal Audit
THE TEXAS A&M UNIVERSITY SYSTEM

AUGUST 2024 AUDIT TRACKING REPORT

August 14, 2024

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Chief Auditor**

August 2024 Audit Tracking Report

Member	Audit Title	Report Date	Original Number of Recommendations	Significant Recommendations Outstanding	Notable Recommendations Outstanding
PVAMU	Payroll	July 2023	2	1	0
TAMU Health	Academic and Research Information Technology	January 2024	11	10	1
PVAMU	Health and Counseling Services	June 2024	5	1	4
TAMU	Athletics	September 2022	6	0	1
PVAMU	Higher Education Emergency Relief Fund Compliance	October 2022	3	0	1
PVAMU	Review of Panther Camp	August 2023	6	0	6
TAMU	Health and Safety	November 2023	6	0	6
Texas A&M-Kingsville	Housing and Residence Life	November 2023	1	0	1
A&M-Corpus Christi	Programs for Minors	March 2024	1	0	1
Texas A&M-Kingsville	Programs for Minors	March 2024	4	0	3
TAMU	Export Controls	April 2024	1	0	1
A&M-Central Texas	Information Technology	April 2024	2	0	2
A&M System	Major Construction and Private Development Processes	May 2024	5	0	5
A&M System Total			53	12	32