

The Texas A&M University System Internal Audit Department



Monthly Audit Report
January 15, 2025

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Prairie View A&M University
Athletics



System Internal Audit
THE TEXAS A&M UNIVERSITY SYSTEM

PRAIRIE VIEW A&M UNIVERSITY

ATHLETICS

January 15, 2025

**Charlie Hrncir, CPA
Chief Auditor**



Overall Conclusion

Internal controls over selected Athletics Department operations at Prairie View A&M University are operating as intended and in compliance with applicable laws and policies with the exception of expense report processing for procurement and travel cards. An opportunity for improvement was noted in the area of cardholder agreements and training for procurement cards.

The Athletics Department has 66 employees, of which 22 have procurement cards and 48 have travel cards. There were 9,168 procurement card transactions totaling approximately \$438,000, and 10,854 travel card transactions totaling approximately \$2,250,000 during the audit period.

Summary Table

Audit Areas	Controls Assessment
Procurement Cards – Expense Report Processing	Needs Significant Improvement
Travel Cards – Expense Report Processing	Needs Significant Improvement
Procurement Cards – Cardholder Agreements and Training	Needs Some Improvement
Employee Training	Effective – No Observations
Procurement Cards – Approver Training	Effective – No Observations
Procurement Cards – Gift Card Purchases	Effective – No Observations
Procurement Cards – Online Payment System Purchases	Effective – No Observations
Procurement Cards – Unassigned Transactions	Effective – No Observations
Travel Cards – Approver Training	Effective – No Observations
Travel Cards – Cardholder Agreements and Training	Effective – No Observations
Travel Cards – Unassigned Transactions	Effective – No Observations

Management concurred with the audit recommendations and indicated that implementation will occur by the end of March 2025.

Detailed Results

1. Procurement Cards – Expense Report Processing

Procurement card monthly expense reports were not submitted by the cardholders or processed by the Athletics Department in a timely manner.

Testing of 30 procurement card expense reports identified the following:

- Twenty (67%) were not submitted by the cardholder by the 10th of the month.
- Twelve (40%) were not approved by the Athletics Department by the 15th of the month.

Current expense report procedures and monitoring processes are not sufficient to ensure procurement card expense reports are submitted by the cardholder and approved by the Athletics Department within the timeframes required by university guidelines.

The Prairie View A&M University Procurement Card Guide states that expense reports should be completed and submitted for department/division approval by the 10th of each month. Departments/divisions are required to review and approve cardholder expense reports to allow for further processing by Disbursement Services by the 15th of the month. Failure to submit and approve cardholder expense reports timely increases the risk of noncompliance and the risk of inappropriate use of procurement cards going undetected.

Recommendation

Review current procedures and monitoring processes to identify efficiencies and ensure expense report submission and approval dates align with the university's Procurement Card Guide requirements.

Management's Response

Corrective Action: Management concurs with the recommendation. Athletics has reviewed and is updating department procurement card procedures to ensure alignment with the university's Procurement Card Guide, focusing on improving the efficiency of expense report submission and approval processes. Automated reminders and enhanced monitoring will be implemented to ensure timely compliance. Ongoing training will be provided to staff to support these improvements.

Positions Responsible: Athletics Administration (Director of Athletics, Business Coordinator II, and Senior Associate Athletic Director, Business Services)

Implementation Date: March 31, 2025

2. Travel Cards – Expense Report Processing

Travel card expense reports were not submitted by the cardholders in a timely manner. Of the 30 travel expense reports tested, 22 (73%) were not submitted within 15 days of the trip end date. Eighteen of the 22 expense reports were submitted within 90 days of the trip end date. Current expense report procedures and monitoring processes are not sufficient to ensure travel card expense reports are submitted by the cardholder within the timeframe required by university guidelines.

The Prairie View A&M University Travel Guide states that travel expenses must be reconciled and submitted for reimbursement within 15 days after the end of the trip. Failure to submit cardholder expense reports timely increases the risk of noncompliance and the risk of inappropriate use of travel cards going undetected.

Recommendation

Review current procedures and monitoring processes to identify efficiencies and ensure expense report submissions align with the university's Travel Guide requirements.

Management's Response

Corrective Action: Management concurs with the recommendation. Athletics has reviewed and is updating department travel card procedures to ensure alignment with the university's Travel Guide, focusing on improving the efficiency of expense report submission and approval processes. Automated reminders and enhanced monitoring will be implemented to ensure timely compliance. Ongoing training will be provided to staff to support these improvements.

Positions Responsible: Athletics Administration (Director of Athletics, Business Coordinator II, and Senior Associate Athletic Director, Business Services)

Implementation Date: March 31, 2025

3. Procurement Cards – Cardholder Agreements and Training

The university could not provide documentation that cardholder agreements had been signed or cardholder training had been completed for some

procurement cardholders. The procurement card program is administered by Expense Services in the Department of Procurement and Disbursement Services. Testing of 22 procurement cardholders identified the following:

- Three (14%) did not have a signed cardholder agreement on file for their current procurement card.
- Three (14%) did not have documentation on file for current cardholder training.

Current procedures and monitoring processes are not sufficient to ensure required cardholder training is completed and signed cardholder agreements are on file.

The Prairie View A&M University Procurement Card Guide states that to obtain a procurement card, applicants must attend one of the scheduled Procurement Card Training workshops and sign the Cardholder Procurement Card Agreement. Without training and a signed cardholder agreement there is an increased risk that procurement card transactions are not in compliance with university requirements.

Recommendation

Review and update current procedures and monitoring processes to ensure procurement cardholders complete cardholder agreements and training and that documentation is maintained. Consider utilizing existing procurement card training available through TrainTraq to reduce the resources required for in-person training and to ensure documentation of training records is maintained.

Management's Response

Corrective Action: Management concurs with the recommendation. The Department of Procurement and Disbursement Services will review and update procedures to ensure procurement cardholders complete cardholder agreements and training with documentation properly maintained. To improve efficiency, we will leverage existing TrainTraq training resources for registration and training completion documentation.

Positions Responsible: Procurement and Disbursement Services (Director, Procurement Services and Financial Accountant I)

Implementation Date: February 28, 2025

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine if select controls over Athletics at Prairie View A&M University are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Procurement cards – expense report processing
- Travel cards – expense report processing
- Procurement cards – cardholder agreements and training
- Employee training
- Procurement cards – approver training
- Procurement cards – gift card purchases
- Procurement cards – online payment system purchases
- Procurement cards – unassigned transactions
- Travel cards – approver training
- Travel cards – cardholder agreements and training
- Travel cards – unassigned transactions

The audit period was primarily July 1, 2023 to June 30, 2024. Fieldwork was conducted from August 2024 to October 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>Procurement Cards – Expense Report Processing</u></p> <p>Determine whether procurement card transactions are reasonable and in compliance with procedures.</p>	<p>Auditors gained an understanding of the processes in place for review and approval of procurement card transactions.</p> <p>Auditors performed data analysis on procurement card transactions for all cardholders and analyzed results for reasonableness. Auditors judgmentally selected a sample of 30 procurement card transactions from the data analysis results. Reviewed the expense reports</p>

Audit Objective	Methodology
	<p>and detailed supporting documentation for compliance with university procurement card requirements including:</p> <ul style="list-style-type: none"> • detailed supporting documentation • compliance with state tax exemptions • additional supporting documentation or approval required for certain purchase types per the Procurement Card Guide • appropriate procedures for purchases over \$5,000 • appropriate object code
<p><u>Travel Cards – Expense Report Processing</u></p> <p>Determine whether travel transactions are reasonable and in compliance with procedures.</p>	<p>Auditors gained an understanding of the processes in place for review and approval of travel card transactions.</p> <p>Auditors performed data analysis on travel card transactions for all cardholders and analyzed results for reasonableness. Auditors judgmentally selected a sample of 30 travel card transactions from the data analysis results. Reviewed expense reports and detailed supporting documentation for compliance with university travel card requirements including:</p> <ul style="list-style-type: none"> • detailed supporting documentation • compliance with state tax exemptions • additional supporting documentation or approval required for certain

Audit Objective	Methodology
	<p>purchase types per the Travel Card Guide</p> <ul style="list-style-type: none"> • compliance with state and university travel requirements
<p><u>Procurement Cards – Cardholder Agreements and Training</u></p> <p>Determine if procurement cardholders are active employees and have signed cardholder agreements on file in accordance with university requirements.</p> <p>Determine if procurement cardholders completed training in accordance with university requirements.</p>	<p>Auditors obtained a list of active procurement cards and compared the list to Workday to determine if the cards are associated with current employees. Researched any cards not associated with a current employee. Reviewed records to determine if signed cardholder agreements were on file.</p> <p>Auditors gained an understanding of cardholder training requirements. Reviewed training records to determine if cardholders completed training as required.</p>
<p><u>Employee Training</u></p> <p>Determine whether Athletics Department employees completed trainings in accordance with university requirements.</p>	<p>Auditors gained an understanding of required training for Athletics Department employees. Auditors obtained training information from TrainTraq and Vector, a third-party training system used by the university, and tested for compliance with training requirements identified.</p>
<p><u>Procurement Cards – Approver Training</u></p> <p>Determine if procurement card approvers completed training in accordance with requirements.</p>	<p>Auditors reviewed training records for all employees responsible for reviewing and approving procurement card transactions to determine if procurement card approver training had been completed as required.</p>
<p><u>Procurement Cards – Gift Card Purchases</u></p>	<p>Auditors gained an understanding of requirements for gift card purchases and identified potential gift card purchases</p>

Audit Objective	Methodology
Determine if gift card purchases are properly documented and approved.	using Non-Employee Gifts object codes. No gift card purchases were identified.
<p><u>Procurement Cards – Online Payment System Purchases</u></p> <p>Determine if transactions paid through select online payment systems are in compliance with purchasing requirements.</p>	Auditors selected all procurement card purchases made using online payment systems such as PayPal and reviewed supporting documentation for compliance with purchasing requirements.
<p><u>Procurement Cards – Unassigned Transactions</u></p> <p>Determine if procurement card transactions are being assigned to expense reports in a timely manner.</p>	<p>Auditors gained an understanding of the procedures in place to address procurement card transactions that are not assigned to an expense report in a timely manner including submission deadlines and escalation procedures.</p> <p>Auditors obtained transaction data from the procurement card vendor and compared it to transaction data from the procurement expense management system to identify transactions that had not been assigned to an expense report.</p> <p>For unassigned transactions identified, auditors reviewed notification and escalation procedures for compliance with the Procurement Card Guide.</p>
<p><u>Travel Cards – Approver Training</u></p> <p>Determine if travel card approvers completed training in accordance with requirements.</p>	Auditors reviewed training records for all employees responsible for reviewing and approving travel card transactions to determine if travel card approver training had been completed as required.
<p><u>Travel Cards – Cardholder Agreements and Training</u></p>	Auditors obtained a list of active travel cards and compared the list to Workday to determine if the cards are associated

Audit Objective	Methodology
<p>Determine if travel cardholders are active employees and have signed cardholder agreements on file in accordance with university requirements.</p> <p>Determine if travel cardholders completed training in accordance with university requirements.</p>	<p>with current employees. Researched any cards not associated with a current employee. Reviewed records to determine if signed cardholder agreements were on file.</p> <p>Auditors gained an understanding of cardholder training requirements. Reviewed training records to determine if cardholders completed training as required.</p>
<p><u>Travel Cards – Unassigned Transactions</u></p> <p>Determine if travel card transactions are being assigned to an expense report in a timely manner.</p>	<p>Auditors gained an understanding of the procedures in place to address travel card transactions that are not assigned to an expense report in a timely manner including submission deadlines and escalation procedures.</p> <p>Auditors obtained transaction data from the travel card vendor and compared it to transaction data from the travel expense management system to identify transactions that had not been assigned to an expense report.</p> <p>For unassigned transactions identified, auditors reviewed notification and escalation procedures for compliance with the Travel Guide.</p>

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 A&M University System Policies and Regulations
- Prairie View A&M University Rules and Procedures
- Prairie View A&M University Procurement Card Guide
- Prairie View A&M University Travel Guide
- Other sound administrative practices

The audit was conducted in conformance with the Institute of Internal Auditors' *Global Internal Audit Standards*. 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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