PROJECT SUMMARY

Overview

Overall, Texas A&M University has processes in place to provide reasonable assurance that the Education Research Center is in compliance with state and federal laws related to the interagency agreement between Texas A&M University, the Texas Higher Education Coordinating Board (THECB), and the Texas Education Agency (TEA). The Education Research Center operated within its contractual requirements; however, opportunities for improvement were noted in the documentation of procedures, timeliness of time and effort reporting, and physical key controls.

The Education Research Center, established in July 2007, is one of three Education Research Center's created in Texas to maintain a warehouse of student data and conduct research using this data. The Education Research Center received initial funding of $1,050,000 to establish the center.

Summary of Management's Response

The management of the State of Texas Education Research Center agrees with the recommendations. Management has addressed the recommendations regarding procedures documentation and physical key controls, and action is underway to address timeliness of time and effort reporting.

Scope

The interagency agreement with the THECB and TEA requires Texas A&M University to obtain an audit of the Education Research Center annually. The review of the Education Research Center focused on expenditures and contract compliance. Our review did not include a detailed review of data security or a penetration test as the Education Research Center had already arranged for a data security review and penetration test to be conducted by the THECB. The audit period was September 1, 2008 through August 31, 2009. Fieldwork was conducted during September 2009.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Procedures for Downloading Student Data

Observation

The Education Research Center has developed a policies and procedures manual for student data access and review; however, the process of downloading student data from the THECB electronic data warehouse to the Education Research Center server is not included in the manual. Without formal, documented procedures to direct activities, new and existing employees may not have the information needed to perform their responsibilities in adherence to requirements established by the University and department management. Documented procedures, reviewed and approved by management, provide a method to ensure that adequate internal controls are in place, and assist with continuity should employee turnover occur.

Recommendation

Document the student data download process in the Education Research Center's policies and procedures manual.

Management's Response

A document which specifies the steps to be followed in downloading student data has been added to the Education Research Center's policies and procedures manual. These procedures have been approved by the management of the Education Research Center.

2. Time and Effort Reporting

Observation

Five of seven (70%) time and effort reports reviewed were not submitted by the due date. Principal investigators approved and submitted the reports 10 to 153 days after the established due date. Effort reports verify that payroll costs on research projects are appropriate and applicable. Without an effort report to substantiate payroll expenses, payroll expenses may be disallowed by the sponsor or auditors. Principal investigators have not prioritized reviewing and approving time and effort reports. Time and effort reporting procedures, including due dates, have been established by
University Rule 15.01.01.M1.01, Sponsored Agreements Payroll Verification. Timely review and submission of time and effort reports reduces the risk of undetected errors and misallocation of personnel costs.

Recommendation

Develop and implement a process to ensure that time and effort reports are completed on a timely basis.

Management’s Response

The Texas A&M University System is currently in the process of implementing an electronic system for time and effort reporting. This implementation will be completed in fiscal year 2010. The new reporting system will provide electronic notifications to principal investigators or other key personnel on sponsored projects that require effort certifications, prompting the employee when a time and effort report is due. This system should provide additional controls to ensure that time and effort reports are completed and submitted on a timely basis.

In the interim, the Education Research Center will contact Research Services bimonthly to verify status of time and effort reports related to Education Research Center grants/projects. Follow-up emails will be sent to the principal investigator of any projects(s) for which the time and effort reports have not been submitted. This process will be in place by January 15, 2010, and will continue until the electronic system is fully operational.

3. Physical Key Controls

Observation

The master key to the Education Research Center office suite was made available to all employees that were in the Education Research Center suite. An Education Research Center employee left the master key to the office suite hanging in the lock of her office door so it could be borrowed when necessary by employees who forget their keys. General office security controls suggest that office keys are issued to those individuals that have approved access and are not shared or loaned to other employees. Open access to master keys increases the risk of unauthorized access to assets and/or confidential information.


**Recommendation**

3. Physical Key Counts (cont.)

| Require employees to maintain control and responsibility for keys issued to them and not allow access to keys by unauthorized individuals. |

**Management’s Response**

*Written procedures for control and responsibility for keys have been developed and communicated to all Education Research Center employees who have been issued keys and will be communicated in the future to all new employees who are issued keys. The procedures address appropriate custody of keys so as to minimize potential access to keys by unauthorized individuals.*
BASIS OF REVIEW

Objective

The objective of the audit was to assess the University’s compliance with all terms and state and federal laws related to the interagency agreement between Texas A&M University, the Texas Higher Education Coordinating Board, and the Texas Education Agency to establish an Education Research Center at the University.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System, the Texas A&M University Rules, and other sound administrative practices. This audit was performed in compliance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

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

Background

The interagency agreement between Texas A&M University, the Texas Higher Education Coordinating Board, and the Texas Education Agency provided the University with $1,050,000 in 2007 to create and operate a research center for a period of five years. The State of Texas Education Research Center at Texas A&M University studies major issues in education reform and school governance in order to improve policy and decision-making in P-16 education. The Education Research Center's interdisciplinary team of researchers investigates the nature and impact of school resources and educational practices that affect students' learning and close the achievement gap. In support of its mission, the Education Research Center conducts research in three areas: educator preparation; school finance, resources, and facilities; and curriculum and teaching methods.
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