PROJECT SUMMARY

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. An opportunity for improved efficiency was noted in the management of project accounts.

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.

OBSERVATION, RECOMMENDATION, AND RESPONSE

Management of Project Accounts

Observation

Project accounts are not managed efficiently.

The Education Research Center’s management of contract and grant accounting requires numerous payroll expense corrections. Accurate payroll allocations were not established at the time project work began and substantial payroll reallocations were required to bring work efforts in agreement with payroll expenditures. Individuals began work on projects before the project accounts were established and payroll was charged to other Education Research Center accounts. When individuals begin work on projects before accounts are established, payroll expense reallocations are necessary. Necessary reallocations were not completed timely. Numerous payroll reallocations create inefficiencies in the project account management process and also increase the risk of inaccurate time and effort reporting.
Recommendation

Develop processes that ensure accounts are established before work begins and payroll reallocations are minimized. Ensure that any necessary payroll reallocations are made on a timely basis.

Management’s Response

The Education Research Center will submit proposals and requests for “interim funding” to Texas A&M University Research Services as new sponsored agreements are initiated so that sponsored project accounts can be established prior to final approval of the sponsored agreements and prior to any project work. This will allow for payroll expenses to be allocated to the sponsored project accounts on a timely basis and minimize payroll expense reallocations. Education Research Center payroll activity will be reviewed regularly and any necessary payroll reallocations will be made on a timely basis.

Target date: May 2011

BASIS OF REVIEW

Objective and Scope

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 the Education Research Center at the University. 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, 2009 through August 31, 2010. Fieldwork was conducted during September 2010.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System and other sound administrative practices. This audit was performed in conformity 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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