PROJECT SUMMARY

Overall, the export control processes at Texas A&M University provide reasonable assurance that the University is in compliance with applicable export control laws, policies, regulations and rules. Compliance requires involvement from employees throughout the University. A strong network appears to have been established through the identification of specific units where export control issues are commonly identified and the education of people in those units regarding export control requirements. Opportunities for improvement related to export control monitoring, training, and facility identification were identified that could help the University continue to meet the challenges of effectively managing increasingly complex export control requirements.

Summary of Management’s Response

The Division of Research continues to make enhancements to the University’s export control program. Specific enhancements are planned in the areas of export control monitoring, training and facility identification.

Scope

The review of export controls focused on determining if requirements in the A&M System policy and University rule related to export controls had been met, if controls and procedures were in place for University units identified by the Export Control Task Force, and if the University had a process for providing export control training to the University community. In addition, export controls regarding research proposals, restricted party screenings, attestation forms, and laboratory/facility security along with documentation retention requirements were also reviewed. The audit period focused primarily on activities from September 1, 2010 through June 30, 2011. Fieldwork was conducted from August to October 2011.

Export Controls

Export control regulations are federal laws that prohibit the unlicensed export of certain commodities or information for reasons of national security or protections of trade. Export control governs shipment, transmission, or transfer of certain regulated items, information or software to foreign persons or entities.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Export Control Monitoring

Observation

Mechanisms for monitoring the University’s decentralized components of export controls are not yet in process. The Export Control Compliance Manual does provide guidance that internal reviews of all aspects of the University’s Export Control Program may be performed; however, as of test work, export controls procedures in decentralized areas were either recently completed or in final stages of completion, thus the opportunity for monitoring was limited. Due to the greatly decentralized nature of the Export Control Compliance Program, a strong monitoring program will be imperative in ensuring the University and individuals are adhering to all export control requirements. Sanctions for violating export control laws, which can be imposed upon both the University and individual, can include loss of research funding, loss of export privileges and civil and criminal penalties including imprisonment.

Recommendation

Ensure a strong export control monitoring function is developed to provide sufficient oversight to the Export Control Program, particularly for decentralized functions. Ensure those decentralized areas which have not yet completed development of export controls processes do so in a timely manner.

Management’s Response

The current monitoring plan, referenced in the Export Control Compliance Manual, will be enhanced to include components to coordinate monitoring and completion of processes in the Office of Sponsored Research Services, distance education, international activities, accounts payable, and Texas A&M University - Qatar.

Anticipated completion of plan and processes, and implementation of monitoring: August 31, 2012.
2. Detailed Training on Export Controls

Observation

Export control training targeted at particular areas could further mitigate risks.

While a high level export controls training program is in place, the training program could be further enhanced through development of additional training for targeted areas responsible for specific portions of export controls. Detailed training for individual areas would allow those employees to gain deeper knowledge of their responsibilities in regards to export controls that are not provided for in the high level training. Export controls at the University are a largely decentralized function that relies on numerous employees in numerous areas to be able to identify export controls issues and respond appropriately. Thorough, specific training will help establish the framework for an effective, decentralized export controls program.

Recommendation

Consider developing export control training specific to individual areas responsible for or affected by export control functions. To be the most effective, training should be taken timely and on a recurring basis by new and current employees within the specific units.

Management’s Response

The Office of Research Compliance and Biosafety will enhance its training plan to ensure timely training by affected employees, in coordination with other appropriate offices. The training plan will address supplemental training for specifically identified areas. Anticipated completion of enhanced plan: June 30, 2012

Enhanced training will be developed for the Qatar campus, specifically, online training to address the unique export control requirements of Texas A&M University - Qatar. Anticipated completion of the Texas A&M University - Qatar enhanced online training program: August 31, 2012

Procard training will be enhanced to provide an export control component. Anticipated completion of supplemental export control compliance component: August 31, 2012.
3. Requirements for Facilities Housing Secure Research

Observation

| Export control requirements for University facilities and laboratories where secure research is in process were not developed nor had those facilities or laboratories been identified. |
| University facilities and laboratories housing projects or research which may require export control measures have not been identified to ensure export control provisions are in place. The focus of the Export Control Task Force, in place since January 2009, was overall development of an export control program, including establishment of regulations, rules, procedures, and dissemination of information to the University community. Specific guidelines for facilities and laboratories housing secure research had not yet been completed. The Export Control Program Coordinator had been in place approximately two months as of test work and had not had the opportunity to address this particular area. Sufficient controls are necessary to enforce compliance and in turn reduce the risk of export control violations. |

Recommendation

| Identify and maintain a listing of facilities and laboratories where export controlled projects or research are in process. Provide guidance to those overseeing these areas regarding what controls should be in place to address export control requirements. |

Management’s Response

| A facilities identification procedure is in development as are standard guidelines for export controlled facilities. The procedure will include a mechanism to maintain a list of facilities and laboratories where export controlled projects or research are in process. Anticipated completion of the procedure including the list and guidelines: August 31, 2012. |
BASIS OF REVIEW

Objective

The objective of the audit was to review export controls at the University to determine if processes are in place to ensure compliance with laws, policies, regulations and rules.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System; Texas A&M University Rules; United States Department of Commerce Export Administration Regulations; United States Department of State International Traffic in Arms Regulations; United States Department of the Treasury Office of Foreign Assets Control; and other sound administrative practices. This audit was conducted in conformance 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 University established an Export Control Task Force in January 2009 to address the need for a University Export Control Compliance Program. An A&M System policy and a University rule regarding export controls were drafted and became effective as of September 2009 and May 2011, respectively. An Export Control Program Coordinator was hired in August 2011 and the Export Control Compliance Manual was finalized in September 2011. The University’s Export Control Compliance Program encompasses all export control considerations across the University, including the Galveston and Qatar campuses. The System policy, University rule, and Export Control Compliance Manual provide University personnel with guidance for mitigation of export control risks.
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