

The Texas A&M University System Internal Audit Department



Monthly Audit Report
May 14, 2025

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System Internal Audit

THE TEXAS A&M UNIVERSITY SYSTEM

**TEXAS A&M AGRILIFE RESEARCH,
TEXAS A&M AGRILIFE EXTENSION
SERVICE, AND TEXAS A&M VETERINARY
MEDICAL DIAGNOSTIC LABORATORY**

CONTRACT ADMINISTRATION

May 14, 2025

**Amanda Dotson, CPA
Chief Auditor**



Overall Conclusion

Internal controls over contract administration at Texas A&M AgriLife Research, Texas A&M AgriLife Extension Service, and Texas A&M Veterinary Medical Diagnostic Laboratory (Texas A&M AgriLife) are operating as intended and in compliance with applicable laws and policies.

Texas A&M AgriLife uses purchase orders whenever possible but separate contracts are used when requested by vendors or due to the nature of the contracting activity. There were 222 purchase orders totaling \$44.7 million during the audit period that were for the purchase of services or other types of purchases that require more detailed contractual terms and specifications. In addition, Texas A&M AgriLife has contracts such as memorandums of understanding, cooperative/collaborative agreements, and land/facility use agreements.

Summary Table

Audit Areas	Controls Assessment
Conflict of Interest/Financial Disclosures	Effective – No Observations
Contract Approvals and Renewals	Effective – No Observations
Contract Monitoring and Compliance	Effective – No Observations
Contract Reporting	Effective – No Observations
Required Training	Effective – No Observations
State of Texas Contracting Standards and Oversight	Effective – No Observations
Vendor Analysis	Effective – No Observations

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine if internal controls over contract administration processes at Texas A&M AgriLife Research, Texas A&M AgriLife Extension Service, and Texas A&M Veterinary Medical Diagnostic Laboratory are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Conflict of interest/financial disclosures
- Contract approvals and renewals
- Contract monitoring and compliance
- Contract reporting
- Required training
- State of Texas contracting standards and oversight
- Vendor analysis

The audit period was primarily December 1, 2023 to November 30, 2024. Fieldwork was conducted from January 2025 to April 2025.

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

Audit Objective	Methodology
<u>Conflict of Interest/Financial Disclosures</u> Determine whether conflict of interest disclosures related to contracting are in compliance with state and agency requirements.	Auditors reviewed annual financial disclosures to verify disclosures were properly filed by specified Texas A&M AgriLife management personnel.
<u>Contract Approvals and Renewals</u> Determine whether contracts are properly approved and renewed.	Auditors used professional judgment to select a nonstatistical sample of 20 contracts and 30 purchase orders based upon magnitude and risk.

Audit Objective	Methodology
	Executed contracts and purchase orders were obtained and reviewed for proper approval and compliance with diversity, equity, and inclusion restrictions. Contracts were also reviewed for timely approval and renewals as applicable.
<u>Contract Monitoring and Compliance</u> Determine whether selected contracts are monitored and in compliance with contract requirements.	Auditors used professional judgment to select a nonstatistical sample of five contracts and ten purchase orders based upon magnitude and risk. Eleven contract terms were judgmentally selected based on risk and reviewed for evidence of monitoring and compliance with contract requirements. Purchase orders were reviewed for compliance with sales tax exemptions, prompt pay requirements, and service rate terms.
<u>Contract Reporting</u> Determine whether contract information is being reported in compliance with state contract reporting requirements.	Auditors used professional judgment to select a nonstatistical sample of nine contracts and 20 purchase orders based upon magnitude and risk. Auditors verified whether contract reporting information/forms were properly submitted to the Legislative Budget Board and the Texas Ethics Commission and posted on the transparency report on the agency's website as required.
<u>Required Training</u> Determine whether contracting employees completed training in compliance with state and agency requirements.	Auditors reviewed the Texas A&M AgriLife delegation of authority to identify employees with authority to sign contracts or who may exercise discretion in awarding contracts based on employee titles.

Audit Objective	Methodology
	<p>Auditors reviewed training and certification documentation to ensure all contracting employees identified completed training in compliance with Texas Government Code 656.051 and Texas Education Code 51.9337, which includes:</p> <ul style="list-style-type: none"> • Training and/or certification for purchasing personnel • Training for contract signatories
<p><u>State of Texas Contracting Standards and Oversight</u></p> <p>Determine whether the agency is complying with state contracting standards and oversight requirements.</p>	<p>Auditors gained an understanding of processes in place to address Texas Government Code 2261.</p> <p>Documentation of the following processes was reviewed for evidence of compliance:</p> <ul style="list-style-type: none"> • Disclosure of potential financial conflict of interest and prohibited contracts • Posting of certain contracts • Procedure to identify contracts requiring enhanced monitoring/A&M System reporting • Completion of contract reporting form for contracts \$1 million or more • Certification of solicitation process for contracts over \$5 million • Purchasing accountability and risk analysis guidelines
<p><u>Vendor Analysis</u></p> <p>Determine whether contracts are in place with high dollar vendors.</p>	<p>Auditors used data analysis to identify high dollar vendors and merchants for Texas A&M AgriLife and reviewed purchasing documentation to ensure</p>

Audit Objective	Methodology
	contracts had been executed where applicable.

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
- Texas A&M AgriLife Research Rules and Standard Administrative Procedures
- Texas A&M AgriLife Extension Service Rules and Standard Administrative Procedures
- Texas A&M Veterinary Medical Diagnostic Laboratory Rules and Standard Administrative Procedures
- Stated contract stipulations
- Texas A&M University System *Contract Management Handbook*
- Texas Government Code 2261, *State Contracting Standards and Oversight*
- Texas Government Code 656.051, *Training and Certification of State Agency Purchasing Personnel and Vendors*
- Texas Education Code 51.9337, *Purchasing Authority Conditional; Required Standards*
- General Appropriations Act, Article IX, Section 7.04, *Contract Notification: Amounts Greater than \$50,000*
- 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.

Audit Team

Amanda Dotson, CPA, Chief Auditor (formerly Director)
Brian Billington, CPA, Director
Jordan Brooks
Bryce Ham
Dustin Hurst

Distribution List

Dr. Jeffrey Savell, Vice Chancellor and Dean for Agriculture and Life Sciences
Mr. Vic Seidel, Executive Associate Vice Chancellor of Agriculture and Chief Operating Officer
Dr. Cliff Lamb, Director, Texas A&M AgriLife Research
Dr. Rick Avery, Director, Texas A&M AgriLife Extension Service
Dr. Amy K. Swinford, Director, Texas A&M Veterinary Medical Diagnostic Laboratory
Ms. Debra A. Cummings, Assistant Director, Chief Financial Officer, Texas A&M AgriLife Research
Ms. Donna Alexander, Assistant Director, Chief Financial Officer, Texas A&M AgriLife Extension Service
Mr. Matthew Durham, Assistant Director, Chief Financial Officer, Texas A&M Veterinary Medical Diagnostic Laboratory
Ms. Loree Lewis, Executive Director, Administrative Services, Texas A&M AgriLife
Mr. Chris Chamberlain, Director, Procurement Services and HUB Coordinator, Texas A&M AgriLife
Ms. Sabrina Allan, Director, Contracts, Texas A&M AgriLife
Mr. Brian Halfman, Director, Ethics and Compliance, Texas A&M AgriLife



System Internal Audit

THE TEXAS A&M UNIVERSITY SYSTEM

MAY 2025 AUDIT TRACKING REPORT

May 14, 2025

**Amanda Dotson, CPA
Chief Auditor**

May 2025 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
Texas A&M Health	Academic and Research Information Technology	January 2024	11	1	0
PVAMU	Health and Counseling Services	June 2024	5	1	1
Texas A&M	Payment Cards	October 2024	4	1	3
Tarleton State	Health and Safety	October 2024	11	7	1
A&M-Texarkana	Information Technology	October 2024	5	1	1
East Texas A&M	Program for Minors	November 2024	2	1	1
A&M-San Antonio	Tuition and Fees	November 2024	4	3	1
PVAMU	Athletics	January 2025	3	2	0
TAMU	Program for Minors	February 2025	2	1	1
A&M System	Major Construction and Private Development Processes	May 2024	5	0	1
TEES	Engineering Payroll	September 2024	2	0	2
PVAMU	Tuition and Fees	October 2024	1	0	1
A&M-Texarkana	Financial Management Services	October 2024	1	0	1
Texas A&M	University Health Services	November 2024	4	0	2
A&M System	Private Developments	April 2025	1	0	1
Texas A&M	Student Orgs and Activites	April 2025	1	0	1
TEES	Centers and Institutes	April 2025	2	0	2
A&M System Total			66	19	20