The Texas A&M University System Internal Audit Department

Monthly Audit Report
September 16, 2026

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System Internal Audit

THE TEXAS A&M UNIVERSITY SYSTEM

TEXAS A&M UNIVERSITY

CONTRACT ADMINISTRATION

SEPTEMBER 16, 2026

Amanda Dotson, CPA
Chief Auditor

Project #20260203

Overall Conclusion

Internal controls over contract administration at Texas A&M University are operating as intended and in compliance with applicable laws and policies. Opportunities for improvement were noted in the areas of contract signatory training and contract reporting.

During the audit period, Texas A&M University managed approximately 5,400 active non-construction contracts with a total value exceeding $800 million, including:

- Texas A&M University: 2,477 contracts
- Texas A&M Health: 2,839 contracts
- Texas A&M University at Galveston: 61 contracts
- Texas A&M University at Qatar: 31 contracts

Additionally, 34 contracts had individual values exceeding $5 million, representing approximately $478 million in total contract value.

Summary Table

Audit Areas	Controls Assessment
Contract Signatory Training	Needs Some Improvement
Contract Reporting	Needs Some Improvement
Conflict of Interest/Financial Disclosures	Effective – No Observations
Contract Approvals and Renewals	Effective – No Observations
Contract Compliance and Monitoring	Effective – No Observations
State of Texas Contracting Requirements	Effective – No Observations

Management concurred with the audit recommendations and indicated that implementation will occur by December 31, 2026.

Detailed Results

1. Contract Signatory Training

Improvement is needed to ensure completion of required contract signatory training. The university has not established a program for required contract signatory training, including identification and maintenance of a list of employees authorized to execute contracts or exercise discretion in awarding contracts, periodic assignment of required training, and monitoring for training completion.

Processes have not been implemented to maintain a current population of individuals subject to contract signatory training requirements or to facilitate assignment and tracking of required training.

Without completion of required training, there is an increased risk of errors in contract execution, unenforceable agreements, and legal or financial exposure.

The Texas A&M University System Contract Management Handbook requires training in ethics, procurement methods, and technology purchases for employees authorized to execute contracts or exercise discretion in awarding contracts. A training course that meets these requirements is available in the university's employee training system.

Recommendation

Develop procedures and monitoring processes to ensure employees required to complete the training are identified, and the training is assigned and completed.

Management's Response

Corrective Action: The university has identified all employees authorized to execute contracts or exercise discretion in awarding contracts who are subject to the contract signatory training requirements outlined in The Texas A&M University System Contract Management Handbook. A list of required personnel has been established and will be maintained on an annual basis to ensure the population remains current as personnel changes occur.

The identified employees have been assigned the required training course in TrainTraq. All employees will be required to complete the assigned training within 90 days following assignment and once every two years thereafter. Ongoing monitoring will be conducted to track completion rates and ensure compliance with training requirements. Additionally, processes will be

established to facilitate the assignment of training to newly identified employees subject to this requirement on a go-forward basis.

Position Responsible: Assistant Vice President for Finance & University Contracts Officer

Implementation Date: December 31, 2026

2. Contract Reporting

Improvement is needed to ensure contracts are reported in compliance with contract reporting requirements. Three of 13 (23%) contracts tested for the purchase of goods or services from private vendors over $50,000 were not reported to the Legislative Budget Board (LBB). Employee turnover in positions tasked with contract reporting contributed to gaps in meeting reporting requirements.

The Texas A&M University System Contract Management Handbook requires members to ensure contracts meeting established thresholds are accurately and timely reported in applicable reporting systems. Additionally, the Texas General Appropriations Act, Article IX, Section 7.04, *Contract Notification: Amounts Greater than $50,000,* requires state agencies and institutions of higher education to report qualifying contracts to the Legislative Budget Board and publicly disclose certain contract information. Noncompliance with reporting requirements reduces the transparency of contractual information to the public and impacts the LBB's ability to monitor procurements and conduct in-depth analysis of contracts.

Recommendation

Report active contracts previously omitted to the LBB Contracts Database. Strengthen monitoring and oversight processes to ensure required contracts are reported to the LBB within mandated timelines.

Management's Response

Corrective Action: The three contracts identified during the audit as having not been reported to the Legislative Budget Board (LBB) Contracts Database have been reviewed and active contracts will be reported to remediate the identified gap.

Management recognizes that employee turnover in positions responsible for contract reporting contributed to this lapse in compliance. To address this vulnerability, the university will implement standardized and repeatable processes for contract reporting that are not dependent on institutional knowledge held by a single employee. These processes will include comprehensive written procedures, cross-training of personnel, and clearly defined roles and responsibilities to ensure continuity of reporting obligations during personnel transitions. Enhanced monitoring and oversight controls have already been implemented to ensure qualifying contracts are identified and reported to the LBB within mandated timelines.

Position Responsible: Assistant Vice President for Finance & University Contracts Officer

Implementation Date: September 30, 2026

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine whether internal controls over contract administration at Texas A&M University are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Contract signatory training
- Contract reporting
- Conflict of interest/financial disclosures
- Contract approvals and renewals
- Contract compliance and monitoring
- State of Texas contracting requirements

The audit period was primarily January 1, 2025 to December 31, 2025. Fieldwork was conducted from March to August 2026.

Our audit methodology included gaining an understanding of processes in place through interviews, observation, and review of documentation as well as testing of data using sampling as follows:

Audit Objective	Methodology
Contract Signatory Training Determine whether contracting employees completed training in compliance with requirements.	Auditors inquired with management regarding the process of identifying employees with authority to sign contracts or who may exercise discretion in awarding contracts based on employee titles and the university's delegation of authority. Auditors reviewed reports of contract signatory training completions for compliance with Texas Education Code 51.9337.
Contract Reporting Determine whether contract information is being reported in	Auditors used professional judgment to select a nonstatistical sample of 30 contracts based on magnitude and risk.

Audit Objective	Methodology
compliance with state contract reporting requirements.	Auditors verified compliance with applicable contract reporting requirements, including reporting to the Legislative Budget Board, Texas A&M University transparency website, and Texas Ethics Commission.
Conflict of Interest/Financial Disclosures Determine whether conflict of interest disclosures related to contracting are in compliance with state and university requirements.	Auditors reviewed annual financial disclosures to verify disclosures were properly filed by specified Texas A&M University management personnel.
Contract Approvals and Renewals Determine whether contracts were properly approved and renewed.	Auditors used professional judgment to select a nonstatistical sample of 30 contracts based upon magnitude and risk. Executed contracts were reviewed for proper approval. Contracts were also reviewed for timely renewals as applicable.
Contract Compliance and Monitoring Determine whether selected contracts are monitored and in compliance with contract requirements.	Auditors used professional judgment to select a nonstatistical sample of 30 contracts based upon magnitude and risk. Forty-four contract terms were judgmentally selected based on risk and reviewed for evidence of monitoring and compliance with contract requirements.
State of Texas Contracting Requirements	Auditors used professional judgment to select a nonstatistical sample of 30 contracts based upon magnitude and risk.

Audit Objective	Methodology
Determine whether the university is complying with state contracting requirements.	Applicable contracts were reviewed for compliance with diversity, equity, and inclusion restrictions and GA-48 reporting requirements. Documentation of the following processes was reviewed, where applicable, for evidence of compliance with state contracting requirements: • Disclosure of potential financial conflict of interest and prohibited contracts • Posting of certain contracts • Identification of 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

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 audit.

Criteria

Our audit was based upon the following:

- Texas A&M University System Policies and Regulations
- Texas A&M University 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 Education Code 51.9337, *Purchasing Authority Conditional; Required Standards*
- Texas Education Code 51.3525, *Responsibility of Governing Boards Regarding Diversity, Equity, and Inclusion Initiatives*
- General Appropriations Act, Article IX, Section 7.04, *Contract Notification: Amounts Greater than $50,000*
- Texas Executive Order GA-48, *Hardening of State Government*
- 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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System Internal Audit

THE TEXAS A&M UNIVERSITY SYSTEM

TEXAS A&M UNIVERSITY

STUDENT COMMUNITY STANDARDS

SEPTEMBER 16, 2026

Amanda Dotson, CPA
Chief Auditor

Project #20260207

Overall Conclusion

Internal controls over student community standards at Texas A&M University are operating as intended and in compliance with applicable laws and policies. Opportunities for improvement were noted in the areas of Family Educational Rights and Privacy Act (FERPA) training and record retention.

The Student Community Standards department is responsible for investigations and resolution of individual student and student organization conduct cases for over 80,000 students and 1,300 student organizations. During the audit period, the department processed over 300 conduct cases.

Summary Table

Audit Areas	Controls Assessment
Employee Training – FERPA	Needs Some Improvement
Record Retention	Needs Some Improvement
Application Logical Security – Conduct System	Effective – No Observations
Compliance with Laws	Effective – No Observations
Segregation of Duties	Effective – No Observations
Student Conduct Cases	Effective – No Observations

Management concurred with the audit recommendations and indicated that implementation will occur by February 1, 2027.

Detailed Results

1. Employee Training – FERPA

Improvement is needed to ensure FERPA training is assigned and completed. Five of 11 (45%) Student Community Standards employees tested did not complete FERPA training within the last two years. Employees completed FERPA training upon hire; however, recurring training was not consistently assigned or completed. Responsibilities for assigning and monitoring recurring FERPA training were not clearly established following turnover within human resources, which may have contributed to missed or irregular training assignments.

Texas A&M University Rule 16.01.02.M1, *FERPA Compliance*, requires employees who create, access, maintain, or disclose student education records complete FERPA training upon hire and at least once every two years thereafter. Employees who do not complete FERPA training may lack current knowledge of requirements for safeguarding student education records, increasing the risk of inappropriate access, use, disclosure, or handling of student education records**.**

Recommendation

Implement procedures to monitor FERPA training completion, and ensure employees complete the required training within established timeframes.

Management's Response

Corrective Action: The Director has coordinated with the department's Human Resources Manager to ensure that all employees in the Department of Student Community Standards are now correctly assigned the FERPA training in TrainTraq moving forward.

For the current year, every existing staff member will be assigned the FERPA training in TrainTraq and must complete this requirement by September 1, 2026.

Any employee hired after September 1, 2026, must complete the FERPA training and submit their completion transcript prior to being granted access to student records. Thereafter, these employees will be required to complete the FERPA training annually, with the deadline corresponding to the anniversary of their respective hire dates.

Going forward, all employees in the Department of Student Community Standards will be required to complete the FERPA training in TrainTraq each year by September 1 (for staff hired prior to September 1, 2026) or by their hire date anniversary (for staff hired after September 1, 2026).

Additionally, all volunteers in the Department must sign a FERPA Agreement, acknowledging that student records are confidential and that they are prohibited from disclosing any information obtained through their volunteer service.

The Director of Student Community Standards will conduct an annual audit each September to ensure ongoing compliance with FERPA training requirements.

Position Responsible: Director of Student Community Standards

Implementation Date: December 1, 2026

2. Record Retention

Improvement is needed to ensure record retention is in compliance with university rules and requirements. Student conduct records are being disposed of timely; however, the process is not being completed in compliance with university requirements. Forms detailing the records destruction are not being completed, disposal activities are not being reported to university records management personnel, and documentation supporting record destruction is not being maintained. Department personnel were unaware of university records management requirements related to the processes for documenting and reporting records destruction activities.

Texas A&M University Standard Administrative Procedure 61.99.01.M0.01, *Records Management*, states that records may not be destroyed or otherwise disposed of without written approval from the Records Officer or designee using the records destruction form. Lack of documented approval and record destruction documentation increases the risk that records may be destroyed without proper authorization or evidence of compliance with retention and disposition requirements. Additionally, the university may be unable to demonstrate compliance with records management requirements in response to legal proceedings.

Recommendation

Strengthen records disposal processes and procedures to comply with university records management requirements.

Management's Response

Corrective Action: The Department of Student Community Standards contacted Records Management Office to determine the appropriate process to ensure the department is disposing of records properly. The Records Management Office provided the Records Destruction Form that must be completed and approved prior to any records (including electronic case management files) being destroyed (or deleted) by the Department of Student Community Standards.

The Department of Student Community Standards will update its current process for destruction of records to bring it into compliance with Texas A&M University Standards Administrative Procedures 61.99.01.M0.01. The updated process will include timelines for the destruction of records and the utilization of the Records Destruction Form that must be completed prior to the disposal of student records. This updated process will be submitted to the Associate Vice President for Student Affairs and Dean of Students for review and approval.

Position Responsible: Director of Student Community Standards

Implementation Date: February 1, 2027

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine whether internal controls over student community standards at Texas A&M University are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Employee training
- Record retention
- Application logical security – conduct system
- Compliance with laws
- Segregation of duties
- Student conduct cases

The audit period was primarily September 1, 2025 to February 28, 2026. Fieldwork was conducted from June to July 2026.

Our audit methodology included gaining an understanding of processes in place through interviews, observation, and review of documentation as well as testing of data using sampling as follows:

Audit Objective	Methodology
Employee Training Determine whether employees completed required training in accordance with university requirements.	Auditors obtained and reviewed training records for all Student Community Standards employees to ensure that FERPA and Clery Act training were completed as required.
Record Retention Determine whether record retention practices for student conduct records are in compliance with applicable requirements.	Auditors reviewed processes and documentation for the retention and disposal of student conduct records to determine whether practices were in compliance with applicable requirements.
Application Logical Security – Conduct System	Auditors reviewed application password settings and user access for

Audit Objective	Methodology
Determine whether controls for password settings, user account management, and privileged user accounts are in place and appropriate to secure the application and an agreement is in place with the external vendor that clearly defines responsibilities of each party.	Student Community Standards employees to determine whether logical security controls for the conduct system were appropriately configured and access was assigned based on business need. Additionally, auditors reviewed the vendor hosting agreement, TX-RAMP certification status, and available SOC reports to assess vendor responsibilities and relevant security controls.
<u>Compliance with Laws</u> Determine whether university rules and procedures related to student conduct comply with applicable federal and state laws.	Auditors obtained and reviewed university rules and procedures governing student conduct to determine whether required elements were included and are in compliance with applicable federal and state laws. Additionally, auditors judgmentally selected one individual student conduct case during the audit period to verify implementation of applicable legal requirements.
<u>Segregation of Duties</u> Determine whether key responsibilities of student conduct processes support segregation of duties.	Auditors interviewed student community standards employees, reviewed departmental procedures, and assessed whether key responsibilities were assigned to support segregation of duties. Additionally, auditors reviewed selected reassignment activities to determine whether processes for recusal and reassignment support segregation of duties.

Audit Objective	Methodology
Student Conduct Cases Determine whether student conduct processes are conducted in accordance with appropriate rules and procedures.	Auditors obtained the population of student conduct cases reported during the audit period and selected a nonstatistical sample of 30 cases, consisting of 20 individual student cases and 10 student organization cases. Auditors reviewed case documentation to determine whether cases were processed and documented in accordance with applicable requirements. Additionally, auditors reviewed documentation related to student conduct panel participation and the use of an external investigator during the audit period.

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.

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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 audit.

Criteria

Our audit was based upon the following:

- Texas A&M University System Policies and Regulations
- Texas A&M University Rules and Standard Administrative Procedures
- Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. § 1232g
- Title IX of the Education Amendments of 1972, 20 U.S.C. §§ 1681-1688
- Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act), 20 U.S.C. § 1092(f), including Violence Against Women Act (VAWA) amendments
- Texas Education Code, Chapter 51 (Student Discipline and Institutional Authority)
- Texas Government Code, Chapter 552 (Texas Public Information Act)
- Departmental procedures and guidance
- 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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