

The Texas A&M University System Internal Audit Department



Monthly Audit Report
November 19, 2025

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Texas A&M University: College of Arts & Sciences – Information Technology

The overall objective of this audit was to determine if internal controls over information technology logical security at Texas A&M University College of Arts & Sciences are in place to ensure the confidentiality, integrity, and availability of information resources.

This report is excepted from public disclosure per Chapter 552.139 of the Texas Government Code.

Texas A&M University-San Antonio: Financial Management Services

East Texas A&M University: Health and Safety

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

This report is excepted from public disclosure per Chapter 51.971 of the Texas Education Code.

Texas A&M University: Veterinary Medical Teaching Hospital

Texas A&M University: College of Dentistry – Anatomical Gift Program

The overall objective of this audit was to determine if internal controls over the Texas A&M University College of Dentistry's Anatomical Gift Program are operating as intended and in compliance with applicable laws and policies.

This report is excepted from public disclosure per Chapter 51.971 of the Texas Education Code.

Texas A&M Transportation Institute: Export Controls



System Internal Audit

THE TEXAS A&M UNIVERSITY SYSTEM

TEXAS A&M UNIVERSITY-SAN ANTONIO

FINANCIAL MANAGEMENT SERVICES

November 19, 2025

**Amanda Dotson, CPA
Chief Auditor**



Overall Conclusion

Internal controls require significant improvement to ensure financial management services at Texas A&M University–San Antonio are operating as intended and in compliance with laws and policies. Significant improvements are needed in the areas of working funds, account reconciliations, and written procedures. Opportunities for improvement were also noted in the areas of fixed assets, cardholder training, auxiliary financial reporting, and gift card purchases.

The university had \$63.5 million in operating revenue and \$123.6 million in operating expenses in fiscal year 2024. At the time of audit fieldwork, there were 141 active procurement cards, 353 active travel cards, and approximately 4,500 fixed assets.

From September 2022 to August 2025, the university experienced significant turnover in key positions affecting financial management services. During that time, including interims, there were three presidents, four chief financial officers, three controllers, and two associate controllers. In addition, the controller and associate controller positions were vacant for twelve and six months, respectively. The university also experienced vacancies in 20% of the other positions within financial management services during the audit period.

Summary Table

Audit Areas	Controls Assessment
Working Funds	Needs Significant Improvement
Account Reconciliations	Needs Significant Improvement
Written Procedures	Needs Significant Improvement
Fixed Assets	Needs Some Improvement
Cardholder Training	Needs Some Improvement
Auxiliary Financial Reporting	Needs Some Improvement
Gift Card Purchases	Needs Some Improvement
Accounts Receivable	Effective – No Observations
Budgeting	Effective – No Observations
Disbursement Approver Training	Effective – No Observations
Deferred Maintenance Planning	Effective – No Observations
Governance	Effective – No Observations
Procurement Cards	Effective – No Observations
Travel Cards	Effective – No Observations
Vouchers	Effective – No Observations

Management concurred with the audit recommendations and indicated that implementation will occur by the end of June 2026.

Detailed Results

1. Working Funds

Significant improvement is needed to ensure working funds are properly accounted for and managed in compliance with A&M System regulations and university procedures. A review of the university's three working funds totaling \$8,525, the safe, and the vault, which is an office-style room where the safe is located, identified internal control weaknesses in the following areas:

- Cashier drawer access and security
- Documentation for custody transfers of cash
- Documentation for increases to vault cash and working funds
- Receipting processes
- Timeliness of deposits
- Timeliness of temporary working fund closure
- Unannounced cash counts
- Vault/safe access and security

Working funds and cash handling training requirements are not documented and employees with cash handling responsibilities did not complete training prior to audit fieldwork.

A&M System Regulation 21.01.11 *Working Funds* provides general rules for establishing and using working funds. A&M System Regulation 21.01.02 *Receipt, Custody and Deposit of Revenues* establishes standards for incoming deposits and cash handling. Without comprehensive written procedures and employee training addressing working funds, deposits, and cash handling, there is an increased risk of misappropriation of funds and noncompliance with established requirements.

Recommendation

Assess the purpose and need for current working funds. Enhance and document current working fund procedures and monitoring processes, including cash handling training, to ensure working funds are properly accounted for and managed in compliance with A&M System regulations and university procedures. Procedures should address annual reviews of working funds that include working fund access, security, documentation, training, and unannounced cash counts.

Management's Response

Corrective Action: Corrective actions are currently underway. Student Business Services has begun reviewing the necessity of existing working funds, and initial updates to cash handling procedures are in progress. In addition, all employees have completed the required training to ensure compliance with A&M System regulations. These efforts are part of a broader initiative to strengthen internal controls and enhance fund management.

As part of this initiative, comprehensive policies and procedures will be developed and implemented, along with an assessment of working funds, related processes, and annual review and monitoring activities.

Position Responsible: Bursar

Implementation Date: May 31, 2026

2. Account Reconciliations

Significant improvement is needed to ensure the timely completion of account reconciliations. Account reconciliations were not performed from July 2024 through December 2024. Timeliness of account reconciliations was also identified as an observation in a tuition and fees audit completed in November 2024. Management has worked to identify accounts that require reconciliation and hired temporary staff to assist with addressing the backlog of reconciliations.

The university does not have comprehensive written procedures or monitoring processes to ensure account reconciliations are completed timely. The university has also experienced considerable leadership and staff turnover in Accounting Services, the department responsible for reconciliations.

A&M System Regulation 21.01.01, *Financial Accounting and Reporting* requires each member to comply with accounting standards and reporting requirements, including establishing and documenting a system of internal controls. Timely completion of reconciliations is an important internal control for the detection of errors, systemic problems, and fraud.

Recommendation

Develop comprehensive written procedures and monitoring processes to ensure bank and clearing accounts that require reconciliation are identified, account

reconciliations are completed timely, and reconciling items are being addressed. Cross train employees to ensure continuity of operations when turnover occurs.

Management's Response

Corrective Action: The university has resumed reconciling all clearing and bank accounts. These efforts have resulted in clearing a significant number of outstanding items. The university will create a comprehensive listing of reconciliations (banks, receivables, revenues, etc.) and develop training documentation for reconciliation performance. Monitoring controls will be implemented that identify reconciliation frequency, responsible personnel, and outstanding items to ensure completeness and accuracy.

Position Responsible: Associate Controller

Implementation Date: May 31, 2026

3. Written Procedures

Significant improvement is needed to ensure written procedures for financial processes have been developed, continuously assessed, and updated. Fifteen of 19 (78%) university rules and procedures contained inaccuracies, outdated requirements, and superseded processes. This included ten university rules or procedures which were not updated in accordance with the last scheduled revision dates, which ranged between May 2014 and April 2023.

The university does not have an established process to review and update financial procedures. The university has experienced significant turnover in key positions, making it difficult to implement procedures for developing, reviewing, and updating these documents.

The Committee of Sponsoring Organization's Internal Control – Integrated Framework states that an organization should deploy control activities through policies that establish what is expected and in procedures that put policies into action. Documented university procedures and guidelines help employees understand their roles and responsibilities, provide clear expectations to everyone involved in the process, and provide a valuable training tool as employees turnover. Outdated procedures and guidelines increase the risk of noncompliance and insufficient mitigation of financial risks inherent to university operations.

Recommendation

Develop comprehensive written procedures that reflect current financial processes. Implement monitoring processes and assign a responsible department to ensure these documents are reviewed on a regular basis and updated as needed.

Management's Response

Corrective Action: Internal guidelines have been created concerning travel, food, and promotional item purchases. The university will review and enhance current written financial procedures and processes. The university will create new written procedures, as needed, and implement a monitoring system for the assignment of scheduled reviews and updates to applicable procedure owners.

Position Responsible: Controller

Implementation Date: June 30, 2026

4. Fixed Assets

Improvement is needed to ensure fixed asset inventories are complete, accurate, and maintained in compliance with requirements. Twenty-five of 35 (71%) assets tested did not have complete and/or accurate information on the inventory listing. The inventory listing does not consistently include item descriptions, serial numbers, locations, and asset assignments. The university's written procedures for fixed asset management are outdated and do not include specific responsibilities for maintenance of the inventory listing and monitoring procedures, such as periodic inventory spot checks. In addition, 12 of 30 (40%) assets tested did not have an asset tag present or visible. Items received in locations other than the university mail room or moved to surplus were less likely to be tagged.

The A&M System Asset Management Manual states that members should have methods for locating inventory items under their control upon request. Tracking fixed assets through an accurate inventory listing helps management monitor the security of assets and reduces the risk of theft, loss, damage, or misuse of property.

Recommendation

Enhance the university's fixed asset procedures and develop monitoring processes to ensure that asset inventory listings are complete, accurate, and maintained in accordance with the A&M System Asset Management Manual.

Management's Response

Corrective Action: The university will develop a monitoring process to ensure that asset inventory listings are complete, accurate, and maintained in accordance with the A&M System Asset Management Manual. Inventory and property management will partner with IT to develop a process to locate, track, and monitor technical assets containing sensitive data. The university will review and modify the university's fixed asset procedures, as necessary.

Position Responsible: Inventory & Property Control Coordinator

Implementation Date: May 31, 2026

5. Cardholder Training

Improvement is needed to ensure procurement and travel cardholders complete required training. Eighty-six of 141 (61%) procurement cardholders and 233 of 353 (66%) travel cardholders did not complete required training within the two years prior to audit fieldwork.

The university's cardholder guidelines have not been updated to align with current A&M System requirements, which include training every two years. In addition, in fiscal year 2024, the university contracted with Texas A&M University for procurement and travel card administration, and due to an oversight during this transition, new cardholders were assigned the training on a two-year recurring cycle, but existing cardholders were not.

A&M System Regulation 21.01.03, *Disbursement of Funds* requires training every two years for personnel involved in the disbursement processes. Without training there is an increased risk that procurement and travel card transactions are not in compliance with requirements.

Recommendation

Develop written procedures and monitoring processes to ensure procurement and travel cardholder training is assigned and completed in compliance with A&M System requirements.

Management's Response

Corrective Action: TrainTraq cardholder training has been assigned and completed by all university cardholders. The university will review and update the cardholder guidelines to align with current A&M System requirements, including the administration of cardholder training for new and existing cardholders. Monitoring controls will be established to ensure the assignment and completion of cardholder training in TrainTraq.

Position Responsible: Senior Director of Purchasing and Contracts

Implementation Date: May 31, 2026

6. Auxiliary Financial Reporting

Improvement is needed to ensure separate financial reports are prepared for auxiliary units, including athletics, housing, parking, and recreational sports.

Reports on auxiliary units' financial positions, including indirect expenses such as depreciation, debt service, and deferred maintenance, as well as reserve balances, were not prepared during the audit period. While the university separates auxiliary and education and general funding sources by account code, separate, full-cost financial reports have not been developed.

A&M System Regulation 21.01.01, *Financial Accounting and Reporting*, encourages A&M System members to maintain reports of expenses and revenues and a comprehensive balance sheet for the results of auxiliary operations for management to utilize in making decisions regarding auxiliary activities. The National Association of College and University Business Officer's Financial Accounting and Reporting Manual further states that accounting records are essential to ascertain the degree of self-support of an auxiliary unit. Preparation of separate financial reports for auxiliary units reduces the risk of improper mixing of funding sources and increases the university's ability to monitor auxiliary unit performance for decision making purposes.

Recommendation

Ensure periodic financial reports for each significant auxiliary operation within the university are prepared to provide a comprehensive assessment of each auxiliary's financial condition and performance.

Management's Response

Corrective Action: The university will review current financial reporting processes for each significant auxiliary operation and implement enhancements for more appropriate and timely reporting. The university will ensure that reporting aligns with NACUBO recommendations so that management can appropriately assess the auxiliary operations.

Position Responsible: Controller

Implementation Date: May 31, 2026

7. Gift Card Purchases

Improvement is needed to ensure gift card purchases include required documentation. Five of 16 (31%) gift card purchases tested did not have the required gift card purchase form or the form was missing required information. The university's Procurement Cardholder Guidelines state that gift card purchases are prohibited on a procurement card without prior authorization from the president, provost, or CFO. However, the guidelines do not address how that authorization should be documented and the gift card purchase form requirement is not included. While management indicated that the form is required, this does not appear to have been fully communicated to employees.

Recommendation

Update gift card purchasing procedures to reflect current processes and develop monitoring processes to ensure compliance with university requirements. Ensure employees are aware of the requirements.

Management's Response

Corrective Action: The university will review current gift card purchasing procedures and assess alignment with current university requirements. Monitoring process will be developed to ensure compliance with procedures,

including document retention. The university will ensure employees are aware of the requirements through routine communications and training.

Position Responsible: Senior Director of Purchasing and Contracts

Implementation Date: May 31, 2026

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine if internal controls over financial management services at Texas A&M University–San Antonio are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Working funds
- Account reconciliations
- Written procedures
- Fixed assets
- Cardholder training
- Auxiliary financial reporting
- Gift card purchases
- Accounts receivable
- Budgeting
- Disbursement approver training
- Deferred maintenance planning
- Governance
- Procurement cards
- Travel cards
- Vouchers

The audit period was primarily September 1, 2023 to December 31, 2024. Fieldwork was conducted from April 2025 to September 2025.

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

Audit Objective	Methodology
<u>Working Funds</u> Determine whether working funds are properly accounted for and in compliance with A&M System regulations and university procedures.	Auditors reviewed relevant A&M System and university requirements and held discussions with key personnel to gain an understanding of the responsibilities and procedures in place for oversight of working funds.

Audit Objective	Methodology
	A list of working funds and their custodians was obtained. Training records for working fund custodians were reviewed for the timely completion of the required cash handling training. Auditors conducted unannounced cash counts on all three working funds.
<u>Account Reconciliations</u> Determine whether account reconciliations are completed timely and if outstanding items are reasonable.	Auditors reviewed relevant policies and procedures and held discussions with key personnel to gain an understanding of the requirements and processes in place for non-payroll account reconciliations. Based on the information obtained, no additional work was conducted.
<u>Written Procedures</u> Determine to what extent financial processes have been documented with written procedures.	Auditors reviewed relevant university rules and procedures for timely review and revision.
<u>Fixed Assets</u> Determine whether fixed asset inventories are accurate and maintained in compliance with procedures.	Auditors obtained a list of the most recent fixed asset inventory and used professional judgement to select a nonstatistical sample of thirty-five assets. Auditors observed the physical location of assets, including surplus, to determine the completeness and accuracy of the inventory listing, proper asset tagging, and security of the assets.

<u>Cardholder Training</u> Determine whether procurement and travel cardholders completed required training.	Auditors obtained a list of procurement and travel cardholders and reviewed training records for timely completion of required training.
<u>Auxiliary Financial Reporting</u> Determine the accuracy and timeliness of auxiliary financial reports.	Auditors held discussions with key personnel to gain an understanding of the process for compiling auxiliary financial statements and reports.
<u>Gift Card Purchases</u> Determine whether gift cards purchased on procurement and travel cards are in compliance with university procedures.	Auditors used data analysis to identify and analyze procurement and travel card transactions for gift card purchases to determine compliance with university procedures.
<u>Accounts Receivable</u> Determine whether aged receivables have had demand letters sent, been referred to collections, collection attempts are recorded, and comply with the state hold process, as required, in an appropriate and timely manner.	Auditors obtained and reviewed aged receivables and invoice reports for non-sponsored research and external customers, noting the age of outstanding items. Based on the information obtained, no additional work was conducted.
<u>Budgeting</u> Determine whether the university's budgeting process is operating effectively.	Auditors reviewed relevant policies and procedures and held discussions with key personnel to gain an understanding of the requirements and processes in place for budgeting, including mid-year requests and use of reserves. Based on the information obtained, no additional work was conducted.
<u>Disbursement Approver Training</u>	Auditors reviewed training records for employees responsible for reviewing and approving expense reports to

Determine whether employees responsible for reviewing and approving procurement and travel card expense reports have completed required training.	determine if approver training was completed as required.
<u>Deferred Maintenance Planning</u> Determine whether facilities condition reports and deferred maintenance schedules are maintained in compliance with procedures.	Auditors reviewed relevant policies and procedures and held discussions with key personnel to gain an understanding of the requirements and processes in place for deferred maintenance planning. Auditors obtained and reviewed the most recent facilities assessment report and deferred maintenance schedule.
<u>Governance</u> Determine whether governance controls are in place and in compliance with A&M System requirements.	Auditors held discussions with key personnel to gain an understanding of the governance processes for financial management services, including addressing recent turnover. Auditors obtained and reviewed memorandums of understanding between the university and Texas A&M University for selected financial management services.
<u>Procurement Cards</u> Determine whether procurement card transactions are reasonable and in compliance with A&M System and university requirements.	Auditors used data analysis to identify and analyze the following: • top 25 procurement card users, departments, and merchants by dollar and quantity of transactions • transactions not assigned to an expense report • business meal and alcohol purchases • merchants used by a single cardholder

	• payments to third-party payment system vendors • employee and merchant phone number matches Auditors used professional judgement to select a nonstatistical sample of transactions identified through data analysis based on magnitude and risk. Supporting documentation for each of the transactions was reviewed for the following: • detailed supporting documentation • documented business purpose • exclusion of state sales tax • appropriate object codes • timely submission and approval of expense reports
<u>Travel Cards</u> Determine whether travel card transactions are reasonable and in compliance with A&M System and university requirements.	Auditors used data analysis to identify and analyze the following: • top 25 travel card users, departments, and merchants by dollar and quantity of transactions • transactions not assigned to an expense report • business meal and alcohol purchases • out-of-country purchases • out-of-state purchases • potential duplicate out-of-pocket reimbursements and travel card transactions • employee and merchant phone number matches Auditors used professional judgement to select a nonstatistical sample of transactions identified through data analysis based on magnitude and risk.

	Supporting documentation for each of the transactions was reviewed for the following: • detailed supporting documentation • documented business purpose • exclusion of state sales tax, where applicable • appropriate object codes • timely submission and approval of expense reports
<u>Vouchers</u> Determine whether voucher transactions are reasonable and in compliance with A&M System and university requirements.	Auditors used data analysis to identify and analyze the following: • top 25 departments and vendors by dollar and quantity of transactions • summarized vouchers by pay type/expense code • stratified vouchers by dollar range • business meal and alcohol purchases • employee and vendor address matches Auditors used professional judgement to select a nonstatistical sample of transactions identified through data analysis based on magnitude and risk. Supporting documentation for each of the transactions was reviewed for the following: • detailed supporting documentation • appropriate procedures for purchases over the delegated limit • appropriate object codes • appropriate calculation of prompt payment interest, if 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 audit.

Criteria

Our audit was based upon the following:

- Texas A&M University System Policies and Regulations
- Texas A&M University-San Antonio Rules and Procedures
- Texas A&M University System Asset Management Manual
- Committee of Sponsoring Organization's Internal Control – Integrated Framework
- National Association of College and University Business Officers Financial Accounting and Reporting Manual
- 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

Robin Woods, CPA, CIA, Director
Jessica Bolding, CPA, CIA, Senior Manager
Debbie Bugenhagen
Daniel Garland
Dustin Hurst
Ashley Karnei
Darwin Rydl, CPA
Tracey Sadler, CIA

Distribution List

Dr. Salvador Hector Ochoa, President
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Dr. Mohamed Abdelrahman, Provost and Senior Vice President for Academic Affairs
Ms. Jessica Loudermilk, Vice President for Strategic Communications and Chief of Staff
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Mr. Carlos Martinez, Executive Director of Budgets
Mr. John Wickline, Director of Risk, Ethics, and Compliance



System Internal Audit

THE TEXAS A&M UNIVERSITY SYSTEM

TEXAS A&M UNIVERSITY

**VETERINARY MEDICAL TEACHING
HOSPITAL**

November 19, 2025

**Amanda Dotson, CPA
Chief Auditor**



Overall Conclusion

Internal controls over the Veterinary Medical Teaching Hospital (VMTH) 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 employee training and Cubex pharmacy inventory management system training.

The VMTH has over 350 employees and an average annual case load of 24,000. The VMTH provides veterinary education, patient care, and outreach to the university and the public. The average monthly revenue is \$2.6 million with both the small and large animal hospitals offering more than 30 services.

Summary Table

Audit Areas	Controls Assessment
Employee Training	Needs Some Improvement
Cubex Training	Needs Some Improvement
Building Access	Effective – No Observations
Cubex Access	Effective – No Observations
PCI Compliance and Training	Effective – No Observations

Management concurred with the audit recommendations and indicated that implementation will occur by the end of December 2025.

Detailed Results

1. Employee Training

Improvement is needed to ensure training required for new employees is assigned and completed timely. Twenty-six of 30 (87%) employees did not complete at least one of the required health and safety-related training courses tested. In total, 23% of the courses reviewed were not completed. This occurred because there are inconsistencies in the written procedures and monitoring processes to ensure training is assigned and completed timely. In addition, turnover within the Human Resources area may have contributed to missed or irregular training assignments.

A&M System Regulation, 33.05.02, *Required Employee Training* requires employees to complete training assigned by responsible offices, department heads, or supervisors based on job duties. Timely completion of training helps ensure employees are aware of their responsibilities and reduces the risk of injury and illness in the workplace.

Recommendation

Enhance employee training procedures and monitoring processes to ensure timely assignment and completion of required training. Procedures should include the required courses, completion frequencies, and the assignment of monitoring responsibilities.

Management's Response

Corrective Action: A new standard operating procedure (SOP) was developed that outlines the process for assigning training based on job title and responsibility. This SOP includes automated reporting that is shared with supervisors monthly indicating past due training. The list of training courses will be reviewed annually.

Position Responsible: Associate Dean for Hospital Operations and the VMTH Human Resources Manager.

Implementation Date: December 31, 2025

2. Cubex Training

Improvement is needed to ensure training is completed prior to employees being granted access to Cubex, the pharmacy inventory and controlled substances management system. Seven of 15 (47%) employees were granted Cubex access before completing the training. Currently, there are no written procedures specifically addressing Cubex training requirements, including the assignment of responsibility for monitoring training completion.

A&M System Regulation, 33.05.02, *Required Employee Training* requires employees to complete training assigned by responsible offices, department heads, or supervisors based on job duties. Allowing employees to access Cubex without completing the training increases the risk of errors, diversion, and inaccurate inventory records. It may also compromise accountability and patient safety.

Recommendation

Develop written procedures and monitoring processes to ensure Cubex training is assigned and completed before employees are granted access to the system.

Management's Response

Corrective Action: A new standard operating procedure (SOP) was developed that outlines the process for assigning training based on job title and responsibility. This SOP includes automated reporting that is shared with the Chief Pharmacist monthly indicating past due trainings.

Position Responsible: Chief Pharmacist and the VMTH Human Resources Manager.

Implementation Date: November 30, 2025

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine if select internal controls over the Texas A&M University Veterinary Medical Teaching Hospital are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Employee training
- Cubex training
- Building access
- Cubex access
- PCI compliance and training

The audit period was primarily March 1, 2024 to March 31, 2025. Fieldwork was conducted from July 2025 to September 2025.

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

Audit Objective	Methodology
<u>Employee Training</u> Determine whether training is completed by employees in accordance with requirements.	Auditors gained an understanding of the processes in place to identify and monitor newly hired employees required to complete health and safety-related training courses. Auditors used professional judgment to select a sample of 30 newly hired employees and reviewed training records to determine whether employees completed selected training courses timely and in compliance with requirements.
<u>Cubex Training</u> Determine whether employees are completing training prior to being granted access to Cubex.	Auditors gained an understanding of the processes in place to identify and monitor employees required to complete Cubex training.

Audit Objective	Methodology
	Auditors used professional judgment to select a sample of 15 employees and reviewed training records to determine whether Cubex training was completed timely and in compliance with requirements.
<u>Building Access</u> Determine whether controls for employee building access are in place to ensure security.	Auditors gained an understanding of the processes for assigning and removing employees' physical key and card or fob building access. Auditors used professional judgment to select a sample of two building access reports. Workday reports were reviewed to determine whether individuals with active access to selected areas were current employees on the date reported.
<u>Cubex Access</u> Determine whether access controls for the Cubex information system are in place and properly monitored.	Auditors gained an understanding of the access roles and the processes for assigning and removing user access to the Cubex system. Auditors used professional judgment to select a sample of 15 active Cubex user accounts. Workday reports were reviewed to determine whether individuals with access to Cubex were current employees. Management was asked to review the list and provide the business purpose for the user access role assigned.
<u>PCI Compliance and Training</u> Determine whether business processes are in compliance with Payment Card Industry Data Security	Auditors reviewed PCI DSS requirements and held discussions with key personnel to gain an understanding of Care Credit financing processes.

Audit Objective	Methodology
Standards (PCI DSS) and A&M System requirements.	Auditors obtained and reviewed the most recent PCI self-assessment for identified deficiencies. Auditors selected a random sample of 15 employees required to complete PCI training and reviewed training records to determine if training was completed in accordance with university and department 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
- Texas Health and Safety Code
- Departmental procedures
- 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

Robin Woods, CPA
Danielle Carlson, CPA, CIA
Lisa Cauvel, CIA
Nancy Hodgins, CPA
Natalie Scally

Distribution List

Mr. Tommy Williams, Interim President
Dr. Alan Sams, Executive Vice President and Provost
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Ms. Aline Lovings, Compliance Officer III



System Internal Audit

THE TEXAS A&M UNIVERSITY SYSTEM

TEXAS A&M TRANSPORTATION INSTITUTE

EXPORT CONTROLS

November 19, 2025

Amanda Dotson, CPA
Chief Auditor



Overall Conclusion

Internal controls over export controls at Texas A&M Transportation Institute (TTI) are operating as intended and in compliance with applicable laws and policies.

TTI engages in several export control activities primarily related to research and foreign travel activities. The Agency Director is the empowered official for federal export control laws, regulations, and A&M System policies. TTI's Ethics and Compliance Office oversees the export control function and is responsible for implementing and monitoring the export control program. The Chief Compliance Officer has a direct reporting line to the empowered official.

Summary Table

Audit Areas	Controls Assessment
Export Control Training	Effective – No Observations
Foreign National Employment	Effective – No Observations
International Travel	Effective – No Observations
International Visitors	Effective – No Observations
Purchasing/Disbursements	Effective – No Observations
Research Grants/Contracts	Effective – No Observations
Technology Control Plan Monitoring	Effective – No Observations

Basis of Audit

Objective, Scope, & Methodology

The overall objective of this audit was to determine if internal controls over export controls at TTI are operating as intended and in compliance with applicable laws and policies.

The audit focused on the following areas:

- Export control training
- Foreign national employment
- International travel
- International visitors
- Purchasing/disbursements
- Research grants/contracts
- Technology control plan monitoring

The audit period was primarily August 1, 2024 to July 31, 2025. Fieldwork was conducted from September 2025 to November 2025.

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
<u>Export Control Training</u> Determine if employees required to complete export control training have completed training in accordance with agency requirements.	Auditors reviewed training records to determine if required export control training was completed within the previous 2 years for the following: • 136 employees listed as active during the audit period • 13 employees listed on 2 technology control plans active during the audit period • 8 employees who hosted international visitors during the audit period

Audit Objective	Methodology
<u>Foreign National Employment</u> Determine if foreign national employees are screened and approved prior to hire in compliance with agency requirements.	Auditors used professional judgment to select a nonstatistical sample of 5 foreign national employees hired during the audit period. Documentation was reviewed to determine if export control reviews, screenings, and approvals occurred prior to hire date. Auditors verified that job postings and applications included attestations required by Governor's Executive Order GA-48.
<u>International Travel</u> Determine if international travel is screened and approved.	Auditors used professional judgment to select a nonstatistical sample of 9 travelers from 6 international trips. Documentation was reviewed to determine if export control screenings, approvals, and training were completed prior to travel. Auditors gained an understanding of TTI's process for ensuring the disclosure of personal travel to a foreign-adversary nation as required by Governor's Executive Order GA-48.
<u>International Visitors</u> Determine if international visitors are screened and approved prior to arrival.	Auditors selected a random sample of 15 international visitors from visits that occurred during the audit period. Documentation was reviewed to determine if export control reviews, screenings, and approvals were completed prior to the visit dates.
<u>Purchasing/Disbursements</u> Determine if a process has been established to identify export-controlled purchases.	Auditors used professional judgment to select a nonstatistical sample of 15 purchases to determine if documentation was reviewed and

Audit Objective	Methodology
	maintained for export control determination. Auditors gained an understanding of purchasing processes implemented to comply with Governor's Executive Order GA-48 requirements. Documentation was reviewed to determine if vendor certifications were included in the solicitations and contract clauses.
<u>Research Grants/Contracts</u> Determine if a process has been established to identify and screen potential grants/contracts and sponsors with export control requirements.	Auditors used professional judgment to select a nonstatistical sample of 2 international contracts with export control indicators. Documentation was reviewed to determine if required reviews, screenings, and approvals occurred prior to contract execution.
<u>Technology Control Plan Monitoring</u> Determine if controlled equipment and information is monitored for compliance with technology control plans.	Auditors used professional judgment to select a nonstatistical sample of 2 active technology control plans. Documentation was reviewed to determine if controlled equipment and information was monitored for compliance with the technology control plans.

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.

Criteria

Our audit was based upon the following:

- Texas A&M University System Policies and Regulations
- Texas A&M Transportation Institute Rule 15.02.99.I1 Export Controls
- Texas A&M Transportation Institute Export Control Compliance Program Manual
- Governor's Executive Order GA-48
- 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

Robin Woods, CPA, Director
Andrew Walters, CPA, CIA, Senior Manager
Lisa Cauvel, CIA
Darwin Rydl, CPA
Natalie Scally

Distribution List

Dr. Robert H. Bishop, Vice Chancellor for Engineering
Mr. Greg Winfree, Agency Director & Chief Executive Officer
Dr. Joe Zietsman, Deputy Agency Director & Chief Research Officer
Mr. Rodney Horrell, Senior Assistant Agency Director & Chief Operating Officer
Mr. Tyler Theobald, Senior Assistant Agency Director & Chief Financial Officer
Ms. Becky Carranza, Senior Assistant Agency Director & Chief Compliance Officer
Mr. Chris Slape, Compliance Officer II, Ethics & Compliance Office