



A Legislative Summary Document Regarding Texas Southern University

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State Auditor's Observations

Texas Southern University (University) has made significant improvements since February 1999 in implementing and maintaining key management systems and controls.

The University needs to improve the input controls systems used to ensure the reliability of financial data as it is recorded in the University's accounting system.

The University reported new and continuing instances of noncompliance with the Public Funds Investment Act. The areas of noncompliance included investment policies, quarterly reports, ethics policies, conflicts of interest, and training requirements.

Prepared for the 78th Legislature
by the State Auditor's Office

January 2003

SAO No. 03-337

This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

Texas Southern University

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Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

A Follow-up Report on Rider 5: Texas Southern University Accountability Systems

(Report No. 02-055, June 2002)

Based on four monitoring projects we conducted as required by the 76th Legislature, Texas Southern University (University) has made significant improvements since February 1999 in implementing and maintaining key management systems and controls. In this project, we identified areas for improvement in input control systems used to ensure the reliability of financial data as it is recorded in the University's accounting system.

Status of Audit Recommendations as of November 30, 2002

No status is reported at this time to allow the University sufficient time to address recommendations in this recently released report.

Key facts and findings include the following:

- Indicators of weak input controls that could affect accounting data reliability include unbalanced journal vouchers, journal voucher numbers that are unaccounted for, and a large number of journal vouchers in the automated suspense file awaiting posting or deletion. In addition, we noted problems with separation of duties in the preparation and entry of accounting transactions and in access to the Banner accounting system.
- University personnel generally followed informal procedures to perform basic ongoing monitoring of payroll, budget, accounts receivable, and accounts payable activities.
- The human resources department has implemented some of our prior recommendations, but it does not always maintain complete and orderly personnel files.
- The University's tools for ensuring management accountability are based on good practices. In addition, the University has developed a viable accountability plan for its Office of Civil Rights funding for the 2002–2003 biennium.

A Review of State Entity Compliance With the Public Funds Investment Act

(Report No. 02-039, May 2002)

As in prior years, Texas Southern University (University) reported new and continuing instances of noncompliance with the Public Funds Investment Act. The University's areas of noncompliance involved investment policies, quarterly reports, ethics policies and conflicts of interest, and training requirements.

- Investment policies did not include some of the required components.
- Some investment values on the quarterly "Schedule of Changes of Investment Assets" were misclassified.
- University officials did not file annual Conflict of Interest Statements with the president's office. This deficiency also was noted for fiscal year 1999.
- Management did not comply with all training requirements. This deficiency also was noted for fiscal year 1999.

The market value of investments at August 31, 2001, was \$ 27,353,028.

Texas Southern University

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An Audit Report on State-Issued Bonds for Fiscal Year 2001

(Report No. 02-035, April 2002)

The bond-issuing state agencies and higher education institutions we audited complied with all significant bond covenants, laws, and regulations regarding bonded debt during the fiscal year ending August 31, 2001. In addition, these entities reported accurate information for the supplementary bond schedules included in the Texas 2001 Comprehensive Annual Financial Report (CAFR).

The total amount of outstanding bond issues of Texas Southern University, as of August 31, 2001, was \$58,130,000.

Most Recent Performance Measure Certification

Fiscal Year 1998–Fiscal Year 2003

The results of *An Audit Report on Performance Measures at 25 State Agencies and Educational Institutions–Phase 14* (Report No. 01-007, November 2000) for this entity are summarized below.

Period	A	Goal/Strategy	Measure	Certification Results
1999	A	Instruction/Operations	State Pass Rate of Education EXCET Exam	Inaccurate
1999	A	Instruction/Operations	Percent of First-Time, Full-Time, Freshmen Who Earn a Baccalaureate Degree Within Six Academic Years	Inaccurate
1999	A	Instruction/Operations	Retention Rate of First-Time, Full-Time, Degree-Seeking Freshmen After One Academic Year	Inaccurate
1999	A	Instruction/Operations	Percent of Lower Division Courses Taught by Tenured or Tenure-Track Faculty	Inaccurate
Total Measures Certified Without Qualification^a				0/4 (0%)
Data Reliability Percentage (Certified and Certified with Qualification)				0/4 (0%)
^a The percentage of unqualified certifications is presented because it is used in determining an entity's eligibility for performance rewards as established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].				

Category	Definition
Certified	Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevented Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/-5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.