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A Follow-Up Audit Report on Management Controls at Texas A&M University and the System Offices

November 1996

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Key Points of Report

A Follow-Up Audit Report on Management Controls at Texas A&M University and the System Offices

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Overall Conclusion

The Texas A&M University System Board of Regents, System Offices, and University management have made significant progress in addressing issues and implementing recommendations from *An Audit Report on Management Controls at Texas A&M University and the System Offices*, (SAO Report No. 95-041, January 1995). Both the University and System Offices have invested considerable resources to improve their management control systems, and we commend these efforts.

Key Facts and Findings

- System and University officials are providing more effective leadership. The Board of Regents created a Policy Committee that reviewed existing policies and made recommendations to the Board for needed policy revisions and additions. The Committee also defined a management structure for establishing policy, regulations, and rules. Personnel have been informed of new policies, regulations, and rules. Training has been, or will be, provided in the use of these rules, and efforts are being made to monitor compliance.
- The University established the Office of Contract Administration and Regulatory Compliance to minimize risks and liabilities associated with contracting for services. This Office provides an effective control to ensure that contracts are reviewed for compliance with University rules and regulations.
- Improvements in the management of human resources have been achieved by centralizing the process of screening and hiring employees, and expanding the employee training programs. An area that still needs improvement is compliance with the University's policy for supporting pay actions with current written performance evaluations.
- While efficiencies have been realized through better coordination of information resources, opportunities remain for more gains in efficiency. The implementation of an online purchasing system has reduced the level of duplicate data entry among departments. Use of a new software application to download data directly from the mainframe system to personal computers has saved time preparing management reports. However, other manual administrative operations currently done by departments could be completed more efficiently if they were automated.

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This audit was conducted in accordance with Government Code, § 321.0133.

Issues and Recommendations

Overall Results

During our review it was apparent that significant achievements had been realized in the following areas:

- Providing more effective leadership
- Improvements in human resources management
- Improved coordination of Information Resources

While some of the initiatives taken are completed, others are in progress. We encourage both Texas A&M University (University) and Texas A&M University System Offices (System) to continue planned activities and to closely monitor progress. During our audit we noted that opportunities to improve management controls still exist in some areas.

This report focuses on the progress made to date on the recommendations from our prior report, *An Audit Report on Management Controls at Texas A&M University and the System Offices* (SAO Report No. 95-041), as well as opportunities for further improvements.

Section 1:

System and University Officials Are Providing More Effective Leadership

The Texas A&M University Board of Regents (Board) has clarified its roles and responsibilities, as well as those of management at the System Offices and the University. Procedures and controls have been developed, or are being developed, to address areas in which major weaknesses were identified in our prior report. These procedures and controls are being distributed

to employees; training on them either has been, or will be, provided.

Monitoring the implementation of rules and procedures is essential in determining compliance and improving operations. Our review of operating controls identified areas where improvements can be made in the budgeting and purchasing processes:

- In order to clearly define the roles and responsibilities of Board members and System officials, the Policy Committee of the Board of Regents was created to develop policy and a hierarchical structure of authority. Within the revised structure of authority the Board sets policy, the System office creates regulations to implement policy, and the Texas A&M University System components develop rules, if necessary, to implement the policies. The committee has completed its review and restatement of Board policies.

The reorganization and compilation of the existing *Administrative Policy and Reporting Manual* into the new University rules reflects the new structure described above. This reorganization was approximately 70 percent complete as of July 31, 1996.

- Establishing the Office of Contract Administration and Regulatory Compliance (Office) has provided an effective control to manage the University's risks and liabilities associated with contracting for services. The Office reviews contracts for goods and services to ensure that they are in compliance with University rules and regulations. To accomplish this, a process has been created in which contracts are routed to the appropriate personnel, reviewed by the Office of General Council, approved by the designated individuals, and properly

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bid (if applicable). We tested 21 contracts that had been through this compliance review and approval process, and no exceptions were noted.

The contracting problems discussed in our prior report focused largely on the University's Cogeneration Project. Currently, the University is negotiating a settlement with Tenneco Power Generation Company (Tenneco), the contractor on the discontinued project. The University has made a settlement offer to Tenneco which had not been accepted as of August 31, 1996.

- With regard to construction contracts, the resolution of deficiencies noted in the final inspection process are not being documented prior to final payments being made to the contractor. Of the six construction project files reviewed (three from the System Office of Facilities Planning and Construction and three from the University Physical Plant) none contained documentation for the disposition or resolution of the deficiencies noted. The deficiencies are listed on a "punch list", but there is no documentation on how the deficiencies were resolved. Final payment to the contractor in four of these six projects had been made at the time of our review.

When a construction project is completed, a walk-through or final inspection is performed. A "punch list" of construction deficiencies results from this final inspection. These deficiencies should be resolved prior to the final payment being processed. The resolution should be documented to verify that necessary action has been taken, or that outstanding items are pending.

Recommendation:

The System and the University should ensure that construction files maintain complete documentation of final inspections—including the disposition of the "punch list" deficiencies noted prior to final payment to the contractor.

Management's Response:

The construction completion process followed on projects managed by the System Facilities Planning and Construction Department and on outside contracts managed by the Texas A&M University Physical Plant, requires that each project undergo a final walk-through inspection at which time a punch list of deficiencies is developed. These deficiencies are corrected and all work completed prior to the acceptance of the project and before final payment is made to the contractor.

As a result of a recent State Auditor review of these procedures, Facilities Planning and Construction and the TAMU Physical Plant has expanded existing documentation to consolidate acknowledgment of contractor completion of the punch list as part of project acceptance and final payment authorization.

At initial project completion, the assigned Construction Division project inspector and project manager complete a "Construction Project Closeout Form" for Facilities Planning and Construction managed projects. This form has been modified to include check off acknowledgment of completion of all punch list deficiencies. A "Project Completion Checklist" form in use by

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TAMU Physical Plant has similarly been revised to include with a check off location for punch list completion. When completed and signed, these documents authorize final payment to the contractor and the architect.

Following final acceptance of the project, the twelve (12) month warranty period concludes with a one-year inspection of the project. Any deficiencies which the contractor is responsible for are noted in a one-year inspection punch list. The contractor is then responsible for correcting these items at no cost to the owner. In the event the contractor fails to adequately address all noted deficiencies, remaining items are turned over to the contractor's bonding company for appropriate action.

Following the one-year warranty period, the TAMU Physical Plant documents the one-year inspection and punch list completion on the same project completion checklist form used for original project acceptance.

The Facilities Planning and Construction Department has instituted the use of a new "One-Year Inspection" construction project close out form. When this form is completed and signed by the project manager and inspector, it is placed in the permanent project file.

- Not all University departments are eliminating vacant faculty and staff budgeted positions in compliance with budget policies. We reviewed two salary saving reports for the months of November 1995 and May 1996. It was noted that, for fiscal year 1996, 3 faculty and 53 staff (nonfaculty) positions had remained open past the time they should have been eliminated. These vacant

positions totaled approximately \$100,000 for each month reviewed.

In December 1994 the University President signed the "Implementation of New Policy on Vacant Positions", which requires departments to eliminate faculty positions as they become vacant unless they are immediately filled. This policy requires that "effective December 1, 1994, all other budgeted positions (nonfaculty) which become vacant and remain vacant for six months, should be eliminated." The departments retain the right to reactivate nonfaculty positions for two years from the date they become vacant.

The departments unencumber the salaries of these vacant positions and are able to use them for any of the three allowable categories of expenditures (Payroll, Other Expenses, and Capital Outlay). This can effectively reallocate budgeted expenditures from one expenditure category to another as designated by the departments. So when a position becomes vacant, those funds previously budgeted for salaries are now available for capital outlay and operating expenditures. Since departments have the authority to reallocate these funds, this could increase the risk that careful estimates of actual needs are not reflected in the original approved operating budgets.

Our review of the budget process also indicated that the Texas A&M University System and the Texas A&M Research Foundation, a nonprofit organization, have been working without a signed agreement since fiscal year 1994. The Research Foundation administers contracts and grant awards for the System components. In fiscal year 1995 the Research Foundation reported administering research

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expenditures of more than \$120 million for the component institutions of the Texas A&M University System. During our work we noted that a draft of a new Master Agreement between the Research Foundation and the Texas A&M University System was being developed.

Recommendation:

The University should ensure that budgeted positions are being eliminated in accordance with established policies and procedures.

System and University management should evaluate whether the reallocation of budget amounts between category of expenditures realistically reflects the original approved operating budgets. Consideration should be given to “sweeping” the salaries associated with these eliminated positions into a central account and reallocating them on a prioritized need basis.

To better manage the risk associated with research funding, the System should have a signed, current agreement with the Research Foundation.

Management's Response:

A program that automatically identifies non-faculty positions that remain vacant for a six (6) month period will be developed. The University will continue to monitor faculty vacancies to assure compliance with policies on vacant positions.

Annual budgets represent programmatic priorities and commitments derived through a series of administrative negotiations. Reallocation of budget

amounts, within individual programs, resulting from elimination of budgeted positions can best be evaluated by those directing the immediate programmatic efforts. Collaboratively, Department Heads, Deans/Directors and Vice President's will continue to evaluate reallocations resulting from elimination of budgeted positions.

Based upon evaluations of current management practices, the System and University will clarify their administrative relationship with the Texas A&M Research Foundation.

- Overall, the University has made significant progress in addressing departmental responsibility for the disbursement of funds. The *Guidelines for Disbursement of Funds Manual* has been developed. Training classes for the implementation of this manual have been provided to all those employees involved in the preparation and approval of vouchers.

The Guidelines for Disbursement of Funds Manual states, “Purchases will not be split (one large purchase divided into several smaller purchases) in an attempt to circumvent the purchasing rules.” We tested 101 purchase vouchers and noted three instances of splitting purchase vouchers with the same vendor (total of six vouchers with three vendors) or a 6 percent error rate. Our sample was taken from a subset of the total population of purchase vouchers from selected departments. The parameters of this subset included purchases that were for less than \$1,000, with the same vendor, and within the same department over a short period of time.

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The University has indicated it will reduce its monitoring efforts over the departmental purchasing function now that the new procedures are in effect. While improvements have been made in this area since our last audit, the monitoring function should be continued to maintain compliance.

Recommendation:

The University should continue to monitor compliance with the purchasing requirements to provide assurance that departmental compliance is maintained throughout the University. This monitoring can be efficiently done on a test basis.

Management's Response:

We concur, the University will continue to monitor compliance with purchasing requirements.

- Better controls over the University's fixed asset inventory system have improved the safeguarding of assets. Our test of the accuracy of this system identified one unlocated item from a sample of 84 pieces of equipment selected at random (a 1 percent error rate). This is a significant improvement from similar testing done in our prior audit.

The Property Management Office implemented a bar coding system that tracks inventoried assets. This system allows the Office to identify departments with higher-than-anticipated error rates of missing items. These departments present more of a risk to safeguarding assets and will be selected more often for spot

testing, and a larger number of inventoried items will be verified.

Section 2:

Human Resource Management Is Significantly Better in the Areas of Screening, Hiring, and Training of Personnel; However, the Documentation of Personnel Evaluations Could Still Be Improved

The University has improved human resources management by centralizing the employment screening process. Applicant qualifications are now screened by the Human Resources Department (HR Department) prior to departmental interviewing. The HR Department must certify each offer of employment to ensure hiring was done in accordance with the new hiring policies. This certificate must accompany the payroll form stating that the hiring was in compliance with the new procedures. Without these documents, new employees cannot be put on the university payroll system. Our testing of these controls included selecting a sample of new hires to determine compliance with these procedures. There were no exceptions noted.

Enhancements to employee training and professional development programs are assisting employees in gaining the necessary knowledge, skills, and abilities to perform at a higher level. The development of the Supervisory Academy is providing supervisors with training that covers areas such as hiring practices, personnel conflicts, and leadership skills. Also available is training in the operational areas such as procedures for using the *Guidelines for Disbursement of Funds Manual* and the online purchasing system.

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Training of personnel on newly developed guidelines, policies, and procedures was scheduled for implementation in fiscal years 1995 and 1996, but training in the following areas has not yet occurred:

- Gifts, grants, loans, and bequests
- Property management

Not all pay actions, merit increases, or promotions are supported by objective written performance evaluations. Our testing and review of personnel evaluations for both the University and System employees indicated noncompliance with the existing policy. We tested 10 non-classified (professional personnel) and 29 classified employee personnel files. We noted that personnel files for eight non-classified positions and one classified position had recent pay action increases but did not contain formal written evaluations.

This is not in compliance with University policy and procedures (classification number 2.1.4) which states “the supervisor should be prepared to make written comments on how well the employee met the specific performance objectives as well as comment on overall performance.” Evaluations are to be maintained in the employee personnel files and should document specific examples to be used in measuring employee performance.

As stated in our prior report, the lack of objective evaluations to support personnel actions (merit increases, promotions, and demotions) increases the risk that inconsistent and subjective judgment is used to rate an employee’s performance. An objective evaluation documents and rates an employee’s behavior as it relates to performance of defined job dimensions. This would include specific, observed behavior in performing job-related tasks.

Recommendation:

The University should continue to enhance its employee training and professional development programs. Training should be provided to employees regarding newly developed guidelines, policies, and procedures.

Pay actions including merit increases, promotions, and demotions should be supported by written performance evaluations directly related to an employee’s job dimensions.

Management’s Response:

We concur, training will continue to be a high priority along with other University initiatives.

We are pleased with the new administrative procedures and training programs that have enhanced management control over the employment process and appreciate the State Auditor’s acknowledgment of these accomplishments and we concur that pay actions should be supported by appropriate documentation.

Section 3:

Efficiencies in the University’s Financial Accounting Management Information System Have Been Achieved, but Additional Opportunities for Improvements Still Exist

The development and acquisition of software has allowed departments to better use the University’s Financial Accounting Management Information System (FAMIS) in their daily operations. This has allowed more efficient data processing by eliminating some

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of the duplications that were prevalent in the past. Opportunities still exist to realize additional efficiencies associated with duplicate data entry.

The improvements in online data entry capabilities and the use of new applications to download information for report preparation has made FAMIS more responsive to departmental users needs:

- The University's implementation of the online purchasing system has reduced the level of data entry duplication addressed in our prior report. This system automates the purchase voucher preparation process, eliminating the need for manual preparation. The benefits include a quicker processing cycle and more effective use of funds resulting from eliminating the costs associated with the duplicate manual process. Currently, approximately 65 percent of the University has online access to the Purchasing Module with a target of 100 percent by December 1996.
- Efficiencies in data processing have been realized from using the new automated reporting application, "Entire Connection." This software provides the user with report printing and downloading capabilities from FAMIS. Prior to this software, departmental users would either have to request FAMIS reports from the MIS department, or printout information from FAMIS and then re-enter it manually into a spreadsheet or database to prepare reports for use by management. A report request from MIS would take a day or more to process. To manually enter FAMIS data into a spreadsheet took as many as four hours to process a report. With this software, information can now be downloaded directly from FAMIS to a spreadsheet or database in much less time.

Opportunities still exist for enhancements in FAMIS to further address the inefficiencies of data entry duplication:

- Most University departments must continue to maintain individual accounting systems in addition to FAMIS to support their daily administrative operations. This duplication of information and data systems results in inefficient use of resources.

Enhancements to FAMIS which would eliminate duplicate information systems by the departments include:

- Increasing the ability for departments to use and maintain support account (subsidiary) ledger information
- Maintaining and accounting for departmental payroll encumbrances
- Allowing for interdepartmental transfers between accounts
- Allowing for travel reimbursement vouchers

Improved efficiencies in administrative operations will occur as these types of improvements are made. The improvements will allow for the elimination of as many duplicate procedures as possible. A steering committee has identified these improvements for future development, but no formal plans or time frames are in place. Currently, these types of transactions are still entered into personal computers by departmental users and into FAMIS by the University Fiscal Office.

- Until FAMIS can fully meet the needs of departmental users, users will continue to rely on their individual accounting systems

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to operate. Not all departments have documented their individual accounting and administrative systems. Undocumented personal user knowledge of these systems is still relied on within three of the four departments reviewed.

Recommendation:

An analysis of these potential improvements to FAMIS should be conducted. Formal plans, complete with target dates for implementation, should be prepared for further enhancements to FAMIS in order to improve efficiencies and meet the needs of departmental users.

To properly develop comprehensive accounting plans, the departmental accounting operations and procedures should be documented. This understanding is critical to define user requirements for further enhancements to FAMIS.

Management's Response:

The System and University agree that substantial progress has been made in the use of FAMIS because of the Purchasing module and "Entire Connection." We also agree that the implementation of support accounts (subsidiary) ledgers will further improve the utility of FAMIS at the department level. Several departments within TAMU are currently using the support account feature of FAMIS and that level of use is growing.

The departments of TAMU are varied and highly complex. It is unlikely that a single accounting system is going to meet all of those needs and thus the need for individual departments departmental system. At the same time, there is only one set of official accounting records for TAMU and its departments. That official record is FAMIS.

As noted in the State audit report, "efficiencies in data processing have been realized from using the new automated reporting application "Entire Connection." The University will continue to examine alternative computer programs for data access and data warehousing.

The Texas A&M University System (TAMUS) agrees that the functionality of FAMIS should continue to be enhanced to include features that further address and complement departmental accounting functions. As time and resources permit, we will continue to implement facilities that enhance functionality and take advantage of new technologies.

Since this system was implemented in 1990, there have been seven additional institutions incorporated into The Texas A&M University System. Six of these institutions have chosen to use FAMIS as its accounting system. The implementation of these additional institutions have adversely impacted the original FAMIS project schedule.

Despite these mergers, work has continued toward improving the production environment for those institutions and agencies that use the system.

Additional subsystems to enhance functionality have been identified and are planned for implementation this fiscal year. These include:

Scheduled:

<u>Implementation Date</u>	<u>Departmental Feature</u>
May 1997	Departmental budget transfer request module

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<u>Implementation Date</u>	<u>Departmental Feature</u>
<i>August 1997</i>	<i>Departmental travel module</i>
<i>August 1997</i>	<i>Departmental Inter- Departmental Transfer (IDT) module</i>

Appendices

Appendix 1:

Objective, Scope, and Methodology

Objective

Our audit objective was to determine what actions management Texas A&M University and the System Office have taken to address the issues and recommendations from the State Auditor's January 1995 report, *An Audit Report on Management Controls at Texas A&M University and the System Offices* (SAO Report No. 95-041).

Scope

The scope of this audit was primarily limited to following up on the issues and recommendations included in the original report. Our work focused on the main areas of concern of the prior audit including:

- The need for more effective leadership by management
- Needed improvements in human resources management
- Better coordination of information resource management

Consideration of management's oversight and leadership of University operations included a review of:

- The work of the Policy Committee of the Board of Regents
- Changes made to the approval process involving major projects
- The process to revise the *Administrative Policy and Reporting Manual*
- The ability of management to take

corrective action when appropriate

- The departmental budgeting process

Consideration of the University's use of public funds included a review of:

- University policies and procedures and state laws governing how funds are to be used
- The implementation of the new *Guidelines for the Disbursement of Funds Manual*
- Compliance with revised policies and procedures
- The monitoring of compliance requirements
- The fixed asset and livestock inventories
- Justifications for student fee increases

Consideration of the University's contracting procedures included a review of:

- University policies and procedures related to contracting for services
- The operation of the University Office of Contracting and Compliance Monitoring
- The preparation, review, and approval process
- Final resolution of construction deficiencies

Consideration of the University's human resource management included a review of:

- Recruitment and selection
- The system to review and document employee performance

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- Personnel actions
- The use of leave policies

- Personnel training needs identified, addressed, and tracked

Consideration of the University's management of sponsored research included a review of:

- University revised policy and procedures relating to gifts and sponsored research
- Training provided to University personnel regarding revised policies and procedures

Consideration of the University's management information system included a review of:

- Implementation of new software applications that provide users more direct access to FAMIS
- Planning and design of automated systems
- Ability of systems to efficiently meet user needs
- Coordination of information systems

Methodology

Information collected to accomplish our objectives included the following:

- Interviews with management and staff of the Texas A&M University System Offices and/or Texas A&M University.
- Documentary evidence included a review of:
 - University plans, goals, budgets, policies, and procedures

- Personnel files, payroll records, personnel action forms, personnel evaluation forms, and job descriptions

- Various contracts for services and Request For Proposals

- Justifications for new and increased student fees

- Review of applicable internal audit reports from the University and System Offices
- Newspaper articles relating to activities of Texas A&M University and/or its faculty and staff
- Review of correspondence and documentation relating to University operations (Cogeneration Project, purchase of Granada Building, etc.)
- Direct testing of fixed assets and livestock inventory
- Compliance testing of personnel files
- Compliance testing of purchase vouchers
- Observation and review of departmental administrative computing applications on a test basis
- Review of contracts for services to determine compliance with University policies and procedures and state law
- Review of construction project files to determine completeness

Analysis techniques used:

- Control reviews
- Data comparison
- Process review

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Criteria used:

- State laws
- Texas A&M University policies and procedures
- State Auditor's Office Accountability Project Methodology (general and specific criteria)
- State Auditor's Office Management Control Methodology

Other Information

Fieldwork was conducted from April 22, 1996, through July 18, 1996. The audit was

performed in accordance with applicable professional standards, including:

- Generally Accepted Government Auditing Standards
- Generally Accepted Auditing Standards

The audit work was performed by the following members of the State Auditor's staff:

- Dick Dinan, CPA (Project Manager)
- Rachel Carmona
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- Christine Hurr, CPA
- Sherrie Lindig
- Pamela Spencer
- Catherine A. Smock, CPA (Audit Manager)
- Deborah L. Kerr, Ph.D. (Audit Director)

Appendices

Appendix 2:

Detailed Status of Prior Recommendations

The System Offices and the University have made progress in implementing recommendations in the State Auditor's report, *An Audit Report on Management Controls at Texas A&M University and the System Offices* (SAO Report No. 95-041, January 1995). The table below presents the status of implementation for each recommendation contained in that report.

Recommendation	Status
<p>Section 1-A</p> <ul style="list-style-type: none"> • The Board of Regents should define its roles and responsibilities, along with the roles and responsibilities of System officers and University management. • The Board and management should observe established lines of authority, and • Ensure that executive officers and appropriate System functions are involved in the decision process for major University projects. • Decisions involving major financial commitments should receive thorough analysis, and • Major capital projects should not be initiated in the absence of expressed authorization by the full Board. 	<ul style="list-style-type: none"> • The Board of Regents established a System Policies Committee. This Committee is responsible for reviewing existing policies, and recommending and presenting policy changes and new policies to the Board of Regents for approval. • The Committee has defined a management structure to more clearly define roles; the Board of Regents sets policy, System Office develops regulations, and University management creates rules to carry out the regulations (if necessary). • Programs or projects with a budgetary impact over \$500,000 or a term longer than one year are required to have a fiscal analysis before being submitted to the Chancellor and/or the Board of Regents for consideration. • All new capital projects in excess of \$300,000 and renovation projects in excess of \$600,000 must be approved by the Board of Regents.
<p>Section 1-B</p> <p>Develop and implement contract administration procedures to manage the risks and liabilities associated with the contracting process. These procedures should address all phases of contracting, including planning, acquisition, monitoring, and evaluation.</p>	<ul style="list-style-type: none"> • The University established the Office of Contract Administration and Regulatory Compliance to ensure that departmental service contracts comply with University rules and System regulations. • The emphasis to date has been on planning, acquisition and monitoring. Consideration should be given to evaluating the quality of services received for future reference when departments go out for bids on similar services.

Appendices

Detailed Status of Prior Recommendations, continued

Recommendation	Status
<p>Section 1-C</p> <ul style="list-style-type: none"> • Policies and procedures relating to contract research and the acceptance of gifts should be followed. • Faculty should adhere to accepted research protocol regarding public announcements of their discoveries. 	<ul style="list-style-type: none"> • The University has rewritten the rules and procedures over the acceptance of gifts. Gift forms now require signatures of deans/directors and departmental heads to certify compliance with all University rules and applicable state and federal laws. • Training is to be provided to faculty and staff regarding the new gift policy. Training was to have begun in February 1995. As of August 1996 this training had not occurred. • A proposed policy, approved by the University Research Council, has addressed the presence of non-University employees on University premises.
<p>Section 1-D, Recommendation 1</p> <p>University personnel should comply with state law and System policies regarding purchases of goods and services.</p>	<ul style="list-style-type: none"> • In November 1994, the Board of Regents approved ethics policies for the Board and all employees of the Texas A&M University System. • A <i>Guidelines for Disbursement of Funds Manual</i> and training module have been developed and provided to employees involved in preparing and processing purchase vouchers.
<p>Section 1-D, Recommendation 2</p> <ul style="list-style-type: none"> • Management should ensure that fixed assets are properly accounted for and assigned fixed asset numbers. • Changes in location should be reported promptly. • Items should be reviewed regularly for obsolescence. 	<ul style="list-style-type: none"> • A bar coding system used to track inventoried assets has been implemented. In addition to departmental annual inventories, the Property Manager conducts spot inventory testing throughout the year. • A Property Management training class is being developed for Alternate Accountable Property Officers.

Appendices

Detailed Status of Prior Recommendations, continued

Recommendation	Status
<p>Section 1-D, Recommendation 3</p> <ul style="list-style-type: none"> • The Large Animal Medicine and Surgery (LAMS) department should implement an inventory system capable of tracking the status of all animals owned by the department. • The system should indicate the beginning and ending inventory of all animals on a monthly basis. • The department should value donated and newborn animals on inventory according to System policy. • Policies should be updated for accounting for donated and newborn animals to reflect current prices. The Texas Agricultural Experiment Station (TAES) has established values for livestock that would more accurately reflect current livestock prices. 	<ul style="list-style-type: none"> • The animal inventory is produced and reviewed on a monthly basis and includes donated, newborn, purchased, or produced livestock by the department. • The animal inventory system for the Department of Large Animal Medicine and Surgery has incorporated the valuation procedures used by TAES.
<p>Section 1-D, Recommendation 4</p> <p>University management should continue to strengthen controls and accountability for the use of funds.</p>	<p>Disbursement-of-funds training classes have been provided to employees.</p>
<p>Section 2-A</p> <p>The University should follow the established policy that requires all new non-faculty personnel hired be screened through the Human Resources Employment Offices.</p>	<p>Effective March 1995, all applicants are screened for open positions by the Human Resources Department. Certificates are issued for each offer of employment to ensure they were hired according to the new hiring policies.</p>
<p>Section 2-B</p> <p>Each University department should establish a system to track the training received by staff.</p>	<p>Currently, internal training is tracked by the Human Resources Department on a temporary information system called "On Track." Future plans are to develop a system that will track internal and external training.</p>

Appendices

Detailed Status of Prior Recommendations, continued

Recommendation	Status
<p>Section 2-C</p> <ul style="list-style-type: none"> • Current written employee evaluations should support promotions or merit increases. • A staff listing should be used to indicate the date the annual evaluation was received. 	<ul style="list-style-type: none"> • Not all promotions and merit increases are supported by current written performance evaluations. • Staff appear to be receiving evaluations on a scheduled basis. As mentioned above, the evaluations are not all documented in writing.
<p>Section 2-D, Recommendation 1</p> <p>The University should create an environment that provides the necessary mentoring and coaching to operate the apprenticeship program at the Power Plant.</p>	<p>The environment regarding the apprenticeship program has improved along with employee morale.</p>
<p>Section 2-D, Recommendation 2</p> <p>The University should establish a leave notification policy which states there are different rules for management and non-supervisory employees—if there are legitimate reasons for setting different standards.</p>	<p>The administrative leave policy is applicable to all employees, management, and non-supervisory employees.</p>
<p>Section 2-D, Recommendation 3</p> <ul style="list-style-type: none"> • The University should ensure that employees of the Power Plant are not expected to work in an atmosphere of fear and oppression. • Employees should be made aware of the University's grievance procedures. • The Human Resources Department should be contacted when employees feel their employment rights have been violated. 	<ul style="list-style-type: none"> • The morale of the employees has improved. The employees were informed of the current Grievance Procedure of the University. • There has been a change in management at the Power Plant which has contributed positively to the improved working environment in this department.
<p>Section 2-D, Recommendation 4</p> <ul style="list-style-type: none"> • The Human Resources Department should be consulted before a department establishes leave policies (more restrictive) different than those of the University. The sick leave policy should be in compliance with all state and federal employment laws. • Managers and supervisors should receive training regarding employment laws and the risk associated with violating them. 	<ul style="list-style-type: none"> • Sick leave policies currently in effect are established by the Human Resources Department for the entire University. • The Supervisory Academy training classes are held twice a year. The most recent class was held in February 1996. These classes are designed for a maximum attendance of approximately 48 supervisors and have been experiencing full enrollment.

Appendices

Detailed Status of Prior Recommendations, concluded

Recommendation	Status
<p>Section 2-D, Recommendation 5</p> <p>Routine reviews of positions should be conducted to determine appropriate job classifications. An appeal process should be available so employees who believe they are misclassified can request an audit of their position.</p>	<p>Employees who do not feel that their job classifications are appropriate may appeal the decision through the Human Resources Department for a job analysis study, which will determine proper classification.</p>
<p>Section 2-D, Recommendation 6</p> <p>The Physical Plant should follow University policy regarding the granting of compensatory leave.</p>	<p>Physical Plant now follows University policy on compensatory leave.</p>
<p>Section 3-A</p> <ul style="list-style-type: none"> • Duplication involved in entering and processing data should be reduced. • The development or modification of automated systems should include end users in the design and development. 	<ul style="list-style-type: none"> • The University has implemented an on-line purchasing module. • The University has implemented the "Entire Connection" which provides downloading and reporting capabilities on FAMIS accounts. • Computer Information Services has developed new and comprehensive policies and procedures to address end-user computing. • A committee was formed to review data needs, which included more departmental end users.
<p>Section 3-B</p> <ul style="list-style-type: none"> • Implement policies that all departments follow to coordinate information resources. • Establish operating procedures regarding standards for personal computer equipment, operating systems, and applications software. • Establish procedures for end-user security, development standards, documentation requirements, and back-up and recovery controls. 	<ul style="list-style-type: none"> • Operating procedures have not been developed by all departments. • New policies and procedures have been developed and applied to address end-user security, disaster recovery, and software development.

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