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May 14, 2018

Dr. Mark Escamilla, President
Del Mar College
101 Baldwin Blvd.
Corpus Christi, TX 78404

Dear Dr. Escamilla,

I am attaching the final report on *A Compliance Monitoring Audit of Formula Funding at Del Mar College*, Report No. THECB-CM-FF-18-014.

This Compliance Monitoring audit report will be presented to the THECB Committee on Agency Operations, a standing committee of the THECB Board, in July 2018.

If you have any questions or comments, please let me know.

Sincerely,

Mark A. Poehl, CPA, CIA, CISA, CFE
Director, Internal Audit and Compliance

EXECUTIVE SUMMARY

Del Mar College (DMC) generally complied with relevant Coordinating Board (THECB) rules and regulations for enrollment data used for formula funding with Texas Education Code Section 61. However, improvement is needed in the following areas:

- Information security controls, specifically audit logs, over key enrollment data must be established to ensure the reliability and integrity of data used for formula funding decision making purposes;
- Formula funding course contact hour information should be accurate and compliant with reporting requirements; and
- Procedures should be established to safeguard against data entry errors.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for the findings and recommendations, if any, based on the audit objectives.

Audit Scope, Objective, and Methodology

Our audit included tests of enrollment data reported and certified by Del Mar College for accuracy and completeness in accordance with TAC Section 13. Our audit focused on the following enrollment data and time periods:

CBM001 (Student Report) – Summer semester 2016; Fall semester 2016; Spring Semester 2017.

CBM004 (Class Report) – Summer semester 2016; Fall semester 2016; Spring semester 2017.

Our work included procedures to verify:

- Reported semester credit hours were eligible for formula funding;
- Student tuition payment was received in accordance with requirements;
- Reported enrollment was eligible for formula funding; and
- Evidence of academic credentials was maintained to support required instructor qualifications.

Because of the limitation on verifying Del Mar College's audit logs, we had to rely on CBM reports, user access controls, and recent internal audit reports over Information Technology General Controls to determine Del Mar College's level of compliance.

The review methodology included objectively reviewing and analyzing various forms of documentation of controls necessary to achieve the objectives of the review.

Background

Fifty public community college districts receive state appropriations based on their student enrollment data. These institutions are governed by locally elected boards that have the authority to levy property taxes in their districts. The state appropriations the colleges receive are used to fund administrative and instructional (education and general) services for post-secondary academic and vocational/technical education.

State financing of higher education programs for public community colleges is provided from the State's General Revenue Fund. The THECB and the Comptroller of Public Accounts distribute these appropriations to colleges based on allocations and performance measures. Each college submits enrollment reports (CBM Reports) to the THECB to document the number of contact hours taught by the college in each semester. The formula for state funding involves multiplying the base period contact hours submitted by colleges by the applicable funding rates.

Detailed Observation, Recommendation and Management's Response

1. Information technology processes and controls over audit logs are needed to enable monitoring and reporting of unauthorized system activity.

Information technology processes and controls over audit logs and student information system data should be strengthened. Although DMC has policies and procedures in place to limit access to information systems, the student information system does not provide audit logs or change history for critical formula funding data such as:

- Credit hours
- Lab hours
- Lab contact hours
- Instruction mode
- Meeting times
- Lecture hours
- Lecture contact hours
- Type of Instruction
- Meeting days
- Instructor of record

Audit logs provide documentary evidence to track a sequence of events, and the ability to monitor unauthorized system use or unusual activity. Without audit logs, maintaining the integrity of system information, and ensuring the reliability of data is limited.

FERPA 34 CFR 99.31(a)(1)(ii) requires that "An educational agency or institution must use reasonable methods to ensure that school officials obtain access to only those education records in which they have legitimate educational interests." Security standards (TAC 202) established by the Department of Information Resources (DIR) for institutions of higher education are also a good source of information to strengthen the information technology control environment.

Recommendation:

Capture and retain student information system audit logs or change history for the critical data used for formula funding.

Management Response:

Student Services staff will identify those fields critical to formula funding. These fields will be used to populate a screen which will begin an Audit process that identifies date of change, time of change, record ID that was modified, change operator, field that was changed, old value and new value.

On demand, the Student Services administration will be able to inquire on any of these pre-identified fields and trace changes as necessary.

It is anticipated a soft launch will begin in Second Summer 2018 and be in full effect by Fall.2018.

Responsible Parties: Denise Simpson, Interim Director Operations and Programming

Patricia Dominguez: Dean of Student Outreach and Enrollment Services

Effective Dates July 9, 2018

2. Formula funding information should be accurate, compliant with reporting requirements, and supported by sufficient documentation.

Del Mar College over reported contact hours for the summer 2016 Spanish courses on the Class Report (CBM004):

Subject Prefix	Course No.	Section No.	Contact Hours Reported	Mode of Instruction	Contact Hours Verified	Exception
Summer 2016						
SPAN	1411	002S1	80	Face to Face	70	Over-reported
SPAN	1411	500S1	80	Face to Face	70	Over reported
SPAN	1411	001S2	80	Face to Face	70	Over reported
SPAN	1412	001S1	80	Face to Face	70	Over reported
SPAN	1412	002S2	80	Face to Face	70	Over reported

At Del Mar College, the number of lab hours for a Spanish course during the fall and spring semesters are typically two hours for a standard sixteen (16) week term.

During the summer, DMC's lab hours for Spanish courses were increased to three hours per week, for six (6) weeks to compensate for the shorter summer term. The adjustment of lab hours for the summer course with no corresponding re-calculation of contact hours resulted in over reporting contact hours. The contact hours were over reported only for the summer semester, as the fall and spring semester's contact hours were reported accurately.

All course contact hours reviewed were reported within the Academic Course Guide Manual (AGCM) maximum contact hour limits.

Texas Administrative Code (TAC) Section 13.103(a) requires that institutions not submit excess hours to the Board for the purposes of formula funding unless those hours are exempt. TAC §1.13 (b)(2)(B) requires that compliance monitoring verify data reported by institutions of higher education for formula funding allocations to ensure the data is accurately and consistently reported.

Recommendation:

Improve internal controls to ensure that the amounts reported on the CBM004 are correct and supported by appropriate documentation.

Management Response:

In order to ensure the accuracy of our data, the Registrar's office has updated procedures to include a random sampling of courses/sections throughout the semester. The sampling will take place within each respective division, and the results will be forwarded to the Registrar's office. These results will be reviewed, and will be shared with departmental Chairs and Deans. In the event that errors are found, the results will serve as a catalyst for training opportunities. This information has been shared with the Deans Council, as well as with other departmental representatives. Each department also received information pertaining to the methodology used by the THECB in calculating contact hours.

In addition to those efforts, a representative within the Registrar's office will continue to evaluate the schedule build/course creation process for inconsistencies.

Future plans include possibly creating a new position within the Registrar's office, whose primary responsibility will be the creation and maintenance of the entire schedule build/course creation process.

*Responsible person: Elizabeth Adamson, Registrar
Effective date: February 5, 2018*

3. Del Mar College should establish controls to capture data entry errors.

Del Mar College incorrectly reported the date of birth for ninety-one (91) students in continuing education (CBM00A report) for the 2016-2017 base period. The hours associated with the ninety-one students did not have an impact on the funding distributed to Del Mar College during this time period.

The community college included the names of students needing to be registered for courses which did not include the student's correct birthdate. In order to expedite the admission process a generic DOB was used (1/1/1999) until the official birthdate was obtained. Once the official birthdate was received, DMC did not update the student information system.

Recommendation:

Develop procedures to ensure that the date of birth reported on the CBM00A report are correct and appropriately documented.

Management Response:

In an effort to prevent data entry errors (i.e., birthdate errors) into the Del Mar College's Enterprise Resource Planning (ERP) system the Division of Continuing Education will employ the following standard operating process (SOP):

- 1. Establish a double check contingency process for originating course information and verifying accuracy. The respective CE program manager will provide all CE course information directly to the Director of CE for review and to ensure all course information (i.e., meeting dates, times, days of the week, course code and contact hours) is verified and accurate. The Director of CE will provide all verified CE course information directly to the Manager for CE Business and Registration Services. The Manager for CE Business and Registration Services will review all received course information (i.e., meeting dates, times, days of the week, course code and contact hours) to ensure its verified and accurate. If there are any errors noted (i.e., wrong course dates, rubrics, census dates, etc.) the schedule is returned to the originating person for corrections and returned to the respective individual for review and verification before progressing to the next level.*
- 2. Establish a double check contingency process for inputting (data entry) all verified course information into Datatel. The Manager for CE Business and Registration Services will provide all verified course information to a data entry clerk for input into Datatel. Once all course information is inputted into Datatel, the data entry clerk's entries are reviewed and verified by the Manager for CE Business and Registration Services. The Dean of CE will provide the final review and verification of all CE course information. Course information revisions will be made at each level of the process.*

Implementation: February 1, 2018

Responsible Party: CE Business & Registration Services, CE Managers, CE Directors, and CE & Off-Campus Dean.

PERFORMED BY:

Ms. Jamyen Robinson-Hall, Compliance Specialist (Lead Auditor)
Ms. Carol Conner, Compliance Specialist
Mr. David Mahoney, Compliance Specialist
Mr. Daniel Nzeka, Compliance Specialist

cc:

THECB

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