Education Research Center
College of Education

March 2014

The University of Texas at Austin
Office of Internal Audits
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Education Research Center
Project Number: 816.13
March 27, 2014

President William C. Powers, Jr.
University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas  78713

Dear President Powers,

We have completed our audit of The University of Texas at Austin Education Research Center (Texas ERC). Our scope included the operations of the Texas ERC during fiscal year 2012.

Based on interviews with relevant staff, a review of Texas ERC policies and procedures, and limited testing, it appears that the Texas ERC is in full compliance with the Interagency Cooperation Contract. No recommendations were necessary.

We appreciated the cooperation and assistance of Texas ERC throughout the audit and hope that the information presented herein is beneficial.

Sincerely,

Michael W. Vandervort, CPA
Director

cc: Internal Audit Committee Members
Dr. Randy Bomer, Department Chair, Department of Educational Administration
Dr. Celeste Alexander, Research Scientist, Department of Educational Administration
Dr. Charles A. Roeckle, Deputy to the President
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EXECUTIVE SUMMARY

This audit was conducted as part of our Fiscal Year 2013 Audit Plan. The University of Texas at Austin (UT Austin) entered into an Interagency Cooperation Contract (contract) with the Texas Education Agency and Texas Higher Education Coordinating Board to operate an Education Research Center (Texas ERC) within the Department of Educational Administration.

The scope of this audit included the operations of Texas ERC during fiscal year 2012. The objective of the audit was to determine whether Texas ERC at UT Austin was in full compliance with all terms of the contract.

Based on interviews with relevant staff, a review of Texas ERC policies and procedures, and limited testing, it appears that Texas ERC is in full compliance with the contract terms. No recommendations were necessary.
BACKGROUND

The University of Texas at Austin (UT Austin) Education Research Center (Texas ERC) was established in accordance with Section 1.005 of the Texas Education Code as "a research center and data clearinghouse providing access to longitudinal, student-level data" for scientific inquiry and policymaking purposes." UT Austin entered into an Interagency Cooperation Contract (contract) with the Texas Education Agency (TEA) and Texas Higher Education Coordinating Board (THECB) in July 2007 to operate Texas ERC for a period of five years, expiring at the end of fiscal year 2012. Over the five year period, THECB provided $1.05 million to Texas ERC and required the Office of Internal Audits to annually certify that Texas ERC was in compliance with the contract terms.

According to Texas ERC’s Website during the time of the contract, Texas ERC is “headquartered in the Department of Educational Administration within the College of Education at The University of Texas at Austin”, and is a “jointly established University research consortium comprising three University of Texas System campuses (The University of Texas at Austin, The University of Texas at San Antonio, and The University of Texas-Pan American) and Texas State University-San Marcos.” Oversight of Texas ERC is provided by the Joint Advisory Board, which is co-chaired by the Commissioner of Education and Commissioner of Higher Education.

In May 2012, at the end of the original five year contract, the state sent out a new Request for Qualifications for the renewal of Texas ERC’s contract per legislative requirement. In Spring 2013, the 83rd Texas Legislation filed a new bill (HB 2103) which affected Section 1.005 of the Texas Education Code and required any new contracts associated with the Texas Education Code to be renegotiated. The new legislation and contracts were finalized Fall 2013.

This audit was conducted as part of our Fiscal Year 2013 Audit Plan.

SCOPE, OBJECTIVES, AND PROCEDURES

The scope of this audit included the operations of Texas ERC during fiscal year 2012. The objective of the audit was to determine whether Texas ERC was in full compliance with all terms of the contract.

To achieve the objective, the Office of Internal Audits:

- Interviewed relevant staff;
- Reviewed Texas ERC policies and procedures; and
- Conducted limited financial and IT testing.

2 Education Research Website - http://www.utaustiner.org/
This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

The remainder of this report presents our observations for this audit.

**AUDIT RESULTS**

In accordance with the contract, Internal Audits conducted an audit of Texas ERC and observed the following:

- Projects were properly submitted, reviewed, and accepted before individuals were given permission to access Texas ERC data;
- Policies and procedures were created and updated to ensure confidential information was not removed from Texas ERC;
- Sampled Texas ERC expenditures were appropriate; and
- Proper security measures were taken to ensure only individuals with permission could access Texas ERC student-level data.

**CONCLUSION**

Based on interviews with relevant staff, a review of Texas ERC policies and procedures, and limited testing, it appears that Texas ERC is in full compliance with contract terms.