

Stephen F. Austin State University

College of Liberal & Applied Arts Change Management Audit

As of November 30, 2025

Audit Report 26-101



Department of Audit Services

Jane Ann Bridges, CPA, CIA, CFE, Chief Audit Executive

Box 6121, SFA Station · Nacogdoches, Texas 75962

Phone: (936) 468-5204

Email: bridgesja1@sfasu.edu

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EXECUTIVE SUMMARY

BACKGROUND

The Department of Audit Services has completed an audit of the College of Liberal & Applied Arts (College). This change management audit was performed to provide management with an assessment of the control environment that exists within the College to better support the Dean.

Category	Date	Number
Total Expenditures	Fiscal Year 2025	\$16,524,771
Property Inventory	As of January 6, 2026	\$1,757,091 / 758 Items
Faculty/Staff	As of January 6, 2026	173 Employees
Student Workers	As of January 6, 2026	54 Employees
Undergraduate Students*	Academic Year 2024-2025	3,772 Students
Graduate Students*	Academic Year 2024-2025	427 Students
Degrees Awarded*	Academic Year 2024-2025	404 Degrees
Credit Hours*	Academic Year 2024-2025	77,210

*Source: <https://public.tableau.com/app/profile/sfa.office.of.institutional.research/vizzes>

AUDIT OBJECTIVE(S) and SCOPE

The audit objective was to identify administrative and operational control gaps, risks, and areas of non-compliance with University policies and procedures.

The audit scope included the College’s financial activity as of November 30, 2025 and current administrative and operational activities. The audit included English & Creative Writing, Government & Sociology, History, Language & Cultural Studies, Media & Communication, Military Science, Psychology, the School of Social Work, and the Dean’s Office.

SUMMARY OF RESULTS

We found that the College has controls in place to partially conform with requirements in areas tested related to our audit objective. While performing our audit, we noted opportunities to strengthen controls, enhance compliance, or improve processes. Additional details can be found in *Details of Audit Observations*.

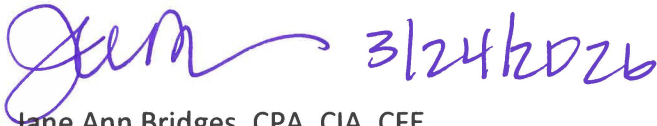
Observation(s)	Rating*
1 – College of Liberal & Applied Arts – Documented Policies and Procedures	High
2 – College of Liberal & Applied Arts – Training	High
3 – College of Liberal & Applied Arts – Receipts	High
4 – College of Liberal & Applied Arts – Leave Reporting	Medium
5 – College of Liberal & Applied Arts – Property	Medium
6 – College of Liberal & Applied Arts – Travel	Medium

Observation(s)	Rating*
7 – Controls for Purchase Vouchers	Medium
8 – College of Liberal & Applied Arts – Approval of Outside Activities	Medium
9 – College of Liberal & Applied Arts – Faculty Overload	Low

* See Appendix 1 for Observation Rating descriptions

ACKNOWLEDGMENTS

We appreciate the assistance provided to us during our audit by the Office of the Provost, the College of Liberal & Applied Arts, Human Resources, Procurement & Business Services, Student Engagement, Information Technology Services, Research and Sponsored Programs, and Student Center Reservations.



Jane Ann Bridges, CPA, CIA, CFE
Chief Audit Executive
Stephen F. Austin State University

DETAILS OF AUDIT OBSERVATIONS

Observation 1: College of Liberal & Applied Arts - Documented Policies and Procedures

Background: University Policy 01-401, *Compliance*, states, “The department head of each operating unit within the university is responsible and shall be held accountable for compliance and compliance-related activities in their respective units. The department head shall maintain documented procedures and records for their activities and areas of responsibility.”

Observation: During our audit procedures, we noted that some units did not have documented policies and procedures in place for the areas of oversight listed below.

- Accounts Receivable
- Budget
- Expenditures
- Grants
- Information Technology
- Leave Reporting
- Procurement Card
- Property
- Receipts
- Student Organizations
- Time Keeping
- Travel
- Youth Protection.

Observation Rating: High

Recommendation: The College should add or strengthen documented policies and procedures for areas of oversight to ensure compliance with University policies and procedures.

Management Response: The College will add or strengthen documented policies and procedures for areas of oversight to ensure compliance with University policies and procedures.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: August 31, 2026

Observation 2: College of Liberal & Applied Arts - Training

Background: University Policy 03-302, *Employee Training and Development*, states “Supervisors and managers are responsible for...ensuring that employees complete all required compliance training in established timeframes.” The University utilized Cornerstone, an online learning management system,

to administer and retain all training requirements for employees until January 2026. The University now utilizes NeoEd.

Observation: During our audit procedures, we noted employees had not completed the required training as reflected in the table below.

Training	Frequency	Completed		Incomplete		Not Assigned		Total
		#	%	#	%	#	%	#
Compliance*	Annual	166	73%	46	20%	15	7%	227
Human Trafficking	One-Time	167	74%	11	5%	49	22%	227
MUV	Every 3 Years	5	71%	2	29%	-	0%	7
Payment Card	Annual	4	100%	-	0%	-	0%	4
P-Card	One-Time	15	100%	-	0%	-	0%	15
PCI Compliance	Annual	4	100%	-	0%	-	0%	4
Property	One-Time	133	90%	-	0%	15	10%	148
Purchasing 101	Every 2 Years	26	100%	-	0%	-	0%	26
Receipts	Annual	6	75%	-	0%	2	25%	8
T-Card	Every 2 Years	7	88%	1	13%	-	0%	8
Youth Protection	Every 2 Years	1	50%	-	0%	1	50%	2

*Compliance training, which includes Ethics, EEO, Title IX, FERPA, and Security Awareness training, was tested for the 2025 requirement. Compliance training was assigned on February 2, 2026 for the 2026 requirement.

Observation Rating: High

Recommendation: The employees should complete the required training. The College should strengthen procedures to ensure compliance with training requirements. Human Resources should ensure all employees have been assigned compliance and human trafficking training.

Management Response: The employees will complete the required training. The College will strengthen procedures to ensure compliance with training requirements. Human Resources will ensure all employees have been assigned compliance and human trafficking training.

Responsible Party: Provost and Executive Vice President for Academic Affairs and Senior Vice President for Organizational Effectiveness

Implementation Date: April 30, 2026

Observation 3: College of Liberal & Applied Arts - Receipts

Background: The University has Policy 05-208, *Receipts and Deposits*, and the *Student Business Services Receiving Guidelines and Procedures*, to guide departments in their duties for handling receipts. Also, Policy 01-306, *Records Management*, states "Stephen F. Austin State University adheres to state regulations for the management of its records. The retention schedule lists the university's records series and identifies legal, audit, archival and/or retention requirements." The retention schedule for receipts is fiscal year end plus three years.

Observation: During our audit procedures, we noted the following:

Receipt Control	Deposit Area					
	Stone Fort	LCC ¹	AGS ²	Military Science	CPM ³	Pre-Law
Segregation of Duties	No	Yes	No	No	Yes	Yes
Written Receipt Procedures	No	No	No	No	No	No
Receipts Signage	No	No	No	N/A ⁴	No	No
Job Description Language	Yes	No	No	Yes	No	Yes
Timely Deposit	No	No	No	No	No	N/A ⁴
Fully Completed Receipts	No	No	No	No	No	N/A ⁴
Receipts and Deposits Training – <i>see obs. 2</i>	Yes	Yes	Yes	Yes	Yes	Yes
Record Retention	Yes	N/A ⁴	N/A ⁴	N/A ⁴	Yes	Yes

1 – Languages, Culture, and Communication

2 – Anthropology, Geography, and Sociology (now included within Government and Sociology)

3 – Certified Public Manager Program

4 – Not reviewed/Not applicable to our samples

Observation Rating: High

Recommendation: The College should strengthen procedures and consider implementing consistent practices across the College to ensure compliance with University policies and procedures related to receipts.

Management Response: The College will strengthen procedures and consider implementing consistent practices across the College to ensure compliance with University policies and procedures related to receipts.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: August 31, 2026

Observation 4: College of Liberal & Applied Arts – Leave Reporting

Background: University Policy 03-507, *Vacation Leave*, states, “Vacation leave must be authorized in advance, and leave taken must be recorded using the university’s official leave reporting system(s). Leave documentation must be maintained in association with state record retention requirements.” University Policy 03-505, *Sick Leave*, states, “Faculty must submit leave forms (as designated by the department head) for all sick leave the faculty member takes if the absence occurs during the normal workday for regular employees, even if no classes are missed.”

University Policy 03-408, *Time Reporting for Non-Exempt Employees*, states, “Official time records are to be maintained for all non-exempt employees via SFA’s electronic timekeeping system. When an employee does not have access to enter time through the electronic timekeeping system, time must be recorded and sent to the payroll office in a method established and by the due dates set by the payroll office.” The SFA State Record Retention Schedule indicates that leave requests are to be retained for a period of fiscal year end plus three years.

Observation: During our audit procedures, we noted the following:

- For Non-exempt employees, 5 of 21 (24%) instances of leave taken were not supported by documentation.
- For Non-exempt employees, 2 of 21 (10%) instances of leave requested were not reported as leave taken.
- For exempt employees, 3 of 17 (18%) instances of leave taken were not supported by documentation.
- For exempt employees, 3 of 17 (18%) instances of leave requested were not reported as leave taken.
- There were 4 instances of employees not reporting leave for a date identified by the University as closed that required employees to use accrued personal leave.
- We noted that the College had not maintained leave records for the required period of time.

Observation Rating: Medium

Recommendation: The College should add or strengthen procedures to ensure compliance with University policies and procedures related to leave reporting. In addition, the College should work with Payroll to determine if an adjustment is warranted for employees not reporting leave.

Management Response: The College will add or strengthen procedures to ensure compliance with University policies and procedures related to leave reporting. In addition, the College will work with Payroll to determine if an adjustment is warranted for employees not reporting leave.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: August 31, 2026

Observation 5: College of Liberal & Applied Arts - Property

Background: The University has Policy 05-306, *Property Inventory and Management*, and the *Property Management Manual* to guide employees in their duties as custodians of University property. In addition, Policy 05-306, *Property Inventory and Management*, states, "University property may be taken off campus only for official business of the university or another state agency. The individual taking equipment off campus assumes financial responsibility and must complete a Removal of Property from Campus Request form annually."

Observation: During our audit procedures, we noted the following:

- 3 property custodians are no longer active employees or work in the College.
- 36 of 48 (75%) property items that had their location listed as 'See Removal from Campus Form' did not have the requisite form on file.
- 2 of 48 (4%) property items that had their location listed as 'See Removal from Campus Form' had an outdated requisite form on file.

Observation Rating: Medium

Recommendation: The College should review the property list and related custodians to ensure compliance with University policies and procedures related to property. As part of the exit process, the College should determine if the terminated employee has custody of any property and take appropriate action.

Management Response: The College will review the property list and related custodians to ensure compliance with University policies and procedures related to property. As part of the exit process, the College will determine if the terminated employee has custody of any property and take appropriate action.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: August 31, 2026

Observation 6: College of Liberal & Applied Arts - Travel

Background: The University has Policy 05-106, *Travel*, 05-107, *Travel Card (T-Card)*, *Travel Planning Guide*, *SFA International Travel Guidelines*, and *International Planning Checklist* to guide employees in their duties related to business travel.

Observation: During our audit procedures, we noted 12 of 14 (86%) travel expense reports were reviewed with one or more exceptions.

Observation Rating: Medium

Recommendation: The College should add or strengthen procedures and consider implementing consistent practices across the College to ensure compliance with University policies and procedures related to travel. The College should also consider training or refresher training for employees involved in the travel process.

Management Response: The College will add or strengthen procedures and consider implementing consistent practices across the College to ensure compliance with University policies and procedures related to travel. The College will also consider training or refresher training for employees involved in the travel process.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: August 31, 2026

Observation 7: Controls for Purchase Vouchers

Background: The University has Policy 05-201, *Direct Pay Disbursements*, and the University's *Procurement Manual* to guide employees in the use of purchase vouchers.

Observation: During our audit procedures, we noted a purchase voucher that was approved by the payee which presents a control weakness in the purchase voucher approval process.

Observation Rating: Medium

Recommendation: The Division of Organizational Effectiveness should strengthen controls relating to purchase vouchers used for employee reimbursements to ensure a proper segregation of duties.

Management Response: The Division of Organizational Effectiveness will review the internal controls for purchase vouchers and will strengthen controls for employee reimbursements.

Responsible Party: Senior Vice President for Organizational Effectiveness

Implementation Date: August 31, 2026

Observation 8: College of Liberal & Applied Arts – Approval of Outside Activities

Background: University Policy 01-402, *Conflict of Interest, Conflict of Commitment, and Outside Activities*, states, "Approval is required prior to engaging in the following activities: All outside employment or other compensated outside activities; all outside board service that reasonably appears to create a conflict of interest or a conflict of commitment, or requires time away from university responsibilities; and any uncompensated activity that reasonably appears to create conflict of interest or a conflict of commitment."

Observation: During our audit procedures, we noted 21 of 53 (40%) instances of outside activities disclosures did not have an approval on file.

Observation Rating: Medium

Recommendation: The College should review outside activity disclosures and take appropriate action to ensure compliance with University policies and procedures related to outside activities.

Management Response: The College will review outside activity disclosures and take appropriate action to ensure compliance with University policies and procedures related to outside activities.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: October 31, 2026

Observation 9: College of Liberal & Applied Arts – Faculty Overload

Background: University Policy 02-312, *Faculty Workload*, states, “The instruction of a course overload for the academic year, when at the request of an academic unit head, may qualify a faculty member for additional compensation during a semester. An individual who accepts an overload assignment will fulfill the responsibility beyond normal contractual workload.”

Observation: During our audit procedures, we noted that the College does not have documented procedures to support standardized overload assignment decisions.

Observation Rating: Low

Recommendation: The College should add procedures and documentation related to overload assignments to ensure standardized decisions.

Management Response: The College will add procedures and documentation related to overload assignments to ensure standardized decisions.

Responsible Party: Provost and Executive Vice President for Academic Affairs

Implementation Date: August 31, 2026

APPENDIX 1 SFASU AUDIT SERVICES OBSERVATION RATINGS

Audit Services uses professional judgment to rate the audit observations identified in audit reports. The audit observation ratings are determined based on the risk or effect of the issues in relation to the audit objective(s), along with other factors. These factors include, but are not limited to, financial impact; potential failure to meet area/program/function objectives; level of compliance with laws, regulations, and other requirements or criteria; adequacy of the design of control activities and information system activities; level of potential fraud, waste, or abuse; control environment; history of audit issues; and other pertinent factors.

The table below provides a description of the audit observation ratings used by SFASU Audit Services.

SFASU Audit Services Observation Ratings	
Rating	Description
Priority	The audit observation presents risks or issues that if not addressed could critically impact the University as a whole or the area/program/function audited. Immediate action is needed to address the audit observation. Priority observations are reported to the UT System Audit, Compliance, and Risk Management Committee.
High	The audit observation presents risks or issues that if not addressed could substantially impact the University as a whole or the area/program/function audited. Prompt action is needed to address the audit observation and reduce risks to a more desirable level.
Medium	The audit observation presents risks or issues that if not addressed could moderately impact the University as a whole or the area/program/function audited. Action is needed to address the audit observation and reduce risks to a more desirable level.
Low	The audit observation does not present significant risks or issues that could negatively impact the University as a whole or the area/program/function audited. Action is needed to address the audit observation.

Some recommendations made during an audit are considered of minimal risk, and the observations are verbally shared with management during the audit or pre-exit meeting.

APPENDIX 2 AUDIT METHODOLOGY AND CRITERIA

METHODOLOGY

We performed our audit in accordance with the *Global Internal Audit Standards* and *Generally Accepted Government Auditing Standards* (GAGAS). The 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 findings and conclusions based on our audit objectives. The Department of Audit Services is independent per both standards for internal auditors. Auditors communicated other, less significant issues separately to university management.

The audit methodology consisted of performing a risk assessment; reviewing applicable policies, procedures, laws, and best practices; assessing internal controls; interviewing appropriate University personnel; testing for compliance; reviewing reports, information, and documentation; evaluating opportunities for fraud to occur; and performing other procedures as deemed necessary.

CRITERIA

The audit criteria included:

- University of Texas (UT) System policies.
- University procedures.
- Other sound higher education guidelines and practices.