



OFFICE OF THE STATE AUDITOR

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LAWRENCE F. ALWIN, CPA
State Auditor

June 29, 1998

Members of the Legislative Audit Committee:

Southwest Texas State University, Texas A&M University - Commerce, and Texas A&M University - Galveston continue to make necessary enhancements to their control systems and overall operations, as recommended in previous audit reports. These changes will reduce the risk of wasting resources and failing to achieve goals and objectives.

To determine current management control issues at Texas A&M University - Galveston, we reviewed internal audit reports for fiscal years 1996, 1997, and 1998. Texas A&M University - Galveston management needs to continue the high-level of commitment to action plans, as demonstrated by (1) its initiation of a strategic planning process with a committee reviewing all non-academic services and (2) its increased promotion of student recruitment efforts. Texas A&M University - Galveston has been under reorganization in recent years and has made progress towards improving management goals in certain problem areas identified in the internal audit reports. Administrative control for its financial and accounting operations was transferred to the Vice President for Finance and Controller of Texas A&M University - College Station. A new Vice President and Chief Executive Officer was appointed for Texas A&M University - Galveston. Progress towards improving management controls in certain problem areas, such as auxiliary enterprises and enrollment has taken place.

Texas A&M University - Galveston continues to make the management control improvements recommended in the internal audit reports. The internal audit departments of both Texas A&M University - College Station and the Texas A&M University System continue to be involved in projects at Texas A&M University - Galveston. Based on this information, no further State Auditor activity is necessary at this time in order to allow the university time to implement planned improvements.

Report No. 98-048

Members of the Legislative Audit Committee
June 29, 1998
Page 2

We appreciate the time and assistance provided by the management and staff members of these universities throughout our review. Although we determined that no further State Auditor activity is necessary at this time, we will continue to monitor progress at Southwest Texas State University, Texas A&M University - Commerce, and Texas A&M University - Galveston, and will provide assistance as necessary.

Sincerely,



Lawrence F. Alwin, CPA
State Auditor

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cc: Dr. Jerome H. Supple, President, Southwest Texas State University
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