



A Legislative Summary Document Regarding **Midwestern State University**

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State Auditor's Observations

Based on the structure of Midwestern State University's (University) financial system and its financial processes, the Legislature and other oversight bodies can rely on the University's financial information. The University did not complete a compliance audit as required by the Public Funds Investment Act due to extraordinary circumstances. Its internal auditor was working almost full-time on an investigation and later resigned.

Prepared for the 78th Legislature
by the State Auditor's Office

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This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

Midwestern State University

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Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

A Financial Review of Midwestern State University

(Report No. 02-009, November 2001)

The Legislature and other oversight bodies can rely on Midwestern State University's (University) financial information. The structure of the University's financial system and its financial processes are designed to ensure that the information is recorded accurately and consistently. The University is spending appropriated funds in accordance with limitations set forth in the General Appropriations Act and other applicable state laws and regulations. We can provide only limited assurance on the alignment between expenditures and outcomes because the University's expenditures and outcomes correlate with its appropriations for Educational and General State Support, not with specific strategies.

An Audit Report on State-Issued Bonds for Fiscal Year 2001

(Report No. 02-035, April 2002)

The bond-issuing state agencies and higher education institutions we audited complied with all significant bond covenants, laws, and regulations regarding bonded debt during the fiscal year ending August 31, 2001. In addition, these entities reported accurate information for the supplementary bond schedules included in the Texas 2001 Comprehensive Annual Financial Report (CAFR).

The total amount of outstanding bond issues of Midwestern State University, as of August 31, 2001, was \$13,310,000.

A Report on the Fiscal Year 2002 University Accreditation Reviews

(Report No. 02-036, April 2002)

The State Auditor's Office published an accreditation review report for Midwestern State University (University) in fiscal year 2002. The Southern Association of Colleges and Schools (SACS) requires these financial reviews as a part of its university accreditation process.

We perform these accreditation reviews in conjunction with the internal audit departments of the universities. The internal audit departments prepare summarized financial statements and supporting information. The State Auditor's Office reviews the information provided and determines whether the financial information is appropriately presented and supported. This approach is cost-efficient for the universities and provides the State Auditor's Office with opportunities to review the accounting systems used by the various universities.

We had positive results on the University's review. In our review, nothing came to our attention that would require a material modification to the financial statements for them to be in conformity with generally accepted accounting principles.

Midwestern State University

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A Review of State Entity Compliance with the Public Funds Investment Act

(Report No. 02-039, May 2002)

Midwestern State University (University) did not complete a compliance audit as required by the Public Funds Investment Act. University management reported extraordinary circumstances that delayed compliance. The University's internal auditor was involved almost full-time in work for the University Board of Regents involving an investigation. After completing the investigation, the internal auditor resigned.

Most Recent Performance Measure Certification

Fiscal Year 1998–Fiscal Year 2003

The results of *An Audit Report on Performance Measures at 25 State Agencies and Educational Institutions–Phase 14* (Report No. 01-007, November 2000) for this entity are summarized below.

Period		Goal/Strategy	Measure	Certification Results
1999	A	Instruction/Operations	State Pass Rate of Education ExCET Exam	Certified with Qualification
1999	A	Instruction/Operations	Percent of First-Time, Full-Time, Degree-Seeking Freshmen Who Earn a Baccalaureate Degree Within Six Academic Years	Inaccurate
1999	A	Instruction/Operations	Retention Rate of First-Time, Full-Time, Degree Seeking Freshmen After One Academic Year	Certified with Qualification
1999	A	Instruction/Operations	Percent of Lower Division Courses Taught by Tenured or Tenure-Track Faculty	Inaccurate
Total Measures Certified Without Qualification^a				0/4 (0%)
Data Reliability Percentage (Certified and Certified with Qualification)				2/4 (50%)
^a The percentage of unqualified certifications is presented because it is used in determining an entity's eligibility for performance rewards as established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].				

Category	Definition
Certified	Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevented Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/-5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.