



An Audit of Asset Management at the Lamar State Colleges

- The Lamar Institute of Technology had significant weaknesses in its asset management processes.
- The Lamar State College – Port Arthur should improve its processes to maintain accurate records, process disposals, and complete monthly inventories.
- The Lamar State College – Orange had processes in place to ensure assets were managed in accordance with applicable requirements.

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

All three higher education institutions audited, Lamar Institute of Technology (Institute), Lamar State College – Orange (College – Orange), and Lamar State College – Port Arthur (College – Port Arthur), had established processes and related measures to oversee the asset management process.

The College – Orange maintained and safeguarded assets in accordance with applicable requirements. However, the Institute and the College – Port Arthur did not consistently follow processes to ensure that assets were managed according to internal procedures and the Texas Government Code.

-
- *Audit Objectives* | p. 12
-

This audit was conducted in accordance with Texas Government Code, Section 403.273.

HIGH

LAMAR INSTITUTE OF TECHNOLOGY

The Institute did not consistently safeguard assets and accurately maintain records in accordance with internal policies and the Texas Government Code.

[Chapter 1 | p. 3](#)

MEDIUM

LAMAR STATE COLLEGE – PORT ARTHUR

The College – Port Arthur had processes and measures to oversee asset management. However, it did not always adequately maintain records, document disposals, or complete monthly inventories.

[Chapter 2 | p. 7](#)

LOW

LAMAR STATE COLLEGE – ORANGE

The College – Orange had established processes to ensure that assets were managed in accordance with applicable requirements.

[Chapter 3 | p. 10](#)

Summary of Management's Response

Auditors made recommendations to address the issues identified during this audit, provided at the end of each chapter in this report. The Institute and Colleges agreed with the recommendations.

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

PRIORITY: Issues identified present risks or effects that if not addressed could *critically affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could *substantially affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could *moderately affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks *or* effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.



HIGH

Chapter 1 Lamar Institute of Technology

The Lamar Institute of Technology (Institute) did not consistently safeguard assets and accurately maintain records in accordance with internal policies and the Texas Government Code. The Institute did not always follow up on the results of its departments' annual inventory certifications, which contributed to the inaccuracy of asset records.

The Institute did not adequately safeguard assets.

For 18 (26 percent) of 70 assets tested, auditors could not locate the asset on the Institute's campus. In addition, key information in the records for all assets tested was not always complete and accurate, such as the building location, room number, serial number, or custodian name. For example, 21 (40 percent) of 52 assets found on campus either were in a different building than the one listed in the asset record or had no building listed. The Institute's policy required a change request to be submitted at the time of asset relocation, and the Institute asserted that some of the inaccuracies in the asset records were caused by change requests that were not submitted in a timely manner.

In addition, the Institute did not consistently track assets. Internal policy required controlled and capitalized assets to be tagged with a sticker and a unique identification number. For 3 (6 percent) of the 52 assets found on campus, the asset did not have a tag attached.

While performing on-site asset verification, auditors selected 25 assets and attempted to locate the corresponding asset records; all but one asset was found in the records.

Asset Disposals. For most disposals, employees were required to submit a removal form with approval from the supervisor or department head; disposal of information technology equipment required an approval from information technology personnel. Items were not to be removed from campus until the

forms were completed. For the 60 disposals tested, 56 (93 percent) did not have a submitted removal form or the required approval.

The Institute did not complete annual or monthly inventories in accordance with policies.

The Institute's policies required an annual physical inventory of assets as well as ongoing inventory monitoring. The property manager was required to conduct monthly surprise inventory audits throughout the year to fulfill that requirement.

Annual Inventory. In April of each fiscal year, the Institute required all staff responsible for property to certify assigned assets that were physically located within their department and to submit a certification report to the property manager. The Institute could not provide the annual certification documentation for 1 (10 percent) of 10 departments tested. In addition, the Institute did not use the results of the certifications to update asset records for 3 (30 percent) of 10 departments tested, which caused some records to remain inaccurate. For example, the Information Technology department could not verify 391 assets, which was 15 percent of their 2,617 assets.

As a result of not following up on annual inventory certification results, the Institute did not follow its policy requiring employees to report lost or missing items to campus security as soon as the loss was discovered and for campus security to prepare a Missing or Stolen Property Report.

Monthly Surprise Inventory Audits. The Institute did not conduct monthly surprise inventory audits in fiscal year 2025.

The Institute did not consistently follow its offboarding process to ensure that equipment was returned.

The Institute used an exit checklist and checkout form to ensure that offboarding employees return assigned assets. However, the Institute did not consistently follow its process and could not provide the exit checklist or other documentation to show staff verified that assets were returned for 5 (50 percent) of 10 offboarded employees tested. The Institute asserted that four of

those employees did not have assets assigned; however, there was no documentation confirming that during the offboarding process. In addition, one of those employees was terminated for cause, which increases the risk that assets may not be returned.

Not maintaining complete and accurate asset records creates a high risk that assets may be lost, stolen, or misused without detection.

Recommendations

The Institute should:

- Update all asset records regularly to ensure that they are accurate and have all the required information, such as asset locations, custodians of property, and disposal records.
- Complete disposal and missing asset forms and document approvals.
- Complete monthly inventory audits, enforce annual inventory certifications, and use the certified results to update asset records.
- Enforce the offboarding process, including exit checklists and checkout forms.

Management's Response

Recommendations:

Management is in agreement with audit findings and recommendations.

Corrective Action Plan:

Lamar Institute of Technology will ensure complete and accurate asset records including asset locations, custodians of property, and disposal records by first ensuring adequate training for departments. The aforementioned enhancement will occur with the deployment and utilization of an electronic inventory management system to assist in proper updates to assets and maintenance of those assets. This enhancement will also ensure compliance with the annual verification and certification process, which will also assist in timely updates to the

system. In addition, a disposal form is being developed that will require both departmental and Property Management approval before an asset is moved, which will allow a process to track disposals and monitor them from year to year in an effective manner. A Missing or Stolen Inventory Form is being created that will document any lost or stolen property that will include the serial number, description, dollar value, and additional details about the last custodian of the property. Furthermore, a major addition will be the expansion of a facility that includes a centralized receiving area to ensure the safeguarding of assets upon their arrival to the college. The monthly surprise audits will be conducted with a scope extension for a temporary period based on increased risk and reviewed by the appropriate supervisor to further ensure the safeguarding and maintenance of assets. Lastly, expansion and education regarding existing offboarding processes have occurred to include all employees exiting to ensure that assets remain safeguarded and that appropriate documentation is retained of the process. In conclusion, by implementing these additional processes, Lamar Institute of Technology will ensure that asset records are adequately maintained and tracked, disposals are documented, monthly inventory counts are performed, and exiting employees are interviewed properly all in accordance with the Texas Government Code and internal policies.

Implementation Date:

July 2026

Titles of Responsible Persons:

President

Vice President for Finance & Operations/Chief Financial Officer

Assistant Vice President for Information Technology/Chief Information Officer

Assistant Vice President for Financial Services

Executive Director for Financial Services

Executive Director of Student Business Services

Human Resources Manager

Manager of Client Computing

MEDIUM

Chapter 2

Lamar State College – Port Arthur

The Lamar State College – Port Arthur (College – Port Arthur) had processes and related measures to oversee asset management, including asset safeguards and limiting access to asset records to appropriate employees. However, it did not adequately maintain asset records, document disposals, or complete monthly inventory counts in accordance with Texas Government Code and internal policies.

The College – Port Arthur did not consistently maintain complete and accurate asset records.

While 65 (93 percent) of 70 assets tested were found on campus, the remaining assets were computers and audio equipment that could not be found on campus. Of those 65 assets, 13 (20 percent) either were in a different building than what was documented in the asset records or had been moved off campus. The College – Port Arthur’s policy required a change request to be submitted when assets were relocated; however, those 13 assets did not have change requests associated with their relocations.

In addition, while performing on-site asset verification, auditors selected 25 assets and attempted to locate the corresponding asset records; 2 (8 percent) of 25 assets could not be found in the asset records.

The College – Port Arthur did not track missing assets or effectively monitor disposals.

The College – Port Arthur’s process for documenting disposals in asset records was to assign the asset to a building. However, the asset record included no additional information on the disposal, such as the method of disposal or whether the asset was lost or missing. For the 13 assets tested, the College – Port Arthur did not provide completed disposal forms to document that the assets were disposed of or the method of disposal.

In addition, the College – Port Arthur did not investigate or follow up on 15 laptops listed as lost or missing in the prior fiscal year’s inventory, and the laptops were still listed as active in the asset record. Per the College – Port Arthur’s policy, all missing or stolen property should be reported to the campus security department as soon as the loss is discovered, and campus security should prepare a Missing or Stolen Property Report.

The College – Port Arthur could not provide documentation that monthly inventory audits were completed.

The College – Port Arthur performed its annual inventory in accordance with internal policies. In addition to the annual inventory, the College – Port Arthur’s policies required that inventory be monitored on an ongoing basis. The property manager was required to conduct monthly surprise inventory audits throughout the year to fulfill that requirement. However, the College – Port Arthur could not provide documentation indicating that it conducted surprise inventory audits for 7 of 11 applicable months in fiscal year 2025 (surprise audits are not conducted in April due to the annual inventory). In addition, the four surprise audits that were conducted did not have documentation of a supervisory review as required by internal policy.

Not maintaining complete and accurate asset records creates a high risk that assets may be lost, stolen, or misused without detection.

Recommendations

The College – Port Arthur should:

- Update all asset records regularly to ensure complete and accurate information, such as asset locations and disposal records.
- Develop and implement a process to track disposals and monitor them from year to year.
- Complete disposal and missing asset forms and document approvals.

- Enforce monthly inventory audits and require documentation of completion, including supervisory reviews.

Management's Response

Recommendations:

Management is in agreement with audit findings and recommendations.

Corrective Action Plan:

Lamar State College Port Arthur will ensure complete and accurate asset records including asset locations and disposal records by first ensuring adequate training for departments based on a risk-based approach. In addition, a disposal form is being developed that will require both departmental and Property Management approval before an asset is moved, which will allow a process to track disposals and monitor them from year to year in an effective manner. A Missing or Stolen Inventory Form is being created that will document any lost or stolen property that will include the serial number, description, dollar value, and additional details about the last custodian of the property. Lastly, the monthly surprise audits will be conducted, stored, and reviewed by the appropriate supervisor to further ensure the safeguarding and maintenance of assets. In conclusion, by implementing these additional processes, Lamar State College Port Arthur will ensure that asset records are adequately maintained, disposals are documented, and monthly inventory counts are completed in accordance with the Texas Government Code and internal policies.

Implementation Date:

July 2026

Titles of Responsible Persons:

President

Vice President for Finance & Operations/Chief Financial Officer

Assistant Vice President for Financial Services

Executive Director for Financial Services

LOW

Chapter 3

Lamar State College – Orange

The Lamar State College – Orange (College – Orange) had established processes and related measures to ensure that assets were managed in accordance with applicable requirements, including those in Texas Government Code and internal policies. However, it should take additional steps to ensure that employees consistently follow the established disposal process.

The College – Orange safeguarded and maintained assets.

The College – Orange was able to physically locate all 70 assets tested and demonstrate that:

- (1) The assets were properly tagged.
- (2) The corresponding asset record was complete and accurate.

In addition, the College – Orange implemented safety measures and annual inventory processes; it also limited access to asset records to appropriate employees.

However, the College – Orange did not consistently follow its disposal process for 3 (20 percent) of 15 disposals tested. One disposal was completed without submitting a disposal form, and the remaining two disposals were part of an office move in which employees left assets in the building to be processed and disposed of by the property manager. As a result, there was no formal mechanism to ensure that all disposed assets were accounted for and safeguarded during the move.

Recommendation

The College – Orange should ensure that employees consistently follow disposal procedures and submit signed disposal forms for all disposals.

Management's Response

Recommendations:

Management is in agreement with audit findings and recommendations.

Corrective Action Plan:

Lamar State College Orange will ensure that employees consistently follow disposal procedures and submit signed disposal forms for all disposals by not only updating the disposal form to provide for dual signatures of Property Management and the disposing department; but, also, plans to update the internal policy to include a building demolition and an asset for auction sections. These improvements will further attribute to the safeguarding and maintenance of assets at Lamar State College Orange.

Implementation Date:

July 2026

Titles of Responsible Persons:

President

Vice President for Finance & Operations/Chief Financial Officer

Assistant Vice President for Financial Services

Executive Director for Financial Services



Appendix I

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the Lamar Institute of Technology (Institute), Lamar State College – Port Arthur (College – Port Arthur), and Lamar State College – Orange (College – Orange) had processes and related controls to ensure that assets were managed in accordance with applicable requirements.

Scope

The scope of this audit included a review of asset management activities from September 1, 2024, through December 31, 2025.

The scope also included a review of significant internal controls related to the Institute's, College – Port Arthur's, and College – Orange's administration of asset management related to related to:

- (1) Record keeping.
- (2) Tagging.
- (3) Physical safeguarding.
- (4) Disposals.
- (5) Equipment checkout.

The following members of the State Auditor's staff performed the audit:



- Sarah Daigle, CIA, CRMA (Project Manager)
- Benjamin Hikida, CFE (Assistant Project Manager)
- Alec Dickerson
- Tina Majdinasab
- Dana Musgrave, MBA, CFE (Quality Control Reviewer)
- Jennifer Brantley, MS, CPA (Audit Manager)

- (6) Collection of state-owned property from separated employees.
- (7) Inventory counts.
- (8) User access to inventory records.

Methodology

We conducted this performance audit from November 2025 through June 2026 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 conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to the Institute, College – Port Arthur, and College – Orange management for consideration.

Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed staff from the Institute, College – Port Arthur, and College – Orange to gain an understanding of the asset management process.
- Performed walk-throughs to observe key functions related to maintaining asset records, tagging, physical safeguards, disposals, and asset systems.
- Identified the relevant criteria:
 - Texas Government Code, Chapter 403.
 - Department of Information Resources' *Security Control Standards Catalog*, version 2.2.
 - The Institute and Colleges' policies and procedures.
- Reviewed asset management internal policies and procedures to determine whether the Institute, College – Port Arthur, and College – Orange were in compliance.

- Reviewed surprise inventory audits conducted during fiscal year 2025 to determine whether all of the audits were completed and included supervisory reviews.
- Performed data analysis to ensure that fiscal year 2025 annual certifications were completed within required timeframes and had complete custodian data.
- Performed user access testing on key asset management systems, including:
 - Banner Fixed Assets.
 - Inventory Control System.
 - Finance Network Directory.
 - Microsoft Teams.
- Performed inventory verification of Institute, College – Port Arthur, and College – Orange capitalized and controlled assets to verify asset existence, location, serial number, tag, and safeguarding.
- Performed record verification for the Institute, College – Port Arthur, and College – Orange by testing a targeted sample of 25 controlled and capitalized assets identified on-site to determine whether these assets were accurately recorded. The total population of on-site assets is unknown. These assets were selected while performing the physical verification described above; as a result, the assets found near the locations auditors were attempting to verify had a higher chance of selection. These sample designs were chosen to ensure that a variety of assets were physically verified. The assets sampled are not necessarily representative of the populations; therefore, it would not be appropriate to project the test results to the populations.
- Performed disposal testing to determine whether disposal forms were completed and appropriate approvals documented.
- Tested files for new employees hired between September 1, 2024, and December 31, 2025, to determine whether checkout forms were completed.
- Tested the documentation of missing assets to determine whether the required reports were submitted to the appropriate party.

- Tested files for employees who departed the Institute and Colleges from September 1, 2024, through December 31, 2025, to determine whether checkout forms and checklists were completed and assets were returned.

Data Reliability and Completeness

Auditors determined that the following data sets were sufficiently reliable for the purposes of the audit:

- Population of assets as of December 31, 2025.
- Population of disposed assets (subset of assets) between September 1, 2024, and December 31, 2025, for College – Orange.
- Population of lost/stolen assets (subset of disposed assets) between September 1, 2024, and December 31, 2025, for College - Orange.
- Population of separated employees with assigned assets between September 1, 2024, and December 31, 2025.
- Population of new employees assigned assets between September 1, 2024, and December 31, 2025.
- Population of employees with access to Banner, Inventory Control System, and shared drives related to inventory.
- Annual inventory and certification results for fiscal year 2025.

Auditors could not determine the data reliability for disposed assets, including lost/stolen assets at the Institute and College – Port Arthur because those entities did not track or maintain information related to asset disposals from September 2024 through December 2025.

To determine whether the data was reliable and complete, auditors completed the following:

- (1) Interviewed Institute, College – Port Arthur, and College – Orange staff.
- (2) Reviewed parameters used to extract the data.
- (3) Observed the data extracts.
- (4) Performed sample testing.
- (5) Analyzed the data to determine whether the information conformed to the auditors' expectations.

Sampling Methodology

Auditors selected nonstatistical random samples for physical verification (Figure 1), disposals (Figure 2), missing assets (Figure 3), employee checkout of assets (Figure 4), and employee separations (Figure 5). These sample designs were chosen to ensure that a variety of assets were tested. In addition, auditors selected additional items based on risk. For samples with a risk-based selection, the test results are not necessarily representative of the populations; therefore, it would not be appropriate to project the test results to the populations. For samples with a random selection, the test results may be projected to the population, but the accuracy of the projection cannot be measured.

Figure 1

Physical Verification: Total Populations and Samples Selected

Institution Name	Population	Sample Size	Sampling Methodology
Institute	3,675	70	60 random plus 10 risk-based
College – Port Arthur	2,840	70	60 random plus 10 risk-based
College – Orange	2,862	70	61 random plus 9 risk-based

Figure 2

Disposals: Total Populations and Samples Selected

Institution Name	Population	Sample Size	Sampling Methodology
Institute	852	60	Random
College – Port Arthur	63	13	Random
College – Orange	138	16	14 random plus 2 risk-based

Figure 3

Missing Assets: Total Populations and Samples Selected

Institution Name	Population	Sample Size	Sampling Methodology
Institute	299	60	Random
College – Orange	4	4	None

The College – Port Arthur did not track or maintain information related to missing assets from September 2024 through December 2025. As a result, auditors could not select a sample to determine whether it properly followed its missing-asset process in accordance with internal procedures.

Figure 4

Employee Checkout of Assets: Total Populations and Samples Selected

Institution Name	Population	Sample Size	Sampling Methodology
Institute	1	1	None
College – Orange	225	23	Random

The College – Port Arthur did not utilize a formal asset checkout process during the audit scope, so no testing was performed.

Figure 5

Employee Separations - Asset Returns: Total Populations and Samples Selected

Institution Name	Population	Sample Size	Sampling Methodology
Institute	65	10	7 random plus 3 risk-based
College – Port Arthur	45	5	5 random
College – Orange	43	5	4 random plus 1 risk-based

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.



Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dustin Burrows, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Texas State University System

Members of the Texas State University System Board of Regents

Dr. Brian McCall, Chancellor

Lamar Institute of Technology

Dr. Sidney Valentine, President

Lamar State College – Orange

Dr. Wendy Elmore, President

Lamar State College – Port Arthur

Dr. John Hayek, President



This document is not copyrighted. Readers may make additional copies of this report as needed. In addition, most State Auditor's Office reports may be downloaded from our website: <https://sao.texas.gov>.

In compliance with the Americans with Disabilities Act, this document may also be requested in alternative formats. To do so, contact our report request line at (512) 936-9500 (Voice), (512) 936-9400 (FAX), or 1-800-RELAY-TX (TDD); or visit the Robert E. Johnson Building, 1501 North Congress Avenue, Suite 4.224, Austin, Texas 78701.

The State Auditor's Office is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, national origin, age, or disability in employment or in the provision of services, programs, or activities.

To report waste, fraud, or abuse in state government, visit <https://sao.fraud.texas.gov>.