



Legislative Requirement:

An Efficiency Audit of the Higher Education Coordinating Board

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

October 14, 2026

Members of the Legislative Audit Committee:

The State Auditor's Office contracted with Baker Tilly US, LLP (Baker Tilly) to conduct an efficiency audit of the Higher Education Coordinating Board (Board), as required by Texas Government Code, Section 327.002. Texas Government Code, Section 327.003, allows the State Auditor's Office to contract with an external auditor to conduct these audits.

Baker Tilly identified three main areas with inefficiencies. These are:

- **Management Processes.**
 - The Board's key organizational decisions and changes are not always communicated with the context needed for leaders and staff to act efficiently.
 - The Board's major programs and initiatives are not consistently linked to intended outcomes and agency-wide strategic priorities, limiting the Board's ability to determine whether resources are focused on efforts producing intended results.
- **Technology Modernization.**
 - The Board's technology decisions are not consistently evaluated from an agency-wide perspective, limiting opportunities to optimize technology investments.
 - The Board's larger technology needs are not managed through a consistent, documented process, limiting the Board's ability to measure performance and efficiently plan technology-dependent work.
- **Business Process Optimization.**
 - The Board's community college funding processes rely on manual workflows across multiple systems, increasing administrative effort and reducing time for higher-value analysis.
 - The Board's manual loan administration processes and legacy systems increase administrative effort and reduce operational efficiency.

- Academic program approvals for public higher education institutions rely on multiple systems and manual steps, increasing administrative effort and reducing efficiency.
- Incomplete hiring milestone information limits the Board's ability to identify delays, target process improvements, and improve hiring efficiency.

Auditors did not identify any duplication, overlap, or conflict with other state agencies or misalignment between the Board's rules in the Texas Administrative Code and its statutory authority and mission.

The Board provided an implementation plan, which is presented in the attached report. Overall, the Board agreed to implement Baker Tilly's recommendations.

Sincerely,

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

cc: The Honorable Greg Abbott, Governor
Members of the Higher Education Coordinating Board
Dr. Wynn Rosser, Commissioner of Higher Education



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FINAL REPORT

Texas State Auditor's Office

Texas Higher Education Coordinating Board Efficiency Audit

October 2026

Baker Tilly US, LLP
901 S MoPac Expressway, Suite 100
Austin, TX 78746



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1. Executive Summary

A. Introduction

The objective of this audit was to determine whether the Texas Higher Education Coordinating Board (THECB) administers selected state resources in an efficient manner according to best practices and applicable requirements. Based on the risk-based procedures performed, the audit identified opportunities for THECB to improve the efficient administration of state resources in areas related to internal communication, organizational performance management, technology governance and service delivery, community college funding processes, loan administration processes, academic program approval processes, and hiring processes. Inefficiencies and recommendations are organized into three focus areas: (1) Management Processes; (2) Technology Modernization; and (3) Business Process Optimization. They are summarized on the next page and detailed in further depth in [Section 3](#).

Auditors did not identify any duplication, overlap, or conflict with other state agencies or misalignment between the THECB rules in the Texas Administrative Code and its statutory authority and mission.



B. Summary of Inefficiencies

Eight inefficiencies across three focus areas

 Management Processes	
1	Internal Communications: Key organizational decisions and changes are not always communicated with the context that leaders and staff need to act efficiently, requiring additional clarification, coordination, and adjustments to work plans.
2	Organizational Performance: Major programs and initiatives are not consistently linked to intended outcomes and agency-wide strategic priorities, limiting THECB's ability to determine whether resources are focused on efforts producing intended results.
 Technology Modernization	
3	Technology Governance: Technology decisions are not consistently evaluated from an agency-wide perspective, limiting opportunities to optimize technology investments.
4	Information Technology Service Delivery: Larger technology needs are not managed through a consistent, documented process, limiting the ability to measure performance and efficiently plan technology-dependent work.
 Business Process Optimization	
5	Community College Funding Process: Community college funding relies on manual workflows across multiple systems, increasing administrative effort and reducing time for higher-value analysis.
6	Loan Administration: Manual loan administration processes and legacy systems increase administrative effort and reduce operational efficiency.
7	Academic Program Approval: Academic program approvals for public higher education institutions rely on multiple systems and manual steps, increasing administrative effort and reducing efficiency.
8	Hiring Process: Incomplete hiring milestone information limits the ability to identify delays, target process improvements, and improve hiring efficiency.



2. Background

The Texas Higher Education Coordinating Board (THECB) leads and coordinates Texas higher education. Its mission is to serve as a resource, partner, and advocate for Texas higher education and support a globally competitive workforce. Texas state law authorizes THECB responsibilities that include developing and evaluating the state's long-range higher education plan, collecting and analyzing higher education data, supporting transitions into and through postsecondary education, administering financial aid and other grant programs, and promoting the efficient use of state higher education resources.

THECB is governed by a Board consisting of nine voting members appointed by the governor and one nonvoting student representative. The Board appoints the Commissioner of Higher Education, who serves as the agency's chief executive officer. THECB also serves as a steward of Building a Talent Strong Texas, the state's strategic plan for higher education, which focuses on increasing postsecondary attainment, credentials of value, and research and innovation.

Effective September 1, 2025, THECB was statutorily authorized 351.9 full-time equivalent (FTE) positions. Positions fully supported by private grant funds are not counted toward this statutory limit. The agency's workforce supports a broad range of functions, including academic and workforce initiatives, academic program oversight, college and career advising, data management and research, digital learning, student success, financial aid and higher education funding, workforce education, finance, information technology and security, human resources, public affairs, legal services, internal audit, and project management. This range of responsibilities requires THECB to coordinate work across both program-focused divisions and agency-wide support functions.

THECB's fiscal year (FY) 2026 operating budget was approximately \$1.73 billion.¹ Most of this funding supports financial aid, health and workforce programs, grants, and other programs administered by THECB rather than the agency's internal operations. Approximately \$43.2 million of the FY2026 budget was designated for agency operations.

¹ Texas Higher Education Coordinating Board, *Operating Budget for Fiscal Year 2026*, December 1, 2025. [Operating Budget for Fiscal Year 2026](#)



3. Inefficiencies and Recommendations

A. Management Processes

Internal Communication

1	Inefficiency	Key organizational decisions and changes are not always communicated with the context that leaders and staff need to act efficiently, requiring additional clarification, coordination, and adjustments to work plans.
	Recommendation	THECB should establish consistent expectations for communicating significant decisions and changes, strengthen access to reliable organizational information, and use employee feedback to continually improve communication practices.

Significant organizational decisions, changes in priorities, and expectations for carrying out decisions are not always communicated with enough consistency and context for leaders and staff to act efficiently. THECB's strategic priorities and governance structures provide overall direction, but leaders across the agency described spending additional time seeking clarification, following up on decisions, determining responsibility for next steps, and adjusting work plans and schedules.

THECB has several mechanisms for communicating and coordinating work, including leadership meetings, internal communications, and Commissioner engagement opportunities. However, staff described inconsistencies in how significant decisions, priorities, and responsibilities are communicated across the agency, resulting in additional clarification and coordination. The following themes illustrate the communication challenges identified:

- **Communication of executive decisions:** Staff described operational and organizational decisions made at the executive level where the rationale or implications of the decision were not always consistently communicated. Staffing decisions were a recurring example, including FTE allocations or reallocations, changes in reporting structures, and hiring-related approvals. In these situations, leaders may understand the decisions but need additional information to determine how it affects their area, what actions are expected, and how the decision should be communicated to staff.
- **Communication of priorities, timing, and dependencies:** Staff described limited visibility into how priorities are set, when action can be expected, and how timing changes affect other work. This was particularly relevant when work depended on decisions or support from another part of the agency. Leaders described uncertainty about how technology requests were prioritized and when support would be available, which affected their project roadmaps, implementation schedules, and commitments communicated to external stakeholders. This limited visibility requires divisions to seek additional clarification, adjust plans, and revise expectations.



- **Communication of organizational responsibilities and cross-divisional impacts:** Staff described the agency as operating in a siloed environment, noting that organizational changes and shifting responsibilities are not always communicated broadly enough for staff to understand which division owns a function, who is responsible for a particular activity, or whom to contact. Staff also described situations where decisions or changes were not communicated with other divisions early enough to support planning. Changes in one program area can affect another area's responsibilities even when the second area is not directly involved in the original decision.

Additionally, THECB's 2026 Survey of Employee Engagement identified internal communication as one of the agency's primary areas of concern. THECB conducted this survey to gather employee perspectives on workplace culture, engagement, leadership, communication, and organizational effectiveness. The survey results indicated that a meaningful portion of employees did not consistently view organizational communication as timely or effective.

Based on a review of exit survey feedback collected by THECB, concerns were identified regarding communication, transparency, organizational direction, and cross-team information sharing. Considered together with the employee engagement survey and interviews, these results indicate that leaders and staff do not always receive the context and information needed to understand decisions and changes affecting their work.

THECB has multiple channels of communication but does not have consistent agency-wide expectations for which significant decisions warrant broader communication, what information should accompany those decisions, who is responsible for communicating impacts, or where employees can find the current information after the initial communication. As a result, communication can vary based on the decision, the leaders involved, and how information is shared within or across divisions. Information should flow appropriately through the organization so personnel have the information needed to understand and perform their roles in achieving organizational objectives.

When these expectations are not clear, leaders and staff rely on additional meetings, emails, informal outreach, and follow-up to clarify decisions and responsibilities. This additional coordination takes time away from program delivery and other agency priorities. More consistent communication would reduce unnecessary follow-up and help leaders and staff understand and implement decisions more efficiently.

Recommendation

THECB should establish consistent expectations for communicating significant decisions and changes, strengthen access to reliable organizational information, and use employee feedback to continually improve communication practices.



Management Implementation Plan	
Management Agreement	Management agrees with this recommendation
Responsible Party	Director of Executive and Strategic Communications
Implementation Timeline	February 28, 2027
Action Plan	The Coordinating Board will strengthen executive communication to improve organizational alignment, transparency, and understanding of agency priorities. This effort will establish standardized expectations for communicating significant organizational priorities and decisions, including communication channels, audiences, timing, and implementation guidance. Management will leverage and enhance existing communication channels, including commissioner email updates, an internal newsletter, leadership meetings, executive meetings, all-staff meetings, and centralized SharePoint resources, to provide consistent information regarding agency priorities, progress, and expectations for implementation. Communications will be guided by a common framework that helps employees understand agency goals, why they matter, how progress is being measured, and how individual and team contributions support agency success. These actions are intended to reinforce organizational alignment, strengthen employees' understanding of agency priorities, improve access to operational information, and support more efficient implementation of strategic initiatives across the agency. Management will continue to solicit and utilize employee feedback, such as 2026 Survey of Employee Engagement and exit surveys, to identify opportunities to strengthen communication and engagement.

Organizational Performance Management

2	Inefficiency	Major programs and initiatives are not consistently linked to intended outcomes and agency-wide strategic priorities, limiting THECB's ability to determine whether resources are focused on efforts producing intended results.
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Recommendation

THECB should establish consistent expectations for major programs and initiatives to define intended outcomes, identify how those outcomes support statewide strategic priorities, and measure whether their efforts are contributing as intended to ensure appropriate resource allocation.

THECB monitors statewide outcomes and legislatively required performance measures through processes such as the Automated Budget and Evaluation System of Texas (ABEST). These statewide measures track progress on key Building a Talent Strong Texas goals, including more Texans earning postsecondary credentials, credentials providing value without excessive student debt, and growth in research funding and research doctorates awarded. Divisions and programs also track information used to manage their work, such as product adoption and usage, customer service and processing measures, grant milestones and deliverables, and project schedules and implementation status.

Consistent with this observation, leadership reported that current measures frequently emphasize implementation, compliance, usage, and operational performance, while outcome measurement and long-term impact evaluation remain limited or are still under development across many programs. While current performance measures can help programs manage day-to-day operations, they primarily reflect program activities and outputs rather than outcomes. As a result, they do not necessarily demonstrate whether those programs and initiatives are achieving their intended outcomes.

Additionally, programs and initiatives do not consistently define the outcomes they are intended to achieve or measure whether their efforts are contributing to those outcomes and THECB's statewide strategic priorities. THECB has not established common expectations for major programs and initiatives to define the outcomes they are intended to achieve, identify how those outcomes support Building a Talent Strong Texas, measure progress, and report results for leadership review. As a result, THECB cannot consistently show how its programs and initiatives are contributing to those outcomes and the agency's overall impact.

This limits THECB's ability to assess whether the staff time, funding, and other resources devoted to major programs and initiatives are producing intended results. Without this information, leadership has a less consistent basis for determining which efforts are contributing as intended and where limited resources can have the greatest impact.

Recommendation

THECB should establish consistent expectations for major programs and initiatives to define intended outcomes, identify how those outcomes support statewide strategic priorities, and measure whether their efforts are contributing as intended to ensure appropriate resource allocation.



Management Implementation Plan	
Management Agreement	Management agrees with this recommendation
Responsible Party	Assistant Commissioner, Partnerships and Project Management
Implementation Timeline	June 30, 2027
Action Plan	In the coming months, the Coordinating Board will build on initial work already underway to establish a standardized framework that aligns division-level performance measures with agency strategic priorities while preserving flexibility for division-specific operational metrics as part of its overall implementation of enterprise performance management. The agency will begin immediately with a phased approach to put processes in place for an initial set of key priorities to strengthen executive line of sight, reinforce existing agency practices, and continue designing and preparing for agency-wide performance management. The enterprise performance management framework will define common expectations for governance, performance reporting, and strategic alignment, enabling more consistent evaluation of progress, improved enterprise-wide visibility into performance, and enhanced data-informed decision-making. Consistent with the agency's performance management strategy, the framework will emphasize alignment on priorities, visibility into progress, informed decision-making, and continuous improvement. The agency will then pilot standardized reporting and strategic alignment processes and implement enterprise-wide reporting and performance review processes. These efforts will strengthen the agency's ability to assess enterprise performance, prioritize resources, and ensure that division-level activities support the agency's operational strategic goals. Performance management communications, leadership engagement, and continuous improvement activities will be ongoing throughout implementation.



B. Technology Modernization

Technology Governance

3	Inefficiency	Technology decisions are not consistently evaluated from an agency-wide perspective, limiting opportunities to optimize technology investments.
	Recommendation	THECB should establish and use a documented process to manage technology across the agency, including expanding the software inventory to support agency-wide technology planning and management.

Effective technology governance has documented processes for evaluating technology investments from an agency-wide perspective to assess whether they align with organizational objectives, support business needs, and maximize the value of technology resources.² Leading practices include maintaining a comprehensive application inventory and using it to evaluate existing capabilities and opportunities to standardize, reuse, consolidate, or retire technology.³⁴

THECB has established several foundational technology governance practices. The agency maintains a centralized software inventory, routes technology acquisitions through procurement, cybersecurity, privacy, and Information Technology Services (ITS) reviews, and requires business justification as part of individual technology requests.

Although these reviews are well established, they focus primarily on individual technology requests. Documentation was not available to demonstrate that existing agency capabilities, alternatives, opportunities for reuse or consolidation, or other portfolio considerations were consistently evaluated and documented when technologies were acquired or renewed. As a result, THECB cannot consistently demonstrate that technology investments are evaluated from an agency-wide perspective.

THECB's centralized software inventory also primarily supports software licensing and contract management rather than agency-wide portfolio management. While the inventory identifies application ownership, licensing, and contract information, it does not consistently capture license usage, business needs supported, lifecycle status, strategic importance, or relationships

² The Institute of Internal Auditors, *Auditing IT Governance and IT Management*, 3rd Edition, August 12, 2025. [The IIA: Auditing IT Governance and IT Management](#)

³ U.S. Government Accountability Office, *Information Technology: Effective Practices Have Improved Agencies' FITARA Implementation*, April 29, 2019. [GAO-19-131: Information Technology](#)

⁴ U.S. Government Accountability Office, *Information Technology: OMB and Agencies Need to Focus Continued Attention on Eliminating Duplicative Investments*, June 11, 2013. [GAO-13-685T: Information Technology](#)



between applications. As a result, the inventory provides limited information for determining whether purchased licenses are still needed and identifying opportunities to standardize, consolidate, or retire technology solutions.

THECB uses multiple products with related capabilities, such as survey platforms (SurveyMonkey and Qualtrics), collaboration tools (Microsoft Teams, Zoom, and Google Workspace), and workflow applications (Smartsheet, Salesforce, SysAid, and CobbleStone). Management was able to explain the different business needs served by these products; however, documentation was not available to demonstrate that these distinctions, existing agency-wide capabilities, or opportunities for reuse and consolidation had been systematically evaluated and documented when the applicable acquisition or renewal decisions were made.

These examples demonstrate that technology purchases and renewals are not always reviewed and documented from an agency-wide perspective. Combined with gaps in the software inventory, THECB cannot consistently demonstrate that technology investments are evaluated using a common agency-wide approach, and has limited ability to proactively identify opportunities to optimize technology investments, reduce administrative complexity, and maximize the value of existing technology resources.

Recommendation

THECB should establish and use a documented process to manage technology across the agency, including expanding the software inventory to support agency-wide technology planning and management.

Management Implementation Plan	
Management Agreement	Management agrees with this recommendation
Responsible Party	Chief Information Officer, Information Technology Services
Implementation Timeline	August 31, 2027
Action Plan	Information Technology Services (ITS) has identified enterprise technology governance as a priority and has begun work to strengthen how technology investments are evaluated and managed across the agency. ITS will develop an enterprise technology governance policy and supporting processes to establish consistent expectations and accountability for technology investment decisions. These processes will evaluate new and existing technology investments relative to business needs, existing agency capabilities, costs, architectural and



	security considerations, and opportunities to standardize, consolidate, reuse, or retire technology. ITS will also expand the agency’s existing software inventory to include additional business, functional, financial, ownership, and lifecycle information needed to support technology portfolio management and investment decisions. Together, the policy, supporting processes, and expanded inventory will provide greater visibility into the agency’s technology portfolio and establish a consistent, enterprise-wide approach to technology planning, investment decisions, and ongoing governance.
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Information Technology Service Delivery

4	<table><tr><td>Inefficiency</td><td>Larger technology needs are not managed through a consistent, documented process, limiting the ability to measure performance and efficiently plan technology-dependent work.</td></tr><tr><td>Recommendation</td><td>THECB should establish documented service management practices for larger and more complex technology needs, including prioritization, timeliness expectations, performance monitoring, and stakeholder communication.</td></tr></table>	Inefficiency	Larger technology needs are not managed through a consistent, documented process, limiting the ability to measure performance and efficiently plan technology-dependent work.	Recommendation	THECB should establish documented service management practices for larger and more complex technology needs, including prioritization, timeliness expectations, performance monitoring, and stakeholder communication.
Inefficiency	Larger technology needs are not managed through a consistent, documented process, limiting the ability to measure performance and efficiently plan technology-dependent work.				
Recommendation	THECB should establish documented service management practices for larger and more complex technology needs, including prioritization, timeliness expectations, performance monitoring, and stakeholder communication.				

Effective IT service management includes establishing defined service expectations, prioritization criteria, performance measures, and communication practices. Consistent with guidance from the Information Technology Infrastructure Library’s (ITIL), these practices help organizations transparently prioritize competing work, communicate with stakeholders, measure performance, and continually improve technology services.⁵

ITS uses SysAid to assign ticket priorities, monitor ticket volumes and backlogs, and support management oversight. Analysis of more than 16,000 closed service requests between FY2023 and FY2026 indicated that routine IT service delivery generally functions effectively. Older open tickets primarily involved larger or more complex technology needs, such as infrastructure projects, application updates, security fixes, system integrations, and vendor coordination. Managing these requests requires THECB to prioritize competing needs, plan resources and timing, and coordinate with stakeholders.

Staff across multiple business divisions also echoed that service delivery challenges were concentrated primarily in larger technology initiatives, enhancement requests, and competing enterprise technology needs rather than routine end-user support. Business leaders identified limited visibility into how these requests were prioritized and scheduled. They described

⁵ AXELOS Limited, *ITIL Foundation: ITIL 4 Edition*, February 2019. [ITIL Foundation: ITIL 4 Edition](#)



uncertainty about request status and delays in planned enhancements, making it difficult to communicate expected timelines to internal staff and external stakeholders. Examples included delayed Salesforce enhancements affecting division plans, deferred infrastructure updates, and continued use of manual processes while waiting for planned technology improvements.

While SysAid provides a way to track and prioritize individual requests, larger and more complex technology needs require additional planning and oversight. THECB has not documented consistent service expectations or criteria for prioritizing this type of work. It also has not documented how competing technology needs should be prioritized, scheduled, escalated, measured, and communicated to business areas. As a result, these decisions rely largely on management judgment and staff knowledge rather than a consistent, documented process. This makes it more difficult for ITS to show how limited technology resources are prioritized across competing needs, for business areas to plan work that relies on technology and communicate expectations, and requires additional time to seek status updates, adjust plans, and maintain interim processes while waiting for technology work.

Recommendation

THECB should establish documented service management practices for larger and more complex technology needs, including prioritization, timeliness expectations, performance monitoring, and stakeholder communication.

Management Implementation Plan	
Management Agreement	Management agrees with this recommendation
Responsible Party	Chief Information Officer, Information Technology Services
Implementation Timeline	August 31, 2027
Action Plan	ITS will establish an improved intake process that provides clear pathways for business divisions to submit new technology project requests, enhancements to existing applications and services, and application defects. Requests will be appropriately categorized and evaluated based on factors such as business priority, scope and complexity, resource requirements, dependencies, risk, and available capacity. Larger technology requests will be incorporated into an enterprise technology project portfolio governance process to support prioritization, resource planning, scheduling, and executive decision-making across competing agency needs. ITS will also mature its IT service management capabilities and implement an established industry IT service management platform to



	support standardized intake, workflow, prioritization, service expectations, performance measurement, and stakeholder communication. Together, these improvements will provide business divisions with greater visibility into the status and expected timing of technology requests while providing agency leadership with improved information to prioritize technology investments, coordinate project and technology portfolios, and allocate limited resources.
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C. Business Process Optimization

Community College Funding Processes

5	Inefficiency	Community college funding relies on manual workflows across multiple systems, increasing administrative effort and reducing time for higher-value analysis.
	Recommendation	THECB should modify existing funding workbooks to reduce repetitive manual validation and implement workflow automation, where practical, for repeatable administrative activities supporting the funding process.

House Bill 8 (88th Legislature, Regular Session), enacted in 2023, created a new outcomes-based funding model for community colleges, which THECB is responsible for implementing. The funding methodology has evolved over time based on legislative changes, administrative rulemaking, and implementation experience. Additional changes are anticipated in future legislative sessions, requiring the agency to remain flexible as the funding model continues to mature.

Although THECB has automated portions of the new funding model to support efficiency, the Excel-based funding model and supporting administrative workflow continue to require numerous manual activities across Access, Excel, SharePoint, email, and other standalone tools. Staff manually prepare and organize data, reconcile information from multiple sources, transfer data into funding workbooks, coordinate management reviews, and compile supporting documentation for quality control purposes. This process requires staff to repeatedly move information between systems and perform manual checks and reconciliations, increasing administrative effort and reducing time available for higher-value analysis.

Opportunities to further automate the funding calculation process could require rework as legislative requirements change. However, staff identified practical opportunities to improve the efficiency of the existing workflow without fundamentally changing the methodology. For instance, funding workbooks currently include direct cell references and instead could leverage pivot tables and standardized formulas to make validation activities easier and less time-consuming. Additionally, staff currently submit formal data requests to the Data Management and Research



team and manually incorporate returned datasets into the funding process rather than accessing standardized data tables directly. This is because portions of the underlying data remain in legacy Access databases. THECB is transitioning to a new data management system, Snowflake, which is expected to provide more direct access to standardized data, reducing manual data extraction and preparation.

Reliance on manual administrative processes requires staff to devote additional effort to coordinating workflow rather than performing higher-value analytical activities. This effort can increase when errors or other issues require rework. For example, after a community college notified THECB of an error in the near-final FY2027 funding model that had been distributed to community colleges for review, staff were required to investigate and correct the issue, rerun the calculations, perform additional validation and quality-control procedures, obtain leadership approval, and redistribute the corrected information. The event demonstrated how manual workflow activities can require additional staff coordination, rework, and communication when issues are identified.

Recommendation

THECB should modify existing funding workbooks to reduce repetitive manual validation and implement workflow automation, where practical, for repeatable administrative activities supporting the funding process.

Management Implementation Plan	
Management Agreement	Management agrees with this recommendation
Responsible Party	Assistant Commissioner of Funding and Financial Aid
Implementation Timeline	February 28, 2027
Action Plan	The Funding and Financial Aid team is currently assessing and analyzing potential funding workbook improvements that will reduce the need for manual validation. The team is considering options and approaches to workflow automation for certain administrative tasks. Options currently under consideration include Smartsheet and Cobblestone. We expect to test these different programs in the fall of 2026 and implement and refine the use of the chosen tool in the first two months of 2027.



Loan Administration Processes

6	Inefficiency	Manual loan administration processes and legacy systems increase administrative effort and reduce operational efficiency.
	Recommendation	THECB should continue implementing the Loan Management System (LMS) modernization initiative, prioritizing functionality that reduces manual processing, improves system integration, and streamlines loan administration.

Student loan administration activities rely on multiple systems supporting different stages of the loan lifecycle, including HELMS, HelmNet, Laserfiche, National Student Clearinghouse, Experian, payment processing systems, SharePoint, email-based workflows, and other supporting applications. Because information is distributed across these systems, staff must navigate multiple applications, reconcile information, coordinate workflow handoffs, process exceptions, and transfer information between systems to administer loans and service borrower accounts.

Staff consistently identified the fragmented technology environment as one of the primary contributors to additional administrative effort within the Student Financial Aid Programs (SFAP) division. SFAP leadership reported that document scanning, indexing, and routing activities require processing approximately 6,000 to 10,000 borrower documents each month and consume an estimated 1.1 to 1.7 FTE employees. Enrollment reporting activities required an estimated 346 staff hours to process approximately 1,599 updates during a representative month. Additional staffing analyses estimated approximately 5,400 staff hours annually devoted to manual loan origination activities, including payment exception processing, document management, enrollment updates, borrower correspondence, and related administrative activities. Together, these activities demonstrate the significant staff capacity required to support manual processing within the current technology environment.

THECB has recognized these challenges and initiated the Student LMS modernization initiative to consolidate systems, automate workflows, improve electronic document management and borrower self-service, and reduce reliance on manual processing. Project documentation indicates that implementation is supported by established governance, dedicated project management, business ownership, quality assurance, training, and organizational change management activities. However, because implementation remains in progress, staff continue to rely on existing systems and manual processes until applicable LMS functionality is deployed.

Recommendation

THECB should continue implementing the Loan Management System (LMS) modernization initiative, prioritizing functionality that reduces manual processing, improves system integration, and streamlines loan administration.



Management Implementation Plan	
Management Agreement	Management agrees with this recommendation
Responsible Party	Assistant Commissioner, Student Loan Administration
Implementation Timeline	Phased. Core loan origination and servicing functionality will be deployed on October 22, 2026. Prioritized post-implementation automation enhancements and conversion of inactive loans will be completed by January 31, 2027. Legacy system retirement will be completed by June 30, 2027.
Action Plan	Management agrees with the recommendation. The Coordinating Board identified the limitations of its legacy loan administration environment and initiated the Student Loan Management System (SLMS) modernization initiative with a formal Request for Offer posted on October 1, 2024, and contract award occurring on October 29, 2025. The SLMS replaces the agency's legacy loan origination and servicing systems with an integrated platform that includes efficiencies in loan origination and servicing, automates workflows, expands borrower self-service, and provides for electronic document delivery. The Coordinating Board and its implementation vendor have completed system design and configuration and are conducting data conversion validation, integration testing, and user acceptance testing in preparation for deployment. Consistent with audit recommendation, the SLMS provides functionality that addresses the manual workloads identified in the audit report. This includes electronic document intake and borrower self-service to reduce scanning, indexing, and routing. It also includes automated enrollment status processing, streamlined payment exception handling, and automated data exchanges between SLMS and the agency's financial, credit reporting, and other supporting systems to reduce manual reconciliation and workflow handoffs. After deployment, Student Loan Administration will measure staff effort for these activities relative to the pre-implementation baselines cited in the report. The results will guide prioritization of subsequent enhancements. The Coordinating Board will retire legacy systems once data conversion has been validated and parallel processing is complete.



Academic Program Approval Process

7	Inefficiency	Academic program approvals for public higher education institutions rely on multiple systems and manual steps, increasing administrative effort and reducing efficiency.
	Recommendation	THECB should modernize the program approval workflow by consolidating approval routing, reducing manual workflow activities, and replacing legacy systems that require duplicate data entry.

THECB's academic program approval process for public higher education institutions includes several manual steps to route proposals, track their status, resolve issues, and update approved program information across systems. The process also involves multiple systems that are not fully connected, including Laserfiche, Smartsheet, email, and a legacy program inventory. The impact of these manual activities has become more significant as proposal volume has increased. THECB processed 476 academic program proposals between FY2023 and FY2025, with annual volume increasing from 116 to 222 proposals (91%). Staff indicated that implementation of House Bill 8 (88th Legislature, Regular session) contributed to this increase by creating additional funding incentives for credentials aligned with workforce needs.

The largest delays occurred for bachelor's and master's proposals requiring Commissioner approvals, which averaged 145 and 146 days, respectively, compared with THECB's expected processing time of 60 to 90 days. Although these processing times exceeded THECB's documented expectations, they were within the one-year statutorily required timeframe established by Texas Education Code, Section 61.0512(a). Associate degree proposals generally met documented internal timeliness expectations, while longer timelines for doctoral and professional programs were consistent with the additional review, site visit, and Board approval requirements.

Based on an analysis of a sample of proposals approved in FY2025, several factors contributed to delays, including institution response time, proposal complexity, additional technical review, changing Commissioner approval documentation requirements, and isolated staffing challenges. While these factors help explain some of the longer processing times, the analysis also identified recurring manual steps within THECB's control that increased administrative effort:

- **Commissioner approval routing:** Proposals requiring Commissioner approval were routed outside of Laserfiche for approval, requiring staff to manually track and coordinate handoffs between systems.
- **Workflow interruptions and manual follow-up:** Some proposals did not move through the process as expected. One proposal was assigned to the wrong staff member in Laserfiche until staff later identified and corrected the assignment. Another proposal stalled after an approval step in Smartsheet, and other proposals had incomplete routing information that required a follow-up to determine their status. These examples illustrate how manual routing and tracking can contribute to workflow interruptions and additional staff follow-up.



- **Legacy program inventory updates:** After a program completed the approval process, staff had to enter approved information again into the legacy system. Information that had already been submitted, reviewed, and approved did not automatically flow into the official program inventory, resulting in duplicate data entry.

The systems supporting the approval process are also not fully connected, and the program inventory relies on a legacy system. Staff reported that technology improvements supporting program approvals have been prioritized behind other agency technology needs. As a result, staff continue to bridge gaps between systems through manual routing, tracking, data entry, and troubleshooting. Reducing manual routing, tracking, and duplicate data entry would make proposal status easier to track, reduce administrative effort, and allow staff to spend more time on substantive review, institution support, and other program responsibilities as proposal volume increases.

Recommendation

THECB should modernize the program approval workflow by consolidating approval routing, reducing manual workflow activities, and replacing legacy systems that require duplicate data entry.

Management Implementation Plan	
Management Agreement	Management agrees with this recommendation
Responsible Party	Assistant Commissioner of Academic and Health Affairs
Implementation Timeline	Phased approach to be completed by August 31, 2027
Action Plan	The Coordinating Board agrees with the recommendation to continue modernizing the academic program approval and review processes. The agency has continued to improve the Laserfiche forms and workflows supporting program approvals, including a recent infrastructure upgrade that improved system performance. The Coordinating Board will continue to improve these capabilities to increase the efficiency of the program approval process. The program inventory database, which currently requires manual updates as part of the program approval process, is dependent on legacy technology. The Coordinating Board plans to address this capability as part of its broader technology modernization efforts with the goal of reducing manual data entry.



Hiring Processes

8	Inefficiency	Incomplete hiring milestone information limits the ability to identify delays, target process improvements, and improve hiring efficiency.
	Recommendation	THECB should establish consistent hiring milestone information and use it to regularly monitor hiring performance and identify opportunities for improvement.

THECB has established a structured hiring process supported by documented recruiting procedures, standardized interview and candidate evaluation tools, and defined responsibilities for hiring managers and THECB's Human Resources Division, known as People Operations. Hiring activity is routinely monitored through staffing reports, vacancy reports, and recurring management meetings.

However, leadership and hiring managers across multiple divisions identified hiring timelines as an area of concern and described uncertainty regarding where delays occurred within the hiring process. People Operations indicated that delays frequently occur before recruiting activities begin, when hiring managers have not completed prerequisite activities, such as preparing job descriptions and submitting required documentation.

People Operations currently uses CAPPS Recruit, the applicant tracking system within the state's Centralized Accounting and Payroll/Personnel System (CAPPS) to manage recruitments. To monitor the end-to-end hiring process, People Operations supplements reporting in CAPPS Recruit with a manually maintained position tracker. The tracker provides additional information about hiring milestones that is not available through CAPPS Recruit and is used for management reporting. However, it relies on manual updates, and some key information is maintained in free-text comments rather than structured data fields.

The position tracker included 437 hiring actions dating back to 2022. Of these, 194 (45%) contained sufficient milestone information to analyze hiring timelines. The remaining 243 hiring actions (55%) had missing, incomplete, or inconsistent milestone information. The tracker has evolved since 2022 as People Operations added fields and improved the information captured, and data completeness generally improved for more recent hiring actions. However, some gaps remained in more recent records. As a result, THECB cannot reliably measure hiring timelines across the agency or consistently identify where delays occur.

Among the records with sufficient information, the longest observable delays generally occurred before People Operations received completed job descriptions or other required documentation from hiring managers. Once the required documentation was received, hiring actions generally moved through posting and recruiting activities more quickly. However, because more than half of the hiring actions lacked reliable milestone information, these results cannot be applied to the full hiring population or used to identify agency-wide bottlenecks.



Effective recruitment management relies on complete and reliable performance information to measure hiring timeliness, identify bottlenecks, evaluate process improvements, and support workforce planning and management decisions.⁶⁷ Key hiring milestones should be maintained in structured data fields where practical and periodically reviewed for missing or inconsistent information. Without reliable hiring data, THECB has limited ability to identify recurring delays, target process improvements, and determine whether those improvements are increasing hiring efficiency. The state recently updated CAPPS Recruit to a new system, which may support improved reporting moving forward.

Recommendation

THECB should establish consistent hiring milestone information and use it to regularly monitor hiring performance and identify opportunities for improvement.

Management Implementation Plan	
Management Agreement	Management agrees with this recommendation. The Coordinating Board agrees that maintaining consistent and reliable hiring milestone information will strengthen the agency's ability to monitor hiring timelines, identify potential bottlenecks, and evaluate opportunities to improve hiring efficiency.
Responsible Party	Assistant Commissioner for People Operations
Implementation Timeline	Target Completion: January 1, 2027 Initial process and data improvements will be implemented along with TAMS implementation and training with ongoing tracking and evaluation built into HR's regular recruiting and workforce reporting processes.
Action Plan	The Coordinating Board currently monitors hiring actions utilizing a position tracker that is reviewed during management meetings. We will continue to explore the reporting capabilities of the new Talent Acquisition Management System (TAMS). Management will build upon these existing practices by standardizing the collection and review of key hiring milestone information and improving the consistency and completeness of data used to evaluate hiring performance. Human Resources will establish a periodic review process to identify missing or inconsistent hiring milestone information and address data-quality issues, develop recurring hiring performance reporting using the

⁶ SHRM, *From Efficiency to Quality: 5 Recruiting Metrics That Drive Business Impact*, October 6, 2025. [SHRM: From Efficiency to Quality—5 Recruiting Metrics That Drive Business Impact](#)

⁷ SHRM, *Using Data to Make Better Hires*, January 29, 2016. [SHRM: Using Data to Make Better Hires](#)



standardized milestone information, and periodically review hiring performance information with leadership and use the results to identify opportunities for process improvement.



4. Objectives, Scope, and Methodology

A. Objectives

This audit assessed whether THECB administers selected state resources in an efficient manner according to best practices and applicable requirements.

B. Scope

The audit was conducted pursuant to Texas Government Code, Chapter 327, which requires periodic efficiency audits of state agencies. The scope included THECB's administration of state resources, including financial, staffing, property, technology, and other resources relevant to the audit objectives. The audit primarily evaluated the agency's operations and processes as they existed beginning in January 2026, when the audit started. Where needed to evaluate trends, performance, or specific activities, audit procedures included analysis of historical information covering periods appropriate to the area evaluated. The scope period for individual audit procedures is described within the relevant inefficiency, where applicable.

C. Methodology

Baker Tilly conducted this audit between January 2026 and August 2026, using a risk-based approach designed to evaluate the efficient administration of state resources across the audit objectives. During planning, we conducted a comprehensive risk assessment to identify the areas presenting the greatest risk and the most significant opportunities to improve the efficient administration of state resources. The highest-risk areas identified through this assessment were selected for detailed audit procedures. Not every area reviewed resulted in a reportable inefficiency. The inefficiencies presented in this report focused on the most significant opportunities to improve the efficient administration of state resources.

To address the audit objectives, Baker Tilly:

- Examined applicable statutes, regulations, agency policies and procedures, organizational documentation, financial information, operational data, and other relevant records
- Interviewed agency leadership and staff to obtain an understanding of governance, business processes, and operations
- Analyzed selected financial, operational, and performance data
- Evaluated agency practices against applicable requirements and recognized leading practices
- Evaluated selected programs, processes, and activities to identify opportunities to improve efficiency and the administration of state resources
 - Assessed selected strategic and management processes, including organizational communication and decision-making, performance measures, technology governance and service delivery, workforce management, and grants administration



- Assessed selected operational and administrative processes, including community college funding, hiring, travel and conference approvals, data requests and reporting, student loan administration, and academic program approvals
- Assessed selected systems and workflow tools supporting these processes, including CAPPS Recruit, Laserfiche, Smartsheet, SysAid, administration systems, Snowflake, and related spreadsheets, databases, dashboards, and reporting tools
- Analyzed a judgmental sample of the 10 longest Commissioner-approved academic program proposals from FY2025 to identify factors contributing to extended processing times and assess whether workflow or process issues contributed to delays. The sample focused testing on proposals with the greatest potential for delays and was not designed to project results to the full population of program approvals.

Data Reliability

For THECB's Information Technology Services (ITS) ticket data for FY2023 through FY2026, auditors (1) confirmed that SysAid is ITS's system of record for service tickets (2) examined report parameters used to pull the data from SysAid to verify that the data aligned with parameters requested, and (3) analyzed key fields for reasonableness and completeness. The data was sufficiently reliable for the purposes of this audit.

For academic program approval data, auditors (1) examined the program approval data and key fields used in the analysis, including proposal identification, receipt date, final action, final action date, fiscal year, degree level, and processing time; (2) analyzed key fields for completeness and reasonableness; (3) independently recalculated processing time using proposal receipt and final action dates and confirming that the recalculated results matched the reported processing time for all 476 proposals; and (4) examined detailed workflow and supporting information for selected proposals to assess whether reported processing times and approval activity were consistent with the underlying approval process. The data was sufficiently reliable for the purposes of analyzing proposal volume and processing times in this audit.

D. Statement of Compliance with GAGAS

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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.



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