



**SOUTH TEXAS
COLLEGE**

Internal Audit Annual Report Fiscal Year 2020

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I. Compliance with TGC, Sec 2102.015

Texas Government Code Section 2102.015 was added by House Bill 16 (83rd. Legislature) on June 14, 2013. House Bill 16 amended the Internal Auditing Act to require state agencies and institutions of higher education, as defined in the bill, to post agency internal audit plans, internal audit annual reports, and any weaknesses or concerns resulting from the audit plan or annual report on the entities' website, at the time and in the manner provided by the State Auditor's Office. Specifically, the College must post the following information within 30 days of approval by the Board of Trustees:

- The approved audit plan for the current fiscal year;
- The audit plan from the previous fiscal year;
- A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report; and
- A summary of the action taken by the College to address concerns raised by the audit plan or annual report.

To comply with the requirements, South Texas College's Office of Internal Audits will submit its Internal Audit Annual Report to the website coordinators to be posted on the Internal Audit section of the College's website no later than 30 days after the Board of Trustees approves the current year audit plan at its August 25, 2020 scheduled meeting. This report includes all the elements required by Texas Government Code Section 2102.015.

II. Internal Audit Plan for Fiscal Year 2020

The Board of Trustees approved the internal audit plan for fiscal year 2020 on July 23, 2019. The audit plan was prepared using risk assessment techniques as required by the Institute of Internal Auditor (IIA) *Standards*. Appropriate revisions to the FY 2020 audit plan were made and subsequently approved by the Board on June 23, 2020.

All audits that were not completed in FY 2020 were carried forward and included in the FY 2021 audit plan.

FY 2020 (Scheduled)

1. Fraud Survey
2. Financial Aid – Third Party Programs
3. Banner Computer System Security and Access
4. Clery Act, and Violence Against Women Act*
5. Travel
6. MOUs for Early College High Schools and Dual Credit
7. Blueprint Expectations for Early College High Schools
8. Science Lab Safety and Storage Compliance
9. Human Resources Processes – Faculty Credentials
10. Contractor Adherence to Prevailing Wage Rate Determination
11. Faculty Overloads & Stipends
12. Office of Internal Audit – Quality Assurance and Improvement Program – Internal Assessment
13. Title IX* (will be moved to FY 2022, see footnote below)
14. Child and Adult Care Food Program CACFP – Application Process
15. State Auditor’s Office – Catch the Next Compliant: 20-0044
16. Coronavirus Aid, Relief, and Economic Security (CARES) Act Compliance Review

*Approved as a single audit project, and split into two projects. The Title IX Audit will be moved to the FY 2022 Audit Plan, to allow College staff time to review and implement the new requirements from the Department of Education.

Office of Internal Audits
Fiscal Year 2020 Audit Plan

FY 2020 Audit Plan - Engagements	Status of Plan
Risk Based Audits	
Financial Aid - Third Party Programs Audit	1/7/2020
Office of Internal Audit - Quality Assurance and Improvement Program - Internal Assessment	Reporting Phase
HR Processes - Faculty Credentials	Reporting Phase
Banner Computer System Security and Access Audit	Reporting Phase
Clery Act and VAWA	9/8/2020
MOUs for Early College High School and Dual Credit	Fieldwork Phase
Science Lab Safety and Storage Compliance	Fieldwork Phase
Travel	Moved to FY 2021
Consulting Engagements	
Child & Adult Care Food Program CACFP - Application Process	10/1/2019
State Auditor's Office - Catch the Next Compliant: 20-0044	11/7/2019
CARES Act Compliance Review	In Process
Follow Up	
Financial Aid - Third Party Programs Audit	7/30/2020
Other Audit Responsibilities and Special Projects	
Fraud Survey	10/8/2019
Administration (e.g. secure resources, budget development, etc.)	In Process
Annual Financial Report [CAFR]	In Process
Misc. data analytics / fraud detection procedures, fraud risk assessment	In Process
Est. the Quality Assurance and Improvement Program (QAIP & QAR)	In Process
Professional Development & Training (40 hrs.CPE)	In Process
Annual Risk Assessment & Risk Based Audit Plan Development	6/27/2020
Annual Report [Texas Govt. Code Sec. 2102.015]	9/8/2020
Unassigned/Unplanned/Mgmt. Special Requests	N/A

III. Consulting and Nonaudit Services

The Office of Internal Audit's staff worked on three consulting engagement in FY 2020:

- Child and Adult Care Food Program [CACFP] Application Submission Process;
- State Auditor's Office Complaint No. 20-0044 related to data requests from Catch the Next [CTN];
- Coronavirus Aid, Relief, and Economic Security CARES Act Compliance Review.

IV. External Quality Assurance Review (Peer Review)

IIA *Standard* 1312 requires an external assessment of an internal audit activity be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Office of Internal Audits is in its fourth year of operations.

IIA *Standards* allows for the completion of a self-assessment that includes a comprehensive and fully documented process completed by the Internal Auditor with independent external validation. In FY 2020 the Internal Auditor completed a comprehensive self-assessment and provided the results to the President and the Vice President of Finance and Administrative Services on 2/3/2020. The results of the internal self-assessment are projected to be reviewed in FY 2021 by a qualified, independent external assessor.

V. Summary of Findings and Management's Corrective Action Plan

Report No.	Report Date	Project Name	Summary of Finding	Summary of Corrective Action Plan	Status of Correction Action Plan
20-01	1/7/2020	Financial Aid - State Awards	The department's Handbook of Operating Procedures was not updated to reflect recent changes in procedures related to the submission frequency of reports sent to the National Student Clearinghouse.	Management agrees with the recommendation and the following action has been taken. The National Student Clearinghouse enrollment and graduate reporting process and timelines have been added to the Handbook of Operating Procedures Manual.	Fully Implemented
20-02	9/8/2020	Clery Act and VAWA Act Audit	All designated CSA's should provide their 'Campus Security Authority Reporting' form to the Dept. of Public Safety.	All CSA forms for calendar year 2018 and 2019 were completed and submitted to the Dept. of Public Safety. Efforts to reach 100% compliance with the CSA reporting requirements will include escalating noncompliance to the VP and President.	Follow up - Pending
20-02	9/8/2020	Clery Act and VAWA Act Audit	Management should ensure that all designated CSA's complete their Clery Act trainings.	All employees required to complete CSA training for calendar year 2018 and 2019 have done so. Efforts to reach 100% compliance in this area will include escalating noncompliance to the VP and President level.	Follow up - Pending

Report No.	Report Date	Project Name	Summary of Finding	Summary of Corrective Action Plan	Status of Correction Action Plan
20-02	9/8/2020	Clery Act and VAWA Act Audit	Management should ensure that reported criminal incidents that meet the definition of more than one category are reported in each applicable category as required.	Mgmt. agrees that reported criminal incidents that meet the definition of more than one category are recorded in each applicable category as required.	Follow up - Pending
20-02	9/8/2020	Clery Act and VAWA Act Audit	Mgmt. should ensure that the <i>Clery Act</i> crime stats are included within the annual security report (ASR).	In addition to reporting the three years of crime stats on the College's Clery Reporting website, the crime stats have also been included as an appendix within the ASR.	Follow up - Pending
20-02	9/8/2020	Clery Act and VAWA Act Audit	Mgmt. should review the ASR and include all missing policy statements. The ASR should be periodically reviewed and updated to ensure completeness.	The Dept. of Public Safety has updated the ASR to include the 4 policy statements and will continue to monitor all 94 currently required policy statements are included in the ASR.	Follow up - Pending

Report No.	Report Date	Project Name	Summary of Finding	Summary of Corrective Action Plan	Status of Correction Action Plan
20-02	9/8/2020	Clery Act and VAWA Act Audit	Mgmt. should ensure that emergency notifications are issued to the entire campus community upon confirmation of a significant emergency involving an immediate threat to the health and safety of students or employees.	The College's ASR policy statement related to the issuance of emergency notifications will be revised to indicated that emergency notifications will be issued upon confirmation of a significant emergency or dangerous situation. Mgmt. issues emergency notifications in accordance with the College's ASR procedures and the Dept. of Education's Handbook for Campus Safety and Security Reporting 2016 Edition.	Follow up - Pending
20-02	9/8/2020	Clery Act and VAWA Act Audit	Mgmt. should consider improving existing procedures related to the issuance of timely warnings.	The College was not found to be out of compliance in this area. The Chief of Police will prepare an incident report to document the decision, including the justification and description. Quarterly reports will be prepared and submitted to the Clery Act Committee.	Follow up - Pending

VI. Internal Audit Plan for Fiscal Year 2021

In accordance with the Institute of Internal Auditor's (IIA) *Standard* 2010, a formal audit plan is required for fiscal year (FY) 2021. An entity-wide risk assessment was conducted to evaluate each area based on current conditions, circumstances, and management concerns. Input to the annual plan was requested from the Board, the President, Vice presidents, and other senior managers. Major goals and institutional objectives were reviewed to identify areas where value-added audit services could be provided. On August 25, 2020 South Texas College's Board of Trustees approved the following projects for FY 2021.

FY 2021 (Scheduled)

1. Fraud Survey
2. Memorandum of Understanding for Early College High Schools and Dual Credit
3. Banner Computer System Security and Access
4. Science Lab Safety and Storage Compliance
5. Human Resources Processes – Faculty Credentials
6. Financial Aid – Federal Awards
7. Contractor Adherence to Prevailing Wage Rate Determination
8. Faculty Overloads & Stipends
9. Travel
10. Purchasing
11. Teacher Retirement System (TRS)
12. Office of Internal Audit – Quality Assurance and Improvement Program –
External Assessment/Peer Review
13. CARES Act Compliance Review

Office of Internal Audits
Fiscal Year 2021 Audit Plan

FY 2021 Audit Plan - Engagements		
Risk Based Audits	Hours	Percent
MOUs for Early College High Schools and Dual Credit	100	3%
Banner Computer System Security and Access	50	2%
Science Lab Safety and Storage Compliance	150	5%
Human Resources Processes - Faculty Credentials	200	6%
Financial Aid - Federal Awards	200	6%
Contractor Adherence to Prevailing Wage Rate Determination	200	6%
Faculty Overloads & Stipends	200	6%
Travel	150	5%
Purchasing	200	6%
Teacher Retirement System of Texas (TRS)	200	6%
Office of Internal Audit - QAIP - External Assessment	200	6%
Subtotal	1850	57%
Other Audit Responsibilities and Special Projects	Hours	Percent
Fraud Survey	100	3%
Administration (e.g. secure resources, align with IIA, etc.)	150	5%
Annual Financial Report [CAFR]	25	1%
Misc. data analytics / fraud detection procedures	150	5%
Professional Development & Training (40 hrs.CPE)	100	3%
Annual Risk Assessment & Risk Based Audit Plan Development	250	8%
Annual Report [Texas Govt. Code Sec. 2102.015]	200	6%
Follow-up on reported findings	275	8%
Unassigned/Unplanned/Mgmt. Special Requests	150	5%
Subtotal	1400	43%
Total	3250	100%

VII. External Audit Services – Fiscal Year 2020

All external audit services that were procured or were ongoing in fiscal year 2020 by South Texas College are listed below.

- Carr, Riggs & Ingram - Annual Financial Statement Audit;
- THECB – Desk Review of Perkins Career and Technical Education Basic Grants to States CFDA #84.048, Award #19210 and Award #19867;

VIII. Reporting Suspected Fraud and Abuse

South Texas College has taken the following actions to implement the fraud detection and reporting requirements of Section 7.09 of the 84th Legislature's General Appropriations Act, and Texas Government Code, Section 321.022:

- A confidential fraud hotline is available for employees to report suspected fraud.
- Solicits feedback from employees related to fraud through an annual fraud survey.
- Established formal guidelines for reporting and investigating suspected or known fraud, waste, abuse and other improprieties;
- South Texas College's *Guidelines for Reporting and Investigating Suspected or Known Fraud, Waste, Abuse and Other Improprieties* describes how to report suspected fraud to the State Auditor's Office and includes information on the State Auditor's Office Fraud, Waste, and/or Abuse Hotline.