



**SOUTH TEXAS
COLLEGE**

Internal Audit Annual Report Fiscal Year 2021

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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 24, 2021 scheduled meeting. This report includes all the elements required by Texas Government Code Section 2102.015.

II. Internal Audit Plan for Fiscal Year 2021

The Board of Trustees approved the internal audit plan for FY 2021 on August 25, 2020. The audit plan was prepared using risk assessment techniques as required by the Institute of Internal Auditor (IIA) *Standards*.

All audits that were not completed in FY 2021 were carried forward and included in the FY 2022 audit plan with the exception of the Contractor Adherence to Prevailing Wage Rate Determination (engagement#7 below).

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	Status of Plan
Risk Based Audits	
Banner Computer System Security and Access Audit	Reporting
MOUs for Early College High School and Dual Credit	Reporting
HR Processes - Faculty Credentials	Reporting
Science Lab Safety and Storage Compliance	Fieldwork
Financial Aid - Federal Awards	Planning
Contractor Adherence to Prevailing Wage Rate Determination	Removed
Faculty Overloads & Stipends	FY 2022
Purchasing	FY 2022
Travel	FY 2022
Quality Assurance and Improvement Program - External QAR	FY 2022
Consulting Engagements	
CARES Act Compliance Review	8/26/2020
Follow Up	
Clery Act	5/3/2021
Other Audit Responsibilities and Special Projects	
Fraud Survey	10/12/2020
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	6/9/2021
Annual Report [Texas Govt. Code Sec. 2102.015]	8/24/2021
Unassigned/Unplanned/Mgmt. Special Requests	N/A

III. Consulting and Nonaudit Services

The Office of Internal Audit's staff worked on one consulting engagement in FY 2021:

- 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 2022 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
21-01	6/10/2021	Early College High School - MOUs	Management should establish procedures to ensure that signed MOUs are completely filled out and that dates are included in the signed document.	The Dual Credit Program will establish procedures for final review of the Interlocal Agreements prior to placing the document on file.	Follow up - Pending
21-01	6/10/2021	Early College High School - MOUs	Mgmt. should review the Dual Credit Program's MOU to ensure that all of the required elements are included under TAC 4.84	The Dean of Dual Credit Programs will ensure that all required elements are included in the 2021-2022 Interlocal Agreements prior to submission for Board approval.	Follow up - Pending
21-02	6/10/2021	Banner Computer System Security and Access	IT Should assume responsibility for the development of all IT access controls and est. formal access control procedures. Est. procedures should be communicated throughout the College.	IT will seek collaboration with the established Banner User Groups to help develop a uniform procedure for all areas. This same group will help communicate and enforce the new procedures.	Follow up - Pending

Report No.	Report Date	Project Name	Summary of Finding	Summary of Corrective Action Plan	Status of Correction Action Plan
21-02	6/10/2021	Banner Computer System Security and Access	Data owners should begin defining Banner screens/forms and work collaboratively with IT to map each class to the College's 'Data Classification Standard.' IT should work with the data owners to est. employee role-based access restrictions.	IT will work with the data owners to conduct a data classification standard and define Banner screens/forms. IT can organize and facilitate the meetings and in conjunction with data owners identify what data within Banner is confidential, restricted, or public.	Follow up - Pending
21-02	6/10/2021	Banner Computer System Security and Access	IT should est. formal procedures that require periodic monitoring of employee system access rights. The results of these monitoring activities should be documented.	The format will change to allow business analysts to grant system access rights. IT will work with InfoSec to develop formal procedures that all Banner power users will follow.	Follow up - Pending

VI. Internal Audit Plan for Fiscal Year 2022

In accordance with the Institute of Internal Auditor's (IIA) *Standard* 2010, a formal audit plan is required for fiscal year (FY) 2022. 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 24, 2021 South Texas College's Board of Trustees approved the following projects for FY 2022.

FY 2022 (Scheduled)

1. Fraud Survey
2. Teacher Retirement System of Texas (TRS)
3. Science Lab Safety and Storage Compliance
4. Human Resources Processes – Faculty Credentials
5. Financial Aid – Federal Awards
6. Purchasing
7. Faculty Overloads & Stipends
8. Title IX
9. Emergency Medical Technology (EMT) Program
10. Student Receivables
11. Travel
12. Quality Assurance and Improvement Program – External QAR

Office of Internal Audits
Fiscal Year 2022 Audit Plan

FY 2022 Audit Plan - Engagements		
Risk Based Audits	Hours	Percent
Teacher Retirement System of Texas (TRS)	200	6%
Science Lab Safety and Storage Compliance	150	4%
Human Resources Processes - Faculty Credentials	50	1%
Financial Aid - Federal Awards	250	7%
Purchasing	250	7%
Faculty Overloads & Stipends	200	6%
Title IX	200	6%
Emergency Medical Technology (EMT) Program	150	4%
Student Receivables	250	7%
Travel	200	6%
Quality Assurance & Improvement Program- External QAR	200	6%
Subtotal	2100	60%
Other Audit Responsibilities and Special Projects	Hours	Percent
Fraud Survey	100	3%
Administration (e.g. secure resources, align with IIA, etc.)	150	4%
Annual Financial Report [CAFR]	25	1%
Misc. data analytics / fraud detection procedures	150	4%
Professional Development & Training (40 hrs.CPE)	100	3%
Annual Risk Assessment & Risk Based Audit Plan Development	250	7%
Annual Report [Texas Govt. Code Sec. 2102.015]	200	6%
Follow-up on reported findings	275	8%
Unassigned/Unplanned/Mgmt. Special Requests	150	4%
Subtotal	1400	40%
Total	3500	100%

VII. External Audit Services – Fiscal Year 2021

All external audit services that were procured or were ongoing in fiscal year 2021 by South Texas College are listed below.

- Carr, Riggs & Ingram - Annual Financial Statement Audit;
- State Auditor Office – Compliance with Public Funds Investment Act and Rider 5, General Appropriations Act, Reporting Requirements

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.