



SOUTH TEXAS
COLLEGE

INTERNAL AUDIT

Annual Report Fiscal Year 2023

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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 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 22, 2023 scheduled meeting. This report includes all the elements required by Texas Government Code Section 2102.015.

II. Internal Audit Plan for Fiscal Year 2023

The Board of Trustees approved the internal audit plan for FY 2023 on August 23, 2022. The audit plan was prepared using risk assessment techniques as required by the Institute of Internal Auditor (IIA) *Standards*.

Audits not completed in FY 2023 were carried forward and included in the FY 2024 audit plan.

FY 2022 – 2023 (Scheduled)

1. Fraud Survey
2. Financial Aid – Federal Awards
3. Faculty Overloads & Stipends
4. Business Continuity / Disaster Recovery
5. Title IX
6. HR Processes – Employee Hiring and Staffing
7. Emergency Medical Technology (EMT) Program
8. Surprise Cash Counts
9. Purchasing – Proposal Evaluation Criteria
10. Quality Assurance Review – External QAR

Office of Internal Audits
Fiscal Year 2023 Audit Plan

FY 2023 Audit Plan - Engagements	Status of Plan
Risk Based Audits	
Title IX	6/13/2023
Emergency Medical Technology (EMT) Program	6/13/2023
Business Continuity / Disaster Recovery	FY 2024
Financial Aid - Federal Awards	Fieldwork
HR Processes - Employee Hiring & Staffing	FY 2024
Faculty Overloads & Stipends	FY 2024
Quality Assurance and Improvement Program - External QAR	FY 2024
Consulting Engagements	
Surprise Cash Counts	6/29/2023
Purchasing Proposal Evaluation Criteria	9/30/2022
Follow Up	
Science Lab Safety	5/4/2023
Other Audit Responsibilities and Special Projects	
Fraud Survey	10/17/2022
Administration (e.g. secure resources, budget development, etc.)	In Process
Annual Financial Report	-
Misc. data analytics / fraud detection procedures, fraud risk assessment	6/14/2023
Quality Assurance and Improvement Program (QAIP & QAR)	8/31/2023
Professional Development & Training (40 hrs.CPE)	6/16/2023
Annual Risk Assessment & Risk Based Audit Plan Development	6/29/2023
Annual Report [Texas Govt. Code Sec. 2102.015]	9/12/2023
Unassigned/Unplanned/Mgmt. Special Requests	N/A

III. Consulting and Nonaudit Services

The Office of Internal Audits worked on two consulting engagements in FY 2023:

- Proposal evaluation criteria;
- Surprise cash counts

IV. External Quality Assurance 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. 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. The Office of Internal Audits is due to have the results of the comprehensive self-assessment validated by an independent external assessor. Options for the selection of a qualified external assessor will be presented to the Finance, Audit, and HR Committee for their review and discussion.

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
23-01	5/9/2023	Title IX	A formal process was not in place for documenting that individuals involved in making Title IX decisions were free from bias.	The Title IX Coordinator will require that all persons who participate in the investigation or resolution of a Title IX case provide a statement attesting to the fact that the person is free from bias or conflict as to the case.	Follow up - Pending
23-02	5/9/2023	Emergency Medical Services (EMS)	Written procedures to help guide employees in their day-to-day operations had not yet been established.	EMS Dept. is currently looking into written procedures that will guide its employees on their daily operations. --Spring 2024.	Follow up - Pending
23-02	5/9/2023	Emergency Medical Services (EMS)	Assets in use within the department did not trace back to inventory records.	EMS Dept. has started to research and confirm its fixed asset listing. The Dept. Chair has asked staff to verify the current listing.	Follow up - Pending

VI. Internal Audit Plan for Fiscal Year 2024

In accordance with the Institute of Internal Auditor's (IIA) *Standard* 2010, a formal audit plan is required for fiscal year (FY) 2024. 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 22, 2023 South Texas College's Board of Trustees approved the following projects for FY 2024.

FY 2023 – 2024 (Scheduled)

1. Fraud Survey
2. Financial Aid – Federal Awards
3. Faculty Overloads & Stipends
4. Student Organization Funds Handling
5. IT Business Continuity / Disaster Recover Planning
6. HR Processes - Employee Hiring and Staffing
7. Environmental Health & Safety
8. Account Reconciliations
9. Fixed Assets
10. Quality Assurance Review – External QAR

Office of Internal Audits
Fiscal Year 2024 Audit Plan

FY 2024 Audit Plan - Engagements		
Risk Based Audits	Hours	Percent
Financial Aid - Federal Awards	50	3%
Faculty Overloads & Stipends	125	7%
Student Organization Funds Handling	100	6%
IT - Business Continuity / Disaster Recovery	150	9%
HR Processes - Employee Hiring and Staffing	200	12%
Environmental Health & Safety	200	12%
FM - Account Reconciliations	150	9%
Fixed Assets	150	9%
Quality Assurance Review - External QAR	50	3%
Subtotal	1175	68%
Other Audit Responsibilities and Special Projects	Hours	Percent
Fraud Survey	50	3%
Administration (e.g. secure resources, align with IIA, QAIP, etc.)	50	3%
Annual Financial Report [CAFR]	25	1%
Data analytics / fraud detection procedures	50	3%
Professional Development & Training (40 hrs.CPE)	50	3%
Annual Risk Assessment & Risk Based Audit Plan Development	100	6%
Annual Report [Texas Govt. Code Sec. 2102.015]	125	7%
Follow-up on reported findings	75	4%
Unassigned/Unplanned/Mgmt. Special Requests	25	1%
Subtotal	550	32%
Total	1725	100%

VII. External Audit Services – Fiscal Year 2023

All external audit services that were procured or were ongoing in fiscal year 2023 by South Texas College are listed below.

- Carr, Riggs & Ingram - Annual Financial Statement Audit;
- Texas Cybersecurity Framework Assessment;
- THECB Perkins Desk Review;
- THECB Single Audit Evaluation

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.