



SOUTH TEXAS COLLEGE

INTERNAL AUDIT

Annual Report Fiscal Year 2024

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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 27, 2024 scheduled meeting. This report includes all the elements required by Texas Government Code Section 2102.015.

II. Internal Audit Plan for Fiscal Year 2024

The Board of Trustees approved the internal audit plan for FY 2024 on August 22, 2023. The audit plan was prepared using risk assessment techniques as required by the Institute of Internal Auditor (IIA) *Standards*.

Audits not completed in FY 2024 were carried forward and included in the FY 2025 audit plan.

FY 2023 – 2024 (Scheduled)

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



III. Consulting and Nonaudit Services

The Office of Internal Audits did not work on any consulting engagements in FY 2024

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.



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
24-01	10/26/2023	Fin. Aid Federal Awards	Mgmt. should ensure that notices are provided to students that include information related to a student's rights under FERPA.	The College Registrar will work with the Office of Curriculum to ensure that students are notified annually when the Catalog is published. The College eliminated hard copy Catalogs and the notice will be sent with the link to the Catalog.	Implemented
24-02	7/3/2024	Student Org. Fds. Handling	The Student Organization Handbook should be reviewed and updated to include additional guidance on cash handling procedures.	The following will be added to procedures: Keeping track of transactions/reconciliations Funds only accepted through Cash, checks, Mk Keeping transaction/deposit records.	Implemented
24-02	7/3/2024	Student Org. Fds. Handling	Employees assigned job duties related with the collection and deposit of cash should be required to complete funds handling training.	New training will be provided to include all additional/revised information related to funds handling.	Pending follow up sch. For Oct. 4th
24-02	7/3/2024	Student Org. Fds. Handling	Student Organization Advisors should ensure that accounts under their control are reconciled.	Student organizations will be referred to the Business Office if they need training on the account reconciliation process.	Pending follow up sch. For Oct. 4th



Report No.	Report Date	Project Name	Summary of Finding	Summary of Corrective Action Plan	Status of Correction Action Plan
24-02	7/3/2024	Student Org. Fds. Handling	The use of personal bank accounts should be restricted, that includes accepting payments via payment services that require the use of a personal bank account such as CashApp, Venmo, etc.	Student Activities has been working with the BO to establish an STC Marketplace account for student orgs. Student Activities will no longer accept pmts. Using CashApp/Zelle/Venmo going forward.	Pending follow up sch. For Oct. 4th
24-02	7/3/2024	Student Org. Fds. Handling	Collections must be deposited within 2 business days.	Student Activities will remind clubs of the procedures to deposit funds within 2 business days each time we are aware of a fundraiser.	Pending follow up sch. For Oct. 4th
24-02	7/3/2024	Student Org. Fds. Handling	Sufficient records must be maintained to support cash collections and to facility subsequent account reconciliation procedures. Record retention requirements should be established and communicated to all Student Org Advisors	Student org. Advisors will be required to keep all records related to their club in line with STC's record retention procedures.	Pending follow up sch. For Oct. 4th

VI. Internal Audit Plan for Fiscal Year 2025

In accordance with the Institute of Internal Auditor's (IIA) *Standard* 2010, a formal audit plan is required for fiscal year (FY) 2025. 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 27, 2024 South Texas College's Board of Trustees approved the following projects for FY 2025.

FY 2024 – 2025 (Scheduled)

1. Fraud Survey
2. IT Business Continuity / Disaster Recover Planning
3. HR - Employee Hiring and Staffing
4. Environmental Health & Safety
5. Account Reconciliations
6. Fixed Assets
7. Effort Reporting
8. Senate Bill 17



VII. External Audit Services – Fiscal Year 2024

All external audit services that were procured or were ongoing in fiscal year 2024 by South Texas College are listed below.

- Carr, Riggs & Ingram - Annual Financial Statement Audit;
- State Auditor's Office – Public Funds Investment Act Compliance Assessment;

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.