



SOUTH TEXAS COLLEGE

Internal Audit Annual Report Fiscal Year 2025

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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. This report includes all the elements required by Texas Government Code Section 2102.015.

II. Internal Audit Plan for Fiscal Year 2025

The Board of Trustees approved the internal audit plan for FY 2025 on August 27, 2024. The audit plan was prepared using risk assessment techniques as required by the Institute of Internal Auditor (IIA) *Standards*. A revision to the plan was necessary to include an engagement for SB 17.

Audits not completed in FY 2025 were carried forward and included in the FY 2026 audit plan.

FY 2024 – 2025 (Scheduled)

1. Fraud Survey
2. HR Processes – Hiring & Staff
3. Business Continuity / Disaster Recovery
4. Environmental Health & Safety
5. Account Reconciliations
6. Fixed Assets
7. Effort Reporting
8. Senate Bill 17

III. Consulting and Nonaudit Services

The Office of Internal Audits worked on the following consulting engagements in FY 2025:

- Nursing Education Program Information Survey (NEPIS);
- Board Request

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
25-01	10/23/2025	Faculty Overloads	Mgmt. should consider adjusting overload budgets annually, so as to decrease the number of transfers throughout the year.	Moving forward, during the budget creation process, the Academic Affairs division will review the individual divisional budgets and adjust the annual requests to minimize the number of transfer during the course of the fiscal year.	Implemented
25-03	6/30/2025	Business Continuity / Disaster Recovery	Mgmt. should consider completing another Business Impact Analysis after the implementation of the new ERP system.	Once WorkDay Student is fully functional, we will look at a vendor that can perform a BIA.	Pending
25-03	6/30/2025	Business Continuity / Disaster Recovery	Mgmt. should consdier aligning the frequency of DRP testing with its risk assessment profile and environment.	IT will update the procedure on how often DRP testing is done aligning the procedure with these recommendations.	Implemented

VI. Internal Audit Plan for Fiscal Year 2026

In accordance with the Institute of Internal Auditor's (IIA) *Standard* 2010, a formal audit plan is required for fiscal year (FY) 2026. A risk assessment was completed to evaluate each area of the College 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 March 24, 2026 South Texas College's Board of Trustees approved the following projects for FY 2026.

FY 2025 – 2026 (Scheduled)

1. Fraud Survey
2. Effort Reporting
3. Scholarships
4. Administration Vehicles
5. Advisory / Consulting Engagements
6. HR Processes – Hiring & Staffing
7. Environmental Health & Safety
8. Account Reconciliations
9. Fixed Assets
10. Center for Advanced Training & Apprenticeships (CATA)

VII. External Audit Services – Fiscal Year 2025

All external audit services that were procured or were ongoing in fiscal year 2025 by South Texas College are listed below.

- Carr, Riggs & Ingram - Annual Financial Statement Audit;
- Texas Higher Education Coordinating Board (THECB) – A Compliance Monitoring Desk Review of the Texas Education Opportunity Grant (TEOG) at South Texas College.

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.