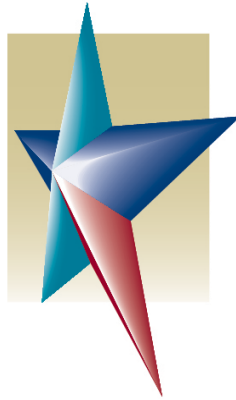


**Tarrant  
County  
College  
District**



**Fiscal Year 2015  
Internal Audit Annual Report**

Prepared by  
Tarrant County College District Internal Audit Department

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**I. Compliance with Texas Government Code, Section 2102.015:  
Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit  
information on Internet Web site**

Texas Government Code, Section 2102.015, requires state agencies and higher education institutions, as defined in the statute, to post certain information on their Internet Web sites. Below is a summary of the provisions of that statute.

Within 30 days of approval, an entity should post the following information on its Internet Web site:

- An approved fiscal year 2016 audit plan, as provided by Texas Government Code, Section 2102.008.
- A fiscal year 2015 internal audit annual report, as required by Texas Government Code, Section 2102.009.

The above reports are considered to be approved if they are approved by an entity's governing board or by the chief executive if the entity does not have a governing board.

Texas Government Code, Section 2102.015, also requires entities to update the posting described above to include the following information on the Web site:

- A "detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any, raised by the audit plan or annual report."
- A "summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report."

Tarrant County College District (TCCD) Internal Audit Department intends to ensure compliance with Texas Government Code, Section 2102.015 through the following procedures:

- Posting its Annual Audit Plan to the TCCD webpage within 30 days after formal approval by the Board of Trustees.
- Posting its Internal Audit Annual Report to the TCCD webpage within 30 days after formal approval by the Board of Trustees.
- Posting updates to TCCD webpage that includes the following information:
  - A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report.
  - A summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report.

## II. Compliance with the Benefits Proportionality Audit Requirements for Higher Education Institutions

Public community/junior colleges are excluded from the audit requirements to conduct an internal audit of benefits proportional by fund using a methodology approved by the State Auditor's Office.

## III. Internal Audit Plan for Fiscal Year 2015

<b>Audit Plan for Fiscal Year 2015</b>		
<b>Audit</b>	<b>Report Number</b>	<b>Status/Report Date</b>
Texas Administration Code 202 – Information Security Standards	FY15TAC.AUD.01	Final Report issued September 23, 2015
TCC Marketplace (Procurement Process)	FY15MKT.AUD.01	Final Report issued September 23, 2015
Student Club Accounts	FY15SCA.AUD.01	Final Report issued April 14, 2015
Accounts Receivable	N/A	Cancelled as a result of external auditor coverage
Aviation Programs	FY15APS.AUD.01	Final Report issued October 29, 2015
Hotline Complaints Assessment	FY15HCA.AUD.01	Final Report issued December 5, 2014
Board of Trustees Expenses	FY15BRD.AUD.04	Final Report issued October 29, 2015

<b>Other Services and Duties</b>
Investigations (as needed)
Administration of TCCD Hotline
Internal Audit Department Annual Self-Assessment
Development of an Annual Risk Assessment and Audit Plan (for Fiscal Year 2016)
Issuance of the Annual Internal Audit Report
Posting of the Annual Audit Plan on TCCD Internet

Summary of Weakness, Deficiencies, Wrongdoings, or other Concerns raised by the Audit Plan or Annual Report

<b>Texas Administration Code 202 – Information Security Standards</b>		
<b>Finding/Internal Control Weakness</b>	<b>Recommendation/Management Action Plan</b>	<b>Implementation Status</b>
<p><b><u>Responsibilities of the Institution Head</u></b> We determined the Chancellor or the Vice Chancellor for Institutional Intelligence and Technology has not reviewed and approved at least annually TCCD information security program. The information security program was last approved by the Board of Trustees on April 28, 2014.</p>	<p>We recommend that the Chancellor or the Vice Chancellor for Institutional Intelligence and Technology—  Review and approve at least annually TCCD information security program.</p>	Incomplete/Ongoing
<p><b><u>Staff Responsibilities</u></b> We determined the Information Security Officer did not identify the information owners, custodians, and users of information resources and their responsibilities defined and documented.</p>	<p>We recommend that the Vice Chancellor for Institutional Intelligence and Technology—  Identify the data owners, custodians, and users of the information resources for all 109 information assets. Also, define and document their responsibilities.</p>	Incomplete/Ongoing
<p><b><u>Security Reporting</u></b> We determined TCCD Chancellor was not informed, at least annually, on the adequacy and effectiveness of information security policies, procedures, practices, and compliance with the requirements of TAC, Title 1, Part 10, Chapter 202. Also, the Chancellor was not informed at least annually on the effectiveness of current information security program and status of key initiatives, residual risks identified by the institution of higher education risk management process, and the institution of higher education information security requirements and requests.</p>	<p>We recommend that the Vice Chancellor for Institutional Intelligence and Technology—  Report to the Chancellor, at least annually, on the adequacy and effectiveness of the information security policies, procedures, practices and compliance with TAC, Title 1, Part 10, Chapter 202.</p>	Incomplete/Ongoing
<p><b><u>Managing Security Risks</u></b> We reviewed the documented risk assessment of TCCD information and</p>	<p>We recommend that the Vice Chancellor for Institutional Intelligence and Technology—</p>	Incomplete/Ongoing

<p>information systems and determined the documented risk assessment is not in compliance with TAC, Title 1, Part 10, Chapter 202, Subchapter C, Rule §202.75. Specifically, the documented risk assessment does not identify the following:</p> <p>The inherent impact ranked, at a minimum, as either high, moderate, or low</p> <p>The frequency of the future risk assessments</p> <p>Approval of the security risk acceptance, transference, or mitigation decisions</p>	<p>Perform and document a risk assessment of TCCD information and information systems that includes the requirements of TAC, Title 1, Part 10, Chapter 202, Subchapter C, Rule §202.75.</p>	
<p><b><u>Security Control Standards</u></b>  We determined TCCD does not have a written configuration management policy.</p> <p>TCCD Intelligence &amp; Technology department uses a service management system to identify changes to existing systems. According to the Director of Information Security, the logging of changes is inconsistent and systems or baseline configurations may not be referenced.</p> <p>TCCD Institutional Intelligence &amp; Technology department does not have a final written and approved contingency plan.</p> <p>We determined TCCD has not completed contingency plan testing because there is no final written and approved contingency plan.</p> <p>We determined TCCD does not have a written physical and environmental protection policy to ensure</p>	<p>We recommend that the Vice Chancellor for Institutional Intelligence and Technology—</p> <p>Develop and implement a written configuration management policy.</p> <p>Develop and implement a process to ensure security impact analysis to all TCCD systems.</p> <p>Develop and implement a written contingency plan.</p> <p>Complete contingency plan testing.</p> <p>Develop and implement a written system security plan.</p> <p>We recommend that the Vice Chancellor for Institutional Intelligence and Technology and the Vice Chancellor for Administration and General Counsel develop and implement a written physical and environmental protection policy.</p>	<p>Incomplete/Ongoing</p>

<p>compliance with the Texas Department of Information Resources Security Control Standards Catalog.</p> <p>We determined TCCD Institutional Intelligence &amp; Technology department does not have a system security plan.</p>		
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<b>TCC Marketplace</b>		
<b>Finding/Internal Control Weakness</b>	<b>Recommendation/Management Action Plan</b>	<b>Implementation Status</b>
<p>We determined four requisitions generated in TCC Marketplace totaling \$231,084 were not approved in accordance with TCC Procurement Policy and Procedures Manual. Specifically, we determined four requisitions were not approved by a Chancellor’s Executive Leadership Team member as required in TCC Procurement Policy and Procedures Manual.</p>	<p>We recommend that the Vice Chancellor for Finance—</p> <p>Develop and implement a process within TCC Marketplace to ensure all requisition approvals are completed per TCC Procurement Policy and Procedures Manual.</p>	<p>Fully Implemented</p>

<b>Student Club Accounts</b>		
<b>Finding/Internal Control Weakness</b>	<b>Recommendation/Management Action Plan</b>	<b>Implementation Status</b>
<p><b><u>No Travel Notification/Incomplete Field Trip Forms</u></b></p> <p>We identified two travel trips (South Campus Phi Theta Kappa and Trinity River Campus Texas Nursing Students Association) with no travel notification and waiver and indemnity forms completed. Also, we identified another travel trip (Trinity River Campus Texas Nursing Students Association) where the field trip form was incomplete.</p>	<p>We recommend that the Vice Chancellor for Academic Affairs and Student Success—</p> <p>Develop and implement a written policy to ensure travel notification and waiver and indemnity forms are kept for a period of 3 years after a sponsor completes a trip.</p>	<p>Fully Implemented</p>
<p><b><u>Noncompliance Revenue Transactions</u></b></p>	<p>We recommend that the Vice Chancellor for Academic Affairs and</p>	<p>Fully Implemented</p>

<p>We identified \$15,620 in revenue transactions that were not in compliance with TCCD policies and procedures. The Trinity River Campus Texas Nursing Students Association sold nurse pack kits for a total of 14 days during November 20, 2013 through January 15, 2014. We identified nurse pack kits sales that were completed on January 17, 2014, and during July 2014 through August 2014 for a total of 33 days.</p> <p>TCCD policy and procedures FI (Local) states “As used in this policy, “student solicitation” shall mean the sale or offer for sale of any property or service, whether for immediate or future delivery, and the receipt of or request for any gift or contribution by a student or registered student organization. No organization shall solicit under this policy for more than a total of 14 days, whether continuous or intermittent, during each fiscal year.”</p>	<p>Student Success instruct the Trinity River Campus President to—</p> <ul style="list-style-type: none"> <li>• Develop and implement a process to sell the nurse pack kits within the 14 days requirement.</li> <li>• Provide annual training to the student club organizations in regard to policy and procedures FI (Local).</li> </ul>	
<p><b><u>Sales Tax</u></b>  We identified \$11,170 in revenue transactions that were not in compliance with TCCD policies and procedures. The Trinity River Campus Texas Nursing Students Association sold nurse pack kits (\$110 per kit) totaling \$5,610 during January 7, 2014 through July 28, 2014. We identified additional nurse pack kits sales totaling \$10,560 that were completed during July 29, 2014 through August 26, 2014. The nurse pack kits were sold for 5 days in January, 15 days in July, and 17 days in August.</p> <p>We determined \$11,170 from the \$16,170 in nurse pack kits sales (\$10,560 + \$5,610) were not exempt from sales tax. The Trinity River</p>	<p>We recommend that the Vice Chancellor for Academic Affairs and Student Success—</p> <p>Develop and implement a process to ensure compliance with the sales tax requirement.</p>	<p>Fully Implemented</p>



<p>Campus Texas Nursing Students Association did not collect the sales tax on the \$11,170 in revenue transactions.</p> <p>TCCD policy and procedures FKC (Legal) states “In each calendar year, the first \$5,000 of a qualified student organization’s total receipts from sales of taxable items not otherwise exempt is exempt from the taxes imposed by Tax Code Chapter 151, Subchapter C.</p> <p>Tax Code 151.321(a)–(b)”</p>		
<p><b><u>Tarrant County College District Solicitation Policies</u></b></p> <p>We determined TCCD policy and procedures FI (Local) does not include the selling of merchandise. Registered students are eligible to sell merchandise based upon TCCD policies and procedures FLAA (Local) and FLA (Local).</p>	<p>We recommend TCCD policy and procedures FI (Local) is revised to include the selling of merchandise.</p>	<p>Fully Implemented</p>
<p><b><u>Student/Participant Attendance Form</u></b></p> <p>The Student/Participant Attendance Form is used to identify students that will be participating in student travel. The Student/Participant Attendance Form does not include a student identification number. The risk of not including a student identification number is that student development services office cannot determine if a student is eligible to participate in the student travel.</p>	<p>We recommend the student identification number be included on a separate form with the Student/Participant Attendance Form.</p>	<p>Fully Implemented</p>

<b>Aviation Programs</b>		
<b>Finding/Internal Control Weakness</b>	<b>Recommendation/Management Action Plan</b>	<b>Implementation Status</b>
<p><b><u>Inaccurate Enrollment Certifications</u></b>  We determined the aviation programs costs were not communicated to the U.S. Department of Veteran Affairs (VA) in accordance with VA regulations. We reviewed a non-statistical judgmental sample of 116 students from a population of 217 students whose enrollment certification was submitted to the VA during the fall 2014 semester, spring 2015 semester, and summer 2015 semesters. For the aviation maintenance program, we determined TCCD received \$165 in VA funds for one student for tuition and fees in excess of the amount charged to the VA. For the aviation professional pilot program, we determined TCCD officials submitted 49 inaccurate enrollment certifications for 49 students to the VA. The inaccurate enrollment certifications resulted in an overpayment of \$199,817.95 for tuition and fees from the VA to TCCD and \$40,126.96 for tuition and fees that TCCD can charge the VA.</p>	<p>We recommend that the Vice Chancellor for Academic Affairs and Student Success—</p> <p>Remit the \$199,982.95 to the VA.</p> <p>Amend the student enrollment certifications to obtain the \$40,126.96 from the VA for tuition and fees.</p> <p>Instruct the Admissions and Records officials to complete the student enrollment certifications for the professional pilot program by using the hours from the course outline that was approved by the Federal Aviation Administration.</p>	Fully Implemented
<p><b><u>Inaccurate Enrollment Calculation</u></b>  We determined the calculation for the percentage of students receiving financial support for the aviation programs were not in compliance with VA regulations. We reviewed TCCD calculation for the fall 2014 and spring 2015 semesters for the aviation programs (maintenance and professional pilot) and determined the calculation for the aviation programs were not in compliance with VA regulations.</p>	<p>We recommend that the Vice Chancellor for Academic Affairs and Student Success—</p> <p>Instruct the Admissions and Records officials to assign each student in the percentage of students receiving financial support calculation based upon the Code of Federal Regulations, Title 38, Part 21, Subpart D, § 21.4201(e)(2).</p>	Fully Implemented

#### IV. Consulting Services and Nonaudit Services Completed

Nonaudit Service Objectives	Nonaudit Service Type	Nonaudit Service Description
Provided guidance for interpretation of TCCD policies and procedures	Participation, guidance, research, and advice	Provided guidance to TCCD employees to help ensure the risk of noncompliance was minimized
Facilitation TCCD ethics/compliance hotline	Participation, guidance, research, and advice	Provided independent research to determine whether fraud, waste, or abuse has occurred and provided guidance and/or advice to minimize or resolve the risk of fraud, waste, or abuse and help ensured institutional compliance issues were being addressed

#### V. External Quality Assurance Review (Peer Review)

We have not had an external quality assurance review. We plan to have an external quality assurance review at the completion of Fiscal Year 2016.

#### VI. Internal Audit Plan for Fiscal Year 2016

##### Overview

The annual audit plan is a guide developed for the utilization of the internal audit resources during the fiscal year to address the risks of Tarrant County College District (TCCD). Audits and reviews of selected areas included in the annual audit plan are areas that represent risk to TCCD based on the district-wide annual risk assessment performed by Internal Audit as part of the annual audit planning process.

The audit plan is a document that may change during the fiscal year as circumstances change. Requests from management, changes in audit resources, and changes in TCCD's organization or operations may result in changes to the audit plan. Any significant changes to the audit plan would require approval from TCCD Audit and Finance Committee.

##### Development of the Audit Plan

The Fiscal Year 2016 audit plan covers the period of September 1, 2015, through August 31, 2016. The Internal Audit Department allocates its resources in a manner that is consistent with the mission and goals of TCCD. To support TCCD's mission, audit coverage is considered across the district. The audit plan is designed to provide coverage of key business processes during the given Fiscal Year.

The following risk factors were considered to assess risk on each business area at TCCD:

- Potential for impact on district-wide operations
- Probability of significant errors, fraud, noncompliance, and other exposures
- Changes in systems, processes, policies, or procedures
- Complexity of operations
- Information technology
- Results and time since last engagement (review/audit)
- Extent of state and federal government regulations
- Concerns based on discussions with Board of Trustees Audit and Finance Committee Members and Management
- Volume of Transactions
- Employee Turnover

Internal Audit is required by the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards to conduct certain activities on an annual and/or periodic basis, such as an internal quality control assessment and an annual audit report.<sup>1</sup>

<b>Audit Plan for Fiscal Year 2016</b>	
<b>Audit</b>	<b>Estimated Budgeted Hours</b>
Data Quality	600 hours
Dual Credit	600 hours
Employee Travel	500 hours
Dell Contract	500 hours
Texas Workforce Commission Grants	500 hours
Board of Trustees Expenses	200 hours

<b>Other Services and Duties</b>	<b>Estimated Budgeted Hours</b>
Follow-up Review on Audit Recommendations	400 hours
Grants Review	400 hours
Investigations (as needed)	200 hours
Administration of TCCD Hotline	200 hours
Development of an Annual Risk Assessment and Audit Plan (for Fiscal Year 2017)	80 hours
Internal Audit Department Annual Self-Assessment	40 hours
Issuance of the Annual Internal Audit Report	40 hours
Posting of the Annual Audit Plan on TCCD Internet	1 hour

<sup>1</sup> The internal quality control assessment assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The purpose of the internal audit annual report is to provide information on the assurance services, consulting services, and other activities of the internal audit function.

## **VII. External Audit Services Procured in Fiscal Year 2015**

TCCD internal audit department did not contract with any external audit company during Fiscal Year 2015. TCCD has a contract with Weaver to conduct an audit on TCCD Comprehensive Annual Financial Report.

## **VIII. Reporting Suspected Fraud and Abuse**

TCCD has taken the following actions to ensure compliance with the requirements of Section 7.09, Fraud Reporting, General Appropriations Act (84th Legislature, Conference Committee Report):

- TCCD internet homepage website includes a fraud reporting link that provides information on how to report suspected fraud, waste, and abuse involving state resources directly to the State Auditor's Office.
- TCCD internal audit policies and procedures has steps to ensure the internal audit department reports suspected fraud involving state funds to the State Auditor's Office.

In addition, TCCD has a link for fraud, waste, or abuse reporting under Administration and General Counsel Intranet site that can be accessed by all employees, staff, and faculty at <https://secure.ethicspoint.com/domain/media/en/gui/35919/index.html>. TCCD also has a policy on reporting fraud found at CDE (LOCAL) on the College's website [www.tccd.edu](http://www.tccd.edu).

Furthermore, to comply with Texas Government Code, Section 321.002 (Coordination of Investigations) TCCD internal audit department policies and procedures states the internal auditor will work in conjunction with the administrative head to contact the State Auditor's Office.