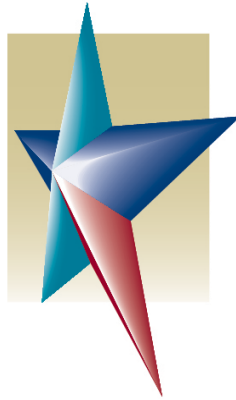


**Tarrant
County
College
District**



**Fiscal Year 2016
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 audit plan, as provided by Texas Government Code, Section 2102.008.
- An 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 TCCD webpage within 30 days after formal approval by the Board of Trustees.
- Posting its Internal Audit Annual Report to 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. Internal Audit Plan for Fiscal Year 2016

Audit Plan for Fiscal Year 2016		
Audit	Report Number	Status/Report Date
Data Quality	FY16DTQ.AUD.01	Final Report issued October 19, 2016
Dual Credit	N/A	Deferred to 2017
Employee Travel	FY16EMT.AUD.01	Final Report issued April 25, 2016
Dell Contract	FY16DLL.AUD.01	Final Report issued April 25, 2016
Texas Workforce Commission Grants	N/A	Cancelled as a result of external auditor coverage
Board of Trustees Expenses	FY16BRD.AUD.05	Final Report issued October 20, 2016

Other Services and Duties	Estimated Budgeted Hours
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 the 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

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

Data Quality		
Finding/Internal Control Weakness	Recommendation/Management Action Plan	Implementation Status
<p><u>Inaccurate Residence Codes</u> We determined inaccurate residence codes were entered in the Colleague system for out of state, foreign, and undocumented students on CBM student reports (CBM001 and CBM00A). Specifically, TCCD officials used codes 999 and 0ZZ which are not recognized by the Coordinating Board as residence codes for out of state, foreign, and undocumented students. As a result, the use of these codes generated residence errors identified by the Coordinating Board on the CBM student reports. We determined that student residence errors accounted for 76 percent (2,168 residence errors/2,842 total errors) of the total number errors identified by the Coordinating Board on the student reports.</p>	<p>We recommend the Vice Chancellor for Academic Affairs and Student Success —</p> <p>Modify the current reporting process by working with TCCD Process Improvement department to ensure the correct residence codes are entered into the Colleague system.</p> <p>Provide training on the use of valid active codes as defined by the Coordinating Board Reporting and Procedures Manual, Appendix B.</p> <p>Direct staff to use the correct county, state, and foreign county codes that are entered in the Colleague system for all students.</p>	<p>Incomplete/Ongoing</p>
<p><u>Contact Hour Errors (Mismatch)</u> The Coordinating Board reviews both the CBM student and class reports to determine if the contact hours reported on the class reports (CBM004 and CBM00C) are within 250 hours and 500 hours, respectively, of the contact hours reported on the student reports (CBM001 and CBM00A). If the contact hours are not within the required parameters it is considered a contact hour error (mismatch). We identified 17 instances where the contact hours did not match on the class and student reports.</p>	<p>We recommend the Vice Chancellor for Academic Affairs and Student Success —</p> <p>Implement the system error message in the course section building process for courses for which credit hours are awarded (that is, courses that are reported on class report CBM004).</p>	<p>Incomplete/Ongoing</p>

<p><u>Justification of “Review” Items</u></p> <p>In addition to the correction of errors, the Coordinating Board requires a justification of all “Review” items before data can be certified. The Coordinating Board compares data reported from the previous year to the current year and identifies items with a significant percentage increase or decrease as “Review” items.</p> <p>According to the Coordinator for State Reporting, for continuing education CBM reports, a justification for the review items is done by each campus continuing education director or vice president. However, the Coordinator for State Reporting provides the justification for review items for student and class reports CBM001 and CBM004.</p>	<p>We recommend the Vice Chancellor for Academic Affairs and Student Success —</p> <p>Direct each campus Vice President for Academic Affairs or another appointed TCCD official that is familiar with the business practices of each campus to provide justification of all review items.</p>	<p>Incomplete/Ongoing</p>
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Dell Contract		
Finding/Internal Control Weakness	Recommendation/Management Action Plan	Implementation Status
<p><u>Receiving Dell Computer Equipment</u></p> <p>We determined 10 purchase orders were not received in accordance with TCCD policies and procedures. We reviewed the received date in Colleague and compared it to the acquired date (install date) to determine if the purchase orders were received in Colleague after all Dell computers were physically received and installed at a TCCD location.</p> <p>Specifically, we identified 40 Dell computers were received in the Colleague system before they were physically received at a TCCD location. Of the 40 Dell computers that were received, payment for 30 Dell computers totaling \$20,868 was</p>	<p>We recommend that the Vice Chancellor for Institutional Intelligence & Technology and the Vice Chancellor for Finance —</p> <p>Ensure clear consistent communication between the Technology Buyer and the Administrative Assistant to verify that all Dell computer equipment are physically received and installed at a TCCD location before purchase orders are received in the Colleague system.</p>	<p>Incomplete/Ongoing</p>

issued before the Dell computers were physically received and installed.		
<p><u>Accounting For Dell Computer Equipment</u></p> <p>We determined 23 Dell computers were not accurately accounted for in the property records. We reviewed TCCD WebAdvisor Fixed Asset search (property records) to determine the location of each Dell computer in our sample. We conducted a physical inventory (walkthrough) to determine if each Dell computer could be found at the location identified in the property records. We identified 23 Dell computers in a different location than identified in the property records.</p>	<p>We recommend that the Vice Chancellor for Finance —</p> <p>Notify all TCCD employees, at least annually, on the process to complete the Equipment Transfer Request Form.</p> <p>Improve the personal accountability system for the computers to minimize the number of TCCD assets that are deemed missing, disposed and removed from the property records each fiscal year.</p>	Incomplete/Ongoing

III. 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

IV. External Quality Assurance Review (Peer Review)

We are in the process of completing our external quality assurance review.

V. Internal Audit Plan for Fiscal Year 2017

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 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 2017 audit plan covers the period of September 1, 2016, through August 31, 2017. 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 and weighted (high, medium, and low) 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.¹

¹ 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.

Audit Plan for Fiscal Year 2017	
Audit	Estimated Budgeted Hours
Dual Credit	600 hours
Tuition	500 hours
Tradesmen International Contract	500 hours
Ellucian Contract	500 hours
Board of Trustees Expenses	200 hours

Other Services and Duties	Estimated Budgeted Hours
Follow-up Review on Audit Recommendations	400 hours
Stipend 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 2018)	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

VI. External Audit Services Procured in Fiscal Year 2016

TCCD internal audit department did not contract with any external audit company during Fiscal Year 2016. TCCD has a contract with Weaver to conduct an audit on TCCD Comprehensive Annual Financial Report.

VII. 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.

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