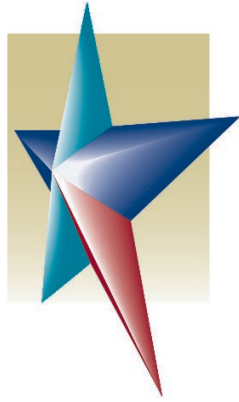


**Tarrant
County
College
District**



**Fiscal Year 2018
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 2018

Audit Plan for Fiscal Year 2018		
Audit	Report Number	Status/Report Date
Dual Credit	FY18DCA.AUD.01	Ongoing
Upward Bound	NA	Cancelled as a result of external auditor coverage
Tradesmen International Contract	FY18TRI.AUD.01	Final Report issued April 6, 2018
Purchasing Card	FY18PCD.AUD.02	Final Report issued April 6, 2018
Board of Trustees Expenses	FY18BRD.AUD.07	Final Report issued October 16, 2018

Other Services and Duties	Estimated Budgeted Hours
Follow-up Review on Audit Recommendations	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 2019)	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

Purchasing Card		
Finding/Internal Control Weakness	Recommendation/Management Action Plan	Implementation Status
<p><u>Purchasing Card Transactions</u> We identified \$2,217 purchasing card transactions in technology-related items that did not first obtain approval from the Vice Chancellor for Information Systems.</p>	<p>We recommend the Vice Chancellor for Finance —</p> <p>1.1 Instruct the purchasing department to monitor the purchases of technology-related items.</p>	<p>Incomplete/Ongoing</p>

III. Consulting Services and Nonaudit Services Completed

Nonaudit Service Objectives	Nonaudit Service Type	Nonaudit Service Description
<p>Provided guidance for interpretation of TCCD policies and procedures</p>	<p>Participation, guidance, research, and advice</p>	<p>Provided guidance to TCCD employees to help ensure the risk of noncompliance was minimized</p>
<p>Facilitation TCCD ethics/compliance hotline</p>	<p>Participation, guidance, research, and advice</p>	<p>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</p>

IV. External Quality Assurance Review (Peer Review)

The external quality assurance review was completed on February 7, 2017.



INTERNAL AUDIT DEPARTMENT

To: Members of TCC's Board of Trustees' Audit Committee

From: Linda Torres, Director of Internal Audit - San Jacinto Community College District

Date: February 7, 2017

Subject: External Quality Assessment – Validation of TCC's Internal Audit Self-Assessment

As the Director of San Jacinto Community College District's Internal Audit Department, I have conducted an independent validation of the self-assessment prepared by Internal Audit at the Tarrant County College. The primary objectives of this validation was to assess internal audit's conformance to The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*. The independent validation took place December 2016 – January 2017.

Overall, we concur with Internal Audit's self-assessment that they are operating generally in conformance with the *Standards*. "Generally Conforms" is the top rating and means that an internal audit activity has relevant structures, policies, and procedures as well as the processes by which they are applied that comply with the requirements of the *Standards* in all material respects.

The validation review is a matter of determining conformity to each of the standards individually and then rolling those determinations into an overall conclusion. Due to the fact that this is an overall conclusion, the lack of generally conformity to a particular standard would not necessarily preclude an overall opinion of "Generally Conforms". Recommendations were provided to improve existing audit procedures and processes to enhance the value, effectiveness and efficiency of internal audit activities. This report includes four observations noted during this validation. These observations are due to partial conformance with the following *Standards* and related practice advisories:

- Standard 1100 – Organization Independence
- Standard 1312 – External Assessments
- Standard 2010 A.1 – Planning
- Standard 2030 – Resource Management

The results of the validation are included in the body of this report and build upon the work performed during Internal Audit's self-assessment. Identifying opportunities for continuous improvement support the view that an external quality assessment should provide insight and ideas for positive change in an internal audit activity.

Thank you for the opportunity to be of service to Tarrant County College.

Linda Torres, CPA, CIA, CFE
Director of Internal Audit

cc: Louise Appleman, Board President
Nathan Ferguson, Director of Internal Audit

V. Internal Audit Plan for Fiscal Year 2019

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 2019 audit plan covers the period of September 1, 2018, through August 31, 2019. 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 2019	
Audit	Estimated Budgeted Hours
Prior Learning Credit	600 hours
Aviation Program	600 hours
Procurement	500 hours
Board of Trustees Expenses	200 hours

Other Services and Duties	Estimated Budgeted Hours
Termination Process	500 hours
Follow-up Review on Audit Recommendations	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 2020)	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 2018

TCCD internal audit department did not contract with any external audit company during Fiscal Year 2018. 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 (85th 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.