

Del Mar College

Fiscal Year 2023 Annual Internal Audit Report
August 31, 2023

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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 their Internal Audit Plan, Internal Audit Annual Report, and other audit information on the Internet.

The Del Mar College (Del Mar or the College) will post this report and its 2024 Internal Audit Plan on its website at www.delmar.edu on or before November 1, 2023. Del Mar College's Board of Regents reviewed and approved the Annual Internal Audit Report as part of their meeting held on October 3, 2023.

Del Mar will update its posting with a detailed summary of the weaknesses, deficiencies, wrongdoings or other concerns raised by performance of the audit plan as they are identified or by November 1, 2023. Del Mar will also update the posting with the corrective action taken to address the weaknesses, deficiencies, wrongdoings or other concerns identified in the internal audits.

II. Internal Audit Plan for Fiscal Year 2023

The internal audits planned and performed for Fiscal Year 2023 were selected to focus on follow-up procedures and closing internal audit findings identified in prior years' reports.

Internal Audit	Report #	Report Date	Current Status
Internal Audit over Payroll	2023-01	June 7, 2023	The report was issued July 6, 2023. Follow-up procedures to verify corrective action has been implemented for the findings will be included in the 2024 Internal Audit Plan.
Internal Audit over Bursars Office	2023-02	August 15, 2023	The report was issued September 20, 2023. Follow-up procedures to verify corrective action has been implemented for the findings will be included in the 2024 Internal Audit Plan.
Internal Audit over Safety and Security	NA	NA	The internal audit was rescheduled to occur during the FY2024 Internal Audit Plan
Internal Audit Follow-Up over Purchasing	2023-04	August 14, 2023	The report was issued August 28, 2023. Our follow-up procedures identified that all prior findings were remediated or closed.
Internal Audit Follow-up over Information Security	2023-05	July 25, 2023	The report was issued August 23, 2023. Follow-up procedures to verify corrective action has been implemented for the remaining open findings will be included in the 2024 Internal Audit Plan

The College's rules and policies for the purchasing of goods and services were assessed during the Follow-up Internal Audit of the Purchasing Processes.

III. Consulting Services and Nonaudit Services Completed

As defined in the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and the Government Auditing Standards, 2018 Revision, Sections 3.64 – 3.106, Weaver performed consulting services related to the policies and procedures over construction management. We advised and assisted College management with updating policies and procedures to address the internal audit findings that were identified in the FY 2022 internal audit report.

IV. External Quality Assurance Review

In accordance with professional standards, and to meet the requirements of the Texas Internal Auditing Act, Internal Audit is required to undergo an external quality assurance review at least once every three years. Weaver's review was performed in September 2022.



Report on Firm's System of Quality Control

September 19, 2022

To the Partners of Weaver & Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver & Tidwell, L.L.P. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, and examinations of service organizations [SOC 1 and SOC 2 engagements].)

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Weaver & Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Weaver & Tidwell, L.L.P. has received a peer review rating of *pass*.



Eide Bailly LLP

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V. Internal Audit Plan for Fiscal Year 2024

The Internal Audit Plan was submitted to the Board of Regents. The College Board of Regents approved the plan on October 3, 2023. Below is the Fiscal Year 2024 Internal Audit Plan submitted to the College's Board of Regents based on the results of the 2022 Internal Audit Risk Assessment. The approved internal audit plan will be submitted to the State Auditor's Office on or before November 1, 2023.

Fiscal Year 2024 Internal Audit Plan		
Audit Area	2022 Risk Rating	Estimated Hours
Safety and Security	High	250
Accounts Payable and Disbursements	High	250
Financial Aid	High	300
Institutional Research and Reporting	Moderate	250

Planned follow-up procedures for fiscal year 2024 to verify and communicate with Management the remediation efforts of prior Internal Audit Recommendations.

Fiscal Year 2024 Follow-up Procedures		
Audit Area	2022 Risk Rating	Estimated Hours
Information Security	High	60
Construction Management	High	150
Bursar's Office	High	150
Payroll	High	30

As part of the risk assessment, the College assesses the probability and impact of the following risk categories across all significant activities of the college, which include the information technology risks and considerations related to Title 1, Texas Administrative Code, Chapter 202:

- financial stability and fraud risk
- demographic and economic risk
- student relations, operations, and compliance risk
- information technology risk
- reputational risk

Taking into consideration the input from the College management, all significant activities are assigned a risk rating for probability and impact related to each risk category. The overall risk rating (High, Moderate or Low) is assigned to each significant activity based on the activity's average risk rating.

The internal audit plan is developed by considering risk ratings for each significant activity and prioritizing "High" risk activities. The risk assessment is updated on an annual basis.

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The 2022 Internal Audit Risk Assessment resulted in 15 Significant Activities rated as “High” risk. Seven of the 15 Significant Activities are not included in the Fiscal Year 2024 Internal Audit Plan. Those activities are as follows:

- Information Technology Services
- Database Administration/ERP
- Executive Office
- Grant Management
- Budget and Planning
- Admission/Registrar
- Application Selection/Development

VI. External Audit Services Procured in Fiscal Year 2023

Del Mar College engaged Collier, Johnson & Woods, P.C., a certified public accounting firm, during Fiscal Year 2023 as its external auditors.

VIII. Reporting Suspected Fraud and Abuse

To ensure compliance with Article IX, Section 7.09, the General Appropriations Act (86th Legislature) and for the coordination of investigations to ensure compliance with Texas Government Code, Section 321.022, employees are encouraged to report suspected fraud, waste and abuse involving state resources to College Management or directly to the SAO at <https://sao.fraud.state.tx.us/hotline.aspx>.

If the President of the College believes that any money received from the state is lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the College, the President and CEO, or their designee will report the reason and basis for that belief to the State Auditor's Office. If any investigation is deemed necessary, the President and College staff will coordinate the investigation with the State Auditor's Office.