

April 24, 2025

NOTICE OF COMMITTEE MEETING

The Called Meeting of the Audit Committee of the Del Mar College District Board of Regents will convene at **2:30 p.m., April 30, 2025**, at the Center for Economic Development, 3209 S. Staples, Room 106, Corpus Christi, Texas.

CALL TO ORDER

QUORUM CALL

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

DMC VISION STATEMENT: *Del Mar College empowers our communities to achieve their dreams.*

Del Mar College is streaming live audio and video from the official Board of Regents meetings on the College's website in real-time, with the exception of portions of the meeting considered as "closed session" by statute.

GENERAL PUBLIC COMMENTS (Non-Agenda Items) – 3-minute time limit

- Specific public comments will be allowed on agenda items prior to action by the Board.
- General Public Comments may be moved on the agenda at the discretion of the Board Chair and as an accommodation to those in attendance.
- Pursuant to the Texas Open Meetings Act, the College is limited in responding to public comments or inquiries as follows:
 1. Provide a statement of specific factual information in response to an inquiry.
 2. Recite existing policy in response to an inquiry.
 3. Propose placing the subject of the inquiry on the agenda for a subsequent meeting.

(Tex. Govt. Code Section § 551.042)

ITEMS FOR DISCUSSION AND POSSIBLE ACTION...Mr. Rudy Garza Jr., Chair

1. Approval of Minutes:
Called Audit Committee Meeting, September 26, 2024
(*I: Communicate, Goal 2: Connect beyond the College*)
2. Discussion and possible action regarding the College's Internal Audit Activity including: FY 25 Plan status; Internal audit reports for SB 17; and Bursar and Accounts Payable & Disbursements
(*II Elevate, Goal 2: Maximize resources entrusted to the College*)
3. CLOSED SESSION pursuant to:

TEX. GOV'T CODE § 551.071: (Consultation with legal counsel), regarding pending or contemplated litigation, or a settlement offer, with possible discussion and action in open session; and/or the seeking of legal advice from counsel on pending legal or contemplated matters or claims, or other legal matters.

ADJOURNMENT

PUBLIC NOTICE is given that the Audit Committee may elect to go into executive session at any time during the meeting in order to discuss matters listed on the agenda, when authorized by the provisions of the Open Meetings Act, Chapter 551 of the Texas Government Code.

Item 1

**MINUTES OF THE CALLED MEETING
OF THE AD HOC AUDIT COMMITTEE
OF THE BOARD OF REGENTS OF THE DEL MAR COLLEGE DISTRICT**

September 26, 2024

The Called Meeting of the Ad Hoc Audit Committee of the Del Mar College District Board of Regents convened at the Center for Economic Development, 3209 S. Staples, Room 106, Corpus Christi, Texas, at 2:30 p.m. on Thursday, September 26, 2024, with the following present:

From the Board:

Present: Mr. Rudy Garza, Jr., Ms. Carol A. Scott, and Mr. Carl E. Crull.

From the College:

Dr. Mark Escamilla, President and CEO; Mr. Raul Garcia, Vice President and CFO; Ms. Tammy McDonald, Vice President of Administration and Human Resources; Mr. Augustin Rivera, Jr., General Counsel; and Delia Perez, Director of CEO Office and Board Relations, and other staff and faculty.

CALL TO ORDER QUORUM CALL/MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE/VISION STATEMENT

Chair Garza called the meeting to order with a quorum present. He requested a moment of silence followed by the Pledge of Allegiance and Del Mar College Vision Statement.

GENERAL PUBLIC COMMENTS – The public was given the opportunity to provide public comments (both general and specific to any agenda item).

There were no public comments.

ITEMS FOR DISCUSSION AND POSSIBLE ACTION:

1. Approval of Minutes:
Called Audit Committee Meeting, September 20, 2023
Called Audit Committee Meeting, March 26, 2024
(*I: Communicate, Goal 2: Connect beyond the College*)

Regent Scott made a motion to approve the September 20, 2023 and March 26, 2024 Called Audit Committee Meeting Minutes. Regent Crull seconded the motion. There was no further discussion from the Board. There were no public comments. A voice vote was taken, and the motion carried unanimously 3-0, amongst Regents present, with Regents Garza, Scott, and Crull in favor.

2. Discussion and possible action regarding the College's Internal Audit Activity including College-wide Reporting Advisory; Emergency Operations Planning Advisory; Safety and Security Advisory; Risk Assessment Refresh and FY25 Internal Audit Plan; and Annual Internal Audit Report.....Mr. Rudy Garza, Jr.
(II: Elevate, Goal 2: Maximize resources entrusted to the College)

Ms. Tammy McDonald stated that Mr. Dan Graves and Mr. Brandon Tanous with Weaver were present to provide information regarding the audit that has been performed over the last several months. Ms. McDonald introduced Mr. Graves who stated he would review some items in Closed Session.

Mr. Tanous provided an advisory consultation over College-wide reporting and data collection. They surveyed and interviewed 25 individuals from various departments of the College. A matrix was developed that inventories the people, processes, technology, and data required to prepare 117 key College-wide reports. No delinquencies were found.

Mr. Graves briefly reviewed the advisory consultations regarding division and departmental emergency operations, and safety and security which were discussed in more detail during Closed Session.

Mr. Graves stated their team met with the College's Executive Cabinet to discuss the risks that impact the College and how they affect each significant areas of the College. The results of that meeting informed and provided the information to develop our fiscal year 2025 Internal Audit Plan which contains 27 risk areas. Mr. Graves provided a brief synopsis of the 2025 Adjusted Risk Assessment and the Annual Internal Audit Report which is due to state oversight agencies and posted on Del Mar College's website by November 1, 2024. The report format is prescribed by the State Auditor's Office and includes the following required sections: Compliance with Texas Government Code 2102.015; Internal Audit Plan for Fiscal Year 2024; Consulting Services and Non-audit Services Completed; External Quality Assurance Review; Internal Audit Plan for Fiscal Year 2025; External Audit services performed for the College; and Reporting Suspected Fraud and Abuse.

Ms. McDonald, Dr. Escamilla, Mr. Garcia, Mr. Tanous and Mr. Graves responded to questions from the Board of Regents.

At 3:05 p.m., the Chair announced that the Board was going into Closed Session pursuant to:

3. CLOSED SESSION pursuant to:
 - a. **TEX. GOV'T CODE § 551.071**: (Consultation with legal counsel), regarding pending or contemplated litigation, or a settlement offer, with possible discussion and action in open session; and the seeking of legal advice from counsel on pending legal or contemplated matters or claims, with possible discussion and action in open session; and,

- b. **TEX. GOV'T CODE & 551.076:** (Deliberation regarding security devices or audits), regarding the deployment or specific occasions for implementation of security personnel or devices, or a security audit, including the Safety & Security Advisory Report and the Emergency Operations Planning Advisory Report, with possible discussion and action in open session.

The Audit Committee reconvened in Open Session at 3:50 p.m. with the following action:

Regent Crull made a motion to approve the internal audit activity including the college-wide reporting advisory, the Emergency Operations Planning advisory, the safety and security advisory, the risk assessment refresh, and the FY '25 audit plan and the annual internal audit report. Regent Scott seconded the motion. There was no further discussion from the Board. There were no public comments. A voice vote was taken, and the motion carried unanimously 3-0, amongst Regents present, with Regents Garza, Scott, and Crull in favor.

Chair Garza stated the report will be presented to the entire Board of Regents for approval at the October Regular Board meeting.

ADJOURNMENT: The meeting was adjourned at 3:51 p.m.

MINUTES REVIEWED BY GC: /s/ARjr

Item 2



Del Mar College

Internal Audit Status Report to the Audit Committee

April 30, 2025



2025 IA Update

2025 Internal Audit Plan Status

- Senate Bill 17 Compliance: Complete
- Financial Aid: In-Progress
- Maintenance: Spring 2025

- Bursar's Office Follow-up: Complete
- Accounts Payable and Disbursements Follow-up: Complete
- Information Security Follow-up: Spring 2025

Internal Audit over SB 17 Compliance



Scope

- This internal audit focused on evaluating the College's compliance with Senate Bill 17 (SB 17); rules are codified within the Texas Education Code (TEC) § 51.3525.

Procedures

- Our procedures included interviewing College Administration to gain an understanding of SB 17 processes in place, examining existing documentation, and evaluating compliance with TEC § 51.3525. We evaluated existing policies, procedures, and processes in their current state, as of December 3, 2024.

Results

- Procedures are complete and details will be presented in Executive Session. We identified opportunities for improvement in documentation that management addressed when we presented it to them.

Internal Audit over Financial Aid



Scope

- This internal audit is focused on the design and effectiveness of Del Mar College's (DMC's) Financial Aid processes to ensure internal controls are appropriately designed and procedures are efficiently and effectively performed. The scope of the engagement will include *Institutional (Fellowships), *Local, *State, and *Federal Financial Aid. The audit will include an evaluation of the Financial Aid processes and internal controls currently in practice covering the activities within key process areas.

Objectives

- We are confirming that the processes in place have controls to address the relevant key risks.
- We are performing testing of controls and compliance for the significant activities in the financial aid processes. These procedures primarily focus on the compliance activities and procedures in the federal single audit guidance.
- We are also reviewing user access within key IT systems for financial aid to ensure access is restricted to appropriate individuals and appropriate levels.

Internal Audit over Maintenance



Scope

- This internal audit will be focused on the design and effectiveness of Del Mar College's (DMC's) Maintenance processes to ensure internal controls are appropriately designed and procedures are efficiently and effectively performed.

- The scope of the engagement may include:
 - Facilities Maintenance
 - Construction and Repairs
 - Tools and Supplies
 - Custodial
 - Grounds Maintenance
 - Deferred Maintenance

Internal Audit Follow-up Procedures over Bursar's Office



Scope

- This internal audit was focused on the remediation efforts taken by DMC to address the findings identified in the Internal Audit over Bursar's Office and validate that appropriate corrective action has been taken.

Procedures

- Our procedures included interviews, review of documentation, observations and testing to verify that correction actions have been taken.

Results

- We determined that one finding has been partially remediated, four findings have been fully remediated, and one finding has been closed.

Risk Rating	Total Findings	Open	Partially Remediated	Remediated	Closed
High	-	-	-	-	-
Moderate	4	-	1	3	-
Low	2	-	-	1	1
Total	6	-	1	4	1

- The remaining open finding relates to procedures for implementing a secondary review of tuition waivers granted to students.

Internal Audit Follow-up Procedures over Accounts Payable and Disbursements



Scope

- This internal audit was focused on the remediation efforts taken by the College to address the findings identified in the 2024 Internal Audit over Accounts Payable and Disbursement and validate that appropriate corrective action has been taken.

Procedures

- Our procedures included interviews, review of documentation, observations and testing to verify that correction actions have been taken.

Results

- We determined that three of the five remain open or partially remediated

Risk Rating	Total Findings	Open	Partially Remediated	Remediated
High	-	-	-	-
Moderate	4	1	1	2
Low	1	-	1	-
Total	5	1	2	2

- The remaining open findings relate to completing updates to policies and procedures for Account Payable and travel reimbursements, as well as performing a regular review of those policies.

Internal Audit Follow-up Procedures over Information Security



Scope

- This internal audit is focused on the follow-up procedures to validate that corrective action has been taken to remediate the issues identified in the Internal Audit over Information Security.
- Fieldwork: Spring 2025

Procedures

- Our procedures will include interviews with key personnel, review documentation and perform specific testing procedures to validate corrective actions taken.

FY25 Internal Audit Plan



Audit Area	Risk Rating
2025 Planned Internal Audits	
Maintenance	High
Senate Bill 17 Compliance	High
Financial Aid	High
2025 Planned Audit Follow-Up	
Information Security Follow-Up	High
Bursar's Office Follow-Up	High
Accounts Payable and Disbursements Follow-Up	Low
2025 Planned Annual Requirements	
Project Management	N/A
Risk Assessment Refresh and IA Plan Development	N/A
Annual and Quarterly Board Reports	N/A



Discussion

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Del Mar College

Internal Audit Follow-Up Procedures Report Over Bursar's
Office

April 9, 2025

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Dr. Mark Escamilla
Del Mar College
101 Baldwin Blvd.
Corpus Christi, Texas 78404

This report presents the results of the internal audit follow-up procedures performed for Del Mar College (the College) during the period January 15, 2025, through April 9, 2025, related to the findings from the Internal Audit Report over Bursar's Office dated September 20, 2023.

The objective of these follow-up procedures was to validate that adequate corrective action has been taken in order to remediate the issues identified in the Internal Audit Report over Bursar's Office.

To accomplish this objective, we conducted interviews with key personnel within the Bursar's Office Department and reviewed supporting documentation to validate actions taken. Procedures were performed remotely, and an exit meeting was conducted on April 9, 2025.

The following report summarizes the finding identified, risks to the organization, recommendations for improvement and management's response.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
April 15, 2025

Weaver and Tidwell, L.L.P.

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Del Mar College
Internal Audit Follow-Up Procedures Report Over Bursar's Office
April 9, 2025

Background

The 2023 Internal Audit Plan included performing an internal audit over Bursar's Office. An internal audit over the College's Bursar's Office process was completed and a report was issued in September 2024. The internal audit identified six areas of improvement related to formalizing Bursar's Office standard operating procedures, enhancing cash handling and oversight, and restricting authorization of tuition waivers.

The 2025 Internal Audit Plan included performing follow-up procedures to validate that Del Mar College Management has taken steps to address these internal audit findings.

Follow-Up Objective and Scope

The follow-up procedures focused on the remediation efforts taken by Del Mar College Management to address the findings included in the Internal Audit Report over Bursar's Office, and to validate that appropriate corrective action had been taken.

We evaluated the corrective actions of the six internal audit findings identified in the Internal Audit Report over Bursar's Office.

Executive Summary

The findings from the Internal Audit Report over Bursar's Office included items that were identified and considered to be non-compliance issues with Del Mar College's policies and procedures, rules and regulations required by law, or where there is a lack of procedures or internal controls in place to cover risks to Del Mar College. These types of issues could have significant financial or operational implications.

Through our interviews, review of documentation, observations and testing we determined that one finding has been partially remediated, four findings have been fully remediated, and one finding has been closed.

A summary of our results is provided in the table below:

Risk Rating	Total Findings	Open	Partially Remediated	Remediated	Closed
High	-	-	-	-	-
Moderate	4	-	1	3	-
Low	2	-	-	1	1
Total	6	-	1	4	1

Del Mar College

Internal Audit Follow-Up Procedures Report Over Bursar's Office April 9, 2025

Conclusion

Based on our evaluation, Del Mar College has made significant efforts to remediate the findings from the Internal Audit Report, including the development of newly documented procedures to address the risk areas identified. Del Mar College should continue to enhance the waiver review process and further limit authorized user access to apply the waivers. Both actions will help to ensure that waivers are appropriately and accurately applied to accounts and help in mitigating the risk of potential errors and/or fraud.

**Detailed Follow-Up Results, Findings,
Recommendations and Management Response**

Del Mar College
Internal Audit Follow-Up Procedures Report Over Bursar's Office
April 9, 2025

Detailed Follow-Up Results, Recommendations and Management Response

Our procedures included interviewing key Bursar's Office personnel to gain an understanding of the corrective actions taken in order to address the findings identified in the Internal Audit Report over Bursar's Office, as well as examining existing documentation and performing testing in order to validate the effectiveness of those corrective actions implemented. We evaluated the existing policies, procedures, and processes in their current state.

Finding 1 – Moderate – Consistent Cashiering Standard Operating Procedures:

The Bursar's Office does not have consistent Standard Operating Procedures (SOP) in place for all locations. Documentation of their processes and procedures have recently been updated, but these procedures have not been reviewed nor approved by College Administration. Further, the SOPs that were provided were different at each campus location.

- Procedures for evidencing the review of past due balances on student accounts are not consistent
- Documentation outlining the standard operating procedures for cashiering at each of the campuses is inconsistent
- There is not a consistent formal review process for approval of the SOPs by College Administration
- There is no scheduled review on a periodic basis for updates to the SOPs

Procedures Performed: We obtained the revised Bursar's Office Standard Operating Procedures which includes all key processes and controls performed during the cash handling and journal entry cycles. The procedures have been implemented across all campuses.

Additionally, we verified that the revised SOPs included a process for the review and approval of the SOPs by College Administration on an annual frequency.

A process for review of student accounts for past dues is no longer required because on August 15, 2023, the DMC Board of Regents voted to waive tuition and fees for dual credit enrollment (as referenced in Finding 5).

Results: Finding Remediated

Finding 2 – Moderate – Inconsistent Cash Reconciliation Review Documentation:

Evidence of reviews of daily cash reconciliations is not consistently documented at all campuses to demonstrate the cash amounts in drawers/boxes are accurately accounted for. There is no evidence of a reconciliation or review performed by management at each location to verify the amount recorded by the cashier is accurate.

Procedures Performed: We obtained the revised Bursar's Office SOPs for cash handling and verified that there are revised procedures for daily cash reconciliations and requirements for a review and sign-off of reconciliations by an Accounts Receivable Assistant.

Results: Finding Remediated

Del Mar College
Internal Audit Follow-Up Procedures Report Over Bursar's Office
April 9, 2025

Finding 3 – Low – Executing Daily Cash, Checks, and Deposit Procedures:

The Bursar's office does not consistently follow the procedures in place to ensure that the daily cash and check deposits are reviewed by someone other than the preparer. For 21 of 25 of the cash deposit samples tested, there was no evidence of a review by someone other than the preparer, as required by the Bursar's office draft Standard Operation Procedures.

Procedures Performed: We obtained 10 samples of Daily Cash and Check Reconciliations. We verified that DMC Money Turn-In Slips are completed by cashiers daily and verified by the Accounts Receivable Assistant prior to the deposit slip preparation. Cash and check amounts on the reconciliation reports agreed to the amounts deposited to the bank. The first page of the reconciliations is initialed by the Accounts Receivable Coordinator as evidence of independent review. Additional initials from the Accounts Receivable Coordinator accompany the reconciliations if there are any discrepancies.

Results: Finding Remediated

Finding 4 – Moderate – Authorization of Tuition Waivers & Exemptions:

There are not procedures in place to review and authorize a tuition waiver or exemption prior to being applied to a student's account by a cashier. Currently, all cashiers can apply waivers to student accounts without obtaining any secondary authorization or verification. For 20 of the 25 samples selected, there was no evidence of review and approval of the exemption/waiver by an appropriate individual prior to posting the exemption to the student account.

Procedures Performed: We obtained the updated User Detail List and verified that access to add waivers is now more restricted. Per email request by the Director of Financial Services (Bursar) on May 2, 2023, only three employees had access to add waivers via the PERC (personal restriction) screen.

After meeting with DMC on February 24, 2025, we verified that changes to the user access were made on July 16, 2024, and October 1, 2024, to add two temporary employees. The two employees were given access to the waiver screen and have the ability to add waivers. Therefore, there are five individuals total with current access to apply waivers.

Weaver reviewed a user access listing of the five employees with PERC screen access and filtered the screens for cashier screens noted by RCSC and CREN. We identified that all five users had access to both the cashier screens and waiver screen with the ability to add waivers. Further, the entry of waivers is not secondarily reviewed for accuracy and completeness prior to the addition to a student's account.

Results: Finding Partially Remediated

Recommendation: Weaver recommends that the College consider putting in place procedures to implement a secondary review of waivers to prevent potential errors and/or fraud. The College could require Bursar's Office employees to obtain a secondary review and approval for every waiver applied for the semester. Alternatively, the College could perform a periodic reconciliation review of all waivers applied each semester to ensure they are appropriate.

Del Mar College
Internal Audit Follow-Up Procedures Report Over Bursar's Office
April 9, 2025

Management Response: Management agrees. We will contact IT and remove the two temporary employees' access to the waiver screen, therefore removing their ability to apply waivers. We will also conduct a review of applied waivers each semester to ensure appropriateness, accuracy, and completeness of student accounts. A report will be generated for all accounts with waivers applied during the semester and a full review of each will be performed to ensure the waivers were appropriate and applied to accounts accurately. Evidence of the review will include a dated signature by the reviewer. All documentation will be retained by the Bursar's Office.

Responsible Party: Director of Financial Services

Implementation Date: May 2025

Finding 5 – Low – Documentation of Past Due Account Follow-ups:

The Bursar's office does not consistently maintain documentation supporting the monitoring, review, and follow-up of past due accounts for dual enrollment tuition.

We obtained the workbooks used to track the amounts billed to various high schools for dual enrollment, by semester, to verify the follow-up on the accounts receivable. We identified where the documentation for the follow-up of the amounts past due is not consistently maintained by all reviewers.

Procedures Performed: Past Due Account monitoring and follow up for dual enrollment tuition is no longer performed since dual enrollment tuition was waived by the Board of Regents in the in the August 15, 2023, Board meeting. We obtained the Board Packet and confirmed the implementation of the Financial Aid Swift Transfer (FAST) program, making dual credit courses free to students. With original conditions no longer existing, this finding is closed.

Results: Closed

Finding 6 – Moderate – Bank & Credit Card Reconciliation Review, Support, & Adjustments:

Upon inspection of the signed reconciliations, it was determined that the review for the bank and credit card reconciliations did not occur within 30 days of the period-end.

Additionally, credit card reconciliations did not have supporting documentation for all the adjusting items included in the reconciliations.

Credit Card Reconciliations:

- 4 out of 7 samples did not have support maintained with the recon for all reconciling items
- 2 out of 7 samples were not reviewed within 30 days of the period end

Bank Reconciliations:

- 1 out of 7 samples had a reconciliation performed within 30 day of period end. However, journal entries were posted to the account, after the reconciliations had been completed and reviewed, requiring a second reconciliation for the back-dated entry

Del Mar College

Internal Audit Follow-Up Procedures Report Over Bursar's Office April 9, 2025

Procedures Performed: We obtained the Bank and Credit Card Reconciliations for five different months in 2024. We verified that all five reconciliations were prepared and approved within 30 days of the month's end. We also verified that the credit card reconciliation ending balance per the book agreed to the ending balance on the General Ledger and that the supporting documentation agreed to the reconciling items.

We obtained the new Bursar's Office Standard Operating procedures for the Posting of Journal Entries. We verified that DMC updated the procedures to include that supporting documentation for journal entries must be complete and accurate and to use the current fiscal month's date for posting of journal entries to prevent backdating.

Results: Finding Remediated

Appendix

Del Mar College

Internal Audit Follow-Up Procedures Report Over Bursar's Office

April 9, 2025

The appendix defines the approach and classifications utilized by Internal Audit to assess the residual risk of the area under review, the priority of the findings identified, and the overall assessment of the procedures performed.

Risk Ratings

Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The area under audit has been assessed from a residual risk level utilizing the following risk management classification system.

High

High risk findings have qualitative factors that include, but are not limited to:

- Events that threaten the College's achievement of strategic objectives or continued existence
- Impact of the finding could be felt outside of the College or beyond a single function or department
- Potential material impact to operations or the College's finances
- Remediation requires significant involvement from senior College management

Moderate

Moderate risk findings have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of the College
- Impact could be felt outside of the College or across more than one function of the College
- Noticeable and possibly material impact to the operations or finances of the College
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior College management to be updated

Low

Low risk findings have qualitative factors that include, but are not limited to:

- Events that do not directly threaten the College's strategic priorities
- Impact is limited to a single function within the College
- Minimal financial or operational impact to the organization
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk

Del Mar College

Internal Audit Follow-Up Procedures Report Over Accounts
Payable and Disbursements
April 17, 2025

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Dr. Mark Escamilla
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This report presents the results of the internal audit follow-up procedures performed for Del Mar College (the College) during the period February 20, 2025, through April 17, 2025, related to the findings from the Internal Audit Report over Accounts Payable (AP) and Disbursements dated April 24, 2024.

The objective of these follow-up procedures was to validate that adequate corrective action has been taken in order to remediate the issues identified in the fiscal year 2024 Internal Audit Report over the Accounts Payable and Disbursements processes.

To accomplish this objective, we conducted interviews with key personnel within the AP and Disbursements Department and reviewed supporting documentation to validate actions taken. Procedures were performed remotely, and an exit meeting was conducted on April 17, 2025.

The following report summarizes the status of the findings identified, risks to the organization, recommendations for improvement, and management responses.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
April 17, 2025

Weaver and Tidwell, L.L.P.

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Del Mar College
Internal Audit Follow-Up Procedures Report
Over Accounts Payable and Disbursements
April 17, 2025

Background

The 2024 Internal Audit Plan included performing an internal audit over AP and Disbursements. An internal audit over the College's AP and Disbursements processes was completed and a report was issued in June 2024. The internal audit identified five areas of improvement related to formalizing AP and Disbursement Standard Operating Procedures, enhancing travel expense reimbursement and submission oversight, updating user access permissions for inappropriate Colleague users, and implementing periodic user access reviews.

The 2025 Internal Audit Plan included performing follow-up procedures to validate that Del Mar College Management has taken steps to address these internal audit findings.

Follow-Up Objective and Scope

The follow-up procedures focused on the remediation efforts taken by Del Mar College Management to address the findings included in the 2024 Internal Audit Report over AP and Disbursement processes, and to validate that appropriate corrective action had been taken.

We evaluated the corrective actions of the five internal audit findings identified in the 2024 Internal Audit Report over AP and Disbursement processes.

Executive Summary

The findings from the 2024 Internal Audit Report over AP and Disbursements included items that were identified and considered to be non-compliance issues with Del Mar College's policies and procedures, rules and regulations required by law, or where there is a lack of procedures or internal controls in place to cover risks to Del Mar College. These types of issues could have significant financial or operational implications.

Through our interviews, review of documentation, observations and testing we determined that two findings have been fully remediated, two have been partially remediated, and one finding is open.

A summary of our results is provided in the table below:

Risk Rating	Total Findings	Open	Partially Remediated	Remediated
High	-	-	-	-
Moderate	4	1	1	2
Low	1	-	1	-
Total	5	1	2	2

Del Mar College
Internal Audit Follow-Up Procedures Report
Over Accounts Payable and Disbursements
April 17, 2025

Conclusion

Based on our evaluation, Del Mar College has made efforts to remediate the findings from the 2024 Internal Audit Report, including the development of newly documented procedures to address the risk areas identified.

Del Mar College should continue to enhance the standardization of their Standard Operating Procedures across all AP and Disbursement processes and complete the development and implementation of travel expense procedures. These actions will help promote consistency, improve operational efficiency, and reduce the risk of errors or potential misuse of funds.

Additional follow-up procedures will be performed in fiscal year 2026 to validate the remediation of the open and partially remediated findings.

**Detailed Follow-Up Results, Findings,
Recommendations and Management Response**

Del Mar College
Internal Audit Follow-Up Procedures Report
Over Accounts Payable and Disbursements
April 17, 2025

Detailed Follow-Up Results, Recommendations and Management Response

Our procedures included interviewing key Accounts Payable personnel to gain an understanding of the corrective actions taken in order to address the findings identified in the 2024 Internal Audit Report over AP and Disbursements, as well as examining existing documentation and performing testing in order to validate the effectiveness of those corrective actions implemented. We evaluated the existing policies, procedures, and processes in their current state.

Finding 1 – Low – Formalized AP and Disbursements Standard Operating Procedures:

The College does not have a complete, formalized, and documented set of Standard Operating Procedures (SOPs) to address all key risks and controls within the Accounts Payable and Disbursements processes. While the College has some documented Accounts Payable and Disbursements policies within Chapter IV of the 2023-2024 Manual of Policies and Procedures, key procedures and controls that are performed throughout the process are not sufficiently documented in departmental Standard Operating Procedures to ensure future consistency and compliance among Accounts Payable personnel.

Procedures Performed: We obtained the latest versions of the Accounts Payable and Disbursement SOPs and identified that 13 SOPs have been drafted which include all key processes and controls performed by the Accounts Payable group. Only two of the 13 SOPs, however, have been updated to reflect the newly standardized format. These SOPs include:

- Calculating and Paying Interest on Late Payments
- User Access to Accounts Payable System Management

The remaining 11 SOPs have not yet been updated to align with the new standardized format. As a result, they lack documentation of review and approval, do not reflect the most recent revision or implementation dates, and do not outline a process for periodic review. These SOPs include:

- Del Mar College Proposed Updates to Travel Policy (Draft)
- Year-End Accepted Report (PO Receiving Register Report)
- ACH Direct Deposit Vendor
- AP Check Run (Processing ACH Direct Deposit)
- AP Check Run Positive Pay (Manual/Print Checks)
- eBuilders (Budget Setup and Pay Application Invoice Approval)
- Independent Contractor Agreement
- Payroll Request Spreadsheet
- Stale Dated Checks
- Student Void Check
- Vendor Void/Stop Payment Check

The project to standardize all AP and Disbursement SOPs is currently in progress and there is a goal to complete the updates by November 2025.

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Results: Finding Partially Remediated

Recommendation: Weaver recommends that the College continue with the standardization of all AP and Disbursement SOPs and incorporates a defined process for the periodic review and update of policies and procedures into the final versions of the AP and Disbursement SOPs. This process should include a regular review cycle (e.g., annually), as well as a requirement to update the SOPs promptly when significant process changes occur. Including this step before final approval and implementation will help ensure the SOPs remain accurate, relevant, and aligned with current business practices and regulatory requirements.

Management Response: Management agrees that the College continues with the standardization of all AP and Disbursement SOPs. The SOPs will include a regular review cycle as well as a requirement to update the SOPs promptly when significant process changes occur.

Responsible Party: Director of Accounting and Financial Analyst

Implementation Date: November 2025

Finding 2 – Moderate – Late Payment Interest Calculation:

The College does not have a process for ensuring interest for late payments is calculated and paid for in accordance with Texas Government Code Title 10 Subtitle F Chapter 2251. According to subchapter B (Sec. 2251.021), payments are considered overdue and begin accruing interest on the 31st day after the later of: (1) the date the goods are received, (2) the date the performance of the service is completed; or (3) the date the invoice for the goods or service is received. The rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal year in which the payment becomes overdue and is equal to the sum of one percent and the prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday (Sec. 2251.025). There is not a process in place to ensure the College is compliant with these code requirements and interest is appropriately calculated and paid in the event that a vendor payment is not made timely.

Procedures Performed: We obtained the new "Calculating and Paying Interest on Late Payments" SOP, which outlines the key processes and controls in place to ensure timely and accurate calculation and payment of interest on late invoice payments, in accordance with Texas Government Code Title 10, Subtitle F, Chapter 2251.

The SOP includes a "Compliance and Review" section that specifies the frequency of review and approval. We verified that this section establishes an appropriate process for periodic review to help ensure the procedure remains current and effective.

Additionally, we confirmed that the process is appropriately documented within the AP and Disbursement SOPs and is applicable to the AP department and personnel, as indicated in the "Scope" section of the document.

Results: Finding Remediated

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Finding 3 – Moderate – Travel Expense Policies Updates:

Published policies and procedures over employee travel expense reimbursement are outdated and no longer relevant to the current process. The College's Travel Policy does not reflect the current usage of the Concur system to carry out travel reservations and includes outdated requirements for submitting an approved Request for Travel in advance and submitting the approved Statement of Travel Expense Form to the CFO. We determined these processes are no longer in place and the travel request and expense reimbursement processes are now consolidated within the Concur system.

Procedures Performed: We obtained the draft SOP titled "Proposed Updates to Travel Policy," which is currently under development and pending review by the Risk Manager and the Vice President of Administration and Human Resources. Based on the draft, the travel forms and approval procedures have been updated to reflect the use of the Concur system for submitting travel requests and obtaining the necessary approvals. The draft Travel Policy does not currently include a defined process for periodic review and updates.

Results: Finding Partially Remediated

Recommendation: Weaver recommends incorporating a formal process for reviewing and updating the policy on a regular basis, such as annually, and as needed when changes to travel procedures, systems (e.g., Concur), or regulatory requirements occur. Additionally, we recommend including explicit language referencing the use of the Concur system in Section A3.14.5, where the Travel Expense Report Form is addressed, to ensure consistency and clarity regarding current procedures.

Management Response: Management agrees with the need for a formal process for reviewing and updating the policy on a regular basis and as needed when changes to travel procedures, systems, or regulatory requirements occur. Updates will also include explicit language to reference the use of the Concur system where the Travel Expense Report Form is addressed.

Responsible Party: Vice President Cabinet

Implementation Date: September 1, 2025

Finding 4 – Moderate – Expense Report Timely Submission:

We selected and reviewed approved travel expenses during our scope period of July 1, 2022 to December 31, 2023, to verify a Request for Travel was completed in advance approved by the appropriate supervisor, a Statement of Travel Expense and itemized receipts were submitted by the employee within 30 days of returning from the trip, the Statement was appropriately approved and submitted to necessary personnel, and the expense was appropriate based on College Travel Policies (B3.14). Of the 25 reimbursed travel expenses evaluated, two expenses which were approved by the College were submitted outside of the 30-day deadline.

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One meal expense was submitted for reimbursement by the employee at least 68 days after the last date of travel. The expense was combined with expenses for two other trips and submitted on a single Statement of Travel Expense. The two other trips were submitted timely, within the 30-day deadline, however, the earliest trip which ended over 60 days ago was not submitted within the deadline. The employee was still reimbursed for the full Statement amount.

One mileage expense was submitted for reimbursement by the employee 184 days after the latest of the included trips. The expense was for an employee who travels each Monday to track students during their externships. The employee was reimbursed for three separate Mondays in February 2022 (February 7, February 21, and February 28); however the Expense Report was submitted on August 31, 2022, 184 days after the latest date of travel and 205 days after the earliest date of travel. Additionally, the employee used an Expense Report originally opened July 10, 2018.

Procedures Performed: We obtained the draft SOP titled "Proposed Updates to Travel Policy," which is currently in progress and pending review by the Risk Manager and the Vice President of Administration and Human Resources. The draft has updated guidelines for the submission of expense reports but is still in the process of review and revising to provide clarity and guidance to College employees.

Results: **Open**

Recommendation: Weaver recommends that the College continue their efforts to update the Travel policy to clearly communicate guidelines and expectations of College faculty and staff for the timely submission of expense reports and corresponding documentation to support the expenses.

Management Response: Management agrees to continue the efforts to update the Travel policy to clearly communicate guidelines and expectations of faculty and staff for the timely submission of expense reports and corresponding documentation to support expenses.

Responsible Party: Vice President Cabinet

Implementation Date: September 1, 2025

Finding 5 – Moderate – User Access:

The College does not have a process in place to ensure formal, periodic reviews over Colleague user access are conducted and inappropriate users are removed. We reviewed user access privileged to create payment vouchers and update ACH payment disbursements in Colleague and identified 4 users with inappropriate access. These users had access to create payment vouchers and/or update ACH payment disbursements and we determined this was not appropriate based on job function. The College currently performs user access reviews on an ad hoc or as needed basis and the reviews are not documented or formalized. Compensating controls are in place which require the AP team to match an approved invoice to the payment voucher created in Colleague.

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Procedures Performed: We obtained the updated "User Access to AP System Management" SOP, which outlines the key processes and controls designed to ensure periodic review of user access for granting, modifying, removing, and reviewing access to the accounts payable system. The revised process also includes documentation of the quarterly access review.

Additionally, we reviewed the current user access listings for the payment voucher creation and ACH payment disbursement screens within the Colleague system. Of the four users previously identified as having potentially inappropriate UPDATE access based on their job roles, two were still listed as having access to the two screens. However, upon obtaining and reviewing the exclusion restriction settings for the users, we verified that both are included in the system's "NEVER_DO" list for access related to those screens. This indicates that, although they appear on the general access listing, system controls prevent them from executing functions tied to those permissions. As a result, they do not currently have inappropriate access.

We also obtained three instances of the quarterly review implemented as of September 2024 and confirmed that each was signed and dated by an appropriate member of management, the Business Office Supervisor. Additionally, we identified that the review includes questions to document changes/updates made, if any.

Results: Finding Remediated

Appendix

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The appendix defines the approach and classifications utilized by Internal Audit to assess the residual risk of the area under review, the priority of the findings identified, and the overall assessment of the procedures performed.

Risk Ratings

Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The area under audit has been assessed from a residual risk level utilizing the following risk management classification system.

High

High risk findings have qualitative factors that include, but are not limited to:

- Events that threaten the College's achievement of strategic objectives or continued existence
- Impact of the finding could be felt outside of the College or beyond a single function or department
- Potential material impact to operations or the College's finances
- Remediation requires significant involvement from senior College management

Moderate

Moderate risk findings have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of the College
- Impact could be felt outside of the College or across more than one function of the College
- Noticeable and possibly material impact to the operations or finances of the College
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior College management to be updated

Low

Low risk findings have qualitative factors that include, but are not limited to:

- Events that do not directly threaten the College's strategic priorities
- Impact is limited to a single function within the College
- Minimal financial or operational impact to the organization
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk