

Del Mar College

Fiscal Year 2025 Annual Internal Audit Report

August 31, 2025

CONTENTS

Page

I. Compliance with Texas Government Code 2102.015.....	1
II. Internal Audit Plan for Fiscal Year 2025	1
III. Consulting Services and Nonaudit Services Completed	2
IV. External Audit Services Procured in Fiscal Year 2025.....	2
V. External Quality Assurance Review	2
VI. Internal Audit Plan for Fiscal Year 2026.....	3
VII. Reporting Suspected Fraud and Abuse	4

Del Mar College
Fiscal Year 2025 Internal Audit Report
August 31, 2025

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

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.

Del Mar College (Del Mar or the College) will post this report and its 2026 Internal Audit Plan on its website at www.delmar.edu on or before November 1, 2025. Del Mar College's Board of Regents reviewed and approved the Annual Internal Audit Report as part of their meeting held on October 14, 2025.

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, 2025. 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 2025

The internal audits planned and performed for Fiscal Year 2025 were selected to address open internal audit findings and significant processes that have not been previously audited. The audits conducted during fiscal year 2025 are listed below.

Internal Audit	Report #	Report Date	Current Status
Internal Audit over Maintenance	N/A	N/A	The internal audit was rescheduled to occur during the FY2026 Internal Audit Plan
Internal Audit over Senate Bill 17 Compliance	2025-1	February 5, 2025	The report was issued February 5, 2025
Internal Audit over Financial Aid	2025-5	October 6, 2025	The report was issued October 6, 2025
Internal Audit Follow-Up over Information Security	2025-4	July 28, 2025	The report was issued July 28, 2025 Our follow-up procedures identified that all prior findings were remediated or closed.
Internal Audit Follow-Up over Bursar's Office	2025-2	April 9, 2025	The report was issued April 9, 2025 Follow-up procedures to verify that corrective action has been performed on the remaining open finding is included in the proposed 2026 Internal Audit Plan.
Internal Audit Follow-Up over Accounts Payable and Disbursements	2025-3	April 17, 2025	The report was issued April 17, 2025 Follow-up procedures to verify that corrective action has been performed on the remaining three open findings is included in the proposed 2026 Internal Audit Plan.

Del Mar College
Fiscal Year 2025 Internal Audit Report
August 31, 2025

III. Consulting Services and Nonaudit Services Completed

Weaver, as Del Mar College's Internal Auditor, did not perform any consulting services as defined in Texas Government Code, Chapter 2102 during the fiscal year.

IV. External Audit Services Procured in Fiscal Year 2025

Del Mar College engaged Collier, Johnson & Woods, P.C., a certified public accounting firm, during Fiscal Year 2025 as its external auditors.

V. 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.

Del Mar College
Fiscal Year 2025 Internal Audit Report
August 31, 2025

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

VI. Internal Audit Plan for Fiscal Year 2026

The Internal Audit Plan was submitted to the Colleges Board of Regents. The College Board of Regents approved the plan on October 14, 2025. Below is the Fiscal Year 2026 Internal Audit Plan submitted to the College's Board of Regents based on the results of the 2025 Internal Audit Risk Assessment update. The approved internal audit plan was submitted to the State Auditor's Office on November 1, 2025.

Fiscal Year 2026 Internal Audit Plan		
Audit Area	2025 Risk Rating	Estimated Hours
Maintenance	High	80
Senate Bill 17 Compliance	High	200
Grant Compliance	High	215
Institutional Research and Reporting (Reporting Data Validation)	High	230

Del Mar College

Fiscal Year 2025 Internal Audit Report

August 31, 2025

Planned follow-up procedures for fiscal year 2026 to verify and communicate with Management the remediation efforts of prior Internal Audit Recommendations.

Fiscal Year 2026 Follow-up Procedures		
Audit Area	2025 Risk Rating	Estimated Hours
Financial Aid	High	80
Bursar's Office	High	30
Accounts Payable and Disbursements	Low	60

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.

The 2025 Internal Audit Risk Assessment update resulted in 17 Significant Activities rated as "High" risk. 11 of the 17 Significant Activities are not included in the Fiscal Year 2025 Internal Audit Plan. Those activities are as follows:

- | | |
|-----------------------------------|---------------------------------------|
| • Safety and Security | • DMC Foundation |
| • Information Security | • Payroll |
| • Information Technology Services | • Business and Community Programs |
| • Database Administration / ERP | • Accreditation Standards |
| • Construction Management | • Academics and Curricular Activities |
| • Communications | |

VII. 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, 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.