



OFFICE OF

Internal Audit

Date: April 27, 2020

To: Members of the Board of Trustees
Dr. Neil Matkin, District President

From: Ali Subhani, CIA, CISA, GSNA
Director, Office of Internal Audit

Subject: 2020 Audit Plan Approval

A handwritten signature in black ink that reads 'Ali Subhani'.

The Internal Audit Charter requires that the Board of Trustees approve the annual audit plan.

Based on the risk assessment process, the following audits are recommended for approval:

- TAC 202 Compliance (Information Technology)
- Property & Surplus

This risk assessment methodology utilized is detailed on the following pages.

The plan is based off of having one auditor in place until a Senior Auditor is hired.



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Audit Plan Methodology - Fiscal Year 2020

The Fiscal Year 2020 audit plan was prepared as required by the Internal Audit Charter. The plan was prepared by identifying auditable areas of the College. The auditable areas were identified by reviewing budgetary information, the Comprehensive Annual Financial Report, the Collin College website, Collin College policies (legal and local), the Texas Higher Education Coordinating Boards Laws and Rules, information from the Association of College and University Auditors (ACUA), The Institute of Internal Auditors (IIA), federal and state laws, and risk assessments and audit plan institutions of other community colleges in Texas. A campus wide survey was also sent out to solicit input from the campus community.

A Risk Assessment was then conducted of the auditable areas based on 8 risk factors. These risk factors are established based on information from the Association of College and University Auditors. Each factor is weighted based on importance and given a risk rating which indicates the risk for that factor to the auditable area. Each of the risk ratings for the auditable area are totaled to compute the risk score. The auditable areas are then sorted by likelihood and impact to the college (highest to lowest) and evaluated for selection based on Office of Internal Audit professional judgment. An explanation of the 8 factors and risk ratings follows.

The auditable areas are then sorted by risk score (highest to lowest) and evaluated for selection based on Office of Internal Audit professional judgment. An explanation of the factors and risk ratings follows.

Audit Plan Methodology - Fiscal Year 2020

IMPACT	1  Criticality of the Unit	This factor measures the importance of the unit to accomplish the mission of the District. This considers the impact if the unit is unable to provide its service within a required time frame and/or at the expected level.
	2  Financial Impact	This considers the overall dollar amount flowing through, committed to, or generated by the unit/process (e.g. expenditures, grant amount, revenues collected/earned). This evaluates the impact of inappropriate activity from a financial perspective.
	3  Regulatory Compliance	The complexity, volume, and clarity of regulations/compliance requirements from external requirements impacts the District's ability to comply, and therefore influences risk. Risks relate to the inability to comply; penalties, fines or litigation; loss of funding sources; and regulatory restrictions.
	4  Public Sensitivity	This measures the sensitivity of the unit to public exposure of critical internal issues. This considers the potential effect to the District overall as the result of negative information.
LIKELIHOOD	5  Control Environment	Assessment of control environment is based on factors such as the adequacy of the existing control structure, expertise of management, historical problems, conditions found during recent reviews/interactions, and the overall effectiveness and efficiency of operations.
	6  Changes in the Unit	Changes in management personnel, organizational and operational structure, and the operational systems can influence risk. In some cases, reorganization of responsibilities and activities can result in significant changes that compromise the internal control environment.
	7  Complexity of Monitoring Activities	This factor considers the locations/number of locations where activities and the monitoring of these activities take place.
	8  Audit History	This considers whether there has been an audit of the unit, the last time an audit was performed, and the results of such audit.

Impact Scale

	1	2	3
Criticality of the Unit	Operations can be temporarily paused for up to 30 days with minimal impact to students, faculty or staff.	Operations can be temporarily paused for up to 7 days without negatively impacting students, faculty or staff.	Must be continued Cannot pause. Necessary to life, health, security.
Financial Impact	<\$300k in resources flow through area.	>\$300k- <\$999k in resources flow through the area.	>\$1M in resources flow through the area.
Regulatory Compliance	Compliance requirements are clear and easy to follow. Breaches of regulatory or contractual obligations are confined to an isolated incident. Not systemic. Fines or penalties would be <\$50k.	Compliance requirements are opaque and necessitate action on a monthly basis. Breaches of regulatory or contractual obligations with costs in excess of \$50k but <\$100k to the institution and increased scrutiny from regulators.	Compliance requirements are complex and necessitate action on a daily/weekly basis. Regulatory censure or action. Breaches of regulatory or contractual obligations with costs in excess of \$100k. Possibility of action against specific member(s) of the senior management team.
Public Sensitivity	Impact is isolated to a small group. Damage is reversible.	Negative impact is limited to one campus location, is in the public domain, but with limited publicity.	Long-term / irreparable damage. Negative impact is felt on multiple-campus and is widely publicized.
Impact Risk Score	Low 4 - 6.9	Medium 6.91 - 9.90	High 9.91 - 12.0

Likelihood Scale

	1	2	3
Control Environment	Key Performance Indicators (KPI) are defined for monitoring effectiveness, well-understood chains of accountability exist, and a formal controls framework exists.	Control awareness exists, control activities are designed and in place. Some documentation and reporting methodology exists. Accountability and performance monitoring requires improvement.	Control activities are fragmented, may be managed in "silo", dependent upon individual heroics, with inadequate documentation and reporting methods or inadequate monitoring methods.
Organizational Changes	Little to no organizational changes.	Transition of a Director level or below within an organizational unit.	Implementation of a new process/technology that has college wide impact or transition of a Vice President or Dean.
Complexity of Monitoring Requirements	Monitoring involves low volume activity and is limited to monitoring activity in one department.	Monitoring involves medium volume activity or involves monitoring activity at one college location.	Monitoring involves medium volume activity or involves monitoring activity multiple college locations.
Audit History	A review of the area or process in scope took place within the past 2 fiscal years.	A review of the area or activity took place within the past 3 years.	A review of the area has not been conducted within the past 5 years.
Impact Risk Score	Low 4 - 6.9	Medium 6.91 - 9.90	High 9.91 - 12.0