



Date: October 15, 2024

To: H. Neil Matkin, Ed.D., District President
Members of the Board of Trustees

From: Ali Subhani, CFE, CIA, CISA, GSNA, CDPSE
Executive Director, Office of Internal Audit *Ali Subhani*

Subject: Fiscal Year 2025 - Audit Plan Revision

The Internal Audit Charter requires that the Board of Trustees approves the annual Audit Plan. Based on the methodology detailed on page three, the following projects are recommended for approval:

| Project | Objectives | Tentative Start Date |
|--|---|----------------------|
| Directory Services | To evaluate the effectiveness of Active Directory (AD) and Azure management processes with Texas Administrative Code (TAC) 202 standards and to assess adherence to technology best practices. (Satisfies the Texas Administrative Code 202 - Information Security Standards Audit Requirement) | First Quarter |
| Key Shop | To evaluate the adequacy of key-related processes to ensure safety Districtwide | First Quarter |
| External Peer Review | Effort related to the ongoing external review of the Office of Internal Audit that is required every 5 years by professional auditing standards | First Quarter |
| Technical Campus Academic Programs Consumable Review | To evaluate internal controls over inventory and consumables for the Automotive, Construction, and Welding academic programs and to determine if lab fees are aligned with program costs | Second Quarter |

| Project | Objectives | Tentative Start Date |
|-----------------------------------|--|----------------------|
| Accounts Payable | To assess the adequacy and effectiveness of internal controls over the accounts payable process and ensure adherence to applicable requirements | Second Quarter |
| Sick Bank Balance | To assess the adequacy and effectiveness of internal controls governing the management and use of sick bank balances, with the goal of identifying potential abuse or misuse | Second Quarter |
| Job Order Contracting | To evaluate compliance with applicable policies and regulations for Job Order Contracts | Third Quarter |
| Copier Leasing Contract Review | To review the leasing contract for multifunctional devices (printers/copiers), identifying opportunities for cost savings, improved efficiency, and effective use of district resources | Fourth Quarter |
| Administrative Requirements | Effort devoted to various administrative requirements such as publishing the required Annual Internal Audit report, development of the audit plan, serving on institutional committees, fulfilling requests for speaking engagements, and attendance at professional training events | Ongoing |
| Investigations / Special Requests | Perform investigations of fraud incidents reported through the District's hotline or others, and any special requests | Ongoing |
| Follow Up Activities | Follow up on implementation of pending management action plans in response to audit observations | Ongoing |

The plan was based on the utilization of the Director and one full-time Senior Auditor. Additionally, the District President is supportive of plans to utilize student interns.









The planned audit of scholarships previously approved for inclusion in the fiscal year 2025 audit plan, will be reevaluated at a future date.

Audit Plan Methodology - Fiscal Year 2025

As required by the Internal Audit Charter, the Director for Internal Audit prepared the Fiscal Year 2025 Audit Plan by identifying the auditable areas for the District. The auditable areas were identified by reviewing budgetary information, the Comprehensive Annual Financial Report, the Collin College website, and Collin College policies (legal and local). Members of the District President's Cabinet were also offered the opportunity to provide input to the Office of Internal Audit.

A risk assessment was then conducted of the auditable areas based on eight risk factors. Each factor is weighted based on importance and given a risk rating that indicates the risk for that factor to the auditable area. The risk rating for the auditable area is totaled to compute the risk score. The final selection is based on the professional judgment of personnel in the Office of Internal Audit.

An explanation of the eight factors and risk ratings is outlined in the graphic on the right.

| I M P A C T | | |
|---------------------|--|---|
| 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, & clarity of regulations / compliance requirements from external requirements impact the District's ability to comply & therefore influences risk. Risks relate to the inability to comply; penalties, fines or litigation; loss of funding sources; & 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. |
| L I K E L I H O O D | | |
| 5 | Control Environment  | Assessment of the 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 & operational structure, & 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 occur and/or the locations where monitoring of such 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 the audit. |