COLLIN COLLEGE

INTERNAL AUDIT

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2024

OFFICE OF INTERNAL AUDIT

October 15, 2024

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

Attached is the annual report for the Office of Internal Audit for the fiscal year (FY) which ended August 31, 2024. This report is required by the Texas Government Code, Section 2102.015, and provides information on the activities of the internal audit function.

If you have any questions about the contents of this report, please do not hesitate to contact me.

Respectfully submitted,

Ali Subhani

Ali Subhani, CFE, CIA, CISA, GSNA, CDPSE
Executive Director of Internal Audit

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PURPOSE

The purpose of this annual report is to provide information on the assurance and consulting services and activities of the internal audit function. In addition, the annual internal audit report assists oversight agencies in their planning and coordination efforts.

I. COMPLIANCE WITH TEXAS GOVERNMENT CODE, SECTION 2102.015

Section 2102.015 of the Texas Government Code requires that the internal audit plan and the internal audit annual report be posted on the institution's website. Accordingly, the Office of Internal Audit has posted the FY 2024 Annual Internal Audit Report and the approved FY 2025 Audit Plan on the Office of Internal Audit's departmental website.

II. INTERNAL AUDIT PLAN FOR FY 2024

Project	Report Number	Status / Report Date
1. Dual Credit Programs	24-01	Final report issued on May 21, 2024.
2. Promotional Item Expenditures	24-02	Final report issued on May 21, 2024.
3. Hotline Complaint Police Department	INV- 24-02	Final report issued on May 21, 2024.
4. Continuing Education - External Vendor Courses	INV- 24-01	Final report issued on October 15, 2024.
5. Canvas Learning Management System and Honorlock	24-03	Final report issued on September 17, 2024.
6. Small Business Development Center Grant	24-04	Final report issued on October 15, 2024.

The Office of Internal Audit did not deviate from the approved audit plan, which the Board of Trustees approved on February 20, 2024. No audits were performed related to benefits proportionality or requirements related to Section 51.9337(h) of the Texas Education Code.

III. CONSULTING SERVICES AND NON-AUDIT SERVICES COMPLETED

In FY 2024, as defined in the IIA International Standards for the Professional Practice of Internal Auditing, there were no consulting services that were performed. Consulting services are advisory in nature and are generally performed at the specific request of a client.

IV. EXTERNAL QUALITY ASSURANCE REVIEW

The department was reestablished with the hiring of the new Director in January 2020. An external quality assurance review is currently in progress and the results are anticipated by November 29, 2024.

V. INTERNAL AUDIT PLAN FOR FY 2025

The FY 2025 Internal Audit Plan was approved by the college's Board of Trustees on September 24, 2024. Updates provided to the Finance and Audit Committee can be obtained by reviewing status reports that are publicly accessible. A copy of the plan is included in Appendix 1.

VI. EXTERNAL AUDIT SERVICES PROCURED IN FY 2024

The following external audit services, including financial and performance audits and attestation engagements, reviews, and agreed-upon procedures, were procured or in process during FY 2024 by management :

- PSK CPA, LLP - Annual audit of the District's Foundation
- Whitley Penn, LLP - Annual audit of the District's financial statements
- Whitley Penn, LLP - Audit to evaluate compliance with requirements of the Texas Public Investments Act.

VII. REPORTING SUSPECTED FRAUD AND ABUSE

Actions taken to implement the requirements of Article IX, Section 7.09, page IX-37, Fraud Reporting, General Appropriations Act (84th Legislature, Conference Committee Report) are noted below:

- The college has placed a link on the institution's homepage that states "Fraud, Waste or Abuse." The link offers guidance for directly reporting fraud, waste, and abuse to the State Auditor's Office.
- A policy on how to report suspected fraud is in place. See the Policy.

APPENDIX 1: FY 2025 AUDIT PLAN

The FY 2025 audit plan was prepared using risk assessment techniques that identify the individual audits to be conducted during the year. The risk factors utilized by the department during the risk assessment process include:

- Criticality of the Unit
- Financial Impact
- Regulatory Compliance
- Public Sensitivity

- Control Environment
- Changes in the Unit
- Complexity of Monitoring Activities
- Audit History

The projects detailed on page 8 were approved by the college's Board of Trustees on September 24, 2024.

Texas Administrative Code (TAC) 202 is audited periodically as required by statute, and the last TAC 202 audit was performed in FY 2023.

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Date: September 24, 2024

To: H. Neil Matkin, Ed.D., District President
Members of the Finance and Audit Committee

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

Subject: Fiscal Year 2025 - Audit Plan Approval

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
Texas Administrative Code 202 - Directory Services	To evaluate the effectiveness and compliance of Active Directory (AD) and Azure management processes with Texas Administrative Code (TAC) 202 standards, and to assess adherence to technology best practices.	First Quarter
Key Shop	To evaluate the adequacy of key-related processes to ensure safety Districtwide	First Quarter
External Peer Review	External review of internal audit function 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
Accounts Payable	To assess the adequacy and effectiveness of internal controls over the accounts payable process and ensure adherence to applicable requirements.	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, 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 on the fiscal year 2025 audit plan, will be reevaluated at a future date.

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APPENDIX 2: STATUS OF AUDIT RECOMMENDATIONS

Texas Government Code, Section 2102.015, also requires entities to include the following on their website:

- A "detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any raised by the audit plan or annual report."

- A "summary of the action taken by the agency to address the concerns, if any, that are raised by the audit plan or annual report."

To address these requirements, an entity can summarize internal audit recommendations and report on its action and progress toward implementing those recommendations. The following table summarizes the implementation status of past recommendations.

Responsible Party	Follow up Performed on	Implemented / Closed	Delayed	Require Finance & Audit Committee Approval
Chief Financial Officer	6	5	1	-
Senior Vice President Campus Operations	9	2	4	3

The detailed status of implementation of recommendations from the previous fiscal year is noted on the following page.

Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
20-02	TAC 202	8/25/2020	8/31/2021	Develop Framework to Implement Separation of Duties.	This recommendation will be completed with the Workday implementation.	SVP Campus Operations	**In Progress**	**1150**	**90%**
22-02	CARES Act Compliance	6/21/2022	11/30/2022	Review Documentation and Transfer Questioned Costs.	Management agrees to reclassify $2,260 in costs for the technology equipment, request employees to complete effort certification documentation for the journal entry that totaled $65,786, and perform additional research to determine the allowability for the allocation model for the journal entry that totaled $73,480. If not allowed, the expenditures will be reclassified.	Chief Financial Officer	**Closed**		
22-02	CARES Act Compliance	6/21/2022	11/30/2022	Implement Segregation of Duties.	Management intends to perform a detailed evaluation of privileges for each user group with the management of those respected areas and implement SOD in line with a cost-benefit analysis and implement monitoring to detect abuse of privileges that cannot be segregated.	SVP Campus Operations	**In Progress**	**694**	**85%**
22-03	Vulnerability Management and Scanning	8/19/2022	7/31/2023	Develop Complete Inventory with Designated Owners.	The report contains confidential information that relates to computer network security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exceptions found in sections 551.076 and 551.089 of the Government Code.	SVP Campus Operations	**In Progress**	**451**	**90%**

Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
23-01	Purchasing / Travel / Fuel Card Programs	2/21/2023	8/31/2023	Develop Policies and Procedures to Govern the Fuel Card Program.	Management intends to develop and communicate procedures to provide for better oversight of the Fuel Card Program.	Chief Financial Officer	Closed		
23-01	Purchasing / Travel / Fuel Card Programs	2/21/2023	8/31/2023	Independently Verify Cardholders after Setup.	Management intends to ensure that the AP Manager will review the JPMorgan account for new cards issued to ensure proper documentation and authorization exists for all new cards issued. This will be implemented immediately.	Chief Financial Officer	Closed		
23-01	Purchasing / Travel / Fuel Card Programs	2/21/2023	8/31/2023	Enhance Cardholder Management.	Management intends to be more diligent about canceling employees from the fuel card program upon termination. Procedures to ensure that all terminated employees are terminated within JPMorgan in a timely manner will be developed and implemented immediately.	Chief Financial Officer	Closed		
23-01	Purchasing / Travel / Fuel Card Programs	2/21/2023	8/31/2023	Improve Compliance with T-Card Requirements and Develop Business Meal Procedure.	Management agrees to develop business meal procedures with input from leadership so that the expenses are within reason and clarify the allowability of spending District funds for food in connection with business/staff meetings and events.	Chief Financial Officer	Closed		

Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
23-02	Data Backup and Recovery	5/16/2023	12/31/2023	Enhance Controls Over the Backup Appliance.	The report contains confidential information that relates to computer network security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exceptions found in sections 551.076 and 551.089 of the Government Code.	SVP Campus Operations	In Progress	298	75%
23-02	Data Backup and Recovery	5/16/2023	12/31/2023	Develop a Contingency Plan that Fulfills All Requirements Mandated by TAC-202.		SVP Campus Operations	In Progress	298	50%
23-02	Data Backup and Recovery	5/16/2023	12/31/2023	Complete a Documented Risk Assessment for Preventative Measures that are not in Place.		SVP Campus Operations	In Progress	298	75%
23-03	Faculty Workload	10/17/2023	3/31/2024	Formally Designate the Officer who will Monitor Workloads and Prepare and Review Workload Reports to the Board.	Management intends to: Plan for the creation of a new department to oversee district-wide scheduling and quality control of faculty loads. This department will coordinate with the Institutional Research Office (IRO) and other relevant departments to generate and upload the annual report for appropriate dissemination. Once the new department is formally created, an officer will be formally designated to monitor compliance with the District's requirements for faculty workload.	SVP Campus Operations	In Progress	207	
23-03	Faculty Workload	10/17/2023	3/31/2024	Establish Maximum Instructional Workload Unit Threshold for Faculty to Maintain Program Standards.	Management intends to: Continue planning for the creation and addition of a new department for "P-12 Partnerships & Academic/Workforce Success." Part of the responsibility of this department will be to oversee district-wide scheduling and quality control of faculty loads. Commit to continuing to increase the number of faculty in the workforce programs where we have excessive overloads. Increased workloads for Full-Time faculty in such workforce programs will continue until the college has successfully identified candidates to fill the positions.	SVP Campus Operations	Closed		

Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
24-01	Dual Credit Programs	5/21/2024	9/31/2024	Develop Evaluation Process for Adjunct Instructors.	All adjunct faculty will be treated the same across the District when it comes to the evaluative processes such as the annual appraisal and classroom visits. A new appraisal instrument and process for adjunct faculty will be implemented in the Fall of 2024.	SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-01	Dual Credit Programs	5/21/2024	9/31/2024	Implement Centralized Tracking for At-Risk Students.	The Dual Credit/P-12 Partnerships Office will work with the Provosts and Academic Deans to implement this recommendation districtwide for all dual credit classes.	SVP Campus Operations	Closed		
24-01	Dual Credit Programs	5/21/2024	5/21/2024	Further Limit Risk Specific to Acceptance of Unofficial Test Scores.	Management agrees with the recommendation as it is very low risk and safeguards are already in place which include sample student review. Texas Administrative Code Section 4.54 does not require official score submission.	SVP Student and Community Engagement	Closed		
24-02	Promotional Items Expenditures	5/21/2024	8/31/2024	Develop Policy to Govern Promotional Item Expenditures.	Management will develop promotional item purchase procedures that outline items that are deemed appropriate, with input from senior administration. Written procedures will be developed by July 2024. -Management has taken steps in FY 2024 to better align promotional item purchases with the college's mission and overall strategic plan. All promotional item purchases now route to the chief financial officer for approval in Workday. All items are reviewed, and each requisition includes the purpose of the promotional item. -The college created a committee to determine what would be considered allowable to be charged to the CARES grant. The committee included internal legal counsel, associate vice president in business administrative services, vice president student services, and others from the campus and district leadership team. The committee evaluated grant criteria to determine if the expenses were allowable within the grant guidelines. Personalized bags were purchased from the CARES grant that were used to distribute safety supplies to students during the peak of the pandemic. Items included hand sanitizer, sanitizing wipes, and masks. All items were purchased and had the Collin logo included on	Chief Financial Officer	In Progress	54	85%

Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
24-03	Canvas Learning Management System and Honorlock	9/17/2024	10/30/2024	Update Password Configuration to Enhance Security of the Application.	The report contains confidential information that relates to computer network security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exceptions found in sections 551.076 and 551.089 of the Government Code.	SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-03	Canvas Learning Management System and Honorlock	9/17/2024	1/30/2025	Restrict Access to Sensitive Data and Update File Transfer Credentials.		SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-03	Canvas Learning Management System and Honorlock	9/17/2024	10/30/2024	Optimize Honorlock Control Measures to Safeguard Academic Integrity.		SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-03	Canvas Learning Management System and Honorlock	9/17/2024	10/30/2024	Implement Monitoring for Privileged "Act as a User" Functionality.		SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-04	Small Business Development Center Grant	10/22/2024	3/31/2025	Ensure Reported Deliverables Agree with Supporting Documentation.	The report contains confidential information that relates to personnel matters and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exceptions found in sections 551.074 of the Government Code.	SVP Student and Community Engagement	Follow-up procedures not performed by the Office of Internal Audit.		
24-04	Small Business Development Center Grant	10/22/2024	3/31/2025	Enhance Compliance with Grant Requirements and North Texas Small Business Development Center (NTSBDC) Policies.		SVP Student and Community Engagement	Follow-up procedures not performed by the Office of Internal Audit.		
24-04	Small Business Development Center Grant	10/22/2024	3/31/2025	Maintain Documentation to Evidence Communication of Compliance Monitoring Results.		SVP Student and Community Engagement	Follow-up procedures not performed by the Office of Internal Audit.		
24-04	Small Business Development Center Grant	10/22/2024	3/31/2025	Develop Training to Improve the Accuracy of Conflict of Interest Certifications.		SVP Student and Community Engagement	Follow-up procedures not performed by the Office of Internal Audit.		