Date: September 21, 2021

To: Members of the Finance and Audit Committee

Dr. Neil Matkin, District President

From: Ali Subhani, Director Internal Audit

Subject: Fiscal Year 2022 - 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 two, the following projects are recommended for approval:

Audits

- CARES Act Compliance
- Texas Administrative Code 202 Vulnerability Management / Scanning
- Wireless Network Controls

Administrative Projects

- District Anonymous Hotline Implementation
- Follow-up Audits
- Issuance of the Annual Internal Audit Report
- Tarrant County Community College Internal Audit Peer-Review

The plan was based on the utilization of one full-time auditor.

Audit Plan Methodology - Fiscal Year 2022

As required by the Internal Audit Charter, the Director for Internal Audit prepared the Fiscal Year 2022 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). In addition, information and resources developed by the Association of College and University Auditors (ACUA), the Institute of Internal Auditors (IIA), and risk assessments and audit plans of other community colleges in Texas were also reviewed. Members of the Executive Leadership Team were also requested to provide suggestions on areas that may require an audit project.

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, indicating the risk for that factor to the auditable area. The risk rating for the auditable area is totaled to compute the risk score.

Finally, the auditable areas are sorted by likelihood and impact to the District (highest to lowest) and evaluated for selection based on the Office of Internal Audit's professional judgment. An explanation of the eight factors and risk ratings follows.

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, & 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 NEWS 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				
		LIKELIHOOD		
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.		
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	Control Environment Changes in	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. 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		



COLLIN Internal Audit

OFFICE OF

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- campuses and is widely publicized.		
Impact Risk Score	Low 4 - 6.9	Medium 6.91 - 9.90	High 9.91 - 12.0		
LIKELIHOOD SCALE					
	LIKEL	IHOOD SCALE			
	L I K E L	I H O O D S C A L E	3		
Control Environment	LIKEL 1 Key Performance Indicators (KPI) are defined for monitoring effectiveness, well-understood chains of accountability exist, and a formal controls framework exists.		Control activities are fragmented, may be managed in "silo", dependent upon individual heroics, with inadequate documentation and reporting methods or inadequate monitoring methods.		
	Key Performance Indicators (KPI) are defined for monitoring effectiveness, well-understood chains of accountability exist, and a formal controls framework	Control awareness exists, control activities are designed and in place. Some documentation and reporting methodology exists. Accountability and performance monitoring requires	Control activities are fragmented, may be managed in "silo", dependent upon individual heroics, with inadequate documentation and reporting methods		
Environment Organizational	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. Transition of a Director level or below	Control activities are fragmented, may be managed in "silo", dependent upon individual heroics, with inadequate documentation and reporting methods or inadequate monitoring methods. Implementation of a new process/technology that has college wide impact or transition of a Vice		
Environment Organizational Changes Complexity of Monitoring	Key Performance Indicators (KPI) are defined for monitoring effectiveness, well-understood chains of accountability exist, and a formal controls framework exists. Little to no organizational changes. Monitoring involves low volume activity and is limited to monitoring activity in	Control awareness exists, control activities are designed and in place. Some documentation and reporting methodology exists. Accountability and performance monitoring requires improvement. Transition of a Director level or below within an organizational unit. Monitoring involves medium volume activity or involves monitoring activity	Control activities are fragmented, may be managed in "silo", dependent upon individual heroics, with inadequate documentation and reporting methods or inadequate monitoring methods. Implementation of a new process/technology that has college wide impact or transition of a Vice President or Dean. Monitoring involves medium volume activity or involves monitoring activity		