

# Annual Internal Audit Report

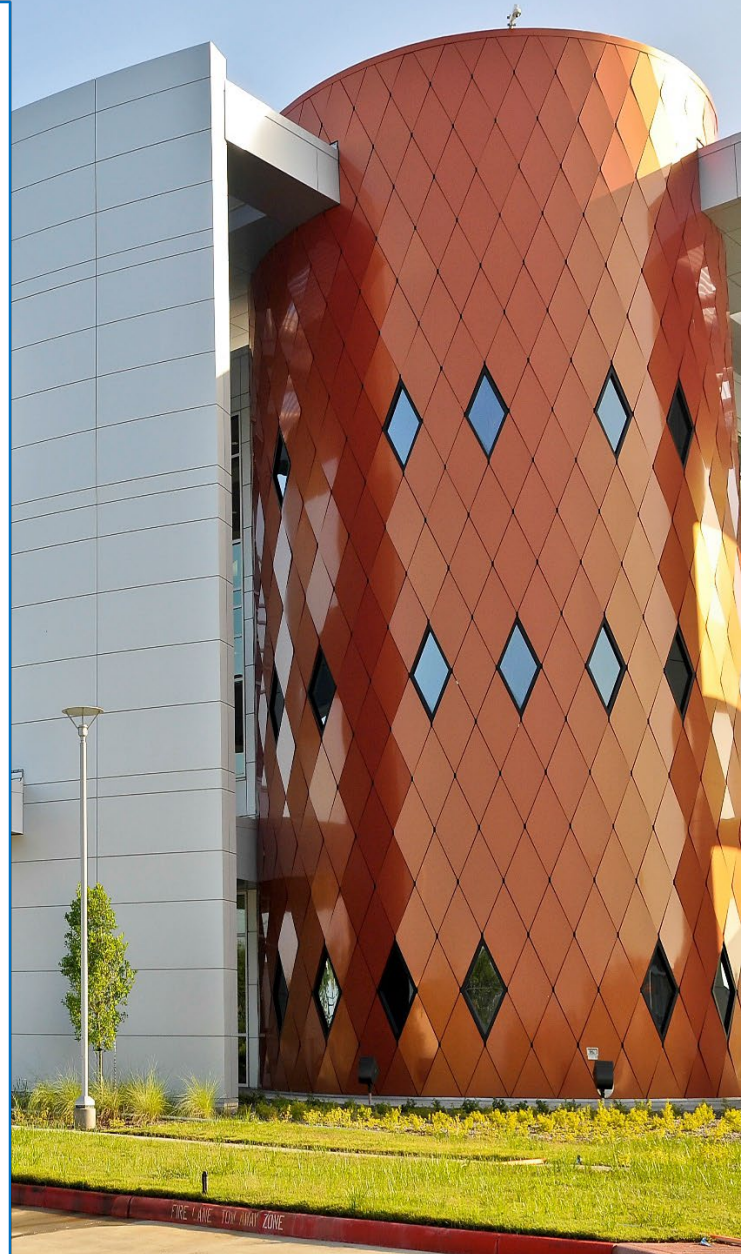
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**Summary of FY24 Internal Audit Work &  
Proposed FY25 Audit Plan**

**August 31, 2024**

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**San Jacinto Community College District  
Prepared by: Linda Torres, Executive Director, Internal Audit**





## INTERNAL AUDIT DEPARTMENT

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To: Board of Trustees

From: Linda Torres, Executive Director, Internal Audit

Date: August 31, 2024

Subject: Annual Internal Audit Report – Summary of FY24 Internal Audit work & Proposed FY25 Audit Plan

We are pleased to present the San Jacinto Community College District's (SJCCD) *Annual Internal Audit Report* for 2023/24 (September 1, 2023 to August 31, 2024). This report will provide information on audits and projects performed during the past audit year. We are a small department consisting of three auditors; however, we strive to add value to the College through each of our audits and projects.

The various audits and projects performed during the 2023/24 audit year resulted in specific recommendations made by the Internal Audit Department. These recommendations were made to enhance accountability, improve efficiency, reduce the opportunities for fraud, protect the college's assets, and improve service delivery to college stakeholders.

The proposed audit plan for the 2024/25 audit year (September 1, 2024 to August 31, 2025) was based on a risk assessment update performed during the summer of 2024. The Internal Audit Department updated the annual risk assessment to identify the major areas within the college that require audit attention. Audit projects are scheduled based on the results of the college-wide risk assessment and the available Internal Audit Department resources. By carrying out this plan for the upcoming year, we hope to continue our commitment to serve the college, the Chancellor, and the Board of Trustees.

cc: Dr. Brenda Hellyer, Chancellor  
Teri Zamora, Vice Chancellor of Fiscal Affairs

**Message from the Executive Director, Internal Audit**  
*Linda Torres, CPA, CIA, CFE*

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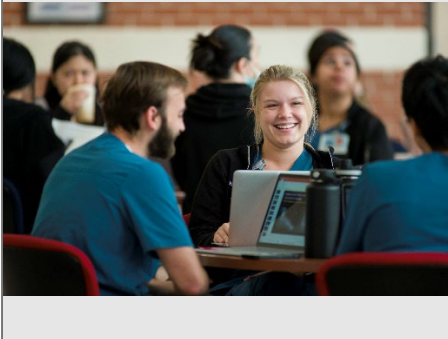
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The Internal Audit Department is dedicated to improving the operations of San Jacinto College by providing independent and objective reviews of District controls and procedures. By monitoring and advising on areas of potential vulnerability, the Internal Audit Department assists everyone in the San Jacinto College community to uphold the highest standards of business conduct.

As of the end of the FY24 audit year, the Internal Audit Department engaged in several complex audits, follow-up audits as well as provided consulting projects. A summary of the type of work issued during the year includes six audits, five follow-up audits and 12 subrecipient grant memos. In addition, four audits/projects were in progress at the end of the year. Finally, the Internal Audit Department managed eight ethics reports, maintained the Internal Audit web page, issued quarterly newsletters, completed the annual risk assessment project and managed the collection of conflict of interest disclosure statements.

This annual report details all the audit work performed during FY24, as well as provides a summary of the risk assessment process, and upcoming proposed audit plan for FY25.

As we enter a new fiscal year our expectations are to continue to provide assistance college-wide to strengthen internal controls and improve overall business efficiencies. I consider it an honor to serve San Jacinto College community and remain committed to adding value to the college through the audits and consulting services we provide.

Linda Torres, CPA, CIA, CFE

**Compliance with Texas Government Code, Section 2102.015**

Texas Government Code, Section 2102.015 was added by House Bill 16 (83rd. Legislature) on June 14, 2013. House Bill 16 amended the Internal Auditing Act to require state agencies and institutions of higher education, as defined in the bill, to post agency internal audit plans, internal audit annual reports, and any weaknesses or concerns resulting from the audit plan or annual report on the entities' website, at the time and in the manner provided by the State Auditor's Office.

To comply with the requirements, the San Jacinto College Internal Audit Department will submit its Internal Audit Annual Report to the website coordinators to be posted on the Internal Audit web page of the college's website no later than 30 days after approval of the upcoming year's audit plan (included in this report) at the September Board of Trustees workshop.

## Department Organization

The Executive Director of Internal Audit reports directly to the Vice Chancellor of Fiscal Affairs, with an advisory reporting relationship to the Chancellor and Board Finance Committee. Presently, the Internal Audit Department is staffed with three individuals.

### **Executive Director, Internal Audit**

Linda Torres is the Executive Director of the Internal Audit Department and has worked for the College since June 2008. Linda is a Certified Public Accountant, Certified Internal Auditor and Certified Fraud Examiner. She graduated with a BBA in Accountancy from the University of Houston and also earned an associate degree from San Jacinto College, Central campus.

### **Director, Internal Audit**

Bret Boudreaux has worked for the College since January 2009 and was promoted to the Director of Internal Audit in December 2023. Bret is a Certified Internal Auditor and possesses a Certification in Risk Management Assurance. Bret graduated from Louisiana State University with a B.S. in Finance in May 2005 and obtained his MBA from Texas A&M University–Commerce in May 2010.

### **Internal Auditor**

Travis Leopulos has worked for the College since February 2016. Travis graduated from Stephen F. Austin State University with a BBA and also earned an associate degree from San Jacinto College, Central campus.

**AUDITS/PROJECTS LIST**

<b>Audits/Reviews/Projects</b>	<b>Audit/Review #</b>	<b>Details</b>	<b>Status</b>	<b>Disposition</b>
Faculty Loads	23-107	Evaluate the efficiency, accuracy	Complete	Report Date: November 2, 2023
Process Technology – Central Campus	23-108	Evaluate the operational efficiency, internal controls, and compliance with internal and external regulations and policies.	Complete	Report Date: September 18, 2023
Grants Subrecipient – DOL - Austin Community College District	23-109	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – DOL - IBM	23-110	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – DOL - Cerner	23-111	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – DOL – Lockheed Martin	23-112	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – DOL - Xpanxion	23-113	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – DOL - Catalyte	23-114	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – DOL - Dallas Colleges	23-115	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – DOL - Alamo Colleges District	23-116	Grant subrecipient monitoring	Complete	Memo Date: October 3, 2023
Grants Subrecipient – NSF – Houston Community College	23-117	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – NSF – Rice University	23-118	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Grants Subrecipient – DOE – Alvin Community College	23-119	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023

**AUDITS/REVIEWS/PROJECTS LIST** *continued*

Audits/Reviews/Projects	Audit/Review #	Details	Status	Disposition
Grants Subrecipient – DOE – Lamar Institute of Technology	23-120	Grant subrecipient monitoring	Complete	Memo Date: September 27, 2023
Hazlewood Exemptions	24-101	Ensure that Hazlewood tuition exemptions are processed in accordance with SJC procedures and state guidelines.	Complete	Report Date: February 7, 2024 Add'l Memo Regarding Banner access security sent to District Business Office: February 13, 2024
CPD Contract Invoicing	24-102	Ensure timely and accurate invoicing.	Complete	Report Date: March 21, 2024
Maritime Third Party Invoicing	24-103	Ensure timely and accurate invoicing.	Complete	Report Date: April 24, 2024
Automotive Technology Vehicle Inventory	24-105	Ensure adequate tracking exists for vehicles (both owned and loaned vehicles).	Complete	Report Date: May 16, 2024
ITS – Internal Penetration Test (Outsourced)	24-104	Identify potential security vulnerabilities within the college's internal network.	In-progress	N/A
SJC Promise Program	24-106	Evaluate the operational efficiency, internal controls, and compliance with internal and external regulations and policies.	In-progress	N/A
NJCAA Student Eligibility Compliance	24-107	Ensure student eligibility requirements adhere to NJCAA regulations.	In-progress	N/A
Internal Audit Self-Assessment	N/A	Evaluate conformance with the mandatory elements of the International Standards for the Professional Practice of Internal Auditing.	In-progress	N/A

- *Complete*: Complete and results have been issued to SJCD senior management.
- *In Progress*: In progress at the end of the year.
- DOL – Department of Labor, NSF – National Science Foundation, DOE – Department of Education

**FOLLOW-UP AUDITS**

Follow-up audits verify the completion of the corrective action plans (CAPs) provided by management during the initial audit. The number of follow-ups performed for each initial audit depends on whether or not management has indicated they have completed the CAPs to address the risks noted in the original audit. Audits that were performed some time ago without a recent follow-up are due to the fact that management has indicated that the CAPs are not complete, and they have requested additional time to address the issues noted. As of the end of FY24, the Internal Audit Department completed five follow-up audits. While some of these CAPs may be complete at this time, they are awaiting on Internal Audit to perform a follow-up audit for confirmation to be able to officially close out the audit. The timing of follow-up audits depends on the workload and staffing availability of the Internal Audit Department. The disposition of each follow-up audits performed during the year is detailed below.

*Follow-ups conducted during FY24.*

<b>Audit</b>	<b>Audit #</b>	<b>Original Audit Date</b>	<b>FY24 Follow-up Date</b>	<b>Prior Follow-up Dates</b>	<b>Original CAPs</b>	<b>Remaining CAPs</b>	<b>Disposition</b>
Process Technology Program	23-108	September 2023	November 2023	None	2	0	All CAPs Complete
Fire Protection Program	23-103	February 2023	May 2024	None	3	0	All CAPs Complete
Culinary Arts Program	23-106	June 2023	May 2024	None	2	1	2 <sup>nd</sup> Follow-up in FY25
Dual Credit MOU's	22-103	May 2022	June 2024	None	3	1	2 <sup>nd</sup> Follow-up in FY25
Dual Credit Billings	23-104	February 2023	June 2024	None	3	1	2 <sup>nd</sup> Follow-up in FY25

Note: If after the 2<sup>nd</sup> follow-up audit is conducted, any CAPs remain outstanding the indication is that management accepts the risks noted with the outstanding issues. While further follow-ups are not performed, management is encouraged to complete the original correction action plan submitted.



**FOLLOW-UP AUDITS** *continued*

The following details additional audits that currently have outstanding corrective actions plans and require a follow-up audit to provide management with assurance that the corrective actions plans have been implemented.

<b>Audit</b>	<b>Audit #</b>	<b>Original Audit Date</b>	<b>Prior Follow-up Dates</b>	<b>Original CAPs</b>	<b>Disposition</b>
Minors on Campus	23-102	July 2023	None	1	A task force needs to be developed to address the audit observations
Full-time Faculty Loads Audit	23-107	November 2023	None	2	Follow-up in FY25
Hazlewood Exemptions	24-101	February 2024	None	2	Follow-up in FY25
CPD Contract Invoicing	24-102	March 2024	None	5	Follow-up in FY25
Maritime Third-Party Invoice	24-103	April 2024	None	3	Follow-up in FY25
Automotive Technology Vehicle Inventory	24-105	May 2024	None	3	Follow-up in FY25

Note: There are currently a total 19 outstanding CAPs that require a follow-up audit.

**CONSULTING AND OTHER ACTIVITIES**

During FY24 Internal Audit staff was members of the two committees and/or councils and conducted two consulting projects for other college departments. When the Internal Audit department performs consulting duties for another department, our role shifts from the traditional assurance function to one that focuses on providing advice and expertise to (1) assess risks, (2) implement process improvements, (3) assist with the internal control design and implementation, etc. Our goal is to add value without compromising the integrity of the internal audit function.

<b>Activity</b>	<b>Purpose</b>
Staff Organization	The Staff Organization involves collaborating with college employees to develop methods for improving the organization and working environment for staff members. The department's internal auditor is a District representative on the College's Staff Organization.
Strategic Leadership Communication Council	Ensure that all levels of leadership have a clear understanding and provide support for the one-college vision, the strategic plan, and annual priorities. The Executive Director and Director in the Internal Audit Department are members of this council.
Grants Subrecipient Monitoring Process Development	Development of comprehensive procedures, training programs, testing templates and ongoing risk assessment methodology to assist grant principal investigators with managing grant subrecipients in accordance with federal regulations.
Pcard Continuous Monitoring Transition	Facilitated the transition of Pcard auditing to newly hired Purchasing assistants, which included comprehensive training surrounding data analytics, current procedures, expense report auditing techniques, and best practices to ensure adequate risk mitigation of college funds expended with Pcards.

## ETHICS AND FRAUD REPORTING

### **Fraud Reporting. Article IX, Section 7.09, General Appropriations Act (87th Legislature)**

A “Fraud and Ethics Reporting” link on the bottom of the front page of the San Jacinto Community College District website instructs users how to report fraud, waste, and abuse, which includes links to the State Auditor’s Office website. A link to Board *Policy III.3003.B* and related *Procedure III.3003.B.a, Prevention of Fraud and Fraudulent Actions* are also included. Included within this procedure are instructions for reporting incidents directly to the State Auditor’s Office.

### **Texas Government Code, Section 321.022 Coordination of Investigations.**

San Jacinto Community College District has procedures regarding fraud incorporated into its Board *Policy III.3003.B* and related *Procedure III.3003.B.a, Prevention of Fraud and Fraudulent Actions*.

### **Ethics Point Anonymous Reporting Hotline**

San Jacinto College recognizes its obligation to employees and constituents to maintain the highest ethical standards and has established Ethics Point to provide a way for employees to anonymously and confidentially report concerns that may involve financial misconduct, suspected wrongdoing or fraudulent behavior.

If a college employee observes behavior that they believe violates college policies and/or procedures, ideally, they should bring any concerns forward to their direct supervisor, Strategic Leadership Team (SLT) member or other member of management. However, the college recognizes that there may be circumstances when the employee is not comfortable reporting issues in this manner. It is for such circumstances that the college has partnered with Ethics Point, to allow an employee to report concerns and remain anonymous. Employees can access the Ethics Point reporting site directly from the main page of the college’s website.

During FY24 the college has received eight ethics reports; seven reports via Ethics Point and one additional report called in directly to the Internal Audit Department. The appropriate SLT member reviewed each of these cases and Human Resources was included, when necessary, to initiate the appropriate action to resolve each report.

**AUDIT OBSERVATIONS**

The following are the audit observations noted during the year that require a management corrective action plan (CAP) and the current status for each CAP. Seventeen CAPs were received during FY24 and as of August 2024 fifteen still require some sort of follow-up by the Internal Audit Department.

<b>Audit/Review</b>	<b>Audit/Review #</b>	<b>Report/Memo Issue Date</b>	<b>Observation</b>	<b>Corrective Action Plan</b>	<b>Status</b>
Faculty Loads	23-107	November 2023	<u>Load List Continuity</u> There is only one individual at the college with intimate knowledge of the technical aspects surrounding the vital load list spreadsheet utilized for college wide faculty load calculations.	The current subject matter expert will train at least two additional employees on the process and an instructional macro manual will be developed. The long-term resolution is to procure an established external course entry solution.	Follow-up in FY25
Faculty Loads	23-107	November 2023	<u>Documented Faculty Load Procedures</u> There are a lack of documented procedures surrounding key aspects of the faculty workload process.	Develop a new position (Instructional Process Analyst) that will create, maintain, and update resources related to instructional processes and provide training to end-users. An instructional course manual will be developed, and training delivered to end-users.	Follow-up in FY25

**AUDIT OBSERVATIONS** *continued*

Audit/Review	Audit/Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Process Technology Program	23-108	September 2023	<p><u>Fixed Asset Management</u> Six fixed assets listed as active in the fixed asset register under the custodianship of Process Technology Program leadership could not be located. Additionally, one fixed asset present within the Process Technology Program had a market value greater than \$5,000 according to program personnel but was not included within the Fixed Asset Register and thus untagged.</p>	<p>Two of the assets were found after the audit within CPD custody. The remaining four were auctioned in June 2019, with documentation provided after the audit. Additionally, will work with accounting office team to properly identify the unregistered and untagged asset on the Fixed Asset Registry.</p>	Complete
Progress Technology Program	23-108	September 2023	<p><u>Software Licenses</u> Licenses for program specific software utilized by Process Technology are not properly tracked or documented, resulting in the risk of non-compliance with software vendor terms or redundant licenses.</p>	<p>We will form a team to gather the appropriate information. This information will include documenting how many users/computers for which licenses have been purchased, when these licenses expire, and tracking the number of portable dongles that must be utilized for each software program. We will also document the maintenance plan for each software.</p>	Complete

**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/ Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Hazlewood Exemptions	24-101	February 2024	<u>Hazlewood Excessive Hours Procedures</u> College procedures surrounding the treatment of excessive attempted hours for Hazlewood recipients are not aligned with current guidance from the Texas Veterans Commission and Texas Education Code §54.014.	Veteran Services concurs with Internal Audit’s recommendation and will set a threshold of 75 hours for all Hazlewood exemption applications for Summer 2024 and forward.	Follow-up in FY25
Hazlewood Exemptions	24-101	February 2024	<u>Appeals Document Storage</u> Some documentation supporting student appeals was not stored within the college’s designated secure electronic repository, Banner WebXtender.	Veteran Services will manually upload appeal supporting documentation submitted by students to a specific “Appeal Information” folder in Banner. An ITS ticket has been opened to automate uploading electronic student submissions to this folder.	Follow-up in FY25
CPD Contract Invoicing	24-102	March 2024	<u>Course Tracking Reconciliations</u> No documented reconciliations are performed between contract courses and the invoice tracking spreadsheet (via course reference numbers (CRNs)), resulting in the discovery of one course that had not been tracked or invoiced prior to the audit.	The CPD Accounting Specialist along with Associate Vice Chancellor of CPD will be responsible for ensuring the Banner Specialist conducts this reconciliation at the end of each term.	Follow-up in FY25

**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/ Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
CPD Contract Invoicing	24-102	March 2024	<u>Invoicing Timeliness</u> Invoices for contract courses are not consistently submitted to third-party entities in a timely manner.	Procedures have been developed which include invoicing timelines.	Follow-up in FY25
CPD Contract Invoicing	24-102	March 2024	<u>Receivables Aging Follow-Up Procedures</u> There is no documented procedure surrounding the follow-up and treatment of aged receivables related to CPD third-party contracts.	Documented procedures were developed specifically surrounding the treatment of receivables for CPD invoices.	Follow-up in FY25
CPD Contract Invoicing	24-102	March 2024	<u>Invoice Tracking Spreadsheet Efficiency</u> There are currently two parallel CPD invoice tracking spreadsheets containing duplicate information that could potentially be condensed into a single tracking tool.	A single, updated tracking spreadsheet has been developed and will be utilized going forward.	Follow-up in FY25

**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/ Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
CPD Contract Invoicing	24-102	March 2024	<p><u>Student Additions to Banner Employer Contracts</u> Students are not consistently added to employer-designated contracts in the Banner system in accordance with established CPD registration procedures.</p>	A reconciliation will be performed each CPD term.	Follow-up in FY25
Maritime Third Party Invoicing	24-103	April 2024	<p><u>Invoicing for Third-Party Courses</u> Invoices for several students were not submitted to third-party industry partners during the scope period.</p>	<p>San Jacinto College Business Office will forward a student aging report (ARGOS Report) to Maritime staff every 90-days. The report will be used to ascertain if there are any accounts that have not been appropriately invoiced.</p> <p>Maritime agrees with Internal Audit regarding students not being registered for Maritime courses without the required billing documentation, with one exception. Students that arrive on the first day of class and notify Maritime staff that their class should be paid for by their company will be allowed to start the class.</p>	Follow-up in FY25



**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/ Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Maritime Third Party Invoicing	24-103	April 2024	<u>Maritime Registration Process</u> Maritime third-party students are currently registered only on the first day of class, resulting in an unnecessary administrative burden on college personnel who must rush to get all students applied to third party Banner contracts at a single point in time.	Business Office will provide Maritime staff access to a Teams folder. Maritime staff will upload registration documents to the Teams folder as they are received.	Follow-up in FY25
Maritime Third Party Invoicing	24-103	April 2024	<u>Aged Receivables and Continued Enrollment</u> Students from one Maritime industry partner were continuously allowed to enroll despite a significantly past-due balance.	A comprehensive review of all Maritime industry partner accounts will be conducted to identify past-due balances, with immediate communication for any identified. Documented procedures to include a standardized notification process will also be developed.	Follow-up in FY25
Automotive Technology Vehicle Inventory	24-105	May 2024	<u>Inventory Tracking Methods</u> The method utilized for vehicle tracking within the Automotive Technology program contains inaccuracies and lacks the efficiency required to effectively track the 175 vehicles currently in possession of the college (both owned and loaned).	We will be working on a plan to ensure accurate and complete data exists for each vehicle. We will ensure vehicles with a value greater the \$5,000 are included on the college's fixed asset register. Vehicles transferred between service lines within the programs has been address and corrected on the tracking spreadsheet.	Follow-up in FY25

**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Automotive Technology Vehicle Inventory	24-105	May 2024	<u>Vehicle Supporting Documentation</u> There is inadequate documentation surrounding vehicles utilized within the Automotive Technology program.	We will be gathering documentation to prove legal ownership for vehicles owned by the college and documentation acknowledging loaning agreements between the manufacturers and SJC	Follow-up in FY25
Automotive Technology Vehicle Inventory	24-105	May 2024	<u>Asset Storage</u> Inoperable vehicles belonging to other programs at the college are stored within Automotive Technology facilities and should be removed.	We will work with applicable internal and external stakeholders to ensure that the fire engine is removed from the Automotive Technology parking lot.	Follow-up in FY25

Note: Observations noted during grant sub-recipient reviews were presented to management and the sub-recipients in the Fall 2023, but CAPs were not required. Since these reviews do not represent the college's deficiencies or needed improvements, they are not listed here.

**TIME REPORTED  
2023-2024 AUDITS**

Description	Hours	% of Total Hours
<b><i>Direct Hours: Audits/Projects/Consulting</i></b>		
Hazlewood Exemptions (#24-101)	275	6%
CPD Contract Invoicing (#24-102)	297	6%
Maritime Third Party Invoicing (#24-103)	305	7%
ITS - Outsourced Internal Penetration Test (#24-104)	77	2%
Automotive Technology Vehicle Inventory (#24-105)	357	8%
SJC Promise Program (#24-106)	393	8%
NJCAA Student Eligibility Compliance (#24-107)	273	6%
Dual Credit MOUs 1st Follow-up (#22-103-24)	45	1%
Dual Credit Billings 1st Follow-up (#23-104-24)	55	1%
Fire Protection Technology 1st Follow-up (#23-103-24)	63	1%
Culinary Arts Program 1st Follow-up (#23-106-24)	116	3%
Process Technology 1st Follow-up (#23-108-24)	47	1%
Grant Subrecipient Monitoring Process Development	263	6%
Pcard Continuous Monitoring (through November 2023)	63	1%
Pcard Continuous Monitoring Transition	94	2%
Internal Audit Self-Assessment	176	4%
Committee Involvement	122	3%
Conflict of Interest Disclosures	111	2%
Risk Assessment/Annual Audit Plan & Report	230	5%
Internal Audit Outreach	46	1%
Miscellaneous Projects & Unplanned <sup>A</sup>	159	3%
Management Review <sup>B</sup>	391	8%
<b>Total Direct Hours 2023-2024</b>	<b>3958</b>	<b>85%</b>
<b><i>Indirect Hours:</i></b>		
Administrative Tasks	355	8%
Training/CPE/Meetings/Research	319	7%
<b>Total Indirect Hours 2023-2024</b>	<b>674</b>	<b>15%</b>
<b>Total Hours</b>	<b>4632</b>	<b>100%</b>

The Internal Audit Department's internal goal is to ensure at least 80% of all available hours are spent directly on audits and audit projects. This goal was achieved with 85% of available hours spent directly on audit activities.

<sup>A</sup> – Misc. Projects & Unplanned includes participation on committees, investigations, grants consulting, ethics training updates and projects that did not reach the level of an audit/review.

<sup>B</sup> – Management Review includes review of internal audit staff workpapers and audit reports.

## **RISK ASSESSMENT PROCESS**

The Internal Audit Department performed the annual risk assessment and developed the FY25 proposed audit plan as required by the San Jacinto Community College District's (SJCCD) Internal Audit Charter and the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing. The FY25 audit plan focuses on the high-risk areas that can be covered with the existing Internal Audit Department resources.

Audits that cannot be completed with current audit capacity result in an assumption of risk by the College.

### **Risk Assessment Process**

The Internal Audit Department employs a risk-based methodology to assess the level of potential exposure that each of the functions and departments present to the organization from financial, operational and technological perspectives. A risk assessment is an effective tool to aid the Internal Audit Department in identifying and prioritizing high-risk areas within the College.

The first step in the risk assessment process is to identify all auditable units within the college and categorizing the units into logical functional areas. Internal Audit has identified over 230 auditable areas within SJCCD. Each auditable unit's appropriate "owner" or responsible individual is identified, and input is solicited from key management personnel via a risk assessment questionnaire. Based on experience with the auditable unit and the questionnaire filled out by the owner, we are able to gain a better understanding of college operations. Internal Audit then identifies significant risk variables (e.g., financial impact, prior audit activities, personnel and management conditions, etc.) in order to assess the level of risk for each auditable unit.

Based on the individual risk rating for each area, required follow-up reviews, recurring reviews and consulting activities the Internal Audit Department is proposing the audit plan on page 19 for submission and approval by the Board of Trustees. Once approved, audits will be scheduled and performed by the Internal Audit Department. The annual audit plan is an active document that may need to be adjusted during the year. Audits may not take as much time as planned and/or situations may arise in an area which changes the need for an audit, for this reason alternate audits have been included in this audit plan.

**PROPOSED 2024-25 AUDIT PLAN**

The following proposed audit plan includes alternate audits/projects and not all will be started and/or completed in FY25. The projects that can be completed will be affected by new or emerging priorities, special investigations, management requests, etc. The scope of each of the proposed audit/project listed below will be developed once the Internal Audit Department further delves into each area and can begin to evaluate the current state of affairs. This proposed plan is awaiting the approval by the Board of Trustees.

<b>Audit/ Project Description</b>
<i>Finalize Audits In Progress at the end of FY24</i>
ITS: Internal Penetration Test (outsourced)
Deputy Chancellor: SJC Promise Program
Deputy Chancellor: NJCAA Student Eligibility Compliance
<i>Audits Based on Risk Assessment</i>
College-wide: Senate Bill 17 Compliance (amends Texas Education Code 51.3525)
ITS: Banner Form Security Access
Fiscal Affairs: Procurement Compliance
Deputy Chancellor: CPET Contract Invoicing
Fiscal Affairs: Maintenance Fleet Management (including leased vehicles)
<i>Follow-up Audits</i>
Dual Credit MOU's 2nd Follow-up
Dual Credit Billings 2nd Follow-up
Culinary Arts Program 2nd Follow-up
Full Time Faculty Loads 1st Follow-up
Hazlewood 1st Follow-up
CPD Contract Invoicing 1st Follow-up
Maritime Third Party Invoicing 1st Follow-up
Auto Technology Vehicle Inventory 1st Follow-up
SJC Promise Program 1st Follow-up
NJCAA Student Eligibility Compliance 1st Follow-up
ITS - Internal Penetration Test (outsourced) 1st Follow-up
<i>Consulting and Other Activities</i>
Fiscal Affairs: Subrecipient Monitoring Process Development
College-wide: Conflict of Interest
College-wide: Risk Assessment/Annual Audit Plan & Report
College-wide: Committee Involvement
College-wide: Internal Audit Outreach
Fiscal Affairs: Internal Audit Quality Assessment Review Self-Assessment