



HOUSTON COMMUNITY COLLEGE

Internal Audit Plan

Fiscal Year 2026

Approved by Board of Trustees August 20, 2025

Internal Audit Plan Fiscal Year 2026

Executive Summary

The purpose of the Internal Audit Plan (Plan) is to outline audits and other activities the Houston Community College (HCC) Internal Audit Department (IA) will conduct during fiscal year 2026. The Plan's development and approval are intended to satisfy requirements under Board Bylaws, Board Policy CDC (LOCAL), Audit Committee Charter, HCC's Internal Audit Department Charter, The Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), and Texas Internal Auditing Act. Time is built into the Plan for IA to be agile and responsive to board and management concerns that come up during the fiscal year.

A significant amount of time will be devoted to collaborating with HCC's Vice Chancellor, Administration and Operations and other control monitoring functions within HCC to further refine the Enterprise Risk Management (ERM) Assessment Program in FY 2026. The plan includes time for reviewing the integrity and validity of assessments and information provided to the board on the top 10 risks identified in HCC's ERM Assessment.

Plan Development Methodology

The HCC audit universe is developed through HCC's ERM Assessment Program (239 risks assessed). The High Risk Audit Candidates are updated in Attachment I based on the assessment of the following: 1) governing board members input, 2) ERM interviews conducted with the Chancellor, Chancellor's Executive Council members and other chief executives (24 interviews), 3) external consultants use, 4) external audits, 5) top risks identified by the United Educator's Risk Management Premium Credit program, 6) top risks identified by the University Risk Management Association, 7) 2025 KPMG Internal Audit Key Thematic Areas, 8) Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) 9) Texas Internal Auditing Act, and 10) alignment with HCC's strategic priorities. The plan includes some hours for transitioning to the new Global Internal Audit Standards that went into effect on January 9, 2025.

Internal Audit Available Time

| | | |
|--|--------|------|
| Total Hours (7 staff * 261 days * 8 hours) | 14,616 | 100% |
| Less: Staff Vacancies | 0 | 0% |
| Estimated Vacation, Holiday, Sick, Personal, and Other | 2,968 | 20% |
| Training | 840 | 6% |
| Various Meetings & Departmental Administration | 2,660 | 18% |
| Total Hours Available for Audits & Other Projects | 8,148 | 56% |

Description of Project Types

Operational: These are projects in which some activity or other management assertion is evaluated so that improvements to operating efficiency and effectiveness can be made. These can also be projects in which the object is to develop new information on an activity so that management can use that information in their decision-making process.

Compliance: Reviews focused on ensuring compliance with regulations and HCC policies.

Information Technology: Governance assessments in support of HCC's strategies and objectives.

Advisory Services: Consulting projects that improve management of risks, add value, and improve the organization's operations, including special projects requested by the Board or management, participating in HCC committees and task forces, and providing investigation services.

Administrative: Administrative projects within the department such as performing enterprise risk assessments, preparing the next fiscal year's audit plan, performing quality assurance, preparing the Annual Audit Report, newsletters, and lunch & learns.

Observation action plan follow-ups: These are on-going status reviews on the resolution of deficiencies identified in past audits to ensure management completed action plans.

FY 2026 Internal Audit Plan

| No. | Project | Description | Hours |
|--|---|--|-------|
| Operational Audit Projects | | | |
| 26-O-1 | Minors on Campus | Governance, risk and controls (GRC) propriety review. Review the propriety of processes for mandatory staff training, compliance with unaccompanied minor policy, event planning, facility use agreements, and MOU's with ISDs. | 640 |
| 26-O-2 | Policing | Governance, risk and controls (GRC) propriety review. Review the progress being made in upgrading systems automation and equipment. | 640 |
| Information Technology Audit Projects | | | |
| 26-I-1 | IT Disaster Recovery/Business Continuity | Review of governance, risk and controls (GRC) propriety. Evaluate processes and procedures for IT Disaster Recovery and Business Continuity including compliance with regulations and HCC policies. Additionally, IA will attend and observe the annual disaster recovery exercise. The criteria for this engagement will include the standards established by TAC 202. | 480 |
| 26-I-2 | IT Systems Audit | Employee off boarding represents the final chapter of an individual's professional journey within an organization. An effective offboarding process is important for several reasons, including but not limited to: Ensuring that access to university systems, data, and physical assets is promptly revoked, significantly reducing the risk of unauthorized access and potential security breaches; The criteria for this engagement will include the standards established by TAC 202. | 640 |
| Compliance Audit Projects | | | |
| 26-C-1 | Campus Safety & Environmental Operations Management | Planning for campus safety & environmental legal policy compliance management reviews. | 320 |
| 26-C-1-1 | Central College | Safety & environmental legal policy compliance. | 240 |
| 26-C-1-2 | Northeast College | Safety & environmental legal policy compliance. | 240 |
| 26-C-1-3 | Coleman College | Safety & environmental legal policy compliance. | 240 |
| 26-C-2 | Clery Act Reporting | Review the Clery Act reporting process and compliance with the regulations. | 320 |
| Advisory Services Projects | | | |
| 26-S-1 | Committees & Task Forces | Participate on committees and task forces providing risk management and control advice. | 240 |
| 26-S-2 | Special Projects & Examinations | Responsive to provide services as required. | 240 |
| 26-S-3 | ERM Top 10 Risks Baseline Assessment | Review for integrity and validity of assessments and information. | 640 |
| 26-S-4 | Contracted Services Analysis | Analysis report on contracted services. | 240 |
| 26-S-5 | Less than \$100K Payments Analysis | Vendor analysis report on payments under the chancellor's signatory authority. | 240 |
| 26-S-6 | Procurement Processing | Review the procurement processes to help streamline the system. | 640 |
| 26-S-7 | HB 33 Active Shooter & Campus Security | Review HCC's preparedness to implement HB 33 requirements. | 480 |
| 26-S-8 | Website Accessibility | Monitor website accessibility compliance with OCR requirements. | 80 |
| 26-S-9 | SB 37 Faculty Senate Reconstruction | Review Faculty Senate reconstruction under the new regulations and revised policy framework. Review faculty governance documents revisions in compliance with the bill. | 80 |

FY 2026 Internal Audit Plan (Cont'd)

| No. | Project | Description | Hours |
|---|--|--|-------|
| Administrative Projects | | | |
| 26-A-1 | FY 2027 Audit Planning & ERM Assessment | Collaborate with HCC Risk Management to update the Enterprise Risk Management (ERM) assessment & audit planning. | 680 |
| 26-A-2 | TeamMate IA Management System | TeamMate software system maintenance & improvement. | 40 |
| 26-A-3 | Internal Quality Assurance Review | Perform a formal internal quality assurance review on IA. | 160 |
| 26-A-4 | FY 2026 Annual Audit Report | Compile and prepare State required annual audit report. | 40 |
| 26-A-5 | External Audits Monitoring | Monitor external audit activities on HCC and related observation action plans. | 40 |
| 26-A-6 | Lunch and Learns | Presentations to HCC's general personnel to raise awareness on fraud deterrence, risk management, internal control & compliance. | 160 |
| 26-A-7 | Newsletters | Newsletters to HCC's general personnel to raise awareness on fraud deterrence, risk management, internal control & compliance. | 80 |
| 26-A-8 | Global Internal Audit Standards Transition | IA transitioning to the new Institute of Internal Auditors "Global Internal Audit Standards" that are effective January 2025. | 80 |
| Observation Action Plan Follow-ups | | | |
| 26-F-1 | Observation Action Plan Follow-ups | Follow-up on completion of audit observations action plans | 228 |

Attachment I

FY 2026

High Risk Audit Candidates

| <u>Risk Category</u> | <u>Risk Area</u> | <u>Risk Factors</u> | <u>Internal & External Audit and Consultant Coverage</u> |
|----------------------|--|--|--|
| Financial | Enrollment & Funding Model | New state funding model based on “Credentials of Value”. Decline in enrollment, increased tuition discounting reducing income, competitive market for students increasing cost to attract students, increasing costs to support student success. | 24-S-2-3 State Funding & Student Enrollment Information 20-O-1 Enrollment Trellis Foundation Huron Consulting Kennedy & Company |
| Public Safety | Campus Security & HB 33 | Campus safety standards, door locking (classrooms and exterior), new hire security/emergency response training, responsibility for interior routine security, staffing of remote/low utilization areas, operating hours, open campus access, student and employee badging enforcement, campus safety committees, surveillance camera standards, access, usage, intra building communication systems. | 24-S-2-2 Security Program Dashboard Updates Berkeley Research Group – security & safety program review 19-S-3 Campus Security |
| Technology | IT Systems Access/ Cyber Security/ Data Recovery | System access privileges (initial, change in person's status, terminations), access security (user id/password/biometric), security, policy, performance audit/review, application across platforms, ease of use. | 25-O-1 IT Disaster Recovery Rapid 7 – pen testing 23-C-2 PCI Data Security Standard 22-O-2 IT Cyber & Data Security and Governance 22-O-3 IT Disaster Recovery 21-O-2 IT Active Directory & Windows Server 19-O-3 IT Disaster Recovery-BCP 18-O-3 PS Applications Controls 17-3 IT Cyber and Data Security |
| Financial | Deferred Maintenance | Identification/prioritization of maintenance, adequate budget, efficient maintenance/preventative maintenance program, maintenance tracking/reporting. | 22-O-1 Deferred Maintenance 2019 Jacobs Engineering Facilities Assessment 24-S-2-4 Facilities and Property Information AGCM - construction project management |
| Technology | Artificial Intelligence | Implementing a systematic approach to the identification of ever-increasing categories of AI risks such as data privacy, algorithm bias and regulatory compliance prior to the adoption of artificial intelligence systems to supplement or replace existing equipment and people. | None |

| <u>Risk Category</u> | <u>Risk Area</u> | <u>Risk Factors</u> | <u>Internal & External Audit and Consultant Coverage</u> |
|-------------------------------------|-------------------------------------|---|---|
| Public Safety | Minors on Campus | Identifying minors on campus in formal and informal programs, early college, or as guests (outreach programs, athletics, camps, summer programs, faculty guests, etc.). Injury in hazardous environments such as laboratories, Inappropriate or lack of supervision; Legally required mandatory reporting of specified events and related training of some or all institution employees. | None |
| Community | Policing | Firearms, arrest authority, coordination between College and local police, training (diversity, crowd control), oversight and external review, undercover work, campus versus community policing, prisoner control, confiscated property control, community outreach and education, timely and appropriate call response, adequate staff, "blue phones," incident reporting, statistics capture and reporting, communication and communication media. | Clery Reports Berkeley Research Group – Security & Safety Program Review 19-S-3 Campus Security 17-4 Campus Safety and Security - Title IX/Clery/VAWA Regulatory Acts Compliance |
| Gender-Related Issues | Title IX/ VAWA/ SB 212/SB 17 | Title IX compliance, sexual assault, equal athletic opportunity for men/women in sports. Efforts to combat sexual assault by creating new cultural norms on campus. Applicability to events "off campus" or involving individuals not part of the campus community. Dept. of Education exemptions to religious institutions. SB 212 mandatory reporting requirements. SB 17 new state DEI regulations compliance. | 24-S-2-6 Complaints Grievance Process Information 24-C-2 SB 17 23-C-3 Title IX New Regulations THECB HB-1735 Review 21-C-4 Title IX New Regulations 21-C-5 SB 212 17-4 Campus Safety and Security - Title IX/Clery/VAWA Regulatory Acts Compliance |
| Local, State and Federal Regulation | Website Accessibility (Section 508) | Section 508 (TAC 213) compliance, maintenance of posted materials, training of faculty and staff on accessibility standards, 3rd party vendor compliance and monitoring, section 508 grievance process, 508 coordinator, classroom software/display/technology accessibility. | 19-C-2 Web Content Accessibility Guidelines (implementing CR2 REGULATION and OCR Agreement) |
| Governance/Institutional Management | SB 37 Faculty Senate Reconstruction | Faculty Senate reconstruction under the new regulations and revised policy framework. Faculty governance documents revisions in compliance with the bill. | None |