DALLAS COLLEGE

INTERNAL AUDIT DEPARTMENT

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2025

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I. **COMPLIANCE WITH TEXAS GOVERNMENT CODE, SECTION 2102.015:**
    POSTING THE INTERNAL AUDIT PLAN AND ANNUAL REPORT TO THE WEBSITE
    The Texas Government Code requires that the internal audit plan and the internal audit annual report be posted on the institution's website. The IAD Fiscal Year 2026 audit plan, as reviewed and discussed with the Board of Trustees, was posted to the IAD website. The IAD Fiscal Year 2025 annual report will be posted to the website within 30 days of review.

II. **INTERNAL AUDIT PLAN FISCAL YEAR 2025**
    The following table lists audits (engagements) completed during FY25, including those with reports pending issuance.

FISCAL YEAR 2025 AUDITS (ENGAGEMENTS) COMPLETED		
REPORT/ AUDIT NUMBER	**REPORT DATE**	**TITLE/DESCRIPTION**
AUD-FY25.01	December 13, 2024	HR Compliance - I9's
AUD-FY25.02a	August 6, 2025	Customer Service - Phase 1
AUD-FY25.02b	October 6, 2025**	Customer Service - Phase 2
AUD-FY25.03	February 25, 2025	HR Compliance -ADA & FMLA
AUD-FY25.04	Final Report Pending*	Safety & Security - Physical Access
AUD-FY25.05	Final Report Pending*	Property & Asset Management - Police Inventory
AUD-FY25.08	October 15, 2025**	Travel (Student & Employee)
AUD-FY25.09	October 27, 2025**	Property & Asset Management - Fixed Assets
FU-FY25.01	November 1, 2024	Employee Emergency Relief Fund
FU-FY25.02	November 25, 2024	Records Management & Retention
FU-FY25.03	February 25, 2024	Student Care Network
FU-FY25.04	February 19, 2025	Construction
FU-FY25.05	June 13, 2025	Professional Development
FU-FY25.06	June 12, 2025	Workforce Planning & Staffing
FU-FY25.07	June 13, 2025	Employee Recruitment & Retention
FU-FY25.09	May 22, 2025	Procurement - 3rd Party/Supplier Management
FU-FY25.10	August 18, 2025	Scholarship Compliance & Processes
INV-FY25.01	May 29, 2025	Grant Administration - Title V Grant
SR-FY25.02	December 4, 2024	Facilities Disposal Process
SR-FY25.04	June 7, 2025	Dallas Promise
SR-FY25.05	August 5, 2025	Grant Compliance (Pepsico)
SR-FY25.06	July 25, 2025	Senate Bill 17 Compliance
SR-FY25.08	September 5, 2025**	Business Continuity
SR-FY25.09	Final Report Pending*	Artificial Intelligence
SR-FY25.11	Final Report Pending*	Leadership Accord

*Audit fieldwork completed in August FY25 –final audit report pending.

**Note: Final report issued after the fiscal year end, however, the audit was completed in FY 2025.

The following table lists audit plan adjustments during FY25 and status of audits (engagements).

FISCAL YEAR 2025 AUDIT PLAN ADUSTMENTS		
TITLE/DESCRIPTION	ACTION	STATUS
DC Public Website	Added to another engagement.	Review steps incorporated into the Customer Service review.
Grant Compliance	Postponed.	Moved to FY2026.
Performance Management	Postponed.	Moved to FY2026.
Procurement (Strategic Sourcing)	Postponed.	Moved to FY2026.
Space Management & Planning	Removed from plan.	Additions to the plan deemed higher risk.
Dallas Promise	Addition to plan.	Report/Audit Number: SR-FY25.04. Completed June 7, 2025.
Facilities Disposal Process	Addition to plan.	Report/Audit Number: SR-FY25.02. Completed December 4, 2024.
Grant Administration - Title V Grant	Addition to plan.	Report/Audit Number: INV-FY25.01. Completed May 29, 2025.
Grant Compliance (Pepsico)	Addition to plan.	Report/Audit Number: SR-FY25.05. Completed August 5, 2025.
Cyber Security	Audit started in FY25 –completed in FY26.	Completed – reporting pending.
Data Governance, Security & Privacy	Audit started in FY25 –completed in FY26.	Completed – reporting pending.
Payroll	Audit started in FY25 – completed in FY26.	Completed – reporting pending.
Success Coaching	Audit started in FY25 –completed in FY26.	Completed – reporting pending.
Chancellor's Performance Data Review	Audit started in FY25 – completed in FY26.	Report/Audit Number: SR-FY25.10 Completed September 10, 2025.

III.   CONSULTING SERVICES AND NON-AUDIT SERVICES COMPLETED

FRAUD HOTLINE ADMINISTRATION & MONITORING

OBJECTIVE: Monitor hotline activity (reports) to determine instances of fraud, waste, and abuse and respond to – and investigate – reports as necessary. Also, consult on and provide recommendations for common concerns (not fraud, waste, or abuse related).

STATUS On-going

REPORTING: Informal reporting through-out the year as needed to communicate recommendations.

WORKDAY IMPLEMENTATION SPECIAL PROJECT

OBJECTIVE: Monitor activity in the implemented Workday ERP system modules to help ensure controls operate as intended and participated in Workday Student Module implementation to provide recommendations, as necessary.

STATUS: On-going

REPORTING: Not Applicable

IV. EXTERNAL AUDIT SERVICES PROCURED
- The IAD did not procure any external audit services for fiscal year 2025.
- The College's Office of Finance (and the College's Board of Trustees) selected Whitley Penn, LLP to conduct the annual independent financial statement audit and the single audit starting in FY2025.

V. EXTERNAL QUALITY ASSURANCE REVIEW (PEER REVIEW)
The IAD was reorganized with the hiring of a new Chief Internal Auditor in fiscal year 2021. An external quality assurance review will be completed at a future date.

VI. INTERNAL AUDIT PLAN FOR FISCAL YEAR 2026
The final IAD Engagement (Audit) Plan and risk assessment process outline are included below. The complete FY2026 Engagement (Audit) Plan and Risk Assessment is posted to the College's website.

RISK ASSESSMENT PROCESS	
Identify Risks	The IAD researched the top risks common to higher education, from general business and industry, and those identified by internal audit activities from peer institutions; the IAD also researched varied College information. The IAD conducted focus groups, meetings, and interviews – and surveyed - senior management, staff, faculty, and the Board of Trustees to gain information to understand areas of risk or concern within the College.
Measure Risks	The identification of risks resulted in identifying top risk areas which were further assessed based on impact, probability, and velocity.
Prioritize Risks, Select Engagements, Develop Plan	The areas/functions/risks included in the FY26 engagement plan also encompassed items that met one or more of the following prioritization factors: ▪ Highest ranked items from risk identification analysis. ▪ Time since last audit. ▪ Special requests. ▪ Regulatory, required, or on-going items. ▪ Items moved from FY25 Engagement (Audit) Plan (that remain an area of risk/concern).

FISCAL YEAR 2026 ENGAGEMENT PLAN	
ENGAGEMENT DESCRIPTION	**Estimated Hours**
Audits	
Cybersecurity	320
Employee Planning & Staffing	320
Facilities Services Management	200
Financial Aid	240
IT Systems Management	240
Procurement (Strategic Sourcing)	160
Success Coaching	320
Special Reviews and Advisory Engagements	
Chancellor's Performance Review -Data Validation	120
Financial and Budget Management	240
Grant Compliance	200
Organizational Communication and Collaboration	200
Partnership & Program Management	240
Sector Strategy	240
Senate Bill 17 Compliance	160
Student Resource Management	240
Workforce & Continuing Education	280
Follow-up Audits	
Artificial Intelligence	40
Business Continuity	40
Dallas Promise	120
Human Resources – I-9 Compliance	80
Human Resources – ADA & FMLA Compliance	80
Payroll	80
Property & Asset Management (Police Inventory)	80
Safety and Security	120
Travel	40
Other Services and On-going Activities	
Fraud Hotline Administration and Monitoring (On-Going)	240
Investigations (As Needed)	240

VII. REPORTING SUSPECTED FRAUD AND ABUSE

Actions taken consistent with fraud reporting requirements of Section 7.09, page IX- 40, the General Appropriations Act (88th Legislature) and Texas Government Code, Section 321.022 include:

- The College requires annual, mandatory compliance training for all employees.
- The College has a link on the main webpage to report Fraud, Waste, or Abuse on a confidential incident reporting hotline.
- The College has established Board Policy CDE-Accounting: Financial Ethics, prohibiting fraud and financial impropriety and requiring investigation.