

DALLAS COLLEGE

INTERNAL AUDIT DEPARTMENT

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED

AUGUST 31, 2026

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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 2027 audit plan, as reviewed, discussed, and approved by the Board of Trustees, was posted to the IAD website. The IAD Fiscal Year 2026 annual report will be posted to the website within 30 days of review.

II. INTERNAL AUDIT PLAN FISCAL YEAR 2026

The following table lists audits (engagements) completed during FY26, including those with reports pending issuance.

FISCAL YEAR 2026 AUDITS (ENGAGEMENTS) COMPLETED		
REPORT/ AUDIT NUMBER	**REPORT DATE**	**TITLE/DESCRIPTION**
AUD.FY26.01	July 27, 2026	Maintenance and Work Order Planning
AUD.FY26.04	October 27, 2026	Success Coaching (Phase II)
AUD.FY26.05	September 16, 2026	IT Systems Management
AUD.FY26.06	November 5, 2026	Employee Planning & Staffing (Career Planning and Professional Development)
AUD.FY26.07	November 4, 2026	Procurement (Strategic Sourcing)
FU.FY26.01	February 9, 2026	Human Resources – I-9 Compliance
FU.FY26.02	December 22, 2025	Human Resources – ADA & FMLA Compliance
FU.FY26.03	April 21, 2026	Dallas Promise
FU.FY26.04	July 29, 2026	Payroll
FU.FY26.05	August 14, 2026	Travel
FU.FY26.07	September 25, 2026	Artificial Intelligence
SR.FY26.01	*August 7, 2026**	Grant Compliance
SR.FY26.04	*Report Pending***	Student Resource Management
SR.FY26.05	August 7, 2026	SB17 Compliance
SR.FY26.07	September 4, 2026	Chancellor's Performance Data Review

**Internal Audit collaborated with Grants Monitoring & Improvement (GMI); report issued by GMI.*

*** Audit fieldwork completed in FY26; final report pending issuance.*

The following table lists audit plan adjustments during FY26 and status of audits (engagements).

FISCAL YEAR 2026 AUDIT PLAN ADUSTMENTS		
TITLE/DESCRIPTION	**ACTION**	**STATUS**
Safety & Security (Physical Access)	Audit started in FY25 –completed in FY26.	Report/Audit Number/Date: AUD.FY25.04 February 9, 2026
Police Inventory Property & Asset Management	Audit started in FY25 –completed in FY26.	Report/Audit Number/Date: AUD.FY25.06 May 8, 2026
Data Governance, Security & Privacy	Audit started in FY25 –completed in FY26.	Report/Audit Number/Date: AUD.FY25.07 April 29, 2026
Payroll	Audit started in FY25 – completed in FY26.	Report/Audit Number/Date: AUD.FY25.10 December 22, 2025
Success Coaching (Phase I)	Audit started in FY25 –completed in FY26.	Report/Audit Number/Date: SR.FY25.07 April 27, 2026

FISCAL YEAR 2026 AUDIT PLAN ADUSTMENTS		
TITLE/DESCRIPTION	**ACTION**	**STATUS**
House Select Committee Response	Addition to plan	Report/Audit Number: SP.FY26.01 Completed October 23, 2025
Automotive Program – Cedar Valley	Addition to plan	Report/Audit Number: INV.FY26.01 Completed May 19, 2026
Dallas College Automotive Program Review	Addition to plan	Report/Audit Number: SR.FY26.03 Completed June 23, 2026
Financial Aid	Addition to plan	Report/Audit Number: INV.FY26.02 Completed July 14, 2026
Veteran's Operations (Military Connected Services)	Addition to plan	Report/Audit Number: SR.FY26.06 Completed September 14, 2026
Nursing Program	Addition to plan	Report/Audit Number: INV.FY26.03 Completed September 21, 2026
Employee Planning & Staffing	Postponed.	Moved to FY2027.
Financial Aid	Postponed.	Moved to FY2027.
Financial Management & Budgeting	Postponed.	Moved to FY2027.
Workforce & Continuing Education	Postponed.	Moved to FY2027.
Sector Strategy & Partnership Management	Postponed.	Moved to FY2027.
Property & Asset Management (Police Inventory) Follow-Up	Postponed.	Moved to FY2027.
Safety & Security Follow-Up	Postponed.	Moved to FY2027.
Business Continuity Follow-Up	Postponed	Moved to FY2027.
Organization Communication and Collaboration	Cancelled	Review discontinued; objectives addressed through leadership, HR, and Continuous Improvement initiatives.

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.

IV. EXTERNAL AUDIT SERVICES PROCURED

- The IAD did not procure any external audit services for fiscal year 2026.
- 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 FY2026.

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 FY2027 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 FY27 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 FY26 Engagement (Audit) Plan (that remain an area of risk/concern).

FISCAL YEAR 2027 ENGAGEMENT PLAN	
ENGAGEMENT DESCRIPTION	**Estimated Hours**
Audits	
ADA	240
Cybersecurity	480
Grant Management & Compliance	160
HR Operations	480
Financial Aid	400
Special Reviews and Advisory Engagements	
Academic Scheduling	160
Academic Program Assessment	160
Chancellor's Performance Review -Data Validation	40
Finance and Budget Management	400
Partnership Management & Sector Strategy	160
Senate Bill 17 Compliance	80
Student On-Boarding	200
Workforce & Continuing Education	240
Follow-up Audits	
Automotive Program Review	120
Employee Planning and Staffing	40
Facilities Maintenance Work Order Planning	80
IT Systems Management	80
Procurement Strategic Sourcing	80
Property and Asset Management (Police Inventory)	120
Safety and Security (Access Management)	40
Student Resource Management	80
Veterans Operations and Compliance	80
Other Services and On-going Activities	
Fraud Hotline Administration and Monitoring (On-Going)	400
Investigations (As Needed)	400

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.