



Internal Audit Engagement Plan & Risk Assessment
Fiscal Year 2026

Dallas College Internal Audit Department

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INTERNAL AUDITING STANDARD – INTERNAL AUDIT PLAN

The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually.

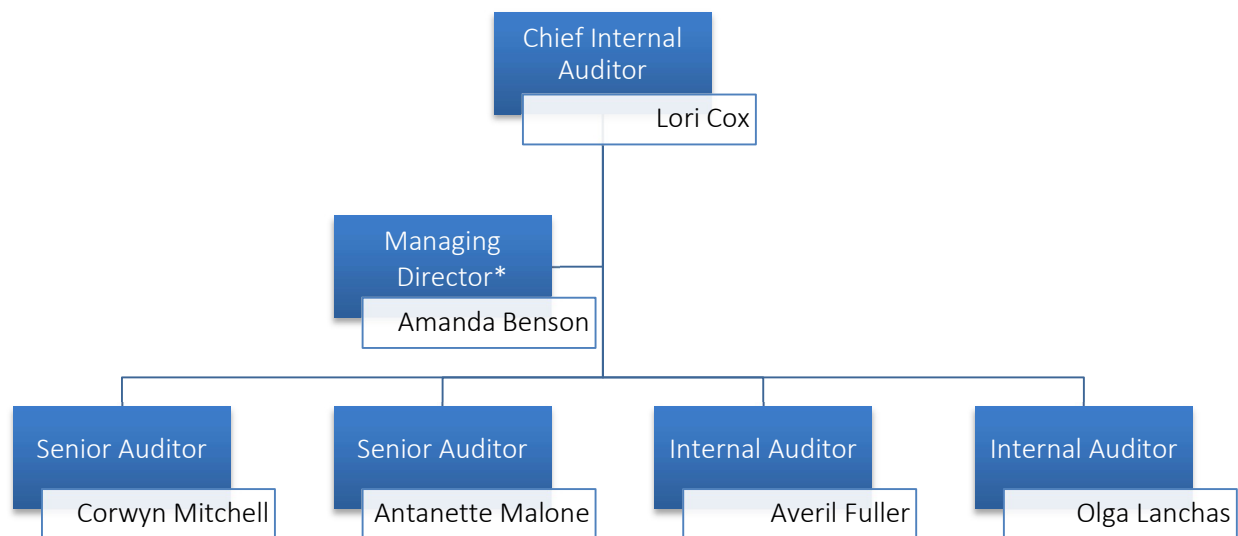
PURPOSE STATEMENT

Internal auditing strengthens the College's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the College's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

INTERNAL AUDIT DEPARTMENT (IAD) STRUCTURE



**{Note: Staff report to Managing Director on a project basis.}*

RISK

A risk is the effect of an event or exposure on the achievement of objectives.

RISK ASSESSMENT

A risk assessment involves the identification and analysis of risks relevant to the achievement of an organization's objectives. The significance of risks is typically assessed in terms of impact and likelihood.

The IAD's risk assessment is designed to identify relevant risks (issue, situation, process, etc.) that could impact the achievement of the College's goals, operational objectives, and strategic priorities, and to help determine how risks should be managed. Primarily, risks are assessed to:

- Identify vulnerable areas within a unit/department – or for the College as a whole – that may need modifications.
- Direct resources effectively; too much time may be spent on processes that do not need much attention while 'riskier' processes are lacking attention.
- Communicate risks and help to identify where issues may arise.

The IAD's Risk Assessment is the primary source of information in developing the Engagement Plan. The risk assessment process is a continual effort to remain informed of emerging risks, initiatives, and opportunities to work with the College to help manage risks, provide independent assurance, and advise on projects, implementations, and initiatives.

In addition, the risk assessment process is a continual effort to remain informed of emerging risks, initiatives, and opportunities to work with the College to help manage risks, provide independent assurance, and consult on projects, implementations, and initiatives.

RISK ASSESSMENT PROCESS OVERVIEW



The IAD's risk assessment and audit plan supports the College's commitment to the following Board of Trustees' defined priorities:

Pillar 1: Student Success

- Student Success - Create a seamless, supportive experience for students to succeed from enrollment through graduation and career placement.

Pillar 2: Employee Success

- Exceptional Workplace – Create an environment of continuous improvement where employees thrive, grow professionally, and deliver outstanding service to students, internal and external stakeholders.

Pillar 3: Stakeholder & Community Engagement

- Workforce Ready – Prepare students with in-demand skills that local employers need, increasing economic opportunity across the region.
- Economic Mobility – Break down barriers to success and create pathways to higher paying careers for all community members.

Pillar 4: Institutional Effectiveness and Innovation

- Inclusive Excellence – Build a community where varied perspectives drive innovation, continuous improvement and everyone has equal opportunity to succeed.
- Smart Resource Use – Maximize our facilities, technology, and programs to best serve students, internal and external stakeholders, and respond to community needs.

IDENTIFY RISKS

To help ensure a full understanding of risks that may be relevant to the College, the IAD researched the top risks common to higher education and general business and industry, and those identified by internal audit activities from peer institutions; the IAD also researched varied College information and reports (including exit interview documents). The top risks and areas of concern are identified below.

Higher Education (HE) Artificial Intelligence (AI) – Ethical Use Literacy Cybersecurity & Data Privacy Deferred Maintenance and Infrastructure Enrollment Challenges & Demographic Shifts Financial Sustainability Counseling (Advising) Demand International Students Support Public Trust and Institutional Reputation Regulatory Change, Compliance & Legal Exposure Student Mental Health & Campus Safety Talent Retention & Workforce Issues Technology Modernization & AI Integration Third-Party Dependency & Vendor Risk	General Business & Corporations (GBC) AI Governance and Ethical Use Cybersecurity Threats Economic Volatility and Inflation Environmental Risk Information Management Organizational Management Regulatory and Compliance Risk Supply Chain Vulnerabilities Talent Shortages and Workforce Transformation Third-Party and Vendor Risk
Peer Institutions Cyber Security Financial Aid Grant Compliance Human Resources & Payroll Procurement	IAD Identified Cyber Security Financial Aid Internal Communication Channels Policy and Procedure Consistency Safety & Security

In addition, the IAD surveyed the Board of Trustees and leadership, conducted meetings and interviews with various staff, management, and faculty and conducted focus groups with staff and faculty.

IDENTIFY RISKS, CONTINUED

Highest Ranked Items

AREA/FUNCTION	AUDIT/REVIEW ELEMENTS
IT Systems Management	Planning and Acquisition
	Implementation and Training
	Maintenance and Support
Cyber Security	Protection of sensitive data; threat management, assessment, and response; risk management, and compliance.
Employee Planning & Staffing	Career Planning
	Employee Retention and Culture
	Professional Development Planning and Outcomes
	Workload Equity and Resources
	Succession Planning
Organizational Communication & Collaboration	Communication Channels & Platforms
	Feedback Engagement Mechanisms
Student Resource Management	Mechanisms for Building Awareness
	Resource Availability and Management
Financial & Budget Management	Management/Planning Potential Revenue Changes
	Budget Management & Monitoring
	Reserve Fund Management & Oversight
Facilities Management	Health & Safety Compliance
	Maintenance Assessment, Planning & Management
	Work Order Management & Responsiveness
Partnership & Program Management	Planning and Development
	Metrics and Outcome Analysis and Review
Success Coaching	Coaching Impact & Caseload Management
	Training and Support Mechanisms
	Infrastructure and Resource Optimization
	Alignment & Workforce Stability
Artificial Intelligence	AI governance framework effectiveness, proper implementation of AI technologies, monitoring and responsible and ethical use, and compliance with applicable regulations and institutional policies.
Financial Aid	Compliance and Eligibility Verification
	Data Integrity and Reporting
	Student Communication and Financial Aid Literacy

MEASURING & PRIORITIZING RISKS

The significance of risks is assessed based on impact, probability, and velocity.

- **Impact (I):** *The effect on the College and stakeholders if an event or exposure occurs or if the area is not functioning as intended.*
Impact can include lost revenue, increased expenses, fines, adverse publicity, sanctions, reputational damage, and reduced employee morale.
- **Probability (P):** *The likelihood a risk event occurs, or the area is not functioning as intended.*
Probability factors can include prior audit results, turnover, management and staff concerns, lack of internal monitoring and/or governance, operational and control weaknesses, and poor training.
- **Velocity (V):** *The pace at which the organization is expected to experience the impact of risk.*
The speed of regulatory enforcement action is an example of velocity. Velocity is measured as rapid, reasonable, or slow.

Area/Function/Risk						
PROBABILITY	Almost Certain					
	Likely			<ul style="list-style-type: none"> IT Systems Management Artificial Intelligence Employee Planning and Staffing 		
	Possible		<ul style="list-style-type: none"> Financial and Budget Management Partnership and Program Management 	<ul style="list-style-type: none"> Cybersecurity* Financial Aid* Organizational Communication and Collaboration Student Resource Management Facilities Management Success Coaching 		
	Unlikely					
	Rare					
VELOCITY		Insignificant	Minor	Moderate	Major	Catastrophic
IMPACT						

* Areas of rapid velocity.

RISKS AND PLAN DEVELOPMENT

The areas/functions/risks below will be included in the FY26 engagement plan; items included in the plan met one or more of the of the prioritization factors below; in addition, area/function's alignment with the Board of Trustees' defined priorities is noted.

- 1) Highest ranked items from risk identification analysis (page 5).
- 2) Special requests (consulting engagement to be performed)
- 3) Regulatory, required, or on-going items.
- 4) Items moved from FY25 Engagement (Audit) Plan (that remain an area of risk/concern).

Area/Function/Risk	1)	2)	3)	4)	Alignment with Pillar
Cybersecurity	✓				<i>Institutional Effectiveness & Innovation</i>
Chancellors Performance Review			✓		<i>Institutional Effectiveness & Innovation</i>
Employee Planning & Staffing	✓				<i>Employee Success</i>
Facilities Management	✓				<i>Institutional Effectiveness & Innovation</i>
Financial Aid	✓				<i>Student Success</i>
Financial & Budget Management	✓				<i>Institutional Effectiveness & Innovation</i>
Grant Compliance				✓	<i>Institutional Effectiveness & Innovation</i>
IT Systems Management	✓				<i>Institutional Effectiveness & Innovation</i>
Organizational Communications & Collaboration	✓				<i>Employee Success</i>
Partnership & Program Management	✓				<i>Stakeholder & Community Engagement</i>
Procurement (Strategic Sourcing)				✓	<i>Institutional Effectiveness and Innovation</i>
Sector Strategy		✓			<i>Stakeholder & Community Engagement</i>
Senate Bill-17 Compliance			✓		<i>Institutional Effectiveness and Innovation</i>
Student Resource Management	✓				<i>Student Success</i>
Success Coaching	✓				<i>Student Success</i>
Workforce & Continuing Education		✓			<i>Stakeholder & Community Engagement</i>

[NOTE: Artificial Intelligence will be included as a follow-up – review completed in Fiscal Year 24/25]

FOLLOW-UP AUDITS

In addition, follow-up reviews will be performed for the following engagements completed in FY25:

- Artificial Intelligence
- Business Continuity
- Dallas Promise
- Human Resources – I-9 Compliance
- Human Resources – ADA & FMLA Compliance
- Payroll
- Property & Asset Management (Police)
- Safety and Security
- Travel

PLAN FLEXIBILITY

The engagement plan is subject to change due to new or emerging risks or priorities; management requests; and special investigations/reviews/advising services; to accommodate changes, “open time” has been incorporated in the plan.

ENGAGEMENT PLAN – FY 2025-2026

ENGAGEMENT TYPE	DESCRIPTION	TARGET FISCAL QUARTER
Audits/Continuous Engagements (Cont.) * <i>*Continuous Engagements (CE) - Broken down into separate focus areas, completed periodically, due to the size and scope of the function/department.</i>	Cybersecurity	CONT
	Employee Planning & Staffing	CONT
	Facilities Services Management	2 nd
	Financial Aid	2 nd
	IT Systems Management	3 rd
	Procurement (Strategic Sourcing)	3 rd
	Success Coaching	CONT
Special Reviews/Advising Engagements	Chancellor's Performance Review -Data Validation	4 th
	Financial and Budget Management	2 nd
	Grant Compliance	CONT
	Organizational Communication and Collaboration	2 nd
	Partnership & Program Management	2 nd
	Sector Strategy	4 th
	Senate Bill 17 Compliance	3 rd
	Student Resource Management	3 rd
	Workforce & Continuing Education	4 th
Follow-up Audit/Review	Artificial Intelligence	4 th
	Business Continuity	3 rd
	Dallas Promise	3 rd
	Human Resources – I-9 Compliance	1 st
	Human Resources – ADA & FMLA Compliance	1 st
	Payroll	4 th
	Property & Asset Management (Police)	2 nd
	Safety and Security	3 rd
	Travel	4 th
OTHER SERVICES, DUTIES, & SPECIAL PROJECTS		
Hotline Administration and Monitoring		
Investigations		

IAD HORIZONS

In addition to the activities outlined in the Engagement Plan, IAD development projects, or projects IAD will participate in, for the 2025/2026 fiscal year include:

- People-to-People Service (Customer Service Enterprise Initiative)
- Enterprise Risk Management (ERM) Framework Development
- Artificial Intelligence Strategy/Platform Implementation