



Internal Audit Engagement Plan & Risk Assessment
Fiscal Year 2027

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.

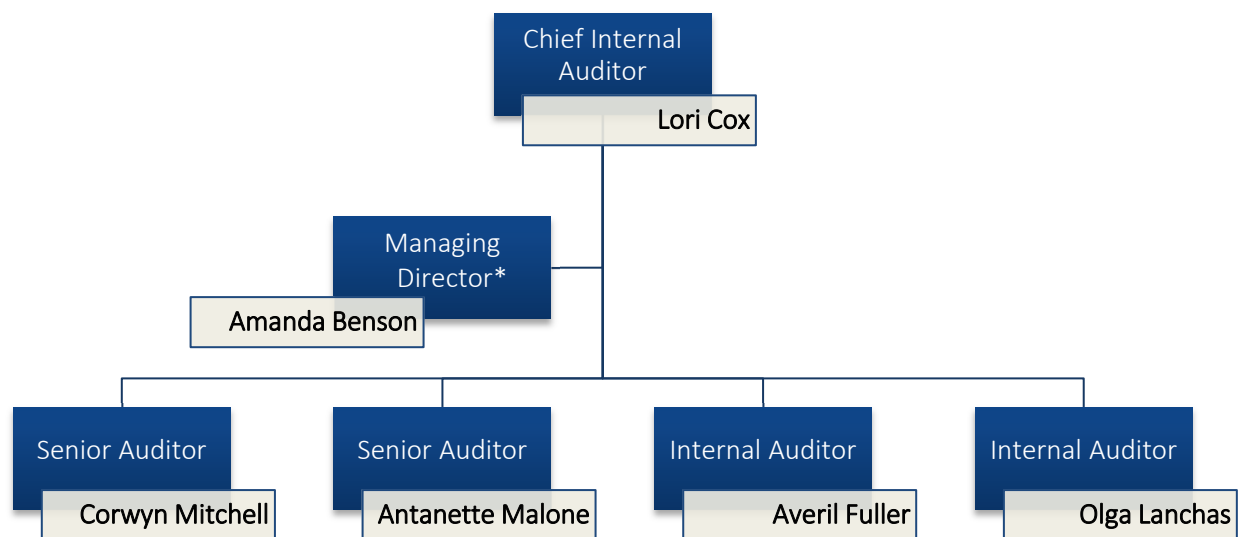
PURPOSE STATEMENT

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.

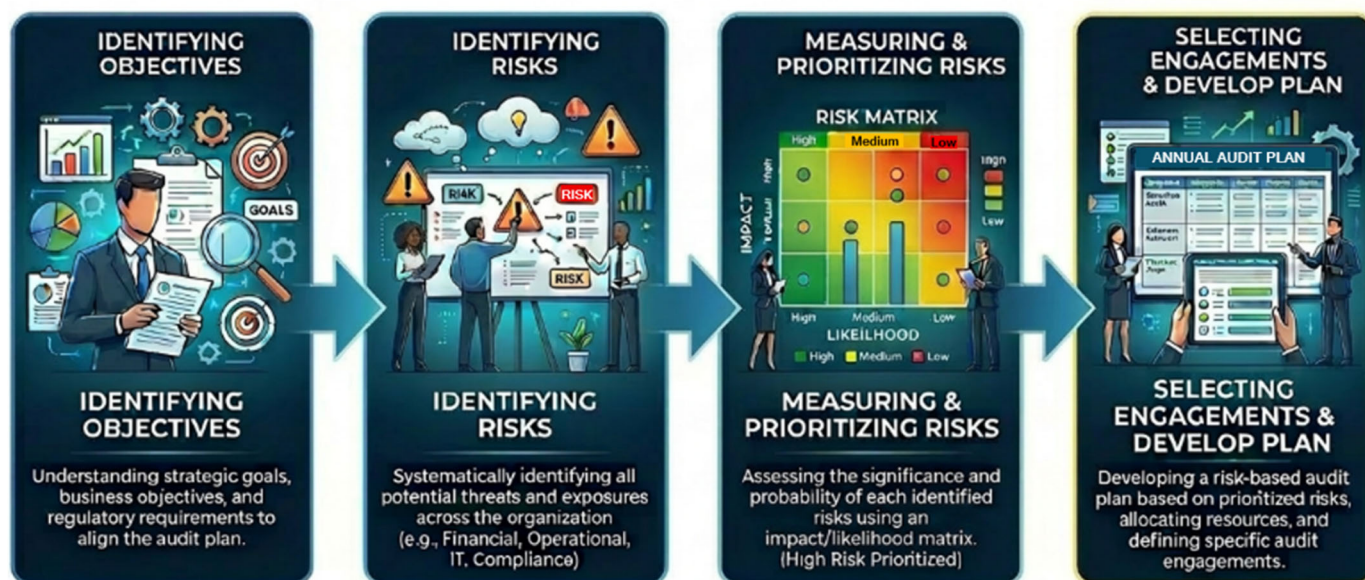
The IAD's risk assessment is designed to identify relevant risks (issue, situation, process, etc.) that could impact the achievement of the College's goals, operational objectives, and strategic priorities, and to help determine how risks should be managed. Primarily, risks are assessed to:

- 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



IDENTIFYING OBJECTIVES

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.

IDENTIFYING RISKS

To develop a comprehensive understanding of relevant risks, the IAD reviewed leading risks in higher education and general business, risks identified through peer institutions and risks the IAD identified and validated through its review of College information, reports, and resources. The leading risks and areas of concern are listed below.

Higher Education (HE)

Enrollment & Demographic Shifts
Cybersecurity & Data Security
Compliance/Regulatory Change
Operational Pressures
Facilities and Deferred Maintenance
Funding/Financial Sustainability
Student Mental Health & Safety
Recruitment & Hiring (Talent)
Public Safety
Artificial Intelligence (AI) - Governance, Ethical Use, & Literacy

General Business

Cybersecurity / Data Security
Digital Disruption & AI
Third-Party / Supply Chain / Vendor Risk
Regulatory Change & Compliance
Human Capital / Talent Availability & Upskilling
Legacy IT / Infrastructure Modernization
Business Resilience / Continuity
Geopolitical / Trade & Tariff Volatility
Financial / Liquidity / Economic Conditions
Ethics, Culture & Fraud

IAD Identified

Americans with Disabilities Act Compliance
Cybersecurity & Data Security
Grant Management & Monitoring
Safety and Security
Space Management

Peer Institutions

Enrollment, Admissions, and Retention
Cybersecurity, Data Privacy, and IT Systems
Regulatory and Legal Compliance
Facilities Conditions and Deferred Maintenance
Operational Pressures (Staffing, Turnover, Resource Constraints)

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

IDENTIFY RISKS, CONTINUED

Highest Ranked Items*

AREA/FUNCTION	AUDIT/REVIEW ELEMENTS
Academic Program Assessment	Programs assessment cycles, processes, controls, requirements, and outcomes.
Academic Scheduling	Course scheduling processes, demand forecasting, data utilization, section planning, room utilization, and coordination.
Americans with Disabilities Act (ADA)	ADA compliance across instructional, digital, and physical environments; accommodation processes, procedures, and controls; and achievement of goals and objectives.
Cyber Security	Protection of sensitive data; threat management, assessment, and response; risk management, compliance, and outcome measures.
Financial Aid	Compliance and Eligibility Verification
	Data Integrity and Reporting
	Student Communication and Financial Aid Literacy
Financial & Budget Management	Process for operating within budget, reporting and monitoring, and budget management.
Grants Management and Monitoring	Grant administration and monitoring processes, risk assessment, evaluation, expenditure management, and achievement of grant goals and objectives.
Human Resource (HR) Operations	Employee Relations
	Recruitment
	Retention & Culture
	Succession Planning
Partnership Management & Sector Strategy	Planning and Development
	Metrics and Outcome Analysis and Review
	Student Impact and Outcomes
Student Onboarding	Effectiveness and consistency and meeting goals and objectives.
Workforce and Continuing Education	Program data governance and integrity, performance measures, achievement of goals and objectives, and outcome tracking.

IAD compiled and analyzed the survey, interview, and focus group results to identify the highest risks. These risks include prior-year engagements that were postponed and remain high-risk items in the current fiscal year.

** The areas listed above are not presented in order of risk. Risk levels and prioritization are presented on the following page.*

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 lack of 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				- Academic Scheduling - Financial Audit* - HR Operations	
	Possible			- Financial and Budget Management - Partnership Management & Sector Strategy	- Academic Program Assessment - ADA - Cybersecurity* - Grant Management & Compliance - Public Safety – CLERY - Student On-Boarding - Workforce & Continuing Education	
	Unlikely					
	Rare					
VELOCITY	IMPACT					
	Insignificant	Minor	Moderate	Major	Catastrophic	

* Areas of rapid velocity

The significance of risks was assessed to gain further clarity of the risk profile of the College area/ function. further identify and confirm items to include in the audit plan (areas of moderate to catastrophic impact, and possible to almost certain probability), and to aid in scheduling reviews throughout the year (generally highest risk items will be scheduled earlier in the fiscal year).

RISKS AND PLAN DEVELOPMENT

The areas/functions/risks below will be included in the FY27 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 4).
- 2) Regulatory, required, or on-going items.
- 3) Items moved from FY26 Engagement (Audit) Plan (that remains an area of risk/concern).

Area/Function/Risk	1)	2)	3)	Alignment with Pillar
Academic Program Assessment	✓			<i>Institutional Effectiveness & Innovation</i>
Academic Scheduling	✓			<i>Student Success</i>
Americans with Disabilities Act (ADA)	✓			<i>Institutional Effectiveness & Innovation</i>
Cybersecurity	✓			<i>Institutional Effectiveness & Innovation</i>
Chancellors Performance Review		✓		<i>Institutional Effectiveness & Innovation</i>
Financial Aid	✓		✓	<i>Student Success</i>
Financial & Budget Management	✓		✓	<i>Institutional Effectiveness & Innovation</i>
Grant Management & Compliance	✓			<i>Institutional Effectiveness & Innovation</i>
Human Resources Operations	✓			<i>Employee Success</i>
Partnership Management & Sector Strategy	✓		✓	<i>Stakeholder & Community Engagement</i>
Senate Bill-17 Compliance		✓		<i>Institutional Effectiveness and Innovation</i>
Student Onboarding	✓			<i>Student Success</i>
Workforce & Continuing Education	✓		✓	<i>Stakeholder & Community Engagement</i>

FOLLOW-UP AUDITS

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

- Automotive Program Review Follow Up
- Employee Planning and Staffing Follow Up
- Facilities Maintenance Work Order Planning Follow Up
- IT Systems Management Follow Up
- Procurement Strategic Sourcing Follow Up
- Property And Asset Management (Police Inventory) Follow Up
- Safety And Security (Access Management) Follow-Up
- Student Resource Management Follow Up
- Veterans' Operations Follow Up

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, flexible/open time has been incorporated in the plan.

ENGAGEMENT PLAN – FY 2026-2027

	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>	ADA	2 nd
	Cybersecurity	CONT
	Grant Management & Compliance	CONT
	HR Operations	CONT
	Financial Aid	1 st
Special Reviews/Advising Engagements	Academic Scheduling	1 st
	Academic Program Assessment	2 nd
	Chancellor's Performance Review -Data Validation	4 th
	Finance and Budget Management	4 th
	Partnership Management & Sector Strategy	4 th
	Senate Bill 17 Compliance	3 rd
	Student On-Boarding	3 rd
	Workforce & Continuing Education	3 rd
Follow-Up Engagements	Automotive Program Review	2 nd
	Employee Planning and Staffing	4 th
	Facilities Maintenance Work Order Planning	2 nd
	IT Systems Management	3 rd
	Procurement Strategic Sourcing	4 th
	Property and Asset Management (Police Inventory)	2 nd
	Safety and Security (Access Management)	1 st
	Student Resource Management	3 rd
	Veterans Operations and Compliance	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 2026/2027 fiscal year include:

- Audit, Grant Compliance, and Risk Management System Implementation
- Enterprise Risk Management (ERM) Framework Implementation