



Internal Audit Engagement Plan & Risk Assessment
Fiscal Year 2024

Dallas College Internal Audit Department

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INTERNAL AUDITING STANDARD - PLANNING

The Chief Audit Executive (CAE) is responsible for developing a risk-based engagement plan, considering the organization's risk management framework. *If a framework does not exist, the CAE uses his/her own judgment of risks after consideration of input from senior management and the board. The CAE must review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.*

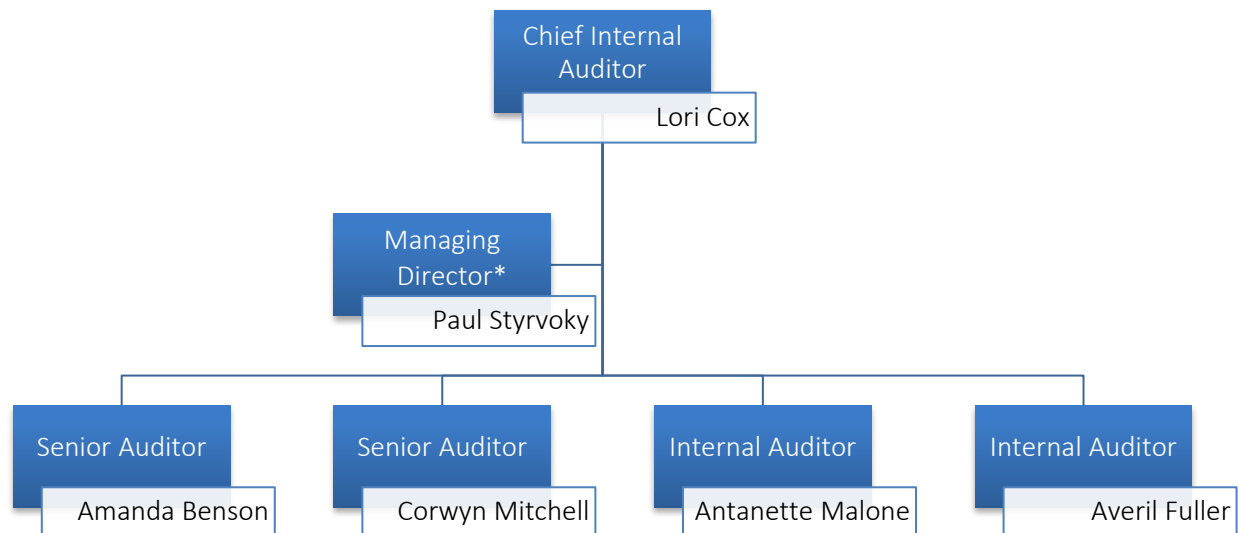
DEFINITION OF INTERNAL AUDIT

Internal auditing is an independent, objective, assurance, and consulting activity designed to add value and improve the College's operations. It helps the College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of *risk management, internal control, and governance processes* throughout the various divisions and departments College-wide.

In addressing our mission, the Internal Audit Department (IAD) supports and assists College leadership and staff in the effective discharge of their responsibilities and achievement of strategic objectives by providing analyses, recommendations, advice, and information concerning:

- The adequacy and effectiveness of the College's internal control structure.
- The safeguarding of assets.
- Compliance with applicable laws and regulations.
- Achievement of management's operational objectives.
- Effective business processes to achieve internal control efficiently at a reasonable cost.

INTERNAL AUDIT DEPARTMENT STRUCTURE



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

RISK

A risk is the possibility of an event or exposure occurring that may have an impact on the achievement of objectives. Risk is generally measured in terms of probability and impact.

RISK ASSESSMENT

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.

RISK ASSESSMENT PROCESS OVERVIEW



IDENTIFY OBJECTIVES

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

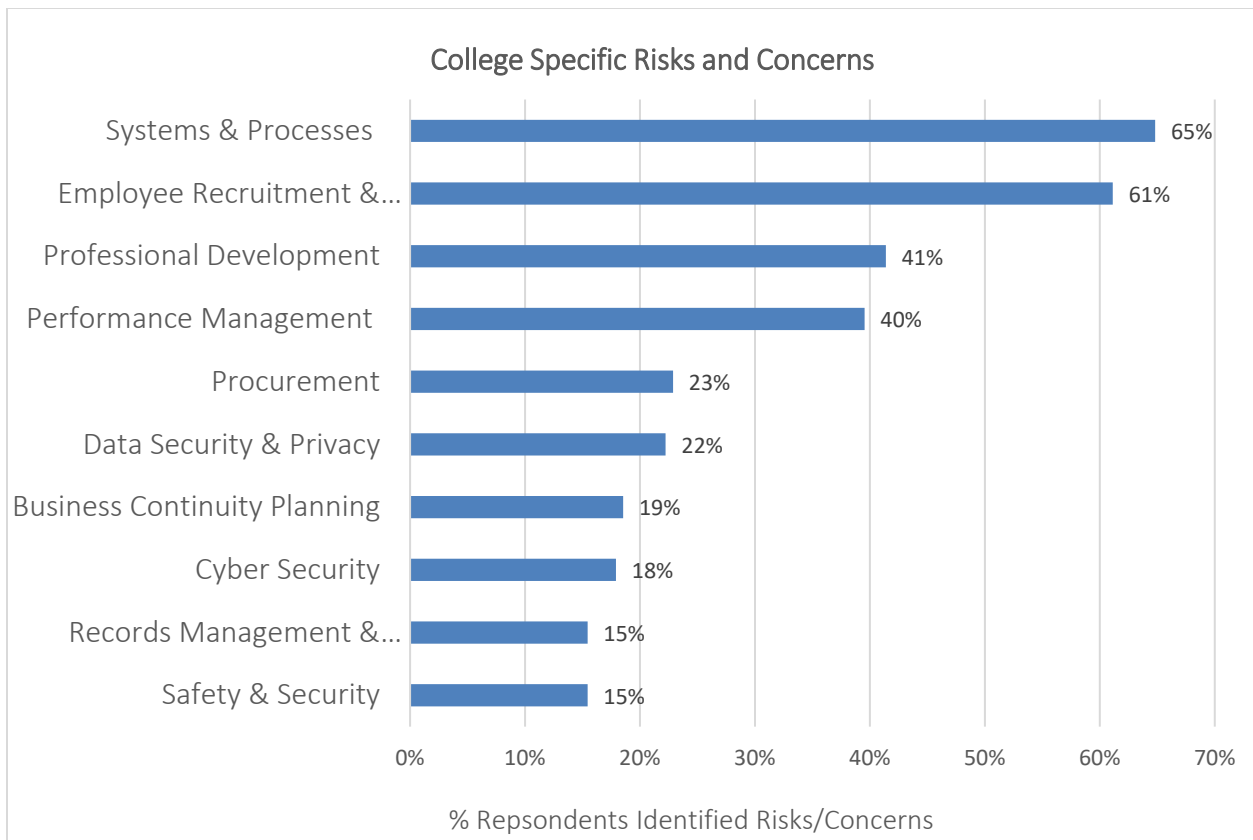
1. Strengthen the Career Connected Learner Network and Implement the Student-Centric One College Organization
2. Streamline and Support Navigation to and Through Our College and Beyond
3. Impact Income Disparity Throughout Our Community
4. Foster an Equitable, Diverse and Inclusive Environment for Employees, Students, and Suppliers
5. Create a High-Performance Work and Learning Culture That Develops Leaders at All Levels, Increases Skill Proficiency, and Supports Collaboration and Equity
6. Serve as the Primary Provider in the Talent Supply Chain Throughout the Region
7. Leverage College Facilities, Land, Technology, Programs, Partnerships, and Other Capabilities to Strengthen and Build Our Communities and Workforce, Now and For the Future

IDENTIFY RISKS

To gain a more holistic view of risks that may be relevant to the College, 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. In addition, the IAD researched varied College information and reports, special requests, and anonymous reports and identified risks and areas of concerns. These risks are identified below. (In conducting the risk assessment, the IAD met with senior management and surveyed staff to solicit information to understand areas of risk or concern within the College.

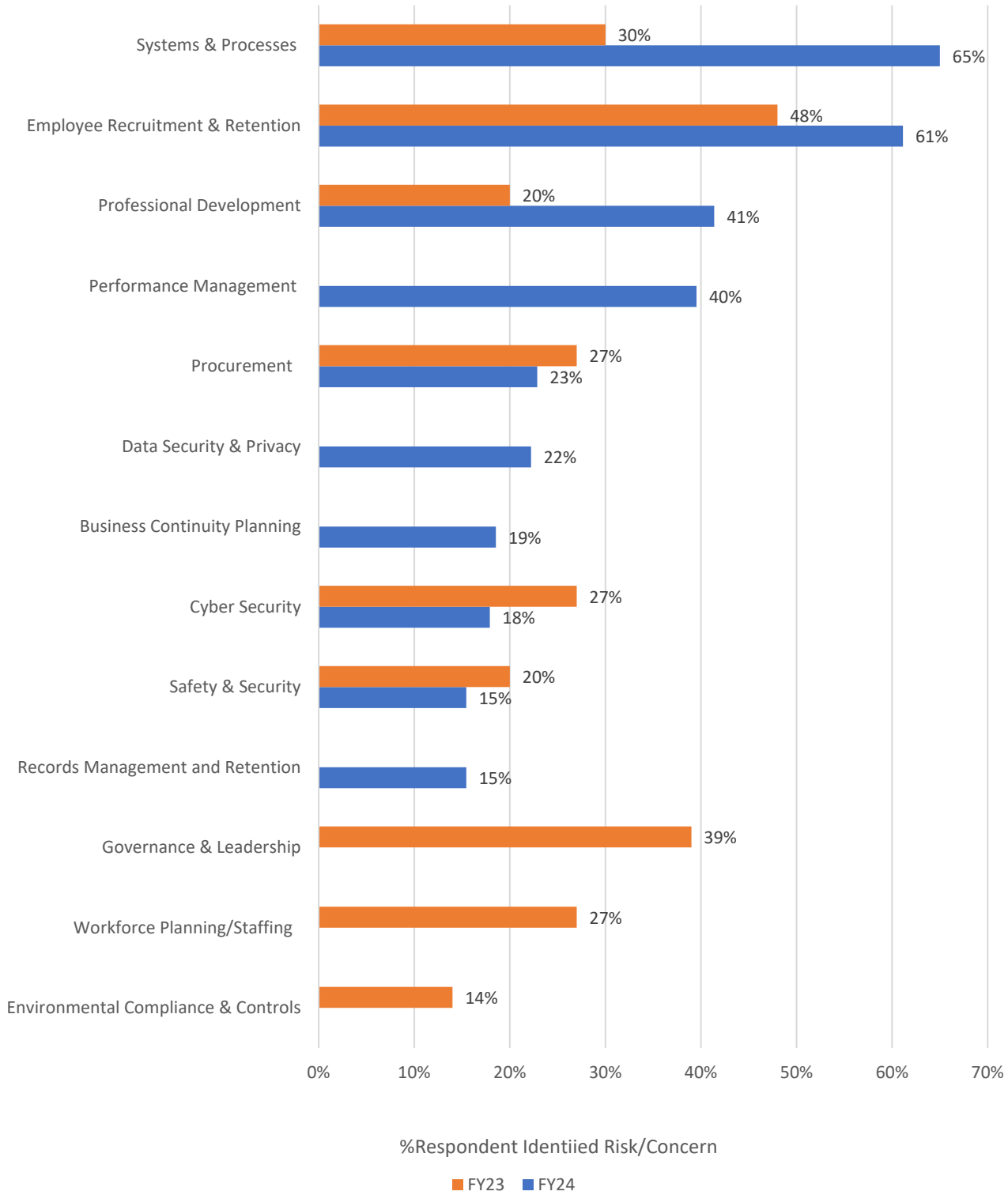


The IAD interviewed and surveyed senior management, staff, and the Board of Trustees – and analyzed exit interview documentation – to gain information to understand areas of risk or concern within the College. The chart that follows identifies the top ten areas.



FOCUS AREA	Primary Concern(s)
Systems & Processes	Critical system and process controls, modification procedures, and evaluation processes to ensure operations can be conducted effectively and efficiently.
Employee Recruitment & Retention	Recruitment process, procedures, and practices; on-boarding and continued development; and factors impacting recruitment and retention (compensation determination process).
Professional Development	Professional development objectives, strategies, and plans to achieve the strategic priority of a high-performance work and learning culture.
Performance Management	Performance management strategies, processes, and controls,
Procurement	Procurement strategy and vendor/supplier management and evaluation.
Data Security & Privacy	Data security and management.
Business Continuity Planning	Incident preparedness and response testing, awareness, Campus Emergency Response Team processes.
Cyber Security	Protection from threats, policies, and processes.
Records Management & Retention	Records management and retention processes, controls, and compliance.
Safety and Security	Preparedness, protection from threats, and communication.

College Specific Risk And Concerns
FY23 & FY24 Comparison



MEASURING RISKS

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

- **Impact (I):** *The effect on the College and stakeholders if a risk event 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.

		Area/Function/Risk				
PROBABILITY	<i>Almost Certain</i>					
	<i>Likely</i>			<ul style="list-style-type: none"> · Professional Development 	<ul style="list-style-type: none"> · Cyber Security* · Employee Recruitment & Retention · Performance Management · Procurement · Systems & Processes* 	
	<i>Possible</i>			<ul style="list-style-type: none"> · Records Management & Retention 	<ul style="list-style-type: none"> · Business Continuity · Data Security & Privacy · Safety & Security* 	
	<i>Unlikely</i>					
	<i>Rare</i>					
VELOCITY (1)		Insignificant	Minor	Moderate	Major	Catastrophic
		IMPACT				

(1) Velocity is measured as Rapid, Reasonable, or Slow

* Areas of rapid velocity.

PRIORITIZE RISKS AND PLAN DEVELOPMENT

The areas/functions/risks below will be included in the FY24 audit plan – prioritization factors, additional planning considerations, and special requests are noted as applicable to support plan inclusion.

➤ **Prioritization Factors (PF)**

Factors used to prioritize risks and build the engagement plan include:

- Top Risks from External Sources
- College Specific Risks & Concerns rated as: (a) Major or Catastrophic Impact, (b) Likely or Almost Certain Probability, or (c) Rapid Velocity
- Required by auditing standards or other regulations.

➤ **Additional Planning Considerations (APC)**

- Current or upcoming operational and system changes.
- Engagement recently completed or planned, follow-up review planned, or carryover.
- IAD identified areas of concern/review.
- Included in another engagement/review.
- Internal audit resources.

➤ **Special Requests (SR)**

Noted in the prioritization summary below.

PRIORITIZATION SUMMARY

Area/Function/Risk (1)	PF	APC	SR	Notes/Comments
Business Continuity Planning		✓		
Construction	✓		✓	
Cyber Security	✓			
Data Security & Privacy		✓		
Dual Credit		✓		Follow-up review.
Emergency Relief Fund			✓	
Employee Recruitment & Retention	✓			Identified as current risk and moved from FY23.
Environmental Compliance & Controls		✓		Follow-up review
Grants & Contracts		✓		Follow-up review
International Student Office		✓		Follow-up review.
Performance Management		✓		
Procurement	✓			Includes Vendor/Supplier Management
Professional Development		✓		
Records Management & Retention		✓		
Registration and Enrollment		✓		Follow-up review.
Richland Collegiate High School Attendance	✓			
Safety and Security	✓			
Scholarship Compliance & Process			✓	Outside scholarships.
Student Care Network			✓	
Success Coach Program		✓		Follow-up review.
Systems & Processes	✓	✓		
Workforce Staffing & Planning		✓		Moved from FY23.

ENGAGEMENT PLAN – FY 2023-2024

ENGAGEMENT TYPE	DESCRIPTION	TARGET FISCAL QUARTER
Audits/Continuous Engagements*	Cyber Security	CE
	Employee Recruitment & Retention	3 rd
	Procurement	2 nd
	Richland Collegiate High School Attendance	4 th
	Safety & Security	CE
	Workforce Planning and Staffing	3 rd
Special Reviews/Advising Engagements	Business Continuity Planning	2 nd
	Construction	3 rd
	Data Security & Privacy	2 nd
	Emergency Relief Fund	1 st
	Performance Management	2 nd
	Professional Development	3 rd
	Records Management & Retention	2 nd
	Scholarship Compliance & Processes	1 st
	Student Care Network	1 st
Follow-up Audit/Review	Dual Credit	4 th
	Environmental Compliance & Controls	4 th
	Grants & Contracts	4 th
	International Student Office	4 th
	Registration & Enrollment	3 rd
	Success Coach Program	3 rd
OTHER SERVICES, DUTIES, & SPECIAL PROJECTS		
Systems & Processes Special Project		
Fraud Hotline Administration and Monitoring (On-Going)		
Investigations (As Needed)		
Workday Implementation Participation (On-Going)		

PLAN FLEXIBILITY

To ensure the IAD can respond timely to emerging risks and issues, the Engagement Plan is subject to change due to new or emerging risks or priorities; management requests; special investigations/reviews/advising services.

In addition, top items that did not meet prioritization factors, items of general concern, and/or or “governance related” (i.e., accountability, collaboration) - from interviews and questionnaires – will be discussed with the College leadership as applicable and appropriate and addressed through advising engagements where possible and time permitting.

IAD HORIZONS

In addition to the activities outlined in the Engagement Plan, IAD development projects planned for the 2023/2024 fiscal year include:

- Fraud Hotline (New) Implementation
- Internal Audit Related Training for College Employees
- Audit Internship & Guest Auditor Program