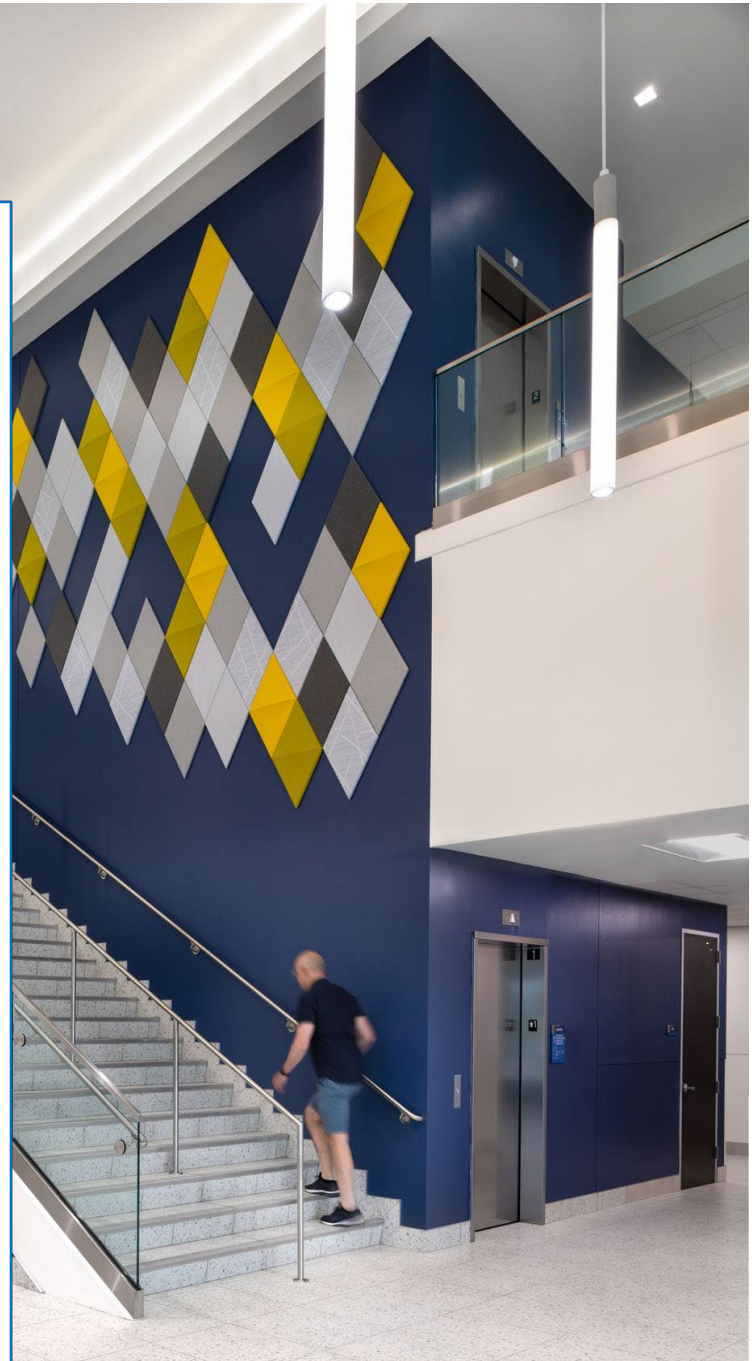


Annual Internal Audit Report

**Summary of FY25 Internal Audit Work &
Proposed FY26 Audit Plan**

August 11, 2025

**San Jacinto Community College District
Prepared by: Linda Torres, Executive Director, Internal Audit**



Message from the Executive Director, Internal Audit
Linda Torres, CPA, CIA, CFE

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The Internal Audit Department is dedicated to improving the operations of San Jacinto College by providing independent and objective reviews of District controls and procedures. By monitoring and advising on areas of potential vulnerability, the Internal Audit Department assists everyone in the San Jacinto College community to uphold the highest standards of business conduct.

As of the end of the FY25 audit year, the Internal Audit Department engaged in several complex audits, follow-up audits as well as provided consulting services. A summary of the type of work issued during the year includes seven audits and six follow-up audits. In addition, four audits/follow-up audit were in progress at the end of the year. Finally, the Internal Audit Department managed fourteen ethical reports, issued quarterly newsletters, completed the annual risk assessment project and managed the collection of conflict of interest disclosure statements.

This annual report details all the audit work performed during FY25, as well as provides a summary of the risk assessment process, and upcoming proposed audit plan for FY26.

As we enter a new fiscal year our expectations are to continue to provide assistance college-wide to strengthen internal controls and improve overall business efficiencies. I consider it an honor to serve San Jacinto College community and remain committed to adding value to the college through the audits and consulting services we provide.

Linda Torres, CPA, CIA, CFE
 Executive Director, Internal Audit

Internal Audit: Fostering Integrity, Elevating Excellence!

Compliance with Texas Government Code, Section 2102.015

Texas Government Code, Section 2102.015 was added by House Bill 16 (83rd. Legislature) on June 14, 2013. House Bill 16 amended the Internal Auditing Act to require state agencies and institutions of higher education, as defined in the bill, to post agency internal audit plans, internal audit annual reports, and any weaknesses or concerns resulting from the audit plan or annual report on the entities' website, at the time and in the manner provided by the State Auditor's Office.

To comply with the requirements, the San Jacinto College Internal Audit Department will submit its Internal Audit Annual Report to the website coordinators to be posted on the Internal Audit web page of the college's website no later than 30 days after the presentation of this report to the Board of Trustees.

INTERNAL AUDIT DEPARTMENT ORGANIZATION

The Executive Director of Internal Audit reports directly to the Vice Chancellor of Fiscal Affairs, with an advisory reporting relationship to the Chancellor and Board Finance Committee. At present, the Internal Audit Department is staffed with three individuals.

Linda Torres - Executive Director, Internal Audit

Certification

Certified Public Accountant
Certified Internal Auditor
Certified Fraud Examiner

Experience

Twenty-eight years of internal audit and external audit experience.

Bret Boudreaux - Director, Internal Audit

Certification

Certified Internal Auditor
Certification in Risk Management Assurance

Experience

Twenty years of internal audit, external audit and financial reporting experience.

Travis Leopulos - Internal Auditor

Experience

Fifteen years of internal audit experience.

FY25 AUDITS AND PROJECTS

Audits	Purpose	Status	Disposition
ITS – Internal Penetration Test (Outsourced) #24-104	Identify potential security vulnerabilities within the college's internal network.	Complete	Report Date: December 16, 2024
SJC Promise Program #24-106	Evaluate operational efficiency, internal controls, and compliance with internal and external regulations and policies.	Complete	Report Date: October 21, 2024
NJCAA Student Eligibility Compliance #24-107	Ensure student eligibility requirements adhere to NJCAA regulations.	Complete	Report Date: September 13, 2024
Facilities Fleet Management #25-101	Evaluate operational efficiency, internal controls, and compliance surrounding fleet management.	Complete	Report Date: January 23, 2025 Add'l Memo Regarding Fixed Assets sent to District Business Office: January 27, 2025
SB17 Compliance #25-102	Evaluation of college's compliance with SB17 requirements. Limited to policies, procedures and hiring practices.	Complete	Report Date: December 19, 2024
Procurement Compliance #25-103	Evaluate internal controls and compliance for procurement transactions.	Complete	Report Date: June 30, 2025
CPET Contract Invoicing #25-104	Evaluate operational efficiency, internal controls, and compliance with internal and external regulations and policies.	Complete	Report Date: July 3, 2025
Dual Credit MOUs 2nd Follow-up #22-103-25	Follow-up to determine if management's corrective action plans have been fully implemented.	Complete	Report Date: January 13, 2025
Dual Credit Billings 2nd Follow-up #23-104-25	Follow-up to determine if management's corrective action plans have been fully implemented.	Complete	Report Date: January 31, 2025
Culinary Arts Program 2nd Follow-up #23-106-25	Follow-up to determine if management's corrective action plans have been fully implemented.	Complete	Report Date: February 4, 2025

FY25 AUDITS AND PROJECTS *continued*

Audits	Purpose	Status	Disposition
Hazlewood Exemptions 1st Follow-up #-24-101-25	Follow-up to determine if management’s corrective action plans have been fully implemented.	Complete	Report Date: July 3, 2025
CPD Contract Invoicing 1st Follow-up #24-102-25	Follow-up to determine if management’s corrective action plans have been fully implemented.	Complete	Report Date: May 28, 2025
Automotive Technology Vehicle Inventory 1st Follow-up #24-105-25	Follow-up to determine if management’s corrective action plans have been fully implemented.	Complete	Report Date: April 3, 2025
PCI DSS Compliance – outsourced #25-105	Evaluate compliance with Payment Card Industry Data Security Standards (PCI DSS) to protect cardholder data.	In progress	N/A
Full Time Faculty Loads 1st Follow-up #23-107-25	Follow-up to determine if management’s corrective action plans have been fully implemented.	In progress	N/A
Maritime Third Party Invoicing 1st Follow-up #24-103-25	Follow-up to determine if management’s corrective action plans have been fully implemented.	In progress	N/A
SJC Promise 1 st Follow-up #24-106-25	Follow-up to determine if management’s corrective action plans have been fully implemented.	In progress	N/A

FY25 AUDITS AND PROJECTS *continued*

Project	Purpose	Status	Disposition
Internal Audit Outreach	Draft quarterly newsletters related to a variety of internal audit topics.	On going	Quarterly distribution
Internal Audit Self-Assessment	Evaluate conformance with the mandatory elements of the International Standards for the Professional Practice of Internal Auditing.	In progress	N/A
Risk Assessment and Annual Audit Plan	Identify and priorities risks to allocate audit resources in the upcoming audit plan.	Complete	Finalized: July 2025
Annual Internal Audit Report	Prepare the annual report to summarize the audits conducted throughout the year and the key findings.	Complete	Report Date: August 11, 2025

Deviation from the FY25 Annual Plan Submitted

Canceled: Banner Form Access Security was initially planned for FY24, but ongoing work in this area by the ITS department does not make this a good time to do this audit. Internal Audit will continue to evaluate this area to determine when a good time would be to perform an audit.

Addition: PCI Compliance was added after the FY24 audit plan was submitted. In the Fall of FY24 Internal Audit received word that budget funds had been allocated for FY25 to outsource an audit.

OUTSTANDING FOLLOW-UP AUDITS

Follow-up audits verify the completion of the corrective action plans (CAPs) provided by management during the initial audit. While some CAPs may be complete at this time, an Internal Audit follow-up audit is pending to officially close the audit. The timing of follow-up audits depends on the workload and staffing availability of the Internal Audit Department. Presently, there are 23 outstanding CAPs. The disposition of each audit with outstanding CAPs is detailed below.

Audit	Original Audit Date	Prior Follow-up Dates	Original CAPs	Outstanding CAPs To Be Reviewed	Disposition
Culinary Arts Program #23-106	July 2023	May 2024 February 2025	2	1	3 rd Follow-up in FY26
Full-time Faculty Loads Audit #23-107	November 2023	None	2	2	1 st Follow-up In Progress
Maritime Third-Party Invoicing #24-103	April 2024	None	3	3	1 st Follow-up In Progress
SJC Promise #24-106	October 2024	None	5	5	1 st Follow-up In Progress
Facilities Fleet Management #25-101	January 2025	None	5	5	1 st Follow-up in FY26
CPD Contract Invoicing #24-102	March 2024	May 2025	5	2	2 nd Follow-up in FY25
Procurement Compliance #25-103	June 2025	None	2	2	1 st Follow-up in FY26
CPET Contract Invoicing #25-104	July 2025	None	3	3	1 st Follow-up in FY26

CONSULTING AND NONAUDIT SERVICES

Consulting and Nonaudit Services: When the Internal Audit department performs consulting duties, our role shifts from the traditional assurance function to one that focuses on providing advice and expertise to (1) assess risks, (2) implement process improvements, (3) assist with the internal control design and implementation, etc.

Activity	Purpose	Disposition
Minors on Campus Task Force	The purpose of this task force was to address the deficiencies identified in the July 2023 Internal Audit Report.	Task force completed their work in the Spring 2025 and made recommendations to the SLT.
Grants Subrecipient Monitoring Training	To develop subrecipient monitoring training is to ensure compliance with regulations and strengthen oversight.	Training active in Cornerstone: April 2025
Conflict of Interest Disclosures	To collect conflict of interest disclosures to ensure transparency and maintain integrity by identifying and managing potential biases or competing interests.	Emailed the Chancellor: October 8, 2024

OTHER ACTIVITIES

Other Activities: Internal Audit personnel are actively engaged in various institutional initiatives beyond our core responsibilities to support professional growth and collaboration.

Activity	Purpose	Disposition
Staff Organization	The Staff Organization involves collaborating with college employees to develop methods for improving the organization and working environment for staff members. The department's Internal Auditor held a leadership position within the organization during the year.	Ongoing
Strategic Leadership Communication Council	The SLCC ensures that all levels of leadership have a clear understanding and provide support for the one-college vision, the strategic plan, and annual priorities. The Executive Director and Director are members of this council.	Ongoing
Administrative Organization	The AO was established to promote leadership among San Jacinto College administrators and foster the development of a unified administrative perspective on the College's management and operations. The Executive Director and Director are members of this organization.	Ongoing
MonuMentor	The department's Director was a mentor in this program which is designed to support the growth and success of the college's full-time faculty, staff, and administrators. This initiative connects employees with trained mentors to help them set and achieve personal, professional, and career goals.	Completed: April 2025
Interview Committees	Internal Audit staff participated on interview committees for other departments.	Completed: March 2025
RFP Evaluation Committees	Internal Audit staff participated on RFP evaluation committees for other departments.	Completed: April 2025

AUDIT OBSERVATIONS

The following are the audit observations noted per the report issued during FY25.

Audit	Report Date	Observation	Corrective Action Plan	Status
ITS – Internal Penetration Test (outsourced) #24-104	December 16, 2024	Specific audit issues are not disclosed here due to IT security considerations. The report was presented at a Board of Trustees workshop on January 27, 2025 in closed session.		Future Internal Penetration Test will be performed by ITS
SJC Promise #24-106	October 21, 2024	<p><u>Payment Reconciliations</u> Although reconciliations are performed between SJC Promise outlays and what is invoiced to the Foundation, there are no reconciliations between what is invoiced to the Foundation and payments received by the college.</p>	<p>In working with the district business office, a plan has been put into place to reconcile invoices to payments for both Promise tuition and book accounts on a semester basis.</p> <p>Beginning in Fall 2025 (2026.10), a plan is being discussed and should be put into place to set up a new fund in Banner for the promise program, so that only promise payments are entered into this fund.</p>	1 st Follow-up In Progress
SJC Promise #24-106	October 21, 2024	<p><u>Residency Eligibility</u> Several students active during the scope period did not meet residency eligibility criteria.</p>	A residency column was added on 10/8/2024 to all Promise ARGOS reports to more accurately determine students' residency status.	1 st Follow-up In Progress

AUDIT OBSERVATIONS *continued*

Audit	Report Date	Observation	Corrective Action Plan	Status
SJC Promise #24-106	October 21, 2024	<u>Promise Student Account Adjustments</u> Adjustments to student financial accounts were conducted without substantiating documentation.	Communication providing the approval of the Promise account adjustments will be shared with the Internal Audit team. All future adjustments to student accounts related to Promise funds will be accompanied by documentation to include SLT approval.	1 st Follow-up In Progress
SJC Promise #24-106	October 21, 2024	<u>Reduced Hours Eligibility Process</u> There is insufficient documentation surrounding the process allowing students to enroll in fewer semester hours than required by the SJC Promise Program.	The Promise @ San Jac Scholarship Team has updated the Reduced Course Load request workbook. These updates include a column with a drop-down list for the approving individual and a standardized drop-down list for approval reasons. This process will ensure that all decisions are transparent and properly documented.	1 st Follow-up In Progress
SJC Promise #24-106	October 21, 2024	<u>Success Coach/Advisor Requirement</u> There is a lack of a consistent method by which to track and ensure students have met with an academic advisor or success coach as required by the SJC Promise program.	Given the current resources available, the Promise @ San Jac Scholarship Team is reviewing options for consideration. The issue will be presented to the Dean of Student Advising and Associate Vice Chancellor for Student Services to discuss options for further consideration and approval.	1 st Follow-up In Progress

AUDIT OBSERVATIONS *continued*

Audit	Report Date	Observation	Corrective Action Plan	Status
NJCAA Student Eligibility Compliance #24-107	September 13, 2024	NONE	N/A	N/A
Facilities Fleet Management #25-101	January 23, 2025	<u>Vehicle Disposals</u> The current method utilized to dispose of college-owned Facilities fleet vehicles is not conducted in accordance with established college procedure.	Remand all vehicles for disposal through established procedures via Finance/Fixed Assets and Auxiliary Services, using the existing College asset disposal process.	1 st Follow-up in FY26
Facilities Fleet Management #25-101	January 23, 2025	<u>Vehicle Leasing Contract</u> The current contract for the leasing of fleet vehicles is incomplete and the copy utilized by the college is missing information surrounding terms and conditions.	Obtain and provide to Purchasing and Contracts most recent copy of applicable contract and if no verbiage exists for maintenance agreement, amend contract with vendor to address maintenance processes.	1 st Follow-up in FY26
Facilities Fleet Management #25-101	January 23, 2025	<u>Vehicle Maintenance Records</u> Records surrounding vehicle maintenance have not been consistently retained and entered into the college's maintenance work order system.	Ensure that each facilities controlled vehicle is entered into facilities maintenance management system with appropriate identifying information. Ensure that facilities work order procedures mandate that appropriate entries for each vehicle service task, including task details and mileage, for each vehicle under its control receiving work are entered in the maintenance management system.	1 st Follow-up in FY26

AUDIT OBSERVATIONS *continued*

Audit	Report Date	Observation	Corrective Action Plan	Status
Facilities Fleet Management #25-101	January 23, 2025	<u>Tracking of Fleet Trailers</u> Although it has been determined that fleet vehicles are adequately tracked and safeguarded by Facilities, there is currently no method of tracking trailers.	Ensure that each facilities controlled vehicle is entered into facilities maintenance management system with appropriate identifying information. This would include manufacturing year, make, model, vehicle identification number, and SJC asset tag number (if applicable).	1 st Follow-up in FY26
Facilities Fleet Management #25-101	January 23, 2025	<u>Fleet Inventory Listing Data</u> The fleet vehicles listing maintained by Facilities contained instances of missing or inaccurate data.	Ensure vehicle data is accurate and complete within the facilities maintenance management system for all vehicles under facilities control.	1 st Follow-up in FY26
SB 17 Compliance #25-102	December 19, 2024	NONE	N/A	N/A
Procurement Compliance #25-103	June 30, 2025	<u>Solicitation Board of Trustees Approval</u> Board approval was not obtained for one vendor solicitation despite cumulative spend exceeding \$100,000 during FY25.	Due to the complexities of the Buyer role, we concur that refresher training is needed to ensure all Buyers are following the processes and procedures within Contracts and Purchasing Services.	1 st Follow-up in FY26

AUDIT OBSERVATIONS *continued*

Audit	Report Date	Observation	Corrective Action Plan	Status
Procurement Compliance #25-103	June 30, 2025	<u>Procurement Quotes</u> One vendor with spend that falls within the college’s “three quotes” procurement threshold was awarded without obtaining two competing quotes.	Due to the complexities of the Buyer role, we concur that refresher training is needed to ensure all Buyers are following the processes and procedures within Contracts and Purchasing Services.	1 st Follow-up in FY26
CPET Contract Invoicing #25-104	July 3, 2025	<u>Third-Party Contract Compliance</u> Instances of non-compliance were noted regarding some third-party contracts utilized by CPET.	A centralized tracking spreadsheet has been developed to monitor the status and expiration of all Master Service Agreements (MSAs). CPET will ensure all future agreements comply with the Delegation of Signature Authority memorandum.	1 st Follow-up in FY26
CPET Contract Invoicing #25-104	July 3, 2025	<u>Third-Party Contract Format</u> The language utilized for most CPET third-party agreements has not been approved by the Contracts and Purchasing Services Department to ensure that they legally protect the interests of the college.	CPET will begin using the approved Master Service Agreement (MSA) and Training Services Agreement (TSA) templates for all training-related engagements. For non-training services such as facility rentals, CPET will follow all relevant San Jacinto College policies.	1 st Follow-up in FY26
CPET Contract Invoicing #25-104	July 3, 2025	<u>Course Invoicing Documentation</u> Documentation to substantiate invoicing for contracted instructional courses is not consistently retained.	CPET has implemented a digital sign-in process for all instructional courses billed per student. Instructors are responsible for ensuring all participants sign in electronically. These records are stored in the CPET Incumbent Workforce Department’s Microsoft Teams channel to support billing and resolve any discrepancies.	1 st Follow-up in FY26

EXTERNAL AUDIT SERVICES

The following audit services were procured by the college during FY25.

- Internal Audit Department
 - CampusGuard LLC - Payment Card Industry Data Security Standards (PCI DSS) compliance audit. (In Progress)

- Fiscal Affairs
 - Whitley Penn, LLP – Annual Financial Statements Audit for FY24. (Complete)

 - The SpyGlass Group, LLC - Cost recovery analysis of primary telecommunications service accounts to identify opportunities for service elimination, cost reduction, and overall optimization. (In Progress)

ETHICS AND FRAUD REPORTING

Reporting Suspected Fraud and Abuse

In accordance with section 7.09 of the Texas General Appropriations Act, a “Fraud and Ethics Reporting” link is located on the bottom of the front page of the San Jacinto Community College District website which instructs users how to report fraud, waste, and abuse, and includes links to the State Auditor’s Office website. A link to Board *Policy III.3003.B* and related *Procedure III.3003.B.a, Prevention of Fraud and Fraudulent Actions* are also included. Included within this procedure are instructions for reporting incidents directly to the State Auditor’s Office. If the College has reasonable cause to believe that Serious Acts of Dishonesty or Fraud, waste, or abuse of state funds may have occurred, such matters will be forwarded to the State Auditor’s Office as required by Texas Government Code, Section 321.022.

Anonymous Reporting Hotline

San Jacinto College recognizes its obligation to employees and constituents to maintain the highest ethical standards and has established Ethics Point to provide a way for employees to anonymously and confidentially report concerns that may involve financial misconduct, suspected wrongdoing or fraudulent behavior.

If a college employee observes behavior that they believe violates college policies and/or procedures, ideally, they should bring any concerns forward to their direct supervisor, Strategic Leadership Team (SLT) member or other member of management. However, the college recognizes that there may be circumstances when the employee is not comfortable reporting issues in this manner. It is for such circumstances that the college has partnered with Ethics Point, to allow an employee to report concerns and remain anonymous. Employees can access the Ethics Point reporting site directly from the main page of the college’s website.

ETHICS AND FRAUD REPORTING *continued*

FY 2024-2025 Reports

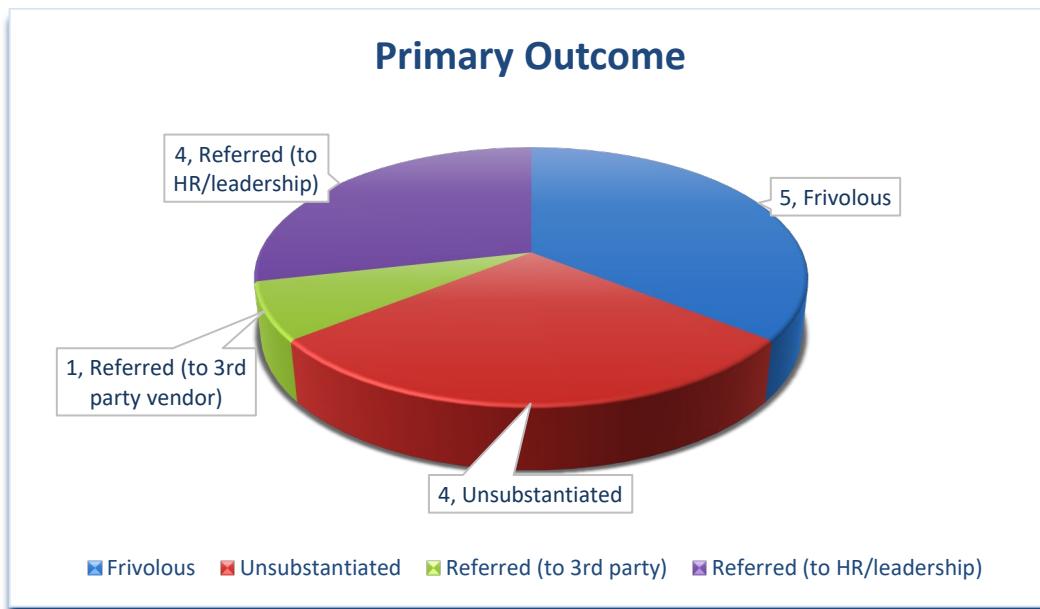
During FY25 the college received a total of fourteen reports to investigate: twelve ethics reports via the Ethics Point reporting hotline and two directly reported to the Internal Audit Department.

For each report, Internal Audit reviewed the information provided to determine if sufficient information was provided to proceed with an investigation, referred the information to the appropriate SLT member and/or Human Resources Department and/or performed an investigation, when necessary, to initiate appropriate action to resolve each report.

For the fourteen reports received, all reports were reviewed and closed based on the following outcomes:

- Frivolous: Did not contain any report of fraud, waste or abuse, but were typically departmental complaints to be handled internally.
- Unsubstantiated: The information provided in the report could not be verified.
- Referred (to 3rd party vendor): Related to the employees of a 3rd party vendor, so the contract owner forwarded this report to the vendor to address.
- Referred (HR/leadership): Personnel matter to be addressed by HR/leadership.

The following highlights the primary outcomes for these fourteen reports.



San Jacinto Community College District
Annual Internal Audit Report
August 11, 2025

TIME REPORTED
2024-2025 AUDITS
(through August 8, 2025)

Description	Hours	% of Total Hours
<i>Direct Hours: Audits/Projects/Consulting</i>		
ITS - Outsourced Internal Penetration Test (#24-104)	28	1%
SJC Promise Program (#24-106)	90	2%
NJCAA Student Eligibility Compliance (#24-107)	32	1%
Facilities Fleet Management (#25-101)	399	9%
SB17 Compliance: Hiring and Policies/Procedures (#25-102)	272	6%
Procurement Compliance (#25-103)	475	10%
CPET Contract Invoicing (#25-104)	247	5%
PCI Compliance Assessment - outsourced (#25-105)	190	4%
Dual Credit MOUs 2nd Follow-up (#22-103-25)	40	1%
Dual Credit Billings 2nd Follow-up (#23-104-25)	42	1%
Culinary Arts Program 2nd Follow-up (#23-106-25)	76	2%
Full Time Faculty Loads 1st Follow-up (#23-107-25)	67	1%
Automotive Technology Vehicle Inventory 1st Follow-up (#24-105-25)	138	3%
Hazlewood Exemptions 1st Follow-up (#24-101-25)	58	1%
CPD Contract Invoicing 1st Follow-up (#24-102-25)	95	2%
Maritime Third Party Invoicing 1st Follow-up (#24-103-25)	49	1%
SJC Promise Program 1st Follow-up (#24-106-25)	116	2%
Grant Subrecipient Monitoring Process Development	200	4%
Internal Audit Self-Assessment	84	2%
Conflict of Interest Disclosures	138	3%
Risk Assessment/Annual Audit Plan & Report	281	6%
Internal Audit Outreach	94	2%
Miscellaneous Projects & Unplanned ^A	490	11%
Management Review <i>(review of staff workpapers and reports)</i>	329	7%
Total Direct Hours 2024-2025	4030	87%
<i>Indirect Hours:</i>		
Administrative Tasks	248	5%
Training/CPE/Meetings/Research	378	8%
Total Indirect Hours 2024-2025	626	13%
Total Hours	4656	100%

^A – Misc. Projects & Unplanned includes participation on committees, investigations, ethics training updates and projects that did not reach the level of an audit/review.

ANNUAL RISK ASSESSMENT

The Internal Audit Department performed the annual risk assessment and developed the FY26 proposed audit plan as required by the San Jacinto Community College District's (SJCCD) Internal Audit Charter and the Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing.

Risk Assessment Methodology

The Internal Audit Department employs a risk-based methodology to assess the level of potential exposure that each of the functions and departments present to the organization from financial, operational and technological perspectives. A risk assessment is an effective tool to aid the Internal Audit Department in identifying and prioritizing high-risk areas within the College.

Risk Assessment Overall Process

The first step in the risk assessment process is to identify all auditable units within the college and categorizing the units into logical areas. Internal Audit has identified over 240 auditable areas within SJCCD. Each auditable unit's appropriate "owner" or responsible area is identified, and input is solicited from key management personnel via a risk assessment questionnaire and/or interviews. Internal Audit leadership then identifies significant risk variables (e.g., financial impact, prior audit activities, personnel and management conditions, etc.) to assess the level of risk for each auditable unit.

Risk Assessment by Area: Operations, Programs and Contracts

The risk assessment segments the college into three areas: operations, contracts, and programs. This method provides a structured, cross-sectional view of college risks. This approach also allows Internal Audit to maintain visibility across a wider range of departments, programs, and initiatives, as well as balance the workload within the department. It helps us avoid concentrating too much of our effort in the same areas year after year and ensures that the audit plan includes coverage of previously unaudited or infrequently audited areas, while allowing a break for departments that are regularly reviewed, helping to avoid audit fatigue and over-auditing.

Operations: Auditing operations is critical because core business processes such as finance, human resources, information technology, procurement, facilities, etc., form the foundation of the college's day-to-day functioning. These areas often involve complex workflows, internal controls, and regulatory requirements that, if not properly managed, can lead to inefficiencies, non-compliance, or financial loss.

Programs: Auditing individual programs is vital because these units often operate with unique processes, budgets, and compliance requirements that carry specific risks. Each department or program may manage grants, contracts, or resources differently, and operational challenges or control weaknesses can vary widely across areas.

Contracts: Individual contract audits are essential because contracts often involve specific obligations, deliverables, compliance requirements, and financial terms that carry unique risks not visible in broader operational reviews.

ANNUAL RISK ASSESSMENT *continued*

Proposed Risk Based Audit Plan

Based on the individual risk rating for each area, required follow-up reviews, required recurring reviews and consulting activities, the Internal Audit Department is proposing the audit plan on page 20 for submission and approval by the Board of Trustees. Once approved, audits will be scheduled and performed by the Internal Audit Department.

While structured, the plan remains flexible to accommodate high-priority concerns or management requests throughout the year. Audits may not take as much time as planned and/or situations may arise in an area which changes the need for an audit, for this reason alternate audits have been included in this audit plan.

The FY26 audit plan focuses on the high-risk areas that can be covered with the existing Internal Audit Department resources. Audits that cannot be completed with current audit capacity result in an assumption of risk by the College.

PROPOSED 2025-2026 AUDIT PLAN

The following proposed audit plan includes alternate audits and may not all be started and/or completed in FY26. The projects that can be completed will be affected by new or emerging priorities, special investigations, management requests, etc. This proposed plan is awaiting the approval by the Board of Trustees.

Audit/ Project Description	Purposed
<i>Finalize Audits in Progress at the end of FY25</i>	
ITS: PCI DSS Compliance (external review)	Ensure compliance with Payment Card Industry Data Security Standards
Full Time Faculty Loads 1st Follow-up	Conduct follow-up review to ensure corrective actions plans have been implemented.
Maritime Third-Party Invoicing 1st Follow-up	Conduct follow-up review to ensure corrective actions plans have been implemented.
SJC Promise Program 1st Follow-up	Conduct follow-up review to ensure corrective actions plans have been implemented.
<i>Audits Based on Risk Assessment</i>	
College-wide: Senate Bill 17 Compliance – Phase II	Evaluation of college’s compliance with SB17 requirements. Limited to training and contracts.
Deputy Chancellor: Scholarship Management	Evaluate the internal controls, compliance and management of awarding, disbursing, and monitoring scholarships
Deputy Chancellor/Fiscal Affairs: FAST Program	Evaluate the internal controls, compliance, and management of the FAST program for dual credit students.
Fiscal Affairs: Police Fleet Management	Evaluate the internal controls, maintenance practices, and asset management of the police vehicle fleet.
Fiscal Affairs: Bookstore Contract	Evaluate compliance, financial terms, and performance under the bookstore contract agreement.
ITS: GLBA (outsourced)	Evaluate compliance with the Gramm-Leach-Bliley Act (GLBA) requirements for safeguarding nonpublic customer information and ensuring proper data protection controls.

PROPOSED 2025-26 AUDIT PLAN *continued*

Audit/ Project Description	Purposed
<i>Follow-up Audits</i>	
Culinary Arts Program 3 rd Follow-up	Conduct follow-up review to ensure corrective actions plans have been implemented.
CPD Contract Invoicing 2nd Follow-up	Conduct follow-up review to ensure corrective actions plans have been implemented.
CPET Contract Invoicing 1 st Follow-up	Conduct follow-up review to ensure corrective actions plans have been implemented.
Procurement Compliance 1 st Follow-up	Conduct follow-up review to ensure corrective actions plans have been implemented.
Facilities Fleet Management 1 st Follow-up	Conduct follow-up review to ensure corrective actions plans have been implemented.
<i>Consulting and Nonaudit Services</i>	
ITS: PCI DSS – Work group to address noted deficiencies	Work with ITS leadership to determine the best method to address the deficiencies noted in the report. Provide consulting services as needed.
College-wide: Conflict of Interest	Obtain COI disclosure forms from all BOT members and employees (Director/Deans and higher). Review potential COI reported to ensure all are adequately addressed.
College-wide: Update Ethical Conduct Training	Work with OTD to perform a complete revamp of the Ethical Conduct training to align with the current platform.
College-wide: Investigations	Perform investigations from reports received via the hotline or other means.
College-wide: Committee and Workgroup Involvement	Engage in committees and workgroups to offer consulting support as the opportunities arise.

PROPOSED 2025-26 AUDIT PLAN *continued*

Audit/ Project Description	Purposed
<i>Other Activities</i>	
Risk Assessment/Annual Audit Plan & Report	Determine SJCCD’s college-wide risk areas and develop an annual audit plan based on the internal audit resources available. Prepare the Annual Internal Audit Report.
Internal Audit Outreach	Quarterly newsletter and College Community Day presentation.
Internal Audit Involvement in College-Wide Initiative	Participate in college initiatives to support collaboration and strengthen partnerships.
Internal Audit Quality Assessment Review (Self-Assessment)	Evaluate conformance with the mandatory elements of the International Standards for the Professional Practice of Internal Auditing.
Internal Audit Practice Improvements	As an extension of the self-assessment, begin focusing on reviewing and improving internal audit processes to enhance quality and efficiency.
<i>Alternate Audits</i>	
Deputy Chancellor: Interpreting Services Contract	Evaluate compliance, financial terms, and performance under the interpreting services contract agreement.
Deputy Chancellor: Child Development Departmental Audit & Child Care Center Audit (concurrent)	Evaluate the internal controls, compliance, and financial management of the Child Development Program and Child Care Center.
Fiscal Affairs: Landscaping contract	Evaluate compliance, financial terms, and performance under the landscaping contract.
ITS: Software Management	Evaluate the effectiveness, compliance, and oversight of software management practices.

Report Distribution

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