

# Annual Internal Audit Report

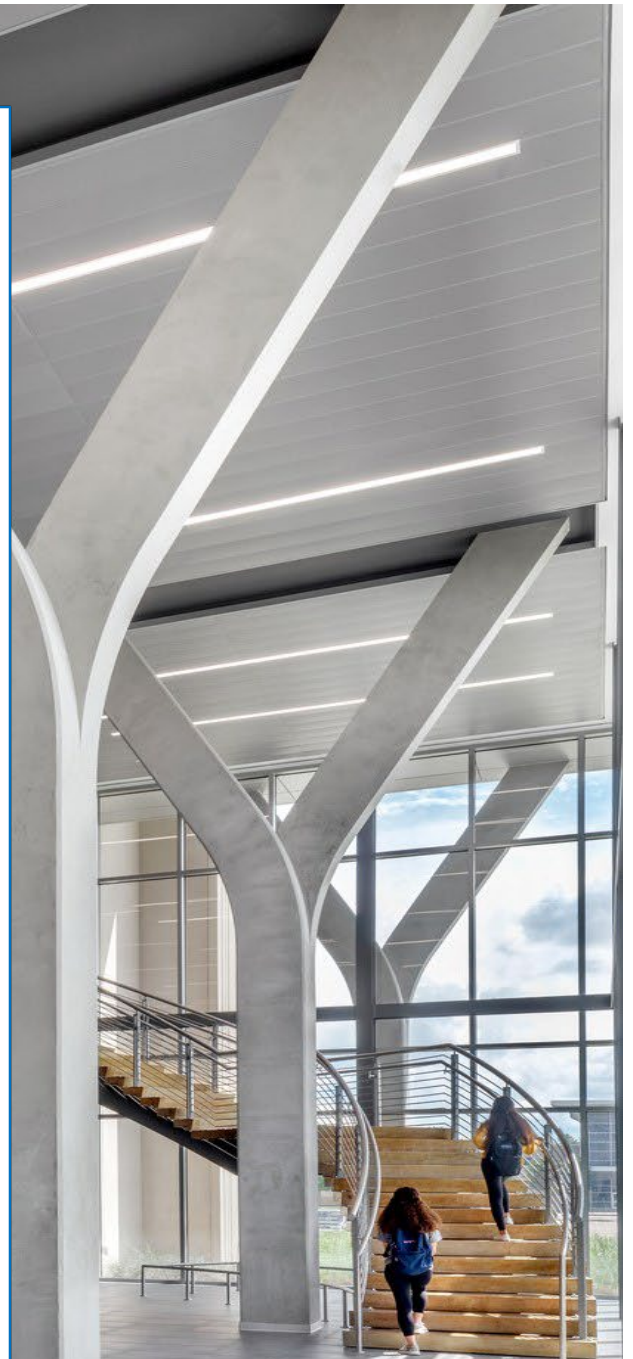
---

Summary of FY23 Internal Audit Work &  
Proposed FY24 Audit Plan

August 31, 2023

---

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





## INTERNAL AUDIT DEPARTMENT

---

To: Board Finance Committee

From: Linda Torres, Director of Internal Audit

Date: August 31, 2023

Subject: Annual Internal Audit Report – Summary of FY23 Internal Audit work & Proposed FY24 Audit Plan

We are pleased to present the San Jacinto Community College District's (SJCCD) *Annual Internal Audit Report* for 2022/23. This report will provide information on audits and projects performed during the past audit year. We are a small department consisting of three auditors; however, we strive to add value to the College through each of our audits and projects.

The various audits and projects performed during the 2022/23 audit year (September 1, 2022 to August 31, 2023) resulted in specific recommendations made by the Internal Audit Department. These recommendations were made to enhance accountability, improve efficiency, reduce the opportunities for fraud, protect the college's assets, and improve service delivery to college stakeholders.

The proposed audit plan for the 2023/24 audit year (September 1, 2023 to August 31, 2024) was based on a risk assessment update performed during the summer of 2023. The Internal Audit Department updated the annual risk assessment to identify the major areas within the college that require audit attention. Audit projects are scheduled based on the results of the college-wide risk assessment and the available Internal Audit Department resources. By carrying out this plan for the upcoming year, we hope to continue our commitment to serve the college, the Chancellor and the Board of Trustees.

cc: Dr. Brenda Hellyer, Chancellor  
Teri Zamora, Vice Chancellor of Fiscal Affairs

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

**Table of Contents**

Compliance with TGC Section 2102.015.....2

Department Organization.....3

Audits/Reviews/Projects List.....4

Follow-up Audits.....8

Cash Counts.....10

Consulting and Other Activities.....11

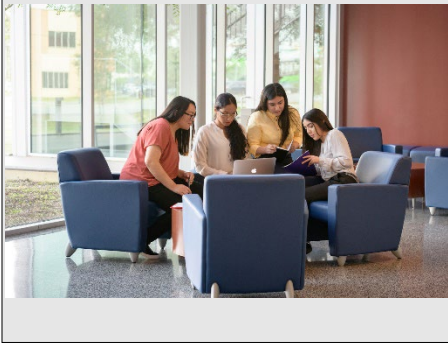
Ethics and Fraud Reporting.....12

Audit/Review Observations.....13

Time Reported.....21

Risk Assessment Process.....22

Proposed 2023-2024 Audit Plan....23



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 FY23 audit year, the Internal Audit Department engaged in several complex audits, numerous recurring audits, as well as provided consulting serves. A summary of the type of work issued includes seven audits/reviews, ten grant subrecipient monitoring memos, three follow-up audits, and thirteen cash counts. Additionally, two audits/reviews and twelve grant subrecipient monitoring projects were in-progress at the end of the year. Finally, the Internal Audit Department performed monthly Pcard auditing, managed nine Ethics Point hotline reports, served on five committees, councils, and task forces, maintained the Internal Audit web page, 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 FY23, as well as provides a summary of the risk assessment process, and upcoming proposed audit plan for FY24.

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

**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 approval of the upcoming year's audit plan (included in this report) at the August Board Finance Committee meeting.

## Department Organization

The 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. Presently, the Internal Audit Department is staffed with three individuals.

### Director of Internal Audit

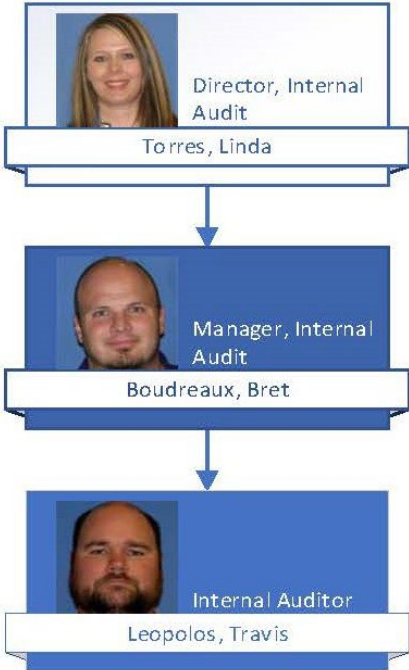
Linda Torres is the Director of Internal Audit and has worked for the College since June 2008. Linda is a Certified Public Accountant, Certified Internal Auditor and Certified Fraud Examiner. She graduated with a BBA in Accountancy from the University of Houston and also earned an associate degree from San Jacinto College, Central campus.

### Manager of Internal Audit

Bret Boudreaux has worked for the College since January 2009 and was promoted to the Manager of Internal Audit in November 2015. Bret is a Certified Internal Auditor and possesses a Certification in Risk Management Assurance. Bret graduated from Louisiana State University with a B.S. in Finance in May 2005 and obtained his MBA from Texas A&M University–Commerce in May 2010.

### Internal Auditor

Travis Leopulos has worked for the College since February 2016. Travis graduated from Stephen F. Austin State University with a BBA and also earned an associate degree from San Jacinto College, Central campus.



**AUDITS/REVIEWS/PROJECTS LIST**

<b>Audits/Reviews/Projects</b>	<b>Audit/Review #</b>	<b>Details</b>	<b>Status</b>	<b>Disposition</b>
Automotive Technology	22-106	Evaluate the operational efficiency, internal controls, and compliance with internal and external regulations and policies.	Complete	Report Date: September 9, 2022  Add'l Memo Regarding Fixed Assets sent to District Business Office: September 9, 2022  Add'l Memo Regarding Employee Certification sent to Human Resources: September 9, 2002
Grants Subrecipient – DOL - Alamo Colleges District	22-108	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
Grants Subrecipient – DOL - Dallas Colleges	22-109	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
Grants Subrecipient – DOL - Austin Community College District	22-110	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
Grants Subrecipient – DOL - IBM	22-111	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
Grants Subrecipient – DOL - Cerner	22-112	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
Grants Subrecipient – DOL – Lockheed Martin	22-113	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
Grants Subrecipient – NSF – Houston Community College	22-114	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
Grants Subrecipient – NSF – Rice University	22-115	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
Grants Subrecipient – DOE – Alvin Community College	22-116	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022

**AUDITS/REVIEWS/PROJECTS LIST** *continued*

<b>Audits/Reviews/Projects</b>	<b>Audit/Review #</b>	<b>Details</b>	<b>Status</b>	<b>Disposition</b>
Grants Subrecipient – DOE – Lamar Institute of Technology	22-117	Grant subrecipient monitoring	Complete	Memo Date: September 26, 2022
DOL Texas is IT Grant	23-101	Ensure compliance with DOL grant terms.	Complete	Report Date: October 25, 2022
Minors on Campus	23-102	Ensure compliance with external regulations surrounding minors on campus.	Complete	Report Date: July 10, 2023
Fire Protection Technology – Central Campus	23-103	Evaluate the operational efficiency, internal controls, and compliance with internal and external regulations and policies.	Complete	Report Date: February 6, 2023  Add'l Memo Regarding Fixed Assets sent to District Business Office: February 7, 2023  Add'l Memo Regarding Employee Certification sent to Human Resources: February 7, 2023
Dual Credit Billings	23-104	Evaluate the operational efficiency, internal controls, and compliance with internal and external regulations and policies.	Complete	Report Date: February 28, 2023
SJC Promise (Full Rollout)	23-105	Evaluate the operational efficiency, internal controls, and compliance with internal and external regulations and policies.	Complete	Report Date: May 15, 2023

**AUDITS/REVIEWS/PROJECTS LIST** *continued*

<b>Audits/Reviews/Projects</b>	<b>Audit/Review #</b>	<b>Details</b>	<b>Status</b>	<b>Disposition</b>
Culinary Arts– North Campus	23-106	Evaluate the operational efficiency, internal controls, and compliance with internal and external regulations and policies.	Complete	Report Date: June 22, 2023
Internal Audit Outreach	internal project	Draft quarterly Internal Audit newsletters for all college employees.	Continuous	Quarterly distribution
Pcard Monthly Auditing	Monthly Review	Audit Pcard expenses monthly to ensure compliance with Pcard guidelines.	Continuous	Monthly
Faculty Loads	23-107	Evaluate the efficiency, accuracy	In Progress	N/A
Process Technology – Central Campus	23-108	Evaluate the operational efficiency, internal controls, and compliance with internal and external regulations and policies.	In Progress	N/A
Grants Subrecipient – DOL - Austin Community College District	23-109	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – DOL - IBM	23-110	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – DOL - Cerner	23-111	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – DOL – Lockheed Martin	23-112	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – DOL - Xpanxion	23-113	Grant subrecipient monitoring	In Progress	N/A



**AUDITS/REVIEWS/PROJECTS LIST** *continued*

Audits/Reviews/Projects	Audit/Review #	Details	Status	Disposition
Grants Subrecipient – DOL - Catalyte	23-114	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – DOL - Dallas Colleges	23-115	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – DOL - Alamo Colleges District	23-116	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – NSF – Houston Community College	23-117	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – NSF – Rice University	23-118	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – DOE – Alvin Community College	23-119	Grant subrecipient monitoring	In Progress	N/A
Grants Subrecipient – DOE – Lamar Institute of Technology	23-120	Grant subrecipient monitoring	In Progress	N/A
<ul style="list-style-type: none"> <li>➤ <u>Complete</u>: Complete and results have been issued to SJCD senior management.</li> <li>➤ <u>In Progress</u>: In progress at the end of the year.</li> <li>➤ <u>Continuous</u>: Ongoing review and/or project.</li> </ul>			DOL – Department of Labor NSF – National Science Foundation DOE – Department of Education	

**FOLLOW-UP AUDITS**

Follow-up audits verify the completion of the corrective action plans (CAPs) provided by management during the initial audit. The number of follow-ups performed for each initial audit depends on whether or not management has indicated they have completed the CAPs to address the risks noted in the original audit. Audits that were performed some time ago without a recent follow-up are due to the fact that management has indicated that the CAPs are not complete and they have requested additional time to address the issues noted. As of the end of FY22, the Internal Audit Department completed nine follow-up audits. While some of these CAPs may be complete at this time, they are awaiting a follow-up for confirmation to be able to officially close out the audit. The timing of follow-up audits depends on the workload and staffing availability of the Internal Audit Department. The disposition of each follow-up audit is detailed below.

***Follow-ups conducted during FY23.***

<b>Audit</b>	<b>Audit #</b>	<b>Original Audit Date</b>	<b>FY22 Follow-up Date</b>	<b>Prior Follow-up Dates</b>	<b>Original CAPs</b>	<b>Remaining CAPs</b>	<b>Disposition</b>
ITS Assets	20-102-22	August 2020	April 2023	February 2022	4	0	All CAPs Complete
Automotive Technology	22-106-23	September 2022	April 2023	n/a	4	2	Two CAPs remain outstanding (A full vehicle audit will be complete in FY24).
HVACR - North	22-104-23	May 2022	February 2023	n/a	1	0	All CAPs Complete

Note: After the 2<sup>nd</sup> follow-up audit management accepts the risks noted with the outstanding issue. While further follow-ups are not performed, management is encouraged to complete the original correction action plan submitted.

**FOLLOW-UP AUDITS** *continued*

The following details the audits that currently have outstanding corrective actions plans and still require a follow-up audit to provide management with assurance that the corrective actions plans have been implemented.

<b>Audit</b>	<b>Audit #</b>	<b>Original Audit Date</b>	<b>Prior Follow-up Dates</b>	<b>Original CAPs</b>	<b>Disposition</b>
Dual Credit (MOUs)	22-103	May 2022	None	3	Follow-up in FY24
Minors on Campus	23-102	July 2023	None	1	Task Force will be created during FY24
Fire Protection Technology	23-103	February 2023	None	3	Follow-up in FY24
Dual Credit Billings	23-104	February 2023	None	3	Follow-up in FY24
SJC Promise	23-105	May 2023	None	4	Full Audit FY24
Culinary Arts – North Campus	23-106	June 2023	None	2	Follow-up in FY24

**CASH COUNTS**

Surprise cash counts are performed throughout the year at college locations that collect cash during normal operations. Memos were sent to the applicable business office and café leadership, as well as the Vice Chancellor of Fiscal Affairs for each individual cash count. While some procedural issues were identified during the year, no material issues were noted.

The following are the thirteen cash counts completed during FY23.

<b>Cash Counts</b>		
<b>Campus</b>	<b>Location</b>	<b>Month</b>
Central	Business Office	January 2023, June 2023
North	Business Office	October 2022, May 2023
South	Business Office	November 2022, May 2023
Generation Park	Business Office	January 2023
Central	Café	September 2022, January 2023*
North	Café	October 2022
South	Café	October 2022, February 2023
Maritime	Café	January 2023

\*Due to cash discrepancies, no memo was issued but rather Auxiliary Services and Human Resources investigated this matter and addressed it as deemed appropriate. Internal Audit did make recommendations to strengthen internal controls directly to Auxiliary Services leadership.

**CONSULTING AND OTHER ACTIVITIES**

The Director and/or the Manager of the Internal Audit Department were members of the five committees, councils and/or task forces during FY23. As a member of these groups, the Internal Audit Department is not performing typical assurance (i.e., audit) activities but is either providing consulting services as a member or as a member in a leadership role.

<b>Activity</b>	<b>Purpose</b>
Outside Employment Task Force	Task force to review the current proposed policy and procedure on outside employment, review the feedback received during the comment period, and make recommendations for changes.
Student Club Accounts Committee	Develop a one-college approach regarding student club accounts.
Campus Based Scholarship Committee	Increase the awareness of campus-based scholarship opportunities and gather data on campus based scholarships for budget development.
Honoraria Committee	The honoraria review committee evaluates bodies of work and assigns awards to full-time faculty, staff and administrators.
Strategic Leadership Communication Council	Ensure that all levels of leadership have a clear understanding and provide support for the one-college vision, the strategic plan, and annual priorities.

## ETHICS AND FRAUD REPORTING

### **Fraud Reporting. Article IX, Section 7.09, General Appropriations Act (87th Legislature)**

A “Fraud and Ethics Reporting” link on the bottom of the front page of the San Jacinto Community College District website instructs users how to report fraud, waste, and abuse, which 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.

### **Texas Government Code, Section 321.022 Coordination of Investigations.**

San Jacinto Community College District has procedures regarding fraud incorporated into its Board *Policy III.3003.B* and related *Procedure III.3003.B.a, Prevention of Fraud and Fraudulent Actions*.

### **Ethics Point 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.

During FY23 the college has received nine reports via Ethics Point (as of August 31, 2023). The appropriate SLT member reviewed each of these cases and Human Resources was included when necessary to initiate the appropriate action to resolve each report, when necessary.

**AUDIT/REVIEW OBSERVATIONS**

The following are the audit observations noted during the year and the current status of each corrective action plan (CAP). Observations noted during grant sub-recipient reviews were presented to management and the sub-recipients in September 2022, but CAPs were not required. Since these reviews do not represent the college’s deficiencies or needed improvements, they are not listed here. Twenty-one CAPs were received during FY23 and as of August 2023, fourteen require some sort of follow-up by the Internal Audit Department.

Audit/Review	Audit/Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Automotive Technology - Central	22-106	September 2022	<u>Vehicle Tracking</u> The methods by which program vehicles and related documentation are tracked is inconsistent and does not provide assurance that all vehicles and titles can be readily located.	An Excel listing will be compiled containing all vehicles within the Automotive Technology Programs and kept in a file on the G:/ Drive. This list will be updated as vehicles enter and leave the programs. All vehicle titles for those owned by the college will be forwarded to the Safety, Health, Environment, and Risk Management Department upon receipt.	Not Complete (A full automotive tech vehicle audit is scheduled for FY24).
Automotive Technology - Central	22-106	September 2022	<u>Contract Oversight</u> There is a lack of adequate oversight of contract agreements between the Automotive Technology Program and its manufacturer partners.	Research will be conducted surrounding the disposition of current unexecuted contracts and steps will be taken to maintain compliance with all terms of current agreements.	Not Complete

**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/ Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Automotive Technology - Central	22-106	September 2022	<u>Banner Access</u> During a review of Banner access by Automotive Technology employees, it was noted that employees have modification access to an excessive number of forms that do not appear to align with their job duties.	All Banner access except for student information has been removed from all Automotive Technology faculty who had Banner access.	Complete
Automotive Technology - Central	22-106	September 2022	<u>Budget Development</u> The budget developed for each instructional line within the Automotive Technology Program does not properly reflect anticipated expenditures.	Going forward, all monies spent from budgets will only be for purchases for the budgeted program. Budget transfers will be completed to transfer funds prior to purchases.	Complete
Automotive Technology - Central	22-106	September 2022	<u>PCard Documentation Retention</u> Original PCard receipt documentation is not retained in accordance with established PCard procedures.	No corrective action required as this is a best practice observation/recommendation	N/A
Automotive Technology - Central	22-106	September 2022	<u>Cost Efficiency</u> The overall cost efficiency (revenues compared to expenses) of the Automotive Technology Program has significantly declined during the past two fiscal years.	No corrective action required as this is a best practice observation/recommendation	N/A



**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/ Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Fire Protection Technology Program	23-103	February 2023	<u>Record Retention</u> Required release and waiver of liability and indemnification forms which students are required to complete as part of the Fire Protection Technology Program are not kept for the state-mandated record retention period.	The department concurs with Internal Audit’s recommendation and will maintain all records according to the Records Management Policy and will explore alternatives to the storage of hardcopy waivers.	Estimated Completion Date: February 2023 (Follow-up in FY24)
Fire Protection Technology Program	23-103	February 2023	<u>Tools and Supplies Inventory</u> There are currently no documented procedures surrounding the inventory of tools and supplies within the Fire Protection Technology program.	The program director has collaborated with college personnel to support the purchase of a web-based SaaS, Asset Panda, solution to assist in maintaining a comprehensive inventory of tools, supplies, and equipment with an individual replacement cost of \$250.00 or more.	Estimated Completion Date: May 2023 (Follow-up in FY24)
Fire Protection Technology Program	23-103	February 2023	<u>Banner Access</u> During a review of Banner access by Fire Protection Technology employees, it was noted that one employee has modification access to an excessive number of forms that do not appear to align with their job duties.	The department concurs with the Internal Audit’s recommendation to review and update Banner access to be consistent with the job duties associated with the role.	Estimated Completion Date: March 2023 (Follow-up in FY24)

**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Fire Protection Technology Program	23-103	February 2023	<u>Pcard Documentation Retention</u> Original Pcard receipt documentation is not retained in accordance with established Pcard procedures.	No corrective action required as this is a best practice observation/recommendation	N/A
Fire Protection Technology Program	23-103	February 2023	<u>Cost Efficiency</u> The overall cost efficiency (revenues compared to expenses) of the Fire Protection Technology Program has significantly declined during the past three fiscal years.	No corrective action required as this is a best practice observation/recommendation	N/A
Dual Credit Billings	23-104	February 2023	<u>Student Additions to Third-Party Contracts</u> Several students were found to have not been appropriately added to their designated third-party entity's billing arrangement ("contract") within the Banner system, resulting in incorrect exemptions and overall bills for such students.	The issue discovered was a result of a data entry error that was discovered after the initial automation process was run for the term. Updates/changes must be made manually to TSACONT after the initial automation is run. We concur with Internal Audit's recommendation and will implement a reconciliation process that will identify any changes/updates that may require manual processing.	Estimated Completion Date: May 2023 (Follow-up in FY24)

AUDIT/REVIEW OBSERVATIONS *continued*

Audit/Review	Audit/Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
Dual Credit Billings	23-104	February 2023	<p><u>Documentation of Third-Party Billing Arrangements</u>            Forms created for the codification of current third-party dual credit billing arrangements are not consistently submitted to external entities for verification and retained by the college.</p>	<p>We concur with Internal Audit’s recommendation. Acknowledgement forms will be requested annually. Additionally, this acknowledgement will be integrated into MOU’s as they are renewed moving forward.</p>	<p>Estimated Completion Date: April 2023            (Follow-up in FY24)</p>
Dual Credit Billings	23-104	February 2023	<p><u>Dual Credit Processing Procedures</u>            While documented procedures have been developed within the Dual Credit offices for the registration and processing of dual credit students, these appear to be a mixture of the older, manual process for such functions and the newer, automated process, resulting in a convoluted and difficult to follow procedures document.</p>	<p>We concur with Internal Audit’s recommendation and will review and update the existing dual credit procedures to ensure they clearly and accurately reflect the current process. We will work with our staff who are responsible for overseeing dual credit processes to ensure that any changes are properly documented, communicated, and implemented.</p> <p>We will also regularly review and update the procedures to ensure they remain current and effective.</p>	<p>Estimated Completion Date: May 2023            (Follow-up in FY24)</p>

**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/ Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
SJC Promise Program	23-105	May 2023	<p><u>Minimum Hours Requirement</u> Although documented SJC Promise guidelines specify that students must take a minimum of 12 semester hours (11 if they take developmental education) to become and remain eligible for the program (unless they are in their semester of graduation), this is not the standard that is currently enforced.</p>	Verbiage regarding exemptions to the mandatory credit hour requirement will be added to the scholarship terms found on flyers, website, advising manual and any other associated literature.	Estimated Completion Date: August 2023 <small>(Full audit in FY24)</small>
SJC Promise Program	23-105	May 2023	<p><u>Residency Eligibility</u> Issues were noted with the residency eligibility of students active within the SJC Promise Program.</p>	We concur with Internal Audit’s recommendation. A ‘residency status’ and ‘received transcript’ column will be added to the SJC Promise Program Argos Dashboard for tracking incoming students who have pledged and applied.	Estimated Completion Date: August 2023 <small>(Full audit in FY24)</small>
SJC Promise Program	23-105	May 2023	<p><u>Invoice Reconciliations</u> The reconciliation of SJC Promise program outlays against what is invoiced to the SJC Foundation for the Fall 2022 (FY 2023) semester has not been performed in the time frame established by existing procedures.</p>	The scholarship department will reconcile each fiscal year by September 30th. This will allow a final reconciliation of all terms which include fall, spring, and summer.	Estimated Completion Date: September 2023 <small>(Full audit in FY24)</small>

**AUDIT/REVIEW OBSERVATIONS** *continued*

Audit/Review	Audit/ Review #	Report/Memo Issue Date	Observation	Corrective Action Plan	Status
SJC Promise Program	23-105	May 2023	<u>Success Coach/Advisor Requirement</u> There is currently no method by which to track and ensure that students have met with an academic advisor or success coach as required by the SJC Promise program.	Management agrees with Internal Audit's recommendation. With the upcoming implementation of the CRM software, tracking student visits with advisors or success coaches will be possible.	Estimated Completion Date: November 2023 (Full audit in FY24)
Culinary Arts Program	23-106	June 2023	<u>Culinary Catering Procedures and Documentation</u> There are a lack of procedures and documentation surrounding catering events performed by Culinary Arts personnel and students.	Review and revamp previously approved culinary procedures.  Create a standard template for invoicing catering requests.  Communicate the payment options to submit cash or check to the Business Office or via credit card with the pending point of sale system.	Estimated Completion Date: December 2023 (Follow-up in FY24)
Culinary Arts Program	23-106	June 2023	<u>Fixed Asset Management</u> Several fixed assets within the purview of the Culinary Arts program have not been tagged and added to the fixed asset register.	Collaborate with our District Business Office liaison to properly tag and register items.	Estimated Completion Date: December 2023 (Follow-up in FY24)

**AUDIT/REVIEW OBSERVATIONS** *continued*

<b>Audit/Review</b>	<b>Audit/Review #</b>	<b>Report/Memo Issue Date</b>	<b>Observation</b>	<b>Corrective Action Plan</b>	<b>Status</b>
Minors on Campus	23-102	July 2023	<p><u>Overall Oversight</u>            The college lacks a centralized minor on campus program, to ensure the various avenues for minors to be on campus are documented and college-wide oversight is taking place.</p>	<p>Research and verify legal requirements for minors on college campus.</p> <p>Develop college-wide task force to develop categorical list of types of minors on campus events, develop procedures for the various categories, and determine responsible parties for administration of each.</p>	Task Force FY24

**TIME REPORTED  
2022-2023 AUDITS**

Description	Hours	% of Total Hours
<b><i>Direct Hours: Audits/Projects/Consulting</i></b>		
Grants Subrecipient Monitoring (cont. from FY22)	204	4%
Culinary Arts Program - North Campus	296	6%
DOL Texas is IT Grant	114	2%
Dual Credit Billing	325	6%
Faculty Loads	261	5%
Fire Protection Technology - Central Campus	289	6%
Minors on Campus	232	5%
Process Technology Program - Central Campus	321	6%
SJC Promise	306	6%
Grants Subrecipient Monitoring (current year)	220	4%
Automotive Technology 1st Follow-up	106	2%
HVACR - North Campus 1st Follow-up	38	1%
ITS Asset 2nd Follow-up	31	1%
Cash Counts	106	2%
Pcards - Continuous Auditing	442	9%
Conflict of Interest Disclosures (Fall 2022)	68	1%
Risk Assessment/Annual Audit Plan & Report	269	5%
Internal Audit Outreach	118	2%
Miscellaneous Projects & Unplanned <sup>A</sup>	314	6%
Management Review <sup>B</sup>	378	7%
<b>Total Direct Hours 2022-2023</b>	<b>4,438</b>	<b>87%</b>
<b><i>Indirect Hours:</i></b>		
Administrative Tasks	250	5%
Training/CPE/Meetings/Research	406	8%
<b>Total Indirect Hours 2022-2023</b>	<b>656</b>	<b>13%</b>
<b>Total Hours</b>	<b>5,094</b>	<b>100%</b>

The Internal Audit Department’s internal goal is to ensure at least 80% of all available hours are spent directly on audits and audit projects. This goal was achieved with 87% of available hours spent on direct audit activities.

<sup>A</sup> – Misc. Projects & Unplanned includes participation on committees, financial reviews for purchasing department request for proposals, investigations, grants consulting, ethics training updates and projects that did not reach the level of an audit/review.

<sup>B</sup> – Management Review includes review of internal audit staff workpapers and audit reports.

## **RISK ASSESSMENT PROCESS**

The Internal Audit Department performed the annual risk assessment and developed the FY24 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. The FY24 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.

### **Risk Assessment Process**

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.

The first step in the risk assessment process is to identify all auditable units within the college and categorizing the units into logical functional areas. Internal Audit has identified over 200 auditable areas within SJCCD. Each auditable unit's appropriate "owner" or responsible individual is identified, and input is solicited from key management personnel via a risk assessment questionnaire. Based on experience with the auditable unit and the questionnaire filled out by the owner, we are able to gain a better understanding of college operations. Internal Audit then identifies significant risk variables (e.g., financial impact, prior audit activities, personnel and management conditions, etc.) in order to assess the level of risk for each auditable unit.

Based on the individual risk rating for each area, required follow-up reviews, recurring reviews and consulting activities the Internal Audit Department is proposing the audit plan on page 23 for submission and approval by the Board Finance Committee. Once approved, audits will be scheduled and performed by the Internal Audit Department. The annual audit plan is an active document that may need to be adjusted during 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.



**PROPOSED 2023-24 AUDIT PLAN**

The following proposed audit plan includes alternate audits/projects and not all will be started and/or completed in FY24. The projects that can be completed will be affected by new or emerging priorities, special investigations, management requests, etc. The scope of each of the proposed audit/project listed below will be developed once the Internal Audit Department further delves into each area and can begin to evaluate the current state of affairs. This proposed plan is awaiting the approval by the Board Finance Committee.

Audit/ Project Description
<i>Finalize Audits In Progress at the end of FY23</i>
Fiscal Affairs: Grants Subrecipient – DOL - Alamo Colleges District
Fiscal Affairs: Grants Subrecipient – DOL - Dallas College
Fiscal Affairs: Grants Subrecipient – DOL - Austin Community College District
Fiscal Affairs: Grants Subrecipient – DOL - IBM
Fiscal Affairs: Grants Subrecipient – DOL - Cerner
Fiscal Affairs: Grants Subrecipient – DOL - Lockheed Martin
Fiscal Affairs: Grants Subrecipient – DOL - Xpanxion
Fiscal Affairs: Grants Subrecipient – DOL - Catalyte
Fiscal Affairs: Grants Subrecipient – NSF - Houston Community College
Fiscal Affairs: Grants Subrecipient – NSF – Rice University
Fiscal Affairs: Grants Subrecipient – DOE – Alvin Community College
Fiscal Affairs: Grants Subrecipient – DOE – Lamar Institute of Technology
Deputy Chancellor: Faculty Loads
Deputy Chancellor: Process Technology
<i>Audits Based on Risk Assessment</i>
ITS: Outsource Audit
Deputy Chancellor: Automotive Technology Vehicles
Deputy Chancellor: Dual Credit Billings – HB 8 Compliance
Deputy Chancellor: Hazlewood Exemptions
Deputy Chancellor: SJC Promise Program
Strategic Initiatives: Contract Invoicing (CPD)
Strategic Initiatives: NJCAA Compliance
Fiscal Affairs: Pcard Continuous Monitoring (through November)
<i>Follow-up Audits</i>
Deputy Chancellor: Dual Credit (MOUs)
Deputy Chancellor: Dual Credit Billings
Deputy Chancellor: Fire Protection Technology
Deputy Chancellor: Culinary Arts Program

**PROPOSED 2023-24 AUDIT PLAN *continued***

<i>Consulting and Other Activities</i>
Fiscal Affairs: Subrecipient Monitoring Process Development
College-wide: Conflict of Interest
College-wide: Risk Assessment/Annual Audit Plan & Report
College-wide: Committee Involvement (incl. minors on campus)
College-wide: Internal Audit Outreach
Fiscal Affairs: Internal Audit Quality Assessment Review Self-Assessment

DOL – Department of Labor  
 NSF – National Science Foundation  
 DOE – Department of Education

Note: Based on the continued reduction in cash on-hand and the limited resources of the Internal Audit Department, regular, recurring surprise cash counts will no longer be executed at the Campus Business Offices and Cafés. These cash counts will be performed by departmental leadership and reported to the Internal Audit Department. Internal Audit will perform surprise cash counts on an as needed basis.