HOUSTON COMMUNITY COLLEGE

Internal Audit Plan

Fiscal Year 2020

Approved by Board of Trustees August 7, 2019

Internal Audit Plan
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Executive Summary

The purpose of the Internal Audit Plan (Plan) is to outline audits and other activities the Houston Community College (HCC) Internal Audit Department (the Department) will conduct during fiscal year 2020. The Plan's development and approval are intended to satisfy requirements under Board Bylaws, Audit Committee Charter, Board Policy CDC (LOCAL), HCC's Internal Audit Charter, International Standards for the Professional Practice of Internal Auditing, and Texas Internal Auditing Act.

A significant amount of time will be devoted to collaborating with HCC's Risk Management Office and other control monitoring functions within HCC to further refine the Enterprise Risk Management (ERM) Assessment Program in FY 2020.

Plan Development Methodology

The HCC audit universe is developed through HCC's Enterprise Risk Management Assessment Program (ERM). The High Risk Audit Candidates are updated in Attachment I based on the assessment of the following: 1) governing board members input, 2) ERM interviews conducted with Executive Council members, College Presidents and other chief executives, 3) top risks identified by the United Educator's Risk Management Premium Credit program, 4) KPMG's 20 key risks to consider by Internal Audit 2020, and 5) alignment with HCC's strategic priorities.

Internal Audit Available Time

Description	Hours	Percentage
Total Hours (7 Staff * 52 Weeks *40 hours)	14,560	100%
Less: Staff Vacancies	0	0%
Estimated Vacation, Holiday, Sick, and Other	2,448	17%
Training	840	6%
Various Meetings & Departmental Administration	2,660	18%
Total Hours Available for Audits & Other Projects	8,612	59%

Description of Project Types

Operational: These are projects in which some activity or other management assertion is evaluated so that improvements to operating efficiency and effectiveness can be made. These can also be projects in which the object is to develop new information on an activity so that management can use that information in their decision making process.

Compliance: Reviews focused on ensuring compliance with regulations and HCC policies.

Advisory Services: Consulting projects that improve management of risks, add value, and improve the organization's operations.

Administrative: These include fraud investigations, special projects requested by the Board or management, and administrative projects within the department such as performing risk assessments, preparing the next fiscal year's audit plan, performing quality assurance, and preparing the Annual Audit Report.

Observation action plan follow-ups: These are on-going status reviews on the resolution of deficiencies identified in past audits to ensure management completed action plans.

FY 2020 Internal Audit Plan

Operational Audit Projects

No.	Project	Description	Hours
18-O-1	*SACSCOC Accreditation - Follow-up	Follow-up on the standardization of the students complaint process	240
18-O-3	*PeopleSoft Applications Controls	Review logical access controls for chosen PeopleSoft applications to ensure proper segregation of duties	480
19-O-1	*Student Behavioral Intervention Review	Review the program for processing student behavioral issues in Maxient and compliance with related policies and regulations	480
19-O-3	*IT Disaster Recovery/Business Continuity Plan	Evaluate processes and procedures for IT Disaster Recovery/Business Continuity including compliance with regulations and HCC policies	480
20-O-1	Enrollment	Review enrollment streamlining to facilitate student growth and retention including coor ination with financial aid	480
20-O-2	Business Continuity Plan	Review HCC's overall Business Continuity Plan for adherence with best business practices	480

Compliance Audit Projects

No.	Project	Description	Hours
18-C-4	*Required Regulatory Reporting - Follow-up	Review the process for capturing required regulatory reporting and monitoring compliance	480
19-C-2	*Web Content Accessibility Guidelines Review - Follow-up	Review the implementation of CRB (REGULATION) to ensure that qualified individuals with disabilities have access to the College District’s technology resources	480
20-C-1	Campus Safety & Environmental Operations Management	Planning for campus safety & environmental legal policy compliance management reviews	320
20-C-1-1	Northwest College	Safety & environmental legal policy compliance	240
20-C-1-2	Southeast College	Safety & environmental legal policy compliance	240
20-C-1-3	Southwest College	Safety & environmental legal policy compliance	240

Advisory Services Projects

No.	Project	Description	Hours
19-S-3	*Campus Security	Work with the Risk Management Department to evaluate Campus security programs	640
20-S-1	Committees & Task Forces	Participate on committees and task forces providing risk management and control advice	120
20-S-2	Continuous Auditing	Create automated extracts of data and reports to analyze specific business risks	360
20-S-4	Special Projects & Examinations	Responsive to provide services as required	692

Administrative Projects

No.	Project	Description	Hours
20-A-1	FY 2021 Audit Planning & ERM Assessment	Collaborate with HCC Risk Management to update the Enterprise Risk Management (ERM) assessment & audit planning	800
20-A-2	TeamMate Internal Audit Management System	TeamMate software system maintenance & improvement	240
20-A-3	Internal Quality Assurance Review	Perform a formal internal quality assurance review	320
20-A-4	FY 2020 Annual Audit Report	Compile and prepare State required annual audit report	120
20-A-5	External Audits Monitoring	Monitor external audit activities on HCC and related observation action plans	120
20-A-6	Lunch and Learns	Presentations to HCC's general personnel to raise awareness on risk management, internal control & compliance	120
20-A-7	Newsletters	Newsletters to HCC's general personnel to raise awareness on risk management, internal control & compliance	120

Observation Action Plan Follow-up

No.	Project	Description	Hours
20-F-1	Observation Action Plan Follow-ups	Follow-up on completion of audit observations action plans	320

* Carry-over projects from FY 2019 Internal Audit Plan

Attachment I

FY 2020
High Risk Audit Candidates

Risk Source Category	Risk Area	Risk Factors	Previous Internal & External Audit Coverage
Safety	Fire/Life and lab life safety (including code compliance)	Lab safety for academic and COE labs. Lab safety manuals, inspections, signage, Compliance, chemical inventory, inventory control, transporting and shipping, reporting, chemical storage and disposal, select agents, hazardous materials/environmental safety program, personal projective equipment, training, inspections and monitoring, liability and insurance, emergency response program. Building design, construction, fire detection/suppression systems and maintenance, building codes, insurance company requirements, best practices, building evacuation plans/signage, drills for fire/tornado/earthquake and other emergencies, annunciation/communication within building, contents combustibility, inspections and compliance reviews.	2017/2018/2019 Campus Safety & Environmental Reviews for all six colleges
Students	At-risk students	Behavioral Intervention Teams, Management of Student Misconduct, Threat identification and follow up.	19-O-1 Student Behavioral Intervention Review
Financial	Enrollment - growth, retention, contraction	Decline in enrollment, increased tuition discounting reducing income, competitive market for students increasing cost to attract students, increasing costs to support student success.	19-O-2 International Students Services Review
Students	International	USCIS policy change potentially causing out of status students to be declared as illegally present impacting reputation, increasing stress on students, potentially limiting students from future immigration.	19-O-2 International Students Services Review
Public safety	Safety	Campus safety standards, door locking (classrooms and exterior), new hire security/emergency response training, responsibility for interior routine security, staffing of remote/low utilization areas, operating hours, open campus access, student and employee badging enforcement, campus safety committees, surveillance camera standards, access, usage, and intra building communication systems.	19-S-3 Campus Security

Risk Source Category	Risk Area	Risk Factors	Previous Internal & External Audit Coverage
Governance/Institutional Management	Access and affordability	Internal and external pressure to open up admission to students who are not academically or financially prepared to enroll. Cost to attend universities rising much faster than family income; rapidly increasing college prices and stagnating family incomes have combined to reduce the affordability of college for growing segments of the population. Hurdles prevent many students, particularly minority and low-income students, from completing degrees while rising cost of tuition, social disadvantages, and lack of adequate academic preparedness have contributed to under-representation of these groups. Applications process that helps or hinder students from submitting qualifying applications. Higher education seen as national strategy to maintain competitive labor force.	19-O-2 International Students Services Review
Local, state and federal regulation	Accommodation - ADA, special needs	Section 508 (T.A.C. 213) compliance, maintenance of posted materials, training of faculty and staff on accessibility standards, 3rd party vendor compliance and monitoring, section 508 grievance process, 508 coordinator, classroom software/display/technology accessibility.	19-C-2 Web Content Accessibility Guidelines Review
Governance/Institutional Management	Culture	Board/management execute their "fiduciary duty" (legal duty to act solely in College's interests; may not profit from their relationship with the College without its express informed consent; no conflicts of interest between themselves and the College).	18-O-2 Ethics Program Review
Financial	Financial aid	Over or under award of institution-wide funding due to uncertainty of funding levels, non-compliance with federal or state regulations or restricted funds intended for aid, ineffective aid packaging process, ineffective monitoring of non-institutional aid, inaccurate information on the Free Application for Federal Student Aid (FAFSA), Violation of Federal Work Study regulations, failure to maximize available funds, failure to manage default rate, awards to ineligible students, administrative burden in financial aid assessments.	National Association of Student Financial Aid Administrators Peer Review
Financial	Litigation management	Oversight of legal cases, cost-effective legal representation, reserve setting, settlement consideration and approval.	none

Risk Source Category	Risk Area	Risk Factors	Previous Internal & External Audit Coverage
Community	Policing	Arrest authority, coordination between College and local police, training (diversity, crowd control), oversight and external review, undercover work, campus versus community policing, prisoner control, confiscated property control, community outreach and education, timely and appropriate call response, adequate staff, "blue phones," incident reporting, statistics capture and reporting, communication and communication media.	17-4 Campus Safety and Security - Title IX/Clery/VAWA Regulatory Acts Compliance
Safety	Training	Required training (both legally required and by policy), liability for failure to train, record keeping, compliance, cost effectiveness of delivery.	2017/2018/2019 Campus Safety & Environmental Reviews; 17-3 IT Cyber and Data Security; 17-4 Campus Safety and Security - Title IX/Clery/VAWA Regulatory Acts Compliance; 18-O-1 SACSCOC Accreditation; 18-O-2 Ethics Program Review
Financial	Tuition (caps, declining)	Internal and external pressure to open up admission to students who are not financially prepared to enroll. Pressure to avoid raising tuition or increase tuition discounts while costs are rising. Caps on permitted tuition increases. Declining enrollment. Change in student demographics requiring increased tuition discounting/financial aid. Political proposals to require "free tuition."	19-O-2 International Students Services Review
Students	At-risk students	Mental Health (MH) treatment service availability gap between need and availability. Licensed MH professionals but no formal MH services.	19-O-1 Student Behavioral Intervention Review
Students	Code of conduct	Awareness of code and its provisions, fair/well-understood disciplinary procedures; capable student judicial affairs staff, liability for failure. Conflict between code of conduct and perceived student rights (Title IX/student protest). Prevalence of persons/companies willing to cheat for students. Inadequate controls against use of technology to cheat.	19-O-1 Student Behavioral Intervention Review & 18-O-1 SACSCOC Accreditation
Governance/Institutional Management	Competency based education	Strategy recognizes growing demand for competency based education and training resulting concrete skills rather than abstract learning, appeal of graduates to employer.	none

Risk Source Category	Risk Area	Risk Factors	Previous Internal & External Audit Coverage
Local, state and federal regulation	Compliance	Compliance with regulations (see Compliance Matrix - National Association of College and University for list of fed regs), state regulations, local regulations (including local laws regulation registration in on-line courses).	15-12 Human Resources Operations; 17-1-1 Procurement Contracting Legal Policy Compliance; 17-4 Campus Safety and Security Title IX/Clery/VAWA; 17-15 Website Review; 18-O-1 Accreditation - SACSCOC; 19-C-2 Web Content Accessibility Guidelines Review
Local, state and federal regulation	Compliance certainty	Expertise on compliance issue, tracking changes, conflicting or unclear or inappropriate requirements, internal audit, incompetent regulator, politics, staff and financial resources, reporting and oversight, poor enforcement, adequate process and controls, access to legal counsel or subject matter expert for guidance, inadequate training.	See compliance projects detailed above & below
Local, state and federal regulation	Compliance cost	Investments in tracking and reporting systems, compliance assurance programs, unfunded mandates, impact on ease of operations.	17-4 Campus Safety and Security Title IX/Clery/VAWA; 18-O-1 Accreditation - SACSCOC; 18-C-4 Required Regulatory Reporting; 19-O-1 Student Behavioral Intervention Review
Technology	Security - systems/data	Vulnerability to data breach/malicious destruction of data/denial of service/email spam, data privacy/security (loss/theft of social security numbers, credit card information, identities and confidential data on students/employees/other third parties), blockchaining, access controls, documented data security policy/procedures, employee criminal/reference background checks, patient data security (HIPAA), student security (FERPA), liability, system security staff, incident reporting/management, software security update process; ransomware and other extortion over systems/data access, malware.	Rapid 7 – IT cyber & data security penetration testing; 17-3 IT Cyber and Data Security; 17-2-2 Third Party Vendor Relationships
Technology	Business continuity	Plan for disaster recovery, drills, up to date, documentation, human/financial resources, prioritized systems; breakdown of critical information infrastructure and networks; large-scale cyberattacks; rise of cyber dependency.	19-O-3 IT Disaster Recovery/Business Continuity Plan

Risk Source Category	Risk Area	Risk Factors	Previous Internal & External Audit Coverage
Financial	Contracts	Cost of contract, administrative cost, competent procurement personnel, competitive purchasing awards, adverse business terms, inappropriate allocation of liability, progress management, legal and risk review, execution of terms, confidentiality clauses, non-disclosure agreements, ownership of work product clauses, licensing agreement, insurance requirements, indemnification, limitation of liability, subrogation, adequacy/appropriateness of waivers, termination, robust procurement policy, discrimination; inappropriate financial guarantees of other organizations.	17-1-2 Procurement - Contracting Advisory Services; 17-1-1 Procurement Contracting Legal Policy Compliance; 7-2-2 Third Party Vendor Relationships; 17-2-1 Procurement Vendor Set-Up; 18-C-2 Direct Payments Review; 18-C-3 Executive Expenses Review
Financial	Construction	Capital/construction plan, project prioritization, building design, competitive contracting, skilled contractors, project oversight, scope creep, project delivery on time/budget, fund raising strategy success, construction deficiencies, fraud, capital to pay for projects, vicarious liability for construction accidents.	R.L. Townsend and Associates – ongoing construction audit; Jacobs - construction project management