HOUSTON CITY COLLEGE | Internal Audit Department

Internal Audit Plan

Fiscal Year 2027

Approved by Board of Trustees August 19, 2026

Internal Audit Plan
Fiscal Year 2027

Executive Summary

The purpose of the Internal Audit Plan (Plan) is to outline audits and other activities the Houston City College (HCC) Internal Audit Department (IA) will conduct during fiscal year 2027. The Plan's development and approval are intended to satisfy requirements under Board Bylaws, Board Policy CDC (LOCAL), Audit Committee Charter, HCC's Internal Audit Department Charter, The Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), and Texas Internal Auditing Act. Time is built into the Plan for IA to be agile and responsive to board and management concerns that come up during the fiscal year.

A significant amount of time will be devoted to collaborating with HCC's Vice Chancellor, Administration and Operations and other control monitoring functions within HCC to further refine the Enterprise Risk Management (ERM) Assessment Program in FY 2027. The plan includes time for reviewing the integrity and validity of assessments and information provided to the board on the top 10 risks identified in HCC's ERM Assessment.

Plan Development Methodology

The HCC audit universe is developed through HCC's ERM Assessment Program (239 risks assessed). 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 the Chancellor, Chancellor's Executive Council members and other chief executives (23 interviews), 3) external consultants use, 4) external audits, 5) top risks identified by the United Educator's Risk Management Premium Credit program, 6) top risks identified by the University Risk Management Association, 7) 2026 KPMG Internal Audit Key Risk Areas, 8) Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) 9) Texas Internal Auditing Act, and 10) alignment with HCC's strategic priorities. The plan includes an External Quality Assurance Assessment as required by the Global Internal Audit Standards to be performed at least every five years.

Internal Audit Available Time

Total Hours (7 staff * 261 days *8 hours)	14,616	100%
Less: Staff Vacancies	0	0%
Estimated Vacation, Holiday, Sick, Personal, and Other	2,968	20%
Training	840	6%
Various Meetings & Departmental Administration	2,660	18%
Total Hours Available for Audits & Other Projects	8,148	56%

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.

Information Technology: Governance assessments in support of HCC's strategies and objectives. TAC 202 compliance assurance.

Advisory Services: Consulting projects that improve management of risks, add value, and improve the organization's operations, including special projects requested by the Board or management, participating in HCC committees and task forces, and providing investigation services.

Administrative: Administrative projects within the department such as performing enterprise risk assessments, preparing the next fiscal year's audit plan, performing quality assurance, preparing the Annual Audit Report, newsletters, and lunch & learns.

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 2027 Internal Audit Plan

No.	Project	Description	Hours
		Operational Audit Projects	
27-O-1	Deferred Maintenance	Governance, risk, and controls (GRC) propriety review. Review propriety of the program for identifying, risk assessing, prioritizing, cost tracking, and reporting on maintenance projects.	480
27-O-2	Asset Management	Governance, risk, and controls (GRC) propriety review. Follow up on the newly established HCC Regulation. Review the propriety of processes for staff training and compliance with the HCC Regulation procedures and processes.	400
27-O-3	Minors on Campus	Governance, risk, and controls (GRC) propriety review. Follow up on the newly established HCC Regulation. Review the propriety of processes for staff training and compliance with the HCC Regulation procedures and processes.	400
		Information Technology Audit Projects	
27-I-1	Student Information System Controls (PS Campus Solutions)	The objective of this audit is to evaluate the design and effectiveness of key business and IT controls within the PeopleSoft Campus Solutions environment to ensure the confidentiality, integrity, and availability of student data and academic records. The criteria for this engagement will include the standards established by TAC 202.	520
27-I-2	IT Cyber Security Audit	The objective of the audit is to determine whether cybersecurity risks are appropriately managed, security controls are operating effectively, and the organization is complying with applicable regulatory, industry, and internal security requirements. The criteria for this engagement will include the standards established by TAC 202 and IIA Topical Requirements.	520
		Compliance Audit Projects	
27-C-1	Campus Safety & Environmental Operations Management	Planning for campus safety & environmental legal policy compliance management reviews.	320
27-C-1-1	Northwest College	Safety & environmental legal policy compliance.	240
27-C-1-2	Southeast College	Safety & environmental legal policy compliance.	240
27-C-1-3	Southwest College	Safety & environmental legal policy compliance.	240
		Advisory Services Projects	
27-S-1	Committees & Task Forces	Participate in committees and task forces providing risk management and control advice.	240
27-S-1-1	AI Governance Implementation	Governance, risk, and controls (GRC) propriety review.	240
27-S-1-2	ERP Conversion	Governance, risk, and controls (GRC) propriety review.	240
27-S-2	Special Projects & Examinations	Responsive to provide services as required.	400
27-S-3	ERM Top 10 Risks Baseline Assessment	Review for integrity and validity of assessments and information.	640
27-S-4	Procurement Processing	Review the procurement processes to help streamline the system.	160
27-S-4-1	Vendor 1	Review the vendor payments approval process propriety.	240
27-S-4-2	Vendor 2	Review the vendor payments approval process propriety.	240
27-S-4-3	Vendor 3	Review the vendor payments approval process propriety.	240
27-S-4-3	Vendor 4	Review the vendor payments approval process propriety.	240
*26-S-6-1	Procurement Activity Tracking Management	Governance, risk, and controls (GRC) propriety review. Review the efficiency and effectiveness of procurement processing.	240
*26-S-6-2	Data Hosting Vendors Management	Governance, risk, and controls (GRC) propriety review. Review for data security.	240
* Carry-over/continued projects from FY 2026 Internal Audit Plan			

FY 2027 Internal Audit Plan (Cont'd)

No.	Project	Description	Hours
Administrative Projects			
27-A-1	FY 2028 Audit Planning & ERM Assessment	Collaborate with HCC Risk Management to update the Enterprise Risk Management (ERM) assessment & audit planning.	680
27-A-2	TeamMate IA Management System	TeamMate software system maintenance & improvement.	40
27-A-3	External Quality Assurance Review	Providing assistance to the external quality assurance reviewer.	160
27-A-4	FY 2026 Annual Audit Report	Compile and prepare State required annual audit report.	40
27-A-5	External Audits Monitoring	Monitor external audit activities on HCC and related observation action plans.	40
27-A-6	Lunch and Learns	Presentations to HCC's general personnel to raise awareness on fraud deterrence, risk management, internal control & compliance.	160
27-A-7	Newsletters	Newsletters to HCC's general personnel to raise awareness on fraud deterrence, risk management, internal control & compliance.	80
Observation Action Plan Follow-ups			
27-F-1	Observation Action Plan Follow-ups	Follow-up on completion of audit observations action plans	228

Attachment I

FY 2027
High Risk Audit Candidates

Risk Category	Risk Area	Risk Factors	Internal & External Audit and Consultant Coverage
Financial	Funding Model Financial Stability	Uncertainty with the three main funding mix. Property valuations, homestead exemptions, and tax rates. Changing state funding model based on "Credentials of Value." Pressures to flatten tuition and reduce fees charged. Decline in enrollment, increased tuition discounting reducing income.	24-S-2-3 State Funding & Student Enrollment Information
Technology	IT Systems Access/ Cyber Security/ Data Recovery	System access privileges (initial, change in person's status, terminations), access security (user id/password/biometric), security, policy, performance audit/review, application across platforms, ease of use.	26-I-1 IT Disaster Recovery/BCP 25-O-1 IT Disaster Recovery Rapid 7 – pen testing 23-C-2 PCI Data Security Standard 22-O-2 IT Cyber & Data Security and Governance 22-O-3 IT Disaster Recovery 21-O-2 IT Active Directory & Windows Server 19-O-3 IT Disaster Recovery-BCP 18-O-3 PS Applications Controls 17-3 IT Cyber and Data Security
Students	Enrollment - growth, retention, contraction	Taking advantage of opportunities for student growth in out of district areas and online learning. Changing demographics (population of target age groups), strong competition for students by other institutions increasing cost to attract and support student success; veterans, marketing/outreach to potential applicants, admissions/enrollment process, academic advising, counseling services, availability of courses/affordable housing, location as an impediment (urban vs suburban/rural, region, etc)	20-O-1 Enrollment Trellis Foundation Huron Consulting Kennedy & Company
Technology	Artificial Intelligence	Implementing a systematic approach to the identification of ever-increasing categories of AI risks such as data privacy, algorithm bias and regulatory compliance prior to the adoption of artificial intelligence systems to supplement or replace existing equipment and people.	None

Risk Category	Risk Area	Risk Factors	Internal & External Audit and Consultant Coverage
Technology	Enterprise Resource Planning (ERP) System Replacement	Critical business processes fail or are significantly impaired during or after go-live, impacting ordering, procurement, payroll, billing, or financial close activities. Historical and current data is inaccurately converted, incomplete, duplicated, or lost during migration. Key controls are not properly designed or implemented in the new ERP environment. Security roles, user provisioning, and system configurations create cybersecurity and access management vulnerabilities. Project costs exceed approved budgets due to scope expansion, rework, customization, or implementation delays. Major milestones are missed due to resource shortages, technical challenges, vendor performance issues, or poor planning. Employees do not understand or effectively adopt new processes and system functionality. The organization customizes the ERP extensively rather than adapting business processes to standard functionality. Interfaces between the ERP and other critical applications fail or process data incorrectly.	None
Public Safety	Campus Security & HB 33	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, lighting, access, usage, and intra building communication systems.	24-S-2-2 Security Program Dashboard Updates Berkeley Research Group – security & safety program review 19-S-3 Campus Security
Financial	Deferred Maintenance	Maintenance needs that exceed budget capacity. Identification /prioritization of maintenance, efficient maintenance/preventative maintenance program, maintenance tracking/reporting.	22-O-1 Deferred Maintenance 2019 Jacobs Engineering Facilities Assessment 24-S-2-4 Facilities and Property Information AGCM - construction project management
Public Safety	Minors on Campus	Identifying minors on campus in formal and informal programs, early college, or as guests (outreach programs, athletics, camps, summer programs, faculty guests, etc.). Injury in hazardous environments such as laboratories, Inappropriate or lack of supervision; Legally required mandatory reporting of specified events and related training of some or all institution employees.	25-O-1 Minors on Campus
Community	Policing	Firearms, arrest authority, coordination between Colleges' 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.	25-O-2 Policing 25-C-2 Clery Act Reporting Berkeley Research Group – Security & Safety Program Review 19-S-3 Campus Security 17-4 Campus Safety and Security - Title IX/Clery/VAWA Regulatory Acts Compliance

Risk Category	Risk Area	Risk Factors	Internal & External Audit and Consultant Coverage
Students	Student Mental Health / BITAT	Student misconduct management, Behavioral Intervention & Threat Assessment Teams (BITAT) processes, threat identification and follow up tracking. Plans to address Human Trafficking risk mitigation.	24-O-2 Student Mental Health 19-O-1 Student Behavioral Intervention