



**NOTICE is hereby given that the Collin County Community College District Board of Trustees will hold a meeting of the Finance and Audit Committee (Saad, Menon, and Wallace) at 5:30 p.m. on Tuesday, October 15, 2024, in the President's Conference Room 407 at the Collin Higher Education Center, 3452 Spur 399, McKinney, Texas 75069.**

**Locations**

Celina Campus

Collin Higher Education Center  
McKinney, Texas

Courtyard Center  
Plano, Texas

Farmersville Campus

Frisco Campus

McKinney Campus

Plano Campus

Public Safety Training Center  
McKinney, Texas

Rockwall Center

Technical Campus  
Allen, Texas

Wylie Campus

**iCollin**

[www.collin.edu](http://www.collin.edu)

**Board of Trustees**

Andrew Hardin, *Chair*  
Jay Saad, *Vice Chair*  
Jim Orr, *Secretary*  
Raj Menon, Ph.D., *Treasurer*  
Cathie Alexander  
Stacy Anne Arias  
J. Robert Collins, Ph.D.  
Greg Gomel  
Megan Wallace

**District President**

H. Neil Matkin, Ed.D.  
3452 Spur 399  
P.O. Box 8021  
McKinney, Texas 75070  
P | 972.758.3800  
F | 972.758.3807  
[nmatkin@collin.edu](mailto:nmatkin@collin.edu)  
[www.collin.edu](http://www.collin.edu)

**PUBLIC COMMENT**

**CONVENE TO CLOSED OR EXECUTIVE SESSION**

**Adjournment to District President's Conference Room 407, CHEC, for closed or executive section pursuant to the Texas Government Code Chapter 551.001 *et seq.*, to wit:**

Section 551.074 Personnel Matters – Discuss appointment, employment evaluation, reassignment, duties, discipline, and/or responsibilities of Small Business Development Center employees and audit results

**RECONVENE TO FINANCE AND AUDIT COMMITTEE MEETING**

**REVIEW AND DISCUSSION ITEM**

1. Consideration of Approval for the Fiscal Year 2025 – Revised Audit Plan
2. Discuss Results for Investigation Report # 24-01 –Continuing Education - External Vendor Courses
3. Consideration of Approval of the Annual Audit Report for Fiscal Year 2024
4. Consideration of Approval of the Proposed Property and Insurance Contract

*Andrew P. Hardin*  
*Chair, Board of Trustees*

**Collin County Community College District Board of Trustees**

1. Finance and Audit Committee

October 15, 2024

Resource: Ali Subhani  
Executive Director of Internal Audit

**DISCUSSION ITEM:** Consideration of Approval for the Fiscal Year 2025 – Revised Audit Plan

**DISCUSSION:** The following projects were approved on September 17, 2024:

**Audits**

- Directory Services
- Key Shop
- Technical Campus Academic Programs Consumable Review
- Accounts Payable
- Job Order Contracting
- Copier Leasing Contract Review

**Administrative Projects**

- External Peer Review
- Follow-up Activities
- Issuance of the Annual Internal Audit Report
- Professional Development/Speaking Engagements/ Training
- Investigations/Special Requests

**Approval is requested for the following updates:**

- Sick Bank Balance Audit: To assess the adequacy and effectiveness of internal controls governing the management and use of sick bank balances, with the goal of identifying potential abuse or misuse



**Date:** October 15, 2024

**To:** H. Neil Matkin, Ed.D., District President  
Members of the Board of Trustees

**From:** Ali Subhani, CFE, CIA, CISA, GSNA, CDPSE  
Executive Director, Office of Internal Audit

**Subject:** Fiscal Year 2025 - Audit Plan Revision

---

The Internal Audit Charter requires that the Board of Trustees approves the annual Audit Plan. Based on the methodology detailed on page three, the following projects are recommended for approval:

Project	Objectives	Tentative Start Date
Directory Services	To evaluate the effectiveness of Active Directory (AD) and Azure management processes with Texas Administrative Code (TAC) 202 standards and to assess adherence to technology best practices. (Satisfies the Texas Administrative Code 202 - Information Security Standards Audit Requirement)	First Quarter
Key Shop	To evaluate the adequacy of key-related processes to ensure safety Districtwide	First Quarter
External Peer Review	Effort related to the ongoing external review of the Office of Internal Audit that is required every 5 years by professional auditing standards	First Quarter
Technical Campus Academic Programs Consumable Review	To evaluate internal controls over inventory and consumables for the Automotive, Construction, and Welding academic programs and to determine if lab fees are aligned with program costs	Second Quarter

Project	Objectives	Tentative Start Date
Accounts Payable	To assess the adequacy and effectiveness of internal controls over the accounts payable process and ensure adherence to applicable requirements	Second Quarter
Sick Bank Balance	To assess the adequacy and effectiveness of internal controls governing the management and use of sick bank balances, with the goal of identifying potential abuse or misuse	Second Quarter
Job Order Contracting	To evaluate compliance with applicable policies and regulations for Job Order Contracts	Third Quarter
Copier Leasing Contract Review	To review the leasing contract for multifunctional devices (printers/copiers), identifying opportunities for cost savings, improved efficiency, and effective use of district resources	Fourth Quarter
Administrative Requirements	Effort devoted to various administrative requirements such as publishing the required Annual Internal Audit report, development of the audit plan, serving on institutional committees, fulfilling requests for speaking engagements, and attendance at professional training events	Ongoing
Investigations / Special Requests	Perform investigations of fraud incidents reported through the District's hotline or others, and any special requests	Ongoing
Follow Up Activities	Follow up on implementation of pending management action plans in response to audit observations	Ongoing

**The plan was based on the utilization of the Director and one full-time Senior Auditor.** Additionally, the District President is supportive of plans to utilize student interns.









The planned audit of scholarships previously approved for inclusion in the fiscal year 2025 audit plan, will be reevaluated at a future date.

## Audit Plan Methodology - Fiscal Year 2025

As required by the Internal Audit Charter, the Director for Internal Audit prepared the Fiscal Year 2025 Audit Plan by identifying the auditable areas for the District. The auditable areas were identified by reviewing budgetary information, the Comprehensive Annual Financial Report, the Collin College website, and Collin College policies (legal and local). Members of the District President's Cabinet were also offered the opportunity to provide input to the Office of Internal Audit.

A risk assessment was then conducted of the auditable areas based on eight risk factors. Each factor is weighted based on importance and given a risk rating that indicates the risk for that factor to the auditable area. The risk rating for the auditable area is totaled to compute the risk score. The final selection is based on the professional judgment of personnel in the Office of Internal Audit.

An explanation of the eight factors and risk ratings is outlined in the graphic on the right.

I M P A C T		
1	<b>Criticality of the Unit</b> 	This factor measures the importance of the unit to accomplish the mission of the District. This considers the impact if the unit is unable to provide its service within a required time frame and/or at the expected level.
2	<b>Financial Impact</b> 	This considers the overall dollar amount flowing through, committed to, or generated by the unit/process (e.g. expenditures, grant amount, revenues collected/earned). This evaluates the impact of inappropriate activity from a financial perspective.
3	<b>Regulatory Compliance</b> 	The complexity, volume, & clarity of regulations / compliance requirements from external requirements impact the District's ability to comply & therefore influences risk. Risks relate to the inability to comply; penalties, fines or litigation; loss of funding sources; & regulatory restrictions.
4	<b>Public Sensitivity</b> 	This measures the sensitivity of the unit to public exposure of critical internal issues. This considers the potential effect to the District overall as the result of negative information.
L I K E L I H O O D		
5	<b>Control Environment</b> 	Assessment of the control environment is based on factors such as the adequacy of the existing control structure, expertise of management, historical problems, conditions found during recent reviews/interactions, and the overall effectiveness and efficiency of operations.
6	<b>Changes in the Unit</b> 	Changes in management personnel, organizational & operational structure, & the operational systems can influence risk. In some cases, reorganization of responsibilities and activities can result in significant changes that compromise the internal control environment.
7	<b>Complexity of Monitoring Activities</b> 	This factor considers the locations/number of locations where activities occur and/or the locations where monitoring of such activities take place.
8	<b>Audit History</b> 	This considers whether there has been an audit of the unit, the last time an audit was performed, and the results of the audit.

**Collin County Community College District Board of Trustees**

2024-10-X

October 22, 2024

Resource: Ali Subhani  
Executive Director of Internal Audit

**AGENDA ITEM:** Report Out of the Finance and Audit Committee and Consideration of Approval for the Fiscal Year 2025 – Revised Audit Plan

**DISCUSSION:** The following projects were approved on September 17, 2024:

**Audits**

- Directory Services
- Key Shop
- Technical Campus Academic Programs Consumable Review
- Accounts Payable
- Job Order Contracting
- Copier Leasing Contract Review

**Administrative Projects**

- External Peer Review
- Follow-up Activities
- Issuance of the Annual Internal Audit Report
- Professional Development/Speaking Engagements/ Training
- Investigations/Special Requests

**Approval is requested for the following updates:**

- Sick Bank Balance Audit: To assess the adequacy and effectiveness of internal controls governing the management and use of sick bank balances, with the goal of identifying potential abuse or misuse

**DISTRICT PRESIDENT’S RECOMMENDATION:** The District President recommends approval of the Fiscal Year 2025 – Revised Audit Plan.

**SUGGESTED MOTION:** This item comes as a motion and second out of committee. A suggested motion would be, “Mr. Chairman, I make a motion that the Board of Trustees of Collin County Community College District approves the Fiscal Year 2025 Revised Audit Plan.”

***Collin County Community College District Board of Trustees***

2. Finance and Audit Committee

October 15, 2024

Resource: Ali Subhani  
Executive Director of Internal Audit

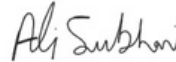
**DISCUSSION ITEM:** Discuss Results for Investigation Report # 24-01 –  
Continuing Education - External Vendor Courses

**DISCUSSION:** Discuss investigation results for extended vendor courses.  
The current version of this report supersedes all previous  
versions. Any prior versions should be disregarded, as the  
updated report contains the most accurate and up-to-date  
information.

**Date:** October 15, 2024

**To:** Abe Johnson, Ed.D.  
Senior Vice President Campus Operations

**From:** Ali Subhani, CDPSE, CFE, CIA, CISA, GSNA  
Executive Director, Office of Internal Audit



**Subject:** Updated Continuing Education - External Vendor Courses

---

### Initial Concern

On January 30, 2024, the Director of Internal Audit requested approval from the District President to examine the possibility that a Continuing Education (CE) instructor was accepting payment for a CE course at the Courtyard Center using the instructor's business website. The Finance and Audit Committee's approval was subsequently requested on February 20, 2024. As a result of this examination, procedures were expanded to include a review of zero billed CE courses within the student system since the Fall 2021 semester.

### Summary

1. An external vendor was onboarded by an unauthorized individual.
2. A Districtwide analysis of zero billed CE courses identified opportunities for enhanced internal controls.

### Results

1. An external vendor was onboarded by an unauthorized individual.
  - o A CE staff member, not authorized to sign contracts for the District, approved an agreement to onboard an external vendor to provide instructional services. The billing rate for the course was set to zero by a CE staff member within Banner so that the District did not generate a bill for the registered students. The external vendor accepted payment for a Collin College CE course from the instructor's business website. In total, \$2,392 in course fees for eight students was collected through the vendor's own business website. An invoice from the vendor to the District was issued on February 9, 2024 in line with the Statement of Work

that directed 65% of the tuition revenue to the instructor and 35% of tuition revenue to the District.

Recommendation	Management Response	Person Responsible for Implementation
<ul style="list-style-type: none"> <li>Ensure that individuals without signature authority do not have the opportunity to execute agreements on behalf of the District.</li> </ul>	<p>Management feels that the situation referred to in the recommendation was an isolated incident. The issue was resolved immediately. The identified employee has received disciplinary coaching and has been instructed that this is not to happen again. Strict adherence to the MOUs/Agreements procedure of the District will be followed.</p>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>
<ul style="list-style-type: none"> <li>Explicitly prohibit the acceptance of course revenue outside the approved system(s) through District policy.</li> </ul>	<p>Vendors that can accept course revenue will be limited to nationally-recognized training providers that are onboarded through an internal approval process. TexRamp-approved vendors will be preferred. Final approval of the vendor will be provided by the designated individual with signature authority. The District may enter into agreement with other vendors provided that the payment acceptance is routed through the college and not by the vendor.</p>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>

2. A Districtwide analysis of zero billed CE courses identified opportunities for enhanced internal controls.

- Since the Fall 2021 semester, approximately 1,600 CE courses were identified, with billing rates set at zero dollars in Banner. Courses with billing rates of zero with enrolled students may be indicative of classes where either:
  - The tuition for the course was waived.
  - The tuition for the course was paid by an external organization on behalf of the student.
 or

- The course was offered through an online course provider (example Ed2Go/Cengage), which impacts the way tuition revenue is recorded in the District's official accounting system.
- Less than 18,000 students registered for such courses in total.

### Opportunities for Enhanced Internal Controls

- RULE 9.116 Waiver of Tuition and Fees within the Texas Education Code outlines the conditions under which a public junior college may waive tuition or fees for workforce continuing education courses. RULE 9.116 states that a public junior college may only waive tuition for a Workforce Continuing Education Course if it "determines all or a significant portion of the college's costs for facilities, instructor salaries, equipment, and other expenses for the course are covered by business, industry, or other local public or private entities."
- In an effort to remain competitive with other training providers, certain CE areas such as Fire and Law Enforcement initiated a practice of waiving tuition for some courses as the sponsoring agencies can train personnel within these domains for minimal cost from other training providers.
- Additionally, the costs for facilities and equipment for such classes were not covered consistently by a business, industry, or other local public or private entities as mandated by RULE 9.116 of the Texas Education Code. Some of the sponsoring agencies offered Collin College personnel-free tuition instead of paying facility rental fees. However, approval of the waiver of fees for renting the District's facilities by the designated personnel with the authority to waive rental fees did not occur.
- Overall, tuition revenue for approximately 127 courses with a total of 1,862 enrolled students was not recorded due to the waiver of the tuition fees within the student system. The District received approximately \$204,384 in formula funding for these courses.

Recommendation	Management Response	Person Responsible for Implementation
<ul style="list-style-type: none"> <li>When a decision to waive fees for a course is made, the District should ensure compliance with RULE 9.116 of the Texas Education Code and applicable District requirements.</li> <li>Ensure waiver of rental fees is approved by the designated individual with authority to waive facility rental fees.</li> </ul>	<ul style="list-style-type: none"> <li>Management is committed to enforcing the board policy FD (LOCAL) and achieving compliance with Rule 9.116 of the Texas Education Code.</li> <li>Management agrees with this recommendation and departments will be reminded of the procedure for facility rental waiver.</li> </ul>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>

- Collecting course revenue outside the District's official student and accounting systems without a formalized revenue reconciliation process increases the risk of theft and the potential for understating the course revenue for financial reporting.

Recommendation	Management Response	Person Responsible for Implementation
<ul style="list-style-type: none"> <li>Formalize the revenue reconciliation process.</li> </ul>	<p>Management intends to add the function of revenue reconciliation to the responsibilities to be done by the Business and Administrative Services Department.</p>	<p>Melissa Irby, Chief Financial Officer</p>

- Personnel outside the Office of Business Administrative Services maintain the capability to update the billing rate for courses within Banner. Additionally, when course billing rates are updated outside the Board-approved range within the student system, there is no documented approval from an Executive Leadership Team (ELT) member.

Recommendation	Management Response	Person Responsible for Implementation
<ul style="list-style-type: none"> <li>• Establish periodic monitoring to identify courses with billing rates outside the Board-approved range and ensure that tuition rate updates within the student system are only updated after approval from an Executive Leadership Team member.</li> </ul>	<ul style="list-style-type: none"> <li>• CE course and program offerings need to be extremely agile, and the tuition rates are to be market driven with a clear advantage for Collin College to offer courses at a very affordable but competitive rate. Adding multiple layers of approvals will slow down the process. However, management agrees with the recommendation to implement a simple approval system by the Leadership Team member before fee upgrades are implemented.</li> <li>• At appropriate intervals, the Cabinet-level administrator will bring course fee range upgrades to the Board for consideration.</li> <li>• Management agrees with this recommendation and has tasked the Districtwide Scheduling Department to monitor course build accuracy.</li> </ul>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>

- Personnel do not monitor CE course offerings and schedules to ensure course builders maintain compliance with applicable state and institutional requirements.

Recommendation	Management Response	Person Responsible for Implementation
<ul style="list-style-type: none"> <li>• Implement compliance monitoring of CE courses.</li> </ul>	<p>Management agrees with this recommendation and has tasked the Districtwide Scheduling Department to ensure the following:</p> <ul style="list-style-type: none"> <li>• Correctly build courses that possess no curricular, compliance, or</li> </ul>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>

Recommendation	Management Response	Person Responsible for Implementation
<ul style="list-style-type: none"> <li>Implement compliance monitoring of CE courses.</li> </ul>	<ul style="list-style-type: none"> <li>WECM-alignment issues               <ul style="list-style-type: none"> <li>Crosscheck course fees and apply the correct fees to the appropriate courses</li> <li>Apply Ad Astra analytics to support CE in structuring schedules of courses related to fundable awards in a manner that facilitates student completion</li> </ul> </li> </ul>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>

- Multiple instances were noted where the individual teaching the course was not correctly noted as an instructor within the student system. Instead, another individual that did not teach the course was listed as the course instructor in Banner. This practice degrades the capability to determine if the individual teaching the course fulfilled applicable minimum requirements to serve as an instructor.

Recommendation	Management Response	Person Responsible for Implementation
<ul style="list-style-type: none"> <li>Ensure that the individual teaching the course is accurately reflected in the student system.</li> </ul>	<ul style="list-style-type: none"> <li>The current challenge is due to a limitation within the BANNER system. Sometimes hiring and onboarding instructors happens after the course is built. Management is open to exploring whether Workday Student and Lifelong Learning ERP systems can allow adding a note regarding the instructor and update it once the instructor is hired and onboarded.</li> <li>Management agrees with this recommendation and has tasked the Districtwide Scheduling Department to monitor course build accuracy to include verification of assigned instructors.</li> </ul>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>

- An individual at the Courtyard Center without signature authority executed an agreement with an external vendor to provide instructional services. The vendor's classification as a contractor is not in line with Internal Revenue Services (IRS) regulations, and the District may be liable for the vendor's employment taxes under IRS regulations in the future.

Recommendation	Management Response	Person Responsible for Implementation
<ul style="list-style-type: none"> <li>• Verify that District faculty are not incorrectly classified as vendors.</li> </ul>	<p>Management agrees to classify faculty as vendors provided the classification is verified by the Office of Business Administrative Services. Enhanced documentation to support classification as an external vendor under IRS regulations will be maintained.</p>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>

### Background

Specific to the one course taught at the Courtyard Center:

- The instructor initially submitted a job application for a CE instructor for a Workforce position on October 31, 2023. However, the hiring manager within CE did not process the job application past the reference check stage in the job application process.
- The hiring manager subsequently initiated the process of entering into a vendor contract with the instructor. The hiring manager signed the agreement on January 22, 2024. The hiring manager did not have signature authority to enter into agreements on behalf of the District.
- In addition, the hiring manager formulated a Statement of Work (SOW) outlining the payment terms. The instructor had not signed the SOW documenting agreement with the payment terms as of January 30, 2024.

### Report Distribution:

---

#### Collin College Leadership:

H. Neil Matkin, Ed.D., District President  
Melissa Irby, Chief Financial Officer

#### Members of the Finance and Audit Committee:

Trustee Jay Saad  
Trustee Dr. Raj Menon  
Trustee Megan Wallace

***Collin County Community College District Board of Trustees***

3. Finance and Audit Committee

October 15, 2024

Resource: Ali Subhani  
Executive Director of Internal Audit

**DISCUSSION ITEM:** Consideration of Approval of the Annual Audit Report for Fiscal Year 2024

**DISCUSSION:** The purpose of the Internal Audit Annual Report is to provide information on the assurance services, consulting services, and other activities of the internal audit function. A summary of the internal audit report will be provided.



# **COLLIN COLLEGE**

## **INTERNAL AUDIT**

**ANNUAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**AUGUST 31, 2024**

**OFFICE OF INTERNAL AUDIT**

**October 15, 2024**

H. Neil Matkin, Ed.D., District President  
Members of the Board of Trustees:

Attached is the annual report for the Office of Internal Audit for the fiscal year (FY) which ended August 31, 2024. This report is required by the Texas Government Code, Section 2102.015, and provides information on the activities of the internal audit function.

If you have any questions about the contents of this report, please do not hesitate to contact me.

Respectfully submitted,



Ali Subhani, CFE, CIA, CISA, GSNA, CDPSE  
Executive Director of Internal Audit

**Report Distribution:**

**Members of the Board of Trustees:**

---

Trustee Andrew Hardin	Trustee Stacy Anne Arias
Trustee Jay Saad	Trustee Dr. J. Robert Collins
Trustee Jim Orr	Trustee Greg Gomel
Trustee Dr. Raj Menon	Trustee Megan Wallace
Trustee Cathie Alexander	

## TABLE OF CONTENTS

	Purpose of the Annual Internal Audit Report	4
I.	Compliance with Texas Government Code, Section 2102.015	4
II.	Internal Audit Plan for Fiscal Year 2024	4
III.	Consulting Services and Non-Audit Services Completed	5
IV.	External Quality Assurance Review	5
V.	Internal Audit Plan for Fiscal Year 2025	5
VI.	External Audit Services Procured in Fiscal Year 2024	6
VII.	Reporting Suspected Fraud and Abuse	6
	Appendix 1 - Fiscal Year 2025 Audit Plan	7
	Appendix 2 - Status of Audit Recommendations	9

## PURPOSE

The purpose of this annual report is to provide information on the assurance and consulting services and activities of the internal audit function. In addition, the annual internal audit report assists oversight agencies in their planning and coordination efforts.

## I. COMPLIANCE WITH TEXAS GOVERNMENT CODE, SECTION 2102.015

Section 2102.015 of the Texas Government Code requires that the internal audit plan and the internal audit annual report be posted on the institution’s website. Accordingly, the Office of Internal Audit has posted the FY 2024 Annual Internal Audit Report and the approved FY 2025 Audit Plan on the Office of Internal Audit’s [departmental website](#).

## II. INTERNAL AUDIT PLAN FOR FY 2024

Project	Report Number	Status / Report Date
1. Dual Credit Programs	24-01	Final report issued on May 21, 2024.
2. Promotional Item Expenditures	24-02	Final report issued on May 21, 2024.
3. Hotline Complaint Police Department	INV- 24-02	Final report issued on May 21, 2024.
4. Continuing Education - External Vendor Courses	INV- 24-01	Final report issued on October 15, 2024.
5. Canvas Learning Management System and Honorlock	24-03	Final report issued on September 17, 2024.
6. Small Business Development Center Grant	24-04	Final report issued on October 15, 2024.

The Office of Internal Audit did not deviate from the approved audit plan, which the Board of Trustees approved on February 20, 2024. No audits were performed related to benefits proportionality or requirements related to Section 51.9337(h) of the Texas Education Code.

### III. CONSULTING SERVICES AND NON-AUDIT SERVICES COMPLETED

In FY 2024, as defined in the IIA International Standards for the Professional Practice of Internal Auditing, there were no consulting services that were performed. Consulting services are advisory in nature and are generally performed at the specific request of a client.

### IV. EXTERNAL QUALITY ASSURANCE REVIEW

The department was reestablished with the hiring of the new Director in January 2020. An external quality assurance review is currently in progress and the results are anticipated by November 29, 2024.

### V. INTERNAL AUDIT PLAN FOR FY 2025

The FY 2025 Internal Audit Plan was approved by the college's Board of Trustees on September 24, 2024. Updates provided to the Finance and Audit Committee can be obtained by reviewing [status reports](#) that are publicly accessible. A copy of the plan is included in Appendix 1.

## VI. EXTERNAL AUDIT SERVICES PROCURED IN FY 2024

The following external audit services, including financial and performance audits and attestation engagements, reviews, and agreed-upon procedures, were procured or in process during FY 2024 by management :

- PSK CPA, LLP - Annual audit of the District's Foundation
- Whitley Penn, LLP - Annual audit of the District's financial statements
- Whitley Penn, LLP - Audit to evaluate compliance with requirements of the Texas Public Investments Act.

## VII. REPORTING SUSPECTED FRAUD AND ABUSE

Actions taken to implement the requirements of Article IX, Section 7.09, page IX-37, Fraud Reporting, General Appropriations Act (84th Legislature, Conference Committee Report) are noted below:

- The college has placed a link on the institution's homepage that states "[Fraud, Waste or Abuse](#)." The link offers guidance for directly reporting fraud, waste, and abuse to the State Auditor's Office.
- A policy on how to report suspected fraud is in place. See the [Policy](#).

## APPENDIX 1: FY 2025 AUDIT PLAN

The FY 2025 audit plan was prepared using risk assessment techniques that identify the individual audits to be conducted during the year. The risk factors utilized by the department during the risk assessment process include:

- Criticality of the Unit
- Financial Impact
- Regulatory Compliance
- Public Sensitivity
- Control Environment
- Changes in the Unit
- Complexity of Monitoring Activities
- Audit History

The projects detailed on page 8 were approved by the college's Board of Trustees on September 24, 2024.

Texas Administrative Code (TAC) 202 is audited periodically as required by statute, and the last TAC 202 audit was performed in FY 2023.

**Date:** September 24, 2024

**To:** H. Neil Matkin, Ed.D., District President  
Members of the Finance and Audit Committee

**From:** Ali Subhani, CFE, CIA, CISA, GSNA, CDPSE *Ali Subhani*  
Executive Director, Office of Internal Audit

**Subject:** Fiscal Year 2025 - Audit Plan Approval

The Internal Audit Charter requires that the Board of Trustees approves the annual Audit Plan. Based on the methodology detailed on page three, the following projects are recommended for approval:

Project	Objectives	Tentative Start Date
Texas Administrative Code 202 - Directory Services	To evaluate the effectiveness and compliance of Active Directory (AD) and Azure management processes with Texas Administrative Code (TAC) 202 standards, and to assess adherence to technology best practices.	First Quarter
Key Shop	To evaluate the adequacy of key-related processes to ensure safety Districtwide	First Quarter
External Peer Review	External review of internal audit function required every 5 years by professional auditing standards.	First Quarter
Technical Campus Academic Programs Consumable Review	To evaluate internal controls over inventory and consumables for the Automotive, Construction, and Welding academic programs and to determine if lab fees are aligned with program costs.	Second Quarter
Accounts Payable	To assess the adequacy and effectiveness of internal controls over the accounts payable process and ensure adherence to applicable requirements.	Second Quarter
Job Order Contracting	To evaluate compliance with applicable policies and regulations for Job Order Contracts.	Third Quarter
Copier Leasing Contract Review	To review the leasing contract for multifunctional devices (printers/copiers), identifying opportunities for cost savings, improved efficiency, and effective use of district resources.	Fourth Quarter
Administrative Requirements	Effort devoted to various administrative requirements such as publishing the required Annual Internal Audit report, development of the audit plan, fulfilling requests for speaking engagements, and attendance at professional training events.	Ongoing
Investigations / Special Requests	Perform investigations of fraud incidents reported through the District's hotline or others, and any special requests.	Ongoing
Follow Up Activities	Follow up on implementation of pending management action plans in response to audit observations.	Ongoing

**The plan was based on the utilization of the Director and one full-time Senior Auditor. Additionally, the District President is supportive of plans to utilize student interns.** The planned audit of scholarships previously approved for inclusion on the fiscal year 2025 audit plan, will be reevaluated at a future date.

## APPENDIX 2: STATUS OF AUDIT RECOMMENDATIONS

Texas Government Code, Section 2102.015, also requires entities to include the following on their website:

- A “detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns, if any raised by the audit plan or annual report.”
- A “summary of the action taken by the agency to address the concerns, if any, that are raised by the audit plan or annual report.”

To address these requirements, an entity can summarize internal audit recommendations and report on its action and progress toward implementing those recommendations. The following table summarizes the implementation status of past recommendations.

<b>Responsible Party</b>	<b>Follow up Performed on</b>	<b>Implemented / Closed</b>	<b>Delayed</b>	<b>Require Finance &amp; Audit Committee Approval</b>
Chief Financial Officer	<b>6</b>	<b>5</b>	<b>1</b>	<b>-</b>
Senior Vice President Campus Operations	<b>9</b>	<b>2</b>	<b>4</b>	<b>3</b>

The detailed status of implementation of recommendations from the previous fiscal year is noted on the following page.



OFFICE OF  
**Internal Audit**



Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
20-02	TAC 202	8/25/2020	8/31/2021	Develop Framework to Implement Separation of Duties.	This recommendation will be completed with the Workday implementation.	SVP Campus Operations	In Progress	1150	90%
22-02	CARES Act Compliance	6/21/2022	11/30/2022	Review Documentation and Transfer Questioned Costs.	Management agrees to reclassify \$2,260 in costs for the technology equipment, request employees to complete effort certification documentation for the journal entry that totaled \$65,786, and perform additional research to determine the allowability for the allocation model for the journal entry that totaled \$73,480. If not allowed, the expenditures will be reclassified.	Chief Financial Officer	Closed		
22-02	CARES Act Compliance	6/21/2022	11/30/2022	Implement Segregation of Duties.	Management intends to perform a detailed evaluation of privileges for each user group with the management of those respected areas and implement SOD in line with a cost-benefit analysis and implement monitoring to detect abuse of privileges that cannot be segregated.	SVP Campus Operations	In Progress	694	85%
22-03	Vulnerability Management and Scanning	8/19/2022	7/31/2023	Develop Complete Inventory with Designated Owners.	The report contains confidential information that relates to computer network security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exceptions found in sections 551.076 and 551.089 of the Government Code.	SVP Campus Operations	In Progress	451	90%





Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
23-01	Purchasing / Travel / Fuel Card Programs	2/21/2023	8/31/2023	Develop Policies and Procedures to Govern the Fuel Card Program.	Management intends to develop and communicate procedures to provide for better oversight of the Fuel Card Program.	Chief Financial Officer	Closed		
23-01	Purchasing / Travel / Fuel Card Programs	2/21/2023	8/31/2023	Independently Verify Cardholders after Setup.	Management intends to ensure that the AP Manager will review the JPMorgan account for new cards issued to ensure proper documentation and authorization exists for all new cards issued. This will be implemented immediately.	Chief Financial Officer	Closed		
23-01	Purchasing / Travel / Fuel Card Programs	2/21/2023	8/31/2023	Enhance Cardholder Management.	Management intends to be more diligent about canceling employees from the fuel card program upon termination. Procedures to ensure that all terminated employees are terminated within JPMorgan in a timely manner will be developed and implemented immediately.	Chief Financial Officer	Closed		
23-01	Purchasing / Travel / Fuel Card Programs	2/21/2023	8/31/2023	Improve Compliance with T-Card Requirements and Develop Business Meal Procedure.	Management agrees to develop business meal procedures with input from leadership so that the expenses are within reason and clarify the allowability of spending District funds for food in connection with business/staff meetings and events.	Chief Financial Officer	Closed		





Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
23-02	Data Backup and Recovery	5/16/2023	12/31/2023	Enhance Controls Over the Backup Appliance.	The report contains confidential information that relates to computer network security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exceptions found in sections 551.076 and 551.089 of the Government Code.	SVP Campus Operations	In Progress	298	75%
23-02	Data Backup and Recovery	5/16/2023	12/31/2023	Develop a Contingency Plan that Fulfills All Requirements Mandated by TAC-202.		SVP Campus Operations	In Progress	298	50%
23-02	Data Backup and Recovery	5/16/2023	12/31/2023	Complete a Documented Risk Assessment for Preventative Measures that are not in Place.		SVP Campus Operations	In Progress	298	75%
23-03	Faculty Workload	10/17/2023	3/31/2024	Formally Designate the Officer who will Monitor Workloads and Prepare and Review Workload Reports to the Board.	Management intends to: Plan for the creation of a new department to oversee district-wide scheduling and quality control of faculty loads. This department will coordinate with the Institutional Research Office (IRO) and other relevant departments to generate and upload the annual report for appropriate dissemination. Once the new department is formally created, an officer will be formally designated to monitor compliance with the District's requirements for faculty workload.	SVP Campus Operations	In Progress	207	
23-03	Faculty Workload	10/17/2023	3/31/2024	Establish Maximum Instructional Workload Unit Threshold for Faculty to Maintain Program Standards.	Management intends to: Continue planning for the creation and addition of a new department for "P-12 Partnerships & Academic/Workforce Success." Part of the responsibility of this department will be to oversee district-wide scheduling and quality control of faculty loads. Commit to continuing to increase the number of faculty in the workforce programs where we have excessive overloads. Increased workloads for Full-Time faculty in such workforce programs will continue until the college has successfully identified candidates to fill the positions.	SVP Campus Operations	Closed		





Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
24-01	Dual Credit Programs	5/21/2024	9/31/2024	Develop Evaluation Process for Adjunct Instructors.	All adjunct faculty will be treated the same across the District when it comes to the evaluative processes such as the annual appraisal and classroom visits. A new appraisal instrument and process for adjunct faculty will be implemented in the Fall of 2024.	SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-01	Dual Credit Programs	5/21/2024	9/31/2024	Implement Centralized Tracking for At-Risk Students.	The Dual Credit/P-12 Partnerships Office will work with the Provosts and Academic Deans to implement this recommendation districtwide for all dual credit classes.	SVP Campus Operations	<b>Closed</b>		
24-01	Dual Credit Programs	5/21/2024	5/21/2024	Further Limit Risk Specific to Acceptance of Unofficial Test Scores.	Management agrees with the recommendation as it is very low risk and safeguards are already in place which include sample student review. Texas Administrative Code Section 4.54 does not require official score submission.	SVP Student and Community Engagement	<b>Closed</b>		
24-02	Promotional Items Expenditures	5/21/2024	8/31/2024	Develop Policy to Govern Promotional Item Expenditures.	<p>Management will develop promotional item purchase procedures that outline items that are deemed appropriate, with input from senior administration. Written procedures will be developed by July 2024.</p> <p>-Management has taken steps in FY 2024 to better align promotional item purchases with the college's mission and overall strategic plan. All promotional item purchases now route to the chief financial officer for approval in Workday. All items are reviewed, and each requisition includes the purpose of the promotional item.</p> <p>-The college created a committee to determine what would be considered allowable to be charged to the CARES grant. The committee included internal legal counsel, associate vice president in business administrative services, vice president student services, and others from the campus and district leadership team. The committee evaluated grant criteria to determine if the expenses were allowable within the grant guidelines. Personalized bags were purchased from the CARES grant that were used to distribute safety supplies to students during the peak of the pandemic. Items included hand sanitizer, sanitizing wipes, and masks. All items were purchased and had the Collin logo included on</p>	Chief Financial Officer	<b>In Progress</b>	<b>54</b>	<b>85%</b>





OFFICE OF  
**Internal Audit**



Project Code	Project Name	Issue Date	Estimated Implementation Date	Recommendation Title	Action Plan	Cabinet Contact	Recommendation State	Days Overdue (As of 10/24/2024)	Percentage Implemented According to Management
24-03	Canvas Learning Management System and Honorlock	9/17/2024	10/30/2024	Update Password Configuration to Enhance Security of the Application.	The report contains confidential information that relates to computer network security and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exceptions found in sections 551.076 and 551.089 of the Government Code.	SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-03	Canvas Learning Management System and Honorlock	9/17/2024	1/30/2025	Restrict Access to Sensitive Data and Update File Transfer Credentials.		SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-03	Canvas Learning Management System and Honorlock	9/17/2024	10/30/2024	Optimize Honorlock Control Measures to Safeguard Academic Integrity.		SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-03	Canvas Learning Management System and Honorlock	9/17/2024	10/30/2024	Implement Monitoring for Privileged "Act as a User" Functionality.		SVP Campus Operations	Follow-up procedures not performed by the Office of Internal Audit.		
24-04	Small Business Development Center Grant	10/22/2024	3/31/2025	Ensure Reported Deliverables Agree with Supporting Documentation.	The report contains confidential information that relates to personnel matters and is not subject to the disclosure requirements of the Texas Public Information Act, based on the exceptions found in sections 551.074 of the Government Code.	SVP Student and Community Engagement	Follow-up procedures not performed by the Office of Internal Audit.		
24-04	Small Business Development Center Grant	10/22/2024	3/31/2025	Enhance Compliance with Grant Requirements and North Texas Small Business Development Center (NTSBDC) Policies.		SVP Student and Community Engagement	Follow-up procedures not performed by the Office of Internal Audit.		
24-04	Small Business Development Center Grant	10/22/2024	3/31/2025	Maintain Documentation to Evidence Communication of Compliance Monitoring Results.		SVP Student and Community Engagement	Follow-up procedures not performed by the Office of Internal Audit.		
24-04	Small Business Development Center Grant	10/22/2024	3/31/2025	Develop Training to Improve the Accuracy of Conflict of Interest Certifications.		SVP Student and Community Engagement	Follow-up procedures not performed by the Office of Internal Audit.		



**Collin County Community College District Board of Trustees**

2024-10-X

October 22, 2024

Resource: Ali Subhani  
Executive Director of Internal Audit

**AGENDA ITEM:** Report Out of the Finance and Audit Committee and Consideration of Approval of the Annual Audit Report for Fiscal Year 2024

**DISCUSSION:** The purpose of the Internal Audit Annual Report is to provide information on the assurance services, consulting services, and other activities of the internal audit function. A summary of the internal audit report will be provided.

**DISTRICT PRESIDENT'S RECOMMENDATION:** The District President recommends approval of the Annual Audit Report for Fiscal Year 2024.

**SUGGESTED MOTION:** This item comes as a motion and second out of committee. A suggested motion would be, "Mr. Chairman, I make a motion that the Board of Trustees of Collin County Community College District approves the Annual Audit Report for Fiscal Year 2024."

**Collin County Community College District Board of Trustees**

4. Finance and Audit Committee

October 15, 2024

Resource: Melissa Irby  
Chief Financial Officer

**DISCUSSION ITEM:** Consideration of Approval of the Proposed Property and Insurance Contract

**DISCUSSION:** The District purchases insurance to meet legal requirements and to ensure protection and preservation of the District's human, physical, and financial assets. The District purchases the following insurance coverage types through this contract: property, crime, cyber liability, general liability, law enforcement, educator's legal, and auto. This includes policy option property wind/hail deductible buydown for the Plano Campus. If approved, the total fiscal year 2025 premium is \$1,724,962.

**Premium Summary November 1, 2024 - October 31, 2025**

<b>Line of Coverage</b>	<b>Carrier</b>	<b>Expiring Annualized Premium</b>	<b>Estimated Renewal Premium</b>	<b>% Change</b>
Property	Affiliated FM	\$ 1,121,535	\$ 1,160,865	3.51%
*Property Wind/Hail Deductible Buydown-Plano Campus	Lloyd's of London	725,000	n/a	
Crime	Great American	7,529	7,529	0.00%
General Liability	TPS	27,688	26,356	-4.81%
Law Enforcement Liability	TPS	29,690	28,491	-4.04%
Auto	TPS	120,167	137,572	14.48%
Educator's Legal Liability	TPS	115,303	115,561	0.22%
Cyber Liability	Beazley	99,994	103,044	3.05%
*Excess Cyber Liability	Resilience	75,074	77,409	3.11%
*Excess Cyber Liability	Markel Syndicate	n/a	58,135	
	<b>Total Account Premium</b>	<b>\$ 2,321,980</b>	<b>\$ 1,714,962</b>	
	<b>Difference</b>		<b>\$ (607,018)</b>	

Auto premium increase is due to an increase of 15 vehicles insured

**Estimated premiums:**

Auto Liability for Purchases ( November 2024 - October 2025) \$ 10,000

**Total Spend Authorization Request**

**\$ 1,724,962**

**Collin County Community College District Board of Trustees**

2024-10-X

October 22, 2024

Resource: Melissa Irby  
Chief Financial Officer

**AGENDA ITEM:** Report Out of the Finance and Audit Committee and Consideration of Approval of the Proposed Property and Insurance Contract

**DISCUSSION:** The District purchases insurance to meet legal requirements and to ensure protection and preservation of the District's human, physical, and financial assets. The District purchases the following insurance coverage types through this contract: property, crime, general liability, law enforcement, educator's legal, and auto. If approved, the FY25 premium is \$1,724,962.

**DISTRICT PRESIDENT'S RECOMMENDATION:** The District President recommends approval of the insurance contract for the District for the period November 1, 2024 through October 31, 2025 in the amount of \$1,724,962 which is budgeted in the District's FY25 operating budgets.

**SUGGESTED MOTION:** This item comes as a motion and second out of committee. A suggested motion would be, "Mr. Chairman, I make a motion that the Board of Trustees of Collin County Community College District approves the proposed property and insurance contract for fiscal year 2025 as presented."