



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 5:00 p.m. on Tuesday, January 21, 2025, 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

PUBLIC COMMENT

REVIEW AND DISCUSSION ITEMS

1. Consideration of Approval for the Appointment of Authorized Representatives to Engage in Investment Transactions with TexPool
2. Consideration of Approval of the Modification to the Current Minimum Unrestricted Fund Balance Resolution
3. Discuss Results of the External Quality Assurance Review for the Office of Internal Audit
4. Consideration of Approval for Revisions to the Fiscal Year 2025 Audit Plan
5. Discuss Results for Internal Audit Report # 25-01 – Key Shop Audit

iCollin

www.collin.edu

*Andrew P. Hardin
Chair, Board of Trustees*

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

www.collin.edu

Collin County Community College District Board of Trustees

1. Finance and Audit Committee

January 21, 2025

Resource: Melissa Irby
Chief Financial Officer

DISCUSSION ITEM: Consideration of Approval for the Appointment of Authorized Representatives to Engage in Investment Transactions with TexPool

DISCUSSION: The Texas Local Government Investment Pools (the “TexPool Portfolios”) have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

TexPool requires governing body approval of representatives who are authorized to conduct business on behalf of the Board of Trustees. The authorized representatives change from time to time, which requires an amended notification.

The Finance and Audit Committee will be presented with suggested authorized representatives of Collin College, Barbara Johnston, Kystal Fair, Suzanne Armstrong, Christi Drilling, and Shandin Havens, to engage in investment transactions with TexPool.



Resolution Amending Authorized Representatives

Please complete this form to amend or designate Authorized Representatives. This document supersedes all prior Authorized Representative forms.

*** Required Fields**

1. Resolution

WHEREAS,

Collin County Community College District

7 7 2 7 5

Participant Name*

Location Number*

("Participant") is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool ("TexPool / Texpool Prime"), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

NOW THEREFORE, be it resolved as follows:

- A. That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool / TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.
- B. That an Authorized Representative of the Participant may be deleted by a written instrument signed by two remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant's TexPool / TexPool Prime account or (2) is no longer employed by the Participant; and
- C. That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant;

List the Authorized Representative(s) of the Participant. Any new individuals will be issued personal identification numbers to transact business with TexPool Participant Services.

1. Christi Drilling	Executive Director Accounting
Name	Title
9 7 2 5 9 9 3 1 0 3	9 7 2 7 5 8 3 8 4 1
Phone	Fax
cdrilling5@collin.edu	
Email	
Christi Drilling	
Signature	
2. Krystal Fair	Assistant Director of Accounting
Name	Title
9 7 2 5 9 9 3 1 8 0	9 7 2 7 5 8 3 8 4 1
Phone	Fax
kfair@collin.edu	
Email	
Krystal Fair	
Signature	
3. Shandin Havens	Executive Director Financial Services
Name	Title
9 7 2 7 5 8 3 8 4 0	9 7 2 7 5 8 3 8 4 1
Phone	Fax
shavens@collin.edu	
Email	
Shandinhavens	
Signature	



Resolution Amending Authorized Representatives

Please complete this form to amend or designate Authorized Representatives. *This document supersedes all prior Authorized Representative forms.*

*** Required Fields**

1. Resolution

WHEREAS,

Collin County Community College District 7 7 2 7 5
 Participant Name* Location Number*

("Participant") is a local government of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool ("**TexPool / Texpool Prime**"), a public funds investment pool, were created on behalf of entities whose investment objective in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

NOW THEREFORE, be it resolved as follows:

- A. That the individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool / TexPool Prime and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.
- B. That an Authorized Representative of the Participant may be deleted by a written instrument signed by two remaining Authorized Representatives provided that the deleted Authorized Representative (1) is assigned job duties that no longer require access to the Participant's TexPool / TexPool Prime account or (2) is no longer employed by the Participant; and
- C. That the Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional Authorized Representative is an officer, employee, or agent of the Participant;

List the Authorized Representative(s) of the Participant. Any new individuals will be issued personal identification numbers to transact business with TexPool Participant Services.

1.	<u>Suzanne Armstrong</u>	<u>Accountant</u>
	Name	Title
	<u>9 7 2 7 5 8 3 8 2 3</u>	<u>9 7 2 7 5 8 3 8 4 1</u>
	Phone	Fax
	<u>Suzanne Armstrong</u>	
	Signature	
2.		
	Name	Title
	Phone	Fax
	Signature	
3.		
	Name	Title
	Phone	Fax
	Signature	

January 31, 2025

SUBJECT

Report Out of the Finance and Audit Committee and Consideration of Approval for the Appointment of Authorized Representatives to Engage in Investment Transactions with TexPool

RECOMMENDATION

The District President recommends approval for the appointment of authorized representatives to engage in investment transactions with TexPool.

The Texas Local Government Investment Pools (the “TexPool Portfolios”) have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

TexPool requires governing body approval of representatives who are authorized to conduct business on behalf of the Board of Trustees. The authorized representatives change from time to time, which requires an amended notification. The representatives of Collin College authorized to engage in investment transactions with TexPool are Barbara Johnston, Kystal Fair, Suzanne Armstrong, Christi Drilling, and Shandin Havens.

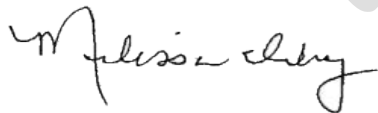
RESOURCE PERSONNEL

Melissa Irby, Chief Financial Officer

ATTACHMENT

- A. Resolution – Authorized Representatives to Engage in Investment Transactions with TexPool

Respectfully Submitted By:



Melissa Irby, Chief Financial Officer

Collin County Community College District Board of Trustees

2. Finance and Audit Committee

January 21, 2025

Resource: Melissa Irby
Chief Financial Officer

DISCUSSION ITEM: Consideration of Approval of the Modification to the Current Minimum Unrestricted Fund Balance Resolution

DISCUSSION: The Board of Trustees approved a resolution in November 2003 to establish a Minimum Unrestricted Fund Balance for the College. The resolution has not been modified since it was approved in 2003. The District President is recommending a modification to the resolution establishing the Minimum Unrestricted Fund Balance equal to 15% of the Total Current Year Unrestricted Fund Budgeted Expenses.

**COLLIN COLLEGE
A RESOLUTION OF THE BOARD OF TRUSTEES OF COLLIN COUNTY
COMMUNITY COLLEGE DISTRICT APPROVING MODIFICATION OF MINIMUM
UNRESTRICTED FUND BALANCE REQUIREMENT**

WHEREAS, Collin College is a local government or state agency of the State of Texas and is empowered to establish a Minimum Unrestricted Fund Balance and

WHEREAS, Collin College previously approved a Minimum Unrestricted Fund Balance Resolution at the November 25, 2003 Board meeting;

NOW, THEREFORE, BE IT RESOLVED that, as recommended by the District President, the Board of Trustees of Collin County Community College District establish the Minimum Unrestricted Fund Balance equal to fifteen percent (15%) of the Total Current Year Unrestricted Fund Budgeted Expenses.

PASSED, ADOPTED, AND APPROVED by the Board this 31st day of January 2025.

Signed:

Andrew Hardin, Board Chair

Jim Orr, Board Secretary

Collin County Community College District Board of Trustees

2025-01-X

January 31, 2025

Resource: Melissa Irby
Chief Financial Officer

AGENDA ITEM: Report Out of the Finance and Audit Committee and Consideration of Approval for the Modification to the Current Minimum Unrestricted Fund Balance Resolution

DISCUSSION: The Board of Trustees approved a resolution in November 2003 to establish a Minimum Unrestricted Fund Balance for the College. The resolution has not been modified since it was approved in 2003.

DISTRICT PRESIDENT'S RECOMMENDATION: The District President recommends approval of the modification to the resolution establishing the Minimum Unrestricted Fund Balance equal to 15% of the Total Current Year Unrestricted Fund Budgeted Expenses.

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 modification to the resolution establishing the Minimum Unrestricted Fund Balance equal to 15% of the Total Current Year Unrestricted Fund Budgeted Expenses."

Collin County Community College District Board of Trustees

3. Finance and Audit Committee

January 21, 2025

Resource: Ali Subhani
Executive Director of Internal Audit

DISCUSSION ITEM: Discuss Results of the External Quality Assurance Review for the Office of Internal Audit

DISCUSSION: The Office of Internal Audit achieved the highest possible rating of "Pass/Generally Conforms" after an External Quality Assurance Review (EQAR) was completed on October 9, 2024.

This is a significant milestone for the Office of Internal Audit as this is the first time the department has achieved compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Code of Ethics.

The rating reflects full compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Code of Ethics and signifies that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

The Finance and Audit Committee provided approval for an EQAR professional to perform an EQAR for the Office of Internal Audit on February 20, 2024.



Audit and Consulting Services

MEMO

Lone Star College
5000 Research Forest Drive
The Woodlands, TX 77381

Date: October 9, 2024

To: Members of Collin College's Board of Trustees' Finance and Audit Committee
H. Neil Matkin, Ed.D., District President

From: Leticia Charbonneau, Executive Director of Audit and Consulting Services

Subject: External Quality Assurance Review of Collin College's Office of Internal Audit

I have conducted an External Quality Assurance Review (EQAR) of Collin College's Office of Internal Audit. The primary objective was to assess compliance with The Institute of Internal Auditors Code of Ethics and International Standards for the Professional Practice of Internal Auditing in effect at the time the audits were conducted. The review included projects performed by Collin College's Office of Internal Audit from January 2020 through May 2024.

Based on the information received and evaluated during this EQAR, it is our opinion that the Collin College Office of Internal Audit receives a rating of "**Pass/Generally Conforms**" and is in compliance with the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* and Code of Ethics. This opinion, which is the highest of the three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

We found that the Office of Internal Audit is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The staff members are qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely.

The Office of Internal Audit is well managed internally. In addition, the Office of Internal Audit has effective relationships with the Board and is well respected and supported by management. Surveys and interviews conducted during the quality assurance review indicate that management considers Internal Audit an integral part of the overall College operations and finds the audit process and report recommendations add value and help improve the College's operations.

We appreciate the courtesy and cooperation extended to us by the Internal Audit Director, the Board of Trustees Chair, the Finance and Audit Committee Chair, the District President, and the executive management who participated in the interview process. We would also like to thank each participant who completed surveys for the quality assurance review. The feedback from surveys and interviews provided valuable information regarding the operations of the Office of Internal Audit and its relationship with management.



**External Quality Assurance Review (EQAR)
of the
Collin College Office of Internal Audit**

October 8, 2024

Table of Contents

Background.....	2
Objectives, Scope, and Methodology	2
IIA EQAR Conclusion Ratings and Definitions	2
External Quality Assurance Review (EQAR).....	3
Detailed Results.....	5
Purpose, Authority, and Responsibility.....	5
Proficiency and Due Professional Care.....	5
Independence and Objectivity	6
Communicating Results	6
Resource Management.....	8
Better Practices	9
Appendix: Survey Results	10

Background

The Institute of Internal Auditors (IIA) *International Professional Practices Framework* requires internal audit functions to obtain external quality assurance reviews to assess compliance with standards and to appraise the quality of their operations. A periodic external quality assurance review, or peer review, of the internal audit function is an essential part of a comprehensive quality assurance program. The review team had no noted conflicts of interest with Collin College or its Office of Internal Audit.

Objectives, Scope, and Methodology

The primary objective of the quality assurance review was to evaluate Collin College’s Office of Internal Audit’s compliance with auditing standards. Additional objectives included identifying better practices as well as areas where improvement may be needed. The review covered completed audit projects performed by the Collin College Office of Internal Audit from January 2020 through May 2024.

Work performed during the review included:

- Review and evaluation of surveys completed by management.
- Interviews with the Internal Audit Director, the District President, senior managers, and two Board members, including the Chair of the Board and the Chair of the Finance and Audit Committee.
- Review and evaluation of audit working papers.
- Review of Internal Audit’s policies and procedures, annual risk assessment, annual audit plan, and other relevant documents.

IIA EQAR Conclusion Ratings and Definitions

Generally Conforms	<ul style="list-style-type: none"> • For individual standards, that the internal audit activity conforms to the requirements of the standard (e.g., 1000, 1010, 2000, 2010, etc.) or elements of the Code of Ethics (both Principles and Rules of Conduct) in all material respects. • For the sections (Attribute and Performance) and major categories (e.g., 1000, 1100, 2000, 2100, etc.), the internal audit activity achieves general conformity to a majority of the individual standards and/or elements of the Code of Ethics, and at least partial conformity to others, within the section/category. • For the internal audit activity overall, there may be opportunities for improvement, but these should not represent situations where the internal audit activity has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.
Partially Conforms	<ul style="list-style-type: none"> • For individual standards, the internal audit activity is making good faith efforts to conform to the requirements of the standard (e.g., 1000, 1010, 2000, 2010, etc.) or element of the Code of Ethics (both Principles and Rules of Conduct) but falls short of achieving some major objectives. • For the sections (Attribute and Performance) and major categories (e.g., 1000, 1100, 2000, 2100, etc.), the internal audit activity partially achieves conformance with a majority of the individual standards within the section/category and/or elements of the Code of Ethics. • For the internal audit activity overall, there will be significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.
Does Not Conform	<ul style="list-style-type: none"> • For individual standards, the internal audit activity is not aware of, is not making good faith efforts to conform to, or is failing to achieve many/all of the objectives of the standard (e.g., 1000, 1010, 2000, 2010, etc.) and/or elements of the Code of Ethics (both Principles and Rules of Conduct). • For the sections (Attribute and Performance) and major categories (e.g., 1000, 1100, 2000, 2100, etc.), the internal audit activity does not achieve conformance with a majority of the individual standards within the section/category and/or elements of the Code of Ethics. • For the internal audit activity overall, there will be deficiencies that will usually have a significant negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

External Quality Assurance Review (EQAR)

The IPPF Standard 1312 requires external assessments at least once every five years by a qualified, independent assessor or assessment team from outside the organization. Overall, Collin College’s Office of Internal Audit **Generally Conforms** with the IIA Standards and Code of Ethics. Table 2 provides the conformance rating by specific IIA Standard. The results of the quality assurance review for the Collin College’s Office of Internal Audit are presented in the order of the *Standards for the Professional Practice of Internal Auditing*. No significant weaknesses were identified during the review that would prevent Internal Audit from fulfilling its responsibilities.

IPPF Code	Description	Generally Conforms	Partially Conforms	Does Not Conform
	The Code of Ethics	●		
Attribute Standards				
1000	Purpose, Authority and Responsibility		●	
1010	International Professional Practices Framework	●		
1100	Independence and Objectivity	●		
1110	Organizational Independence	●		
1111	Direct Interaction with the Board	●		
1112	Chief Audit Executive Role Beyond Internal Auditing	●		
1120	Individual Objectivity	●		
1130	Impairments to Independence or Objectivity	●		
1200	Proficiency and Due Professional Care	●		
1210	Proficiency	●		
1220	Due Professional Care	●		
1230	Continuing Professional Development		●	
1300	Quality Assurance and Improvement Program (QAIP)	●		
1310	Requirements of the QAIP	●		
1311	Internal Assessments	●		
1312	External Assessments	●		
1320	Reporting on the QAIP	●		
1321	Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”	●		
1322	Disclosure of Nonconformance	●		
Performance Standards				
2000	Managing the Internal Audit Activity	●		
2010	Planning	●		
2020	Communication and Approval	●		
2030	Resource Management	●		
2040	Policies and Procedures	●		
2050	Coordination and Reliance	●		
2060	Reporting to Senior Management and the Board	●		
2100	Nature of Work	●		
2110	Governance	●		
2120	Risk Management	●		
2130	Control	●		
2200	Engagement Planning	●		
2201	Planning Considerations	●		

IPPF Code	Description	Generally Conforms	Partially Conforms	Does Not Conform
2210	Engagement Objectives	●		
2220	Engagement Scope	●		
2230	Engagement Resource Allocation	●		
2240	Engagement Work Programs	●		
2300	Performing the Engagement	●		
2310	Identifying Information	●		
2320	Analysis and Evaluation	●		
2330	Documenting Information	●		
2340	Engagement Supervision	●		
2400	Communicating Results	●		
2410	Criteria for Communicating	●		
2420	Quality of Communications	●		
2421	Errors and Omissions	●		
2430	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"	●		
2431	Engagement Disclosure of Nonconformance	●		
2440	Disseminating Results	●		
2450	Overall Opinions	●		
2500	Monitoring (Follow Up) Process	●		
2600	Communicating the Acceptance of Risks	●		

Detailed Results

The detailed results include recommendations for consideration by Collin College’s Office of Internal Audit. The detailed results also describe better practices noted and some opportunities for improvement that the Office of Internal Audit’s consideration.

Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of Internal Audit have been defined in a charter that is consistent with auditing standards. The current charter was signed by the Board, the District President, and the Director of Internal Auditor in July 2020. It defines the nature of services and grants the Office of Internal Audit unrestricted access to all functions, records, property, and personnel.

Conclusion:
1. The Office of Internal Audit partially conforms to IPPF Standard: 1000 – Purpose, Authority and Responsibility. Specifically, the Internal Audit Charter has not been reviewed or updated since July 2020 and is not consistent with the new 2024 Global Internal Audit Standards to become effective January 9, 2025. The Global Internal Audit Standards emphasizes the independence requirements of the internal audit function, which is key to ensuring unbiased and effective internal auditing.
Recommendation:
1.a. Update the Internal Audit Charter using the revised model internal audit charter provided by the IIA which addresses the requirements of the 2024 Global Internal Audit Standards to become effective January 9, 2025. 1.b. Submit the updated charter to the Finance and Audit Committee and senior management for review and approval. 1.c. In collaboration with the Finance and Audit Committee, establish the frequency for review and update of the Internal Audit Charter.
Response:
The Internal Audit Director agrees to implement the recommendations offered and plans to complete the following steps: 1.a. Submit an updated Internal Audit Charter using the revised model internal audit charter provided by the IIA to the Finance and Audit committee and senior management by March 2025. 1.b. As part of the approval process for the new charter, the frequency for review and update of the Internal Audit Charter will also be established.

Proficiency and Due Professional Care

The internal auditors individually and collectively possess the knowledge, skills, and abilities to perform their responsibilities. The Internal Audit Director holds multiple professional certifications, including Certified Internal Auditor, Certified Information Systems Auditor, Certified Fraud Examiner, and GIAC Systems and Network Auditor. The recently hired Senior Auditor is a Certified Public Accountant. Internal auditors are required by the Collin College Office of Internal Audit Manual to enhance their knowledge, skills, and abilities by obtaining approximately 40 hours of continuing professional education each year.

Conclusion:
2. The Office of Internal Audit partially conforms to IPPF Standard: 1230 – Continuing Professional Development. Training records were reviewed for fiscal years 2020 through 2024. The training records for fiscal year 2020 did not provide evidence of completion of the required minimum 40 training hours when the Internal Director transitioned into this role.
Recommendation:
2. Ensure auditors complete 40 hours of training each fiscal year. Take advantage of the various member webinars offered by the Institute of Internal Auditors (IIA), the Association of College and University Auditors (ACUA), and the Information Systems Audit and Control Association (ISACA).

Response:
The Internal Audit Director agrees that training hours were not documented during fiscal year 2020. The department expresses a commitment to consistently maintain compliance with the professional development requirements

Independence and Objectivity

The Office of Internal Audit appears to be independent in terms of the College’s organizational structure and the Office’s practices. The Internal Audit Director reports functionally to the Board and administratively to the District President, which provides sufficient authority to promote independence and ensure adequate consideration of audit reports and appropriate action on audit issues and recommendations. Removal of the Internal Audit Director requires Board approval.

The charter helps ensure continued independence by specifying that internal auditors must remain free of operational and management responsibilities that could impair their ability to make independent reviews of all areas of the agency’s operations. None of the internal auditors have had prior responsibility for any areas that the Office audits. In addition, auditors are required to sign independence statements annually.

Conclusion:
<p>3. The Office of Internal Audit conforms to IPPF Standard: 1110 – Organizational Independence, however, independence could be strengthened for a more effective internal audit function. Collin College’s 2020 Internal Audit Charter stipulates the Internal Audit Director reports functionally to the Board through the Finance and Audit Committee and administratively to the District President. The IIA’s implementation guidance states, “functional oversight requires the board to create the right working conditions to permit the operation of an independent and effective internal audit activity.” This includes the board assuming responsibility for the evaluation and compensation of the internal audit director. Currently, the Internal Audit Director’s annual performance evaluation is conducted by the District President without documented input from the Board through the Finance and Audit Committee.</p> <p>Further, Collin College’s Internal Audit Charter states that the Internal Audit Director “will have unrestricted access to and communicate and interact directly with the Board including private meetings without management present.” The Internal Audit Director interacts directly with the Board through the Finance and Audit Committee meetings. However, closed sessions are not regularly scheduled to provide the Internal Audit Director to meet with the Finance and Audit Committee without management present.</p>

Opportunity for Improvement:
<p>3.a. Incorporate formal documented input from the Board through the Finance and Audit Committee in the Internal Audit Director’s annual performance evaluation.</p> <p>3.b. Implement standard closed sessions for the Finance and Audit Committee meetings to meet privately with the Internal Audit Director as part of the Board’s functional oversight responsibilities.</p>

Response (Optional):
No response provided.

Communicating Results

Audit results are communicated in a timely manner. Potential findings are communicated throughout the audits, which provide management the opportunity to provide additional information and/or to start taking corrective action. Audit results are presented to management before they are finalized in a report, which helps ensure there is agreement about the areas for improvement and the recommended solutions.

Audit reports contain the audit objectives, results, conclusions, recommendations, and management’s responses and action plans. The results of our surveys and interviews with management indicated that internal audit reports are accurate, clear, and concise, and complete. Further, the interviews also indicated that the Internal Audit Director actively listens to and considers management’s feedback during the reporting phase of the audit projects. The Internal

Audit Director distributes internal audit reports to the Board, Executive Management, and management of the activity being audited. In addition, internal audit reports are placed on the College internet site.

Conclusion:

4. The Office of Internal Audit **conforms** to IPPF Standard: 2400 – Communicating Results but could be further enhanced for a more effective internal audit function. A sample of 6 audit projects were reviewed to evaluate conformance. Once fieldwork is completed a draft report is prepared and exit meetings are scheduled with management. After the exit meetings are held, management responses are requested to formally publish the report. Of the 6 projects reviewed, 4 audit reports were not issued timely, details below.

Project	Project Name	Days to Final Issuance from Exit Meeting ¹	Timely
20-02	TAC 202 Compliance	21	Yes
21-02	Purchasing	25	Yes
22-02	CARES Act Compliance	48	No
23-03	Faculty Workload	64	No
24-01	Dual Credit	133	No
24-03	Canvas	55	No

The EQAR further noted that separate meetings are held with the District President prior to finalizing the audit reports and issuing to the Finance and Audit Committee. The audit report for project 24-01 was pulled from the Finance and Audit Committee agenda on 2 occasions, delaying issuance of the report from March to May.

The District President and the Trustees interviewed were highly supportive of the internal audit function and spoke favorably of its effectiveness. However, as an independent external reviewer, the current process for communicating results creates a conflict of interest that may not align with the expectation for “the board to create the right working conditions to permit the operation of an independent and effective internal audit activity.” This conflict of interest risk is inherent in situations where the review authority has substantial influence over the auditor’s work product. If a District President were to exert undue influence, it may lead to the alteration of audit findings, which compromises the integrity of the audit process and the reliability of the audit report. This could also undermine the trust of the Board of Trustees and stakeholders in the audit results and the overall governance framework.

Opportunity for Improvement:

- 4.a. Consider consolidating the exit meetings, wherever possible, to reduce the length of time to report issuance.
- 4.b. Implement a process to communicate results of the audits directly to the Finance and Audit Committee members and to the District President simultaneously via email.
- 4.c. Reevaluate the current process of holding a separate exit meeting with the District President prior to issuing an audit report as final to the Finance and Audit Committee to reduce the conflict-of-interest risk.

Response (Optional):

Response from the District President:

Relative to the write up and conclusions presented on Page 7 regarding IPPF Standard: 2400 – Communicating Results; it is correctly stated that the Office of Internal Audit complies but then follows with a hypothetical scenario that is simply not accurate. In short, the college does not agree that the current methodology for communicating results creates a potential conflict but, rather, builds credibility with the Board by ensuring absolute factual accuracy prior to the final report being submitted.

To wit, the purpose of the district president reviewing the audit prior to it being submitted to the Board audit committee is solely to ensure accuracy. At no time has the district president asked for an audit finding to be changed. This is not dissimilar to an accrediting body developing their report based on findings and submitting it for factual review prior to submitting it to their Board (e.g., SACSCOC or any of the other national accreditors for higher education). This is standard practice.

¹ Exit meetings with management over area audited, does not refer to meeting with District President.

To that end, the complete and unaltered audit is submitted directly to the finance and audit committee as well as the district president. Any prior review by the district president or management level staff is for the purpose of first responding to the audit recommendations and then correcting any inaccuracy in either the audit or management response prior to submission to the Board. If this step was not taken, then the district president would be obligated to make corrections of fact in the presence of the audit committee potentially diminishing the credibility of the internal auditor unnecessarily.

Further, should this hypothetical situation actually occur, the internal auditor has a duty and responsibility to guard against such an occurrence and to report such interference to the Board audit committee.

The third paragraph on the summary memo of the audit findings states: “We found that the Office of Internal Audit is independent, objective, and able to render impartial and unbiased judgments on the audit work performed.” We concur and will continue supporting the function completely so that it remains clear of conflict and able to render impartial and unbiased judgments.

Resource Management

The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan. Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimizes the achievement of the approved plan.

Conclusion:

5. The Office of Internal Audit **conforms** to IPPF Standard: 2030 – Resource Management, however, internal audit effectiveness could be strengthened with additional staff resources. The incumbent Director of Internal Audit was hired in 2020 and has been a one-person department for most of his tenure. A senior auditor was hired in June 2024, for a two-person team. A benchmark of internal audit staff to peer colleges was completed using information available on the institutions’ websites. Detailed results were shared with the Collin College’s Internal Audit Director. Summarized results are noted below:

College	Total Internal Audit Staff	Full-Time Equivalents per Auditor	Students per Auditor
Houston	7	345	9,848
San Jacinto	3	475	10,198
Alamo	5	512	10,504
Dallas	6	550	11,077
Lone Star	5	578	18,377
Collin	2	781	29,000
Tarrant	1	2,383	40,131

Opportunity for Improvement:

5. Consider allocating additional resources to the internal audit function; specifically, hiring at least one additional auditor to enhance capacity and audit coverage.

Response (Optional):

Response from the District President:

Collin College is traditionally understaffed compared to our peers. That will continue.

Better Practices

The Office of Internal Audit is dedicated to continuous improvement. During the EQAR, we observed practices that demonstrate outstanding commitment and professionalism. These leading practices include the following:

- ❖ The Internal Audit Director serves a crucial advisory role as a cabinet member on the District President Leadership Team.
- ❖ Internal Audit has relationships with executive and division management based on mutual respect and commitment to improving controls within the College.
- ❖ The internal auditors are professional and proficient. They collectively hold five professional certifications with over twenty-four years of audit experience. Certifications held include Certified Internal Auditor, Certified Public Accountant, Certified Information Systems Auditor, Certified Fraud Examiner, and GIAC Systems and Network Auditor.
- ❖ There is a system for tracking and reporting the status of prior audit recommendations.
- ❖ Internal Audit has developed the *Collin College Office of Internal Audit Manual*, an excellent guide that provides direction and assures more consistent IA practices.
- ❖ Internal Audit summarizes its audit engagement planning process in a comprehensive manner to include the identification of potential risks, testing methodology, and audit objectives and scope.
- ❖ Leverage an electronic working paper solution that streamlines audit workflows, reduces administrative tasks, and enhances audit documentation management.
- ❖ Utilizes data analysis to identify patterns, anomalies, and trends, enabling more comprehensive and insightful audits.
- ❖ Internal Audit incorporated the State Agency Internal Audit Forum – Working Paper Review Tool as part of the quality review process for each audit project.

Appendix: Survey Results

External Quality
Assurance
Review
Auditee Survey
Results

Administered by External
Peer Review Team

09/18/2024



Summary of Results (69% Response Rate)

Indicate the extent to which you agree or disagree with statements and characteristics regarding the Collin College's Office of Internal Audit:	4 Strongly Agree	3 Agree	2 Disagree	1 Strongly Disagree	Total	Weighted Avg
1. Demonstrates integrity	16 89%	2 11%	0 0%	0 0%	18	3.89
2. Demonstrates competence and due professional care	15 83%	3 17%	0 0%	0 0%	18	3.83
3. Is objective and free from undue influence (independent)	14 82%	3 18%	0 0%	0 0%	17	3.82
4. Aligns with strategies, objectives, and risks of the College	13 76%	4 24%	0 0%	0 0%	17	3.76
5. Is appropriately positioned and is adequately resourced	11 65%	6 35%	0 0%	0 0%	17	3.65
6. Demonstrates quality and continuous improvement	16 89%	2 11%	0 0%	0 0%	18	3.89
7. Communicates effectively	15 83%	2 11%	1 6%	0 0%	18	3.78
8. Provides risk-based assurance that the most significant	12 71%	5 29%	0 0%	0 0%	17	3.71
9. Is insightful, proactive, and future-focused	12 71%	4 24%	1 6%	0 0%	17	3.65
10. Promotes organizational improvement	14 78%	4 22%	0 0%	0 0%	18	3.78
11. Follows up on implementation of corrective actions	14 78%	4 22%	0 0%	0 0%	18	3.78
OVERALL AVERAGE RATING	24					3.78

Responses to Open-Ended Questions

12. What internal audit practices do you believe add the most value to the College?

Cybersecurity

- I've been impressed with the assessment of cyber security risks by the office
- Audits conducted pertaining to our technology and financial systems.
- Impressed with cybersecurity awareness and risk assessment associated with increased threats to higher education.

Processes and Controls

- Assessing that our processes are legal and efficient
- Process and business efficiencies
- Accessibility
- Fuel card audit, promotional product audit, and internal police topic audit.
- The internal audit department has helped guide some needed changes in written documentation and procedures for the college
- Any assessment of our current processes adds value, especially since some of the processes are being done just because that is what has always been done.

Internal Audit Process

- Simply knowing that IA is looking at various aspects of college operation to ensure that risks are considered and addressed where possible.
- I think we undertake IA practices it makes us stronger as an organization. Improvement is growth.....
- The review and inquiry into any issues and thorough nature of the audits completed. The communication has been appropriate and thorough.
- ensuring compliance with policy
- One-on-one meetings to clarify findings. Willingness to listen.
- Follow-up on corrective action and sharing their findings.
- The process of the internal audit, itself, is what adds so much value: ... The discussions, opportunities for sharing and strategizing, all as a run-up to the final report, is incredibly valuable.
- I am unfamiliar with specific "audit practices," but Ali has communicated effectively both when conducting his audits and when presenting findings to the Board of Trustees. We worked with him to provide data for one of his audits, and he was pleasant to work with; communicated clearly; asked good questions; and, when something was unclear, he was totally open to talking through our questions and giving helpful responses. He has brought an unprecedented level of professionalism and discretion to the Internal Auditor's Office.

13. What internal audit practices do you believe could be improved?

Data

- Ensuring that the data attained is accurate and takes into account variables such as policy/procedures that change can influence results.
- The Institutional Research Office provides data resources as needed to the Internal Auditor's Office. As long as he is willing to discuss his data requests so that we clearly understand them and can respond to them, I have no issues with supporting the office's efforts.

Project Management

- It would be helpful to leverage some project management tools, even something as simple as Teams, rather than to rely primarily on email communication. During our department's last internal audit, there were a couple of times that I had to do a search of emails to find information or to confirm who was working on what. To have that all in a dashboard environment for each project would be provide efficiencies.
- Setting deadlines on issues that will take a long time to complete or issues that will continue to evolve as new staff are added.
- Ensure there is a validation phase so the findings can be reviewed for validity.

Internal Audit Awareness

- More folks at Collin need to understand what the office does.
- I would like to see Ali more visible.....I think many do not know what an Internal Auditor does. He does great work....

Staffing

- I believe with 1-2 additional staff members; the internal audit department could provide more enhancements to the college.

14. How could the Office of Internal Audit improve their communications to provide you with the information you need to make informed decisions?

Data

- After attaining the data, [validate] the data is accurate with end users.

Internal Audit Awareness

- More folks at Collin need to understand what the office does.
- Maybe a newsletter?
- Taking a proactive approach in circulating articles or quarterly newsletter showing best practices and warnings of issues affecting other large institutions.

Higher Education

- Not everything in the Higher Education space is black or white. It appears that is the angle the auditors take. We need to realize many operational aspects possess a level of dynamicity, which audits and auditors need to keep in mind.

Communication is Effective

- The internal audit department is very transparent and effectively and efficiently provides clear, concise communications to various departments and the board of trustees.
- his communication has always been reasonably clear, and when we had questions, he has always been amenable to discussing and clarifying what he needs.
- Effective Communication
- No suggestions, their communication was effective.
- They do a great job of keeping us updated
- Currently effective in communication.
- Current communication is timely and thorough.

15. Additional Comments (optional)

- It is always a pleasure to work with Mr. Subhani when he has questions or concerns about college operations that he may not be extensively knowledgeable about.
- Ali is professional and kind...he does great work.
- The Office of Internal Audit does a great job.
- Ali is friendly and personable. That makes working with him more pleasant that has been the case with some prior internal auditors. I believe he is also well positioned within the College in reporting to President Matkin to ensure that his findings can be actionable. Prior internal auditors reported to the CFO which I found to involve an inherent conflict of interest.

Collin County Community College District Board of Trustees

4. Finance and Audit Committee

January 21, 2025

Resource: Ali Subhani
Executive Director of Internal Audit

AGENDA ITEM: Consideration of Approval for Revisions to the Fiscal Year 2025 Audit Plan

DISCUSSION: The following projects were approved on October 15, 2024:

Audits

- Directory Services
- Key Shop
- Technical Campus Academic Programs Consumable Review
- Accounts Payable
- Sick Bank Balance Audit
- 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:

- Contract and Grants Audit: To determine whether internal controls over grant and contract management are sufficient to ensure compliance with selected agreements and applicable regulations



Date: January 21, 2025

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. 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
Contract and Grants	To determine whether internal controls over grant and contract management are sufficient to ensure compliance with selected agreements and applicable regulations	Fourth 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.

Collin County Community College District Board of Trustees

2025-01-X

January 31, 2025

Resource: Ali Subhani
Executive Director of Internal Audit

AGENDA ITEM: Report Out of the Finance and Audit Committee and Consideration of Approval for Revisions to the Fiscal Year 2025 Audit Plan

DISCUSSION: The following list outlines the projects that were approved by the Finance and Audit Committee for inclusion in the audit plan for fiscal year 2025:

Audits

- Directory Services
- Key Shop
- Technical Campus Academic Programs Consumable Review
- Accounts Payable
- Sick Bank Balance Audit
- 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:

- Contract and Grants Audit: To determine whether internal controls over grant and contract management are sufficient to ensure compliance with selected agreements and applicable regulations

DISTRICT PRESIDENT'S RECOMMENDATION: The District President recommends approval for the revisions to the Audit Plan for fiscal year 2025.

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 revisions to the Audit Plan for fiscal year 2025."

Collin County Community College District Board of Trustees

5. Finance and Audit Committee

January 21, 2025

Resource: Ali Subhani
Executive Director of Internal Audit

DISCUSSION ITEM: Discuss Results for Internal Audit Report # 25-01 – Key Shop Audit

DISCUSSION: The Executive Director of Internal Audit plans to outline the results of Internal Audit Report # 25-01 – Key Shop Audit.