This Open Meeting of the Board of Trustees is authorized in accordance with the Texas Government Code, §§ 551.001 through 551.146. Verification of Notice of Meeting and Agenda are on file in the Office of Board Relations. Per Texas Government Code § 551.1282.

NOTICE OF AUDIT COMMITTEE MEETING BY VIDEOCONFERENCE OR TELEPHONE CALL OF THE BOARD OF TRUSTEES FOR DALLAS COLLEGE AND RICHLAND COLLEGIATE HIGH SCHOOL

Tuesday, June 1, 2021

1:30 PM

Online: www.dcccd.edu/boardmeetingslive

DUE TO HEALTH AND SAFETY CONCERNS RELATED TO THE COVID-19 CORONAVIRUS, THIS MEETING WILL BE CONDUCTED BY VIDEOCONFERENCE OR TELEPHONE CALL. AT LEAST A QUORUM OF THE BOARD OF TRUSTEES WILL BE PARTICIPATING BY VIDEOCONFERENCE OR TELEPHONE CALL IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 551.125 OR 551.127 OF THE TEXAS GOVERNMENT CODE THAT HAVE NOT BEEN TEMPORARILY SUSPENDED BY ORDER OF GOVERNOR ABBOTT ON MARCH 16, 2020.

AUDIT COMMITTEE MEETING AGENDA

<u>Page</u>

1. **Roll Call - Announcement of a Quorum**

2. **Certification of Notice Posted for the Meeting**

3. **Citizens Desiring to Address the Board**

4. **Committee Presentations**

      4.1.   Internal Audit Report, 3rd Quarter Ending May 31, 2021   **4 - 21**

Presenter: Lori Cox

5. Overview of Regular Agenda Item

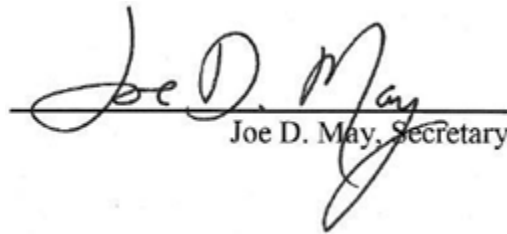## 6. Items for Review

6.2. Chancellor's Travel Report

7. Executive Session (if required)

7.1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071

7.2. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignments, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

7.3. Deliberate Regarding Real Property Since Open Deliberation would have a Detrimental Effect Upon Negotiations with a Third Person - Section 551.072

7.4. Deliberate Regarding Security Devices or Security Audits- Sections 551.076 and 551.089

8. Adjournment

CERTIFICATION OF NOTICE POSTED FOR THE JUNE 1, 2021 AUDIT COMMITTEE MEETING OF DALLAS COLLEGE AND RICHLAND COLLEGIATE HIGH SCHOOL BOARD OF TRUSTEES

I, Joe D. May, Secretary of the Board of Trustees of Dallas College, do certify that a copy of this notice was posted on the Dallas College website on the 28th day of 2021 in accordance with those provisions of section 551.043 (a)-(b)(1) of the Texas Government Code, and those other provisions of the Texas Government Code that have not been temporarily suspended by order of Governor Abbott on March 16, 2020.

Joe D. May, Secretary

DALLAS COLLEGE

Board of Trustees
AUDIT COMMITTEE

June 1, 2021

INTERNAL AUDIT REPORT

Lori K. M. Cox
Chief Internal Auditor

INTERNAL AUDIT DEPARTMENT (IAD) REPORT

AUDIT PLAN & ENGAGEMENT UPDATES

RISK ASSESSMENT OVERVIEW FY2022

ENHANCEMENT PLAN UPDATES

INTERNAL AUDIT DEPARTMENT CHARTER

2

Audit Committee

IAD – ENGAGEMENT & PLAN UPDATES

OPERATIONAL AND COMPLIANCE AUDITS

ATHLETICS

Status: Completed, 1st Quarter
An audit of the Athletics Department expenditures and compliance with the Athletics organization's and Dallas College policies and procedures at the Campus Locations. No exceptions were noted.

PROCUREMENT   Addition to FY20/21 Plan

Status: In Progress – Planning Phase - Target Completion: 4th Quarter (July 2021)
Review of procurement policy, processes, procedures, and systems – preliminary objectives are to determine if internal controls are adequate and functioning properly and if operations are conducted efficiently and effectively and in a manner to achieve goals, objectives, and compliance with applicable laws and policy.

RICHLAND COLLEGIATE HIGH SCHOOL

Status: Start Planned July 2021
Audit for compliance with Texas Education Agency attendance verification requirements.

3

Audit Committee

IAD – ENGAGEMENT & PLAN UPDATES

SPECIAL REVIEWS, CONSULTING ENGAGEMENTS & FOLLOW-UP AUDITS

FIXED ASSETS   Modification to FY20/21 Plan

A review of adequacy and effectiveness of fixed asset policy, process, and procedures and related inventory processes. The review will also include follow-up on issues noted in the 2018/2019 audit as applicable.
Status: Start Planned July 2021

WORKDAY IMPLEMENTATION PARTICIPATION   Addition to FY20/21 Plan

Review and recommendations of project management and review/comment on key controls design in the new processes.
Status: In Progress/On-Going

FOLLOW-UP AUDITS

Follow-up on issues identified in (select) internal audits from FY18/19 and 19/20; selection based on significance of issues.
Status: On-Going - Follow-up audit's planned:
- Day Teaching (2019/2020 Audit) – Start Planned June 2021
- TRIO Upward Bound (2018/2019 Audit) Start Planned July 2021

4

Audit Committee

IAD – ENGAGEMENT & PLAN UPDATES

OTHER SERVICES, DUTIES & SPECIAL PROJECTS

GRANT COMPLIANCE MONITORING

Status: Completed and On-Going

Dedicated resource performing ongoing monitoring of Grants for compliance with grant regulations and provisions and District policies and procedures to assist management in taking proactive corrective action. Grant monitoring in progress (no issues to report at this time):

- Eastfield College-USDE Title III Part F-HSI STEM
- Eastfield College-USDE Upward Bound
- Mountain View College-USDE SI Bilingual Education Center

EXTERNAL AUDIT ASSISTANCE

Perform audit work under the direction of the external auditors as requested.
Status: Completed 1st Quarter (All Staff), Pending 4th Quarter Start for FY21 Work
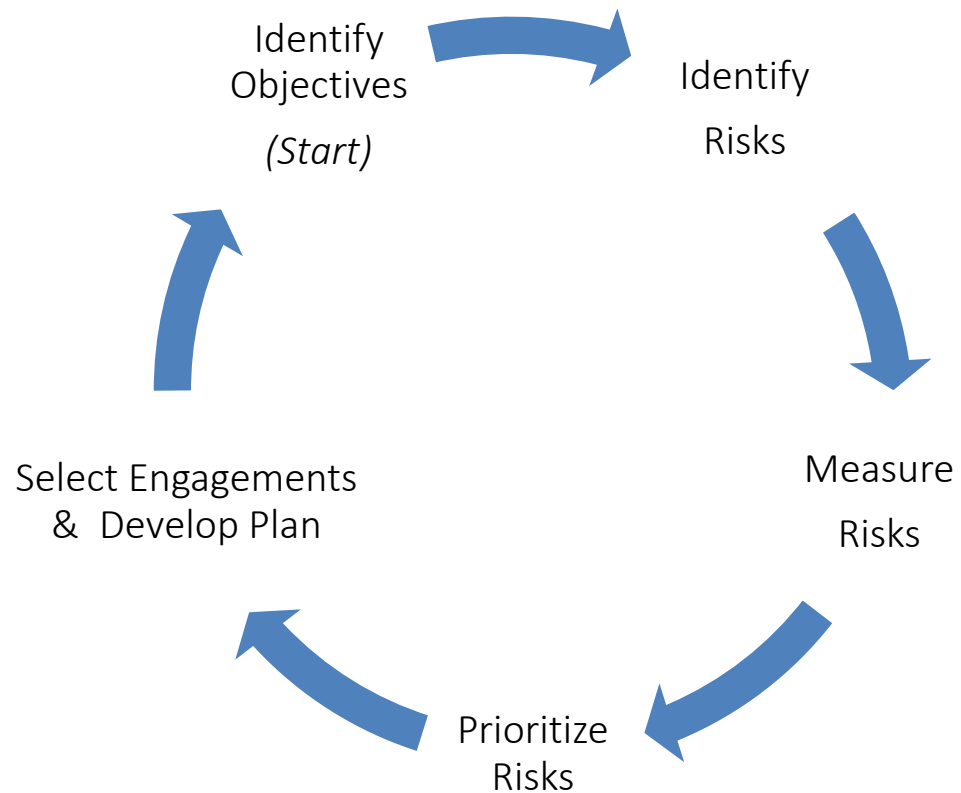
SPECIAL INVESTIGATIONS/REVIEWS

Special investigations and reviews of varied complexity to address, review, or substantiate allegations, provide information, and/or provide recommendations.
Status: Complete as needed/requested.
Three (3) Special Investigations/Reviews completed in 2nd and 3rd Quarter originating from requests or hotline complaints; one (1) special investigation/review in progress originating from a request.

5

Audit Committee

RISK ASSESSMENT PROCESS OVERVIEW

Identify Objectives *(Start)* → Identify Risks → Measure Risks → Prioritize Risks → Select Engagements & Develop Plan →

The risk assessment process is a continual effort to remain informed of emerging risks, initiatives, and opportunities to work with the College to help manage risks, provide independent assurance, and consult on projects, implementations, and initiatives.

- Meet with Board and Audit Committee Members, Senior Management, select staff, and the Chancellor to gain input on areas viewed as risks to the College.
- Survey select staff to gain information on areas viewed as risks to the College and any additional concerns.
- Review varied information and reports (internal and external); research risks common to Higher Education and organizations in general; review the top topics on corporate internal audit plans; and consult with peer internal audit activities to gain a more holistic view of risks that may be relevant to the College.
- Plan to be presented to the Board and Audit Committee in August 2021.

6

Audit Committee

IAD ENHANCEMENT UPDATES

Enhancement/Development	Target Completion Date	Status/Revised Completion Date
Update Risk Assessment Process	On-Going	On-Going
Mission & Vision	December 2020	Completed
Staff Training & Development Plans	December 2020	Completed
Audit Issues Tracking Process	January 2021	Completed
Audit Process Redesign	January 2021	Completed
Communications Plan	January 2021	In Progress/May 2021
Department Charter*	January 2021	Completed (Pending Approval)
Department Restructure	January 2021	Completed
Strategic Plan*	January 2021	Draft Completed
Department Manual Update	February 2021	In Progress/June 2021
Quality Assurance and Improvement Program	March 2021	In Progress/July 2021
Data Analytics Tool	April 2021	In Progress/August 2021
Working Paper Software Tool	April 2021	In Progress/August 2021

Additional Information Included

Audit Committee

IAD – STRATEGIC PLAN OVERVIEW

VISION

To be recognized as a collaborative, strategic, trusted advisor and vital resource providing information, analyses, and advice to help ensure operations are managed ethically, effectively, and efficiently.

MISSION

Guided by a philosophy of adding value, the mission of the Internal Audit Department is to enhance and protect organizational value by providing high-quality, objective, risk-based assurance and consulting services, advice, and insight, while embodying the commitment of improvement and betterment of the college, its students, and the community.

PLAN OBJECTIVE

To help ensure the IAD maintains alignment with the College's objectives; makes meaningful contributions to the College's overall governance, risk management, and internal controls; meets stakeholder expectations; and remains relevant.

IAD GOALS

- Understand and Help Improve the College's Governance, Risk Management, and Control Environment
- Establish IAD as the college-wide resource center for risk, control, and leading practice information.
- Ensure continuous improvement of the IAD's effectiveness and efficiency and, as a result, the value it provides to stakeholders.

Audit Committee
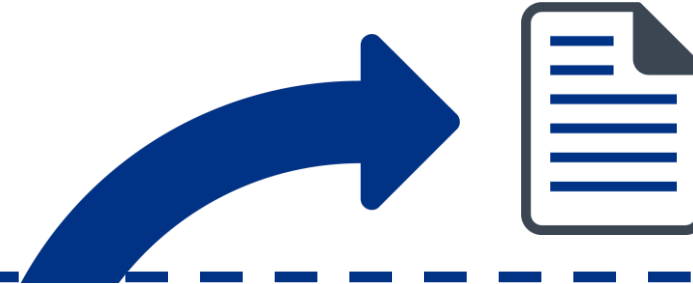
IAD – STRATEGIC PLAN OVERVIEW, *Cont.*

IAD METRICS

- Conduct annual and ongoing risk assessments – identifying the College's risk universe and risk factors – and prepare an annual engagement plan for board approval, as well as updates to the plan (as necessary) based on new and/or emerging risks.

- Achieve 90% Completion of Audit Plan (as updated if applicable).

- Provide College employees' education and training on aspects related to governance, risk management, and control – and the internal audit process and services - through the creation and delivery of at least three 2-hour training programs offered at least annually.

- Implement technology to support and drive the audit process.

- Results of client satisfaction survey results average 4.5 out of 5.

- An average of 10 Business days from completion of field work to issuance of draft report.

- Audit staff complete an annual development plan and obtain a minimum of 40 hours of continuing professional education (CPE) each year related to ethics, risk, control, governance, and internal audit standards and practices.

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Audit Committee

IAD − CHARTER

The International Standards for the Professional Practice of Internal Auditing (Standards) require that the purpose, authority, and responsibility of the internal audit activity be formally defined in an internal audit charter.

The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

IAD − CHARTER OUTLINE

- Purpose & Mission
- Standards
- Definitions
- Authority
- Independence and Objectivity
- Scope of IAD Activities & Responsibility
- Quality Assurance & Improvement Program

Audit Committee

INTERNAL AUDIT DEPARTMENT REPORT

Questions?

Audit Committee

DALLAS COLLEGE

DALLAS COLLEGE

TO: Audit Committee of the Board of Trustees

FROM: Lori K. M. Cox, Chief Internal Auditor

DATE: May 24, 2021

RE: Internal Audit Department (IAD), Audit Committee Report
             3rd Quarter Ending May 31, 2021

The following Internal Audit Department (IAD) report to the Audit Committee for the quarter ending May 31, 2021 outlines: IAD Future Plan and Enhancement Updates, Engagement Updates, and the Internal Audit Charter.

IAD - FUTURE PLANS & ENHANCEMENTS, UPDATES

The objective is to enhance the internal audit department and develop a "best-in-class" internal audit function serving as a model of excellence that embodies the definition of professional internal auditing.

Internal Audit Definition

Internal auditing is an independent, objective assurance and consulting activity designed to add value to and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The status of the IAD plans and enhancements is noted below:

Enhancement/Development	Target Completion Date	Status/Revised Completion Date
Update Risk Assessment Process	On-Going	On-Going
Mission & Vision	December 2020	Completed
Staff Training & Development Plans	December 2020	Completed
Audit Issues Tracking Process	January 2021	Completed
Audit Process Redesign	January 2021	Completed
Communications Plan	January 2021	In Progress/May 2021
Department Charter*	January 2021	Completed (Pending Approval)
Department Restructure	January 2021	Completed
Strategic Plan*	January 2021	Draft Completed
Department Manual Update	February 2021	In Progress/June 2021
Quality Assurance and Improvement Program	March 2021	In Progress/July 2021
Data Analytics Tool	April 2021	In Progress/August 2021
Working Paper Software Tool	April 2021	In Progress/August 2021

***Additional Information Included*

➢ **IAD CHARTER**

The International Standards for the Professional Practice of Internal Auditing (Standards) require that the purpose, authority, and responsibility of the internal audit activity be formally defined in an internal audit charter.

The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The charter (attached) includes information regarding the IAD:
- Purpose & Mission
- Standards
- Definitions
- Authority
- Independence and Objectivity
- Scope of IAD Activity & Responsibility
- Quality Assurance & Improvement Program

➢ **IAD STRATEGIC PLAN**
The purpose of the Internal Audit Department (IAD) strategic plan is to help ensure the IAD maintains alignment with the College's strategic priorities, values, and objectives; makes meaningful contributions to the College's overall governance, risk management, and internal controls; meets stakeholder expectations; and remains relevant.

Vision
To be recognized as a collaborative, strategic, trusted advisor and vital resource providing information, analyses, and advice to help ensure operations are managed ethically, effectively, and efficiently.

Mission
Guided by a philosophy of adding value, the mission of the Internal Audit Department is to enhance and protect organizational value by providing high-quality, objective, risk-based assurance and consulting services, advice, and insight, while embodying the commitment of improvement and betterment of the college, its students, and the community.

IAD Goals
▪ Understand and Help Improve the College's Governance, Risk Management, and Control Environment
▪ Establish IAD as the college-wide resource center for risk, control, and leading practice information.
▪ Ensure continuous improvement of the IAD's effectiveness and efficiency and, as a result, the value it provides to stakeholders.

IAD Metrics
- Conduct annual and ongoing risk assessments – identifying the College's risk universe and risk factors – and prepare an annual engagement plan for board approval, as well as updates to the plan (as necessary) based on new and/or emerging risks.
- Achieve 90% Completion of Audit Plan (as updated if applicable).
- Provide College employees' education and training on aspects related to governance, risk management, and control – and the internal audit process and services - through the creation and delivery of at least three 2-hour training programs offered at least annually.
- Implement technology to support and drive the audit process.
- Results of client satisfaction survey results average 4.5 out of 5.
- An average of 10 Business days from completion of field work to issuance of draft report.
- Audit staff complete an annual development plan and obtain a minimum of 40 hours of continuing professional education (CPE) each year related to ethics, risk, control, governance, and internal audit standards and practices.

➢ IAD ENGAGEMENT & PLAN UPDATES

OPERATIONAL AND COMPLIANCE AUDITS
- Athletics
  Status: Completed, 1st Quarter
  An audit of the Athletics Department expenditures for reasonableness and proper approval, and compliance with the Athletics organization's and Dallas College policies and procedures at the Campus Locations. *No exceptions were noted.*

  All Athletic Departments within Dallas College complied with District policies and the NJCAA handbook, Athletic Department staff met required qualifications, staff and student-athletes completed required forms, each Athletic Department adhered to applicable student-athletes eligibility requirements established by the NJCAA, and Dallas College Athletic Department budget expenditures were appropriate and properly approved.

- Procurement
  Addition to FY20/21 Plan
  Status: In Progress – Planning Phase - Target Completion: 4th Quarter (July 2021)
  Review of procurement policy, processes, procedures, and systems – preliminary objectives are to determine if internal controls are adequate and functioning properly and if operations are conducted efficiently and effectively and, in a manner, to achieve goals, objectives, and compliance with applicable laws and policy.

- Richland Collegiate High School
  Status: Start Planned June 2021
  Audit for compliance with Texas Education Agency attendance verification requirements.

SPECIAL REVIEWS, CONSULTING ENGAGMENTS & FOLLOW-UP AUDITS
- Fixed Assets
  Status: Start Planned July 2021
  A review of adequacy and effectiveness of fixed asset policy, process, and procedures and related inventory processes. The review will also include follow-up on issues noted in the 2018/2019 audit as applicable.

- Work Day Implementation Participation
  Status: In Progress/On-Going
  Review and recommendations of project management and review/comment on key controls design in the new processes.

- Follow-Up Audits
  Status: On-Going
  Follow-up on issues identified in (select) internal audits from FY18/19 and 19/20; selection based on significance of issues.
  Follow-up audit's planned:
  Day Teaching (2019/2020 Audit) – Start Planned June 2021
  TRIO Upward Bound (2018/2019 Audit) Start Planned July
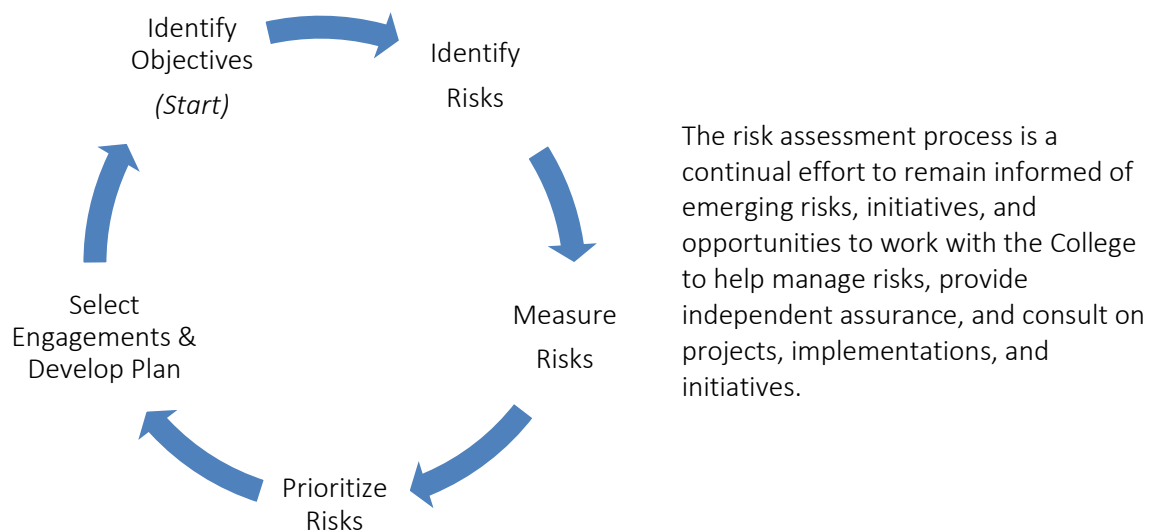
OTHER SERVICES, DUTIES, & SPECIAL PROJECTS

- Grant Compliance Monitoring
  Status: Completed and On-Going
  Dedicated resource performing ongoing monitoring of Grants for compliance with grant regulations and provisions and District policies and procedures to assist management in taking proactive corrective action.

  Grant monitoring in progress (no issues to report currently):
  - Eastfield College-USDE Title III Part F-HSI STEM
  - Eastfield College-USDE Upward Bound
  - Mountain View College-USDE SI Bilingual Education Center

- External Audit Assistance
  Status: Completed 1st Quarter (All Staff), Pending 4th Quarter Start for FY21 Work
  Perform audit work under the direction of the external auditors as requested.

- Special Investigations/Reviews
  Status: Complete as needed/requested, three (3) Special Reviews/Investigations Completed (2nd & 3rd Quarter), and one (1) In-Progress.

  - **Faculty Load Limited Review**
    The objective of this review was to determine if it appeared that select faculty members were compensated in regular load and extra service pay for courses occurring at the same date and time. Based on the documentation reviewed, it did appear that faculty was compensated in regular load and extra service pay for courses that are occurring at the same date and time. The results, and related recommendations, were reviewed with appropriate parties for corrective action.

  - **Police Vehicle Purchase Review**
    The objectives of this review were to investigate circumstances surrounding the lease of vehicles for the Police Department – and the steps taken in procurement – to determine if appropriate processes/ procedures were followed. We found while there was not a specific approval to move forward with the vehicle leases, the process in place and misinterpreted communications and instructions likely contributed to the issues. The review results and recommendations were communicated with applicable parties and appropriate action has and will be taken.

- **Richland Campus Music Program – Hotline Investigation**
  The specific objectives of this review were to confirm the accuracy of the Dallas College website information of the music programs available at the Richland Campus and to determine if the allegation of excessive course hours was substantiated. We found the information listed on the Dallas College website regarding the music programs available at the Richland Campus was accurate and up-to-date. The specific issue of excessive credit (course) hours as alleged in the complaint appears substantiated; the information as well as recommendations were communicated to Dallas College leadership responsible for the Music Program.

- **Vehicle and Equipment Special Review– In Progress**
  Review of select vehicle and equipment acquisition and disposal at Cedar Valley Campus.

➢ RISK ASSESSMENT PROCESS OVEERVIEW

Identify Objectives *(Start)* → Identify Risks → Measure Risks → Prioritize Risks → Select Engagements & Develop Plan →

The risk assessment process is a continual effort to remain informed of emerging risks, initiatives, and opportunities to work with the College to help manage risks, provide independent assurance, and consult on projects, implementations, and initiatives.

PROCESS STEPS
- Meet with Board and Audit Committee Members, Senior Management, select staff, and the Chancellor to gain input on areas viewed as risks to the College.
- Survey select College personnel to gain information on areas viewed as risks to the College and any additional concerns.
- Review varied information and reports (internal and external); research risks common to Higher Education and organizations in general; review the top topics on corporate internal audit plans; and consult with peer internal audit activities to gain a more holistic view of risks that may be relevant to the College.
- Plan to be presented to the Board and Audit Committee in August 2021.

INTERNAL AUDIT DEPARTMENT

STRATEGIC PLAN OVERVIEW

The purpose of the Internal Audit Department (IAD) strategic plan is to help ensure the IAD maintains alignment with the College's strategic priorities, values, and objectives; makes meaningful contributions to the College's overall governance, risk management, and internal controls; meets stakeholder expectations; and remains relevant.

OUR VISION

To be recognized as a collaborative, strategic, trusted advisor and vital resource providing information, analyses, and advice to help ensure operations are managed ethically, effectively and efficiently.

OUR MISSION

Guided by a philosophy of adding value, the mission of the Internal Audit Department is to enhance and protect organizational value by providing high-quality, objective, risk-based assurance and consulting services, advice, and insight, while embodying the commitment of improvement and betterment of the college, its students and the community.

PLAN OUTLINE

COLLEGE STRATEGIC PRIORITIES

IAD GOALS
- Understand and Help Improve the College's Governance, Risk Management and Control Environment
- Establish IAD as the collegewide resource center for risk, control and leading practice information.
- Ensure continuous improvement of the IAD's effectiveness and efficiency and, as a result, the value it provides to stakeholders.

IAD METRICS
- Conduct annual and ongoing risk assessments – identifying the College's risk universe and risk factors – and prepare an annual engagement plan for board approval, as well as updates to the plan (as necessary) based on new and/or emerging risks.
- Achieve 90% Completion of Audit Plan (as updated if applicable).
- Provide College employees' education and training on aspects related to governance, risk management, and control – and the internal audit process and services - through the creation and delivery of at least three 2-hour training programs offered at least annually.
- Implement technology to support and drive the audit process.
- Results of client satisfaction survey results average 4.5 out of 5.
- An average of 10 business days from completion of field work to issuance of draft report.
- Audit staff complete an annual development plan and obtain a minimum of 40 hours of continuing professional education (CPE) each year related to ethics, risk, control, governance and internal audit standards and practices.

FISCAL YEAR 2020/2021 AUDIT PLAN – UPDATE

SUMMARY

The development of the fiscal year 2020/2021 Audit (Engagement) Plan occurred during the consolidation of District's seven colleges into Dallas College. As such, the plan was designed to be flexible and adaptable.   The ongoing organizational and structural changes – including the operational assessment and organizational and structural changes and enhancements within the IAD – necessitate the IAD to continuously reassess the risks and needs of the College and the stakeholders. As noted in the original plan, "*if new topics emerge during the audit plan period that require more immediate attention, reconfiguration of the plan can be undertaken to accommodate these changes*".

The revised engagement plan incorporates some engagements from the original plan as well as new engagements based on on-going risk assessment and requests. The updated plan, and future plans, are designed to provide the College with the most comprehensive, timely audit coverage possible utilizing the resources available to the IAD.

Engagement Type	Description	Status/Plan Information			Target Fiscal Quarter
		Planned	Modified	Addition	
Operational & Compliance Audits and Reviews	Procurement			✓	3rd & 4th
	Richland Collegiate High School	✓			4th
Special Reviews/Consulting Engagements	Fixed Assets *(1)*		✓		4th
	Work-Day Implementation Participation *(2)*			✓	3rd & 4th
Other Services, Duties, & Special Projects	Grant Compliance Monitoring	✓			2nd, 3rd, & 4th
	External Audit Coordination/Work	✓			1st & 4th
Engagement Follow-up - FY18.19 & 19.20 Audits and Projects (On-Going)					
Hotline Monitoring and Investigations (On-Going)					
Special Investigations (As Needed)					

KEY:
(1) Modified audit type to a review of risk and related controls and processes.
(2) Review of project management and review/comment on key controls design in the new processes
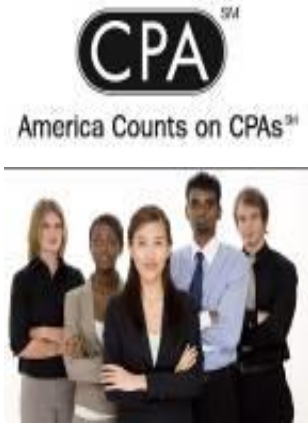
PRESENTATION TO THE AUDIT COMMITTEE OF

DALLAS COLLEGE

Dallas College Financial Statements
Audit Plan for the Period Ended August 31, 2021

Tuesday, June 1, 2021

DISCUSSION TOPICS

- Engagement Scope and Objectives

- Our Audit Approach

- Engagement Milestones and Timelines

- Required Communication with Those Charged with Governance

- Other Matters for Discussion

- Questions and Open Dialogue

- Appendix

    - Implementation of New Accounting Pronouncements

    - Key Members of the Service Delivery Team

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Engagement Scope and Objectives

1) Express opinions on the College's basic financial statements:

   – Statements of Net Position

   – Statements of Revenues, Expenses, and Changes in Net Position

   – Statements of Cash Flows

   – Notes to the Financial Statements

   – Prepared by the College

2) Apply certain limited audit procedures to the College's required supplementary information and supplementary information

3) To perform annual attestation procedures to determine the College's compliance with the Texas Public Funds Act

4) Yellow Book Report

5) Single Audit

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CERTIFIED PUBLIC ACCOUNTANTS

OUR AUDIT APPROACH

Our approach focuses more on areas of greatest risks by analyzing audit risks, setting materiality thresholds based on audit risk analysis, and developing audit programs that allocate a larger portion of audit resources to high-risk areas. During your audit, we also determine effectiveness and adequacy of your internal controls for ensuring proper financial accountability, efficient operations, and compliance.

PLANNING ➤ **PRELIMINARY** ➤ **FINAL** ➤ **REPORTING**
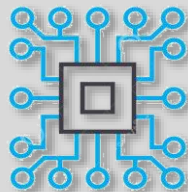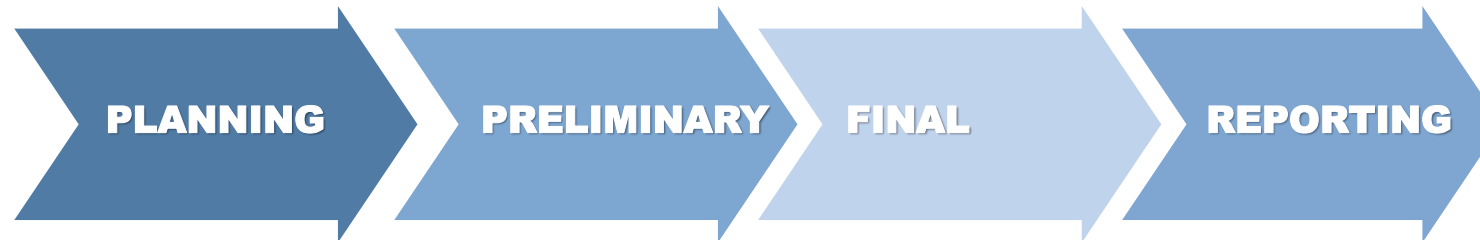
IT AUDIT
Evaluate controls over the IT environment and use data extraction software, where applicable, to audit transactions through your financial information system.

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Engagement Milestones & Timelines

- Entrance conference: **June 1, 2021**

- Perform interim fieldwork (audit planning and risk assessment activities): **July 19 – July 30, 2021**

- Management receives audit requests, prepare schedules and confirmations: **July 5, 2021** (interim), and **September 19, 202**1 (final)

- Presentation of audit plan to the Audit Committee: **June 1, 2021**

- Perform audit fieldwork (assisted by Dallas College Internal Audit: **October 11 – November 19, 2021**

- Exit Conference with Management: **November 19, 2021**

- Quality control review of workpapers and reports: **November 8 – November 19, 2021**

- Final drafts of financial statements and reports: **November 19, 2021**

- Presentation of draft reports to the Audit Committee and Board of Trustees: **December 1, 2021**

- Issuance / submission of CAFR to regulatory agencies: **December 15, 2021**

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CERTIFIED PUBLIC ACCOUNTANTS

Required Communication with Those Charged with Governance

- **Management's Responsibilities (included in the engagement letter):**
  - The basic financial statements, accompanying notes, preparation of required supplementary information, supplementary information, and all representations contained therein.
  - Selection and use of appropriate accounting policies.
  - Establishment and maintenance of effective internal controls.
  - Compliance with applicable laws and regulations, contracts and agreements.
  - Design and implementation of programs and controls to prevent and detect fraud.

- **Auditor's Responsibility (included in the engagement letter):**
  - Issue opinion on the basic financial statements.
  - Issue report under the U.S. Generally Accepted Auditing Standards.

- **Required AU Section 380 communications of significant audit results**

- **Written representations made to the auditors by management**

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

OTHER MATTERS FOR DISCUSSION

- Areas of Interest / Concern
  - Procurement
  - Investments
  - Federal and State grants reconciliation
  - Pension funds and census data
  - Allowance for uncollectible accounts
  - Follow up on the cash management single audit findings
  - Actuarial calculations
  - GASB standards
    1) *GASB 87 – Leases –*
       Effective for fiscal year 2022
    2) *GASB 96 – Subscription based Information Technology Arrangements –*
       Effective for fiscal year 2023
  - Bond issuance
  - Other

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- Working environment with return to work protocols

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APPENDIX

IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

EFFECTIVE IN UPCOMING FISCAL YEARS

- **GASB Statement No. 87, *Leases***
  Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (FY 2022).

- **GASB Statement No. 89, *Accounting for Interest Cost before the end of construction period***
  Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 31, 2020 (FY 2022).

- **GASB Statement No. 91, *Conduit Debt Obligation***
  Effective Date: The requirements of this statement have been extended to have to reporting periods beginning after December 15, 2021 (FY 2023).

- **GASB Statement No. 92, *Omnibus 2020***
  Effective Date: The requirements of this statement are effective for reporting periods beginning after June 15, 2021 (FY 2022).

- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***
  Effective Date: The requirements of this statement are effective for reporting periods ending after June 15, 2021 (FY 2022).

EFFECTIVE IN UPCOMING FISCAL YEARS

- **GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***
  Effective Date: The requirements of this statement are effective for reporting periods beginning after June 15, 2022 (FY 2023).

- **GASB Statement No. 96, *Subscription-Based Information Technology Arrangements***
  Effective Date: The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022 (FY 2023).

- **GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code sections 457 Deferred Compensation Plan – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32***
  Effective Date: The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021 (FY 2022).

SERVICE DELIVERY TEAM KEY MEMBERS

- **Audit Team Key Members:**

  - **Marlon Williams, CPA**, *Audit Partner;*
    MWilliams@mjlm.com

  - **Deepa Chandrie, CPA**, *Audit Senior Manager;*
    DChandrie@mjlm.com

  - **Wandalis Cordero, CPA**, *Audit Supervisor;*
    WCordero@mjlm.com

  - **Santosh Shrestha**, *Audit Senior;*
    SAshrestha@mjlm.com

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

OVERVIEW OF REGULAR AGENDA ITEM 5.1.

<u>Approval of Dallas College Internal Audit Departmental Charter</u>

The Chancellor recommends that the Board approve the departmental charter for the Dallas College Internal Audit department.

<u>Effective date</u>
Upon Board Approval.

<u>Background</u>
The International Standards for the Professional Practice of Internal Auditing (Standards) require that the purpose, authority, and responsibility of the internal audit activity be formally defined in an internal audit charter.

An internal audit (department) charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The Standards indicate that final approval of the internal audit charter resides with the board.

<u>Resource Contact</u>
Lori Cox, Chief Internal Auditor

The International Standards for the Professional Practice of Internal Auditing (Standards) require that the purpose, authority and responsibility of the internal audit activity be formally defined in an internal audit charter. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

CHARTER

PURPOSE AND MISSION
The Internal Audit Department (IA) is an independent, objective, assurance and consulting service designed to add value and improve the operations of Dallas College (DC). IA helps DC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and help improve the effectiveness of risk management, control, and governance processes. While practicing stringent regard for safekeeping and confidentiality of information received, IA will furnish analysis, appraisal, recommendations, advice, and information concerning the activities reviewed. Internal Audit is concerned with any phase of DC activity where the department can be a service to the Audit Committee of the Board of Trustees (Audit Committee), the Chancellor, senior management, faculty, and staff.

Guided by a philosophy of adding value, the mission of the Internal Audit Department is to enhance and protect organizational value by providing high-quality, objective, risk-based assurance and consulting services, advice and insight, while embodying the commitment of improvement and betterment of the college, its students, and the community.

STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING
The IA Department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, *the Standards*, and the Definition of Internal Auditing. The Chief Internal Auditor (the Chief Audit Executive – CAE) will report periodically to the Audit Committee, the Chancellor, and senior management regarding the IA Department's conformance to the Code of Ethics and the *Standards*.

DEFINITIONS

Assurance
An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, operational and system security engagements (audits).

Code of Ethics
The Code of Ethics of The Institute of Internal Auditors (IIA) are Principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behavior expected of internal auditors. The Code of Ethics applies to both individuals and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Consulting Services
Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Control
Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Core Principles for the Professional Practice of Internal Auditing
The Core Principles for the Professional Practice of Internal Auditing are the foundation for the International Professional Practices Framework and support internal audit effectiveness.

Governance
The combination of processes and structures implemented by the board to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives.

Independence
The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Recommendation
Actions Internal Audit recommendations be taken to correct the audit issue. The audit recommendation is designed to help the department achieve its goals and address the issue's root cause.

Risk
The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Appetite
The level of risk that an organization is willing to accept.

AUTHORITY

The Chief Internal Auditor (the Chief Audit Executive – CAE) will report functionally to the Audit Committee and administratively (i.e., day-to-day operations) to General Counsel. To establish, maintain and assure that the IA Department has sufficient authority to fulfill its duties, the *Audit Committee* will:

- Approve the IA Department's Charter.
- Approve the risk-based internal audit plan.
- Approve the IA Department's budget and resource plan.
- Receive communications from the CAE on the IA Department's performance relative to its plan and other matters.
- Consider recommendations from the Chancellor, approve decisions regarding the appointment and removal of the CAE.
- Approve the compensation of the CAE.
- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations.

The CAE will have unrestricted access to, and communicate and interact directly with, the Audit Committee including in private meetings, as permitted by law, without management present.

The CAE shall remain independent and objective with the ability to report directly to the Audit Committee of the Board of Trustees, any situation where the auditor perceives a conflict of interest with, or on the part of, the Chancellor's involvement with the subject of an audit. In addition, Internal Audit shall have the ability to report directly to outside legal counsel or an applicable state agency any situation where the auditor perceives a conflict of interest with, or on the part of, the Audit Committee of the Board of involvement with the subject of an audit.

The Audit Committee and Chancellor authorizes the IA Department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of DC, as well as other specialized services from within or outside DC, in order to complete the engagement.

INDEPENDENCE AND OBJECTIVITY

The CAE will ensure that the IA Department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing and report content. If the CAE determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for DC or its affiliates.
- Initiating or approving transactions external to the IA Department.
- Directing the activities of any DC employee not employed by the IA Department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the CAE has, may, or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The CAE will confirm to the Audit Committee, at least annually, the organizational independence of the IA Department. The CAE will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

SCOPE OF INTERNAL AUDIT ACTIVITIES & RESPONSIBILITIES

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, Chancellor, and senior management and outside parties on the adequacy and effectiveness of governance, risk management and internal control processes and structures for DC. Internal audit assessments include evaluating:

- Risks relating to the achievement of DC's strategic objectives are appropriately identified and managed.
- The adequacy and effectiveness of the DC's internal control structure.
- The actions of DC's officers, directors, employees, and contractors are in compliance with DC's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact DC.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Effective business processes to achieve internal control at a reasonable cost.

The CAE will report periodically to the Audit Committee, the Chancellor and senior management regarding:
- The IA Department's purpose, authority, and responsibility.
- The IA Department's plan and performance relative to its plan.
- The IA Department's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee, Chancellor, or senior management.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to DC.

The CAE also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The IA Department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the IA Department does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

RESPONSIBILITY
The CAE has the responsibility to:
- Submit, at least annually, to the Audit Committee and the Chancellor a risk-based internal audit plan for review and approval.
- Communicate to the Audit Committee, the Chancellor and senior management any impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in DC's business, risks, operations, programs, systems and controls.

- Communicate to the Audit Committee, the Chancellor and senior management any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed if applicable, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to the Audit Committee, the Chancellor and senior management (as necessary and applicable) any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the IA Department collectively possesses or obtains the knowledge, skills and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact on DC are considered and communicated to the Audit Committee, the Chancellor and senior management as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the IA Department.
- Ensure adherence to DC's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to the Audit Committee, the Chancellor and senior management as applicable.
- Ensure conformance of the IA Department with the *Standards*, unless the IA Department is prohibited by law or regulation from conformance with certain parts of the *Standards*, the CAE will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.

If the *Standards* are used in conjunction with requirements issued by other authoritative bodies, the CAE will ensure that the IA Department conforms with *the Standards*, even if the IA Department also conforms with the more restrictive requirements of the other authoritative bodies.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The IA Department will maintain a quality assurance and improvement program that covers all aspects of the IA Department. The program will include an evaluation of the IA Department's conformance with the *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the IA Department and identify opportunities for improvement. The CAE will communicate to the Audit Committee, the Chancellor and senior management (as applicable) regarding the IA Department's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside DC.

Audit Committee Notes for March 2, 2021

The Audit Committee Meeting of the Board of Trustees of Dallas College was held Tuesday, March 2, 2021, beginning at 11:30 a.m. on the Cisco Webex platform and was broadcast via the streaming link: http://www.dcccd.edu/boardmeetingslive. This meeting was convened by Audit Committee Chair JL Sonny Williams.

<u>Board Members and Officers Present</u>
   Ms. Monica Lira Bravo
*   Ms. Charletta Rogers Compton
   Ms. Diana Flores
   Dr. Joe May (secretary and chancellor)
   Mr. Philip J. Ritter
*   Mr. JL Sonny Williams (committee chair)
*   Ms. Dorothy Zimmermann
   Mr. Cliff Boyd

<u>Members absent</u>
   None.

*   *Denotes a committee member*

1. **Roll Call - Announcement of a Quorum** confirmed by Perla Molina.

2. **Certification of Notice** posted for the meeting confirmed by Chancellor Joe May.

3. **Citizens Desiring to Address the Board**
   None.

4. **Committee Presentations**
   A. Quarterly Audit Update - 2nd Quarter Ending February 28, 2021
      Presenters: Lori Cox, Rob Wendland

      Internal Audit Department (IAD) Report

      <u>IAD - Objective and Definition</u>

Lori Cox shared with the Board her objective and goals for the IAD, which included developing a best-in-class function and a model of excellence. The IAD will achieve these goals by complying with the international standards for the practice of internal auditing and ensure that all staff establish membership with the Institute of Internal Auditors. Further, Cox stated that, as a Certified Internal Auditor (CIA), it is a requirement to follow international standards for the practice of internal audit.

Cox then discussed the definition of internal audit and emphasized the importance of adding value to the college through the operations that the IAD performs and helping the college accomplish its goals and objectives. She noted that, in her experience, the IAD works best when the it engages as a partner with the organization and leadership in a collaborative way. Cox discussed her intention to focus on risk, to manage the internal audit resources as effectively as possible and to expand the focus of IAD to include more than just compliance audits, such as controls, governance, operational and programmatic evaluations. Further, Cox noted that her key goals were to be proactive and address issues internally before there's an adverse impact externally, ensuring that the IAD was focusing on what is most important to the College, and acting as a partner, working in collaboration with leadership, management and staff.

Cox proceeded to provide plan and enhancement updates and audit plan changes.

Update Risk Assessment Processes
- Cox explained that the Risk Assessment Process was ongoing, as risk changes and operations change, particularly with the transition.

Mission & Vision
- Cox presented the mission developed by the IAD, which emphasizes adding value and enhancing and protecting organizational value through the IAD's services, including risk-based assurance, consulting, advice and insight. She noted that this included becoming more proactive and getting more involved at the beginning of endeavors, in order to offer insight and help avoid future incidents.
- Cox presented the vision developed by the IAD, which emphasized collaboration and being a strategic trusted advisor and a vital resource, while also contributing to continuous improvement in the organization.

Staff Training & Development Plans

These plans were customized for each team member and would be rolled out in phases. The IAD was currently in Phase I.

- Phase I – Internal Audit Foundation
    - This phase included focusing on the internal audit profession and internal audit principles, including standards, risk, control, governance, roles and practices.
- Phase II – Internal Audit Core Competencies and Attributes
    - This phase was expected to begin at the end of March and focuses on the code of ethics, communication skills (oral and written), conflict management skills, negotiation skills, organization, and principles of management, accounting, and auditing.
- Phase III – Phases of an Audit
    - This phase was expected to begin in June and would provide more in-depth training on the phases of an audit, such as the opening conference, sample selection, presentation skills, and test work.

Trustee Flores shared her appreciation with Cox regarding staff training.

Audit Issues Tracking Process

- As the IAD completed an engagement (i.e., any activity), conditions were recorded and would be reviewed periodically to determine status. The status of these conditions would be reported at each audit committee meeting.
- The method to track audit issues was currently maintained in a spreadsheet. However, the IAD was working to obtain audit software that would include audit issue tracking and other audit services such as the audit plan, assignments, and reviewing work.

Audit Process Redesign

Trustee Boyd inquired of the procedure by which the audit committee and board would receive audit reports/results. Cox explained that the results would be distributed at each audit committee meeting.

Cox explained the process redesign.

- Before the engagement
    - A risk assessment would be performed to determine which types of audits would be included in the annual audit plan. A risk assessment would also be performed at the beginning of each audit. The risk assessment would determine what the IAD would look at on a broad scale for the year and in what function.

- Trustee Flores inquired of how the IAD engages in risk assessment. Cox responded that risk assessment included a combination of things such as interviewing and surveying various leadership, management, and staff on concerns that needed to be addressed. The IAD would also look at external factors such as the higher education industry and the business industry that may impact the risks to the college.
            - Trustee Flores inquired if this process could possibly include surveying or interviewing students. Cox responded that student interviews would be included in the process, as well as speaking with student organizations.
        - Further, Cox noted that all information obtained in the risk assessment process would be combined in a matrix to determine high risk areas. She explained that the IAD typically focused on the highest risk. However, there may be projects that were not necessarily high-risk but were important to the College and had a different impact on risk, such as reputational risk. All items would be taken into consideration during the risk assessment process.
    - During the engagement
        - Most engagements would be given an advance notice. There may be some unannounced items, but for the most part, the IAD would prepare an engagement letter, have an opening conference, plan the audit, complete fieldwork, and develop a draft report.
    - After the Engagement
        - The draft report would be discussed at the closing conference. The IAD would obtain the management response or corrective action plan and schedule an executive conference, if necessary. Management responses and corrective action plans would be incorporated in the final report.
    - Reporting and follow-up
        - The final report would be distributed to the chancellor, management, and the board. These issues will also be tracked through the IAD's tracking mechanism and followed-up on as needed.

Trustee Zimmermann expressed concerns about the recent spending of $1 million per month to provide support to students impacted by COVID-19 and/or the recent winter storm. Trustee Zimmermann inquired if the IAD had

looked into this spending. Cox responded that the IAD had not, but it was certainly something that the IAD could look into. Further, Cox noted that this was the type of feedback the IAD would like to evaluate risk.

Trustee Flores requested that the Chancellor remind the Board of how the million dollars were being allocated. Chancellor May discussed the purpose and the eligibility requirements for the stimulus funding received. Chancellor May shared with the Board that half of the stimulus dollars received by the Federal Government were required to be directed to students to offset their needs that may impair education, such as car repairs, rent, electricity, etc. Further, the Chancellor discussed how the eligibility requirements have changed over the funding period. some restrictions have been lifted, resulting in the College's ability to help more students in need. The Chancellor noted that the College has received approximately $73 million thus far and expected approximately $90 million in the next round of funding.

Chancellor May confirmed that the spending averaged out to the current $1.1 million per month. Further, the Chancellor noted that the federal funds received were subject to the single audit act and would be reviewed by the external auditors. John Robertson also confirmed that funding was being allocated according to the rules, as defined by the Department of Education.

Trustee Boyd inquired about how the College communicated with students regarding the stimulus funding available to eligible students. The Chancellor and Dr. Pyeper Wilkins responded by noting that the College reached out to eligible students directly through emails, texts, social media, newsletters and faculty. Wilkins also noted that all students were encouraged to apply for aid, even if eligibility was in question because of the possibility that students could receive assistance from private funds.
Trustee Boyd inquired if the College imposed any additional eligibility requirements, such as number of hours a student must have, to receive the funding. Wilkins responded that the College did not set any additional parameters. Trustee Boyd and Trustee Flores discussed how this funding could be marketed/communicated to the community via media coverage and/or town halls, etc. Cox noted how this was an example of how risk could change for the College and that the IAD's involvement would include reviewing the requirements, controls in place, and if there was another area involved and develop a plan to assist based on the information reviewed.

Communications Plan
- Cox noted that a communications plan was in progress. The purpose of the plan was to provide information to all stakeholders regarding the

purpose, role and scope of the IAD activities and requirements. This communications plan would include, but was not limited to: webpage, vision and mission statement, audit charter, audit information packet, audit process description, frequently asked questions and a brochure.

IAD Charter
- The International Standards for the Professional Practice of Internal Auditing (Standards) required that the purpose, authority, and responsibility of the internal audit activity be formally defined in an internal audit charter. Cox noted that this charter was different from the audit committee charter and was specifically for the department.
- Further, this charter was a requirement of the Standards due to the uniqueness of the Internal Audit Department (IAD). It served to establish internal audit's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the Board; authorized access to records, personnel, and physical properties relevant to the performance of engagements; and defined the scope of internal audit activities.
- The charter outline was: purpose and mission, standards, definitions, authority, independence and objectivity, scope of IAD activities and responsibility, and quality assurance and improvement program. The quality assurance and improvement program was similar to an accreditation process and is designed to ensure that the department is complying with standards, meeting the organization's needs, and achieving its goals and metrics. This program included internal assessments and external assessments. External assessments are required by the standards. The internal audit function needs to have an independent party assess the internal audit function every five years. The external assessment report would also be distributed to the Board and audit committee.
- This charter was included in the board's packet to be reviewed and brought back at the next audit committee meeting for approval.

Trustee Flores inquired if this was the first time a charter had been provided to the Board and if this charter was mandatory. Cox noted that there had been a draft charter in previous years, but this was the first time it had been presented to the Board and audit committee for approval. Further, Cox noted that this charter was mandatory in order to meet the Standards set forth by the Institute of Internal Audit (IIA). Trustee Flores questioned if the IAD complied with Standards in previous years. Rob Wendland noted that IAD had not adhered to the IIA standards in previous years. However, Wendland noted that the charter was not a requirement

under applicable law but required in order to meet the standards of the IIA. Chancellor May added that it was similar to an accreditation process in nature to go above and beyond as a department to meet these standards and achieve excellence.

Department Restructure

- The organizational structure of the IAD was being redesigned to increase efficiency, effectiveness, communications, and growth opportunities for the staff. There were currently two vacant positions. The IAD planned to create a senior auditor position by utilizing one of the vacant audit positions, recruit to fill vacancies, and reclassify one internal audit position.
- Wendland reminded the Board that the two vacancies were included in the budget for the past two years but remained unfilled until the chief position was filled, in order to allow the chief to build out the team as that person saw fit.

Strategic Plan

- Cox stated that the strategic plan was in progress and would be provided to the audit committee and Board for review.
- The purpose of the plan was to help ensure the IAD maintained alignment with the college's objectives; make meaningful contributions to overall college governance, risk management, and internal controls; meets stakeholder expectations; and remains relevant

Trustee Flores requested that a copy of the strategic plan be shared with the Board when completed.

Draft IAD Goals and Metrics
Cox shared the following draft of goals and metrics that would be included in the strategic plan:

- Establish IAD as the collegewide resource center for risk, control and leading practice information.
- Provide college employee education and training on aspects related to governance, risk management and control.
- Implement technology to support and drive the audit process.
- 90% completion of audit plan
- Satisfaction survey results average 4.5 out of 5.
- An average of 10 business days from completion of field work to issuance of the draft report.
- Audit staff maintain audit certifications and/or achieve 40 hours of continuing professional education (CPE) each year.

Audit Plan Modifications
- Cox noted that the development of the 2020/2021 Audit Plan occurred during the consolidation of district's seven colleges into Dallas College. The ongoing organizational and structural changes necessitated the IAD to continuously reassess the risks and needs of the college and the stakeholders.
- Cox shared a modification to the plan to add a Procurement audit with a target date of the end of March 2021. This would be an operational audit to evaluate the efficiency and effectiveness of procurement policy and processes.

Engagement Status
- Cox reported that there were currently three special reviews/investigations in progress, based on management request and/or hotline reports.

Questions
Cox concluded the presentation by welcoming questions from the Board. Trustee Flores responded by sharing appreciation for the professionalism and direction Cox is leading the IAD in. Trustee Boyd responded by advising and requesting that the IAD include an audit review of ERP implementation. Trustee Boyd also expressed that it was critical to have that area reviewed and provide feedback to the Board over the next several years, during the ERP implementation process. Trustee Boyd also expressed gratitude for Lori Cox's IAD structure and professionalism.

5. **Items for Review**

    A. Committee Notes

    1) Audit Committee Notes for December 15, 2020
       There were no changes necessary.

    2) Internal Audit Departmental Charter

6. **Executive Session**
   There was no need for executive session.

7. **Adjournment**
   The audit committee adjourned at 12:22 p.m.

Captioned video and transcripts for Dallas College Board Meetings are available at our website, www.dcccd.edu/boardmeetingslive, under the Archived Videos section.