AGENDA

AUDIT COMMITTEE
OF THE BOARD OF TRUSTEES

August 6, 2025
1:30 PM

3100 Main Street, 2nd Floor Auditorium, Houston, Texas 77002

NOTICE OF A MEETING OF THE
Audit Committee
OF THE BOARD OF TRUSTEES

HOUSTON COMMUNITY COLLEGE

August 6, 2025

Notice is hereby given that a Meeting of the Audit Committee of the Board of Trustees of Houston Community College will be held on Wednesday, August 6, 2025 at 1:30 PM, or after, and from day to day as required, 3100 Main Street, 2nd Floor Auditorium, Houston, Texas 77002. The items listed in this Notice may be considered in any order at the discretion of the Committee Chair and items listed for closed session discussion may be discussed in open session and vice versa as permitted by law. Actions taken at this Meeting do not constitute final Board action and are only Committee recommendations to be considered by the Board at the next Regular Board meeting.

I.   **Call to Order**

   A.   Opportunity for Public Comments

II. **Topics For Discussion and/or Action:**

   A.   Internal Audit Status Report

   B.   FY 2026 Internal Audit Plan for Approval

   C.   Internal Audit Strategic Plan

   D.   Presentation from External Audit Firm on Audit Approach and Plan

   E.   Report on Quarterly Control and Compliance Attestation

III. **Adjournment to closed or executive session pursuant to Texas Government Code Sections 551.071; 551.072 and 551.074, the Open Meetings Act, for the following purposes:**

   A.   **Legal Matters**

   Consultation with legal counsel concerning pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

   1.   Discuss Quarterly Control and Compliance Attestation

   B.   **Personnel Matters**

   Deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer, employee or board member to hear complaints or changes against an officer, employee or board member unless the officer, employee or board member who is the subject of the deliberation or hearing requests a public hearing.

   C.   **Real Estate Matters**

Deliberate the purchase, exchange, lease, or value of real property for Agenda items if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

IV. **Additional Closed or Executive Session Authority:**

If, during the course of the meeting covered by this Notice, the Board should determine that a closed or executive meeting or session of the Board should be held or is required in relation to any items included in this Notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this Notice or as soon after the commencement of the meeting covered by the Notice as the Board may conveniently meet in such closed or executive meeting or session concerning:

Section 551.071 - For the purpose of a private consultation with the Board's attorney about pending or contemplated litigation, a settlement offer, or matters on which the attorney's duty to the System under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with the Texas Open Meetings Laws.

Section 551.072 - For the purpose of discussing the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.073 - For the purpose of considering a negotiated contract for a prospective gift or donation to the System if deliberation in an open meeting would have a detrimental effect on the position of the System in negotiations with a third person.

Section 551.074 - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer, employee or board member to hear complaints or changes against an officer, employee or board member unless the officer, employee or board member who is the subject of the deliberation or hearing requests a public hearing.

Section 551.076 - To consider the deployment, or specific occasions for implementation of security personnel or devices, or a security audit.

Section 551.082 - For the purpose of considering discipline of a student or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing, unless an open hearing is requested in writing by a parent or guardian of the student or by the employee against whom the complaint is brought.

Section 551.084 - For the purpose of excluding a witness or witnesses in an investigation from a hearing during examination of another witness in the investigation. Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

A. The open meeting covered by this Notice upon the reconvening of the public meeting, or

B. At a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

V.   Reconvene in Open Meeting

VI.   Adjournment

<u>**CERTIFICATE OF POSTING OR GIVING NOTICE**</u>

On this **<u>1st day of August 2025</u>**, this Notice was posted at a place convenient to the public and readily accessible at all times to the general public at the following locations: (1) the HCC Administration Building of the Houston Community College, 3100 Main, First Floor, Houston, Texas 77002 and (2) the Houston Community College's website: www.hccs.edu.

Posted By:

_____
Sharon R. Wright
Director, Board Services

REPORT ITEM

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
A.	**Internal Audit Status Report**	**Dr. Margaret Ford Fisher** **Terry Corrigan**

DISCUSSION

The Internal Auditor meets quarterly with the Audit Committee to discuss the status of the annual audit plan and to review the follow-up report on audit observations from previously completed audits.

COMPELLING REASON AND BACKGROUND

The Internal Audit Department Charter and Board Policy CDC (LOCAL) requires the Internal Auditor to meet regularly with the Audit Committee to review audits performed, audits in progress, future audits, and sufficiency of the Department resources. This is the quarterly status update per the Board of Trustees adopted Audit Committee Action Calendar.

FISCAL IMPACT

Department functions per approved operating budget.

STRATEGIC ALIGNMENT

1. Student Success, 5. College of Choice

ATTACHMENTS:

Description	Upload Date	Type
Internal Audit Status Report	7/22/2025	Presentation
Detail FY 2025 IA Plan Status Report	7/21/2025	Attachment
Audit Observation Follow-up Report Aug 2025	7/23/2025	Attachment
MJ Recommendations Follow-up Report-June 2025	6/13/2025	Attachment

This item is applicable to the following: District

Internal Audit Status Report

Dr. Margaret Ford Fisher, Chancellor

Terry Corrigan, Director Internal Audit

August 6, 2025

Internal Audit Status Report
Presentation Contents

Presentation
- Summarized Internal Audit Status Information
- Follow-up on Observation Action Plans
- External Audit/Review Activity
- Independence Impairments & Scope Limitations

Information Attachments
- Detailed FY 2025 Internal Audit Plan Status Report
- Audit Observations Follow-up Status Report
- McConnell & Jones Recommendations Follow-up Status Report

Summarized Internal Audit Status Information

<u>(Detailed FY 2025 Internal Audit Plan Status Report attachment is included in package)</u>

Projects in Finalization Stage

1. 25-O-1 IT Disaster Recovery
2. 25-C-1 Procurement Processing
   - Cooperative Contracts
   - Blanket Purchase Orders

Summarized Internal Audit Status Information (continued)

FY 2025 Plan Future Projects

1. 25-O-2   IT Systems Audit
2. 25-A-3   Internal Quality Assurance Review

Summarized Internal Audit Status Information (continued)

FY 2025 Plan Cancelled Project

1. 23-C-3 Title IX (new rules issued April 19, 2024, did not go into effective due to lawsuits)

Summarized Internal Audit Status Information (continued)

Project waiting on program implementation

Campus Security & Safety (using Berkeley Research Group & Robb (Uvalde) reports and Texas School Safety Center checklist to establish a security & safety program)

Observation Action Plans Follow-up

Follow-up information attachments are included in the package:

1. Audit Observations Follow-up Status Report
2. McConnell & Jones Recommendations Follow-up Status Report

External Audit/Review Activity

HCC Procured Services

Forvis Mazars - financial statements external audit in process.

Regulatory Imposed

The THECB completed a Compliance Monitoring Desk Review of the Texas Educational Opportunity Grant (TEOG). The review focused on TEOG data for the financial aid year 2023-2024. There were no observations resulting from the engagement.

Independence Impairments & Scope Limitations

The internal audit function has experienced no independence impairments and/or scope limitations.

Thank You

Questions?

FY 2025 Audit Plan Status Report
SUMMARY as of July 19, 2025

Audit Projects	Project Number	FY 2025 Plan Est Hrs	YTD 2025 Actual Hours	Over (Under)	Stage	Fieldwork Planned	Estimated Report Completion	Final Report Issued
Operational Audit Projects								
*Student Mental Health	24-O-2	480	429	(51)	Complete	9/1/24-11/9/24	11/22/24	12/18/24
IT Disaster Recovery	25-O-1	480	194	(286)	Finalizing	3/3/25-8/8/25	08/22/25	
IT Systems Audit	25-O-2	640	-	(640)	Roll FY 2026	N/A	N/A	N/A
Compliance Audit Projects								
*Payment Card Industry (PCI) Data Security Standard (DSS)	23-C-2	480	705	225	Complete	9/1/24-1/29/25	02/03/25	04/10/25
*Title IX	23-C-3	480	16	(464)	Cancelled	N/A	N/A	N/A
Campus Safety & Environmental Operations Management	25-C-1	320	200	(120)	N/A	N/A	N/A	N/A
Central College	25-C-1-1	240	223	(17)	Complete	2/17/25-3/26/25	04/25/25	04/15/25
Northeast College	25-C-1-2	240	163	(77)	Complete	2/17/25-3/26/25	04/25/25	04/15/25
Coleman College	25-C-1-3	240	215	(25)	Complete	2/17/25-3/26/25	04/25/25	04/15/25
Procurement Processing	25-C-2	120	118	(2)	N/A	N/A	N/A	N/A
Cooperative Contracts Review	25-C-2-1	260	315	55	Finalizing	4/1/25-8/8/25	08/29/25	
Blanket Purchase Orders Review	25-C-2-2	260	388	128	Finalizing	4/1/25-8/8/25	08/29/25	
Payments Processing	25-C-3	40	52	12	N/A	N/A	N/A	N/A
Contracted Services Analysis	25-C-3-1	300	163	(137)	Complete	10/14/24-11/22/24	12/16/24	12/17/24
Less Than $100K Payments Analysis	25-C-3-2	300	185	(115)	Complete	10/14/24-11/22/24	12/16/24	12/18/25
Advisory Services Projects								
Committees & Task Forces	25-S-1	240	176	(64)	N/A	9/1/24-8/31/25	N/A	N/A
Special Projects & Examinations	25-S-2	240	6	(234)	N/A	9/1/24-8/31/25	N/A	N/A
ERM Top 10 Risks Baseline Assessment	25-S-3	640	15	(625)	N/A	9/1/24-8/31/25	N/A	N/A
Enrollment & Funding Model	25-S-3-1	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Campus Security	25-S-3-2	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
IT Systems Access/Cyber Security/Data Recovery	25-S-3-3	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Deferred Maintenance	25-S-3-4	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Post Pandemic "New Normal"/Competition/ Changing Mrkt	25-S-3-5	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Title IX/VAWA/SB 212/SB 17	25-S-3-6	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Minors on Campus	25-S-3-7	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Behavioral Intervention & Threat Assessment	25-S-3-8	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Website Accessibility (Section 508)	25-S-3-9	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Policing	25-S-3-10	-	-	-	N/A	9/1/24-8/31/25	N/A	N/A
Administrative Projects								
FY 2026 Audit Planning & ERM Assessment	25-A-1	720	497	(223)	Ongoing	9/1/24-7/18/25	08/06/25	
TeamMate IA Management System	25-A-2	320	23	(297)	Ongoing	9/1/24-8/31/25	N/A	N/A
Internal Quality Assurance Review	25-A-3	320	-	(320)	Roll FY 2026	N/A	N/A	N/A
FY 2025 Annual Audit Report	25-A-4	40	43	3	Not Started	8/4/25-9/19/25	10/01/25	
External Audits Monitoring	25-A-5	80	1	(79)	Ongoing	9/1/24-8/31/25	N/A	N/A
Lunch and Learns	25-A-6	160	154	(6)	Ongoing	9/1/24-8/31/25	N/A	N/A
Newsletters	25-A-7	80	7	(73)	Ongoing	9/1/24-8/31/25	N/A	N/A
Global Internal Audit Standards Transition	25-A-8	80	339	259	Ongoing	9/1/24-8/31/25	N/A	N/A
Observation Action Plan Follow-ups								
Observation Action Plan Follow-ups	25-F-1	292	202	(90)	Ongoing	9/1/24-8/31/25	N/A	N/A
Total Audit Projects		**8,092**	**4,829**	**(3,263)**				

* Project rolled over from FY 2024 Audit Plan

HCC | HOUSTON COMMUNITY COLLEGE
INTERNAL AUDIT DEPARTMENT

Audit Observations Follow-up Status Report as of July 25, 2025

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
23-O-1 Asset Management - Information Technology	1	IA observed various discrepancies with departmental IT asset inventory. The discrepancies are detailed in the report Attachment. IA noted that HCC does not have a written policy that details HCC's expectations for managing IT assets. IA recommends an HCC policy regulation be written and submitted to the Chancellor's Executive Committee (CEC) for approval to manage IT assets. IA suggests that the regulation cover the following elements: •Onboarding: Workflow from HCC IT to the customer. This would include departmental technology assets from general purchase, grant funded, and donated items. The HCC IT department should be the initial recipient of controlled and capitalized IT assets inclusive of computers, servers and network equipment. This would help ensure that these types of assets are properly recorded, set up, secured, managed, configured and safe to use on the HCC network. •Monitoring: Annual inventory count and reconciliation by a designated party, movement forms completed when assets are moved and transferred to another location. •Offboarding: Workflow from IT asset custodians to HCC IT when employees leave HCC or transfer to other departments. •Training: Required training details. •Review and monitoring oversight: Required by directly responsible individuals. •Enforcement: Accountability, disciplinary action for policy offenders.	The procedure for asset onboarding, monitoring and disposition has been created. The policy is being finalized and will be presented to HCC leadership for approval in August 2025, and go into effect in August 2025. The process addresses both IT assets as well as Asset Management assets in order to establish a well-documented and defined span of control over durable assets in the system. In September the policy will be rolled out and take it as an opportunity to reintroduce the guidelines to all college leadership through training.	Chief Facilities Officer/Chief Information Officer	In Progress 9/30/2025
24-C-1 Campus Safety & Environmental Operations Management	1	Historically, HCC has maintained safety data sheets (SDS) in a hard copy format, leading to inefficiencies in storage, retrieval, and updating as indicated by ongoing observations related to missing SDS and incomplete chemical inventories. With advancements in technology, digital solutions offer a more streamlined and effective approach to managing SDS information. Internal Audit recommends that EH&S submit a proposal to HCC Administration to implement an online SDS service.	EH&S is working with Velocity EHS, Procurement, IT and Legal to purchase the software necessary to use an online SDS system for our SDS inventories. EH&S is meeting with program deans and administrators to identify SDS administrators to the system. EH&S expects to begin loading information by the end of September 2025.	EHS Manager	In Progress 9/30/2025

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
24-C-2 Senate Bill 17	1	In Internal Audits opinion, HCC executive management has been provided with sufficient training concerning SB 17 compliance through Chancellor Executive Council Task Force Meetings, Accountability and Standards Council meeting presentations, and required executive management attestation certifications. An SB 17 Compliance Resources email was provided to all HCC employees on July 25, 2024, to assist employees in complying with the new mandatory requirements. Employees may not have been diligent in adequately acquainting themselves with the information provided. All employees are responsible for familiarizing themselves and complying with SB 17's basic requirements. Internal Audit recommends HCC management provide required training for all HCC employees to strengthen the control environment around complying with the new requirements.	OGC hired a Compliance Training Specialist in January 2025. The course will be rolled out by the 2nd week of August 2025. It will be available to all employees; however, it will be required for E10 and above, including the Deans, Chairs, and Program Directors.	General Counsel and VC, Talent Engagement & CHRO	In Progress 8/15/2025
24-O-2 Student Mental Health	1	Opportunities for improvement were identified in conjunction with Counseling and Ability Services related to staffing needs. The improvements would offer expanded services to further promote student success and wellbeing. The significant changes in student needs, regulatory requirements, and the overall campus environment since 2012 underscore the necessity of hiring additional counselors. By expanding the counseling staff, HCC can better support students' mental health and wellness, comply with legal obligations, and effectively handle the increasing number of crises on campus. This investment is essential for fostering a healthy and supportive educational environment.	Counseling and Ability Services leadership have submitted hiring justification for additional positions that could improve regular hours caseload coverage and provide support for after hours and weekend services for emergent events and to accommodate students whose work/life schedule does not allow free time for counseling during regular business hours. Upon approval for hiring, Counseling and Ability Services will work with Talent Engagement to post and recruit for additional counseling positions.	AVC, Special Programs & Success	In Progress 9/1/2025
	2	Counseling and Ability Services training offerings are quite robust, however, comprehensive tracking of attendance by faculty and staff is needed. Counseling and Ability Services should maintain a record of attendee names, positions and departments. For student-facing positions, goals evaluated in the PEP process could include annual training in mental health, human trafficking and other related topics. In this case, evidence of attendance in the form of certificates backed by attendance records would be needed to provide appropriate documentation supporting the achievement of goals.	Counseling and Ability Services will take advantage of the Anthology Engage Student Engagement Platform being acquired by Student Life to track the attendees' names, positions, and departments for each training offering, as well as tracking evaluation feedback forms for topics of interest and needs for professional development as reported by faculty, staff and student attendees.	AVC, Special Programs & Success	In Progress 9/1/2025
25-C-1-1 Northwest College Campus Safety & Environmental Operations Management	4	Two classrooms did not have appropriate eyewash stations when chemicals and materials on hand required an eyewash be present for immediate emergency use.	Work order requests issued to have installation of eyewash stations completed.	EHS Manager	In Progress 8/31/2025

Audit Observations Follow-up Status Report as of July 25, 2025

Project Name	Obs #	Observation Description	Remediation Action	Responsible Person	Status/Est Completion Date
25-C-1-2 Southeast College Campus Safety & Environmental Operations Management	8	One classroom did not have appropriate eyewash stations when chemicals and materials on hand required an eyewash be present for immediate emergency use.	Work order request was issued to install eyewash station.	EHS Manager	In Progress 8/31/2025
25-C-1-3 Southwest College Campus Safety & Environmental Operations Management	4	One classroom did not have an appropriate eyewash station when chemicals and materials on hand required an eyewash be present for immediate emergency use. Three classrooms had an eyewash station that was not operational.	Work order requests were issued to have eyewash installed and repairs completed.	EHS Manager	In Progress 8/31/2025

McConnell & Jones Recommendations Follow-up Status Report as of 6/11/2025

Focus Area / Sub-Area / Recommendation	Planned Response	Actions Taken	DRI	Status	Anticipated Completion Date
1E - Information Systems					
1E.1 Implement an integrated grants management system to record and track all grant activities and generate reports. The PeopleSoft system includes a grants accounting module that HCCS should consider acquiring and using to provide for a fully integrated system with accounting, human resources, and payroll.	Phase 2: Digital Grants Information Management System For the near term, a solution to grants management will be developed in collaboration with HCC's IT department. This solution will take into account departmental workflows, reporting needs, and approval / signature needs, as well as document organization and communication.	HCC Team has completed the build of Proposal Development Module. The training documentation for Proposal Development is complete. The Proposal Tracking build has been completed and the InfoEd Grants Software went live June 11, 2025.	Jackson (DRI) RDIG, Grants Accounting, IT	Complete	6/11/2025

ACTION ITEM

Meeting Date: August 6, 2025

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
B.	FY 2026 Internal Audit Plan for Approval	Dr. Margaret Ford Fisher Terry Corrigan

RECOMMENDATION
Approve the FY 2026 Internal Audit Plan

COMPELLING REASON AND BACKGROUND
Annual approval of the Internal Audit Plan per the Board of Trustees adopted Audit Committee Action Calendar.

Global Internal Audit Standard (GIAS) 8.1 Board Interaction requires "The chief audit executive must report to the board and senior management the internal audit plan and budget and subsequent significant revisions to them."

GIAS 9.4 Internal Audit Plan requires "The chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board."

FISCAL IMPACT
Department functions per approved operating budget.

STRATEGIC ALIGNMENT
1. Student Success, 5. College of Choice

ATTACHMENTS:

Description	Upload Date	Type
FY 2026 Internal Audit Plan for Approval	7/25/2025	Presentation
FY 2026 Internal Audit Plan - Proposed	7/25/2025	Attachment

This item is applicable to the following: District

FY 2026 Internal Audit Plan

Presented by Terry Corrigan
August 6, 2025

FY 2026 Internal Audit Plan

Presentation Contents

- Plan Development Considerations

- Projects Types

- Planned Projects

FY 2026 Internal Audit Plan

Plan Development Considerations

1. Input received from the governing board members
2. Enterprise risk management assessment (24 interviews, 239 risks)
3. External consultants use
4. External Audits
5. Top risks identified by the United Educator's Risk Management Premium Credit program
6. Top risks identified by the University Risk Management Association
7. 2025 KPMG Internal Audit Key Thematic Areas
8. The Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) comprised of Global Internal Audit Standards, Topical Requirements, and Global Guidance
9. Texas Internal Auditing Act
10. Alignment with HCC's strategic priorities

Proposed FY 2026 Internal Audit Plan is attached in the package

FY 2026 Internal Audit Plan

Project Types

1. Operational
2. Compliance
3. Information Technology
4. Advisory Services
5. Administrative
6. Observation Action Plan Follow-ups

FY 2026 Internal Audit Plan

Planned Projects

Operational Audit Projects		
No.	**Project**	**Description**
26-O-1	Minors on Campus	Governance, risk and controls (GRC) propriety review. Review the propriety of processes for mandatory staff training, compliance with unaccompanied minor policy, event planning, facility use agreements, and MOU's with ISDs.
26-O-2	Policing	Governance, risk and controls (GRC) propriety review. Review the progress being made in upgrading systems automation and equipment.
Compliance Audit Projects		
26-C-1	Campus Safety & Environmental Operations Management	Planning for campus safety & environmental legal policy compliance management reviews.
26-C-1-1	Central College	Safety & environmental legal policy compliance.
26-C-1-2	Northeast College	Safety & environmental legal policy compliance.
26-C-1-3	Coleman College	Safety & environmental legal policy compliance.
26-C-2	Clery Act Reporting	Review the Clery Act reporting process and compliance with the regulations.

FY 2026 Internal Audit Plan

Information Technology Audit Projects		
No.	Project	Description
26-I-1	IT Disaster Recovery/Business Continuity	Review of governance, risk and controls (GRC) propriety. Evaluate processes and procedures for IT Disaster Recovery and Business Continuity including compliance with regulations and HCC policies. Additionally, IA will attend and observe the annual disaster recovery exercise. The criteria for this engagement will include the standards established by TAC 202.
26-I-2	IT Systems Audit	Employee off boarding represents the final chapter of an individual's professional journey within an organization. An effective offboarding process is important for several reasons, including but not limited to: Ensuring that access to university systems, data, and physical assets is promptly revoked, significantly reducing the risk of unauthorized access and potential security breaches; The criteria for this engagement will include the standards established by TAC 202.

FY 2026 Internal Audit Plan

Planned Projects (Cont'd)

Advisory Services Projects		
No.	**Project**	**Description**
26-S-1	Committees & Task Forces	Participate on committees and task forces providing risk management and control advice.
26-S-2	Special Projects & Examinations	Responsive to provide services as required.
26-S-3	ERM Top 10 Risks Baseline Assessment	Review for integrity and validity of assessments and information.
26-S-4	Contracted Services Analysis	Analysis report on contracted services.
26-S-5	Less than $100K Payments Analysis	Vendor analysis report on payments under the chancellor's signatory authority.
26-S-6	Procurement Processing	Review the procurement processes to help streamline the system.
26-S-7	HB 33 Active Shooter & Campus Security	Review HCC's preparedness to implement HB 33 requirements.
26-S-8	Website Accessibility	Monitor website accessibility compliance with OCR requirements.
26-S-9	SB 37 Faculty Senate Reconstruction	Review Faculty Senate reconstruction under the new regulations and revised policy framework. Review faculty governance documents revisions in compliance with the bill.

FY 2026 Internal Audit Plan

Planned Projects (Cont'd)

Administrative Projects		
No.	**Project**	**Description**
26-A-1	FY 2027 Audit Planning & ERM Assessment	Collaborate with HCC Risk Management to update the Enterprise Risk Management (ERM) assessment & audit planning.
26-A-2	TeamMate IA Management System	TeamMate software system maintenance & improvement.
26-A-3	Internal Quality Assurance Review	Perform a formal internal quality assurance review on IA.
26-A-4	FY 2026 Annual Audit Report	Compile and prepare State required annual audit report.
26-A-5	External Audits Monitoring	Monitor external audit activities on HCC and related observation action plans.
26-A-6	Lunch and Learns	Presentations to HCC's general personnel to raise awareness on fraud deterrence, risk management, internal control & compliance.
26-A-7	Newsletters	Newsletters to HCC's general personnel to raise awareness on fraud deterrence, risk management, internal control & compliance.
26-A-8	Global Internal Audit Standards Transition	IA transitioning to the new Institute of Internal Auditors "Global Internal Audit Standards" that are effective January 2025.
Observation Action Plan Follow-ups		
No.	**Project**	**Description**
26-F-1	Observation Action Plan Follow-ups	Follow-up on completion of audit observations action plans

FY 2026 Internal Audit Plan

We recommend the Board of Trustees approve the proposed FY 2026 Internal Audit Plan.

Thank You

Questions?

HOUSTON COMMUNITY COLLEGE

Internal Audit Plan

Fiscal Year 2026

Approved by Board of Trustees _____

Internal Audit Plan
Fiscal Year 2026

Executive Summary

The purpose of the Internal Audit Plan (Plan) is to outline audits and other activities the Houston Community College (HCC) Internal Audit Department (IA) will conduct during fiscal year 2026. The Plan's development and approval are intended to satisfy requirements under Board Bylaws, Board Policy CDC (LOCAL), Audit Committee Charter, HCC's Internal Audit Department Charter, The Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), and Texas Internal Auditing Act. Time is built into the Plan for IA to be agile and responsive to board and management concerns that come up during the fiscal year.

A significant amount of time will be devoted to collaborating with HCC's Vice Chancellor, Administration and Operations and other control monitoring functions within HCC to further refine the Enterprise Risk Management (ERM) Assessment Program in FY 2026. The plan includes time for reviewing the integrity and validity of assessments and information provided to the board on the top 10 risks identified in HCC's ERM Assessment.

Plan Development Methodology

The HCC audit universe is developed through HCC's ERM Assessment Program (239 risks assessed). The High Risk Audit Candidates are updated in Attachment I based on the assessment of the following: 1) governing board members input, 2) ERM interviews conducted with the Chancellor, Chancellor's Executive Council members and other chief executives (24 interviews), 3) external consultants use, 4) external audits, 5) top risks identified by the United Educator's Risk Management Premium Credit program, 6) top risks identified by the University Risk Management Association, 7) 2025 KPMG Internal Audit Key Thematic Areas, 8) Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) 9) Texas Internal Auditing Act, and 10) alignment with HCC's strategic priorities. The plan includes some hours for transitioning to the new Global Internal Audit Standards that went into effect on January 9, 2025.

Internal Audit Available Time

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

Description of Project Types

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

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

Information Technology: Governance assessments in support of HCC's strategies and objectives.

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

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

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

FY 2026 Internal Audit Plan

No.	Project	Description	Hours
Operational Audit Projects			
26-O-1	Minors on Campus	Governance, risk and controls (GRC) propriety review. Review the propriety of processes for mandatory staff training, compliance with unaccompanied minor policy, event planning, facility use agreements, and MOU's with ISDs.	640
26-O-2	Policing	Governance, risk and controls (GRC) propriety review. Review the progress being made in upgrading systems automation and equipment.	640
Information Technology Audit Projects			
26-I-1	IT Disaster Recovery/Business Continuity	Review of governance, risk and controls (GRC) propriety. Evaluate processes and procedures for IT Disaster Recovery and Business Continuity including compliance with regulations and HCC policies. Additionally, IA will attend and observe the annual disaster recovery exercise. The criteria for this engagement will include the standards established by TAC 202.	480
26-I-2	IT Systems Audit	Employee off boarding represents the final chapter of an individual's professional journey within an organization. An effective offboarding process is important for several reasons, including but not limited to: Ensuring that access to university systems, data, and physical assets is promptly revoked, significantly reducing the risk of unauthorized access and potential security breaches; The criteria for this engagement will include the standards established by TAC 202.	640
Compliance Audit Projects			
26-C-1	Campus Safety & Environmental Operations Management	Planning for campus safety & environmental legal policy compliance management reviews.	320
26-C-1-1	Central College	Safety & environmental legal policy compliance.	240
26-C-1-2	Northeast College	Safety & environmental legal policy compliance.	240
26-C-1-3	Coleman College	Safety & environmental legal policy compliance.	240
26-C-2	Clery Act Reporting	Review the Clery Act reporting process and compliance with the regulations.	320
Advisory Services Projects			
26-S-1	Committees & Task Forces	Participate on committees and task forces providing risk management and control advice.	240
26-S-2	Special Projects & Examinations	Responsive to provide services as required.	240
26-S-3	ERM Top 10 Risks Baseline Assessment	Review for integrity and validity of assessments and information.	640
26-S-4	Contracted Services Analysis	Analysis report on contracted services.	240
26-S-5	Less than $100K Payments Analysis	Vendor analysis report on payments under the chancellor's signatory authority.	240
26-S-6	Procurement Processing	Review the procurement processes to help streamline the system.	640
26-S-7	HB 33 Active Shooter & Campus Security	Review HCC's preparedness to implement HB 33 requirements.	480
26-S-8	Website Accessibility	Monitor website accessibility compliance with OCR requirements.	80
26-S-9	SB 37 Faculty Senate Reconstruction	Review Faculty Senate reconstruction under the new regulations and revised policy framework. Review faculty governance documents revisions in compliance with the bill.	80

FY 2026 Internal Audit Plan (Cont'd)

No.	Project	Description	Hours
Administrative Projects			
26-A-1	FY 2027 Audit Planning & ERM Assessment	Collaborate with HCC Risk Management to update the Enterprise Risk Management (ERM) assessment & audit planning.	680
26-A-2	TeamMate IA Management System	TeamMate software system maintenance & improvement.	40
26-A-3	Internal Quality Assurance Review	Perform a formal internal quality assurance review on IA.	160
26-A-4	FY 2026 Annual Audit Report	Compile and prepare State required annual audit report.	40
26-A-5	External Audits Monitoring	Monitor external audit activities on HCC and related observation action plans.	40
26-A-6	Lunch and Learns	Presentations to HCC's general personnel to raise awareness on fraud deterrence, risk management, internal control & compliance.	160
26-A-7	Newsletters	Newsletters to HCC's general personnel to raise awareness on fraud deterrence, risk management, internal control & compliance.	80
26-A-8	Global Internal Audit Standards Transition	IA transitioning to the new Institute of Internal Auditors "Global Internal Audit Standards" that are effective January 2025.	80
Observation Action Plan Follow-ups			
26-F-1	Observation Action Plan Follow-ups	Follow-up on completion of audit observations action plans	228

FY 2026
High Risk Audit Candidates

Risk Category	Risk Area	Risk Factors	Internal & External Audit and Consultant Coverage
Financial	Enrollment & Funding Model	New state funding model based on "Credentials of Value". Decline in enrollment, increased tuition discounting reducing income, competitive market for students increasing cost to attract students, increasing costs to support student success.	24-S-2-3 State Funding & Student Enrollment Information 20-O-1 Enrollment Trellis Foundation Huron Consulting Kennedy & Company
Public Safety	Campus Security & HB 33	Campus safety standards, door locking (classrooms and exterior), new hire security/emergency response training, responsibility for interior routine security, staffing of remote/low utilization areas, operating hours, open campus access, student and employee badging enforcement, campus safety committees, surveillance camera standards, access, usage, intra building communication systems.	24-S-2-2 Security Program Dashboard Updates Berkeley Research Group – security & safety program review 19-S-3 Campus Security
Technology	IT Systems Access/ Cyber Security/ Data Recovery	System access privileges (initial, change in person's status, terminations), access security (user id/password/biometric), security, policy, performance audit/review, application across platforms, ease of use.	25-O-1 IT Disaster Recovery Rapid 7 – pen testing 23-C-2 PCI Data Security Standard 22-O-2 IT Cyber & Data Security and Governance 22-O-3 IT Disaster Recovery 21-O-2 IT Active Directory & Windows Server 19-O-3 IT Disaster Recovery-BCP 18-O-3 PS Applications Controls 17-3 IT Cyber and Data Security
Financial	Deferred Maintenance	Identification/prioritization of maintenance, adequate budget, efficient maintenance/preventative maintenance program, maintenance tracking/reporting.	22-O-1 Deferred Maintenance 2019 Jacobs Engineering Facilities Assessment 24-S-2-4 Facilities and Property Information AGCM - construction project management
Technology	Artificial Intelligence	Implementing a systematic approach to the identification of ever-increasing categories of AI risks such as data privacy, algorithm bias and regulatory compliance prior to the adoption of artificial intelligence systems to supplement or replace existing equipment and people.	None

Risk Category	Risk Area	Risk Factors	Internal & External Audit and Consultant Coverage
Public Safety	Minors on Campus	Identifying minors on campus in formal and informal programs, early college, or as guests (outreach programs, athletics, camps, summer programs, faculty guests, etc.). Injury in hazardous environments such as laboratories, Inappropriate or lack of supervision; Legally required mandatory reporting of specified events and related training of some or all institution employees.	None
Community	Policing	Firearms, arrest authority, coordination between College and local police, training (diversity, crowd control), oversight and external review, undercover work, campus versus community policing, prisoner control, confiscated property control, community outreach and education, timely and appropriate call response, adequate staff, "blue phones," incident reporting, statistics capture and reporting, communication and communication media.	Clery Reports Berkeley Research Group – Security & Safety Program Review 19-S-3 Campus Security 17-4 Campus Safety and Security - Title IX/Clery/VAWA Regulatory Acts Compliance
Gender-Related Issues	Title IX/ VAWA/ SB 212/SB 17	Title IX compliance, sexual assault, equal athletic opportunity for men/women in sports. Efforts to combat sexual assault by creating new cultural norms on campus. Applicability to events "off campus" or involving individuals not part of the campus community. Dept. of Education exemptions to religious institutions. SB 212 mandatory reporting requirements. SB 17 new state DEI regulations compliance.	24-S-2-6 Complaints Grievance Process Information 24-C-2 SB 17 23-C-3 Title IX New Regulations THECB HB-1735 Review 21-C-4 Title IX New Regulations 21-C-5 SB 212 17-4 Campus Safety and Security - Title IX/Clery/VAWA Regulatory Acts Compliance
Local, State and Federal Regulation	Website Accessibility (Section 508)	Section 508 (TAC 213) compliance, maintenance of posted materials, training of faculty and staff on accessibility standards, 3rd party vendor compliance and monitoring, section 508 grievance process, 508 coordinator, classroom software/display/technology accessibility.	19-C-2 Web Content Accessibility Guidelines (implementing CR2 REGULATION and OCR Agreement)
Governance/Institutional Management	SB 37 Faculty Senate Reconstruction	Faculty Senate reconstruction under the new regulations and revised policy framework. Faculty governance documents revisions in compliance with the bill.	None

REPORT ITEM

Meeting Date: August 6, 2025

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
C.	**Internal Audit Strategic Plan**	**Dr. Margaret Ford Fisher** **Terry Corrigan**

DISCUSSION

Provide the chief audit executive's required periodic review of the internal audit function's strategy with the board, senior management, and other key stakeholders.

COMPELLING REASON AND BACKGROUND

Global Internal Audit Standard (GIAS) 9.2 Internal Audit Strategy requires:

"The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.

An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfillment of the internal audit mandate.

The chief audit executive must review the internal audit strategy with the board and senior management periodically."

FISCAL IMPACT

Department functions per approved operating budget.

STRATEGIC ALIGNMENT

1. Student Success, 5. College of Choice

ATTACHMENTS:

Description	Upload Date	Type
Internal Audit Strategic Plan	7/23/2025	Presentation
Internal Audit Strategic Plan	7/22/2025	Attachment

This item is applicable to the following: District

Internal Audit Strategic Plan

Dr. Margaret Ford Fisher, Chancellor

Terry Corrigan, Director Internal Audit

August 6, 2025

Internal Audit Strategic Plan

- Global Internal Audit Standard (GIAS) 9.2 "Internal Audit Strategy" Requirements

- Strategic Plan Contents

Internal Audit Strategic Plan

GIAS 9.2 "Internal Audit Strategy" Requirements

The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.

The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function.

The chief audit executive must review the internal audit strategy with the board and senior management periodically.

Internal Audit Strategic Plan

Strategic Plan Contents

- **Introduction**

- **Internal Audit Department Information**

- **Internal Audit Vision**

- **Methodology for Delivering Results**

- **Alignment with HCC "Institutional 10-Year Priorities"**

- **Strategic Objectives**

- **Strategic Objectives and Supporting Initiatives**

(Internal Audit Strategic Plan is attached in package)

Internal Audit Strategic Plan

Thank You

Questions?

Last revised July 21, 2025

INTRODUCTION

The Internal Audit Department (IA) developed this Strategic Plan (Plan) to provide a roadmap to achieve the IA strategic objectives detailed within the Plan. The Plan is a living document. IA will continuously review the Plan's progress and will update the Plan as needed and perform a complete Plan review at least annually.

IA DEPARTMENT INFORMATION

Information on Purpose, Charter, Ethics & Professionalism, Annual Reports, Annual Plans, Standards, Responsibilities, Organization Chart, and Newsletters & Resources of IA can be accessed at this link – Internal Auditing | Houston Community College - HCC (hccs.edu)

IA VISION

To be recognized at HCC as the go to trusted advisors for risk and internal control management.

METHODOLOGY FOR DELIVERING RESULTS

In a mature function that has well-established and documented controls, providing assurance may mean testing the controls to ensure that they are working as intended. In less mature functions, providing assurance may mean reviewing the design of the risk management processes and evaluating them to determine if the controls and maturity level are adequate to effectively mitigate risks. In some cases where the control design is inadequate, testing may be unnecessary if it would not provide valuable feedback. There may also be circumstances where IA determines we cannot provide any assurance because internal controls are immature, inadequate or nonexistent. In these cases, with the agreement of the business unit management and the Audit Committee (if necessary), IA's role may take on a consultative nature to help management evaluate the risks they face and the types of controls that would effectively mitigate these risks to an acceptable level.

Certain projects undertaken by IA may be unique. Working collaboratively with functional management to understand the business objectives and risks to those objectives is important to developing an effective and efficient project scope. Some projects can be challenging when the maturity level of processes and controls is different than anticipated or believed inappropriate based on the risks being managed. IA has a quality assurance process that is used to evaluate the effectiveness of the audit process at key points. This process is relied upon to ensure that the proper type of service is determined and the scope of the project is appropriate to fulfill the purpose of IA and to comply with the Institute of Internal Auditors (IIA) Global Internal Audit Standards (*Standards*) by which IA is bound. Consequently, when there is a question regarding the appropriate scope and action to take during a project, IA will work together with functional management to understand the issues and determine the best course of action in accordance with the *Standards*.

IA will consider impact on HCC's Board of Trustees (Board) approved "Institutional 10-Year Priorities" (Priorities) achievement in planning audit activities as appropriate. The Priorities are as follows:

- Student Success – Build and sustain the ultimate student experience. Achieve student success through equity, access and affordability—where success is measured by demonstrating readiness for career placement, workforce entry, and/or college transfer.
- Personalized Learning – Provide customized instruction and assessments that support student success by understanding the students' unique needs, preferences, concerns, and aspirations. Personalized learning is student-directed, student-paced, and designed for each learner.
- Academic Rigor & Quality – Establish a set of common, high-quality curricular and instructional standards that continually challenge all students to demonstrate achievement of proficiencies throughout their academic journey with HCC.
- Community Investment – Lessen the student burden and increase the return on community investment.
- College of Choice – Become the community college of choice in our region for students, community, business and higher education institutions.

STRATEGIC OBJECTIVES

IA has identified strategic objectives to support the achievement of IA's vision and purpose in coordination with meeting HCC's Board approved "Institutional 10-Year Priorities" as detailed above. IA's strategic objectives include:
1. Build IA's brand as the go to trusted advisors for risk and internal control management.
2. Operate generally in conformance with IIA International Professional Practices Framework (IPPF).
3. Recruit, develop, and retain competent and qualified staff.
4. Build good relations with the Board of Trustees.
5. Build good relations with HCC internal divisions.
6. Facilitate growth of HCC's accountability culture.
7. Use data analytics and artificial intelligence (AI) to provide management decision making information and to drive audit plans and projects' specific scope of work.

STRATEGIC OBJECTIVES AND SUPPORTING INITIATIVES

STRATEGIC OBJECTIVES	SUPPORTING INITIATIVES
1. **Build IA's brand as the go to trusted advisors for risk and internal control management.**	Coordinate with the VC, Administration and Operations to establish a common risk awareness across the HCC system through the Enterprise Risk Management Assessment (ERM) process that facilitates the enhancement of a common risk and controls taxonomy across the enterprise. Develop the annual IA Plan based on high-risk areas (target at least 70%) identified in the ERM process. Embed in the annual IA plans an IT audit program that covers compliance with the state standards in TAC 202 over a two-year period addressing proper IT governance.

		To help ensure the safety and well-being of everyone on HCC campuses, embed in the annual IA plans an environmental & safety audit program that over a two-year period covers all HCC student campuses.
		Monitor external audits and reviews performed on HCC for issues being reported that may indicate significant internal control weaknesses that need to be included in internal audit plans.
		Stay abreast of the quickly changing risk landscape to facilitate agility in audit plans and scope of work by maintaining memberships in audit professional organizations (IIA, ACUA, ALGA, ACFE, ISACA, etc.) that provide frequent training, articles, and newsletters on emerging risk topics.
		Provide fraud and risk management knowledge and awareness with IA newsletters and lunch & learns.
		Encourage staff members to serve as technical resources on committees, councils, task forces, teams, and training exercises.
2.	**Operate generally in conformance with The Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF).**	In years when an external quality assurance (QAR) review is not performed, complete an annual internal (QAR) on HCC's IA operations evaluating conformance with the mandatory elements of the International Professional Practices Framework (IPPF) promulgated by the IIA.
		Conduct an external QAR at least once every five years.
		Use TeamMate+ IA management software to improve efficiency in performing audits in compliance with the *Standards* and to maintain IA information.
		Staff required to complete at least 20 hours of continuing professional education related to IA skills annually.
3.	**Recruit, develop, and retain competent and qualified staff.**	Comply with HCC policies and procedures in hiring.
		Strive to achieve CIA designation for all auditor staff members. Encourage and support staff in achieving other internal audit related professional certifications.
		Use the IIA's internal auditing competency framework to support talent and resource management activities within IA and to demonstrate professional proficiency. Each staff member annually creates and executes on an individual development plan based on certification requirements, assigned projects, and identified specific skills needing enhancement.

		Grow staff members cross-functional proficiency to perform various type audits (operations, compliance, IT, etc.) by promoting knowledge transfer between IA SMEs and audit staff through knowledge champions and mentoring. Make staff member assignments to various type audit projects to provide the opportunity for growing new audit skills and proficiencies.
4.	**Build good relations with the Board of Trustees.**	Provide IA knowledge and awareness to the Board members by presenting the IA's and the Audit Committee's responsibilities in the annual charters' approval process. Establish regular face-to-face meetings with the Audit Committee Chair to discuss IA activities. Promote audit awareness with Board members by providing the *Standards* required communications in presentations to the Board. Request Board members input for the annual IA plans.
5.	**Build good relations with HCC internal divisions.**	Embed internal customer relations improvement protocols in the standard audit project execution process: • "Service Level Agreement" completion • Project introductory meeting • Project opening and close meetings • Project status meetings • Customer review of draft reports before distribution • "Post Audit Surveys" completed by customers With respect for the value of the customers time, IA works collaboratively with customers availability to develop an appropriate scope and work plan based on the identification of key risks and controls to achieve customers objectives under review that limits disruption to the customers productive capacity. When requested by customers, IA acts as an independent sounding board and trusted advisor to give feedback to assist customers in meeting their objectives. "Meet & Greet Meetings" are held with all new executive management hires to introduce them to IA soon after they are hired. Routine "Touch Point Meetings" with executive managers. IA participation on committees, councils, task forces, teams, and training exercises. Staff required to complete at least 6 hours communications and interpersonal skills training annually.
6.	**Facilitate growth of HCC's accountability culture.**	Embed accountability facilitation in the standard audit project execution process as follows:

	• Track the progress in the establishment of programs that are required to manage the highest risks to HCC. • Review compliance with regulations and HCC policies & procedures in every audit project. • Confirm controls existence and effectiveness as detailed in the ERM assessment and relied on by subrecipient attesters to the Chancellor and Board. • Track progress on completion of action plans to resolve deficiencies observed and detailed in IA project reports. • Monitor the completion of action plans to resolve deficiencies reported in external audits and reviews.
7. Use data analytics and AI to provide management decision making information and to drive audit plans and projects specific scope of work.	Train and develop the IA staff in the proficient and effective use of TeamMate Analytics and Excel software tools and AI use. Embedded review of data analytics uses in all projects: • Use data analytics as a tool during the continuous risk assessment discussions with all audit teams. • Use ERM assessment data analytics in determining the annual IA audit plan. • Implement appropriate continuous auditing procedures as candidate activities are identified. Use AI to research audit topics during the planning stage of each audit project to help obtain a comprehensive understanding on the audit topic. Staff required to complete at least 6 hours data analytics and AI skills training annually.

REPORT ITEM

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
D.	**Presentation from External Audit Firm on Audit Approach and Plan**	**Dr. Margaret Ford Fisher** **Dr. Sherry Hawn** **Forvis Mazars LLP**

DISCUSSION

Forvis Mazars LLP, HCC's external audit firm, will present the FY 2025 audit approach and plan.

COMPELLING REASON AND BACKGROUND

- The Board of Trustees approved Forvis Mazars LLP as HCC's external auditor for 5 years based on a formal RFQ process.

- Professional standards require external auditors to meet with the audit committee to communicate an overall audit strategy, including the timing of the FY 2025 audit.

FISCAL IMPACT

The estimated audit fees of $205,110 is included in the FY 2025 budget.

LEGAL REQUIREMENT

None.

STRATEGIC ALIGNMENT

1. Student Success, 4. Community Investment , 5. College of Choice

ATTACHMENTS:

Description	Upload Date	Type
External Audit Firm Planning Presentation	7/31/2025	Presentation

This item is applicable to the following: District

Planning Presentation to the Board of Trustees, Audit Committee, and Management

Houston Community College

August 31, 2025

forvis mazars

Contents

forvis
mazars

Thank You for Continuing With Forvis Mazars

We are grateful for the opportunity to continue to serve Houston Community College. This communication provides useful information relevant to your role as those charged with governance of the entity, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

We understand the appropriate persons in the governance structure with whom to communicate are:

- Eva Loredo, Board of Trustees Chair
- Dr. Pretta VanDible Stallworth, Audit Committee Chair

Your audit leader for any questions or communications is:

- Angie Dunlap | angie.dunlap@us.forvismazars.com | 713.499.4776

forvis mazars

Your Engagement Team

Audit Team

Angie Dunlap
Partner
Engagement Partner
713.499.4776

angie.dunlap@us.forvismazars.com

Dan Barron
Partner
Quality Control Reviewer
972.798.2784

dan.barron@us.forvismazars.com

Erica Brown
Senior Manager
Engagement Manager
713.499.4657

erica.brown@us.forvismazars.com

Darby Brandt
Senior Associate
Engagement In-Charge
281.501.4926

darby.brandt@us.forvismazars.com

Heaven Dandridge
Associate
281.501.4866

heaven.dandridge@us.forvismazars.com

Kaylee Foster
Associate
281.501.4914

kaylee.foster@us.forvismazars.com

Rudy Laurel
Teaming Partner
Lacey Newday Consulting
713.446.4970

rlaurel@LNCHouston.com

forvis mazars

Overview & Responsibilities

Scope of Our Audit

Audit Standards & Materiality

Our Responsibilities

Your Responsibilities

Other Information Accompanying the Audited Financial Statements

forvis mazars

Matter	Description of Audit Area

Scope of Our Audit

We have been engaged to audit the financial statements and compliance with federal and state awards of Houston Community College for the year ended August 31, 2025.

Please refer to our contract dated July XX, 2025, for additional information and the terms of our engagement.

Audit Standards & Materiality

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial statement audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Texas Grant Management Standards (TxGMS).

Those standards require that we plan and perform the audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud, and the audit of compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* and TxGMS that are applicable to each major federal or state award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal or state award program occurred.

References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.

Our Responsibilities

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.

forvis mazars

Matter	Description of Audit Area
Your Responsibilities	Our audit of the financial statements does not relieve you or management of your responsibilities.
Distribution Restriction	This communication is intended solely for the information and use of the Board of Trustees and related Audit Committee, and, if appropriate, management of the entity and is not intended to be, and should not be, used by anyone other than these specified parties.

Other Information Accompanying the Audited Financial Statements

Management is responsible for the other information included in the annual comprehensive financial report (ACFR).

The other information comprises the information included in the introductory and statistical sections of the ACFR but does not include the financial statements and our auditor's report thereon.

We will not subject such information to the auditing procedures applied in the audit of the financial statements and, accordingly, we will not express an opinion or provide any assurance on it. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or whether there is an indication that the other information appears to be materially misstated or misleading. We will respond appropriately when we identify material inconsistencies or when we otherwise become aware that information appears to be materially misstated.

In the event we issue a disclaimer of opinion on the financial statements, our auditor's report will not make any reference to the ACFR or to any procedures that may have been performed.

Drafts of the ACFR should be provided to us by October 17, 2025, in order to provide us with adequate time to read the documents for the purposes described above.

forvis mazars

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

➢ Audit planning and interim: weeks of July 21, 28 and August 4, 2025.

➢ Final fieldwork: October 6 – October 31, 2025.

➢ Draft financial statements are expected to be ready: October 17, 2025

➢ Issuance of our report on approximately: December 3, 2025.

Our team has been or will be performing activities, both on site and remotely, during dates noted above.

forvis mazars

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control-related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

forvis
mazars

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and of material noncompliance and propose to address these areas as described:

Risk Areas	Audit Approach
Management override of controls	- Journal entry testing - Test of management's accounting for bias and significant changes from prior year - Evaluate business rationale for identified related-party transactions and significant unusual transactions
Improper revenue recognition due to fraud	Analytically review selected revenue accounts, perform test of details, perform cutoff procedures, and review subsequent collections, as applicable
Noncompliance with Uniform Guidance and TxGMS	- Test compliance of major programs in accordance with Uniform Guidance, TxGMS, and *Compliance Supplement* - Review the design of controls and test key controls identified for all federal and state major programs

Other Procedures to Be Performed

We may also request written representations from the entity's attorneys as part of the engagement, and they may bill the entity for responding to this inquiry.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

forvis mazars

We may identify additional significant risks as we complete our procedures.

Use of Resources

We plan to use the following specialists or experts in our audit:

- Harvest Investments – third-party independent estimate of investment fair values

Work Performed on Components of the System

The Houston Community College Foundation is audited by other auditors whose reports will be furnished to us. We will refer to the other auditors in our opinion.

Adoption of New Accounting Standards

The entity must adopt GASB 101, *Compensated Absences*, and GASB 102, *Concentrations and Constraints*, as of August 31, 2025. We encourage you to communicate with management regularly regarding recognition of new financial statement amounts and disclosures upon transition.

forv*s mazars

Consideration of Error or Fraud

One of the most common questions we receive from governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in GAAS.

Our audit approach includes such procedures as:

- Engagement team brainstorming
- Inquiries of management and others
- Reviewing accounting estimates for bias

Sharing Our Commitments

Our commitment to our people, clients, integrity, and culture are critical to achieving quality in our practice. You can learn more in our 2025 Quality Report.

REPORT ITEM

Meeting Date: August 6, 2025

Topics For Discussion and/or Action:

ITEM #	ITEM TITLE	PRESENTER
E.	Report on Quarterly Control and Compliance Attestation	Dr. Margaret Ford Fisher Dr. Nicole Montgomery

DISCUSSION

The Quarterly Control and Compliance Attestation from the Chancellor is offered, with the intent to enhance the atmosphere of trust and accountability between the College administration, members of the Board of Trustees, and the public.

STRATEGIC ALIGNMENT

1. Student Success

ATTACHMENTS:

Description	Upload Date	Type
Attestation Letter to the Audit Committee	7/29/2025	Attachment

This item is applicable to the following:

Central, Coleman, Northeast, Northwest, Southeast, Southwest, District

August 6, 2025

Dr. Pretta VanDible Stallworth, District IX
Board of Trustees Audit Committee Chair
Houston Community College
3100 Main Street
Houston, TX 77002

RE: Quarterly Control & Compliance Attestation, Quarter which began March 1, 2025 and ended May 31, 2025 (3Q-2025)

Dear Dr. VanDible Stallworth,

We are providing this letter in connection with the College's preparation for the Quarterly Audit Committee Meeting. We understand that you rely on the administration for your governance responsibilities.

In my administrative capacity and in reliance upon representations made by senior management, I confirm, to the best of my knowledge and belief, the following:

1. I affirm that all required reports were filed in accordance with statutory and regulatory requirements and deadlines;
2. I have no knowledge of any violations or possible violations of laws, policies, regulations, occurrences of misstatement, fraud or suspected fraud adversely affecting the College during the prior fiscal quarter, which affects would require disclosure due to their level of impact;
3. I have no knowledge of any potential claims that have not been reported to the Chief Financial Officer or General Counsel;
4. I affirm that the risks to the College have been identified and evaluated and that adequate internal controls have been implemented and maintained over financial reporting and operations for the preceding fiscal quarter;
5. I affirm that all financially material transactions have been communicated to the Chief Financial Officer for recording and disclosure in the financial statements and/or Board reports;
6. I affirm that each division has complied with all aspects of contractual agreements that would have an adverse material effect on operations in the event of noncompliance and any event of noncompliance is reported to have been disclosed to me; and
7. I affirm that there are no material events reported to me that occurred subsequent to the end of the fiscal quarter that have not been disclosed as part of this report or disclosed in closed session to the Board of Trustees.

Please note that details of any material issues or disclosures, if not previously communicated, and if not resolved pursuant to my review with the Chief Financial Officer and General Counsel, are attached as **Exhibit A** to this document.

Sincerely,

Margaret Ford Fisher

Margaret Ford Fisher Ed.D.
Chancellor

Attachment: Exhibit A

Quarterly Control & Compliance Attestation
Quarter ending May 31, 2025

Exhibit A

Two (2) attestation exceptions were received for the Quarter which began March 1, 2025 and ended May 31, 2025 (3Q25). The attestation exceptions were reviewed with the Chief Financial Officer and General Counsel and categorized as follows:

A. Attestation exception previously reported to the Audit Committee. *(NONE)*

B. Attestation exception is being mitigated and placed in the attestation records without reporting to the Audit Committee. *(See Exception Evaluation Form* dated July 21, 2025, Attestation Exception No. 3Q-25-02)*

C. Plan to mitigate attestation exception in place and will be reported to the Audit Committee with mitigation plan. *(See Attestation Exception 3Q-25-01)*

D. No plan to mitigate attestation exception in place and will be reported to the Audit Committee. *(NONE)*

E. Attestation exception previously reported to the Audit Committee with ongoing mitigation plan, and status of mitigation plan will be reported to the Audit Committee until deemed resolved. *(NONE)*

F. Reported item not subject to the attestation process and will be reported to the Board through other channels.

* The administrative evaluation and recordation process documents and preserves the administration's analysis and conclusions regarding all subjects submitted as attestation exceptions should the Audit Committee or the Board require additional information.

Attestation Exception No.	3Q25 - 01
Date Reported:	6/16/2025
Reported by:	James Jackson Interim Chief Information Officer Finance & Administration, Information Technology
Exception Reported to:	Chief Financial Officer General Counsel
Attestation DRI:	Dr. Sherry Hawn Senior Vice President Finance & Administration / CFO / CBO
Department Involved:	Southwest College, Student Success
Date(s) & Time Frame:	July 31, 2024 to May 15, 2025
Attestation Letter Exception Item #:	1

Description of Exception:

We have discovered that an HCC employee provided login credentials to an external party that used those credentials to access an HCC student system. This incident has been reported to the Houston Community College Police Department and is under investigation.

Plan to Mitigate Exception:

This matter will be presented in closed session under Texas Government Code Section 551.071, relating to consultation with an attorney, and Texas Government Code Section 551.089, related to security assessments or deployments relating to information resources technology.