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I. Compliance with Posting Requirements

- The FY 2026 Internal Audit Plan was posted to the College's website in September, while the FY 2025 Annual Internal Audit Report was posted in October in compliance with the provisions of Texas Government Code, Section 2102.015.
- The audit posting process: Internal Audit provides the approved documents to the webmaster by web form submission, the webmaster loads the documents to the test environment and tests for ADA compliance, internal audit reviews the documents for accuracy, completeness, and presentation, upon audit's approval, the webmaster migrates the updates from test to production.

II. Internal Audit Plan for Fiscal Year 2025

Audit	Name	Status	Report #	Issue Date	Comments
Information Technology	Information Technology Audit Report	Complete	AR 25-05	05/20/25	
Purchasing	Purchasing Audit Report	Complete	AR 25-01	04/25/25	
AP Payments	Uncashed Checks Audit Report	Complete	AR 25-02	04/25/25	Combined with the Payroll Payments Audit and renamed
Payroll Payments	Uncashed Checks Audit Report	Complete	AR 25-02	04/25/25	See cell above
Financial Aid	Financial Aid Audit Report	Complete	AR 25-03	05/19/25	
Human Resources	Human Resources Audit Report	Complete	AR 25-04	05/20/25	
Information Technology	Information Technology Audit Report	Complete	AR 25.05	05/20/25	
Workforce	Center for Workforce & Community Development Audit Report	Complete	AR 25-06	07/24/25	



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Audit	Name	Status	Report #	Issue Date	Comments
Athletics	Athletics Audit Report	Complete	AR 25-07	09/03/25	
Inventory	Fixed Asset & Inventory Audit Report	Complete	AR 25-08	10/15/25	
Centralized Risk Database	Risk Issue Action Plan Acceptance	Complete	N/A	10/01/24	
Instrumental Grants Database Project	Instrumental Grant Management & Discovery System Audit Memo - Interim	Interim Memo	AM 25-01	09/03/25	Converted to a post-go-live audit. The audit was suspended until the vendor's System and Organization Controls (SOC) report is issued
Management Request	Memo	Complete	MR 25-01	04/25/25	
ERP Replacement Project	N/A	Carryover	N/A	N/A	
Data Center Colocation Project	N/A	Carryover	N/A	N/A	
Cybersecurity	N/A	Carryover	N/A	N/A	Added as a different response to the IIA's Topical Requirements

- The audit of Purchasing found the College is materially compliant with Texas Education Code Section 51.9337, with a number of improvements identified: Update and centralize the Procurement Manual, including the Delegation of Authority for acquiring goods and services costing below \$50,000.

III. Consulting Services and Non-audit Services Completed

- Risk, Control, and Audit training was developed and delivered, with delivery happening on August 21, 2025. The other consultative work was low-effort ad hoc work with no deliverables owned by Internal Audit (e.g., provide verbal feedback during an in-house developed software walk-through, jointly use AI to draft or update a document).

IV. External Audit Services Procured

- External Audit Services were not procured to assist the internal audit function.

V. External Quality Assurance Review (Peer Review)

- An external quality assurance review was not performed.

VI. Internal Audit Plan for Fiscal Year 2026

- During August 2025, Internal Audit met with members of the President's Cabinet to obtain their opinions on current and emerging risks, the criticality of the risks to Lee's mission, discuss processes that may be of concern, potential control issues, consulting opportunities, etc., that should be included in the FY 2025 audit plan. During the meetings, Internal Audit conducted reasonable person testing to ensure the Cabinet members' opinions were supported.
- During August 2025, Internal Audit met with the new Chief Financial Officer & V.P., Finance (CFO) to zero-base the risk and control standards: risk taxonomy, likelihood and impact categories and thresholds, issue rating standard, risk escalation standard, and realistic examples to guide behavior. Risk, Control, and Audit Training was also presented on August 21, 2025, as part of Convocation Week.
- The results of the risk discussions were consolidated and analyzed for themes and anomalies to develop the draft internal audit plan. The draft was vetted and prioritized by the CFO and the President. The prioritized draft was presented to the Board of Regents' Audit & Investment Committee for review, refinement, and approval, with their approval received on September 2, 2025.
- Certain aspects of Texas Administrative Code Chapter 202 (Information Security Standards) will be addressed in the Cybersecurity Governance and Execution audit and the consultative Main Campus Risk Assessment.
- There are no high-rated risks that are excluded from the FY 2026 audit plan. Lee's most pressing risks are the migration to a new Enterprise Resource Planning (ERP) system and resiliency, both of which are included in the audit plan.



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- As a community college, Lee is not required to and did not consider including audits of benefits proportionality when developing the FY 2026 internal audit plan (see Rider 8, page III-5, the General Appropriations Act (88th Legislature)).

Type	Area	Initial Hours	Preliminary Scope
Consulting Continuation	ERP Replacement	160	Consultative review of the proposed Program Governance Framework
Consulting Continuation	Data Center Colocation	140	Monitor project management, capacity planning, Contracting and implementation activities
Assurance Continuation	Cybersecurity	160	Cyber governance and execution
Assurance	Content Management & Records Retention	160	End-to-end process and control assessment
Assurance	Policy & Procedure Governance	160	End-to-end process and control assessment
Assurance	Contract Management	160	End-to-end process and control assessment
Assurance	Cash Management	120	End-to-end process and control assessment of centralized and decentralized cash operations
Assurance	Receiving, Shipping, Surplus	80	Process effectiveness and efficiency assessment
Assurance	Asset Management	160	End-to-end process and control assessment of I&C
Assurance	Empirical Education Center	160	End-to-end process and control assessment
Assurance	PAC	80	Assessment of PAC's operations
Consulting	Resiliency	160	Facilitate the main campus physical risk assessment and a business impact analysis (BIA)
Follow-up	Various	88	Monitor open issues, action plan progress, selectively test



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Type	Area	Initial Hours	Preliminary Scope
			completed action plans, and assess a SOC report
	Pre-Plan Budget	1,768	
<i>Approved by the Board of Regents Audit & Investment Committee on September 2, 2025.</i>			

VII. Reporting Suspected Fraud and Abuse

- The bottom of the Lee College home page has a Quick Links section that includes the “Complaints, Grievances, Concerns” link to a page with instructions and a drop-down to report multiple types of compliance issues, including Risk Management, which reads, “Risk Management - This form is primarily used by staff and faculty to report suspected risk events (a mistake impacted by the College), risk issues (something is wrong with a process, control, etc.), or fraud (theft of money or goods).” On clicking Risk Management, the following box is displayed:

Please choose the appropriate form.

Risk Management

Go

This report is provided to Internal Audit for initial review. The primary goal of risk reporting is to improve Lee processes and controls. By reporting suspected risk events (e.g., an overpayment of more than \$10,000, system down for more than 4 hours, ongoing errors), risk issues (e.g., control does not work as intended, process has redundant steps, reconciliation is not being done), and frauds (e.g., student accounts/data hacked, equipment theft, fake invoices paid), we can determine root causes and implemented cost effective fixes that improve College operations.

- The Internal Audit Page at lee.edu contains direct access to the Texas State Auditor’s Reporting Fraud webpage in compliance with section 7.09 of the Texas General Appropriations Act.

Fraud & Risk Events

Internal Audit is responsible for investigating suspected acts of fraud and risk events (e.g., an overpayment, or confidential employee data accidentally leaked). If you suspect or are aware of a fraud or risk event, please report it at [Lee College Reporting](#) and select the Risk Management drop-down, or call 281.425.6305, or email your concern to ggoings@lee.edu.

In addition to reporting suspected fraud internally per the above Lee College Reporting link, individuals have a right to report a “Serious Act of Dishonesty or Fraud, waste, or abuse of state funds” to the [Texas State Auditor’s Office — Investigations Team](#).

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- If a Lee investigation results in reasonable cause to believe that a Serious Act of dishonesty or fraud, waste, or abuse of state funds may have occurred, the matter will be forwarded to the State Auditor's Office as required by Texas Government Code, Section 321.022.