

FY 2026 Annual Internal Audit Report

LEE COLLEGE FY 2026 Annual Internal Audit Report

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I. Compliance with Posting Requirements

- The FY 2027 Internal Audit Plan and the FY 2026 Annual Internal Audit Report were posted to the College's website in October, 2026 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 2026

Audit	Status	Report #	Issue Date	Comments
Content Management & Records Retention	Complete	AR 26-05	9/21/26	
Workday Project Governance	Complete	AM 26-04	5/21/26	
Main Campus Risk Assessment	Complete	AR 26-04	4/13/26	
BIA	Complete	AR 26-05	5/21/26	
Overall Summary	Complete	AR 26-06	6/17/26	
Performing Arts Center Operations	Complete	AM 26-04	5/21/26	
Policy & Procedure Governance	Carryover	N/A	N/A	
Contract Management	Carryover	N/A	N/A	
Cash Management	Complete	AR 26-01	12/15/25	
I&C Asset Management	Complete	AM 26-02	12/15/25	
Professional Development Travel	Complete	AR 26-02	2/16/26	
Convocation, Professional Development, and Administration and Staff Training	Complete	AR 26-03	2/16/26	
Department Professional Development	Canceled	N/A	N/A	
Course Review	Canceled	N/A	N/A	
Cybersecurity	Postponed	N/A	N/A	

Audit	Status	Report #	Issue Date	Comments
P-Card Analysis	Complete	AM 26-01	12/15/25	
International Travel	Complete	AM 26-03	2/16/26	
Data Center Colocation	Canceled	N/A	N/A	
Receiving, Shipping, Surplus	Carryover	N/A	N/A	
Follow-Up Audits	Ongoing	N/A	N/A	

III. Consulting Services and Non-audit Services Completed

- The Internal Audit Department did not provide any Consulting or Non-audit Services in FY 2026.

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 2027

- During August and September 2026, Internal Audit met with the President 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 2027 audit plan.

- The results of the risk discussions were consolidated and analyzed for themes and anomalies to develop the draft internal audit plan. The draft was presented to the Board of Regents' Audit & Investment Committee for review, refinement, and approval, with their approval received on October 12, 2026.

- There are no high-rated risks that are excluded from the FY 2027 audit plan.

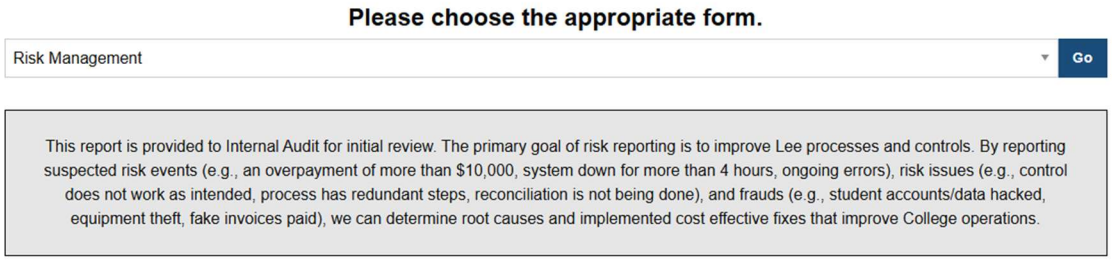
- As a community college, Lee is not required to consider including audits of benefits proportionality when developing the FY 2027 internal audit plan (see Rider 8, page III-58 and Sec. 6.08 (a), page IX-31, the General Appropriations Act (89th Legislature)).

Type	Area	Initial Hours	Preliminary Scope
Assurance, Carryover	Policy & Procedure Governance	80	End-to-end process and control assessment
Assurance, Carryover	Receiving, Shipping, & Surplus	120	Process effectiveness and efficiency assessment
Management Request, Assurance	Vacation Accruals	100	Process effectiveness, & Compliance
Management Request, Assurance	Student Travel	100	Policies, Procedures, & Compliance
Management Request, Assurance	Emergency Aid Funding	120	Controls, Procedures, and Effectiveness
Assurance	Cash Handling – All Locations	140	Policies, Procedures, and Controls
Management Request, Assurance	Inventory Management	140	Controls, Procedures, and Effectiveness
Assurance	Contractors – All	80	Policies, Procedures, and Controls
Management Request	Athletics	100	Enrollment, Dorm Residence, Practice Participation
Management Request, Assurance	Grants Process	120	Compliance, Communication, Management
Management Request, Compliance	Remote Work	120	Compliance with SB 2615
Management Request	Asset Management	120	Asset recording, management, & tracking
Regulatory Compliance	TAC 202 IT Controls	120	Compliance with TAC 202
N/A	Future Audits	300	
Follow-Up	Follow-Up Audits	320	
	Pre-Plan Budget	1,980	
Approved by the Board of Regents Audit & Investment Committee on October 12, 2026.			

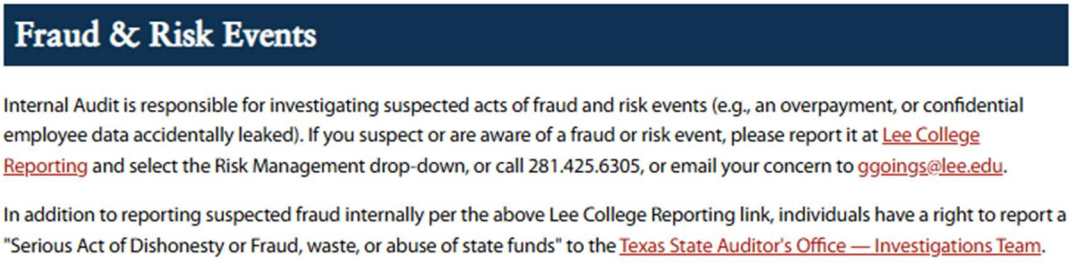
- In anticipation of the need to add new audit projects as the year unfolds, hours have been allocated to future, unplanned audits.
- In anticipation of the need to follow-up on audit findings, hours have been allocated to Follow-Up Audits. This is to allow plenty of time to complete these Follow-Up Audits in a timely manner within the current Fiscal Year.

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:



- 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.



- 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.