KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM FY 2024 INTERNAL AUDIT REPORT

AUGUST 29, 2024

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EXECUTIVE SUMMARY

Kentucky Community and Technical College System (KCTCS) engaged Dean Dorton Allen Ford (Dean Dorton) to provide internal audit services for KCTCS during the fiscal year ended June 30, 2024. The following details internal audits completed in the last quarter through July 31, 2024.

KCTCS SYSTEM OFFICE AUDITS	COLLEGE AUDITS	INFORMATION TECHNOLOGY
• Disaster Response and Active Shooter Preparedness Plan • Month End Close and Reconciliation Audit • Whistleblower Audit • Fixed Assets Audit • Policy and Procedures Process Review • FY 2025 Risk Assessment and Internal Audit Plan*	• None	• IT Key Control Testing

* Reported on separately

OVERALL RESULTS

We were pleased with the overall results from the internal audit projects. The observations and recommendations identified for areas assessed are included in the detail report for each area. The recommendations included in this report, if implemented, will further strengthen KCTCS's internal controls and improve compliance with relevant regulations. Maintaining and improving internal controls is a key management responsibility and is necessary to ensure proper allocation of resources.

We would like to thank the management and other personnel at KCTCS for their time and efforts during the engagements.

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DEFINITION OF RISK RANKING

High Risk	A serious internal control or risk management issue that if not mitigated, may with a high degree of certainty, lead to substantial losses, serious violations of corporate strategies, policies, or values; serious reputational damage; and/or significant adverse regulatory impact.
Moderate Risk	An internal or risk management issue which could lead to financial losses, loss of controls within the organization, reputation damage in local or regional media; and/or adverse regulatory impact such as public sanctions or immaterial fines.
Low Risk	An internal control or risk management issue, the solution to which may lead to improvements in the quality and/or efficiency of the organization. Risks are limited.
Other Observation	An area for operational enhancement that, while not meeting the criteria for a formal observation, merits management's attention due to its potential impact on process efficiency.

SUMMARY OF ISSUES IDENTIFIED BY RISK RATING

Audit Focus Area	High Risk Issues	Moderate Risk Issues	Low Risk Issues	Other Observation
Disaster Response and Active Shooter Review	-	3	8	1
Month-end Close and Reconciliation Review	-	-	-	-
Whistleblower Review	-	-	3	-
Fixed Asset Review	-	-	-	1
Policies and Procedures Review	-	5	-	-
IT Key Control Testing	-	1	-	-

Pages 4 – 24 contain comprehensive summaries for each report, including detailed descriptions of all identified issues.

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DISASTER RESPONSE AND ACTIVE SHOOTER AUDIT

This project was identified during the FY2024 Risk Assessment process. Internal audit was engaged to review adherence to policies and procedures over disaster responses and active shooters at each college.

Our key steps, strengths identified, audit findings and other observations are presented below.

KEY TESTING STEPS	STRENGTHS IDENTIFIED
- Surveyed all colleges regarding their established procedures and policies for responding to disasters and active shooter situations. - Examined disaster response and active shooter policies and procedures.	- All the colleges have policies and procedures in place in case of a disaster or active shooter. - All the colleges have a form of security to lockdown buildings.

DEFINITION OF RISK RANKING

High Risk	A serious internal control or risk management issue that if not mitigated, may with a high degree of certainty, lead to substantial losses, serious violations of corporate strategies, policies, or values; serious reputational damage; and/or significant adverse regulatory impact.
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Other Observation	An area for operational enhancement that, while not meeting the criteria for a formal observation, merits management's attention due to its potential impact on process efficiency.

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	Moderate Risk Observations and Recommendations	Management Action Plan	Anticipated Notification Date	Responsible Individual
1.	Responses to the disaster and active shooter preparedness survey revealed that Bluegrass, Big Sandy, Gateway, Hazard, Henderson, Hopkinsville, Madisonville, and Maysville have challenges with securing doors and controlling access via mechanical keys. To enhance security and access control implementing electronic RFID fobs or cards assigned to authorized personnel at each college.	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the System and college level that electronic RFID fobs and cards should be used over mechanical keys and should look into adding as soon as possible if not in currently in place.	June 2025	Director of Safety & Emergency Services
2.	The disaster and active shooter preparedness survey responses indicated that the security camera systems at Bluegrass, Gateway, Henderson, Madisonville, and Maysville have limitations in their effectiveness. To improve campus safety and incident response capabilities, consideration should be made by each college to invest in advanced security camera systems that enable remote viewing access for authorized administrators and security personnel.	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the System and college level that each college should have an adequate amount of security cameras so they can monitor their campuses appropriately.	June 2025	Director of Safety & Emergency Services
3.	During the review process and on-site visits to colleges regarding disaster response and active shooter preparedness, a consistent pattern emerged indicating that requests for safety and security projects submitted to the Department of Engineering and Contract Administration (DECA) has not been prioritized. To ensure the timely and successful implementation of critical safety and security measures, it is recommended that consideration be given to each college taking ownership of these projects by establishing and utilizing their own internal project management system and processes.	Director of Safety & Emergency Services will prepare communication to send to the appropriate people at the System to allow colleges to work on their own safety and security projects so they can be completed in a timely manner.	June 2025	Director of Safety & Emergency Services

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	Low Risk Observations and Recommendations	Management Action Plan	Anticipated Notification Date	Responsible Individual
1.	During the review of responses to the disaster response and active shooter preparedness survey, a common concern among colleges was identified regarding insufficient funding for critical safety and security projects. Many colleges expressed apprehension about their inability to secure adequate financial resources to implement necessary safety and security measures. To address the funding disparities and ensure that all colleges can effectively implement essential safety and security initiatives, it is recommended that the System reevaluate its current funding allocation model. Instead of basing funding solely on revenue, the System should develop a more equitable distribution mechanism that considers each college's specific safety and security needs. This approach will enable colleges with limited revenue to access the necessary funds to complete crucial projects and maintain a safe learning environment for students, faculty, and staff.	System Leadership will prepare communication to send to all employees who are involved with safety and security at the System level to determine different ways to distribute funding appropriately so colleges can complete necessary safety and security projects for their college.	June 2025	System Leadership
2.	During the review of the disaster response and active shooter preparedness survey responses, it was observed that several colleges expressed a desire to hire additional security personnel to enhance campus safety. However, these colleges face significant financial constraints that prevent them from allocating the necessary funds to support the hiring of extra security staff. To address the identified need for increased security personnel at the colleges, it is recommended that the System explore innovative strategies to generate additional funding sources specifically earmarked for this purpose. By securing dedicated funding, the System can empower each college to hire the necessary security personnel based on their unique requirements, thereby strengthening campus safety and preparedness.	System Leadership will prepare communication to send to all employees who are involved with safety and security at the System level to determine different ways to distribute funding appropriately so colleges can add additional security personnel each college needs.	June 2025	System Leadership

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	Low Risk Observations and Recommendations	Management Action Plan	Anticipated Notification Date	Responsible Individual
3.	The review of the disaster response and active shooter preparedness survey responses revealed that all colleges currently engage in active shooter training programs conducted by third-party providers or the Kentucky State Police. This demonstrates a commendable commitment to preparing faculty, staff, and students for potential emergency situations. To maintain a high level of readiness and ensure that all members of the college community are well-prepared to respond to active shooter incidents, it is recommended that each college establish a policy mandating annual participation in active shooter training. By requiring yearly training sessions, colleges can reinforce critical skills, update personnel on the latest best practices, and foster a culture of safety and preparedness on campus. The creation of a policy will ensure continuity of practices when turnover occurs.	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the college level to make sure active shooter training is being perform at least once a year.	June 2025	Director of Safety & Emergency Services
4.	During the review of the disaster response and active shooter preparedness survey responses, Dean Dorton noted Bluegrass, Somerset, and Southeast have implemented systems to track the completion of continuing professional education (CPE) credits for disaster response training among their faculty and staff. This practice ensures that personnel at these colleges maintain up-to-date knowledge and skills in emergency preparedness. To promote a consistently high level of emergency preparedness across all institutions, it is recommended that each college establishes a robust system for tracking and monitoring the completion of mandatory disaster response training and associated CPE credits for all faculty and staff members. Implementing such a system will enable colleges to verify that all personnel have received the necessary training and are well-equipped to respond effectively in the event of an emergency. Furthermore, colleges should set clear expectations for the frequency and content of the required training, ensuring that faculty and staff regularly refresh their knowledge and stay current with best practices in disaster response.	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the college level to use a system to track and ensure staff/faculty have the proper training the college requires.	June 2025	Director of Safety & Emergency Services

	Low Risk Observations and Recommendations	Management Action Plan	Anticipated Notification Date	Responsible Individual
5.	During the review of the disaster response and active shooter preparedness survey responses, it was identified that exemplary crisis management team structures at Big Sandy, Elizabethtown, Gateway, Jefferson, and Maysville. These colleges have established well-organized and comprehensive teams responsible for developing, implementing, and maintaining appropriate emergency response policies and procedures. The presence of these dedicated teams demonstrates a strong commitment to crisis preparedness and ensures a coordinated approach to managing potential emergencies. To enhance crisis preparedness and ensure a consistent, effective response across all institutions, it is recommended that each college establish a dedicated crisis management team, modeled after the successful structures observed at Big Sandy, Elizabethtown, Gateway, Jefferson, and Maysville. These teams should be tasked with developing, implementing, and regularly reviewing comprehensive emergency response policies and procedures tailored to the specific needs and resources of their respective colleges. The crisis management teams should consist of key stakeholders from various departments, including but not limited to administration, security, facilities management, and communications. By establishing these teams and empowering them to lead crisis preparedness efforts, colleges can foster a proactive approach to emergency management, ensure the existence of robust and up-to-date policies and procedures, and ultimately create a safer environment for students, faculty, and staff.	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the college level to create a crisis management team.	June 2025	Director of Safety & Emergency Services

	Low Risk Observations and Recommendations	Management Action Plan	Anticipated Notification Date	Responsible Individual
6.	During the review of the disaster response and active shooter preparedness survey responses, it was noted that Madisonville has implemented an innovative solution called Campus Guard. This technology enables the college to provide emergency responders with precise, real-time information about the exact location of an emergency on campus. By leveraging Campus Guard, Madisonville has significantly enhanced its ability to communicate critical details to first responders, potentially reducing response times and improving the effectiveness of emergency interventions. To enhance emergency response capabilities and ensure the safety of students, faculty, and staff, it is strongly recommended that all colleges consider implementing the Campus Guard system or a similar location-based emergency communication solution. By adopting this technology, colleges can provide emergency responders with instant, accurate information about the exact location of an incident on campus. This level of precision can greatly assist first responders in quickly identifying and reaching the affected area, ultimately leading to faster response times and more effective management of emergency situations. Furthermore, investing in a system like Campus Guard demonstrates a proactive commitment to campus safety and can help instill confidence in the college community by showcasing the institution's dedication to providing a secure learning and working environment.	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the college level to add Campus Guard to their alert systems so they can specifically notify emergency responders where the emergency is.	June 2025	Director of Safety & Emergency Services

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	Low Risk Observations and Recommendations	Management Action Plan	Anticipated Notification Date	Responsible Individual
7.	During the review of the disaster response and active shooter preparedness survey responses, it was identified that there is a significant challenge related to the utilization of Centurion Solutions, a third-party security assessment company. While the System maintains Centurion Solutions on retainer with a limited annual budget, the current financial constraints prevent the System and individual colleges from fully leveraging the comprehensive range of services offered by the company. This restricted access to Centurion Solutions' expertise has led to an inequitable distribution of security resources among the colleges. Furthermore, it was noted that the System currently has a small team dedicated to security matters, which may not be sufficient to address the diverse and complex security needs of all the locations." To address the limitations imposed by the current reliance on Centurion Solutions and to ensure equitable access to essential security services for all colleges, it is recommended that the System considers a strategic shift towards developing a robust in-house security function. By expanding the existing security team at the System level and investing in the necessary resources and expertise, the System can create a centralized security department capable of providing the same level of support and guidance currently offered by Centurion Solutions. This in-house security function should be equipped to conduct comprehensive security assessments, develop, and implement customized security protocols, and provide ongoing consultation to individual colleges based on their specific needs and risk profiles. By transitioning to an in-house model, the System can eliminate the budgetary constraints associated with external contractors, ensure consistent and equitable distribution of security resources, and foster a more agile and responsive approach to addressing the evolving security landscape across all institutions.	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the System level to consider creating their own team that could provide all the services that Centurion Solutions provides so they do not have to rely on a 3rd party and perform in-house.	June 2025	Director of Safety & Emergency Services

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	Low Risk Observations and Recommendations	Management Action Plan	Anticipated Notification Date	Responsible Individual
8.	During the review of the disaster response and active shooter preparedness survey responses, it was identified that a significant disparity in the access to safety and security resources exists among the colleges within the System. The survey results reveal that due to varying revenue streams and budgetary constraints, some colleges are unable to allocate sufficient funds to implement comprehensive safety and security measures. This inequality in resource distribution has led to a concerning situation where certain colleges may be more vulnerable to potential threats, while others have the means to maintain a more robust security infrastructure. The current imbalance in safety and security resources undermines the System's commitment to providing a consistently safe learning and working environments for all students, faculty, and staff, regardless of the location they attend or work." To address the identified disparities and ensure that all colleges within the System can achieve a reasonable level of safety and security, it is strongly recommended that the System office takes proactive steps to provide equitable support and funding for security initiatives across all locations. The System office should conduct a comprehensive assessment of each college's safety and security needs, considering factors such as campus size, location, and specific risk factors. Based on this assessment, the system office should develop a strategic plan for allocating resources and funding to each college, prioritizing those with the most pressing security needs. This targeted support should aim to bridge the gaps in safety and security measures, enabling all colleges to implement best practices, upgrade their security infrastructure, and provide ongoing training for their campus communities. By taking a system-wide approach to safety and security funding, the System office can demonstrate its commitment to the well-being of all its constituents and foster a culture of preparedness and resilience across all colleges.	Director of Safety & Emergency Services will prepare communication to all colleges that will open the door for more discussion and shared knowledge between colleges and the System when it comes to safety and security as well as open up the ability for colleges to discuss their immediate needs.	June 2025	System Leadership

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	Other observations and considerations not requiring management action
1.	During the review of the colleges' financial practices, it was observed that some institutions have implemented a strategy of allocating a portion of their tuition revenue towards safety and security initiatives. This proactive approach demonstrates a commitment to prioritizing the well-being of students, faculty, and staff by ensuring a dedicated funding stream for critical safety measures. However, the current practice is inconsistent across the System, with some colleges lacking a structured mechanism to channel tuition funds into safety and security efforts. This inconsistency can lead to disparities in the resources available to colleges for maintaining a secure learning environment. To promote a more equitable and sustainable approach to funding safety and security initiatives it should be considered that all colleges within the System adopt a standardized, percentage-based allocation model for tuition revenue. Under this model, each college would designate a specific percentage of its tuition income to be earmarked for safety and security purposes. The exact percentage should be determined through a collaborative process involving college administrators, financial experts, and safety and security professionals, considering factors such as the size of the institution, its specific security needs, and industry best practices. By implementing a consistent, percentage-based allocation system, colleges can ensure a predictable and reliable funding stream for safety and security measures, enabling them to better plan and execute long-term strategies for maintaining a secure campus environment. This approach also promotes fairness and equality across the System, as all colleges would be dedicating a proportional share of their tuition revenue to this critical priority.

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MONTH END CLOSE AND RECONCILIATION AUDIT

This project was identified during the FY2024 Risk Assessment process. Internal audit was engaged to test adherence to the policies and procedures covering month end close and reconciliation.

KEY TESTING STEPS	STRENGTHS IDENTIFIED
• Interviewed KCTCS Director of Accounting to gain an understanding of procedures over month end close and reconciliation process. • Reviewed and documented current KCTCS policies and procedures related to the month end close and reconciliation process. • Obtained support of all steps completed by KCTCS staff following their month end procedures	• Personnel interviewed were knowledgeable in their roles. • Application of procedures for sample selection is consistent and in accordance with KCTCS month-end close procedures.

No observations or findings were identified based on review of our sample selections.

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WHISTLEBLOWER AUDIT

This project was identified during the FY2024 Risk Assessment process. Internal audit was engaged to test adherence to the policies and procedures covering whistleblower.

KEY TESTING STEPS	STRENGTHS IDENTIFIED
• Interviewed KCTCS President to gain an understanding of procedures over whistleblower process. • Reviewed and documented current KCTCS policies and procedures related to the whistleblower process. • Obtained a current listing of employees. Used employee list to select a random sample of 5 employees from each college and business unit at System to send questionnaire over whistleblower process.	• KCTCS has policies and procedures in place over the whistleblower process

DEFINITION OF RISK RANKING

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Moderate Risk	An internal or risk management issue which could lead to financial losses, loss of controls within the organization, reputation damage in local or regional media; and/or adverse regulatory impact such as public sanctions or immaterial fines.
Low Risk	An internal control or risk management issue, the solution to which may lead to improvements in the quality and/or efficiency of the organization. Risks are limited.

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	Low Risk Observations and Recommendations	Management Action Plan	Anticipated Implementation Date	Responsible Individual
1	During the review of the ethics hotline questionnaire responses, Dean Dorton discovered a significant gap in employee awareness: approximately 50% of the faculty and staff were unaware of the existence of an ethics hotline. Dean Dorton recommends the System incorporate an annual Ethics Hotline training for all faculty and staff to ensure that they know how to report complaints.	System Leadership will prepare a required training for all faculty and staff to ensure they know how to access ethics hotline and report complaints.	November 2024	System Leadership
2	During the review of the ethics hotline questionnaire responses, Dean Dorton discovered a significant gap in employee awareness: approximately 50% of the faculty and staff were unaware of the existence of an ethics hotline. Dean Dorton recommends the System develop a communication plan to advertise the Ethics program. This can include creation of an poster with the ways to communicate violations System wide.	System Leadership will create the posters and send out communication of their existence and require them to be distributed across the whole system.	November 2024	System Leadership
3	During the review of the ethics hotline questionnaire responses, Dean Dorton discovered a significant gap in employee awareness: approximately 50% of the faculty and staff were unaware of the existence of an ethics hotline. Dean Dorton recommends that the System incorporate information on the Ethics program to the onboarding process to ensure that each faculty member is made aware and has an in-depth understanding of the Ethics hotline and policies.	The Head of Human Resources will adjust the onboarding process that makes sure new hires get an appropriate amount of training and understanding of their Ethics and Whistleblower polices.	November 2024	Head of Human Resources

FIXED ASSET AUDIT

This project was identified during the FY 2024 Risk Assessment. Internal audit was engaged to review existence and insurance valuation over fixed assets.

Our key steps, strengths identified, audit findings and other observations are presented below.

KEY TESTING STEPS	STRENGTHS IDENTIFIED
• Interviewed KCTCS Assistant VP of Facilities and other employees to gain an understanding of procedures over fixed assets. • Reviewed and documented current KCTCS policies and procedures related to the existence and insurance valuation over fixed assets. • Obtained a listing of all fixed assets from July 2023 through February 2024. Used fixed asset list to select a random sample of fixed assets to review documentation for existence and insurance coverage.	• Personnel interviewed were knowledgeable in their roles. • KCTCS internal control procedures are operating at an acceptable level with the only finding being a minor observation related to documentation around insurance coverage.

No observations or findings were identified based on review of our sample selections.

DEFINITION OF RISK RANKING

Other Observation	An area for operational enhancement that, while not meeting the criteria for a formal observation, merits management's attention due to its potential impact on process efficiency.

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	Other Observations
1.	KCTCS obtains insurance coverage through the Division of State Risk and Insurance Services (DSRIS), a state agency responsible for providing and procuring cost-effective insurance for state-owned property, vehicles, mobile equipment, and liability risk exposures. KCTCS submits a fixed asset listing to DSRIS as evidence of property and equipment to be covered. Dean Dorton was provided with a summary of the policy along with categories of assets covered. However, DSRIS did not provide a separate schedule of covered property that differed from the listing provided by KCTCS. To assess the adequacy of coverage, Dean Dorton obtained a declaration report from DSRIS, which lists the coverage for each asset category and the associated costs. While the report indicated that the coverage amounts were adequate, in some cases, the coverage significantly exceeded the required levels. As a result, Dean Dorton recommends that KCTCS consider right sizing the insurance coverage to align with the actual coverage needed. This approach would ensure that KCTCS maintains sufficient protection for its assets while potentially reducing insurance costs by eliminating excess coverage.

POLICIES AND PROCEDURES REVIEW

This project was identified during the FY2024 Risk Assessment process. Internal audit was engaged to test adherence to the policies and procedures at KCTCS. Dean Dorton performed comprehensive review of its policy management framework to enhance institutional effectiveness, ensure regulatory compliance, and improve stakeholder experience. This initiative aimed to streamline the policy structure, optimize the policy development, and review process, and create a more accessible and user-friendly policy environment. As KCTS continues to evolve in response to changing educational landscapes and regulatory requirements, it is crucial that its policies provide clear, consistent, and timely guidance to all stakeholders. This report presents the results of our review and offers recommendations designed to transform KCTCS's policy management approach, fostering a more agile, transparent, and effective governance structure that aligns with KCTCS's mission and strategic objectives.

KEY TESTING STEPS	STRENGTHS IDENTIFIED
- Interviewed the employees responsible for maintaining and updating the policies and procedures online to gain an understanding of the process and frequency. - Reviewed and documented current KCTCS policies and procedures. - Reviewed current effective dates of the policies and procedures to determine the frequency of revisions and approvals.	- KCTCS has policies and procedures in place over the for the whole system. - KCTCS maintains a centralized repository for their policies. - No major policy omissions exist, indicated thorough guidance for its stakeholders.

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	Moderate Risk Observations and Recommendations	Management Action Plan	Anticipated Implementation Date	Responsible Individual
1.	Many policies have not been reviewed or updated for many years. Specifically, an analysis revealed that 86 policies and procedures have current effective dates that are greater than or equal to 10 years. See Exhibit A. Dean Dorton recommends that a periodic review cycle be established and implemented to ensure that policies remain current and relevant to mitigate the risks there were designed to address.	KCTCS will incorporate a periodic review cycle for each new policy that goes through the new policy framework and the policy template shall include a required periodic review. The standard review period with be every three years but some policies may be reviewed more frequently depending on the policy. KCTCS will update existing policies with a review cycle when it reviews existing policies for potential consolidation and therefore will occur outside of the time frame above.	March 2025	Policy Administrator
2.	The format for the policies is not consistent and in some cases is missing critical information considered best practices for inclusion in a policy, which can lead to inconsistency, inefficiency, and ineffective implementation. Dean Dorton recommends that KCTCS develop and implement a standardized policy format. Implementing a standardized format/layout is a foundational step in creating an effective, efficient, and compliant policy and procedure management system. (See Exhibit B for an example of the key components of an effective policy than can be considered when KCTCS creates its format)	KCTCS is exploring the purchase and utilization of a policy management platform to assist with developing, revising, and posting policies. KCTCS will update the current format to include more requirements and this format will be input into the platform system if acquired. If the platform is not acquired, KCTCS will provide the template to policy owners via the KCTCS web page or the intranet.	March 2025	Policy Administrator

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	Moderate Risk Observations and Recommendations	Management Action Plan	Anticipated Implementation Date	Responsible Individual
3.	The current policy development and review process at KCTCS is characterized by excessive delays, with stakeholders reporting that it often takes several months to over a year for a policy to be finalized and published. This prolonged timeline hinders the college's ability to respond promptly to changing regulations, operational needs, and emerging issues. The delays also lead to frustration among policy owners and stakeholders, potentially resulting in outdated policies remaining in effect and new initiatives being implemented without proper policy guidance. Dean Dorton recommends that KCTCS implement a streamlined policy development and a standardized review process for every policy and procedure. See Exhibit D for a proposed structure to address the excessive time required for a policy publication.	KCTCS is working to develop and adopt a streamlined policy development and standardized review process for all System Administration policies and procedures. KCTCS has researched the review process at other Kentucky institutions as well as other Community College Systems and leadership is actively working to develop a framework that will benefit KCTCS and ensure timeliness.	March 2025	Policy Administrator

	Moderate Risk Observations and Recommendations	Management Action Plan	Anticipated Implementation Date	Responsible Individual
4.	Based on interviews with staff, the current policy creation and review process lacks a formalized structure, potentially leading to inconsistencies in policy development, review, and implementation. This informal approach has resulted in policies that may be out of date, contradictory, or not fully in compliance with current regulations. Additionally, the lack of a structured process may limit stakeholder input and reduce the overall effectiveness of the policies. Dean Dorton recommends that KCTCS establish a formalized policy review structure to enhance the effectiveness, consistency, and compliance of its policies. See Exhibit C for a recommended structure. This structured approach will improve policy consistency, ensure regulatory compliance, increase stakeholder buy-in, and ultimately enhance the college's operational effectiveness. Implementation of this recommendation should be phased over 12-18 months, beginning with the establishment of the Policy Committee and the appointment of a Policy Administrator. The college should also consider investing in a policy management software system to streamline the process and improve accessibility of policies to all stakeholders.	KCTCS has researched the policy review structure at other institutions and is discussing with leadership the best structure to implement. KCTCS will ensure that stakeholders and the members of the KCTCS community can review policies prior to their approval and posting and will develop information materials to educate policy owners and sponsoring VPs of the process and time frames for policy approval and implementation.	December 2025	Policy Administrator

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	Moderate Risk Observations and Recommendations	Management Action Plan	Anticipated Implementation Date	Responsible Individual
5.	Based on the review of the policy library reveals a fragmented and overly complex policy structure. The current framework consists of numerous individual policies, many of which overlap in content and scope. For example, there are 22 individual policies addresses different leave types. The approach could hamper KCTCS's ability to maintain clear, consistent, and up-to-date guidance for its operations and stakeholders. It also creates unnecessary administrative burden and increases the likelihood of policy related errors or oversights. To streamline the policy framework and enhance user accessibility, it is recommended that KCTS consolidate related policies into comprehensive, thematic policy documents. This approach will reduce redundancy, improve consistency, and simplify policy management. Specifically: 1. Consolidate Leave Policies: Combine all leave-related policies (e.g., vacation, sick leave, family leave, bereavement, sabbatical) into a single 'Employee Leave Policy' document with distinct sections for each type of leave. 2. Unify Financial Policies: Create a comprehensive 'Financial Management Policy' that encompasses areas such as budgeting, procurement, asset management, and financial reporting. 3. Merge Student-Related Policies: Develop an all-encompassing 'Student Affairs Policy' covering admissions, academic progress, conduct, and support services.	KCTCS plans to review all current policies once the new framework is implemented and to meet with the respective VP regarding updating current policies into the new template, adding review cycles, and possible consolidation of policies if applicable. Since there are over 100+ policies, this will be a lengthy process that can begin once the framework is set, and the policy platform is up and running.	January 2026	Policy Administrator

Moderate Risk Observations and Recommendations	Management Action Plan	Anticipated Implementation Date	Responsible Individual
4. Consolidate IT Policies: Combine cybersecurity, acceptable use, data management, and technology resource policies into a single 'Information Technology Policy'. 5. Create an Overarching HR Policy: Merge policies on recruitment, performance management, compensation, and professional development into a comprehensive 'Human Resources Policy' This recommendation provides a structured approach to policy consolidation, outlining specific areas for consolidation, implementation steps, and expected benefits. It addresses the need for a more streamlined and user-friendly policy framework while maintaining comprehensive coverage of all necessary policy areas.			

INFORMATION TECHNOLOGY KEY CONTROL TESTING

The System Office was included in the scope for this quarter. We conducted testing on controls related to limiting privileged access to systems and sensitive data to authorized transactions and users, as well as screening individuals prior to granting access to organizational systems containing sensitive data. Additionally, we reviewed the new vulnerability scanning procedures to identify testable controls for the 2025 audit cycle and examined the processes in place for the protection of physical media.

Limit Privileged Access to Systems and Sensitive Data to Authorized Transactions and Users	Screen individuals prior to authorizing access to organizational systems containing sensitive data.
Gained understanding of the new Vulnerability Scanning and Management to document controls and processes in place for testing during 2025 audit cycle.	Protection of Physical Media

AUDIT OVERVIEW AND RESULTS

Key Testing Steps	Strengths Identified
• Interviews were performed to obtain an understanding of all processes included in this quarter's audit. • Reviewed documentation of onboarding process for users with access to sensitive data. • Selected samples and verified evidence of pre-screening processes being completed before a candidates hire date. • Reviewed and observed processes in place.	• Controls tested around screening individuals before they are given access to organizational systems and sensitive data are designed and operating effectively. • The new vulnerability scanning, and management process is an improvement, and related controls are designed effectively. • The organization has adopted a modern, proactive cloud-first approach to its operations. Consequently, the need for physical media controls at the System Office has been eliminated.

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	Moderate Risk Observation	Recommended Action Plan	Anticipated Completion Date	Responsible Individual
1.	In October 2023 the incoming President was provided KCTCS email access, cellphone, system access, and a laptop before his January 1, 2024 start date. A preemployment agreement was developed and signed by the incoming President and General Counsel. The preemployment agreement addressed maintaining segregation of activity applicable to KCTCS functions. The preemployment agreement did not address the suspension of normal procedures to provide users with security training and obtaining a signed acceptable use policy at the time of providing system access and equipment. The purpose for this is to ensure KCTCS security expectations are communicated to new employees before using KCTCS systems. Future preemployment agreements, or a separate document, should document exceptions to procedures and be approved by applicable control owners.	KCTCS will review and update existing onboarding procedures to ensure appropriate documentation and training are provided (e.g. acceptable use policy) when preemployment agreements are necessary. This procedure review will include the KCTCS areas of Technology Solutions, the Office of Human Resources, and the Office of General Counsel.	September 15, 2024	Chief Information Officer

PRIOR ACTION PLANS: FOLLOW-UP SUMMARY

The following table provides a summarization of action plans with implementation dates through April 29, 2024, and their completion status.

ACTION PLAN FOLLOW-UP THROUGH JUNE 30, 2024						
FACILITY	ISSUES	ACTION PLANS	TOTAL DUE	IN PROGRESS	COMPLETE	DUE PLAN PROGRESS %
Internal Audits	22	22	3	19	3	100%
Information Technology	1	1	-	1	-	0%
Total	**23**	**23**	**3**	**20**	**3**	**100%**

Details of each action plan and individual status are included at Attachment A.

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ATTACHMENT A – PRIOR ACTION PLANS: FOLLOW-UP DETAIL

#	FACILITY	AUDIT	REPORT DATE	RISK RATING	ACTION PLAN	RESPONSIBLE INDIVIDUAL	DUE DATE	STATUS
1.	System	Marketing Department	January 2024	Moderate	KCTCS Management will increase oversight and awareness over outside events. Additionally, KCTCS management will update future personal service contracts to include what gifts are allowed and not allowed as well as proper vendor interaction.	CFO, VP of Marketing & Communication	July 2024	Completed
2.	System	Marketing Department	January 2024	Low	KCTCS is currently in the process of hiring a VP of Communications and Strategy that will oversee marketing staff and determine the appropriate level of staff needed for the marketing department.	VP of Marketing & Communication	July 2024	Completed
3.	System	Disaster Response and Active Shooter Preparedness	April 2024	Moderate	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the System and college level that electronic RFID fobs and cards should be used over mechanical keys and should look into adding as soon as possible if not in currently in place.	Director of Safety & Emergency Services	June 2025	In process

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4.	System	Disaster Response and Active Shooter Preparedness	April 2024	Moderate	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the System and college level that each college should have an adequate amount of security cameras so they can monitor their campuses appropriately.	Director of Safety & Emergency Services	June 2025	In process
5.	System	Disaster Response and Active Shooter Preparedness	April 2024	Moderate	Director of Safety & Emergency Services will prepare communication to send to the appropriate people at the System to allow colleges to work on their own safety and security projects so they can be completed in a timely manner.	Director of Safety & Emergency Services	June 2025	In process
6.	System	Disaster Response and Active Shooter Preparedness	April 2024	Low	System Leadership will prepare communication to send to all employees who are involved with safety and security at the System level to determine different ways to distribute funding appropriately so colleges can complete necessary safety and security projects for their college.	System Leadership	June 2025	In process
7.	System	Disaster Response and Active Shooter Preparedness	April 2024	Low	System Leadership will prepare communication to send to all employees who are involved with safety and security at the System level to determine different ways to distribute funding appropriately so colleges can add additional security personnel each college needs.	System Leadership	June 2025	In process

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8.	System	Disaster Response and Active Shooter Preparedness	April 2024	Low	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the college level to make sure active shooter training is being perform at least once a year.	Director of Safety & Emergency Services	June 2025	In process
9.	System	Disaster Response and Active Shooter Preparedness	April 2024	Low	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the college level to use a system to track and ensure staff/faculty have the proper training the college requires.	Director of Safety & Emergency Services	June 2025	In process
10.	System	Disaster Response and Active Shooter Preparedness	April 2024	Low	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the college level to create a crisis management team.	Director of Safety & Emergency Services	June 2025	In process
11.	System	Disaster Response and Active Shooter Preparedness	April 2024	Low	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the college level to add Campus Guard to their alert systems so they can specifically notify emergency responders where the emergency is located.	Director of Safety & Emergency Services	June 2025	In process

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12.	System	Disaster Response and Active Shooter Preparedness	April 2024	Low	Director of Safety & Emergency Services will prepare communication to send to all employees who are involved with safety and security at the System level to consider creating their own team that could provide all the services that Centurion Solutions provides so they do not have to rely on a 3rd party and perform in-house.	Director of Safety & Emergency Services	June 2025	In process
13.	System	Disaster Response and Active Shooter Preparedness	April 2024	Low	Director of Safety & Emergency Services will prepare communication to all colleges that will open the door for more discussion and shared knowledge between colleges and the System when it comes to safety and security as well as open up the ability for colleges to discuss their immediate needs.	System Leadership	June 2025	In process
14.	Ashland Community College	Ashland CC Business Office Audit	April 2024	Low	Comprehensive ProCard training will be offered to key personnel, including College Business Officers, College ProCard Site Coordinators, and other pertinent departments. This training will not only cover the standard ProCard process but also address additional areas identified during the audit to ensure full compliance with existing policies and procedures.	Business Officers	May/June 2024	Complete

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15.	System	Whistleblower	May 2024	Low	System Leadership will prepare a required training for all faculty and staff to ensure they know how to access ethics hotline and report complaints.	System Leadership	November 2024	In process
16.	System	Whistleblower	May 2024	Low	System Leadership will create the posters and send out communication of their existence and require them to be distributed across the whole system.	System Leadership	November 2024	In process
17.	System	Whistleblower	May 2024	Low	System Leadership will create the posters and send out communication of their existence and require them to be distributed across the whole system.	Head of Human Resources	November 2024	In process
18.	Information Technology	Key Controls	June 2024	Moderate	KCTCS will review and update existing onboarding procedures to ensure appropriate documentation and training are provided (e.g. acceptable use policy) when preemployment agreements are necessary. This procedure review will include the KCTCS areas of Technology Solutions, the Office of Human Resources, and the Office of General Counsel.	Vice President	September 2024	In Process
19.	System	Policy and Procedures Review	July 2024	Moderate	KCTCS will incorporate a periodic review cycle for each new policy that goes through the new policy framework and the policy template shall include a required periodic review. The standard review period with be every three years but some policies may be	Policy Administrator	March 2025	In Process

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					reviewed more frequently depending on the policy. KCTCS will update existing policies with a review cycle when it reviews existing policies for potential consolidation and therefore will occur outside of the time frame above.			
20.	System	Policy and Procedures Review	July 2024	Moderate	KCTCS is exploring the purchase and utilization of a policy management platform to assist with developing, revising, and posting policies. KCTCS will update the current format to include more requirements and this format will be input into the platform system if acquired. If the platform is not acquired, KCTCS will provide the template to policy owners via the KCTCS web page or the intranet.	Policy Administrator	March 2025	In Process
21.	System	Policy and Procedures Review	July 2024	Moderate	KCTCS is working to develop and adopt a streamlined policy development and standardized review process for all System Administration policies and procedures. KCTCS has researched the review process at other Kentucky institutions as well as other Community College Systems and leadership is actively working to develop a framework that will benefit KCTCS and ensure timeliness.	Policy Administrator	March 2025	In Process

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22.	System	Policy and Procedures Review	July 2024	Moderate	KCTCS has researched the policy review structure at other institutions and is discussing with leadership the best structure to implement. KCTCS will ensure that stakeholders and the members of the KCTCS community can review policies prior to their approval and posting and will develop information materials to educate policy owners and sponsoring VP's of the process and time frames for policy approval and implementation.	Policy Administrator	December 2025	In Process
23.	System	Policy and Procedures Review	July 2024	Moderate	KCTCS plans to review all current policies once the new framework is implemented and to meet with the respective VP regarding updating current policies into the new template, adding review cycles, and possible consolidation of policies if applicable. Since there are over 100+ policies, this will be a lengthy process that can begin once the framework is set, and the policy platform is up and running.	Policy Administrator	January 2026	In Process

ATTACHMENT B – FY 2024 INTERNAL AUDIT PLAN UPDATE

FY2024 AUDIT PLAN	PLANNED AUDIT PROJECT	STATUS
FY 2024 Internal Audits - Q1	▪ Bluegrass Community & Technical College – Business Office Audit ▪ Gateway Community & Technical College – Business Office Audit	Completed
FY 2024 Internal Audits - Q2	▪ Marketing expense audit ▪ Owensboro Community & Technical College – Business Office Audit ▪ Madisonville Community College – Business Office Audit	Completed
FY 2024 Internal Audits - Q3	▪ Hopkinsville Community College – Business Office Audit ▪ Hazard Community & Technical College – Business Office Audit ▪ Southcentral Kentucky Community& Technical College – Business Office Audit ▪ Ashland Community & Technical College – Business Office Audit ▪ Somerset Community College – Business Office Audit	Completed
FY 2024 Internal Audits - Q4	▪ Whistleblower hotline awareness – employee survey ▪ Month end close and account reconciliation process ▪ Fixed Asset Audit – Verification of existence and insurance valuation ▪ Disaster response and active shooter preparedness plan ▪ KCTCS Policy & Procedures – Tracking and policy review procedures ▪ 2025 Risk Assessment and Audit Plan	Completed
FY 2024 Internal Audits - Q4	▪ Student financial aid (carried over to FY2025)	Finalizing

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ATTACHMENT C – FY 2024 INFORMATION TECHNOLOGY PLAN UPDATE

FY2024 AUDIT PLAN	PLANNED AUDIT PROJECT	STATUS
FY 2024 IT Internal Audits - Q1	▪ Asset disposal and management ▪ Control monitor user-installed software ▪ Incident response ▪ Internal system clocks synchronization ▪ Passwords	Completed
FY 2024 IT Internal Audits – Q2	▪ Session locks and disconnects ▪ Portable device/media encryption ▪ Patch management and system maintenance ▪ Physical access to systems ▪ Unique user IDs	Completed
FY 2024 IT Internal Audits – Q3	▪ Firewalls ▪ Data on publicly available systems	Completed
FY 2024 IT Internal Audits – Q4	▪ Screening of individuals prior to granting access ▪ Vulnerability scanning ▪ Media controls	Completed

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