



Kentucky Community and Technical College

Internal Audit Plan for the Fiscal
Year Ending June 30, 2025

DEANDORTON

Importance of internal audit

The **role of internal audit** is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and enhance the effectiveness of risk management, governance, and internal control processes.

GOVERNING BODY

Accountability to stakeholders for organizational oversight

Governing body roles: integrity, leadership, and transparency

MANAGEMENT

Actions (including managing risk) to achieve organizational objectives

First line roles:
Provision of products/services to clients;
managing risk

Second line roles:
Expertise, support, monitoring and challenge on risk-related matters

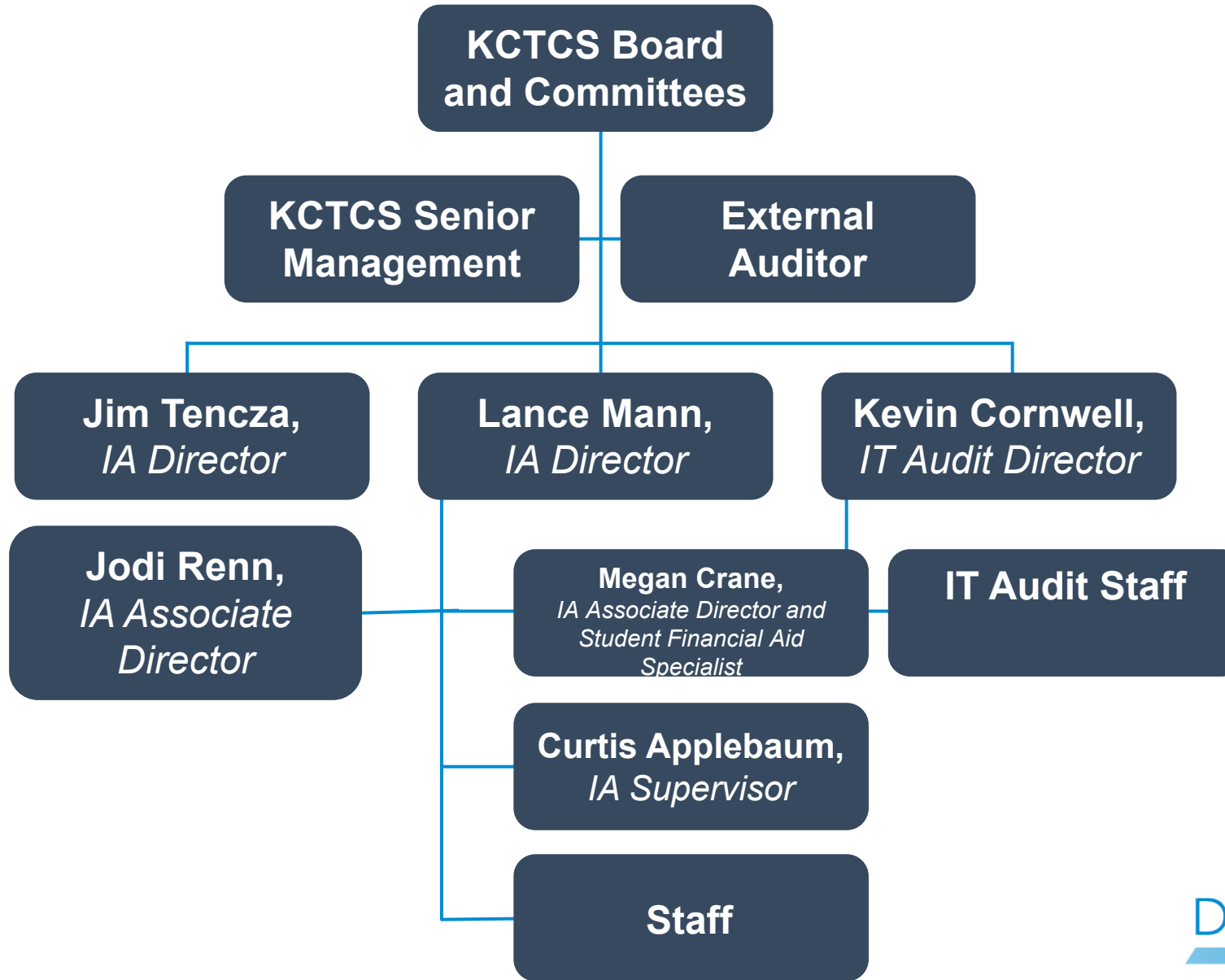
INTERNAL AUDIT

Independent assurance

Third line roles:
Independent and objective assurance and advice on all matters related to the achievement of objectives

EXTERNAL ASSURANCE PROVIDERS

Internal Audit and Governance



Dean Dorton support roles

- Jason Miller, *Information Technology and Consulting Leader*
- Gui Cozzi, *Cyber Security*
- Jay Swacker, *Internal audit*
- Nick Lynch, *Forensics*
- Simon Keemer, *Government Industry Leader*
- Kathy Jaeger, *Employee benefits and HR matters*
- Other staff and specialists

Annual audit cycle



Process for developing Internal Audit Plan for fiscal year ending June 30, 2025

- Met with KCTCS Board Chair, College presidents and senior management, including key personnel from IT, student financial aid, grants, accounting/financial reporting, purchasing and human resources
 - The scope of these meetings included System Office and all Colleges
- Reviewed prior year internal audit findings and financial statements
- Reviewed Ethics Point reports
- Brainstormed risks to consider based on industry knowledge
- Considered external audit and other KCTCS monitoring activities

Develop risk population

- Through the risk assessment process, we identified a population of risks currently affecting KCTCS
- These risks were prioritized to develop an internal audit plan
- The priority ratings used for each of the risks is based upon the following considerations:
 - Potential magnitude of the financial, operational or reputational cost to KCTCS
 - Assessment of the existence of controls based upon our interviews and understanding of KCTCS

Internal Audit Plan development

Once the risks were prioritized, we worked with the Board of Regents Chair and KCTCS Senior Management to develop the internal audit plan that is most responsive to the risks currently affecting KCTCS

KCTCS FY2025 Audit Plan Calendar

Q1 FY25

- Finalize FY2025 Audit Plan
- Final FY24 audit reports
 - FY24 Student Financial Aid Audit (R2T4)
- Policies and Procedures Evaluation
- Business Office Audit (2 of 8)

Q2 FY25

- FY25 Student Financial Aid Audit (R2T4)
- Month end close and account reconciliation process review
- Cash Collections processes
- Business Office Audit (2 of 8)

Q3 FY25

- Human Resources Review
- Student Financial Aid Audit (Cohort Default Activities)
- Business Office Audits (4 of 8)

Q4 FY25

- Student Financial Aid (Eligibility)
- Evaluation of College Level Funding Formula
- Begin FY2026 Risk Assessment and Internal Audit Plan

KCTCS FY2025 IT Audit Plan Calendar

Q1 FY25

- Identification and Authentication
- Awareness & Training
- IT Operations

Q2 FY25

- Media Protection
- Risk Assessment
- Security Assessment
- System and Information Integrity
- IT Operations (continued)

Q3 FY25

- Configuration Management
- IT Operations (continued)

Q4 FY25

- Configuration Management
- Incident Response

Other areas of risk not included in the FY2025 Internal Audit Plan

- Financial Management:
 - Understaffing in accounting department
 - Restrictive approval limits and centralized processes hindering campus-level efficiency
 - Outdated manual processes reducing accuracy and productivity
 - Admissions process
- Regulatory Uncertainty:
 - Potential impacts of Kentucky Senate Resolution 179 on operations and policies
- Governance Structure:
 - Excessive involvement of Board and upper management in campus-level decisions
 - Lack of autonomy for local campus leadership
 - Succession Planning
- Internal Communication:
 - Insufficient consultation with campus leaders on system-wide decisions
 - Exclusion of campus leadership input in developing performance evaluation criteria



Questions?

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