

December 13, 2018

19-058

RESOLUTION FOR THE APPROVAL OF THE 2018-2019 INTERNAL AUDIT PLAN

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APPROVED BY: Mark Mitsui, College President
Internal Audit Committee of the Board of Directors

REPORT: The International Standards for the Professional Practice of Internal Auditing require that a risk-based plan be established to determine the priorities of the internal audit function, consistent with the organization's goals. The accompanying 2018-19 Internal Audit Plan included in the 2017-18 Internal Auditor Report summarizes the annual risk assessment that the Internal Auditor conducted and outlines the projects that the Internal Auditor plans to perform from December 2018 through June 2019. This plan was reviewed with the Board Audit Committee on December 4, 2018. Completion of the plan will be monitored at Audit Committee meetings. The Audit Committee recommends the Board of Directors formally approve this plan.

RECOMMENDATION: That the Board of Directors approve the 2018-2019 Internal Audit Plan in Exhibit A.

Office of the Internal Auditor 2017-18 Internal Auditor Report

BACKGROUND

As outlined in the charter of the Board of Directors Audit Committee, the role of the Office of the Internal Auditor (OIA) is to support the mission and values of Portland Community College by providing independent, objective assurance and consulting services. OIA helps the college accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The charter directs that the Internal Auditor submit an annual report to the College President, to the Chair of the Audit Committee, and to the Board of Directors that summarizes the internal auditing activities of the previous year. The charter also directs that the Internal Auditor submit the annual audit plan for approval.

In accordance with the charter, the OIA presents the 2017-18 final progress report and the 2018-19 internal audit plan.

2017-18 FINAL PROGRESS REPORT

Service Area	Activity
Assurance	Conducted procurement card/purchase orders audit and made recommendations for improving documentation, training, procedures, and monitoring.
Consulting	Provided advisory services such as counsel, advice, facilitation, training and participation on committees. Issued management and advisory letters related to hiring practices and information security.
Investigative	Administered the PCC EthicsPoint (Navex) reporting system, and responded to complaints and hotline reports. Updated investigation procedures.
External Audit Coordination	Served as a liaison to the financial statement audit.
Internal Audit Management	Performed activities required to manage the internal audit function, including the annual risk assessment and audit plan, Audit Committee coordination, and outreach and communications.

2018-19 PROPOSED INTERNAL AUDIT PLAN

The 2018-19 internal audit plan was prepared based on the college-wide risk assessment performed by the OIA, which included input from the Board of Directors, management, and staff. The Internal Auditor met with over 45 PCC personnel and the external auditor to gather risk assessment information. Additionally, the Internal Auditor considered key background information, such as prior audits and risk assessments, existing audit requests, college initiatives, changes in systems or management, relative importance of operations, external audit focus, and industry trends.

19-058 Exhibit A
 Portland Community College – 2017-18 Internal Auditor Report
 December 13, 2018

Once the plan is finalized, OIA will use it to provide internal audit services for the period of December 2018 through June 2019. OIA will report on progress and discuss any necessary adjustments at the routine audit committee meetings.

The 2018-19 internal audit plan includes two consulting engagements, as well as investigative, follow-up, external audit coordination, and internal audit management services as shown below.

Service Area	Activity
Assurance	No specific assurance engagements planned. New Internal Auditor started at the end of September 2018. Focus for the remainder of the year to include on-boarding, building relationships, consulting, internal audit management activities, and further risk assessment.
Consulting	<p><u>Emergency Management Program Consultation</u> –</p> <p>In Q1 2018 PCC hired an Emergency Manager who, under the direction of the Public Safety Director, is responsible for managing the development, implementation and oversight of a college-wide, comprehensive, all hazards emergency management program to prepare for, respond to, and assist in directing the actions of the college community in the event of an emergency and to assist in guiding the continuity of operations and recovery.</p> <p>The objective of this engagement is to determine how the emergency management program is currently designed and identify opportunities for improvement by comparing to best practices.</p>
	<p><u>Gramm-Leach-Bliley Act (GLBA) Consultation</u> –</p> <p>The Program Participation Agreement between PCC and the Department of Education states that PCC agrees to comply with the GLBA as outlined in 16 CFR Part 314. GLBA is designed to help ensure the security and confidentiality of customer records and information. Compliance with GLBA may be subject to audit during the 2019-20 fiscal year.</p> <p>The objective of this engagement is to provide feedback on the sufficiency of documentation for demonstrating compliance with GLBA, including documentation of a risk assessment and safeguards. Feedback may include information on best practices, as well as documentation methods used by other colleges.</p>
	Serve on various committees in an advisory capacity.
	Respond to ad hoc questions and requests as needed.
Investigative	Administer the PCC EthicsPoint (Navex) reporting system.
	Serve as liaison and resource for external investigations.
Follow-Up	Follow up on open audit recommendations.

19-058 Exhibit A
 Portland Community College – 2017-18 Internal Auditor Report
 December 13, 2018

Service Area	Activity
External Audit Coordination	<p>Serve as liaison for external audit services including contracted and regulatory-imposed audits.</p> <p>Serve in a consultative role as the college engages in the Request for Proposal (RFP) process for the external financial statement audit.</p>
Internal Audit Management	<p>Perform activities required to manage the internal audit function, including the annual risk assessment, audit plan, and final progress report, quality assurance and improvement program, Audit Committee coordination, outreach and communications, and benchmarking and metrics.</p>