

February 18, 2021

21-117

RESOLUTION FOR THE APPROVAL OF THE FY 2021
AND FY 2022 INTERNAL AUDIT PLAN

PREPARED BY: Jessica Johnson, Internal Audit Director, Office of the
Internal Auditor

APPROVED BY: Mark Mitsui, President

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. Development of the Internal Audit Plan for FY 2021 was delayed due to the COVID-19 pandemic. The accompanying Internal Audit Plan included in the Internal Auditor Report summarizes the risk assessment and outlines the proposed audit projects for the remainder of FY 2021 through FY 2022. The plan was reviewed with the College President's Cabinet and Board Audit Committee members in January 2021. Completion of the plan will be monitored at Audit Committee meetings and any significant changes to the plan will be submitted to the Board of Directors for approval.

RECOMMENDATION: That the Board of Directors approve the FY 2021 & FY 2022 Internal Audit Plan in Exhibit A.

Office of the Internal Auditor FY 2020 & FY 2021 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 of Portland Community College (PCC) 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 to the Board of Directors for approval.

Development of the final progress report for FY 2020 and the Internal Audit Plan for FY 2021 were delayed due to the COVID-19 pandemic. As a result, this report has been expanded to include progress from July 1, 2019 through February 29, 2021, and the proposed audit plan for March 1, 2021 through June 30, 2022.

FY 2020 & FY 2021 PROGRESS REPORT

Service Area	Activity
Assurance	<ul style="list-style-type: none"> <li data-bbox="418 1140 1411 1245">☐ Conducted planning for an outsourced audit of Payroll controls (FY 2020 work was delayed due to COVID-19 and will be carried forward to FY 2021.) <li data-bbox="418 1249 1411 1434">☐ Partnered with Planning and Capital Construction (P&CC) as a liaison for outsourced construction audits of the Oregon Manufacturing and Innovation Center (OMIC), Health Technology (HT) building, and Metro projects. Projects are multi-year and audit work will continue through FY 2021-2022.)
Consulting	<ul style="list-style-type: none"> <li data-bbox="418 1470 1411 1575">☐ Consulted on the College’s COVID-19 response by researching vaccines, treatment, testing, and the Governor’s framework for reopening Oregon. <li data-bbox="418 1579 1411 1684">☐ Served as Interim COVID-19 Reopening Project Lead from June through August 2020, and subsequently transitioned work to the Office of COVID-19 Reopening Director. <li data-bbox="418 1688 1411 1789">☐ Consulted on Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) compliance.

21-117 Exhibit A
 Portland Community College – FY 2020 & FY 2021 Internal Auditor Report
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	<ul style="list-style-type: none"> ❑ Completed a review of cash controls. PCC contracted with Moss Adams to perform this engagement and the Office of the Internal Auditor provided oversight and performed additional procedures as needed. ❑ Contributed to accreditation Year 6 Policies, Regulations and Financial Review (PRFR) Report for Standard Two: Governance, Resources, and Capacity. ❑ Consulted on the concept of a comprehensive Board self-assessment by an external assurance provider/outside facilitator. ❑ Provided ethics-related advice in response to inquiries regarding compliance with Oregon Government Ethics Law. ❑ Provided miscellaneous advice and support. ❑ Participated in a non-voting role on the Strategic Planning Steering Committee, COVID-19 Opening Leadership Team (COLT), Risk Council, and Red Flags Committee. ❑ Served as a member of the Audit Committee for the Higher Education Coordinating Commission (HECC). ❑ Served on hiring committees for the Chief Information Security Officer (CISO), the Information Security Governance, Risk, and Compliance Specialist, the Executive Administrative Assistant for the Vice President of Finance and Administration, and the Higher Education Coordinating Commission (HECC) Internal Auditor. ❑ Presented on a panel for new Chief Audit Executives at a training event for the Association of Local Government Auditors (ALGA).
Investigative	<ul style="list-style-type: none"> ❑ Administered the PCC EthicsPoint reporting system, responding to complaints and hotline reports in a timely and consistent manner.
Follow-up	<ul style="list-style-type: none"> ❑ Followed-up on all open audit recommendations. These follow-ups confirmed management progress on action plans for improving procurement card, purchasing, and cash operations, as well as financial reporting and financial aid compliance.
External Audit Coordination	<ul style="list-style-type: none"> ❑ Partnered with Financial Services as a liaison for federal single compliance and financial statement audits.
Internal Audit Management	<ul style="list-style-type: none"> ❑ Performed 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.

FY 2021 & FY 2022 PROPOSED INTERNAL AUDIT PLAN

The FY 2021 & FY 2022 internal audit plan was prepared based on the college-wide risk assessment performed by the OIA, which included input from the Board of Directors, Audit Committee, President’s Cabinet, and the external auditor. 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.

Once the plan is finalized, OIA will use it to provide internal audit services for the remainder of FY 2021 through FY 2022. Completion of the plan will be monitored at Audit Committee meetings and any significant changes will be submitted to the Board of Directors for approval.

The internal audit plan includes assurance, consulting, investigative, follow-up, external audit coordination, and internal audit management services as shown below. All services can be provided primarily remotely in compliance with PCC’s COVID-19 health and safety program, with minimal to no on-site work.

Service Area	Activity
Assurance	<ul style="list-style-type: none"> <input type="checkbox"/> Oversee outsourced payroll audit to review payroll processes and controls. <input type="checkbox"/> Conduct an audit of PCC’s framework for student and employee behavioral intervention, including Behavioral Intervention Team (BIT) processes. <input type="checkbox"/> Partner with P&CC as a liaison for outsourced construction audits of the OMIC, HT building, and Metro projects, as well as a process audit of P&CC’s internal practices for managing construction contracts.
Consulting	<ul style="list-style-type: none"> <input type="checkbox"/> Consult on COVID-19 grant relief funds compliance, including the CARES Act and CRRSA. <input type="checkbox"/> Consult on corrective action plans for prior financial aid review conducted by an external consultant in 2019. <input type="checkbox"/> Provide facilitation support for a comprehensive Board self-assessment by an external assurance provider. <input type="checkbox"/> Serve on various committees in an advisory capacity. <input type="checkbox"/> Respond to ad hoc questions and requests as needed.
Investigative	<ul style="list-style-type: none"> <input type="checkbox"/> Administer the PCC EthicsPoint reporting system. <input type="checkbox"/> Serve as liaison and resource for investigations.
Follow-Up	<ul style="list-style-type: none"> <input type="checkbox"/> Follow up on open audit recommendations.
External Audit Coordination	<ul style="list-style-type: none"> <input type="checkbox"/> Serve as liaison for external audit services including contracted and regulatory-imposed audits, including, but not limited to, partnering with

	Financial Services as a liaison for the financial statement and federal single compliance audits.
Internal Audit Management	<input type="checkbox"/> 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.

INTERNAL AUDIT RESOURCES

According to the Institute of Internal Auditors (IIA) *International Professional Practices Framework (IPPF)*, the Internal Audit Director must communicate the internal audit activity's plans and resource requirements to senior management and the Board for review and approval. The Internal Audit Director must also communicate the impact of resource limitations.

The OIA is comprised of the Internal Audit Director and an Executive Assistant. The Internal Audit Director reports functionally to the Audit Committee of the Board of Directors and administratively to the College President. The OIA organizational structure provides independence in accordance with IPPF standards.

Current resourcing is expected to be sufficient to accomplish the proposed internal audit plan. However, with more audit resources, additional assurance and consulting projects could be performed in key areas such as information technology and security, policy management, compliance and risk management, and business continuity, among others. Additional resources could also provide an opportunity for cost savings by reducing the need to outsource audits, especially considering that out-sourcing is typically more expensive than in-sourcing or co-sourcing.

Resource limitations can reduce the OIA's ability to comply with standards, to grow strong in-house experience, and to help the college accomplish its objectives and improve the effectiveness of processes. The Internal Audit Director is therefore coordinating with the Audit Committee and PCC Administration to identify opportunities for increased resourcing as part of strategic planning and FY 2021-23 budgeting. Resourcing needs will continue to be monitored to ensure appropriate levels of service and to evaluate the need for external resources in the event urgent high-risk areas are identified.

