

November 16, 2023

24-072

RESOLUTION FOR THE APPROVAL OF THE FY 2024
INTERNAL AUDIT PLAN

PREPARED BY: Christine Croskey, Internal Auditor, Office of the Internal Auditor

APPROVED BY: Dr. Adrien L. Bennings, President

STRATEGIC THEME: Enterprise: Cultivate a long-term sustainable college enterprise

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 FY 2024 Internal Audit Plan summarizes the annual risk assessment and outlines the projects that the Internal Auditor and contracted internal audit support plan to perform in FY 2024. The plan was reviewed with Board Audit Committee members in October 2023. Completion of the plan will be monitored at Audit Committee meetings.

RECOMMENDATION: That the Board of Directors approve the FY 2024 Internal Audit Plan as presented.

Internal Audit Plan

Fiscal Year 2024

Approved by the PCC Board of Directors on **XX XX**, 2023

Executive Summary

The purpose of the annual Internal Audit Plan (Plan) is to outline risk assessment, consulting, assurance and other activities the Portland Community College (PCC) Office of Internal Audit (OIA) will conduct during the remainder of fiscal year 2024. The Plan’s development and approval are intended to satisfy requirements of the Audit Committee and Internal Audit Charter and the International Professional Practices Framework of the Institute of Internal Auditors (Standards).

This year, PCC contracted with Portland State University’s Internal Audit department (PSU) to provide support for internal audit services including completion of portions of the risk assessment (Appendix A). OIA reserves time within the Plan to be responsive to board and management concerns.

Methodology

Risk assessment procedures identify key risks by interviewing stakeholders, scanning relevant industry risks, and financial analysis. PSU performed a financial analysis of auditable units based on information provided to them by PCC management. PSU then combined that analysis with an assessment of the financial significance and likelihood of each identified risk and presented OIA with a listing of recommended projects in areas of heightened risk.

PSU conducted a survey of nearly 300 management level positions across the organization to obtain input from internal stakeholders on control and compliance risks. OIA conducted interviews with executive management to discuss risks within their respective units and across the organization¹.

After utilizing the recommended project list from PSU, referencing the PSU/PCC contract, and calculating the remaining hours in the current fiscal year, OIA identified these projects for completion during the remainder of fiscal year 2024.

Internal Audit Available Hours

Total Hours (1 staff * 173 days * 8 hours) ²	1,384
Less: Indirect Hours (Administrative responsibilities, professional development, leave, and various meetings)	(279)
Plus: PSU Support Contract Hours	475
Total Hours Available for Audits & Other Projects	1,580

¹ OIA will continue to conduct risk assessment interviews with executive staff in the remainder of FY24

² Total hours calculated beginning November 1, 2023

Description of Service Areas

Assurance Services: Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system, or other subject matter. Assurance services include performance audits, financial audits, compliance audits, and Information Technology (IT) audits.

Consulting Services: Advisory and related client service activities, the nature and scope of which are agreed to with management, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Investigative Services: OIA manages the EthicsPoint hotline and may receive reports through that hotline relating to ethics, accounting and financial issues, information technology, or safety and security. Reports may also be reported directly to the Internal Auditor. OIA will follow up on reports received and coordinate as appropriate with the affected department, People Strategy, Equity, and Culture (PSEC). OIA will develop and execute an investigative plan where appropriate.

Follow Up: OIA maintains a list of unresolved recommendations made during previous assurance engagements. OIA will coordinate with departments to ensure management is addressing identified risks.

Internal Audit Management: Management of the audit function includes planning and quality control activities, outreach and communication with internal stakeholders as is required by Standards.

FY 2024 Internal Audit Plan

Service Area	Project	Description	Estimated Hours
Assurance	➤ Purchase Card (P-Card) Audit	➤ Audit to assess P-card controls and transactions.	375
	➤ Physical Access	➤ Audit to assess physical access card controls	385
	➤ Clery Act Compliance Audit	➤ Audit to assess compliance with Clery Act requirements.	385
Consulting	➤ Respond to ad hoc questions and requests as needed.		96
Investigative	➤ Administer the PCC EthicsPoint reporting system		60
Internal Audit Management (Indirect Hours)	➤ 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, benchmarking and metrics.		279

FY 2024 Internal Audit Project Timeline

Audit Project	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	PCC	PSU
P Card Audit									290	85
Physical Access									295	90
Clery Act Audit									85	300

	Project performed by PCC OIA ³
	Project performed by PSU

FY 2024 Internal Audit Tier II Projects

OIA has identified the following list of projects that can be undertaken in FY 2024 in the event the scheduled projects are completed early or are stopped. Projects in this category are often listed as planned projects the following fiscal year.

Service Area	Project	Description
Follow Up	➤ Cash Controls Follow Up	➤ Audit to assess the effectiveness of management's corrective action plan implemented after the Cash Controls audit performed by Moss Adams in 2019.
Assurance	➤ Electronic User Access	➤ Audit to assess controls over user access to electronic assets.
	➤ Behavioral Intervention Team (BIT) audit	➤ Performance audit of PCC's Behavioral Intervention program.
	➤ ADA/Accessibility	➤ Audit to assess ADA compliance.
	➤ Financial Aid TBD	➤ Audit to assess Title IV Compliance.

³ As part of the internal audit quality assurance and improvement plan (QAIP) there are hours for each project allocated to the non-lead organization for workpaper and product review.

Portland Community College
Internal Audit Risk Assessment
Fiscal Year 2024



September 26, 2023

Prepared
By
Portland State University Internal Audit

Executive Summary

In order to support the transition between Internal Auditors, Portland Community College contracted with Portland State University Office of Internal Audit (PSUOIA) to perform and document a college wide risk assessment, as is required at least annually by the Institute of Internal Auditors' International Professional Practices Framework ("*Standards*").

Based on the results of this college wide risk assessment, PSUOIA recommends internal audit services be performed on the following topics:

- Fraud Prevention (vendor management)
- COSO Enterprise Risk Management
- Cash Controls (Follow-up Audit)
- Purchase Cards
- Information Access/Data Security
- Grant Management
- Budget Management
- Contract Management
- Accessibility/Americans with Disabilities Act Compliance
- Capital Projects
- Policy Management
- Employee Hiring/Onboarding/Recordkeeping
- Payroll (Follow-up Audit)
- Federal TRIO Programs (Financial Aid)
- Clery Act Compliance (US DOE can levy \$62,689 per violation and can ultimately withhold Title IV Financial Aid for material violations.)
- Title IV of the Higher Education Act Compliance (Financial Aid - over refunding, stale-dated checks and similar risks not tested in the Single Audit)

Methodology

PSUOIA identified key risks, established risk criteria based on best practices implemented by other Internal Audit Departments throughout governmental and academic entities in the State of Oregon, and scored:

1. A measure of materiality based on the financial impact.
2. The significance of impact that a failure to meet strategic objectives and goals would have on the college as a whole.
3. The likelihood that performing a difficult process or function may result in a risk event, keeping in mind that as a process or function becomes more complex, the greater the opportunity for errors.
4. The perceived effectiveness of internal controls decreasing the likelihood of a risk event, in particular accountability, segregation of duties, compensating controls, and policies and procedures.

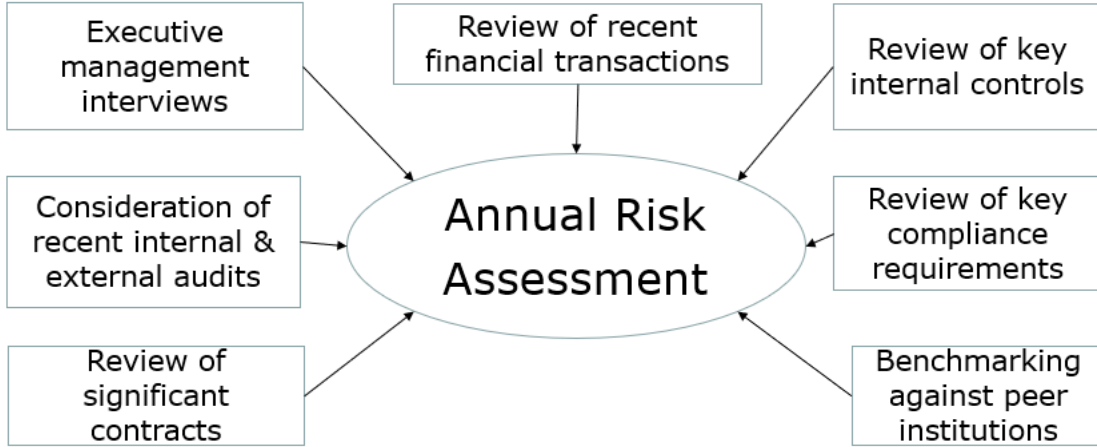
PSUOIA identified auditable units in both Support Services and Academic Units by organization code, program descriptions and corresponding 2021 and 2022 total expenditures. Horizontal and vertical analysis was performed and included into the scoring.

Executive management provided information and input including surveying 290 key stakeholders from throughout the college. Their feedback was factored into the scoring.

PSUOIA analyzed the results to determine if risk ratings were consistent with what professional judgment would expect.

It is our understanding that Portland Community College's Internal Auditor will present this risk assessment to, and seek input and approval from, the Board Audit Committee.

Overview of College Wide Risk Assessment



FY 2024 Internal Audit Risk Assessment								
Auditable Units	Risks	Financial Materiality	Failure to Meet Goals	Impact (1-10)	Complexity	Internal Controls	Likelihood (1-10)	Risk Rating