

Internal Audit

April 16, 2015



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Internal Audit

- Review of PCC website (<http://intranet.pcc.edu/departments/audit/>)
 - ✓ Previous audit plans
 - ✓ Audit reports
 - ✓ Web link to “Ethics Point” software
- Policies
- Audit Committee Charter (Resolution #10-065)



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Internal Audit

- Adds value to the organization
- Provides objective and relevant assessment of risk
- Reasonable assurance that risks have been effectively managed



Internal Audit

Draft Documents for Board Review

- Proposed charter revisions to codify internal audit
(Roman numeral “II”)
- Extend authorization to access relevant records
- Define OIA reporting lines:
 - Reports *functionally* to the Audit Committee
 - Reports *administratively* to College President



Internal Audit

Draft Documents (cont'd)

- Defines scope of work: all College operations
- Multi-layered risk assessment, beginning with conversations with senior leadership, then secondarily with line management & personnel
- Identify operations with significant operating exposure (e.g. rating tool scale 1-5 to evaluate)



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Draft Documents (cont'd)

- OIA must have impartial, unbiased attitude and avoid conflicts of interest.
- Decline engagement and obtain competent advice if OIA lacks knowledge/skills needed to perform all or part of the engagement.
- Measure adequacy of internal controls.



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Draft Documents (cont'd)

- Report to the Board on OIA activities.
- Refrain from assuming management responsibility by actually implementing recommended changes.
- Final report to contain opinion and/or conclusions, including satisfactory performance.
- Cost of assurance versus potential benefits.



Internal Audit

Draft Documents (cont'd)

- Internal Audit Procedures to augment Charter.
(Second Handout)
 - ✓ Responsibilities (e.g. employees to safeguard PCC resources, administration of Ethics Point system, etc.)
 - ✓ Campus liaison for reporting assistance
 - ✓ Confidentiality
 - ✓ Action steps



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Draft Documents (cont'd)

Finally, while internal assessments can include ongoing monitoring, it would be prudent to include periodic “external assessments” by an independent auditor or team from outside the organization.



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Questions?

Thank you!



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