

# Office of the Internal Auditor FY 2019 Annual Report

Board Information Session September 19, 2019

**Internal Audit Director:** Jessica Johnson

# Office of the Internal Auditor (OIA)

## Agenda

- OIA Mission & Values
- OIA Structure
- Audit Committee of the Board of Directors
- FY 2019 Final Progress Report
- Proposed FY 2020 Internal Audit Plan
- Audit Standards & Disclosures

# OIA Mission & Values

## Mission

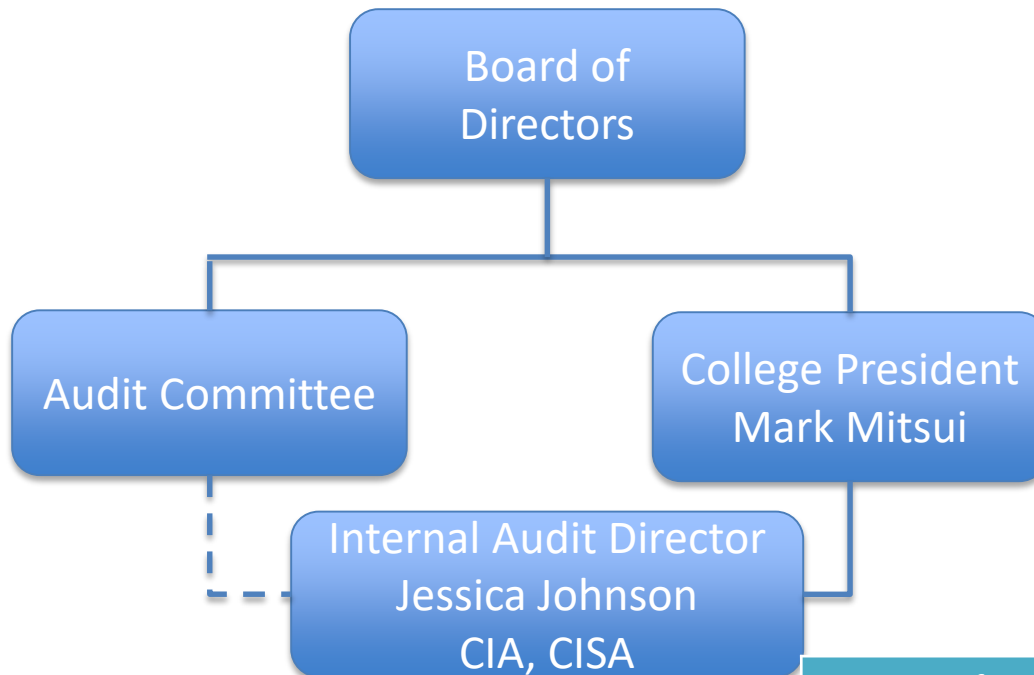
To provide an independent, objective, assurance and consulting activity designed to add value and improve college operations.

## Values

- OIA upholds the Standards and Ethics of the internal audit profession;
- OIA listens;
- OIA aligns with the strategies, objectives, and risks of PCC; and
- OIA promotes organizational improvement by being insightful, proactive, and future-focused.

# OIA Structure

The OIA organizational structure provides independence in accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework.



Current Professional Credentials	
CIA	Certified Internal Auditor
CISA	Certified Information Systems Auditor

# Audit Committee Responsibilities

- Assists the Board of Directors in fulfilling its oversight responsibilities relating to governance, risk management and compliance
- Helps ensure the independence and effectiveness of the external and internal audit functions
- Reviews external and internal audit plans and results
- Receives notice of investigatory activities
- Reviews management's progress on resolving findings
- Provides feedback and opinions to the Internal Auditor, College President, and Board of Directors

# Audit Committee Membership

- Historically, Audit Committee Charter has required four members
  - Two members from the Board of Directors; one serves as Committee Chair and the other serves as Committee Vice Chair
  - Two members are citizens residing in the College District
- Proposed Audit Committee Charter edits
  - A minimum of one Board member and one citizen, rather than two Board members and two citizens
  - The Board member shall be designated as the Audit Committee Chair, and there will be no Vice-Chair
- Additional Audit Committee Meeting Attendees
  - College President - ex-officio member
  - Vice President of Finance & Administration
  - Associate Vice President of Finance

# FY 2019 Final Progress Report

The Internal Auditor provided services as shown below.

Service Area	Activity
Assurance	<ul style="list-style-type: none"><li>• No assurance engagements. Focused on-boarding new Internal Auditor, building relationships, consulting, and risk assessment.</li></ul>
Consulting	<ul style="list-style-type: none"><li>• Provided advice, facilitation, training, participation on committees.</li><li>• Issued internal audit reports for the Gramm-Leach-Bliley-Act (GLBA) and Emergency Management consultations.</li></ul>
Investigative	<ul style="list-style-type: none"><li>• Administered the PCC EthicsPoint (Navex) reporting system, and responded to complaints and hotline reports.</li><li>• Performed outreach; continued to refine investigation process.</li></ul>
Follow-up	<ul style="list-style-type: none"><li>• Followed-up on all open audit recommendations due as of June 30, 2019. Follow-ups confirmed management has implemented action plans to improve procurement card and purchase order processes, controls, training, and documentation.</li></ul>
External Audit Coordination	<ul style="list-style-type: none"><li>• Served as liaison for federal compliance/ financial statement audit, including serving in a consultative role in the RFP process.</li></ul>
Internal Audit Management	<ul style="list-style-type: none"><li>• Performed activities required to manage the internal audit function.</li></ul>

# Proposed FY 2020 Internal Audit Plan

The proposed FY 2020 Internal Audit Plan has been discussed with the Board Audit Committee, is based on the college-wide risk assessment, and is in accordance with the OIA charter.

Service Area	Activity
Assurance	<ul style="list-style-type: none"><li>• Payroll audit to review payroll processes and controls</li></ul>
Consulting	<ul style="list-style-type: none"><li>• Cash consultation to review cash processes and controls</li><li>• Serve on various committees in an advisory capacity</li><li>• Respond to ad hoc questions and requests as needed</li></ul>
Investigative	<ul style="list-style-type: none"><li>• Administer the PCC EthicsPoint (Navex) reporting system</li><li>• Serve as liaison and resource for external investigations</li></ul>
Follow-Up	<ul style="list-style-type: none"><li>• Follow up on open audit recommendations</li></ul>
External Audit Coordination	<ul style="list-style-type: none"><li>• Serve as liaison for external audit services including contracted and regulatory-imposed audits</li></ul>
Internal Audit Management	<ul style="list-style-type: none"><li>• Perform activities required to manage the internal audit function</li></ul>



# Audit Standards & Disclosures

Standards<sup>1</sup> require Internal Audit to make disclosures to the Board:

- Organizational Independence (Standard 1110)
- Quality Assurance and Improvement Program (Standard 1320)
- Communication & Approval (Standard 2020)
- Reporting to Senior Management & the Board (Standard 2060)

**Note 1:** International Standards for the Professional Practice of Internal Auditing (Standards) from the Institute of Internal Auditing (IIA) are a set of principles-based, mandatory requirements.