

September 19, 2019

20-044

RESOLUTION FOR THE APPROVAL OF THE FY 2020
INTERNAL AUDIT PLAN

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

APPROVED BY: Mark Mitsui, College 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. The accompanying FY 2020 Internal Audit Plan included in the FY 2019 Internal Auditor Report summarizes the annual risk assessment that the Internal Auditor conducted and outlines the projects that the Internal Auditor plans to perform in FY 2020. The plan was reviewed with Board Audit Committee members during August 2019. Completion of the plan will be monitored at Audit Committee meetings.

RECOMMENDATION: That the Board of Directors approve the FY 2020 Internal Audit Plan in Exhibit C.

Office of the Internal Auditor FY 2019 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 to the Board of Directors for approval.

In accordance with the charter, the OIA presents the FY 2019 final progress report and the FY 2020 internal audit plan.

FY 2019 FINAL PROGRESS REPORT

Service Area	Activity
Assurance	<ul style="list-style-type: none"> ➤ No specific assurance engagements were performed ➤ New Internal Auditor started at the end of August 2018. Focus for the year included on-boarding, building relationships, consulting, internal audit management activities, and risk assessment.
Consulting	<ul style="list-style-type: none"> ➤ Served in an advisory capacity to College leadership related to governance, risk management, compliance, internal controls, policy formulation, and process design ➤ Worked with the Chief Information Officer in an advisory capacity to identify opportunities for improving the Gramm-Leach-Bliley-Act (GLBA) program and to enhance required documentation for demonstrating compliance with the Safeguards Rule ➤ Worked with the Emergency Management Preparedness Manager in an advisory capacity to identify opportunities for improving the Emergency Management program and to design the process for college-wide emergency planning ➤ Coordinated with the PCC Risk Council on the continual development of the College-wide Risk Management program ➤ Provided ethics-related advice in response to inquiries regarding compliance with Oregon Government Ethics Law requirements ➤ Provided miscellaneous advice and support to various groups in the college ➤ Participated in a non-voting role on the Risk Council, the College Policy Advisory Committee (CPAC), the Red Flags Committee, and the IT Project Intake and Prioritization Committee

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Service Area	Activity
Investigative	<ul style="list-style-type: none"> ➤ Performed outreach to promote PCC EthicsPoint (Navex) reporting system ➤ Administered the PCC EthicsPoint (Navex) reporting system, responding to complaints and hotline reports in a timely and consistent manner ➤ Continued efforts to refine investigation processes and procedures to reflect best practices
Follow-up	<ul style="list-style-type: none"> ➤ Followed-up on all open audit recommendations due as of June 30, 2019. These follow-ups confirmed management has implemented action plans that helped to improve procurement card and purchase order processes, controls, training, and documentation.
External Audit Coordination	<ul style="list-style-type: none"> ➤ Served as a liaison to the federal compliance and financial statement audits, including serving in a consultative role in the Request for Proposal (RFP) process
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 2020 PROPOSED INTERNAL AUDIT PLAN

The FY 2020 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 surveyed and interviewed 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.

Once the plan is finalized, OIA will use it to provide internal audit services for the remainder of FY 2020. OIA will report on progress and discuss any necessary adjustments at the routine audit committee meetings.

The FY 2020 internal audit plan includes assurance, consulting, investigative, follow-up, external audit coordination, and internal audit management services as shown below.

Service Area	Activity
Assurance	<ul style="list-style-type: none"> ➤ Payroll controls audit to review payroll processes and controls
Consulting	<ul style="list-style-type: none"> ➤ Cash controls consultation to review cash processes and controls ➤ Serve on various committees in an advisory capacity ➤ Respond to ad hoc questions and requests as needed

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Service Area	Activity
Investigative	<ul style="list-style-type: none">➤ Administer the PCC EthicsPoint (Navex) reporting system➤ Serve as liaison and resource for external investigations
Follow-Up	<ul style="list-style-type: none">➤ Follow up on open audit recommendations
External Audit Coordination	<ul style="list-style-type: none">➤ Serve as liaison for external audit services including contracted and regulatory-imposed audits
Internal Audit Management	<ul style="list-style-type: none">➤ 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.