



**Internal Audit Services  
Audit Plan**

**January 1, 2018 – June 30, 2019**

## INTRODUCTION

The Department of Internal Audit Services (“IAS”) was established in 2017 to support Antelope Valley College’s (“AVC or the District”) Fiscal Independence. Fiscal independence from Los Angeles County of Education requires the District to assume the review and approval process of disbursements, as well as routinely monitor the integrity of accounting procedures and internal controls. Moreover, IAS’s goal is to promote an environment of continuous improvement by proactively supporting the accountability, control, efficiency and effectiveness of AVC’s business practices. Therefore, I am pleased to present an overview of IAS’s 2017 activities and inaugural audit plan (“the Plan”).

## 2017 ACTIVITIES

ACTIVITY	STATUS
Creation of IAS Charter	Complete.
Update Board & Administrative Policy for IAS	30 day District & College Coordinating Council review is complete. Slated for Board approval in January 2018.
Audit of Daily Disbursements	Procedures and documents developed to communicate exceptions & recommendations to the Disbursement Office.
	Ongoing effort to increase IAS’s knowledge of Public Contract Code, CUPCCAA & Education Code to assist in daily disbursement audits.
Development of IAS Department	Member of Community College Internal Auditors (CCIA) & Association of College and University Auditors (ACUA). Attended their conferences as well as the Institute of Internal Auditors Conference (IIA). IAS procedures will be based on their best practices and Standards for Professional Practice Of Internal Auditors and Code of Ethics.
	Ongoing relationships established with California community colleges including Coast, Contra Costa, Rancho Santiago, North Orange and Mount SAC.
IAS Awareness	“Introducing Internal Audit” slide presentation given to Administration Council.
District-wide Interviews	Interviewed nearly 40 administrators & managers to develop a broad understanding of their program/department functions, goals and challenges.
External Audits	Facilitated annual year-end financial and internal control audit and a CalPERS audit of an individual account.

## PLAN OVERVIEW

The Plan is guided by the District’s current initiatives, strategies and risks and is approved by Board of Trustees. The 2018 Plan was specifically built on the following four predominant factors:

- 1) **Implementation of the Banner Human Resource/Payroll module in July 2016**– The new system and the recent retirement of four employees has required the staff to adapt to different positions and responsibilities with an increased understanding of behind the scene software processes.

- 2) **Stabilization** – Although headcount has remained relatively flat, the full time equivalent student count has declined. This result is typical of an improving economy in which more of our students find employment and thus enroll in fewer units. Consequently, the District was not able to meet enrollment targets and entered into its first year of stability funding in 2016-17. Stabilization will allow AVC three years to make up the FTE’s to the original funding level and reestablish its FTE base for future funding.
- 3) **Fiscal Independence/Measure AV** – In November 2016 voters approved Measure AV, a \$350 million dollar general obligation bond to support the college’s capital improvement plan. \$150 million of these bonds were issued in March 2017. Construction is slated to begin in summer of 2018. IAS’s audit of daily disbursements will experience an influx of new contracts and significant expenditures to review.
- 4) **District-wide Interviews** – IAS met with administrators and management personnel to begin the process of developing a tool to annually measure the various risks within each department (i.e., the “Risk Register”). While the IAS Annual Plan will address strategies and concerns unique to each year, it will also include routine audits to periodically evaluate procedures that may seldom appear as a top priority on the Risk Register.

The 2018 IAS Plan will be conducted from January 1, 2018 through June 30, 2019 and updated annually thereafter. Although audit engagements are prioritized below, the Plan is intended to be flexible to accommodate changing priorities, investigations or new projects that arise from unanticipated events. Conversely, if operations introduce new processes during the Plan year to mitigate known concerns, audits may be postponed to allow the changes to take effect. Internal audit is an independent, objective assurance and consultant activity. As such, IAS will be authorized access to all District records, properties and personnel relevant to the performance of audits and investigations to complete the plan in a successful and timely manner.

## AUDITS

Area	Process	Priority	Scope
Human Resources and Payroll	On Boarding	I	Audit employee Banner profiles to ensure the accuracy of assigned employee class, rate of pay, benefit & deduction codes.
	On Boarding	I	Evaluate the efficiency & effectiveness of the “on boarding” process for new employees from the point of their employment offer to their first paycheck. Determine the extent to which new employees felt welcomed and properly informed through the process.
	Separation	II	Evaluate the efficiency & effectiveness of the termination process for employees separating from the College from the first notification of separation to their final paycheck and reporting to benefit providers. Determine the extent to which separating employees felt properly informed through the process.
	Separation	I	Audit the accuracy of separating employees’ final paycheck, including wages, deductions and taxes as well as reporting to benefit providers.

## AUDITS continued

Area	Process	Priority	Scope
Human Resources and Payroll	Remittance	I	Audit the accuracy & timeliness of taxes and copay remittance to various agencies.
	Payroll	I	Evaluate the effectiveness of Payroll's process of internal controls.
Enrollment Services	Attendance Reporting	I	Evaluate the completeness and accuracy of attendance reporting.
Business Services	Disbursements	I	Audit daily disbursements to ensure authority and legality of expenditures.
	Disbursements	II	Determine the extent to which invoices are paid in a timely manner. Identify root causes for past due payments.
	Bookstore	III	Evaluate the bookstore's month-end close procedures and internal controls for completeness and accuracy.
Corporate & Community Education	Budgeting & Accounting	II	Evaluate the efficiency & effectiveness of procedures for procurement, cash handling, budgeting and accounting. Audit accounting records for completeness and accuracy.
District-wide	Cash Controls	III	Evaluate the effectiveness of internal controls over cash handling across the District.

## CONSULTATIONS

Area	Scope
Title V	Assist in the development of an internal control manual for management of Title V funding.
Debt Management	Ensure compliance with AVC's Debt Management Policy, including potential private use of property funded by bond proceeds.
	Review policy for needed modifications.
External Audits	Assist with the fulfillment and review of external audit requests.
Various	Assist in Business Process Analysis engagements with Strata Information Group consultants.

## DISTRICT & IAS DEVELOPMENT

Area	Topic	Description
IAS Development	Attendance Reporting	Read the Student Attendance Accounting Manual and pursue educational opportunities in matters of attendance reporting.
	Construction Auditing	Pursue educational opportunities in construction auditing to promote cost savings and increase accountability of Measure AV spending.
	Whistleblower Process	Evaluate & modify policies and processes to report & investigate resource misuse in light of the new Internal Auditor role.
	IA Webpage	Construct & market the Internal Audit webpage.
	Industry Trends	Establish a reference library to provide information on latest audit standards, industry trends and compliance issues.
District Training	Risk Register	Building upon the District wide interviews completed in 2017, IAS will work with management to create a District wide monitoring tool to annually measure risk and develop a proactive Internal Audit Plan.
	Fraud Prevention	Provide an overview of proper internal controls and segregation of duties as a first step in fraud prevention training.
	Whistleblower Process	Introduce & market procedural changes to incorporate IAS' role in the investigation of activities that violate state or federal law, local ordinances or District policy.