



Internal Audit Services Audit Plan

July 1, 2019 – June 30, 2020

INTRODUCTION

2018-19 marked the second year in the development of the Internal Audit Services (“IAS”) Department. The first year focused on laying a foundation for the Department through policy, professional development, networking both in and out of the District and daily disbursement audits. In the 2018-19 fiscal year, IAS turned its attention to its first internal audit engagements, building the Department’s procedures & templates and refining coordination of third party engagements. IAS continued to review 100% of commercial vouchers with account codes historically audited by Los Angeles County of Education. Disbursement audits have increased the District’s mutual understanding of policy requirements. As a result, we have seen an approximate 40% reduction in the number of exceptions from 2017-18 to 2018-19 despite a slight increase in the number of vouchers audited.

2018-19 ACTIVITIES

Internal Audits	Status
Audit of Daily Commercial Disbursements	On-going. Audited disbursements are legal, authorized and follow the District’s policy and procedures.
HR System Implementation & Onboarding Audit	Completed. Tested accuracy of employee profiles and salary information loaded into new system. Performed a high level evaluation of efficiency & effectiveness of onboarding processes.
HR Separation Processes	Canceled. Determined to be a low risk area. Replaced with a review of the Scheduled Maintenance Program.
Schedule Maintenance Review 2015-2018	Added & Completed. Confirmed funds available, evaluated compliance & effectiveness of tracking & reporting procedures.
Corporate & Community Services Budgeting & Accounting	Canceled. The District allocated 10-15% of an Accounting Assistant III position to assist in financial record keeping & processes.
Decentralized Cash Collections	Planning. Roll into 2019-2020 IAS Plan.

Third Party Audit Coordination	
<p>Internal Audit serves as the District’s liaison to third party auditors. IAS’ involvement has kept the Internal Auditor abreast of District programs and their compliance requirements, streamlined communication and also minimized interruptions to both daily operations as well as audit fieldwork. IAS’s subsequent “follow up” provides another layer of accountability to support the District in its effort to address any noted opportunities for improvement.</p>	
<p>Annual Audits:</p> <ul style="list-style-type: none"> Annual District Year End Audit (includes major federal programs and state awards) Measure AV Performance & Financial Audit Public Entity Investment Trust Foundation Audit 	<p>Other Compliance Audits:</p> <ul style="list-style-type: none"> Cal Grant Program Compliance Review Department of Public Social Services CalWORKs Audit LACOE Internal Control Performance Audit (Fiscal Independence Monitoring)

2018-19 ACTIVITIES (continued)

IAS Development & District Training	Status
IAS Webpage	Completed. Enhancements will be on-going.
Active Memberships	Association of College & University Auditors Community College Internal Auditors Internal Auditor Mentorship Program
Internal Audit Certification	Approved for candidacy.
Professional Development	Focused in developing audit procedures, reference library, enterprise risk management techniques, construction auditing and fraud prevention.
Whistleblower Process	Explored use of third party software and web intake reporting. Postponed discussions until the VP of Human Resources position is filled.

2019-2020 PLAN

IAS's goal is to promote an environment of continuous improvement by proactively supporting the integrity, efficiency and effectiveness of AVC's operations. The annual Plan is guided by the District's current initiatives, strategies and risks and is approved by the Board. 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. The following initiatives provided a framework for the 2019-2020 Plan.

1. New Student Centered Funding Formula

2019-2020 represents year two of the new student centered funding formula born out of the California Community College Vision for Success goals. General apportionment is now determined not only upon enrollment, but low income student counts and student outcomes such as degree/certificate completion and subsequent wages.

Assembly Bill 705 was passed as a means to support the state's Vision for Success initiative by requiring districts to increase the probability that a student will complete college-level English and math within a one year time frame. Colleges must use multiple measures, including high school grades and self-assessment, to determine course placement.

Complete and accurate attendance & financial aid reporting will be paramount to protecting the integrity of the institution while striving to maximize AVC's resources to help students achieve their goals.

2. Measure AV Building Construction

The demolition of the first building is complete, swing space is occupied and construction has begun. A second issuance of bond funds is anticipated within the year. IAS will continue to incorporate assurance of compliance with Measure AV expenditures guidelines into weekly routine procedures.

2019-2020 PLAN (continued)

On-Going Activities	Description
Commercial Disbursements	Audit daily disbursements for the authorization and legality of expenditures. Evaluate compliance with Measure AV restrictions.
Cash Controls	Evaluate the effectiveness of internal controls over cash handling across the District.
Risk Assessment	Continue to strategize the most effective method for incorporating District-wide risk assessment into AVC's strategic planning process.
Follow Up	Follow up on noted areas of improvement and/or findings from both internal and third party audits.

Carry Forward From Prior Year Plan	Priority	Description
Attendance Reporting	I	Evaluate the completeness and accuracy of attendance reporting.
Fraud Prevention Training	I	Carry forward from prior year plan. Scheduled for October 2019.
Bookstore	II	Carryforward from the prior year plan. Evaluate the bookstore's month-end close procedures and internal controls for completeness and accuracy.

New to IAS Plan	Priority	Description
Internal Audit Certification	I	Obtain certification to equip the Internal Auditor with the skills necessary to effectively apply the International Standards for the Professional Practice of Internal Auditing.
Payroll Remittance	I	Incorporate routine audits of payroll disbursements.
Ethics Training	II	Develop District-wide strategy to increase awareness and training in ethics.
Financial Aid	III	Evaluate compliance with regulations and accuracy of reporting, if time permits.