AUDIT AND BUDGET COMMITTEE AGENDA

Coast Community College District
Audit and Budget Committee Special Meeting
Tuesday, February 25, 2025 at 2:00 p.m.

Chancellor's Conference Room
1370 Adams Ave, Costa Mesa CA 92626

1. **Call to Order**

2. **Roll Call**

3. **Opportunity for Public Comment**

   Members of the public have the opportunity to address the Audit and Budget Committee on any item that has been described in this notice. Persons wishing to make comments will be recognized at this point in the meeting. Individuals will have up to five minutes per agenda item, and there is a 20-minutes total limit per item. These time limitations may be extended by the Committee.

   It is the intention of the Coast Community College District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Coast Community College District will attempt to accommodate you in every reasonable manner. Please contact the Secretary of the Board to inform us of your particular needs so that appropriate accommodations may be made.

4. **Selection of Chair and Vice Chair of the Audit and Budget Committee**

5. **Approval of Minutes: November 12, 2024** (Attachment #1)

6. **Internal Audit Quarterly Report** (Attachment #2)

7. **State Budget Update**

8. **District Budget Update**

9. **Future Agenda Items**

10. **Next Meeting Date**

11. **Adjournment**

AUDIT AND BUDGET COMMITTEE MINUTES

Coast Community College District
Audit and Budget Committee
November 12, 2024
Board Office Conference Room

1. **Call to Order**

   The meeting was called to order at 2:00 p.m.

2. **Roll Call**

   Trustees Present: Trustee Mary Hornbuckle
                        Trustee Jim Moreno

   In Attendance
   Marlene Drinkwine, Vice Chancellor of Finance and Administrative Services
   Andreea Serban, Vice Chancellor of Educational Services and Technology
   Daniela Thompson, Executive Director of Fiscal Services
   Christine Nguyen, Vice President of Administrative Services, CCC
   Rich Pagel, Vice President of Administrative Services, OCC
   Rick Hicks, Acting Vice President of Administrative Services, GWC
   Stephanie Martinez, Director of Business Services, GWC
   Rachel Snell, Director of Internal Audit
   Araceli Alvarez, District Budget Director
   Julie Clevenger, Director of Chancellor's Office Operations
   Ricky Goetz, Board Secretary

   Guests
   Bill Rauch, Eide Bailly
   Alicia Herrera, Eide Bailly

3. **Opportunity for Public Comment**

   There were no requests to address the Audit and Budget Committee.

4. **Approval of Minutes: August 29, 2024**

   On a motion by Trustee Moreno, seconded by Trustee Hornbuckle, the Committee voted to approve the minutes of the August 29, 2024 meeting.

   Motion carried with the following vote:

Aye:	Trustees Hornbuckle and Moreno
No:	None
Abstain:	None
Absent:	None

5. Internal Audit Quarterly Report

District Director of Internal Audit Rachell Snell provided the Internal Audit update.

Projects completed included OCC Veteran Resource Center (VRC) - Minimum Standards Review, Internal Audit reviewed VRC compliance with the State Chancellor's Office Minimum Standards for VRCs; HR Investigation Report (Sept 2015/Nov 2017) Self-Reported Follow Up on selected recommendations; GWC Esthetics/Cosmetology Safety Walkthrough Observations with Environmental Health and Safety and State Safety Checklist; Internal Audit department policies and procedures updates: Organizational Chart, New Hire Checklist, New Hire Orientation Manual; and Audit Standards Transition to 2024 Standards - Project templates for Audits and Recommendation Follow Up complete, in addition to all associated work paper templates. (Approximately 35 audit procedure steps 14 workpaper templates).

Projects in progress included OCC Veteran's Resource Center: Intake Process and Grants/Budget/Funding; External Audit Liaison: Ongoing; Anonymous Reporting/Hotline Updates: Implement recommendations related to Hotline Reporting: Audit Standards Transition to 2024 Standards - Investigations Template and associated work paper templates. Engagement processes; Review Board Policies and Administrative Procedures 6400 Audits; Review Internal Audit Department Policies and Procedures: Internal Audit Administration Manual and Operations Manual; GWC Esthetics Selected Operational Processes; and Swap Meet Operations.

Continuing services included Retirement Board Member, CDMA Professional Development Subcommittee Chair, and District Consultation Council BP/AP Subcommittee Member.

A full report of Internal Audit projects would be presented to the Board of Trustees at the September 18, 2024 Board meeting.

6. External Audit Progress Report

Bill Rauch of Eide Bailly provide the results of the District Audit for the year ended June 30, 2024.
- Three opinions were provided over the District's financial statements
  - Financial Statements - Unmodified Opinion
  - Federal Compliance - Unmodified Opinion
  - State Compliance - Unmodified Opinion
  - There were no findings or recommendations

- District Financial Highlights
  - Total Assets: $1,431,330,533
  - Total Liabilities: $1,416,407,454
  - Net Position: $90,363,793
  - Change in Net Position: $54,402,202
  - OPEB Trust Assets: $102,760,930
- Measure M Bond Audit
  - Financial Statement Audit - Unmodified Opinion
  - Performance Audit - Unmodified Opinion
  - There were no findings or recommendations
- Communications and Governance Letters
  - No corrected or uncorrected misstatements
  - No internal control related matters
  - No difficulties completing the audit or disagreements with management

7. State Budget Update

Vice Chancellor Marlene Drinkwine provided a State Budget revenue update. Year-to-date cash receipts ware approximately $10 billion or 14.2% higher than what was projected in the State Budget. Personal Income Tax receipts were $4.2 billion or 13.1% higher than projected, and Corporation Tax receipts were $1.3 billion or 36.2% higher than projected. The increase was encouraging; however, caution should be exercised when applying the early gains in cash receipts to projected State income for the entirety of the fiscal year.

8. District Budget Update

Vice Chancellor Marlene Drinkwine reported that the first quarter ending September 30, 2024 financial update would be presented to the Board of Trustees at the November 20, 2024 Board Meeting. Current focus is on recognizing significant changes to the projected year-end totals. Approximately $3 million of improvements were identified in salary savings ($1 million) and increased dedicated revenue ($2 million).

9. Future Agenda Items

No new items.

10. Next Meeting Date

The next meeting was scheduled for Tuesday, February 25, 2025 at 2:00 p.m.

11. Adjournment

The meeting was adjourned at 2:37 p.m.

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Richard Goetz
Secretary of the Board

Audit and Budget Committee: 02/25/25

Projects—Completed

- **Anonymous Reporting/Hotline Updates:** Implement recommendations related to Hotline Reporting. This includes updates to the Swap Meet Concern Reporting Phone Line.
- **GWC Cosmetology Self-Reported Follow Up:** Follow up on recommendations from prior audit work. (See attached)
- **Review Internal Audit Department Practices:** Internal Audit Administration Manual, New Hire Orientation, and Operations Manual. (See Attached-3 documents)
- **Audit Standards 2024 Transition:** Teammate Workpaper Consultation with Vendor complete (Report review in progress).
- Swap Meet Operations (Cancelled: Exit report in process)

Other Projects—In Progress

- **OCC Veteran's Resource Center:** Intake Process and Grants/Budget/Funding
- External Audit Liaison: Ongoing
- Audit Standards 2024 Transition to 2024 Standards—Review of Engagement processes with Chancellor and Senior Management.
- Review Board Policies and Administrative Procedures 6400 Audits
- **GWC Esthetics Selected Operational Processes**
- **Follow Ups:** Self-Reported Status of Recommendations
- Speaker: Association of Local Government Auditors Los Angeles Regional Conference March 13
- Speaker: Western Association of College and University Business Officers May 4-8.
- Board Member Training: New Audit Standards

Other Services

- Retirement Board, Member
- DCC—BP/AP Subcommittee (Advisory)
- Chair of CDMA Subcommittee Professional Development

Attachment #2

Self-Reported Status of Recommendations Follow Up Report
GWC Cosmetology

Leadership from the Golden West College (GWC) Cosmetology department used the following Status of Strategies and Current Status to complete its self-assessment of the implementation status of recommendations associated with prior audit work and a prior Program Vitality Review (PVR):

Status of Strategies: Describe the strategy or strategies that will be used to implement the recommendation. *Provide the current status and a written description of what was done to implement the recommendation*. If the recommendation is **not** fully implemented, *please provide a rationale as to why, the current status, a date when it will be implemented, and the name of the party responsible for implementation*.

Current Status: Designate whether the current status of the recommendation is

1. **Fully Implemented**: Successful development & use of a process, system, or policy to implement a prior recommendation.
2. **Substantially Implemented**: Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation.
3. **Incomplete/Ongoing**: Ongoing development of a process, system, or policy to address a prior recommendation.
4. **Not Implemented**: Lack of a formal process, system, or policy to address a prior recommendation.

Background

In December 2018, the Board of Trustees received an anonymous letter regarding various business/fiscal related operations at the GWC Cosmetology department, which led to an investigation by Internal Audit. Internal Audit issued its report in June 2019. Due to a significant decline in enrollment, GWC initiated a Program Vitality Review (PVR). By Fall 2020, the PVR committee completed its review, issued a report, and made recommendations. Internal Audit conducted a self-reported follow up in November 2022 to determine the extent to which GWC implemented the recommendations from the Internal Audit report and the PVR. This work revealed that Cosmetology implemented one recommendation (updated price sheets for services offered), and substantially implemented six other recommendations. From the PVR, Cosmetology fully implemented five recommendations, substantially implemented one recommendation, and did not implement one recommendation. The program placed this recommendation on hold due to a change in Division leadership.

Conclusion

Internal Audit coordinated with the GWC Cosmetology program to obtain the implementation status of the outstanding recommendations. The Division Office provided the information noted below, and the Dean, the Vice President of Instruction, and the GWC President reviewed the information. As of January 2025, Cosmetology fully implemented all audit recommendations and implemented all PVR recommendations except for one. Cosmetology continues its discussions and analysis related to moving certain courses, if any, to noncredit. Internal Audit considers the work related to its June 2019 report complete, and no additional follow up is necessary at this time.

Internal Audit June 2019 Investigation Recommendations

Rec #	Recommendation	Management Response	Status of Strategies/Current Status
01	GWC should post the pricing sheet in multiple places in the payment and service area.	Management agrees to review its pricing and follow the recommendation.	**Substantially Implemented:** Revised pricing sheets were developed for both Cosmetology and Esthetics. They have not been Board approved because there have not been client interactions since the pandemic shut down the campus. As soon as the Department determines it safe and appropriate to host clients, GWC will obtain Board approval. **January 2025- Fully Implemented:** Pricing sheets were Board approved, and the department began seeing clients again. Pricing is listed on the website and posted clearly in both Esthetics and Cosmetology.
03	GWC should designate specific personnel to accept payments for services and provide personnel at the payment kiosks with receipt books.	Management agrees to review its cash handling procedures; however, the college is trying to move toward a uniform payment system.	**Substantially Implemented:** The Bursar's Office purchased University Tickets. This new Point-of-Sale system will be used campus-wide and the rules governing its use are being developed by the Bursar's Office in cooperation with campus users. The Cosmetology Department requested to receive training prior to the Christmas break. **January 2025- Fully Implemented:** The department now only accepts credit card payments and has a process to reconcile with the Business Office.
04	GWC should ensure customers paying with cash or check are provided a numbered receipt and develop processes to ensure all transactions are recorded in the sales register.	Management agrees to review its cash handling procedures; however, the college is trying to move toward a uniform payment system.	**Substantially Implemented:** The Bursar's Office purchased University Tickets. This new Point-of-Sale will be used campus-wide and the rules governing its use are being developed by the Bursar's Office in cooperation with campus users. There will be no cash accepted for client services and no tipping allowed. **January 2025- Fully Implemented** The department no longer accepts cash or checks, eliminating the need for this recommendation.

Rec #	Recommendation	Management Response	Status of Strategies/Current Status
05	GWC should provide personnel with cash handling training and develop processes to mitigate the risk of cash theft.	Management agrees to review its cash handling procedures; however, the college is trying to move toward a uniform payment system.	**Substantially Implemented:** Training will be presented prior to providing services to clients, which are set to resume in Spring 2023. The Bursar's Office has designed training for the use of University Tickets and is in the process of rolling out the training and the devices. **January 2025- Fully Implemented:** The department no longer accepts cash, eliminating the need for this recommendation.
06	GWC should consider whether credit card transactions should be collected/accepted for payment for services.	Management agrees to review its cash handling procedures; however, the college is trying to move toward a uniform payment system.	**Substantially Implemented:** Bursar's Office purchased University Tickets. This new Point-of-Sale will be used campus-wide and the rules governing its use being developed by the Bursar's Office in cooperation with campus users. Credit cards will be the only accepted method of payment. **January 2025- Fully Implemented:** The department now uses University Tickets, in alignment with college recommendations.
07	GWC should continue sales tax collection efforts consistent with campus practices and state/local tax laws and regulations.	Management agrees to work with the campus fiscal office to ensure compliance with tax collection.	**Substantially Implemented:** No products will be sold, therefore eliminating the need for sales tax collection. **January 2025- Fully Implemented:** No products are sold.

Program Vitality Review December 2020 Recommendations

Rec #	Recommendation	Management Response	Status of Strategies/ Current Status
03	Implement the new cash handling procedure and evaluate after first year of implementation to determine whether the new procedure meets auditor's recommendation.	In cooperation with the Bursar, a new, cashless purchasing system, University Tickets, has been acquired. This new Point-of-Sale will be used campus-wide and the rules governing its use being developed by the Bursar's Office in cooperation with campus users. Revised pricing sheets have been developed for both Cosmetology and	**Substantially Implemented:** A review of the new system, accuracy of the pricing sheets and other procedures related to client fees will need to be made after the first year of implementation. Price sheets reflect the costs associated with the time needed to prepare for services, the type of application involved, the cost of the products used and impact on

		Esthetics and will be presented to the Board of Trustees for their approval before accepting any clients. These prices will be non-negotiable to avoid any impropriety.	facilities. Pricing is compared to the industry pricing and other colleges for accuracy and competitiveness. **January 2025- Fully Implemented:** The department no longer accepts cash, eliminating the need for this recommendation.
06	Finalize non-credit proposal and timeline by end of Spring 2021 to Dean Whiteside. Identify specific topics from proposed list for department to develop curriculum.	Efforts were made to identify potential non-credit courses. Analysis was conducted on the viability of non-credit courses. There is some trepidation in launching non-credit courses among faculty and with the change in deans along with the pressure to implement SB 803, no agreement has been reached and no recommendations are ready to advance.	**Not Implemented:** Much work was done on this topic prior to the pandemic. With the change in deans and requirement to meet the SB 803 timeline, **this project is on hold**. The Department intends to **revisit this issue in the 2023/2024 Academic Year**. That will give us time to evaluate our new curriculum, modalities of instruction in both the Esthetics and Cosmetology offerings and properly align future schedules. **January 2025- Ongoing:** The department is currently discussing the move to noncredit.

INTERNAL AUDIT

POLICIES AND PROCEDURES

OPERATING MANUAL

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1. INTRODUCTION

Objective and Scope of Internal Audit Services

The objective of the Department is to provide independent and objective audit and assurance, advisory, and investigation services which add value, improve operations and help the Coast Community College District (CCCD) accomplish its mission. Adherence to this document brings a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of work is to assist the Chancellor, the CCCD Executive Leadership Team, the Audit and Budget Committee, and the Board of Trustees (Board) to fulfill their oversight responsibilities by evaluating whether risk management, control, governance processes and information systems are appropriately designed and operating as intended to manage key risks.

Conformance with IIA Auditing Standards

Internal Audit uses the Institute of Internal Auditors' Global Internal Audit Standards as a guide (IIA Standards) for completing its activities, as well as other auditing standards as listed in Board Policy/Administrative Procedure 6400 "Audits", as applicable.

Authority

The Department derives authority from the Charter located within Board Policy / Administrative Procedures (BP/AP) 6400. The Charter defines the purpose, authority, and responsibility of the Department's activities.   The Department engages in independent audit and assurance engagement, risk assessments, advisory services, and investigations.   The Charter allows unrestricted access to records for any matter under the Department's review.

Independence and Objectivity

IIA Standards require that the Department's activity be independent and Internal Audit staff be objective in performing their work. The Director must report to a level within the organization that allows it to fulfill its responsibilities. At CCCD, the Director reports the Chancellor.

Internal Audit staff must have an impartial, unbiased attitude, avoid any conflict of interest or perception of conflicts of interest, and must not perform projects under the following instances:

- Any situation that involves a member of the auditor's immediate family;
- Any activity that the auditor previously performed or supervised unless a reasonable period (a minimum of 1 year) has elapsed;
- Any activity to which the auditor previously provided advisory services unless a reasonable period (a minimum of 1 year) has elapsed;
- Any activity that the auditor has authority over or has responsibility for; and

- Any situation in which other conflict of interest or bias is present or may reasonably be inferred. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the Department.

To ensure compliance with IIA independence requirements, staff document whether or not any impairment exists by signing *the Statement of Objectivity and Competency* at the beginning of each fiscal year. Projects that arise during the year, that were not part of the original work, require a separate Independence Statement for each auditor.

While the Department's function is independent from all other areas of CCCD operations, situations may arise whereby there is an apparent or actual impairment to independence and objectivity. In those circumstances, the Director reports the impairment to the Chancellor and make efforts when necessary to resolve the issue. In those situations where the independence and objectivity of the Chancellor may also be impaired, the facts will be reported to the Audit and Budget Committee Chair and/or the Board President.

Conformance with IIA Code of Ethics – Principles and Rules of Conduct

The Department adheres to the Institute of Internal Auditors (IIA) Ethics and Professionalism standards and Board Policy 3050 – Code of Professional Ethics, which applies to all CCCD employees.

2. ANNUAL STRATEGIC WORK PLAN

The IIA Standards require the Department to establish a risk-based approach to determine the priorities for Department activities. The Director prepares an Annual Strategic Work (Plan) to help identify, measure, and prioritize potential audits based on the level of risk to CCCD. The purpose of the annual Plan is to outline the work to be performed and is designed to cover high risk activities while limiting the scope of work to what can realistically be accomplished during the upcoming fiscal year.

The annual audit planning process includes the following major activities:
- Defining the Audit Universe
- Conducting a Risk Assessment
- Preparing the Annual Strategic Work Plan
- Presenting the Annual Strategic Work Plan to the Chancellor and Senior Management

Defining the Audit Universe

The first step in preparing the Annual Strategic Work Plan and Risk Assessment is to define the Audit Universe. The Audit Universe is a listing of all District and campus departments, and the potential risks associated with those business activities.

Conducting the Risk Assessment

The Department performs the following activities to garner risk information:
- Interviews with the Board, Chancellor, Vice Chancellors, Campus Presidents, Vice Presidents, Fiscal Directors;
- Presentations to Chancellor's Cabinet, President's Cabinet, Faculty and Classified Senates, Student Government Meetings;
- Impromptu meetings (staff communicates a risk idea to the Department);
- Other observations (as garnered from participation in other District meetings, audits or consulting engagements, investigations);
- Professional organizations (risks identified within audit or higher education industries);
- Stakeholder surveys; and
- Other research and analysis as relevant.

Preparing the Annual Strategic Work Plan

The Director develops and prepares the Plan by considering the high-risk activities identified in the Risk Assessment, input from management regarding risk concerns, and the Department's required activities outlined in the Charter. The Plan is designed to cover high risk activities, while limiting the scope of work to what can realistically be accomplished during the fiscal year considering the limited audit resources available. The Plan should be shared with the external financial statement auditor to receive feedback and minimize any duplication of efforts.

Presenting the Annual Strategic Work Plan

The final draft of the Plan is discussed with the Chancellor and Senor Management.   The final Plan is presented to the Audit and Budget Committee and the Board. In addition to the Plan, the Director also presents a report on the accomplishments achieved by the Department throughout the course of the year. This Annual Accomplishments includes the following, and is included in the Annual Strategic Workplan document:
- Projects completed
- Staff who achieved certifications
- Publications and/or speaking engagements
- Training provided to District personnel
- Number of hours worked on each project

3. TYPES OF ENGAGEMENTS

Assurance and Audit Services

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples include financial, performance, compliance, system security, and due diligence engagements.

Consulting and Advisory Services

The nature and scope of consulting and advisory services are agreed with the client. These services are intended to add value and improve an organization's governance, risk management, and control processes without the Internal Audit staff assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Follow-up Reviews

A review of selected prior audits and/or specific recommendations made by internal and external auditors to determine the extent to which action plans as agreed to by management were implemented.

Investigations

Independent evaluations of allegations related to fraud, waste, abuse, or other wrongdoing and improper activities that may involve misuse or misappropriation of District resources.

4. WORK PAPERS

Elements of a Work Paper

All work papers should stand alone. That is, it is not appropriate to draw conclusions in a work paper based upon work that was performed in a different work paper. The elements of a work paper, known as the SPPRC's, are:

Source: The source of the information under review. Examples of potential sources include, but are not limited to:

- Name and date prepared/revised of a document; Name of system, data extraction date/time; and Name, title, and contact information of a person.

Purpose: The purpose of a work paper must demonstrate it is related to the objective. During project planning, most work papers will have Purpose Statements related to gaining an understanding of processes, controls, and risks. Purpose statements should NOT state, "to document…" In order for the work to be considered a work paper, there must be analysis. During Fieldwork, the purpose is generally "to determine compliance with criteria" or "determine the extent to which internal controls are working".

Procedures: The methodology used to perform the work. The step-by-step process to create a work paper, perform data analysis, etc. The procedures should be written such that an experienced auditor could replicate the work. It is not possible to perform procedures utilizing a source that is not listed in the work paper.

Results: Information that was garnered/learned from the procedures. It is not possible to document results from procedures that are not listed in the work paper.

Conclusion: The overall summary of what was learned as a result of the work performed. The conclusion answers the purpose. It is not possible to draw a conclusion on results that are not listed in the work paper.

The risks and controls matrix created during the planning stage should be updated during fieldwork as information is gathered to accurately reflect the key risks and the mitigating controls, and the scoping documents should be updated to reflect the actual procedures used and deemed necessary. At the conclusion of fieldwork, the procedures performed to test the controls and the potential findings to be included in the draft report are summarized and cross-referenced to the detailed work papers.

Elements of a Finding

Findings may involve deficiencies in internal control; non-compliance with provisions of laws, regulations, contracts, or grant agreements; fraud; or abuse. As part of an engagement, when auditors identify findings, auditors should plan and perform procedures to develop the elements of the findings that are relevant and necessary to achieve the objectives. The elements of a finding are as follows:

Condition: Condition is a situation that exists. The condition is determined and documented during the engagement.

Criteria: Criteria identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding the findings. These are the laws, regulations, contracts, agreements, internal guidance, standards, performance measures, and benchmarks against which performance is compared or evaluated.

Cause: The cause identifies the reason or explanation for the condition or the factor or factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria). The cause may also serve as a basis for recommendations for corrective actions. Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of program management. Auditors must assess whether the evidence provides a reasonable and convincing argument for why the stated cause is the key factor or factors contributing to the difference between the condition and the criteria.

Effect or potential effect: The effect is a clear, logical link to establish the impact or potential impact of the difference between the situation that exists (condition) and the required or desired state (criteria). It identifies the outcomes or consequences of the condition. Effect or potential effect may be used to demonstrate the need for corrective action in response to identified problems or relevant risks.

Evidential Matter

Evidential matter obtained during the course of fieldwork provides the documented basis for the auditor's opinions, observations, and recommendations as expressed in the report. Internal Audit staff are obligated by professional standards to act objectively, exercise due professional care, and collect sufficient, competent, relevant, and useful information to provide a sound basis for observations and recommendations.

Types of Evidence: If the evidence supports the basic tests of sufficiency, competence and relevance, it may be used to support the auditor's finding. The following outlines the different types of evidence obtained during the course of a project:
- Physical evidence obtained through observation and inquiry;
- Testimonial evidence from interview and statements from involved persons;
- Documentary evidence consisting of legislation, reports, minutes, memoranda, contracts, extracts from accounting records, formal charts and specifications of documentation flows, systems design, operations and organization structure; and
- Analytical evidence secured by analysis of information collected by the auditor.

Resources

Training materials, workpaper guidance, and other resources are located in the group share drive at I:\Audit Guidance & Training Materials. See "Workpaper Guidance" within "Best Practices."

5. ADMINISTRATIVE PROCEDURES AND FORMS

The Department uses TeamMate, an electronic work paper software, to document its work. Various forms and templates have been created to facilitate staff ability to prepare work papers timely and efficiently. However, as these are templates, they are meant to serve as guidance. Staff is expected to modify the forms and templates as needed to meet project objectives.

At the start of an engagement, a project file is created within TeamMate and on the Internal Audit shared drive. The Department's shared drive holds the forms which are used for planning, executing and reporting on the engagement. Instructions for which forms to use can be found within TeamMate itself on the Policy tab, as well as on the group share in the TeamMate folder.

Projects conducted by the Department, whether audits, consulting engagements, or investigations, have administrative tasks that must be accomplished. These tasks include:
- Team Kick Off
- Independence Statement
- Engagement Letter
- Budget and Milestones (On the Schedule tab in TeamMate)
- Supervision and Communication
- Project Closeout

6. AUDIT PROCESS

The Department focuses on five general areas of CCCD operations:

- **Effectiveness of operations and controls** – Activities produce the desired or intended results, and controls to mitigate risk are adequate and operating as intended.

- **Efficiency of operations** – Activities are performed economically with minimal wasted effort or expense.

- **Safeguarding of resources and information** – Prevention of loss of assets or resources, whether through theft, waste, abuse, or inefficiency, and protection of confidential information.

- **Reliability of reporting and data** – Reports provide management with accurate and complete information and support management's decision making and monitoring activities and performance.

- **Compliance with applicable policies, procedures, laws, and regulations** – Activities are conducted in accordance with relevant policies, procedures, laws and regulations.

The process encompasses the following five stages:

A. Planning
B. Fieldwork
C. Reporting
D. Quality assessment
E. Follow-up

A. Planning

Staff plan how a project is to be executed and the resources necessary to accomplish tasks. It consists of researching the activity to be examined and identifying areas of focus. In Planning, items that must be considered include:
- The objectives of the area/activity and the means by which the area/activity controls its performance;
- The criteria used to determine whether objectives and goals have been accomplished;
- The significant risks to the area/activity, its objectives, resources and operations and the means by which the potential impact of risk is mitigated to an acceptable level;
- The adequacy and effectiveness of the governance, risk management and controls processes compared to a relevant framework or model (best practices); and
- The opportunities for making significant improvements to the governance, risk and control processes.
- An evaluation of the risk of fraud, key information technology risk and controls, and available technology-based audit techniques.

During the planning phase, a detailed internal planning document is prepared, which includes the results of the initial research of the activity under review and describes any specific issues or areas of focus. The relevant systems, records, personnel, and physical properties should be considered when planning the scope of the project, as well as the identification of key risks, controls.

The planning process culminates in the creation of a work program (scope document). The scope document details in general terms, the objectives, the type, approach, and extent of work that the Department intends to perform, and the corresponding timeframes for completion. Scope documents are specifically tailored to the areas under examination and are designed to be flexible in their usage; procedures may be added or removed depending on the extent of work deemed necessary or appropriate during the project.

A "risks and controls" matrix is prepared to identify the relevant risks' exposures (including the risk of fraud) and the corresponding controls used to mitigate those risks for the area/activity being audited. The controls reviewed may include those used to achieve strategic objectives, reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, regulations, policies, procedures, and contracts. This analysis assists Internal Audit staff to focus on organizational risks.

Prior to the start of fieldwork, the Department communicates the details of the scope document with the audit client and discusses any questions, concerns, or any specific areas that they would like to have examined. This communication potentially yields additional information that provides the Department with a greater understanding of the area or activity to be audited.

In conjunction with the above, the following steps should be completed within TeamMate:

Entrance Conference

After the Engagement Letter is distributed, an Entrance Conference is scheduled with the client to review the project objectives, scope and timeline. If a document request was provided with the Engagement Letter, the Entrance Conference serves as an opportunity to obtain documents and/or check the status of the outstanding request for information. Otherwise, Internal Audit staff should provide the document request at the time of the Entrance Conference. The Entrance Conference should be scheduled no more than 2 weeks after the Engagement Letter is sent.

Document Request

The Document Request tracks the requests made of the client for information. It is important to document what was requested, to whom the request was made, the date requested, and the date received so that when auditors need to follow-up, there is a record. This document is updated throughout the project by Internal Audit staff responsible for making the specific request. It is expected that all staff working on the project contribute to this work paper, but the team lead is responsible for ensuring it is updated and finalized (signed off) when finished.

Document Reviews

Documents received may not "fit" into the existing workpaper templates provided for Planning. For example, there is no work paper template for document reviews; therefore, auditors should rely on the elements of a work paper to guide the documentation of their work.

Background

Background information is typically gathered prior to the Entrance Conference. Staff should gather pertinent information about the program or operation under review in order to provide context for the project. Background information is also used in the reporting phase, to provide the reader perspective for the program or operation under review.

Prior Audits

A review of prior audits, if available, may help identify risks or findings that may be relevant to the upcoming client/engagement.

Criteria Matrix

The Criteria Matrix template is designed to facilitate the documentation of the various types of criteria that may be applicable to the project. The Matrix enhances the ability to analyze and identify criteria that would result in significant exposure/risk if non-compliant.

Planning Interviews (multiple templates)

Planning interviews are used to gather information to help understand risks and controls as they relate to the project. Pertinent stakeholders and key personnel with roles and responsibilities directly related to the program under review are identified. During planning interviews, Internal Audit staff learns about specific program details and processes, IT systems in use, the existence of internal policies, procedures, or other practices, the extent to which staff is trained and supervised. Relevant process owners should provide a detailed explanation of the business process. This process will be documented in the work paper files. Such documentation may take the form of a narrative description, a flowchart depiction, or a combination of both when appropriate.

Combined, these elements assist the Department in identifying the risks and controls, which in turn facilitate the completion of the risk assessment.

Consolidated Interviews Matrix: This template is used when interviewing multiple people and asking the same questions. The Matrix helps streamline the documentation of interview results and facilitates comparative analysis between responses.

<u>Risk Background-General/Risk Interviews</u>: Used when interviewing different stakeholders. Choice of template is at the auditor's discretion; however, the Risk Background-General template may also be used to complete a document review, if pertinent and applicable.

<u>Risk Interviews IT</u>: Used when conducting a risk-related interview specific to Information Technology systems and/or databases used within the scope of the project objectives.

Internal Audit staff should maintain awareness of fraud, waste, and abuse during the interview process. The interviewee should be alone, without presence of a supervisor, when asking fraud-related questions. Fraud-related questions should be asked of both management and staff level employees. Refer to the Fraud Interviews template for additional guidance.

Fraud Brainstorm

The Director or Internal Audit staff should conduct a fraud brainstorm meeting with Internal Audit staff prior to conducting interviews with key staff and stakeholders. The purpose of the Fraud Brainstorm is to review information garnered from background research, criteria, document reviews, and prior audits and determine what risks exist related to the program under review, including the potential for fraud, waste, and/or abuse.

> <u>Sample Fraud Questions</u>: This template may be used as a starting point for generating potential questions to ask during planning interviews. In addition, in the event that separate meetings are held with key stakeholders (one meeting dedicated to specific program questions and a second meeting dedicated to specific fraud questions), this template may be used as a guide to documenting the results of fraud-specific interviews.

Risk Assessment Matrix

The Risk Assessment is a process by which auditors summarize the risks and controls identified throughout the course of planning, an engagement. Professional judgment is used to assess the likelihood of the risk occurring as well as the adequacy of any mitigating controls. During the risk assessment process, the key risk items are identified, and potential fieldwork procedures are designed for testing purposes.

End of Planning Summary

During the Entrance Conference, it is expected that Internal Audit staff will determine the extent to which the audit client would like updates on the project status. Generally, these updates occur bi-weekly, however, some clients may prefer weekly updates. In addition, it should be determined if the client prefers email updates or in-person updates. Depending upon a) what is resolved during the entrance conference and b) the types of issues identified during planning, it may be appropriate to hold a formal End of Planning meeting, first with the engagement team, including the Director, and possibly with the applicable Vice President/President, Vice Chancellor and/or Chancellor, prior to discussing the results of planning with the client.

B. Fieldwork

This stage of the process involves executing the procedures described in the scope documents. Consideration is given to the underlying risks of the business or activity being reviewed and how those risks are managed or mitigated. Policies, procedures, and processes should be evaluated for appropriateness and whether they are operating as intended. While no specific templates exist for documenting Fieldwork, the Issues Log template is used to document issues and findings that are identified throughout the course of the project. As with Planning work papers, staff is expected to use elements of a work paper to document the work.

Tests of operating effectiveness will also be performed. For the automated processes, it is considered appropriate and sufficient to perform a single walkthrough as results should not differ without human intervention. However, in those situations whereby the process is manual and subject to human intervention, additional testing is required.

The samples for testing control activities should be independently selected. Where possible, the population of items to be considered for testing should be obtained from a source that is independent of the area audited. The sample size should be determined as the lesser of 10% of the population or 30 items or based on a statistical sampling model when appropriate. In selecting the sample, the following sampling approaches may be used:

- Simple Random Sampling – A sampling method where all items have an equal chance of being selected. The sample should be selected without intentional bias to include or exclude certain items in the population. A random number generator may be used to select the sample.

- Stratified Random Sampling – A method of sampling that involves the division of a population into smaller groups formed based on shared attributes or characteristics. A random sample from each group is taken in a number proportional to the group's size when compared to the population. These sample subsets are then pooled to form a random sample.

- Judgment Selection – A sampling method that is based on professional judgment. The following considerations may be used to determine items to be selected:

  - Value of items. Items that represent larger values or more significant transactions are selected.

  - Relative risk. Items prone to error due to their nature or complexity are given special attention.

  - Representativeness. Besides value and risk considerations, the auditor should be satisfied that the sample provides breadth and coverage over all types of items in the population.

The basis for selecting items for testing should be documented within the work paper files.

When assessing the adequacy of the business control process, Internal Audit staff should consider whether the following control objectives have been met:

1. Authorization – Controls should include processes and procedures to ensure that only authorized transactions take place.

2. Validity – All recorded transactions should be valid. The internal control process should include processes and procedures to preclude the inclusion of fictitious or non-existent transactions in the books and records.

3. Completeness – The control processes and procedures must prevent the omission of transactions from the records.

4. Valuation and Risk Measurement – Internal controls must include policies, processes and procedures that prevent errors in measuring and recording transaction amounts and the resulting risks.

In general, if errors or omissions are noted during the initial walkthroughs or testing (findings), further testing should be performed to determine whether the errors were isolated in nature or whether there is a more systemic problem inherent to the control environment. The potential issues identified should be discussed with process owners to validate the factual accuracy, to determine root cause, and identify any compensating controls.

Root Cause Analysis is an integral part of the process used when assessing the impact of findings. It is used to identify why the issue occurred so that an appropriate recommendation can be made to resolve the control gap.   Root cause analysis will ultimately improve the longer-term effectiveness and efficiency of business processes and thus, the overall governance, risk, and control environment.

During fieldwork, the project team should identify, analyze, evaluate and document sufficient, reliable, relevant, and useful information to achieve the objectives. This evidence gathered will be documented in the work papers and used as the basis for the conclusions made and the reported results of the project.

C. Reporting

Using the report template, a draft report containing significant findings and observations should be prepared at the end of each engagement. This includes any significant risk exposures, control issues, fraud risks, or governance issues. The report should be accurate, objective, clear, concise, constructive, complete, and timely. The draft report will be cross referenced to supporting work papers in order to demonstrate sufficient and appropriate evidence for the conclusions.

The report should include the objectives, the scope of work performed, an overview of the business or activity, an opinion on the adequacy of the internal controls, conclusions regarding significant finding and observations, and recommendations to management to address any issues found. A report should also acknowledge when satisfactory performance is determined.

The detailed draft report is provided to management with direct responsibility over the area audited prior to the exit conference. After feedback is received, Internal Audit staff determines whether the report needs to be amended. Feedback includes management's responses to findings and recommendations. Internal Audit staff then finalizes the report and distributes the document to the Chancellor and management responsible for the activity under examination. During the next quarterly meeting, the final report is distributed to the Audit and Budget Committee, and after acceptance, the final report is submitted to the Board.

When an external peer reviewer performs a quality assessment and verifies that IIA Standards have been met for the audit engagement, the following statement will be included in the report: "This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors."

When a quality assessment determines non-conformance with IIA Standards, the definition of Internal Auditing, or the code of ethics for a specific engagement, the following will be disclosed in the report: a) The specific areas of non-conformance. b) The reasons for non-conformance. c) The impact of non-conformance on the engagement and the communicated engagement results.

Before releasing an internal report publicly, the following should be considered:
- Assess the potential risk to the organization;
- Consult with management and legal counsel; and
- Control dissemination by restricting the use of the results.

Once the final report has been issued, it is included in the audit work paper file together with the documentation of all relevant work performed.

If an audit report that has been issued is later found to contain a significant error or omission, an amended report should be distributed to all parties that received the original report.

D. Engagement Quality Assessment

The purpose of the Engagement Quality Assessment process is to provide verification that the work performed by the Department meets the requirements outlined in this Operating Manual and complies with IIA Standards.

E. Follow-up

Follow-up work is performed after the completion of a project. Internal Audit determines whether recommendations or management action plans were implemented, and/or whether the condition identified is resolved. All recommendations arising from the Department's engagements are summarized in an audit recommendations Excel file. Any information obtained as part of the Follow-up process, is electronically retained in a Follow Up file on the Internal Audit share drive. A review of the status of all prior recommendations should be completed on a periodic basis and presented to the Audit and Budget Committee and to the Board.

7. GOVERNANCE AND ADVISORY ACTIVITIES

The IIA Standards have several requirements regarding governance and advisory activities. This section provided operating procedures to comply with these requirements.

Governance

The IIA Standards state that the Department's activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organization;
- Ensuring effective organizational performance management and accountability;
- Communicating risk and control information to appropriate areas of the organization;
- Coordinating the activities of and communicating information among the Board, external and internal auditors, and management.

The IIA Standards also state that the Department's activity must:

- Evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.
- Assess whether the information technology governance of the organization supports the organization's strategies and objectives.

The Department should assess these governance requirements during assurance and advisory engagements and make recommendations to address any deficiencies identified.

Advisory Services

The IIA defines these service as advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without Internal Audit staff assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Investigations

In the event a person makes a report related to fraud, waste, or abuse, the receiving supervisor or responsible administrator shall notify the Director so that an investigation may be initiated timely. Applicable standards of the IIA or Association of Certified Fraud Examiners will be used to perform all investigations. Investigation reports will generally include some, but not necessarily all, of the following elements: background, executive summary, scope, approach, findings, summary, impact, or recommendations.

These projects are conducted to identify existing control weaknesses, assist in determining the amount of loss and recommend corrective measures to prevent additional losses. These types of investigations can encompass misuse of funds or assets, fraud, potential conflicts of interest, waste of resources, and/or abuse of power or resources.

8. QUALITY ASSURANCE AND ADMINISTRATION

The purpose of this section is to provide information regarding the Department's quality assurance procedures, professional development, and administrative duties regarding records maintenance and retention.

Quality Assurance and Improvement Program

The purpose of the Quality Assurance and Improvement Program (quality assurance) is to provide verification that the work performed by the Department meets IIA Standards. In addition to the ongoing Engagement Quality Assessments performed at the completion of each engagement, the Department may conduct a self-assessment of its conformance with the IIA Standards. The results of the any self-assessments are presented to the Audit and Budget Committee and to the Board.

To complete the assessment, the Department reviews any changes in the IIA Standards, practice advisories and implementation guidance, and assesses their impact on the Department's operations. Other steps that should be performed include:
- Review all Engagement Quality Assessments performed during the prior year and change audit procedures as necessary to correct any issues identified;
- Review the End of Project Client Surveys relating to the performance evaluation of the Department's and change procedures as necessary to correct any issues identified; and
- Review and update the Operating Manual to improve efficiency and ensure compliance with IIA Standards.

The IIA Standards also require an external quality assurance peer review be completed at least once every five years. The Department will obtain the required external quality assurance peer review. The results of the peer review assessment will be documented in a report prepared by the peer review team and is presented to the Audit and Budget Committee and to the Board.

Annual Review of Audit Charter and Organizational Independence

The IIA Standards require the Director to periodically review the Internal Audit Charter and present it to senior management and the Board for ratification. The IIA Standards also require the Director to confirm the organizational independence of the Department's activity to the Board at least annually. These reviews will be formalized in a report to executive management, the Audit and Budget Committee, and the Board. Recommendations will be provided to correct any non-compliance issues identified.

Retention and Custody of Records

Project files consist of all documentation that has been gathered during the course of an audit, consulting engagement, or investigation. Since the Department uses TeamMate and stores some project files on the group share drive, these records are considered the official record of the

project. In order to determine whether documentation is retained, consideration is given to the quality, usefulness, and relevancy of the materials. At a minimum, there should be sufficient documentation to be able to provide justification for the assessment and conclusion within audit reports.

Physical files are maintained in the Director's office and electronic files are located on the Department's share drive, which is backed-up daily by the IT Department. Project files, whether physical or electronic, are retained for five years and/or the scope of peer review subsequent to the date of the reports issued. Final reports are considered a public record and are retained indefinitely. Certain documents and records may be retained for longer or shorter periods of time, in order to comply with California state laws and regulations, as well as CCCD Board Policies and Administrative Procedures.

Work papers and documents maintained for assurance and consulting engagements are internal documents and are not subject to disclosure to unauthorized personnel. In general, they should be considered confidential and strictly controlled by the Director before and after an engagement. Material related to an investigation may be exempt from disclosure under attorney-client privilege.

Although some records may be subject to disclosure on state law, approval from the Chancellor and legal counsel should be obtained before providing work papers or records to other employees and personnel within CCCD or external third parties, including the public.

INTERNAL AUDIT

NEW HIRE ORIENTATION MANUAL

TABLE OF CONTENTS

1. INTRODUCTION

Internal Audit is the independent and objective arm of the Coast Community College District.   It provides value-added services as a collaborative partner with the leadership team to improve CCCD's ability to operate effectively, efficiently, economically, equitably, and ethically. The New Hire Orientation Manual provides background information related to Internal Audit and the expectations for new staff joining the Internal Audit department.

2. HISTORY

Formalized in January 1991, the first directors of Internal Audit possessed a financial or public accountancy background. They primarily reviewed financial controls, financial statements, and accounting processes and procedures. Due to the growing number of large scale frauds drawing national attention, organizations across all industries moved towards contracting with third party vendors to audit financial statements. Over the years, however, organizations obtained audit assurance related to the financial statements, but assurance related to internal operations and business processes was neglected.

CCCD was one of the first community colleges in California to establish an Internal Audit department. While staff performed work mostly related to financial transactions and the occasional fraud investigation, the 2008 recession highlighted the need to focus efforts more on streamlining business processes and less on traditional "bean count" accounting. With reduced funding, many higher education institutions created internal audit departments in hopes of improving efficiencies, reducing expenses, and identifying alternate sources of revenue. As the economy improved around 2012, CCCD re-branded the department in a manner that focused more on a well-rounded audit function that followed industry standards and included compliance reviews, performance/operational audits, consulting/advisory services, and fraud investigations.

In January 2014, the internal audit function became more structured. In August 2015 and November 2019, the Director ensured Board Policies (BP) and Administrative Procedures (AP) 6400 were revised to ensure consistency with industry auditing standards and best practices. The Director created and implemented an Audit Manual, in an effort to document detailed guidance for providing independent, objective, credible, and reliable services to the District's governing board, management, staff, faculty, and students. Internal Audit also implemented Teammate, allowing auditors to access and upload files from any computer while working offsite, saving time and increasing productivity. In 2018, Internal Audit implemented its first-ever, web-based form for anonymous reporting of issues and concerns.

After surviving the COVID-19 pandemic of 2020, Internal Audit continues to provide value-adding services. The department continues to follow the auditing standards promulgated by the Institute of Internal Auditors and is viewed as one of the model departments in the California Community College System by its peers.

3. MISSION

Providing value-added services in an independent, ethical, and collaborative environment.

Internal Audit offers comprehensive services to a broad spectrum of stakeholders where reputation is vital. The department cannot be effective or efficient without protecting itself from those influences that could potentially influence the conclusions derived from the audit and investigative processes. Given the composition of the District and the dynamics between the Board of Trustees (Board), District Administration, faculty, staff, and students, it is imperative to the success of the Internal Audit to continually strive to earn the trust and confidence of these stakeholders, and support the benefits of partnership that a collaborative environment provides.

4. INTERNAL AUDIT ORGANIZATIONAL STRUCTURE

The Internal Audit Director is responsible for the day-to-day operations of the department. The Director reports to the Chancellor, has direct access to the Board, and works closely with the Vice Chancellors, college Presidents, Vice Presidents, and various managers, faculty, and staff. The Board is comprised of five elected trustees, with one student trustee. The Director ensures that the Board is apprised of the department's activities through its reports to the Audit and Budget Committee and the Board on at least a quarterly basis.

Over the years, Internal Audit decreased in staff to one Classified staff position and one Classified manager position (the Director). Audit staff complete tasks and assignments and assist the Director in carrying out the daily functions of the department. Internal Audit staff receive feedback at the project level for improving personal performance and department enhancement as a whole. On an annual basis, the Director participates in the District's budgeting process, using the forms provided by the District's Business Services team. The Director submits funding requests and assessments to the Chancellor for review and approval, and ultimately, the department budget is approved by the Board as part of the overall District budget.

5. POLICIES PROCEDURES AND STANDARDS

Internal Audit performs audit and assurance, consulting/advisory, and fraud investigation engagements. The department uses auditing standards as promulgated by the Institute of Internal Auditors (commonly known as the "Red Book" or the Global Internal Audit Standards as a guide for performing its work. Additional standards utilized include the "Yellow Book" from the Government Accountability Office (GAGAS) and the Fraud Examiners Manuals from the Association and Certified Fraud Examiners. The Department follows BP/AP 6400, which includes the Internal Audit Charter, and it reviews department guidance and BP/AP 6400 periodically in order to ensure continued compliance with industry standards.

6. TRAINING / PROFESSIONAL PROFICIENCY

Internal Audit supports training and the attainment of audit-specific certifications. Training combines personal and professional development, as related to department business operations. Compliance with auditing standards requires the completion of a minimum of 40 hours annually, with 2 hours related to ethics. Several recognized, professional organizations offer training related to auditing, fiscal affairs, and higher education, and staff is expected to apply training to their assignments.

Staff create an annual training plan, which is reviewed with the Director. The training plan should incorporate course work or certifications in areas of personal development, department needs, and/or subjects that are specific to projects listed in the annual strategic work plan. The Director may approve out-of-state travel for staff on a case-by-case basis, as long as the training supports the mission and goals of the department/District.

7. EXTERNAL AUDIT

Internal Audit participates in entrance/exit conferences and attends fraud meetings with the external auditors. Internal Audit assists external auditors in obtaining documents and management responses, as requested, and serves as a liaison to ensure the external auditors and District personnel understand the audit process and the importance of providing records timely. The external auditors may request internal audit staff to facilitate the scheduling of meetings/interviews with other employees. Additionally, staff may review draft reports and provide input to external auditors on an advisory basis.

8. WORK STUDY STUDENT

Internal Audit may recruit Work Study students who receive an award through their financial aid package (and not the department budget). Students typically perform administrative tasks, research projects, and other projects that are NOT confidential in nature. Work Study students complete timesheets in Banner and print them for review by the Internal Audit Specialist (IAS). Following review, the Work Study student electronically submits the timesheet in Banner for the Director's final approval. The IAS ensures the Work Study Student's work hours comply with financial aid requirements and reviews the student's work for accuracy and completeness.

The Work Study student and the IAS keep the Director informed of the status of all assignments, schedules, and activities. Internal Audit staff is expected to exercise patience and flexibility when working with students. The department supports an encouraging environment within which students are welcome and learn general professional skills while assigned to the department.

9. WORK EXPECTATIONS

In general, the Director maintains an open door policy. Classified staff and Work Study students may request meetings or ask questions at any time. It is expected that staff will ask for additional guidance and direction when needed, and prior to spending excessive time on any given task. Staff is expected to use critical thinking and good judgment, as well as have the ability to multi-task.   If a scenario exists where clarity is needed, inquiries should be presented to the Director.

All staff members are expected to perform work as assigned by the Director and as related to their job description. Staff should become well versed in the auditing standards, and focus on completing assigned tasks timely and accurately, especially within Teammate. Copies of job descriptions are located on the Navigator site: https://cccd0.sharepoint.com/sites/DOC-DEPT-HR/Classification%20%20Compensation%20Documents/Forms/AllItems.aspx.

The Director supports open, two-way communication. While some things may be handled via email, others may require in-person communication. The department operates in a collaborative environment, but also must maintain confidentiality. In regards to client communications and in keeping with the spirit of "no surprises" to the department or the client, no communications should made to the client without discussing as a team first.

The Department maintains memberships in several professional organizations. At times, these organizations may request staff to participate on Boards and/or Committees, which includes events or tasks that may require attention after normal business hours. Such decisions are voluntary and up to the discretion of staff.

Below is a list of resources and best practices with which Department employees are expected to become familiar and follow:
- The Audit Manual and CCCD website, including Navigator, and the college websites.
- The Internal Audit Shared Drive and record retention practices.
- The TeamMate training file, User Guides and Training Workbooks.
- Project status and budget updates prepared and presented at weekly team meetings.
- Set cell phones to silent mode during meetings.
- Rapport-building with other District employees is encouraged and essential to the Department's success; however, Internal Audit staff must exercise due care as to not to impair independence – actual or perceived. Gossip is not appropriate at any time.
- Communication should be shared with the next level up without by-passing lines, respecting the chain of command within Internal Audit and that of the audit client. Understand and work within the organizational structure.
- The Director approves vacation in advance. Vacation requests in March-May and September-November are approved on a case-by-case basis as these are periods when the majority of training opportunities take place, and Department workload is high.

INTERNAL AUDIT

Administrative Tasks Manual

Table of Contents

1. Introduction

The purpose of the Administrative Tasks Manual is to provide guidance for Internal Auditors on how to execute specific administrative tasks.

2. New Hire/Onboarding

- Employee ID & parking pass:
  - Coordinate with Human Resources (HR) and District Facilities Support Coordinator for employee ID badges. Student employees do not receive an employee ID badge.
  - OCC Public Safety registers parking for employees. New hires must provide their vehicle license plate number in order to register their vehicle. Use this link to obtain a permit https://cccd.t2hosted.com/Account/Portal.
  - Work study students should already have their vehicle registered when they enroll in classes. No more than two passes are issued per employee.

- Payroll
  - Internal Audit Director works with HR Recruitment and Employment Services to obtain new hire approvals, determine start dates, obtain payroll information, and process paperwork needed to start payroll for all new employees
  - For onboarding information, forms, and process description, please see the HR Handbook, Administration and Managers' Onboarding Toolkit on the CCCD navigator website at: CCCD - Departments - Human Resources - Recruitment Documents - All Documents (sharepoint.com)

- IT accounts, Email, and Phone
  - IT assistance is required to set up a new employee's phone, IT account, and computer. The Internal Audit Director sends an email to the help desk to generate a "ticket". This allows IT management to assign tasks to IT support staff specific to their expertise and workloads.
    - The help desk email should be sent to itservicedesk@cccd.edu and include the new employee's ID number. The email should also specify the following requests:
    - Email (Outlook): Should be automatic, but best to specify
    - Phone access
    - Addition to the online CCCD Directory
    - Drive access, specify which folders (I:/ for the Internal Audit group share and Z:/ for employee's personnel sharepoint folder).
    - Laptop or tablet
    - Administrative Rights to Desktop machine (This is to facilitate ability to receive IT Support from the TeamMate vendor).

- Any time there is a need for support from the IT department, an email must be sent to the help desk to generate a "ticket". This allows IT to assign tasks to support staff specific to their expertise. (itservicedesk@cccd.edu). There is also an online form at https://cccdis.atlassian.net/servicedesk/customer/portals. Enter login information in order to access the site.
  - Phone training can be located on the Navigator Portal/District/Information Technology/Phone and Email Help. Users (ringcentral.com). Wi-Fi instructions are located at this link: https://cccd0.sharepoint.com/sites/DOC-RES-WIFI.

- Business Cards
  - The District Office's Public Affairs Department orders business cards and delivers them to the employee's desk, upon completion of the request form. Business cards are paid for out of the Public Affairs Department budget. The business cards request form is on the Public Affairs Navigator Portal CCCD - Departments - Chancellor's Office - Public Affairs - Forms - Forms (sharepoint.com)
  - Business cards are only available for fulltime classified and management staff. Employees may order business cards after successful completion of the probationary period.

- Banner Access
  - Banner is the Coast Community College District's data management system for Finance, Human Resources, Financial Aid, and Student Transactions.
  - Human Resources will determine whether the employee has a "Security and Confidentiality Agreement (FERPA)" on file. This outlines requirements for use and confidentiality of student, financial, and employee records. If an agreement does not exist, a form should be obtained from the Navigator Portal. The employee should sign the form prior to obtaining approval from the Internal Audit Director.
  - "Request for Banner Security Access" form from IT Forms on the drop down CCCD - Employee Resources - Form Library - Home (sharepoint.com). A request for "read only" access for Auditor-finance, Auditor-HR, Auditor-Student, and Fin-FA1, plus Fin-General User and General should be made with subsequently approval by the Internal Audit Director.
  - Both documents noted above should be forwarded to the District Fiscal Affairs Director for approval. The Director will then forward the documents to District IT for processing. If access is issued to the employee, it should be forwarded to IT.
  - If needed, requests can be followed up with IT Helpdesk via email or phone on x88111. Processing should take approximately 2 weeks.

- New Employee Orientation
  - HR will work directly with the new employee via email to communicate a time for new employee orientation. This orientation is for full time staff only. The process includes an explanation of benefits available to the employee.
  - Internal Audit Director will conduct a specific new employee orientation for the Department.

- Federal Work Study Student Onboarding
  - Internal Audit staff conduct interviews with potential work study students. Once a student is selected, Internal Audit notifies OCC Financial Aid and OCC HR. OCC HR provides the work study agreement and creates the ePAF for approval. The student cannot start working until all documents are completed.
  - Students are only allowed to work for the days, times, hours, and federal award under the contract.

- HR Help – ASKHR@cccd.edu

3. Internal Audit Business Functions

- Copy Room/Using a Copier
  - Internal Audit uses two copier rooms. The primary copier is located between Conference Rooms G & H in the administrative services wing. The secondary copier is in the Fiscal hallway before Conference Room D in the educational services wing.

- Access Outlook Email off-site
  - Contact IT Service desk to obtain instructions for using Outlook while offsite on a non-work provided device.
  - Employees may also add their outlook email account to their cell phone in order to avoid having to login to the website each time.

- Department Mailbox
  - The Internal Audit mailroom is shared with other departments and is in the Administrative Services wing, across from the Assistant to the Vice Chancellor of Administrative Services. Outgoing mail slots for the District and Colleges are in this room. The IA Director has a mail slot in this room.
  - As of 2024, Internal Audit obtains mail from the receptionist in the font lobby of the District Office, or it gets delivered to the Department.

- Libraries
  - Hardcopy Library: Books, manuals, and additional supporting hardcopy references are located in the Director of Internal Audit's office
  - Internal Audit support staff desk areas: [includes Banner Manuals, TeamMate Manuals, Red Book, Government Auditing Standards (Yellow Book)]
    - ELibrary: Located on the IA Department's shared I-Drive, I:\Audit Guidance & Training Materials and I:\TeamMate, and contains manuals, Webinar trainings, ebooks of professional standards, templates, and other resources.

- Conference Rooms/Conference Calls
  - *Conference Rooms:*
    - To schedule a conference room, go to <u>CCCD - Conference Rooms - Home (sharepoint.com)</u>. Select a conference room from the left side menu and double click on the day you want to reserve. You are the only one that can change or delete your meeting time. Room reservations are on a first come, first serve basis. However, if there is a meeting conflict, you can contact the owner of the meeting time you need, and request a change, if possible.
    - Exceptions: Board Room, Board Conference Room and Conference Room F. To reserve one of these rooms, locate the contact information at the bottom of each of these calendars.
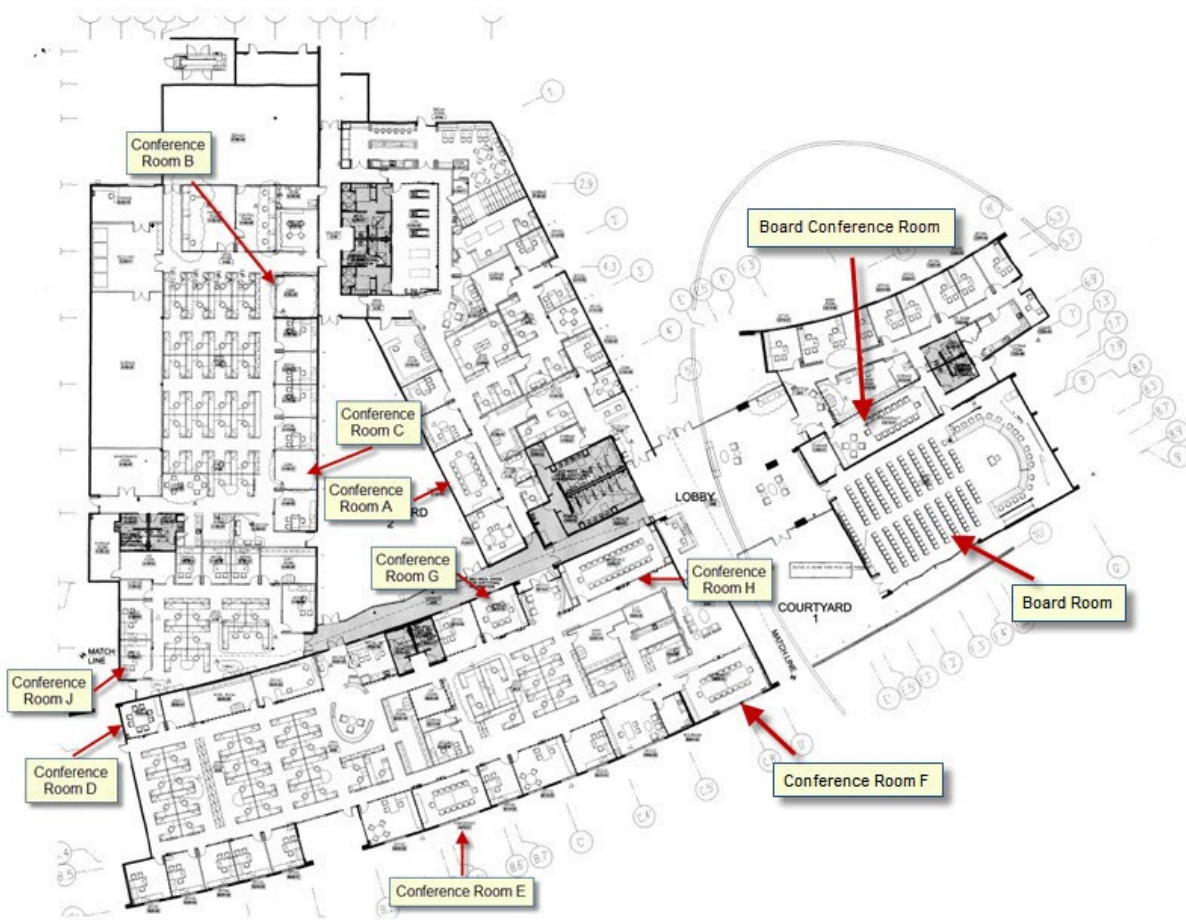
- Mileage Reimbursement for Job Duties (Not travel to training):
  - Classified employees may submit a Direct Pay Form (from Fiscal Services drop down CCCD - Employee Resources - Form Library - Home (sharepoint.com)) to cover travel not directly tied to a training conference or class. Examples include travel to campuses and other meetings away from the District Office.
    - The form must include: An attachment noting locations for each travel; Mileage for the trip; A google maps printout with mileage calculation between locations; A calculation of reimbursement using the Standard Mileage rate for that calendar year provided by the IRS.
  - The mileage reimbursement per mile can change from year to year. Employees should verify the mileage reimbursement rate with the Director or the Travel Coordinator in Fiscal Services.
  - The form is submitted to the Director for approval. Employees should maintain a copy on file, and the original is sent to Accounts Payable for reimbursement.

4. Internal Audit Budget

Currently, the administrative staff for the Vice Chancellor of Education Services and Technology provides assistance to Internal Audit for budget queries, requests, and transfers. The information below is used when Internal Audit no longer receives administrative support from any of the confidential employees at the District.

- **IA Budget Tracking Worksheet**
  - A Department budget spreadsheet with highlighted accounts for the current fiscal year is located on the group share drive under I:\Administration\IA Budget.
  - Expenses for these accounts are tracked throughout the fiscal year through Banner queries, source documents of purchases/expenses incurred, and expense amounts updated in the appropriate month.
  - All expenses should be confirmed through a final query at the end of the fiscal year.
  - New fiscal year templates should be prepared on an annual basis with a new spreadsheet.

- **IA Budget Query**
  - Account Balance Totals Query - Go to "My Coast Portal" tab from the Coast Community College District web site and log in. Under Banner Self-Service go to Banner Finance Self Service, then My Finance Query.
  - Create Query (New Query), then in the drop down select Budget Quick Query. Fund 110001, Organization 418001, Program 662000. Click Submit at the bottom of the page. Copy and save file in group share folder I:\Administration\IA Budget\Internal Audit Budget. Add date to file name in the format "YYYMMDD."
  - Compare balances to the spreadsheet on the I:/drive. Research variances by reviewing specific details of accounts through Banner Query.
  - Account Balance Details Query - Log into Banner and pull up FGITRND (Detail Transaction Activity) for variances and resolve.
    - Identify FYE, Fund 110001, Organization 418001, and Program 662000. Click "Go". Enter account number to pull detail.
  - Compare balances to the spreadsheet on the I:/drive. Research variances by reviewing source documents (invoices, etc. in department files). The Budget Coordinator in Fiscal Affairs is a useful resource for questions related to Fiscal Services.

- **IA Budget Transfers**
  - Contact the Administrative Assistant for the Vice Chancellor of Education and Technology Services for assistance.

5. Purchasing

Currently, the administrative staff for the Vice Chancellor of Education Services and Technology provides assistance to Internal Audit for purchasing needs, including Office Depot items. The information below is used when Internal Audit no longer receives administrative support from any of the confidential employees at the District.

- Purchase Supplies Office Depot
  - Contact purchasing to obtain a log in for the Office Depot account. The Purchasing Buyer II can assist with setting up employee's accounts. Use this log in to obtain vendor preferred pricing. Log into Office Depot through the commercial account to obtain item number and pricing for items. Verify that there are sufficient funds in the Internal Audit budget to cover the order (#4312).
  - Select the items you want to order and create a list. Provide information to Internal Audit Director for review.
  - Go to Administrative Assistant for Educational Research and Technology for assistance in creating requisitions and purchasing supplies. When complete, Admin Assistant provides updated information.
  - For additional information on purchasing, use this link: CCCD - Departments - Purchasing - Home

- Order & Receive Supplies
  - When supplies are received, review to compare the contents of the box to the shipping receipt and the original Purchase Order. Communicate with the Admin Assistant to the Vice Chancellor if all items are received or not received. Obtain assistance in obtaining any items not received or obtaining a refund.

- Credit Card Purchases
  - Company Credit Cards are used for purchasing department expenses on occasion. Typical examples would be when purchasing an item on a web site which will not allow you to defer payment to a check or invoice, or if payment timing is critical. Confer with the Purchasing Buyer II, who maintains the company credit card before beginning the payment process in Banner.
  - Department credit card is in the care of the Director and is primarily used for training, professional memberships, and other supplies. When making a purchase, email the receipt and the FOAP to apshare@cccd.edu.

- Professional Memberships
  - IA Director receives membership renewal invoiced paperwork and completes the renewal packet. Most purchases can be made on the department credit card. If the purchase requires a PO, follow the PO instructions and route for approval. Also ensure all memberships are submitted to the Board Office for the upcoming board agenda. The budget #: 110001-418001-5803-66200.
  - Send membership information to Jennifer Daniels in the Board Office. This includes name of organization, name of members, term of membership. Board office processes the information for placement on the Board agenda.
  - Board ratifies institutional membership.

6. Training & Travel

- General Information/Navigator Portal
  - Detailed procedures for planning travel and subsequent expense reimbursement can be located in the Navigator Portal under [Travel and Conference Expense and Reimbursement Guide](#).
  - Within 10 days after conclusion of the event, complete the Claim for Reimbursement of Expenses. Attach all receipts and google maps printouts for mileage reimbursement. Obtain approvals from Director of Internal Audit, retain the pink copy and return the packet to Fiscal Accounting/Travel for final processing. The process typically takes approximately 2-4 weeks from when the reimbursement is submitted.
  - The total expense amount should be included in the Internal Audit Budget file under 5202/classified or 5206/management, as applicable. I:\Administration\IA Budget\Internal Audit Budget.

- Training Certificates
  - A request for CPE confirmation, if available, should be made at the training/conference event. This will be retained in department training files I:\Administration\Staff Training Records\Staff Training Certificates.
  - CPE hours/training hours should be included in the Internal Audit training logs. I:\Administration\Staff Training Records

7. Hiring Independent Contractor/Professional Expert

- Contract Review and Approval
  - Go to Navigator Portal, District, Finance/Admin, Risk Management, and Independent Contractor Procedures for Contract Templates. Complete appropriate forms and route through required approval process.

8. Maintaining the Internal Audit Completed Projects Webpage

- Updating the Internal Audit Public Webpage
  1. Go to cccd.cascadecms.com to log into your account
     a. If you do not know what your username is or need to reset your password, please contact the Public Affairs & Marketing Coordinator.
  2. Review the department pages
     a. The expectation here is that the department details are up to date – such as links, content, employee information, etc.
  3. If you need, but do not have access to the Documents Drive, contact the Public Affairs & Marketing Coordinator.
  4. Refer to the Zoom training for a "how to" on making edits.

- Updating the Navigator
  - Internal Audit Navigator page can be found under Department -> Chancellor's Office -> Internal Audit. Alternatively, you can type in the address bar - CCCD - Departments - Chancellor's Office - Internal Audit - Home (sharepoint.com).
  - There should be an option to "edit" on the right-hand side of the screen. Upon clicking, the section separators will appear. You may add sections, links, etc.
  - The menu to the left can be updated by clicking "Edit" at the bottom of the list. You may rearrange items and change category names.
  - Click publish.

  To add completed projects to website:
  Note: Only project reports or documents that are final and can be shared with the general public are to be added. If something has a Confidential, Private or Draft watermark; do not add. Another good indicator is BoardDocs, if some PDF or article is not present in CCCD BoardDocs; there is a high likelihood that it is not meant for public viewing and cannot be added here. (These PDFs are not added in the Navigator Share-point in order to avoid duplication and redundancy).
  - Upload documents to the X drive
  - Drop in document into the appropriate fiscal year folder.
  - Ensure document name is in conformance
    - Year, Month, Day – Report Title

9. Managing Fraud Waste and Abuse Anonymous Reports

- Visit the Internal Audit Public Webpage
  - Go to Dynamic Forms Login
  - You should see the count of submissions Returned, Pending, Processed, or Archived.
  - Click on the type of forms you want to see the listing of. Select "Pending."
  - Submissions (rows) appear in tabular form.
  - The "Preferences" button allows you to edit the columns to view.
  - The forms come through as PDF files. Download and save a copy of the report in the appropriate folder at I:\Projects & Engagements\Special Projects\Anonymous Reporting
    - Include the date in the name of the file – YYYMMDD – [Site]-[Short Descriptor]
  - Once saved, mark submission as "Processed."
  - IA Director will review all submissions and refer to the appropriate responder. After an update is received, mark the submission as "Archived."
  - Maintain the Anonymous Reporting Log.
    - Log all submissions received noting the site. When an update is received, update the Status.

- Configuring copy of FWA Tickets to be emailed to you
  - Type in address bar - http://www.cccd.edu/Pages/login.aspx.
  - Login using your computer credentials (Note: Sometimes the system will ask you to login twice).
  - Go to the Internal Audit Webpage by:
  - Either typing in the address bar - https://www.cccd.edu/departments/internal-audit/Pages/default.aspx.
  - Or clicking on Departments -> Internal Audit (found under Chancellor).
  - Click on the Settings Wheel -> Site Contents.
  - Next, click on Online Concern Form.
  - Click on items tab up-top and then Alert Me -> Manage My Alerts.
  - Click Add Alert.
  - Select Online Concern Form Radio Box and then click Next.
  - Keep Alert Title Online Concern Form.
  - Select radio boxes:
  - E-mail (with your email) for delivery method.
  - All changes for Change Type – To send alert based on what time of changes.
    - Anything changes for Send Alerts for These Changes – To send alert based on who makes the changes.
    - Send Notification immediately for When to Send Alerts – Frequency of alerts.

10. OCC Hotlines (Recycling Center & Swap Meet)

Email IT at: itservicedesk@cccd.edu to:

o Configure your phone such that specific lights blink/illuminate when there are unheard voicemails for OCC Recycling Center Hotline or OCC Swap Meet Hotline.
o Create an email alert such that a notification is emailed to you every time OCC Recycling Center Hotline or OCC Swap Meet Hotline receives a voicemail.

Accessing OCC Recycling Center or Swap Meet Hotline Voicemail box **for Ext 10086 & 10087 from any on prem ring central phone-**

Step 1. Log into your own RingCentral VM account.

Step 2. Once logged in access option 2 for account administration

Step 3. After pressing 2 you'll want to select option 9 to log into another extension
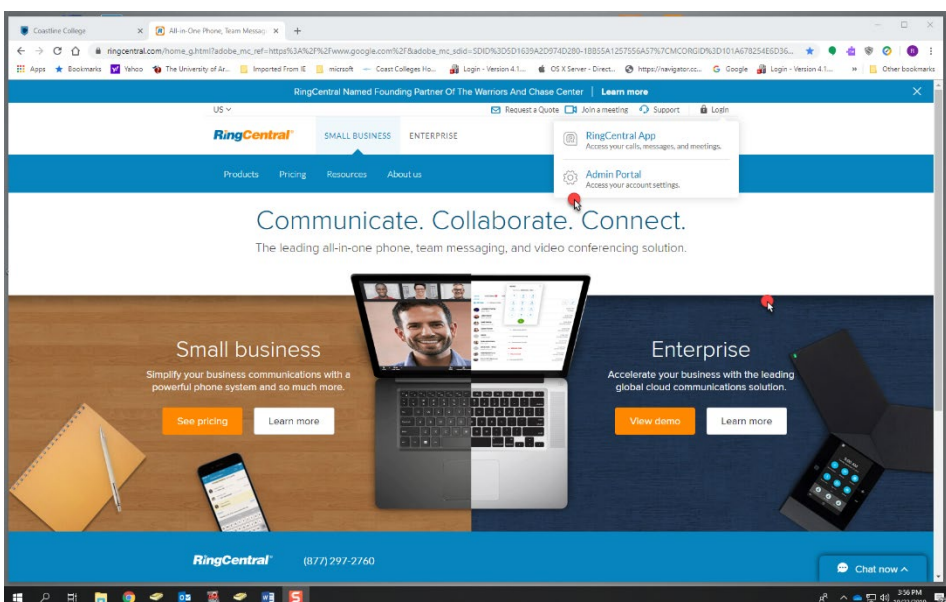
Step 4. Input either extension number 10086 or 10087 and then press #

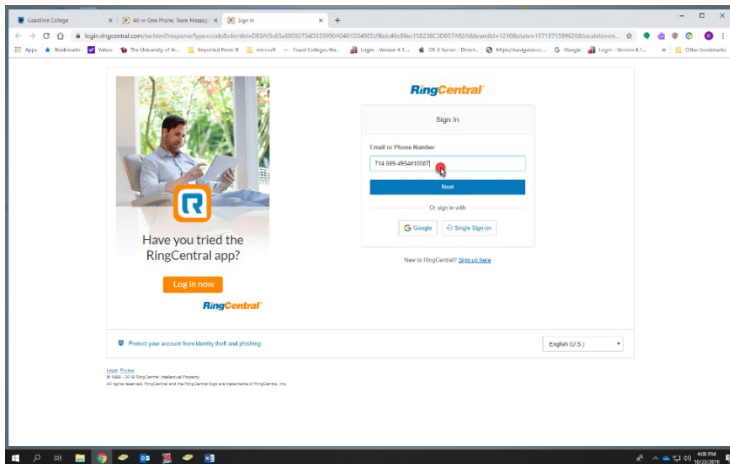Step 5. Input your pin (password of 123123) and press #

Step 6. Press 1 to listen to messages

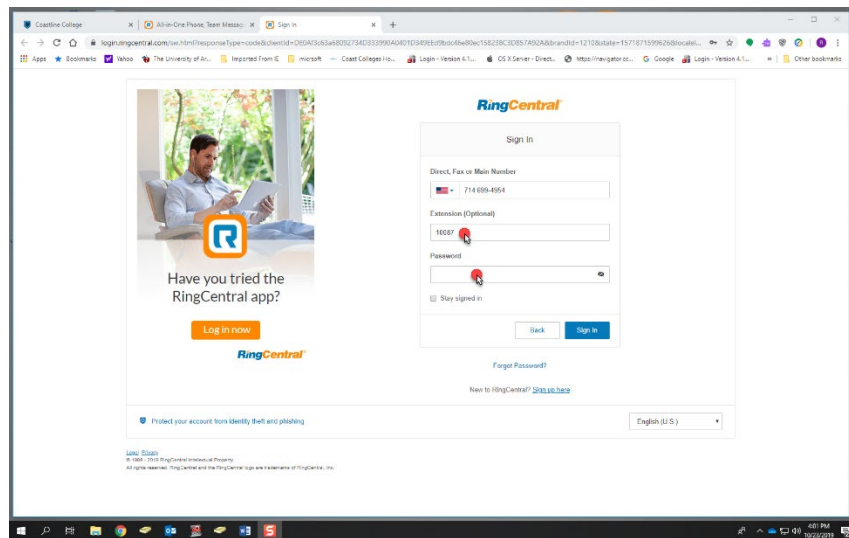**To Access Voicemails from RingCentral.com**

Step 1. Go to https://www.ringcentral.com/

Step 2.

Step 3.

Step 4.

Step 5. Access voicemails from interface

- Leave Message for OCC Recycling Center Hotline or OCC Swap Meet Hotline
  - Call (888) 622-5376 or (714)432-6881.
  - When prompted, dial 1 for OCC Swap Meet or 2 for OCC Recycling Center.
  - Leave message and hang up.