



October 13, 2022

TO: THE DISTRICT BOARD OF TRUSTEES OF VALENCIA COLLEGE

FROM: DR. KATHLEEN PLINSKE
President

RE: APPROVAL OF AUDIT WORK PLAN – FY 2022-2023

The Office of Compliance and Audit supports and assists the District Board of Trustees of Valencia College and Senior Management in the accomplishment of college goals and objectives by providing:

- Independent, objective assurance and advisory services
- A centralized source of information and guidance on all compliance obligations

This report represents the Office of Compliance and Audit's 2022-2023 audit work plan. The intent is to communicate the audit risk assessment and audit plan to the District Board of Trustees of Valencia College, obtain their approval of the plan and demonstrate compliance with applicable standards.

RECOMMENDED ACTION:

The President recommends that the District Board of Trustees of Valencia College approve the Audit Work Plan for Fiscal Year 2022-2023, as presented.



President

VALENCIA COLLEGE

Office of Compliance and Audit Proposed 2022 – 2023 Work Plan



Cynthia Santiago-Guzman
Compliance and Audit
October 13, 2022

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Executive Summary



The Office of Compliance and Audit supports and assists the District Board of Trustees and Senior Management in the accomplishment of the College goals and objectives by providing independent, objective assurance and advisory services, and a centralized source of information and guidance on all compliance obligations

The Office of Compliance and Audit reports functionally to the District Board of Trustees and administratively to the Office of the President. This reporting structure promotes

independence and full consideration of audit recommendations and management action plans.

The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing provides standards requiring the internal audit activity to:

- Develop a risk-based audit plan
- Communicate the plan and resource requirements to the Board
- Obtain Board approval of current year audit plan
- Provide the Board with periodic status updates
- Obtain Board approval of the internal audit charter

The audit plan was developed using a risk assessment process that was driven by our understanding of the College's mission and strategic priorities. A major component of the risk assessment included collaborative discussions with management and the project management office to assist in the prioritization of key risks and controls supporting the achievement of the College's strategic impact plan.

A 3-year audit plan was developed based on the risk assessment process. The intent is to communicate the 2022-2023 audit work plan to the District Board of Trustees and obtain their approval of the plan.

Notable goals for the upcoming year include the following items:

- Continue collaborative advisory and monitoring engagements aligned to the College's strategic impact plan in areas of high risk, expansion and growth within the College;
- Support major College systems development and process improvement initiatives; and
- Strengthen audit processes and develop data analytics to monitor the risk environment in support of the achievement of the College's strategic impact plan.

Purpose

The Office of Compliance and Audit was established within Valencia College ('College') by the District Board of Trustees to provide independent, objective assurance, and advisory services designed to add value and improve the College's operations. The office serves as the College's internal auditor, providing internal audits and reviews, advisory services, investigations of improper activities, follow-up of audit recommendations, and evaluation of the processes of risk management and governance, and coordination with external auditors including the Florida Auditor General's office.

The Office of Compliance and Audit reports functionally to the District Board of Trustees and administratively to the Office of the President. This reporting structure promotes independence and full consideration of audit recommendations and management action plans.

Audit Internal Assessment & Strategic Goals

Periodic assessments are conducted to evaluate conformance with the Core Principles of the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Standards set forth by the Institute of Internal Auditors (IIA). An overall internal assessment of the internal audit activity was conducted in February 2022 focused on independence, objectivity, professional proficiency, scope of work, performance of work, and management of the department. Overall the Office of Compliance and Audit generally conforms with the IIA Standards and Code of Ethics.

The Office of Compliance and Audit continues to work towards key strategic goals to ensure the office continues to deliver high-quality assurance and advisory services to affect positive change in the College's governance, risk management, and control activities to ensure risks are being managed and the College's strategic objectives are met.

The following provides an overview of the office's strategic objectives:

1. Continue collaborative advisory and monitoring engagements aligned to the College's strategic impact plan in areas of high risk, expansion and growth within the College.
2. Support major College systems development and process improvement initiatives.
3. Strengthen audit processes and develop data analytics to monitor the risk environment in alignment with the College's strategic impact plan.

Risk Assessment

The Office of Compliance and Audit in collaboration with management developed a risk-based audit plan to focus audit priorities on areas where risk exposure is potentially the greatest. Assessing risk is an essential component of risk-based audit planning. The current risk assessment methodology is one that consistently applies qualitative and quantitative risk factors to a set of functions and processes. The result is a risk score that translates to a risk rating for identified business processes.

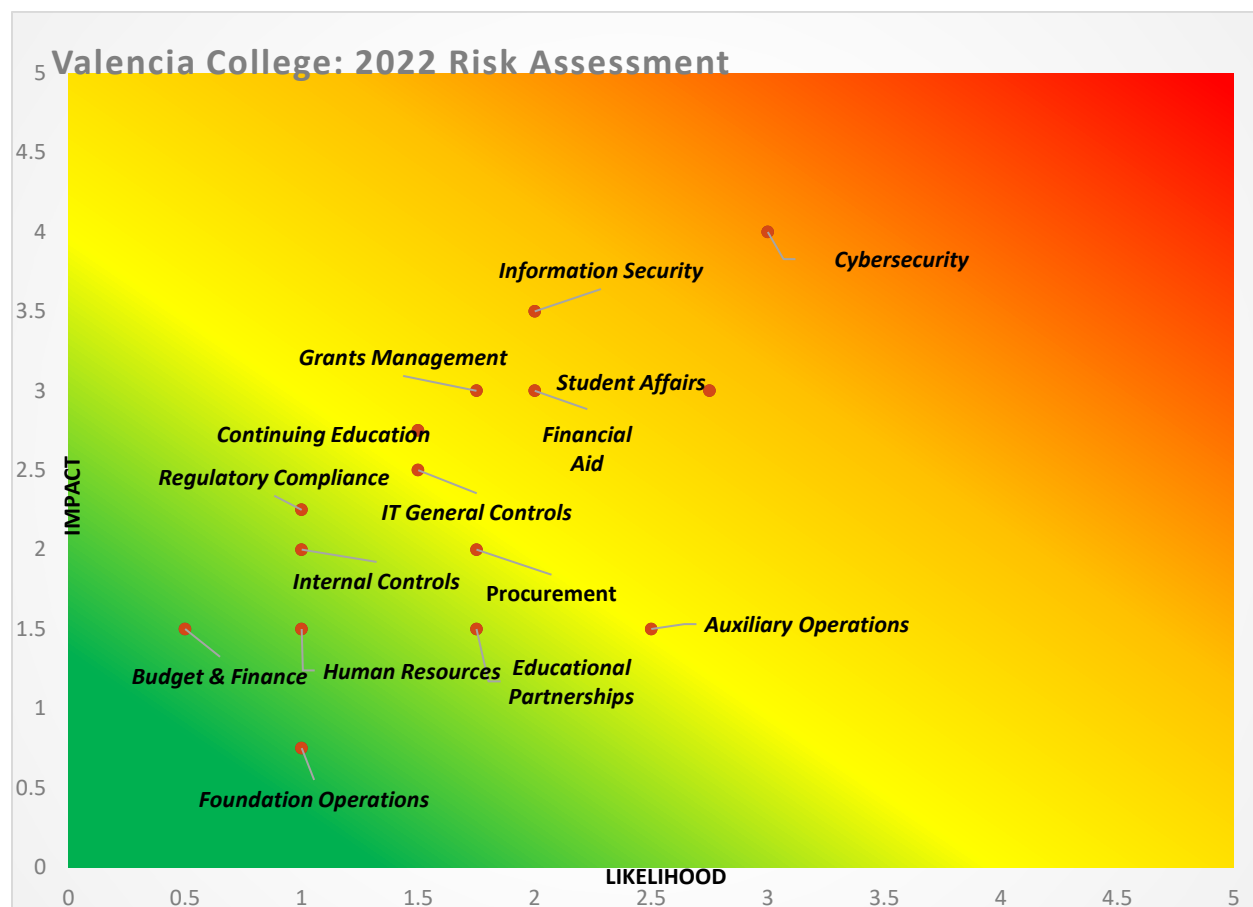
The purpose of the risk assessment is to assess the likelihood and impact of the risks to the College, by measuring and prioritizing risks in order to focus management's attention on the highest risks to the achievement of the College's strategic impact plan and compliance considerations, and to begin the work for risk responses.

The risk assessment serves as a means to

- Identify programs and activities performed by the College with focus on new areas, programs and processes to the College;
- Evaluate each program and activity based on indicators of risk exposure or risk factors with significant impact on the achievement of the College’s strategic impact plan and regulatory compliance requirements; and
- Develop an audit plan based on an enterprise-wide approach focusing on risk and resource availability.

The College has adopted the risk-based approach based on the framework developed by the Committee of Sponsoring Organizations (COSO). Integrating enterprise risk management in this framework to support the College’s mission, strategies and related business objectives allows audit to consider risks and opportunities that influences all levels of the College. Utilizing the COSO framework for the risk assessment provides for consideration of all aspects of risk – positive and negative.

A heat map was created to view the portfolio of risks based on the impact and likelihood of the 15 highest risk-ranked processes to allow for a direct comparison of the highest rated opportunities and risks for consideration and prioritization. This information is used to inform and design the audit plan.



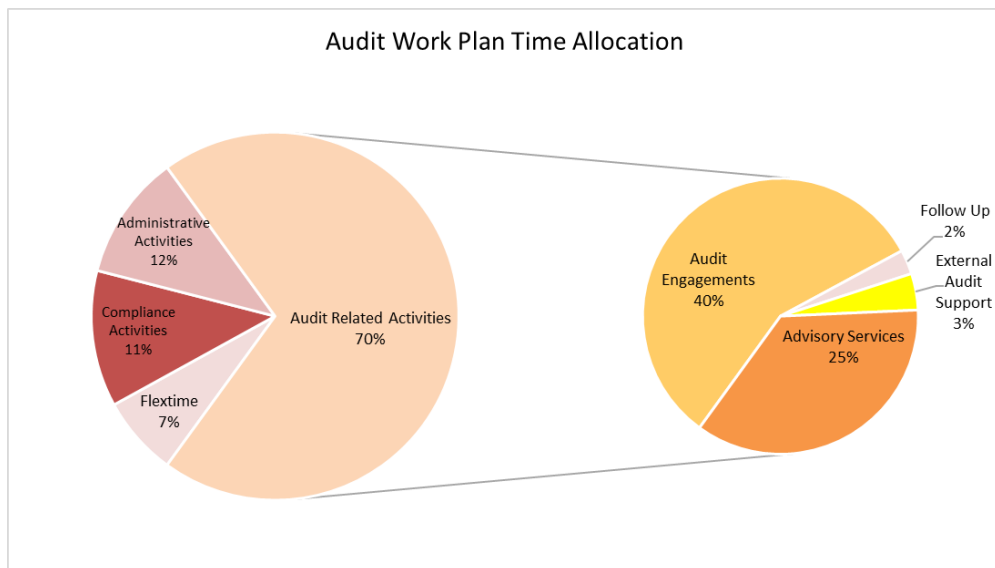
Resources

The Director of Compliance and Audit is responsible for administering the audit plan and all compliance and audit responsibilities set forth in the department charter. The department allocation of one resource for the audit plan has been considered and outlined. The calculation of estimated audit hours is based on total annual hours minus total paid time off and scheduled professional development totaling 1,808 available resource hours. Outsourcing will be utilized in the audit plan, where needed, based on risk and subject matter expertise. The audit work plan provides for allocation of audit, administrative and compliance activities.

Calculation of Estimated Audit Hours Available for Academic Year 2022-2023	
<i>Director of Compliance and Audit (Full Time Employee)</i>	<i>Hours</i>
40 hours a week x 52 weeks a year = Total Annual Hours Available	2,080
Less: Paid Time Off (Vacation, Sick Leave, Holidays)	-192
Less: Professional Development and Training hours	-80
Total Annual Compliance/Audit hours available	1,808
Compliance Activities	190
Administrative Activities	192
Audit Related Activities:	
Audit Engagements	706
Advisory Services	480
External Support/Follow Up	120
Flex Time	120
Total Work Plan Hours Allocated	1,808

The audit work plan estimates the total work plan hours allocated by activity. The proposed audit plan for 2022 - 23 has 70% of available hours allocated to direct audit related activities. The plan also allocates 11% of available hours to compliance activities and 12% of available hours to administrative activities, which includes work on investigations, compliance monitoring, the annual risk assessment and audit plan reports, website and resource information updates, management meetings, and board of trustees meetings. Flextime of 7% of total hours is budgeted for unplanned or additional support services. The breakdown of

the direct audit related activities is depicted in the chart below and estimates that 1,165 hours will be allocated between audit and advisory engagements after the 5% planned allocation time for external audit support and audit follow up activities, which includes corrective action plan monitoring.



The direct audit related activities for 2022-2023 includes five planned internal audit engagements. Advisory services are currently planned for areas within Finance, Information Technology, Operations, Student Affairs and HEERF/CRSSAA.

The Office of Compliance and Audit will assist with any external audit engagements including the three planned audit engagements by the Florida Auditor General's office: Financial Audit, Federal Awards Audit, and the Bright Futures Audit. Follow-up activities include corrective action monitoring of all internal and external audit engagements from current and prior years. Corrective action plan monitoring provides for review and validation of all management action plans to ensure the root cause of the risk consideration is addressed timely and adequately.

Proposed 2022 – 2025 Audit Plan

The results derived from the risk assessment conducted, available resources and our professional judgment, formed the basis for the 2022 – 2025 Audit Plan. Significant changes will be communicated to the District Board of Trustees as appropriate. The audit plan is subject to change as College priorities change and new risks are identified. The audit plan will be presented annually to the District Board of Trustees for their review and approval of the current fiscal year audit plan.

Description	2022-2023	2023-2024	2024-2025	Strategic Impact Plan Goal
Integrated/Operational Audits:				
Internal Control and Data Security (DFHSMV)	X			Compliance
Perkins Grant	X			Career Credentials
Financial Aid	X			College Access / Graduation
Continuing Education: Accounting Internal Controls	X			Career Credentials
Valencia Foundation: Internal Controls Audit Follow-Up	X			Compliance
Dual Enrollment		X		College Access
Grants Management		X		Career Credentials
Financial Aid		X		College Access
Business Office		X		Compliance
Valencia Foundation		X		Compliance
Student Fees			X	Compliance
Direct Connect			X	Transfer Success
Student Affairs			X	Graduation
Disaster Recovery			X	Compliance
Textbook Affordability			X	College Access

**Information Security and Cybersecurity risks and controls will be assessed and evaluated for scope consideration throughout every audit and advisory engagement conducted. Continuous monitoring of information technology projects, risks and processes has been included and scheduled in the audit work plan.*

2022-2023 AUDIT PLAN PROPOSAL
Audit Engagements
Internal Control and Data Security Perkins Grant Financial Aid Continuing Education Valencia Foundation
Florida Auditor General Planned Audit Engagements
Florida Auditor General - Financial Audit Florida Auditor General - Federal Awards Audit (Includes HEERF) Florida Auditor General - Bright Futures Audit
Advisory Projects
HEERF Institutional Funds Information Technology: General Controls, PCI, Risk Assessment Florida Prepaid / Horizons Scholar Student Affairs: Front Door Redesign Bookstore: Akademos & Process Changes Policy Compliance Matrix
Compliance Activities
Compliance Monitoring (New Legislation, Title IX, Clery Act, FERPA) Improper Activities/Ethical Conduct Investigations



Internal Audit Disclosures

The Office of Compliance and Audit adheres to the International Standards for the Professional Practice of Internal Auditing (Standards) of the Institute of Internal Auditors (IIA). The following items are being disclosed in conformance with the Standards.

Professional Standards

In carrying out our responsibilities, the Office of Compliance and Audit follows the Institute of Internal Auditors (IIA) mandatory guidance, including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Organizational Independence

The Director of the Office of Compliance and Audit performs the internal audits of the College and must confirm to the Board, at least annually, the organizational independence of the internal audit activity. In order to effectively fulfill its responsibilities, the Office of Compliance and Audit is organizationally independent from the College's operational activities and structurally reports at an appropriate level within the organization. The Office of Compliance and Audit reports functionally to the College's District Board of Trustees and administratively to the College President. This reporting relationship ensures responsibilities are carried out in a manner free from actual or perceived impairment.

Impairments to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed. There were no impairments to independence or objectivity for any engagements performed during FY21-22 requiring disclosure.

Management's Acceptance of Risks

Each engagement can potentially identify activities that may present exposures to the College that could potentially impede the College from achieving its goals or expected outcomes. Such exposures are considered risks to College operations. Risks are a part of any business operation. The acceptance of some risk by management is understood due to cost/benefit constraints and progression of the institution. It is required to disclose to Senior Management and the Board of Trustees any situation in which it is believed College personnel have accepted a level of residual risk that may not adequately reduce or mitigate the risk of loss. There were no such instances during FY21-22.

Office of Compliance and Audit Charter

Valencia College Office of Compliance and Audit Charter

Purpose

The Office of Compliance and Audit is an independent, objective assurance and consulting activity designed to add value and compliance oversight to improve Valencia College's operations. It helps the College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, compliance and governance processes. The Compliance and Audit Department administers the College's internal audit program with the objective to assist members of the College and the District Board of Trustees in the effective discharge of their responsibilities as they relate to the College policies, processes, programs, information systems, internal controls and management reporting.

Mission

The mission of the Office of Compliance and Audit is to provide independent, objective assurance and consulting services, using a risk-based approach to add value and improve the operations of the College. The department provides a central point for coordination and an oversight of activities that promote accountability, integrity and efficiency and assists the College in maintaining a compliant culture.

Organizational Structure and Independence

The Director of Compliance and Audit reports functionally to the District Board of Trustees and administratively to the President to ensure departmental independence, promote comprehensive audit coverage and ensure adequate consideration of audit and compliance recommendations.

To maintain independence, the Office of Compliance and Audit is not authorized to:

- Perform any operational duties for the College or its affiliated organizations;
- Initiate or approve accounting transactions external to the Office of Compliance and Audit;
- Direct the activities of any College employee not employed by the Office of Compliance and Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the auditing team;
- Implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair their judgment, must have no personal and external impairments to their independence, and have no direct responsibility or authority for any of the activities or operations they review.

Authority

The Office of Compliance and Audit provides audit, investigative and compliance services to all entities of Valencia College. Accordingly, the Office of Compliance and Audit is authorized to:

- Have full and unrestricted access to all functions, activities, records, property, information systems and personnel, as needed to fulfill its responsibilities. Information provided to the department will be handled with prudence and confidentiality;
- Obtain the essential assistance and cooperation of personnel in areas of the College where services and activities are performed, as well as other specialized services from within or outside the College;
- Have free and unrestricted access to the President and District Board of Trustees.

Duties and Responsibilities

The Office of Compliance and Audit, in the discharge of their duties, shall be accountable to the Board of Trustees and management to:

- Perform an annual risk assessment of the College's auditable areas to establish risk rankings relative to the adequacy and effectiveness of the processes and programs for controlling activities and managing risk;
- Develop and submit to the District Board of Trustees for approval an annual audit plan that utilizes an appropriate risk-based methodology;
- Perform audits and advisory activities in accordance with the audit plan, including any special tasks or projects requested by management and the District Board of Trustees;
- Periodically provide information to senior management and the District Board of Trustees summarizing the status and results of the audit plan, activities and goals;
- Report significant issues related to the processes for controlling the activities of the College, including potential improvements to those processes and provide information concerning such issues through resolution;
- Conduct special assignments and investigations at the request of the District Board of Trustees, the President, management or as required by College policy;
- Maintain a professional staff with sufficient knowledge, skills, experience and professional certifications to fulfill the department responsibilities;
- Monitor the disposition of planned corrective actions that result from observations or recommendations of internal and external audit engagements;
- Use third-party resources as appropriate to supplement the department's efforts;
- Ensure effective coordination and cooperation with external auditors and regulators, and consider the scope of their work for the purpose of providing optimal audit coverage and avoiding duplication;
- Monitor and promote College compliance with federal and state requirements, as well as all applicable policies, procedures, rules and regulations.

Professional Standards

The Office of Compliance and Audit will conduct its activities in accordance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The IIA Practice Advisories, Practice Guides and Position Papers will also be adhered to as applicable to guide operations. In addition to College policies and standards of conduct, the Office of Compliance and Audit staff shall adhere to The Institute of Internal Auditors' Code of Ethics.