



LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

*Changing Lives,
Creating Futures*

Monty Sullivan
System President

Officers:

N. J. "Woody" Ogé
Chair

Timothy W. Hardy
First Vice Chair

Deni Grissette
Second Vice Chair

Members:

Helen Bridges Carter
Keith Gamble
Steve Hemperley
Erika McConduit-Diggs
Willie L. Mount
Michael J. Murphy
Joe Potts
Paul Price, Jr.
Stephen C. Smith
Craig Spohn
Vincent St. Blanc, III
Stephen Toups

Student Members:

Da'Antre Austin
Benson Kinney

Louisiana
Community
& Technical
College System

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Baton Rouge, LA 70806

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Audit Committee Meeting

Wednesday, April 13, 2016
11:00 a.m.

The Louisiana Building
Baton Rouge Community College
201 Community College Drive, Baton Rouge, Louisiana 70806

**NOTE: A meeting of the LCTCS Board of Supervisors is scheduled
for Wednesday, April 13, 2016, at 1:00 p.m.**

- A. Call to Order by Committee Chair
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of Meeting Agenda for April 13, 2016
- E. Approval of Minutes of September 8, 2015 Meeting
- F. Reports and Current Projects
- G. Internal Audit Policy and Procedures Manual Updates
- H. Update on College Finances
- I. Questions and Other Business
- J. Adjournment

Draft Minutes of September 8, 2015 for Approval on December 8, 2015

LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM**LCTCS BOARD OF SUPERVISORS
AUDIT COMMITTEE MEETING****DRAFT MINUTES****Tuesday, September 8, 2015
4:30 p.m.**LCTCS 2nd Floor Board Conference Room
265 S. Foster Dr, Baton Rouge, Louisiana 70806

** The Board of Supervisors of the Louisiana Community and Technical College System reserves the right to enter into Executive Session in accordance with R.S. 42.16-17.

A. CALL TO ORDER

Chair Gamble called the September 8, 2015, LCTCS Board of Supervisors Audit Committee meeting to order at 4:36 p.m.

B. PLEDGE OF ALLEGIANCE

Supervisor Potts led the committee in the Pledge of Allegiance.

C. ROLL CALL

Board Coordinator, Sara Landreneau Kleinpeter, called roll with the following results:

Members Present**Absent****Staff Present**

Keith Gamble

Deni Grissette

Monty Sullivan

Joe Marin

Helen Carter

Steve Hemperley

Sara Kleinpeter

Willie Mount

Paul Price, Jr.

Chancellor Neil Aspinwall

Woody Ogé, Board Chair

Chancellor Earl Meador

Joe Potts

Chancellor Jimmy Sawtelle

Craig Spohn

Chancellor William Wainwright

D. APPROVAL OF MEETING MINUTES FROM JUNE 9, 2015

On motion by Supervisor Mount, seconded by Supervisor Price, the Committee voted to approve the June 9, 2015 meeting minutes as presented. The motion carried.

**Changing Lives,
Creating Futures**Monty Sullivan
*System President***Officers:**N. J. "Woody" Ogé
*Chair*Timothy W. Hardy
*First Vice Chair*Deni Grissette
*Second Vice Chair***Members:**Robert Brown
Helen Bridges Carter
Keith Gamble
Steve Hemperley
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E. REPORTS AND CURRENT PROJECTS

Mr. Redmond thanked the members for being in attendance. He briefed the Committee on significant reports issued and projects that are currently being worked on.

One is the report by the Louisiana Legislative Auditor financial audit for River Parishes Community College, with a finding related to the overcharging of registration fees.

The other report recently issued is a Perkins Report at Delgado Community College with findings on the time and effort monitoring and property tagging

The audit staff is conducting ongoing reviews on the Baton Rouge Community College Perkins Program and the BRCC TAACTT Grant.

F. REPORTS ON INTERNAL QUALITY ASSURANCE SELF-ASSESSMENT

Mr. Redmond noted the LCTCS generally complies on the Internal Quality Assessment, but is waiting on the external evaluator to send in a report. He anticipates the report will be complete by the December Audit Committee meeting.

G. UPDATE ON COLLEGE FINANCIAL HEALTH DISCUSSION

On June 22, President Monty Sullivan and Joe Marin met with Supervisors Hemperley, Ogé, and Spohn, along with Chancellor Wainwright and the CFOs from Northshore Technical Community College and South Louisiana Community Colleges to discuss the differences in private and public funding as well as best practices for funding sources.

As a result of the lengthily meeting, the Board Office will focus on two major points:

- The LCTCS Write Off Policy will be discussed with the CFOs from all colleges to edit the policy to better manage the tuition revenues and the time that items remain on the books.
- Providing a better understanding of the finances for each college to the Board of Supervisors Members.

Mr. Marin will continue to update the Audit Committee regularly on the status of the college's financial health.

H. COLLEGE BUDGET DISCUSSION

1. CENTRAL LOUISIANA TECHNICAL COMMUNITY COLLEGE
2. NORTSHORE TECHNICAL COMMUNITY COLLEGE
3. SOWELA TECHNICAL COMMUNITY COLLEGE

Chancellor Jimmy Sawtelle, Central Louisiana Technical Community College, Chancellor William Wainwright, Northshore Technical Community College, Chancellor Neil Aspinwall, SOWELA Technical Community College, and Interim Chancellor Earl Meador, Fletcher Technical Community College individually addressed the Committee. President Monty Sullivan asked each chancellor in attendance to review the college budget situation at their respective colleges. This discussion pointed out the drastic differences and unique challenges that each colleges faces.

I. QUESTIONS AND OTHER BUSINESS

Chair Gamble noted that the next meeting of the Audit Committee will take place the afternoon of December 8, 2015, at a time to be announced.

Supervisor Potts asked that Mr. Redmond provide him with the status of the missing lawn mower and truck at Delgado Community College. Mr. Redmond will send him the information requested.

J. ADJOURNMENT

On motion of Supervisor Mount, seconded by Supervisor Price, the Audit Committee adjourned at 5:40 p.m.

Louisiana Community & Technical College System
INTERNAL AUDIT DEPARTMENT
Memorandum

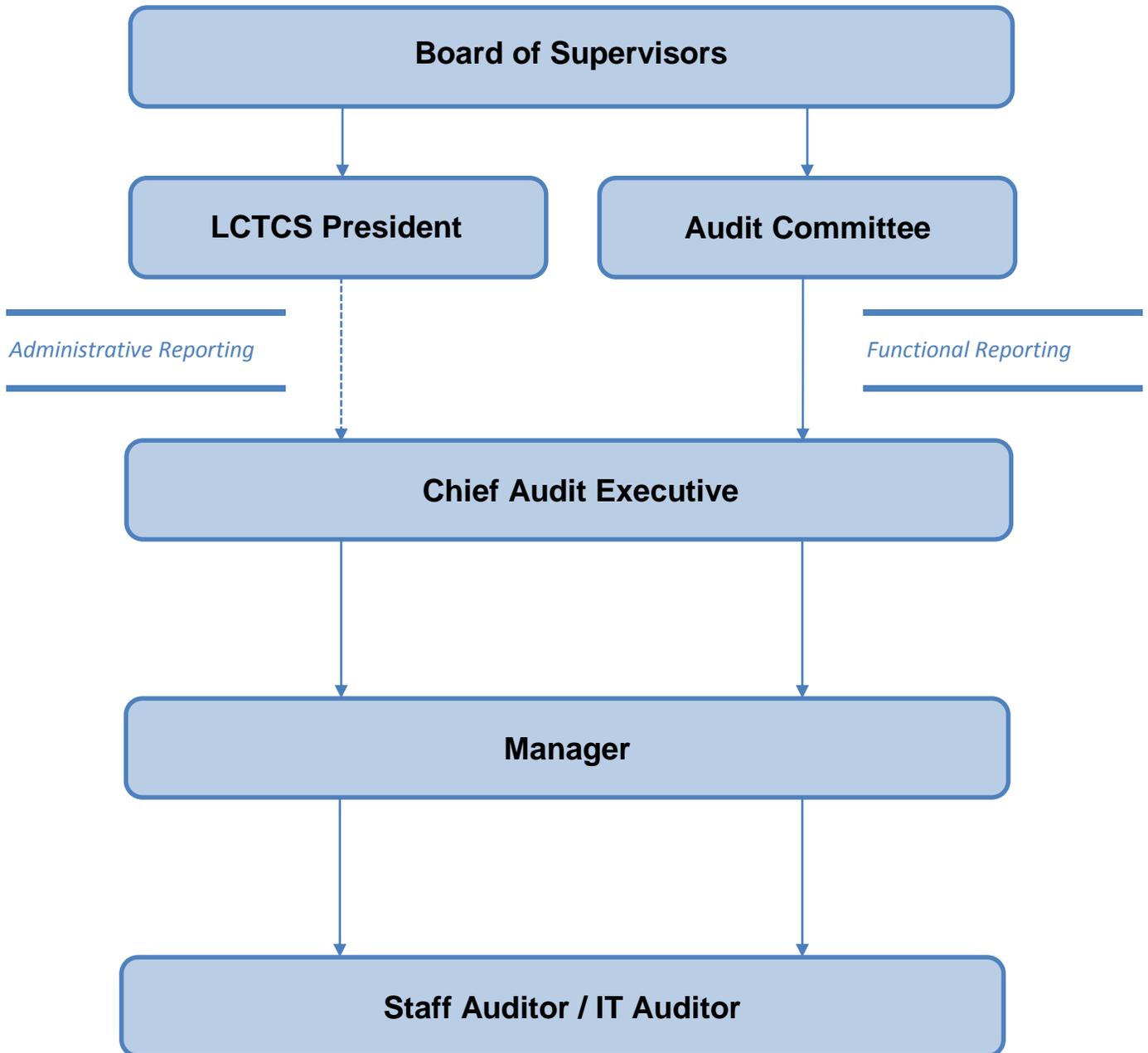
Project: Internal Audit Policies and Procedures – for Board Review and Approval
Date: December 9, 2015

C-2*	Internal Audit Organization Chart
D-1*	Internal Audit CharterAlready Approved
D-2*	Vision, Mission and Value StatementsAlready Approved
D-3*	Our Strategic Plan
D-6*	Personal Conduct and Confidentiality
E-1*	Annual Risk Assessment
E-2*	Annual Audit Plan
F-1*	Staff Advancement Matrix
F-2*	Staff Auditor
F-3*	Staff Specialist
F-4*	Staff Senior Auditor
F-5*	Senior Auditor
F-6*	Senior Specialist
F-7*	Internal Audit Manager
F-8*	Senior Audit Manager
F-9*	Director of Internal Audit
F-10*	Audit Intern
F-14*	Performance Evaluations
G-1*	Introduction to Quality
G-2*	Internal Assessments
G-3*	External Assessments
G-4*	Continuous Quality Improvement

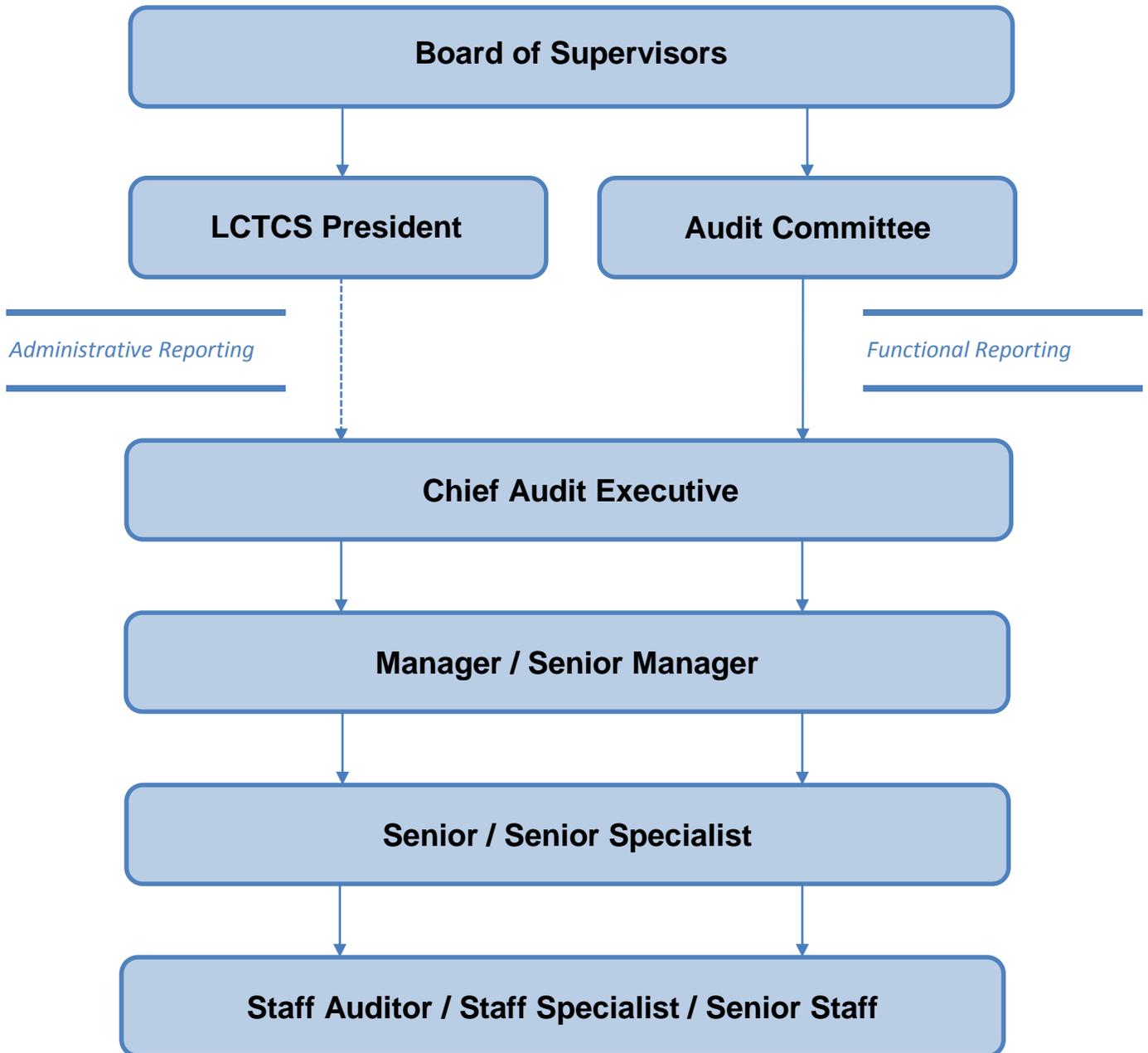
Appendices

F*	Strategic Plan
G*	SWOT Analysis

Section	Title	Standards Reference
C-2	Internal Audit Organization Chart	



Section	Title	Standards Reference
C-2	Internal Audit Organization Chart	



Chief Audit Executive Reporting Relationships

- ◆ Functional reporting to Audit Committee
 - Annual Audit Report
 - Annual Audit Plan
 - Open Issues File
 - Copy of all Audit Reports
- ◆ Administrative Reporting to LCTCS President
 - Budget
 - Office facilities
 - Performance evaluations
 - Travel
 - Staffing issues
 - Hiring and termination of DIA requires approval of Audit Committee
 - Annual Audit Plan
 - Annual Audit Report
 - Open Issues File
 - Copy of all Audit Reports

Section	Title	Standards Reference
D-3	Our Strategic Plan	

The Internal Audit Strategic Plan serves as the road map that guides the internal audit activity towards the achievement of identified goals in support of its stated vision and mission.

The Chief Audit Executive (CAE), with the assistance of the Internal Audit staff and in close consultation with institutional stakeholders, will prepare a strategic plan for presentation to the Audit Committee of the Board. The scope of this plan will be determined in consultation with institutional stakeholders, but will be for no less than a two year period. This plan will be presented to the Audit Committee at its final meeting of each fiscal year.

At a minimum, the Internal Audit Strategic Plan will contain:

1. An analysis of the internal audit activity’s current internal strengths and weaknesses, and the external opportunities and threats that could help or hinder the department’s ability to achieve its goals (SWOT Analysis – See Appendix G)
2. Goals for the period covered by the plan that are based on the SWOT analysis.
3. Metrics by which the achievement of goals will be measured.

Section	Title	Standards Reference
D-6	Personal Conduct, Objectivity and Confidentiality	1120

In the promotion of an ethical culture in the internal audit activity, all internal auditors are expected to abide by The Institute of Internal Auditors' Code of Ethics, specifically including the four principles of Integrity, Objectivity, Confidentiality, and Competency as set out in the Code. In addition, all internal auditors are expected to abide with LCTCS Policy #6.025 *Code of Conduct* which incorporates Louisiana's *Code of Governmental Ethics* (R.S. 42:1101 – 42:1170) as revised.

In addition, the following guidelines are established regarding personal conduct and objectivity, and the confidentiality of internal audit or business information acquired through internal audit assignments.

- A. As a member of the internal auditing staff, internal auditors represent the highest level of management. Internal auditors must conduct themselves in a manner that reflects favorably upon the internal audit activity and those they represent. Internal auditors are expected to exercise professional skill, integrity, maturity of behavior, and tact in their relations with others.

In general, internal auditors are encouraged to be friendly with all company employees without affecting their objectivity. Internal auditors should guard against any conduct or mannerisms that present an impression that they consider themselves a "home office expert" sent to check on employees in the field. Openly opine that the customer knows more about their job and area of operations than the auditors know. As far as possible, take the position of an independent/objective analyst and advisor. Avoid the image of policing.

- B. In the course of their assignments, internal auditors will be in contact with personnel at all levels of authority and position. At all times independence in mental attitude is to be maintained. Reports resulting from internal audit efforts should always contain full and unbiased disclosure of all but minor audit findings. Although internal auditors report to the internal auditing activity, they have responsibilities to both management and the personnel being audited.
- C. Much of the work of internal audit is confidential; therefore, internal auditors are to be discreet on and off the job in discussing current or past audits or their assessments of internal audit customers. Judgment should be exercised in the security of internal audit workpapers, programs, company records, and information at all times.
- D. Never indiscreetly discuss confidential information such as system changes, reduced working hours, or possible personnel layoffs.

E. Avoid extremes of dress or personal grooming.

Section	Title	Standards Reference
E-1	Annual Internal Audit Risk Assessment	

Introduction

The selection of internal audit projects to be included in the periodic audit plan is one of the most important problems confronting internal audit management. If the objectives of the internal audit activity are to be achieved, and if internal audit resources are to be allocated in an effective and efficient manner, this aspect of audit planning must be given very careful consideration. Failure to select appropriate projects results in unexploited opportunities to enhance control and operational efficiency.

An evaluation of prospective audit projects will be more effective if a formal process is followed for gathering the information necessary to make project selection decisions. The Internal Audit activity will develop a risk assessment methodology to identify areas of audit risk to which will be applied common sense and professional judgment.

Auditable Units

The first step in the process is to identify the auditable units (AU) within the LCTCS. There are many ways to define an AU. An AU could be a business process within a college (Tuition and Waivers, Purchasing and Payables, Payroll, etc.), a college department (Human Resources, Student Affairs, Financial Aid, etc.), a program (Nursing, Welding, FastStart, Perkins, etc.) or some other identifiable unit or activity. The totality of all the AUs constitute the audit universe (AUv). In a system the size of LCTCS with its diversity of programs and funding and given the reality of existing budget and staffing limitations, it is not feasible to expect a comprehensive coverage of the entire AUv. Instead, the Director of Internal Audit (DIA) must critically evaluate the identified AUs using his/her experience and knowledge of system and college processes to select projects that can be beneficially executed.

A complete listing of the currently defined AUv is provided in Appendix ZZ – *Audit Universe*.

Risk Exposure Analysis

Within each AU the following components must be identified:

- Critical processes and goals
- Risks which could prevent attainment of goals
- Controls in place to address identified risks:
 - Preventative controls
 - Detective controls
 - Mitigating controls

It is important to remember that someone within each AU, herein called the risk owner, must be responsible for the implementation of controls that either prevent a risk event, detect an event occurrence or mitigate an event result. Absent these, the risk owner of each identified risk is responsible for the remaining *residual risk*.

Internal Audit must accumulate the AUv residual risk and apply a reasoned methodology to weight and rank them. The methodology developed for this critical evaluation should be simple but not simplistic. It should suffice to reach reasonable, prudent, and defensible audit project selection decisions.

Each identified risk and its associated controls will be reviewed by Internal Audit and, if deemed necessary, tested. Based on this review and/or testing of risks and controls, Internal Audit will assign a rank and a weight to the residual risk. This ranking / weighting will be the basis of Internal Audit annual report to the Board.

The current compilation of identified risks are presented in Appendix ZX – *Risk Exposure Dictionary*.

* * * * *

The refinement of the risk rating model will remain an ongoing priority of internal auditing. The audit committee will be involved in this process. Our objective will be to assign internal audit resources in the optimum manner to audits with the greatest risk, potential improvements, and potential savings or recoveries.

Section	Title	Standards Reference
E-2	Audit Planning	

The Audit Plan (Plan) is the roadmap by which Internal Audit conducts its work during the year. Using the Risk Assessment document produced by the efforts described in Section E-1 *Annual Risk Assessment*, the Director of Internal Audit will prepare a proposed Plan for presentation to the LCTCS Audit Committee.

The Plan will provide a discussion of each area of significant area of residual risk including the goals which would be impacted by the occurrence of a risk event, the controls in place to prevent, detect and mitigate risk events and the tests that have been conducted leading to internal audit's conclusion of significant residual risk. From the ranked and weighted listing of residual risks, the Director of Internal Audit will propose selected areas which he believes would benefit from internal audit efforts and to which he believes internal audit activities would add value.

Also included in the Plan are any projects for which Internal Audit has entered into Memorandums of Understanding with other LCTCS departments.

The Plan will also emphasize that a certain amount of Internal Audit time will be available for special requests that inevitably arise throughout the year.

Section	Title	Standards Reference
F-10	Audit Intern	1210, 2030

- Position Title:** Audit Intern
- Position Classification:** Unclassified
- Supervision Received:** Internal Audit Senior or above
- Supervision Exercised:** None
- Academic Credit:** LCTCS Internal Audit will coordinate with the intern’s college to determine whether or not academic credit is to be awarded for the internship.
- Duration:** 20 hours per week when student is registered for class
29 hours per week when student is not registered for class
- Position Summary:** The Audit Intern:
- Performs entry level internal auditing work.
 - Assists in the conduct of compliance and financial audits for agency, including maintaining files of all work papers, maintaining all appropriate documentation, and assisting in preparing audit reports.
 - Assists in operational (performance) audits of colleges and functions to determine operational effectiveness and efficiency.
 - Maintains all organizational and professional ethical standards in compliance with The IIA’s [*International Standards for the Professional Practice of Internal Auditing \(Standards\)*](#).
 - Promotes operational efficiency throughout the organization.
 - Works under close supervision on scope areas within the audit process.
 - Supports team in meeting departmental and organizational objectives.

- Completes assigned audit work product, including preparation of work papers within standard time frames.
- Maintains positive relationship with audit client and acts in a professional manner.
- Other duties as assigned.

Minimum Qualifications:

- Junior or Senior candidate for Bachelor's Degree in Accounting, Finance, Public Administration, Higher Education, Management, Information Technology or other business related discipline. Students in the LSU Center for Internal Auditing preferred.
- Strong communication skills and the ability to deal effectively with people to attain desired objectives.
- Analytical aptitude required to analyze data gathered in audits.

Desired Knowledge, Skills and/or Experience:

- Proficient with computer applications used by the department such as EXCEL, PowerPoint, and ACCESS, etc.

The position may be paid or unpaid, depending on available funding.

When paid, the rate be determined in consultation with the LCTCS Human Resources and the LCTCS Budget offices.

This job description is intended only to describe the general nature of the position and does not constitute an all-inclusive list of duties, nor of the knowledge, skills, and abilities required to perform the job.

Section	Title	Standards Reference
G-1	Introduction to Quality	

The LCTCS Internal Audit activity seeks to conduct its affairs in conformance with the International Standards for the Professional Practice of Internal Auditing (1321). These standards require that “(t)he chief audit executive ... develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.” (1300)

LCTCS Internal Audit’s Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:

1. Performs its work in accordance with its Charter, which is consistent with The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (*Standards*)¹, Definition of Internal Auditing and Code of Ethics;
2. Operates in an effective and efficient manner; and
3. Is perceived by stakeholders as adding value and improving LCTCS’s operations.

To that end, Internal Audit’s Quality Improvement efforts will cover all aspects of the Internal Audit activity (1300) as follows:

- ✓ Governance of the Internal Audit activity
- ✓ Professional practices
- ✓ Appropriate communications

Quality Assurance will be provided by

- ✓ Both periodic and ongoing internal assessments (1310, 1311).
- ✓ An external assessment at least once every five years (1310, 1312), the results of which are communicated to the Board of Directors (BOD) through the Audit Committee of the Board of Directors (Audit Committee) (1320).

Any non-conformance identified by either internal or external quality assessments reviews that impact the scope or operations of the internal audit activity will be appropriately disclosed to LCTCS senior management and the board (1322).

The Director of Internal Audit (DIA) is ultimately responsible for the QAIP.

¹ References to specific standards are indicated by parentheses.

ADMINISTRATIVE MATTERS

This policy will be appropriately updated for changes in the *Standards* or internal audit's operating environment.

Section	Title	Standards Reference
G-2	Internal Assessments	

A. Ongoing Monitoring – Quality must be built into the procedures of the Internal Audit activity not onto it. The most fundamental element of a QAIP is management’s ongoing oversight of Internal Audit’s work. Steps involved in this oversight include:

- Adequate planning and supervision of engagements (2200, 2300)
- Regular, documented review of work papers during engagements by appropriate Internal Audit staff (2300)
- The use of standardized tools and the application of appropriate audit policies and procedures.
- Feedback from customer survey on individual engagements
- Analyses of performance metrics established to improve the IAA effectiveness and efficiency
- All final reports and recommendations are reviewed and approved by a DIA

B. Periodic Assessments – Periodic assessments are designed to assess conformance with Internal Audit’s Charter, the *Standards*, Definition of Internal Auditing, the Code of Ethics, and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Periodic assessments will be conducted through:

- Bi-annual customer survey
- Annual risk assessments for purposes of audit planning
- Semi-annual work paper reviews for performance in accordance with internal audit policies and with the *Standards*
- Review of internal audit performance metrics and benchmarking of best practices, prepared and analyzed in accordance with Audit Policies and Procedures
- Periodic activity and performance reporting to the President and the Audit Committee

Section	Title	Standards Reference
G-3	External Assessments	

A. General Considerations – External assessments will appraise and express an opinion about internal audit’s conformance with the *Standards*, Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

B. Timing – An external assessment will be conducted every five years.

C. Scope of External Assessment – The external assessment will consist of a broad scope of coverage that includes the following elements of Internal Audit activity:

- Conformance with the *Standards*, Definition of Internal Auditing, the Code of Ethics, and internal audit’s Charter, plans policies, procedures, practices, and any applicable legislative and regulatory requirements.
- Expectations of Internal Audit as expressed by the Board of Supervisors, executive management, and operational managers.
- Integration of the Internal Audit activity into LCTCS’s governance process, including the audit relationship between and among the key groups involved in the process.
- Tools and techniques used by Internal Audit.
- The mix of knowledge, experiences, and disciplines within the staff, including staff focus on process improvement.
- A determination whether Internal Audit adds value and improves LCTCS’s operations.

D. Approach – The Standards provide two approaches for compliance with the requirement for an external assessment:

1. Full external assessment
2. An internal self-assessment with independent external validation

LCTCS will ordinarily choose the second option. An internal self-assessment will be conducted and presented to an independent, external reviewer for validation. LCTCS may, when budgetary conditions allow, choose to have a full external evaluation.

E. Considerations – The qualifications and considerations of external reviewers as noted in The IIA’s Practice Advisory 1312-1 will be considered when contracting with an outside party to conduct the review.

Section	Title	Standards Reference
G-4	Reporting on the Quality Assurance Improvement Program	

- A. Internal Assessments** – Results of internal assessments will be reported to the Audit Committee and to the senior management at least annually.
- B. External Assessments** – Results of external assessments will be provided to the senior management and the Audit Committee. The external assessment report will be accompanied by a written action plan in response to significant comments and recommendations contained in the report.
- C. Follow-up** – The DIA will implement appropriate follow-up actions to ensure that recommendations made in the report and action plans developed are implemented in a reasonable timeframe.

Strategic Goal #1

Provide assurance as to the quality of data being accumulated by the colleges and used for reporting in assessing achievement of the goals of *Our Louisiana 2020*.

Critical Success Factor

Each reviewed college will know, with 95% confidence, the estimated error rate in the college's reportable student data enabling them to take timely corrective action, if needed.

SWOT Mapping:

S – 1, 3, 6

W – 1, 2, 4, 6

O – 1, 2, 3

T – 2, 3, 5

Key Tasks

1. Identify and test controls over the recording of student data (OL2020 Goals 1, 3, 4)
2. Test actual student records for accuracy, completeness (OL2020 Goals 1, 3, 4)
3. Work with LCTCS and college Institutional Research to test accuracy and completeness of student earnings reporting (OL2020 Goal 2)
4. Work with LCTCS and college Workforce staff to test accuracy and completeness of business and industry partnerships reporting (OL2020 Goal 5)
5. Work with LCTCS and college Institutional Advancement to test accuracy and completeness of foundation assets reporting (OL2020 Goal 6)

Metrics

1. 95% confidence in reporting the estimated error rate in a college's student data

Timeframe

Initial reviews by June 30, 2018

Follow-up reviews by June 30, 2020

Strategic Goal #2

Become a trusted partner to our senior stakeholders in the achieving of their *Our Louisiana 2020* goals

Critical Success Factor

Increase the number of college initiated performance or consulting projects to two (2) per year.

SWOT Mapping:

S – 1, 3, 4, 6

W – 2, 3, 4, 5, 6

O – 1, 2, 4

T – 2, 3, 4, 5

Key Tasks

1. Raise the awareness of Internal Audit performance and consulting services among stakeholders
 - a. Internal Audit web presence
 - b. Newsletters
 - c. Formal and informal meetings with senior stakeholders
2. Increase IA visibility (LCTCS Conference days, entrance/exit attendance requirements, and presentations around the state).
3. Make stakeholders feel like the lines of communication between them and IA are always open.
4. Provide immediate and informal input
5. Identify champions of the Internal Audit mission.

Metrics

- Require a minimum contact meeting schedule where IA information is shared:
 - CFOs once per quarter
 - Chancellors twice per year
- Keep track of informal interactions with college personnel
- Keep track of requests
- Track response rates

Timeframe

24-36 months

SWOT ANALYSIS

INTERNAL	<i>STRENGTHS – TO BE EMPLOYED</i>	<i>WEAKNESSES – TO BE ADDRESSED</i>
	<ol style="list-style-type: none"> 1. Independence and Objectivity 2. Strong support from LCTCS Board and Audit Committee 3. Competence in areas of internal controls, ethics, best practices and grants monitoring 4. Rapport with system and college leadership 5. Continuity of IA management (length of service) 6. Good audit processes (WP review and workflow) 7. Positive attitude and work ethic of staff 8. Open door policy 9. Reorganization of the Internal Audit Department 	<ol style="list-style-type: none"> 1. Breadth of the LCTCS audit universe 2. Lack of technology (automated WPs) 3. Shortage of staff / Employee turnover 4. Timeliness of report issuance, response to phone calls and requests for assistance 5. Absence of certain skills (e.g. Banner, IT Audit) 6. Unclear or insufficiently defined project goals 7. Quality Assurance Report (QAR) not completed 8. Follow-up projects on identified findings 9. Online filing structure is unorganized
EXTERNAL	<i>OPPORTUNITIES – TO BE PURSUED</i>	<i>THREATS – TO BE ATTACKED</i>
	<ol style="list-style-type: none"> 1. Our Louisiana 2020 2. Growth of LCTCS colleges 3. Legislative support for LCTCS 4. Leadership changes at the college and system level 5. Business investments in LA 6. OMB circular re-write 	<ol style="list-style-type: none"> 1. Budget cuts 2. Subsequent relaxing / bypassing of controls 3. College staff turnover 4. Changing federal and state regulations 5. Auditee perception of Internal Audit (we are still eyed suspiciously and/or adversarially) 6. OMB circular re-write 7. Negative LLA findings

A SWOT analysis is a process in which an entity, whether a company, governmental agency, division or even a single department, turns introspective and honest to identify its strengths, weaknesses, opportunities and threats, from which the term SWOT is derived. The first part of a SWOT analysis is an inward facing analysis of strengths and weaknesses. These are areas over which the entity has control and upon which the entity can either capitalize (strengths) or improve (weaknesses). The second part of the SWOT analysis is an outward facing analysis of opportunities and threats. These are areas over which the entity has very little control but which can affect the entity's efforts to accomplish its goals. Strengths should be used to *address* weaknesses, *pursue* opportunities and *attack* threats. The goals established by the entity are based on information gleaned from the SWOT analysis.

Internal Audit performed a SWOT analysis of its operations in preparation of its Strategic Plan.

STRENGTHS

1. **Independence and Objectivity** - Independence and objectivity allow IA to provide unbiased value-added recommendations.
2. **Strong support from LCTCS Board and Audit Committee** - LCTCS Audit Committee take its responsibility and role within the organization very seriously. They look at IA as adding value to the organization and they are understanding and supportive of the limitations that IA has to overcome.
3. **Competence in areas of internal controls, ethics, best practices and grants monitoring** - Experience in these areas allows IA to provide meaningful recommendations and guidance on an abundance of subject matters.
4. **Rapport with system and college leadership** - IA is considered a respected advisor. IA's recommendations are accepted and used to improve the System operations.
5. **Continuity of IA management (length of service)** - IA management has established relationships with many executives and staff throughout the LCTCS system. These long-term relationships bring a wealth of knowledge and support to the internal audit department.
6. **Good audit processes (WP review and workflow)** - By having two levels of review, IA is able to provide a reliable product that is substantiated with adequate supporting documentation.
7. **Positive attitude and work ethic of staff** - IA staff is passionate about the role that they play at the system office and take pride in adding value by assisting the system in achieving its goals.
8. **Open door policy** - IA has an open door policy in two ways. IA staff and management work together to improve the IA activity. IA management is open to staff ideas, and everyone works together to provide a reliable work product. IA also welcomes suggestions, questions and requests for guidance from throughout the system.
9. **Reorganization of department** - The reorganization of the audit department along with a new audit staff advancement matrix and job descriptions is designed to help the internal audit activity retain employees and institutional knowledge. This retention will improve the efficiency and effectiveness of audit engagements. Reorganization will also aid in recruitment.

WEAKNESSES

1. **Breadth of the LCTCS audit universe** - The LCTCS audit universe is broad and becoming more so over time. LCTCS IA must take a risk based approach to their project selection to give the system the most coverage with its limited resources.
2. **Lack of technology (automated WPs)** – Technology could be used to increase consistency between projects, track findings and followup, and reinforce standards compliance.
3. **Shortage of staff / Employee turnover** – Without sufficient staff, Internal Audit is unable to adequately address the full scope of the LCTCS risk universe.
4. **Timeliness of report issuance, response to phone calls and requests for assistance** – To be useful to management, reports must be issued and requests for assistance must be responded to in a timely manner. If too much time passes between the end of field work and the issuance of the report or between the request for assistance and the response, actions may have been taken or processes and controls may have changed, negating the usefulness and impact of the response or report and its findings and recommendations.
5. **Absence of certain skills (e.g. Banner, IT Audit)** – Professional standards require that auditors be competent to perform the projects they take on. The lack of certain skills limits the types of projects Internal Audit can undertake.
6. **Unclear or insufficiently defined project goals** – Project goals must be clearly defined in advance in order to prevent scope creep and to assure that the project is adding value to management’s efforts.
7. **Quality Assurance Report (QAR) not completed** – Internal Audit is committed to providing quality services that add value to management’s efforts. A QAR gives evidence to Internal Audit’s commitment to quality.
8. **Follow-up projects on identified findings** – Findings must be actionable and management’s commitment must be to timely action in response. Internal Audit’s follow-up determines whether management has taken seriously the commitment to respond.
9. **Online filing structure is unorganized** – An organized online filing system is necessary to avoid duplication of effort and to prevent duplication of stored documents

OPPORTUNITIES

1. **Our Louisiana 2020** – The adoption of a formal strategic plan for LCTCS allows the audit team to better align its projects with that of LCTCS. By understanding what is important to the organization for the next five years, the internal audit activity can better help the organization reach those goals.
2. **Growth of LCTCS colleges** – Our colleges are growing in response to the increased need for a well-trained workforce. They are laser focused on fine-tuning the number and content of their educational programs. Internal Audit has a role to play in monitoring and reporting on this growth.
3. **Legislative support for LCTCS** – Statewide legislative support for the LCTCS mission is improving, and the response they expect from our colleges is also rising. This response requires accurate and timely collection and reporting of data.
4. **Leadership changes at the college and system level** – Management changes often bring with them a desire for baseline assessments, controls evaluations and other services which Internal Audit, because of their independence and objectivity, is in a unique position to provide.
5. **Business investments in LA** – With increasing business investments in Louisiana, LCTCS is more focused than ever on the production of a trained workforce. This increases the need for the monitoring of crucial funding sources, credentials production and reporting efforts.
6. **OMB circular re-write** – The OMB circulars, which govern the federal education grants that the internal audit function monitors annually, have been rewritten so that one set of guidelines pertains to all grant recipients instead of multiple sets of rules to govern agencies depending on their specific legal classification. This rewrite should eliminate some of the recipients' confusion over which set of rules to follow. It should also reduce some of the audit planning necessary prior to the start of fieldwork on monitoring engagements.

THREATS

1. **Budget cuts** - Budget limitations prevent LCTCS IA from staffing the department to the level of the identified need.
2. **Subsequent relaxing / bypassing of controls** - Budget cuts at any level potentially create segregation of duties issues. Controls are often relaxed in environments where resources are scarce.
3. **College staff turnover** – Employee turnover at our colleges often occurs at lower staff levels, where most transactions take place and are recorded. This can lead to a loss of knowledge / experience. Staff turnover often highlights a lack of documented processes and procedures.
4. **Changing federal and state regulations** – New and/or changing regulations place significant pressures on colleges and, if left unaddressed, can lead to penalties, fines, reputational damage, sanctions, etc. The Affordable Care Act, Violence Against Women Act, Cleary Act, and many others, require that our colleges remain vigilant and proactive in their efforts to remain compliant.
5. **Auditee's negative perception of Internal Audit** – The need for auditor independence and objectivity make some view LCTCS IA adversarially. That will never go away entirely. Reaching out to our colleges and providing more consultative work would help the colleges view us also as partners.
6. **OMB circular re-write** - See above. The OMB circular rewrite affects the system office and all of our colleges. Budget cuts may prevent system employees from receiving the necessary formal training on these changes.
7. **Negative LLA findings** - LLA findings tend to find their way to the newspaper or TV. Bad press can lead to reputational damage. Internal Audit can partner with the colleges to review LLA findings and address them, mitigating any potential loss.