



# BOARD OF EDUCATION Office of Internal Audit

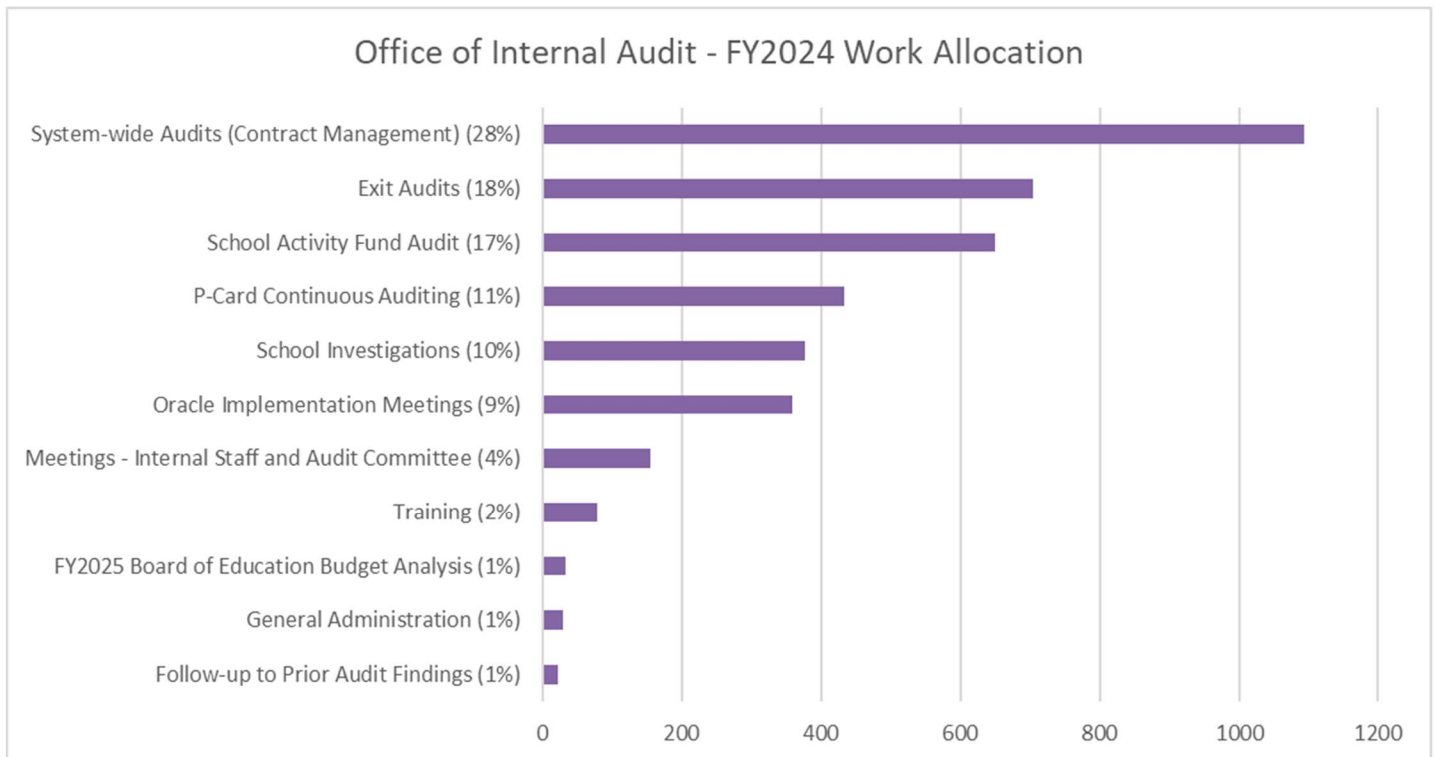
## ANNUAL AUDIT UPDATE June 24, 2024

### Office of Internal Audit

The Office’s primary objective is to help improve internal controls and strengthen HCPS’ operations by encouraging transparency and accountability. The Audit Charter and Board Policy define the purpose, authority, and responsibility of the Office of Internal Audit.

### Audit Plan

Each year, the Office of Internal Audit submits its risk based annual audit plan to the Board of Education. The audit plan communicates the internal audit activity’s plans for the year. The fiscal year 2024 audit plan was approved by the Board of Education on June 26, 2023. Fiscal year 2024 was the eighth full year where the Office of Internal Audit’s planning process involved and incorporated all divisions within the school system. The original audit plan for fiscal year 2024 included audits of Contract Management, Inventory Controls and Grant Monitoring Audits. In addition to audits, the plan included time for preparing HCPS Budget Analysis, School Activity Fund Reviews, Annual Planning and Risk Assessments, performing the required exit audits, performing continuous audit techniques over purchase card transactions, responding to research requests from Board Members or management, continuing professional education and follow-up of prior audit findings. The table below shows how the office’s time was spent during fiscal year 2024.





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#### Audit Plan Comments

The Office spent more time than originally budgeted on the School Audits due to the severity of the issues noted at a few of the schools. Additionally, the Office spent more time than originally budgeted on the Contract Management audit. As a result, we were not able to complete the other planned audits in our original FY2024 Audit Plan. Therefore, we moved the Grants Monitoring and Inventory Control Audits to the fiscal year 2025 Audit Plan. The remaining open audits should proceed on schedule as noted below.

The table below depicts the status of each of the audits we worked on during fiscal year 2024.

<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
School Activity Fund Audits (FY2021 and FY2022)	Complete	August 2023	Perform various audit techniques to ensure compliance with the policies and procedures. Select a few schools to perform a school activity fund transaction review. There were 16 findings resulting from the school audits. In addition, we found 8 of the 10 prior audit findings remain open.
Follow-up to Prior Audit Findings	Complete	September 2023	Review of the remediation status of prior audit findings and preparation of a summary report for the Board of Education. Management has implemented corrective action for 82 of the 226 findings.



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<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2023 School Activity Fund Audits	Report Drafted	June 2024	Perform various audit techniques to ensure compliance with the policies and procedures. Select a few schools to perform a school activity fund transaction review.
2023 Procurement Card Transaction Review	Report Drafted	June 2024	Perform continuous audits of procurement card transactions for FY2023.
2023 Exit Audits – Principals, Lead Secretaries and Department Heads	<u>Complete</u> Hall’s Cross Roads ES – Lead Jarrettsville ES – Principal Southampton MS – Principal Executive Director and Director Forest Lakes ES – Lead William S. James ES - Lead Joppatowne HS – Principal	September 2023	As required in the Charter, upon resignation or removal of a principal or custodian of student activity funds (lead secretary), the Internal Auditor shall cause an audit and investigation to be made of any accounts maintained by that individual. There were 21 findings resulting from 7 school audits.



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<b><u>Project</u></b>	<b><u>Status</u></b>	<b><u>Date Completed</u></b>	<b><u>Objectives and Results</u></b>
2023 Contract Management Controls	Report Drafted	June 2024	Determine if contracts are being appropriately monitored to ensure compliance with HCPS policies and contract terms.
2024 HCPS Budget Analysis	Complete	April 2024	Perform an analysis of the Board of Education's Proposed FY2025 HCPS budget.
2024 School Activity Fund Audits	In Progress	September 2024	Perform various audit techniques to ensure compliance with the policies and procedures. Select a few schools to perform a school activity fund transaction review.
2024 Procurement Card Transaction Review	In Progress	September 2024	Perform continuous audits of procurement card transactions for FY2024.
Financial Statement Audits for FY2023	Complete	January 2024	General coordination related to ensuring that the required Financial Statement Audits are completed. Includes Single Audit.



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<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2024 Exit Audits – Principals, Lead Secretaries and Department Heads	Emmorton ES – Lead  Dublin ES – Lead  Aberdeen MS – Lead  Swan Creek School – Lead  Halls Cross Roads ES – Principal	July 2024	As required in the Charter, upon resignation or removal of a principal, department head or custodian of student activity funds (lead secretary), the Internal Auditor shall cause an audit and investigation to be made of any accounts maintained by the individual.  There were 15 findings resulting from the 5 audits that were completed.
	<u>Report Drafted –</u> <u>Waiting for</u> <u>Management</u> <u>Responses</u>		
	C. Milton Wright HS – Lead  <u>In Progress</u>		
	Harford Technical HS – Lead		
	Harford Technical HS – Principal		

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#### **Audit Committee**

The Audit Committee meets quarterly and last met on May 21, 2024. The next meeting will be held on Wednesday, September 17, 2024, at 5pm.

#### **Fraud Hotline**

The Office of Internal Audit's webpage includes information on how to report suspected fraud, waste, and abuse involving HCPS resources. We also promote the fraud hotline by including the reporting information in the Superintendent's bulletin at the beginning of the school year.

#### **Peer Review**

In July 2019, the Chief Auditor requested its first ever peer review and received the highest rating possible. Our second peer review was completed in August 2022, and we again received the highest rating possible. The review included scrutiny of our internal quality control system to ensure that it is adequately designed and operating effectively. This provides reasonable assurance of compliance with Government Auditing Standards and the organization's established policies and procedures. The Office of Internal Audit will receive an external peer review every three years to ensure the audits are performed in accordance with government auditing standards.