

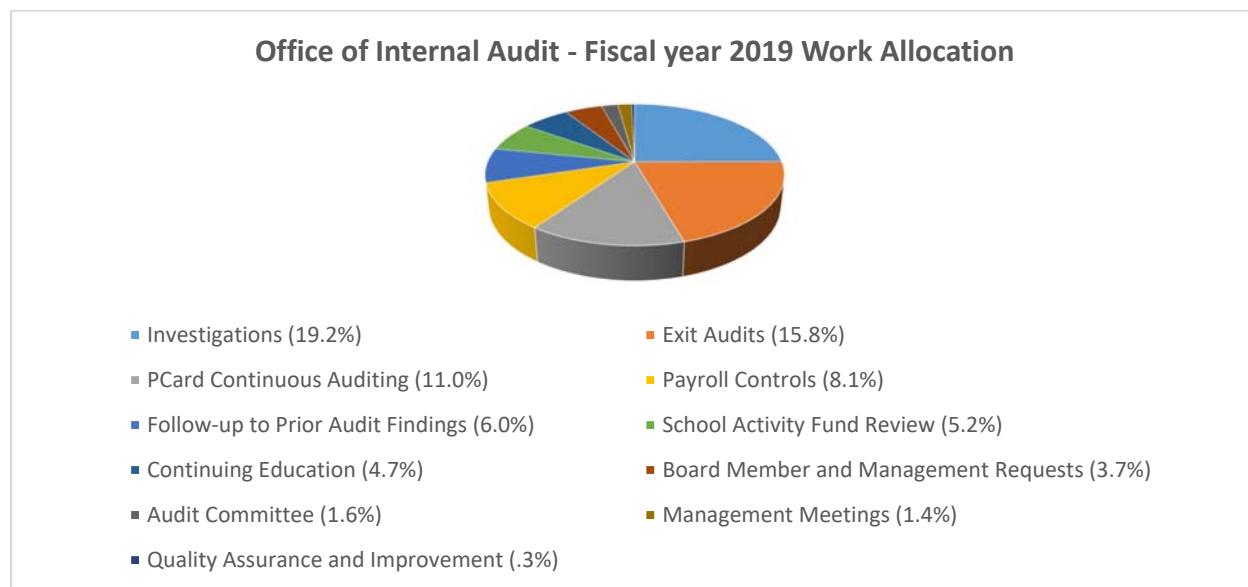
BOARD OF EDUCATION

Office of Internal Audit

ANNUAL AUDIT UPDATE
May 20, 2019

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 2019 audit plan was approved by the Board of Education on June 11, 2018. Fiscal year 2019 was the third 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 2019 included audits of Contract Management, Billing and Collection – Student Tuition and Fees, and the required Peer Review to confirm the Office's compliance with Professional Auditing Standards. In addition to audits, the plan included time for preparing HCPS budget analysis, 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 2019.



Audit Plan Comments

We had to complete eight exit audits during fiscal year 2019 as a result of the separation of various principals, directors and lead secretaries. Additionally, we spent almost 20% of our time performing two investigations that were not originally anticipated. Therefore, we were not able to complete the other planned audits timely. As a result, we have moved the Recruitment and Hiring Practices Audit to the fiscal year 2019 Audit Plan and the Contract Management Audits to the fiscal year 2020 Audit Plan and the Billing and Collection – Student Tuition and Fees Audit to the fiscal year 2021 Audit Plan. The remaining fiscal year 2019 Audit Plan should proceed on schedule as noted below.



BOARD OF EDUCATION

Office of Internal Audit

ANNUAL AUDIT UPDATE May 20, 2019

The table below depicts audits from the Fiscal Year 2018 Audit Plan that were or will be completed during Fiscal Year 2019.

FISCAL YEAR 2018 AUDIT PLAN

<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2018 School Activity Fund Audits	Completed	December 2018	<p>Perform Data Analytic Techniques of the School Activity Fund Accounts.</p> <p>We performed a confirmation of Picture Commission Checks at all schools during Fiscal Year 2018.</p> <p>There was 1 recommendation resulting from this report.</p> <p>Furthermore, this review prompted us to review another school where we found questionable transactions.</p> <p>There were 9 recommendations resulting from this report.</p>
2018 Procurement Card Transaction Review	Completed	February 2019	<p>Perform continuous audits of procurement card transactions for FY2018.</p> <p>There were 5 recommendations resulting from this report.</p>
2018 Follow-up to Prior Audit Findings	Completed	September 2018	<p>Review of the remediation status of prior audit findings and preparation of a summary report for the Board of Education.</p>
2018 Payroll Controls	In Progress	July 2019	<p>Confirm that controls are sufficient and effective to ensure that payroll calculations, time entry, leave balances, benefit deductions and leave payouts are correct.</p>



BOARD OF EDUCATION

Office of Internal Audit

ANNUAL AUDIT UPDATE May 20, 2019

<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2018 Accounts Payable Controls	In Progress	August 2019	Determine if all applicable guidelines were followed for HCPS purchases.

The table below depicts the status of each audit that was on the Fiscal Year 2019 Audit Plan.

FY2019 AUDIT PLAN

<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
School Activity Fund Audits	Not Started	September 2019	Perform various audit techniques to ensure compliance with the policies and procedures.
HCPS Budget Analysis	In Progress	May 2019	Perform an analysis of the FY2020 Board's HCPS budget.
Procurement Card Transaction Review	In Progress	Continuous	Perform continuous audits of procurement card transactions for FY2019.
Follow-up to Prior Audit Findings	In Progress	July 2019	Review of the remediation status of prior audit findings and preparation of a summary report for the Board of Education.
2019 Financial Statement Audits for FY2018	Complete	October and December 2018	<p>General coordination related to ensuring that the required Financial Statement Audit and Single Audit are completed.</p> <p>The Financial Statement Audit and Single Audit Report were completed and issued in October and December 2018.</p>



BOARD OF EDUCATION

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ANNUAL AUDIT UPDATE May 20, 2019

<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2019 Recruitment and Hiring Practices MOVED FROM FY2018 AUDIT PLAN	Not Started	August 2019	Determine if controls are adequate to ensure that recruitments were performed in accordance with the Board Policies and Procedures. Additionally, ensure job descriptions and classifications are consistent throughout the system.
2019 Peer Review of the Office of Internal Audit	Requested Audit from ALGA	July 2019	IIA Professional Standards and GAO Yellow Book standards require an evaluation of the Office's Compliance with those standards. Standards require an external peer review to be completed every three years.
2020 Contract Management (Commodities and General Services) MOVED TO FY2020 AUDIT PLAN	Not Started	May 2020	Determine if contracts are being appropriately monitored to ensure compliance with HCPS policies and contract terms.
2020 Contract Management (Legal and Professional Service Contracts) MOVED TO FY2020 AUDIT PLAN	Not Started	May 2020	Determine if contracts are being appropriately monitored to ensure compliance with HCPS policies and contract terms.
Billing and Collection – Student Tuition and Fees MOVED TO FY2021 ANTICIPATED AUDIT PLAN	Not Started	October 2020	Confirm that controls are adequate to ensure that students are billed the correct amount and revenue is collected.



BOARD OF EDUCATION

Office of Internal Audit

ANNUAL AUDIT UPDATE May 20, 2019

<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
Exit Audits – Principals, Lead Secretaries and Department Heads	Complete	May 2019	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.
	Southampton Middle School – Lead Secretary		
	Superintendent		
	Chief of Administration		There were a total of 28 recommendations resulting from the 8 exit audits.
	Executive Director of Elementary School Instruction and Performance		
	C. Milton Wright – Lead Secretary		
	Edgewood Middle – Lead Secretary		
	William Paca / Old Post Rd Elementary – Lead Secretary		
	North Bend Elementary School – Lead Secretary		

Audit Committee

The Committee last met on March 20, 2019. The next meeting will be held Wednesday, June 26, 2019 at 4:30pm in the Board Executive Conference Room.



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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

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. We plan to have an external quality review in July 2019, as required by the Standards.