



BOARD OF EDUCATION Office of Internal Audit

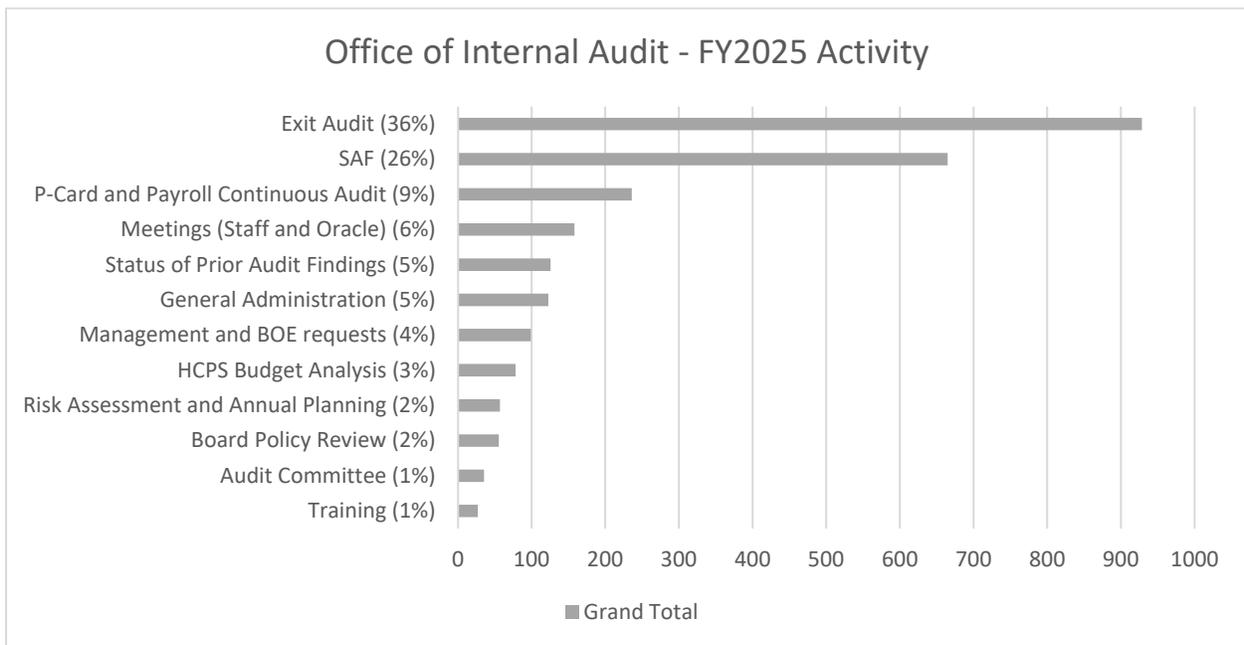
ANNUAL AUDIT UPDATE June 23, 2025

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 2025 audit plan was approved by the Board of Education on June 24, 2024. Fiscal year 2025 was the ninth 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 2025 included audits of Board Policies, Inventory Controls and Grant Monitoring Controls. 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, payroll, and school activity fund transactions, responding to research requests from Board Members or Management, Annual Planning and Risk Assessments, continuing professional education, follow-up to prior audit findings. The table below shows how the office’s time was spent during fiscal year 2025.





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Audit Plan Comments

The Office spent more time than originally budgeted on the Exit Audit reviews due to the number of separations requiring an exit audit being higher than normal during fiscal year 2025 (13 Lead Secretaries and Principals). Additionally, the office lost an auditor position during fiscal year 2025, leaving the Office with only 2 positions. As a result, we were not able to complete the planned audits in our FY2025 Audit Plan by the end of the fiscal year. However, 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 2025.

<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
School Activity Fund Audits (FY2023 and FY2024)	Complete	March 2025	<p>Perform various audit techniques to ensure compliance with the policies and procedures. Select a few schools to perform a school activity fund transaction review.</p> <p>There were 29 findings resulting from the 9 school audits. In addition, we found 6 of the 10 prior audit findings remain open.</p>
2023 Procurement Card Transaction Review	Complete	September 2024	<p>Perform continuous audits of procurement card transactions for FY2023.</p> <p>There were 3 findings resulting from this audit.</p>



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<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2024 Procurement Card Transaction Review	Complete	March 2025	Perform continuous audits of procurement card transactions for FY2024. There were 4 findings resulting from this audit.
2024 Payroll Transaction Review	In Progress	May 2025	Perform continuous audits of payroll transactions and human resource changes for FY2024.
2024 Contract Management Controls	Report Drafted	June 2025	Determine if contracts are being appropriately monitored to ensure compliance with HCPS policies and contract terms.
2025 HCPS Budget Analysis	Complete	December 2024	Perform an analysis of the Board of Education's Proposed FY2026 HCPS budget.
Financial Statement Audits for FY2024	Complete	December 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>
2025 School Activity Fund Audits	In Progress	September 2025	Perform various audit techniques to ensure compliance with the policies and procedures. Select a few schools to perform a school activity fund transaction review.
2025 Procurement Card Transaction Review	In Progress	September 2025	Perform continuous audits of procurement card transactions for FY2025.
2025 Payroll Transaction Review	In Progress	July 2025	Perform continuous audits of payroll transactions and human resource changes for FY2025.
Follow-up to Prior Audit Findings	In Progress	September 2025	Review of the remediation status of prior audit findings and preparation of a summary report for the Board of Education.
2025 Board Policies and Procedures	In Progress	July 2025	Determine if Board Policies and Procedures are up to date.
2025 Grants Monitoring Controls	In Progress	September 2025	Confirm that HCPS has appropriate controls in place to ensure grants are used as intended and allowed.



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<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
Fixed Asset Inventory Controls	Not Started	Moved to Fiscal Year 2027	Determine if HCPS has adequate controls in place to ensure that Fixed Asset Inventory (including staff and student devices) are properly protected and accounted for.



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2025 Exit Audits – Principals, Lead Secretaries and Department Heads	<u>Complete</u>	July 2025	
	Churchville ES – Lead		<p>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.</p> <p>There were 15 findings resulting from the 13 audits that were completed.</p>
	Dublin ES – Principal		
	Patterson Mill MS/HS – Principal		
	C. Milton Wright HS – Lead		
	Red Pump ES – Principal		
	Aberdeen HS – Lead		
	Magnolia MS – Principal		
	Edgewood MS – Lead		
	Harford Academy – Lead		
	Bel Air MS – Principal		
	Magnolia ES – Principal		
	Church Creek ES – Lead		
	Darlington ES – Lead		



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Audit Committee

The Audit Committee meets quarterly and last met on May 20, 2025. The next meeting will be held on Tuesday, September 23, 2025, 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 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. The next peer review is scheduled for September 2025.