

BOARD OF EDUCATION OF HARFORD COUNTY

INFORMATIONAL REPORT

DECISION ON THE OFFICE OF INTERNAL AUDIT'S FY2017 AUDIT PLAN

June 27, 2016

Background Information:

The Office of Internal Audit adheres to the *International Standards for the Professional Practices of Internal Auditing (Standard)*. The Standard requires the internal auditor to develop a risk-based audit plan to determine the priorities of the internal audit activity, consistent with Harford County Public Schools' goals. According to the standards, the internal auditor must communicate the internal audit activity's plans, resource requirements, and resource limitations to the board for review and approval.

Discussion:

The Office of Internal Audit performed a risk assessment of Harford County Public Schools in order to develop the audit plan. For each business process identified, the Internal Auditor considered factors such as financial risks, prior audit issues and the priorities of citizens, Audit Committee members and Harford County Public Schools' Management to determine the areas of greatest risk to Harford County Public Schools. The audit plan for fiscal year 2017 includes audits of Cash Receipts, Recruitment and Hiring Practices, Purchasing and Payroll. In addition to audits, the plan includes 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. Risks and business processes will be evaluated continuously, annually and throughout each audit; consequently, **the audit plan is flexible and the schedule is subject to change as new areas of concern are identified.** Any significant changes will be communicated to senior management and the Board of Education.

Ideally, all key business processes identified would be audited every three years. However, due to financial and staffing constraints, the audits scheduled are only those that are most critical, as determined by the risk assessment. A list of the projects that are not scheduled in the next two years follows the audit plan. The Office has sufficient knowledge to competently perform all of the audits scheduled for the upcoming year. The FY2017 Audit Plan was presented to the Board of Education's Audit Committee and Assistant Superintendent for Business Services for input.

Board of Education's Audit Committee Request:

The Board of Education's Audit Committee and Office of Internal Audit request approval of the FY2017 Audit Plan from the Board of Education.