

BOARD OF EDUCATION OF HARFORD COUNTY

INFORMATIONAL REPORT

DECISION ON THE OFFICE OF INTERNAL AUDIT'S FY2022 AUDIT PLAN

June 7, 2021

Background Information:

The Office of Internal Audit adheres to the *International Standards for the Professional Practices of Internal Auditing (Standard)*. The Standard requires the Chief 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 Chief 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 Chief 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 2022 includes audits of Contract Management and Inventory Controls. The Office of Internal Audit will also have a Peer Review to confirm its compliance with relevant audit standards. In addition to audits, the plan includes time for preparing the HCPS Budget Analysis, performing the required exit audits, performing continuous audit techniques over purchase card and school activity fund 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.

Board of Education's Audit Committee Request:

The Board of Education's Audit Committee and Office of Internal Audit request approval of the FY2022 Audit Plan from the Board of Education.



Board of Education of Harford County

Office of Internal Audit

Fiscal Year 2022 Audit Plan

Project	Start Date	End Date	Comments
Ongoing Tasks			
Administration			
<ul style="list-style-type: none"> • General • Paid Time Off 			<ul style="list-style-type: none"> • Board Meetings • Other Meetings
Internal Audit Activity Management			
<ul style="list-style-type: none"> • Audit Committee • Training (Audit Standard Requirement) • Risk Assessment 			<ul style="list-style-type: none"> • Office Policies and Procedures • Quality Assurance and Improvement • Annual Planning
Annual Reviews (The items listed here will be performed each year)			
Board Member and Management Requests	07/01/2021	06/30/2022	Budgeted time to respond to research requests from board members. This budget item represents approximately 8% of the office's hours available for audits.
Budget Analysis	01/01/2022	05/31/2022	Perform an analysis of the FY2023 HCPS budget.
Exit Reviews – department head, principal, or custodian of student activity fund (Required according to Charter)	07/01/2021	06/30/2022	In accordance with the Office of Internal Audit's Charter, upon the death, resignation or removal of any department head, principal or custodian of student activity fund, the Chief Auditor shall cause an audit and investigation to be made of any accounts maintained by that individual. The budget represents 15% of the office's annual hours available for audits.
Purchase Card Controls	07/01/2021	06/30/2022	Continuous audit procedures related to HCPS's purchase card program.
Student Activity Fund Audits	07/01/2021	06/30/2022	Perform various audit techniques to ensure compliance with the policies and procedures.

Fiscal Year 2022 Audit Plan

Project	Start Date	End Date	Comments
Follow-up to Prior Audit Findings	01/01/2022	06/30/2022	Review of the remediation status of prior audit findings and preparation of a summary report for the Board of Education.
2022 Financial Statement Audits for FY2021	07/01/2021	12/31/2021	General coordination related to ensuring that required Financial Statement Audits are completed. Includes OMB A-133 Single Audit and Other Required Reports.
Annual Audits			
2022 Contract Management - Commodities and General Services	01/01/2022	07/31/2022	Determine if contracts are being appropriately monitored to ensure compliance with HCPS policies and contract terms.
2022 Contract Management - Legal and Professional Services Contract Controls	01/01/2022	01/01/2022	Determine if contracts are being appropriately monitored to ensure compliance with HCPS policies and contract terms.
2022 Fixed Assets and Inventory Controls	09/01/2021	12/30/2021	Determine if HCPS has adequate controls in place to ensure that Fixed Assets and Inventory (including staff and student devices) are properly protected and accounted for.
2022 Peer Review of the Office of Internal Audit	06/01/2022	07/31/2022	IIA Professional Standards and GAO Yellow Book standards require an evaluation of the Office's compliance with those standards. Standards required an external peer review to be completed every three years. The last Peer Review was completed in FY2019.

Tentative Projects for FY2023

Audit Name	Comments
2023 Billing and Collection – Student Tuition and Fees	Confirm that controls in place are adequate to ensure that students are billed the correct amount and revenue is collected.
2023 Network Security Monitoring Controls	Determine if HCPS network monitoring is adequate and to determine if changes to network configurations are appropriately approved, implemented and reviewed.
2023 Application Security Development and Support Controls	Detailed evaluation of internal controls related to user security; input, output, processing, and user controls for each business system.
2023 Transportation Audit	The objective of this audit is to improve the efficiency and effectiveness of transportation services provided to students, while determining compliance with local, State, and Federal laws.

Audits Not Scheduled

Audit Name	Comments
Employee Benefits Administration	This audit will review the procedures in place to ensure that Harford County Public School employees receive the correct benefits, appropriate premiums are collected, and management monitors its outgoing payments for benefits provided.
Capital Projects and Construction Management	Determine if capital project contracts are being appropriately prioritized and monitored to ensure compliance with HCPS policies and contract terms.
Enterprise Risk Management / Strategic Planning Assessment	The objective of this audit is to evaluate how an Enterprise Risk Management Program could benefit HCPS. In addition, evaluate the effectiveness and efficiency of the strategic planning process.
Facilities Maintenance and Work Order Procedures and Efficiencies	The objective of this audit is to determine whether facilities maintenance groups can gain efficiencies by sharing resources, including knowledge, systems, equipment, and people. Additionally, we will review the controls over the supplies and equipment inventory, purchases, and usage.
Professional Development Controls	Evaluate the controls over professional development for teachers and administrators to ensure consistently applied. Review the process in place to determine where Professional development is needed (i.e., data available).
Billing and Collection – Property Management Controls	Confirm that controls in place are adequate to ensure that billings for the use of HCPS facilities are for the correct amount and revenue is fully collected.
OPEB and Pension Administration Controls	Confirm that controls related to HCPS’s OPEB and pensions are adequate to ensure proper payments and compliance with relevant regulations and trust agreements.
Ethics Disclosures and related processes	Confirm that ethics filings are appropriately completed and reviewed to determine if procedures are adequate to identify conflicts in current or proposed HCPS relationships.
Insurance Coverages and Self-Insurance Program Controls	Ensure insurance coverage and self-insurance programs are adequately monitored.
Safety Compliance and Risk Management Practices	Confirm that safety training is provided to all employees and that the HCPS safety standards meet State and Federal requirements. The review will also confirm that physical security is adequately controlled and monitored at HCPS facilities.
Grants Monitoring Controls	Confirm that HCPS has appropriate controls in place to ensure that grants are used as intended and allowed.
Equipment Maintenance and Utilization Controls	Determine the effectiveness of the Harford County Public School’s inventory of large equipment and tools.

Audits Not Scheduled

Audit Name	Comments
Billing and Collection of Medical Assistance Payments	Confirm that controls in place are adequate to ensure that billings for the Medical Assistance Payments are for the correct amount and revenue is fully collected.
Public Information Open Meetings and Records Retention Compliance	The objective of this audit is to determine whether Harford County Public Schools has developed appropriate records retention policies and has ensured compliance with Public Information Act, Open Meetings Act and Freedom of Information Act requirements.
Employee Investigation Controls	The objective of this review is to ensure that proper controls are in place to ensure fairness and consistency of investigations.
Investment Controls	Ensure that controls are adequate to ensure proper selection, purchase, sale and accounting of the HCPS's investments.
Utility Resource Management	Ensure utilities resources (Oil, Gas and Electric) are adequately managed.
Petty Cash Fund Audits	Ensure controls are adequate over petty cash funds that are issued from General Fund or Student Activity Funds.
Cash Receipts Controls (2017 Audit Plan)	Confirm that payments received by HCPS departments and schools are properly applied and deposited.
Procurement Practices (2017 Audit Plan)	Determine if all applicable guidelines were followed for HCPS procurements.
Recruitment and Hiring Practices (2018 Audit Plan)	Determine if controls are adequate to ensure that recruitments were performed in accordance with the Board Policies. Ensure job descriptions and classifications are consistent throughout the system.
Payroll Controls (2018 Audit Plan)	Confirm that controls are sufficient and effective to ensure that payroll calculations, time entry, leave balances, benefit deductions, and leave payouts are correct.
Accounts Payable Controls (2018 Audit Plan)	Determine if controls related to Accounts Payable are adequate to ensure that only valid vendors and debts are paid by HCPS.