



BOARD OF EDUCATION Office of Internal Audit

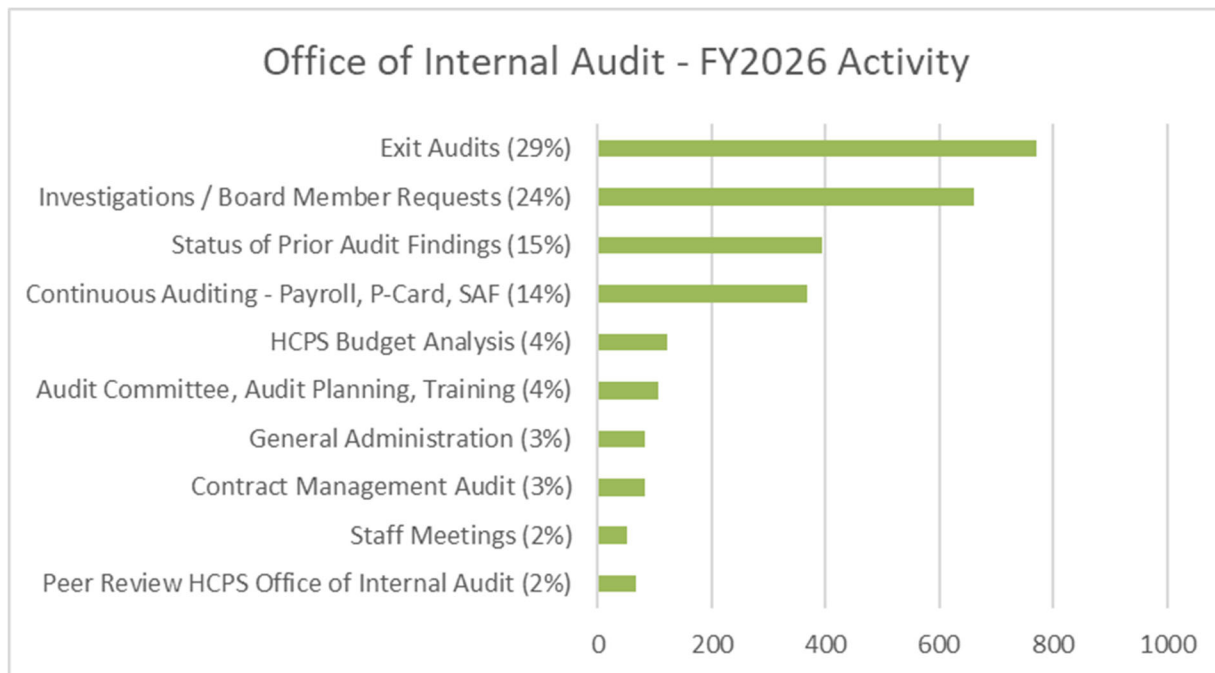
ANNUAL AUDIT UPDATE June 22, 2026

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 2026 audit plan was approved by the Board of Education on June 23, 2025. Fiscal year 2026 was the tenth 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 2026 included audits of the ERP System Implementation, Transportation, and a Peer Review. 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 2026.





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Audit Plan Comments

The Office spent more time than originally budgeted on the required Exit Audit reviews due to the number of separations requiring an exit audit being higher than normal during fiscal year 2026 (12 Lead Secretaries and Principals) In addition, the office spent a significant amount of time doing unanticipated investigations throughout fiscal year 2026. Finally, the office lost an auditor position during fiscal year 2025, leaving the Office with only 2 positions. As a result, we could not complete the planned audits in our FY2026 Audit Plan by the end of the fiscal year. Therefore, we moved the ERP System Implementation and Transportation Audits to the fiscal year 2027 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 2026.

<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2025 Procurement Card Transaction Review	Complete	November 2025	Perform continuous audits of procurement card transactions for FY2025.
2025 Payroll Transaction Review	Complete	January 2026	Perform continuous audits of payroll transactions and human resource changes for FY2025.
2025 School Activity Fund Audits	Complete	September 2025	Perform various audit techniques to ensure compliance with the policies and procedures.
2024 Contract Management Controls	Complete	January 2026	Determine if contracts are being appropriately monitored to ensure compliance with HCPS policies and contract terms.



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<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2026 HCPS Budget Analysis	Complete	May 2026	Perform an analysis of the Board of Education's Proposed FY2027 HCPS budget.
Financial Statement Audits for FY2025	Complete	December 2025	General coordination related to ensuring that the required Financial Statement Audits are completed. Includes Single Audit.
2026 School Activity Fund Audits	In Progress	September 2026	Perform various audit techniques to ensure compliance with the policies and procedures.
2026 Procurement Card Transaction Review	In Progress	September 2026	Perform continuous audits of procurement card transactions for FY2026.
2026 Payroll Transaction Review	In Progress	August 2026	Perform continuous audits of payroll transactions and human resource changes for FY2026.
2025 Follow-up to Prior Audit Findings	Complete	May 2026	Review of the remediation status of prior audit findings and preparation of a summary report for the Board of Education.



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<u>Project</u>	<u>Status</u>	<u>Date Completed</u>	<u>Objectives and Results</u>
2026 Peer Review – Office of Internal Audit	Complete	September 2025	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.
2025 Board Policies and Procedures	In Progress	July 2026	Determine if Board Policies and Procedures are up to date.
2025 Grants Monitoring Controls	In Progress	September 2026	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>
2026 Exit Audits – Principals, Lead Secretaries and Department Heads	<u>Complete</u>	May 2026	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.
	Darlington ES – Principal		
	Forest Lakes ES – Principal		
	Hickory ES – Lead		
	Norrisville ES – Lead		
	North Harford HS – Lead		
	Old Post Road ES – Lead		
	Southampton MS – Lead		
	Abingdon ES – Lead		
	Magnolia MS – Lead		
	Roye-Williams ES – Lead		
	Fountain Green ES – Lead		
	Bel Air MS – Lead		



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Audit Committee

The Audit Committee meets quarterly and last met on May 28, 2026. The next meeting will be held on Tuesday, September 22, 2026, 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 and on the HCPS website.

Peer Review

The Office of Internal Audit's third external peer review was completed in September 2025, and we 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.