

TO: Board of Education

CC: Dr. Martin Pollio, Acting Superintendent  
Cordelia Hardin, Chief Financial Officer/Treasurer

FROM: Jim Tencza, Dean Dorton Allen Ford – Internal Audit

SUBJECT: Internal Audit Plan for Year Ending June 30, 2018 – Executive Summary

DATE: July 27, 2017

This report summarizes the Internal Audit activities plan from July 1, 2017 through June 30, 2018.

- The Internal Audit Plan is a risk-based plan. The risk assessment from the prior year was updated.
- The most significant changes in the Internal Audit Plan from the prior year are:
  - Added audit of credit cards
  - Added audit of Human Resources
  - Significantly expanded the procedures related to Redbook compliance at the schools and reduced the number of schools to be audited from 70 to 30
  - Testing of student behavioral support systems will focus on bus referrals this year
  - Not doing audits of procurement and accounts payables – audited last year and there were no issues
  - Not doing lunchroom audits – audited last year and there were no issues
- Internal Audit Plan includes 420 hours for administration and investigation of reports through the anonymous hotline
- Internal Audit Plan includes 480 hours of “special audits” which can come from requests by Principals, management or the Board
- Internal Audit will report to the Board at least once during the year as to any significant deficiencies or material weaknesses as well as the progress of the Internal Audit Plan
- If there are any potential significant changes to the Internal Audit Plan, we will seek Board approval
- Dean Dorton budgeted fees have been reduced slightly from the prior year - current Internal Audit Plan includes 1,200 hours for Dean Dorton with fees not to exceed \$160,000
- See attached spreadsheet for a summary of the proposed internal audits including the expected timing and hours
- See attached spreadsheet for allocation of time by person for the Internal Audit department



Area	Audit Procedures	Timing	Hours
Credit Cards	Review of policies and procedures related to use of credit cards. Obtain/document a listing of all credit cards utilized by JCPS. Test a sample of credit card transactions at various locations to determine if controls and procedures are working effectively and in accordance with JCPS policies.	Aug - Sept	400
Attendance Audits	Attendance audits for all high priority schools and those to be reviewed by KDE - 10 hours per school for 60 schools.	Sept-Dec	600
School Redbook Audits	Testing of certain Redbook procedures including those related cash receipts, expenditures, accounting and reporting for all schools deemed high priority - approximately 24 hours per school for 30 schools.	Sept-Dec	720
Information Technology	Test various general IT controls and application controls for selected IT systems.	Nov-Jan	250
Human Resources	Review various HR policies and procedures. Test a sample of new hires to determine if they have been set up properly in the system and if proper hiring policies have been followed including background checks and verification of certifications.	Jan-Feb	840
Bus Referrals	Test process of addressing, documenting and reporting bus referrals.	Feb	240
Grants and Grant Management	Test sample of costs and reporting requirements for various grants.	March	400
FRYSC Audits	Test a sample of FRYSC programs to ensure reporting, accounting and various other policies and procedures are being properly followed.	March	200
Fundraising and Boosters	Test a sample of schools to determine if all student activity fundraisers and Booster fundraisers, budgets and financial reporting have been properly documented and approved by the Principal. Also, select a sample of fundraisers at each selected school to determine if all reporting and cash collection procedures have been properly followed.	March	264
Payroll	Test certain controls and/or processes related to payroll. Test a sample of employees to ensure accurate payroll amounts.	April	100
Travel & Other Business Expenses	Test sample of travel or business expenses for Superintendent, Directors, Assistant Superintendents, and/or Principals to ensure they comply with policies and procedures.	April	80
Warehousing	Observe inventory count and validate count procedures.	May	74
Hotline and Special Investigations	Address and investigate hotline reports and perform special audits as requested. Estimate 16 hotline investigations at 20 hours each and 12 special investigations at 40 hours each. Time has also been budgeted to oversee hotline calls not requiring internal audit to investigate.	Various	900
			<u>5,068</u>

<b>Audit</b>	<b>Lillie Mae Perry</b>	<b>Sonya Miller</b>	<b>Greg Crump</b>	<b>Dean Dorton</b>	<b>Total</b>
Credit Cards	80	40	200	80	400
Attendance Audits	270	270	60		600
School Redbook Audits	200	200	320		720
Information Technology	50			200	250
Human Resources	100	100	240	400	840
Bus Referrals	180		20	40	240
Grants and Grant Management		380		20	400
FRYSC Audits	200				200
Fundraising and Boosters			240	24	264
Payroll		80		20	100
Travel & Other Business Expenses		60		20	80
Warehousing	20	30	20	4	74
Hotline Administration and Investigations	60	60	180	120	420
Special Requests/Investigations	120	120	120	120	480
<b>Total audits</b>	<b>1,280</b>	<b>1,340</b>	<b>1,400</b>	<b>1,048</b>	<b>5,068</b>
<b>Other Time</b>	<b>Lillie Mae Perry</b>	<b>Soyna Miller</b>	<b>Greg Crump</b>	<b>Dean Dorton</b>	<b>Total</b>
Personal development / training	40	40	60		140
Attendance clerk training	16				16
Bookkeeper training	40	20	20		80
Bookkeeper assistance	200	240			440
Administrative duties	30	30	30		90
Vacation, sick time and holidays	368	368	368		1,104
External audit assist/coordination	20	20	20		60
Follow-up on findings	60		120	40	220
Risk assessment			28	40	68
Internal audit plan	16	12	24	40	92
Board and management meetings	10	10	10	32	62
	800	740	680	152	2,372
	<b>2,080</b>	<b>2,080</b>	<b>2,080</b>	<b>1,200</b>	<b>7,440</b>