



**Board of Education of Baltimore County
Office of Internal Audit**

FY 2021 Strategic Work Plan

APPROVED JUNE 17, 2020

**Board of Education of Baltimore County
Office of Internal Audit
FY 2021 Strategic Work Plan**

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Executive Summary

Vision and Mission

The Office of Internal Audit developed its vision and mission to ensure alignment with the school system's objectives. See page 2 for the Office of Internal Audit vision and mission.

Overview

Annually, the Office of Internal Audit submits its strategic work plan to the Audit Committee of the Board of Education of Baltimore County for review, discussion, and approval. The Audit Committee approved the work plan at its June 16, 2020 meeting. For FY 2021, several factors were considered in the development of its plan. Consequently, changes to the plan details were updated to reflect these considerations. See pages 2-6 for an overview of the considerations.

Organizational Structure of the Office

The Office of Internal Audit will maintain the Investigative Unit and the Audit Services Unit in the delivery of its services to the school system. The Office of Internal Audit organization chart can be found on page 7. The explanation of each unit and the types of internal audit activities assigned to each unit is described on page 8.

Goals and Strategies

The Office of Internal Audit will continue to focus on its goals of integrity, quality, and efficiency. The FY 2021 goals and strategies can be found on page 9.

Available Staff Resource Hours

The Office of Internal Audit has a total of 15,525 available resource hours to complete its FY 2021 plan. See pages 10-11 for the identified audit activities.

FY 2021 Office Budget

The Office of Internal Audit FY 2021 non-salary budget request is \$45,045. If approved, these funds will cover the costs associated with contracted services, software license fees, professional development, mileage reimbursement, and professional dues. See page 12 for the budget request.

FY 2021 Meeting Schedule

The Office of Internal Audit routinely meets to discuss project status updates and to provide relevant information to stakeholders. See page 13 for the FY 2021 meeting schedule.

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Vision, Mission, and Overview

Vision

To be a high performing internal audit function that is recognized as a valuable business partner and a driving force behind a culture of integrity, quality, and effectiveness in the achievement of school system goals.

Mission

To provide independent, objective, high quality audit and investigatory services to strengthen the integrity, quality, and effectiveness of the school system.

Overview

The Office of Internal Audit's annual strategic work plan plays a vital role in the governance and accountability of the school system. The effectiveness of the overall governance framework of the school system is strengthened because the office is an objective and independent assurance function. Our effectiveness allows management to have greater confidence in decisions that are made related to risk and control. Our systematic and disciplined approach adds value and improves the operations of the school system.

The general scope of work of the Office of Internal Audit is to determine whether the school system's control and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Risks are identified and addressed
- Financial, managerial, and operational information is accurate, reliable, and timely
- Compliance with policies, standards, procedures, applicable laws, and regulations is achieved
- Resources are acquired economically, used effectively, and adequately protected
- Programs, plans, and objectives are achieved
- Quality and continuous improvement are fostered in the school system's control processes
- Legislative or regulatory issues affecting the school system are recognized and addressed properly

When opportunities for improving management control, governance, or resource stewardship are identified during audits, they are communicated to the suitable level of management so that appropriate action can be taken.

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The Office of Internal Audit plays an important role in supporting school system operations. It provides assurance on important aspects of management control frameworks and practices and governance. Where control weaknesses exist and where the achievement of objectives is at risk, the Office of Internal Audit provides constructive advice and recommendations to enhance school system accountability and performance.

The Office of Internal Audit's strategic work plan is the method by which our vision and mission will be carried out. Our vision articulates what we want to contribute to the school system and our mission outlines our primary business purpose as it relates to the school system.

The Office of Internal Audit has also identified two long range initiatives of data analytics and the implementation of a school system risk-based audit plan. These initiatives are on-going by nature and will continue to be a part of the Office of Internal Audit strategic work plan until the initiatives are accomplished.

The Office of Internal Audit considered several factors in the development of its FY 2021 strategic work plan:

- The Superintendent's Strategic Plan
- Analysis of historical Internal Audit strategic work plan data
- Current Internal Audit staff resources
- Organizational structure
- Resource requirements
- Technology and tools
- Coordination with other school system assurance functions
- Methods to deliver services
- Communication with stakeholders
- Professional development
- Performance monitoring
- Feedback and approval

The Superintendent's Strategic Plan

A review of the focus areas in the Superintendent's Strategic Plan was completed to determine how the Office of Internal Audit can add value to the school system in both the short term and long term based on the school system's objectives and goals. Our plan aligns with the Superintendent's focus area three: High-Performing Workforce and Alignment of Human Capital and focus area five: Operational Excellence.

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Analysis of historical plan data

A review of actual plan hours from previous fiscal years was completed to determine the current year strategic work plan budget hours:

- There were 110 and 186 investigations closed in FY18 and FY19, respectively, and 106 investigations closed in FY20¹.
- There were 30, 24, and 23 risk-based audits² completed in FY18, FY19, and FY20¹ respectively. Additionally, 22 reviews were completed at high schools.
- There were follow ups conducted to various audits that were completed in prior fiscal years. The number of follow ups completed in FY18, FY19, and FY20¹ were 16, 50, and 25 respectively.
- There were 18, 22, and 25 autism waivers and 60 specialized transportation services in FY18, FY19, and FY20, respectively, that were required to be reviewed as part of the Third-Party Billing self-monitoring process.
- There were 90 sites visited to complete the fixed asset inventory.
- There was a procurement card review completed at 10 departments related to the monitoring of management's corrective action plan in response to the FY19 UHY audit.

Current Internal Audit staff resources

The Office of Internal Audit has a total of 15,525 available resource hours to complete its Fiscal Year 2021 strategic work plan.

Organizational structure

The Office of Internal Audit is free from conditions that would threaten its ability to perform its responsibilities in an unbiased manner. The Office of Internal Audit reports directly to the Board and is independent of the school system. Administratively, the Office of Internal Audit is subject to the Board Chair and/or the Chair of the Board's Audit Committee. The Chief Auditor has direct and unrestricted access to executive management and the Board.

Resource requirements

The skill set and knowledge of the Office of Internal Audit staff is regularly assessed to ensure that the staff has the necessary skills and knowledge to complete the annual strategic work plan.

Technology and tools

The Office of Internal Audit uses a variety of technological resources to complete its strategic work plan. The use of electronic work papers has contributed to improved productivity, effective information and file sharing, and timely quality control of work papers and reports. The use of data analysis and extraction software improves efficiency in the completion of audits and investigations.

¹ As of April 30, 2020.

² Prior to FY20, these audits were referred to as Change in Principal, or "CHIP" audits.

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The long-term initiatives of data analytics and the risk-based audit plan may require the expanded use of existing systems, upgrades to existing systems, and contracted services.

Coordination with other school system departments and offices

The Office of Internal Audit routinely works with the school system's Office of Law, Department of Human Resources, Department of School Safety, and the Office of the Controller to ensure resources and priorities are aligned to minimize duplication and ensure that key risks are addressed.

Methods used to deliver services

The Office of Internal Audit will maintain the Audit Services Unit and the Investigative Unit in the delivery of services to the school system. The Office of Internal Audit developed and implemented standard operating procedures (SOPs) to ensure there is consistency in the delivery of high-quality services to the school system. The SOPs will be reviewed and updated as needed in FY 2021.

Communication with stakeholders

The Office of Internal Audit meets routinely with school system stakeholders. At a minimum, monthly meetings are held with the Board Audit Committee, the Superintendent, the General Counsel, the Senior Executive Director, Department of Administrative Services, and the Executive Director, Department of Fiscal Services. The Chief Auditor also presents at other meetings as directed or requested.

Professional development

The Office of Internal Audit staff are required to obtain continuing education credits to keep their certifications current. The current staff have a variety of certifications: Certified Public Accountant, Certified Internal Auditor, Certified Fraud Examiner, and Certified Government Audit Professional are the most common certifications held. The office also supports memberships in relevant professional organizations such as the Institute of Internal Auditors, the Association of Certified Fraud Examiners, the American Institute of Certified Public Accountants and the Maryland Government Finance Officers Association.

Performance monitoring

The Office of Internal Audit uses client surveys to obtain feedback related to the audit process. Additionally, the staff completes project evaluations at the end of each major project that identifies the strengths and areas of improvement needed.

Each staff member receives a formal evaluation each fiscal year, as well as feedback throughout the year during the technical review process.

The Office of Internal Audit tracks the number of audits, reviews, follow ups and investigations completed each year. Additionally, the office is instrumental in the recovery of restitution through the court system for lost assets.

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The Office of Internal Audit also tracks, and monitors budget-to-actual hours spent on its audits, reviews, follow ups, investigations, professional development, and office administration.

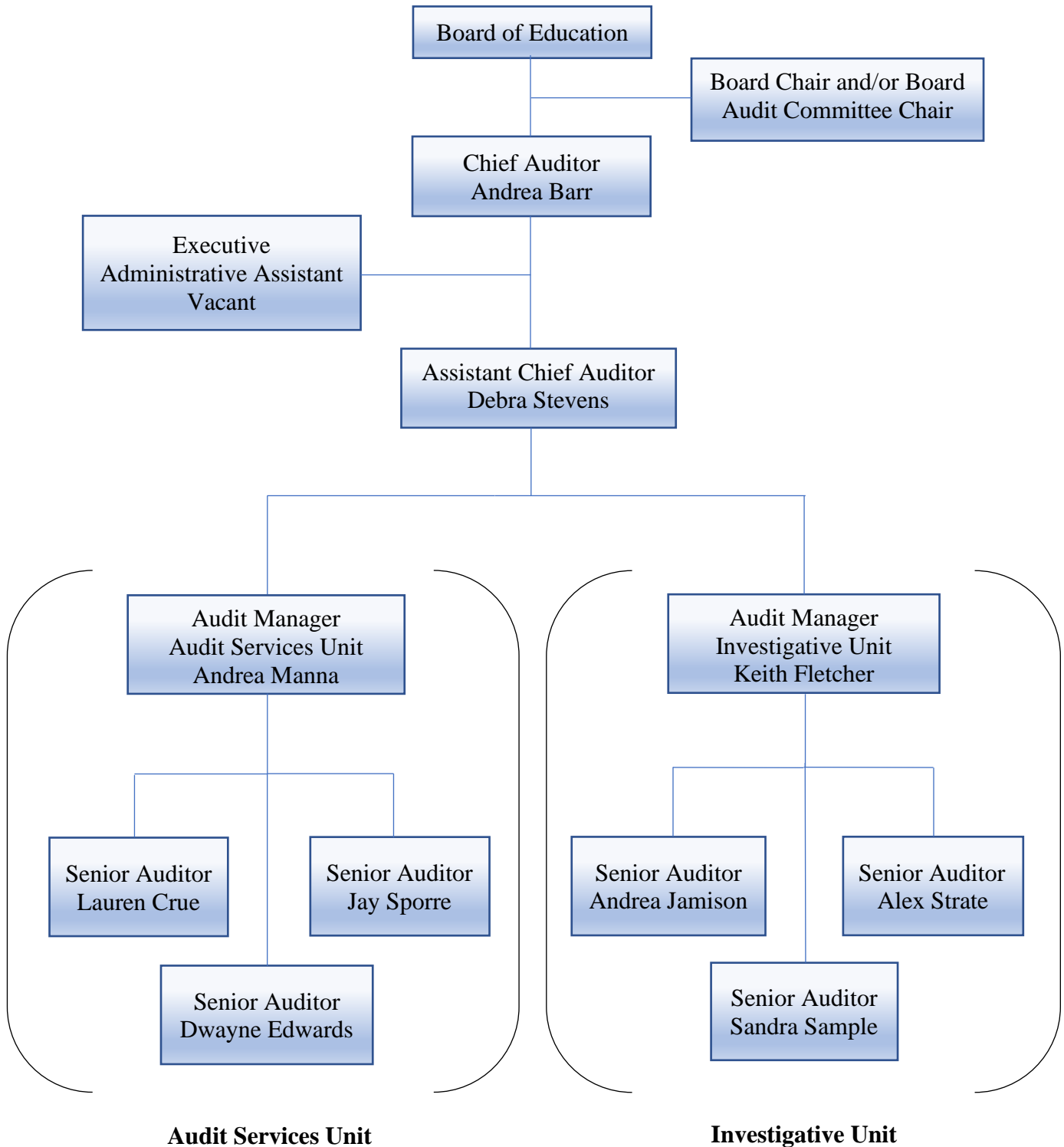
Feed-back and approval

The Office of Internal Audit seeks the feed-back and approval of the Board Audit Committee prior to implementation of its plan. Any major deviations from the plan are brought to the Audit Committee for discussion and approval.

Projects identified because of Board motions will be completed in accordance with the Office of Internal Audit Operations and Reporting Protocols.

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Organization Chart



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Unit Responsibilities

Audit Services Unit

This unit has the primary responsibility to conduct audits, reviews, and evaluation activities that include tests of the internal control structure, compliance audits, financial audits, and performance audits.

Examples of the activities performed by this unit include, but are not limited to:

- Risk-based Audits
- Continuous monitoring
- School Activity Fund Audits
- Procurement Card Audits – Schools and Offices
- Follow-ups – Schools and Offices

Investigative Unit

This unit has the primary responsibility to administer the BCPS Fraud, Waste, and Abuse Hotline and conduct investigations of reported allegations. Investigations are carried out to address specific allegations that include, but are not limited to:

- Conflict of interest
- Falsification of records, contracts, reports
- Misuse of company property or resources
- Payroll fraud or overtime abuse
- Inappropriate procurement and purchasing practices
- Theft

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Goals and Strategies

Goal 1 Integrity	Goal 2 Quality	Goal 3 Effectiveness
<i>Protect the integrity of the Board and the BCPS programs and operations.</i>	<i>Deliver accurate, relevant, and timely services and products.</i>	<i>Engage in strategic efforts to maximize overall effectiveness and efficiency.</i>
<p>Administer the Board’s fraud, waste and abuse hotline.</p> <p>Conduct timely investigations of reported allegations of fraud, waste, or abuse.</p> <p>Identify systemic control weaknesses in BCPS programs and operations.</p> <p>Promote anti-fraud awareness and education.</p> <p>Conduct data analysis activities.</p> <p>Conduct presentations for school system employees.</p>	<p>Conduct risk assessments of BCPS programs and operations to determine the areas of greatest risk and prioritize those areas for review.</p> <p>Conduct audits, reviews, and evaluation activities.</p> <p>Provide management with accurate findings and relevant recommendations.</p> <p>Conduct follow up on open recommendations in a timely manner.</p> <p>Provide regular updates to the Board, Audit Committee, the Superintendent, and the Superintendent’s staff.</p>	<p>Attract and retain a highly motivated and skilled audit staff.</p> <p>Invest in employee development and training.</p> <p>Use evolving technology to maximize resources and optimize efficiency.</p> <p>Optimize employee work-friendly initiatives.</p> <p>Administer customer satisfaction surveys, evaluate responses, and implement corrective actions as appropriate.</p> <p>Request and consider audit staff input on improving audit processes.</p> <p>Complete annual employee performance evaluations.</p> <p>Continue to review and update office SOPs as needed.</p>

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Audit Activities

Item	Audit Project	Rationale
1	Investigations	Allegations of fraud, waste, and abuse will be investigated as reported to ensure a culture of integrity, quality, and effectiveness.
2	Risk-based Audits	Risk-based audits will be completed as identified through risk assessment techniques, including data analytics.
3	Continuous Monitoring	<p>Corrective action plans as a result of external audits and reviews will be monitored for implementation.</p> <p>Fixed asset inventory will be completed on a rotation basis.</p> <p>The Medicaid Reimbursement Self-Monitoring Review is required by the State of Maryland.</p>
4	Board Projects	These projects will be completed in accordance with the Office of Internal Audit Operations and Reporting Protocols.

Indirect Activities

Item	Activity	Rationale
5	Meetings	Regular communication is vital to ensure that office and school system goals are met. This includes meetings with staff, executive leadership, audit committee, and general counsel.
6	Professional development	Required for all to attend to maintain active job-related certifications.
7	Employee evaluations	Required to be conducted annually.
8	General office responsibilities	Required as part of office administration. This includes standard operating procedures, record retention, budget, payroll, work plan, software/hardware issues.

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Budget Request

DEPARTMENT 042 - INTERNAL AUDIT

2305-01-0 - INTERNAL AUDIT01N

FUND	DEPT	UNIT	UNIT NAME	ACTV	FUNC	OBJ	OBJECT NAME	BASELINE	BULTIN	REDIRECT	A4 ONGOING	A4 ONE-TIME	TOTAL REQUEST
1000	042	2305	INTERNAL A	0001	0120	2834	MISC CONTR	11,000.00	-	-	-	20,000.00	31,000.00
1000	042	2305	INTERNAL A	0001	0120	2851	SOFTWARE L	6,400.00	-	-	-	-	6,400.00
1000	042	2305	INTERNAL A	0001	0120	3526	STAFF DEVE	500.00	-	-	-	-	500.00
1000	042	2305	INTERNAL A	0001	0120	3733	OFFICE SUP	500.00	-	-	-	-	500.00
1000	042	2305	INTERNAL A	0001	0120	3931	OTHER SUPP	1,000.00	-	-	-	-	1,000.00
1000	042	2305	INTERNAL A	0001	0120	4005	CONFERENCE	11,000.00	-	-	-	-	11,000.00
1000	042	2305	INTERNAL A	0001	0120	4025	MILEAGE RE	3,500.00	-	-	-	-	3,500.00
1000	042	2305	INTERNAL A	0001	0120	4029	OVERNIGHT	6,445.00	-	-	-	-	6,445.00
1000	042	2305	INTERNAL A	0001	0120	4840	PROFESSION	4,700.00	-	-	-	-	4,700.00
TOTAL BY APPROPRIATION UNIT								45,045.00	-	-	-	20,000.00	65,045.00
TOTAL BY DEPARTMENT:								45,045.00	-	-	-	20,000.00	65,045.00

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Meeting Schedule

Month	Board Meetings	Audit Committee Meetings³	Office of Internal Audit Staff & Executive Leadership Meetings
July	Tuesday, July 14, 2020	NONE SCHEDULED	NONE SCHEDULED
August	Tuesday, August 11, 2020*	NONE SCHEDULED	Wednesday, August 5, 2020
	Tuesday, August 25, 2020		
September	Tuesday, September 15, 2020*	TBD	Wednesday, September 2, 2020
	Tuesday, September 29, 2020		
October	Tuesday, October 13, 2020*	Tuesday, October 20, 2020	Wednesday, October 7, 2020
	Tuesday, October 27, 2020		
November	Tuesday, November 10, 2020*	Tuesday, November 17, 2020	Wednesday, November 4, 2020
	Tuesday, November 24, 2020		
December	Tuesday, December 8, 2020*	Tuesday, December 15, 2020	Wednesday, December 2, 2020
	Tuesday, December 22, 2020		
January	Tuesday, January 5, 2021*	Wednesday, January 13, 2021	Wednesday, January 6, 2021
	Tuesday, January 12, 2021		
	Tuesday, January 19, 2021		
February	Tuesday, February 9, 2021*	Tuesday, February 16, 2021	Wednesday, February 3, 2021
	Tuesday, February 23, 2021		
March	Tuesday, March 9, 2021*	Tuesday, March 16, 2021	Wednesday, March 3, 2021
	Tuesday, March 23, 2021		
April	Tuesday, April 6, 2021*	Tuesday, April 13, 2021	Wednesday, April 7, 2021
	Tuesday, April 20, 2021		
May	Tuesday, May 4, 2021*	Tuesday, May 11, 2021	Wednesday, May 5, 2021
	Tuesday, May 18, 2021		
	Wednesday, May 19, 2021		
June	Tuesday, June 8, 2021*	Tuesday, June 15, 2021	Wednesday, June 2, 2021

* Audit Committee agenda planning will be held the day before this date.

³ These meeting dates are subject to change and may be conducted virtually.