



FY21 Q1 UPDATE

Office of Internal Audit

[Summary of the Office of Internal Audit FY21 Q1 Update](#)

Board of Education of Baltimore County

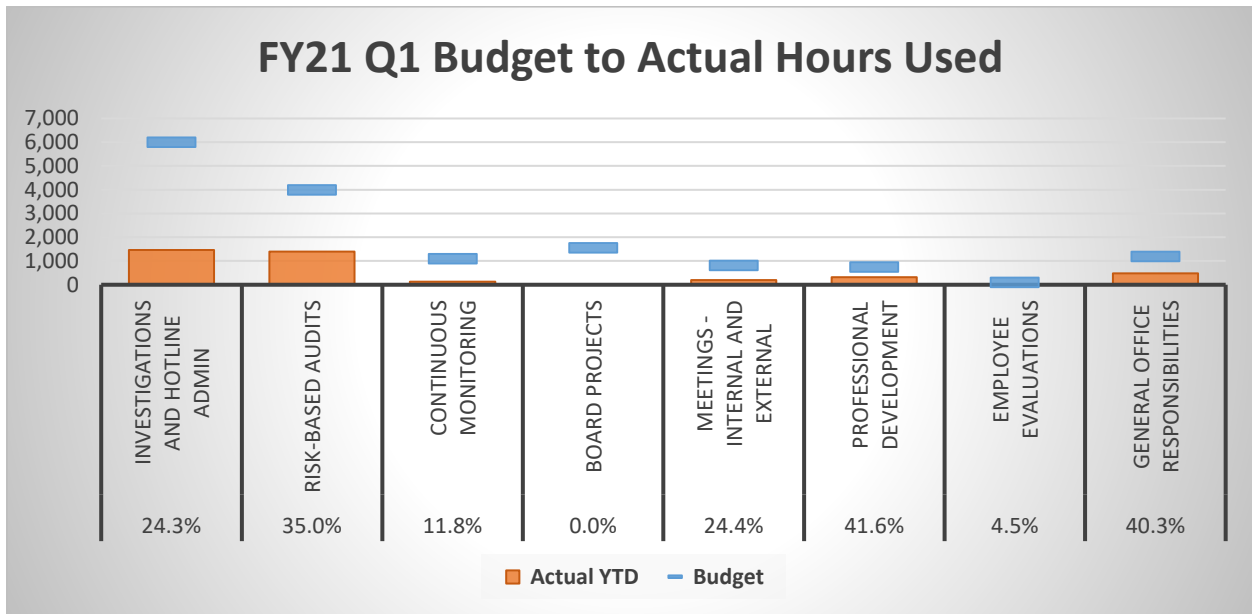
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Summary of Plan Hours as of September 30, 2020

The Office of Internal Audit provides its services through its Audit Services Unit and Investigative Unit. In general, the Audit Services Unit has the primary responsibility to conduct audits, reviews, and evaluation activities related to risk, continuous monitoring, internal controls, and compliance. The Investigative Unit administers the fraud, waste, and abuse hotline and conducts investigations of reported allegations as appropriate.

As of September 30, 2020, the Office of Internal Audit used 3,989.25 resource hours to complete various FY21 Strategic Work Plan activities. Of those hours, 2,988.25 were used to complete direct audit activities. The remaining hours were used to attend required professional development activities and staff meetings, and to complete general office responsibilities. The percentages reflect the actual hours used as of September 30, 2020:



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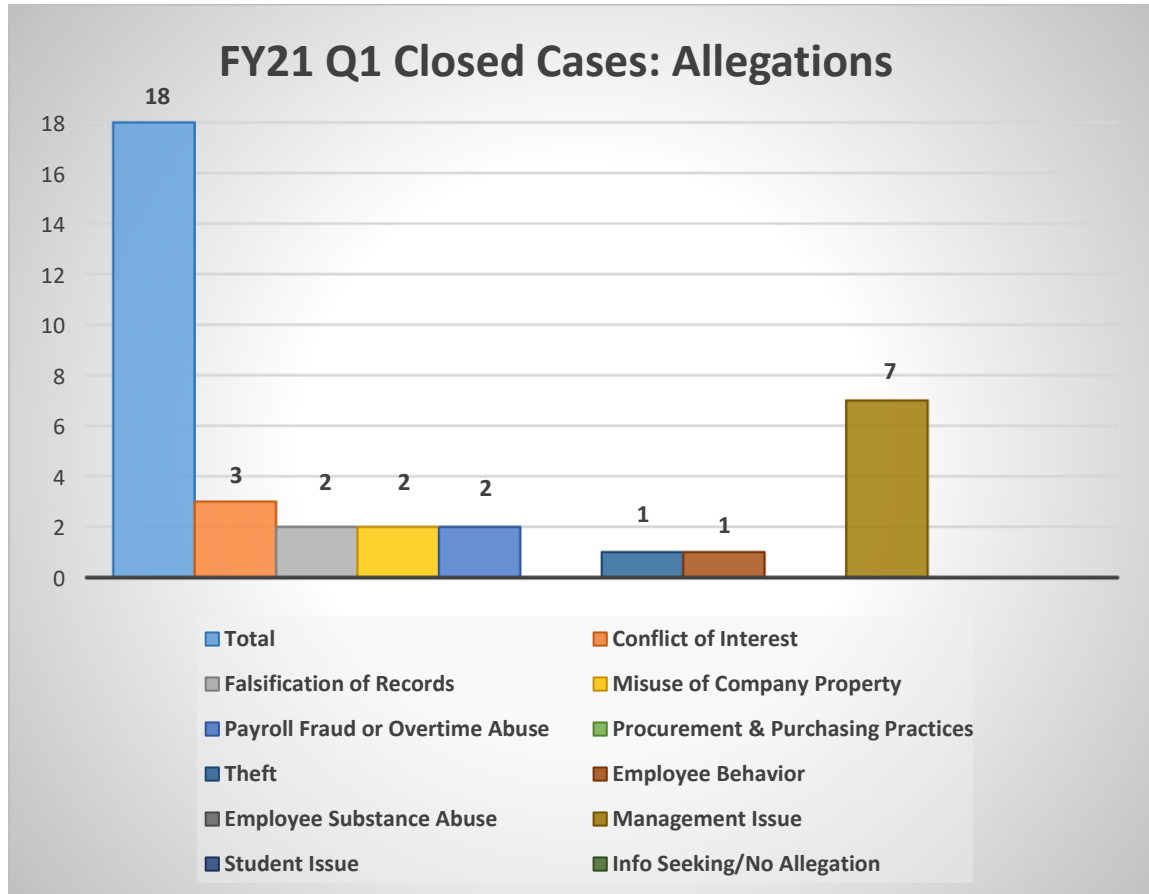
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Investigations

There were 18 cases closed by the investigative unit as of September 30, 2020. Of these 18 cases, 7 were referred to the appropriate level of management for review, evaluation and disposition. The types of allegations we investigated include misuse of BCPS property or resources, payroll fraud, falsification of records, and theft. The total number of hours used to complete investigations, and hotline administration as of September 30, 2020 was 1,459.75.

Allegation Categories

The Office of Internal Audit receives allegations through the EthicsPoint hotline, phone calls, emails, and interoffice mail. Issues related to employee substance abuse, employee behavior, student issues, and management issues are referred to the appropriate office for review and disposition. Each allegation is summarized by category:



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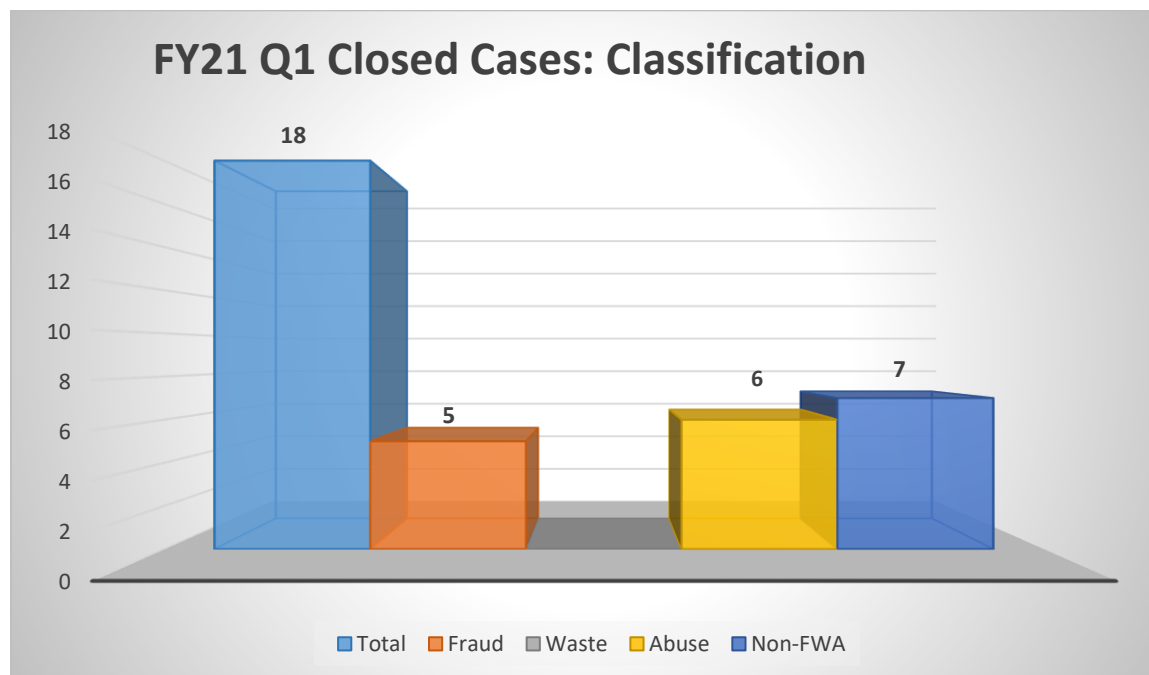
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Classification of Allegation

Each closed case is classified as one of either fraud, waste, or abuse. Board policy 8410 defines each classification:

- Fraud – “Any intentional acts, characterized either by deceit, concealment or violation of trust by which Board employees or vendors use their employment status or vendor relationship to take money, property, services, or resources for themselves or others to provide benefits to vendors or others in exchange for personal gain.”
- Waste- “Any improper, careless or excessive spending, consuming, mismanaging or misusing of Board resources by Board employees or vendors or providing benefits to vendors or others in exchange for personal gain.”
- Abuse – “The wrongful or improper use of Board resources, including the deliberate use or one’s position to act in a manner that is contrary to its rightful or legally authorized or intended purpose.”



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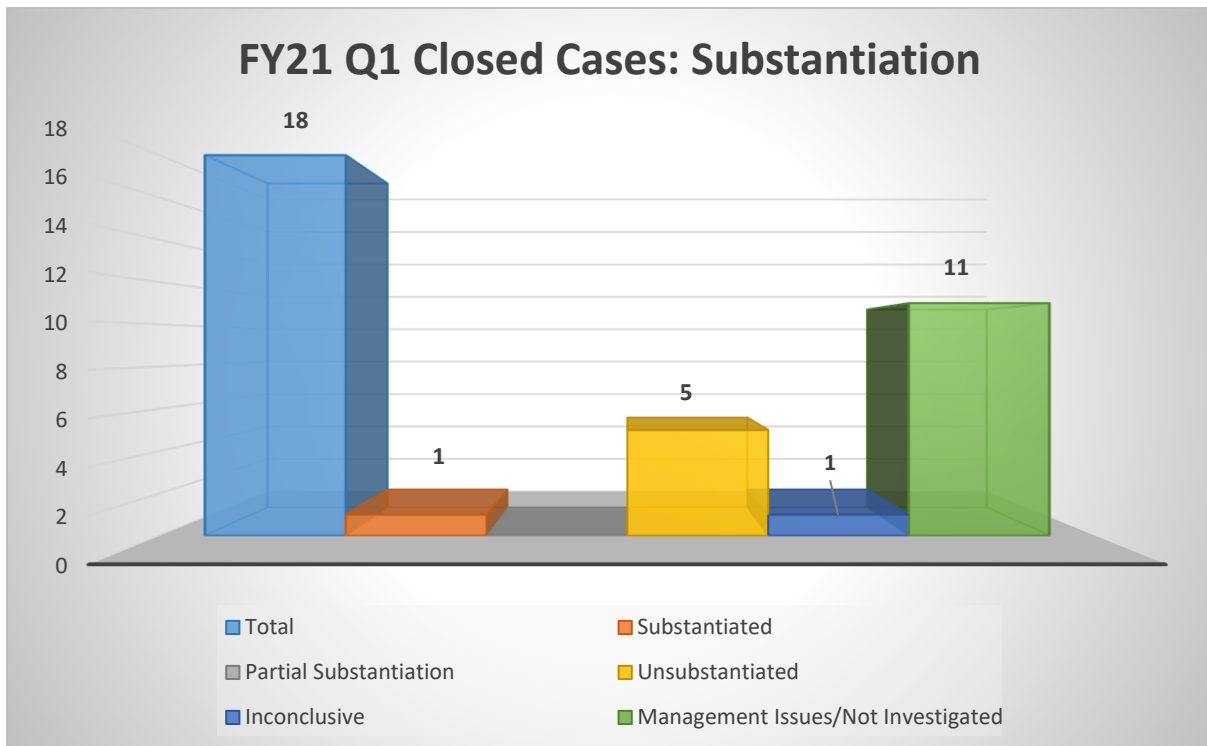
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Substantiation Level

Each case has a primary case outcome. This means that the allegation as reported was either substantiated, partially substantiated, unsubstantiated, inconclusive, referred to management, or not investigated. The Office of Internal Audit defined each primary case outcome:

Primary Case Outcome Definitions	
Substantiated	The investigation produced results to prove the allegation to be true.
Partially Substantiation	The investigation produced results to prove the allegation to be partially true.
Unsubstantiated	The investigation produced results to prove the allegation to be untrue.
Inconclusive	The investigation did not produce results that led to a definitive conclusion.
Referred to Management	The information received was provided to management for review and disposition since it did not contain an allegation of fraud, waste, or abuse.
Not Investigated	The allegation was not investigated by Internal Audit. This could be for a variety of reasons, including: <ul style="list-style-type: none"> • The information was previously investigated. • Not enough information was provided to investigate. • The reporter did not make an allegation but sought information.



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Audit Services

There were 27 audits, reviews, and follow-ups completed by the Audit Services unit as of September 30, 2020. The total number of hours used to complete Audit Services projects as of September 30, 2020 was 1,528.50.

Risk-Based Audits

The Office of Internal Audit employed a data analytics approach to determine which audit activity and schools were most appropriate to complete an SAF & P-card audit. In FY21 Q1, there were seven schools where a change in principal occurred. Internal Audit applied data analytics and risk assessment techniques and determined that three schools required a CHIP audit and seven schools required a risk-based audit. As of September 30, 2020, we completed three CHIP and four risk-based audits. Additionally, we completed a review of procurement card transactions for 21 BCPS offices for the period March 16, 2020 through June 8, 2020. The total number of hours spent to complete these audits as of September 30, 2020 was 1,398.75.

Continuous Monitoring

FY19 UHY Report on Procurement Activities, Specified Contracts, Travel Expenses, and Other Charges – Monitor Corrective Action Plan Progress

At the request of the Board and the Superintendent, the Office of Internal Audit continues to monitor management's FY19 UHY Audit corrective action plan progress. Internal Audit completed a review of the Board and Superintendent expenditures and the procurement card activity summary report for the 10 departments that were named in the UHY report. The total number of hours used to complete this review and summary report as of September 30, 2020 was 129.75.

Indirect Hours

The staff also attended relevant staff development activities, regular staff meetings, Audit Committee and other required meetings, and completed general office responsibilities. The total hours spent on indirect activities as of September 30, 2020 was 1,001.

Conclusion

The Office of Internal Audit's annual strategic work plan continues to play a vital role in the governance and accountability of Baltimore County Public Schools. Although not all audit activities result in the completion of a written report, we issued 31 reports related to audits, follow ups, special projects, and closed investigations as of September 30, 2020.

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Summary of Audit Committee Activity

The Board Audit Committee is comprised of Ms. Rowe, Committee Chair, Ms. Causey, Board Chair and Committee Vice-Chair, Ms. Jose, and Mr. Kuehn.

July 2019

No meeting was held.

August 2019

No meeting was held.

September 2019

This meeting was re-scheduled to October 6, 2020.
