



FY21 Q3 UPDATE

Office of Internal Audit

Summary of Office of Internal Audit Achievements
as of March 31, 2021

Board of Education of Baltimore County

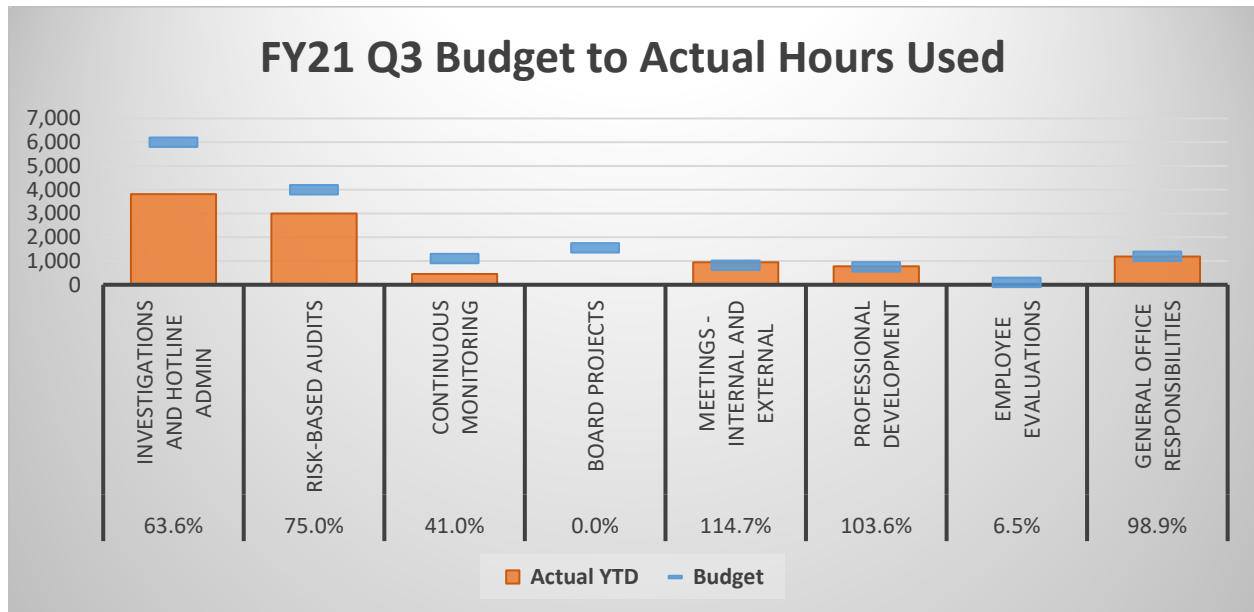
Office of Internal Audit

FY21 Q3 Update

Summary of Plan Hours as of March 31, 2021¹

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 March 31, 2021, the Office of Internal Audit used 10,635.25 resource hours to complete various FY21 Strategic Work Plan activities. Of those hours, 7,266.50 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, excluding November 2020, as of March 31, 2021:



¹ The Office of Internal Audit time tracking mechanism was impacted by the ransomware attack on November 24, 2020. Therefore, hours for this report will not include the time spent on audit activities for November 2020.

Board of Education of Baltimore County

Office of Internal Audit

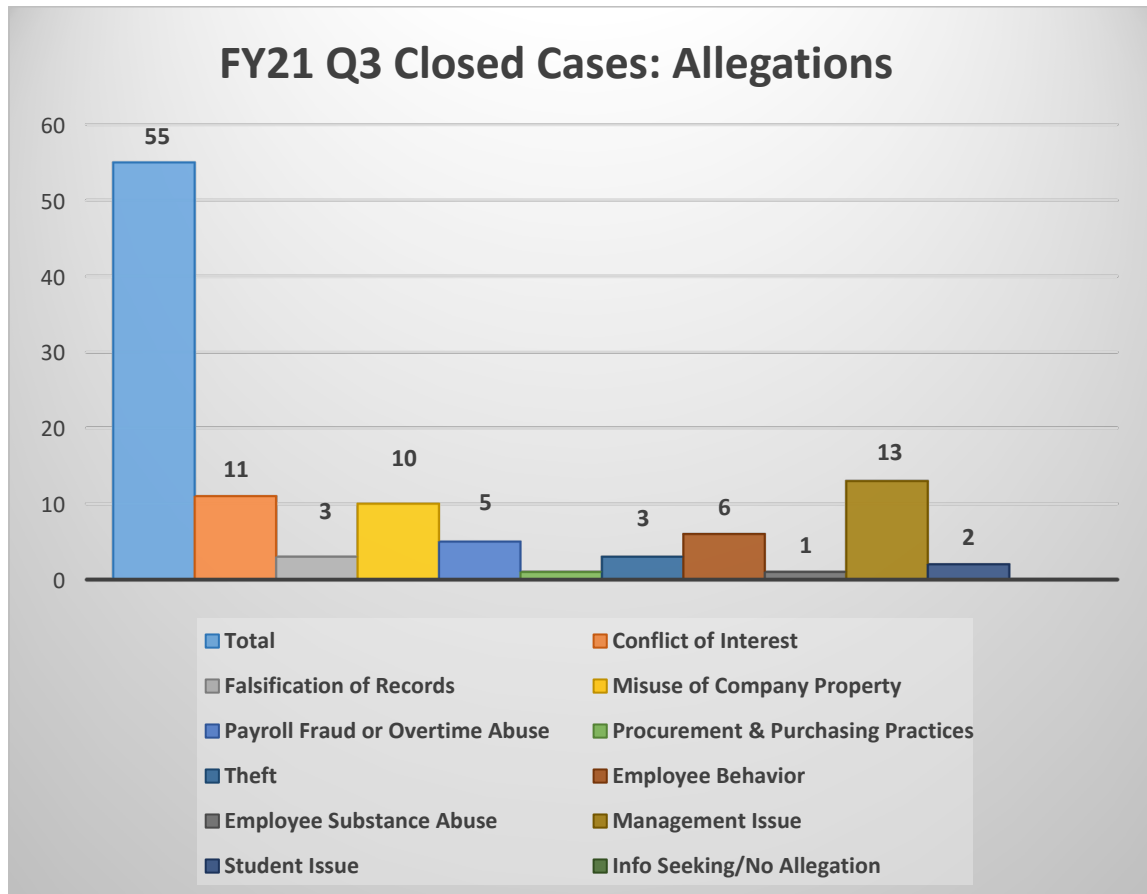
FY21 Q3 Update

Investigations

There were 55 cases closed by the investigative unit as of March 31, 2021. Of these 55 cases, 24 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 March 31, 2021 was 3,814.

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:

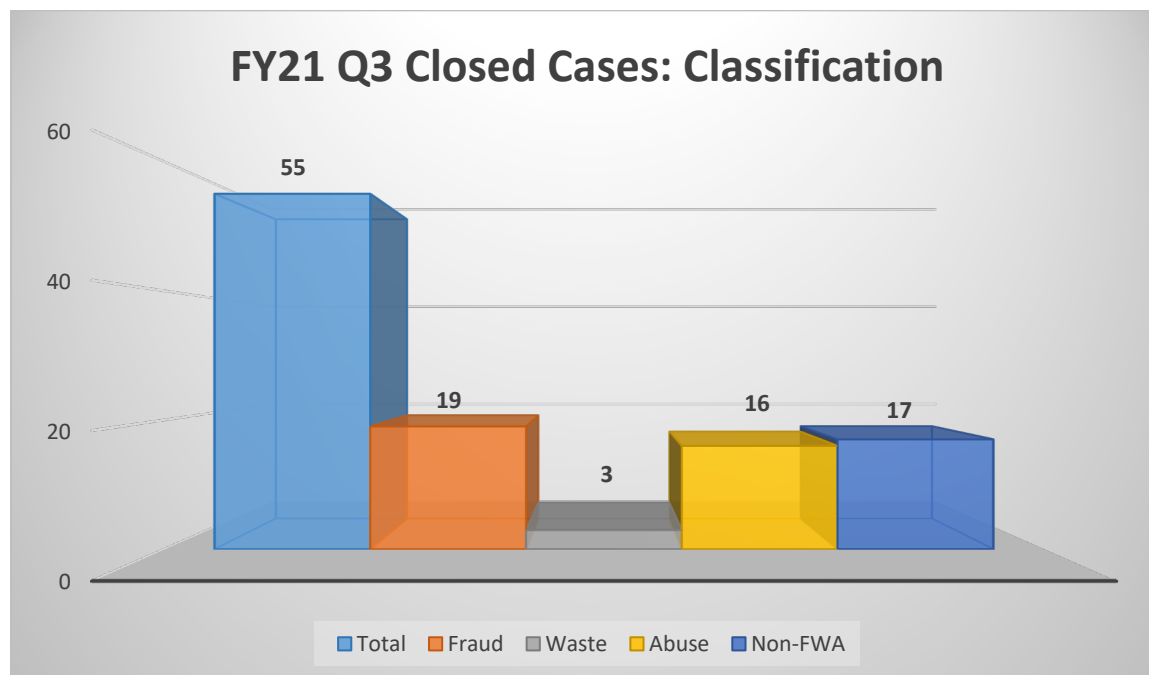


Board of Education of Baltimore County Office of Internal Audit FY21 Q3 Update

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.”



Board of Education of Baltimore County

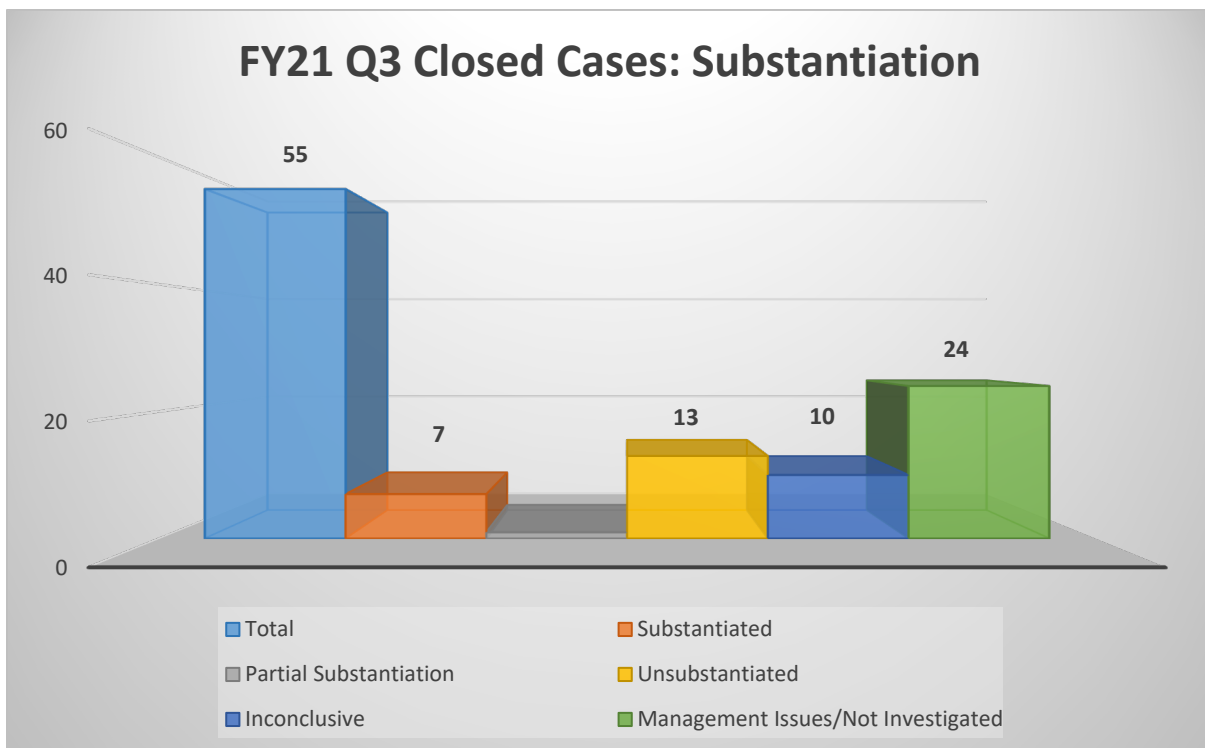
Office of Internal Audit

FY21 Q3 Update

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.



Board of Education of Baltimore County

Office of Internal Audit

FY21 Q3 Update

Audit Services

Risk-Based Audits

The Audit Services unit completed 111 risk-based audits, reviews, and follow-ups as of March 31, 2021:

- School activity fund and procurement card audits at 10 schools
- Procurement card reviews at 21 offices and 43 schools
- Follow-up to FY20 School activity fund and procurement card audits at 15 schools
- Follow-up at 20 schools to three-year cash analysis of all schools
- Board expenditure review
- Superintendent expenditure review

The total number of hours used to complete these projects was 3,001.5.

Continuous Monitoring

The Audit Services unit continued to monitor the status of management's corrective action plans through March 31, 2021 related to external audits:

- FY19 UHY Report on Procurement Activities, Specified Contracts, Travel Expenses, and Other Charges – Monitor Corrective Action Plan Progress.
 - The results of monitoring observations #8 - #12 (related to procurement card transactions) were presented at the October 6, 2020 Audit Committee Meeting.
 - The results of monitoring finding #1 (related to Financial Disclosure Statements) were presented at the March 16, 2021 Audit Committee Meeting.
- Office of Legislative Auditors Audit reports issued in 2008, 2015, and 2020.

The total number of hours used to complete these projects was 451.

Indirect Hours

The Office of Internal Audit was impacted by the November 24, 2020 ransomware attack. Consequently, unplanned recovery activities affected the hours associated with this category. The office continued to complete recovery activities during the third quarter. In addition to the recovery activities, the Office of Internal Audit began preliminary tasks related to an entity wide risk assessment. The staff also participated in the efficiency study conducted by Public Works, LLC, 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 March 31, 2021 was 3,368.75.

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 166 reports related to audits, follow ups, special projects, and closed investigations as of March 31, 2021.

Board of Education of Baltimore County

Office of Internal Audit

FY21 Q3 Update

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 2020

No meeting was held.

August 2020

No meeting was held.

September 2020

The September meeting was rescheduled to October 6, 2020.

October 6, 2020

- Mr. Sarris provided an update related to the Office of Legislative Auditor 2015 management corrective action plan and the status of the 2020 OLA audit.
- Ms. Manna provided an update related to the Office of Internal Audit monitoring activities completed related to the management corrective action plan included in the FY19 UHY audit.
- Ms. Rowe and Ms. Barr presented the Audit Committee Charter and the Office of Internal Audit Charter to committee members for their comments and consideration.
- Mr. Fletcher presented the monthly statistical investigative unit update related to closed cases as of August 31, 2020.

October 20, 2020

- Ms. Rowe and Ms. Barr presented the Audit Committee Charter and the Office of Internal Audit Charter to committee members for their comments and consideration.
- Ms. Cheri King, Clifton, Larson, Allen, LLP presented the FY20 Comprehensive Annual Financial Report audit results.
- Ms. Barr, Ms. Stevens, Ms. Manna, and Mr. Fletcher presented the FY21 Office of Internal Audit Quarterly update.

November 17, 2020

- The Committee approved the May 2020 minutes.
- Ms. Manna presented a summary of the FY20 procurement card review results that was completed for offices.
- Ms. Stevens presented the FY20 cash analysis results for the schools.
- Mr. Fletcher presented the monthly statistical investigative unit update related to closed cases as of August 31, 2020.
- Ms. Rowe and Ms. Barr presented the Audit Committee Charter and the Office of Internal Audit Charter to committee members for their comments and consideration.

Board of Education of Baltimore County

Office of Internal Audit

FY21 Q3 Update

December 2020

No meeting was held.

January 16, 2021

Monthly investigative Statistics

- Mr. Fletcher presented the monthly statistical investigative unit update related to closed cases as of December 31, 2020.

Audit Committee Charter and Internal Audit Charter

- The Audit Committee passed the motion to move the Audit Committee Charter and the Internal Audit Charter to the full Board for its consideration and approval.

OLA Audit Update

- Ms. Barr reported that the Office of Internal Audit began compiling audit information and have begun the monitoring process.

Board Expenditure Review

- Ms. Barr responded to committee members questions about the Board expenditure report.

Administrative Function

- The committee convened to discuss the investigatory report process.

February 16, 2021

The composition and leadership of the committee changed: Mr. McMillion, Committee chair, Ms. Jose, Vice-Chair, Ms. Pasteur, committee member, Ms. Rowe, Committee member.

Office of Internal Audit FY21 Mid-year Update

- Ms. Barr presented its FY21 mid-year update related to budget to actual hours, number of investigatory cases closed by classification, audits and monitoring completed, and a summary of audit committee activity.

Investigative Unit Statistics

- Mr. Fletcher presented the January 2021 investigative unit statistics.
Summary of Procurement Card Review results – schools
Ms. Manna presented the results of the review of procurement card activity made at schools during the pandemic.

OLA update

- Ms. Barr reported that all OLA current and repeat findings were identified, as well as the contacts who would need to provide information to Internal Audit about the progress made to address the findings.

FY22 Operating Budget Analysis

- Ms. Manna and Ms. Crue presented information related to BCPS budget history, a three-year comparison, an FY22 budget summary, and LEA budget comparison.
- Ms. Barr requested that the committee determine if this type of analysis should continue by the Office of Internal Audit and, if so, to identify and provide input into future topics for analysis.

Board of Education of Baltimore County
Office of Internal Audit
FY21 Q3 Update

- The committee passed a motion to have the Office of Internal Audit provide quarterly updates relative to their workplan as well as information that is germane to the direction of the board.

March 16, 2021

Investigative Unit Statistics

- Mr. Fletcher presented the February 2021 investigation statistics.

UHY Monitoring Update

- Ms. Manna and Mr. Edwards presented information about the review completed related to the UHY finding regarding financial disclosure forms.
- The committee passed a motion to have financial disclosure form and ethics training prior to the deadline for the FY20 filing date of June 30, 2021.

OLA Monitoring Update

- Ms. Barr reported that the contacts identified for the project are correct.

FY22 Operating Budget Analysis

- Ms. Manna and Ms. Crue presented additional analysis regarding LEAS comparisons related to various areas such as administrative costs and instructional costs, including special education.
- The committee requested that the Office of Internal Audit continue with budget analysis as the budget committee “gears up.”

Overview of Investigatory Process

- Mr. Fletcher provided a report on the Office of Internal Audit investigatory process.
- Ms. Basheera James provided an explanation related to the Department of Human Resource process about how they follow up once they receive an Office of Internal Audit investigatory report.
