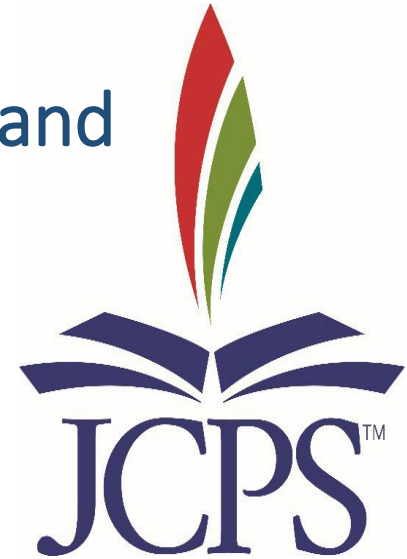


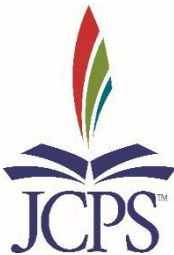
Internal Audit Charter,  
Internal Audit FY 2022-23 Status Update and  
FY 2023-24 Proposed Audit Work Plan



*Jefferson County Board of Education  
August 29, 2023*

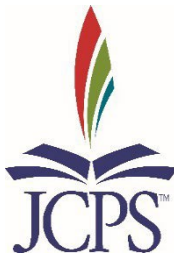
## Objectives for Today

- Internal Audit Charter
- FY 2022-23 Work Plan Status Update
- FY 2023-24 Proposed Audit Work Plan
- Questions



# Internal Audit Team

- May R. Porter, CIA, CFE Director of Internal Audit
  - Chalynn, Comage, CFE Risk Investigator
  - John LeMaster, CPA Internal Auditor
  - Sonya Miller, Internal Auditor
  - Shari Mattingly, Clerk
- Co-Sourced Partners
  - Armanino LLP
  - Strothman & Company

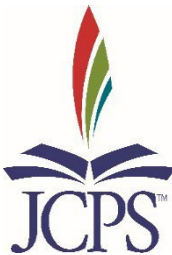


# Internal Audit Charter

The Internal Audit Charter is a formal document that defines Internal Audit's purpose, authority, responsibility and position within the organization.

The charter should be reviewed annually and submitted to the Board for approval. There are no changes for FY 2023-24.

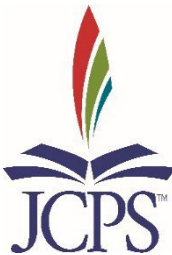
The charter was last revised in 2022. Those revisions were approved by the Board on September 13, 2022.



# FY 2022-23 Work Plan Status Update

## Accomplishments To Date:

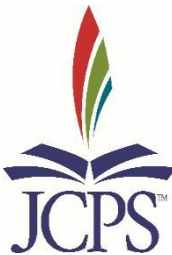
- School Activity Fund: Fiscal Year-end Closing – Consulting;
- Inventory Management Review – Consulting;
- Building Modification Process – Consulting;
- School Activity Fund Dashboard – Consulting - Co-sourced, Strothman, LLP;
- Inventory of Physical Devices Review – Assurance - Co-sourced, Armanino LLP;
- Ransomware Assessment– Assurance - Co-sourced, Armanino LLP;



# FY 2022-23 Work Plan Status Update continued

## **Accomplishments To Date (continued):**

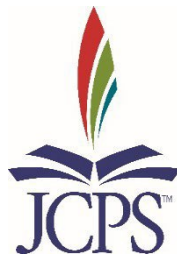
- Network Administration - Penetration and Vulnerability Testing – Assurance - Co-sourced, Armanino LLP;
- Performed 14 investigations/inquiries (3 open investigations);
- Monthly monitoring of school activity funds (SAF);
- Monthly monitoring of school attendance;
- Monthly monitoring of payroll activity;
- Quality Assessment Review of Internal Audit Department. Received a rating of Generally Conforms.



# FY 2022-23 Work Plan Status Update continued

## In Process:

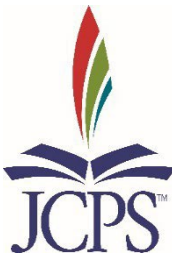
- Participation on staff committees in an advisory capacity;
  - IT Risk Management (Work-group and Executive);
  - Racial Equity Analysis Protocol;
  
- Administration of the anonymous reporting hotline (as of 06/30/2023)
  - 678 reports, 425 (65 percent) Bullying or Harassment
  
- Governance, Risk and Compliance Platform Tool – Consulting;
  - Initial Processes – School Culture and Climate, Internal Audit, and Information Technology;
  - Workiva selected as third-party vendor;



# FY 2022-23 Work Plan Status Update continued

## **In Process:**

- Grant Management and Administration Review – Assurance – Co-sourced, Armanino LLP; (Finalizing)
- Employee Expense Reimbursement Review – Assurance; (Finalizing)
- Electronic Travel and Expense – Consulting; (Finalizing)
- Microsoft Cloud Review – CAP follow-up - Co-sourced, Armanino LLP; (In-Process)





# FY 2023-24 Work Plan



Planning Activities performed:



Met with Board Members



Met with Cabinet Leaders and other key personnel



Met with external audit resources (including co-sourced partners)



Met with Auditors from Council of Great City Schools



Reviewed Protiviti *Executive Perspectives on Top Risks for 2023*



Performed a risk assessment of audit universe

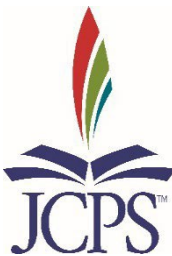


Evaluated staff and external resources



# FY 2023-24 Work Plan continued

| Engagement Activities | Definition  |
|-----------------------|---|
| Assurance             | Objective examinations of evidence for the purpose of providing independent assessments on governance, risk management, and control processes for the organization. Examples include financial, compliance, performance, and information technology audits.   |
| Consulting            | Advisory and related client service activities, the nature and scope of which are agreed to with the client, are intended to add value and improve the District's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, and process improvement.    |
| Compliance/Monitoring | Activities that are compliance focused such as attendance reviews, school activity fund reviews, or ongoing monitoring such as the school activity fund monthly verification form process.  |
| Investigations        | Activities that come from reports through the anonymous hotline, potential fraud related, or special assignments from Superintendent/Cabinet/JCBE members.  |
| Follow-up             | Follow-up engagements, also referred to as corrective action plan follow-up reviews, are conducted to determine the adequacy and timeliness of actions taken by management on reported engagement findings and recommendations. This work determines if management has taken action or accepted the risk of not taking action on reported findings. |

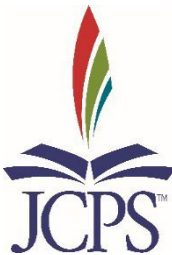


# FY 2023-24 Work Plan continued

Proposed Assurance and Consulting Projects, does not include carried over projects from FY 2023:

- ❖ School Board Materials (Assurance)
- ❖ School Funding Model Implementation (Assurance)
- ❖ Network Administration – Penetration Testing & Vulnerability Scan\* (Assurance)
- ❖ School Activity Funds On-Site Reviews (Assurance)
- ❖ Business Impact Analysis\* (Consulting)
- ❖ Governance, Risk, and Compliance Platform (Consulting)
- ❖ School Choice Implementation (Consulting)

\*co-sourced



# FY 2023-24 Work Plan continued

## Highlights of Proposed Audit Work Plan



### **Partnering**

With the Information Technology team and proactively and independently evaluate the security posture



### **Continuing**

To perform monthly monitoring of school activity funds, attendance and payroll



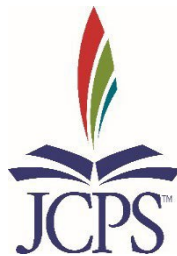
### **Facilitating**

Expansion of the Governance, Risk and Compliance platform by way of strategic partners throughout the District



### **Providing**

Independent and objective evaluations of processes to enhance process effectiveness

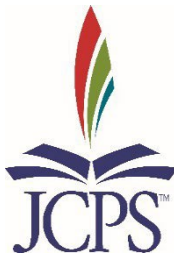


# FY 2023-24 Work Plan continued

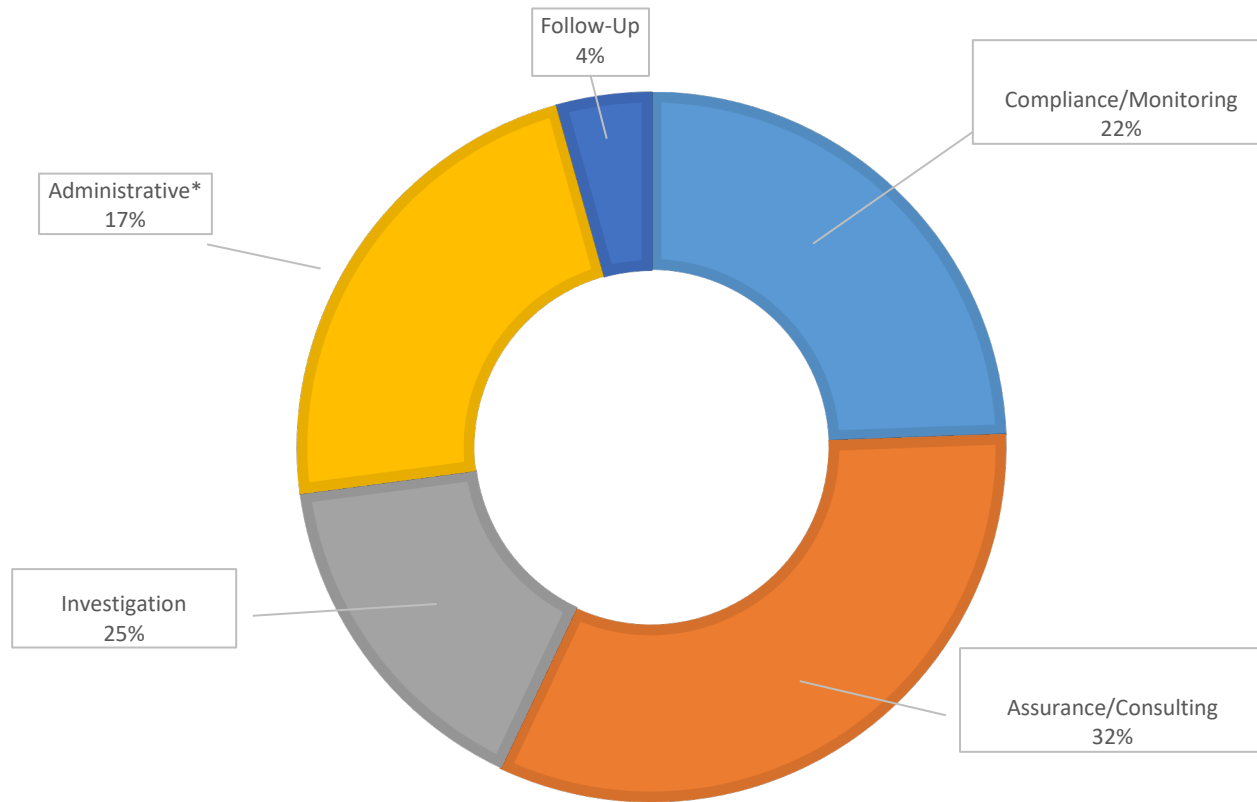
Processes included in the Audit Universe are prioritized as high, medium and low based on the risk evaluation, feedback from Cabinet Members, knowledge of required activities and observations made throughout the past year. The following are a listing of assurance, consulting and compliance/monitoring reviews included in the work plan.

| HIGH  | Medium                                  | Low                                      |
|---|---|--|
| Network Administration – Vulnerability Scan and Analysis* | School Activity Fund On-Site Reviews    | School Choice Implementation             |
| Ransomware Assessment Follow-up Review – Security Review* | School Board Materials                  | Governance, Risk and Compliance Platform |
| Payroll Monitoring  | Schools Funding Model Implementation    |  |
| Ransomware Assessment*                                    | School Activity Fund Monthly Monitoring |  |
| Business Impact Analysis*                                 | School Attendance Monthly Monitoring    |  |

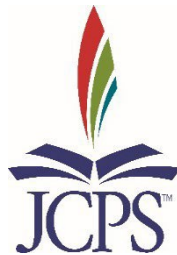
*Projects carried over from the 2022-2023 work plan are incorporated in the proposed work plan but are not included in this listing.*



# FY 2024 Audit Plan Staffing Allocation



\*Includes Administrative hours, professional development and paid time off.



# Questions/Discussion

