

# Internal Audit Annual Audit Plan

Linda J. Lindsey, School Board Internal Auditor

June 28, 2022



**Orange County  
Public Schools**

June 28, 2022

To the School Board:

Attached is the Risk Assessment and 2022-2023 Internal Audit Plan for Orange County Public Schools.

This report provides information about the condition of risks at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact these risks in ways that this report did not and cannot anticipate.

This report and the proposed audit plan have been reviewed and approved by the Audit Advisory Committee. Please let me know if you have any questions or if we can assist in any way with other matters.

– Linda J. Lindsey, CPA, CGAP  
School Board Internal Auditor



# Risk Assessment Process Overview

- Conducted interviews with School Board members, Superintendent, Chiefs and selected management
- Facilitated management's identification of risks/areas of concern
- Used ERM toolkit to evaluate likelihood and consequence of risks and develop risk ratings
- Leveraged Internal Audit's knowledge obtained from other engagements
- Considered results of Auditor General and external audits

# Risk Assessment Process Overview

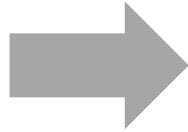
- Created a universe of auditable areas
- Evaluated risks associated with each auditable area
- Considered risk ratings from management and Internal Audit to develop audit risk scores
- Ranked the auditable universe by audit risk scores
- Sorted ranked areas by capital/facilities, IT and internal audit categories and strategic assessments
- Developed the proposed audit plan

# General Risk Area Definitions

General Risk Areas	Risk Area Definition
Public/ Political	How the district is viewed in the eyes of the public
Strategic	Effectiveness in achieving district goals and objectives; efficiency of operations
Financial	Accuracy of financial reporting, financial sustainability and viability of the district, and safeguarding of financial assets
Legal	Exposure to lawsuits and legal challenges; compliance with internal policies and procedures and external laws/regulations
Data	What type of data is held or processed, whether third parties are involved, criticality of data to district strategic goals

## General Risk Areas

Public/  
Political



Strategic



## Specific Risk Areas (Not in any particular order)

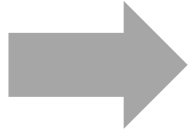
- Reputation/ public relations
- Tone at the top
- Community partnerships
- Student and staff safety
- Growth management / school planning
- Renewal of 1 mil ad valorem levy

- Third-party relationships
- Facilities construction
- Vulnerability management
- Business continuity
- Results of ESSER funded programs
- IT operations
- Student and staff safety
- Hiring and retention challenges

Indicates areas rated as Very High or High risk by Management and included in Proposed Audit Plan

## General Risk Areas

### Financial



- Inadequate funding
- Cash & investments
- Self insurance fund deficits
- Procurement

- Significant COVID-19 grants
- Debt
- Inflation impact on wages, cost of supplies and cost of capital projects

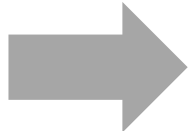
### Legal



- Impact fees
- Contracts
- Statutory compliance
- Litigation

- Labor/employment matters
- Ethics program
- School Board policies
- ESE compliance

### Data



- Data with third parties
- Personally identifiable information
- Cybersecurity

- Critical reporting
- Management reports

## Specific Risk Areas (continued)



# 2022-2023 Internal Audit Projects

- **Capital Program / Facilities**
  - New/renovated schools project audits (contract & self-performed)
  - Capital renewal project audits (contract & self-performed)
  - Preventive maintenance program

# 2022-2023 Internal Audit Projects (Continued)

- IT Audit
  - IT general controls (carried over)
  - Student information gradebook (carried over)
  - Firewall security
  - Infrastructure and network services

# 2022-2023 Internal Audit Projects (Continued)

- Internal Audit
  - COVID-19 related grants (ongoing)
  - Compensation services (carried over)
  - State reporting
  - Debt management
  - Wire transfers

# 2022-2023 Internal Audit Projects (Continued)

- Internal Audit (continued)
  - Continuity of operations planning
  - AED maintenance and inspection program
  - Fuel management
  - Student directory information
  - Internal audit quality self-assessment

# 2022-2023 Internal Audit Projects (Continued)

- **Outsourced / Co-sourced Audits**
  - External financial audit (includes Sales Tax & Capital Renewal Funds for COVE)
  - Schools' internal accounts
  - Construction projects cost verification
  - School age services / after school programs

# Ongoing Internal Audit Activities

- Tracking management responses to audit recommendations
- Managing contracted audit services
- Investigations (as needed)
- Facilitation of management's risk assessment process
- Training new managers, management leadership academy, PFPA, others
- Fraud hotline and internal control promotion
- Continuing professional education

# Features of the Audit Plan

- Flexibility to respond to management requests, unforeseen audits, and investigations without significant disruption to the core plan
  - Ability to incorporate strategic assessments as opportunities or risks are identified
  - Department to self-perform 3-5 school audits
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