

# **18 MONTH AUDIT PLAN (JAN 2023 – JUNE 2024)**

# Internal Audit Plan Assumptions

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- Audit Plan covers 18-month period: January 2023 - June 2024
- 27 New Audits under the plan will commence in January 2024
  - 8 based on the Enterprise Risk Assessment
  - 3 based on the IT Risk Assessment
  - 16 Other Audits based on special requests from Board/Administration and other areas identified by the OIA
- 5 Follow-Up Audits will commence in January 2024
- 30 Prior year Audits In Progress (most in reporting phase of audit) with aim to be completed by end of December 2022 (a few construction audit may not be completed until Q3/Q4 of FY 22-23)
- All third-party auditors will complete work for which they have been contracted (i.e., BDO, Whitley Penn, & McConnell Jones)
- Detailed hours estimates based on audit hours from prior year plans

# Proposed 18-Month Internal Audit Plan Summary

Category	No. of Audits	Proposed Hours		
		Service Provider	HISD	Total
<b>1. Enterprise Risk Assessment Audits</b>	<b>8</b>	-	<b>2,800</b>	<b>2,800</b>
<b>2. IT Risk Assessment Audits</b>	<b>3</b>	<b>1,550</b>	<b>155</b>	<b>1,705</b>
<b>3. Other Audits</b>	<b>16</b>	<b>1,170</b>	<b>4,818</b>	<b>5,988</b>
<i>Education Program</i>	3	-	1,440	1,440
<i>Financial and Operations</i>	8	920	2,077	2,997
<i>Construction</i>	3	-	1,276	1,276
<i>Information Technology</i>	2	250	25	275
<b>4. Follow-Up Audits</b>	<b>5</b>	<b>200</b>	<b>1,300</b>	<b>1,500</b>
<i>Various</i>	1	-	400	400
<i>Education Program</i>	1	-	400	400
<i>Financial and Operations</i>	1	-	200	200
<i>Construction</i>	1	-	280	280
<i>Information Technology</i>	1	200	20	220
<b>5. Prior Year Audits in Progress</b>	<b>30</b>	<b>805</b>	<b>3,316</b>	<b>4,121</b>
<i>Education Program</i>	6	268	272	541
<i>Financial and Operations</i>	5	213	665	879
<i>Construction</i>	17	-	2,333	2,333
<i>Information Technology</i>	2	323	45	368
<b>6. Other Work Performed</b>		-	<b>4,300</b>	<b>4,300</b>
<b>Total Estimated Hours to Complete the 18-Month Plan (Jan 2023 - Jun 2024)</b>	<b>62</b>	<b>3,725</b>	<b>16,689</b>	<b>20,414</b>

# Proposed 18-Month Internal Audit Plan

## Audits Based on Enterprise Risk Assessment (1 of 2)

Universe Total Rank	Area	Detailed Universe Updated	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 2023 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24				FY 24-25
				Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Annual
<b>Enterprise Risk Assessment Audits</b>															
2	Budgeting & Financial Planning	Departmental and District Wide Budgets	Review and assess process for planning and completing budgets, to determine the effectiveness of compliance with policies and procedures, and to ensure the budget process is operating as planned.		200	200									
11	Budgeting & Financial Planning	School Based Budgeting	• Review and assess process for planning and completing budgets, to determine the effectiveness of compliance with policies and procedures, and to ensure the budget process is operating as planned		200	200									
3	Employee Relations	Policies and Procedures, Communications & Training	Review the overall talent acquisition and recruitment process, focusing on compliance with policies and procedures, the overall efficiency and effectiveness of the processes, and the adequacy of the internal control infrastructure		400	400									
3	Business Logistics and Purchasing	Public Solicitation Bidding Process	• Review the design and effectiveness of public solicitation processes, including compliance with state law and HISD policy		400	400									
3	Business Logistics and Purchasing	Vendor Management - Vendor Master Setup	• Review and assess policies and procedures over the vendor master file control and maintenance to ensure adequate protection of the District against creation and activation of unauthorized vendors and ensure that payments were made to authorized and approved vendors		400	400									

# Proposed 18-Month Internal Audit Plan

## Audits Based on Enterprise Risk Assessment (2 of 2)

Universe Total Rank	Area	Detailed Universe Updated	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 2023 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24				FY 24-25
				Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Annual
<b>Enterprise Risk Assessment Audits</b>															
3	Employee Relations	Employee Relations - Complaints, Investigations, and Resolutions	<ul style="list-style-type: none"> <li>Review and assess processes, policies and procedures and controls surrounding the grievance process</li> <li>Review and assess that employees work in an environment that is free from illegal discrimination and harassment, including sexual harassment</li> <li>Review HR investigations practices and protocols for compliance with current policies</li> </ul>		400	400									
11	Business Logistics and Purchasing	Logistics - Inventory Control	Review and assess proper inventory controls are in place and in compliance with policies and procedures		400	400									
11	Human Resources	Administration (Termination Process, Records Management, Succession Planning)	<ul style="list-style-type: none"> <li>Review teacher and principal incentive compensation criteria, process and calculations (formally Aspire program, replace if and when a new program is in place).</li> <li>Review program and awards for compliance with policies and procedures and alignment with performance</li> <li>Review program around Succession Planning</li> </ul>		400	400									
<b>Enterprise Risk Assessment Audits Total</b>				-	2,800	2,800									

# Proposed 18-Month Internal Audit Plan

## Audits Based on IT Risk Assessment

Universe Total Rank	Area	Detailed Universe Updated	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 2023 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24				FY 24-25
				Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Annual
<b>IT Risk Assessment Audits</b>															
1	Information Technology	OneSource (SAP)	Recurring validation of the effectiveness of HISD's SAP controls in place to carryout management's objectives for the District, in terms of finance, human resources, payroll, and other supported processes.	550	55	605									
2	Information Technology	New Learning Management System (LMS) Post-Implementation Review	A post implementation review will be performed to validate appropriate system development lifecycle (SDLC) procedures are performed and documented by the project team of the new learning management system (LMS) called "Campus".	400	40	440									
4 & 2	Information Technology	Patch and Vulnerability Management	To ensure procedures are in place to monitor and manage the identification and remediation of vulnerabilities on the HISD network, and to validate the latest patches are applied across operating systems and applications.	600	60	660									
<b>IT Risk Assessment Audits Total</b>				<b>1,550</b>	<b>155</b>	<b>1,705</b>									

# Proposed 18-Month Internal Audit Plan

## Other Audits (1 of 3)

Area	Detailed Universe Updated	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 2023 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24				FY 24-25
			Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Annual
<b>Other Audits (Not Captured in the Risk Assessment)</b>														
Education Program	Student Membership Reconciliation	To determine if HISD is compliant with the state-mandated student membership reconciliation process as outlined in the Student Attendance Accounting Handbook.		480	480									
Education Program	Student Leavers	The purpose of this audit is to determine if: <ul style="list-style-type: none"> <li>The assigned student leaver codes were properly supported by documentation in accordance with the Public Education Information Management System (PEIMS) data standards.</li> <li>Federal and State Compliance conducted desk reviews during the school year to mitigate issues associated with improper leaver coding. (Requested by Federal and State Compliance)</li> </ul>		480	480									
Education Program	Magnet Programs	To determine if HISD magnet programs are compliant with federal and/or state regulations as it relates to student enrollment criteria and funding.		480	480									
Financial and Operations	Campus Audit (Westside High)	Determine whether controls over the school activity funds are effective and functioning as intended in accordance with the district's Financial Procedures Manual and board policies.		333	333									
Financial and Operations	Campus Audit (Wharton K-8)	Determine whether controls over the school activity funds are effective and functioning as intended in accordance with the district's Financial Procedures Manual and board policies.		333	333									
Financial and Operations	Campus Audit (River Oaks Elementary)	Determine whether controls over the school activity funds are effective and functioning as intended in accordance with the district's Financial Procedures Manual and board policies.		333	333									

# Proposed 18-Month Internal Audit Plan

## Other Audits (2 of 3)

Area	Detailed Universe Updated	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 2023 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24				FY 24-25
			Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Annual
<b>Other Audits (Not Captured in the Risk Assessment)</b>														
Financial and Operations	Controls Over Ala Carte Cash (30 campuses in 2021-2022)	<ul style="list-style-type: none"> <li>To determine whether controls over Ala Carte Cash are sufficient, which includes determining whether cash is being handled properly and picked up in a timely manner for deposit into the bank.</li> <li>To determine whether Ala Carte cash transactions are properly processed.</li> </ul>		333	333									
Financial and Operations	Controls Over Ala Carte Cash remaining (30 campuses in 2022-23)	<ul style="list-style-type: none"> <li>To determine whether controls over Ala Carte Cash are sufficient, which includes determining whether cash is being handled properly and picked up in a timely manner for deposit into the bank.</li> <li>To determine whether Ala Carte cash transactions are properly processed.</li> </ul>		333	333									
Financial and Operations	Elementary and Secondary School Emergency Relief (ESSER) III	To determine whether ESSER funds were spent in accordance with ESSER requirements. Did the use of ESSER funds achieve the District's stated goals and expected outcomes?	920	92	1,012									
Financial and Operations	Nutrition Services Inventory Observation	Determine if inventory counts were properly conducted and accurate.		160	160									
Financial and Operations	Central Warehouse Inventory Observation	Determine if inventory counts were properly conducted and accurate		160	160									



# Proposed 18-Month Internal Audit Plan

## Other Audits (3 of 3)

Area	Detailed Universe Updated	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 23 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24				FY 24-25
			Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Annual
<b>Other Audits (Not Captured in the Risk Assessment)</b>														
Construction	Construction Services for future Bond (Nov 2023) and their Long-Range Plan.	To Assist Construction Services with the preparing for, and executing their long-range plan activities including process reviews.		436	436									
Construction	Lawson MS - Turner Construction - CMAR	Construction Manager At Risk Contract Audit to ensure Contract compliance and accountability (Safeguard District funds)		420	420									
Construction	Westbury HS - Satterfield & Pontikes - CMAR	Construction Manager At Risk Contract Audit to ensure Contract compliance and accountability (Safeguard District funds) (Rolled over due to staffing)		420	420									
Information Technology	Enterprise Risk Assessment	To identify the enterprise audit universe, examine the financial and operational units, and identify areas with the greatest risk exposure to consider as part of the Internal Audit department's audit plan for FY 2022-2023.	100	10	110									
Information Technology	IT Risk Assessment	To identify the IT audit universe, examine the IT auditable units, and select areas with the greatest risk exposure to review and include in the IT audit plan for FY 2022-2023	150	15	165									
<b>Other Audits Total</b>			<b>1,170</b>	<b>4,818</b>	<b>5,988</b>									

# Proposed 18-Month Internal Audit Plan

## Follow-Up Audits

Area	Detailed Universe Updated	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 2023 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24			
			Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Follow-Up Audits</b>													
Financial and Operations Audits, Construction and Education Services	Legislative Budget Board Audit (LBB) Recommendations Follow up	Determine if selected LBB recommendations have been implemented and operating as intended.	-	400	400								
Education Program	Special Education Professional Development Follow-up	To determine if: • Management implemented our recommendations or their alternative plans. • Management's actions were effective.		400	400								
Financial and Operations	Follow up of Human Resources Operations Associated with Payroll (2016) Audit	•To determine if management implemented our recommendations or their alternative action plans; •To determine if management's actions were effective.	-	200	200								
Construction	Jordan HS - Cadence Mc Shane - CSP	Follow-up Audit to ensure all recommendations were implemented.	-	280	280								
Information Technology	Audit Year 2022 Prior Issue Follow-up Audit	1. To determine if management implemented our recommendations or their alternative action plans. 2. To determine if management's actions were effective.	200	20	220								
<b>Follow-Up Audits Total</b>			<b>200</b>	<b>1,300</b>	<b>1,500</b>								

# Proposed 18-Month Internal Audit Plan

## Prior Year Audits In Progress (1 of 2)

Area	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 23 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24				FY 24-25
		Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Annual
<b>Prior Year Audits In Progress</b>													
Education Program	Review of Impacts from the Corona-19 Virus		10	10									
Education Program	Dual Credit Program Audit Austin High School (HS) Follow-Up		133	133									
Education Program	Grading Integrity Investigative Results Follow-Up		40	40									
Education Program	Campus Emergency Management Plans	160	24	184									
Education Program	The Impact of Decentralization on Principal Support & Retention	28	17	45									
Education Program	Elementary and Secondary School Emergency Relief (ESSER I)	80	48	128									
Financial and Operations	Treasury Management		20	20									
Financial and Operations	Central Warehouse Inventory Observation		107	107									
Financial and Operations	Elementary and Secondary School Emergency Relief (ESSER II)	213	32	245									
Financial and Operations	Nutrition Services Inventory Observation		107	107									
Financial and Operations	Payroll Tax Reporting		400	400									
Construction	Austin HS - Pepper Lawson Construction LP		420	420									
Construction	Sam Houston HS - Satterfield and Pontikes		140	140									
Construction	Wharton Dual Language Academy - Division One		20	20									
Construction	Yates HS - Turner Construction		20	20									
Construction	Pilgrim Academy K-8 -DT construction (replaced Parker ES - Patriot Contracting)		40	40									
Construction	Sharpstown International - DT Construction		20	20									
Construction	Follow-up audit-Madison HS -Satterfield and Pontikes		20	20									
Construction	Scarborough HS - DT Construction		40	40									

# Proposed 18-Month Internal Audit Plan

## Prior Year Audits In Progress (2 of 2)

Area	Audit Objective	Proposed Staff Hours for 18-Month Plan (Jan 23 - Jun 2024)			Proposed Schedule FY 22-23				Proposed Schedule FY 23-24				FY 24-25
		Service Provider	HISD	Total	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Annual
<b>Prior Year Audits In Progress</b>													
Construction	B.T. Washington HS - Division1 Construction		293	293									
Construction	Consulting for the 2022 Bond Rollout and Long		20	20									
Construction	Northside HS Satterfield and Pontikes		267	267									
Construction	Young Women’s College Preparatory Academy Satterfield and Pontikes		20	20									
Construction	Eastwood Academy - Patriot Contracting		267	267									
Construction	Follow-up Audit_Mitchell ES Satterfield & Pontikes		187	187									
Construction	Follow-up Audit_Kolter ES -Satterfield and Pontikes		187	187									
Construction	Follow-up Audit_Braeburn ES Satterfield & Pontikes		187	187									
Construction	Follow-Up Audit_Scarborough ES Satterfield & Pontikes		187	187									
Information Technology	LBB Follow up - IT recommendations numbered 65 through 71	90	10	100									
Information Technology	Application Interfaces	233	35	268									
<b>Prior Year Audits In Progress</b>		<b>805</b>	<b>3,316</b>	<b>4,121</b>									
<b>All Audits Total</b>		<b>3,725</b>	<b>12,389</b>	<b>16,114</b>									