

# **Internal Audit Modified Annual Plan 2023-24 FY**

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Arlington Public Schools



# Proposed Audit Plans for Fiscal Year 2023-24

- School Activity Funds (SAF)
- APS Purchasing Cards
- Healthcare Review
- Gas Cards and Fleet Management



# School Activity Funds

## Background

- Each school within APS maintains a School Activities Fund for various sources of revenue and expenses.
- School Treasurers are tasked with the management and administration of these funds.
- In addition to serving as custodians of these funds, Treasurers are commonly responsible for multiple academic and administrative tasks.
- Treasurers have various backgrounds and may not have finance related competencies.



# School Activity Funds

## Audit Steps

- Select a sample of schools and interview Treasurers to create a needs assessment (professional skills).
- Develop a training curriculum for the School Treasurers
- Select a sample of transactions from the School Cash Funds System from each school. Review controls over the supporting documentation and appropriateness of the purchase.
- Review and evaluate controls for the financial and administrative processes performed by the Treasurers.
- Evaluate controls for business practices for compliance with APS policies and procedures.
- Review industry best practices for the management and administration of SAF.
- Evaluate controls and applications relating to the chart of accounts and the source of funds.



# APS Purchasing Cards

## Background

APS Provides employees with purchasing cards for use in making business related purchases.

## Audit Steps

- Obtain statements for the selected sample (quarterly) and identify the transactions for detailed testing.
- Review related supporting documentation. Evaluate the adequacy of this documentation and make inquiries as appropriate.
- Determine if purchases comply with APS policies and procedures.
- Analyze adequacy of p-card reconciliation processes



# Healthcare Review

## Background

- APS provides healthcare insurance for employees as a part of their benefits package.
- Recent changes in healthcare providers prompted multiple inquiries and grievances regarding these changes. This appears to be focused on the loss of Kaiser as a provider.
- The School Board initiated a request for an amendment to the initial 2023-2024 Annual Audit Plan. More specifically, the plan was expanded to include a review of what contributed to healthcare changes and an assessment of the roles and responsibilities of Procurement and Human Resources regarding these changes.

## Audit Steps

- Request copies of any contracts and related agreements between APS and Kaiser Cigna.
- Interview key management personnel from Procurement and Human Resources regarding the RFP process, awarding contracts, and notifications when a proposal is rejected.



# Healthcare Review

- Request information on how employee needs are taken into consideration when a new healthcare provider is assigned at APS.
- Factors that led up to the change in providers.
- Interviews with Kaiser management personnel and a review of any healthcare related documentation relating to the professional relationship with APS.
- Review of any healthcare related documentation to and from key stakeholders at APS and Kaiser.
- Obtain and review the contract with Korn Ferry, specifically relating to key deliverables.



# Gas Cards and Fleet Management

## Background

- APS maintains a fleet of various vehicles as a part of running its businesses including student transportation services.
- Gas cards are provided to designated employees as part of operations.

## Audit Steps

- Obtain and review APS standards for the management and administration of gas cards.
- Select a sample of transactions for gas cards to determine if controls are adequate and business practices comply to APS policies and procedures.
- Evaluate controls for the card reconciliation process.
- Review business protocols for driver background checks and licensing requirements.
- Review and assess controls for work orders and related repairs and maintenance, including preventive maintenance protocols.





# Gas Cards and Fleet Management

- Review insurance business protocols including reporting losses and claims.
- Review and assess internal controls for vehicle replacement protocols.
- Examine vehicle usage logs, who manages vehicle assignments.
- Obtain and review safety policies and procedures, compare with existing business protocols.
- Review and evaluate controls covering school bus inquiries.



# Annual Audit Plan

## *Questions and Answers*