



Annual Report-Internal Audit FY 2024-2025

Presented by Alice B. Fenney August 21, 2025



Introduction

This evening's presentation will include:

- Internal Audits included in the 2024-2025 Annual Plan
- Value added contributions for APS: Internal Audit's Strategic Plan
- Audit Follow-up: Background and presentations from the responsible management teams from Business and Management Services, Human Resources, and Information Services.



Audits Included on the 2024-2025 Plan

The School Board approved four audits for the 2024-2025 Internal Audit Plan:

- Human Resources
- Overtime
- Payroll
- Information Services



Human Resources

- The Human Resources Audit was completed and presented in March to the Board, Cabinet, APS community, and the public.
- The report included multiple recommendations to improve the internal control environment.
- Some of the needed improvements included the development of SOP's, training for HR employees, and enhanced customer service.
- Mr. Corey Dotson and Ms. Shannan Ellis will be providing updates this evening regarding the department's progress.



Overtime Audit

- The Overtime Audit was completed and presented in March to the Board, Cabinet, APS community, and the public.
- The report included recommendations for improvement in compensation recordkeeping, specifically for overtime, and the development of SOP's including references for compliance with regulatory standards.
- Payroll Management has also been tasked with identifying better ways to address overtime overpayments.
- Mr. Andy Hawkins will be providing some updates this evening regarding departmental progress in addressing the audit findings and recommendations.



Payroll

During the Overtime Audit, several essential control weaknesses related to Payroll were identified and brought to management's attention for corrective action. The most important include:

- Maintaining adequate compensation records.
- Implementing SOP's for payroll business functions including regulatory compliance.
- Implementing techniques for identifying potential payroll errors.

The full Payroll Audit has been postponed due to:

- ERP System upgrades
- Management changes and reorganization



Other Audit Follow-up

- In addition to the audits completed in SY 2024-2025, we asked Business and Management Services to provide updates for the School Activity Funds and Purchasing Card Audits that were completed in SY 2023-2024.
- A new Director of Finance was recently appointed to support the Business and Management Services team.



Information Services Audit

Covered major areas of risks related to IS Equipment including operational support services for the APS Community

Hardware:

- Inventory Management Controls
- Equipment Assignment Protocols
- Repair and Replacement Protocols including School Billing Services
- Loaner Business Processes
- Equipment Sales



Information Services

Covered major areas of risks related to IS Equipment including operational support services for the APS Community

2. IS Internship Program

- Review of recruitment and hiring practices

3. SOP's

- Processes for the development, implementation, review and approvals



Internal Audit: Value Added

To ensure compliance with industry best practices, Internal Audit has integrated the requirements stated within the updated Global Standards of Internal Audit which went into effect in January 2025.

More specifically, during the fiscal year 2024-2025 we:

1. Conducted and reported on Audit Follow-ups for all Completed Projects.

This aligned with the standard's requirement for "planning, tracking and measuring performance (e.g., efficiency and quality)".

2. Actively involved the Board in IA projects and discussions.

We held regular Audit Committee meetings and IA met monthly 1:1 with the Board Chair, and more frequently as needed.



Internal Audit: Value Added

3. Regularly assessed risks to the organization.

Explicitly identified risks throughout APS during each audit engagement.

4. Engaged in Peer Review.

In 2024-2025 we implemented a peer review process in which we created a partnership with the County Auditors for a Peer Review Program.



Internal Audit: Value Added

- The four audits that were conducted for the FY 2024-2025 had a common theme, the lack of documented SOP's.
- As a priority, the management teams for these areas have been charged with the responsibility of developing and implementing documented SOP's.
- Audit follow-up will be conducted to monitor the progress made towards the implementation of SOP's as a standard business process.



Internal Audit: Value Added and 2025-2026 Planning

Audit activities aligned with APS Priorities

- IA supported management's request for advisory services covering basic compliance and regulatory education and business applications. An example includes the compliance matrix and research material recently prepared in response to the audit of Human Resources.
- To support and improve the talent pool of employees, multiple audits have identified gaps in essential skills and training and charged management with the tasks of identifying training and professional development resources. This will be coupled with regular performance evaluations.
- Using the HR Audit as an example, advantages for APS include: better skilled and professional competent staff, improved customer service and support for the APS community, reduced processing errors, and enhanced knowledge in regulatory compliance.

Audit Reports with Engagement Summary

- Under the prior IIA standards, audit reports were not required to provide a rating but under new industry standards, APS audit reports issued include an "engagement summary" with an assessment of internal controls.



Audits In Progress and What's Next

What's Next: Our Goals

- For the 2025-2026 fiscal year, Internal Audit will support the School Board and APS management with audit and advisory services that identify potential risks as well as tools to mitigate risks.
- A full 2025-2026 Internal Audit plan will be presented to and considered for approval by the School Board in September 2025.
- We will begin a partnership with the County this August and will be implementing an Ethics, Waste, Fraud and Abuse Hotline during the upcoming year.
- We will continue to work with the Chief of Staff in the development and implementation of Critical Business Event Matrices in partnership with policy development.



Summary and Closing

Annual Report: Questions and Answers

Thank you!

Next: Presentations on Audit Follow-up Results

- Human Resources
- Overtime
- Payroll
- Purchasing Cards and Student Activities Fund
- Information Services