
MUNICIPAL

AUDITING



MEMO

Date: March 20, 2017
To: Members of the Audit Committee
From: Drew Harmon, Municipal Auditor *DH*
Subject: Audit Plan Development for FY18

One of the primary responsibilities of the Audit Committee, as set out in Board Policy DIB, is to work with the Municipal Auditor to review and recommend specific areas or functions to be audited. As a basis for planning, an audit universe was established using the cost centers setup by the Division for budgeting and financial reporting.

Each cost center is scored on nine (9) risk factors, as described in the attached risk assessment. Information from a variety of planning documents, financial and non-financial reports, past audits and interviews provides the general basis for assigning scores. The resulting ranked list provides a starting point for the Committee's discussion of audit priorities.

Notable items on this year's ranked list include:

- Transportation ranked high based on a better understanding of required state reporting and operational costs per mile data. Issues with the accuracy of miles and costs reported were identified in 2016. Transportation is scheduled for a follow up audit in 2017.
- Purchasing Services rose 9 spots to be ranked 2nd highest on risk. This is primarily due to changes in management and structure, high compliance risks due to state procurement regulations, and the potential to impact various functions in the division that depend on timely, efficient purchasing services.
- Information Technology Security scored high based on the pace of change in technology, the continuously evolving threats to security, and the valuable personally identifiable information (PII) systems contain on students and employees. We are particularly interested in the governance framework for technology and the standards that guide policy and operational decision making.
- Maintenance continues to score high based on its impact on the learning environment and safety. A new work order module for capital equipment maintenance was implemented in 2015 to help ensure major building systems are properly cared for and replaced when appropriate.
- Accounting is in the top five areas based on the significant financial impact of its work

related to debt management and grant reimbursements (cash flow implications), as well as budgeting.

- Grant Management was not scored this year based on past research indicating there is no centrally organized function to research and identify grants.

The attachment to this memo includes definitions of the risk factors considered when scoring cost centers. Page two of the attachment lists the cost centers in risk ranked order. The third page is a visual with yellow highlights indicating the years in which auditors performed some type of audit or consultation with management in each cost center.

I look forward to our discussion on Thursday.

Attachment

- Risk Definitions
- Risk Assessment
- Audit History – 10 Year Visual