ARLINGTON PUBLIC SCHOOLS



# Internal Audit Annual Audit Plan FY 2026-2027
# September 24, 2026

# Audit Plan for 2026-2027

## Internal Audit Schedule

For the fiscal year 2026-2027 the following audits  and follow-ups are scheduled:

- Enterprise Resource Planning (ERP) Post Implementation Review
- Procurement
- HR: Recruitment, Hiring , Qualifications and Performance Tracking
- Facilities, Infrastructure, and Capital Investments
- Cybersecurity: Co-sourced with a third-party
- Audit Follow-up Reviews will continue

# ERP Post Implementation

**Purpose**:

Provide independent assurance that the newly implemented ERP system is operating effectively, supporting district objectives, and delivering expected business benefits.

**Audit Objectives**: **Business Effectiveness**

- Support operational requirements
- Supports regulatory requirements
- Improves process efficiency
- Reduces manual effort

# ERP

## Control Environment

- Maintains appropriate user access levels
- Enforces workflow approvals
- Processes transactions accurately
- Produces reliable reporting

## Service Delivery

- Provides adequate support to users
- Resolves issues timely
- Supports district operations

# ERP Risk Table

| | |
|---|---|
| **Governance** | • Insufficient oversight<br>• Weak change management<br>• Undefined accountability |
| **Operational Risks** | • Manual workarounds<br>• Inefficient processes<br>• Data quality issues |
| **Technology Risks** | • System instability<br>• Integration failures<br>• Inadequate user support |
| **Security Riaks** | • Excessive user access<br>• Weak approval controls<br>• Inadequate segregation of duties |

# ERP

## Strategic Goal

The post ERP implementation audit will provide an independent assessment of  controls for operational efficiency, improved decision making, less reliance on manual work arounds, reliable reports to support data integrity and enhances accountability for business processes throughout the district.

# Procurement

**Purpose:**

Provide independent assurance that APS procurement activities are conducted  efficiently and effectively, with transparency , and in compliance with applicable regulations and policies.

**Audit Objectives**: **Evaluate Controls over Procurement Business Practices**

- Support responsible stewardship of public funds
- Fair and competitive purchasing practices
- Evaluate vendor performance
- Reduce risks of fraud, waste and abuse

# Procurement

**Organizational Context**

- Newly appointed Director and new support staff
- Opportunity to assess governance, controls, and operational effectiveness
- Review business processes to ensure that they support continuous improvement and accountability

# Procurement Risk Table

| | |
|---|---|
| **Governance and Compliance** | • Procurement policy compliance<br>• Competitive bidding integrity<br>• Sole source procurement justification |
| **Financial Stewardship** | • Purchase authorization controls<br>• Purchasing card oversight<br>• Fraud, waste, and abuse prevention |
| **Vendor and Contract Management** | • Vendor and contract vetting<br>• Contract compliance and performance<br>• Conflict of interest management<br>• Controls for Vendor naming conventions |
| **Federal Funding** | • Federal grant compliance |

# Procurement

**Strategic Goal**

The audit of Procurement will provide an independent assessment that the department is promoting strategic value by protecting public funds, reducing organizational risk, strengthening stakeholder confidence,  managing third-party risks, and enabling APS to achieve its educational priorities efficiently and effectively.

# Recruitment, Hiring, Qualifications and Performance Tracking

**Purpose**: To evaluate key HR management controls to ensure that APS attracts, hires, develops, and retains qualified employees while maintaining compliance,  fairness, transparency, and accountability.

**Audit Objectives:** This audit will evaluate the effectiveness of controls over Talent Acquisition

- Recruitment (including internal transfers)
- Candidate screening
- Hiring processes

# Recruitment, Hiring, Qualifications & Performance Tracking

**Workforce Management**

- Qualifications validation
- Onboarding and follow-up
- Transfers and promotions

**Governance and Compliance**

- Policy compliance
- Documentation standards
- Internal controls
- Oversight mechanisms

# Recruitment, Hiring, Qualifications & Performance Tracking

## Core Areas of Review

| Area | Focus |
|---|---|
| Standard Operating Procedures | Policies, compliance, oversight |
| Recruitment & Candidate Sourcing | Qualified and diverse applicant pools |
| Hiring & Selection | Fair and consistent hiring decisions |
| Qualifications Verification | Credential and licensure validation |
| Transfers & Promotions | Equity and documented decisions |
| Onboarding & Orientation | Training and onboarding effectiveness |
| Performance Tracking | Evaluation quality and timeliness |
| HR Technology & Data Integrity | Accuracy, security, and reliability |

# Recruitment, Hiring, Qualifications & Performance Tracking

## Risk Table

| | |
|---|---|
| **Workforce Recruitment Risks** | • Inconsistent recruitment practices<br>• Delays in hiring critical positions<br>• Job posting policy violations |
| **Hiring Risks** | • Missing background checks<br>• Inconsistent interview scoring |
| **Qualifications Risks** | • Candidate credentials do not meet job requirements<br>• Inaccurate credential records |
| **Transfers and Promotions** | • Potential bias<br>• Insufficient approvals |
| **Performance Management** | • Missing or untimely evaluations<br>• Poor documentation of corrective actions<br>• Inconsistent standards |
| **Compliance Risks** | • EEO violations<br>• Incomplete personnel files |

# Recruitment, Hiring, Qualifications & Performance Tracking

**Strategic Goal**

The audit will provide independent assurance that HR business processes related to recruitment, hiring, qualifications, and performance tracking are:

- Effective
- Fair and equitable
- Compliant with regulations and policy
- Supported by reliable data and controls, and
- Aligned with APS strategic objectives

# Facilities, Infrastructure, and Capital Investments

**Purpose**: To provide independent assurance that projects are being managed effectively, funds are being used appropriately, and risks are being identified and mitigated before they become costly problems.

**Audit Objectives**:

- To assess governance and oversight over capital improvement business processes
- To evaluate risk management practices for FICI
- To review and evaluate financial management and controls
- To assess procurement and contract management controls

# Facilities, Infrastructure, and Capital Investments

**Audit Objectives continued**:

- Evaluate Project Management Effectiveness
- Verify Compliance with Laws, Regulations and APS Policies
- Assess Quality Assurance and Project Delivery Controls
- Evaluate Safety and Operational Continuity Controls

# Facilities, Infrastructure, and Capital Investments Risk Table

| | |
|---|---|
| **Financial Risks** | • Projects exceeding budgets<br>• Unforeseen site conditions<br>• Changes in scope<br>• Inaccurate cost estimates |
| **Schedule Risks** | • Permit delays<br>• Weather events<br>• Contractor performance issues |
| **Governance Risks** | • Insufficient project reporting<br>• Unclear roles and responsibilities<br>• Failure to identify KPI in a timely manner |
| **Procurement and Contract Risks** | • Inadequate bidding practices<br>• Poor controls for reliance on emergency contracts<br>• Contractor default or bankruptcy<br>• Conflicts of interests |
| **Compliance Risks** | • Failure to comply with federal and procurement regulations<br>• OSHA<br>• ADA requirements<br>• Building codes<br>• Environmental regulations |

# Facilities, Infrastructure, and Capital Investments

| | |
|---|---|
| Safety Risks | • Site hazards<br>• Equipment related risks<br>• Exposure to hazardous materials |
| Quality Risks | • Poor quality materials<br>• Defective workmanship<br>• Failure to meet requested specifications |
| Operational Risks | • Interruption in educational schedules<br>• Disruption for facility access<br>• Disruptions in student transportation schedules |
| Strategic and Stakeholders Risks | • Enrollment projections not aligned with growth in projects<br>• Educational program requirements<br>• Community expectations |

# Facilities, Infrastructure, and Capital Investments

**Strategic Goals**

The desired outcomes for the FICI Audit are:

- Projects delivered on schedule and within approved budgets
- Strong compliance with procurement, contracting, and regulatory requirements
- Effective management of project risks, change orders, and construction quality
- Enhanced learning environments through safe, reliable, and modern facilities
- Maximizing the value of public investments

# Cybersecurity

**Purpose:** To provide independent assurance that APS has effective cybersecurity controls to safeguard critical information and support operational resilience.

- This audit will be co-sourced with internal audit and a third-party vendor.
- Procurement is in the process of providing assistance in identifying a vendor for this engagement.

# Cybersecurity

**Audit Objectives:** The primary audit objectives include Protection of Sensitive Information

- Student records
- Employee information
- Payroll data
- Financial records
- Special education information
- Health related information

# Cybersecurity

**Strengthen Cyber Resilience**

- Prevent cybersecurity incidents
- Detect threats promptly
- Respond effectively to breaches
- Recover operations quickly
- Cybersecurity Training for members of the APS community

# Questions and Answers

Internal Audit looks forward to providing audit and follow-up services for the 2026-2027 academic year.