



# HARFORD COUNTY, MARYLAND

## Office of the County Auditor

April 19, 2013

Honorable Members of the County Council  
Harford County, Maryland  
212 S. Bond St., 2<sup>nd</sup> Floor  
Bel Air, MD 21014

County Executive David Craig  
Harford County, Maryland  
220 S. Main St.  
Bel Air, MD 21014

Dear Council Members and Mr. Craig:

In accordance with Section 213 of the Harford County Charter, we have performed a review of the status of prior audit findings related to Harford County Public Schools. The recommendations under review were made by Maryland's Office of Legislative Audits in May, 2008. The results of that audit are detailed in the attached report along with our evaluation of the remediation status.

In summary, we noted that most of the recommendations have been implemented. In some cases, although policies and procedures have been implemented, it would not be possible to determine the effectiveness of the new procedures without an audit of the procedures. Such audit procedures would extend beyond the scope of this review. However, the Office of the County Auditor has considered including related projects in the Annual Audit Plan, where appropriate. Additionally, Maryland's Office of Legislative Audits is expected to audit Harford County Public Schools again in 2014.

We would like to thank the members of HCPS' Leadership Team and, in particular, the HCPS Internal Auditor, Jennifer Birkelien for their cooperation and assistance during the review.

The audit team is available to respond to any questions you have regarding the attached report.

Sincerely,

Chrystal Brooks, CPA, CGFM, CIA, CISA, CGAP  
County Auditor

cc: Dr. Robert Tomback, HCPS Superintendent  
Members of the HCPS Audit Committee

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**HARFORD COUNTY, MARYLAND**  
**Office of the County Auditor**

**REVIEW OF STATUS OF BOARD OF EDUCATION**  
**LEGISLATIVE AUDIT FINDINGS**

Period Covered:  
**06/01/2008 through 01/31/2013**

**Report Number: 2012-A-07**

Date Issued:  
**04/19/2013**

**Audit Team:**

Chrystal Brooks, CPA, CIA, CGAP, CISA, CGFM  
County Auditor

Laura Tucholski, CPA, CFE  
Auditor

Jennifer Birkelien, CPA  
HCPS, Internal Auditor

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## BACKGROUND INFORMATION

### INTRODUCTION

The Maryland Office of Legislative Audits performed an audit of Harford County Public Schools' Financial Management Practices Performance and issued a report in May, 2008. There were 20 recommendations resulting from the audit. For each audit finding, management has provided a response indicating its agreement or disagreement with the finding, corrective actions and an expected remediation date, if applicable. The Office of the County Auditor performed this review to determine whether management has taken steps to address the audit findings.

### REVIEW OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this review was to determine whether corrective actions have been taken related to prior audit findings and recommendations.

The scope of this review is limited to assessing whether management's audit responses have been implemented. In planning and conducting our review, we focused on remediation activity prior to January 31, 2013. Our review was limited to management responses to prior audit findings that indicated an expected remediation date on or before 01/31/2013. Review procedures included inquires of appropriate personnel, inspection of documents and records of the operations. We also tested transactions and performed other procedures we considered necessary to meet the review's objectives. These follow-up procedures did not include an evaluation of the effectiveness of any new policies or operational procedures.

The audit was performed in accordance with, Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## REVIEW RESULTS

As of December 1, 2012 there were 20 findings included in the audit report under review. The disposition of the audit recommendations is as follows:

<u>Implemented</u> <u>(Closed)</u>	<u>Not Implemented</u> <u>(Closed)</u>	<u>Not Implemented</u> <u>(Open)</u>
11	1	8

For the recommendation that was closed, but not implemented, HCPS Leadership has accepted the risk of not implementing the auditors' recommendations. We did not find this to be a critical issue requiring further escalation. The finding (2012-A-07.07) will not be included in future follow-up reviews. Based on our review, there are 8 findings that remain open and will be included in the next status update. A summary of the audit findings reviewed is in the Findings Summary and Status section of this report.

Harford County Public Schools management has been advised of our results and has provided the response included on the following page.

## MANAGEMENT RESPONSE



Robert M. Tomback, Ph.D., Superintendent of Schools  
102 S. Hickory Avenue, Bel Air, Maryland 21014  
Office: 410-838-7300 • www.hcps.org • fax: 410-893-2478

April 15, 2013

Ms. Chrystal Brooks  
Office of the County Auditor  
Harford County Council  
212 S. Bond Street, 2nd Floor  
Bel Air, Maryland 21014

Dear Ms. Brooks:

We have reviewed the draft of "Review of Status of Board of Education Legislative Audit Findings" from 2008. We appreciate the work of our internal auditor, Jennifer Birkelien, CPA, in working with you on this review. Harford County Public Schools strives for continuous improvement in our financial and internal controls, understanding staffing and financial support determines how and when improvements are made. As you are aware, some of the items in the legislative auditor's report dealt with technology security for the enterprise resource planning system. Funding to continue this effort is not projected to be received in the FY 14 budget. Eight of the twenty items are still open and work will proceed accordingly, as resources become available.

Again, I want to thank you for your overall review and if you have any questions, please feel free to contact us. In particular, contact Jennifer Birkelien at 410-588-5297 or James Jewell, Assistant Superintendent of Business Services at 410-588-5321.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Tomback", is written over a light blue horizontal line.

Robert M. Tomback, Ph.D.  
Superintendent of Schools

mjp

cc: Jennifer Birkelien  
James Jewell

## FINDINGS SUMMARY AND STATUS

### **Recommendation Number: 2012-A-07.01**

#### **Issue: Controls Over the Collection of Cash and Check Revenues Should Be Improved**

**Recommendation:** HCPS should improve controls over its collection of cash and check receipts by ensuring accountability and safeguarding for these collections from the time they are initially received until they are deposited at a bank. Independent verifications should be performed to ensure all amounts received were deposited timely and intact, and agreed to related receivable records (when applicable).

**Management Response:** We concur. The narrative indicates this recommendation relates to bank accounts managed by food services and is repeated as recommendation #16. Reassignment of the duty of verifying daily bank deposits to a clerical person that does not have access to the accounts was implemented beginning December 1, 2007. A report is prepared for the Supervisor to review on a monthly basis. In addition, we deposit cash receipts the day they arrive and have arranged electronic fund transfer from the Maryland Comptroller of reimbursements.

**Remediation Status:** Closed

**Auditor's Comments:** Procedures have been implemented to restrictively endorse checks and add segregation of duties related to the cash and check receipt process.

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### **Recommendation Number: 2012-A-07.02**

#### **Issue: HCPS Should Strengthen Internal Controls Over Its Disbursements, Procurements, and Contract Monitoring**

**Recommendation:** HCPS should implement effective internal controls over its procurement, disbursement, and contract monitoring processes. Such controls should include restricting employee capabilities on the procurement and disbursement systems and segregating employee duties. In addition, HCPS should ensure that invoiced prices agree to the related contracts. Also, HCPS should establish appropriate processes for obtaining support for invoices. Finally, all purchases, contracts, and agreements exceeding \$100,000 should be approved by the Superintendent and by the Board in accordance with HCPS policy.

**Management Response:** We concur with the recommendation and have restricted employee capabilities on the procurement and disbursement systems thereby segregating those duties. We also effected changes when a cooperative contract is utilized and require the contractor to indicate or append to their proposal a pricing sheet that is relational to the published prices and discounts given. Finally we have implemented changes requiring the Superintendent and Board approval on all contracts estimated to exceed, or having the potential to exceed, \$100,000 in value.

**Remediation Status:** Open

**Auditor's Comments:** The recommendations have been partially implemented. HCPS upgraded to Lawson 9.01 in November 2012. As a result, HCPS is currently engaged in a technical project to revamp class-based access controls into the new role-based security schema.

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**Recommendation Number: 2012-A-07.03**

**Issue: Documentation and Processes Related to Travel and Credit Cards Need Improvement**

**Recommendation:** HCPS should enhance its controls over its credit card and travel transactions. HCPS should ensure that adequate documentation exists for all credit card transactions. HCPS should establish procedures for obtaining timely reimbursements from SAF for purchases made on behalf of student organizations using HCPS credit cards. HCPS should ensure that appropriate authorization is obtained prior to travel conducted by HCPS personnel and students, and that, in accordance with policy, travel charges are not incurred for family members.

**Management Response:** We concur. The HCPS Procurement Card Program Procedures Manual, revised July 2007, indicates that "For airline or train tickets, the cardholder may only purchase tickets for HCPS employees or students. Tickets for others who are traveling (i.e., spouses, children, etc.) may not be purchased with the P Card." In addition, the manual indicates consequences for cardholders violating policies and procedures. These consequences will be enforced as necessary. Beginning September 2007, a travel report is generated on a monthly basis through US Bank (HCPS' card provider) that indicates detailed information for any airline activity on P Cards, including both cardholder and passenger information. If the passenger is not the cardholder, a report is run in the Lawson system to determine if the passenger is a HCPS employee. If the passenger is not an employee, the cardholder is contacted and required to submit payment to HCPS to cover the expense. In the

event the person traveling is a student, the school is contacted to reimburse HCPS for those expenses from a student activity fund account. Additionally, transactions are reviewed daily and a list of reimbursable items is compiled. At the month end, we send schools an email requesting reimbursement for such purchases. The reimbursable items are maintained on the list until the reimbursement is received. Authorization for travel is required in advance and requires supervisory approval.

**Remediation Status:** Closed

**Auditor's Comments:** Reimbursements were made for unallowable travel expenses. Procedures have been implemented to reconcile School Activity Fund purchases for proper reimbursement and accounting. Additionally, the Purchase Card Procedures Manual has been updated to clarify which travel costs are allowed.

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**Recommendation Number:** 2012-A-07.04

**Issue: Supervisory Review and Approval of Bank Reconciliations Is Needed**

**Recommendation:** HCPS bank reconciliations should be reviewed and approved by independent supervisory personnel.

**Management Response:** HCPS agrees with the finding and has implemented the recommendation.

**Remediation Status:** Closed

**Auditor's Comments:** Bank reconciliations are performed by the Supervisor of Finance and reviewed and approved by the Director of Finance.

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**Recommendation Number:** 2012-A-07.05

**Issue: Human Resource and Payroll Internal Controls Need to Be Strengthened**

**Recommendation:** HCPS should take the necessary corrective actions to ensure that adequate internal controls are in place over its automated human resource and payroll system. Specifically, system capabilities and job duties should be segregated and an independent review and approval process should be established over payroll-related changes recorded in the system, including final payments to terminated employees for unused leave balances.



**Management Response:** HCPS agrees with the recommendation. The Finance Department reviewed existing security with the Technology Department as part of our upgrade to Lawson version 9.0. Our understanding is that the newer version of Lawson completely overhauls the security component of the software and the new functionality may provide opportunities to address the issues noted in the finding. We expect to implement Lawson version 9.0 in the fall of 2008. Additionally, the Payroll Manager developed a standard form to be used for calculating final payouts, including a place for an independent reviewer (Payroll Manager) to sign off.

**Remediation Status:** Open

**Auditor's Comments:** HCPS upgraded to Lawson 9.01 in November 2012. As a result, HCPS is currently engaged in a technical project to revamp class-based access controls into the new role-based security schema.

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**Recommendation Number:** 2012-A-07.06

**Issue:** Workforce Planning Should Be Expanded to Include Non-Instructional Positions

**Recommendation:** HCPS should continue to develop and implement its workforce planning for key administrative and supervisory positions and should expand the planning to include other key non-instructional positions in critical operational units.

**Management Response:** We concur with the recommendation. In terms of the workforce development recommendation, it is noted that the Strategic Plan requires us to implement a systemic Leadership Succession Plan, which was to include everyone. The Plan was provided to the auditors. However, as there is no funding to implement this objective staff will be recommending that it be removed from the Strategic Plan.

**Remediation Status:** Closed

**Auditor's Comments:** Workforce Planning remains a component of HCPS' Strategic Plan. Various programs are targeted at developing support and instructional staff.

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**Recommendation Number:** 2012-A-07.07

**Issue:** Policies, Controls, and Record Keeping Over Equipment Need Improvement

**Recommendation:** HCPS should establish policies and procedures to ensure that accountability and control is maintained over its equipment inventory, including certain non-capital items that are prone to theft or loss (and for which HCPS might want to establish a lower threshold than \$5,000 for control purposes).

**Management Response:** HCPS agrees with the spirit of the recommendation but feels that implementing the recommendation given the current resources available, is not practical. HCPS currently tracks all asset purchases and disposals meeting our capitalization threshold of \$5,000. This threshold is a recommended practice by both the Government Finance Officers Association (GFOA) of the United States and Canada and the Association of School Business Officials (ASBO) International. It was linked to the implementation of the GASB 34 reporting standard. Beyond that, individual departments are responsible for tracking sensitive (prone to theft) items as deemed necessary by the Department Head. We comply with certain grants requiring capitalization at \$1,000. Achieving more accountability and control while maintaining segregation of duties, although desirable, would require hiring of additional resources in the form of a property manager and is not practical in the current fiscal environment.

**Remediation Status:** Closed

**Auditor's Comments:** Management has accepted the risk of not implementing the recommendation. A policy was created to address capitalization of fixed assets.

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**Recommendation Number: 2012-A-07.08**

**Issue: Steps Should Be Taken to Ensure Access to IT Software Applications Is Appropriate and Controlled**

**Recommendation:** HCPS should enhance its IT security by establishing and enforcing stricter password requirements, should log all significant security-related events and conduct documented reviews of logged system activity, and should ensure that users are only given capabilities necessary for their job functions.

**Management Response:** Office of Technology concurs with the IT security recommendations and will implement stronger password requirements for teacher/administrator/staff and secondary student accounts. Elementary accounts will not be altered. Special needs students are a concern and will need additional discussion, as numerous requests are received to accommodate students who are challenged with typing skills. In addition, HCPS will investigate a log management system to efficiently organize and analyze system logs.

**Remediation Status:** Closed

**Auditor's Comments:** HCPS has updated its password complexity requirements. There are procedures for daily log reviews.

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**Recommendation Number:** 2012-A-07.09

**Issue: Data Processing Functions Should Be Better Safeguarded**

**Recommendation:** HCPS should ensure that all media and equipment are properly sanitized prior to disposal and that these activities are properly documented. HCPS should also establish and implement procedures for the appropriate offsite storage of backup copies of data from critical servers and complete the development of a formal, comprehensive disaster recovery plan.

**Management Response:** We concur with the recommendation. Current policies address proper use of removable media especially for storage of sensitive information. Office of Technology will develop a procedure of disposal and sanitation of media. Given the size of HCPS, we believe it is unreasonable to monitor the tracking and disposal of such media. Newly adopted asset recovery program with Dell, Inc. provides comprehensive documentation including a list of asset tags disposed; certificate of hard drive sanitation; and a certificate of disposal of equipment. HCPS recognizes a formal disaster recovery plan does not exist as a single bound document. Many of the components which comprise a disaster recovery plan do exist on our Information Security SharePoint site which is access controlled to those job roles responsible for IT operations. OTIS has requested the new Edgewood HS be designed with a small satellite data center to be utilized in the event of a disaster to central office. The additional items suggested for inclusion to HCPS' plan will be added.

**Remediation Status:** Open

**Auditor's Comments:** HCPS has not formalized the Disaster Recovery Plan; they are waiting on funding to complete the Disaster Recover site at Edgewood High School to the private fiber (HMAN) for connectivity.

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**Recommendation Number:** 2012-A-07.10

**Issue: Performance Standards Need to Be Developed for General Maintenance and Custodial Operations, and the Work Order System Should Be Fully Utilized**

**Recommendation:** HCPS should develop a performance system with standards and measures for maintenance and custodial operations. HCPS should also fully use the existing work order system for general maintenance operations and should establish guidelines for work order priority levels, to ensure that appropriate, cost effective, and timely maintenance is provided to all facilities.

**Management Response:** We concur, as part of Harford County Board of Education strategic plan and goals we will establish performance measures and benchmarks.

**Remediation Status:** Open

**Auditor's Comments:** HCPS sees the value in implementing a performance measurement system to assess the efficiency of its general maintenance and custodial operations, and such an implementation is in process.

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**Recommendation Number:** 2012-A-07.11

**Issue:** Additional Analysis of the Energy Management Program Is Needed

**Recommendation:** HCPS should perform a cost-benefit analysis of its energy management program to ensure that the desired results are being achieved.

**Management Response:** We concur. Harford County Public Schools will periodically perform a cost benefit analysis of its energy management program.

**Remediation Status:** Closed

**Auditor's Comments:** HCPS has entered into an energy performance contract that includes a payback guarantee in energy savings within the next fifteen years.

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**Recommendation Number:** 2012-A-07.12

**Issue:** Adequate Procurement Documentation Should Be Maintained for All Construction Contracts

**Recommendation:** HCPS should maintain adequate documentation regarding the awarding of construction contracts, including contract evaluations and bid openings. Furthermore, HCPS should develop policies and procedures for governing the retention of procurement

documentation. Finally, HCPS should provide more detailed documentation to the Board to allow them to make informed decisions on construction procurements.

**Management Response:** We concur that HCPS should maintain adequate documentation regarding the awarding of construction contracts including contract evaluations, advertisements of solicitation for bids, and bid openings. We also concur that we need to establish and follow protocols and procedures for project documentation according to prescribed record retention schedules. Currently, the Legal Services Association (LSA) of the Maryland Association of Boards of Education is undertaking a project to identify and recommend document retention schedules for all Boards of Education. The result is to be approved by the State Department of Education, General Services Administration, and the State Archivist. In the interim our internal procedures will be reviewed to assure adequate documentation is maintained. Finally, if the Harford County Public Schools Board of Education wants to require more detailed documentation to make fully informed decisions on construction procurements, we will comply.

**Remediation Status:** Open

**Auditor's Comments:** HCPS follows the Records Retention and Disposal Schedule of the State of Maryland Public School Construction. The development of an administrative procedure is currently underway. HCPS will have a sign-in sheet at the bid openings of all construction contracts in the future.

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**Recommendation Number:** 2012-A-07.13

**Issue:** Outsourcing of Bus Services Has Not Been Established As Cost Beneficial

**Recommendation:** HCPS should periodically prepare a documented analysis to determine whether continued use of outside vendors to provide student bus services is, in fact, cost beneficial for the school system. This analysis should include an evaluation of each pay element (including the ROI component of the PVA) of the current bus contracts to determine whether the rates are reasonable and necessary.

**Management Response:** We concur with the recommendation. HCPS understands that MSDE is taking the lead in developing a model for PVA and ROI that would be consistent for all Maryland school districts using bus contractors. HCPS will implement that recommended model when released by MSDE.

**Remediation Status:** Open

**Auditor's Comments:** The Board of Education is currently working to secure an independent consulting firm to prepare such an analysis. Additionally, the current HCPS transportation model will be evaluated as part of the cost-benefit analysis.

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**Recommendation Number: 2012-A-07.14**

**Issue: Bus Contractor Rates Paid Were Not Based on Documented Criteria, and Were Not Approved by the Board**

**Recommendation:** HCPS should establish formal written criteria for the components of the bus contractor's table of rates, and should maintain documentation of the calculation of these rates for future reference purposes. HCPS should also provide the Board with the necessary information to allow it to make an informed decision on the contracted bus rates.

**Management Response:** We concur with this recommendation. HCPS has evaluated each pay element of the current bus contracts to determine whether they are reasonable, documented these calculations for future reference purposes, and provided the Board with the necessary information to allow it to make informed decisions on the contracted bus rates (June 9, 2008 Board agenda item).

**Remediation Status:** Closed

**Auditor's Comments:** A policy for bus contractor rates was developed and approved in 2008. The PVA Table of Rates schedule was updated for fiscal year 2012 contracts.

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**Recommendation Number: 2012-A-07.15**

**Issue: Cost Comparisons Should Be Performed When Procuring Fuel for the HCPS Fleet**

**Recommendation:** HCPS should perform cost comparisons with other available sources when procuring fuel contracts to obtain the most favorable prices, and should use reorder points that maximize fuel delivery discounts.

**Management Response:** We concur that we should perform cost comparisons with other available sources. In the past, it was reported that there have been issues that arose between BRCPC and some of the cooperative participants which led to unfavorable results for the end users. In August, 2006, the Harford County Public School Board of Education approved a competitive bid to secure fuel from Mansfield Fuel Company. This bid goes through August 31, 2008, at which time HCPS will evaluate whether to utilize the cooperative fuel contract or

to put the purchase out for competitive bid. In addition we will insure that reorder points that maximize fuel delivery discounts are used.

**Remediation Status:** Closed

**Auditor's Comments:** HCPS has been either a participant with BRCPC's competitive solicitation or has piggybacked BRCPC contracts ever since September 1, 2008. It is the intention of HCPS to continue as a participant in this cooperative contract for fuel. A new agreement for approval will come before the Board of Education in June 2013.

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**Recommendation Number:** 2012-A-07.16

**Issue: Controls Over Food Service Bank Accounts Need Improvement**

**Recommendation:** HCPS should improve controls over its food service bank accounts. Specifically, duties should be segregated between the preparation of bank reconciliations and access to the related bank accounts. Also, supporting source documentation (such as bank statements) should be examined during the supervisory reviews of bank reconciliations.

**Management Response:** We concur. This recommendation was also stated as recommendation #1. Reassignment of the duty of verifying daily bank deposits to a clerical person that does not have access to the accounts was implemented beginning December 1, 2007. A report is prepared for the Supervisor to review on a monthly basis.

**Remediation Status:** Open

**Auditor's Comments:** The Supervisor of Finance reviews the bank reconciliations and verifies information for the primary bank account online. Bank statements for the other two bank accounts are not currently sent to the Supervisor of Finance with the bank reconciliations. Beginning with the January 2013 reconciliation, a copy of the bank statement will be sent with each bank reconciliation.

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**Recommendation Number:** 2012-A-07.17

**Issue: All Applicable Expenditures for Food Service Operations Should Be Recognized When Determining Self-Sufficiency**

**Recommendation:** The HCPS Board should consider charging the food service department for its share of all related costs, including utility and custodian costs, to properly reflect the

department's full operating costs.

**Management Response:** We agree with the recommendation and will undertake an analysis by an independent firm to compare charging food services with all direct costs to the current system whereby food services reimburses the operating fund in full for certain costs that are shared. Our plan would be to implement the recommended change, should there be one, for the FY2010 budget year.

**Remediation Status:** Closed

**Auditor's Comments:** The Internal Auditor performed an analysis of the Food Service Cost Allocation. Based on that analysis, the Board of Education approved the continuance of the current method of cost allocation.

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**Recommendation Number: 2012-A-07.18**

**Issue: The Board Should Consider Additional Steps to Assist It in Governing HCPS**

**Recommendation:** The Board should consider expanding the scope of the internal auditor's work and should consider establishing a confidential hotline (with formal follow-up procedures and an employee whistleblower protection policy).

**Management Response:** We concur. The Internal Auditor is currently immersed in a system conversion and standardization of school activity accounts. We believe this to be the high risk area due to the number of employees with access to cash, even though the dollar exposure is not substantial relative to the budget as a whole. Upon completion of that project time will be allocated to other areas. The Internal Auditor is a direct dial thereby serving as a confidential hotline. Follow-up procedures and an employee whistleblower protection policy will be prepared for approval by the end of the 2008 calendar year.

**Remediation Status:** Open

**Auditor's Comments:** The Internal Auditor's responsibilities focus on School Activity Funds and Purchase Card accounts, as those are the areas that the Audit Committee is most concerned with. We reviewed the HCPS Internal Audit Plan for FY2013 and confirmed that other operational audits have not been included.

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**Recommendation Number: 2012-A-07.19**



**Issue: The Board Should Consider Additional Steps to Assist It in Governing HCPS.**

**Recommendation:** The HCPS ethics policy should be updated to ensure the filing of annual financial disclosures by all HCPS personnel involved in processing significant or numerous procurement transactions.

**Management Response:** We concur. The policy can be amended to add the pertinent personnel to the list of personnel who are required to so file. Projected completion date would be six months from the date this report is accepted by the Board of Education, with the following caveat. Any material change in the Ethics Policy is required by law to be submitted to the State Ethics Commission which must review and approve the modification.

**Remediation Status:** Closed

**Auditor's Comments:** HCPS updated its ethics policy to require all purchasing agents to complete a financial disclosure form, effective 4/10/2012.

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**Recommendation Number: 2012-A-07.20**

**Issue: Capital Lease Policies Need To Be Established**

**Recommendation:** HCPS should adopt a formal policy governing long-term obligations.

**Management Response:** We concur. To achieve this recommendation we will research GFOA recommended practices and the review the County policy on capital leases to assure we are consistent with it and present a policy recommendation to the Board for approval by the end of the calendar year.

**Remediation Status:** Closed

**Auditor's Comments:** HCPS adopted a debt management policy on 11/24/2008 to govern its use of long-term lease obligations to finance operations.