

Edward D. Muns

Jefferson County Public
Schools

Louisville, Kentucky

**From
Millionaire's Row
to the Third Turn**
Internal Auditing
for Large and
Small Districts



About Jefferson County Public Schools

98,000
students

16,500 full-
time
employees

160 schools

68% at-risk

14% limited
English
proficiency

Internal Audit
department
with four staff

About Jefferson County Public Schools

\$2 billion budget

85% of expenses are Payroll

140 of our schools have activity fund bank accounts (decentralized)

Wide latitude in purchasing if item isn't on bid

Equity concerns prevent us from mandating card-only revenue collection

Difficulty hiring enough bookkeepers for schools

The Jockeys



What does Internal Audit mean?



Not just a big
district luxury



Way of thinking



Anyone can do it!



It starts with a risk
assessment

Risk Assessment

What is it?

Review your entire district

Qualitative and quantitative factors

Usually calculate based on factor present/not present

Should be living, evolving document

Review/approve by Board

What are the factors?

- Staff turnover?
- Cash transactions?
- Complex operations?
- Segregation of duties?
- History of findings?
- Attitudes
- Site-specific risks?

The Horses



Risk Assessment becomes Audit Plan

Schedule it out based on highest risk

Internal audits are different than external audits

Targeted, focused on risk only

Get most bang for your buck!

Audit the risks, not the entire department,
school, or process

First Considerations

- Anonymous hotline

Payroll & Human Resources



Visit locations to meet the people getting paid



Time log system



Review certification documentation to ensure qualified for pay rate



Review addresses by location to identify any family relationships in same reporting location

The Hat Parade



Purchasing & Contracts

Sample testing for bid documents, process

Who can be a contractor? Check it!

- No contracting if an employee?
- No contracting within school/division?

Send notification to vendors or include in bid

- Prohibition against kickbacks
- How to report
- Conflict of interest language

Accounts Payable

Compare invoice details to purchase order description

Compare pricing on invoice to PO pricing

Review vendors the DON'T receive a 1099

Review vendor file changes looking for frequent changes

Critical: segregation of duties (vendor file changes vs invoice entry)

Mint Juleps

THE OLD FORESTER MINT JULEP RECIPE

2 cups sugar

2 cups water

Sprigs of fresh mint

Crushed ice

Old Forester Straight Bourbon Whisky

Julep Cups



Technology



PHISHING TEST EMAIL



ADEQUATE TRAINING?



CREATE STUDENT ACCOUNT ON
CHROMEBOOK AND TEST ACCESS

Grants and General Ledger

**ALLOWABILITY,
DEADLINES**

**SCHOOL
COMPARISONS**

**VARIANCE
ANALYSIS**

Secretariat



Thank you!



Edward D. Muns

eddie.muns@jefferson.kyschools.us