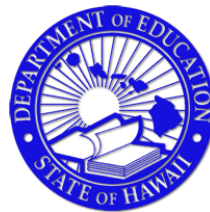

State of Hawaii
Department of Education

INTERNAL AUDIT PLAN
QUARTERLY UPDATE THROUGH DECEMBER 31, 2014



FOR AUDIT COMMITTEE MEETING
February 3, 2015

This report is prepared solely for the internal use of the Audit Committee and management of the State of Hawaii, Department of Education.



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Executive Summary

Assurance Projects:

Data Access Controls Review

- Review completed. Report issued in November 2014 and presented to the Board in December 2014.
 - Overall review rating was marginal. There were three observations, one (1) with a high risk rating, one (1) with a moderate risk rating, and one (1) with a low risk rating.

Fixed Assets Management Review

- Review began in December 2014. IA requested to move the review to Q2 FY 2015 due to the postponement of the Workers' Compensation Review. Report will be issued in March 2015.

Workers' Compensation Review

- Review began in November 2014. IA requested to postpone the review to Q3 FY 2015 due to Workers' Compensation Office moving to a new location. Report will be issued in March 2015.

Student Assessment Administration Review – Phase I

- Review began in August 2014. IA requested to postpone the review to Q3 FY 2015. Report will be issued in March 2015.

Baseline Assurance Projects

- Internal Audit (IA) performed one (1) Local School Fund Audit and School Monitoring Review and provided internal control consultation to various schools/offices during the Quarter.



Executive Summary (continued)

Consulting, Investigation and Other Projects:

Follow-Up Monitoring Based on Management Action Plans

- IA followed-up on management's action plans to the observations noted in the completed reviews. (See Internal Audit Recommendation Status on pages 15 - 49)

Ethics and Code of Conduct Policy

- IA followed up with the Office of Human Resources on the status of the Ethics and Code of Conduct Policy. Currently, the Code of Conduct Policy has gone to consult and confer with the unions.

Fraud & Ethics Hotline – Confidential Reporting Mechanism

- IA continued to coordinate assignments and monitor allegations received from the Fraud and Ethics Hotline.

Baseline Monitoring Projects

- IA performed and issued the “*Consolidated Non-Appropriated Local School Fund Cancelled Check Review Report*” for the period January 1, 2014 – June 30, 2014. In addition, each of the 15 complex areas received a detailed report for their respective complex area. Reports were issued in November 2014.

Investigations

- IA was heavily involved in several investigations during the Quarter.

Other Matters Impacting the Internal Audit Office during the Quarter

- IA continued to coordinate and assist N & K, CPAs for the “*Annual Financial & Single Audit fye 06/30/14.*”
- IA issued the “*Results from the 2014 Annual Internal Audit Checklist*” (Annual Checklist) in October 2014.



Audit Plan Results Summary: July 1, 2014 through December 31, 2014

DESCRIPTION	FY 2015												Cumulative Hours			
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget	Actual	ETC	Variance
Assurance Projects (Approved)																
Equipment and Fleet Maintenance Review	●												560	296	-	(264)
Data Access Controls Review	●				●								420	423	-	3
Student Assessment Administration Review - Phase I									◆				560	83	477	-
Workers' Compensation Review									◆				720	66	654	-
Fixed Assets Management Review									◆				700	38	662	-
Post-RTTT Management Review													560	-	560	-
Baseline Assurance Projects ¹													1,250	786	464	-
IA Consulting, Investigations & Other																
Follow-Up Monitoring Based on Management Action Plans													500	47	453	-
Fraud & Ethics Hotline - Confidential Reporting Mechanism													300	270	30	-
ACL Audit Tool Development													250	8	242	-
Internal Control & Operational Efficiency Consultation													400	265	135	-
Investigations													2,500	2,049	451	-
Baseline Monitoring Projects ²													1,250	263	987	-
Reporting & Communication													400	234	166	-
External, State, Attorney General, Legislative & Consultant Audit/Review/Investigation													650	341	309	-
Other Administration including budget preparation, meetings and other													1,330	729	601	-
Risk Assessment Re-evaluation & Audit Plan for FY 2016													350	-	350	-
Total Hours												12,700	5,898	6,541	(261)	

In Process
 Completed – Final Results Issued
 Original Internal Audit Plan
 Estimated Date of Completion

Key:
 Budget - Original Approved Budget
 Actual - Actual Hours Incurred Through December 31, 2014
 ETC – Estimated Time to Complete
 Variance - [(Actual + ETC) – Budget as Amended] = over / (under) budget as amended

¹ Baseline Assurance Projects – Local School Fund Audits, School Monitoring Reviews, P-Card Reviews, and other.

² Baseline Monitoring Projects – Special Project – Cancelled Check Validating Review, Annual Checklist, Monitoring, and other.



Observation Analysis of Completed Reports

Based on previously completed reports, we compiled a listing of common observations. Management is currently in the process of addressing these Department wide gaps.

		Common Observations				
		Lack of Oversight & Monitoring	Lack of Policies & Procedures	Segregation of Duties	Insufficient Training	Lack of Compliance
Reports Issued	Data Access Controls Review	X	X		X	
	Equipment and Fleet Maintenance Review	X	X			X
	Payroll Review	X				
	Leave Accounting Follow-Up Review	X ¹	X	X	X	X ¹
	Student Information Privacy Review					X ¹
	Consolidated Report of Procurement Card (P-Card) Reviews	X			X	X ¹
	eHR Post-Implementation Review	X	X	X		
	Data Integrity Review - Student Enrollment	X ¹	X	X ¹	X	X ¹
	School Food Services Review	X	X	X ¹	X ¹	X ¹
	Procurement & Contracting Process Review	X ¹			X	X ¹
	Leave Data & Timekeeping Process Review	X ¹	X	X	X	

¹ Observations were school level findings (not state office level findings).



Management Action Item Dashboard Summary

The following represents the status of IA observations and recommendations from previous issued reports as reported by management:

Audit	Audit Rating ¹	COSO Category ²				No. of Findings Ranked "High" Requiring Immediate Management Attention	Completion Status ³				Contact
		Operational Findings	Financial Findings	Compliance Findings	Total Findings		Outstanding - Overdue	Outstanding - Not Overdue	Partially Completed	Completed	
Data Access Controls Review (Issued November 2014)	Marginal	3	0	0	3	1	0	3	0	0	Director of Enterprise Systems Branch & Director of Enterprise Infrastructure Services Branch
Equipment and Fleet Maintenance Review (Issued July 2014)	Marginal	3	0	1	4	1	0	0	1	3	Facilities Maintenance Branch Administrator
Payroll Review (Issued April 2014)	Marginal	3	0	0	3	1	0	0	2	1	Accounting Operations Specialist
Leave Accounting Follow-Up Review (Issued January 2014)	Unacceptable	4	0	0	4	3	0	0	4	0	OHR Personnel Specialist & OFS Accounting Operations Specialist
Consolidated Report of Procurement Card (P-Card) Reviews (Issued August 2013)	Unacceptable	1	0	4	5	2	0	0	0	5	Accounting Operations Specialist
Data Integrity Review - Student Enrollment (Issued April 2013)	Marginal	4	0	1	5	4	0	0	5	0	School Process and Analysis Branch Director
School Food Services Review (Issued January 2013)	Unacceptable	6	0	1	7	3	0	1	5	1	School Food Services Director
Leave Data & Timekeeping Process Review (Issued March 2010)	Unacceptable	5	0	0	5	2	0	1	0	4	Accounting Director
TOTAL		29	0	7	36	17	0	5	17	14	



Management Action Item Dashboard Summary (continued)

¹ Audit Rating Definitions:

- Acceptable – No significant deficiencies exist, while improvement continues to be appropriate; controls are considered adequate and findings are not significant to the overall unit/department.
- Marginal – Potential for loss to the auditable unit/department and ultimately to the DOE. Indicates a number of observations, more serious in nature related to the control environment. Some improvement is needed to bring the unit to an acceptable status, but if weaknesses continue without attention, it could lead to further deterioration of the rating to an unacceptable status.
- Unacceptable – Significant deficiencies exist which could lead to material financial loss to the auditable unit/department and potentially to the DOE. Corrective action should be a high priority of management and may require significant amounts of time and resources to implement.

² COSO Category Definitions:

- Operational Findings – Audit finding relates to the effective and efficient use of the entity’s resources.
- Financial Findings – Audit finding relates to the preparation of reliable published financial statements.
- Compliance Findings – Audit finding relates to the entity’s compliance with applicable laws and regulations.

³ Completion Status Definitions:

- Completed– Audit finding was resolved as stated by management.
- Partially Completed –Audit finding was partially resolved as stated by management.
- Outstanding – Not Overdue – Audit finding has not been resolved but has not passed management’s target date.
- Outstanding – Overdue - Audit finding has not been resolved and has passed management’s target date.



Management Action Item Dashboard Detail

REPORT NAME	NUMBER OF RECOMMENDATIONS	NUMBER of “High” RECOMMENDATIONS REQUIRING IMMEDIATE MANAGEMENT ATTENTION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Data Access Controls Review (Issued November 2014)	3	1	0	3	0	0 (0 of 1 “High”)

Objectives:

1. To review, evaluate, and test the design and operating effectiveness of the process to revise (i.e. add, change, or remove) employee access privileges.
2. To review, evaluate, and test the design and operating effectiveness of the process to monitor user/employee access levels to ensure:
 - a. Employee’s access privileges align with the employee’s job responsibilities;
 - b. Adequate segregation of duties exist; and
 - c. Employee/user IDs are valid.
3. To review, evaluate, and test the design and operating effectiveness of the process to ensure that only authorized employees are assigned ‘administrator’ access and such access is only used to perform authorized activities.



Management Action Item Dashboard Detail (continued)

REPORT NAME	NUMBER OF RECOMMENDATIONS	NUMBER of “High” RECOMMENDATIONS REQUIRING IMMEDIATE MANAGEMENT ATTENTION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Equipment and Fleet Maintenance Review (Issued July 2014)	4	1	0	0	1	3 (1 of 1 “High”)

Objectives:

1. To review the adequacy of the current equipment and fleet management policies and processes.
2. To review and evaluate the DOE’s records of regular preventive maintenance and repairs to vehicles and high value equipment.
3. To review and evaluate the tracking mechanism established for monitoring equipment and vehicle performance.
4. To determine if services have been completed in the most cost-effective and efficient manner.
5. To follow-up on the current status of the corrective action plans to the Deloitte “DOE-OSFSS-FMB Warehouse Inventory Controls Assessment” performed in April 2013.
6. To provide recommendations for improvement to enhance effectiveness & efficiency within the equipment and fleet maintenance process.



Management Action Item Dashboard Detail (continued)

REPORT NAME	NUMBER OF RECOMMENDATIONS	NUMBER of “High” RECOMMENDATIONS REQUIRING IMMEDIATE MANAGEMENT ATTENTION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Payroll Review (Issued April 2014)	3	1	0	0	2	1 (0 of 1 “High”)

Objectives:

1. To obtain a general understanding of the design and operating effectiveness of the payroll process.
2. To review, evaluate, and test the operating effectiveness of payroll processing to ensure key controls have been adequately put into place and are in compliance with policies and procedures.
3. To review, evaluate, and test the effectiveness of other payroll processing activities.
4. To determine if personnel and compensation changes are accurate and updated timely in the payroll system.
5. To compare the payroll process to “leading practices” and identify opportunities for efficiency and operational improvements within the payroll process.



Management Action Item Dashboard Detail (continued)

REPORT NAME	NUMBER OF RECOMMENDATIONS	NUMBER of "High" RECOMMENDATIONS REQUIRING IMMEDIATE MANAGEMENT ATTENTION	OUTSTANDING - OVERDUE	OUTSTANDING - NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Leave Accounting Follow-Up Review (Issued January 2014)	4	3	0	0	4	0 (0 of 3 "High")

Objectives:

1. To ensure that Management has adequately addressed and resolved the audit findings that resulted from the March 2010 Internal Audit "*Leave Data & Timekeeping Process Review*" and appropriately evaluated and implemented the recommendations from the June 2011 KMH LLP "*Form G-2 Process Improvement Review*."
2. Test a sample of employees within the selected schools and offices to ensure that data entered into the T&A system is accurate, timely and properly supported and approved.



Management Action Item Dashboard Detail (continued)

REPORT NAME	NUMBER OF RECOMMENDATIONS	NUMBER of “High” RECOMMENDATIONS REQUIRING IMMEDIATE MANAGEMENT ATTENTION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Consolidated Report of Procurement Card (P-Card) Reviews (Issued August 2013)	5	2	0	0	0	5 (2 of 2 “High”)
<p>Objectives:</p> <ol style="list-style-type: none"> 1.Ensure that required P-Card documentation was submitted to the Vendor Payment Section on a timely basis. 2.Review, evaluate and test the department’s compliance with the P-Card procedures, policies and practices issued by the DOE OFS as well as the DOE Procurement and Contracting policies and procedures. 3.Identify opportunities to improve processes and practices for the DOE P-Card operations and share related recommendations. 						



Management Action Item Dashboard Detail (continued)

REPORT NAME	NUMBER OF RECOMMENDATIONS	NUMBER of “High” RECOMMENDATIONS REQUIRING IMMEDIATE MANAGEMENT ATTENTION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Data Integrity Review – Student Enrollment (Issued April 2013)	5	4	0	0	5	0 (0 of 4 “High”)
Objectives: <ol style="list-style-type: none"> 1. To review, evaluate, and test the design and operating effectiveness of the DOE’s Student Enrollment and Withdrawal process at the DOE schools. 2. To ensure that DOE schools are in compliance with the Student Enrollment and Withdrawal policies and procedures: <ol style="list-style-type: none"> a. Ensure that enrollment and withdrawal forms are properly completed and retained b. Ensure that student information is properly recorded into the student information system c. Ensure that information for student enrollment and withdrawals are entered timely into the student information system 3. To evaluate the controls in place to determine the accountability measure of ensuring that student enrollment data is valid and reliable. 4. To determine if Student Enrollment and Withdrawal policies and procedures have been updated and communicated to the field. 5. To provide recommendations to improve and enhance the effectiveness and efficiency of the Student Enrollment and Withdrawal processes. 						



Management Action Item Dashboard Detail (continued)

REPORT NAME	NUMBER OF RECOMMENDATIONS	NUMBER of “High” RECOMMENDATIONS REQUIRING IMMEDIATE MANAGEMENT ATTENTION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
School Food Services Review (Issued January 2013)	7	3	0	1	5	1 (0 of 3 “High”)

Objectives:

1. To review, evaluate, and test the design and operating effectiveness of the DOE’s purchasing process at the school cafeterias.
 - Ensure that there is adequate oversight of purchases
 - Ensure that there is accountability of purchases
 - Ensure purchases are reasonable and proper
2. To evaluate the cafeteria’s compliance with internal disbursement policies and procedures, and Federal and State laws, rules and regulations, where applicable.
3. To review, evaluate, and test the design and operating effectiveness of the DOE’s collection process of school meal payments at the school offices.
 - Ensure that there is accountability of collections
 - Ensure that collections are properly recorded in the point of sale (POS) system
 - Ensure that collections are deposited timely into the School Lunch Collection Account
4. To evaluate the school’s compliance with internal collection policies and procedures when receiving school food payments.
5. To review, evaluate, and test the design and operating effectiveness of the DOE’s cafeteria staffing formula.
 - Ensure staffing recommendations are implemented
 - Ensure data used to determine staffing is representative
6. Provide recommendations to enhance the efficiency and effectiveness of school food service processes.



Management Action Item Dashboard Detail (continued)

REPORT NAME	NUMBER OF RECOMMENDATIONS	NUMBER of “High” RECOMMENDATIONS REQUIRING IMMEDIATE MANAGEMENT ATTENTION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Leave Data & Timekeeping Process Review (Issued March 2010)	5	2	0	1	0	4 (2 of 2 “High”)

Objectives:

1. Evaluate the design of the internal controls in place surrounding the leave data and timekeeping processes to ensure that the processes:
 - a. are efficient,
 - b. comply with applicable codes, policies, regulations, and contract requirements,
 - c. adequately maintain the integrity of data, and
 - d. mitigate risks associated with access rights and authority limits.
2. Understand and evaluate for clarity, consistency, and completeness; the processes and tools in place that help to ensure personnel have the appropriate skills and training (i.e., communication channels, available resources, etc.) to properly administer employee leave and time.
3. Review the timekeeping process for selected schools and offices to ensure consistency with prescribed procedures. Also, identify any practices for knowledge sharing purposes which are currently in place that may be beneficial to all departments.
4. Test a sample of employees within the selected schools and offices to ensure that data entered into the KRONOS system is accurate, timely and properly supported and approved.



Internal Audit Recommendation Status

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Access Controls Review, Issued November 2014		Director of Enterprise Systems Branch and Director of Enterprise Infrastructure Svcs Branch		
<p>1. Lack of proper monitoring over access controls</p> <p><i>IA Recommendations:</i> Management should work with OHR to develop an automated process to remove separated employees' access to respective systems. If business owners do not want an automated process, then business owners should be responsible for performing reviews on data access controls for their respective systems. Reminders should be sent out to the field to inform system administrators when separated employees no longer need access to respective systems. Reminders should be sent out to DOE sponsors to inform system administrators when consultants no longer need the access to the system. Business owners should notify system administrators to remove active users from the system if they receive no responses from the schools/offices regarding user access change requests. System administrators should periodically, on a test basis, check that active user accounts are valid. Periodic reviews should be performed by system administrators to trace access permissions to access request forms, monitor user/employee access levels, and identify misaligned access rights for Kronos. Management should develop policies and procedures for Kronos access controls and revisit these policies and procedures for any changes or updates. Management should enforce the proper completion of forms. Unique user IDs in FMS should be created in the system to accurately identify the users of the system.</p>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Access Controls Review, Issued November 2014 (continued)		Director of Enterprise Systems Branch and Director of Enterprise Infrastructure Svcs Branch		
<p>1. Lack of proper monitoring over access controls (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The eHR, TSEAS, and Casual payroll are the base systems for all employees. ESB will develop an automated process that will compare all users in these systems with all other systems. This script will run automatically on a regular scheduled basis and develop a report that will show users who should be removed from all systems noted above. * OITS and key business leads will meet to confirm who has the responsibility to ensure personnel are removed from each business system in a timely manner. ESB will coordinate. * Each business owner should develop a review process for each system they own that will act as an internal audit on a regular basis. OITS will provide technical assistance when requirements have been developed. * Going forward EISB plans to convert the paper forms into an electronic process to better manage these accounts. * All offices will be sent a list of FMS IDs and asked to identify who is using each ID with a deadline for response. After the deadline passes, DOE will either send non-respondents another list (if there are a large number) or contact each office to obtain the information. 	(1)	December 2015	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Director of Enterprise Systems Branch and Director of Enterprise Infrastructure Services Branch				
Data Access Controls Review, Issued November 2014 (continued)				
<p>2. Lack of data access control policies and procedures when employees separate from the DOE.</p> <p><i>IA Recommendations:</i> Management should work with OHR to develop an automated process to remove separated employees' access to respective systems. If business owners do not want an automated process, then business owners should be responsible for performing reviews on data access controls for their respective systems. Management should provide guidance to the field to explain the process to remove separated employees from each respective system. Reminders should be sent out to the field stating that schools/offices are responsible for contacting each respective system administrator to remove access for separated and transferred employees. Management should create a standardized checklist for the field to track each respective system an employee is given access to.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The eHR, TSEAS, and Casual payroll are the base systems for all employees. ESB will develop an automated process that will compare all users in these systems with all other systems. * OITS and key business leads will meet to confirm who has the responsibility to ensure personnel are removed from each business system in a timely manner. ESB will coordinate. * Each business owner should develop a review process for each system they own that will act as an internal audit on a regular basis. OITS will provide technical assistance when requirements have been developed. * OITS and OHR will meet to discuss developing a workflow process to address those users who are transferring within the DOE but have different responsibilities and terminations that need immediate attention. 	(2)	December 2015	Outstanding - Not Overdue	



Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Director of Enterprise Systems Branch and Director of Enterprise Infrastructure Services Branch				
Data Access Controls Review, Issued November 2014 (continued)				
<p>3. Inefficiencies result from requests to terminate user access through each respective system.</p> <p><i>IA Recommendations:</i> Management should work with OHR and business owners to develop an automatic process to remove separated employees' access to respective systems without having schools/offices to contact each system the separated employee had access to.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <p>* The eHR, TSEAS, and Casual payroll are the base systems for all employees. ESB will develop an automated process that will compare all users in these systems with all other systems.</p>	(3)	December 2015	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Equipment and Fleet Maintenance Review, Issued July 2014		Facilities Maintenance Branch Administrator		
<p>1. Lack of written policies, procedures and monitoring over the maintenance process. <i>IA Recommendations:</i> Business policies and processes should be documented and provide a clear understanding of the activities required and precisely describe the sequence of activities and tasks that must be performed to achieve the desired process objectives in alignment with policies. Recommendations include: 1) Create written policies and procedures for preparation of maintenance schedules. 2) Review of specialized equipment manuals for proper maintenance requirements and ensure that policies and procedures are aligned to them. 3) Review of maintenance schedules by Management before the year and mid-year to ensure that all equipment and vehicles are accounted for and are on schedule. 4) Create a process to ensure that new assets purchased and disposed assets are updated in Maximo. 5) Develop a tracking mechanism to monitor the cost benefit analysis for equipment and vehicles, consider using Maximo to do this.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * Management prepared written policies and procedures for the preparation of vehicle maintenance schedules. This included incorporating manufacturer's recommendations for new equipment and reviewing maintenance schedules to make sure all vehicles are accounted for. * Management prepared written processes to ensure that new assets purchased and disposed assets are updated in Maximo. * Management updated the "Fleet Management Plan" which defines when FMB should replace a vehicle. 	(2)	December 2014	Completed	✓ September 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Equipment and Fleet Maintenance Review, Issued July 2014 (continued)		Facilities Maintenance Branch Administrator		
<p>2. Lack of written policies, procedures and monitoring over the fuel program.</p> <p><i>IA Recommendations:</i> Business policies and processes should be documented and provide a clear understanding of the activities required and precisely describe the sequence of activities and tasks that must be performed to achieve the desired process objectives in alignment with policies. Recommendations include: 1) Create written policies and procedures for proper fuel card usage. 2) Create standardized logs and forms for issuance of fuel cards. 3) Create a process to log fuel consumption by lawn mowers and high value equipment. 4) Create written policies and procedures for tracking/monitoring fuel consumption. 5) Provide employee training and acknowledgment of responsibilities, including consequences for improper usage of the fuel card. 6) Prepare reports and graphs to analyze fuel consumption for upper Management. 7) Consider reducing the current fuel card limit and creating restrictions on gas station locations per card.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * Management created written procedures for each fuel card holder to follow, standard logs and forms for issuance of fuel cards, written procedures on how to properly complete the fuel forms/logs and revised current fuel forms to more accurately track fuel consumption in mowers and high value equipment. * Training was provided at the baseyard in September 2014. * Management prepared reports to analyze fuel consumption on vehicles. * Management reduced the fuel transaction limit to \$100 per transaction. 	(1)	December 2014	Completed	✓ September 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Equipment and Fleet Maintenance Review, Issued July 2014 (continued)				
Facilities Maintenance Branch Administrator				
<p>3. Lack of documentation and clerical errors resulting from manual processes. <i>IA Recommendations:</i> Management should continue to work on streamlining the data entry process. Management should remind Foremen to document reasons for delays in response time and overage of hours on the work order. <i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * Management implemented preprinted inventory material inventory sheets to the work orders to streamline the material data input and reduce delays on inputting. They also set timelines for the data to be inputted so reports can be ran monthly. * Management reminded foremen that they need to review workorders for any overages of estimated hours.</p>	(3)	December 2014	Completed	✓ September 2014
<p>4. Internal controls over inventory are still lacking. <i>IA Recommendations:</i> Management should continue implementing the recommendations outlined in the Deloitte report. Management should turn the safety supply levels function on in Maximo. <i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * Management corrected the conversion problems in the system and programmed Maximo to flag all new items prior to adding it to the storeroom. * Management requested for inventory manager positions in their biennium budget but it was not funded so the positions cannot be established. <u>Outstanding</u> * The automatic reorder point function will be implemented once inventory becomes more accurate.</p>	(2)	December 2014 March 2015 (1st Extension)	Partially Completed	December 2014



Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Payroll Review, Issued April 2014		Accounting Operations Specialist		
<p>1. Inefficiencies and clerical errors resulting from manual processes.</p> <p><i>IA Recommendations:</i> An integrated payroll system should be implemented to eliminate inefficiencies and errors. For payroll overpayments, Payroll should immediately start the process to recover the funds. Management should periodically, on a test basis, check that vacation payouts and overtime (OT) are calculated accurately; OT classifications are coded properly; transferred employees do not receive paychecks from previous positions; and OT forms are signed. Management should create policies and procedures on how to handle transferred employees. Payroll clerks should be reminded that OT forms need to be signed by required personnel prior to the process payments.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Payroll begins the overpayment recovery process ASAP or as other deadlines permit. * The Operations staff is reviewing the vacation payout calculation by the third party contractor before paying out the vacation. * The Payroll Claims Supervisor is conducting periodic reviews on the accuracy of vacation payouts and overtime; and also that transferred employees do not receive paychecks from previous positions. * Due to limitations from OHR they are unable to generate two (2) Form 5s for employee transfers. However, the Payroll Claims Supervisor reminded the payroll staff to ensure proper routing of the Form 5 for an internal employee transfer. * The Payroll Claims Supervisor reminded the Payroll Staff that all overtime forms (BP-2s) need to be signed by required personnel, and is doing periodic reviews. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The DOE and SOH are in the process of implementing an ERP system known as SURF that will integrate Human Resources, Time and Attendance, and Payroll. 	(1)	December 2017	Partially Completed	June 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Payroll Review, Issued April 2014 (continued)		Accounting Operations Specialist		
<p>2. Lack of integration of payroll and other related systems.</p> <p><i>IA Recommendations:</i> Management should move to an integrated system that allows payroll to be processed electronically and be able to communicate with other payroll related systems such as T&A for leave absences and eHR for personnel data. Management should work with OHR to create a breakdown of what should be coded as teacher pay and what should be coded as differential pay. Payroll section should process new hire payroll as soon as they receive the Form 5. Management should investigate payroll processing delays and ensure that preventative measures are in place to mitigate the chances of the delay from reoccurring. Management should periodically, on a test basis, check that separation procedures were properly performed for separated employees. For payroll overpayments, once an error is found, Payroll should immediately start the process to try and recover the overpayments.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Payroll Claims Supervisor is doing periodic reviews to ensure that a newly hired employee is paid timely and that separation procedures are properly performed for separated employees. * Payroll begins the overpayment recovery process as soon as possible, and as current workloads and the DAGS payroll deadlines permit. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Efforts to implement SURF are continuing. * DOE is aware that financial information separating differential and base pay are not correct in fiscal reporting. Since there are no current accounting reporting requirements to separate differential and base pay, and the information needs for budget purposes can be provided by eHR, this recommendation will be addressed with the implementation of SURF. 	(2)	December 2017	Partially Completed	June 2014



Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Payroll Review, Issued April 2014 (continued)		Accounting Operations Specialist		
<p>3. Priority payroll requests are excessive and avoidable.</p> <p><i>IA Recommendations:</i> Management should create formalized guidelines and dollar thresholds regarding the use of priority payments. In addition, Complex Area Business Managers (CABM) should assist schools that repeatedly request for priority payments to help resolve the priority payment issue.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <p>* The Monthly Priority Pay and Priority Pay Summary Reports (attached) have been completed and forwarded for distribution.</p>	(3)	June 2014	Completed	✓ June 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014				
OFS-Accounting Operations Specialist and OHR-Personnel Specialist				
<p>1. Lack of current and accessible leave and administrative policies and procedures. <i>IA Recommendations:</i> OHR, in conjunction with OFS, should update leave policies and procedures (i.e. SPs) that align with the BU agreements, include employee responsibilities, and summarize the different leave accounting rules. Consider using the Leave Accounting Reference Manual, as noted by KMH LLP in the "Form G-2 Process Improvement Review." Consider creating policies and procedures for 1) requiring sign-in sheets for all employees and 2) maintaining an employee leave file for all employees. Place all policies and procedures in a centralized location, along with contact information if timekeepers have questions. Any changes to the policies should be updated directly on the SPs to ensure that all information remains on one document. Training should be given to Principals/ Administrators and Timekeepers once policies and procedures are updated.</p> <p>Management's Corrective Action Plan Status: <u>Completed</u> * OHR distributed the Official Personnel Folders (OPF)/Employment-related Personnel Files (EPF) Reference Material to the schools/offices on July 2014. The manual recommended a separate employee leave file to be maintained by schools/offices. * A Leave of Absence module was developed and posted to the SASA Academy.</p> <p><u>Outstanding</u> * OHR's SPs regarding leave policies will be finalized and issued. * OFS will be finalizing their reorg and will assemble their Leave Unit. This unit will update and maintain Leave Accounting procedures and they will provide guidance on sign-in sheets. They will maintain these procedures on the OFS website and provide contact information for timekeepers.</p>	(1)	December 2014 December 2015 (1st Extension)	Partially Completed	December 2014



Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014 (continued)		OFS-Accounting Operations Specialist and OHR-Personnel Specialist		
<p>2. Lack of oversight and monitoring at the school/office level.</p> <p><i>IA Recommendations:</i> Management should update their "Timekeeper Checklist" with reminders about LWOP procedures and adjustments. Performing periodic monitoring of leave records by Principals/Administrators or CABMs. Consider enforcing a requirement for Timekeepers to issue Form 7s at least annually in accordance with the collective bargaining contracts. Consider reviewing staffing resources at the school/office level if the timekeeper is unable to perform their leave responsibilities. Consider developing accountability measures for schools/offices that do not update their leave records on a timely basis or create payroll overpayments. Training to Principals/Administrators and Timekeepers.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * A Leave of Absence module was developed and posted to the SASA Academy. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * OFS will be finalizing their reorg and will assemble their Leave Unit. This unit will update the "Timekeeper's Checklist", provide guidance to Principals/Administrators and CABMs on monitoring leave records, develop a monitoring tool for CASs, CABMs and Administrators to identify schools/offices that have not entered leave accounting information timely and provide guidance for Timekeepers to comply with applicable union contract requirements to issue Form 7s at least annually. 	(1)	December 2014 December 2015 (1st Extension)	Partially Completed	December 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014 (continued)		OFS-Accounting Operations Specialist and OHR-Personnel Specialist		
<p>3. Need for a stronger tone at the top and greater accountability at the school/office level. <i>IA Recommendations:</i> Management should perform periodic monitoring of leave records by Principals/Administrators or CABMs. Consider enforcing a requirement for Timekeepers to issue Form 7s at least annually in accordance with the collective bargaining contracts. Consider reviewing staffing resources at the school/office level if the timekeeper is unable to perform their leave responsibilities. Consider developing accountability measures for schools/offices that do not update their leave records on a timely basis and create payroll overpayments. Training to Principals/Administrators and Timekeepers to reinforce the rules, clarify inconsistencies/misunderstandings of the rules and to increase their awareness of common leave accounting findings.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * A Leave of Absence module was developed and posted to the SASA Academy.</p> <p><u>Outstanding</u> * OFS will be finalizing their reorg and will assemble their Leave Unit. This unit will provide guidance to Principals/Administrators and CABMs on monitoring leave records, develop a monitoring tool for CASs, CABMs and Administrators to identify schools/offices that have not entered leave accounting information timely, and provide guidance for Timekeepers to comply with applicable union contract requirements to issue Form 7s at least annually.</p>	(1)	December- 2014 December 2015 (1st Extension)	Partially Completed	December 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014 (continued)				
OFS-Accounting Operations Specialist and OHR-Personnel Specialist				
<p>4. Lack of Ownership, Monitoring and Accountability of the Leave Accounting Process. <i>IA Recommendations:</i> Assistant Superintendents should meet to discuss responsibilities of each office regarding leave policies, procedures and monitoring. Perform periodic monitoring and testing of leave records by CABMs. Consider enforcing a requirement for Timekeepers to issue Form 7s at least annually in accordance with the collective bargaining contracts. Consider developing accountability measures for schools/offices that do not update their leave records on a timely basis and create payroll overpayments. Training to Principals/Administrators and Timekeepers. Enforce proper segregation of duties for timekeepers and system administrators.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * OHR and OFS have agreed that OHR is responsible for leave policies and procedures and OFS is responsible for leave accounting procedures, which include leave audits and reconciliation. * A Leave of Absence module was developed and posted to the SASA Academy. * Proper segregation of duties was enforced so System Administrators don't have any data entry responsibilities in T&A.</p> <p><u>Outstanding</u> * OFS will be finalizing their reorg and will assemble their Leave Unit. This unit will provide guidance to Principals/Administrators and CABMs on monitoring leave records, develop a monitoring tool for CASs, CABMs and Administrators to identify schools/offices that have not entered leave accounting information timely, and provide guidance for Timekeepers to comply with applicable union contract requirements to issue Form 7s at least annually.</p>	(2)	December-2014 December 2015 (1st Extension)	Partially Completed	December 2014



Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Consolidated Report of Procurement Card ("P-Card") Reviews, Issued August 2013		Accounting Operations Specialist		
<p>1. P-Card program procedures are not always performed properly.</p> <p><i>IA Recommendations:</i> Management should enforce the consequences as listed on their P-Card Policies and Procedures for failure to submit documents timely; and should provide continuous training to schools and offices. Continuous P-Card audits by IA should be performed. Administrators and their staff handling the P-Card reconciliations should attend a P-Card training before Vendor Payment issues the P-Card.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Consequences were implemented and incorporated into the P-Cardholder Agreement and training materials. * An electronic training course for Administrators was developed for them to complete on an annual basis. * A SASA Academy course for P-Cards was developed and implemented to the field and requires support staff to complete this course on an annual basis as part of the conditions of the P-Card. 	(1)	December 2014	Completed	✓ December 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Consolidated Report of Procurement Card ("P-Card") Reviews, Issued August 2013 (continued) Accounting Operations Specialist				
<p>2. Procurement and Contracting policies and procedures are not always performed properly.</p> <p><i>IA Recommendations:</i> Management should enforce the consequences as listed on their P-Card Policies and Procedures for failure to submit documents timely; provide continuous training to schools and offices; consider consolidating purchasing worksheets and Form 10B; as well as consider exempting travel purchases due to the duplicative process. Continuous P-Card audits by IA should be performed. Administrators and their staff handling the P-Card reconciliations should attend a P-Card training before Vendor Payment issues the P-Card.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * Consequences were implemented and incorporated into the P-Cardholder Agreement and training materials. * An electronic training course for Administrators was developed for them to complete on an annual basis. * A SASA Academy course for P-Cards was developed and implemented to the field and requires support staff to complete this course on an annual basis as part of the conditions of the P-Card. * Management reviewed their travel rules to reduce duplicative forms; however, they decided to not consolidate the purchasing worksheet and Form 10B. 	(1)	December 2014	Completed	✓ December 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Consolidated Report of Procurement Card ("P-Card") Reviews, Issued August 2013 (continued)		Accounting Operations Specialist		
<p>3. Original receipts are not always submitted.</p> <p><i>IA Recommendations:</i> Management should enforce the consequences as listed on their P-Card Policies and Procedures for failure to submit documents timely; and should provide continuous training to schools and offices. Continuous P-Card audits by IA should be performed.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Consequences were implemented and incorporated into the P-Cardholder Agreement and training materials. * An electronic training course for Administrators was developed for them to complete on an annual basis. * A SASA Academy course for P-Cards was developed and implemented to the field and requires support staff to complete this course on an annual basis as part of the conditions of the P-Card. 	(2)	December 2014	Completed	✓ December 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Consolidated Report of Procurement Card ("P-Card") Reviews, Issued August 2013 (continued)		Accounting Operations Specialist		
<p>4. Restricted purchases are made.</p> <p><i>IA Recommendations:</i> Management should enforce the consequences as listed on their P-Card Policies and Procedures for failure to submit documents timely; and should provide continuous training to schools and offices. Continuous P-Card audits by IA should be performed.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Consequences were implemented and incorporated into the P-Cardholder Agreement and training materials. * An electronic training course for Administrators was developed for them to complete on an annual basis. * A SASA Academy course for P-Cards was developed and implemented to the field and requires support staff to complete this course on an annual basis as part of the conditions of the P-Card. 	(2)	December 2014	Completed	✓ December 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Consolidated Report of Procurement Card ("P-Card") Reviews, Issued August 2013 (continued)		Accounting Operations Specialist		
<p>5. Purchases are not always made using good practice or in the best interest of the Department.</p> <p><i>IA Recommendations:</i> Management should enforce the consequences as listed on their P-Card Policies and Procedures for failure to submit documents timely; and should provide continuous training to schools and offices. Continuous P-Card audits by IA should be performed. Administrators and their staff handling the P-Card reconciliations should attend a P-Card training before Vendor Payment issues the P-Card.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Consequences were implemented and incorporated into the P-Cardholder Agreement and training materials. * An electronic training course for Administrators was developed for them to complete on an annual basis. * A SASA Academy course for P-Cards was developed and implemented to the field and requires support staff to complete this course on an annual basis as part of the conditions of the P-Card. 	(3)	December 2014	Completed	✓ December 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013		School Process and Analysis Branch Director		
<p>1. Lack of oversight, monitoring and accountability at the DOE school level.</p> <p><i>IA Recommendations:</i> Management may consider: mandatory training for all staff handling student enrollment and withdrawal functions, a training module in the School Administrative Services Assistant (SASA) Academy related to Student Enrollment, periodic spot checks conducted by someone outside the schools, performance evaluations related to student enrollment and withdrawal functions and taking away overpaid funds with inaccurately recorded counts.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * SPAS RT completed introductory training with the SASA Academy team. Initial enrollment slides were drafted for the Brainshark training video modules. * The new Student Information System (SIS) may include some centralized monitoring functions to monitor attendance on a system-wide basis, with an emphasis on "no show" monitoring. * Meeting with OHR in progress regarding performance evaluations. * Committee on Student Weights has not approved the taking away overpaid funding. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Online training modules for Enrollment and Withdrawal policies and procedures. * Periodic spot checks, possibly through the new SIS. * Outcome of the meeting with OHR in progress regarding performance evaluations. 	(1)	June 2015	Partially Completed	December 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>2. Lack of current and comprehensive Student Enrollment and Withdrawal policies and procedures <i>IA Recommendations:</i> Management may consider: updating and standardizing policies, procedures and forms for both student enrollment/withdrawal and proof of residency, centrally locating the policies, procedures and forms so they are accessible by all, training given to the field, periodically revisit and update policies and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff. * Enrollment and Withdrawal Processes and Procedures Manual has been completed. * A DOE memo, "Proof of Residence Required for Enrollment" has been distributed. * The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Modification of the Student Withdrawal Form (Certificate of Release) to address FERPA issues. * Completion of powerpoint slides for enrollment processes due to modification in Student Withdrawal Form (Certificate of Release). 	(1)	June 2015	Partially Completed	December 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>3. Insufficient controls in the Student Enrollment and Withdrawal process.</p> <p><i>IA Recommendations:</i> Management may consider: updating and standardizing policies, procedures, and forms to cover the entire process and address control weaknesses, centrally locating them, training given to the field, periodically revisit and update polices and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools, develop a comprehensive definition of "enrollment," creating a training module in the SASA Academy, creating policies and procedures for segregation of duties and reviews conducted by DOE School Administrator.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff. * SPAS RT completed introductory training with the SASA Academy team. Initial enrollment slides were drafted for the Brainshark training video modules. * Enrollment and Withdrawal Processes and Procedures Manual has been completed. * Defined the following terms: "enrollment"; "Enrollment means a student has met all of the department's requirements for entrance and is formally placed on a school's roll." <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Online training modules for Enrollment and Withdrawal policies and procedures. * Modification of the Student Withdrawal Form (Certificate of Release) to address FERPA issues. * Outcome of the meeting with OHR in progress regarding segregation of duties. * Development of the new SIS. 	(1)	June 2015	Partially Completed	December 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>4. Procedures not performed at the DOE school level and required forms and supporting documentation are not completed and/or retained.</p> <p><i>IA Recommendations:</i> Management may consider: mandatory training required for all staff handling these functions, a training module included in the SASA Academy, periodic spot checks by someone outside the schools, performance evaluations related to student enrollment/withdrawal functions, overpaid funds are taken away during the second and third counts, reviews are performed by school Administrators to ensure forms are properly completed and attendance is properly taken, and revising and updating policies and procedures for proof of residency, geographic exceptions, and transfers.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * SPAS RT completed introductory training with the SASA Academy team. Initial enrollment slides were drafted for the Brainshark training video modules. * A DOE memo, "Proof of Residence Required for Enrollment" has been distributed. * The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff. * Enrollment and Withdrawal Processes and Procedures Manual has been completed. * Committee on Student Weights has not approved the taking away overpaid funding. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Online training modules for Enrollment and Withdrawal policies and procedures. * Periodic spot checks and monitoring attendance, possibly through the new SIS. * Outcome of the meeting with OHR in progress regarding performance evaluations. * DOE Year-End Duties Memo for Principals and planned meeting with OHR to discuss options regarding the proper completion of forms. * Modification of the Student Withdrawal Form (Certificate of Release) to address FERPA issues. 	(1)	June 2015	Partially Completed	December 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>5. Process inefficiencies where multiple forms serve the same purpose.</p> <p>IA Recommendations: Management may consider: updating policies and procedures, training to the field, consolidating "Student's Certificate of Release" Form 211 into one form, and either Form 211 or "Request for Release Form" should be eliminated as both serves the same purpose.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff. * SPAS RT completed introductory training with the SASA Academy team. Initial enrollment slides were drafted for the Brainshark training video modules. * A new standardized release form has been developed and is currently being tested in eSIS. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Online training modules for Enrollment and Withdrawal policies and procedures. * Modification of the Student Withdrawal Form (Certificate of Release) to address FERPA issues. 	(3)	June 2015	Partially Completed	December 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
School Food Services Review, Issued January 2013		School Food Services Director		
<p>1. Ownership of the food purchasing and meal payment collection processes is unclear.</p> <p><i>IA Recommendations:</i> OFS and School Food Services (SFS) Branch should determine which branch owns these processes. Once ownership is determined, policies and procedures need to be updated. Management should determine who will make these updates, train the field, and monitor compliance.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * SFS Branch declared ownership of the food purchasing & meal payment collection processes with OFS input and review of updated procedures. * Management updated policies and procedures for 1) Purchasing Guidelines, and 2) Collection of Cafeteria Revenue * SFS Branch will continue to administer mandatory annual training to SFS Managers (SFSM). SFSMs were trained at the mandatory meetings in July 2013 and training for meal payment collection was held from March 2014 - April 2014. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * SFS Branch contractor will conduct a fiscal review of approximately 12 schools as part of the compliance and monitoring component to this corrective action. The contractor was unable to conduct fiscal review due to lack of resources, as such SFS Supervisors will incorporate fiscal review into annual on-site reviews. 	(1)	July 2014 June 2015 (1st Extension)	Partially Completed	September 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
School Food Services Review, Issued January 2013 (continued)		School Food Services Director		
<p>2. Lack of oversight, monitoring and accountability of purchases.</p> <p><i>IA Recommendations:</i> Management may consider: segregation of duties within the purchasing process, more efficient and user friendly communications of price list changes, mandatory training required for all staff handling these functions, and periodic spot checks should be conducted by someone outside the schools. Management should also consider an implementation of a Task Force specifically to assist with these functions and including the performance of purchasing functions in evaluations to ensure this area is properly monitored.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Segregation of duties were put in place within the purchasing process. * SFSMs are notified by PCB with Price List changes. Price List updates are no longer 'in effect immediately;' rather they are effective within 5 days of the date on the price list. * SFSMs were trained at the mandatory annual meetings in July 2013. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * SFS Supervisors will review and monitor that SFSMs are following SFS Branch purchasing guidance during their annual on-site review. 	(1)	February-2014 June 2015 (1st Extension)	Partially Completed	July 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
School Food Services Review, Issued January 2013 (continued)		School Food Services Director		
<p>3. Insufficient controls in the collection process.</p> <p><i>IA Recommendations:</i> OFS and SFS Branch policies and procedures should be updated and standardized policies and procedures should be created. Controls should be established within Meal Tracker. Consolidation features for Meal Tracker should be developed, mandatory training should be required, and periodic spot checks should be conducted. Management should also consider an implementation of a Task Force and include the performance of purchasing functions in evaluations.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Management updated policies and procedures for the Collection of Cafeteria Revenue * Training for meal payment collection was held from March 2014 - April 2014. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * SFS Branch is in the process of upgrading from Meal Tracker to eTriton POS system. This upgrade will allow data to be consolidated for review. * SFS Supervisors will review and monitor that employees are following SFS Branch revenue collection guidance during their annual on-site review. * SFS and Accounting Branch will discuss ownership of monitoring of DAFMR453A to ensure that it is submitted in a timely manner. 	(1)	July 2014 June 2016 (1st Extension)	Partially Completed	June 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
School Food Services Review, Issued January 2013 (continued)		School Food Services Director		
<p>4. Lack of current and comprehensive School Food Services purchasing policies and <i>IA Recommendations:</i> Policies and procedures should be updated. Management should create a new form or consider automation of inventory. Management should also review practicality of electronic inventory files, create policies and procedures for the new method of tracking inventory, and distribute the file. Mandatory training should be required.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Management updated policies and procedures for 1) SL-4 Inventory and 2) Purchasing Guidelines. * SFSMs were trained at the mandatory annual meetings in July 2013. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * SFS Branch and Accounting Branch will discuss and resolve conflicting purchasing guidance. * SFS Branch determined that efile inventory is not practical for audit/review purposes and will retain the SL-4 inventory cards until upgrades to eTrition POS system will incorporate the menu planning and inventory automated features. 	(2)	July 2014 June 2015 (1st Extension)	Partially Completed	July 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
School Food Services Review, Issued January 2013 (continued)		School Food Services Director		
<p>5. Lack of technology in menu planning, ordering, and inventory.</p> <p><i>IA Recommendations:</i> The DOE should consider the benefits of automating this process and interconnecting the menu planning, ordering, and inventory processes. SFS Branch discovered that the POS menu planning, ordering and inventory modules are separate and do not interface. As such, SFS Branch will not go forward with automation. Instead, SFS Branch will update policies and procedures, and monitor compliance. SFS Branch is also soliciting a statewide distributor for protein/breakfast, grocery, beverage and chemical supplies to better monitor school level purchases.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Outstanding</u></p> <p>* SFS Branch is in the process of upgrading from Meal Tracker to eTriton POS system to enable one system to consolidate data. The upgrade will allow SFS Branch to have the ability to purchase a module to automate the menu planning and inventory processes. Schools currently have the capability of ordering on-line/web from contracted vendors. SFS Branch is working on a solicitation for a Prime Vendor contract to streamline food, chemical and small utensil purchases by SFS managers. A Prime Vendor will have reviewable data for each school's purchases that SFS Branch can access for oversight.</p>	(2)	July 2014 June 2015 (1st Extension)	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
School Food Services Review, Issued January 2013 (continued)		School Food Services Director		
<p>6. Required forms and supporting documentation are not completed and/or retained and procedures are often not followed.</p> <p><i>IA Recommendations:</i> Mandatory training should be required for all staff handling school food collection and purchasing functions and periodic spot checks should be conducted. Management should consider an implementation of a Task Force and include the performance of collection and purchasing functions in evaluations.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u> * SFSMs were trained at the mandatory meetings in July 2013.</p> <p><u>Outstanding</u> * SFS Supervisors will review and monitor that employees are following SFS Branch purchasing and revenue collection guidance during their annual on-site review.</p>	(2)	July 2014 June 2015 (1st Extension)	Partially Completed	July 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
School Food Services Review, Issued January 2013 (continued)			School Food Services Director	
<p>7. The method of staffing school kitchens is not clearly defined and is prone to manipulation.</p> <p><i>IA Recommendations:</i> Management should update the staffing calculation to reflect the current practice, document SFS Director's approval for unusual situations, train SFS Supervisors on how to apply the staffing formula, clearly communicate the results of the staffing formula to PROs, monitor the application of the staffing formula, and consider methods to reduce manipulation to the staffing formula.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * Management updated staffing guidelines * SFS Supervisors will review and monitor that SFSMs are following SFS Branch purchasing guidance during their annual on-site review. * SFS Director or designee will review each district's staffing prior to submission to the district Personnel Regional Officer. * SFS Supervisors were trained on new staffing guidance prior to implementation in October 2013. 	(2)	July 2014	Completed	✓ April 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Data & Timekeeping Process Review, Issued March 2010			Accounting Director	
<p>1. Lack of current, accessible leave and administrative policies. <i>IA Recommendations:</i> Align leave policies and procedures with the Bargaining Unit (BU) agreements, summarize with the different leave accounting rules, and describe employee responsibilities. Ensure these policies and procedures are accessible to employees and all employees are notified of updates. <i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * Policies and procedures were aligned with Bargaining Unit agreements and updates to the leave codes were issued to the field in June 2011. * SASA Academy course 4, Human Resources Module 11 included Leave Policies for Bargaining Unit contracts and DOE policies. These instruction materials were be placed on the DOE Intranet for all employees to access.</p>	(1)	March 2014 December 2014 (3rd Extension)	Completed	✓ Dec 2014
<p>2. Lack of useful tools and processes to ensure success. <i>IA Recommendations:</i> OFS in conjunction with OHR should develop a checklist for timekeepers that summarized the necessary tasks to be completed at each pay period. <i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * Checklists were developed and included in the Time and Attendance User Manual. Also a "Timekeeper Error Correction Guide" was developed and disseminated.</p>	(2)	June 2012	Completed	✓ April 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Data & Timekeeping Process Review, Issued March 2010 (continued) Accounting Director				
<p>3. Need for mandatory and effective Timekeeper training. <i>IA Recommendations:</i> Develop training for timekeepers that include but not limited to technical issues, clearly articulated roles, responsibilities, accountability, and reviews of complex processes. Training should be designed by representatives from OHR, Payroll, OITS, and Leave Accounting to ensure methodologies are aligned. <i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * Comprehensive training was developed with representatives from OHR, OFS Payroll/Leave Accounting and OITS. Statewide training was conducted, including in-person sessions on Oahu and videoconference regional sessions to the Neighbor Islands.</p>	(2)	June 2011	Completed	✓ April 2013
<p>4. Need for an appropriate tone at the top and greater employee accountability. <i>IA Recommendations:</i> Develop policies related to leave requests, overtime and compensatory time off, and alternative work schedules. These items should be included in the training for all leaders and timekeepers. <i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * Comprehensive training was developed with representatives from OHR, OFS Payroll/Leave Accounting and OITS. Statewide training was conducted, including in-person sessions on Oahu and videoconference regional sessions to the Neighbor Islands. * Management issued directives to the field regarding leave of absences, leave without pay, payroll overpayments and retirement procedures.</p>	(1)	May 2012	Completed	✓ April 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

The following represents the status of IA observations and recommendations from previous reports issued.

Audit Comment	Audit Rating	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Data & Timekeeping Process Review, Issued March 2010 (continued)				Accounting Director
<p>5. Timekeeping system (T&A) not meeting certain business objectives.</p> <p><i>IA Recommendations:</i> Develop proper controls to prevent issues related to a lack of system controls and improper segregation of duties. If proper controls cannot be implemented due to system limitations, then these limitations should be communicated to the field so errors can be avoided. A review of T&A's programmed calculations should be performed immediately to ensure that any other issues regarding miscalculations or misalignments with BU rules are addressed.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <p>* As part of the State's Office of Information and Management Technology plan, the DOE will be implementing an ERP system to include the automation of payroll and leave. This will help in eliminating manual forms and payroll processes can be done timely. In addition, the T&A team still meets weekly to discuss and address items on an issues list. Also a "Timekeeper Error Correction Guide" was developed and disseminated.</p>	(2)	New ERP System: 2014 Dec 2015 (1st Extension)	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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Internal Audit Recommendation Status (continued)

OBSERVATION RATING SCALE	
High (1)	<p>1 - The impact of the finding is <i>material</i>¹ and the likelihood of loss is probable in one of the following ways:</p> <ul style="list-style-type: none"> - A material misstatement of the DOE's financial statements could occur; - The DOE's business objectives, processes, financial results, or image could be materially impaired; - The DOE may fail to comply with applicable laws, regulations, or contractual agreements, which could result in fines, sanctions, and/or liabilities that are material to the DOE's financial performance, operations, or image. <p><i>Immediate action is recommended to mitigate the DOE's exposure.</i></p>
Moderate (2)	<p>2 - The impact of the finding is <i>significant</i>¹ and the likelihood of loss is possible in one of the following ways:</p> <ul style="list-style-type: none"> - A significant misstatement of the DOE's financial statements could occur; - The DOE's business objectives, processes, financial performance, or image could be notably impaired; - The DOE may fail to comply with applicable laws, regulations, or contractual agreements, which could result in fines, sanctions and/or liabilities that are significant to the DOE's financial performance, operations or image. <p><i>Corrective action by management should be prioritized and completed in a timely manner to mitigate any risk exposure.</i></p>
Low (3)	<p>3 - The impact of the finding is moderate and the probability of an event resulting in loss is possible.</p> <p><i>Action is recommended to limit further deterioration of controls.</i></p>

¹The application of these terms are consistent with the guidelines provided by the Institute of Internal Auditors.



Management Action Plan Completion Status

