



State of Hawaii

Department of Education

Internal Audit Plan
January 1, 2012 – December 31, 2013

Approved by Audit Committee on November 15, 2011

**Subject to approval by the Board of Education at the
December 6, 2011 General Business Meeting**

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



Table of Contents

	<u>Page</u>
■ Internal Audit Plan	3
■ Internal Audit Plan Schedule	12



INTERNAL AUDIT PLAN



Internal Audit Plan

The following represents the detailed Internal Audit (IA) Plan which covers the period January 1, 2012 through December 31, 2012.

Internal Audit Plan Period: January 1, 2012 through December 31, 2012 – Year 1

Project	Auditable Area(s)	Timing	Est. Hrs.
IA ASSURANCE			
Procurement & Contracting Process Review			
Evaluate the Department's compliance with internal purchasing policies and procedures and Federal and State laws, rules and regulations, where applicable. Test the design and operating effectiveness of the Department's internal controls over procurement of goods and services and provide efficiency and effectiveness recommendations. Where applicable, this review will follow-up on the results of previous report findings and studies. <i>PRIMARY FOCUS: Compliance/Financial</i>	OFS <i>Procurement & Contracting</i>	Q1 2012	600
Casual Hire Recruitment & Hiring Review			
Review, evaluate and test the design and operating effectiveness of the Department's recruiting and hiring process for Casual Hires (hourly non-certificated staff, including part-time temporary teachers, substitute teachers, A+ Afterschool Plus workers, tutors, parent/community networking center facilitators, adult meal supervisors, school operations substitutes, and certain others). Provide recommendations based on leading practices to improve the efficiency and effectiveness of the processes. <i>PRIMARY FOCUS: Operational</i>	OHR <i>Recruitment & Hiring</i>	Q1 2012	550
School Food Services Review			
Determine if the policies and procedures governing the planning, ordering, meal preparation, and inventory of food items are adequately designed and monitored by the Department. This review will focus on the key elements of effective infrastructure for a business process: policies, processes, people and organization, management reports, methodologies, and system and data. <i>PRIMARY FOCUS: Operational/Financial</i>	OSFSS <i>School Food Services - Fiscal Management</i>	Q2 2012	450



Internal Audit Plan

Internal Audit Plan: Year 1 (continued)

Project	Auditable Area(s)	Timing	Est. Hrs.
IA ASSURANCE			
<p>Data Integrity Review - Student Enrollment</p> <p>Review the information management controls in place to ensure data is accurate, complete, and consistent. Test and validate the data quality for a sample of yearly reports, such as student enrollment projections, enrollment counts, and/or student transfers.</p> <p>PRIMARY FOCUS: Information Technology/Operational</p>	<p>OITS <i>Information Management</i></p>	<p>Q3 2012</p>	<p>400</p>
<p>Student Transportation Services Review</p> <p>Determine whether (1) independent contractors providing student transportation services for the DOE are in compliance with key contract requirements, (2) internal control procedures are adequate for monitoring contract compliance in all areas of operations and administration, and (3) assess the effectiveness and determine the results of performance measures and goals established for contractors providing student transportation services.</p> <p>PRIMARY FOCUS: Operational/Compliance</p>	<p>OSFSS <i>Student Transportation Services</i></p>	<p>Q4 2013</p>	<p>600</p>
TOTAL PROPOSED ASSURANCE HOURS: 2012			2,600



Internal Audit Plan

Internal Audit Plan: Year 1 (continued)

Project	Auditable Area(s)	Timing	Est. Hrs.
IA CONSULTING			
<p>Development of School Monitoring Program</p> <p>Compile and collaborate with various groups throughout the Department on the monitoring tools at the School level to ensure processes and related internal controls are designed and operating effectively and efficiently. Develop a standardized testing strategy to sample the monitoring of internal controls at the Schools to include, among others, tests of controls over local school funds, leave accounting, procurement, inventory, special services, and IT coordination.</p>	Schools	Q1 2012	500
<p>Ethics and Code of Conduct Reporting Assistance</p> <p>Evaluate the mechanism in place to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by Board members, DOE employees or any persons having business dealings with the DOE. Provide consultation to enhance the monitoring processes, reporting structure, and related documents in connection with this confidential mechanism.</p>	OHR OS	Q1 2012	200
<p>ACL Audit Tool Development</p> <p>Design a continuous control monitoring tool utilizing ACL to analyze and query Pcard, purchasing, receiving, vendor management and/or accounts payable transactions to assess the effectiveness of the procurement and accounts payable functions.</p>	OFS <i>Procurement & Contracting Vendor Payments</i>	Q2 2012	200
<p>Internal Control & Operational Efficiency Consultation</p> <p>Provide consulting services to Department for internal control planning and operational improvement initiatives.</p>	Various	Throughout	400
TOTAL PROPOSED CONSULTING HOURS: 2012			1,300

Internal Audit Plan



Internal Audit Plan: Year 1 (continued)

Project	Auditable Area(s)	Timing	Est. Hrs.
IA INVESTIGATIONS & OTHER			
Investigations			
Conduct investigations of allegations concerning DOE fund or asset misappropriation, and other areas where requested. Estimated level of effort based on monthly/yearly historical hours for investigations requested by Internal Audit.		Throughout	2,500
Function Administration 2012			
Reporting and Communication		Throughout	200
Risk Assessment Re-evaluation & Audit Plan for 2013 (Update)		Q4 2012	250
External, State, Legislative & Consultant Audit/Review Coordination		Throughout	300
Other Administration including budget preparation, meetings and other		Throughout	400
TOTAL PROPOSED INVESTIGATIONS & OTHER HOURS: 2012			3,650
TOTAL PROPOSED HOURS: 2012			7,550



Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period January 1, 2013 through December 31, 2013.

Internal Audit Plan Period: January 1, 2013 through December 31, 2013 – Year 2

Project	Auditable Area(s)	Timing	Est. Hrs.
IA ASSURANCE			
Equipment and Fleet Maintenance Review			
Evaluate the Department's records of regular preventive maintenance and repairs to vehicles and high value equipment. Review the adequacy of the current Equipment and Fleet Management policies and processes as they relate to the tracking mechanism established for monitoring equipment and vehicle performance and determine if services have been completed in the most cost-effective and efficient manner. Where applicable, this review will follow-up on the results of previous report findings and studies. <i>PRIMARY FOCUS: Operational/Financial</i>	OSFSS <i>Repair and Maintenance Operations</i>	Q1 2013	400
eHR Post-Implementation Review			
Evaluate the effectiveness of the eHR online system application processing module or other recently implemented modules to ensure that the intended objectives of implementing the system were met. Evaluate the design and operating effectiveness of procedures and controls over input, processing, and output to ensure: (1) information captured is complete and accurate and (2) information generated is accurate, reliable, and timely. <i>PRIMARY FOCUS: Information Technology</i>	OHR <i>Recruitment & Hiring</i>	Q1 2013	300
Federal Compliance Review			
Evaluate the adequacy and effectiveness of the Department's Federal compliance function and opportunities to strengthen existing practices. The compliance function will be evaluated against the seven elements of an effective compliance program which include: compliance standards and procedures; oversight; education and training; monitoring and auditing; reporting; and enforcement and accountability. <i>PRIMARY FOCUS: Compliance</i>	OS <i>Federal Compliance</i>	Q2 2013	400



Internal Audit Plan

Internal Audit Plan: Year 2 (continued)

Project	Auditable Area(s)	Timing	Est. Hrs.
IA ASSURANCE			
<p>Information Technology Privacy Review</p> <p>Evaluate the adequacy of the Department's ability to meet its privacy commitments and stated practices in accordance with GAPP (generally accepted privacy principles). Determine the Department's adherence to FERPA and other regulations.</p> <p>PRIMARY FOCUS: Information Technology</p>	<p>OITS</p> <p><i>Privacy and Data Protection</i></p>	<p>Q3 2013</p>	<p>350</p>
<p>Student Assessment Administration Review - Phase I</p> <p>Review of the Systems Accountability Office's internal controls and business processes over the administration of student assessments, including the distribution and maintenance of student assessment material and the collection and reporting of student assessment results. Review will also focus on assessing the design and operating effectiveness of controls over student assessment data to ensure data is adequately secured and controlled. This review will exclude an assessment of the controls and processes associated with the development of student assessments.</p> <p>PRIMARY FOCUS: Operational</p>	<p>OS</p> <p><i>Student Assessment</i></p>	<p>Q3 2013</p>	<p>400</p>
<p>Governance & Ethics Review</p> <p>Review and evaluate the design and operating effectiveness of the DOE's ethics-related programs, activities, and processes to ensure effective governance and accountability throughout the DOE. Required review under the Institute of Internal Auditors International Professional Practices Framework.</p> <p>PRIMARY FOCUS: Operational/Compliance</p>	<p>OS</p> <p>OHR</p>	<p>Q4 2013</p>	<p>350</p>



Internal Audit Plan

Internal Audit Plan: Year 2 (continued)

Project	Auditable Area(s)	Timing	Est. Hrs.
IA ASSURANCE			
<p>Leave Accounting Follow-Up Review Follow-up to Internal Audit's Leave Data and Timekeeping Processes Review to assess the implementation of Management's Plans as described in the Final Report (2010). This follow-up review will also consider relevant findings and recommendations of the Form G-2 Process Improvement Review (2011). PRIMARY FOCUS: Operational/Compliance</p>	<p>OFS <i>Leave Accounting</i></p>	<p>Q4 2013</p>	<p>450</p>
<p>Validation of School Monitoring Validate the monitoring of internal controls at the Schools by sampling a group of controls using the newly developed standardized testing strategy developed in collaboration with various groups within the Department. PRIMARY FOCUS: Operational/Compliance</p>	<p>Schools</p>	<p>Throughout</p>	<p>1,500</p>
<p>TOTAL PROPOSED ASSURANCE HOURS: 2013</p>			<p>4,150</p>

Internal Audit Plan



Internal Audit Plan: Year 2 (continued)

Project	Auditable Area(s)	Timing	Est. Hrs.
IA CONSULTING, INVESTIGATIONS & OTHER			
Internal Control & Operational Efficiency Consultation			
Provide consulting services to Department for internal control planning and operational improvement initiatives.	Various	Various	400
TOTAL PROPOSED CONSULTING HOURS: 2013			400
Investigations			
Conduct investigations of allegations concerning DOE fund or asset misappropriation, and other areas where requested. Estimated level of effort based on monthly/yearly historical hours for investigations requested by Internal Audit.		Throughout	2,500
Function Administration 2013			
Reporting and Communication		Throughout	100
Risk Assessment Re-evaluation & Audit Plan for 2014		Q4 2013	250
External, State, Legislative & Consultant Audit/Review Coordination		Throughout	200
Other Administration including budget preparation, meetings and other		Throughout	200
TOTAL PROPOSED INVESTIGATIONS & OTHER HOURS: 2013			3,250
TOTAL PROPOSED HOURS: 2013			7,800
TOTAL PROPOSED INTERNAL AUDIT PLAN HOURS: 2012 - 2013			15,350



INTERNAL AUDIT PLAN SCHEDULE



Internal Audit Plan Schedule

The chart below depicts the proposed timing of the projects included in the Internal Audit Plan. The bars are meant to portray the approximate project duration, including the estimated start and end dates of each project.

Internal Audit Plan Period: January 1, 2012 through December 31, 2012 – Year 1

PROJECT	Q1 2012			Q2 2012			Q3 2012			Q4 2012		
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
IA Assurance												
Procurement & Contracting Process Review	◆————◆											
Casual Hire Recruitment & Hiring Review				◆————◆								
School Food Services Review						◆————◆						
Data Integrity Review - Student Enrollment								◆————◆				
Student Transportation Services Review										◆————◆		
IA Consulting & Other												
Development of School Monitoring Program	◆————◆											
Ethics and Code of Conduct Reporting Assistance			◆————◆									
ACL Audit Tool Development					◆————◆							
Internal Control & Operational Efficiency Consultation	◆.....◆											
Investigations	◆.....◆											
Function Administration	◆.....◆											
Risk Assessment & Audit Plan (Update)											◆————◆	

- ◆————◆ Assurance Project
- ◆————◆ Consulting & Other Projects
- ◆.....◆ Throughout the year, as requested
- ◆.....◆ Meetings, Board Support, Other



Internal Audit Plan Schedule

Internal Audit Plan Period: January 1, 2013 through December 31, 2013– Year 2

PROJECT	Q1 2013			Q2 2013			Q3 2013			Q4 2013			
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	
IA Assurance													
Equipment and Fleet Maintenance Review	◆		◆										
eHR Post-Implementation Review		◆		◆									
Federal Compliance Review				◆			◆						
Information Technology Privacy Review						◆	◆						
Student Assessment Administration Review - Phase I							◆			◆			
Governance & Ethics Review									◆		◆		
Leave Accounting Follow-Up Review											◆		
Validation of School Monitoring	◆												
IA Consulting & Other													
Internal Control & Operational Efficiency Consultation	◆	◆											◆
Investigations	◆	◆											◆
Function Administration	◆	◆											◆
Risk Assessment & Audit Plan											◆		

- ◆ Assurance Project
- ◆ Throughout the year, as requested
- ◆ Meetings, Board Support, Other
- ◆ Consulting & Other Projects