

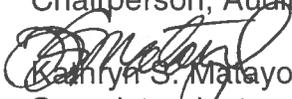


STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

August 4, 2015

TO: The Honorable Donald G. Horner
Chairperson, Audit Committee

FROM: 
Kathryn S. Matayoshi
Superintendent

SUBJECT: **Update on the Department of Education's ("Department")
Internal Audit Plan, Fourth Quarter (April 1, 2015 – June 30, 2015)**

1. DESCRIPTION

Update on the Department of Education's ("Department") Internal Audit Plan, Fourth Quarter (April 1, 2015 – June 30, 2015).

2. UPDATE

Update on the Department of Education's ("Department") Internal Audit Plan, Fourth Quarter (April 1, 2015 – June 30, 2015).

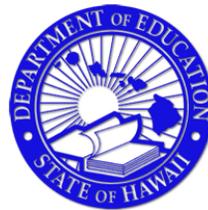
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Attachment

c: Internal Audit Office

State of Hawaii
Department of Education

INTERNAL AUDIT PLAN
QUARTERLY UPDATE THROUGH JUNE 30, 2015



FOR AUDIT COMMITTEE MEETING
August 4, 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:

Operational Review of the Special Education Section

- Review began in May 2015. Review was postponed to accommodate the schedule of the Special Education Section. Currently in planning stages.

Procurement and Contracting Process Follow-up Review

- Review began in May 2015. Currently in fieldwork.
 - The purpose of this project is to follow-up on Internal Audit's *Procurement & Contracting Process Review* to assess the implementation of Management's Plans as described in the final report (2012). In addition, this follow-up review will consider relevant findings and recommendations of the *Consolidated Report of Procurement Cards ("P-Cards") Review* (2013). IA will perform this follow-up review to ensure that Management has adequately addressed and resolved the audit findings as described in these reports.

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 16 - 50)

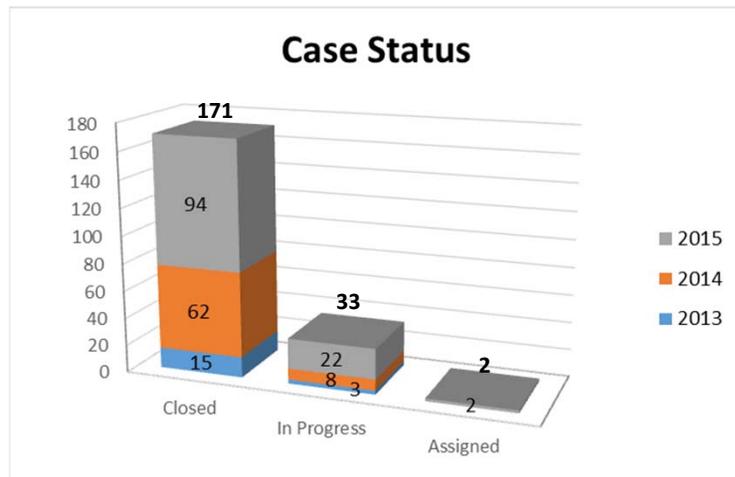
Ethics and Code of Conduct Policy

- IA followed up with the Office of Human Resources on the status of the Code of Conduct Policy. Currently, a revised draft of the Code of Conduct Policy is out for final consultation with the unions.

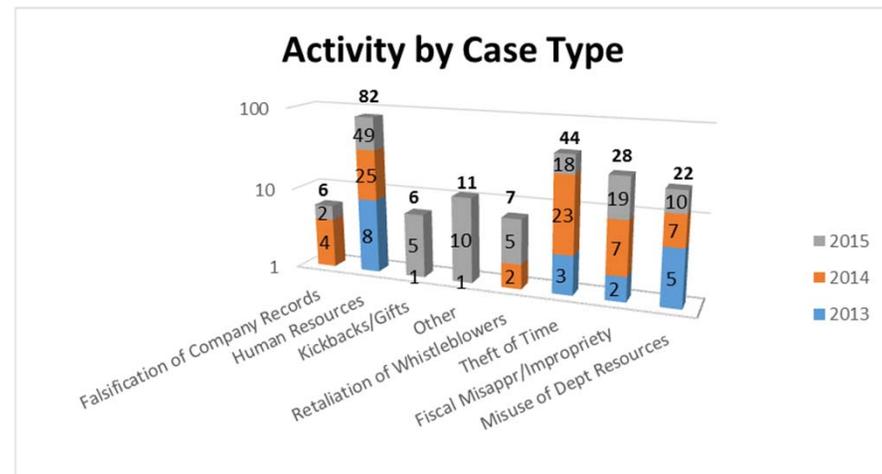
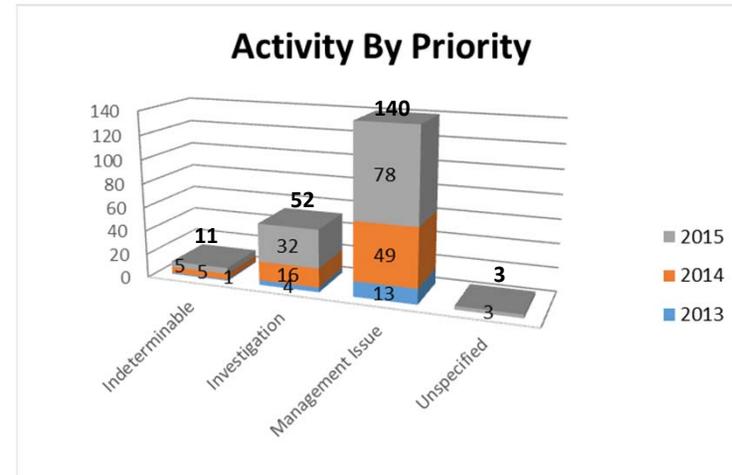


Executive Summary (continued)

Hotline: All Cases Inception through June 30, 2015



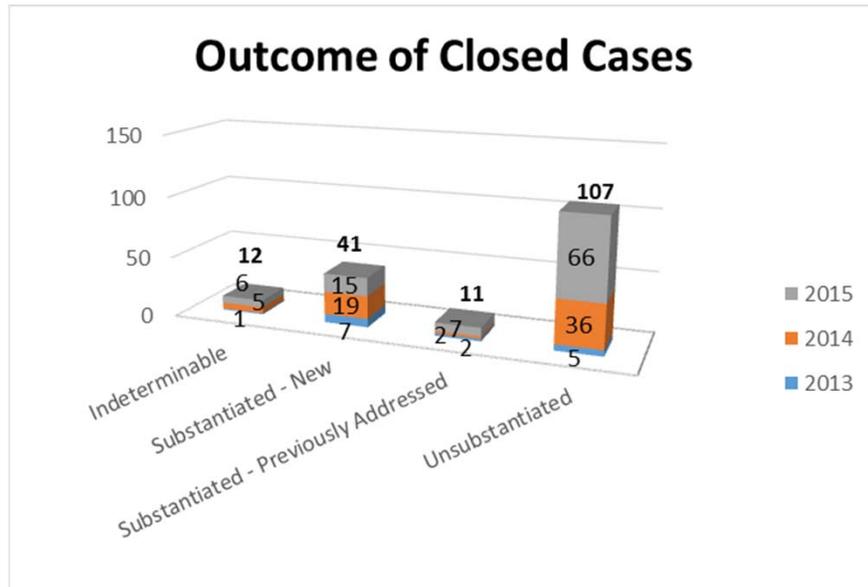
- A total of 206 cases were received.
 - 171 cases are closed, and 35 are in progress.
- Summary of Cases by Year:
 - 3 of the 18 cases from FY 2013 are still in progress (Note: Fiscal year 2013 only represents two months (May 1, 2013 - June 30, 2013))
 - 8 of the 70 cases from FY 2014 are still in progress
 - 24 of the 118 cases from FY 2015 are still in progress



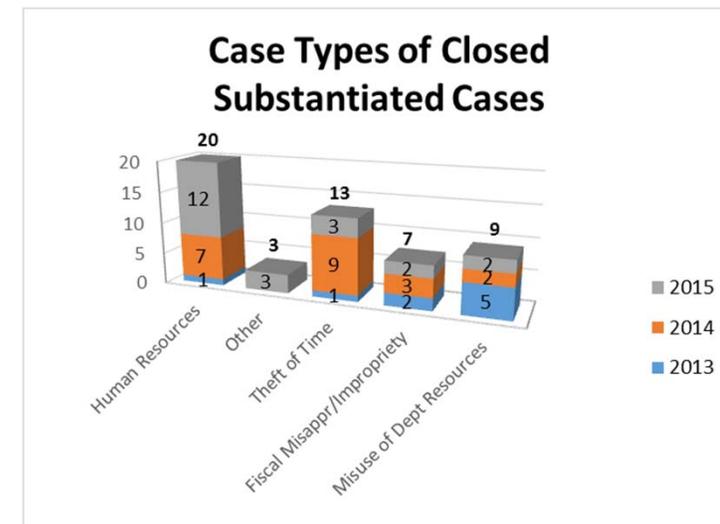
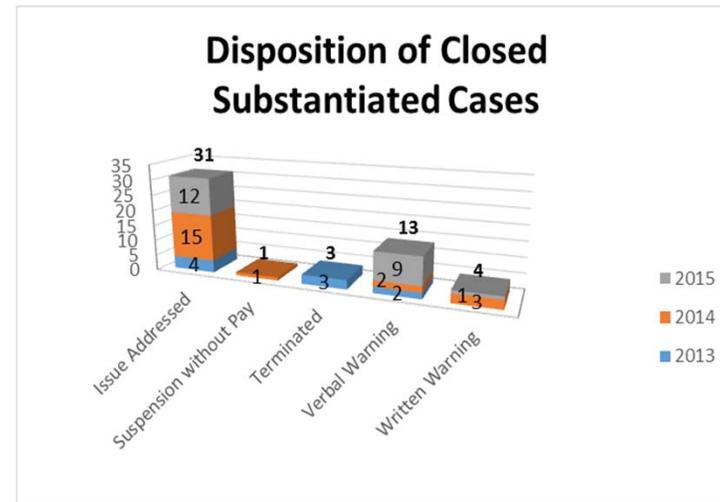


Executive Summary (continued)

Hotline: Closed Cases Inception through June 30, 2015



- Of the 171 closed cases, 52 were substantiated, 107 were unsubstantiated and the remaining 12 were inter-determinable.
- The primary issue in these substantiated cases were Human Resource issues (20 cases) followed by Theft of Time (13 cases)





Summary of Proposed Changes to the Audit Plan

Project	Original Timing	Budget Impact	Proposed Change	Reason for Change
Operational Review of Special Education Section	Moved to Q1 FY 2016	(560)	Moved from Q4 FY 2015	To accommodate scheduling conflicts
Procurement and Contracting Process Follow-up Review	Q4 FY 2015	350	Moved from Q1 FY 2016	To replace the Operational Review of Special Education Section



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
Fixed Assets Management Review	X	X		X	X
Workers' Compensation Review	X				X ¹
Student Assessment Administrative Review - Phase 1	X				
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
Community School for Adults Consolidated Review Report	X ¹	X	X ¹	X	X ¹
School Food Services Review	X	X	X ¹	X ¹	X ¹
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review	X ¹	X	X ¹	X	X ¹
Procurement & Contracting Process Review	X ¹			X	X ¹
Leave Data & Timekeeping Process Review	X ¹	X	X	X	
Consolidated Report of Audits of Cancelled P-Card	X	X		X	X ¹
Master Vendor Table Review	X	X			X ¹

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	
Fixed Assets Management Review (Issued April 2015)	Marginal	2	1	1	4	1	0	4	0	0	Accounting Director
Workers' Compensation Review (Issued April 2015)	Marginal	2	0	1	3	0	0	1	2	0	Workers' Compensation Supervisor
Student Assessment Administrative Review - Phase 1 (Issued March 2015)	Marginal	5	0	0	5	0	0	4	0	1	Director of Assessment and Accountability Branch
Data Access Controls Review (Issued November 2014)	Marginal	3	0	0	3	1	0	2	1	0	Director of Enterprise Systems Branch & Director of Enterprise Infrastructure Services Branch
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
Data Integrity Review - Student Enrollment (Issued April 2013)	Marginal	4	0	1	5	4	0	0	0	5	School Process and Analysis Branch Director
School Food Services Review (Issued January 2013)	Unacceptable	6	0	1	7	3	0	0	0	7	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		34	1	4	39	15	0	12	9	18	



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
Fixed Assets Management Review (Issued April 2015)	4	1	0	4	0	0

Objectives:

1. To obtain a general understanding of the design and operating effectiveness of the fixed assets inventory process.
2. To review, evaluate, and test the operating effectiveness of the fixed assets inventory process to ensure key controls have been adequately put into place and are in compliance with policies and procedures.
3. To determine whether fixed assets are adequately accounted for.
4. To verify fixed assets exist and all assets are properly recorded in "WinFMS."
5. To provide recommendations based on leading practices for improvement to enhance effectiveness and efficiency of fixed asset management.



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
Workers' Compensation Review (Issued April 2015)	3	0	0	1	2	0

Objectives:

1. To evaluate the Department's compliance with policies, procedures and applicable laws and regulations for Workers' Compensation (WC).
2. To ensure that WC information is accurate and reliable.
3. To test the design and operating effectiveness of the Department's internal controls over the WC process.
4. To provide recommendations for improvement to enhance effectiveness & efficiency.



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
Student Assessment Admin. Review – Phase 1 (Issued March 2015)	5	0	0	4	0	1

Objectives:

1. To obtain a general understanding of the design and operating effectiveness of the administration of student assessments.
2. To review, evaluate and test the design of the administration of student assessments from the point of receiving the test results to publishing the results in various reports, so as to ensure that key controls have been adequately put into place and that processes are in compliance with policies and procedures.
3. To review, evaluate and test the design of the monitoring of third party contracts involved in the student assessment and reporting processes.
4. To review the student assessment process and identify opportunities for efficiency and operational improvements within the administration of student assessments.



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 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
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
Data Integrity Review – Student Enrollment (Issued April 2013)	5	4	0	0	0	5 (4 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	0	0	7 (3 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 ✓
Fixed Assets Management Review, Issued April 2015		Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch		
<p>1. Inaccurate Reporting of Fixed Assets</p> <p><i>IA Recommendations:</i> Management should consider methods to automate fixed asset processes to help increase the accuracy of inventory records such as a bar-coded scanning process that could be integrated with the accounting system. More fixed assets training should be given to the field. Management should identify old Org IDs and clear out old/disposed fixed assets and transfer remaining fixed assets into new Org IDs. Management should periodically, on a test basis, review the items deleted off the hold file records for proper deletions, check that fixed assets are moved from the hold file into the property file, and ensure the proper disposal of fixed assets. Management should continue to send reminders throughout the year to the field for the following: timely submittal of disposal/transfer forms, move fixed assets from the hold file to the property files, decal all fixed asset items prior to distribution of the fixed asset, and update the</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * A pilot bar-code system was rolled out 5 years ago but there were functionality issues, as well as interface issues with FMS, which is a 20+ year old system. OITS will be consulted to determine if a bar-code program will be cost effective and a viable means to gain operational improvements and workflow efficiency. * User Support Technicians (UST) provide training on FMS. There currently is a wait list so a review will be conducted to determine how many users are on the list, the cause of the backlog, and what resources are needed to address the backlog. The training program will be reviewed to determine if the program materials are up-to-date, and if the presentation * Reports will be run to identify which schools/offices have fixed assets that are in old Org IDs, in the Hold File for an extended period of time, or should be removed due to disposition. These lists will be sent to the respective SASAs, Principals, and CABM for follow-up. * Notices are sent out twice a year to remind the field to update their Fixed Assets records in a timely manner, as well as to certify their annual physical inventory reports. Reports of outstanding items will be generated and sent to respective schools/offices for follow-up. If positive responses are not received in a timely manner, assistance will be sought from the CABMs, as well as Leadership. 	(1)	December 2020	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 ✓
Fixed Assets Management Review, Issued April 2015 (continued)				
Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch				
<p>2. Procedures Not Performed at the School/Office Level</p> <p>IA Recommendations: Management should continue its efforts to diligently obtain supporting documentation evidencing physical inventory counts. Continued reminders should be sent to the field to properly conduct physical inventory counts at least on an annual basis. Management should issue an electronic standardized decal log template found in the SASA Academy Training for fixed assets recording. More fixed asset training should be given to the field. Management should continue to send reminders throughout the year to the field for the following: timely submittal of disposal/transfer forms, move fixed assets from the hold file to the property files, decal all fixed asset items prior to distribution of the fixed asset, and update the location of the</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Notices are sent out twice a year to remind the field to update their Fixed Assets records in a timely manner, as well as to certify their annual physical inventory reports. Reports of outstanding items will be generated and sent to respective schools/offices for follow-up. If positive responses are not received in a timely manner, assistance will be sought from the CABMs, as well as Leadership. * A review will be done on current policies and procedures. All agreed upon revisions will be added to the policies and procedures manual, and communicated to the field through memos and updated SASA Academy training modules. * User Support Technicians (UST) provide training on FMS. There currently is a wait list so a review will be conducted to determine how many users are on the list, the cause of the backlog, and what resources are needed to address the backlog. The training program will be reviewed to determine if the program materials are up-to-date, and if the presentation 	(2)	June 2017	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 ✓
Fixed Assets Management Review, Issued April 2015 (continued)		Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch		
<p>3. Lack of Current Fixed Assets Policies and Procedures (including Training and Guidelines)</p> <p><i>IA Recommendations:</i> Management should revise and update policies to give clarity to the inventory process. Training should be given to the field on the revised procedures and policies. Management should continuously revisit these policies and procedures for any changes or updates.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <p>* A review will be done on current policies and procedures. All agreed upon revisions will be added to the policies and procedures manual, and communicated to the field through memos and updated SASA Academy training modules.</p>	(3)	June 2017	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 ✓
Fixed Assets Management Review, Issued April 2015 (continued) Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch				
<p>4. Process Inefficiencies Regarding Manual Procedures IA Recommendations: Management should revise and update policies to eliminate process inefficiencies with fixed asset disposals. ASB should provide SSEPB with the annual disposal report for all schools/offices that shows all the disposals in the DOE due to theft and casualty loss in the respective fiscal year. The SSEPB should summarize and analyze the types of fixed assets thefts and losses and customize their training to the types of losses/damage. In addition, SSEPB could identify the schools/offices/ locations of where the majority of these losses are occurring and continue to perform site visits to ensure that risk areas are addressed and proper safety measures such as safe locations, locks, etc. could be recommended.</p> <p>Management's Corrective Action Plan Status: <u>Outstanding</u></p> <ul style="list-style-type: none"> * A review will be done on current policies and procedures. All agreed upon revisions will be added to the policies and procedures manual, and communicated to the field through memos and updated SASA Academy training modules. * SSEPB will work with ASB to summarize and analyze the data received, looking for trends and potential vulnerabilities, and report out to DOE leadership on a quarterly basis. * SSEPB will continue to issue risk management information and reminders to all school and offices annually. SSEPB will also work with ASB to summarize and analyze the data received, looking for trends and potential vulnerabilities, and report out to DOE leadership on a quarterly basis. Workshops as well as site vulnerability assessments will be held upon request. Once SSEPB are able to analyze the data received, focused training can be offered to Complex Area Superintendents. <p>Currently two separate forms are required to report the loss or damage of state property (Form E-9) and to file a claim for reimbursement from DAGS, Risk Management Office (Form RMP-001). SSEPB will check if those two forms can be consolidated to reduce the amount of paperwork required to file a claim.</p>	(3)	June 2017	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 ✓
Workers' Compensation Review, Issued April 2015		Acting Workers' Compensation Supervisor and Health Benefits & Awards Section Administrator		
<p>1. WC procedures are not always followed at the school/office level</p> <p><i>IA Recommendations:</i> Management should 1)Place an internal checklist and procedures for file organization in the workers' compensation (WC) files; 2)Create internal implications for not submitting WC forms on a timely basis; 3)Consider making SASA Academy WC training course mandatory to Administrators and/or SASAs/Secretaries and require them to periodically retake course; and 4)Create and distribute checklists to schools and offices for WC claims processes.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Management updated the internal procedures for case file organization and required clerks to add the same to the new WC claim files when opening the new claim. * Management has provided a SASA Checklist for WC in the SASA Academy training materials and WC Unit's webpage, and will provide a copy to schools/offices upon request. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Management will provide quarterly reports of non-compliance to the CASs to request their assistance with ensuring schools comply with WC policies and procedures. * Management will continue to pursue the recommendation to make the SASA Academy WC training course mandatory with a consequence of providing lists of non-participants to the respective CASs and ASs to help ensure compliance. 	(2)	September 2015	Partially Completed	

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 ✓
Workers' Compensation Review, Issued April 2015 (continued)		Acting Workers' Compensation Supervisor and Health Benefits & Awards Section Administrator		
<p>2. Inefficiencies and clerical errors in the WC process</p> <p><i>IA Recommendations:</i> Management should 1)Reassign clerical work from Claims Managers to clerical staff which may require additional resources allocated to this area; 2)Revisit medical payment processes to streamline and reduce the length of time it takes to pay bills to service providers; 3)Place internal checklist and procedures for file organization in WC files; 4)Consider making SASA Academy WC training course mandatory to Administrators and/or SASAs/Secretaries and require them to periodically retake course and 5)Remind employees to submit "Time-Off for Treatment of Industrial Injury," Form DPS-412, when they are taking off for treatments related to WC case.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Management updated the internal procedures for case file organization and required clerks to add the same to the new WC claim files when opening the new claim. * Management will continue to remind claimants and SASAs/Secretaries to use the "Time-Off for Treatment of Industrial Injury," Form DPS-412, when applicable. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Management is awaiting the hiring of three (3) temporary unbudgeted positions that were just approved for FY16 and FY17. Request-to-Fill forms have been submitted for recruitment. * Management has already started reviewing the business processes and is working with OFS to identify ways to streamline processes to reduce the length of time it takes to pay bills to service providers. * Management will continue to pursue the recommendation to make the SASA Academy WC training course mandatory with a consequence of providing lists of non-participants to the respective CASs and ASs to help ensure compliance. 	(2)	December 2015	Partially Completed	

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 ✓
Workers' Compensation Review, Issued April 2015 (continued) Acting Workers' Compensation Supervisor, Health Benefits & Awards Section Administrator and Acting Director of SSEPB				
<p>3. Lack of effective WC prevention programs</p> <p>IA Recommendations: Management should 1)Reassign clerical work form Claims Managers to clerical staff which may require additional resources allocated to this area; 2)WC unit to collect and summarize WC data and provide to Safety, Security and Emergency Preparedness Branch (SSEPB) for analysis and training; 3)SSEPB to analyze the WC data to identify risk areas/locations/duties that may be potential for injury and address these risks in their training; 4)SSEPB to administer accident prevention training as per their functional statement duties and 5)School Safety Inspection Teams to review their school's DOE accident reports to evaluate if the school has taken the necessary corrective actions to prevent future accidents from happening.</p> <p>Management's Corrective Action Plan Status: <u>Outstanding</u></p> <ul style="list-style-type: none"> * WC management is awaiting the hiring of three (3) temporary unbudgeted positions that were just approved for FY16 and FY17. Request-to-Fill forms have been submitted for recruitment. * WC management will provide SSEPB with WC data needed for SSEPB to analyze and provide training to prevent work-related injuries. * SSEPB will analyze the data from WC to identify risk areas and develop a reporting system to inform CASs and ASs of trends for further follow-up with their schools/offices. They may also develop written training guides for the prevention of common physical injuries to be disseminated as needed. * SSEPB has just implemented a program to conduct a mock Hawaii Occupational Safety and Health Division (HIOSH) inspection of all schools statewide within a three year cycle to prevent employee injuries. * Under the guidance of SSEPB, School Safety Committees can take a more active role to review accident reports and recommend necessary corrective actions to mitigate future accidents from happening. * Dependent on resources, SSEPB could develop a limited training program to be offered to the various schools/offices statewide for injury prevention. 	(1)	January 2016	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 ✓
Student Assessment Administrative Review - Phase 1, Issued March 2015				
Director of Assessment and Accountability Branch				
<p>1. Lack of monitoring and oversight of third party vendors</p> <p>IA Recommendations: Management should consider requesting both vendors to have a Service Organization Control (SOC) 2 Report completed over the respective outsourced functions. SOC 2 reports generally report on controls at a Service Organization relevant to security, availability, processing integrity, confidentiality and privacy over data and information. A SOC2 Report would provide DOE management with an assessment of the service organization's internal controls, and address the risks associated with the outsourced functions. It would provide the DOE with a greater assurance that the assessment results are reported accurately and reliably. Management should also execute its right to review the books and records of AIR. In addition, Management should consider including language allowing DOE to review the books and records in future contracts with DataHouse. Once such language is included, Management should execute its rights to review the books and records of DataHouse.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Management agrees with the need to more closely monitor third party vendors involved in the student assessment process. Instead of addressing the "process" issues, independently, management proposes to undertake a more comprehensive review of the entire data management breadth encompassed under the Assessment and Accountability branch. Management proposes to engage the services of an external resource to review, analyze and recommend appropriate process changes, tools and a governance structure based upon industry-accepted best practices under the enterprise information management and master data management disciplines. * Timing constraints will prevent implementation of major changes to be put in place for the current school year and the importance of the data behooves management to approach the project judiciously. Management would propose to report back to the Internal Audit Office by September 2015 with the results of the effort proposed implementation plan. The timing will allow for a comprehensive and vigilant process and provide for implementation of the controls with the SY15-16 assessment and accountability data. 	(2)	TBD	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 ✓
Student Assessment Administrative Review - Phase I, Issued March 2015 (continued)		Director of Assessment and Accountability Branch		
<p>2. Insufficient controls over changes made to the final test results</p> <p><i>IA Recommendations:</i> DGA should formalize the process of requesting AIR to make corrections to the test results. At a minimum, the exception log should include the employee who submitted the request, the AIR representative who received the request and the date and time the request was made. The Assessment and Accountability Branch should request AIR and DataHouse to provide an audit log of all changes they make to the final files. The audit logs should be system generated, and identify the users who made changes to the data, and the date and time when the changes were made. DGA and Accountability Section should review these audit logs to ensure all changes are authorized. DGA and Accountability Section should review these audit logs for reasonableness and trending.</p> <p>OITS and DGA should have an automated audit log to identify all changes they make to the final test result file. The audit logs should be system generated, and identify the users who made changes to the data, and the date and time when the changes were made. Management from the Accountability Section should review and analyze OITS and DGA's audit log. The audit log is a control tool that should be utilized to monitor the changes made to the data, and detect possible unauthorized changes. Further, the audit log should be summarized so that it can be used as a tool to measure reasonableness as well as identify patterns of exceptions that could be alleviated or minimized for future tests.</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 ✓
Student Assessment Administrative Review - Phase 1, Issued March 2015 (continued)				
Director of Assessment and Accountability Branch				
<p>2. Insufficient controls over changes made to the final test results (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Instead of addressing the “process” issues, independently, management proposes to undertake a more comprehensive review of the entire data management breadth encompassed under the Assessment and Accountability branch. Management proposes to engage the services of an external resource to review, analyze and recommend appropriate process changes, tools and a governance structure based upon industry-accepted best practices under the enterprise information management and master data management disciplines. * Timing constraints will prevent implementation of major changes to be put in place for the current school year and the importance of the data behooves management to approach the project judiciously. Management would propose to report back to the Internal Audit Office by September 2015 with the results of the effort proposed implementation plan. The timing will allow for a comprehensive and vigilant process and provide for implementation of the controls with the SY15-16 assessment and accountability data. 	(2)	TBD	Outstanding - Not Overdue	
<p>3. Inefficient transfer and inadequate protection of data</p> <p><i>IA Recommendations:</i> Management should evaluate alternative methods for the transfer of the final test results from DGA to the Accountability Section, such as having a server that both DGA and Accountability Section can access. At the very least, management should encrypt files transferred via a thumb drive with a strong password.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Management acknowledges this observation and has alleviated the issue with the assistance of OITS who has setup a Secure Shell (SSH) File Transfer Protocol (also known as Secure File Transfer Protocol or SFTP) site where the encrypted file can be copied to and retrieved by the Accountability Section. 	(2)	March 2015	Completed	✓ March 2015

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 ✓
Student Assessment Administrative Review - Phase 1, Issued March 2015 (continued)		Director of Assessment and Accountability Branch		
<p>4. Lack of documentation of management's approval for multiple processes</p> <p><i>IA Recommendations:</i> Management should document their review and approval of all existing and new business rules. In addition, regulatory guidance in which business rules are based on should be documented with the business rule. Management's review and recommendation for acceptance or denial of all appeals should be documented. In addition, Superintendent's review and approval of Accountability Section's recommendation for approval or denial of all appeals should also be documented.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Instead of addressing the "process" issues, independently, management proposes to undertake a more comprehensive review of the entire data management breadth encompassed under the Assessment and Accountability branch. Management proposes to engage the services of an external resource to review, analyze and recommend appropriate process changes, tools and a governance structure based upon industry-accepted best practices under the enterprise information management and master data management disciplines. * Timing constraints will prevent implementation of major changes to be put in place for the current school year and the importance of the data behooves management to approach the project judiciously. Management would propose to report back to the Internal Audit Office by September 2015 with the results of the effort proposed implementation plan. The timing will allow for a comprehensive and vigilant process and provide for implementation of the controls with the SY15-16 assessment and accountability data. * With the creation of the Office of Strategy, Innovation and Performance, the final approval for the appeals has been delegated to the assistant superintendent. The approval of the final decision of the appeals will be documented with a written signature. 	(3)	TBD	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 ✓
Student Assessment Administrative Review - Phase 1, Issued March 2015 (continued)		Director of Assessment and Accountability Branch		
<p>5. Untimely and incomplete reporting of students who were not tested</p> <p><i>IA Recommendations:</i> Management should have AIR include a field to input the reasons as to why students were not tested at the time of the scheduled test. This would eliminate the need for reports to be compiled by school. It would drastically increase the response rate to providing reasons why students were not tested. Further, it would notify schools of students who were not tested in a timely fashion such that untested students could take the test if desired. If Management is unable to have AIR include a field to input why students were not tested, the DOE should consider ways that they could report untested students timely to schools so inadvertently untested students can be tested. Management should also explore ways to increase the response rate to requests for explanations of untested students.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Management acknowledges the issue and will be working with the test delivery vendor to manage the testing status of all students (tested and untested) through its test management system. Schools will be provided with a field which tracks untested students and the reasons for not testing. The ability of the Assessment section to monitor the status of the field through the test management system will improve the response rate. * Timing constraints will prevent implementation of major changes to be put in place for the current school year and the importance of the data behooves management to approach the project judiciously. Management would propose to report back to the Internal Audit Office by September 2015 with the results of the effort proposed implementation plan. The timing will allow for a comprehensive and vigilant process and provide for implementation of the controls with the SY15-16 assessment and accountability data. 	(3)	TBD	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 ✓
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</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>Completed</u></p> <ul style="list-style-type: none"> * The VPN Access Word form is on schedule to be converted to an on-line request system. Work flows for this process are being finalized with the on line application Service Now. <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. * 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	Partially Completed	June 2015

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>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</p> <p>Management's Corrective Action Plan Status:</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 * 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 ✓
Data Access Controls Review, Issued November 2014 (continued) Director of Enterprise Systems Branch and Director of Enterprise Infrastructure Svcs Branch				
<p>3. Inefficiencies result from requests to terminate user access through each respective system <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> <u>Outstanding</u> * 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</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 ✓
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 clerical errors. For payroll overpayments, once an error is found, Payroll should immediately start the process to try and recover the overpayments. Management should periodically, on a test basis, check that vacation payouts are calculated accurately; check that overtime is calculated accurately; check that overtime classifications are coded properly; check that transferred employees do not receive paychecks from previous positions; and that all overtime forms are signed. Management should create policies and procedures on how to handle transferred employees. Payroll clerks should be reminded that overtime forms need to be signed by all required personnel prior to the process of overtime 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 as soon as possible, and as current workloads and the DAGS payroll 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. * Discussion with OHR resulted in an inability to generate two (2) Form 5s for employee transfers due to limitations from OHR. However, the Payroll Claims Supervisor reminded the payroll staff to ensure proper routing of the Form 5 for an employee transfer within the DOE. * 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 State CIO, OIMT, and Comptroller have informally indicated that the State will pursue a new payroll system that meets the State's needs, including the DOE. At this time, the DOE is not aware of a formal RFP being completed or a conversion/implementation plan timeline. 	(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 * 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"> * The State CIO, OIMT, and Comptroller have informally indicated that the State will pursue a new payroll system that meets the State's needs, including the DOE. At this time, the DOE is not aware of a formal RFP being completed or a conversion/implementation plan timeline. * 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 a new system. 	(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 ✓
OFS-Accounting Operations Specialist and OHR-Personnel Specialist				
Leave Accounting Follow-Up Review, Issued January 2014				
<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 responsibilities, and summarize the 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 requiring sign-in sheets for all employees and maintaining an employee leave file for all employees. Place these in a centralized location with contact information for questions and any changes should be updated directly on them to ensure that all information remains on one document. Training should be given to Administrators and Timekeepers once policies and procedures are updated.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * 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><u>Outstanding</u></p> <ul style="list-style-type: none"> * OHR's SPs regarding leave policies will be finalized and issued. * OFS reorg was approved and recruiting to fill the Leave Management positions has begun. 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. * A leave manual and procedures manual is being written by a consultant but OHR believes it will take years to clear Consult and Confer with the unions. 	(1)	December-2014 December 2016 (2nd 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 ✓
<p>Leave Accounting Follow-Up Review, Issued January 2014 (continued)</p> <p style="text-align: right;">OFS-Accounting Operations Specialist and OHR-Personnel Specialist</p>				
<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 reorg was approved and recruiting to fill the Leave Management positions has begun. This unit will update the "Timekeeper's Checklist", provide guidance to 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. * A leave manual and procedures manual is being written by a consultant but OHR believes it will take years to clear Consult and Confer with the unions. 	(1)	<p>December-2014</p> <p>December 2016 (2nd Extension)</p>	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 reorg was approved and recruiting to fill the Leave Management positions has begun. This unit will provide guidance to 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> <p>* A leave manual and procedures manual is being written by a consultant but OHR believes it will take years to clear Consult and Confer with the unions.</p>	(1)	December-2014 December 2016 (2nd 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 ✓
<p>Leave Accounting Follow-Up Review, Issued January 2014 (continued)</p> <p style="text-align: right;">OFS-Accounting Operations Specialist and OHR-Personnel Specialist</p>				
<p>4. Lack of Ownership, Monitoring and Accountability of the Leave Accounting Process. <i>IA Recommendations:</i> ASs 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 Administrators and Timekeepers. Enforce proper segregation of duties for timekeepers and system administrators. <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. <u>Outstanding</u> * OFS reorg was approved and recruiting to fill the Leave Management positions has begun. This unit will provide guidance to 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. * A leave manual and procedures manual is being written by a consultant but OHR believes it will take years to clear Consult and Confer with the unions.</p>	(2)	December-2014 December 2016 (2nd 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 ✓
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> <u>Completed</u></p> <ul style="list-style-type: none"> * Online training modules for Enrollment and Withdrawal are developed in coordination with SASA Academy * Memo was issued to address principal monitoring duties regarding enrollment, withdrawal, "No Show", attendance procedures and segregation of duties so that periodic monitoring is conducted. * 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" * Based on discussions with OHR, performance evaluations are not feasible at this time due to negotiations with the Union. * Committee on Student Weights has not approved the taking away overpaid funding. 	(1)	June 2015	Completed	✓ June 2015

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 IA Recommendations: 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>Management's Corrective Action Plan Status: <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. * A new standardized release form has been developed and was tested in eSIS. * Student Withdrawal Form (Certificate of Release) cannot be revised at this time due to conflicted with Hawaii State law and Federal FERPA laws. * Online training modules for Enrollment and Withdrawal are developed in coordination with SASA Academy 	(1)	June 2015	Completed	✓ June 2015

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 policies 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</p> <p><i>Management's Corrective Action Plan Status:</i> <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. * Online training modules for Enrollment and Withdrawal are developed in coordination with SASA Academy * 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." * The new Student Information System (SIS) may include some centralized monitoring functions to provide periodic spot checking for accuracy * A new standardized release form has been developed and was tested in eSIS. * Student Withdrawal Form (Certificate of Release) cannot be revised at this time due to conflicted with Hawaii State law and Federal FERPA laws. * Memo was issued to address principal monitoring duties regarding enrollment, withdrawal, "No Show", attendance procedures and segregation of duties so that periodic monitoring is conducted. 	(1)	June 2015	Completed	✓ June 2015

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 performed by schools Administrators to ensure forms are properly completed and attendance is properly taken, and revising and updating policies and procedures for proof of residency, geographic</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Online training modules for Enrollment and Withdrawal are developed in coordination with SASA Academy * 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. * Based on discussions with OHR, performance evaluations are not feasible at this time due to negotiations with the Union. * Committee on Student Weights has not approved the taking away overpaid funding. * Memo was issued to address principal monitoring duties regarding enrollment, withdrawal, "No Show", attendance procedures and segregation of duties so that periodic monitoring is conducted. 	(1)	June 2015	Completed	✓ June 2015

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><i>IA Recommendations:</i> 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><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. * Online training modules for Enrollment and Withdrawal are developed in coordination with SASA Academy * A new standardized release form has been developed and was tested in eSIS. * Student Withdrawal Form (Certificate of Release) cannot be revised at this time due to conflicted with Hawaii State law and Federal FERPA laws. 	(3)	June 2015	Completed	✓ June 2015

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. * SFS Branch assigned a SFS Supervisor to conduct a fiscal review of approximately 22 schools a year as part of the compliance and monitoring component to this corrective action. 	(1)	July 2014 June 2015 (1st Extension)	Completed	✓ June 2015

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. * SFS Supervisors reviewed and monitored that SFSMs are following SFS Branch purchasing guidance during their annual on-site review. 	(1)	February-2014 June 2015 (1st Extension)	Completed	✓ June 2015

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. * Accounting Branch will monitor school's submittal of DAFMR453A to ensure that it is submitted in a timely manner. * SFS Supervisors reviewed and monitored that employees are following SFS Branch revenue collection guidance during their annual on-site review. * SFS Branch has contracted a Prime Vendor to streamline purchases by SFSM. Through this vendor, SFS Branch can access data to oversee each school's purchases. Future upgrades to eTriton POS system will also allow data to be consolidated for review. 	(1)	July 2014 June 2016 (1st Extension)	Completed	✓ June 2015

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> <u>Completed</u> * 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. * SFS Branch determined that efile inventory is not practical for audit/review purposes and will retain the SL-4 inventory cards until upgrades to eTriton POS system will incorporate the menu planning and inventory automated features. SFS Supervisors reviewed and monitored that SFSMs are following SFS Branch inventory guidance during their annual on-site review.</p>	(2)	July 2014 June 2015 (1st Extension)	Completed	✓ June 2015

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>Completed</u></p> <p>* SFS Branch has contracted a Prime Vendor to streamline purchases by SFSM. Through this vendor, SFS Branch can access data to oversee each school's purchases.</p> <p>Future upgrades to eTrition POS system will allow data to be consolidated for review. With the upgrade, SFS Branch will also have the ability to purchase a module to automate the menu planning and inventory processes.</p>	(2)	July 2014 June 2015 (1st Extension)	Completed	✓ June 2015

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> <u>Completed</u> * SFSMs were trained at the mandatory meetings in July 2013. * SFS Supervisors reviewed and monitored that employees are following SFS Branch purchasing guidance during their annual on-site review. Fiscal reviews were also performed to monitor compliance with collection procedures. Also, Accounting Branch will monitor school's submittal of DAFMR453A to ensure that it is submitted in a timely manner.</p>	(2)	July 2014 June 2015 (1st Extension)	Completed	✓ June 2015

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 of March 2015 the State has decided to change directions with the ERP initiative. Departments are now being tasked to develop systems to address their internal needs and to make these systems available to other departments for their use in an effort to collaboratively upgrade systems statewide. The Office of Information and Management Technology has offered to assist the DOE in automating the payroll process, which will have positive effects on leave management. This project will present huge technical and logistical challenges in converting a manual process to an automated one. A <i>Payroll Process Improvement Project</i> was put on hold till further direction and funding is provided.</p> <p>* In addition, the OFS reorganization has been approved and recruiting for the 6 FTEs for the Leave Management Unit has started.</p>	(2)	New ERP System: 2014 Dec 2017 (2nd 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

