



State of Hawaii
Department of Education

Updated Risk Assessment and Internal Audit Plan
July 1, 2015 – June 30, 2019

Subject to approval by the Board of Education at the
August 4, 2015 Audit Committee Meeting

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



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EXECUTIVE SUMMARY



Executive Summary

This report presents the results of the Internal Audit Office's ("IA") efforts to perform an update of the Risk Assessment and Audit Plan (the "Re-Assessment") for the State of Hawaii, Department of Education. The proposed updated Internal Audit Plan ("Audit Plan") covers the periods July 1, 2015 through June 30, 2019. The previous updated risk assessment and internal audit plan was performed in June 2014. The re-development and execution of this Audit Plan is important in meeting the mission of the Internal Audit Office – *"to provide independent and objective assurance and consulting services designed to add value and improve the Department of Education's ("DOE") operations."*

Professional standards developed by the Institute of Internal Auditors ("IIA") require that the Audit Plan be developed based on an assessment of risk. The Re-Assessment is a subjective process used to identify and evaluate various risks, internal and external, that could impact the achievement of the DOE's goals and strategies. As the Audit Plan continuously evolves due to new circumstances or events which occur throughout the year, a re-assessment of the Audit Plan must be performed.

Internal Auditing is a valuable resource to an organization's executive management, governing bodies (audit committees), and other stakeholders in helping them achieve their business and operational goals and objectives, as well as strengthening internal controls and governance. All risk assessments identify a group of high risks, as risk is constantly evolving; however, knowing the areas to audit and where to commit resources is key to the success of IA.

The Audit Plan was developed based on the results of the Re-Assessment, which included general high level interviews with members of management and the Board of Education ("BOE"), our knowledge of the DOE's business risks, an evaluation of the results from projects completed during the past year, the current education system and regulatory environment, and an evaluation of the current internal control environment at the time of our analysis. IA assessed risk factors during the risk evaluation phase of the Re-Assessment and Audit Plan development process. A brief discussion of the Re-Assessment and Audit Plan development process is provided in the Introduction & Overview section of this report.



Executive Summary

As a result of the Re-Assessment, 42 auditable areas for the DOE were deemed *high* risk. While these “high” risk areas would justify a significant Internal Audit effort, current resources available to address these risks are limited. Therefore, IA is proposing 4 assurance projects in fiscal year (“FY”) 2016 (Year 4), 6 assurance projects in FY 2017 (Year 5), 5 assurance projects in FY 2018 (Year 6), and 6 assurance projects in FY 2019 (Year 7), which are also presented on the following pages. During the first 3½ years from January 1, 2012 – June 30, 2015 (Year 1 - 3) of the Audit Plan, IA worked on all 18 projects listed in the revised Audit Plan. The table below summarizes the hours of the Audit Plan from Year 1 to Year 7. As risks to the DOE change over time and as additional resources become available, management and the Audit Committee are encouraged to re-evaluate the Audit Plan periodically.

Proposed Internal Audit Activity Hours¹

	Year 1	Year 2	Year 3	Year 3	Year 4	Year 5	Year 6	Year 7
	1/1/12 – 6/30/13 ² (Act.)	7/1/13 – 6/30/14 ³ (Act.)	7/1/14 – 6/30/15 ⁴ (Est.)	7/1/14 – 6/30/15 ⁴ (Act.)	7/1/15 – 6/30/16 ⁵ (Est.)	7/1/16 – 6/30/17 ⁴ (Est.)	7/1/17 – 6/30/18 ⁴ (Est.)	7/1/18 – 6/30/19 ⁴ (Est.)
Assurance	3,820	2,950	4,210	4,320	5,030	6,300	6,300	6,290
IA Consulting & Monitoring	3,910	1,410	2,400	1,170	2,000	1,500	1,500	1,500
Investigations & Other	4,450	6,770	5,530	5,880	3,800	3,800	3,800	3,800
Outside Consulting (SME)	<u>520</u>	<u>160</u>	<u>230</u>	<u>270</u>	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>
Total	<u>12,700</u>	<u>11,290</u>	<u>12,370</u>	<u>11,640</u>	<u>11,230</u>	<u>12,000</u>	<u>12,000</u>	<u>11,990</u>

¹ Activity hours do not include holiday, vacation, sick, and training hours.

² Hours based on an 18 month period and 5 staff members.

³ Hours based on a 12 month period and 6 staff members.

⁴ Hours based on a 12 month period and 7 staff members.

⁵ Hours based on a 12 month period and 6.5 staff members.



RISK ASSESSMENT RE-EVALUATION PROCESS



Risk Assessment Re-Evaluation Process

The purpose of this report is to present the results of IA's efforts to perform an update of the Risk Assessment to assist with the development of an updated Audit Plan for the DOE. The Re-Assessment re-evaluates the identification and analysis (typically in terms of impact and likelihood) of relevant risks to the achievement of DOE's goals, strategies, and objectives, forming the basis for determining how those risks should be managed.

This Re-Assessment and resulting Audit Plan has been developed to ensure that the DOE has sufficient and continuous internal audit coverage of those areas judged as having a relatively higher risk profile or that otherwise require internal audit attention for management or regulatory reasons. For purposes of this Re-Assessment, the term "internal audit" will refer collectively to traditional internal audits of financial and operational areas along with compliance and information technology-related reviews.

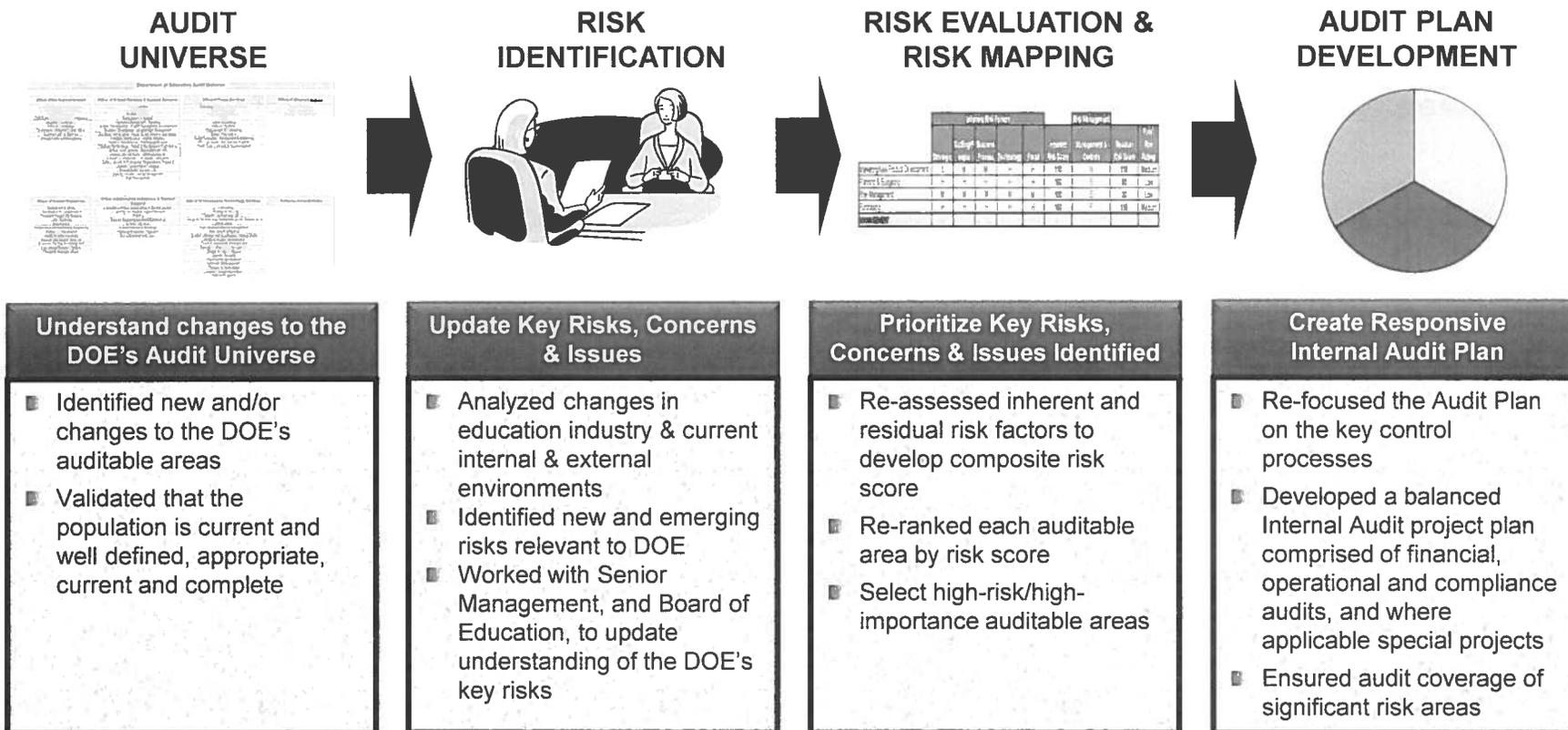
As previously mentioned, the Re-Assessment and Audit Plan was developed based on interviews with management; members of the BOE; review of the current industry environment; an evaluation of completed projects during the past year; knowledge of the DOE's business risks; and a high-level evaluation of the current internal control environment at the time of our review. IA ranked risks based on several risk factors identified during the Risk Evaluation, which included an evaluation of the various auditable areas and their impact on the DOE's goals and objectives. A summary of changes to the auditable areas from the previously approved Risk Assessment is presented on pages 23-24.

A Re-Assessment is performed annually to ensure continual monitoring of changing risk factors, financial and operational changes, or management turnover.



Risk Assessment Re-evaluation Process – Overview

Our re-evaluation process begins with the results of prior year’s updated Risk Assessment. Risks are re-evaluated given changes to the DOE’s external and internal environments as well as the results of audits conducted in the FY 2014 & 2015 Audit Plan. The following is a summary of our re-evaluation process:



By developing an understanding of the key risks and issues at the DOE, IA developed a focused plan, which will coordinate management, internal audit & external Subject Matter Expert (SME) resources to ensure maximum risk coverage.



Risk Assessment Re-Evaluation Process – Audit Universe

For the update to the Audit Universe, IA identified new and/or changes to the key **auditable areas**. In addition, IA validated that the population of **auditable areas** were well defined, appropriate, current, and complete. This validation was accomplished based primarily on interviews with key management personnel. The Audit Universe for the **DOE State Office** is detailed below and the **Complex Areas/Schools auditable areas** are detailed on the following page.

Department of Education Audit Universe																																																			
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Note: The Audit Universe is based on the anticipation of changes to offices due to the Department's reorganization.

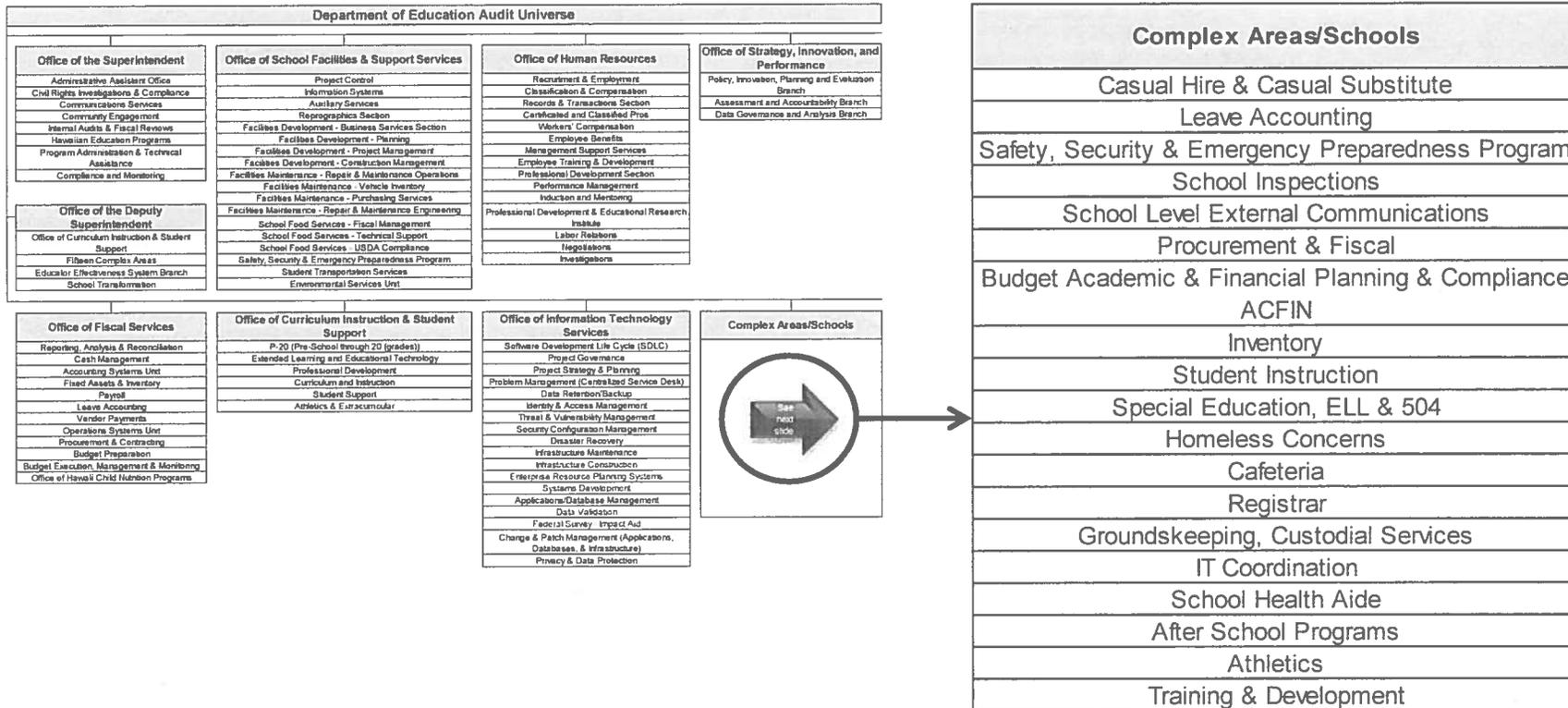
New or changes from the previously approved Risk Assessment (see pages 23-24):

- New Auditable Area / Change to Auditable Area / Auditable Area to be Removed



Risk Assessment Re-Evaluation Process – Audit Universe

The Complex Areas/Schools auditable areas are detailed below:

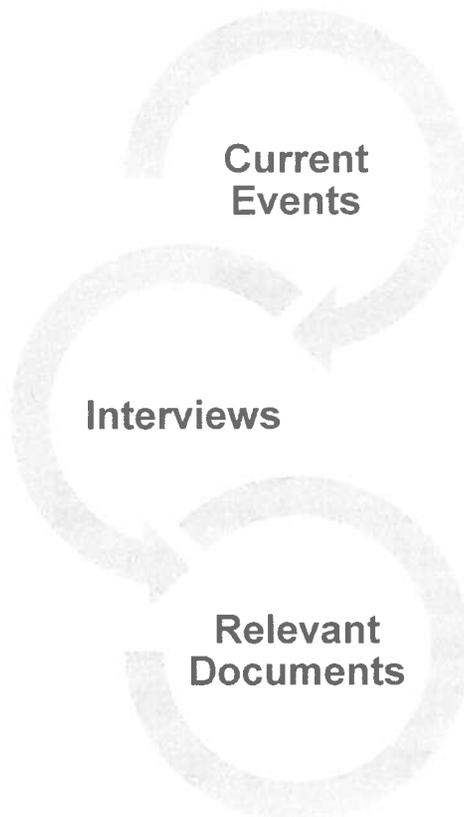




Risk Assessment Re-Evaluation Process – Risk Identification

After finalizing the Audit Universe, IA confirmed and identified relevant risks to the DOE during the Risk Identification phase and performed the following steps:

- Obtained an understanding of current events impacting the DOE.
- Interviewed members of senior management and the Board of Education.
- Reviewed relevant reports and documents.



Understanding of Current Events – Based upon discussions and review of relevant documents, the following are a few of the major current events:

- Strategic Plan
- Change in Board of Education
- New Student Information System
- Planned Reorganizations
- New Assistant Superintendents

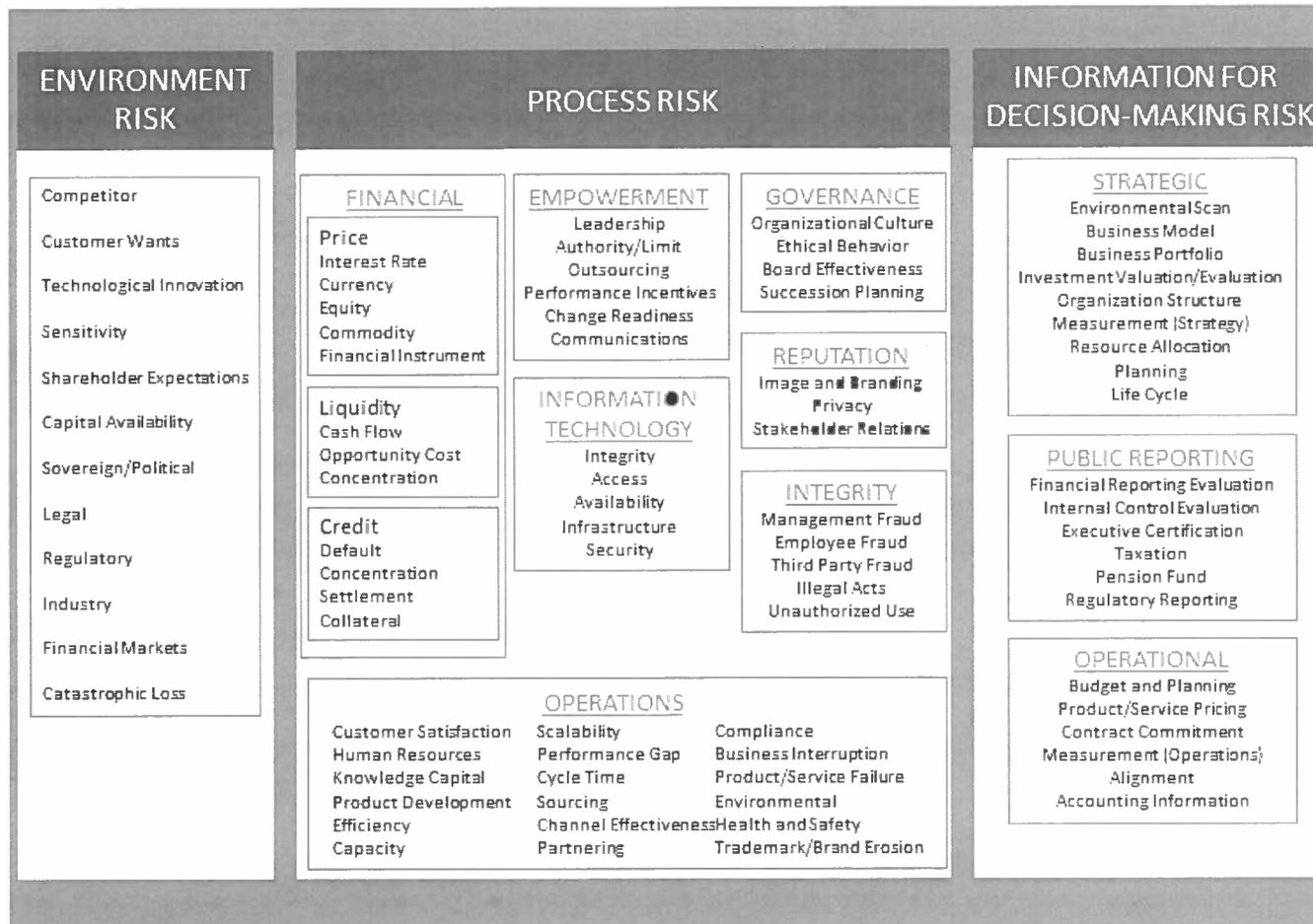
Conducted Interviews – IA interviewed 21 members of senior management and 2 members from the Board of Education.

Reviewed Relevant Documents – IA reviewed a variety of significant reports and documents that were prepared by management or issued by regulators or consultants including, but not limited to: External Financial Audits, State & Federal Audits, Strategic Plans, Reorganization Documents, Project Plans, External Studies and Management Letters.



Risk Assessment Re-Evaluation Process – Risk Identification

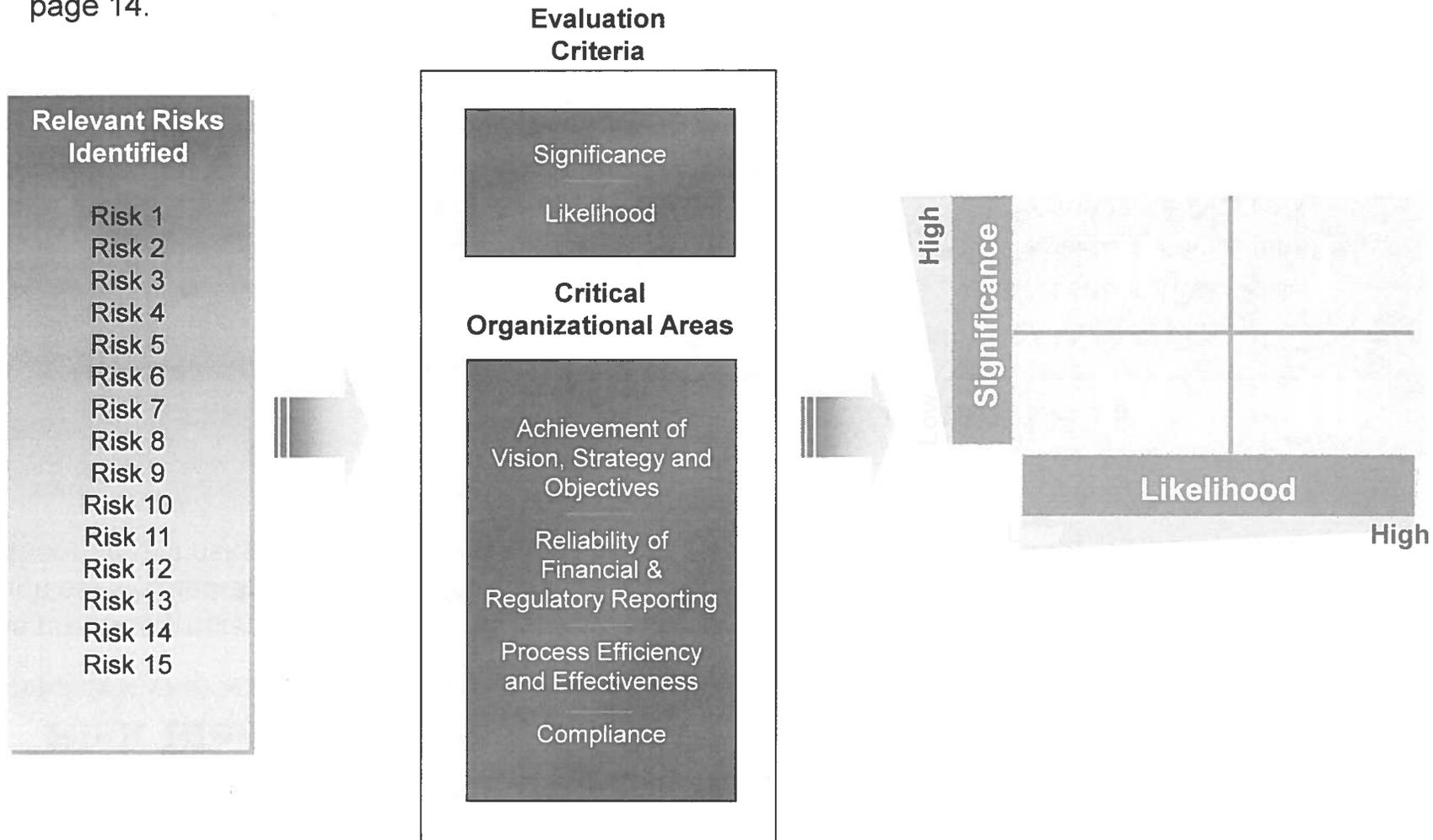
A component of the Risk Identification phase was an identification of relevant risks utilizing an Enterprise-wide Risk Model representing the universe of possible risks. The following is the listing of risks classified into three major areas of *environment risks*, *process risks* and *information for decision-making risks*. Certain risks within the Risk Model were not applicable, and others were modified to better fit the DOE as deemed necessary. A description of all relevant risks are defined in more detail in **Appendix A** and **B**.





Risk Assessment Re-Evaluation Process – Risk Identification

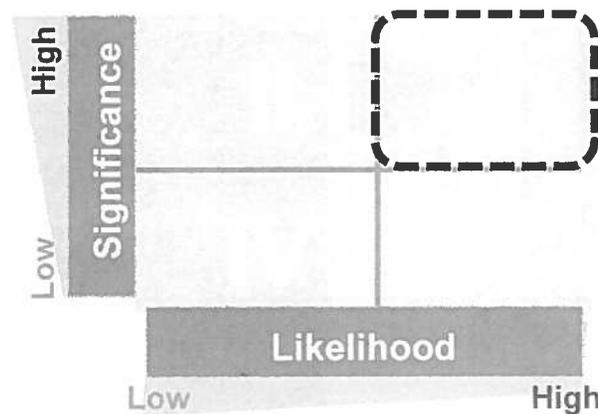
Another component of the Risk Identification process (illustrated below) involved assessing relevant risks for *significance* and *likelihood* of an occurrence to negatively impact the *critical organizational areas* of the DOE. The highly significant and likely risks (Quadrant I) were identified and are listed on page 14.





Risk Assessment Re-Evaluation Process – Risk Identification

As previously noted, IA identified and ranked risks relevant to the DOE. The following represents the high risks (Quadrant I) identified for the DOE. Quadrant I risks are defined in detail in **Appendix A**. All other relevant risks in the three remaining Quadrants (II, III, and IV) are defined in **Appendix B**.



Quadrant I Risks

- | | |
|-----------------------------|-------------------------------|
| Accounting Information Risk | Leadership Risk |
| Alignment Risk | Opportunity Cost Risk |
| Authority/Limit Risk | Organizational Culture Risk |
| Availability Risk | Performance Gap Risk |
| Budget & Planning Risk | Planning Risk |
| Capital Availability Risk | Privacy Risk |
| Change Readiness Risk | Scalability Risk |
| Compliance Risk | Security Risk |
| Cycle Time Risk | Succession Planning Risk |
| Efficiency Risk | Technological Innovation Risk |
| Human Resources Risk | |
| Infrastructure Risk | |
| Integrity Risk | |
| Knowledge Capital Risk | |



Risk Assessment Re-Evaluation Process – Risk Evaluation

After calculating and updating the risk score for each auditable area, IA ranked them into high (red), medium (yellow) or low (green) risk areas. The Audit Universe for the DOE State Office has been color coded below to reflect the ranking of risks.

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Note: The Risk Evaluation is based on the anticipation of changes to offices due to the Department's reorganization.

* Auditable area to be removed from the Audit Universe

** Refer to respective charts



Risk Assessment Re-Evaluation Process – Risk Evaluation

The following tables represent the risk ratings by office for the DOE – 42 auditable areas are considered *high* risk; 35 areas at the DOE State Office and 7 at the Complex Areas/Schools. We have also indicated risk ratings that have changed since the previous Risk Assessment, ↑ indicating increase in risk rating and ↓ indicating a decrease in risk rating.

Office	Auditable Areas	2014 Final Risk Rating	2015 Final Risk Rating	
OS	Compliance and Monitoring (Previously was Federal Compliance)	High	High	
OS	Hawaiian Education Programs	Medium	High	↑
ODS	School Transformation (Came over from OCISS - previously was part of Special Programs Management Section, but it is technically a new branch)	Medium	High	↑
OSFSS	Facilities Development - Construction Management	High	High	
OSFSS	Facilities Development - Planning	High	High	
OSFSS	Facilities Development - Project Management	High	High	
OSFSS	Facilities Maintenance - Repair & Maintenance Operations	High	High	
OSFSS	School Food Services - USDA Compliance	Medium	High	↑
OSFSS	Student Transportation Services	High	High	
OHR	Recruitment & Employment	High	High	
OHR	Investigations	Medium	High	↑
OHR	Professional Development Section	Low	High	↑
OHR	Labor Relations	High	High	
OHR	Workers' Compensation	High	High	
OSIP	Assessment and Accountability Branch (Previously was Student Assessment)	High	High	
OFS	Procurement & Contracting	High	High	
OFS	Vendor Payments	Medium	High	↑
OFS	Leave Accounting	High	High	
OFS	Fixed Assets & Inventory	High	High	
OCISS	Curriculum and Instruction (Previously was part of the old School Literacy Improvement and Innovation, Special Education, School Improvement Team, and School Renewal & Redesign)	High	High	
OCISS	Extended Learning and Educational Technology (Previously was part of the old Extended Learning Opportunities & Student Support)	High	High	
OCISS	Student Support (Previously was part of the old Extended Learning Opportunities & Student Support, Comprehensive Student Support, School Improvement Team, Special Education, and Athletics)	Medium	High	↑
OITS	Enterprise Resource Planning Systems (New)	N/A	High	
OITS	Identity & Access Management	High	High	
OITS	Software Development Life Cycle (SDLC)	High	High	
OITS	Privacy & Data Protection	High	High	
OITS	Project Strategy & Planning	High	High	
OITS	Disaster Recovery	High	High	
OITS	Infrastructure Maintenance	High	High	
OITS	Infrastructure Construction (New)	N/A	High	
OITS	Systems Development (New)	N/A	High	
OITS	Data Validation (Previously Information Management)	High	High	
OITS	Data Retention/Backup	Medium	High	↑
OITS	Threat & Vulnerability Management	Medium	High	↑
OITS	Security Configuration Management	Medium	High	↑



Risk Assessment Re-Evaluation Process – Risk Evaluation

The following table represents the remaining risk ratings for the DOE State Office. 25 auditable areas are considered *medium* risk.

Office	Auditable Areas	2014 Final Risk Rating	2015 Final Risk Rating	
OS	Civil Rights Investigations & Compliance	Low	Medium	↑
OS	Program Administration & Technical Assistance	Medium	Medium	
ODS	Educator Effectiveness System (To be Removed - moved to OHR as a subprocess)	Medium	N/A	
OSFSS	Safety, Security & Emergency Preparedness Program	Medium	Medium	
OSFSS	Project Control	Medium	Medium	
OSFSS	Environmental Services Unit	Low	Medium	↑
OSFSS	Facilities Maintenance - Purchasing Services	Medium	Medium	
OSFSS	School Food Services - Fiscal Management	High	Medium	↓
OHR	Performance Management	High	Medium	↓
OHR	Negotiations	Medium	Medium	
OHR	Classification & Compensation	Medium	Medium	
OHR	Employee Training & Development	Medium	Medium	
OSIP	Policy, Innovation, Planning and Evaluation Branch (Previously was part of System Evaluation & Reporting, Systems Planning & Improvement, Project Management, Federal Reporting, and Strategic Plan Oversight)	Medium	Medium	
OSIP	Data Governance and Analysis Branch	Medium	Medium	
OFS	Payroll	Medium	Medium	
OFS	Budget Execution, Management & Monitoring	Medium	Medium	
OFS	Reporting, Analysis & Reconciliation	Medium	Medium	
OFS	Office of Hawaii Child Nutrition Programs	Low	Medium	↑
OFS	Budget Preparation	Medium	Medium	
OFS	Accounting Systems Unit (To be Removed)	Medium	N/A	
OFS	Operations Systems Unit (To be Removed)	Medium	N/A	
OCISS	P-20 (Pre-School through 20 (grades)) (Previously was part of the old Extended Learning opportunities & Student Support, and School Literacy Improvement & Innovation)	High	Medium	↓
OCISS	Athletics & Extracurricular (New)	N/A	Medium	
OCISS	Professional Development (Previously was part of the old School Literacy Improvement and Innovation, School Improvement Team, and School Renewal & Redesign)	Medium	Medium	
OITS	Project Governance	Low	Medium	↑
OITS	Federal Survey - Impact Aid (New)	N/A	Medium	
OITS	Change & Patch Management (Applications, Databases, & Infrastructure)	Low	Medium	↑
OITS	Problem Management (Centralized Service Desk)	Medium	Medium	

Risk Assessment Re-Evaluation Process – Risk Evaluation



The following table represents the remaining risk ratings for the DOE State Office. 16 auditable areas are considered *low* risk.

Office	Auditable Areas	2014 Final Risk Rating	2015 Final Risk Rating
OS	Internal Audits & Fiscal Reviews	Low	Low
OS	Communications Services	Low	Low
OS	Community Engagement (Previously was Community Children's Council Office)	Low	Low
OS	Administrative Assistant Office (To be Removed)	Low	N/A
OSFSS	Facilities Maintenance - Vehicle Inventory	Low	Low
OSFSS	School Food Services - Technical Support	Low	Low
OSFSS	Facilities Maintenance - Repair & Maintenance Engineering	Low	Low
OSFSS	Facilities Development - Business Services Section	Low	Low
OSFSS	Auxiliary Services	Low	Low
OSFSS	Reprographics Section	Low	Low
OSFSS	Information Systems (To be Removed - moved as a subprocess)	Low	N/A
OHR	Records & Transactions Section (Previously was Personnel Record Maintenance)	Low	Low
OHR	Professional Development & Educational Research Institute (Previously was Educational Research Institute)	Low	Low
OHR	Employee Benefits	Low	Low
OHR	Certificated and Classified Pros	Low	Low
OHR	Management Support Services	Low	Low
OHR	Induction and Mentoring (To be Removed - moved as a subprocess in OCISS)	Low	N/A
OFS	Cash Management	Low	Low
OITS	Applications/Database Management	Low	Low



Risk Assessment Re-Evaluation Process – Risk Evaluation

The scoring and risk ranking methodology used for **DOE State Office** was also applied to **Complex Areas/Schools** to determine a final risk score and rating for each auditable area.

The following table represents the final risk rankings for the auditable areas at the **Complex Areas/Schools**.

Auditable Areas	2014 Final Risk Rating	2015 Final Risk Rating	
Special Education, ELL & 504	High	High	
Student Instruction	High	High	
Casual Hire & Casual Substitute	High	High	
Procurement & Fiscal	High	High	
IT Coordination	High	High	
Leave Accounting	High	High	
Cafeteria	High	High	
Inventory	High	Medium	↓
Safety, Security & Emergency Preparedness Program	Medium	Medium	
School Health Aide	Low	Medium	↑
Athletics	Low	Medium	↑
Homeless Concerns	Medium	Medium	
Training & Development	Medium	Medium	
School Inspections	Low	Medium	↑
Budget Academic & Financial Planning & Compliance ACFIN	Low	Medium	↑
Registrar	Low	Low	
Groundskeeping, Custodial Services	Low	Low	
After School Programs	Low	Low	
School Level External Communications	Low	Low	



Risk Assessment Re-Evaluation Process – Audit Plan Development

The updated Audit Plan is focused primarily on evaluating and testing key control processes mitigating the “High” Risk Ranked Auditable Areas and highly significant and likely risks impacting the DOE. The Audit Plan includes the following types of projects:

- **Assurance Projects:** *Established processes* are in place and will be evaluated for design and operating effectiveness. In executing the projects, IA’s methodology will require the performance of a project level risk assessment, during which time significant and other additional relevant risks are evaluated and more detailed controls are identified to be considered for inclusion in the project scope.
- **Consulting & Monitoring Projects:** The nature and scope of such projects are agreed upon with the section/branch and are intended to add value and improve operations *from a risk perspective*. Examples include consultation, recommendation(s), facilitation and training. This also includes Data Mining & Baseline Monitoring Projects. Consulting and monitoring projects shall not, in any circumstance, impair IA’s independence.



Risk Assessment Re-Evaluation Process – Audit Plan Development

Based on the risk scores and risk ratings, IA identified 39 projects (both **assurance** and **consulting & monitoring**) that focus on addressing the high risks and specific concerns raised within the DOE. Some projects may cover multiple high risk areas. During the first 3½ years from January 1, 2012 – June 30, 2015 (**Years 1 - 3**) of the Audit Plan, IA worked on 18 scheduled projects (**13 assurance** and **5 consulting & monitoring**) of the 39 total high risk projects for which there were specific concerns. The remaining **21 assurance projects** along with **5 consulting & monitoring projects** will be included in this updated Internal Audit Plan.

In addition, certain auditable areas do not currently have mature processes in place and as a result, IA will include these areas within the Audit Plan in the future. IA will continue to monitor these areas and bring these risks to the attention of the Audit Committee at the quarterly Audit Committee presentations. These projects will be monitored by IA and can be added to the Audit Plan should additional resources become available or at the request of the Audit Committee.

Procurement & Contracting Process Follow-Up Review	Educator Effectiveness System – Post-Implementation Review	Procurement & Contracting Process Review (FY 2012)
Operational Review of the Special Education Section	Operational Review of the Hawaiian Education Program	Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review (FY 2012)
Information Security Management Review	Disaster Recovery Review	School Food Services Review (FY 2013)
Hiring Practices Review	Capital Construction Oversight and Management Implementation Follow-Up	Data Integrity Review – Student Enrollment (FY 2013)
Network Infrastructure Review	Student Transportation Services Implementation	eHR Post-Implementation Review (FY 2013)
Vendor/Contract Management Review	Follow-Up on External Consulting Reports	Information Technology Privacy Review (FY 2014)
Operational Review of the OHR Investigations Section	Use of Facilities Review	Leave Accounting Follow-Up Review (FY 2014)
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review	ACL Audit Tool Development (Annual)	Payroll Review (FY 2014)
Governance & Ethics Review	Fraud & Ethics Hotline – Confidential Reporting Mechanism (Annual)	Equipment and Fleet Maintenance Review (FY 2014)
School Food Services Follow-Up Review	Internal Control & Operational Efficiency Consulting Projects (Annual)	Data Access Controls Review (FY 2015)
Student Assessment Administration Review - Phase II	Investigations (Annual)	Student Assessment Administration Review – Phase I (FY 2015)
Change and Patch Management Review	Baseline Assurance & Monitoring Projects (Annual)	Workers' Compensation Review (FY 2015)
Labor Relations Review		Fixed Assets Management Review (FY 2015)
Program Design and Management Review of Extended Learning		
Student Information System Post-Implementation Review		

Note: Parenthesis () note FYE of assurance projects completed.



SUMMARY OF CHANGES TO AUDITABLE AREAS AND AUDIT PLAN



Summary of Changes to Auditable Areas

As a result of the re-evaluation process, the following changes detailed below and on the next page were noted to the prior year's auditable areas, with brief descriptions for the changes.

Auditable Areas	Office	Changes
New Auditable Areas		
Athletics & Extracurricular	OCISS	Addition to the Office of Curriculum, Instruction and Student Support
Infrastructure Construction	OITS	Addition to the Office of Information Technology Services
Enterprise Resource Planning Systems	OITS	Addition to the Office of Information Technology Services
Systems Development	OITS	Addition to the Office of Information Technology Services
Federal Survey - Impact Aid	OITS	Addition to the Office of Information Technology Services
Office/Name Changes to Auditable Areas		
Recruitment & Hiring	OHR	Renamed to "Recruitment & Employment"
Health Benefits & Awards	OHR	Renamed to "Employee Benefits"
Commodity Distribution	OSFSS	Renamed to "USDA Compliance"
Information Management	OITS	Renamed to "Data Validation"



Summary of Changes to Auditable Areas

Continuation of changes to the prior year's auditable areas, with brief descriptions for the changes.

Auditable Areas	Office	Changes
Changes to Risk Rating		
Hawaiian Education Programs	OS	Increased from "Medium" to "High" Risk
School Transformation	ODS	Increased from "Medium" to "High" Risk
School Food Services - USDA Compliance	OSFSS	Increased from "Medium" to "High" Risk
Investigations	OHR	Increased from "Medium" to "High" Risk
Professional Development Section	OHR	Increased from "Low" to "High" Risk
Vendor Payments	OFS	Increased from "Medium" to "High" Risk
Student Support	OCISS	Increased from "Medium" to "High" Risk
Data Retention/Backup	OITS	Increased from "Medium" to "High" Risk
Threat & Vulnerability Management	OITS	Increased from "Medium" to "High" Risk
Security Configuration Management	OITS	Increased from "Medium" to "High" Risk
Civil Rights Investigations & Compliance	OS	Increased from "Low" to "Medium" Risk
Environmental Services Unit	OSFSS	Increased from "Low" to "Medium" Risk
School Food Services - Fiscal Management	OSFSS	Decreased from "High" to "Medium" Risk
Performance Management	OHR	Decreased from "High" to "Medium" Risk
Office of Hawaii Child Nutrition Programs	OFS	Increased from "Low" to "Medium" Risk
P-20 (Pre-School through 20 (grades))	OCISS	Decreased from "High" to "Medium" Risk
Project Governance	OITS	Increased from "Low" to "Medium" Risk
Change & Patch Management (Applications, Databases & Infrastructure)	OITS	Increased from "Low" to "Medium" Risk
Auditable Area to be Removed		
Administrative Assistant Office	OS	Removed - not an auditable area
Educator Effectiveness System	ODS	Removed - placed as a subprocess in OHR
Information Systems	OSFSS	Removed - not an auditable area on its own; would be covered if an auditable area that uses that system is audited.
Induction and Mentoring	OHR	Removed - placed as a subprocess in OCISS
Accounting Systems Unit	OFS	Removed - not an auditable area-only contains management
Operations Systems Unit	OFS	Removed - not an auditable area-only contains management



Summary of Changes to the Audit Plan

As a result of the re-evaluation process:

- Six (6) new projects were added
- The rest of the projects were rescheduled

The following summary displays the new projects and years 4 and 5 of the rescheduled projects for the Audit Plan.

Project	Timing	Est. Hrs.	Proposed Change
New Projects			
Information Security Management Review	Q3 FY 2016	560	Addition to Q3 FY 2016
Hiring Practices Review	Q4 FY 2016	560	Addition to Q4 FY 2016
Vendor/Contract Management Review	Q2 FY 2017	560	Addition to Q2 FY 2017
Operational Review of the OHR Investigations Section	Q2 FY 2017	490	Addition to Q2 FY 2017
Student Information System - Post-Implementation Review	Q4 FY 2018	560	Addition to Q4 FY 2018
Operational Review of the Hawaiian Education Program	Q3 FY 2019	560	Addition to Q3 FY 2019
Proposed Changes to Existing Projects for Years 4 and 5			
Federal Compliance Review			Removed from Q1 FY 2016
P20 Longitudinal Data System - Post-Implementation Review			Removed from Q2 FY 2016
Operational Review of the Special Education Section	Q2 FY 2016	560	Moved from Q3 FY 2017
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review	Q3 FY 2017	350	Moved from Q2 FY 2016
Governance & Ethics Review	Q3 FY 2017	490	Moved from Q3 FY 2016
Data Integrity Follow-Up Review - Student Enrollment			Removed from Q2 FY 2017
Educator Effectiveness System - Post-Implementation Review	Q1 FY 2019	560	Renamed from "Performance Evaluations Post-Implementation Review" and moved from Q1 FY 2017
Student Transportation Services Implementation Follow-Up on External Consulting Reports	Q1 FY 2019	560	Moved from Q4 FY 2016



PROPOSED UPDATED INTERNAL AUDIT PLAN



Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period July 1, 2015 through June 30, 2016 (Year 4).

Internal Audit Plan Period: July 1, 2015 through June 30, 2016 – Year 4

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
Procurement & Contracting Process Follow-Up Review				
Follow-up to Internal Audit's Procurement & Contracting Processes Review to assess the implementation of Management's Plans as described in the Final Report (2012). This follow-up review will also consider relevant findings and recommendations of the Consolidated Report of Procurement Cards ("P-Cards") Review (2013). <i>PRIMARY FOCUS: Compliance/Financial</i>	OFS <i>Procurement & Contracting</i> Schools <i>Procurement and Fiscal</i>	Compliance Risk Efficiency Risk Performance Gap Risk Change Readiness Risk	Q1 FY 2016	350
Operational Review of the Special Education Section				
Review the adequacy of the design of internal controls and business processes over the development, implementation, monitoring, and reporting processes for the DOE's Special Education programs that help to ensure compliance with Federal and State laws and regulations. In addition, this review will follow-up on relevant prior consultant findings and recommendations from the Special Education Review (2011). This review will not be an in-depth compliance review, but rather will focus on assessing the efficiency and effectiveness of control and process design. <i>PRIMARY FOCUS: Operational</i>	OCISS <i>Curriculum and Instruction, Student Support</i> Schools <i>Special Education, ELL & 504</i>	Efficiency Risk Leadership Risk Authority/Limit Risk Knowledge Capital Risk Alignment Risk	Q2 FY 2016	560
Information Security Management Review				
Assess the effectiveness of the information security management function. Evaluate the scope of the information security management initiatives within the organization and determine whether essential security functions are being addressed effectively. Perform a vulnerability analysis on identified systems and networks within the DOE's internal network and upon coordination with client personnel, exploit identified vulnerabilities with the goal of gaining and escalating access to specified systems. Perform remote network discovery, vulnerability analysis and exploitation of the DOE's internet presence to include all exposed systems, services, firewalls and remote access solutions. <i>PRIMARY FOCUS: Operational/Information Technology</i>	OITS <i>Threat & Vulnerability, Security Configuration Management</i>	Security Risk Privacy Risk	Q3 FY 2016	560

Internal Audit Plan



Internal Audit Plan: Year 4 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
Hiring Practices Review				
Review the Department's hiring practices to ensure that it has adequate controls to maintain compliance with policies and procedures to hire qualified candidates. Examine the structured hiring process for reviewing applications, conducting interviews, and recommending a candidate for hire. Review procedures for appointments that bypass the structured hiring process, as well as the controls designed to ensure that a candidate meets the minimum job qualifications for the position. <i>PRIMARY FOCUS: Operational/Compliance</i>	OHR <i>Recruitment & Employment</i>	Efficiency Risk Compliance Risk Ethical Behavior Risk Cycle Time Risk Performance Gap Risk	Q4 FY 2016	560
Baseline Assurance Projects				
Conduct Local School Fund Audits (Non-appropriated) and School Monitoring Reviews (Appropriated) to ensure collected funds are deposited properly, expenditures are approved and appropriate, transactions are supported by proper documentation and DOE policies and procedures are followed. Conduct P-Card Reviews to ensure that expenditures are approved and appropriate, transactions are supported by proper documentation and DOE policies and procedures are followed.	Various	Compliance Risk	Throughout	3,000
TOTAL PROPOSED ASSURANCE HOURS: FY 2016				5,030



Internal Audit Plan

Internal Audit Plan: Year 4 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
IA CONSULTING, MONITORING, INVESTIGATIONS & OTHER				
Monitoring Based on Management Action Plans				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	200
Data Mining & Baseline Monitoring Projects				
Design continuous monitoring projects utilizing data mining software to identify internal control weaknesses in business function areas. Continue Special Projects - Cancelled Check Reviews, Annual Checklist Monitoring, and other.	Various	Accounting Information Risk Compliance Risk	Throughout	1,500
Internal Control & Operational Efficiency Consultation				
Provide consulting services to the Department for internal control planning and operational improvement initiatives.	Various	Alignment Risk Efficiency Risk	Various	300
TOTAL PROPOSED IA CONSULTING & MONITORING HOURS: FY 2016				2,000

Internal Audit Plan



Internal Audit Plan: Year 4 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
IA CONSULTING, MONITORING, INVESTIGATIONS & OTHER				
Fiscal Reviews fka Fiscal Investigations				
Conduct fiscal reviews (<i>formerly known as fiscal investigations</i>) of allegations concerning DOE fund or asset misappropriation, and other areas where requested.	Various	Various Risks	Throughout	1,500
Fraud & Ethics Hotline - Confidential Reporting Mechanism				
Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	500
Function Administration FY 2016				
Reporting and Communication			Throughout	300
Risk Assessment Re-evaluation & Audit Plan for FY 2017 (Update)			Q4 FY 2016	400
External, State, Attorney General, Legislative & Consultant Audit/Review/Investigation Coordination			Throughout	600
Other Administration including budget preparation, meetings and other			Throughout	500
TOTAL PROPOSED INVESTIGATIONS & OTHER HOURS: FY 2016				3,800
TOTAL OUTSIDE CONSULTING (SME) HOURS: FY 2016				400
TOTAL PROPOSED HOURS: FY 2016				11,230



Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period July 1, 2016 through June 30, 2017 (Year 5).

Internal Audit Plan Period: July 1, 2016 through June 30, 2017 – Year 5

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
Network Infrastructure Review				
Review of network architecture, operations management, and monitoring procedures to ensure mitigation of confidentiality, integrity, and availability risks. <i>PRIMARY FOCUS: Information Technology</i>	OITS <i>Infrastructure Maintenance, Infrastructure Construction Schools IT Coordination</i>	Availability Risk Integrity Risk Infrastructure Risk Capital Availability Risk Privacy Risk	Q1 FY 2017	560
Vendor/Contract Management Review				
Review the adequacy of current Vendor/Contract Management policies and processes as they relate to due diligence, management oversight, contract management, contract change orders and ongoing vendor monitoring. Provide recommendations based on leading practices to improve the efficiency and effectiveness of vendor/contract management. <i>PRIMARY FOCUS: Operational/Compliance</i>	OFS <i>Vendor Payments Procurement & Contracting</i>	Compliance Risk Efficiency Risk Outsourcing Risk Contract Commitment Risk	Q2 FY 2017	560
Operational Review of the OHR Investigations Section				
Review, evaluate, and test the design and operating effectiveness of the business process and internal controls over investigations performed by the OHR Investigation Section. This review will also focus on assessing the design and operating effectiveness of controls over the management of investigation information to ensure confidentiality of the information is maintained. This review will exclude an assessment of the controls and processes associated with the decision making process. <i>PRIMARY FOCUS: Operational</i>	OHR <i>Investigations</i>	Efficiency Risk Authority/Limit Risk Communications Risk Alignment Risk	Q2 FY 2017	490



Internal Audit Plan

Internal Audit Plan: Year 5 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review				
Follow-up to Internal Audit's Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review to assess the implementation of Management's Plans as described in the Final Report (2012). <i>PRIMARY FOCUS: Operational</i>	OHR <i>Recruitment & Employment Schools</i> <i>Casual Hire & Casual Substitute</i>	Organizational Culture Risk Human Resources Risk Performance Gap Risk Knowledge Capital Risk Alignment Risk	Q3 FY 2017	350
Governance & Ethics Review				
Review and evaluate the design and operating effectiveness of the DOE's ethics-related programs, activities, and processes to ensure effective governance and accountability throughout the DOE. Review the DOE's succession planning processes for building future leaders and provide recommendations based on leading practices. Required review under the Institute of Internal Auditors International Professional Practices Framework. <i>PRIMARY FOCUS: Operational/Compliance</i>	OS OHR	Organizational Culture Risk Leadership Risk Board Effectiveness Risk Succession Planning Risk	Q3 FY 2017	490
School Food Services Follow-Up Review				
Follow-up to Internal Audit's School Food Services Review to assess the implementation of Management's Plans as described in the Final Report (2013). <i>PRIMARY FOCUS: Operational/Financial</i>	OSFSS <i>School Food Services - USDA Compliance</i> <i>Schools Cafeteria</i>	Authority/Limit Risk Efficiency Risk Performance Gap Risk	Q4 FY 2017	350



Internal Audit Plan

Internal Audit Plan: Year 5 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
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ASSURANCE

Baseline Assurance Projects

Conduct Local School Fund Audits (Non-appropriated) and School Monitoring Reviews (Appropriated) to ensure collected funds are deposited properly, expenditures are approved and appropriate, transactions are supported by proper documentation and DOE policies and procedures are followed. Conduct P-Card Reviews to ensure that expenditures are approved and appropriate, transactions are supported by proper documentation and DOE policies and procedures are followed.

Various Compliance Risk Throughout 3,500

TOTAL PROPOSED ASSURANCE HOURS: FY 2017 | 6,300 |

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
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IA CONSULTING, MONITORING, INVESTIGATIONS & OTHER

Monitoring Based on Management Action Plans

Follow-up on management action plans to the observations noted in the completed reviews.

Various Alignment Risk Efficiency Risk Throughout 200

Data Mining & Baseline Monitoring Projects

Perform continuous monitoring projects utilizing data mining software to identify internal control weaknesses in business function areas. Continue Special Projects - Cancelled Check Reviews, Annual Checklist Monitoring, and other.

Various Accounting Information Risk Compliance Risk Throughout 1,000

Internal Control & Operational Efficiency Consultation

Provide consulting services to the Department for internal control planning and operational improvement initiatives.

Various Alignment Risk Efficiency Risk Various 300

TOTAL PROPOSED IA CONSULTING & MONITORING HOURS: FY 2017 | 1,500 |

Internal Audit Plan



Internal Audit Plan: Year 5 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
IA CONSULTING, MONITORING, INVESTIGATIONS & OTHER				
Fiscal Reviews				
Conduct fiscal reviews of allegations concerning DOE fund or asset misappropriation, and other areas where requested.	Various	Various Risks	Throughout	1,500
Fraud & Ethics Hotline - Confidential Reporting Mechanism				
Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	500
Function Administration FY 2017				
Reporting and Communication			Throughout	300
Risk Assessment Re-evaluation & Audit Plan for FY 2018 (Update)			Q4 FY 2017	400
External, State, Attorney General, Legislative & Consultant Audit/Review/Investigation Coordination			Throughout	600
Other Administration including budget preparation, meetings and other			Throughout	500
TOTAL PROPOSED INVESTIGATIONS & OTHER HOURS: FY 2017				3,800
TOTAL OUTSIDE CONSULTING (SME) HOURS: FY 2017				400
TOTAL PROPOSED HOURS: FY 2017				12,000



Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period July 1, 2017 through June 30, 2018 (Year 6).

Internal Audit Plan Period: July 1, 2017 through June 30, 2018 – Year 6

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
Student Assessment Administration Review - Phase II				
For a sample of schools, review the internal controls, related processes, and standard practices over the administration of student assessments, including the maintenance and distribution of student assessment material and the collection and reporting of student assessment results to the Assessment and Accountability Branch. This review will also include an assessment of the controls over student assessment data at each selected school to ensure results are adequately secured and controlled. <i>PRIMARY FOCUS: Operational</i>	OSIP <i>Assessment and Accountability Branch</i>	Integrity Risk Security Risk Access Risk Compliance Risk Privacy Risk	Q1 FY 2018	630
Change and Patch Management Review				
Review, evaluate and test the operating effectiveness of the process to verify that changes to the production environment are subject to a formal change management program ensuring that: responsibilities are defined and communicated; business continuity risks and effects are considered; only appropriate changes are initiated and approved; changes are properly tested and validated before migration to the production environment; changes to the production environment are implemented as intended; and controls exist to manage emergency changes to the production environment. <i>PRIMARY FOCUS: Information Technology</i>	OITS <i>Change & Patch Management</i>	Integrity Risk Access Risk Infrastructure Risk Security Risk	Q2 FY 2018	560
Labor Relations Review				
Review the Department's compliance with applicable laws and regulations for labor relations. Evaluate the strengths and weaknesses of personnel policies and procedures. Test the design and operating effectiveness of the Department's internal controls over the labor relation's process and provide efficiency and effectiveness recommendations. <i>PRIMARY FOCUS: Operational/Compliance</i>	OHR <i>Labor Relations</i>	Compliance Risk Efficiency Risk Human Resources Risk Integrity Risk	Q2 FY 2018	490



Internal Audit Plan

Internal Audit Plan: Year 6 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
<p>Program Design and Management Review of Extended Learning Evaluate the design, oversight, training and monitoring of educational programs throughout the Extended Learning and Educational Technology, P-20 and Student Support Branch. Determine if Branches procedures and standards of practice are effectively shared among all of the program managers.</p> <p><i>PRIMARY FOCUS: Operational</i></p>	<p>OCISS <i>Extended Learning, P-20, Student Support</i></p> <p>Schools <i>Student Instruction</i></p>	<p>Efficiency Risk Leadership Risk Performance Gap Risk Alignment Risk</p>	Q3 FY 2018	560
<p>Student Information System - Post-Implementation Review Evaluate the Student Information System application, interface, and associated infrastructure testing strategies and procedures, as well as, management plans relating to implementation sequencing activities to help ensure the continued integrity of the data utilized by the application and that those resources required by the application are readily available.</p> <p><i>PRIMARY FOCUS: Information Technology</i></p>	<p>OITS <i>Systems Development, Software Development Life Cycle (SDLC), Project Strategy & Planning</i></p>	<p>Integrity Risk Access Risk</p>	Q4 FY 2018	560
<p>Baseline Assurance Projects Conduct Local School Fund Audits (Non-appropriated) and School Monitoring Reviews (Appropriated) to ensure collected funds are deposited properly, expenditures are approved and appropriate, transactions are supported by proper documentation and DOE policies and procedures are followed. Conduct P-Card Reviews to ensure that expenditures are approved and appropriate, transactions are supported by proper documentation and DOE policies and procedures are followed.</p>	Various	Compliance Risk	Throughout	3,500
TOTAL PROPOSED ASSURANCE HOURS: FY 2018				6,300



Internal Audit Plan

Internal Audit Plan: Year 6 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
IA CONSULTING, MONITORING, INVESTIGATIONS & OTHER				
Monitoring Based on Management Action Plans				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	200
Data Mining & Baseline Monitoring Projects				
Perform continuous monitoring projects utilizing data mining software to identify internal control weaknesses in business function areas. Continue Special Projects - Cancelled Check Reviews, Annual Checklist Monitoring, and other.	Various	Accounting Information Risk Compliance Risk	Throughout	1,000
Internal Control & Operational Efficiency Consultation				
Provide consulting services to the Department for internal control planning and operational improvement initiatives.	Various	Alignment Risk Efficiency Risk	Various	300
TOTAL PROPOSED IA CONSULTING & MONITORING HOURS: FY 2018				1,500

Internal Audit Plan



Internal Audit Plan: Year 6 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
IA CONSULTING, MONITORING, INVESTIGATIONS & OTHER				
Fiscal Reviews				
Conduct fiscal reviews of allegations concerning DOE fund or asset misappropriation, and other areas where requested.	Various	Various Risks	Throughout	1,500
Fraud & Ethics Hotline - Confidential Reporting Mechanism				
Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	500
Function Administration FY 2018				
Reporting and Communication			Throughout	300
Risk Assessment Re-evaluation & Audit Plan for FY 2019 (Update)			Q4 FY 2018	400
External, State, Attorney General, Legislative & Consultant Audit/Review/Investigation Coordination			Throughout	600
Other Administration including budget preparation, meetings and other			Throughout	500
TOTAL PROPOSED INVESTIGATIONS & OTHER HOURS: FY 2018				3,800
TOTAL OUTSIDE CONSULTING (SME) HOURS: FY 2018				400
TOTAL PROPOSED HOURS: FY 2018				12,000



Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period July 1, 2018 through June 30, 2019 (Year 7).

Internal Audit Plan Period: July 1, 2018 through June 30, 2019 – Year 7

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
<p>Student Transportation Services Implementation Follow-Up on External Consulting Reports</p> <p>Assess the following areas to determine whether the recommendations provided by outside consultants are implemented properly including: (1) the design and operating effectiveness of procedures and controls are executed properly, (2) internal control procedures are adequate for monitoring contract compliance in all areas of operations and administration, and (3) assess the effectiveness and determine the results of performance measures and goals established for contractors providing student transportation services.</p> <p>PRIMARY FOCUS: Operational/Compliance</p>	<p>OSFSS <i>Student Transportation Services</i></p>	<p>Budget & Planning Efficiency Risk Compliance Risk Alignment Risk</p>	<p>Q1 FY 2019</p>	<p>560</p>
<p>Educator Effectiveness System - Post-Implementation Review</p> <p>Evaluate the effectiveness of the Educator Effectiveness System to ensure that the intended objectives of implementing the system were met. Evaluate the design and operating effectiveness of procedures and controls over input, processing, and output to ensure: (1) information captured is complete and accurate and (2) information generated is accurate, reliable, and timely. Provide recommendations to improve the efficiency and effectiveness of the system.</p> <p>PRIMARY FOCUS: Operational/Compliance</p>	<p>OHR <i>Professional Development</i></p>	<p>Compliance Risk Planning Risk Alignment Risk Communications Risk Opportunity Cost Risk</p>	<p>Q1 FY 2019</p>	<p>560</p>



Internal Audit Plan

Internal Audit Plan: Year 7 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
Capital Construction Oversight and Management Implementation Follow-Up				
<p>Review the following areas to determine whether the recommendations provided by outside consultants are implemented properly: (1) the design and operating effectiveness of procedures and internal controls are executed properly, (2) implementation of related business processes over the capital construction process are adequate, and (3) assess the application of primary controls for a selection of completed construction projects to include the following:</p> <ul style="list-style-type: none"> • General Construction Project Controls • Project Planning and Analysis • Project Review and Approval • Bid, Selection and Contract Development Approvals • Construction Phase Controls • Project Acceptance and Closeout <p>PRIMARY FOCUS: Operational/Financial</p>	<p>OSFSS <i>Planning</i> <i>Project Management</i> <i>Construction</i> <i>Management</i></p>	<p>Performance Gap Risk Budget & Planning Risk Efficiency Risk Scalability Risk Knowledge Capital Risk Alignment Risk Capital Availability Risk</p>	<p>Q2 FY 2019</p>	<p>560</p>
Operational Review of the Hawaiian Education Program				
<p>Evaluate the design, oversight, training and monitoring of Hawaiian Education programs. Determine if (1) the role and purpose of the Hawaiian Education Program are expressed clearly and effectively, (2) adequate guidance with goals and objectives of the program are established with measurable outcomes, and (3) operations are effective, efficient and in compliance with the law. Determine whether the recommendations provided by the State Auditor's 2008 report were implemented properly.</p> <p>PRIMARY FOCUS: Operational/Compliance</p>	<p>OS <i>Hawaiian Education</i> <i>Programs</i></p>	<p>Efficiency Risk Compliance Risk Communications Risk Alignment Risk</p>	<p>Q3 FY 2019</p>	<p>560</p>



Internal Audit Plan

Internal Audit Plan: Year 7 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
ASSURANCE				
<p>Disaster Recovery Review Evaluate existing system plans against the Trust Services Principles and Criteria for Availability. The evaluation will include testing of the design and operating effectiveness for documentation, testing and oversight controls. Review and evaluate the policies and processes for data backups and data retention for the Enterprise Resource Planning Systems (Budget, FMS, T&A and eHR).</p> <p><i>PRIMARY FOCUS: Information Technology</i></p>	<p>OITS <i>Disaster Recovery</i> <i>Enterprise Resource Planning Systems</i> <i>Data Retention /Backup</i></p>	<p>Integrity Risk Technological Innovation Risk Security Risk Infrastructure Risk</p>	<p>Q3 FY 2019</p>	<p>490</p>
<p>Use of Facilities Review Review, evaluate and test the design and operating effectiveness of the "use of facilities" processes within the Department. Determine if the "use of facilities" is financially feasible, manageable in terms of risk, and is fair and equitable. Provide recommendations based on leading practices to improve the efficiency and effectiveness of the processes.</p> <p><i>PRIMARY FOCUS: Operational/Financial</i></p>	<p>OSFSS <i>Repair & Maintenance Operations</i></p>	<p>Compliance Risk Efficiency Risk Change Readiness Risk Authority/Limit Risk Planning Risk</p>	<p>Q4 FY 2019</p>	<p>560</p>
<p>Baseline Assurance Projects Conduct Local School Fund Audits (Non-appropriated) and School Monitoring Reviews (Appropriated) to ensure collected funds are deposited properly, expenditures are approved and appropriate, transactions are supported by proper documentation and DOE policies and procedures are followed. Conduct P-Card Reviews to ensure that expenditures are approved and appropriate, transactions are supported by proper documentation and DOE policies and procedures are followed.</p>	<p>Various</p>	<p>Compliance Risk</p>	<p>Throughout</p>	<p>3,000</p>
<p>TOTAL PROPOSED ASSURANCE HOURS: FY 2019</p>				<p>6,290</p>

Internal Audit Plan



Internal Audit Plan: Year 7 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
IA CONSULTING, MONITORING, INVESTIGATIONS & OTHER				
Monitoring Based on Management Action Plans				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	200
Data Mining & Baseline Monitoring Projects				
Perform continuous monitoring projects utilizing data mining software to identify internal control weaknesses in business function areas. Continue Special Projects - Cancelled Check Reviews, Annual Checklist Monitoring, and other.	Various	Accounting Information Risk Compliance Risk	Throughout	1,000
Internal Control & Operational Efficiency Consultation				
Provide consulting services to the Department for internal control planning and operational improvement initiatives.	Various	Alignment Risk Efficiency Risk	Various	300
TOTAL PROPOSED IA CONSULTING & MONITORING HOURS: FY 2019				1,500



Internal Audit Plan

Internal Audit Plan: Year 7 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
IA CONSULTING, MONITORING, INVESTIGATIONS & OTHER				
Fiscal Reviews				
Conduct fiscal reviews of allegations concerning DOE fund or asset misappropriation, and other areas where requested.	Various	Various Risks	Throughout	1,500
Fraud & Ethics Hotline - Confidential Reporting Mechanism				
Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	500
Function Administration FY 2019				
Reporting and Communication			Throughout	300
Risk Assessment Re-evaluation & Audit Plan for FY 2020 (Update)			Q4 FY 2019	400
External, State, Attorney General, Legislative & Consultant Audit/Review/Investigation Coordination			Throughout	600
Other Administration including budget preparation, meetings and other			Throughout	500
TOTAL PROPOSED INVESTIGATIONS & OTHER HOURS: FY 2019				3,800
TOTAL OUTSIDE CONSULTING (SME) HOURS: FY 2019				400
TOTAL PROPOSED HOURS: FY 2019				11,990
TOTAL PROPOSED INTERNAL AUDIT PLAN HOURS: July 1, 2015 - June 30, 2019				47,220



PROPOSED UPDATED INTERNAL AUDIT PLAN SCHEDULE



Internal Audit Plan Schedule

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

Internal Audit Plan Period: July 1, 2015 through June 30, 2016 – Year 4

PROJECT	Q1 FY 2016			Q2 FY 2016			Q3 FY 2016			Q4 FY 2016		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Assurance												
Procurement & Contracting Process Follow-Up Review*	◆————◆											
Operational Review of the Special Education Section			◆————◆									
Information Security Management Review						◆————◆						
Hiring Practices Review									◆————◆			
Baseline Assurance Projects	◆————◆											
IA Consulting, Monitoring, Investigations & Other												
Monitoring Based on Management Action Plans	◆————◆											
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆.....◆											
Internal Control & Operational Efficiency Consultation	◆.....◆											
Fiscal Reviews	◆.....◆											
Data Mining & Baseline Monitoring Projects	◆.....◆											
Function Administration	◆.....◆											
Risk Assessment & Audit Plan (Update)										◆————◆		

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

* Follow-Up Reviews on previously issued reports with a "Marginal" or "Unacceptable" rating

Internal Audit Plan Schedule



Internal Audit Plan Period: July 1, 2016 through June 30, 2017 – Year 5

PROJECT	Q1 FY 2017			Q2 FY 2017			Q3 FY 2017			Q4 FY 2017		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Assurance												
Network Infrastructure Review	◆————◆											
Vendor/Contract Management Review			◆————◆									
Operational Review of the OHR Investigations Section				◆————◆								
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review*							◆————◆					
Governance & Ethics Review							◆————◆					
School Food Services Follow-Up Review*										◆————◆		
Baseline Assurance Projects	◆————◆											
IA Consulting, Monitoring, Investigations & Other												
Monitoring Based on Management Action Plans	◆————◆											
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆.....◆											
Internal Control & Operational Efficiency Consultation	◆.....◆											
Fiscal Reviews	◆.....◆											
Data Mining & Baseline Monitoring Projects	◆.....◆											
Function Administration	◆.....◆											
Risk Assessment & Audit Plan (Update)										◆————◆		

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

* Follow-Up Reviews on previously issued reports with a "Marginal" or "Unacceptable" rating



Internal Audit Plan Schedule

Internal Audit Plan Period: July 1, 2017 through June 30, 2018 – Year 6

PROJECT	Q1 FY 2018			Q2 FY 2018			Q3 FY 2018			Q4 FY 2018		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Assurance												
Student Assessment Administration Review - Phase II	◆————◆			◆								
Change and Patch Management Review			◆	————◆								
Labor Relations Review					◆	————◆						
Program Design and Management Review of Extended Learning							◆	————◆				
Student Information System - Post-Implementation Review										◆	————◆	
Baseline Assurance Projects	◆	————◆										
IA Consulting, Monitoring, Investigations & Other												
Monitoring Based on Management Action Plans	◆	————◆										
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆◆										
Internal Control & Operational Efficiency Consultation	◆◆										
Fiscal Reviews	◆◆										
Data Mining & Baseline Monitoring Projects	◆◆										
Function Administration	◆◆										
Risk Assessment & Audit Plan (Update)										◆	————◆	

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

Internal Audit Plan Schedule



Internal Audit Plan Period: July 1, 2018 through June 30, 2019 – Year 7

PROJECT	Q1 FY 2019			Q2 FY 2019			Q3 FY 2019			Q4 FY 2019		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Assurance												
Student Transportation Services Implementation Follow-Up on External Consulting Reports	◆————◆											
Educator Effectiveness System - Post-Implementation Review		◆————◆										
Capital Construction Oversight and Management Implementation Follow-Up				◆————◆								
Operational Review of the Hawaiian Education Program							◆————◆					
Disaster Recovery Review								◆————◆				
Use of Facilities Review										◆————◆		
Baseline Assurance Projects	◆————◆											
IA Consulting, Monitoring, Investigations & Other												
Monitoring Based on Management Action Plans	◆————◆											
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆.....◆											
Internal Control & Operational Efficiency Consultation	◆.....◆											
Fiscal Reviews	◆.....◆											
Data Mining & Baseline Monitoring Projects	◆.....◆											
Function Administration	◆.....◆											
Risk Assessment & Audit Plan (Update)										◆————◆		

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



APPENDICES



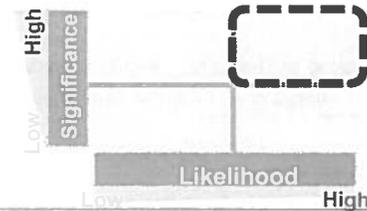
APPENDICES

Appendix A – Relevant Risk Definitions: Quadrant I

Appendix B – Relevant Risk Definitions: Other Quadrants

Appendix A – Relevant Risk Definitions

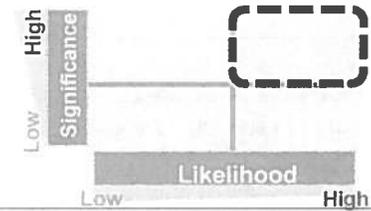
Quadrant I



Risk	Definition
Accounting Information Risk	Financial accounting information used to manage business and operational processes is not properly integrated with nonfinancial information focused on stakeholder satisfaction, measuring quality, reducing cycle time and increasing efficiency. The result is a myopic, short-term fixation on manipulating the outputs of processes to achieve financial targets, rather than fulfilling stakeholder expectations by controlling and improving processes.
Alignment Risk	The objectives and performance measures of the Department's business processes are not aligned with its overall objectives and strategies. The objectives and measures do not focus people on the right things and lead to conflicting, uncoordinated activities.
Authority/Limit Risk	The risk that people either make decisions or take actions that are not within their explicit responsibility or control or fail to take responsibility for those things for which they are accountable. Failure to establish or enforce limits on personnel actions may cause employees to commit unauthorized, illegal or unethical acts or assume unauthorized or unacceptable business risks.
Availability Risk	The risk that information will not be available when needed. This includes risks such as loss of communications (e.g., cut cables, telephone system outage, satellite loss), loss of basic processing capability (e.g., fire, flood, electrical outage) and operational difficulties (e.g., disk drive breakdown, operator errors).
Budget & Planning Risk	Budgets and business plans are not realistic, based on appropriate assumptions, based on cost drivers and performance measures, accepted by management, or used as a monitoring tool.
Capital Availability Risk	The Department does not have efficient access to the capital it needs to fuel its growth, operate programs, execute its strategies, and generate future returns.
Change Readiness Risk	The people within the Department are unable to implement process and improvements quickly enough to keep pace with changes in the marketplace.
Compliance Risk	As a result of a flaw in design or operation or due to human error, oversight or indifference, the Department's processes do not meet established requirements or do not comply with prescribed procedures and policies. Compliance risk can also result in failure to conform with laws and regulations at the federal, state and local level that apply to a business process.
Cycle Time Risk	Elapsed time between the start and completion of a business process (or activity within a process) is too long because of redundant, unnecessary and irrelevant steps.
Efficiency Risk	The process is inefficient in satisfying valid user and stakeholder requirements, resulting in redundancies and higher costs.
Human Resources Risk	The personnel responsible for managing and controlling the Department or a particular business process do not possess the requisite knowledge, skills and experience needed to ensure that critical business and operational objectives are achieved and significant risks are reduced to an acceptable level.

Appendix A – Relevant Risk Definitions

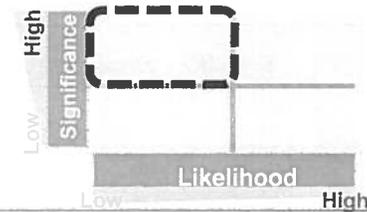
Quadrant I (continued)



Risk	Definition
Infrastructure Risk	The risk that the Department does not have an effective information technology infrastructure (e.g., hardware, networks, software, people and processes) to effectively support the current and future needs of the organization in an efficient, cost-effective and well-controlled fashion.
Integrity Risk	This risk encompasses all of the risk associated with the authorization, completeness, and accuracy of transactions as they are entered into, processed by, summarized by and reported on by the various application systems deployed by the Department.
Knowledge Capital Risk	Processes for capturing and institutionalizing learning across the Department are either nonexistent or ineffective, resulting in slow response time, high costs, repeated mistakes, slow competence development, constraints on growth and unmotivated employees.
Leadership Risk	The risk that the people responsible for the important business and operational processes do not or cannot provide the leadership, vision, and support necessary to help employees be effective and successful in their jobs.
Opportunity Cost Risk	The use of funds in a manner that leads to the loss of economic value, including time value losses, transaction costs due to inappropriate or inefficient management of cash flows and other causes of loss of value.
Organizational Culture Risk	The Department's culture does not encourage management to realistically portray the potential outcomes of transactions, investments and projects and understand and portray the full picture for decision makers. The Department experiences dysfunctional behavior because management is either risk averse or incented to take risks beyond the Department's risk appetite.
Performance Gap Risk	A process does not perform at a high level because the practices designed into the process are inferior.
Planning Risk	The Department's business and operational strategies are not driven by creative and intuitive input or based on current assumptions about the external environment resulting in strategies that are out-of-date and unfocused.
Privacy Risk	Privacy encompasses the rights and obligations of individuals and organizations with respect to the collection, use, retention, disclosure, and disposal of personal information.
Scalability Risk	The inability to operate differently and more efficiently at larger volumes or amortize costs over greater volume, resulting in diseconomies of scale that threaten the Department's ability to execute on their strategies and be competitive.
Security Risk	The risk that a possible threat will use a vulnerability within an information system to cause disruption to the Department's assets, operations and/or objectives.
Succession Planning Risk	Leadership talent within the Department is not sufficiently developed to provide for orderly succession in the future.
Technological Innovation Risk	The Department is not leveraging advancements in technology in its business and operational model to achieve or sustain competitive advantage or is exposed to the actions of competitors or substitutes that do leverage technology to attain superior quality, cost and/or time performance in their services and processes.

Appendix B – Relevant Risk Definitions

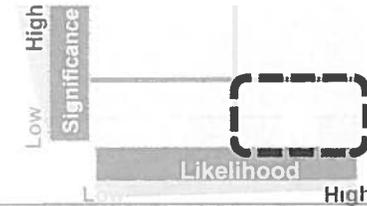
Quadrant II



Risk	Definition
Access Risk	Access risk includes the risk that access to information (data or programs) or systems will be inappropriately granted or refused. It encompasses the risks of improper segregation of duties, risks associated with the integrity of data and databases and risks associated with information confidentiality.
Board Effectiveness Risk	The board does not constructively engage management and provide anticipatory, proactive and interactive oversight of the Department's activities and affairs, with integrity, vision, common sense and unquestioned independence.
Business Interruption Risk	The Department's capability to continue critical operations and processes may be highly dependent on availability of certain raw materials, information technologies, skilled labor and other resources.
Catastrophic Loss Risk	The inability to sustain operations, provide essential products and services, or recover operating costs as a result of a major disaster.
Communications Risk	Communication channels (top-down and bottom-up or cross-functional) within the Department are ineffective and result in messages that are inconsistent with authorized responsibilities or established measures.
Customer Wants Risk	The Department is not aware that customer needs and wants change. Such needs and wants may apply to desired quality, willingness to pay and/or speed of execution.
Financial Reporting Evaluation Risk	Financial reports issued to lenders, the public or other stakeholders include material misstatements or omit material facts, making them misleading.
Health & Safety Risk	These risks expose the Department to potentially significant workers' compensation liabilities, financial loss, and negative publicity. The Department could potentially find themselves criminally liable for failure to provide a safe working environment for their employees.
Regulatory Reporting Risk	Reports of operating and financial information required by regulatory agencies are incomplete, inaccurate, or untimely, exposing the Department to fines, penalties and sanctions.
Resource Allocation Risk	The Department's resource allocation process does not establish and sustain competitive advantage or maximize returns and/or benefits for relevant stakeholders.

Appendix B – Relevant Risk Definitions

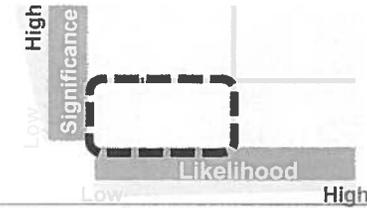
Quadrant III



Risk	Definition
Business Portfolio Risk	The risk that the Department will not maximize business performance by effectively prioritizing its programs and services, or balancing its programs and/or services in a strategic context.
Contract Commitment Risk	The Department does not have information that effectively tracks contractual commitments outstanding at a point in time, so that the financial implications of decisions to enter into incremental commitments can be appropriately considered by decision makers.
Customer Satisfaction Risk	The Department's processes do not consistently meet or exceed customer expectations due to a lack of focus on the customer.
Employee Fraud & Third Party Fraud Risk	Fraudulent activities perpetrated by employees, customers, suppliers, agents, brokers or third-party administrators against the Department for personal gain expose the Department to financial loss.
Environmental Scan Risk	The failure to monitor and stay in touch with a rapidly changing environment resulting in obsolete business and operational strategies.
Internal Control Evaluation Risk	Failure to accumulate sufficient relevant and reliable information to assess the design and operating effectiveness of internal control over financial reporting, resulting in inaccurate assertions by management in internal control reports.
Measurement (Strategy) Risk	Occurs when overall Departmental performance measures focus primarily on near-term financial results or are not consistent with and do not support business and operational strategies.
Organization Structure Risk	The Department's structure does not support change or the Department's business and operational strategies.
Outsourcing Risk	Outside service providers do not act within their defined limits of authority and do not perform in a manner consistent with the values, strategies and objectives of the Department.
Regulatory Risk	Changes in regulations and actions by national or local regulators can result in increased competitive pressures and significantly affect the Department's ability to efficiently run its business and operations.
Stakeholder Relations Risk	A decline in stakeholder confidence may impair the Department's ability to efficiently raise and/or obtain the necessary resources to run its operations. The Department will not have the same efficient access as competitors to the capital it needs to fuel its growth, execute its strategies, and generate future returns, where applicable.
Unauthorized Use Risk	The Department's employees (or others) use its physical and financial assets for unauthorized or unethical purposes.

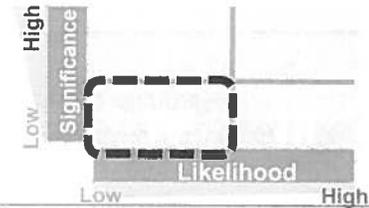
Appendix B – Relevant Risk Definitions

Quadrant IV



Risk	Definition
Business Model Risk	The Department has an obsolete business model and doesn't recognize it and/or lacks the information needed to make an up-to-date assessment of its current model and build a compelling business case for modifying that model on a timely basis.
Cash Flow Risk	Actual losses incurred as a result of the inability to fund the operational or financial obligations of the Department.
Environmental Risk	Environmental risks expose organizations to potentially enormous liabilities. The exposure is twofold -- (1) liability to third parties for bodily injury or property damage caused by the pollution, and (2) liability to governments or third parties for the cost of removing pollutants plus severe punitive damages.
Ethical Behavior Risk	The Department, through its actions or inaction, demonstrates that it is not committed to ethical and responsible business behavior.
Illegal Acts Risk	Management and employees individually or in collusion commit illegal acts, placing the Department, its directors and officers at risk to the consequences of their actions.
Image & Branding Risk	The risk that the Department may lose customers (where applicable), key employees or its ability to compete, due to perceptions that it does not deal fairly with customers, suppliers and stakeholders, or know how to manage its business and operations.
Investment Valuation/Evaluation Risk	Management does not have sufficient financial information to make informed short-term and long-term investment decisions and link the risks accepted to the capital at risk. Management and key decision-makers are unable to reliably measure the value of a specific business, program or any of its significant segments in a strategic context.
Legal Risk	The risk that the Department's transactions, contractual agreements and specific strategies and activities are not enforceable under applicable law.
Management Fraud Risk	Management issues misleading financial statements with intent to deceive the public and the external auditor or engages in bribes, kickbacks, influence payments and other schemes for the benefit of the Department.
Measurement (Operations) Risk	Process performance measures do not provide a reliable portrayal of operating performance and do not accurately reflect reality. The measures do not provide relevant information for decision making because they are not informative, understandable, believable, actionable, or indicators of change.

Appendix B – Relevant Risk Definitions Quadrant IV (continued)



Risk	Definition
Partnering Risk	Inefficient or ineffective alliance, joint venture, affiliate and other external relationships affect the Department's capability to compete. These uncertainties arise due to choosing the wrong partner, poor execution, receiving more value than is given (ultimately resulting in loss of a partner) and failing to capitalize on partnering opportunities.
Performance Incentives Risk	Unrealistic, subjective or unclear performance measures may cause management, supervisors and employees to act in a manner that is inconsistent with the Department's business and operating objectives, strategies, ethical standards and prudent business practice.
Product/Service Failure Risk	The Department's operations create risk of customers receiving faulty or nonperforming products or services.
Product/Service Pricing Risk	The Department's price is more than customers are willing to pay or does not cover production and distribution costs.
Sensitivity Risk	Sensitivity risk results when management commits the Department's resources and expected cash flows from future operations to such an extent that it reduces the Department's tolerance for (or ability to withstand) changes in environmental forces that are totally beyond its control.