



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

OFFICE OF THE SUPERINTENDENT

May 2, 2019

TO: The Honorable Catherine Payne  
Chairperson, Audit Committee

FROM: Dr. Christina M. Kishimoto  
Superintendent

A handwritten signature in blue ink, appearing to be "CK", written over the name "Dr. Christina M. Kishimoto".

SUBJECT: **Presentation of the Department of Education's Internal Audit Plan -  
Quarterly Update through March 31, 2019**

1. DESCRIPTION

Presentation of the Department of Education's Internal Audit Plan - Quarterly Update through March 31, 2019.

2. PRESENTATION

Presentation of the Department of Education's Internal Audit Plan - Quarterly Update through March 31, 2019.

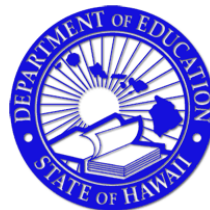
CMK:dy  
Attachment

c: Internal Audit Office

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State of Hawaii  
**Department of Education**

INTERNAL AUDIT PLAN  
QUARTERLY UPDATE THROUGH MARCH 31, 2019



May 2, 2019

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*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:

#### Investigation Process Review - Amendment

- Project began in March 2017 and was completed and issued in June 2018. However, Audit Committee requested additional information at the November 1, 2018 meeting. IA amended the report and will present the report to the Audit Committee for approval in May 2019.

#### Operational Audit of the Extracurricular Section

- Project began in late December 2018. The review is currently in the fieldwork stage and is targeted for issuance in June 2019.

#### Leave Without Pay Audit

- Project began in late February 2019. The review is currently in the fieldwork stage and is targeted for issuance in May 2019.

#### School Based Reviews

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

### Consulting, Monitoring, Fiscal Reviews, and Other Projects:

#### Baseline Monitoring Projects

- IA performed continuous monitoring projects to identify internal control weaknesses in business function areas. This included the compilation of Annual Checklist Monitoring Results that was issued in January 2019 and the Continuous Auditing Reviews for Casual Employment, Overtime Expenditures, and Inventory that were issued to fifteen (15) Complex Area Superintendents, eight (8) to the Superintendent and Assistant Superintendents, two (2) to the Main Center Community School For Adults (McKinley and Waipahu) and one (1) to the State Public Charter School Commission in March 2019.



## Executive Summary (continued)

### Consulting, Monitoring, Fiscal Reviews, and Other Projects (continued):

#### Monitoring Based on Management Action Plans

- IA followed-up on management's action plans to the observations noted in the completed reviews. (Refer to Appendix A for details.)

#### Fiscal Reviews

- IA was involved in several unanticipated fiscal reviews during the Quarter.

#### Fraud and Ethics Hotline – Confidential Reporting Mechanism

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

#### Standard Practice Project

- IA followed up with the Office of Superintendent on the status of the Standard Practice (SP) project. Currently, the SP project is in various stages. Most offices are in the process of drafting and updating their SPs and some offices have had their SPs reviewed by the Department of the Attorney General and are now making corrections. Currently, an internal worksite has been established on the intranet to automate the process as well as providing standardized templates. Approximately as of March 2019, 177 SP drafts have been updated to the new intranet worksite using the new templates, of which 94 are waiting for Attorney General approval, and 30 have been published to the public site. Older procedures have been posted, but a disclaimer has been added to indicate that items are subject to change.

#### Other Matters Impacting the Internal Audit Office during the Quarter

- IA continued to coordinate and assist KKDLY LLC with the “Annual Financial and Single Audit FYE 6/30/18.” The audit was completed and issued in March 2019.



## Management Action Item Dashboard Summary

### <sup>1</sup> Audit Rating Definitions:

- Acceptable – No significant deficiencies exist and 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.

### <sup>2</sup> COSO (Committee of Sponsoring Organizations of the Treadway Commission) 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.

### <sup>3</sup> Completion Status Definitions:

- Completed– Audit finding was resolved as stated by management.
- Partially Completed – Not Overdue – 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 Summary (continued)

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

Audit	Audit Rating <sup>1</sup>	COSO Category <sup>2</sup>				No. of Findings Ranked "High" Requiring Immediate Management Attention	Completion Status <sup>3</sup>				Contact
		Operational Findings	Financial Findings	Compliance Findings	Total Findings		Outstanding - Overdue	Outstanding - Not Overdue	Partially Completed - Not Overdue	Completed	
<b>Student Information System Post-Implementation Review</b> (Issued October 2018) <i>(Refer to Appendix A1)</i>	Acceptable	1	0	1	2	0	0	0	1	1	OITS Assistant Superintendent and Chief Information Officer
<b>Construction Process and Internal Controls Follow-Up Review</b> (Issued June 2018) <i>(Refer to Appendix A2)</i>	Marginal	2	0	3	5	0	0	0	1	4	Facilities Development Branch Administrator
<b>Equipment and Fleet Maintenance Follow-Up Review</b> (Issued January 2018) <i>(Refer to Appendix A3)</i>	Marginal	1	0	2	3	0	0	1	0	2	OSFSS Assistant Superintendent & Facilities Maintenance Branch Administrator
<b>School Food Services Follow-Up Review</b> (Issued October 2017) <i>(Refer to Appendix A4)</i>	Marginal	1	0	2	3	0	0	0	3	0	School Food Program Administrator
<b>Fixed Assets Management Review</b> (Issued April 2015) <i>(Refer to Appendix A5)</i>	Marginal	2	1	1	4	1 (1 - Partially Completed - Not Overdue)	0	0	4	0	Accounting Director & Director of SSEPB
<b>TOTAL</b>		7	1	9	17	2	0	1	9	7	

\* See page 3 for definitions on Audit Rating, COSO Category, and Completion Status.



# Fraud & Ethics Hotline Summary

Hotline Cases for the Three Most Current Fiscal Years (July 1, 2016 through March 31, 2019)

Number of Cases Handled by Area or Office				
DOE Complex Areas	FY 2017	FY 2018	FY 2019 (Q3)	Total # of Cases
Honolulu: Farrington Kaiser Kalani	8	7	2	17
Honolulu: Kaimuki McKinley Roosevelt	7	11	6	24
Central: Aiea Moanalua Radford	8	5	16	29
Central: Leilehua Mililani Waialua	0	7	8	15
Leeward: Campbell Kapolei	1	1	4	6
Leeward: Nanakuli Waianae	2	0	6	8
Leeward: Pearl City Waipahu	2	1	1	4
Windward: Castle Kahuku	3	2	7	12
Windward: Kailua Kalaheo	3	4	1	8
Hawaii: Hilo Waiakea	2	3	16	21
Hawaii: Honokaa Kealahke Kohala Konawaena	8	1	2	11
Hawaii: Kau Keaau Paho	2	1	2	5
Maui: Baldwin Kekaulike Maui	11	2	5	18
Maui: Hana Lahainaluna Lanai Molokai	3	2	0	5
Kauai: Kapaa Kauai Waimea	4	1	2	7
DOE Offices	FY 2017	FY 2018	FY 2019 (Q3)	Total # of Cases
Internal Audit (IA) <sup>1</sup>	2	4	2	8
Office of the Superintendent (OS) <sup>1</sup>	4	5	15	24
OTM Investigation Unit <sup>1</sup>	2	3	0	5
Civil Rights Compliance Branch (CRCB) <sup>1</sup>	3	1	3	7
Office of Curriculum, Instruction and Student Supp	3	0	0	3
Office of Student Support Services	0	0	5	5
Office of Talent Management	2	2	2	6
Office of School Facilities and Support Services	5	1	4	10
Office of Information Technology Services (OITS) <sup>1</sup>	0	0	1	1
Other	FY 2017	FY 2018	FY 2019 (Q3)	Total # of Cases
Charter School Liaison	9	4	6	19
Minor Issue <sup>2</sup>	107	135	74	316
<b>Grand Total</b>	<b>201</b>	<b>203</b>	<b>190</b>	<b>594</b>

<sup>1</sup> OS, IA, OTM Investigation Unit, CRCB, and OITS handles cases for various complex areas and offices.

<sup>2</sup> Minor complaints/allegations are not assigned as open hotline cases. Neither are questions, comments, concerns, and reports with insufficient information. These cases are closed and forwarded to management for appropriate follow up action.





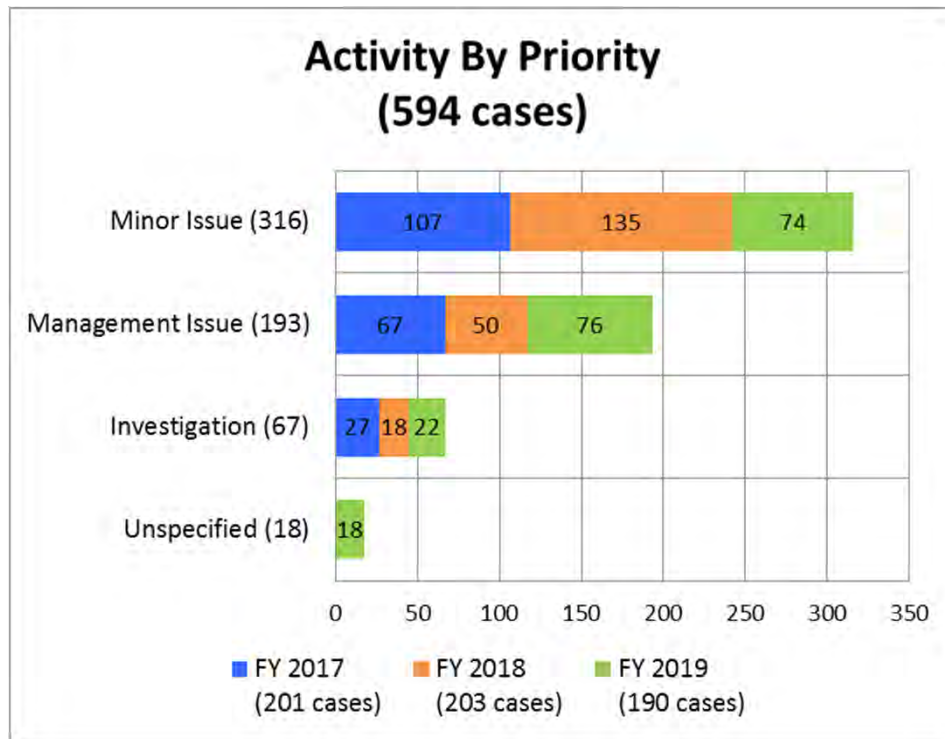
## Fraud & Ethics Hotline Summary (continued)

**Status of All Open Hotline Cases as of March 31, 2019**

Open Cases	Date Opened	Fiscal Year	Age of Case (in months)	Assigned to	Location	Case Type	Status as of 3/31/19
1	10/27/2017	FY 2018	12 +	Civil Rights Compliance Branch	School	Human Resources	Pending Outcome
2	4/13/2018	FY 2018	7 - 11	Charter School Liaison	School	Falsification of Company Records	Investigation Ongoing
3	9/20/2018	FY 2019	3 - 6	Windward: Castle Kahuku	School	Human Resources	Investigation Ongoing
4	10/28/2018	FY 2019	3 - 6	Civil Rights Compliance Branch	Office	Human Resources	Investigation Ongoing
5	12/7/2018	FY 2019	3 - 6	Office of School Facilities and Support Services	School	Other	Investigation Ongoing
6	12/7/2018	FY 2019	3 - 6	Office of School Facilities and Support Services	School	Other	Investigation Ongoing
7 to 24	There are 18 cases from FY 2019 that have been open for less than 3 months. These cases are currently assigned for review or being vetted prior to the assignment						



## Fraud & Ethics Hotline Summary (continued)



### Case Priority

Substantial complaints and allegations are assigned for case review. Then, each case is prioritized as either an Investigation or a Management Review.

An investigation is generally warranted for:

- (a) significant policy and procedure violations,
- (b) gross misconduct such as prohibited behavior or violent behavior, or
- (c) wherever an allegation (if true) is likely to result in disciplinary action.

An investigation is generally not warranted for:

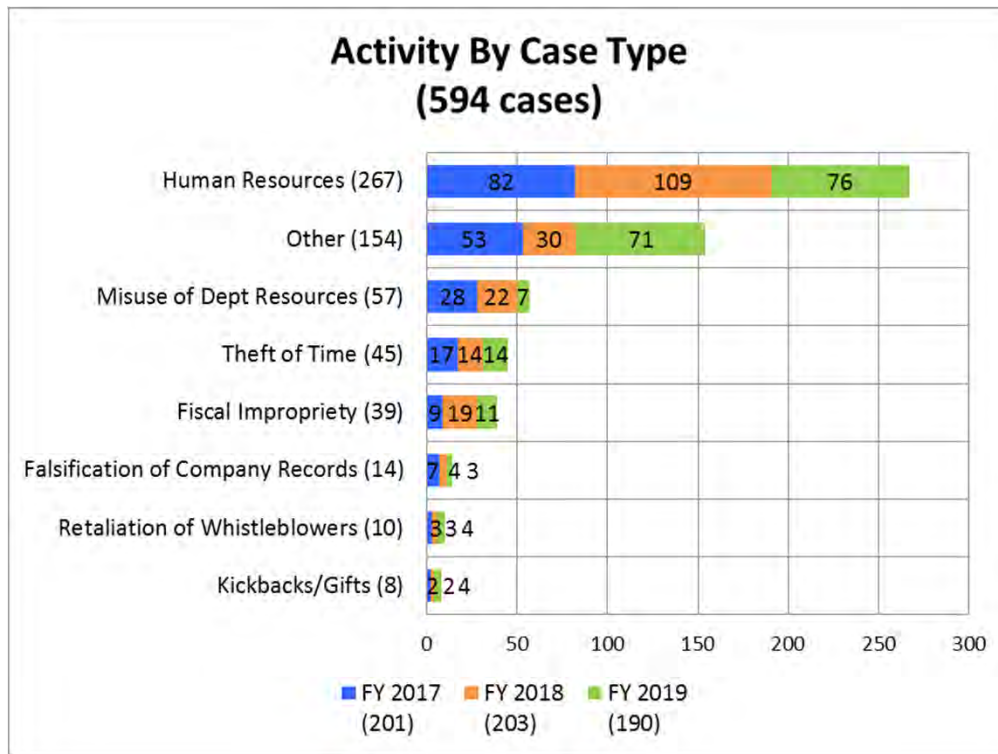
- (a) work performance issues,
- (b) other misconduct such as inappropriate behavior or undesirable behavior, or
- (c) wherever an allegation (if true) is likely to be resolved without disciplinary action.

Minor Issue = Minor complaints and allegations are not assigned as open hotline cases. Neither are questions, comments, concerns, and reports with insufficient information. These cases are closed and forwarded to management for appropriate follow up action.

Unspecified = The case has not yet been given a designated priority.



## Fraud & Ethics Hotline Summary (continued)

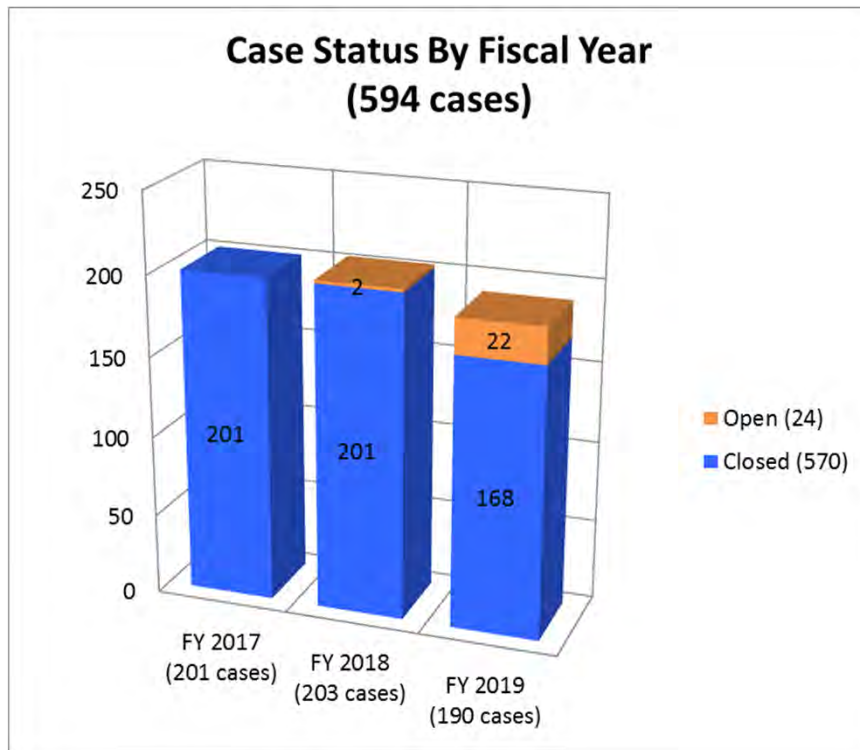


### Case Type

- Human Resources: Employee misconduct and employment issues
- Other: Complaints and allegations that do not fall within another category (e.g. safety, curriculum, disclosure of confidential data, decision making, etc.)
- Misuse of Resources: Unauthorized or inappropriate use of DOE resources
- Theft of Time: Any act which causes an employee to be paid for time not worked for the benefit of the DOE
- Fiscal Impropriety: Financial misstatement, fraud, or theft of cash, goods, or services
- Falsification of Records: Alteration of a record from its genuine condition
- Retaliation of Whistleblowers: Adverse treatment of an individual in retaliation of their report of inappropriate activity
- Kickbacks/Gifts: The acceptance of cash, gifts, or favors to perform a DOE job function



## Fraud & Ethics Hotline Summary (continued)



### Case Status

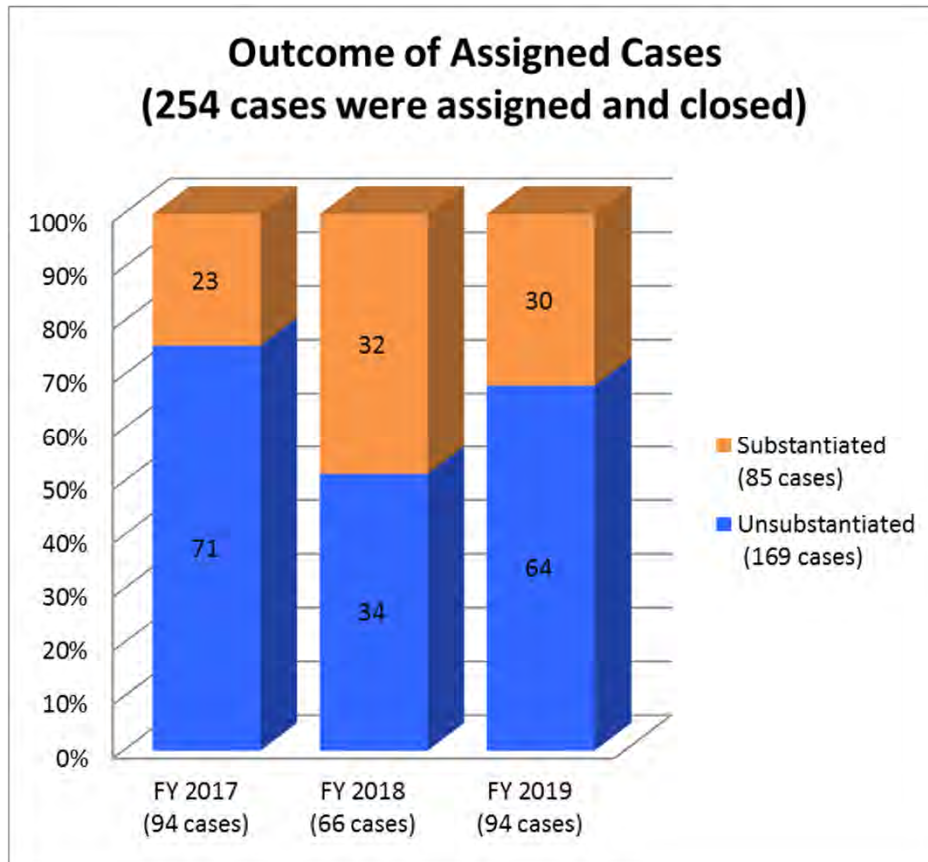
- A total of 594 cases were received during the three most current fiscal years.
  - 570 cases are closed, and 24 are open.
- Summary of Cases by Fiscal Year (FY):
  - 2 of the 203 cases from FY 2018 are still in progress.
  - 22 of the 190 cases from FY 2019 are still in progress.

### Outstanding Cases from Prior Years (not shown in chart)

- There are no outstanding cases from prior years.



## Fraud & Ethics Hotline Summary (continued)



### Closed Cases

- 570 cases were closed during the period. 316 cases were closed as minor issues and 254 cases were assigned for formal case review prior to closure.
- Of those assigned cases, 85 were substantiated and 169 were unsubstantiated.
- The primary issues in the substantiated cases were Human Resource issues (43 cases) followed by Other (17 cases) and Misuse of Department Resources (9 cases). See the next page for all of the “Case Types of Substantiated Cases”

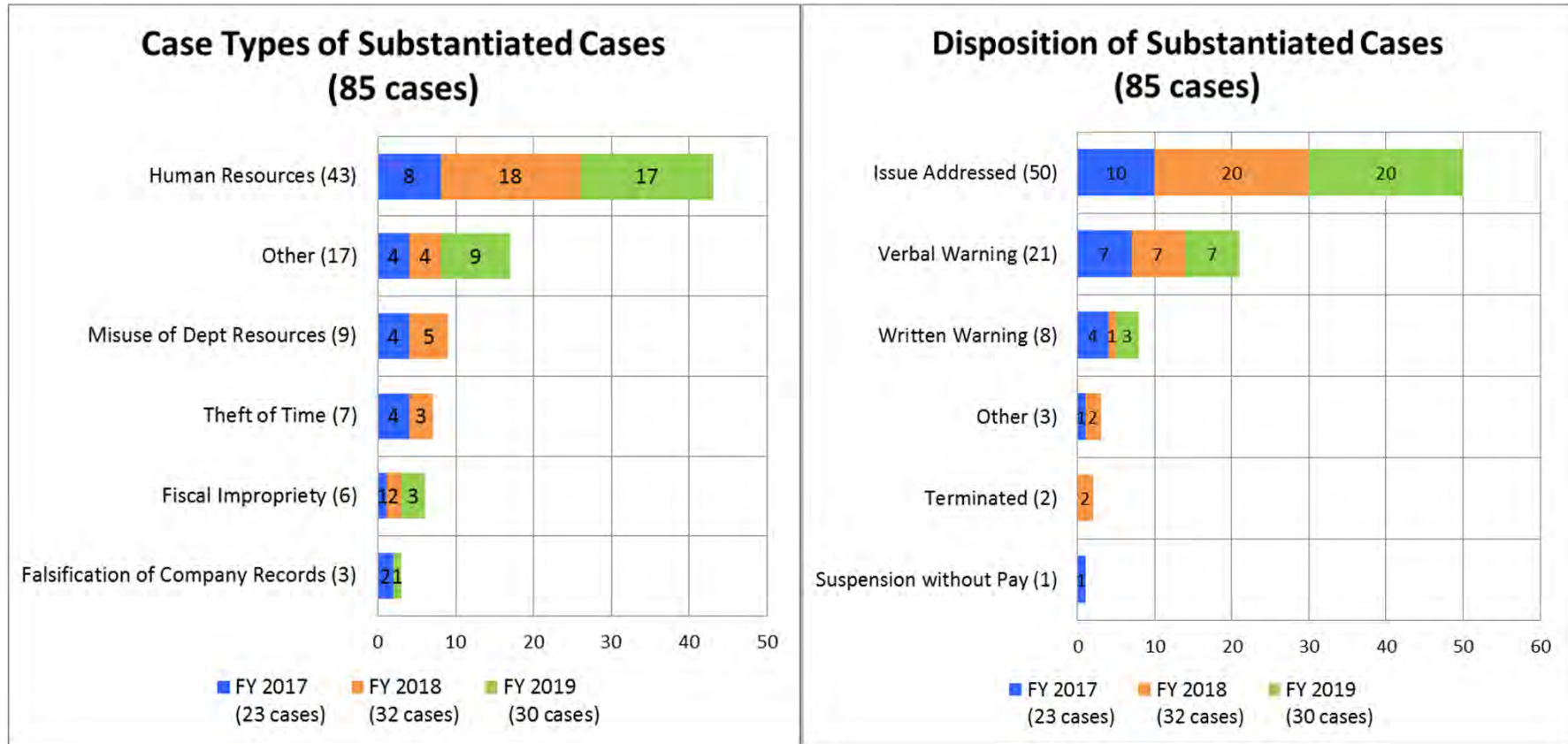
Substantiated = The allegation/complaint was determined or proven to be true.

Unsubstantiated = Either the allegation/complaint was determined or proven to be untrue, or there was not enough evidence to substantiate.





## Fraud & Ethics Hotline Summary (continued)



Other (Case Type) = student safety, student discipline, admin directives/decisions

Other (Disposition) = employee resigned

# Appendix



## Audit Observation Rating Scale Definitions

## Appendix A

<b>High (1)</b>	<p>1 - The impact of the finding is <i>material</i><sup>1</sup> and the likelihood of loss is probable in one of the following ways:</p> <ul style="list-style-type: none"><li>- A material misstatement of the DOE's financial statements could occur;</li><li>- The DOE's business objectives, processes, financial results, or image could be materially impaired; and</li><li>- 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.</li></ul> <p><i>Immediate action is recommended to mitigate the DOE's exposure.</i></p>
<b>Moderate (2)</b>	<p>2 - The impact of the finding is <i>significant</i><sup>1</sup> and the likelihood of loss is possible in one of the following ways:</p> <ul style="list-style-type: none"><li>- A significant misstatement of the DOE's financial statements could occur;</li><li>- The DOE's business objectives, processes, financial performance, or image could be notably impaired; and</li><li>- 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.</li></ul> <p><i>Corrective action by management should be prioritized and completed in a timely manner to mitigate any risk exposure.</i></p>
<b>Low (3)</b>	<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>

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





# Management Action Item Dashboard Detail

## Appendix A1

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING <sup>1</sup> OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED – NOT OVERDUE	COMPLETED
Student Information System Post-Implementation Review (Issued October 2018)	1	Compliance	Moderate	0	0	1	0
	2	Operational	Low	0	0	0	1

**Objectives:**

1. To evaluate the Student Information System implementation, confirm that business processes are working as intended, and ensure that systems are aligned with business and project goals.
2. To review, evaluate, and test the design of procedures and controls over input, processing, and output of the Student Information System.
3. To ensure that information captured is complete and accurate.
4. To ensure that information generated is accurate, reliable, and timely.

<sup>1</sup> See page A for definitions of Audit Ratings.



# Internal Audit Recommendation Status

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Student Information System Post-Implementation Review</b>		<b>OITS Assistant Superintendent and CIO</b>		
<p><b>1. Lack of data access controls for transferred employees</b></p> <p><b>IA Recommendations:</b> Management should identify methods to automate processes to disable transferred employees' access to the SIS. Reminders should be sent out to the field to submit a request to disable access when transferred employees no longer need access to SIS. Communication to the field should also be incorporated in training.</p> <p><b>Management's Corrective Action Plan Status:</b></p> <p><u>Completed</u></p> <p>* Department of Education (DOE) memo, "Reminder About Procedures for Submitting Student Information System (SIS) Access Requests for Schools" was posted on February 15, 2019. The memo emphasizes that SIS requests should be submitted not only to add access, but to remove access for employees who transfer to different job positions, as roles change, or upon termination of employment with the DOE.</p> <p><u>Outstanding</u></p> <p>* A process to address the provisioning gap for transferred employees has been identified. Short term plan: A report of employees who have changed positions in the DOE and are currently active users in the SIS can be generated upon request. SIS staff refer to this list to manually disable SIS access for all employees on the list. Employees whose access to Campus is disabled receives an email which explains why access has been disabled, and that a new SIS access request with appropriate approval needs to be submitted to regain access to Campus appropriate for the new position. Although this process is currently manual, plans are to move towards automation, but the end result remains the same. This process will be followed until replaced by the long term plan.</p> <p>Long term plan: As DOE enterprise systems are modernized, the vision is that the new Human Resources and authentication systems would allow for automatic provisioning and deprovisioning of access to all systems based on role. If an employee changes position in the DOE, appropriate access would be established based on the role of the new position.</p>	(2)	April 2019	Partially Completed - Not Overdue	March 2019

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



# Management Action Item Dashboard Detail

## Appendix A2

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING <sup>1</sup> OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED – NOT OVERDUE	COMPLETED
Construction Process and Internal Controls Follow-Up Review (Issued June 2018)	1	Operational	Moderate	0	0	0	1
	2	Operational	Moderate	0	0	1	0
	3	Compliance	Moderate	0	0	0	1
	4	Compliance	Moderate	0	0	0	1
	5	Compliance	Moderate	0	0	0	1

**Objectives:**

1. Ensure Management adequately addressed the findings and recommendations from the “Construction Process and Internal Controls Review” reports issued in April 2012 and July 2013.
2. Evaluate the operating effectiveness and adequacy of the internal controls for the procedures related to the CIP construction processes.

<sup>1</sup> See page A for definitions of Audit Ratings.



# Internal Audit Recommendation Status

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>OSFSS Assistant Superintendent Facilities Development Branch Administrator</b>				
<b>Construction Process and Internal Controls Follow-Up Review</b>				
<p><b>1. Lack of a strategic master plan to address the facility improvement needs with limited funds and resources</b></p> <p><i>IA Recommendations:</i> Management should develop a strategic master plan that takes into consideration the global facility needs, the evolving curriculum and the increasing facility needs to efficiently address the school's facility needs and maximize the funding and resources that are available.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> <li>* DOE Statewide Facility Master Plan (FMP) completed. The FMP is a 10-year strategic plan that provides a roadmap for equitably prioritizing and implementing public school facility projects statewide. It addresses systemic challenges and will produce four positive results:               <ul style="list-style-type: none"> <li>- modern, flexible facilities</li> <li>- equitably allocated resources</li> <li>- sustained capital funding</li> <li>- coordinated and timely implementation of projects</li> </ul> </li> <li>* Created a Facility Asset Management (FAM) group, charged with managing the programming of all CIP and R&amp;M projects for execution. Job Order Contracting will be managed by the FAM group. FAM is evaluating previous DOE processes that may adapt to current needs (1).</li> <li>* Reprioritized R&amp;M projects based on health and safety, and building envelope prioritization outside of the KPMG fund allocation formula (1).</li> </ul>	(2)	December 2019	Completed	✓ March 2019

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>OSFSS Assistant Superintendent Facilities Development Branch Administrator</b>				
<b>Construction Process and Internal Controls Follow-Up Review (continued)</b>				
<p><b>1. Lack of a strategic master plan to address the facility improvement needs with limited funds and resources (continued)</b></p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed (continued)</u></p> <ul style="list-style-type: none"> <li>* Capital Improvement Program Project Tracker (CPT) was implemented and released to school administration and the Legislature (2).</li> <li>* CPT was modified to incorporate the estimating feature under a development/test mode. Looking to engage a professional estimator to assist with developing the data sets (3).</li> <li>* GIS training scheduled for the end of April. Chapter 343 EA/EIS training is being coordinated with the State Planning OEQC to educate staff on process. Training for OSFSS staff provided for responding to legal demands for documents (4).</li> <li>* Presented Title IX compliance approach to BOE on 10/18/2018. Expanded efforts to investigate other compliance and regulatory issues (4).</li> </ul>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Construction Process and Internal Controls Follow-Up Review (continued)</b>		<b>OSFSS Assistant Superintendent Facilities Development Branch Administrator</b>		
<p><b>2. Consultant designs are not consistently reviewed in detail before the projects are bid for construction</b></p> <p><i><b>IA Recommendations:</b></i> Management should improve their quality assurance process to ensure consistent detailed reviews of the consultant's designs are performed before the projects are bid for construction.</p> <p><i><b>Management's Corrective Action Plan Status:</b></i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* Completed initial discussions with design staff to formalize a review process; however, efforts are stalled due to the retirement announcement of key staff member (1).</li> <li>* The due diligence requirement has been intergrated with several projects. Other projects are in progress - results are pending (2).</li> <li>* Delayed due to the retirement of a key EO-7 position. Recruitment for the position continues, and efforts will resume once the vacancy is filled. The position will be tasked to focus on streamlining the design process (3).</li> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* Implement selective plan review system based on value, scope, and experience with consultant team. Reviewers will include PWA, PWM PMS, and key A/E staff with applicable technical expertise. Consider requiring a review charrette to ensure all parties are present in the same location and reviewing the documents (1).</li> </ul>	(2)	December 2019	Partially Completed - Not Overdue	March 2019

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Construction Process and Internal Controls Follow-Up Review (continued)</b>		<b>OSSFS Assistant Superintendent Facilities Development Branch Administrator</b>		
<p><b>2. Consultant designs are not consistently reviewed in detail before the projects are bid for construction (continued)</b></p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding (continued)</u></p> <ul style="list-style-type: none"> <li>* Enforce requirements for basis of design documents from our consultants. Clear articulation of the scope of work and the design strategies to be employed to solve the design challenges should focus the design effort and provide reviewers a means to efficiently review documents (2).</li> <li>* Revamp the design process to streamline the preparation and review processes. Publish standard specifications and details which are referenced in design documents. Project specifications will only include deviations or amendments to the standard specifications rather than repeat the entire specification. This will build consistency across the system and allow reviewers to quickly identify project specific changes to the specifications.</li> </ul>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Management Action Item Dashboard Detail

Appendix A3

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING <sup>1</sup> OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED – NOT OVERDUE	COMPLETED
Equipment and Fleet Maintenance Follow-Up Review  (Issued January 2018)	1	Compliance	Moderate	0	0	0	1
	2	Compliance	Moderate	0	0	0	1
	3	Operational	Low	0	1	0	0

**Objectives:**

1. To ensure that Management adequately addressed and resolved the audit findings that resulted from the “*Equipment and Fleet Maintenance Review*” issued in January 2013.
2. To perform detailed test work to determine the operating effectiveness of the procedures put into place to remediate the findings from the prior year report.

<sup>1</sup> See page A for definitions of Audit Ratings.





## Internal Audit Recommendation Status

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Equipment and Fleet Maintenance Follow-Up Review, Issued January 2018</b>		<b>OSSFS Assistant Superintendent Facilities Maintenance Branch Administrator</b>		
<p><b>3. Inefficiencies due to manual processes</b></p> <p><b>IA Recommendation:</b> Management should continue their efforts on streamlining the data entry process. Management should also continue to work with OITS to pursue the implementation of the mobile devices for Maximo.</p> <p><b>Management's Corrective Action Plan Status:</b></p> <p><u>Outstanding</u></p> <p>* FMB maximo upgrade has been pushed back to May of 2019. There are additional steps (which takes more time to do the upgrade) to upgrade from the current version to 7.6.1. More time will be needed to train the users for 7.6.1 because of the new user interface and navigation. Also there are a lot of custom reports which need to be tested in the upgraded version be ensure it is working correctly. There may need to be programming adjustments to the reports to make it work correctly.</p>	(3)	<del>March 2019</del>  May 2019 (1st Extension)	Outstanding - Not Overdue	December 2018

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



# Management Action Item Dashboard Detail

## Appendix A4

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING <sup>1</sup> OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED – NOT OVERDUE	COMPLETED
School Food Services Follow-Up Review (Issued October 2017)	1	Compliance	Moderate	0	0	1	0
	2	Compliance	Moderate	0	0	1	0
	3	Operational	Low	0	0	1	0

**Objectives:**

1. To ensure that Management adequately addressed and resolved the audit findings that resulted from the “School Food Services Review” issued in January 2013.
2. To perform detailed test work to determine the operating effectiveness of the procedures put into place to remediate the findings from the prior year report.

<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>School Food Services Follow-Up Review, Issued October 2017</b>		<b>School Food Program Administrator</b>		
<p><b>1. Required forms and supporting documentation are not completed and/or retained</b></p> <p><i>IA Recommendations:</i> Management should continue the mandatory training that is required for all staff handling school food collection and purchasing functions. In addition, continuous assistance should be provided to the field. Management should continue with the annual on-site reviews and fiscal reviews to ensure that schools are following DOE policies and procedures. SFS Managers should ensure that the respective school food forms are completed and retained. Management should review and update SFS policies and procedures for applicability and practicality. Changes made to policies and procedures should be communicated to the field and training be provided.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* SFSB has stop using SL-5 Computation of Monthly Daily Food Transactions. All transactions are accounted for within a centralized electronic system. The system is web based with servers on the mainland. Schools have begun phasing out SL-4 cards and currently using Excel files, which allow for accurate counting, and allows for information to be more legible. SFSB will transition to a new web based system in 2019.</li> <li>* SFSB has completed all On-Site Reviews as of March 1, 2018. The OSR evaluated the overall condition of the cafeteria operations while providing hands-on technical assistance to SFSM on any deficiencies that were discovered during the review. Supervisors utilized the actual documents of the operations to provide technical assistance and feedback.</li> </ul>	(2)	June 2019	Partially Completed - Not Overdue	March 2019

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>School Food Services Follow-Up Review, Issued October 2017 (continued)</b>		<b>School Food Program Administrator</b>		
<p><b>1. Required forms and supporting documentation are not completed and/or retained (continued)</b></p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed (continued)</u></p> <ul style="list-style-type: none"> <li>* SFSB conduct 13 training sessions from June 6 through June 21, 2018. Evaluation: SFS Supervisors conducted their annual evaluations, which was conducted from October to January. During these evaluations, they observed the staff to determine if they are following the correct procedures learned from the course. If not, then technical assistance such as retraining at the school was conducted.</li> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* SFSB hired a contractor who has completed most of the SFSB handbook. The contractor has completed the sanitation handbook. SFSB hopes to have the remaining sections of the handbook completed after they finish their USDA Administrative Review. The Administrative Review will require SFSB to make corrective actions thus SFSB wants those actions to be included in the handbook. The Administrative Review is schedule to be completed Summer 2019.</li> </ul>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>School Food Services Follow-Up Review, Issued October 2017 (continued)</b>		<b>School Food Program Administrator</b>		
<p><b>2. Procedures are not always followed at the school level</b></p> <p><i><b>IA Recommendations:</b></i> Management should continue the mandatory training that is required for all staff handling school food collection and purchasing functions. In addition, continuous assistance should be provided to the field. Management should continue with the annual on-site reviews and fiscal reviews to ensure that schools are following DOE policies and procedures. SFS Managers should ensure that the respective school food procedures are being performed. Management should review and update SFS policies and procedures for applicability and practicality. Changes made to policies and procedures should be communicated to the field and training be provided.</p> <p><i><b>Management's Corrective Action Plan Status:</b></i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* SFSB will continue to provide training to managers on the SL-2. SFSB Supervisors have been providing this training and reviewing SL-2's during their On-Site Reviews. SFSB Supervisors have not been utilizing any training materials but have been focusing on correcting the SL-2s on-site and demonstrating to the SFSM on what areas were incorrect.</li> <li>* SFSB has completed all On-Site Reviews as of March 1, 2018. The OSR evaluated the overall condition of the cafeteria operations while providing hands-on technical assistance to SFSM on any deficiencies that were discovered during the review. Supervisors utilized the actual documents of the operations to provide technical assistance and feedback.</li> </ul>	(2)	June 2019	Partially Completed - Not Overdue	March 2019

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>School Food Services Follow-Up Review, Issued October 2017 (continued)</b>		<b>School Food Program Administrator</b>		
<p><b>2. Procedures are not always followed at the school level (continued)</b></p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed (continued)</u></p> <ul style="list-style-type: none"> <li>* SFSB conduct 13 training sessions from June 6 through June 21, 2018. Evaluation: SFS Supervisors conducted their annual evaluations, which was conducted from October to January. During these evaluations, they observed the staff to determine if they are following the correct procedures learned from the course. If not, then technical assistance such as retraining at the school was conducted.</li> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* SFSB hired a contractor who has completed most of the SFSB handbook. The contractor has completed the sanitation handbook. SFSB hopes to have the remaining sections of the handbook completed after they finish their USDA Administrative Review. The Administrative Review will require SFSB to make corrective actions thus SFSB wants those actions to be included in the handbook. The Administrative Review is schedule to be completed Summer 2019.</li> </ul>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>School Food Services Follow-Up Review, Issued October 2017 (continued)</b>		<b>School Food Program Administrator</b>		
<p><b>3. Lack of technology in menu planning, ordering, and inventory leads to inefficiencies</b></p> <p><i>IA Recommendations:</i> SFS Branch should continue the implementation of PrimeroEdge modules to automate the inventory process and interconnect the menu planning, ordering, and inventory. Training and continuous assistance should be provided to the field once modules are implemented.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <p>* SFSB RFP is currently going through the procurement process and the procurement is scheduled to be complete Summer 2019.</p>	(3)	December 2019	Partially Completed - Not Overdue	March 2019

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Management Action Item Dashboard Detail

## Appendix A5

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING <sup>1</sup> OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED – NOT OVERDUE	COMPLETED
<b>Fixed Assets Management Review</b> (Issued April 2015)	<b>1</b>	<b>Financial</b>	<b>High</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
	<b>2</b>	<b>Compliance</b>	<b>Moderate</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
	<b>3</b>	<b>Operational</b>	<b>Low</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
	<b>4</b>	<b>Operational</b>	<b>Low</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Objectives:</b> <ol style="list-style-type: none"> <li>1. To obtain a general understanding of the design and operating effectiveness of the fixed assets inventory process.</li> <li>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.</li> <li>3. To determine whether fixed assets are adequately accounted for.</li> <li>4. To verify fixed assets exist and all assets are properly recorded in “WinFMS.”</li> <li>5. To provide recommendations based on leading practices for improvement to enhance effectiveness and efficiency of fixed asset management.</li> </ol>							

<sup>1</sup> See page A for definitions of Audit Ratings.





## Internal Audit Recommendation Status

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Fixed Assets Management Review, Issued April 2015</b>		<b>Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch</b>		
<p><b>1. Inaccurate Reporting of Fixed Assets</b></p> <p><b>IA Recommendations:</b> 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 location of the asset.</p> <p><b>Management's Corrective Action Plan Status:</b>  <u>Completed</u></p> <ul style="list-style-type: none"> <li>* Accounting Service Branch (ASB) reviewed State HRS/HAR guidelines regarding inventory and had discussions with the State Procurement Office to verify their understanding of the law. A preliminary team of ASB, CABM, and UST staff was gathered to discuss the issues.</li> <li>* 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.</li> </ul>	(1)	<del>June 2017- (Short Term)</del>  <del>December 2020 (Long Term)</del>  June 2019 (1st Extension)	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



# Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Fixed Assets Management Review, Issued April 2015 (continued)</b>		<b>Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch</b>		
<p><b>1. Inaccurate Reporting of Fixed Assets (continued)</b></p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* The FRS team is currently working on a Fixed Asset Inventory Dashboard that will have the following info: Hold File, Property File, Disposed Items (items disposed in the current year and prior year only). The new FRS dashboard will have inventory data as of 1 business day prior, therefore whenever schools/offices have the time to work on inventory, they will have current data, and the data will be easily exported to excel will FULL field lengths.</li> <li>* 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 format is still relevant.</li> <li>* 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.</li> <li>* 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.</li> <li>* 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. System improvement implementation would only occur if it was determined that a system improvement would be effective and viable.</li> </ul>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Fixed Assets Management Review, Issued April 2015 (continued)</b>		<b>Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch</b>		
<p><b>2. Procedures Not Performed at the School/Office Level</b></p> <p><i>IA Recommendations:</i> 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 asset.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* ASB reviewed State HRS/HAR guidelines regarding inventory and had discussions with the State Procurement Office to verify their understanding of the law. A preliminary team of ASB, CABM, and UST staff was gathered to discuss the issues.</li> <li>* 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.</li> </ul>	(2)	June 2017  June 2019 (1st Extension)	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Fixed Assets Management Review, Issued April 2015 (continued)</b>		<b>Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch</b>		
<p><b>2. Procedures Not Performed at the School/Office Level (continued)</b></p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* The FRS team is currently working on a Fixed Asset Inventory Dashboard that will have the following info: Hold File, Property File, Disposed Items (items disposed in the current year and prior year only). The new FRS dashboard will have inventory data as of 1 business day prior, therefore whenever schools/offices have the time to work on inventory, they will have current data, and the data will be easily exported to excel will FULL field lengths.</li> <li>* 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.</li> <li>* 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.</li> <li>* USTs 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 format is still relevant.</li> </ul>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Fixed Assets Management Review, Issued April 2015 (continued)</b>		<b>Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch</b>		
<p><b>3. Lack of Current Fixed Assets Policies and Procedures (including Training and Guidelines)</b></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>Completed</u></p> <ul style="list-style-type: none"> <li>* ASB reviewed State HRS/HAR guidelines regarding inventory and had discussions with the State Procurement Office to verify their understanding of the law. A preliminary team of ASB, CABM, and UST staff was gathered to discuss the issues.</li> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* 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.</li> </ul>	(3)	<del>June 2017</del> June 2019 (1st Extension)	Partially Completed - Not Overdue	March 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.





## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Fixed Assets Management Review, Issued April 2015 (continued)</b>		<b>Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch</b>		
<p><b>4. Process Inefficiencies Regarding Manual Procedures</b></p> <p><i>IA Recommendations:</i> Management should revise and update policies to eliminate process inefficiencies with fixed asset disposals. ASB should provide Safety, Security, and Emergency Preparedness Branch (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><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> <li>* ASB reviewed State HRS/HAR guidelines regarding inventory and had discussions with the State Procurement Office to verify their understanding of the law. A preliminary team of ASB, CABM, and UST staff was gathered to discuss the issues.</li> <li>* SSEPB continues to 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.</li> <li>* Meetings have been held regarding site vulnerability. Topics discussed: Location, and design of security fences to reduce/prevent climbing over to enter facilities. Site vulnerability assessments and workshops/training relating to risk management are on-going to the field.</li> </ul>	(3)	<p><del>June 2017</del></p> <p>June 2019 (1st Extension)</p>	Partially Completed - Not Overdue	September 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



## Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating <sup>1</sup>	Target Date	Status of Management's Corrective Action Plan	IA ✓
<b>Fixed Assets Management Review, Issued April 2015 (continued)</b>	<b>Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch</b>			
<p><b>4. Process Inefficiencies Regarding Manual Procedures (continued)</b>  <b>Management's Corrective Action Plan Status:</b>  <u>Completed (continued)</u></p> <ul style="list-style-type: none"> <li>* Risk Management information and reminders are sent out annually on a single memo covering different subjects.</li> <li>* After discussions with DAGS Risk Management and a memo issued by the State Comptroller, it was determined that forms cannot be consolidated as requirements need to be met on both sides.</li> <li>* End of the year summary of claims and losses reported to DAGS were presented to leadership.</li> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* 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.</li> </ul>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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<sup>1</sup> See page A for definitions of Audit Ratings.



Appendix B

## 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.

	Audit Rating	Common Observations				
		Lack of Oversight & Monitoring	Lack of Policies & Procedures	Segregation of Duties	Insufficient Training	Lack of Compliance
Student Information System Post-Implementation Review	Acceptable				X	X <sup>1</sup>
Construction Process and Internal Controls Follow-Up Review	Marginal	X	X			X
Ethics Review	Marginal	X			X	X <sup>1</sup>
Equipment and Fleet Maintenance Follow-Up Review	Marginal	X				X
School Food Services Follow-Up Review	Marginal					X <sup>1</sup>
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review	Unacceptable	X <sup>1</sup>				X <sup>1</sup>
Student Assessment Administration Review - Phase II	Acceptable	X			X	
Vendor/Contract Management Review	Acceptable	X				
Hiring Practices Review	Acceptable	X <sup>1</sup>				X <sup>1</sup>
Operational Review of the Special Education Program	Marginal				X	
Procurement & Contracting Process Follow-Up Review	Marginal	X <sup>1</sup>			X	X <sup>1</sup>
Fixed Assets Management Review	Marginal	X	X		X	X
Workers' Compensation Review	Marginal	X				X <sup>1</sup>
Student Assessment Administrative Review - Phase 1	Marginal	X				
Data Access Controls Review	Marginal	X	X		X	
Equipment and Fleet Maintenance Review	Marginal	X	X			X

<sup>1</sup> Observations were at the school level (not at the state office level).





Observation Analysis of Completed Reports (continued)

Appendix B

	Audit Rating	Common Observations				
		Lack of Oversight & Monitoring	Lack of Policies & Procedures	Segregation of Duties	Insufficient Training	Lack of Compliance
Payroll Review	Marginal	X				
Leave Accounting Follow-Up Review	Unacceptable	X <sup>1</sup>	X	X	X	X <sup>1</sup>
Student Information Privacy Review	Acceptable					X <sup>1</sup>
Consolidated Report of Procurement Card (P-Card) Reviews	Unacceptable	X			X	X <sup>1</sup>
eHR Post-Implementation Review	Acceptable	X	X	X		
Data Integrity Review - Student Enrollment	Marginal	X <sup>1</sup>	X	X <sup>1</sup>	X	X <sup>1</sup>
Community School for Adults Consolidated Review Report	Not Rated	X <sup>1</sup>	X	X <sup>1</sup>	X	X <sup>1</sup>
School Food Services Review	Unacceptable	X	X	X <sup>1</sup>	X <sup>1</sup>	X <sup>1</sup>
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review	Unacceptable	X <sup>1</sup>	X	X <sup>1</sup>	X	X <sup>1</sup>
Procurement & Contracting Process Review	Marginal	X <sup>1</sup>			X	X <sup>1</sup>
Leave Data & Timekeeping Process Review	Unacceptable	X <sup>1</sup>	X	X	X	
Consolidated Report of Audits of Cancelled P-Card	Unacceptable	X			X	X <sup>1</sup>
Master Vendor Table Review	Unacceptable	X	X			X <sup>1</sup>
TOTAL: 29 Reviews Conducted to Date	8/29 Unacceptable 14/29 Marginal 5/29 Acceptable 1/29 Not Rated	25 / 29	12 / 29	7 / 29	15 / 29	20 / 29
% of TOTAL	28% Unacceptable 50% Marginal 18% Acceptable 4% Not Rated	87%	42%	25%	52%	69%

<sup>1</sup> Observations were at the school level (not at the state office level).



Audit Plan Results Summary: July 1, 2018 through March 31, 2019

Appendix C

DESCRIPTION	FY 2019												Cumulative Hours			
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget	Actual	ETC	Variance
<b>Assurance Projects (Approved)</b>																
Student Information System Post-Implementation Review	[Timeline: Jul-Aug, Completed Oct]												600	581	-	(19)
Post-Investigation - Decision Making Process Audit <sup>5</sup>	[Timeline: Jul-Aug, Scheduled]												400	163	-	(237)
Investigation Process Review - Amendment	[Timeline: Nov-Mar, Completed Mar]												-	239	25	264
Operational Audit of the Extracurricular Section	[Timeline: Sep-Dec, Completed Dec]												560	265	295	-
Leave Without Pay Audit	[Timeline: Jan-Feb, Completed Feb]												560	221	339	-
Data Access Controls Follow-Up Audit	[Timeline: Apr-May, Completed May]												460	-	460	-
School Based Reviews <sup>1, 4</sup>	[Timeline: Jul-Jun, Scheduled]												3,490	2,061	1,429	-
<b>IA Consulting, Monitoring, Fiscal Reviews &amp; Other</b>																
Monitoring Based on Management Action Plans <sup>4</sup>	[Timeline: Jul-Mar, Scheduled]												400	54	346	-
Data Mining & Baseline Monitoring Projects <sup>2, 4</sup>	[Timeline: Jul-Mar, Scheduled]												1,300	745	555	-
Internal Control & Operational Efficiency Consultation <sup>4</sup>	[Timeline: Jul-Mar, Scheduled]												780	160	620	-
Fiscal Reviews <sup>4</sup>	[Timeline: Jul-Mar, Scheduled]												800	478	322	-
Fraud & Ethics Hotline - Confidential Reporting Mechanism <sup>4, 6</sup>	[Timeline: Jul-Mar, Scheduled]												800	972	320	492
Function Administration <sup>3 4</sup>	[Timeline: Jul-Mar, Scheduled]												1,600	1,473	127	-
Risk Assessment & Audit Plan for FY 2019	[Timeline: Jan-Mar, Scheduled]												400	335	65	-
Total Hours												12,150	7,747	4,903	500	

Scheduled Timeline    
  In Process    
  Estimated Date of Completion    
  Completed – Final Results Issued

**Key:**  
 Budget - Original Approved Budget  
 Actual - Actual Hours Incurred Through March 31, 2019  
 ETC – Estimated Time to Complete  
 Variance - [(Actual + ETC) – Budget as Amended] = over / (under) budget as amended

<sup>1</sup> School Based Reviews – Student Activity Fund Audits, School Monitoring Reviews, and other.  
<sup>2</sup> Baseline Monitoring Projects – Special Project – Annual Checklist, Continuous Auditing, and other.  
<sup>3</sup> Function Administration – Personnel Staffing, Budget, Staff Meetings, Materials Preparation for Board Meetings, and Annual Audit Assistance.  
<sup>4</sup> On-going, reported quarterly  
<sup>5</sup> Project moved to the watchlist (approved on November 1, 2018 AC Mtg).  
<sup>6</sup> Overbudget of hours due to employee cross-training