



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

OFFICE OF THE SUPERINTENDENT

February 1, 2018

TO: The Honorable Nolan Kawano  
Chairperson, Audit Committee

FROM: Dr. Christina M. Kishimoto  
Superintendent

A handwritten signature in blue ink, appearing to read "CK", is placed over the name "Dr. Christina M. Kishimoto".

SUBJECT: **Presentation of the Department of Education's Internal Audit Plan -  
Quarterly Update through December 31, 2017**

1. DESCRIPTION

Presentation of the Department of Education's Internal Audit Plan - Quarterly Update through December 31, 2017.

2. PRESENTATION

Presentation of the Department of Education's Internal Audit Plan - Quarterly Update through December 31, 2017.

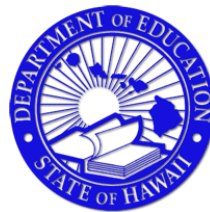
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Attachment

c: Internal Audit Office

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State of Hawaii  
**Department of Education**

INTERNAL AUDIT PLAN  
QUARTERLY UPDATE THROUGH DECEMBER 31, 2017



FOR AUDIT COMMITTEE MEETING  
February 1, 2018

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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

- Project's planning stage began in March 2017. However, due to unanticipated fiscal review requests, cross training, increased fraud & ethics hotline intakes, and participation in two unexpected arbitrations, this review was delayed and is targeted for issuance in June 2018.

#### School Food Services Follow-Up Review

- Project began in April 2017 and was completed and issued in August 2017. Per the Audit Committee's request, the report was re-issued with their recommendations in October 2017.

#### Equipment and Fleet Maintenance Follow-Up Review

- Project began in August 2017. The review is currently in the reporting stage and will be issued January 2018.

#### Ethics Review

- Project began in September 2017. The review is currently in the reporting stage and will be issued January 2018.

#### School Based Reviews

- Internal Audit (IA) performed one (1) Student Activity Fund Review and three (3) School Monitoring Reviews, and provided internal control consultation to various schools/offices during the Quarter.

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

#### 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.)



## Executive Summary (continued)

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

#### **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 revising and updating their SPs; however, OHR's SPs will not be finalized until union negotiations are complete. Currently, an internal worksite has been established on the intranet to automate the process as well as providing standardized templates. Approximately 142 SP drafts have been updated to the new intranet worksite using the new templates. Upon approval, they will be posted to the public website. As of December 2017, they have published 21 OFS SPs to the public site. Older procedures have been posted but a disclaimer has been added to indicate that items are subject to change.

#### **Fiscal Reviews**

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

#### **Baseline Monitoring Projects**

- IA performed continuous monitoring projects to identify internal control weaknesses in business function areas. This included the Annual Checklist Monitoring and the Continuous Auditing Reviews for Casual Employment, Overtime Expenditures, and Inventory.

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

- IA continued to coordinate and assist N&K CPAs with the "Annual Financial & Single Audit FYE 6/30/17."



## 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>School Food Services Follow-Up Review</b> (Issued October 2017) (Refer to Appendix A1)	Marginal	1	0	2	3	0	0	0	3	0	School Food Program Administrator
<b>Student Assessment Administration Review - Phase II</b> (Issued January 2017) (Refer to Appendix A2)	Acceptable	3	0	0	3	0	0	0	0	3	Director of OSIP
<b>Fixed Assets Management Review</b> (Issued April 2015) (Refer to Appendix A3)	Marginal	2	1	1	4	1 (1 - Partially Completed - Not Overdue)	0	0	4	0	Accounting Director & Director of SSEPB
<b>Payroll Review</b> (Issued April 2014) (Refer to Appendix A4)	Marginal	3	0	0	3	1 (1 - Partially Completed - Not Overdue)	0	0	2	1	Accounting Operations Specialist
<b>Data Integrity Review - Student Enrollment</b> (Issued April 2013) (Refer to Appendix A5)	Marginal	4	0	1	5	4 (4 - Completed)	0	0	0	5	School Process and Analysis Branch Director
<b>Leave Data &amp; Timekeeping Process Review</b> (Issued March 2010) (Refer to Appendix A6)	Unacceptable	5	0	0	5	2 (2 - Completed)	0	0	0	5	Accounting Director
<b>TOTAL</b>		18	1	4	23	8	0	0	9	14	

\* 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, 2015 through December 31, 2017)

Number of Cases Handled by Area or Office				
DOE Complex Areas	FY 2016	FY 2017	FY 2018 (Q2)	Total # of Cases
Honolulu: Kaimuki McKinley Roosevelt	8	7	8	23
Honolulu: Farrington Kaiser Kalani	4	8	4	16
Central: Aiea Moanalua Radford	6	8	2	16
Maui: Baldwin Kekaulike Maui	2	11	1	14
Hawaii: Honokaa Kealakehe Kohala Konawaena	6	8	0	14
Windward: Castle Kahuku	6	3	2	11
Maui: Hana Lahainaluna Lanai Molokai	6	3	0	9
Kauai: Kapaa Kauai Waimea	3	4	1	8
Central: Leilehua Mililani Waialua	3	0	4	7
Windward: Kailua Kalaheo	3	3	1	7
Hawaii: Hilo Waiakea	4	2	0	6
Hawaii: Kau Keaau Paho	3	2	0	5
Leeward: Nanakuli Waianae	3	2	0	5
Leeward: Pearl City Waipahu	3	2	0	5
Leeward: Campbell Kapolei	2	1	0	3
DOE Offices	FY 2016	FY 2017	FY 2018 (Q2)	Total # of Cases
Internal Audit <sup>1</sup>	6	3	7	16
Office of the Superintendent <sup>1</sup>	2	7	4	13
Office of School Facilities and Support Services	3	5	1	9
HR Investigation Unit <sup>1</sup>	1	2	3	6
Office of Curriculum, Instruction and Student Support	0	3	0	3
Office of Human Resources	2	1	0	3
Office of Information Technology Services	0	0	0	0
Other	FY 2016	FY 2017	FY 2018 (Q2)	Total # of Cases
Charter School Liaison	11	11	3	25
Minor Issues <sup>2</sup>	35	105	59	199
<b>Grand Total</b>	<b>122</b>	<b>201</b>	<b>100</b>	<b>423</b>

<sup>1</sup> Internal Audit, Office of the Superintendent, and OHR Investigation Unit handle 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.





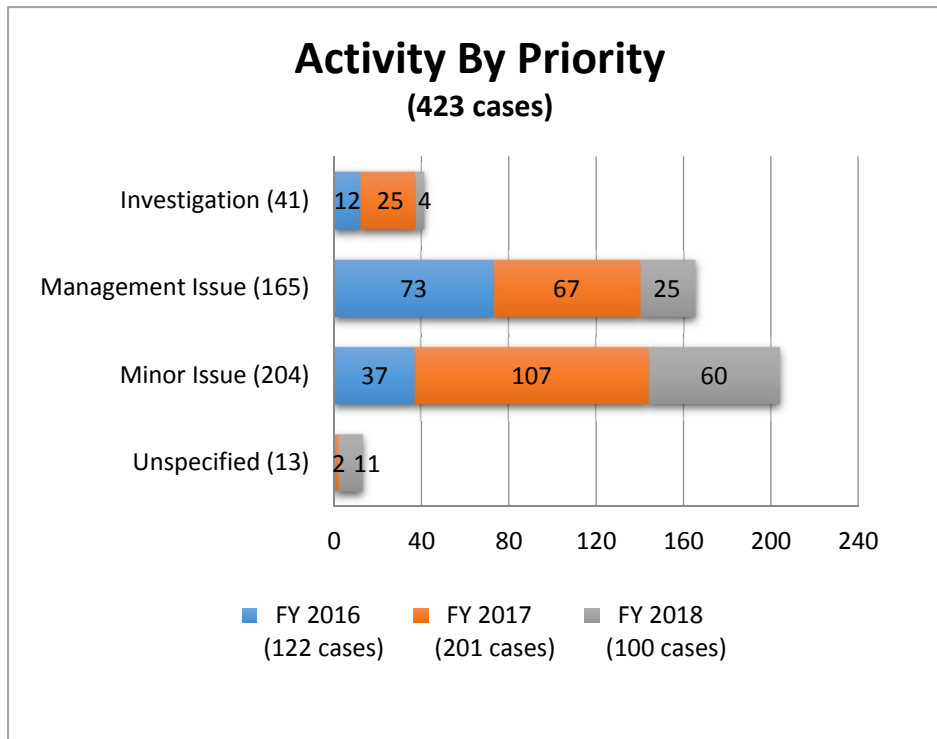
## Fraud & Ethics Hotline Summary (continued)

**Status of All Open Hotline Cases as of December 31, 2017**

Open Case	CreatedDate	Fiscal Year	Age of Case (in months)	Assigned Area	Location	CaseType	Status as of 12/31/17
1	10/18/2016	FY 2017	12 +	Internal Audit	Office	Misuse of Department Resources	Investigation Ongoing
2	4/11/2017	FY 2017	7 - 11	Charter School Liaison	School	Human Resources	Investigation Ongoing
3	4/17/2017	FY 2017	7 - 11	Windward: Castle Kahuku	School	Human Resources	Investigation Ongoing
4	4/21/2017	FY 2017	7 - 11	Civil Rights Compliance Office	School	Human Resources	Investigation Ongoing
5	4/26/2017	FY 2017	7 - 11	Civil Rights Compliance Office	School	Human Resources	Investigation Ongoing
6	5/5/2017	FY 2017	7 - 11	Honolulu: Farrington Kaiser Kalani	School	Human Resources	Investigation Ongoing
7	7/21/2017	FY 2018	3 - 6	HR Investigation Unit	Office	Human Resources	Investigation Ongoing
8	8/2/2017	FY 2018	3 - 6	HR Investigation Unit	Office	Misuse of Department Resources	Investigation Ongoing
9	8/9/2017	FY 2018	3 - 6	Honolulu: Kaimuki McKinley Roosevelt	School	Misuse of Department Resources	Investigation Ongoing
10	8/9/2017	FY 2018	3 - 6	Honolulu: Kaimuki McKinley Roosevelt	School	Human Resources	Investigation Ongoing
11	9/6/2017	FY 2018	3 - 6	Honolulu: Farrington Kaiser Kalani	School	Kickbacks/Gifts	Investigation Ongoing
12	9/6/2017	FY 2018	3 - 6	Honolulu: Farrington Kaiser Kalani	School	Human Resources	Investigation Ongoing
13 - 24	There are twelve (12) cases from FY 2018 that have been open for less than three months. These open cases are currently assigned for review or being vetted prior to 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:

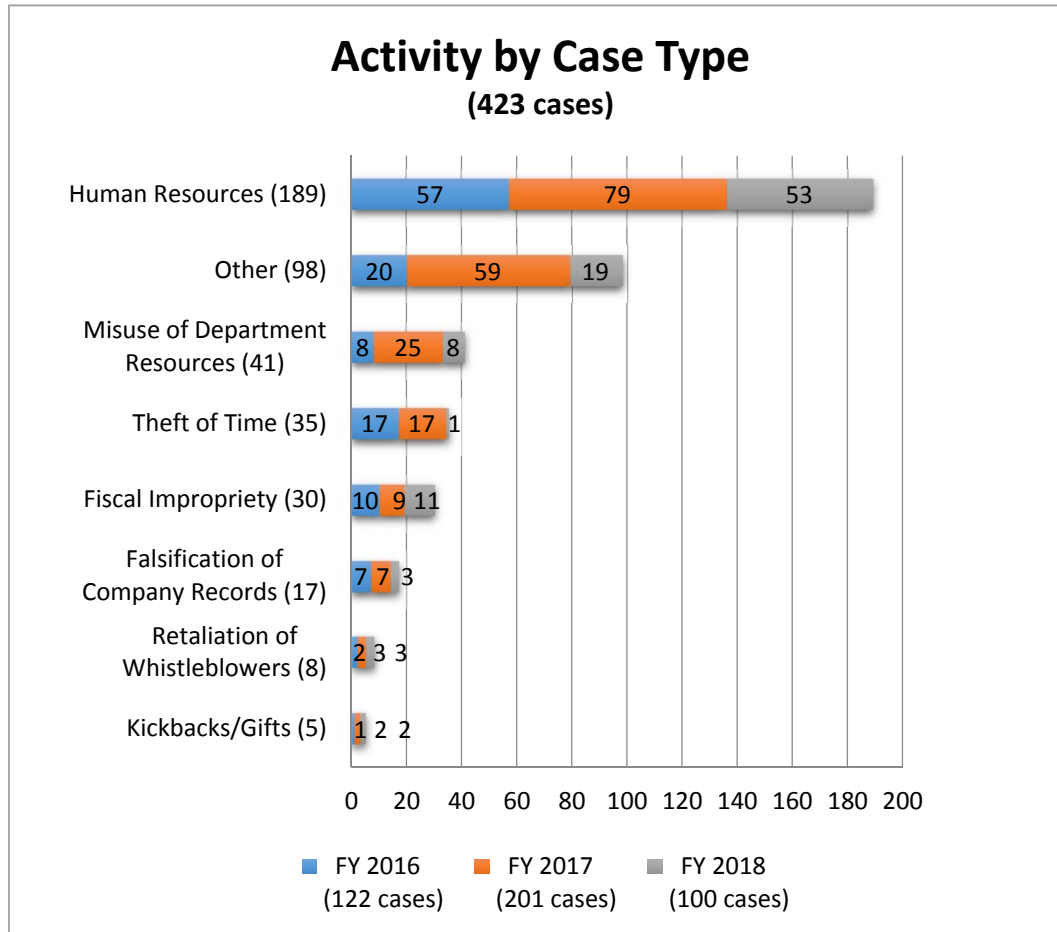
- (a) work performance issues,
- (b) other misconduct such as inappropriate behavior or undesirable behavior, or
- (c) wherever an allegation (if true) is likely to be resolved without disciplinary action.

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

# 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
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
<p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>To ensure that Management adequately addressed and resolved the audit findings that resulted from the “School Food Services Review” issued in January 2013.</li> <li>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.</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>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><b>IA Recommendations:</b> 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><b>Management's Corrective Action Plan Status:</b></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> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* Management will continue to provide annual training to all office staff who handle school food collections.</li> <li>* SFSB has completed close to 80 percent of On-Site Reviews as of January 2018. The goal is to complete the other 20 percent over the next few months. The OSR evaluates the overall condition of the cafeteria operations while providing hands-on technical assistance to SFSM on any deficiencies that are discovered during the review. Supervisors utilize the actual documents of the operations to provide technical assistance and feedback.</li> <li>* SFSB has begun reviewing the following policies: Meal Counting and claiming, Menu Planning, Meal Accountability, and Cafeteria Standard Operations. Once the policies are completed over the next couple of months, SFSB will develop training for the staff.</li> </ul>	(2)	August 2018	Partially Completed - Not Overdue	December 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>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> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* Management will continue to provide annual training to all office staff who handle school food collections.</li> <li>* SFSB has completed close to 80 percent of On-Site Reviews as of January 2018. The goal is to complete the other 20 percent over the next few months. The OSR evaluates the overall condition of the cafeteria operations while providing hands-on technical assistance to SFSM on any deficiencies that are discovered during the review. Supervisors utilize the actual documents of the operations to provide technical assistance and feedback.</li> <li>* SFSB has begun reviewing the following policies: Meal Counting and claiming, Menu Planning, Meal Accountability, and Cafeteria Standard Operations. Once the policies are completed over the next couple of months, SFSB will develop training for the staff.</li> </ul>	(2)	December 2018	Partially Completed - Not Overdue	December 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>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 will be writing an RFP for a new software system, which is schedule to be out in the summer of 2018. At this time, the RFP has been developed; however, edits need to be completed for the RFP to be ready for the summer of 2018. The RFP will include all the modules listed during the October meeting.</p>	(3)	December 2019	Partially Completed - Not Overdue	December 2017

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
Student Assessment Administration Review-Phase II (Issued January 2017)	1	Operational	Moderate	0	0	0	1
	2	Operational	Low	0	0	0	1
	3	Operational	Low	0	0	0	1

**Objectives:**

1. To obtain a general understanding of the test administration processes.
2. To review and assess the effectiveness of the test administration processes to ensure the Department has adequate internal controls in place to maintain compliance with the DOE policies and procedures, and the Federal laws and regulations.
3. To review and assess the effectiveness of the test security process and procedures to ensure adequate controls are in place to minimize the likelihood of test security incidents.
4. To review and assess the effectiveness of the procedures for test accommodations to ensure the appropriateness of the test accommodations provided, and the test accommodations are provided to students with documented needs.
5. To provide recommendations to improve the effectiveness and efficiency of the test administration 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>Student Assessment Administration Review - Phase II, Issued January 2017 (continued)</b>		<b>Director, Office of Strategy, Innovation and Performance</b>		
<p><b>2. Insufficient number of computers/devices for testing, and technical issues experienced during testing</b></p> <p><i>IA Recommendations:</i> The complex areas and schools control the procurement of computers/devices and the types of computers/devices that are purchased. Management should encourage the Complex Area Superintendents to evaluate the computers/devices used for testing, and assess whether their schools have a sufficient number of computers/devices for testing and ensure the computers/devices are upgraded timely. OSIP should ensure the schools are properly preparing, testing and troubleshooting the computers/devices prior to the testing window. OITS is available for assistance if issues with the computers/devices persist.</p> <p><i>Management's Corrective Action Plan Status:</i>  <u>Completed</u></p> <ul style="list-style-type: none"> <li>* At the February 2017 CAS meeting, OSIP encouraged the CASs to evaluate the computer/devices and the adequacy of the number of computers/devices that are available for testing.</li> <li>* OSIP reviewed the system requirements, technical specifications manual and other technology-related resources on alohahsap.org for accuracy and appropriateness.</li> <li>* Assessment Section staff monitored Help Desk logs and the TechCadre listserv throughout the testing window to identify technology issues during the administration of online assessments. During the Spring 2017 administration there were no reports of technology issues rising above Tier 2 support and requiring state level involvement. Technology coordinators were informed that the IT manager assigned to their complex area was also available to support in resolving technology-related issues.</li> <li>* Assessment Section documents, training modules, weekly newsletters, and recorded webinar meetings all service the need to prepare well in advance of online testing to ensure that hardware and software operation conforms with testing prior to the opening of a testing window. SY 2017-18 ancillary materials have been updated to include additional support to resolve technology issues. The Assessment Section's Technology Contingency Plan has been updated to clarify the support provided to a school whose technology systems do not perform to minimal expectations for statewide testing. Notably, bandwidth, internet access and equipment issues are resolved through strategic redundancy.</li> </ul>	(3)	January 2018	Completed	✓ December 2017

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
Fixed Assets Management Review (Issued April 2015)	1	Financial	High	0	0	1	0
	2	Compliance	Moderate	0	0	1	0
	3	Operational	Low	0	0	1	0
	4	Operational	Low	0	0	1	0
<b>Objectives:</b> <ol style="list-style-type: none"> <li>To obtain a general understanding of the design and operating effectiveness of the fixed assets inventory process.</li> <li>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>To determine whether fixed assets are adequately accounted for.</li> <li>To verify fixed assets exist and all assets are properly recorded in “WinFMS.”</li> <li>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><i><b>IA Recommendations:</b></i> Management should consider methods to automate fixed asset processes to help increase the accuracy of inventory records such as a bar-coded scanning process that could be integrated with the accounting system. More fixed assets training should be given to the field. Management should identify old Org IDs and clear out old/disposed fixed assets and transfer remaining fixed assets into new Org IDs. Management should periodically, on a test basis, review the items deleted off the hold file records for proper deletions, check that fixed assets are moved from the hold file into the property file, and ensure the proper disposal of fixed assets. Management should continue to send reminders throughout the year to the field for the following: timely submittal of disposal/transfer forms, move fixed assets from the hold file to the property files, decal all fixed asset items prior to distribution of the fixed asset, and update the location of the asset.</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>* 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>				

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>	(1)	<del>June 2017 (Short Term)</del>  December-2020 (Long Term)  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</b></p> <p><b>IA Recommendations:</b> 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><b>Management's Corrective Action Plan Status:</b>  <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>				

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>	(2)	<del>June 2017</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>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)	June 2017  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><b>IA Recommendations:</b></i> Management should revise and update policies to eliminate process inefficiencies with fixed asset disposals. ASB should provide Safety, Security, and Emergency Preparedness Branch (SSEP) 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 SSEP should summarize and analyze the types of fixed assets thefts and losses and customize their training to the types of losses/damage. In addition, SSEP 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><b>Management's Corrective Action Plan Status:</b></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>* SSEP 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> <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>	(3)	<p>June 2017</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.



# 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
Payroll Review (Issued April 2014)	1	Operational	High	0	0	1	0
	2	Operational	Moderate	0	0	1	0
	3	Operational	Low	0	0	0	1

**Objectives:**

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

<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>Payroll Review, Issued April 2014</b>		<b>Accounting Operations Specialist</b>		
<p><b>1. Inefficiencies and clerical errors resulting from manual processes</b></p> <p><i><b>IA Recommendations:</b></i> An integrated payroll system should be implemented to eliminate inefficiencies and clerical errors. For payroll overpayments, once an error is found, Payroll should immediately start the process to try and recover the overpayments. Management should periodically, on a test basis, check that vacation payouts are calculated accurately; check that overtime is calculated accurately; check that overtime classifications are coded properly; check that transferred employees do not receive paychecks from previous positions; and that all overtime forms are signed. Management should create policies and procedures on how to handle transferred employees. Payroll clerks should be reminded that overtime forms need to be signed by all required personnel prior to the process of overtime payments.</p> <p><i><b>Management's Corrective Action Plan Status:</b></i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* Payroll begins the overpayment recovery process as soon as possible, and as current workloads and the DAGS payroll deadlines permit.</li> <li>* The Operations staff is reviewing the vacation payout calculation by the third party contractor before paying out the vacation.</li> <li>* The Payroll Claims Supervisor is conducting periodic reviews on the accuracy of vacation payouts and overtime; and also that transferred employees do not receive paychecks from previous positions.</li> <li>* Discussion with OHR resulted in an inability to generate two (2) Form 5s for employee transfers due to limitations from OHR. However, the Payroll Claims Supervisor reminded the payroll staff to ensure proper routing of the Form 5 for an employee transfer within the DOE.</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>Payroll Review, Issued April 2014 (continued)</b>		<b>Accounting Operations Specialist</b>		
<p><b>1. Inefficiencies and clerical errors resulting from manual processes (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>* The Payroll Claims Supervisor reminded the Payroll Staff that all overtime forms (BP-2s) need to be signed by required personnel, and is doing periodic reviews.</li> <li>* Access granted for the ePCS from the Comptroller.</li> <li>* The Payroll Unit implemented a plan that migrated all 12 and 10 month employees off manual payroll cards. All Payroll Preaudit Clerks are successfully capturing payroll data on the new system and supervisors are monitoring for compliance, maintenance, and conducting continued training.</li> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* The State SURF initiative has been abandoned for a more manageable Targeted System approach. The State/DAGS Payroll system is a target system. Enterprise Technology Services (ETS) updated timeline on the Enterprise Payroll System (EPS):</li> <li>* Short-Term: ANALYSIS - Systems requirements Fit/Gap analysis (Feb 2017), DESIGN AND BUILD - system design and integration test (Sept 2017), TESTING - Gross to Net calculation, interfaces, parallel testing (Mar 2018).</li> <li>* Long-Term: GO LIVE DEPLOYMENT (July 2018).</li> <li>* Work continues on the Hawaii Pay project with 2 deployment groups for go-live for Phase 1. The first group is scheduled to go-live in April 2018 and the 2nd group will be in July 2018. DOE is scheduled to go-live with the second group. If there are any changes to the proposed go-live date, we will provide an update.</li> <li>* (Note: Effective immediately, ETS has advised all State agencies not to make any changes to current payroll processes and systems during the Analysis phase).</li> </ul>	(1)	<p style="text-align: center;"><del>December 2016</del> (Short-Term)</p> <p style="text-align: center;"><del>January 2018</del> (Long-Term)</p> <p style="text-align: center;">March 2018 (Short-Term)</p> <p style="text-align: center;">July 2018 (Long-Term) (1st Extension)</p>	Partially Completed -Not Overdue	December 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>Payroll Review, Issued April 2014 (continued)</b>		<b>Accounting Operations Specialist</b>		
<p><b>2. Lack of integration of payroll and other related systems</b></p> <p><i><b>IA Recommendations:</b></i> Management should move to an integrated system that allows payroll to be processed electronically and be able to communicate with other payroll related systems such as T&amp;A for leave absences and eHR for personnel data. Management should work with OHR to create a breakdown of what should be coded as teacher pay and what should be coded as differential pay. Payroll section should process new hire payroll as soon as they receive the Form 5. Management should investigate payroll processing delays and ensure that preventative measures are in place to mitigate the chances of the delay from reoccurring. Management should periodically, on a test basis, check that separation procedures were properly performed for separated employees. For payroll overpayments, once an error is found, Payroll should immediately start the process to try and recover the overpayments.</p> <p><i><b>Management's Corrective Action Plan Status:</b></i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* The Payroll Claims Supervisor is doing periodic reviews to ensure that a newly hired employee is paid timely and that separation procedures are properly performed for separated employees.</li> <li>* Payroll begins the overpayment recovery process as soon as possible, and as current workloads and the DAGS payroll deadlines permit.</li> <li>* With the discontinuance of SURF and system limitation of eHR, the audit recommendation of creating a breakdown for differential pay cannot be implemented. Since there are no current accounting reporting requirements and the information needs for budget purposes can be provided by eHR, our recommendation is to continue using this workaround until a system change can be implemented.</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>Payroll Review, Issued April 2014 (continued)</b>		<b>Accounting Operations Specialist</b>		
<p><b>2. Lack of integration of payroll and other related systems (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>* Access granted for the ePCS from the Comptroller.</li> <li>* The Payroll Unit implemented a plan that migrated all 12 and 10 month employees off manual payroll cards. All Payroll Preaudit Clerks are successfully capturing payroll data on the new system and supervisors are monitoring for compliance, maintenance, and conducting continued training.</li> </ul> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> <li>* The State SURF initiative has been abandoned for a more manageable Targeted System approach. The State/DAGS Payroll system is a target system. Enterprise Technology Services (ETS) updated timeline on the Enterprise Payroll System (EPS):</li> <li>* Short-Term: ANALYSIS - Systems requirements Fit/Gap analysis (Feb 2017), DESIGN AND BUILD - system design and integration test (Sept 2017), TESTING - Gross to Net calculation, interfaces, parallel testing (Mar 2018).</li> <li>* Long-Term: GO LIVE DEPLOYMENT (July 2018).</li> <li>* Work continues on the Hawaii Pay project with 2 deployment groups for go-live for Phase 1. The first group is scheduled to go-live in April 2018 and the 2nd group will be in July 2018. DOE is scheduled to go-live with the second group. If there are any changes to the proposed go-live date, we will provide an update.</li> <li>* (Note: Effective immediately, ETS has advised all State agencies not to make any changes to current payroll processes and systems during the Analysis phase).</li> </ul>	(2)	<p><del>December 2016</del> (Short-Term)</p> <p>January 2018 (Long-Term)</p> <p>March 2018 (Short-Term)</p> <p>July 2018 (Long-Term) (1st Extension)</p>	Partially Completed -Not Overdue	December 2017

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
Data Integrity Review – Student Enrollment (Issued April 2013)	1	Operational	High	0	0	0	1
	2	Operational	High	0	0	0	1
	3	Operational	High	0	0	0	1
	4	Compliance	High	0	0	0	1
	5	Operational	Low	0	0	0	1

**Objectives:**

1. To review, evaluate, and test the design and operating effectiveness of the DOE’s Student Enrollment and Withdrawal process at the DOE schools.
2. To ensure that DOE schools are in compliance with the Student Enrollment and Withdrawal policies and procedures:
  - a. Ensure that enrollment and withdrawal forms are properly completed and retained.
  - b. Ensure that student information is properly recorded into the student information system.
  - c. Ensure that information for student enrollment and withdrawals are entered timely into the student information system.
3. To evaluate the controls in place to determine the accountability measure of ensuring that student enrollment data is valid and reliable.
4. To determine if Student Enrollment and Withdrawal policies and procedures have been updated and communicated to the field.
5. To provide recommendations to improve and enhance the effectiveness and efficiency of the Student Enrollment and Withdrawal processes.

<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>Data Integrity Review - Student Enrollment, Issued April 2013</b>		School Process and Analysis Branch Director		
<p><b>2. Lack of current and comprehensive Student Enrollment and Withdrawal policies and</b></p> <p><i>IA Recommendations:</i> Management may consider: updating and standardizing policies, procedures and forms for both student enrollment/withdrawal and proof of residency, centrally locating the policies, procedures and forms so they are accessible by all, training given to the field, periodically revisit and update policies and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools.</p> <p><i>Management's Corrective Action Plan Status:</i>  <u>Completed</u></p> <ul style="list-style-type: none"> <li>* The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff.</li> <li>* A DOE memo, "Proof of Residence Required for Enrollment" has been distributed.</li> <li>* The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff.</li> <li>* A new standardized release form has been developed and was tested in eSIS.</li> <li>* Student Withdrawal Form (Certificate of Release) cannot be revised at this time due to conflicted with Hawaii State law and Federal FERPA laws.</li> <li>* As part of the implementation of the new SIS, training was conducted to school office staff statewide that included how to enroll and withdraw students under various scenarios. Resource Teachers and USTs are part of the CSD workflow to help users trouble shoot and resolve issues.</li> <li>* Learning guides and other training materials are posted on the IC's Campus Community website and the DOE's Intranet website. Other references, such as the Reference Guide for Registrars and Clerks and Geographic Exception materials are posted on the SPAS intranet webpage.</li> <li>* The Enrollment and Withdrawal Process and Procedures Manual is finalized and posted on the DOE's Intranet website.</li> </ul>	(1)	<p>June 2015</p> <p>April 2016</p> <p>Oct 2017 (2nd Extension)</p>	Completed	<p>✓</p> <p>December 2017</p>

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>Data Integrity Review - Student Enrollment, Issued April 2013 (continued)</b>		School Process and Analysis Branch Director		
<p><b>3. Insufficient controls in the Student Enrollment and Withdrawal process</b></p> <p><i>IA Recommendations:</i> Management may consider: updating and standardizing policies, procedures, and forms to cover the entire process and address control weaknesses, centrally locating them, training given to the field, periodically revisit and update polices and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools, develop a comprehensive definition of "enrollment," creating a training module in the SASA Academy, creating policies and procedures for segregation of duties and reviews conducted by DOE School Administrator.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff.</li> <li>* Defined the following terms: "enrollment"; "Enrollment means a student has met all of the department's requirements for entrance and is formally placed on a school's roll."</li> <li>* The new SIS may include some centralized monitoring functions to provide periodic spot checking for accuracy.</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>Data Integrity Review - Student Enrollment, Issued April 2013 (continued)</b>		School Process and Analysis Branch Director		
<p><b>3. Insufficient controls in the Student Enrollment and Withdrawal process (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>* A new standardized release form has been developed and was tested in eSIS.</li> <li>* Student Withdrawal Form (Certificate of Release) cannot be revised at this time due to conflicted with Hawaii State law and Federal FERPA laws.</li> <li>* Memo was issued to address principal monitoring duties regarding enrollment, withdrawal, "No Show", attendance procedures and segregation of duties so that periodic monitoring is conducted.</li> <li>* As part of the implementation of the new SIS, training was conducted to school office staff statewide that included how to enroll and withdraw students under various scenarios. Resource Teachers and USTs are part of the CSD workflow to help users trouble shoot and resolve issues.</li> <li>* Learning guides and other training materials are posted on the IC's Campus Community website and the DOE's Intranet website. Other references, such as the Reference Guide for Registrars and Clerks and Geographic Exception materials are posted on the SPAS intranet webpage.</li> <li>* The Enrollment and Withdrawal Process and Procedures Manual is finalized and posted on the DOE's Intranet website.</li> </ul>	(1)	<p>June 2015</p> <p>April 2016</p> <p>Oct 2017 (2nd Extension)</p>	Completed	<p>✓</p> <p>December 2017</p>

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>Data Integrity Review - Student Enrollment, Issued April 2013 (continued)</b>		School Process and Analysis Branch Director		
<p><b>4. Procedures not performed at the DOE school level and required forms and supporting documentation are not completed and/or retained</b></p> <p><i>IA Recommendations:</i> Management may consider: mandatory training required for all staff handling these functions, a training module included in the SASA Academy, periodic spot checks by someone outside the schools, performance evaluations related to student enrollment/withdrawal functions, overpaid funds are taken away during the second and third counts, reviews performed by schools Administrators to ensure forms are properly completed and attendance is properly taken, and revising and updating policies and procedures for proof of residency, geographic exceptions, and transfers.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* A DOE memo, "Proof of Residence Required for Enrollment" has been distributed.</li> <li>* The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff.</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>Data Integrity Review - Student Enrollment, Issued April 2013 (continued)</b>		School Process and Analysis Branch Director		
<p><b>4. Procedures not performed at the DOE school level and 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>* Based on discussions with OHR, performance evaluations are not feasible at this time due to negotiations with the Union.</li> <li>* Committee on Student Weights has not approved the taking away overpaid funding.</li> <li>* Memo was issued to address principal monitoring duties regarding enrollment, withdrawal, "No Show", attendance procedures and segregation of duties so that periodic monitoring is conducted.</li> <li>* As part of the implementation of the new SIS, training was conducted to school office staff statewide that included how to enroll and withdraw students under various scenarios. Resource Teachers and USTs are part of the CSD workflow to help users trouble shoot and resolve issues.</li> <li>* Learning guides and other training materials are posted on the IC's Campus Community website and the DOE's Intranet website. Other references, such as the Reference Guide for Registrars and Clerks and Geographic Exception materials are posted on the SPAS intranet webpage.</li> <li>* The Enrollment and Withdrawal Process and Procedures Manual is finalized and posted on the DOE's Intranet website.</li> </ul>	(1)	June 2015  April 2016  Oct 2017 (2nd Extension)	Completed	✓  December 2017

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 A6

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING <sup>1</sup> OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED – NOT OVERDUE	COMPLETED
Leave Data & Timekeeping Process Review (Issued March 2010)	1	Operational	High	0	0	0	1
	2	Operational	Moderate	0	0	0	1
	3	Operational	Moderate	0	0	0	1
	4	Operational	High	0	0	0	1
	5	Operational	Moderate	0	0	0	1

**Objectives:**

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

<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>Leave Data &amp; Timekeeping Process Review, Issued March 2010 (continued)</b>				<b>Accounting Director</b>
<p><b>5. Timekeeping system (T&amp;A) not meeting certain business objectives</b></p> <p><b>IA Recommendations:</b> Develop proper controls to prevent issues related to a lack of system controls and improper segregation of duties. If proper controls cannot be implemented due to system limitations, then these limitations should be communicated to the field so errors can be avoided. A review of T&amp;A's programmed calculations should be performed immediately to ensure that any other issues regarding miscalculations or misalignments with BU rules are addressed.</p> <p><b>Management's Corrective Action Plan Status:</b></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> <li>* Due to system limitations, the suggested controls cannot be implemented until a new system is in place. In the meantime, OITS has created and posted a leave calendar tool for proration of yearly accruals on the T&amp;A website and management has also posted a "Timekeeper Checklist" and the SASA Academy course 4, Human Resources Module 11 which includes leave policies and procedures regarding accruals.</li> <li>* The Enterprise Payroll and Time &amp; Attendance Modernization (HawaiiPay) project is led by the Department of Accounting and General Services (DAGS) Accounting Division in partnership with the Office of Enterprise Technology Services. The project is being implemented in two phases: 1) Payroll - is currently being developed and is anticipated to roll out in July 2018 and then 2) Time &amp; Attendance which is anticipated to launch in 2019.</li> </ul>	(2)	New Leave System: 2014  Dec 2017 (2nd Extension)	Completed	✓  December 2017

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



# Observation Analysis of Completed Reports

## Appendix B

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
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
Payroll Review	Marginal	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
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: 25 Reviews Conducted to Date	8/25 Unacceptable 11/25 Marginal 5/25 Acceptable 1/25 Not Rated	22 / 25	11 / 25	7 / 25	14 / 25	17 / 25
% of TOTAL	32% Unacceptable 44% Marginal 20% Acceptable 4% Not Rated	88%	44%	28%	56%	68%

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



# Audit Plan Results Summary: July 1, 2017 through December 31, 2017 Appendix C

DESCRIPTION	FY 2018												Cumulative Hours			
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget	Actual	ETC	Variance
<b>Assurance Projects (Approved)</b>																
Investigation Process Review	[In Process]												650	368	282	-
School Food Services Follow-Up Review	[Completed]												400	424	-	24
Ethics Review	[In Process]												480	377	103	-
Equipment and Fleet Maintenance Follow-Up Review	[In Process]												350	320	30	-
Capital Construction Oversight and Management Implementation Follow-Up	[Scheduled]												560	-	560	-
Student Information System Post-Implementation Review / Data Integrity Follow-Up Review - Student Enrollment	[Scheduled]												600	-	600	-
School Based Reviews <sup>1, 4</sup>	[Scheduled]												4,160	1,641	2,519	-
<b>IA Consulting, Monitoring, Fiscal Reviews &amp; Other</b>																
Monitoring Based on Management Action Plans <sup>4</sup>	[Scheduled]												200	40	160	-
Data Mining & Baseline Monitoring Projects <sup>2, 4</sup>	[Scheduled]												1,300	765	535	-
Internal Control & Operational Efficiency Consultation <sup>4</sup>	[Scheduled]												300	26	274	-
Fiscal Reviews <sup>4</sup>	[Scheduled]												800	83	717	-
Fraud & Ethics Hotline - Confidential Reporting Mechanism <sup>4</sup>	[Scheduled]												800	519	281	-
Function Administration <sup>3, 4</sup>	[Scheduled]												1,600	1,073	527	-
Risk Assessment & Audit Plan for FY 2018	[Scheduled]												400	-	400	-
Total Hours												12,600	5,636	6,988	24	

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

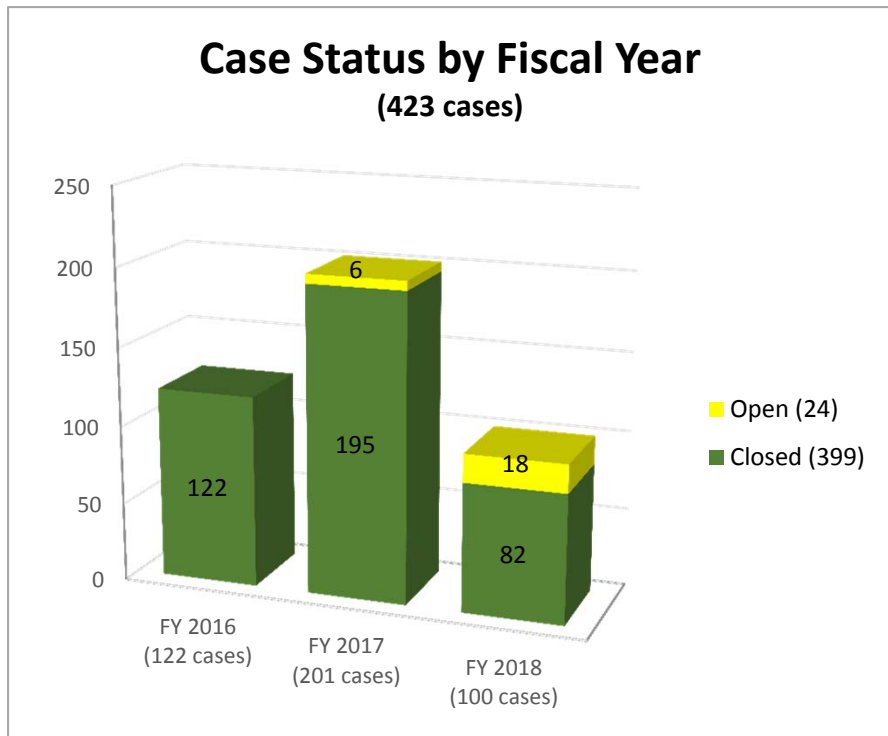
**Key:**  
 Budget - Original Approved Budget  
 Actual - Actual Hours Incurred Through December 31, 2017  
 ETC – Estimated Time to Complete  
 Variance - [(Actual + ETC) – Budget as Amended] = over / (under) budget as amended

<sup>1</sup> School Based Reviews – Student Activity Fund Audits, School Monitoring Reviews, and other.  
<sup>2</sup> Baseline Monitoring Projects – Special Project – Cancelled Check Validating Review, 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



# Fraud & Ethics Hotline Summary

Hotline Cases for the Three Most Current Fiscal Years (July 1, 2015 through December 31, 2017)



### Case Status

- A total of 423 cases were received during the three most current fiscal years.
  - 399 cases are closed, and 24 are open.
- Summary of Cases by Fiscal Year (FY):
  - 6 of the 201 cases from FY 2017 are still in progress.
  - 18 of the 100 cases from FY 2018 are still in progress.

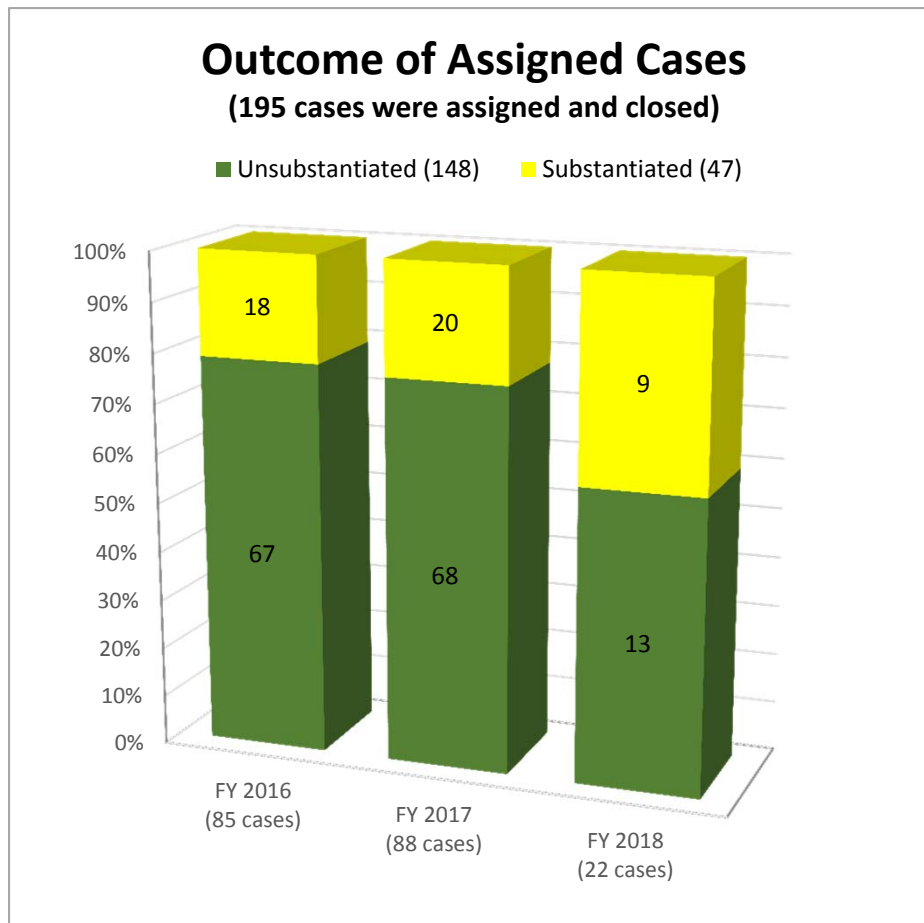
### Outstanding Cases from Prior Years (not shown in chart)

- There are no outstanding cases from prior years.



## Fraud & Ethics Hotline Summary (continued)

## Appendix D



### Closed Cases

- 399 cases were closed during the period. 204 cases were closed as minor issues and 195 cases were assigned for formal case review prior to closure.
- Of those assigned cases, 47 were substantiated and 148 were unsubstantiated.
- The primary issues in the substantiated cases were Human Resource issues (17 cases) followed by Theft of Time (8 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.

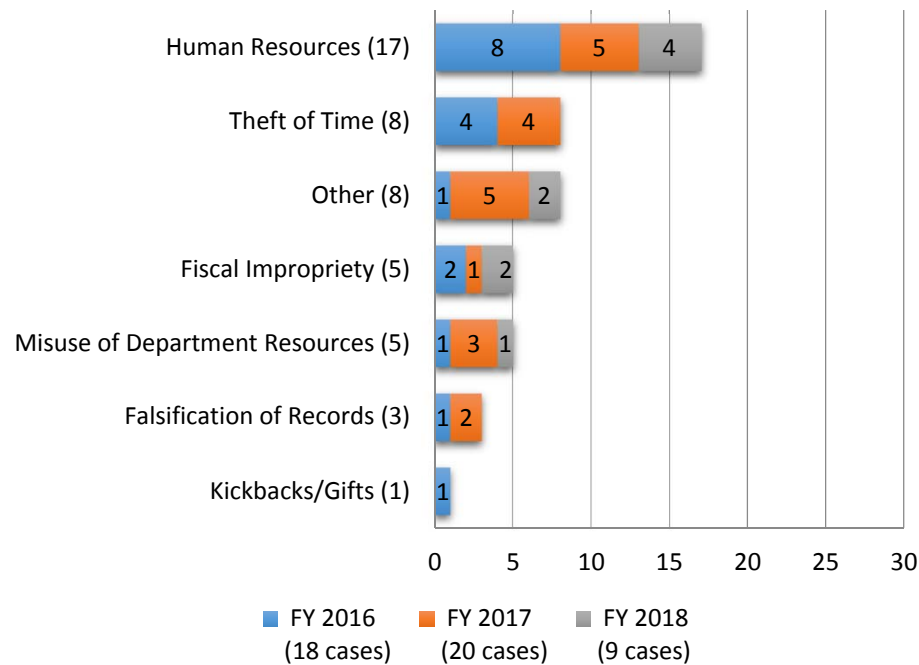


# Fraud & Ethics Hotline Summary (continued)

Appendix D

## Case Types of Substantiated Cases

(47 cases)



## Disposition of Substantiated Cases

(47 cases)

