



STATE OF HAWAII
DEPARTMENT OF EDUCATION
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OFFICE OF THE SUPERINTENDENT

February 7, 2017

TO: The Honorable Lance A. Mizumoto
Chairperson, Audit Committee

FROM: 
Kathryn S. Matayoshi
Superintendent

SUBJECT: **Presentation of the Department of Education's Internal Audit Plan -
Quarterly Update through December 31, 2016**

1. DESCRIPTION

Presentation of the Department of Education's Internal Audit Plan - Quarterly Update through December 31, 2016.

2. PRESENTATION

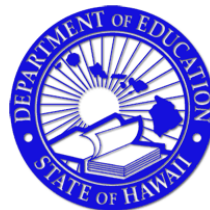
Presentation of the Department of Education's Internal Audit Plan - Quarterly Update through December 31, 2016.

KSM:DY:jy
Attachment

c: Internal Audit Office

State of Hawaii
Department of Education

INTERNAL AUDIT PLAN
QUARTERLY UPDATE THROUGH DECEMBER 31, 2016



FOR AUDIT COMMITTEE MEETING
February 7, 2016

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:

Vendor/Contract Management Review

- Review began in April 2016 and was completed and issued in September 2016. Per the Audit Committee's request, the report was re-issued with their recommendations in November 2016.

Student Assessment Administration Review - Phase II

- Review began in August 2016. The review is currently in the reporting stage and will be issued January 2017.

Casual Hire & Payroll Processes Follow-Up Review

- Review began in September 2016. The review is currently in the reporting stage and will be issued January 2017.

Baseline Assurance Projects

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



Executive Summary (continued)

Consulting, 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.)

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 to automate the process as well as providing standardized templates and a user guide. Once the user guide is complete, the worksite will be available to offices to allow them to track the status of the various SPs.

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.

Fiscal Reviews

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

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 6/30/16"



Management Action Item Dashboard Summary

¹ Audit Rating Definitions:

- Acceptable – No significant deficiencies exist, while improvement continues to be appropriate; controls are considered adequate and findings are not significant to the overall unit/department.
- Marginal – Potential for loss to the auditable unit/department and ultimately to the DOE. Indicates a number of observations, more serious in nature related to the control environment. Some improvement is needed to bring the unit to an acceptable status, but if weaknesses continue without attention, it could lead to further deterioration of the rating to an unacceptable status.
- Unacceptable – Significant deficiencies exist which could lead to material financial loss to the auditable unit/department and potentially to the DOE. Corrective action should be a high priority of management and may require significant amounts of time and resources to implement.

² COSO (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.

³ Completion Status Definitions:

- Completed– Audit finding was resolved as stated by management.
- Partially Completed –Audit finding was partially resolved as stated by management.
- Outstanding – Not Overdue – Audit finding has not been resolved but has not passed management's target date.
- Outstanding – Overdue - Audit finding has not been resolved and has passed management's target date.



Management Action Item Dashboard Summary (continued)

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

Audit	Audit Rating ¹	COSO Category ²				No. of Findings Ranked "High" Requiring Immediate Management Attention	Completion Status ³				Contact
		Operational Findings	Financial Findings	Compliance Findings	Total Findings		Outstanding - Overdue	Outstanding - Not Overdue	Partially Completed - Not Overdue	Completed	
Vendor/Contract Management Review (Issued September 2016) <i>(Refer to Appendix A1)</i>	Acceptable	3	0	0	3	0	0	0	2	1	Director of PBC & Acting Director of DGA
Hiring Practices Review (Issued September 2016) <i>(Refer to Appendix A2)</i>	Acceptable	1	0	2	3	1 (1 - Partially Completed - Not Overdue)	0	0	2	1	Director of Personnel Management Branch
Procurement & Contracting Process Follow-Up Review (Issued October 2015) <i>(Refer to Appendix A3)</i>	Marginal	1	0	3	4	1 (1 - Partially Completed - Not Overdue)	0	0	3	1	Accounting Director, Director of PBC & Personnel Specialist of RTS
Fixed Assets Management Review (Issued April 2015) <i>(Refer to Appendix A4)</i>	Marginal	2	1	1	4	1 (1 - Partially Completed - Not Overdue)	0	0	4	0	Accounting Director & Director of SSEPB
Payroll Review (Issued April 2014) <i>(Refer to Appendix A5)</i>	Marginal	3	0	0	3	1 (1 - Partially Completed - Not Overdue)	0	0	2	1	Accounting Operations Specialist
Leave Accounting Follow-Up Review (Issued January 2014) <i>(Refer to Appendix A6)</i>	Unacceptable	4	0	0	4	3 (1 - Completed) (2 - Partially Completed - Not Overdue)	3 (3rd Extension Request - pending AC approval)	0	0	1	OHR Personnel Specialist & OFS Accounting Operations Specialist
Data Integrity Review - Student Enrollment (Issued April 2013) <i>(Refer to Appendix A7)</i>	Marginal	4	0	1	5	4 (1 - Completed) (3 - Partially Completed - Not Overdue)	0	0	3	2	School Process and Analysis Branch Director
Leave Data & Timekeeping Process Review (Issued March 2010) <i>(Refer to Appendix A8)</i>	Unacceptable	5	0	0	5	2 (2 - Completed)	0	0	1	4	Accounting Director
TOTAL		23	1	7	31	13	3	0	17	11	

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



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
Vendor/Contract Management Review	Acceptable	X				
Hiring Practices Review	Acceptable	X ¹				X ¹
Operational Review of the Special Education Program	Marginal				X	
Procurement & Contracting Process Follow-Up Review	Marginal	X ¹			X	X ¹
Fixed Assets Management Review	Marginal	X	X		X	X
Workers' Compensation Review	Marginal	X				X ¹
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				
Leave Accounting Follow-Up Review	Unacceptable	X ¹	X	X	X	X ¹
Student Information Privacy Review	Acceptable					X ¹

¹ Observations were at the school level (not at the state office level).



Observation Analysis of Completed Reports (continued)

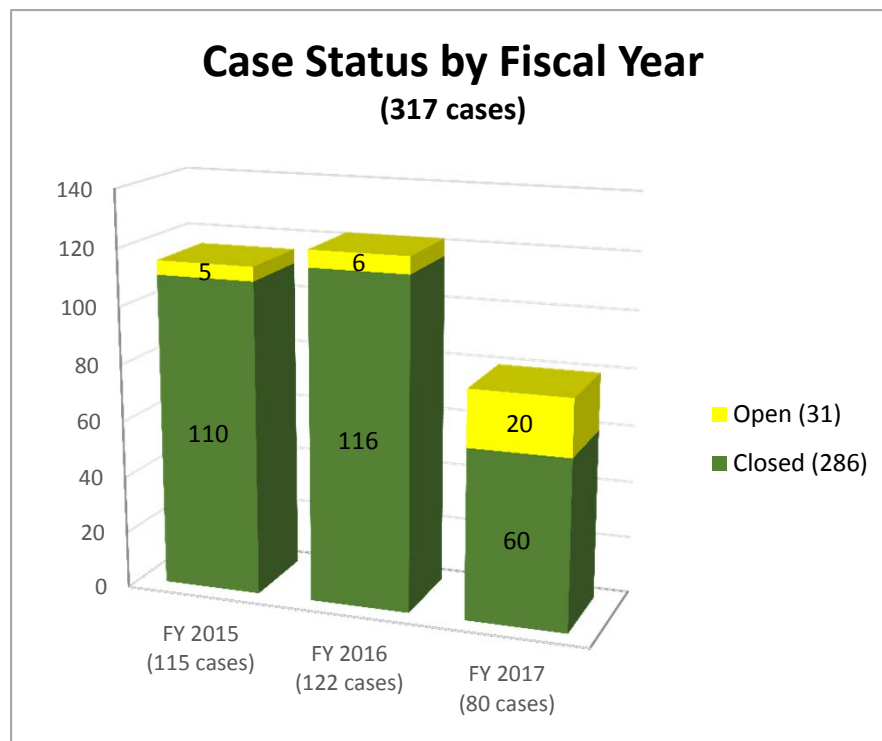
	Audit Rating	Common Observations				
		Lack of Oversight & Monitoring	Lack of Policies & Procedures	Segregation of Duties	Insufficient Training	Lack of Compliance
Consolidated Report of Procurement Card (P-Card) Reviews	Unacceptable	X			X	X ¹
eHR Post-Implementation Review	Acceptable	X	X	X		
Data Integrity Review - Student Enrollment	Marginal	X ¹	X	X ¹	X	X ¹
Community School for Adults Consolidated Review Report	Not Rated	X ¹	X	X ¹	X	X ¹
School Food Services Review	Unacceptable	X	X	X ¹	X ¹	X ¹
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review	Unacceptable	X ¹	X	X ¹	X	X ¹
Procurement & Contracting Process Review	Marginal	X ¹			X	X ¹
Leave Data & Timekeeping Process Review	Unacceptable	X ¹	X	X	X	
Consolidated Report of Audits of Cancelled P-Card	Unacceptable	X			X	X ¹
Master Vendor Table Review	Unacceptable	X	X			X ¹
TOTAL: 22 Reviews Conducted to Date	7/22 Unacceptable 10/22 Marginal 4/22 Acceptable 1/22 Not Rated	20 / 22	11 / 22	7 / 22	13 / 22	15 / 22
% of TOTAL	32% Unacceptable 45% Marginal 18% Acceptable 5% Not Rated	91%	50%	32%	59%	68%

¹ Observations were at the school level (not at the state office level).



Fraud & Ethics Hotline Summary

Hotline Cases for the Three Most Current Fiscal Years (July 1, 2014 through December 31, 2016)



Case Status

- A total of 317 cases were received during the three most current fiscal years.
 - 286 cases are closed, and 31 are open.
- Summary of Cases by Fiscal Year (FY):
 - 5 of the 115 cases from FY 2015 are still in progress.
 - 6 of the 122 cases from FY 2016 are still in progress.
 - 20 of the 80 cases from FY 2017 are still in progress.

Outstanding Cases from Prior Years (not shown in chart)

- There are also 2 cases from FY 2014 still in progress. The result is a grand total of 33 open cases for the hotline.



Fraud & Ethics Hotline Summary (continued)

Number of Cases Handled by Area or Office				
DOE Complex Areas	FY 2015	FY 2016	FY 2017 (Q2)	Total # of Cases
Honolulu: Farrington Kaiser Kalani	13	4	0	17
Hawaii: Honokaa Kealakehe Kohala Konawaena	6	6	5	17
Maui: Baldwin Kekaulike Maui	9	2	4	15
Central: Aiea Moanalua Radford	6	6	2	14
Hawaii: Hilo Waiakea	7	5	2	14
Hawaii: Kau Keaau Pahoa	8	3	1	12
Windward: Kailua Kalaheo	4	3	4	11
Honolulu: Kaimuki McKinley Roosevelt	2	8	0	10
Maui: Hana Lahainaluna Lanai Molokai	3	6	1	10
Leeward: Campbell Kapolei	4	3	3	10
Central: Leilehua Mililani Waialua	6	3	0	9
Leeward: Pearl City Waipahu	4	3	2	9
Kauai: Kapaa Kauai Waimea	2	3	3	8
Leeward: Nanakuli Waianae	3	3	1	7
Windward: Castle Kahuku	1	6	0	7
DOE Offices	FY 2015	FY 2016	FY 2017 (Q2)	Total # of Cases
Office of the Superintendent ¹	11	2	5	18
HR Investigation Unit ¹	9	1	2	12
Internal Audit ¹	2	6	1	9
Office of School Facilities and Support Services	3	3	3	9
Office of Human Resources	3	2	0	5
Office of Curriculum, Instruction and Student Support	1	0	1	2
Office of Information Technology Services	1	0	0	1
Other	FY 2015	FY 2016	FY 2017 (Q2)	Total # of Cases
Charter School Liaison	3	11	4	18
N/A - Case Not Assigned ²	4	33	36	73
Grand Total	115	122	80	317

¹ The Office of the Superintendent, OHR Investigation Unit, and Internal Audit handle cases for various complex areas and offices.

² Cases are vetted prior to assignment. Questions, general complaints, and cases with insufficient information are not assigned for formal review or investigation. These cases are forwarded to management for assessment and discretionary action.



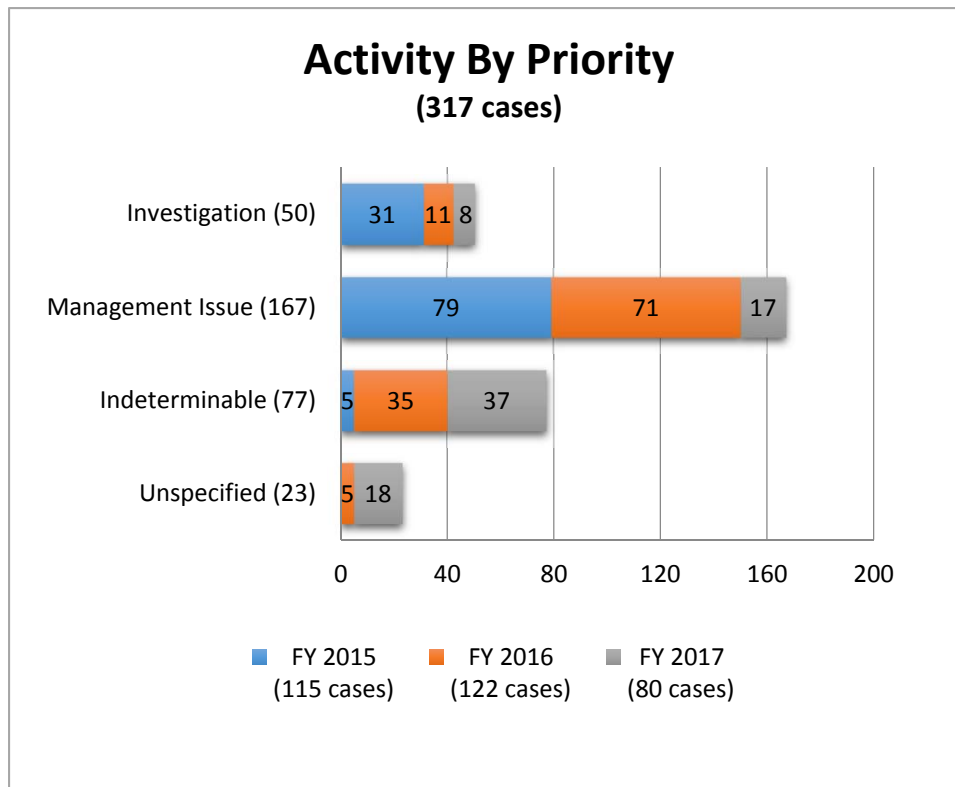
Fraud & Ethics Hotline Summary (continued)

Status of All Open Hotline Cases as of December 31, 2016

Open Case	CreatedDate	Fiscal Year	Age of Case (in months)	Assigned Area	Location	CaseType	Status as of 12/31/16
1	12/17/2013	FY 2014	24 +	HR Investigation Unit	Office	Human Resources	Investigation Ongoing
2	4/17/2014	FY 2014	24 +	HR Investigation Unit	Office	Human Resources	Investigation Ongoing
3	9/2/2014	FY 2015	24 +	HR Investigation Unit	School	Retaliation of Whistleblowers	Investigation Ongoing
4	10/16/2014	FY 2015	24 +	HR Investigation Unit	School	Human Resources	Investigation Ongoing
5	1/20/2015	FY 2015	12 +	HR Investigation Unit	School	Human Resources	Investigation Ongoing
6	1/20/2015	FY 2015	12 +	HR Investigation Unit	School	Human Resources	Investigation Ongoing
7	4/23/2015	FY 2015	12 +	HR Investigation Unit	School	Human Resources	Investigation Ongoing
8	9/28/2015	FY 2016	12 +	Public Charter School Commission	School	Other	Investigation Ongoing
9	11/19/2015	FY 2016	12 +	Kauai: Kapaa Kauai Waimea	School	Human Resources	Assigned - Status Unknown
10	4/18/2016	FY 2016	7 - 11	Kauai: Kapaa Kauai Waimea	School	Misuse of Department Resources	Assigned - Status Unknown
11	4/29/2016	FY 2016	7 - 11	Hawaii: Honokaa Kealakehe Kohala Konawaena	School	Theft of Cash	Investigation Ongoing
12	4/29/2016	FY 2016	7 - 11	Public Charter School Commission	School	Other	Investigation Ongoing
13	5/9/2016	FY 2016	7 - 11	Public Charter School Commission	School	Human Resources	Investigation Ongoing
14	7/2/2016	FY 2017	3 - 6	HR Investigation Unit	Office	Human Resources	Investigation Ongoing
15	7/15/2016	FY 2017	3 - 6	Office of the Superintendent	Office	Human Resources	Investigation Ongoing
16	7/20/2016	FY 2017	3 - 6	Public Charter School Commission	School	Misuse of Department Resources	Investigation Ongoing
17	8/10/2016	FY 2017	3 - 6	Windward: Kailua Kalaheo	School	Human Resources	Investigation Ongoing
18	8/23/2016	FY 2017	3 - 6	Leeward: Campbell Kapolei	School	Human Resources	Investigation Ongoing
19	8/24/2016	FY 2017	3 - 6	Public Charter School Commission	School	Other	Investigation Ongoing
20	8/24/2016	FY 2017	3 - 6	Office of the Superintendent	Office	Misuse of Department Resources	Investigation Ongoing
21	9/2/2016	FY 2017	3 - 6	Public Charter School Commission	School	Human Resources	Investigation Ongoing
22	9/16/2016	FY 2017	3 - 6	Windward: Kailua Kalaheo	School	Human Resources	Investigation Ongoing
23-33	There are 11 cases from FY 2017 that have been open for less than three months. These cases are currently assigned for review or being vetted prior to assignment.						



Fraud & Ethics Hotline Summary (continued)



Priority (Management Issue or Investigation)

An investigation is generally warranted for: policy and procedure violations, major misconduct such as illegal behavior or violent behavior, or wherever an allegation (if true) is likely to result in disciplinary action.

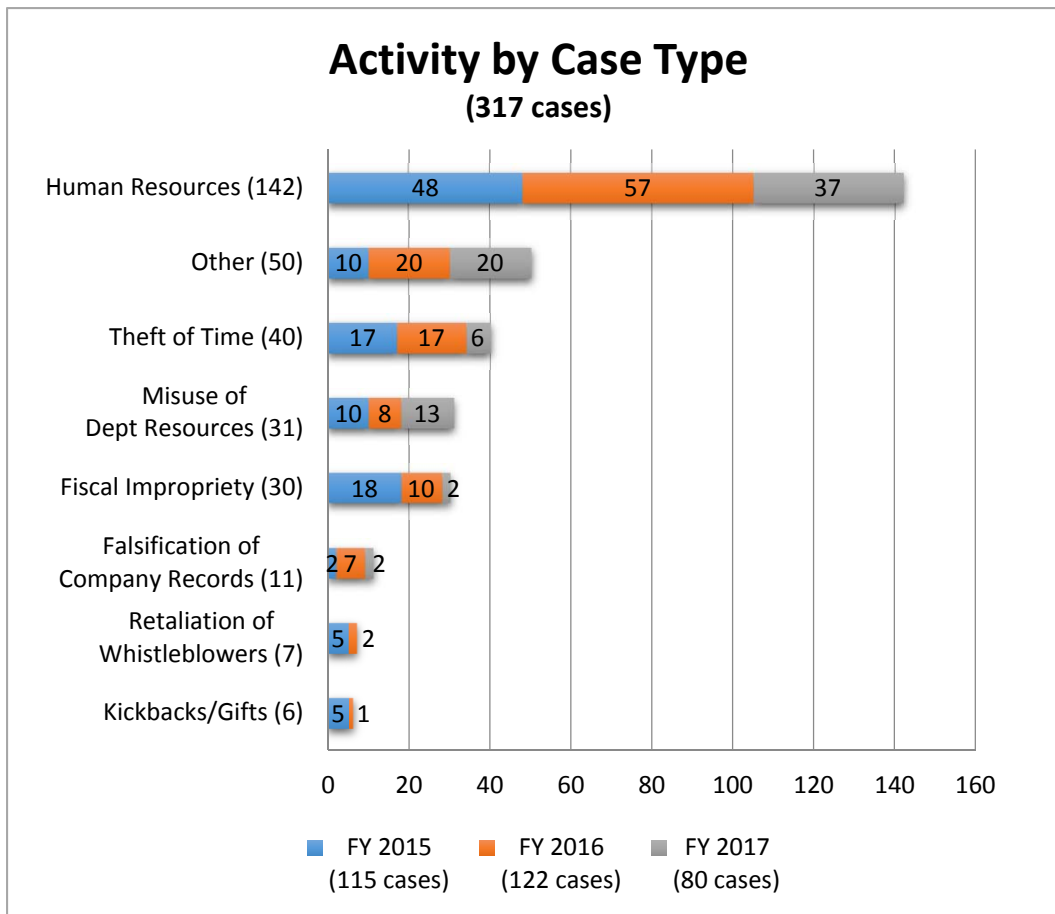
An investigation is generally not warranted for: performance issues, minor misconduct issues such as inappropriate behavior or undesirable behavior, or wherever an allegation (if true) is likely to be resolved without disciplinary action.

Indeterminable = When there is no significant or specific allegation/complaint to review. This would include questions, comments, general complaints, and cases where there is not enough information to review or investigate. These cases are not assigned for formal review or investigation.

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



Fraud & Ethics Hotline Summary (continued)

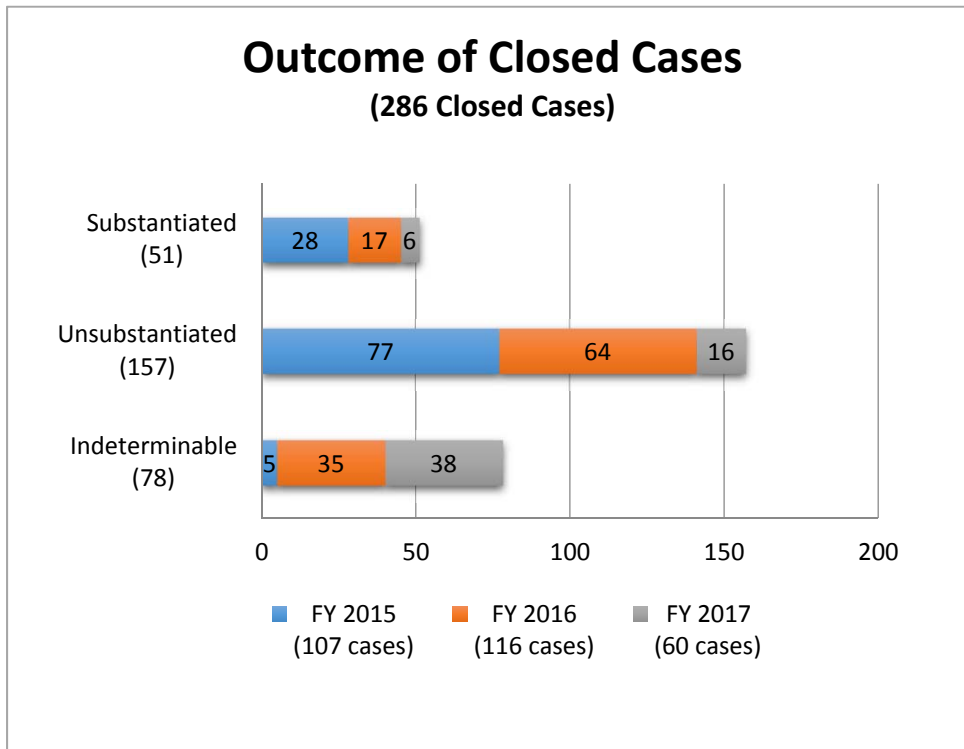


Case Type

- 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.)
- 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
- Misuse of Resources: Unauthorized or inappropriate use of DOE resources
- 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)



Closed Cases

- Of the 286 closed cases, 51 were substantiated, 157 were unsubstantiated and the remaining 78 were indeterminable.
- The primary issues in the substantiated cases were Human Resource issues (26 cases) followed by Theft of Time (8 cases). See the next page for all of the “Case Types of Substantiated Cases”

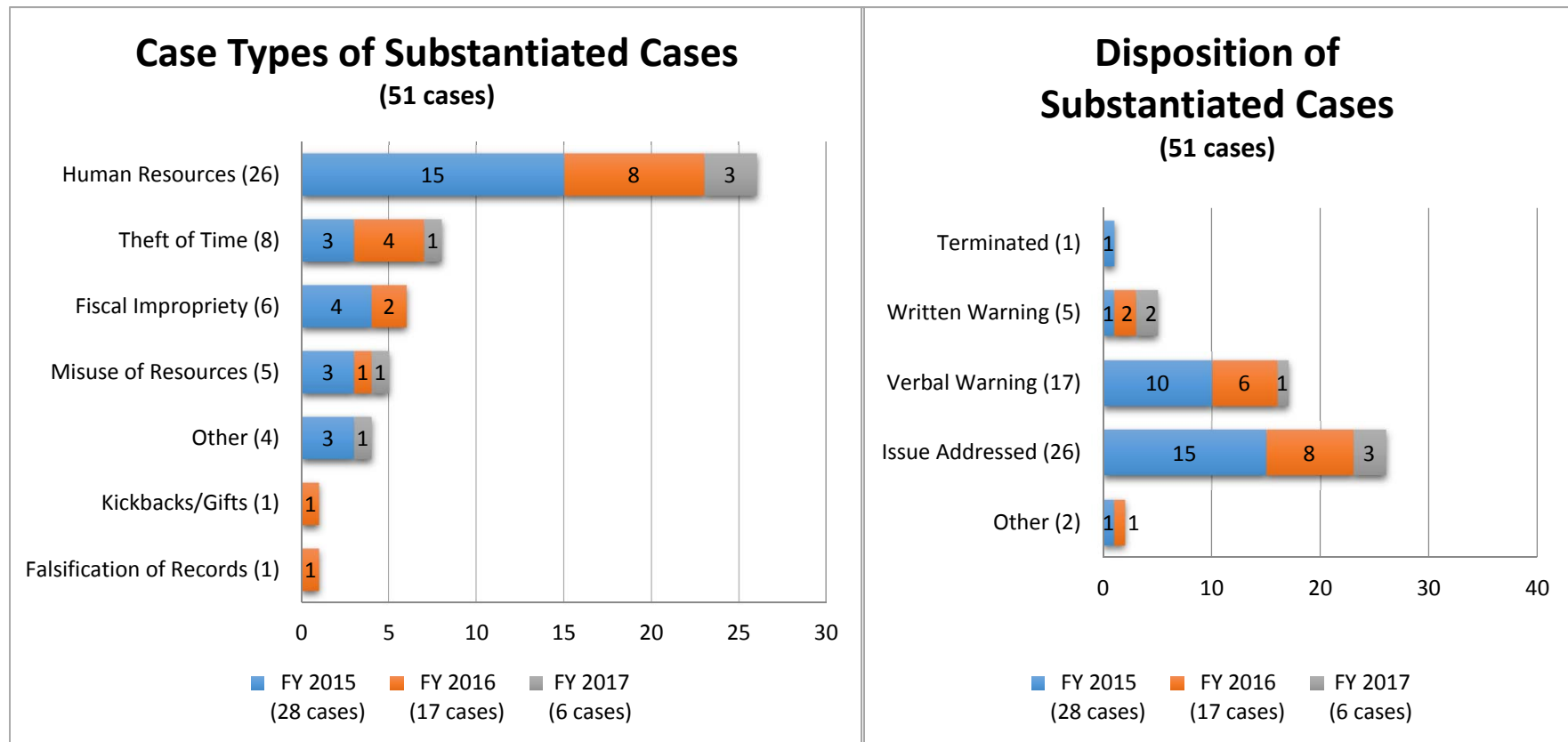
Substantiated = The allegation/complaint was determined or proven to be true.

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

Indeterminable = The case was not assigned to be substantiated or unsubstantiated (e.g. questions, comments, general complaints, or cases with insufficient information).



Fraud & Ethics Hotline Summary (continued)



Appendix



Audit Observation Rating Scale Definitions

Appendix A

High (1)	<p>1 - The impact of the finding is <i>material</i>¹ and the likelihood of loss is probable in one of the following ways:</p> <ul style="list-style-type: none">- A material misstatement of the DOE's financial statements could occur;- The DOE's business objectives, processes, financial results, or image could be materially impaired; and- The DOE may fail to comply with applicable laws, regulations, or contractual agreements, which could result in fines, sanctions, and/or liabilities that are material to the DOE's financial performance, operations, or image. <p><i>Immediate action is recommended to mitigate the DOE's exposure.</i></p>
Moderate (2)	<p>2 - The impact of the finding is <i>significant</i>¹ and the likelihood of loss is possible in one of the following ways:</p> <ul style="list-style-type: none">- A significant misstatement of the DOE's financial statements could occur;- The DOE's business objectives, processes, financial performance, or image could be notably impaired; and- The DOE may fail to comply with applicable laws, regulations, or contractual agreements, which could result in fines, sanctions and/or liabilities that are significant to the DOE's financial performance, operations, or image. <p><i>Corrective action by management should be prioritized and completed in a timely manner to mitigate any risk exposure.</i></p>
Low (3)	<p>3 - The impact of the finding is moderate and the probability of an event resulting in loss is possible.</p> <p><i>Action is recommended to limit further deterioration of controls.</i></p>

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



Management Action Item Dashboard Detail

Appendix A1

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING ¹ OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED – NOT OVERDUE	COMPLETED
Vendor/ Contract Management Review (Issued September 2016)	1	Operational	Low	0	0	0	1
	2	Operational	Low	0	0	1	0
	3	Operational	Low	0	0	1	0

Objectives:

1. To obtain a general understanding of the design and operating effectiveness of the vendor/contract management policies and processes.
2. To review, evaluate and test the adequacy of current vendor/contract management policies and processes as they relate to management’s due diligence over vendor oversight, purchasing authority, contract administration and accountability for goods and services provided.
3. To provide recommendations based on leading practices to improve the efficiency and effectiveness of vendor/contract management.

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Vendor/Contract Management Review, Issued September 2016 (continued)				
Director, Procurement & Contracts Branch				
<p>2. Need for Better Tracking and Monitoring of Contracts and Vendors</p> <p><i>IA Recommendations:</i> Consider implementing an information system to track all contract activities or adding a column in their existing tracking sheet to account for additional funds added into a contract either from a modification or supplemental agreement. Consider a requirement to have Contract Administrators keep a "Contract Administrator Monitoring Plan" along with their contract documents that includes formalities such as method of monitoring as well as timing of the monitoring. Consider creating additional guidance on what the school/office can do when they are dealing with a problem vendor.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * OFS does not have the resources available to create and implement an information system to track all contract activities, including small purchase contracts. Also, schools/offices would be impacted by an additional requirement to provide/input to the information system, all contracting activity data. * PCB has added an additional column to their tracking sheet to capture the Total Contract Value for all active/open contracts. PCB Team members have updated it with all open projects and will continue updating it as an ongoing effort. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * PCB will be updating the Procurement and Contracts Training module as well as the Guidelines for Procurement and Contracting. As part of this update the PCB Team will look at how to best incorporate additional information and/or resources to address requiring a "Contract Administrator Monitoring Plan." * PCB will be updating the Procurement and Contracts Training module as well as the Guidelines for Procurement and Contracting. As part of the update, PCB will look at how to best incorporate additional information and/or resources to address problem vendors as each situation is unique. In the meantime, PCB is available to assist with steps to resolution. 	(3)	June 2017	Partially Completed - Not Overdue	December 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Director, Procurement & Contracts Branch and Acting Director, Data Governance & Analysis Branch				
Vendor/Contract Management Review, Issued September 2016 (continued)				
3. Strengthening Controls over IT Vendors				
<p>IA Recommendations: PCB should consider requiring that the Contract Administrator ensure that an examination of an IT vendor's internal control environment, security history, legal compliance and confidentiality compliance is performed to satisfaction prior to signing any contract agreement that involves data sharing. DGA should consider working together with other offices to create a shared database to monitor third-party vendors that have access to DOE data. This database should include contractor, contract period, type of data accessed, as well as contract employees with access to data. This database should be monitored and updated with any changes to contract periods and access rights.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * PCB has revised the RFP solicitation template to include Information/Data Security and Confidentiality provision under the Offeror Qualifications section for the Offeror Proposal Content so that proposals include specific internal control, security, confidentiality compliance. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * PCB is working on implementing a process to provide the Information/Data Security and Confidentiality provision to its IFB and PS projects. * DGA has met with other offices to discuss high-level requirements for the current database (SharePoint modification) and will continue to work with the other offices to create the modifications and release it. They will also send a memo to the field regarding data sharing agreements with third-party vendors. 	(3)	June 2017	Partially Completed - Not Overdue	December 2016

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



Management Action Item Dashboard Detail

Appendix A2

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING ¹ OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING - NOT OVERDUE	PARTIALLY COMPLETED - NOT OVERDUE	COMPLETED
Hiring Practices Review (Issued September 2016)	1	Compliance	High	0	0	1	0
	2	Operational	Low	0	0	1	0
	3	Compliance	Low	0	0	0	1

Objectives:

1. To obtain a general understanding of the design and operating effectiveness of the hiring processes.
2. To review, evaluate, and test the operating effectiveness of the hiring process to ensure that the DOE has adequate internal controls in place to maintain compliance with policies and procedures and Federal and State laws and regulations to hire qualified candidates.
3. To review, evaluate, and test the operating effectiveness of the structured hiring process for reviewing applications, conducting interviews, and recommending a candidate for hire.
4. To review, evaluate, and test the operating effectiveness of procedures for appointments that bypass the structured hiring process, as well as the controls designed to ensure that a candidate meets the minimum job qualifications for the position.
5. To provide recommendations based on leading practices for improvement to enhance the effectiveness and efficiency of the hiring processes.

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Hiring Practices Review, Issued September 2016		Director, Personnel Management Branch		
<p>1. Lack of oversight and monitoring over the verification process</p> <p><i>IA Recommendations:</i> Management should provide stronger guidelines to the field to include deadlines for submissions to OHR to allow OHR enough time to verify a new hire before the planned first day of employment. Management should enforce that all applicants must go through the EBC process prior to starting work. Exceptions to this policy should be documented, and approved by Management. Violation reports should be generated to document hiring offices that allow employees to start work prior to EBC verification and reviewed by Management. Management should consider creating consequences for violations and enforcement to encourage compliance. Management should clarify “employees who work in close proximity to children” by specifically defining the positions that require an EBC.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <p>* The EBC Clerks perform the EBC check as part of their review to determine if an individual needs to undergo the EBC process and will inquire with their supervisor if it is unclear if an individual needs fingerprinting.</p>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Hiring Practices Review, Issued September 2016		Director, Personnel Management Branch		
<p>1. Lack of oversight and monitoring over the verification process (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * OHR has reviewed the Interview and Selection Instruction Sheets for Teacher, EO, and CSSP Recruitment. OHR has incorporated information on the instruction sheets regarding when the EBC process should be completed in the hiring of a new employee. OHR plans to finalize, distribute, and post these updated instructions on the intranet by January 2017. * OHR has drafted a memo to all hiring managers to inform them of the EBC requirement for all new salaried employees. The Personnel Regional Officers have been trained and are prepared to assist. OHR plans to post and issue this memo by January 2017. * Information to request an exception to the policy will be included in the memo issued to hiring managers regarding the EBC requirements. * OHR will generate an annual report that identifies which employees were allowed to work outside of the approved guidelines. OHR intends to generate the report by August 2017 after the full years data is available. * OHR will share the annual violation report with the DOE's leadership team. The respective supervisor of the hiring manager can determine if a consequence may be warranted. * The information regarding clarification on "employees who work in close proximity to children" is included in the pending memo. 	(1)	August 2017	Partially Completed - Not Overdue	December 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Hiring Practices Review, Issued September 2016 (continued)		Director, Personnel Management Branch		
<p>2. Improvements needed for vacancy recruitment for EO subs and 89-day hires</p> <p><i>IA Recommendations:</i> Management should consider revising and updating recruitment policies so that vacant EO positions are recruited more frequently. Recruitment offices should continue to actively monitor vacant positions to ensure that positions are filled in a timely manner. Management should consider developing guidance on actions to be taken on a position vacancy that has been vacant for a defined period of time. If House Bill No. 2008 is passed, Management should create policies and procedures to limit the terms of 89-day hires. Communication should be given to the field on the revised policies regarding recruitment, term limitations, actions on positions vacant for a long period of time, etc.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Management continues to actively monitor vacant positions with 89-day hires or EO subs, and checks if there is a RTF submitted or if the position is under active recruitment. * Management continues to work with hiring managers to identify reasons a position may be hard-to-fill. OHR continues to be proactive in identifying hard-to-fill classes of work that should be addressed by class-wide adjustments such as shortage differentials, etc. * House Bill 2008 was passed and became Act 246 on 7/12/16, which limits the 89-day hire terms an individual may serve in a position. A memo with new guidelines/forms was released on 7/22/16. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * OHR updated the procedures for EO subs. These procedures are similar to those in effect for 89-day hires. EO Subs will only be allowed if the position is scheduled for or is currently under active recruitment. OHR plans to issue a memo on these new procedures by January 2017. OHR will also be posting the memo and detailed instructions on the DOE intranet. 	(3)	January 2017	Partially Completed - Not Overdue	December 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Hiring Practices Review, Issued September 2016 (continued)		Director, Personnel Management Branch		
<p>3. Proper forms and supporting documents are not always kept on file</p> <p><i>IA Recommendations:</i> Management should continue to work with the union to allow EO Recruitment to implement an electronic recruitment process in eHR, thereby resulting in electronic maintenance of all records in eHR.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <p>* OHR implemented the online application process for Principal and Vice Principal Recruitment on September 1, 2016. All forms including the Request to Fill and the application for the individual are electronically maintained in eHR.</p>	(3)	November 2016	Completed	✓ December 2016

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



Management Action Item Dashboard Detail

Appendix A3

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING ¹ OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING - NOT OVERDUE	PARTIALLY COMPLETED - NOT OVERDUE	COMPLETED
Procurement & Contracting Process Follow-Up Review (Issued October 2015)	1	Compliance	High	0	0	1	0
	2	Compliance	Moderate	0	0	1	0
	3	Compliance	Moderate	0	0	1	0
	4	Operational	Moderate	0	0	0	1
Objectives: <ol style="list-style-type: none"> To ensure that Management adequately addressed and resolved the audit findings that resulted from the “<i>Procurement & Contracting Process Review</i>” issued in July 2012 and the “<i>Consolidated Report of Procurement Card (“P-Card”) Reviews</i>” issued in August 2013. To perform detailed test work to determine the operating effectiveness of the procedures put into place to remediate the P-Card findings. 							

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Procurement & Contracting Process Follow-Up Review, Issued October 2015				
Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section				
<p>1. Procurement and contracting procedures are not always performed</p> <p>IA Recommendations: P-Card holders should ensure that Purchasing Worksheets are completed timely and reviewed by the P-Card Administrator to indicate prior approval for P-Card purchases. Continuous training should be provide and continuous reminders should be sent to the field. Training should be provided to the field regarding the new version of the Purchasing Worksheet that integrates the Form 10-B. CABMs should coordinate with ASAs to perform fiscal audits. Management should require P-Card holders to submit the Purchasing Worksheet, Form 10-B, and HCE screen print, in addition to the required P-Card documents, to Vendor Payment (VP). Vendor Payment should review these documents to ensure compliance with DOE Procurement Guides. Management should consider including fiscal stewardship in personnel evaluations. Management may want to review current policies and procedures to determine its applicability and practicality so that VP can efficiently perform “after the fact” audits.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Purchasing Worksheet/10-B Training – The new forms have been implemented. * The Focus Group comprising of OFS, Office of Human Resources (OHR), and field subject matter experts. met and developed processes to address the findings. * The Procurement and Contracts Reminders for School Year 2016-2017 was sent in August 2016 to remind the field of procurement policies and procedures which includes the purchasing worksheet, Form 10-B, and HCE screen print. * Renewal of the Purchasing Card Cardholder Agreement was performed for new P-Card Agreements. P-Cards were cancelled for Cardholders who did not complete SASA Academy. 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Procurement & Contracting Process Follow-Up Review, Issued October 2015				
Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section				
<p>1. Procurement and contracting procedures are not always performed (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed (continued)</u></p> <ul style="list-style-type: none"> * The Administrator's Checklist has been revised to include monthly P-card reconciliations. CABMs are required to review the checklist to ensure that the P-card reconciliation are completed. * Vendor Payment and Procurement and Contracting Branch does not have the resources to review documents for compliance with DOE Procurement Guides. Instead, the OFS Team helps schools/ offices with their procurement and payment needs, questions, and concerns. Some schools/offices self report procurement, contracting, and policy/procedural violations via the Report of Findings and Corrective Action / Request for After the Fact Payment (Form 16). * Per OHR PDB, three distinct personnel evaluation systems would be involved but none addresses fiscal stewardship as recommended by Internal Audit. OHR's interpretation is that if a DOE employee is not following, or has violated, DOE policies and procedures, the situation should be handled as a matter of misconduct and not necessarily addressed through their performance evaluation. OFS will follow OHR's interpretation and will not take further action. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Current P-card "post-audit" procedures are being revised to utilize data from the First Hawaiian Bank (FHB) CentreSuite to facilitate random selection of transactions for post-audit. Post-audit exceptions will be noted and Vendor Payment will follow-up with cardholders for resolution. Unresolved exceptions will be escalated to Leadership for further action. Management had an in-person meeting with the CABMs on 12/1/2016 where they presented an overview of the new P-Card process and procedures. They are working on the details of the plan and process and will be meeting the CABMs on 12/28/2016 via VCC to further discuss the plan. 	(1)	August 2016 July 2017 (1st Extension)	Partially Completed - Not Overdue	December 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section				
Procurement & Contracting Process Follow-Up Review, Issued October 2015 (continued)				
<p>2. P-Card procedures are not always performed at the school/office level</p> <p>IA Recommendations: P-Card holders should ensure that only proper school/office related purchases are made using the P-Card; Purchasing Worksheets are completed timely and reviewed by the P-Card Administrator to indicate prior approval for P-Card purchases; the Statement of Account Report is reviewed, signed, and dated on a monthly basis; and that accounting codes are recorded properly for each transaction. Continuous training should be provide and continuous reminders should be sent to the field. CABMs should coordinate with ASAs to perform fiscal audits. Management should require P-Card holders to submit the Purchasing Worksheet, Form 10-B, and HCE screen print, in addition to the required P-Card documents, to Vendor Payment. Vendor Payment should review these documents to ensure compliance with DOE Procurement Guides. Management should consider including fiscal stewardship in personnel evaluations. Management may want to review current policies and procedures to determine its applicability and practicality so that Vendor Payment can efficiently perform “after the fact” audits.</p> <p>Management's Corrective Action Plan Status: <u>Completed</u></p> <ul style="list-style-type: none"> * The Focus Group comprising of OFS, Office of Human Resources (OHR), and field subject matter experts, met and developed processes to address the findings. * Vendor Payment and Procurement and Contracting Branch does not have the resources to review documents for compliance with DOE Procurement Guides. Instead, the OFS Team helps schools/ offices with their procurement and payment needs, questions, and concerns. Some schools/offices self report procurement, contracting, and policy/procedural violations via the Report of Findings and Corrective Action / Request for After the Fact Payment (Form 16). 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Procurement & Contracting Process Follow-Up Review, Issued October 2015				
Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section				
<p>2. P-Card procedures are not always performed at the school/office level (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed (continued)</u></p> <ul style="list-style-type: none"> * Renewal of the Purchasing Card Cardholder Agreement was performed for new P-Card Agreements. P-Cards were cancelled for Cardholders who did not complete SASA Academy. * The Administrator's Checklist has been revised to include monthly P-card reconciliations. CABMs are required to review the checklist to ensure that the P-card reconciliation are completed. * Per OHR PDB, three distinct personnel evaluation systems would be involved but none addresses fiscal stewardship as recommended by Internal Audit. OHR's interpretation is that if a DOE employee is not following, or has violated, DOE policies and procedures, the situation should be handled as a matter of misconduct and not necessarily addressed through their performance evaluation. OFS will follow OHR's interpretation and will not take further action. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Current P-card "post-audit" procedures are being revised to utilize data from the First Hawaiian Bank (FHB) CentreSuite to facilitate random selection of transactions for post-audit. Post-audit exceptions will be noted and Vendor Payment will follow-up with cardholders for resolution. Unresolved exceptions will be escalated to Leadership for further action. Management had an in-person meeting with the CABMs on 12/1/2016 where they presented an overview of the new P-Card process and procedures. They are working on the details of the plan and process and will be meeting the CABMs on 12/28/2016 via VCC to further discuss the plan. 	(2)	August 2016 July 2017 (1st Extension)	Partially Completed - Not Overdue	December 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section				
Procurement & Contracting Process Follow-Up Review, Issued October 2015 (continued)				
<p>3. Proper forms and supporting documents are not always submitted or kept of file</p> <p><i>IA Recommendations:</i> P-Card holders should ensure that all required P-Card documents are submitted to Vendor Payment on time on a monthly basis. Continuous training should be provide and continuous reminders should be sent to the field. CABMs should coordinate with ASAs to perform fiscal audits. For non-submittals, VP should follow up with P-Card holders on a timely basis. Management should require P-Card holders to submit the Purchasing Worksheet, Form 10-B, and HCE screen print, in addition to the required P-Card documents, to Vendor Payment. Vendor Payment should review these documents to ensure compliance with DOE Procurement Guides. Management should consider including fiscal stewardship in personnel evaluations. Management may want to review current policies and procedures to determine its applicability and practicality so that Vendor Payment can efficiently perform “after the fact” audits.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Focus Group comprising of OFS, Office of Human Resources (OHR), and field subject matter experts, met and developed processes to address the findings. * Vendor Payment and Procurement and Contracting Branch does not have the resources to review documents for compliance with DOE Procurement Guides. Instead, the OFS Team helps schools/ offices with their procurement and payment needs, questions, and concerns. Some schools/offices self report procurement, contracting, and policy/procedural violations via the Report of Findings and Corrective Action / Request for After the Fact Payment (Form 16). 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Procurement & Contracting Process Follow-Up Review, Issued October 2015 Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section				
<p>3. Proper forms and supporting documents are not always submitted or kept of file (continued) Management's Corrective Action Plan Status: <u>Completed (continued)</u></p> <ul style="list-style-type: none"> * Renewal of the Purchasing Card Cardholder Agreement was performed for new P-Card Agreements. P-Cards were cancelled for Cardholders who did not complete SASA Academy. * The Administrator's Checklist has been revised to include monthly P-card reconciliations. CABMs are required to review the checklist to ensure that the P-card reconciliation are completed. * Per OHR PDB, three distinct personnel evaluation systems would be involved but none addresses fiscal stewardship as recommended by Internal Audit. OHR's interpretation is that if a DOE employee is not following, or has violated, DOE policies and procedures, the situation should be handled as a matter of misconduct and not necessarily addressed through their performance evaluation. OFS will follow OHR's interpretation and will not take further action. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Current P-card "post-audit" procedures are being revised to utilize data from the First Hawaiian Bank (FHB) CentreSuite to facilitate random selection of transactions for post-audit. Post-audit exceptions will be noted and Vendor Payment will follow-up with cardholders for resolution. Unresolved exceptions will be escalated to Leadership for further action. Management had an in-person meeting with the CABMs on 12/1/2016 where they presented an overview of the new P-Card process and procedures. They are working on the details of the plan and process and will be meeting the CABMs on 12/28/2016 via VCC to further discuss the plan. 	(2)	August 2016 July 2017 (1st Extension)	Partially Completed - Not Overdue	December 2016

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



Management Action Item Dashboard Detail

Appendix A4

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING ¹ 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
Objectives: <ol style="list-style-type: none"> 1. To obtain a general understanding of the design and operating effectiveness of the fixed assets inventory process. 2. To review, evaluate, and test the operating effectiveness of the fixed assets inventory process to ensure key controls have been adequately put into place and are in compliance with policies and procedures. 3. To determine whether fixed assets are adequately accounted for. 4. To verify fixed assets exist and all assets are properly recorded in “WinFMS.” 5. To provide recommendations based on leading practices for improvement to enhance effectiveness and efficiency of fixed asset management. 							

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Fixed Assets Management Review, Issued April 2015		Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch		
<p>1. Inaccurate Reporting of Fixed Assets</p> <p><i>IA Recommendations:</i> Management should consider methods to automate fixed asset processes to help increase the accuracy of inventory records such as a bar-coded scanning process that could be integrated with the accounting system. More fixed assets training should be given to the field. Management should identify old Org IDs and clear out old/disposed fixed assets and transfer remaining fixed assets into new Org IDs. Management should periodically, on a test basis, review the items deleted off the hold file records for proper deletions, check that fixed assets are moved from the hold file into the property file, and ensure the proper disposal of fixed assets. Management should continue to send reminders throughout the year to the field for the following: timely submittal of disposal/transfer forms, move fixed assets from the hold file to the property files, decal all fixed asset items prior to distribution of the fixed asset, and update the location of the asset.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <p>* 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.</p>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Fixed Assets Management Review, Issued April 2015 (continued)				
Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch				
<p>1. Inaccurate Reporting of Fixed Assets (continued) Management's Corrective Action Plan Status: <u>Outstanding</u></p> <ul style="list-style-type: none"> * Short-Term: 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 with FULL field lengths. * Short-Term: 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. * Short-Term: 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. * Short-Term: Notices are sent out twice a year to remind the field to update their Fixed Assets records in a timely manner, as well as to certify their annual physical inventory reports. Reports of outstanding items will be generated and sent to respective schools/offices for follow-up. If positive responses are not received in a timely manner, assistance will be sought from the CABMs, as well as Leadership. * Long-Term: 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. 	(1)	June 2017 (Short-Term) December 2020 (Long-Term)	Partially Completed - Not Overdue	March 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Fixed Assets Management Review, Issued April 2015 (continued)		Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch		
<p>2. Procedures Not Performed at the School/Office Level</p> <p><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> <u>Completed</u></p> <ul style="list-style-type: none"> * 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. 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Fixed Assets Management Review, Issued April 2015 (continued)		Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch		
<p>2. Procedures Not Performed at the School/Office Level (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * 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 with FULL field lengths. * Notices are sent out twice a year to remind the field to update their Fixed Assets records in a timely manner, as well as to certify their annual physical inventory reports. Reports of outstanding items will be generated and sent to respective schools/offices for follow-up. If positive responses are not received in a timely manner, assistance will be sought from the CABMs, as well as Leadership. * A review will be done on current policies and procedures. All agreed upon revisions will be added to the policies and procedures manual, and communicated to the field through memos and updated SASA Academy training modules. * 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. 	(2)	June 2017	Partially Completed - Not Overdue	March 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Fixed Assets Management Review, Issued April 2015 (continued)		Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch		
<p>3. Lack of Current Fixed Assets Policies and Procedures (including Training and Guidelines)</p> <p><i>IA Recommendations:</i> Management should revise and update policies to give clarity to the inventory process. Training should be given to the field on the revised procedures and policies. Management should continuously revisit these policies and procedures for any changes or updates.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * A review will be done on current policies and procedures. All agreed upon revisions will be added to the policies and procedures manual, and communicated to the field through memos and updated SASA Academy training modules. 	(3)	June 2017	Partially Completed - Not Overdue	March 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Fixed Assets Management Review, Issued April 2015 (continued)				
Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch				
<p>4. Process Inefficiencies Regarding Manual Procedures</p> <p>IA Recommendations: Management should revise and update policies to eliminate process inefficiencies with fixed asset disposals. ASB should provide SSEPB with the annual disposal report for all schools/offices that shows all the disposals in the DOE due to theft and casualty loss in the respective fiscal year. The SSEPB should summarize and analyze the types of fixed assets thefts and losses and customize their training to the types of losses/damage. In addition, SSEPB could identify the schools/offices/locations of where the majority of these losses are occurring and continue to perform site visits to ensure that risk areas are addressed and proper safety measures such as safe locations, locks, etc. could be recommended.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * 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. * 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. * 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. * Risk Management information and reminders are sent out annually on a single memo covering different subjects. * 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. * End of the year summary of claims and losses reported to DAGS were presented to leadership. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * A review will be done on current policies and procedures. All agreed upon revisions will be added to the policies and procedures manual, and communicated to the field through memos and updated SASA Academy training modules. 	(3)	June 2017	Partially Completed - Not Overdue	September 2016

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



Management Action Item Dashboard Detail

Appendix A5

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING ¹ 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.

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Payroll Review, Issued April 2014		Accounting Operations Specialist		
<p>1. Inefficiencies and clerical errors resulting from manual processes</p> <p><i>IA Recommendations:</i> An integrated payroll system should be implemented to eliminate inefficiencies and clerical errors. For payroll overpayments, once an error is found, Payroll should immediately start the process to try and recover the overpayments. Management should periodically, on a test basis, check that vacation payouts are calculated accurately; check that overtime is calculated accurately; check that overtime classifications are coded properly; check that transferred employees do not receive paychecks from previous positions; and that all overtime forms are signed. Management should create policies and procedures on how to handle transferred employees. Payroll clerks should be reminded that overtime forms need to be signed by all required personnel prior to the process of overtime payments.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * Payroll begins the overpayment recovery process as soon as possible, and as current workloads and the DAGS payroll deadlines permit. * The Operations staff is reviewing the vacation payout calculation by the third party contractor before paying out the vacation. * The Payroll Claims Supervisor is conducting periodic reviews on the accuracy of vacation payouts and overtime; and also that transferred employees do not receive paychecks from previous positions. * Discussion with OHR resulted in an inability to generate two (2) Form 5s for employee transfers due to limitations from OHR. However, the Payroll Claims Supervisor reminded the payroll staff to ensure proper routing of the Form 5 for an employee transfer within the DOE. 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓		
Payroll Review, Issued April 2014 (continued)		Accounting Operations Specialist				
1. Inefficiencies and clerical errors resulting from manual processes (continued)						
<i>Management's Corrective Action Plan Status:</i>						
<u>Completed (continued)</u>						
<ul style="list-style-type: none"> * 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. * Access granted for the ePCS from the Comptroller. * 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. 		<p style="text-align: center;">December 2016 (Short Term)</p> <p style="text-align: center;">January 2018 (Long Term)</p>	Partially Completed -Not Overdue	December 2016		
<u>Outstanding</u>						
<ul style="list-style-type: none"> * 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): * Short-Term: ANALYSIS - Systems requirements Fit/Gap analysis (Feb 2017), DESIGN AND BUILD - system design and integration test (June 2017), TESTING - Gross to Net test and Interface Deployment test (Sep 2017) * Long-Term: DEPLOYMENT - Interface parallel Go Live (Nov 2017), DOE parallel Go Live (Jan 2018), electronic Pay Change Schedule Go Live (Mar 2018) * (Note: Effective immediately, ETS has advised all State agencies not to make any changes to current payroll processes and systems during the Analysis phase) 	(1)	<p style="text-align: center;">December 2017 (Short-Term)</p> <p style="text-align: center;">March 2018 (Long-Term)</p> <p style="text-align: center;">(1st Extension)</p>				

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Payroll Review, Issued April 2014 (continued)		Accounting Operations Specialist		
<p>2. Lack of integration of payroll and other related systems</p> <p><i>IA Recommendations:</i> Management should move to an integrated system that allows payroll to be processed electronically and be able to communicate with other payroll related systems such as T&A for leave absences and eHR for personnel data. Management should work with OHR to create a breakdown of what should be coded as teacher pay and what should be coded as differential pay. Payroll section should process new hire payroll as soon as they receive the Form 5. Management should investigate payroll processing delays and ensure that preventative measures are in place to mitigate the chances of the delay from reoccurring. Management should periodically, on a test basis, check that separation procedures were properly performed for separated employees. For payroll overpayments, once an error is found, Payroll should immediately start the process to try and recover the overpayments.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Payroll Claims Supervisor is doing periodic reviews to ensure that a newly hired employee is paid timely and that separation procedures are properly performed for separated employees. * Payroll begins the overpayment recovery process as soon as possible, and as current workloads and the DAGS payroll deadlines permit. * 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. 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Payroll Review, Issued April 2014 (continued)		Accounting Operations Specialist		
<p>2. Lack of integration of payroll and other related systems (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed (continued)</u></p> <ul style="list-style-type: none"> * Access granted for the ePCS from the Comptroller. * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * 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): * Short-Term: ANALYSIS - Systems requirements Fit/Gap analysis (Feb 2017), DESIGN AND BUILD - system design and integration test (June 2017), TESTING - Gross to Net test and Interface Deployment test (Sep 2017) * Long-Term: DEPLOYMENT - Interface parallel Go Live (Nov 2017), DOE parallel Go Live (Jan 2018), electronic Pay Change Schedule Go Live (Mar 2018) * (Note: Effective immediately, ETS has advised all State agencies not to make any changes to current payroll processes and systems during the Analysis phase) 	(2)	<p style="text-align: center;">December-2016 (Short-Term)</p> <p style="text-align: center;">January 2018 (Long-Term)</p> <p style="text-align: center;">December 2017 (Short-Term)</p> <p style="text-align: center;">March 2018 (Long-Term)</p> <p style="text-align: center;">(1st Extension)</p>	Partially Completed -Not Overdue	December 2016

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



Management Action Item Dashboard Detail

Appendix A6

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING ¹ OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING - NOT OVERDUE	PARTIALLY COMPLETED - NOT OVERDUE	COMPLETED
Leave Accounting Follow-Up Review (Issued January 2014)	1	Operational	High	0	0	0	1
	2	Operational	High	1	0	0	0
	3	Operational	High	1	0	0	0
	4	Operational	Moderate	1	0	0	0
Objectives: <ol style="list-style-type: none"> To ensure that Management has adequately addressed and resolved the audit findings that resulted from the March 2010 Internal Audit “<i>Leave Data & Timekeeping Process Review</i>” and appropriately evaluated and implemented the recommendations from the June 2011 KMH LLP “<i>Form G-2 Process Improvement Review.</i>” Test a sample of employees within the selected schools and offices to ensure that data entered into the T&A system is accurate, timely and properly supported and approved. 							

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
<p>Leave Accounting Follow-Up Review, Issued January 2014 (continued) OFS-Accounting Operations Specialist and OHR-Personnel Specialist</p>				
<p>2. Lack of oversight and monitoring at the school/office level</p> <p><i>IA Recommendations:</i> Management should update their "Timekeeper Checklist" with reminders about LWOP procedures and adjustments. Performing periodic monitoring of leave records by Principals/Administrators or CABMs. Consider enforcing a requirement for Timekeepers to issue Form 7s at least annually in accordance with the collective bargaining contracts. Consider reviewing staffing resources at the school/office level if the timekeeper is unable to perform their leave responsibilities. Consider developing accountability measures for schools/offices that do not update their leave records on a timely basis or create payroll overpayments. Training to Principals/Administrators and Timekeepers.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * A Leave of Absence module was developed and posted to the SASA Academy. * The "Timekeeper Checklist" was updated with LWOP reminders and posted to the T&A website. * A monthly report that is sent to DAGS was distributed to the CASs and ASs for review and follow-up on salary overpayments that resulted from schools and offices not updating their leave records on a timely basis. * The LMU has published the sign-in/out sheet template. * LMU has updated the Leave Accounting Manual and has published it on the Intranet. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * LMU is piloting a plan to perform periodic reviews of leave records by CABMs and Administrators at the school/office level. In addition, the LMU will perform periodic reviews that will cover different aspects of leaves at the school/office level. These findings will be consolidated in one report for the CFO to present to leadership for corrective action by the schools/offices. 	(1)	<p>December 2014</p> <p>December 2015</p> <p>April 2017 (3rd Extension Request - pending approval from Audit Committee)</p>	<p>Outstanding - Overdue</p>	<p>September 2016</p>

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
<p>Leave Accounting Follow-Up Review, Issued January 2014 (continued)</p> <p style="text-align: right;">OFS-Accounting Operations Specialist and OHR-Personnel Specialist</p>				
<p>3. Need for a stronger tone at the top and greater accountability at the school/office level</p> <p>IA Recommendations: Management should perform periodic monitoring of leave records by Principals/Administrators or CABMs. Consider enforcing a requirement for Timekeepers to issue Form 7s at least annually in accordance with the collective bargaining contracts. Consider reviewing staffing resources at the school/office level if the timekeeper is unable to perform their leave responsibilities. Consider developing accountability measures for schools/offices that do not update their leave records on a timely basis and create payroll overpayments. Training to Principals/Administrators and Timekeepers to reinforce the rules, clarify inconsistencies/misunderstandings of the rules and to increase their awareness of common leave accounting findings.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * A Leave of Absence module was developed and posted to the SASA Academy. * A monthly report that is sent to DAGS was distributed to the CASs and ASs for review and follow-up on salary overpayments that resulted from schools and offices not updating their leave records on a timely basis. * The LMU has published the sign-in/out sheet template. * LMU has updated the Leave Accounting Manual and has published it on the Intranet. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * LMU is piloting a plan to perform periodic reviews of leave records by CABMs and Administrators at the school/office level. In addition, the LMU will perform periodic reviews that will cover different aspects of leaves at the school/office level. These findings will be consolidated in one report for the CFO to present to leadership for corrective action by the schools/offices. 	(1)	<p>December 2014 December 2015</p> <p>April 2017 (3rd Extension Request - pending approval from Audit Committee)</p>	<p>Outstanding - Overdue</p>	September 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014 (continued)		OFS-Accounting Operations Specialist and OHR-Personnel Specialist		
<p>4. Lack of Ownership, Monitoring and Accountability of the Leave Accounting Process</p> <p><i>IA Recommendations:</i> ASs should meet to discuss responsibilities of each office regarding leave policies, procedures and monitoring. Perform periodic monitoring and testing of leave records by CABMs. Consider enforcing a requirement for Timekeepers to issue Form 7s at least annually in accordance with the collective bargaining contracts. Consider developing accountability measures for schools/offices that do not update their leave records on a timely basis and create payroll overpayments. Training to Administrators and Timekeepers. Enforce proper segregation of duties for timekeepers and system administrators.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * OHR and OFS have agreed that OHR is responsible for leave policies and procedures and OFS is responsible for leave accounting procedures, which include leave audits and reconciliation. * A Leave of Absence module was developed and posted to the SASA Academy. * Proper segregation of duties was enforced so System Administrators don't have any data entry responsibilities in T&A. * A monthly report that is sent to DAGS was distributed to the CASs and ASs for review and follow-up on salary overpayments that resulted from schools and offices not updating their leave records on a timely basis. * The LMU has published the sign-in/out sheet template. * LMU has updated the Leave Accounting Manual and has published it on the Intranet. 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014 (continued)		OFS-Accounting Operations Specialist and OHR-Personnel Specialist		
<p>4. Lack of Ownership, Monitoring and Accountability of the Leave Accounting Process (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <p>* LMU is piloting a plan to perform periodic reviews of leave records by CABMs and Administrators at the school/office level. In addition, the LMU will perform periodic reviews that will cover different aspects of leaves at the school/office level. These findings will be consolidated in one report for the CFO to present to leadership for corrective action by the schools/offices.</p>	(2)	<p>December-2014</p> <p>December-2015</p> <p>April 2017 (3rd Extension Request - pending approval from Audit Committee)</p>	Outstanding - Overdue	September 2016

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



Management Action Item Dashboard Detail

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING ¹ 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	1	0
	3	Operational	High	0	0	1	0
	4	Compliance	High	0	0	1	0
	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.

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>2. Lack of current and comprehensive Student Enrollment and Withdrawal policies and</p> <p>IA Recommendations: Management may consider: updating and standardizing policies, procedures and forms for both student enrollment/withdrawal and proof of residency, centrally locating the policies, procedures and forms so they are accessible by all, training given to the field, periodically revisit and update policies and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff. * A DOE memo, "Proof of Residence Required for Enrollment" has been distributed. * The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff. * A new standardized release form has been developed and was tested in eSIS. * Student Withdrawal Form (Certificate of Release) cannot be revised at this time due to conflicted with Hawaii State law and Federal FERPA laws. * 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. * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The draft of the Enrollment/Withdrawal Process & Procedures Manual has been submitted to the Deputy Superintendent for his review. After his review and edits, we will submit the manual to the Attorney General's office for their review and approval. After approval is received, we will post the manual on the intranet and inform the schools of its availability. Moving forward, the manual will be reviewed annually for any updates or additions. 	(1)	June 2015 April 2016 June 2017 (2nd Extension)	Partially Completed - Not Overdue	December 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>3. Insufficient controls in the Student Enrollment and Withdrawal process</p> <p><i>IA Recommendations:</i> Management may consider: updating and standardizing policies, procedures, and forms to cover the entire process and address control weaknesses, centrally locating them, training given to the field, periodically revisit and update policies and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools, develop a comprehensive definition of "enrollment," creating a training module in the SASA Academy, creating policies and procedures for segregation of duties and reviews conducted by DOE School Administrator.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff. * Defined the following terms: "enrollment"; "Enrollment means a student has met all of the department's requirements for entrance and is formally placed on a school's roll." * The new SIS may include some centralized monitoring functions to provide periodic spot checking for accuracy. 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>3. Insufficient controls in the Student Enrollment and Withdrawal process (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed (continued)</u></p> <ul style="list-style-type: none"> * A new standardized release form has been developed and was tested in eSIS. * Student Withdrawal Form (Certificate of Release) cannot be revised at this time due to conflicted with Hawaii State law and Federal FERPA laws. * Memo was issued to address principal monitoring duties regarding enrollment, withdrawal, "No Show", attendance procedures and segregation of duties so that periodic monitoring is conducted. * 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. * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The draft of the Enrollment/Withdrawal Process & Procedures Manual has been submitted to the Deputy Superintendent for his review. After his review and edits, we will submit the manual to the Attorney General's office for their review and approval. After approval is received, we will post the manual on the intranet and inform the schools of its availability. Moving forward, the manual will be reviewed annually for any updates or additions. 	(1)	June 2015 April 2016 June 2017 (2nd Extension)	Partially Completed - Not Overdue	December 2016

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>4. Procedures not performed at the DOE school level and required forms and supporting documentation are not completed and/or retained</p> <p><i>IA Recommendations:</i> Management may consider: mandatory training required for all staff handling these functions, a training module included in the SASA Academy, periodic spot checks by someone outside the schools, performance evaluations related to student enrollment/withdrawal functions, overpaid funds are taken away during the second and third counts, reviews performed by schools Administrators to ensure forms are properly completed and attendance is properly taken, and revising and updating policies and procedures for proof of residency, geographic exceptions, and transfers.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <ul style="list-style-type: none"> * A DOE memo, "Proof of Residence Required for Enrollment" has been distributed. * The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff. 				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>4. Procedures not performed at the DOE school level and required forms and supporting documentation are not completed and/or retained (continued) Management's Corrective Action Plan Status: <u>Completed (continued)</u></p> <ul style="list-style-type: none"> * Based on discussions with OHR, performance evaluations are not feasible at this time due to negotiations with the Union. * Committee on Student Weights has not approved the taking away overpaid funding. * Memo was issued to address principal monitoring duties regarding enrollment, withdrawal, "No Show", attendance procedures and segregation of duties so that periodic monitoring is conducted. * 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. * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The draft of the Enrollment/Withdrawal Process & Procedures Manual has been submitted to the Deputy Superintendent for his review. After his review and edits, we will submit the manual to the Attorney General's office for their review and approval. After approval is received, we will post the manual on the intranet and inform the schools of its availability. Moving forward, the manual will be reviewed annually for any updates or additions. 	(1)	June 2015 April 2016 June 2017 (2nd Extension)	Partially Completed - Not Overdue	December 2016

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



Management Action Item Dashboard Detail

Appendix A8

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING ¹ 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	1	0

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.

¹ 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 ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Data & Timekeeping Process Review, Issued March 2010 (continued)		Accounting Director		
<p>5. Timekeeping system (T&A) not meeting certain business objectives</p> <p><i>IA Recommendations:</i> Develop proper controls to prevent issues related to a lack of system controls and improper segregation of duties. If proper controls cannot be implemented due to system limitations, then these limitations should be communicated to the field so errors can be avoided. A review of T&A's programmed calculations should be performed immediately to ensure that any other issues regarding miscalculations or misalignments with BU rules are addressed.</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Completed</u></p> <p>* 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&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.</p> <p><u>Outstanding</u></p> <p>* As of March 2015, the State decided to not go forward with the ERP initiative. As of current, the State Comptroller has informally indicated that they want to pursue a new payroll system first by replacing the DAGS payroll system and then address the Time and Attendance phase after. The State selected a vendor on June 27 and issued the <i>Notice to Proceed</i> on October 2016. The major target dates are January 2018 - implementation of payroll processing phase and January 2020 - implementation of time and attendance phase.</p>	(2)	New Leave System: 2014 Dec 2017 (2nd Extension)	Partially Completed - Not Overdue	September 2015

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