STATE OF HAWAI'I
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAI'I 96804

OFFICE OF THE SUPERINTENDENT

May 2, 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 March 31, 2017

1. DESCRIPTION

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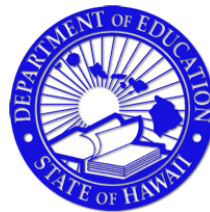
2. PRESENTATION

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

KSM:DY:jy
Attachment

c: Internal Audit Office

AN AFFIRMATIVE ACTION AND EQUAL OPPORTUNITY EMPLOYER

State of Hawaii
Department of Education

INTERNAL AUDIT PLAN
QUARTERLY UPDATE THROUGH MARCH 31, 2017

FOR AUDIT COMMITTEE MEETING
May 2, 2017

TABLE OF CONTENTS

Executive Summary

Assurance Projects:

Student Assessment Administration Review - Phase II
- Review began in August 2016 and was completed and issued in January 2017.

Casual Hire & Payroll Processes Follow-Up Review
- Review began in September 2016 and was completed and issued in January 2017.

Investigation Process Review
- Review planning stage began in March 2017. However, due to unanticipated fiscal review requests, annual audit cross training and increased fraud & ethics hotline intakes, this review will continue thru the July – September 2017 quarter.

Baseline Assurance Projects
- Internal Audit (IA) performed four (4) School Monitoring Reviews, 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 on the intranet to automate the process as well as providing standardized templates. Approximately, 142 SP drafts have been updated to the new intranet worksite using the new templates, upon approval they will be posted to the public website. As of March 2017, they have published 21 OFS SPs to the public site.

**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 unanticipated 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._" The audit was completed and issued in March 2017.

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 <u>not</u> been resolved <u>but</u> has <u>not</u> passed management's target date.

- Outstanding – Overdue - Audit finding has <u>not</u> been resolved <u>and</u> 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	
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review (Issued January 2017) *(Refer to Appendix A1)*	Unacceptable	2	0	1	**3**	1 (1 - Partially Completed - Not Overdue)	0	0	3	0	OHR Personnel Specialist, Accounting Director & Interim ESB Director
Student Assessment Administration Review-Phase II (Issued January 2017) *(Refer to Appendix A2)*	Acceptable	3	0	0	**3**	0	0	1	2	0	Director of OSIP
Vendor/Contract Management Review (Issued September 2016) *(Refer to Appendix A3)*	Acceptable	3	0	0	**3**	0	0	0	2	1	Director of PBC & Acting Director of DGA
Hiring Practices Review (Issued September 2016) *(Refer to Appendix A4)*	Acceptable	1	0	2	**3**	1 (1 - Partially Completed - Not Overdue)	0	0	1	2	Director of Personnel Management Branch
Procurement & Contracting Process Follow-Up Review (Issued October 2015) *(Refer to Appendix A5)*	Marginal	1	0	3	**4**	1 (1 - Partially Completed - Not Overdue)	0	0	3	1	Accounting Director, Director of PBC & Personnel Specialist of RTS

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

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	
Fixed Assets Management Review (Issued April 2015) *(Refer to Appendix A6)*	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) *(Refer to Appendix A7)*	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) *(Refer to Appendix A8)*	Unacceptable	4	0	0	4	3 (3 - Completed)	0	0	0	4	OHR Personnel Specialist & OFS Accounting Operations Specialist
Data Integrity Review - Student Enrollment (Issued April 2013) *(Refer to Appendix A9)*	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) *(Refer to Appendix A10)*	Unacceptable	5	0	0	5	2 (2 - Completed)	0	0	1	4	Accounting Director
TOTAL		28	1	8	37	14	0	1	21	15	

* 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
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review	Unacceptable	X[1]				X[1]
Student Assessment Administration Review - Phase II	Acceptable	X			X	
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]

Reports Issued

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

Observation Analysis of Completed Reports (continued)

Reports Issued	Audit Rating	Common Observations				
		Lack of Oversight & Monitoring	Lack of Policies & Procedures	Segregation of Duties	Insufficient Training	Lack of Compliance
Student Information Privacy Review	Acceptable					X[1]
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: 24 Reviews Conducted to Date	8/24 Unacceptable 10/24 Marginal 5/24 Acceptable 1/24 Not Rated	22 / 24	11 / 24	7 / 24	14 / 24	16 / 24
% of TOTAL	33% Unacceptable 42% Marginal 21% Acceptable 4% Not Rated	92%	46%	29%	58%	67%

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

Audit Plan Results Summary: July 1, 2016 through March 31, 2017

DESCRIPTION	FY 2017												Cumulative Hours			
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget	Actual	ETC	Variance
Assurance Projects (Approved)																
Hiring Practices Review													560	537	-	(23)
Vendor/Contract Management Review													560	470	-	(90)
Student Assessment Administration Review - Phase II													600	697	-	97 [5]
Casual Hire & Payroll Processes Follow-Up Review													350	317	-	(33)
Investigation Process Review													650	31	619	-
School Food Services Follow-Up Review													400	-	400	-
Business Continuity and Disaster Recovery Plan Testing													400	-	400	-
School Based Reviews [1][4]													3,700	1,561	2,139	-
IA Consulting, Monitoring, Fiscal Reviews & Other																
Monitoring Based on Management Action Plans [4]													200	104	96	-
Fraud & Ethics Hotline - Confidential Reporting Mechanism [4]													550	443	107	-
Internal Control & Operational Efficiency Consultation [4]													300	115	185	-
Fiscal Reviews [4]													700	585	115	-
Data Mining & Baseline Monitoring Projects [2][4]													1,200	1,254	20	74 [5]
Function Administration [3][4]													1,600	1,181	419	-
Risk Assessment & Audit Plan for FY 2018													400	548	80	228 [5]
												Total Hours	12,170	7,843	4,580	253

Legend: Scheduled Timeline | In Process | ◆ Estimated Date of Completion | ● Completed – Final Results Issued
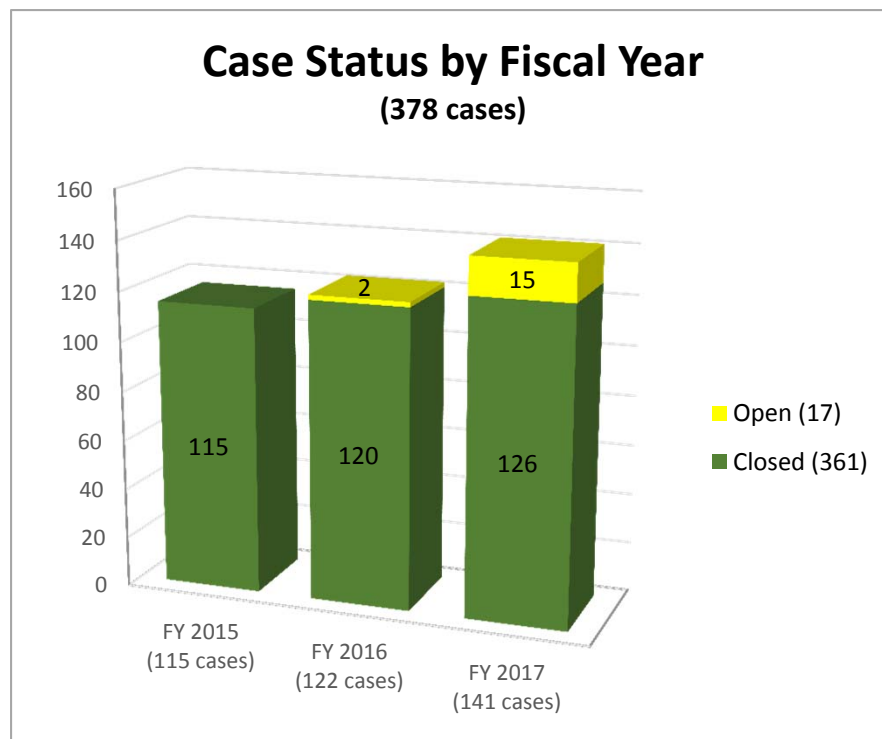
Key:
Budget - Original Approved Budget
Actual - Actual Hours Incurred Through March 31, 2017
ETC – Estimated Time to Complete
Variance - [(Actual + ETC) – Budget as Amended] = over / (under) budget as amended

[1] School Based Reviews – Local School Fund Audits, School Monitoring Reviews, and other.
[2] Baseline Monitoring Projects – Special Project – Cancelled Check Validating Review, Annual Checklist, Continuous Auditing, and other.
[3] Function Administration – Personnel Staffing, Budget, Staff Meetings, Materials Preparation for Board Meetings, and Annual Audit Assistance.
[4] On-going, reported quarterly
[5] Overbudget due to additional hours to cross train staff

Fraud & Ethics Hotline Summary
Hotline Cases for the Three Most Current Fiscal Years (July 1, 2014 through March 31, 2017)

Case Status by Fiscal Year
(378 cases)

FY 2015
(115 cases): 115

FY 2016
(122 cases): 120, 2

FY 2017
(141 cases): 126, 15

Open (17)
Closed (361)

Case Status

o A total of 378 cases were received during the three most current fiscal years.
  o 361 cases are closed, and 17 are open.

o Summary of Cases by Fiscal Year (FY):
  o 2 of the 122 cases from FY 2016 are still in progress.
  o 15 of the 141 cases from FY 2017 are still in progress.

Outstanding Cases from Prior Years (not shown in chart)

o There are no outstanding cases from prior years.

Fraud & Ethics Hotline Summary (continued)

Number of Cases Handled by Area or Office				
DOE Complex Areas	**FY 2015**	**FY 2016**	**FY 2017 (Q3)**	**Total # of Cases**
Maui: Baldwin Kekaulike Maui	9	2	9	**20**
Honolulu: Farrington Kaiser Kalani	13	4	1	**18**
Central: Aiea Moanalua Radford	6	6	5	**17**
Hawaii: Honokaa Kealakehe Kohala Konawaena	6	6	5	**17**
Honolulu: Kaimuki McKinley Roosevelt	2	8	5	**15**
Hawaii: Hilo Waiakea	7	5	2	**14**
Hawaii: Kau Keaau Pahoa	8	3	2	**13**
Windward: Kailua Kalaheo	4	3	4	**11**
Maui: Hana Lahainaluna Lanai Molokai	3	6	1	**10**
Kauai: Kapaa Kauai Waimea	2	3	4	**9**
Leeward: Campbell Kapolei	4	3	2	**9**
Leeward: Pearl City Waipahu	4	3	2	**9**
Windward: Castle Kahuku	1	6	2	**9**
Central: Leilehua Mililani Waialua	6	3	0	**9**
Leeward: Nanakuli Waianae	3	3	2	**8**
DOE Offices	**FY 2015**	**FY 2016**	**FY 2017 (Q3)**	**Total # of Cases**
Office of the Superintendent [1]	9	2	5	**16**
HR Investigation Unit [1]	11	1	2	**14**
Office of School Facilities and Support Services	3	3	4	**10**
Internal Audit [1]	2	6	1	**9**
Office of Human Resources	3	2	0	**5**
Office of Curriculum, Instruction and Student Support	1	0	3	**4**
Office of Information Technology Services	1	0	0	**1**
Other	**FY 2015**	**FY 2016**	**FY 2017 (Q3)**	**Total # of Cases**
Charter School Liaison	3	11	4	**18**
N/A - Case Not Assigned [2]	4	33	76	**113**
Grand Total	**115**	**122**	**141**	**378**

[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 follow up action.
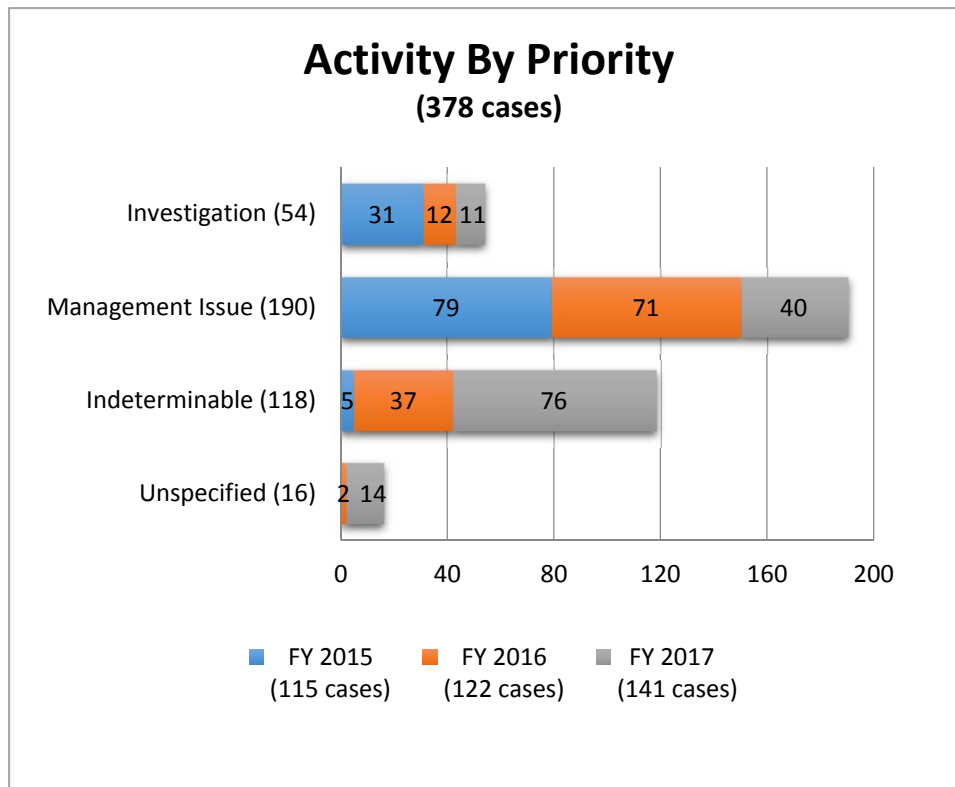
Fraud & Ethics Hotline Summary (continued)

Status of All Open Hotline Cases as of March 31, 2017

Open Case	CreatedDate	Fiscal Year	Age of Case (in months)	Assigned Area	Location	CaseType	Status as of 3/31/17
1	11/19/2015	FY 2016	12 +	Kauai: Kapaa Kauai Waimea	School	Human Resources	Assigned - Status Unknown
2	4/18/2016	FY 2016	7 - 11	Kauai: Kapaa Kauai Waimea	School	Misuse of Department Resources	Assigned - Status Unknown
3	10/18/2016	FY 2017	3 - 6	Internal Audit	Office	Misuse of Department Resources	Review Ongoing
4	11/10/2016	FY 2017	3 - 6	Kauai: Kapaa Kauai Waimea	School	Other	Assigned - Status Unknown
5	12/13/2016	FY 2017	3 - 6	Kauai: Kapaa Kauai Waimea	Office	Misuse of Department Resources	Assigned - Status Unknown
6	12/20/2016	FY 2017	3 - 6	Hawaii: Hilo Waiakea	School	Human Resources	Review Ongoing
7	12/27/2016	FY 2017	3 - 6	Kauai: Kapaa Kauai Waimea	School	Theft of Goods/Services	Assigned - Status Unknown
8 - 17	There are 10 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)

Activity By Priority
(378 cases)

Priority	FY 2015	FY 2016	FY 2017
Investigation (54)	31	12	11
Management Issue (190)	79	71	40
Indeterminable (118)	5	37	76
Unspecified (16)		2	14

0   40   80   120   160   200

■ FY 2015 (115 cases)   ■ FY 2016 (122 cases)   ■ FY 2017 (141 cases)

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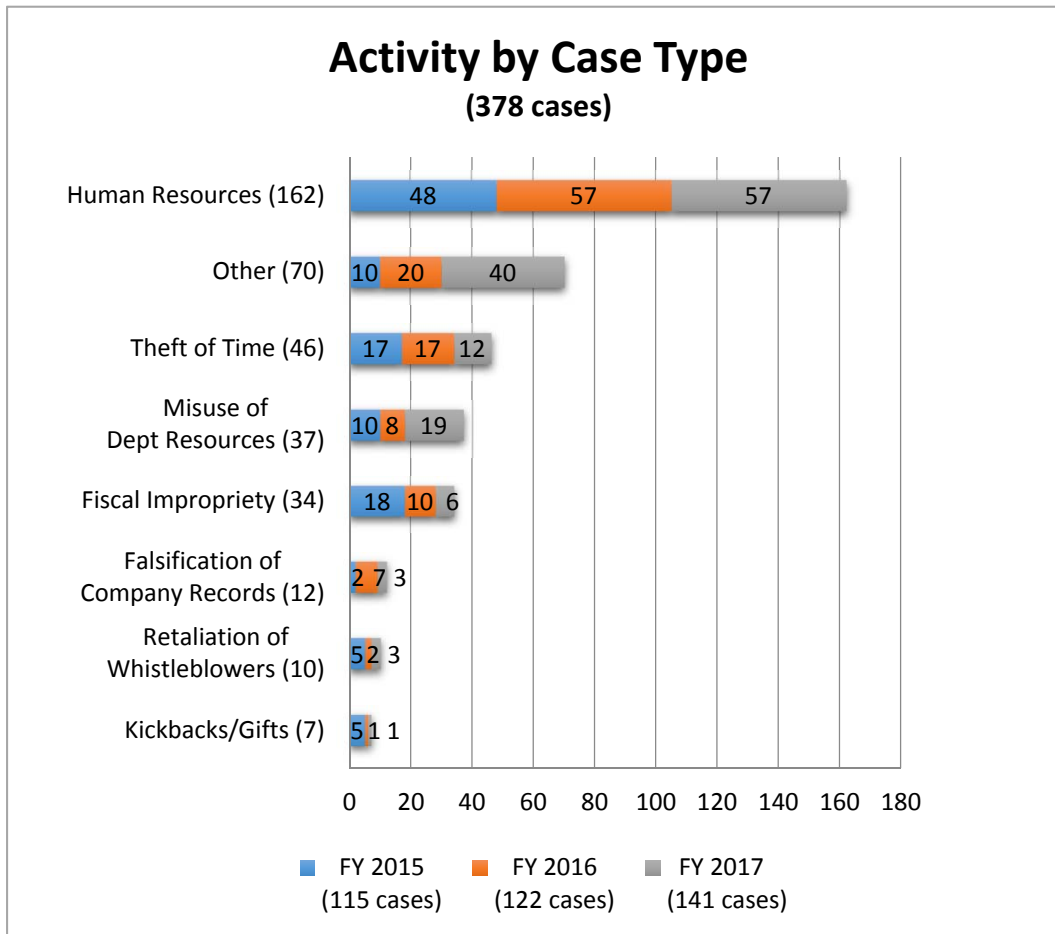
An investigation is generally not warranted for: performance issues, minor misconduct issues such as inappropriate behavior or undesirable behavior, or wherever an allegation (if true) is likely to be resolved without disciplinary action.

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.
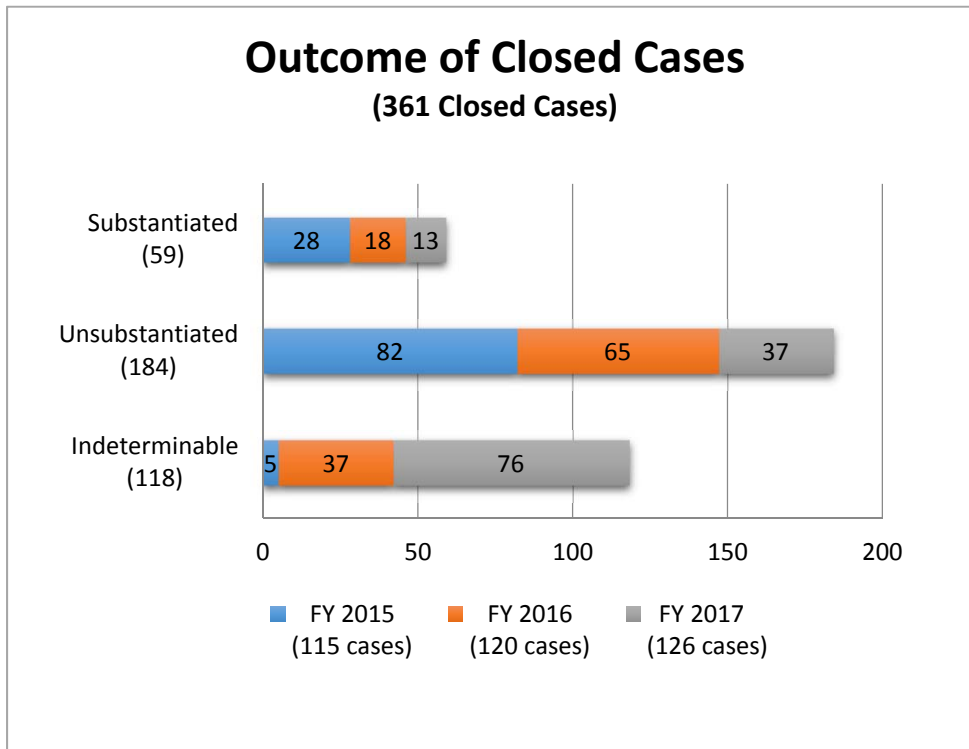
Fraud & Ethics Hotline Summary (continued)

Activity by Case Type
(378 cases)

Case Type	FY 2015	FY 2016	FY 2017
Human Resources (162)	48	57	57
Other (70)	10	20	40
Theft of Time (46)	17	17	12
Misuse of Dept Resources (37)	10	8	19
Fiscal Impropriety (34)	18	10	6
Falsification of Company Records (12)	2	7	3
Retaliation of Whistleblowers (10)	5	2	3
Kickbacks/Gifts (7)	5	1	1

■ FY 2015 (115 cases)   ■ FY 2016 (122 cases)   ■ FY 2017 (141 cases)

Case Type

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

Fraud & Ethics Hotline Summary (continued)

Outcome of Closed Cases

(361 Closed Cases)

Category	FY 2015	FY 2016	FY 2017
Substantiated (59)	28	18	13
Unsubstantiated (184)	82	65	37
Indeterminable (118)	5	37	76

FY 2015 (115 cases)   FY 2016 (120 cases)   FY 2017 (126 cases)

Closed Cases

o   Of the 361 closed cases, 59 were substantiated, 184 were unsubstantiated and the remaining 118 were indeterminable.

o   The primary issues in the substantiated cases were Human Resource issues (28 cases) followed by Theft of Time (10 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)

Case Types of Substantiated Cases
(59 cases)

Case Type	FY 2015	FY 2016	FY 2017
Human Resources (28)	15	8	5
Theft of Time (10)	3	4	3
Other (7)	3	1	3
Misuse of Resources (6)	3	1	2
Fiscal Impropriety (6)	4	2	
Falsification of Records (1)		1	
Kickbacks/Gifts (1)		1	

FY 2015 (28 cases) FY 2016 (18 cases) FY 2017 (13 cases)

Disposition of Substantiated Cases
(59 cases)

Disposition	FY 2015	FY 2016	FY 2017
Terminated (1)	1		
Written Warning (5)	1	2	2
Verbal Warning (21)	10	6	5
Issue Addressed (30)	15	9	6
Other (2)	1	1	

FY 2015 (28 cases) FY 2016 (18 cases) FY 2017 (13 cases)

Appendix

Audit **O**bservation **R**ating **S**cale **D**efinitions

High (1)	1 - The impact of the finding is _material_[1] and the likelihood of loss is probable in one of the following ways:
	  - 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.
	
	Immediate action is recommended to mitigate the DOE's exposure.

Moderate (2)	2 - The impact of the finding is _significant_[1] and the likelihood of loss is possible in one of the following ways:
	  - 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.
	
	Corrective action by management should be prioritized and completed in a timely manner to mitigate any risk exposure.

Low (3)	3 – The impact of the finding is moderate and the probability of an event resulting in loss is possible. _Action is recommended to limit further deterioration of controls._

[1]_The application of these terms are consistent with the guidelines provided by the Institute of Internal Auditors._

Management **A**ction **I**tem **D**ashboard **D**etail

REPORT NAME	OBSERVATION	COSO CATEGORY	AUDIT RATING [1] OF OBSERVATION	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED – NOT OVERDUE	COMPLETED
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review (Issued January 2017)	1	Operational	High	0	0	1	0
	2	Compliance	Moderate	0	0	1	0
	3	Operational	Low	0	0	1	0

Objectives:

1. To ensure that Management has adequately addressed and resolved the audit findings that resulted from the November 2012 Internal Audit *"Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review."*
2. Test a sample of employees within the selected schools to ensure that data entered into the Casual Personnel and Casual Payroll 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 ✓
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review, Issued January 2017	**Personnel Specialist, Personnel Management Branch Director, Accounting Services Branch**			

1. **Lack of oversight, monitoring and accountability over the casual hire and payroll processes at the school level**
 	
IA Recommendations: IA will distribute to OHR, a list of the non-compliant schools that were tested in this review and the "Continuous Auditing Review." OHR should consider offering options of consequences for noncompliance of DOE policies and procedures, such as employees' performance management, or conducting "targeted" trainings to those schools/ complexes. OHR should consider "targeted" mandatory training of the "*SASA Academy Course 4: Human Resources, Module 7: Using the Casual Personnel System*." OFS should consider adding to the "*SASA & Secretary Academy Course 10: Payroll, Module 4: Pay for Casual Employees*" that "the Principal/Administrator should also randomly compare various timesheets to the "Principal's Report" as part of their review process before signing."
 	
Management's Corrective Action Plan Status:
Completed
  * IA distributed the "Continuous Auditing Review" reports of non-compliant schools to CASs.
  * OHR conducted trainings to districts and schools about casual hire practices and performance management. OHR emphasized to Principals and CAS's during group meetings the importance of complying with the casual hire requirements and offered trainings.
 	
Outstanding
  * OHR will revise the "*SASA Academy Course 4*."
  * OFS will update the "*SASA& Secretary Academy Course 10*" and the "*Casual Payroll Users Guide*" to address the Principal's review of the casual payroll "Principals Report."
	(1)	September 2017	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status (continued)

Appendix A1

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 ✓
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review, Issued January 2017 (continued)	**Personnel Specialist, Personnel Management Branch**			

2. **Casual hire employment forms and supporting documents were not always submitted/retained and/or prepared completely**
 	
IA Recommendations: OHR should continuously update the "*Employment Guidelines for Casual Hires*" and SASA Academy training documents to ensure they are consistent and up-to-date with current policies and procedures. IA will distribute to OHR, a list of the non-compliant schools that were tested in this review. OHR should consider offering options of consequences for noncompliance of DOE policies and procedures, such as employees' performance management, or conducting "targeted" trainings to those schools/complexes. OHR should consider "targeted" mandatory training of the "*SASA Academy Course 4: Human Resources, Module 7: Using the Casual Personnel System.*"
 	
Management's Corrective Action Plan Status:
Completed
  * IA distributed the "Continuous Auditing Review" reports of non-compliant schools to CASs.
  * OHR conducted trainings to districts and schools about casual hire practices and performance management. OHR emphasized to Principals and CAS's during group meetings the importance of complying with the casual hire requirements and offered trainings.
  * OHR updated the "Employment Guidelines for Casual Hires" and posted it to the Intranet.
 	
Outstanding
  * OHR will revise the "*SASA Academy Course 4.*"
	(2)	September 2017	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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 ✓
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Follow-Up Review, Issued January 2017 (continued)		**Interim ESB Director, Enterprise Services Branch Director, Accounting Services Branch**		
3. **Insufficient controls in the Casual Payroll system** *IA Recommendations:* OITS should consider creating a new Casual Payroll System that can add sufficient controls. OFS should consider adding to the "*SASA & Secretary Academy Course 10: Payroll, Module 4: Pay for Casual Employees*" that "the Principal/Administrator should also randomly compare various timesheets to the "Principal's Report" as part of their review process before signing." OFS should enforce a shorter time limit for entering historical edits or monitor which schools/offices are making historical entries to look for fraudulent transactions. *Management's Corrective Action Plan Status:* Completed * OITS is working with the State of Hawaii Office of Enterprise Technology Services (ETS) on the State's new payroll system, "Hawaii Pay" to determine which casual payroll function may be included in Hawaii Pay. ETS has also issued a directive to freeze changes to existing payroll systems. Outstanding * OFS will update the *"SASA& Secretary Academy Course 10"* and the *"Casual Payroll Users Guide"* to address the Principal's review of the casual payroll "Principals Report." * OFS will work with OITS to provide a quarterly report to Leadership, on timesheets paid over a year after time worked.	(3)	June 2017	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

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

Objectives:
1. To obtain a general understanding of the test administration processes.
2. To review and assess the effectiveness of the test administration processes to ensure the Department has adequate internal controls in place to maintain compliance with the DOE policies and procedures, and the Federal laws and regulations.
3. To review and assess the effectiveness of the test security process and procedures to ensure adequate controls are in place to minimize the likelihood of test security incidents.
4. To review and assess the effectiveness of the procedures for test accommodations to ensure the appropriateness of the test accommodations provided, and the test accommodations are provided to students with documented needs.
5. To provide recommendations to improve the effectiveness and efficiency of the test administration processes.

[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 ✓
Student Assessment Administration Review - Phase II, Issued January 2017			Director, Office of Strategy, Innovation and Performance	

1. **Test accommodations are not consistently administered to students with documented needs.**
 	
IA Recommendations: OSIP should collaborate with OCISS to develop and provide training for the SPED Coordinators, Test Coordinators, and SSC to ensure there is a clear understanding of how the designated supports and accommodations are applied and that they are administered consistently. OSIP should require the schools to have documentation of the designated supports identified for the students on file and should implement a process to monitor that they are appropriately provided. OSIP should develop a process to analyze the population of students with disabilities with the accommodations that are documented in the testing system to identify anomalies and possible inconsistencies with the accommodations that are provided for the students during testing. The data should be reviewed to identify students who may not have been provided with the accommodations appropriate for their disabilities.
 	
Management's Corrective Action Plan Status:
Completed
  * DES and SSC training for Leeward District held in January 2017. SSC training for Honolulu District held in February 2017.
  * OSIP has hired a Test Development Specialist who is assigned Accommodations Monitoring.
  * OSIP implemented a new procedure to verify accommodations that are manually entered into the TIDE system.				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Internal **A**udit **R**ecommendation **S**tatus (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 ✓
Student Assessment Administration Review - Phase II, Issued January 2017 (continued)	Director, Office of Strategy, Innovation and Performance			

1. **Test accommodations are not consistently administered to students with documented needs. (continued)**
 	
Management's Corrective Action Plan Status:
Outstanding
  * Accessibility and Accommodations Training Module will be developed and added to the SPED IEP training modules
  * OSIP and OCISS are discussing the possibility for training the care coordinators and SPED teachers for Fall 2017.
  * OSIP will perform Assessment Site Visits throughout remainder of SY2016-17
  * OSIP will collect feedback from the Spring 2017 training and use this information to further develop and refine the Fall 2017 training.
  * OSIP will collaborate with SPED to develop a plan for the requirement of documentation of designated supports for students with an IEP/504 Plan.
  * OSIP will develop a process to analyze the eCSSS accommodations data to the TIDE data to identify inconsistencies and potential errors.
	(2)	September 2017	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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 ✔
Student Assessment Administration Review - Phase II, Issued January 2017 (continued)			Director, Office of Strategy, Innovation and Performance	
2. **Insufficient number of computers/devices for testing, and technical issues experienced during testing.** *IA Recommendations:* The complex areas and schools control the procurement of computers/devices and the types of computers/devices that are purchased. Management should encourage the Complex Area Superintendents to evaluate the computers/devices used for testing, and assess whether their schools have a sufficient number of computers/devices for testing and ensure the computers/devices are upgraded timely. OSIP should ensure the schools are properly preparing, testing and troubleshooting the computers/devices prior to the testing window. OITS is available for assistance if issues with the computers/devices persist. *Management's Corrective Action Plan Status:* <u>Completed</u> * At the February 2017 CAS meeting, OSIP encouraged the CASs to evaluate the computer/devices and the adequacy of the number of computers/devices that are available for testing. * OSIP reviewed the system requirements, technical specifications manual and other technology-related resources on alohahsap.org for accuracy and appropriateness. <u>Outstanding</u> * Reference to the technical guidelines will be emphasized during the test coordinator training, and reminders will be added to the weekly Assessment News. Training webinars will be scheduled to provide additional guidance to the Tech Coordinators. * OSIP met with OITS to discuss options for providing support to the schools. A plan is being developed to support the Tech Coordinators to ensure computers and networks are reliable during the testing window. * OSIP will also analyze systems and survey data for the purpose of making improvements to its Test Coordinator trainings, technology webinars, technology training modules and other technology related resources.	(3)	January 2018	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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 ✓
Student Assessment Administration Review - Phase II, Issued January 2017 (continued)			**Director, Office of Strategy, Innovation and Performance**	
3. Potential areas for process improvements. *IA Recommendations:* OSIP should review and evaluate the issues expressed by the Test Coordinators, and where possible, consider improvements to their processes that would help the schools in their planning and execution of the assessments. *Management's Corrective Action Plan Status:* Outstanding 　*　Assessment Section staff will review the Test Coordinator Training feedback to identify issues of concern. Help Desk logs will be reviewed to prioritize areas of concern and to follow up with individual test coordinators whenever an issue is not resolved in a timely manner. A plan is being developed to address the specific concerns of the test coordinators who were involved in the audit process to ensure issues raised have been addressed.	(3)	June 2017	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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
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

Appendix A3

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**	

2. **Need for Better Tracking and Monitoring of Contracts and Vendors**
 	
IA Recommendations: 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.
 	
Management's Corrective Action Plan Status:
Completed
  * 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.
 	
Outstanding
  * PCB updated the Guidelines for Procurement and Contracting, which included an appendix for Contract Administration - Helpful Tips and a Contract Administrator Worksheet sample template. These guidelines will be posted in April 2017.
  * PCB will be updating the Procurement and Contracts Training module. 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	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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			
Vendor/Contract Management Review, Issued September 2016 (continued)	Acting Director, Data Governance & Analysis Branch			

3. **Strengthening Controls over IT Vendors**
 	
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.
Management's Corrective Action Plan Status:
Completed
   * PCB has revised the RFP, IFB and PS project templates to include a Information/Data Security and Confidentiality provision so that proposals include specific information regarding the internal control environment, security history, legal compliance and confidentiality compliance to ensure processes and policies related to data sharing are performed to DOE's satisfaction.
   * DGA posted a data sharing memo to the field on January 5, 2017.
 	
Outstanding
   * DGA has completed its SharePoint modification and is now working on a current list of data sharing agreements for schools to access.
	(3)	June 2017	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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
Hiring Practices Review (Issued September 2016)	1	Compliance	High	0	0	1	0
	2	Operational	Low	0	0	0	1
	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**	
1. **Lack of oversight and monitoring over the verification process** *IA Recommendations:* 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. *Management's Corrective Action Plan Status:* Completed * 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. * 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 finalized and posted (on the intranet) updated instruction sheets for Teacher, EO, and CSSP Recruitment on 12/23/16.				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status (continued)

Appendix A4

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**	

1. **Lack of oversight and monitoring over the verification process (continued)**
 	
Management's Corrective Action Plan Status:
 	
Completed (continued)
  * OHR met with PROS at the November, 2016 PRO meeting to train them on the EBC requirement. A memo was issued and posted on 12/29/2016 to all hiring managers to inform them of the EBC requirement for all new salaried employees. Information about requests for exceptions to the procedures is included in the same memo issued on December 29, 2016.
 	
  * The information regarding clarification on "employees who work in close proximity to children" was included in the same memo issued on 12/29/16. The EBC Clerks also perform a check as part of their review process to determine if an individual needs to undergo the EBC process. They will also inquire with their supervisor if it is unclear if an individual needs fingerprinting.
 	
Outstanding
  * 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.
	(1)	August 2017	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status (continued)

Appendix A4

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**	

2. **Improvements needed for vacancy recruitment for EO subs and 89-day hires**
 	
IA Recommendations: 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.
 	
Management's Corrective Action Plan Status:
Completed
  * 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.
  * OHR updated the procedures for hiring EO subs. These procedures are similar to those in effect for Classified 89-day hires. EO Subs will only be allowed if the position is scheduled for, or is currently under active recruitment. OHR issued a memo, and posted detailed instructions on the DOE intranet on December 30, 2016 regarding these new procedures.
	(3)	January 2017	Completed	✓
				March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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
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:

1. To ensure that Management adequately addressed and resolved the audit findings that resulted from the *"Procurement & Contracting Process Review"* issued in July 2012 and the *"Consolidated Report of Procurement Card ("P-Card") Reviews"* issued in August 2013.
2. To perform detailed test work to determine the operating effectiveness of the procedures put into place to remediate the P-Card findings.

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[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status

Appendix A5

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**			

1. **Procurement and contracting procedures are not always performed**
 	
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.
Management's Corrective Action Plan Status:
Completed
  * 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

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status (continued)

Appendix A5

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 (continued)	Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section			
1. **Procurement and contracting procedures are not always performed (continued)** *Management's Corrective Action Plan Status:* Completed (continued) * 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. Outstanding * New P-Card procedures plan has been drafted and is pending review. Key milestones of the draft plan include: issuing memo to cardholders and support staff of the new P-Card procedures, updating P-Card Cardholder Agreement, updating the SASA and Secretary Academy modules and FAQs, posting documents to the intranet, sending reminder memos, and implementing the new P-Card procedures. Target dates take into account the remaining activities for the 2016-2017 school and fiscal years, and startup activities for the 2017-2018 school and fiscal years.	(1)	~~August 2016~~ July 2017 (1st Extension)	Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status (continued)

Appendix A5

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 (continued)	Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section			

2. **P-Card procedures are not always performed at the school/office level**
 	
 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.
 	
 Management's Corrective Action Plan Status:
 <u>Completed</u>
  * 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

[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 (continued)	Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section			

2. **P-Card procedures are not always performed at the school/office level (continued)**
 	
Management's Corrective Action Plan Status:
 	
Completed (continued)
   *   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.
 	
Outstanding
   *   New P-Card procedures plan has been drafted and is pending review. Key milestones of the draft plan include: issuing memo to cardholders and support staff of the new P-Card procedures, updating P-Card Cardholder Agreement, updating the SASA and Secretary Academy modules and FAQs, posting documents to the intranet, sending reminder memos, and implementing the new P-Card procedures. Target dates take into account the remaining activities for the 2016-2017 school and fiscal years, and startup activities for the 2017-2018 school and fiscal years.
	(2)	~~August 2016~~
		
		July 2017 (1st Extension)
			Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status (continued)

Appendix A5

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 (continued)		**Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section**		

3. **Proper forms and supporting documents are not always submitted or kept of file**
 	
IA Recommendations: 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.
Management's Corrective Action Plan Status:
Completed
  * 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

[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 (continued)	**Accounting Director, Director of Procurement and Contracts Branch, and Personnel Specialist of Records and Transactions Section**

3. **Proper forms and supporting documents are not always submitted or kept of file (continued)**
 	
Management's Corrective Action Plan Status:
 	
Completed (continued)
  * 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.
 	
Outstanding
  * New P-Card procedures plan has been drafted and is pending review. Key milestones of the draft plan include: issuing memo to cardholders and support staff of the new P-Card procedures, updating P-Card Cardholder Agreement, updating the SASA and Secretary Academy modules and FAQs, posting documents to the intranet, sending reminder memos, and implementing the new P-Card procedures. Target dates take into account the remaining activities for the 2016-2017 school and fiscal years, and startup activities for the 2017-2018 school and fiscal years.
	(2)	~~August 2016~~
		
		July 2017
		(1st Extension)
			Partially Completed - Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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
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:

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**			

1. **Inaccurate Reporting of Fixed Assets**
 	
IA Recommendations: 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.
 	
Management's Corrective Action Plan Status:
<u>Completed</u>
  * 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.
 	
  * 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.				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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**		
1. **Inaccurate Reporting of Fixed Assets (continued)** *Management's Corrective Action Plan Status:* Outstanding * 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 he data will be easily exported to excel will 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: 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 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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**		

2. **Procedures Not Performed at the School/Office Level**
 	
 IA Recommendations: Management should continue its efforts to diligently obtain supporting documentation evidencing physical inventory counts. Continued reminders should be sent to the field to properly conduct physical inventory counts at least on an annual basis. Management should issue an electronic standardized decal log template found in the SASA Academy Training for fixed assets recording. More fixed asset training should be given to the field. Management should continue to send reminders throughout the year to the field for the following: timely submittal of disposal/transfer forms, move fixed assets from the hold file to the property files, decal all fixed asset items prior to distribution of the fixed asset, and update the location of the asset.
 	
 Management's Corrective Action Plan Status:
 Completed
   * 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.
 	
   * 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.				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status (continued)   Appendix A6

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**	

2. **Procedures Not Performed at the School/Office Level (continued)**
 	
Management's Corrective Action Plan Status:
 	
Outstanding
  * 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 he data will be easily exported to excel will FULL field lengths.
 	
  * 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.
 	
  * 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 2017

| Completed | Partially Completed | Outstanding – Not Overdue | Outstanding - Overdue |

[1] See page A for definitions of Audit Ratings.

Internal **A**udit **R**ecommendation **S**tatus (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**	

3. **Lack of Current Fixed Assets Policies and Procedures (including Training and Guidelines)**
 	
IA Recommendations: 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.
 	
Management's Corrective Action Plan Status:
Completed
  * 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.
Outstanding
  * 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

[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**	

4. **Process Inefficiencies Regarding Manual Procedures**
 	
IA Recommendations: Management should revise and update policies to eliminate process inefficiencies with fixed asset disposals. ASB should provide SSEPB with the annual disposal report for all schools/offices that shows all the disposals in the DOE due to theft and casualty loss in the respective fiscal year. The SSEPB should summarize and analyze the types of fixed assets thefts and losses and customize their training to the types of losses/damage. In addition, SSEPB could identify the schools/offices/locations of where the majority of these losses are occurring and continue to perform site visits to ensure that risk areas are addressed and proper safety measures such as safe locations, locks, etc. could be recommended.
 	
Management's Corrective Action Plan Status:
Completed
  * 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.
Outstanding
  * 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

[1] See page A for definitions of Audit Ratings.

Management Action Item Dashboard Detail

Appendix A7

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

Appendix A7

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**	

1. **Inefficiencies and clerical errors resulting from manual processes**
 	
IA Recommendations: 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.
 	
Management's Corrective Action Plan Status:
 	
Completed
  * 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

[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)** *Management's Corrective Action Plan Status:* Completed (continued) * 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. Outstanding * 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 (Sept 2017), TESTING - Gross to Net calculation, interfaces, parallel testing (Mar 2018) * Long-Term: GO LIVE DEPLOYMENT (Apr 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)	~~December 2016 (Short-Term)~~ ~~January 2018 (Long-Term)~~ March 2018 (Short-Term) April 2018 (Long-Term) (1st Extension)	Partially Completed -Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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**	

2. **Lack of integration of payroll and other related systems**
 	
 IA Recommendations: 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.
 	
 Management's Corrective Action Plan Status:
 Completed
   * 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

[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**	

2. **Lack of integration of payroll and other related systems (continued)**
 	
Management's Corrective Action Plan Status:
 	
Completed (continued)
  * 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.
 	
Outstanding
  * 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 (Sept 2017), TESTING - Gross to Net calculation, interfaces, parallel testing (Mar 2018)
 	
  * Long-Term: GO LIVE DEPLOYMENT (Apr 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)	~~December 2016 (Short-Term)~~
		
		~~January 2018 (Long-Term)~~
		
		March 2018 (Short-Term)
		
		April 2018 (Long-Term)
		
		(1st Extension)
			Partially Completed -Not Overdue	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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 Accounting Follow-Up Review (Issued January 2014)	1	Operational	High	0	0	0	1
	2	Operational	High	0	0	0	1
	3	Operational	High	0	0	0	1
	4	Operational	Moderate	0	0	0	1

Objectives:

1. To ensure that Management has adequately addressed and resolved the audit findings that resulted from the March 2010 Internal Audit "*Leave Data & Timekeeping Process Review*" and appropriately evaluated and implemented the recommendations from the June 2011 KMH LLP "*Form G-2 Process Improvement Review.*"
2. Test a sample of employees within the selected schools and offices to ensure that data entered into the T&A system is accurate, timely and properly supported and approved.

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status

Appendix A8

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	
2. **Lack of oversight and monitoring at the school/office level** *IA Recommendations:* 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. *Management's Corrective Action Plan Status:* Completed * 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. * LMU created a Leave Accounting Compliance and Monitoring Plan to perform periodic reviews of leave records by CABMs 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)	~~December 2014~~ ~~December 2015~~ April 2017 (3rd Extension)	Completed	✓ March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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**	
3. **Need for a stronger tone at the top and greater accountability at the school/office level** *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. *Management's Corrective Action Plan Status:* Completed * 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. * LMU created a Leave Accounting Compliance and Monitoring Plan to perform periodic reviews of leave records by CABMs 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)	~~December 2014~~ ~~December 2015~~ April 2017 (3rd Extension)	Completed	✓ March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue	Page A8-3

[1] See page A for definitions of Audit Ratings.

Internal **A**udit **R**ecommendation **S**tatus (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**	
4. **Lack of Ownership, Monitoring and Accountability of the Leave Accounting Process** *IA Recommendations:* 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. *Management's Corrective Action Plan Status:* Completed * 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

[1] See page A for definitions of Audit Ratings.

Internal Audit Recommendation Status (continued)

Appendix A8

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	
4. **Lack of Ownership, Monitoring and Accountability of the Leave Accounting Process (continued)** *Management's Corrective Action Plan Status:* Completed (continued) * LMU created a Leave Accounting Compliance and Monitoring Plan to perform periodic reviews of leave records by CABMs 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.	(2)	~~December 2014~~ ~~December 2015~~ April 2017 (3rd Extension)	Completed	✓ March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Management Action Item Dashboard Detail

Appendix A9

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

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**	
2. **Lack of current and comprehensive Student Enrollment and Withdrawal policies and** ***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. ***Management's Corrective Action Plan Status:*** <u>Completed</u> * 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. <u>Outstanding</u> * The draft of the Enrollment/Withdrawal Process & Procedures Manual has been transmitted by AS Sonobe via the Deputy Superintendent to the Attorney General's office for their review and approval. AG's office reviewed the manual and had some comments. The AG's office will approve it once DOE revises the manual. After approval is received, SPAB 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	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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**	
3. **Insufficient controls in the Student Enrollment and Withdrawal process** *IA Recommendations:* Management may consider: updating and standardizing policies, procedures, and forms to cover the entire process and address control weaknesses, centrally locating them, training given to the field, periodically revisit and update polices and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools, develop a comprehensive definition of "enrollment," creating a training module in the SASA Academy, creating policies and procedures for segregation of duties and reviews conducted by DOE School Administrator. *Management's Corrective Action Plan Status:* Completed * 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

[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**	

3. **Insufficient controls in the Student Enrollment and Withdrawal process (continued)**
 	
    Management's Corrective Action Plan Status:
 	
    <u>Completed (continued)</u>
    *   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.
    <u>Outstanding</u>
    *   The draft of the Enrollment/Withdrawal Process & Procedures Manual has been transmitted by AS Sonobe via the Deputy Superintendent to the Attorney General's office for their review and approval. AG's office reviewed the manual and had some comments. The AG's office will approve it once DOE revises the manual. After approval is received, SPAB 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	March 2017

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.

Internal **A**udit **R**ecommendation **S**tatus (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**	
4. **Procedures not performed at the DOE school level and required forms and supporting documentation are not completed and/or retained** *IA Recommendations:* 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. *Management's Corrective Action Plan Status:* Completed * A DOE memo, "Proof of Residence Required for Enrollment" has been distributed. * The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff.				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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**	
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:				
Completed (continued)				
* Based on discussions with OHR, performance evaluations are not feasible at this time due to negotiations with the Union.				
* Committee on Student Weights has not approved the taking away overpaid funding.				
* Memo was issued to address principal monitoring duties regarding enrollment, withdrawal, "No Show", attendance procedures and segregation of duties so that periodic monitoring is conducted.	(1)	~~June 2015~~ ~~April 2016~~ June 2017 (2nd Extension)	Partially Completed - Not Overdue	March 2017
* 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.				
Outstanding				
* The draft of the Enrollment/Withdrawal Process & Procedures Manual has been transmitted by AS Sonobe via the Deputy Superintendent to the Attorney General's office for their review and approval. AG's office reviewed the manual and had some comments. The AG's office will approve it once DOE revises the manual. After approval is received, SPAB 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.				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[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
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

Appendix A10

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**
5. **Timekeeping system (T&A) not meeting certain business objectives** *IA Recommendations:* 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. *Management's Corrective Action Plan Status:* Completed * 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. Outstanding * 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 in June 2016 and issued the *Notice to Proceed* in October 2016. The major target dates are June 2018 - implementation of payroll processing phase and June 2020 - implementation of time and attendance phase.	(2)	New Leave System: ~~2014~~ Dec 2017 (2nd Extension)	Partially Completed - Not Overdue	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue

[1] See page A for definitions of Audit Ratings.