

# **State of Hawaii**

## ***Department of Education***

**Re-Assessment of Risk Assessment and Internal Audit Plan**  
**January 1, 2012 – December 31, 2017**  
**(Presented in Fiscal Year Format)**

**Previously approved by the Board of Education at the**  
**June 4, 2013 Audit Committee Meeting**

---

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



# Table of Contents

---

	<u>Page</u>
■ Executive Summary	3
■ Introduction & Overview	6
■ Summary of Changes to Auditable Areas and Audit Plan	18
■ Proposed Updated Internal Audit Plan	21
■ Proposed Updated Internal Audit Plan Schedule	47



# EXECUTIVE SUMMARY

---



# Executive Summary

This report presents the results of the Internal Audit Office's ("IA") efforts to perform an update to the Risk Assessment and Audit Plan (the "Re-Assessment") for the State of Hawaii, Department of Education. The proposed updated Internal Audit Plan ("Audit Plan") covers the periods January 1, 2013 through December 31, 2017. The development and execution of this Audit Plan is important in meeting the mission of the Internal Audit Office – *"to provide independent and objective internal audit assurance and consulting services designed to add value and improve the internal control structures and operations of the Department of Education ("DOE")."*

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

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

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



# Executive Summary

As a result of the Re-Assessment, 33 auditable areas for the DOE were deemed *high* risk. While these “high” risk areas would justify a significant Internal Audit effort, current resources available to address these risks are limited. Therefore, IA is proposing *4 projects in fiscal year (FY) 2014 (Year 2), 4 projects in FY 2015 (Year 3), 5 projects in FY 2016 (Year 4), 5 projects in FY 2017 (Year 5), and 3 projects from July 1, 2017 – December 31, 2017 (Year 6)*, which are also presented on the following pages. During the first 18 months from January 1, 2012 – June 30, 2013 (Year 1) of the Audit Plan, IA worked on all 6 projects listed in the initial Audit Plan. The table below summarizes the hours of the Audit Plan from Year 1 to Year 6. As risks to the DOE change over time and as additional resources become available, management and the Audit Committee are encouraged to re-evaluate the Audit Plan periodically.

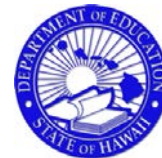
## Proposed Internal Audit Activity Hours<sup>1</sup>

	Year 1 1/1/12 – 6/30/13 <sup>2</sup> (Est.)	Year 1 1/1/12 – 6/30/13 <sup>2</sup> (Act.)	Year 2 7/1/13 – 6/30/14 <sup>3</sup>	Year 3 7/1/14 – 6/30/15 <sup>3</sup>	Year 4 7/1/15 – 6/30/16 <sup>3</sup>	Year 5 7/1/16 – 6/30/17 <sup>3</sup>	Year 6 7/1/17 – 12/31/17 <sup>3</sup>
Assurance	3,170	3,823	3,020	3,240	3,670	3,600	2,150
IA Consulting & Monitoring	2,200	2,202	1,850	1,900	1,900	1,900	950
Investigations & Other	6,200	6,155	5,240	5,280	4,840	4,700	1,900
Outside Consulting (SME)	<u>120</u>	<u>524</u>	<u>230</u>	<u>230</u>	<u>230</u>	<u>230</u>	<u>110</u>
<b>Total</b>	<b><u>11,690</u></b>	<b><u>12,704</u></b>	<b><u>10,340</u></b>	<b><u>10,650</u></b>	<b><u>10,640</u></b>	<b><u>10,430</u></b>	<b><u>5,110</u></b>

<sup>1</sup> Activity hours do not include holiday, vacation, sick, and training hours.

<sup>2</sup> Hours based on an 18 month period and 5 staff members.

<sup>3</sup> Hours based on a 12 month period and 6 staff members.



# **INTRODUCTION & OVERVIEW**

---



# Introduction & Overview

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

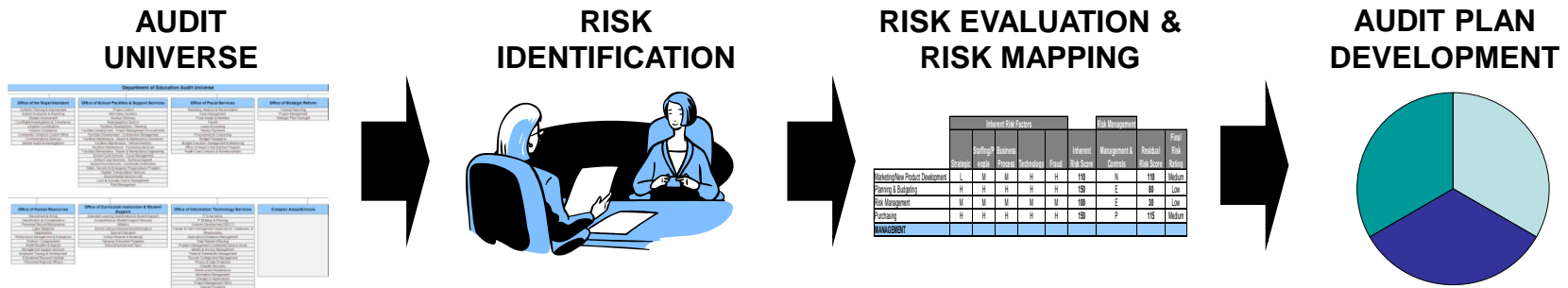
This Re-Assessment and resulting Audit Plan has been developed to ensure that the DOE has sufficient and continuous internal audit coverage of those areas judged as having a relatively higher risk profile or that otherwise require internal audit attention for management or regulatory reasons. For purposes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

As previously mentioned, the Re-Assessment and Audit Plan was developed based on interviews with management; members of the BOE; review of the current industry environment; an evaluation of completed projects during the past year; knowledge of the DOE's business risks; and a high-level evaluation of the current internal control environment at the time of our review. IA ranked risks based on several risk factors identified during the Risk Evaluation, which included an evaluation of the various auditable areas and their impact on the DOE's goals and objectives. A summary of changes to the auditable areas from the previously approved Risk Assessment is presented on page 19.

A Re-Assessment will be performed on an on-going (at least annually) basis to ensure continual monitoring of changing risk factors, financial and operational changes, or management turnover.

# Introduction & Overview – Risk Assessment & Audit Plan Re-evaluation Process

Our re-evaluation process begins with the results of last year’s Risk Assessment. Risks are re-evaluated given changes to the DOE’s external and internal environments as well as the results of audits conducted in the 2012 Audit Plan. The following is a summary of our re-evaluation process:



## Understand changes to the DOE’s Audit Universe

- Identified new and/or changes to the DOE’s auditable areas
- Validated that the population is current and well defined, appropriate, current and complete

## Update Key Risks, Concerns & Issues

- Analyzed changes in education industry & current internal & external environments
- Identified new and emerging risks relevant to DOE
- Worked with Senior Management, and Board of Education, to update understanding of the DOE’s key risks

## Prioritize Key Risks, Concerns & Issues Identified

- Re-assessed inherent and residual risk factors to develop composite risk score
- Re-ranked each auditable area by risk score
- Select high-risk/high-importance auditable areas

## Create Responsive Internal Audit Plan

- Re-focused the Audit Plan on the key control processes
- Developed a balanced Internal Audit project plan comprised of financial, operational and compliance audits, and where applicable special projects
- Ensured audit coverage of significant risk areas

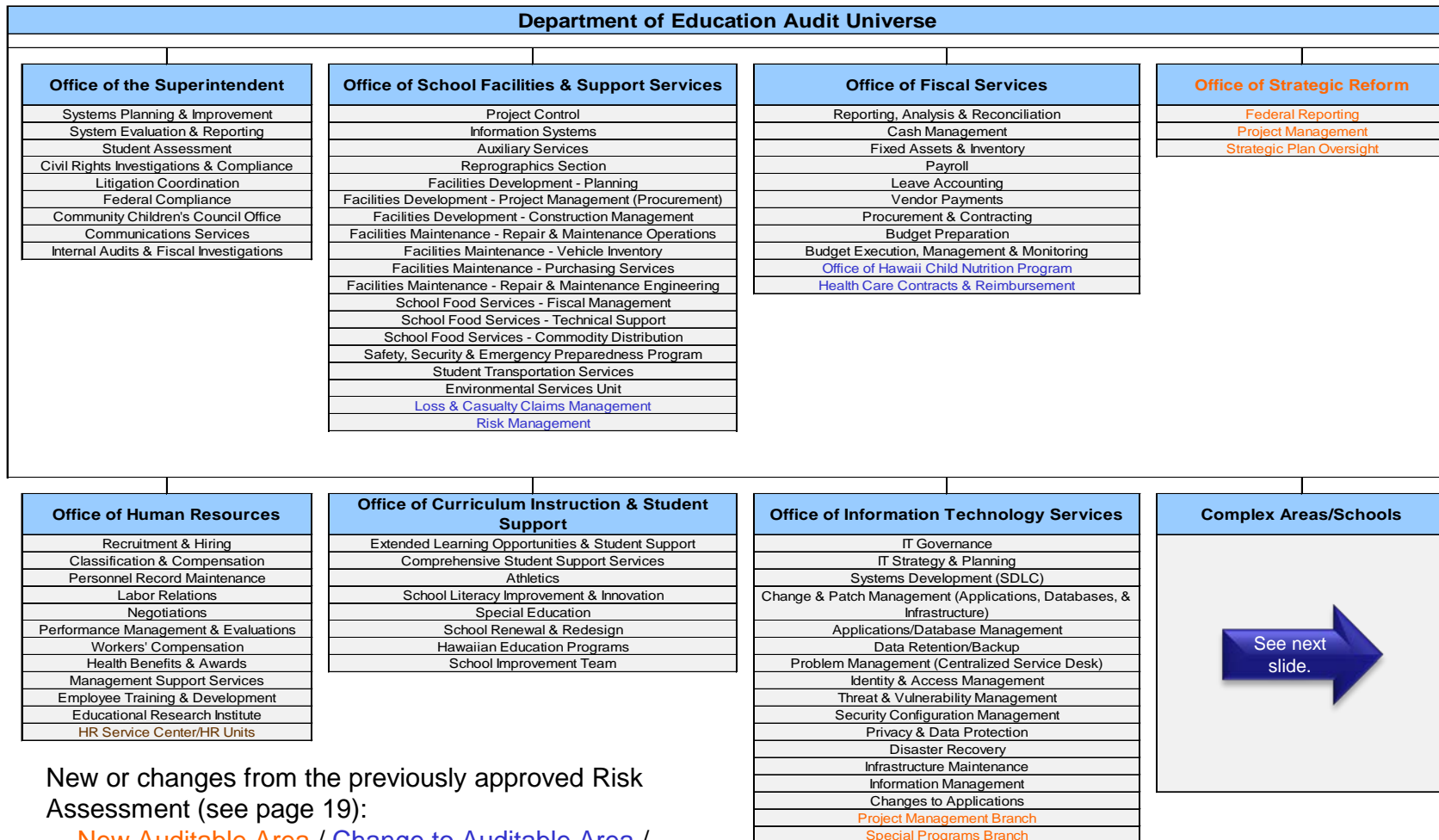
By developing an understanding of the key risks and issues at the DOE, IA developed a focused plan, which will coordinate management, internal audit & external Subject Matter Expert (SME) resources to ensure maximum risk coverage.





# Introduction & Overview – Audit Universe

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




New or changes from the previously approved Risk Assessment (see page 19):

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



# Introduction & Overview – Audit Universe

The **Complex Areas/Schools** auditable areas are detailed below:

Department of Education Audit Universe			
<b>Office of the Superintendent</b> Systems Planning & Improvement System Evaluation & Reporting Student Assessment Civil Rights Investigations & Compliance Litigation Coordination Federal Compliance Community Children's Council Office Communications Services Internal Audits & Fiscal Investigations	<b>Office of School Facilities &amp; Support Services</b> Project Control Information Systems Auxiliary Services Repercussions Section Facilities Development - Planning Facilities Development - Project Management (Procurement) Facilities Development - Construction Management Facilities Maintenance - Repair & Maintenance Operations Facilities Maintenance - Vehicle Inventory Facilities Maintenance - Purchasing Services Facilities Maintenance - Repair & Maintenance Engineering School Food Services - Fiscal Management School Food Services - Technical Support School Food Services - Commodity Distribution Safety, Security & Emergency Preparedness Program Student Transportation Services Environmental Services Unit Loss & Casualty Claims Management Risk Management	<b>Office of Fiscal Services</b> Reporting, Analysis & Reconciliation Cash Management Fixed Assets & Inventory Payroll Leave Accounting Vendor Payments Procurement & Contracting Budget Preparation Budget Execution, Management & Monitoring Office of Hawaii Child Nutrition Program Health Care Contracts & Reimbursement	<b>Office of Strategic Reform</b> Federal Reporting Project Management Strategic Plan Oversight
<b>Office of Human Resources</b> Recruitment & Hiring Classification & Compensation Personnel Record Maintenance Labor Relations Negotiations Performance Management & Evaluations Workers' Compensation Health Benefits & Awards Management Support Services Employee Training & Development Educational Research Institute HR Service Center/HR Units	<b>Office of Curriculum Instruction &amp; Student Support</b> Extended Learning Opportunities & Student Support Comprehensive Student Support Services Athletics School Literacy Improvement & Innovation Special Education School Renewal & Redesign Hawaiian Education Programs School Improvement Team	<b>Office of Information Technology Services</b> IT Governance IT Strategy & Planning Systems Development (SDLC) Change & Patch Management (Applications, Databases, & Infrastructure) Applications/Database Management Data Retention/Backup Problem Management (Centralized Service Desk) Identity & Access Management Threat & Vulnerability Management Security Configuration Management Privacy & Data Protection Disaster Recovery Infrastructure Maintenance Information Management Changes to Applications Project Management Branch Special Programs Branch	<b>Complex Areas/Schools</b> 

Complex Areas/Schools
Casual Hire & Casual Substitute
Leave Accounting
Safety, Security & Emergency Preparedness Program
School Inspections
School Level External Communications
Procurement
Budget Academic & Fin Planning & Compl ACFIN
Inventory
Student Instruction
Special Education, ELL & 504
Homeless Concerns
Cafeteria
Registrar
Groundskeeping, Custodial Services
IT Coordination
School Health Aide
After School Programs
Athletics
Training & Development



# Introduction & Overview – Risk Evaluation

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

Department of Education Audit Universe			
<b>Office of the Superintendent</b> Federal Compliance Student Assessment Civil Rights Investigations & Compliance Communications Services Community Children's Council Office Internal Audits & Fiscal Investigations Litigation Coordination System Evaluation & Reporting Systems Planning & Improvement	<b>Office of School Facilities &amp; Support Services</b> Facilities Development - Construction Management Facilities Development - Planning Facilities Development - Project Management (Procurement) Facilities Maintenance - Repair & Maintenance Operations School Food Services - Fiscal Management Student Transportation Services Project Control Safety, Security & Emergency Preparedness Program School Food Services - Commodity Distribution Auxiliary Services Environmental Services Unit Facilities Maintenance - Purchasing Services Facilities Maintenance - Repair & Maintenance Engineering Facilities Maintenance - Vehicle Inventory Information Systems Loss & Casualty Claims Management Reprographics Section Risk Management School Food Services - Technical Support	<b>Office of Fiscal Services</b> Fixed Assets & Inventory Leave Accounting Payroll Procurement & Contracting Budget Execution, Management & Monitoring Budget Preparation Reporting, Analysis & Reconciliation Vendor Payments Cash Management Health Care Contracts & Reimbursement Office of Hawaii Child Nutrition Programs	<b>Office of Strategic Reform</b> Project Management Federal Reporting Strategic Plan Oversight
<b>Office of Human Resources</b> Performance Management & Evaluations Recruitment & Hiring Classification & Compensation Employee Training & Development Labor Relations Negotiations Workers' Compensation Educational Research Institute Health Benefits & Awards Management Support Services Personnel Record Maintenance HR Service Center/HR Units*	<b>Office of Curriculum Instruction &amp; Student Support</b> Extended Learning Opportunities & Student Support School Literacy Improvement & Innovation Special Education Comprehensive Student Support Services Hawaiian Education Programs Athletics School Improvement Team School Renewal & Redesign	<b>Office of Information Technology Services</b> Disaster Recovery Identity & Access Management Information Management Infrastructure Maintenance IT Strategy & Planning Privacy & Data Protection Systems Development (SDLC) Data Retention/Backup Problem Management (Centralized Service Desk) Project Management Branch Security Configuration Management Threat & Vulnerability Management Applications/Database Management Change & Patch Management (Applications, Databases, & Infrastructure) Changes to Applications IT Governance Special Programs Branch	<b>Complex Areas/Schools</b> <div style="text-align: center; padding: 20px;"> </div>

\* Auditable area to be removed from the Audit Universe



# Introduction & Overview – Risk Evaluation

The following tables represent the risk ratings by office for the **DOE** – 33 auditable areas are considered *high* risk; 25 areas at the **DOE State Office** and 8 at the **Complex Areas/Schools**. We have also indicated risk ratings that have changed since the previous Risk Assessment,

↑ indicating increase in risk rating and ↓ indicating a decrease in risk rating.

Office	Auditable Areas	2012 Final Risk Rating	2013 Final Risk Rating
OS	Federal Compliance	High	High
OS	Student Assessment	High	High
OSFSS	Facilities Development - Construction Management	High	High
OSFSS	Facilities Development - Planning	High	High
OSFSS	Facilities Development - Project Management (Procurement)	High	High
OSFSS	Facilities Maintenance - Repair & Maintenance Operations	High	High
OSFSS	School Food Services - Fiscal Management	High	High
OSFSS	Student Transportation Services	High	High
OFS	Fixed Assets & Inventory	High	High
OFS	Leave Accounting	High	High
OFS	Payroll	Medium	High
OFS	Procurement & Contracting	High	High
OHR	Performance Management & Evaluations	Medium	High
OHR	Recruitment & Hiring	High	High
OCISS	Extended Learning Opp & Student Support	High	High
OCISS	School Literacy Improvement & Innovation	High	High
OCISS	Special Education	High	High
OITS	Disaster Recovery	High	High
OITS	Identity & Access Management	High	High
OITS	Information Management	High	High
OITS	Infrastructure Maintenance	High	High
OITS	IT Strategy & Planning	Medium	High
OITS	Privacy and Data Protection	High	High
OITS	Systems Development (SDLC)	High	High
OSR	Project Management (New)	N/A	High

↑

↑

↑



# Introduction & Overview – Risk Evaluation

The following table represents the remaining risk ratings for the **DOE State Office**. 20 auditable areas are considered *medium risk*.

Office	Auditable Areas	2012 Final Risk Rating	2013 Final Risk Rating
OSFSS	Project Control	Medium	Medium
OSFSS	Safety, Security & Emergency Preparedness Program	Medium	Medium
OSFSS	School Food Services - Commodity Distribution	Medium	Medium
OFS	Budget Execution, Management & Monitoring	Medium	Medium
OFS	Budget Preparation	Medium	Medium
OFS	Reporting, Analysis & Reconciliation	Medium	Medium
OFS	Vendor Payments	Medium	Medium
OHR	Classification & Compensation	Medium	Medium
OHR	Employee Training & Development	Medium	Medium
OHR	Labor Relations	Medium	Medium
OHR	Negotiations	Medium	Medium
OHR	Workers' Compensation	Medium	Medium
OCISS	Comprehensive Student Support Services	Medium	Medium
OCISS	Hawaiian Education Programs	Medium	Medium
OITS	Data Retention/Backup	Medium	Medium
OITS	Problem Management (Centralized Service Desk)	Medium	Medium
OITS	Project Management Branch (New)	N/A	Medium
OITS	Security Configuration Management	Medium	Medium
OITS	Threat & Vulnerability Management	Medium	Medium
OSR	Federal Reporting (New)	N/A	Medium



# Introduction & Overview – Risk Evaluation

The following table represents the remaining risk ratings for the **DOE State Office**. 33 auditable areas are considered *low* risk.

Office	Auditable Areas	2012 Final Risk Rating	2013 Final Risk Rating
OS	Civil Rights Investigations & Compliance	Low	Low
OS	Communications Services	Low	Low
OS	Community Children's Council Office	Low	Low
OS	Internal Audits & Fiscal Investigations	Low	Low
OS	Litigation Coordination	Low	Low
OS	System Evaluation & Reporting	Low	Low
OS	Systems Planning & Improvement	Medium	Low
OSFSS	Auxiliary Services	Low	Low
OSFSS	Environmental Services Unit	Low	Low
OSFSS	Facilities Maintenance - Purchasing Services	Low	Low
OSFSS	Facilities Maintenance - Repair & Maintenance Engineering	Low	Low
OSFSS	Facilities Maintenance - Vehicle Inventory	Low	Low
OSFSS	Information Systems	Low	Low
OSFSS	Loss & Casualty Claims Management	Low	Low
OSFSS	Reprographics Section	Low	Low
OSFSS	Risk Management	Low	Low
OSFSS	School Food Services - Technical Support	Low	Low
OFS	Cash Management	Low	Low
OFS	Health Care Contracts & Reimbursement	Low	Low
OFS	Office of Hawaii Child Nutrition Programs	Low	Low
OHR	Educational Research Institute	Low	Low
OHR	Health Benefits & Awards	Low	Low
OHR	Management Support Services	Low	Low
OHR	Personnel Record Maintenance	Low	Low
OHR	HR Service Center/HR Units (To be Removed)	High	N/A
OCISS	Athletics	Low	Low
OCISS	School Improvement Team	Low	Low
OCISS	School Renewal & Redesign	Low	Low
OITS	Applications/Database Management	Low	Low
OITS	Change & Patch Management (App, Databases, & Infrast)	Low	Low
OITS	Changes to Applications	Low	Low
OITS	IT Governance	Low	Low
OITS	Special Programs Branch (New)	N/A	Low
OSR	Strategic Plan Oversight (New)	N/A	Low





# Introduction & Overview – Risk Evaluation

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

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

Auditable Areas	2012 Final Risk Rating	2013 Final Risk Rating
Cafeteria	Medium	High
Casual Hire & Casual Substitute	High	High
Inventory	High	High
IT Coordination	High	High
Leave Accounting	High	High
Procurement	High	High
Special Education, ELL & 504	High	High
Student Instruction	High	High
Homeless Concerns	Medium	Medium
Training & Development	Medium	Medium
After School Programs	Low	Low
Athletics	Low	Low
Budget Academic & Fin Planning & Compl ACFIN	Low	Low
Groundskeeping, Custodial Services	Low	Low
Registrar	Low	Low
Safety, Security & Emergency Preparedness Program	Low	Low
School Health Aide	Low	Low
School Inspections	Low	Low
School Level External Communications	Low	Low





# Introduction & Overview – Audit Plan Development

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

- **Assurance Projects:** *Established processes* are in place and will be evaluated for design and operating effectiveness. In executing the projects IA’s methodology will require the performance of a project level risk assessment, during which time significant and other additional relevant risks are evaluated and more detailed controls are identified to be considered for inclusion in the project scope.
- **Consulting & Monitoring Projects:** The nature and scope of such projects are agreed upon with the client and are intended to add value and improve operations *from a risk perspective*. Examples include counsel, advice, facilitation and training. This also includes monitoring projects such as Special Project – Cancelled Check Reviews and Annual Checklist Monitoring. Consulting and monitoring projects shall not in any circumstance impair IA’s independence.





# Introduction & Overview – Audit Plan Development

Based on the risk scores and risk ratings, IA identified 32 projects (both **assurance** and **consulting & monitoring**) that focus on addressing the high risks and specific concerns raised within the DOE. Some projects may cover multiple high risk areas. During the first 18 months from January 1, 2012 – June 30, 2013 of the Audit Plan (**Year 1**) of the Audit Plan, IA worked on 12 (**7 assurance** and **5 consulting & monitoring**) of the 32 projects identified as high risk or for which there were specific concerns. The Re-Assessment of the Audit Plan will include the remaining **21 assurance projects** along with **5 consulting & monitoring projects**.

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

## Internal Audit Projects

Information Technology Privacy Review – Student Data

Leave Accounting Follow-Up Review

Payroll Review

Equipment and Fleet Maintenance Review

Student Assessment Administration Review - Phase I

Network Infrastructure Review

Governance & Ethics Review

Post - RTTT Project Management Review

Federal Compliance Review

P20 Longitudinal Data System - Post-Implementation Review

Student Transportation Services Implementation Follow-Up

Fixed Assets Management Review

Performance Evaluations Post-Implementation Review

Data Access Controls Review

Operational Review of the Special Education Section

Capital Construction Oversight and Management

Implementation Follow-Up

Student Assessment Administration Review - Phase II

Change and Patch Management Review

Program Design and Management Review

Disaster Recovery Review

Use of Facilities Review

ACL Audit Tool Development (Annual)

Fraud & Ethics Hotline – Confidential Reporting Mechanism (Annual)

Internal Control & Operational Efficiency Consulting Projects (Annual)

Investigations (Annual)

Baseline Assurance & Monitoring Projects (Annual)

Procurement & Contracting Process Review (FY 2012)

Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review (FY 2012)

School Food Services Review (FY 2013)

Data Integrity Review – Student Enrollment (FY 2013)

School Monitoring Program – Phase I (Removal approved by Audit Committee at the September 4, 2012 meeting)

Operational Review of the English Language Learner Programs (Removal approved by Audit Committee at the June 4, 2013 meeting)

eHR Post-Implementation Review (FY 2013)



# **SUMMARY OF CHANGES TO AUDITABLE AREAS AND AUDIT PLAN**

---



# Summary of Changes to Auditable Areas

As a result of the re-evaluation process, the following changes were noted to the original auditable areas, with brief descriptions for the changes.

Auditable Areas	Office	Changes
<b>New Auditable Areas</b>		
Project Management	OSR	Addition to the Office of Strategic Reform, formerly known as Special Programs Management in the Office of Curriculum Instruction & Student Support
Federal Reporting	OSR	Addition to the Office of Strategic Reform
Strategic Plan Oversight	OSR	Addition to the Office of Strategic Reform
Project Management Branch	OITS	Addition to the Office of Information Technology Services
Special Programs Branch	OITS	Addition to the Office of Information Technology Services
<b>Office/Name Changes to Auditable Areas</b>		
Loss & Casualty Claims Management	OSFSS	Moved from the Office of Fiscal Services
Risk Management	OSFSS	Moved from the Office of Fiscal Services
Health Care Contracts & Reimbursements	OFS	Moved from the Office of the Superintendent
Office of Hawaii Child Nutrition Programs	OFS	Moved from the Office of the Superintendent
<b>Auditable Area to be Removed</b>		
HR Service Center/HR Units	OHR	Removed - due to budgetary constraints, OHR is looking at existing resources to provide high quality services to the field.
<b>Changes to Risk Rating</b>		
Payroll	OFS	Increased from "Medium" to "High" Risk
Performance Management & Evaluations	OHR	Increased from "Medium" to "High" Risk
IT Strategy & Planning	OITS	Increased from "Medium" to "High" Risk
Cafeteria	Schools	Increased from "Medium" to "High" Risk
Systems Planning & Improvement	OS	Decreased from "Medium" to "Low" Risk as a result of the Office of Strategic Reform overseeing Race to the Top

Note: Office of Strategic Reform is a new office created in 2012.



# Summary of Changes to the Audit Plan

As a result of the re-evaluation process:

- The original four (4) year Audit Plan was expanded to a six (6) year Audit Plan
- Three (3) new projects were added
- One (1) project was removed
- The rest of the projects were rescheduled
- The estimated hours on all projects were increased based on actual hours spent on Year 1 Audit Plan projects (see page 5 for details).

The following summary displays the new projects and the first two (2) years of the rescheduled projects for the six (6) year Audit Plan.

Project	Timing	Est. Hrs.	Proposed Change
<b>New Projects</b>			
Payroll Review	Q3 FY 2014	840	Addition to Q3 FY 2014
Performance Evaluations Post-Implementation Review	Q4 FY 2016	490	Addition to Q4 FY 2016
Use of Facilities Review	Q2 FY 2018	700	Addition to Q2 FY 2018
<b>Proposed Changes to Existing Projects for the Next Two (2) Fiscal Years</b>			
Equipment and Fleet Maintenance Review	Q4 FY 2014	560	Moved from Q3 FY 2013
Student Assessment Administration Review - Phase I	Q1 FY 2015	560	Moved from Q1 FY 2014
Network Infrastructure Review	Q2 FY 2015	630	Moved from Q1 FY 2016
Governance & Ethics Review	Q3 FY 2015	490	Moved from Q2 FY 2014
Post-RTTT Project Management Review	Q4 FY 2015	560	Moved from Q3 FY 2014
HR Service Center/HR Units Review	N/A	N/A	Removed from Audit Plan as service center/units were not implemented by OHR



# **PROPOSED UPDATED INTERNAL AUDIT PLAN**

---



# Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period January 1, 2012 through June 30, 2013 (Year 1).

## Internal Audit Plan Period: January 1, 2012 through June 30, 2013 – Year 1

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<p><b>Procurement &amp; Contracting Process Review</b></p> <p>Evaluate the Department's compliance with internal purchasing policies and procedures and Federal and State laws, rules and regulations, where applicable. Test the design and operating effectiveness of the Department's internal controls over procurement of goods and services and provide efficiency and effectiveness recommendations. Where applicable, this review will follow-up on the results of previous report findings and studies.</p> <p><b>PRIMARY FOCUS: Compliance/Financial</b></p>	<p><b>OFS</b> <i>Procurement &amp; Contracting</i></p>	<p>Compliance Risk Efficiency Risk Performance Gap Risk Change Readiness Risk</p>	<p>Q3 FY 2012</p>	<p>600</p>
<p><b>Casual Hire Personnel Recruitment, Hiring &amp; Payroll Process Review</b></p> <p>Review, evaluate and test the design and operating effectiveness of the Department's recruiting and hiring process for Casual Hires (hourly non-certificated staff, including part-time temporary teachers, substitute teachers, A+ Afterschool Plus workers, tutors, parent/community networking center facilitators, adult meal supervisors, school operations substitutes, and certain others). Provide recommendations based on leading practices to improve the efficiency and effectiveness of the processes.</p> <p><b>PRIMARY FOCUS: Operational</b></p>	<p><b>OHR</b> <i>Recruitment &amp; Hiring</i></p>	<p>Organizational Culture Risk Human Resources Risk Performance Gap Risk Knowledge Capital Risk Alignment Risk</p>	<p>Q4 FY 2012</p>	<p>800</p>
<p><b>School Food Services Review</b></p> <p>Determine if the policies and procedures governing the planning, ordering, meal preparation, and inventory of food items are adequately designed and monitored by the Department. This review will focus on the key elements of effective infrastructure for a business process: policies, processes, people and organization, management reports, methodologies, and system and data.</p> <p><b>PRIMARY FOCUS: Operational/Financial</b></p>	<p><b>OSFSS</b> <i>School Food Services - Fiscal Management</i></p>	<p>Authority/Limit Risk Efficiency Risk Performance Gap Risk</p>	<p>Q1 FY 2013</p>	<p>450</p>



# Internal Audit Plan

## Internal Audit Plan: Year 1 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Data Integrity Review - Student Enrollment</b>				
Review the information management controls in place to ensure data is accurate, complete, and consistent. Test and validate the data quality for a sample of yearly reports, such as student enrollment projections, enrollment counts, and/or student transfers. <i>PRIMARY FOCUS: Information Technology/Operational</i>	OITS Information Management	Integrity Risk Access Risk Alignment Risk	Q2 FY 2013	400
<b>School Monitoring Program - Phase I (Removal approved by Audit Committee at the September 4, 2012 meeting)</b>				
Compile and collaborate with various groups throughout the Department on the monitoring tools at the School level to ensure processes and related internal controls are designed and operating effectively and efficiently. Execute a standardized testing strategy of internal controls at the Schools to include, among others, tests of controls over local school funds, leave accounting, procurement, inventory, special services, and IT coordination. <i>PRIMARY FOCUS: Operational/Compliance/Financial</i>	Schools	Efficiency Risk Human Resources Risk Compliance Risk Scalability Risk Performance Gap Risk	Throughout	-
<b>Operational Review of the English Language Learner Programs (Removal approved by Audit Committee at the June 4, 2013 meeting)</b>				
Review of the adequacy of the design of internal controls and business processes over the development, implementation, monitoring, and reporting processes for the DOE's English Language Learner programs that help to ensure compliance with Federal and State laws and regulations. This review will not be an in-depth compliance review, but rather will focus on assessing the efficiency and effectiveness of control and process design. <i>PRIMARY FOCUS: Operational</i>	OCISS School Literacy Improvement & Innovation	Efficiency Risk Authority/Limit Risk Communication Risk Alignment Risk	Q3 FY 2013	-



# Internal Audit Plan

## Internal Audit Plan: Year 1 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>eHR Post-Implementation Review</b>				
Evaluate the effectiveness of the eHR online system application processing module or other recently implemented modules to ensure that the intended objectives of implementing the system were met. Evaluate the design and operating effectiveness of procedures and controls over input, processing, and output to ensure: (1) information captured is complete and accurate and (2) information generated is accurate, reliable, and timely. <i>PRIMARY FOCUS: Information Technology</i>	OHR <i>Recruitment &amp; Hiring</i>	Integrity Risk Access Risk Security Risk Cycle Time Risk	Q4 FY 2013	420
<b>Baseline Assurance Projects</b>				
Local School Fund Audits, P-Card Reviews, and other.			Throughout	500
<b>TOTAL PROPOSED ASSURANCE HOURS: January 1, 2012 - June 30, 2013</b>				<b>3,170</b>

Project	Auditable Area(s)	Quadrant I Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING</b>				
<b>Follow-Up Monitoring Based on Management Action Plans</b>				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	100
<b>Fraud &amp; Ethics Hotline - Confidential Reporting Mechanism</b>				
Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	600





# Internal Audit Plan

## Internal Audit Plan: Year 1 (continued)

Project	Auditable Area(s)	Quadrant I Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING</b>				
<b>ACL Audit Tool Development</b> Design a continuous control monitoring tool utilizing ACL to analyze and query P-Card, purchasing, receiving, vendor management and/or accounts payable transactions to assess the effectiveness of the procurement and accounts payable functions.	OFS <i>Procurement &amp; Contracting</i> <i>Vendor Payments</i>	Accounting Information Risk	Throughout	500
<b>Internal Control &amp; Operational Efficiency Consultation</b> Provide consulting services to Department for internal control planning and operational improvement initiatives.	Various	Alignment Risk Efficiency Risk	Throughout	1,000
<b>TOTAL PROPOSED IA CONSULTING HOURS: January 1, 2012 - June 30, 2013</b>				<b>2,200</b>

Project	Auditable Area(s)	Quadrant I Risk(s)	Timing	Est. Hrs.
<b>INVESTIGATIONS &amp; OTHER</b>				
<b>Investigations</b> Conduct investigations of allegations concerning DOE fund or asset misappropriation, and other areas where requested. Estimated level of effort based on monthly/yearly historical hours for investigations requested by Internal Audit.			Throughout	2,900
<b>Baseline Monitoring Projects</b> Special Project - Cancelled Check Reviews, Annual Checklist Monitoring, and other.			Throughout	1,250



# Internal Audit Plan

## Internal Audit Plan: Year 1 (continued)

Project	Auditable Area(s)	Quadrant I Risk(s)	Timing	Est. Hrs.
<b>INVESTIGATIONS &amp; OTHER</b>				
<b>Function Administration January 1, 2012 - June 30, 2013</b>				
Reporting and Communication			Throughout	650
Risk Assessment Re-evaluation & Audit Plan for 2013 (Update)			Q2 FY 2013	250
External, State, Legislative & Consultant Audit/Review Coordination			Throughout	450
Other Administration including budget preparation, meetings and other			Throughout	700
<b>TOTAL PROPOSED INVESTIGATIONS &amp; OTHER HOURS: January 1, 2012 - June 30, 2013</b>				<b>6,200</b>
<b>TOTAL OUTSIDE CONSULTING (SME) HOURS: January 1, 2012 - June 30, 2013</b>				<b>120</b>
<b>TOTAL PROPOSED HOURS: January 1, 2012 - June 30, 2013</b>				<b>11,690</b>



# Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period July 1, 2013 through June 30, 2014 (Year 2).

## Internal Audit Plan Period: July 1, 2013 through June 30, 2014 – Year 2

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Information Technology Privacy Review - Student Data</b>				
Evaluate the adequacy of the Department's ability to meet its privacy commitments and stated practices in accordance with GAPP (generally accepted privacy principles). Determine the Department's adherence to FERPA and other regulations.	OS Data Governance	Privacy Risk Integrity Risk Access Risk	Q1 FY 2014	490
	OITS Privacy and Data Protection	Infrastructure Risk		
<b>PRIMARY FOCUS: Information Technology</b>				
<b>Leave Accounting Follow-Up Review</b>				
Follow-up to Internal Audit's Leave Data and Timekeeping Processes Review to assess the implementation of Management's Plans as described in the Final Report (2010). This follow-up review will also consider relevant findings and recommendations of the Form G-2 Process Improvement Review (2011).	OFS Leave Accounting	Compliance Risk Cycle Time Risk Efficiency Risk	Q2 FY 2014	630
	Schools Leave Accounting	Change Readiness Risk Organizational Structure Risk		
<b>PRIMARY FOCUS: Operational/Compliance</b>				
<b>Payroll Review</b>				
Review, evaluate and test the design and operating effectiveness of the payroll process for employees within the Department. Assess the Department's compliance with internal policies and procedures. Provide recommendations based on leading practices to improve the efficiency and effectiveness of the processes.	OFS Payroll	Compliance Risk Efficiency Risk Cycle Time Risk Change Readiness Risk Organizational Structure Risk	Q3 FY 2014	840
<b>PRIMARY FOCUS: Operational/Financial</b>				



# Internal Audit Plan

## Internal Audit Plan: Year 2 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Equipment and Fleet Maintenance Review</b>				
Evaluate the Department's records of regular preventive maintenance and repairs to vehicles and high value equipment. Review the adequacy of the current Equipment and Fleet Management policies and processes as they relate to the tracking mechanism established for monitoring equipment and vehicle performance and determine if services have been completed in the most cost-effective and efficient manner. Where applicable, this review will follow-up on the results of previous report findings and studies.	OSFSS Repair & Maintenance Operations	Budget & Planning Risk Efficiency Risk Performance Gap Risk Alignment Risk	Q4 FY 2014	560
<i>PRIMARY FOCUS: Operational/Financial</i>				
<b>Baseline Assurance Projects</b>				
Local School Fund Audits, P-Card Reviews, and other.			Throughout	500
<b>TOTAL PROPOSED ASSURANCE HOURS: FY 2014</b>				<b>3,020</b>

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Follow-Up Monitoring Based on Management Action Plans</b>				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	350



# Internal Audit Plan

## Internal Audit Plan: Year 2 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Fraud &amp; Ethics Hotline - Confidential Reporting Mechanism</b> Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	350
<b>ACL Audit Tool Development</b> Design a continuous control monitoring tool utilizing ACL to analyze and query P-Card, purchasing, receiving, vendor management and/or accounts payable transactions to assess the effectiveness of the procurement and accounts payable functions.	OFS <i>Procurement &amp; Contracting Vendor Payments</i>	Accounting Information Risk	Throughout	750
<b>Internal Control &amp; Operational Efficiency Consultation</b> Provide consulting services to Department for internal control planning and operational improvement initiatives.	Various	Alignment Risk Efficiency Risk	Throughout	400
<b>TOTAL PROPOSED IA CONSULTING HOURS: FY 2014</b>				<b>1,850</b>
<b>Investigations</b> Conduct investigations of allegations concerning DOE fund or asset misappropriation, and other areas where requested. Estimated level of effort based on monthly/yearly historical hours for investigations requested by Internal Audit.			Throughout	1,550



# Internal Audit Plan

## Internal Audit Plan: Year 2 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Baseline Monitoring Projects</b>				
Special Project - Cancelled Check Reviews, Annual Checklist Monitoring, and other.			Throughout	1,000
<b>Function Administration FY 2014</b>				
Reporting and Communication			Throughout	400
Risk Assessment Re-evaluation & Audit Plan for FY 2015			Q4 FY 2014	950
External, State, Legislative & Consultant Audit/Review Coordination			Throughout	300
Other Administration including budget preparation, meetings and other			Throughout	1040
<b>TOTAL PROPOSED INVESTIGATIONS &amp; OTHER HOURS: FY 2014</b>				<b>5,240</b>
<b>TOTAL OUTSIDE CONSULTING (SME) HOURS: FY 2014</b>				<b>230</b>
<b>TOTAL PROPOSED HOURS: FY 2014</b>				<b>10,340</b>



# Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period July 1, 2014 through June 30, 2015 (Year 3).

## Internal Audit Plan Period: June 1, 2014 through June 30, 2015 – Year 3

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Student Assessment Administration Review - Phase I</b>				
Review of the Systems Accountability Office's internal controls and business processes over the administration of student assessments, including the distribution and maintenance of student assessment material and the collection and reporting of student assessment results. Review will also focus on assessing the design and operating effectiveness of controls over student assessment data to ensure data is adequately secured and controlled. This review will exclude an assessment of the controls and processes associated with the development of student assessments.	OS <i>Student Assessment</i>	Integrity Risk Security Risk Compliance Risk Access Risk Alignment Risk	Q1 FY 2015	560
<b>PRIMARY FOCUS: Operational</b>				
<b>Network Infrastructure Review</b>				
Review of network architecture, security configuration, operations management, and monitoring procedures to ensure mitigation of confidentiality, integrity, and availability risks.	OITS <i>Infrastructure Maintenance</i>  Schools <i>IT Coordination</i>	Availability Risk Integrity Risk Security Risk Infrastructure Risk Capital Availability Risk	Q2 FY 2015	630
<b>PRIMARY FOCUS: Information Technology</b>				
<b>Governance &amp; Ethics Review</b>				
Review and evaluate the design and operating effectiveness of the DOE's ethics-related programs, activities, and processes to ensure effective governance and accountability throughout the DOE. Required review under the Institute of Internal Auditors International Professional Practices Framework.	OS OHR	Organizational Culture Risk Leadership Risk Board Effectiveness Risk	Q3 FY 2015	490
<b>PRIMARY FOCUS: Operational/Compliance</b>				



# Internal Audit Plan

## Internal Audit Plan: Year 3 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Post-RTTT Project Management Review</b>				
Review, evaluate, and test the design and operating effectiveness of the business process and internal controls over the management and compliance of the Race to the Top (RTTT) plan to determine the attainment of RTTT objectives against project goals and Federal funding requirements. In addition, this review will assess "lessons learned" and focus on continuous improvement to ensure there are effective processes and internal controls.	OSR <i>Project Management</i>	Compliance Risk Planning Risk Alignment Risk Opportunity Cost Risk Communications Risk	Q4 FY 2015	560
<i>PRIMARY FOCUS: Operational/Compliance</i>				
<b>Baseline Assurance Projects</b>				
Local School Fund Audits, P-Card Reviews, and other.			Throughout	1,000
<b>TOTAL PROPOSED ASSURANCE HOURS: FY 2015</b>				3,240

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Follow-Up Monitoring Based on Management Action Plans</b>				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	500
<b>Fraud &amp; Ethics Hotline - Confidential Reporting Mechanism</b>				
Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	300





# Internal Audit Plan

## Internal Audit Plan: Year 3 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>ACL Audit Tool Development</b> Design a continuous control monitoring tool utilizing ACL to analyze and query P-Card, purchasing, receiving, vendor management and/or accounts payable transactions to assess the effectiveness of the procurement and accounts payable functions.	OFS <i>Procurement &amp; Contracting</i> <i>Vendor Payments</i>	Accounting Information Risk	Throughout	700
<b>Internal Control &amp; Operational Efficiency Consultation</b> Provide consulting services to Department for internal control planning and operational improvement initiatives.	Various	Alignment Risk Efficiency Risk	Throughout	400
<b>TOTAL PROPOSED IA CONSULTING HOURS: FY 2015</b>				<b>1,900</b>
<b>Investigations</b> Conduct investigations of allegations concerning DOE fund or asset misappropriation, and other areas where requested. Estimated level of effort based on monthly/yearly historical hours for investigations requested by Internal Audit.			Throughout	1,700
<b>Baseline Monitoring Projects</b> Special Project - Cancelled Check Reviews, Annual Checklist Monitoring, and other.			Throughout	1,150



# Internal Audit Plan

## Internal Audit Plan: Year 3 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Function Administration FY 2015</b>				
Reporting and Communication			Throughout	400
Risk Assessment Re-evaluation & Audit Plan for FY 2016 (Update)			Q4 FY 2015	350
External, State, Legislative & Consultant Audit/Review Coordination			Throughout	350
Other Administration including budget preparation, meetings and other			Throughout	1330
<b>TOTAL PROPOSED INVESTIGATIONS &amp; OTHER HOURS: FY 2015</b>				<b>5,280</b>
<b>TOTAL OUTSIDE CONSULTING (SME) HOURS: FY 2015</b>				<b>230</b>
<b>TOTAL PROPOSED HOURS: FY 2015</b>				<b>10,650</b>



# Internal Audit Plan

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

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

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Federal Compliance Review</b>				
Evaluate the adequacy and effectiveness of the Department's Federal compliance function and opportunities to strengthen existing practices. The compliance function will be evaluated against the seven elements of an effective compliance program which include: compliance standards and procedures; oversight; education and training; monitoring and auditing; reporting; and enforcement and accountability. <i>PRIMARY FOCUS: Compliance</i>	OS <i>Federal Compliance</i>	Compliance Risk Leadership Risk Knowledge Capital Risk Alignment Risk	Q1 FY 2016	560
<b>P20 Longitudinal Data System - Post-Implementation Review</b>				
Evaluate the P20 Longitudinal Data System application, interface, and associated infrastructure testing strategies and procedures, as well as, management plans relating to implementation sequencing activities to help ensure the continued integrity of the data utilized by the application and that those resources required by the application are readily available. <i>PRIMARY FOCUS: Information Technology</i>	OITS <i>Systems Development</i>	Integrity Risk Access Risk Infrastructure Risk	Q1 FY 2016	420
<b>Student Transportation Services Implementation Follow-Up</b>				
Review the following areas to determine whether the recommendations provided by outside consultants are implemented properly: (1) the design and operating effectiveness of procedures and controls are executed properly, (2) internal control procedures are adequate for monitoring contract compliance in all areas of operations and administration, and (3) assess the effectiveness and determine the results of performance measures and goals established for contractors providing student transportation services. <i>PRIMARY FOCUS: Operational/Compliance</i>	OSFSS <i>Student Transportation Services</i>	Budget & Planning Efficiency Risk Compliance Risk Alignment Risk	Q2 FY 2016	700



# Internal Audit Plan

## Internal Audit Plan: Year 4 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Fixed Assets Management Review</b>				
Review the adequacy of current Fixed Asset Management policies and processes as they relate to tracking and monitoring, recording and reporting, disposing, and depreciating fixed assets within the Accounting Services Branch. Provide recommendations based on leading practices to improve the efficiency and effectiveness of fixed asset management.	OFS <i>Fixed Assets &amp; Inventory</i>	Authority/Limit Risk Efficiency Risk Performance Gap Risk	Q3 FY 2016	700
<i>PRIMARY FOCUS: Financial</i>	Schools <i>Inventory</i>			
<b>Performance Evaluations Post-Implementation Review</b>				
Evaluate the effectiveness of the performance evaluations modules to ensure that the intended objectives of implementing the system were met. Evaluate the design and operating effectiveness of procedures and controls over input, processing, and output to ensure: (1) information captured is complete and accurate and (2) information generated is accurate, reliable, and timely.	OHR <i>Performance Management &amp; Evaluations</i>	Integrity Risk Access Risk Security Risk	Q4 FY 2016	490
<i>PRIMARY FOCUS: Information Technology</i>				
<b>Baseline Assurance Projects</b>				
Local School Fund Audits, P-Card Reviews, and other.			Throughout	800
<b>TOTAL PROPOSED ASSURANCE HOURS: FY 2016</b>				<b>3,670</b>



# Internal Audit Plan

## Internal Audit Plan: Year 4 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Follow-Up Monitoring Based on Management Action Plans</b>				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	500
<b>Fraud &amp; Ethics Hotline - Confidential Reporting Mechanism</b>				
Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	300
<b>ACL Audit Tool Development</b>				
Design a continuous control monitoring tool utilizing ACL to analyze and query P-Card, purchasing, receiving, vendor management and/or accounts payable transactions to assess the effectiveness of the procurement and accounts payable functions.	OFS <i>Procurement &amp; Contracting Vendor Payments</i>	Accounting Information Risk	Throughout	700
<b>Internal Control &amp; Operational Efficiency Consultation</b>				
Provide consulting services to Department for internal control planning and operational improvement initiatives.	Various	Alignment Risk Efficiency Risk	Various	400
<b>TOTAL PROPOSED IA CONSULTING HOURS: FY 2016</b>				<b>1,900</b>



# Internal Audit Plan

## Internal Audit Plan: Year 4 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Investigations</b>				
Conduct investigations of allegations concerning DOE fund or asset misappropriation, and other areas where requested. Estimated level of effort based on monthly/yearly historical hours for investigations requested by Internal Audit.			Throughout	1,400
<b>Baseline Monitoring Projects</b>				
Special Project - Cancelled Check Reviews, Annual Checklist Monitoring, and other.			Throughout	1,000
<b>Function Administration FY 2016</b>				
Reporting and Communication			Throughout	300
Risk Assessment Re-evaluation & Audit Plan for FY 2017			Q4 FY 2016	840
External, State, Legislative & Consultant Audit/Review Coordination			Throughout	300
Other Administration including budget preparation, meetings and other			Throughout	1000
<b>TOTAL PROPOSED INVESTIGATIONS &amp; OTHER HOURS: FY 2016</b>				<b>4,840</b>
<b>TOTAL OUTSIDE CONSULTING (SME) HOURS: FY 2016</b>				<b>230</b>
<b>TOTAL PROPOSED HOURS: FY 2016</b>				<b>10,640</b>



# Internal Audit Plan

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

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

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Data Access Controls Review</b>				
Review access controls of select systems and/or records to ensure (1) only authorized individuals are permitted to request or approve access; (2) access provided aligns with job responsibilities; and (3) individuals are disabled or removed from the system when they no longer require access. <i>PRIMARY FOCUS: Information Technology</i>	OITS <i>Identity &amp; Access Management</i>	Access Risk Security Risk Integrity Risk	Q1 FY 2017	420
<b>Operational Review of the Special Education Section</b>				
Review the adequacy of the design of internal controls and business processes over the development, implementation, monitoring, and reporting processes for the DOE's Special Education programs that help to ensure compliance with Federal and State laws and regulations. In addition, this review will follow-up on relevant prior consultant findings and recommendations from the Special Education Review (2011). This review will not be an in-depth compliance review, but rather will focus on assessing the efficiency and effectiveness of control and process design.	OCISS <i>Special Education</i>  Schools <i>Special Education, ELL &amp; 504</i>	Efficiency Risk Leadership Risk Authority/Limit Risk Communication Risk Knowledge Capital Risk Alignment Risk	Q1 FY 2017	560



# Internal Audit Plan

## Internal Audit Plan: Year 5 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Capital Construction Oversight and Management Implementation Follow-Up</b>				
<p>Review the following areas to determine whether the recommendations provided by outside consultants are implemented properly: (1) the design and operating effectiveness of procedures and internal controls are executed properly, (2) implementation of related business processes over the capital construction process are adequate, and (3) assess the application of primary controls for a selection of completed construction projects to include the following:</p> <ul style="list-style-type: none"> <li>• General Construction Project Controls</li> <li>• Project Planning and Analysis</li> <li>• Project Review and Approval</li> <li>• Bid, Selection and Contract Development Approvals</li> <li>• Construction Phase Controls</li> <li>• Project Acceptance and Closeout</li> </ul> <p><b>PRIMARY FOCUS: Operational/Financial</b></p>	<p><b>OSFSS</b>  <i>Planning</i>  <i>Project Management</i>  <i>Construction</i>  <i>Management</i></p>	<p>Performance Gap Risk            Budget &amp; Planning Risk            Efficiency Risk            Scalability Risk            Knowledge Capital Risk            Alignment Risk            Capital Availability Risk</p>	<p><b>Q2 FY 2017</b></p>	<p><b>700</b></p>
<b>Student Assessment Administration Review - Phase II</b>				
<p>For a sample of schools, review the internal controls, related processes, and standard practices over the administration of student assessments, including the maintenance and distribution of student assessment material and the collection and reporting of student assessment results to the Systems Accountability Office. This review will also include an assessment of the controls over student assessment data at each selected school to ensure results are adequately secured and controlled.</p> <p><b>PRIMARY FOCUS: Operational</b></p>	<p><b>OS</b>  <i>Student Assessment</i></p>	<p>Integrity Risk            Security Risk            Access Risk            Compliance Risk</p>	<p><b>Q3 FY 2017</b></p>	<p><b>630</b></p>





# Internal Audit Plan

## Internal Audit Plan: Year 5 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Change and Patch Management Review</b>				
Review, evaluate and test the operating effectiveness of the process to verify that changes to the production environment are subject to a formal change management program ensuring that: responsibilities are defined and communicated; business continuity risks and effects are considered; only appropriate changes are initiated and approved; changes are properly tested and validated before migration to the production environment; changes to the production environment are implemented as intended; and controls exist to manage emergency changes to the production environment.	OITS <i>Change &amp; Patch Management</i>	Integrity Risk Access Risk	Q4 FY 2017	490
<i>PRIMARY FOCUS: Information Technology</i>				
<b>Baseline Assurance Projects</b>				
Local School Fund Audits, P-Card Reviews, and other.			Throughout	800
<b>TOTAL PROPOSED ASSURANCE HOURS: FY 2017</b>				<b>3,600</b>

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Follow-Up Monitoring Based on Management Action Plans</b>				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	500



# Internal Audit Plan

## Internal Audit Plan: Year 5 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<p><b>Fraud &amp; Ethics Hotline - Confidential Reporting Mechanism</b></p> <p>Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.</p>	OS	Organizational Culture Risk Leadership Risk	Throughout	300
<p><b>ACL Audit Tool Development</b></p> <p>Design a continuous control monitoring tool utilizing ACL to analyze and query P-Card, purchasing, receiving, vendor management and/or accounts payable transactions to assess the effectiveness of the procurement and accounts payable functions.</p>	OFS <i>Procurement &amp; Contracting Vendor Payments</i>	Accounting Information Risk	Throughout	700
<p><b>Internal Control &amp; Operational Efficiency Consultation</b></p> <p>Provide consulting services to Department for internal control planning and operational improvement initiatives.</p>	Various	Alignment Risk Efficiency Risk	Various	400
<b>TOTAL PROPOSED IA CONSULTING HOURS: FY 2017</b>				<b>1,900</b>
<p><b>Investigations</b></p> <p>Conduct investigations of allegations concerning DOE fund or asset misappropriation, and other areas where requested. Estimated level of effort based on monthly/yearly historical hours for investigations requested by Internal Audit.</p>			Throughout	1,500

# Internal Audit Plan



## Internal Audit Plan: Year 5 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Baseline Monitoring Projects</b>				
Special Project - Cancelled Check Reviews, Annual Checklist Monitoring, and other.			Throughout	1,100
<b>Function Administration FY 2017</b>				
Reporting and Communication			Throughout	200
Risk Assessment Re-evaluation & Audit Plan for FY 2018 (Update)			Q4 FY 2017	350
External, State, Legislative & Consultant Audit/Review Coordination			Throughout	300
Other Administration including budget preparation, meetings and other			Throughout	1,250
<b>TOTAL PROPOSED INVESTIGATIONS &amp; OTHER HOURS: FY 2017</b>				<b>4,700</b>
<b>TOTAL OUTSIDE CONSULTING (SME) HOURS: FY 2017</b>				<b>230</b>
<b>TOTAL PROPOSED HOURS: FY 2017</b>				<b>10,430</b>



# Internal Audit Plan

The following represents the detailed Internal Audit Plan which covers the period July 1, 2017 through December 31, 2017 (Year 6).

## Internal Audit Plan Period: July 1, 2017 through December 31, 2017 – Year 6

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Program Design and Management Review</b>				
Evaluate the design, oversight, training and monitoring of educational programs throughout the Extended Learning Opportunities and Student Support Branch. Determine if Branch procedures and standards of practice are effectively shared among all of the program managers.	<b>OCISS</b> <i>Extended Learning Opportunities &amp; Student Support</i>  <b>Schools</b> <i>Student Instruction</i>	Efficiency Risk Leadership Risk Performance Gap Risk Alignment Risk	Q1 FY 2018	560
<b>PRIMARY FOCUS: Operational</b>				
<b>Disaster Recovery Review</b>				
Evaluate existing system plans against the Trust Services Principles and Criteria for Availability. The evaluation will include testing of the design and operating effectiveness for documentation, testing and oversight controls.	<b>OITS</b> <i>Disaster Recovery</i>	Integrity Risk Technological Innovation Risk Security Risk Infrastructure Risk	Q1 FY 2018	490
<b>PRIMARY FOCUS: Information Technology</b>				
<b>Use of Facilities Review</b>				
Review, evaluate and test the design and operating effectiveness of the "use of facilities" processes within the Department. Determine if the "use of facilities" is financially feasible, manageable in terms of risk, and is fair and equitable. Provide recommendations based on leading practices to improve the efficiency and effectiveness of the processes.	<b>OSFSS</b> <i>Repair &amp; Maintenance Operations</i>	Compliance Risk Efficiency Risk Change Readiness Risk Authority/Limit Risk Planning Risk	Q2 FY 2018	700
<b>PRIMARY FOCUS: Operational/Financial</b>				



# Internal Audit Plan

## Internal Audit Plan: Year 6 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>ASSURANCE</b>				
<b>Baseline Assurance Projects</b>				
Local School Fund Audits, P-Card Reviews, and other.			Throughout	400
<b>TOTAL PROPOSED ASSURANCE HOURS: July 1, 2017 - December 31, 2017</b>				2,150

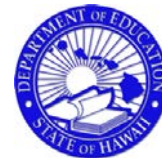
Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Follow-Up Monitoring Based on Management Action Plans</b>				
Follow-up on management action plans to the observations noted in the completed reviews.	Various	Alignment Risk Efficiency Risk	Throughout	250
<b>Fraud &amp; Ethics Hotline - Confidential Reporting Mechanism</b>				
Administer a confidential reporting mechanism to report suspected fraudulent activities and violations of federal and state laws, rules, regulations, and departmental policies, procedures, regulations, rules, and guidance, as well as violations of the DOE's Ethics and Code of Conduct.	OS	Organizational Culture Risk Leadership Risk	Throughout	150
<b>ACL Audit Tool Development</b>				
Design a continuous control monitoring tool utilizing ACL to analyze and query P-Card, purchasing, receiving, vendor management and/or accounts payable transactions to assess the effectiveness of the procurement and accounts payable functions.	OFS <i>Procurement &amp; Contracting Vendor Payments</i>	Accounting Information Risk	Throughout	350

# Internal Audit Plan



## Internal Audit Plan: Year 6 (continued)

Project	Auditable Area(s)	Risk(s)	Timing	Est. Hrs.
<b>IA CONSULTING, MONITORING, INVESTIGATIONS &amp; OTHER</b>				
<b>Internal Control &amp; Operational Efficiency Consultation</b>				
Provide consulting services to Department for internal control planning and operational improvement initiatives.	Various	Alignment Risk Efficiency Risk	Various	200
<b>TOTAL PROPOSED IA CONSULTING HOURS: July 1, 2017 - December 31, 2017</b>				<b>950</b>
<b>Investigations</b>				
Conduct investigations of allegations concerning DOE fund or asset misappropriation, and other areas where requested. Estimated level of effort based on monthly/yearly historical hours for investigations requested by Internal Audit.			Throughout	650
<b>Baseline Monitoring Projects</b>				
Special Project - Cancelled Check Reviews, Annual Checklist Monitoring, and other.			Throughout	500
<b>Function Administration July 1, 2017 - December 31, 2017</b>				
Reporting and Communication			Throughout	100
External, State, Legislative & Consultant Audit/Review Coordination			Throughout	150
Other Administration including budget preparation, meetings and other			Throughout	500
<b>TOTAL PROPOSED INVESTIGATIONS &amp; OTHER HOURS: July 1, 2017 - December 31, 2017</b>				<b>1,900</b>
<b>TOTAL OUTSIDE CONSULTING (SME) HOURS: July 1, 2017 - December 31, 2017</b>				<b>110</b>
<b>TOTAL PROPOSED HOURS: July 1, 2017 - December 31, 2017</b>				<b>5,110</b>
<b>TOTAL PROPOSED INTERNAL AUDIT PLAN HOURS: January 1, 2012 - December 31, 2017</b>				<b>58,860</b>



# **PROPOSED UPDATED INTERNAL AUDIT PLAN SCHEDULE**

---



# Internal Audit Plan Schedule

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

**Internal Audit Plan Period: January 1, 2012 through June 30, 2013 – Year 1**

PROJECT	Q3 FY 2012			Q4 FY 2012			Q1 FY 2013			Q2 FY 2013			Q3 FY 2013			Q4 FY 2013		
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<b>IA Assurance</b>																		
Procurement & Contracting Process Review			◆															
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review						◆												
School Food Services Review						◆												
Data Integrity Review - Student Enrollment												◆						
School Monitoring Program - Phase I	(Removal approved by Audit Committee at September 4, 2012 Meeting)																	
Operational Review of the English Language Learner Programs	(Removal approved by Audit Committee at June 4, 2013 Meeting)																	
eHR Post-Implementation Review																		◆
Baseline Assurance Projects	◆																	◆
<b>IA Consulting, Monitoring, Investigations &amp; Other</b>																		
Follow-Up Monitoring Based on Management Action Plans	◆																	◆
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆																	◆
ACL Audit Tool Development	◆																	◆
Internal Control & Operational Efficiency Consultation	◆																	◆
Investigations	◆																	◆
Baseline Monitoring Projects	◆																	◆
Function Administration	◆																	◆
Risk Assessment & Audit Plan (Update)												◆						◆

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





# Internal Audit Plan Schedule

**Internal Audit Plan Period: July 1, 2013 through June 30, 2014 – Year 2**

PROJECT	Q1 FY 2014			Q2 FY 2014			Q3 FY 2014			Q4 FY 2014		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<b>IA Assurance</b>												
Information Technology Privacy Review - Student Data	◆											
Leave Accounting Follow-Up Review			◆									
Payroll Review						◆						
Equipment and Fleet Maintenance Review									◆			
Baseline Assurance Projects	◆											
<b>IA Consulting, Monitoring, Investigations &amp; Other</b>												
Follow-Up Monitoring Based on Management Action Plans	◆											
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆											
ACL Audit Tool Development	◆											
Internal Control & Operational Efficiency Consultation	◆											
Investigations	◆											
Baseline Monitoring Projects	◆											
Function Administration	◆											
Risk Assessment & Audit Plan										◆		

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



# Internal Audit Plan Schedule

**Internal Audit Plan Period: July 1, 2014 through June 30, 2015 – Year 3**

PROJECT	Q1 FY 2015			Q2 FY 2015			Q3 FY 2015			Q4 FY 2015		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<b>IA Assurance</b>												
Student Assessment Administration Review - Phase I	◆————◆											
Network Infrastructure Review				◆————◆								
Governance & Ethics Review							◆————◆					
Post - RTTT Project Management Review									◆————◆			
Baseline Assurance Projects	◆————◆											
<b>IA Consulting, Monitoring, Investigations &amp; Other</b>												
Follow-Up Monitoring Based on Management Action Plans	◆————◆											
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆.....◆											
ACL Audit Tool Development	◆————◆											
Internal Control & Operational Efficiency Consultation	◆.....◆											
Investigations	◆.....◆											
Baseline Monitoring Projects	◆.....◆											
Function Administration	◆.....◆											
Risk Assessment & Audit Plan (Update)												◆——◆

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



# Internal Audit Plan Schedule

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

PROJECT	Q1 FY 2016			Q2 FY 2016			Q3 FY 2016			Q4 FY 2016		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<b>Assurance</b>												
Federal Compliance Review	◆											
P20 Longitudinal Data System - Post-Implementation Review		◆										
Student Transportation Services Implementation Follow-Up				◆								
Fixed Assets Management Review							◆					
Performance Evaluations Post-Implementation Review										◆		
Baseline Assurance Projects	◆											
<b>IA Consulting, Monitoring, Investigations &amp; Other</b>												
Follow-Up Monitoring Based on Management Action Plans	◆											
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆											
ACL Audit Tool Development	◆											
Internal Control & Operational Efficiency Consultation	◆											
Investigations	◆											
Baseline Monitoring Projects	◆											
Function Administration	◆											
Risk Assessment & Audit Plan										◆		

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



# Internal Audit Plan Schedule

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

PROJECT	Q1 FY 2017			Q2 FY 2017			Q3 FY 2017			Q4 FY 2017		
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
<b>Assurance</b>												
Data Access Controls Review	◆											
Operational Review of the Special Education Section		◆										
Capital Construction Oversight and Management Implementation Follow-Up				◆								
Student Assessment Administration Review - Phase II							◆					
Change and Patch Management Review									◆			
Baseline Assurance Projects	◆											
<b>IA Consulting, Monitoring, Investigations &amp; Other</b>												
Follow-Up Monitoring Based on Management Action Plans	◆											
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆											
ACL Audit Tool Development	◆											
Internal Control & Operational Efficiency Consultation	◆											
Investigations	◆											
Baseline Monitoring Projects	◆											
Function Administration	◆											
Risk Assessment & Audit Plan (Update)												◆

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



# Internal Audit Plan Schedule

**Internal Audit Plan Period: July 1, 2017 through December 31, 2017 – Year 6**

PROJECT	Q1 FY 2018			Q2 FY 2018		
	Jul	Aug	Sept	Oct	Nov	Dec
<b>Assurance</b>						
Program Design and Management Review	◆		◆			
Disaster Recovery Review			◆		◆	
Use of Facilities Review				◆		
Baseline Assurance Projects	◆					
<b>IA Consulting, Monitoring, Investigations &amp; Other</b>						
Follow-Up Monitoring Based on Management Action Plans	◆					
Fraud & Ethics Hotline - Confidential Reporting Mechanism	◆					
ACL Audit Tool Development	◆					
Internal Control & Operational Efficiency Consultation	◆					
Investigations	◆					
Baseline Monitoring Projects	◆					
Function Administration	◆					

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