



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

OFFICE OF THE SUPERINTENDENT

November 3, 2015

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

FROM: 
Kathryn S. Matayoshi
Superintendent

SUBJECT: **Update on Department of Education's Internal Audit Plan, First Quarter (July 1, 2015 – September 30, 2015)**

1. DESCRIPTION

Update on Department of Education's Internal Audit Plan, First Quarter (July 1, 2015 – September 30, 2015).

2. UPDATE

Update on Department of Education's Internal Audit Plan, First Quarter (July 1, 2015 – September 30, 2015).

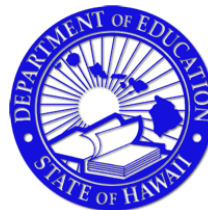
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Attachment

c: Internal Audit Office

State of Hawaii
Department of Education

INTERNAL AUDIT PLAN
QUARTERLY UPDATE THROUGH SEPTEMBER 30, 2015



FOR AUDIT COMMITTEE MEETING
November 3, 2015

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



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Executive Summary

Assurance Projects:

Procurement & Contracting Process Follow-up Review

- Review began in May 2015. Report will be issued October 2015.

Operational Review of the Special Education Section

- Review began in May 2015. The review was postponed to accommodate the schedule of the Special Education Section. The review resumed in September 2015. It is currently in the planning stages.

Baseline Assurance Projects

- Internal Audit (IA) performed three (3) Student Activity Funds Audits, three (3) 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. (See Internal Audit Recommendation Status on pages 15 - 46)

Fraud and Ethics Hotline – Confidential Reporting Mechanism

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

Fiscal Reviews

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

Baseline Monitoring Projects

- IA performed the “*Consolidated Non-Appropriated Local School Fund Cancelled Check Review Report*” for the period January 1, 2015 – June 30, 2015. Report will be issued October 2015.

Updated Risk Assessment and Internal Audit Plan July 1, 2015 – June 30, 2019

- IA completed the “*Updated Risk Assessment and Internal Audit Plan*”. The report was issued in July 2015 and presented to the Board in August 2015.

Other Matters Impacting the Internal Audit Office during the Quarter

- IA continued to coordinate and assist N&K CPAs for the “*Annual Financial & Single Audit fye 6/30/15*”.



AUDIT COMMITTEE QUARTERLY UPDATE REPORT

Audit Plan Results Summary: July 1, 2015 through June 30, 2016

DESCRIPTION	FY 2016												Cumulative Hours			
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Budget	Actual	ETC	Variance
Assurance Projects (Approved)																
Procurement & Contracting Process Follow-up Review				◆									350	313	37	-
Operational Review of the Special Education Section						◆							560	97	463	-
Information Security Management Review													560	-	560	-
Hiring Practices Review													560	-	560	-
Baseline Assurance Projects ¹³													3,000	927	2,073	-
IA Consulting, Monitoring, Fiscal Reviews & Other																
Monitoring Based on Management Action Plans ³													200	20	180	-
Fraud & Ethics Hotline - Confidential Reporting Mechanism ³													500	180	320	-
Internal Control & Operational Efficiency Consultation ³													300	82	218	-
Fiscal Reviews ³													1,500	135	1,365	-
Data Mining & Baseline Monitoring Projects ²³													1,500	580	920	-
Function Administration ³													1,400	474	926	-
Risk Assessment & Audit Plan for FY 2017													400	-	400	-
																-
	Total Hours												10,830	2,808	8,022	-

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

Key:

Budget - Original Approved Budget

Actual - Actual Hours Incurred Through September 30, 2015

ETC – Estimated Time to Complete

Variance - [(Actual + ETC) – Budget as Amended] = over / (under) budget as amended

¹ Baseline Assurance Projects – Local School Fund Audits, School Monitoring Reviews, P-Card Reviews, and other.

² Baseline Monitoring Projects – Special Project – Cancelled Check Validating Review, Annual Checklist, Monitoring, and other.

³ On-going, reported quarterly



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.

	Common Observations					
	Lack of Oversight & Monitoring	Lack of Policies	Lack of Procedures	Segregation of Duties	Insufficient Training	Lack of Compliance
Fixed Assets Management Review	X	X	X		X	X
Workers' Compensation Review	X					X ¹
Student Assessment Administrative Review - Phase 1	X					
Data Access Controls Review	X	X	X		X	
Equipment and Fleet Maintenance Review	X	X	X			X
Payroll Review	X					
Leave Accounting Follow-Up Review	X ¹	X	X	X	X	X ¹
Student Information Privacy Review						X ¹
Consolidated Report of Procurement Card (P-Card) Reviews	X				X	X ¹
eHR Post-Implementation Review	X	X	X	X		
Data Integrity Review - Student Enrollment	X ¹	X	X	X ¹	X	X ¹
Community School for Adults Consolidated Review Report	X ¹	X	X	X ¹	X	X ¹
School Food Services Review	X	X	X	X ¹	X ¹	X ¹
Casual Hire Personnel Recruitment, Hiring & Payroll Processes Review	X ¹	X	X	X ¹	X	X ¹
Procurement & Contracting Process Review	X ¹				X	X ¹
Leave Data & Timekeeping Process Review	X ¹	X	X	X	X	
Consolidated Report of Audits of Cancelled P-Card	X				X	X ¹
Master Vendor Table Review	X	X				X ¹

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



Management Action Item Dashboard Summary

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	Completed	
Fixed Assets Management Review (Issued April 2015)	Marginal	2	1	1	4	1	0	0	4	0	Accounting Director & Director of Safety, Security and Emergency Preparedness Branch
Workers' Compensation Review (Issued April 2015)	Marginal	2	0	1	3	0	0	1	1	1	Workers' Compensation Supervisor
Student Assessment Administrative Review - Phase 1 (Issued March 2015)	Marginal	5	0	0	5	0	0	4	0	1	Director of Assessment and Accountability Branch
Data Access Controls Review (Issued November 2014)	Marginal	3	0	0	3	1	0	0	2	1	Director of Enterprise Systems Branch & Director of Enterprise Infrastructure Services Branch
Payroll Review (Issued April 2014)	Marginal	3	0	0	3	1	0	0	2	1	Accounting Operations Specialist
Leave Accounting Follow-Up Review (Issued January 2014)	Unacceptable	4	0	0	4	3	0	0	4	0	OHR Personnel Specialist & OFS Accounting Operations Specialist
Data Integrity Review - Student Enrollment (Issued April 2013)	Marginal	4	0	1	5	4	0	0	5	0	School Process and Analysis Branch Director
Leave Data & Timekeeping Process Review (Issued March 2010)	Unacceptable	5	0	0	5	2	0	0	1	4	Accounting Director
TOTAL		28	1	3	32	12	0	5	19	8	

* See page 6 for definitions on Audit Rating, COSO Category, and Completion Status.



Management Action Item Dashboard Summary (continued)

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 Category Definitions:

- Operational Findings – Audit finding relates to the effective and efficient use of the entity's resources.
- Financial Findings – Audit finding relates to the preparation of reliable published financial statements.
- Compliance Findings – Audit finding relates to the entity's compliance with applicable laws and regulations.

³ Completion Status Definitions:

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



Management Action Item Dashboard Detail

REPORT NAME	RECOMMENDATIONS	AUDIT RATING ¹ OF RECOMMENDATIONS	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Fixed Assets Management Review (Issued April 2015)	1	High	0	0	1	0
	2	Moderate	0	0	1	0
	3	Low	0	0	1	0
	4	Low	0	0	1	0
Objectives: <ol style="list-style-type: none"> 1. To obtain a general understanding of the design and operating effectiveness of the fixed assets inventory process. 2. To review, evaluate, and test the operating effectiveness of the fixed assets inventory process to ensure key controls have been adequately put into place and are in compliance with policies and procedures. 3. To determine whether fixed assets are adequately accounted for. 4. To verify fixed assets exist and all assets are properly recorded in “WinFMS.” 5. To provide recommendations based on leading practices for improvement to enhance effectiveness and efficiency of fixed asset management. 						

¹ See page 46 for definitions Audit Ratings.



Management Action Item Dashboard Detail (continued)

REPORT NAME	RECOMMENDATIONS	AUDIT RATING ¹ OF RECOMMENDATIONS	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Workers' Compensation Review (Issued April 2015)	1	Moderate	0	0	0	1
	2	Moderate	0	0	1	0
	3	Low	0	1	0	0
Objectives: <ol style="list-style-type: none"> 1. To evaluate the Department's compliance with policies, procedures and applicable laws and regulations for Workers' Compensation (WC). 2. To ensure that WC information is accurate and reliable. 3. To test the design and operating effectiveness of the Department's internal controls over the WC process. 4. To provide recommendations for improvement to enhance effectiveness & efficiency. 						

¹ See page 46 for definitions Audit Ratings.



Management Action Item Dashboard Detail (continued)

REPORT NAME	RECOMMENDATIONS	AUDIT RATING ¹ OF RECOMMENDATIONS	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Student Assessment Admin. Review – Phase 1 (Issued March 2015)	1	Moderate	0	1	0	0
	2	Moderate	0	1	0	0
	3	Moderate	0	0	0	1
	4	Low	0	1	0	0
	5	Low	0	1	0	0
Objectives: <ol style="list-style-type: none"> 1. To obtain a general understanding of the design and operating effectiveness of the administration of student assessments. 2. To review, evaluate and test the design of the administration of student assessments from the point of receiving the test results to publishing the results in various reports, so as to ensure that key controls have been adequately put into place and that processes are in compliance with policies and procedures. 3. To review, evaluate and test the design of the monitoring of third party contracts involved in the student assessment and reporting processes. 4. To review the student assessment process and identify opportunities for efficiency and operational improvements within the administration of student assessments. 						

¹ See page 46 for definitions Audit Ratings.



Management Action Item Dashboard Detail (continued)

REPORT NAME	RECOMMENDATIONS	AUDIT RATING ¹ OF RECOMMENDATIONS	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Data Access Controls Review (Issued November 2014)	1	High	0	0	1	0
	2	Moderate	0	0	1	0
	3	Low	0	0	0	1
Objectives: <ol style="list-style-type: none"> To review, evaluate, and test the design and operating effectiveness of the process to revise (i.e. add, change, or remove) employee access privileges. To review, evaluate, and test the design and operating effectiveness of the process to monitor user/employee access levels to ensure: <ol style="list-style-type: none"> Employee's access privileges align with the employee's job responsibilities; Adequate segregation of duties exist; and Employee/user IDs are valid. To review, evaluate, and test the design and operating effectiveness of the process to ensure that only authorized employees are assigned 'administrator' access and such access is only used to perform authorized activities. 						

¹ See page 46 for definitions Audit Ratings.



Management Action Item Dashboard Detail (continued)

REPORT NAME	RECOMMENDATIONS	AUDIT RATING ¹ OF RECOMMENDATIONS	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Payroll Review (Issued April 2014)	1	High	0	0	1	0
	2	Moderate	0	0	1	0
	3	Low	0	0	0	1
Objectives: <ol style="list-style-type: none"> To obtain a general understanding of the design and operating effectiveness of the payroll process. 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. To review, evaluate, and test the effectiveness of other payroll processing activities. To determine if personnel and compensation changes are accurate and updated timely in the payroll system. To compare the payroll process to “leading practices” and identify opportunities for efficiency and operational improvements within the payroll process. 						

¹ See page 46 for definitions Audit Ratings.



Management Action Item Dashboard Detail (continued)

REPORT NAME	RECOMMENDATIONS	AUDIT RATING ¹ OF RECOMMENDATIONS	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Leave Accounting Follow-Up Review (Issued January 2014)	1	High	0	0	1	0
	2	High	0	0	1	0
	3	High	0	0	1	0
	4	Moderate	0	0	1	0
Objectives: <ol style="list-style-type: none"> 1. To ensure that Management has adequately addressed and resolved the audit findings that resulted from the March 2010 Internal Audit “<i>Leave Data & Timekeeping Process Review</i>” and appropriately evaluated and implemented the recommendations from the June 2011 KMH LLP “<i>Form G-2 Process Improvement Review</i>.” 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 46 for definitions Audit Ratings.



Management Action Item Dashboard Detail (continued)

REPORT NAME	RECOMMENDATIONS	AUDIT RATING ¹ OF RECOMMENDATIONS	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Data Integrity Review – Student Enrollment (Issued April 2013)	1	High	0	0	1	0
	2	High	0	0	1	0
	3	High	0	0	1	0
	4	High	0	0	1	0
	5	Low	0	0	1	0
Objectives: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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 46 for definitions Audit Ratings.



Management Action Item Dashboard Detail (continued)

REPORT NAME	RECOMMENDATIONS	AUDIT RATING ¹ OF RECOMMENDATIONS	OUTSTANDING - OVERDUE	OUTSTANDING – NOT OVERDUE	PARTIALLY COMPLETED	COMPLETED
Leave Data & Timekeeping Process Review (Issued March 2010)	1	High	0	0	0	1
	2	Moderate	0	0	0	1
	3	Moderate	0	0	0	1
	4	High	0	0	0	1
	5	Moderate	0	0	1	0
Objectives: <ol style="list-style-type: none"> Evaluate the design of the internal controls in place surrounding the leave data and timekeeping processes to ensure that the processes: <ol style="list-style-type: none"> are efficient; comply with applicable codes, policies, regulations, and contract requirements; adequately maintain the integrity of data; and mitigate risks associated with access rights and authority limits. 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. 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. 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 46 for definitions 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. <u>Outstanding</u> * 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. * 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. * 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. * Notices are sent out twice a year to remind the field to update their Fixed Assets records in a timely manner, as well as to certify their annual physical inventory reports. Reports of outstanding items will be generated and sent to respective schools/offices for follow-up. If positive responses are not received in a timely manner, assistance will be sought from the CABMs, as well as Leadership.	(1)	December 2020	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Fixed Assets Management Review, Issued April 2015 (continued)		Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch		
<p>2. Procedures Not Performed at the School/Office Level</p> <p>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.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Accounting Service Branch (ASB) reviewed State HRS/HAR guidelines regarding inventory and had discussions with the State Procurement Office to verify their understanding of the law. A preliminary team of ASB, CABM, and UST staff was gathered to discuss the issues. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Notices are sent out twice a year to remind the field to update their Fixed Assets records in a timely manner, as well as to certify their annual physical inventory reports. Reports of outstanding items will be generated and sent to respective schools/offices for follow-up. If positive responses are not received in a timely manner, assistance will be sought from the CABMs, as well as Leadership. * A review will be done on current policies and procedures. All agreed upon revisions will be added to the policies and procedures manual, and communicated to the field through memos and updated SASA Academy training modules. * 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. 	(2)	June 2017	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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		
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: <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. <u>Outstanding</u> * 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	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Fixed Assets Management Review, Issued April 2015 (continued)				
Accounting Director and Director of Safety, Security, and Emergency Preparedness Branch				
<p>4. Process Inefficiencies Regarding Manual Procedures</p> <p>IA Recommendations: Management should revise and update policies to eliminate process inefficiencies with fixed asset disposals. ASB should provide SSEPB with the annual disposal report for all schools/offices that shows all the disposals in the DOE due to theft and casualty loss in the respective fiscal year. The SSEPB should summarize and analyze the types of fixed assets thefts and losses and customize their training to the types of losses/damage. In addition, SSEPB could identify the schools/offices/ locations of where the majority of these losses are occurring and continue to perform site visits to ensure that risk areas are addressed and proper safety measures such as safe locations, locks, etc. could be recommended.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Accounting Service Branch (ASB) reviewed State HRS/HAR guidelines regarding inventory and had discussions with the State Procurement Office to verify their understanding of the law. A preliminary team of ASB, CABM, and UST staff was gathered to discuss the issues. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * A review will be done on current policies and procedures. All agreed upon revisions will be added to the policies and procedures manual, and communicated to the field through memos and updated SASA Academy training modules. * SSEPB will 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. * SSEPB will continue to issue risk management information and reminders to all school and offices annually. SSEPB will also 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. Workshops as well as site vulnerability assessments will be held upon request. Once SSEPB are able to analyze the data received, focused training can be offered to Complex Area Superintendents. <p>Currently two separate forms are required to report the loss or damage of state property (Form E-9) and to file a claim for reimbursement from DAGS, Risk Management Office (Form RMP-001). SSEPB will check if those two forms can be consolidated to reduce the amount of paperwork required to file a claim.</p>	(3)	June 2017	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 ✓
Workers' Compensation Review, Issued April 2015 Acting Workers' Compensation Supervisor and Health Benefits & Awards Section Administrator				
1. WC procedures are not always followed at the school/office level IA Recommendations: Management should 1) Place an internal checklist and procedures for file organization in the workers' compensation (WC) files; 2) Create internal implications for not submitting WC forms on a timely basis; 3) Consider making SASA Academy WC training course mandatory to Administrators and/or SASAs/Secretaries and require them to periodically retake course; and 4) Create and distribute checklists to schools and offices for WC claims processes. Management's Corrective Action Plan Status: <u>Completed</u> * Management updated the internal procedures for case file organization and required clerks to add the same to the new WC claim files when opening the new claim. * Management has provided a SASA Checklist for WC in the SASA Academy training materials and WC Unit's webpage, and will provide a copy to schools/offices upon request. * Management has provided quarterly reports of non-compliance to the CASs to request their assistance with ensuring schools comply with WC policies and procedures. * Management issued memo to the field to make the SASA Academy WC training course mandatory with a consequence of providing lists of non-participants to the respective CASs and ASs to help ensure compliance.	(2)	September 2015	Completed	✓ September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 ✓
Workers' Compensation Review, Issued April 2015 (continued)		Acting Workers' Compensation Supervisor and Health Benefits & Awards Section Administrator		
<p>2. Inefficiencies and clerical errors in the WC process</p> <p>IA Recommendations: Management should 1)Reassign clerical work from Claims Managers to clerical staff which may require additional resources allocated to this area; 2)Revisit medical payment processes to streamline and reduce the length of time it takes to pay bills to service providers; 3)Place internal checklist and procedures for file organization in WC files; 4)Consider making SASA Academy WC training course mandatory to Administrators and/or SASAs/Secretaries and require them to periodically retake course and 5)Remind employees to submit "Time-Off for Treatment of Industrial Injury," Form DPS-412, when they are taking off for treatments related to WC case.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * Management updated the internal procedures for case file organization and required clerks to add the same to the new WC claim files when opening the new claim. * Management will continue to remind claimants and SASAs/Secretaries to use the "Time-Off for Treatment of Industrial Injury," Form DPS-412, when applicable. * Management issued memo to the field to make the SASA Academy WC training course mandatory with a consequence of providing lists of non-participants to the respective CASs and ASs to help ensure compliance. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Management is interviewing for three (3) temporary unbudgeted positions that were just approved for FY16 and FY17. Full assignment of positions anticipated by end of October. * Management has already started reviewing the business processes and is working with OFS to identify ways to streamline processes to reduce the length of time it takes to pay bills to service providers. 	(2)	December 2015	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 ✓
Workers' Compensation Review, Issued April 2015 (continued) Acting Workers' Compensation Supervisor, Health Benefits & Awards Section Administrator and Acting Director of SSEPB				
3. Lack of effective WC prevention programs IA Recommendations: Management should 1) Reassign clerical work form Claims Managers to clerical staff which may require additional resources allocated to this area; 2) WC unit to collect and summarize WC data and provide to Safety, Security and Emergency Preparedness Branch (SSEPB) for analysis and training; 3) SSEPB to analyze the WC data to identify risk areas/locations/duties that may be potential for injury and address these risks in their training; 4) SSEPB to administer accident prevention training as per their functional statement duties and 5) School Safety Inspection Teams to review their school's DOE accident reports to evaluate if the school has taken the necessary corrective actions to prevent future accidents from happening. Management's Corrective Action Plan Status: <u>Outstanding</u> <ul style="list-style-type: none"> * WC is interviewing for three (3) temporary unbudgeted positions that were just approved for FY16 and FY17. Full assignment of positions anticipated by end of October. * WC management will provide SSEPB with WC data needed for SSEPB to analyze and provide training to prevent work-related injuries. WC is currently working on upgrading the WC database to create and produce the data needed. * SSEPB will analyze the data from WC to identify risk areas and develop a reporting system to inform CASs and ASs of trends for further follow-up with their schools/offices. They may also develop written training guides for the prevention of common physical injuries to be disseminated as needed. * SSEPB has just implemented a program to conduct a mock Hawaii Occupational Safety and Health Division (HIOSH) inspection of all schools statewide within a three year cycle to prevent employee injuries. * Under the guidance of SSEPB, School Safety Committees can take a more active role to review accident reports and recommend necessary corrective actions to mitigate future accidents from happening. * Dependent on resources, SSEPB could develop a limited training program to be offered to the various schools/offices statewide for injury prevention. 	(1)	January 2016	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Administrative Review - Phase 1, Issued March 2015		Director of Assessment and Accountability Branch		
<p>1. Lack of monitoring and oversight of third party vendors</p> <p>IA Recommendations: Management should consider requesting both vendors to have a Service Organization Control (SOC) 2 Report completed over the respective outsourced functions. SOC 2 reports generally report on controls at a Service Organization relevant to security, availability, processing integrity, confidentiality and privacy over data and information. A SOC2 Report would provide DOE management with an assessment of the service organization's internal controls, and address the risks associated with the outsourced functions. It would provide the DOE with a greater assurance that the assessment results are reported accurately and reliably. Management should also execute its right to review the books and records of AIR. In addition, Management should consider including language allowing DOE to review the books and records in future contracts with DataHouse. Once such language is included, Management should execute its rights to review the books and records of DataHouse.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Management will review the process steps performed by AIR and DataHouse to identify key risk areas. These key risk areas will be reviewed against industry-standard practices during an on-site visit by an Assessment section representative. * The State or its designee may audit DataHouse to verify compliance with this Contract. The State and its authorized representatives or designees have the right to enter and inspect the Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records or documentation providing evidence of process integrity for all current and past activities related to this Contract. Contractor must cooperate and provide reasonable assistance. The Accountability Section is responsible for monitoring DataHouse. * Management will execute its right to review the books and records of AIR and DataHouse. Yearly, before the next year's processing window (around May), an Accountability section representative will be sent on-site to review the books, records, and processes related to the administration and scoring of the assessments prior to the next implementation. The representative will also review data validation and accountability data processing related to the administration and scoring of the assessments prior to the next implementation. * Management will include language allowing the DOE to review the books and records of the accountability data processing vendor in future contracts. The next contract will be completed in December 2015. 	(2)	February 2016	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Administrative Review - Phase 1, Issued March 2015 (continued)		Director of Assessment and Accountability Branch		
<p>2. Insufficient controls over changes made to the final test results</p> <p>IA Recommendations: DGA should formalize the process of requesting AIR to make corrections to the test results. At a minimum, the exception log should include the employee who submitted the request, the AIR representative who received the request and the date and time the request was made. The Assessment and Accountability Branch should request AIR and DataHouse to provide an audit log of all changes they make to the final files. The audit logs should be system generated, and identify the users who made changes to the data, and the date and time when the changes were made. DGA and Accountability Section should review these audit logs to ensure all changes are authorized. DGA and Accountability Section should review these audit logs for reasonableness and trending.</p> <p>OITS and DGA should have an automated audit log to identify all changes they make to the final test result file. The audit logs should be system generated, and identify the users who made changes to the data, and the date and time when the changes were made. Management from the Accountability Section should review and analyze OITS and DGA's audit log. The audit log is a control tool that should be utilized to monitor the changes made to the data, and detect possible unauthorized changes. Further, the audit log should be summarized so that it can be used as a tool to measure reasonableness as well as identify patterns of exceptions that could be alleviated or minimized for future tests.</p>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Administrative Review - Phase 1, Issued March 2015 (continued)		Director of Assessment and Accountability Branch		
<p>2. Insufficient controls over changes made to the final test results (continued)</p> <p><i>Management's Corrective Action Plan Status:</i></p> <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * A centralized repository will be developed to enter, track and verify student assessment demographic changes between AIR & DGA. During the test window, if DGA finds exceptions after running their business rule scripts, DGA will request changes via a centralized repository. DGA's audit log was reviewed and will be modified to include key missing information. A detailed and summarized version of this log will be sent to the Accountability Section for review. The Accountability Section will review DGA's audit log as well as the log from the central repository for reasonableness. * For accountability report processing there are a myriad of data changes that need to be made. While there are currently log functions in place (the Accountability Section has log of requested changes and DataHouse has system generated transaction log), a role function will created in the Accountability Section to verify the changes processed in DataHouse's transaction log against the requested change. * A centralized repository will be developed to enter, track and verify student assessment demographic changes between OITS-DM & DGA. During and after the test window, if DGA finds exceptions after running their business rule scripts, DGA will request changes via a centralized repository. DGA's audit log was reviewed and will be modified to include key missing information. A detailed and summarized version of this log will be sent to the Accountability Section for review. The Accountability Section will review DGA's audit log as well as the log from the central repository for reasonableness. 	(2)	June 2016	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Administrative Review - Phase 1, Issued March 2015 (continued)		Director of Assessment and Accountability Branch		
3. Inefficient transfer and inadequate protection of data IA Recommendations: Management should evaluate alternative methods for the transfer of the final test results from DGA to the Accountability Section, such as having a server that both DGA and Accountability Section can access. At the very least, management should encrypt files transferred via a thumb drive with a strong password. Management's Corrective Action Plan Status: <u>Completed</u> * Management acknowledges this observation and has alleviated the issue with the assistance of OITS who has setup a Secure Shell (SSH) File Transfer Protocol (also known as Secure File Transfer Protocol or SFTP) site where the encrypted file can be copied to and retrieved by the Accountability Section.	(2)	March 2015	Completed	✓ March 2015
4. Lack of documentation of management's approval for multiple processes IA Recommendations: Management should document their review and approval of all existing and new business rules. In addition, regulatory guidance in which business rules are based on should be documented with the business rule. Management's review and recommendation for acceptance or denial of all appeals should be documented. In addition, Superintendent's review and approval of Accountability Section's recommendation for approval or denial of all appeals should also be documented. Management's Corrective Action Plan Status: <u>Outstanding</u> * Business rules that determine how student assessment results are handled are determined through SARV, a joint committee consisting of DGA, the Accountability and Assessment sections, as well as OITS-DMS. These business rules will be documented as well as any underlying regulatory guidance in which business rules are based. Business rules will be approved by a review body consisting of the section administrators representing each of the respective groups in SARV. * With the creation of the Office of Strategy, Innovation and Performance (OSIP), the final approval for the appeals has been delegated to the OSIP assistant superintendent. The approval of the final decision of the appeals will be documented with a written signature.	(3)	July 2016	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Administrative Review - Phase 1, Issued March 2015 (continued)		Director of Assessment and Accountability Branch		
<p>5. Untimely and incomplete reporting of students who were not tested</p> <p>IA Recommendations: Management should have AIR include a field to input the reasons as to why students were not tested at the time of the scheduled test. This would eliminate the need for reports to be compiled by school. It would drastically increase the response rate to providing reasons why students were not tested. Further, it would notify schools of students who were not tested in a timely fashion such that untested students could take the test if desired. If Management is unable to have AIR include a field to input why students were not tested, the DOE should consider ways that they could report untested students timely to schools so inadvertently untested students can be tested. Management should also explore ways to increase the response rate to requests for explanations of untested students.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Outstanding</u></p> <p>* Management is working with AIR to manage the testing status of all students (tested and untested) through its test management system. Schools will be provided with a screen on the TIDE system where test coordinators will document the reason for why a student was not tested. The ability of the Assessment Section to monitor the status of the field through the test management system will improve the response rate.</p>	(3)	March 2016	Outstanding - Not Overdue	

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Access Controls Review, Issued November 2014				
Director of Enterprise Systems Branch and Director of Enterprise Infrastructure Svcs Branch				
1. Lack of proper monitoring over access controls IA Recommendations: Management should work with OHR to develop an automated process to remove separated employees' access to respective systems. If business owners do not want an automated process, then business owners should be responsible for performing reviews on data access controls for their respective systems. Reminders should be sent out to the field to inform system administrators when separated employees no longer need access to respective systems. Reminders should be sent out to DOE sponsors to inform system administrators when consultants no longer need the access to the system. Business owners should notify system administrators to remove active users from the system if they receive no responses from the schools/offices regarding user access change requests. System administrators should periodically, on a test basis, check that active user accounts are valid. Periodic reviews should be performed by system administrators to trace access permissions to access request forms, monitor user/employee access levels, and identify misaligned access rights for Kronos. Management should develop policies and procedures for Kronos access controls and revisit these policies and procedures for any changes or updates. Management should enforce the proper completion of forms. Unique user IDs in FMS should be created in the system to accurately identify the users of the system.				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Access Controls Review, Issued November 2014 (continued)				
1. Lack of proper monitoring over access controls (continued)				
Management's Corrective Action Plan Status:				
<u>Completed</u>				
<ul style="list-style-type: none"> * The VPN Access Word form is on schedule to be converted to an on-line request system. Work flows for this process are being finalized with the on line application Service Now. * HR sends an automated data feed to OITS. New employee records have a record created in the Domino directory. Existing employee records with inactive status from an employee's separation papers have their Domino account disabled. * The automated HR feed to OITS inactivates separated employees access to systems that use LDAP or AD for authentication. On a weekly basis, the Data Management section of OITS/ESB monitors age of inactive records, and reminders are sent as needed to business owners associated to the employee's Domino record. * Personal intervention to remind system administrators of separated employees is needed only for systems not using LDAP or AD authentication, since those are independent of the automated HR feed to OITS that updates the Domino directory. 				
<u>Outstanding</u>				
<ul style="list-style-type: none"> * Each business owner should develop a review process for each system they own that will act as an internal audit on a regular basis. OITS will provide technical assistance when requirements have been developed. * All offices will be sent a list of FMS IDs and asked to identify who is using each ID with a deadline for response. After the deadline passes, DOE will either send non-respondents another list (if there are a large number) or contact each office to obtain the information. 				
	(1)	December 2015	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Access Controls Review, Issued November 2014 (continued)				
2. Lack of data access control policies and procedures when employees separate from the DOE				
<p>IA Recommendations: Management should work with OHR to develop an automated process to remove separated employees' access to respective systems. If business owners do not want an automated process, then business owners should be responsible for performing reviews on data access controls for their respective systems. Management should provide guidance to the field to explain the process to remove separated employees from each respective system. Reminders should be sent out to the field stating that schools/offices are responsible for contacting each respective system administrator to remove access for separated and transferred employees. Management should create a standardized checklist for the field to track each respective system an employee is given access to.</p> <p>Management's Corrective Action Plan Status:</p> <ul style="list-style-type: none"> * HR sends an automated data feed to OITS. New employee records have a record created in the Domino directory. Existing employee records with inactive status from an employee's separation papers have their Domino account disabled. * The automated HR feed to OITS inactivates separated employees access to systems that use LDAP or AD for authentication. On a weekly basis, the Data Management section of OITS/ESB monitors age of inactive records, and reminders are sent as needed to business owners associated to the employee's Domino record. * Personal intervention to remind system administrators of separated employees is needed only for systems not using LDAP or AD authentication, since those are independent of the automated HR feed to OITS that updates the Domino directory. <p>Outstanding</p> <ul style="list-style-type: none"> * Each business owner should develop a review process for each system they own that will act as an internal audit on a regular basis. OITS will provide technical assistance when requirements have been developed. * OITS and OHR will meet to discuss developing a workflow process to address those users who are transferring within the DOE but have different responsibilities and terminations that need immediate attention. 	(2)	December 2015	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue	Page 29
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¹ See page 46 for definitions 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 Access Controls Review, Issued November 2014 (continued)				
3. Inefficiencies result from requests to terminate user access through each respective system				
IA Recommendations: Management should work with OHR and business owners to develop an automatic process to remove separated employees' access to respective systems without having schools/offices to contact each system the separated employee had access to.				
Management's Corrective Action Plan Status: <u>Completed</u>				
<ul style="list-style-type: none"> * HR sends an automated data feed to OITS. New employee records have a record created in the Domino directory. Existing employee records with inactive status from an employee's separation papers have their Domino account disabled. * The automated HR feed to OITS inactivates separated employees access to systems that use LDAP or AD for authentication. On a weekly basis, the Data Management section of OITS/ESB monitors age of inactive records, and reminders are sent as needed to business owners associated to the employee's Domino record. 				
	(3)	December 2015	Completed	✓ September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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				
Accounting Operations Specialist				
<p>1. Inefficiencies and clerical errors resulting from manual processes</p> <p>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.</p> <p>Management's Corrective Action Plan Status: <u>Completed</u></p> <ul style="list-style-type: none"> * Payroll begins the overpayment recovery process as soon as possible, and as current workloads and the DAGS payroll deadlines permit. * The Operations staff is reviewing the vacation payout calculation by the third party contractor before paying out the vacation. * The Payroll Claims Supervisor is conducting periodic reviews on the accuracy of vacation payouts and overtime; and also that transferred employees do not receive paychecks from previous positions. * Discussion with OHR resulted in an inability to generate two (2) Form 5s for employee transfers due to limitations from OHR. However, the Payroll Claims Supervisor reminded the payroll staff to ensure proper routing of the Form 5 for an employee transfer within the DOE. * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Short-Term: Request access to the ePCS from the Comptroller. * Long-Term: If access to the ePCS is granted, work with OITS and ETS to develop a plan to install the ePCS, setup a test environment and develop a DOE ePCS interface to the current DAGS Payroll System. * Long-Term: Document current payroll processes to understand requirements and identify issues with the current manual workflow and processes. * Long-Term: Develop and document new payroll processes and workflow for the Payroll Unit to migrate away from using Payroll Index Cards to an electronic format. The new payroll processes and workflow will utilize DATAMART (a DAGS electronic repository for payroll history) and be designed to work with the ePCS or other means to electronically submit manually calculated Gross Pay information by employee to the current DAGS Payroll System. * Long-Term: Work with the Comptroller and newly formed Office of Enterprise Technology Services (ETS) to represent the needs of DOE and help redefine requirements for the New DAGS Payroll System. 	(1)	<p>November 2015 (Short-Term)</p> <p>December 2016 (Long-Term)</p>	Partially Completed	September 2015

Completed

Partially Completed

Outstanding – Not Overdue

Outstanding - Overdue

¹ See page 46 for definitions 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				
<p>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.</p>				
<p>Management's Corrective Action Plan Status:</p>				
<p><u>Completed</u></p>				
<p>* 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.</p>				
<p>* Payroll begins the overpayment recovery process as soon as possible, and as current workloads and the DAGS payroll deadlines permit.</p>				
<p>* 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.</p>				
<p><u>Outstanding</u></p>				
<p>* Short-Term: Request access to the ePCS from the Comptroller.</p>				
<p>* Long-Term: If access to the ePCS is granted, work with OITS and ETS to develop a plan to install the ePCS, setup a test environment and develop a DOE ePCS interface to the current DAGS Payroll System.</p>				
<p>* Long-Term: Document current payroll processes to understand requirements and identify issues with the current manual workflow and processes.</p>				
<p>* Long-Term: Develop and document new payroll processes and workflow for the Payroll Unit to migrate away from using Payroll Index Cards to an electronic format. The new payroll processes and workflow will utilize DATAMART (a DAGS electronic repository for payroll history) and be designed to work with the ePCS or other means to electronically submit manually calculated Gross Pay information by employee to the current DAGS Payroll System.</p>				
<p>* Long-Term: Work with the Comptroller and newly formed Office of Enterprise Technology Services (ETS) to represent the needs of DOE and help redefine requirements for the New DAGS Payroll System.</p>				

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue	Page 32
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¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Payroll Review, Issued April 2014 (continued)				
Accounting Operations Specialist				
<p>3. Priority payroll requests are excessive and avoidable</p> <p><i>IA Recommendations:</i> Management should create formalized guidelines and dollar thresholds regarding the use of priority payments. In addition, Complex Area Business Managers (CABM) should assist schools that repeatedly request for priority payments to help resolve the priority payment issue.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u></p> <p>* The Monthly Priority Pay and Priority Pay Summary Reports (attached) have been completed and forwarded for distribution.</p>	(3)	June 2014	Completed	✓ June 2014

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 OFS-Accounting Operations Specialist and OHR-Personnel Specialist				
1. Lack of current and accessible leave and administrative policies and procedures IA Recommendations: OHR, in conjunction with OFS, should update leave policies and procedures (i.e. SPs) that align with the BU agreements, include responsibilities, and summarize the leave accounting rules. Consider using the Leave Accounting Reference Manual, as noted by KMH LLP in the "Form G-2 Process Improvement Review." Consider creating policies and procedures for requiring sign-in sheets for all employees and maintaining an employee leave file for all employees. Place these in a centralized location with contact information for questions and any changes should be updated directly on them to ensure that all information remains on one document. Training should be given to Administrators and Timekeepers once policies and procedures are updated. Management's Corrective Action Plan Status: <u>Completed</u> * OHR distributed the Official Personnel Folders (OPF)/Employment-related Personnel Files (EPF) Reference Material to the schools/offices on July 2014. The manual recommended a separate employee leave file to be maintained by schools/offices. * A Leave of Absence module was developed and posted to the SASA Academy. <u>Outstanding</u> * Short-Term: OHR will create a centralized library of the School Code leave policy and procedures, along with the classified employees procedures and any subsequent leave memos. This centralized library of documents will be posted to the DOE intranet. * Long-Term: The Leave Management Unit (LMU) will update a "Leave Accounting" training document with current leave information and procedures. This document will also include an updated sign-in/out sheet and Form 7 updates. They will work with OHR and HSOSA before they publish it. * Long-Term: OHR's SPs regarding leave policies will be finalized and issued.	(1)	December 2014 December 2015 (Short-Term) December 2016 (Long-Term) (2nd Extension)	Partially Completed	December 2014

Completed

Partially Completed

Outstanding – Not Overdue

Outstanding - Overdue

¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014 (continued)		OFS-Accounting Operations Specialist and OHR-Personnel Specialist		
<p>2. Lack of oversight and monitoring at the school/office level</p> <p>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.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * A Leave of Absence module was developed and posted to the SASA Academy. * The "Timekeeper Checklist" was updated with LWOP reminders and posted to the T&A website. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Short-Term: A monthly report that is sent to DAGS will also be 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. * Long-Term: The LMU will develop a plan to perform periodic reviews of leave records by CABMs and Administrators at the school/office level. In addition, the LMU will perform periodic reviews that will cover different aspects of leaves at the school/office level. These findings will be consolidated in one report for the CFO to present to leadership for corrective action by the schools/offices. * Long-Term: The LMU will update a "Leave Accounting" training document with current leave information and procedures. This document will also include an updated sign-in/out sheet and Form 7 updates. They will work with OHR and HSOSA before they publish it. 	(1)	<p>December 2014 December 2015 (Short-Term)</p> <p>December 2016 (Long-Term) (2nd Extension)</p>	Partially Completed	September 2015

Completed

Partially Completed

Outstanding – Not Overdue

Outstanding - Overdue

¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014 (continued)		OFS-Accounting Operations Specialist and OHR-Personnel Specialist		
<p>3. Need for a stronger tone at the top and greater accountability at the school/office level</p> <p>IA Recommendations: Management should perform periodic monitoring of leave records by Principals/Administrators or CABMs. Consider enforcing a requirement for Timekeepers to issue Form 7s at least annually in accordance with the collective bargaining contracts. Consider reviewing staffing resources at the school/office level if the timekeeper is unable to perform their leave responsibilities. Consider developing accountability measures for schools/offices that do not update their leave records on a timely basis and create payroll overpayments. Training to Principals/Administrators and Timekeepers to reinforce the rules, clarify inconsistencies/misunderstandings of the rules and to increase their awareness of common leave accounting findings.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <p>* A Leave of Absence module was developed and posted to the SASA Academy.</p> <p><u>Outstanding</u></p> <p>* Short-Term: A monthly report that is sent to DAGS will also be 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.</p> <p>* Long-Term: The LMU will develop a plan to perform periodic reviews of leave records by CABMs and Administrators at the school/office level. In addition, the LMU will perform periodic reviews that will cover different aspects of leaves at the school/office level. These findings will be consolidated in one report for the CFO to present to leadership for corrective action by the schools/offices.</p> <p>* Long-Term: The LMU will update a "Leave Accounting" training document with current leave information and procedures. This document will also include an updated sign-in/out sheet and Form 7 updates. They will work with OHR and HSOSA before they publish it.</p>	(1)	<p>December 2014</p> <p>December 2015 (Short-Term)</p> <p>December 2016 (Long-Term) (2nd Extension)</p>	Partially Completed	December 2014

Completed

Partially Completed

Outstanding – Not Overdue

Outstanding - Overdue

¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Leave Accounting Follow-Up Review, Issued January 2014 (continued)		OFS-Accounting Operations Specialist and OHR-Personnel Specialist		
<p>4. Lack of Ownership, Monitoring and Accountability of the Leave Accounting Process</p> <p>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.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * OHR and OFS have agreed that OHR is responsible for leave policies and procedures and OFS is responsible for leave accounting procedures, which include leave audits and reconciliation. * A Leave of Absence module was developed and posted to the SASA Academy. * Proper segregation of duties was enforced so System Administrators don't have any data entry responsibilities in T&A. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Short-Term: A monthly report that is sent to DAGS will also be 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. * Long-Term: The LMU will develop a plan to perform periodic reviews of leave records by CABMs and Administrators at the school/office level. In addition, the LMU will perform periodic reviews that will cover different aspects of leaves at the school/office level. These findings will be consolidated in one report for the CFO to present to leadership for corrective action by the schools/offices. * Long-Term: The LMU will update a "Leave Accounting" training document with current leave information and procedures. This document will also include an updated sign-in/out sheet and Form 7 updates. They will work with OHR and HSOSA before they publish it. 	(2)	<p>December 2014</p> <p>December 2015 (Short-Term)</p> <p>December 2016 (Long-Term) (2nd Extension)</p>	Partially Completed	December 2014

Completed

Partially Completed

Outstanding – Not Overdue

Outstanding - Overdue

¹ See page 46 for definitions 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		School Process and Analysis Branch Director		
<p>1. Lack of oversight, monitoring and accountability at the DOE school level</p> <p>IA Recommendations: Management may consider: mandatory training for all staff handling student enrollment and withdrawal functions, a training module in the School Administrative Services Assistant (SASA) Academy related to Student Enrollment, periodic spot checks conducted by someone outside the schools, performance evaluations related to student enrollment and withdrawal functions and taking away overpaid funds with inaccurately recorded counts.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * 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. * The new Student Information System (SIS) may include some centralized monitoring functions to monitor attendance on a system-wide basis, with an emphasis on "no show" monitoring. * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Online training modules for Enrollment and Withdrawal are being developed in coordination with SASA Academy. 	(1)	<p>June 2015 April 2016 (1st Extension)</p>	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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)				
<p>2. Lack of current and comprehensive Student Enrollment and Withdrawal policies and procedures</p> <p>IA Recommendations: Management may consider: updating and standardizing policies, procedures and forms for both student enrollment/withdrawal and proof of residency, centrally locating the policies, procedures and forms so they are accessible by all, training given to the field, periodically revisit and update policies and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff. * A DOE memo, "Proof of Residence Required for Enrollment" has been distributed. * The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff. * A new standardized release form has been developed and was tested in eSIS. * Student Withdrawal Form (Certificate of Release) cannot be revised at this time due to conflicted with Hawaii State law and Federal FERPA laws. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The Enrollment and Withdrawal Processes and Procedures Manual is being revised. * Online training modules for Enrollment and Withdrawal are being developed in coordination with SASA Academy. 	(1)	<p>June 2015 April 2016 (1st Extension)</p>	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>3. Insufficient controls in the Student Enrollment and Withdrawal process</p> <p>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 policies and procedures for any changes, updating registrar's handbook and distribute a handbook to all schools, develop a comprehensive definition of "enrollment," creating a training module in the SASA Academy, creating policies and procedures for segregation of duties and reviews conducted by DOE School Administrator.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff. * 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 Student Information System (SIS) may include some centralized monitoring functions to provide periodic spot checking for accuracy. * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The Enrollment and Withdrawal Processes and Procedures Manual is being revised. * Online training modules for Enrollment and Withdrawal are being developed in coordination with SASA Academy. 	(1)	<p>June 2015 April 2016 (1st Extension)</p>	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>4. Procedures not performed at the DOE school level and required forms and supporting documentation are not completed and/or retained</p> <p>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.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * A DOE memo, "Proof of Residence Required for Enrollment" has been distributed. The Geographic Exceptions Request Form (CHP 13-1) has been revised to include a required review of proof of residence by school office staff. * 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * The Enrollment and Withdrawal Processes and Procedures Manual is being revised. * Online training modules for Enrollment and Withdrawal are being developed in coordination with SASA Academy. 	(1)	<p>June 2015 April 2016 (1st Extension)</p>	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions Audit Ratings.



Internal Audit Recommendation Status (continued)

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

Audit Comment	Audit Rating ¹	Target Date	Status of Management's Corrective Action Plan	IA ✓
Data Integrity Review - Student Enrollment, Issued April 2013 (continued)		School Process and Analysis Branch Director		
<p>5. Process inefficiencies where multiple forms serve the same purpose</p> <p>IA Recommendations: Management may consider: updating policies and procedures, training to the field, consolidating "Student's Certificate of Release" Form 211 into one form, and either Form 211 or "Request for Release Form" should be eliminated as both serves the same purpose.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <ul style="list-style-type: none"> * The Reference Guide is posted on the new DOE-SPAS intranet, accessible to all staff. * A 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. <p><u>Outstanding</u></p> <ul style="list-style-type: none"> * Online training modules for Enrollment and Withdrawal are being developed in coordination with SASA Academy. 	(3)	<p>June 2015</p> <p>April 2016 (1st Extension)</p>	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Data & Timekeeping Process Review, Issued March 2010			Accounting Director	
<p>1. Lack of current, accessible leave and administrative policies</p> <p>IA Recommendations: Align leave policies and procedures with the Bargaining Unit (BU) agreements, summarize with the different leave accounting rules, and describe employee responsibilities. Ensure these policies and procedures are accessible to employees and all employees are notified of updates.</p> <p>Management's Corrective Action Plan Status: <u>Completed</u></p> <ul style="list-style-type: none"> * Policies and procedures were aligned with Bargaining Unit agreements and updates to the leave codes were issued to the field in June 2011. * SASA Academy course 4, Human Resources Module 11 included Leave Policies for Bargaining Unit contracts and DOE policies. These instruction materials were be placed on the DOE Intranet for all employees to access. 	(1)	<p>March 2014 December 2014 (3rd Extension)</p>	Completed	✓ Dec 2014
<p>2. Lack of useful tools and processes to ensure success</p> <p>IA Recommendations: OFS in conjunction with OHR should develop a checklist for timekeepers that summarized the necessary tasks to be completed at each pay period.</p> <p>Management's Corrective Action Plan Status: <u>Completed</u></p> <ul style="list-style-type: none"> * Checklists were developed and included in the Time and Attendance User Manual. Also a "Timekeeper Error Correction Guide" was developed and disseminated. 	(2)	June 2012	Completed	✓ April 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Data & Timekeeping Process Review, Issued March 2010 (continued)			Accounting Director	
<p>3. Need for mandatory and effective Timekeeper training <i>IA Recommendations:</i> Develop training for timekeepers that include but not limited to technical issues, clearly articulated roles, responsibilities, accountability, and reviews of complex processes. Training should be designed by representatives from OHR, Payroll, OITS, and Leave Accounting to ensure methodologies are aligned.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * Comprehensive training was developed with representatives from OHR, OFS Payroll/Leave Accounting and OITS. Statewide training was conducted, including in-person sessions on Oahu and videoconference regional sessions to the Neighbor Islands.</p>	(2)	June 2011	Completed	✓ April 2013
<p>4. Need for an appropriate tone at the top and greater employee accountability <i>IA Recommendations:</i> Develop policies related to leave requests, overtime and compensatory time off, and alternative work schedules. These items should be included in the training for all leaders and timekeepers.</p> <p><i>Management's Corrective Action Plan Status:</i> <u>Completed</u> * Comprehensive training was developed with representatives from OHR, OFS Payroll/Leave Accounting and OITS. Statewide training was conducted, including in-person sessions on Oahu and videoconference regional sessions to the Neighbor Islands. * Management issued directives to the field regarding leave of absences, leave without pay, payroll overpayments and retirement procedures.</p>	(1)	May 2012	Completed	✓ April 2013

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions 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 Data & Timekeeping Process Review, Issued March 2010 (continued)			Accounting Director	
<p>5. Timekeeping system (T&A) not meeting certain business objectives</p> <p>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.</p> <p>Management's Corrective Action Plan Status:</p> <p><u>Completed</u></p> <p>* Due to system limitations, the suggested controls cannot be implemented until a new system is in place. In the meantime, OITS has created and posted a leave calendar tool for proration of yearly accruals on the T&A website and management has also posted a "Timekeeper Checklist" and the SASA Academy course 4, Human Resources Module 11 which includes leave policies and procedures regarding accruals.</p> <p><u>Outstanding</u></p> <p>* As of March 2015, the State decided to not go forward with the ERP initiative. As of current, the State Comptroller has informally indicated that they want to pursue a new payroll system first by replacing the DAGS payroll system and then address the Time and Attendance phase after.</p>	(2)	New Leave System: 2014 Dec 2017 (2nd Extension)	Partially Completed	September 2015

Completed	Partially Completed	Outstanding – Not Overdue	Outstanding - Overdue
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¹ See page 46 for definitions Audit Ratings.



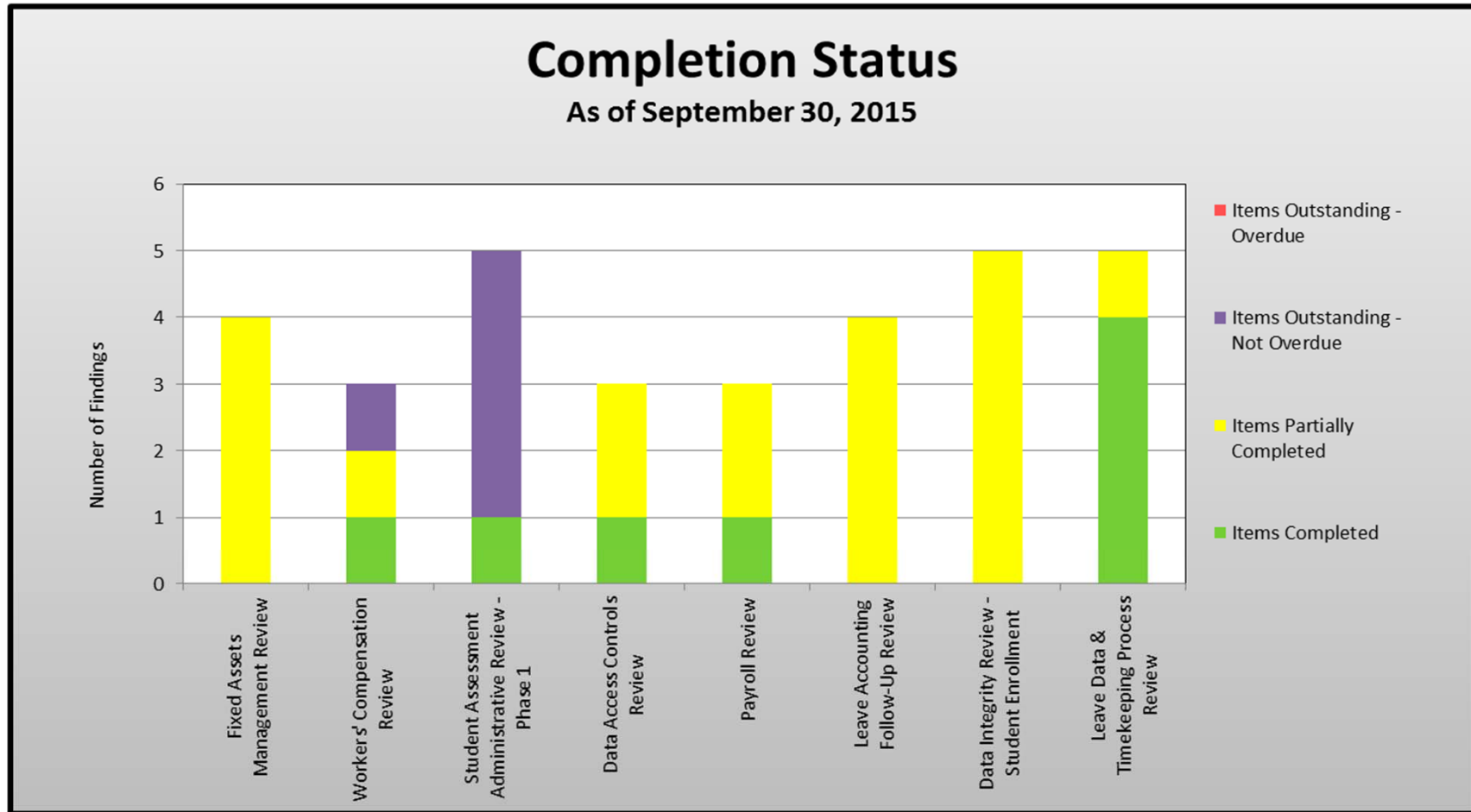
Internal Audit Recommendation Status (continued)

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

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



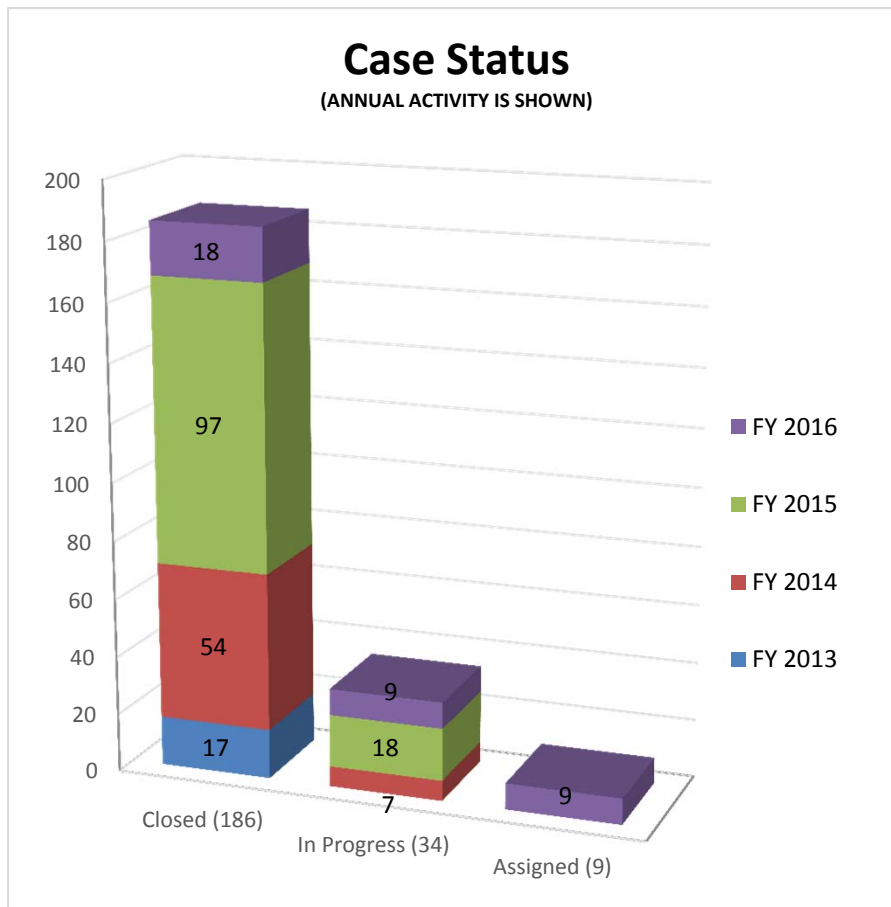
Management Action Plan Completion Status





Fraud & Ethics Hotline Summary

Hotline: All Cases Inception through September 30, 2015

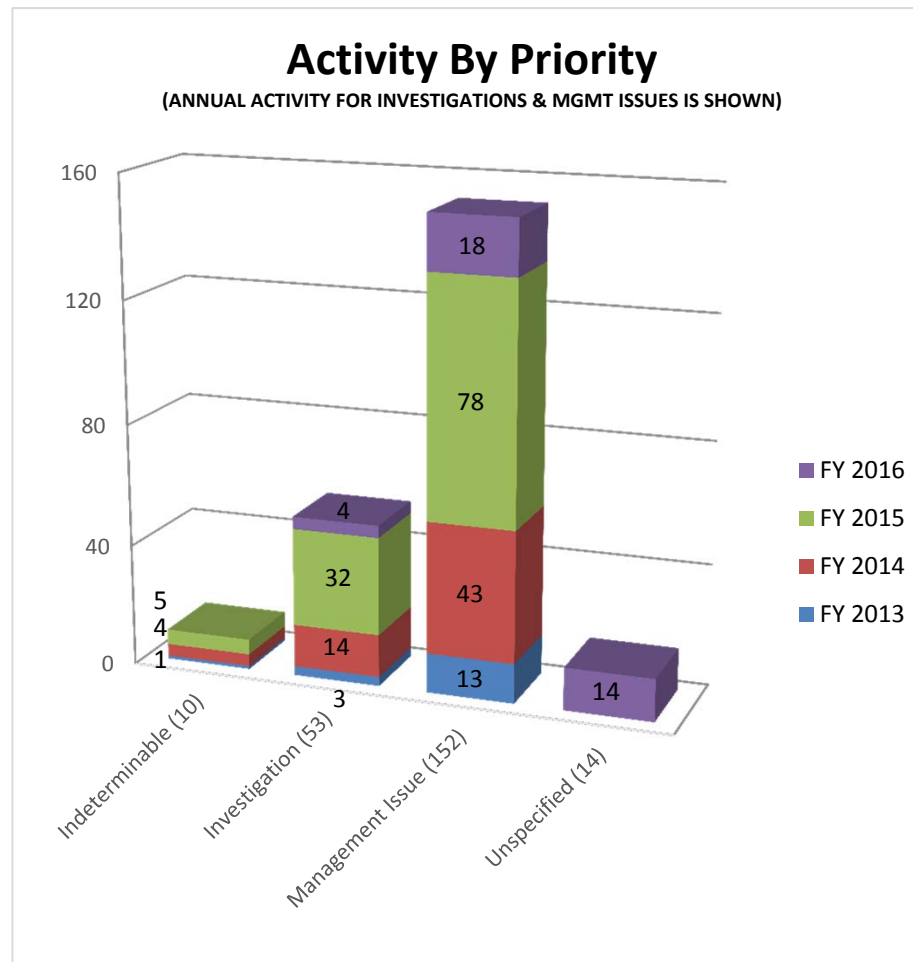


- A total of 229 cases were received.
 - 186 cases are closed, and 43 are in progress.
- Summary of Cases by Fiscal Year (FY):
 - 0 of the 17 cases from FY 2013 are still in progress. (Note: Fiscal year 2013 only represents two months (May 1, 2013 - June 30, 2013))
 - 7 of the 61 cases from FY 2014 are still in progress.
 - 18 of the 115 cases from FY 2015 are still in progress.
 - 18 of the 36 cases from FY 2016 are still in progress.



Fraud & Ethics Hotline Summary (continued)

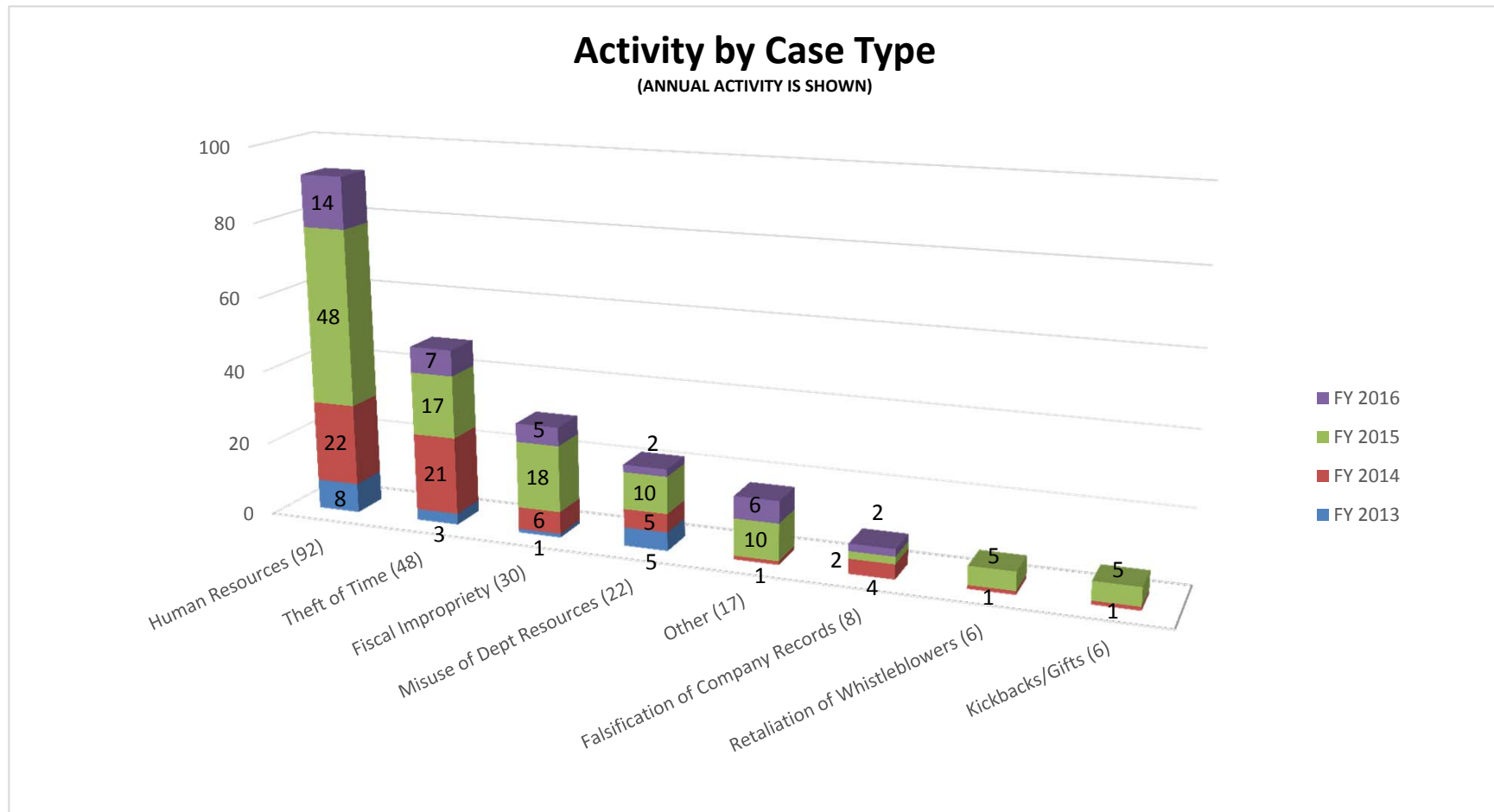
Hotline: All Cases Inception through September 30, 2015





Fraud & Ethics Hotline Summary (continued)

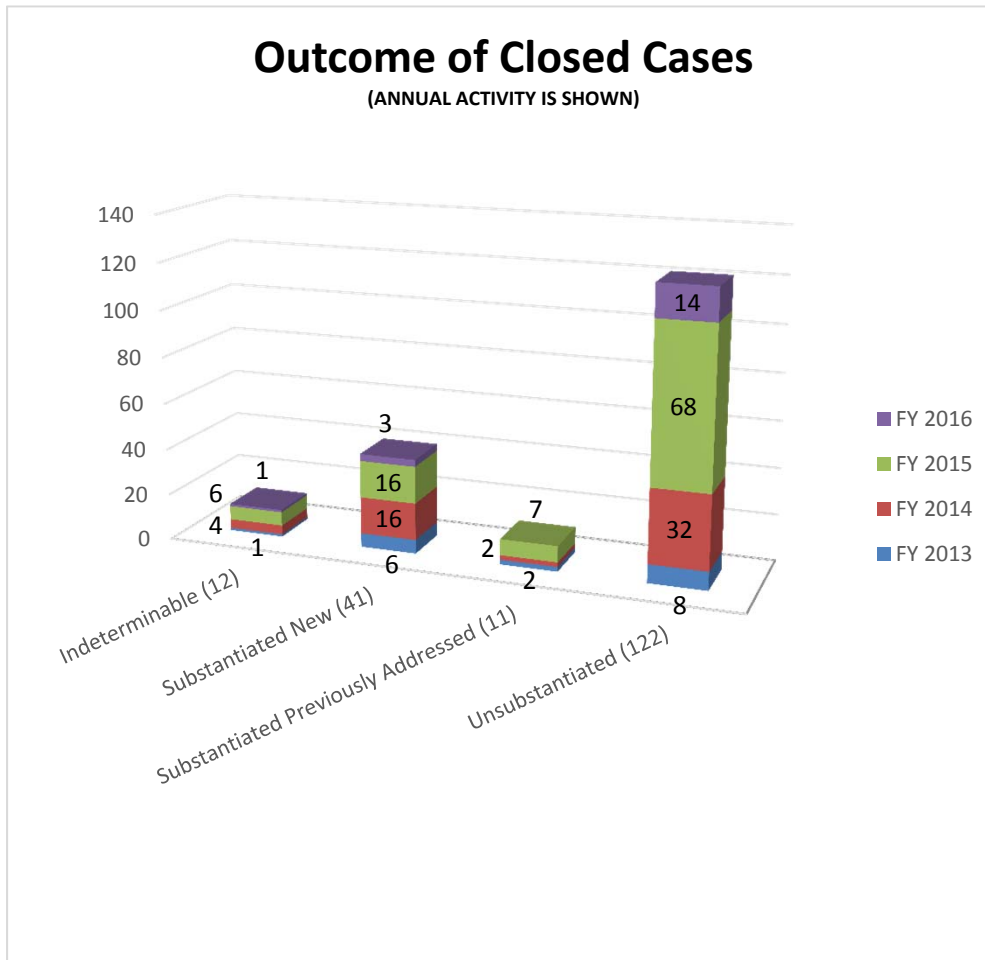
Hotline: All Cases Inception through September 30, 2015





Fraud & Ethics Hotline Summary (continued)

Hotline: Closed Cases Inception through September 30, 2015



- Of the 186 closed cases, 52 were substantiated, 122 were unsubstantiated and the remaining 12 were indeterminable.
- The primary issue in these substantiated cases were Human Resource issues (21 cases) followed by Theft of Time (14 cases).
(See page 46 for “Case Types of Closed Substantiated Cases”)

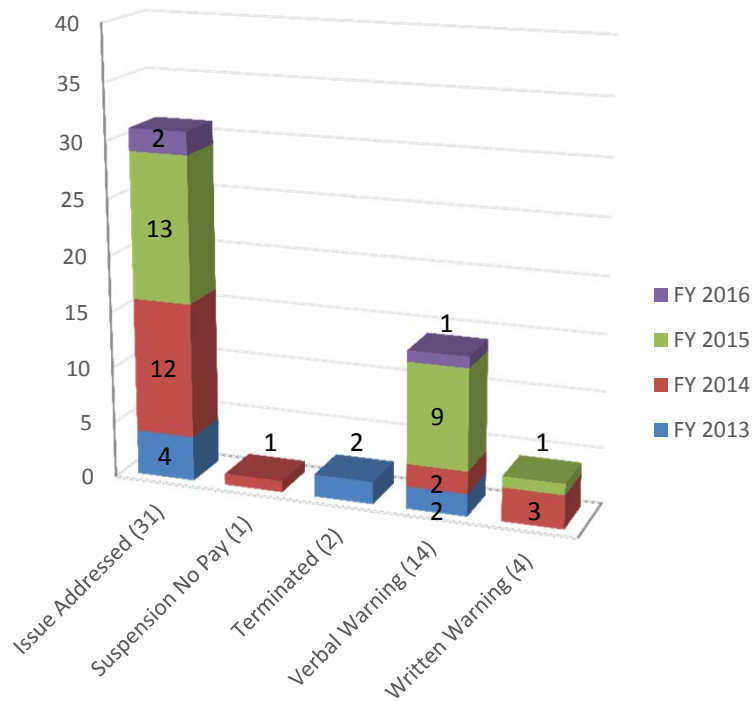


Fraud & Ethics Hotline Summary (continued)

Hotline: Closed Cases Inception through September 30, 2015

Disposition of Closed Substantiated Cases

(ANNUAL ACTIVITY IS SHOWN)



Case Types of Closed Substantiated Cases

(ANNUAL ACTIVITY IS SHOWN)

