

Utah State Board of Education Internal Audit Department

February 8, 2019

Audit Plan Requirements

Professional internal auditing standards require:

- A risk-based plan to determine the priorities of the Internal Audit Department
 - The plan must be based on a documented risk assessment, done at least annually, and considering input from the Board and Superintendency.
- The plan and resource requirements must be reviewed and approved.
- Internal Audit must evaluate and contribute to the improvement of the organization’s governance, risk management, and controls processes.

Projects in Process

Project	Board Approved Date	Start Date	Estimated Draft Report Date	Notes
18-01C MSP Automation Consultation	Nov 2016	May 2017	Suggestions provided as identified.	Consultation on MSP Automation – system development process and internal controls
19-01 2018 Year-end Financial Close	Jan 2018	Nov 2018	Jan 2019	Focus is compliance, efficiency, and effectiveness of the year-end close process given recent changes.
School Fees Consultation Project	Dec 2018	Dec 2018	*	*IA staffing (2 FTEs), supervision, and deliverables are per the consultation agreement. It is expected that this will be a long-term (2-3 years minimum) project.

Other Board Approved Projects – not currently in process

Projects will be started in the order noted below unless otherwise directed by the Audit Committee or Board.

- 1) School Safety Incidents Reporting Audit** – Review of compliance with current regulations regarding school safety and gap analysis of availability of required data at the state (USBE) level; LEA level will not be considered under the current scope of the audit. This project was approved by the Board on April 12, 2018.
Estimated Time to Complete: 6-7 months, 2-3 staff
- 2) Opt-out Rates and Causes** – Audit to obtain data on all LEA testing rates, opt-out rates, and the causes/reasons for the opt-outs. Audit methodology will be brought to the Audit Committee to recommend to the Board for approval prior to starting the audit.
Estimated Time to Complete: 6-7 months, 2-3 staff
- 3) Assurances (Internal Control)** – Audit to consider the internal controls (formal and comprehensive policies and procedures) in place at the USBE and LEAs to ensure compliance with laws and regulations and mitigate risk. This project was approved by the Board on February 8, 2019.
Estimated Time to Complete: 7-10 months, 2-3 staff
- 4) USBE Policies and Procedures** – Audit to analyze current policies and procedures and perform a gap analysis. This project was approved by the Board on January 3, 2018, and the Audit Committee expanded the scope in the April 2018 Audit Committee Meeting to include USDB. **Members of the Audit Committee directed staff to PEND this audit at a meeting on May 16, 2018, and start the USTAR audit.**
Estimated Time to Complete: 3-4 months, 2-3 staff
- 5) Subrecipient Monitoring Procedures** – USBE is required to monitor entities to which it sub-awards federal funds (i.e., LEAs and others). This audit would review USBE policies, procedures, practices, and internal controls to evaluate USBE’s performance of this federal requirement and was approved by the Board on December 9, 2016. **The Board put this project in PEND status on January 3, 2018, as a new grants management system was scheduled to be implemented July 1, 2018, and there were to be substantial changes to the process. Additionally, the MSPA Consultation engagement is being amended to include some review of internal controls in the new grants management system.**
Estimated Time to Complete: 5-6 months, 3 staff

Projects Required by Internal Auditing Standards

- 1) **Self-Assessment (Quality Assurance)** – A self-assessment of the Internal Audit function is required annually to ensure compliance with standards, and a self-assessment with external validation is required every fifth year.

Estimated Time to Complete: 1 month, 1 staff

- 2) **Risk Assessment of USBE** – Internal Audit is required to prepare an audit plan based on an annual, or more frequent, risk assessment.

Estimated Time to Complete: 1 month, 2 staff

Note: Could postpone, pending further development of the USBE Strategic Plan and Risk Management Plan.

Resources

Staffing: Each audit is staffed with a supervisor and generally 1-2 staff auditors. Staff required for a project varies depending on the complexity of an audit and the staff skillset needed, if the audit is state level or LEA level, and availability of data and information, etc.

Each audit is required, based on professional standards, to have a quality assurance process, which includes additional reviews to ensure conclusions are sound. Therefore, the Supervisor reviews all work completed and either the other Supervisor or the Director also reviews work completed.

Internal Audit resources are also used for other necessary agency functions, such as maintaining a hotline, facilitating external audits, developing and monitoring the department budget and purchasing requests, attending and preparing material for required meetings, completing the required annual self-assessment, and maintaining a policy and procedure manual. Continuing professional education is also required by professional standards.

Other Factors

As noted above, risk is a significant and required consideration when determining audit projects.

Before recommending audit projects for approval by the Board, the committee should also consider:

- State level audits or LEA/other sub-awardee level audits (other priority timelines, availability of staff, etc.)
- Audits currently being completed by OSA, OLAG, etc. (to avoid duplication)
- Projects being done by a Board or Legislative task force (to avoid duplication)
- Audit Report timeline (e.g., how fast do you want/need the audit report)
- Audit Scope (e.g., narrow or wide)
- Types of audits – performance, compliance, or financial