

Utah State Board of Education Internal Audit Department

August 2, 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 |
|---|---------------------|------------|-----------------------------|--|
| 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. |
| School Safety Incidents Reporting Audit | Apr 2018 | Apr 2019 | Sep 2019 | Review of compliance with current regulations regarding school safety and gap analysis of availability of required data at the state (USB E) level; LEA level will not be considered under the current scope of the audit. |

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. The order below reflects an update by the Audit Committee on August 1, 2019, given consideration of variables in the Other Factors section below.

- 1) 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
- 2) 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. This project was previously pended given system changes that were in process.
Estimated Time to Complete: 5-6 months, 3 staff
- 3) 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. This project was approved by the Board August 2, 2018; the 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
- 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.
Estimated Time to Complete: 3-4 months, 2-3 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 an Audit Manager and generally 1-2 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 Manager reviews all work completed and either the other Manager or the Chief Audit Executive also reviews work completed.

Internal Audit resources are also used for other necessary agency functions, such as maintaining the Public Education 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 the Office of the State Auditor, Legislative Auditor General's Office, 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