

THE AUDIT SPOT

USBE Internal Audit Newsletter **Vol. 8**
NOV 2021

AUDITS & CONSULTATIONS STATUS

2021		2022			
NOV	DEC	JAN	FEB	MAR	APR
Educational Service Providers		Data Reliability			
School Fees					

Additional information about audits and consultations can be found at: <https://schools.utah.gov/internalaudit?mid=892&tid=1>.

Internal Audit (IA) recently released the ProStart Audit which is now available at: <https://schools.utah.gov/file/c7f754d4-06d6-48f2-8a29-6064a112d74f>.

HOT TOPICS FOR LEAs

Utah Code 53E-3-401(8)(d) requires the Board to establish a process, in Rule, for an individual to bring a violation of statute or board rule to the attention of the Board.

The established process utilizes the Public Education Hotline (Hotline) and is outlined in R277-123 (<https://schools.utah.gov/file/0eaa3582-0575-4d34-ba61-ad919399dee5>), effective November 8, 2021. The rule codifies the current process; however, there are a few items that were added, including provisions for resubmitted concerns.

RULE REMINDER

R277-123-4

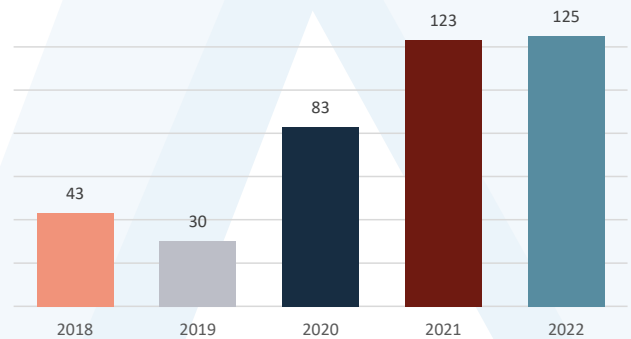
(1) An individual whose alleged violation is referred to an LEA, state agency, or other entity for resolution, may resubmit the alleged violation to the public education hotline if:

- (a) the alleged violation is not resolved by the LEA, state agency or other entity; and
- (b) the alleged violation is within the jurisdiction or authority of the Board to resolve.

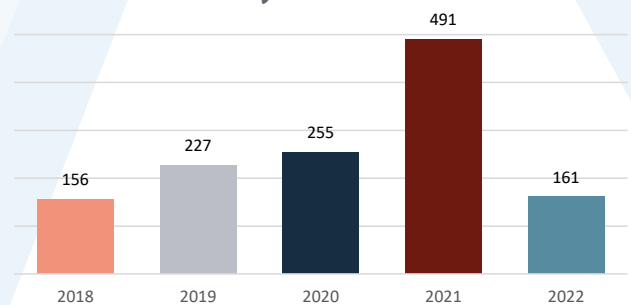
(2) Staff who receive a resubmitted alleged violation described in Subsection (1) may:

- (a) request information from the LEA, state agency, or other entity; and
- (b) conduct a preliminary investigation of the issue.

Total # of Concerns Received on the Hotline during the First Quarter of each State Fiscal Year



Total # of Concerns Received on the Hotline by State Fiscal Year*



*IA maintains a database of information related to concerns received on the Hotline. The chart above represents data through October 31, 2021.



INTERNAL CONTROL SYSTEM HIGHLIGHT

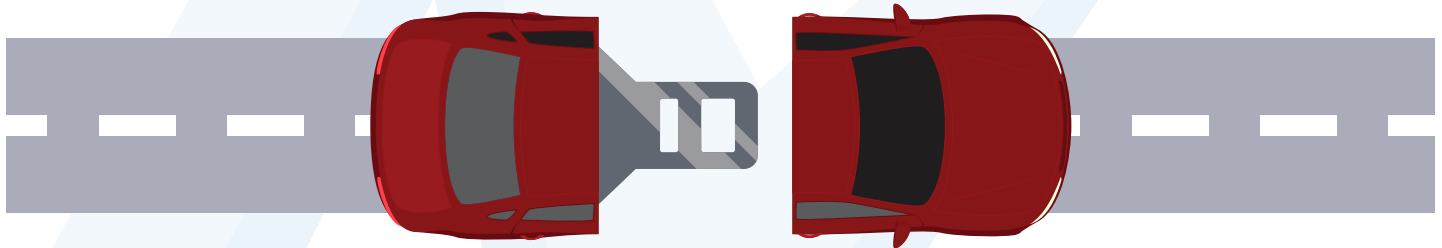
As part of an effective internal control system, control activities are an essential tool management can develop and implement to help achieve organizational objectives and respond to risks. Control activities must be documented in policies and procedures.

Consider control activities in your life. Do you use a car? One objective when using a car is to arrive safely at your destination. After a consideration of risk, a risk response (i.e., control activity) that can help achieve your objective, and which is also required by law, is wearing a seatbelt. Other control activities may include regular car maintenance and limiting distractions.

Component 3: Control Activities

“Actions management establishes through policies and procedures to achieve objectives and respond to risks...”

<https://www.gao.gov/assets/gao-14-704g.pdf>



Considerations for Designing and Implementing Control Activities at LEAs:

What objectives have you identified for your LEA? Do your objectives include compliance with required laws, regulations, and policies? What about risk? What was the result of your last risk assessment?

Once you’ve answered these questions, you are ready to start considering control activities. Here are some tips:

Design appropriate types of control activities

- Preventive, detective, automated, or manual

Design control activities at various levels

- Entity-level, transaction level, position-specific, etc.

Document Control Activities

- Who, what, how, frequency

Segregation of Duties

- Separate activities related to authority, custody, and accounting

SPOT-LIGHT STATISTIC

“...14 out of 16 (85.7%) LEAs have partially effective control activities.”

The 2020 Internal Control Audit noted, “...14 out of 16 (87.5%) LEAs have partially effective control activities.” Meaning, necessary control activities are frequently not documented, implemented, or adequate. (See <https://schools.utah.gov/file/a9f755df-e184-4a65-9603-881d8a716f02>.)

The most recent Minimum School Program (MSP) review from the Office of the State Auditor also included several findings related to lack of internal controls and lack of documentation of internal controls (<https://reporting.auditor.utah.gov/servlet/servlet.FileDownload?file=0151K0000042qLzQAI>).

Program	LEAs with Lack of or Undocumented Internal Controls	Total LEAs Reviewed	Error Rate
CTE	8	11	72.7%
ESA	17	18	94.4%
EARS	13	18	72.2%