

Internal Audit
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TO: AUDIT RISK MANAGEMENT ADVISORY COMMITTEE

FROM: JODELL RENN, CPA, CIA, CFE, DIRECTOR OF INTERNAL AUDIT

A handwritten signature in blue ink that reads "Jodelle Renn".

SUBJECT: INTERNAL AUDIT REPORT – STATUS UPDATE

DATE: OCTOBER 28, 2020

The attached report provides the status of the work plan as of October 31, 2020. Internal audit staff continues to work from home.

Monthly monitoring for school activity fund transactions is occurring as normal with bookkeepers scanning documents to be reviewed and the results documented. We continually evaluate the review processes to determine the best use of our limited resources. We completed the human resources follow-up review, several investigations that were assigned to internal audit as well as finalizing the travel and expense review. Hotline calls continue to be down due to Non Traditional Instruction. A consulting project with the Information Technology team to assist them in developing policies was closed with the approval of an information security program that includes several critical policies.

Since the last update, we worked with IT to design a process for schools to upload their monthly reporting packets to a portal that is accessible to others. This reduces the number of emails going back and forth and provides internal audit a way to monitor progress in a more efficient manner.

Please let me know if you have any questions.

Attachment

2019 – 2020 Audit Work Plan*

Status as of October 31, 2020

Audit Activities Type	Objective/Status	Status																				
School Monthly Financial Reports Compliance	Monitoring was performed for selected financial transactions for every school. The objective is to identify specific transactions noted in the KDE corrective action plan as needing improvement. Exceptions identified were communicated with bookkeepers, principals and when necessary, assistant superintendents. Consult with Accounting Services trainer to incorporate common findings in training sessions.	Ongoing																				
Investigation projects/Special Reviews Investigation	Investigation requests are referred to Internal Audit via the Compliance Hotline; Executive Management requests; Board Member requests; Anonymous direct contacts. Internal Audit has performed 29 investigations/inquiries (12 substantiated and 17 unsubstantiated) and currently have 4 open projects. One investigation revealed probable embezzlement (~40K) by a former bookkeeper and has been forwarded to Security and Investigations for potential prosecution. No other significant/material issues were identified and corrective action has been implemented where applicable. In some cases, opportunities were identified and shared with the appropriate staff member for consideration.	Ongoing																				
Compliance Hotline Administration Investigation	Provided oversight to reports made through the hotline (7/1/2019 – 6/30/2020 and 7/1/2020-9/30/2020) to ensure timely resolution: <table><tr><td></td><td>FY2020</td><td>Q1 - FY2021</td><td>Total</td></tr><tr><td>Total Reports Received</td><td>457</td><td>27</td><td>484</td></tr><tr><td>Substantiated</td><td>82</td><td>2</td><td>84</td></tr><tr><td>Unsubstantiated</td><td>355</td><td>14</td><td>369</td></tr><tr><td>Other</td><td>20</td><td>11</td><td>31</td></tr></table> See breakdown of report types, average days to close on page 5 .		FY2020	Q1 - FY2021	Total	Total Reports Received	457	27	484	Substantiated	82	2	84	Unsubstantiated	355	14	369	Other	20	11	31	Ongoing
	FY2020	Q1 - FY2021	Total																			
Total Reports Received	457	27	484																			
Substantiated	82	2	84																			
Unsubstantiated	355	14	369																			
Other	20	11	31																			
Committee Participation Consulting	Internal Audit participates on the following committees13 in an advisory/consulting capacity: Racial Equity Analysis Protocol; IT Risk Management committees (working group and Executive), Data Governance and Investigations working group.	Ongoing																				

*The timeframe of this plan covered the period November 1, 2019 – October 31, 2020. Projects not completed by October 31, 2020 will be rolled into the next audit plan that begins November 1, 2020.

2019 – 2020 Audit Work Plan*

Status as of October 31, 2020

<i>Audit Activities Type</i>	<i>Objective/Status</i>	<i>Status</i>
Human Resources <i>Audit Assurance – Follow up</i>	Overall, HR has implemented corrective action for all recommendations reported in the initial report issued in June 2018. Based on the limited testing performed, some opportunities were identified that if implemented would support more effective implementation. A follow up will be performed in approximately six months to evaluate the implementation status of the corrective action.	Complete
Electronic Travel & Expense Reporting <i>Consulting</i>	Consult with Accounting Services on a way to implement an electronic solution for travel and expense reporting. A small group of employees have been identified to work on a pilot project utilizing a module in MUNIS that will allow for electronic submission of expense reports and an electronic tool to capture and report business mileage.	Pilot Program in process
IT Information Security Program <i>Consulting – Outsourced</i>	Utilizing IT experts from Dean Dorton as part of the outsourced internal audit contract, they were able to assist IT in identifying a cybersecurity risk framework; establish an information security program; drafted information security policies that were approved by the JCBOE; identify a training platform for information security training, and drafted two charters for each information security committees; as well as created a path to formalize a vendor risk management process; development of a business continuity roadmap and security incident response preparedness program.	Complete
School Activity Fund – Fiscal Year End Closing <i>Consulting</i>	Assist Accounting Services by coordinating the fiscal year end close of the school activity accounts in the software system.	Complete
Registration Fees Analysis <i>Consulting</i>	Compiled registration fees data and performed an analysis at the request of the Superintendent.	Complete
Travel and other Business Expenses <i>Audit Assurance</i>	Perform a review of travel and other business expenses incurred to ensure that travel guidelines are properly implemented and that appropriate controls are in place to detect, prevent and correct noncompliant activities identified.	Finalizing

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2019 – 2020 Audit Work Plan*

Status as of October 31, 2020

<i>Audit Activities Type</i>	<i>Objective/Status</i>	<i>Status</i>
<i>Contract Administration Processes Consulting</i>	Document current process and evaluate gaps and opportunities for improvement to ensure roles and responsibilities are properly aligned.	In process
<i>Geographic Information Systems Consulting</i>	Document current process and evaluate gaps and opportunities for improvement to ensure roles and responsibilities are properly aligned.	In process
<i>School Reviews 2019-2020 Assurance</i>	The external auditors selected 6 of the 12 schools included in our initial listing for review. Due to the impact of COVID-19, the transactions through the school activity accounts have decreased from prior years. Therefore, internal audit has revised its monthly monitoring activities to incorporate increased number of transactions from schools assessed a higher risk.	Revised
<i>Risk Maturity Model Development – Backpack of Success Consulting</i>	While some work has been completed on this project, Non-Traditional Instruction and staff turnover has impacted the completion and therefore this project has been paused.	TBD
<i>Exceptional Child Education (ECE) Assessment Oversight Consulting</i>	Develop a risk maturity criteria to allow for thoughtful assessment and benchmarking the effectiveness of the Backpack of Success Skills initiative overall and at the school level. The purpose is to help drive continuous improvement.	
	Review the exceptional child education established practices and policies and procedures to assess the level of compliance with the regulatory requirements.	TBD

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Anonymous Hotline Reports	Other*		Substantiated		Unsubstantiated		Total	
Reports Received FY 2020 & 1Q FY2021	Count	Ave Days to Close	Count	Ave Days to Close	Count	Ave Days to Close	Count	Ave Days to Close
Administrative	5	5	1	11	5	18	11	11
Bullying or Harassment	2	1					1	1
Discrimination	2	2					2	2
Falsification of Records					3	13	1	45
Violation of Policy	1	10	1	11			6	11
Bus Compound	0	0	5	9	8	7	13	8
Bullying or Harassment			2	8	6	6	8	7
Crimes and Threats			1	14			1	14
Discrimination			1	7			1	7
Sexual Harassment			1	11			1	11
Violation of Policy					2	10	2	10
Elementary	17	4	24	8	130	9	171	8
ADA Accommodations					1	26	1	26
Bullying or Harassment	10	3	19	7	114	9	143	8
Conflicts of Interest	1	3					1	3
Crimes and Threats	1	0	1	2	2	5	4	3
Discrimination	3	7			2	10	5	8
Falsification of Records	1	21	1	40	1	9	3	25
Sexual Harassment			1	4	3	1	4	2
Theft of Cash, Goods, or Services					1	6	1	6
Violation of Policy	1	0	2	8	6	7	9	6
High	5	11	19	11	95	13	119	13
Bullying or Harassment	3	6	13	11	68	12	84	12
Crimes and Threats			5	11	4	12	9	11
Discrimination					3	10	3	10
Falsification of Records					2	6	2	6
Sexual Harassment	1	12	1	9	7	11	9	11
Theft of Cash, Goods, or Services					1	24	1	24
Vandalism					1	13	1	13
Violation of Policy	1	25			9	22	10	22
Middle	4	5	34	6	131	8	169	8
Bullying or Harassment			31	6	110	9	141	8
Conflicts of Interest	1	5			1	1	2	3
Crimes and Threats	2	5	1	20	9	9	12	9
Discrimination	1	3			7	4	8	4
Sexual Harassment			2	3	1	2	3	3
Theft of Cash, Goods, or Services					1	5	1	5
Violation of Policy					2	6	2	6
State Agency	0	0	1	4			1	4
Bullying or Harassment	0	0	1	4	0	0	1	4
Grand Total	31	5	84	8	369	10	484	9