



# UTAH STATE BOARD OF EDUCATION

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Sydnee Dickson, State Superintendent of Public Instruction  
Lorraine Austin, Board Secretary

## MEMORANDUM

**TO:**                                      Members, Utah State Board of Education

**FROM:**                                  Debbie Davis  
Internal Audit Director

**DATE:**                                  October 7, 2016

**ACTION:**                                Audit Plan Revisions

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**Background:** The proposed changes to the audit plan are presented pursuant to R277-116-7 Audit Process and professional internal auditing standards. In an effort to be as efficient and effective as possible with the internal audit process, and to incorporate items from the risk assessment into the audit plan as considered necessary, changes to the existing audit plan were proposed. The proposed changes also reflect updated resources available for and timelines associated with audits.

The revised plan proposes the following changes:

- Revision of start and report dates
- Inclusion of IT Employee Time Consulting Project
- Inclusion of Accuracy of CACTUS data to 'On Deck – if time permits'

**Board Strategic Plan:** This item supports the following imperatives and strategies in the Board's Strategic Plan:

- Imperatives: Educational Equity, Quality Learning, System Values
- Strategies: Funding, Oversight, Teacher Retention and Recruitment

**Anticipated Action:** The Audit Committee recommends the Board approve the updated Audit Plan.

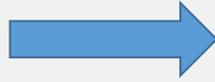
**Contact:**                                Debbie Davis, Internal Audit Director 801-538-7639

# Proposed Prioritized Audit Plan for SFY 2017

## Strategic Plan

### Imperatives

Educational Excellence  
Quality Learning  
System Values



### Strategies

Accountability  
Educational Options  
Funding  
Leadership Development  
Teacher Retention and Recruitment  
Oversight

Oversight: Monitor, review, and provide general supervision to all public education institutions and other entities for which the State Board has responsibility.

- Provide a robust internal audit function for state public education funds and programs

## Assurance Projects

Audit #	Audit	Actual/ Estimated Start Date	Estimated Draft Report Date	Staff Equivalent	Type*	USBE Area(s)	Disposition (as of 9/6/2016)	Strategic Plan Strategy
<u>Approved</u>								
16-03	LEA Audit	Apr-16	Dec-16	4	F, P, C	LEA	In Process	Accountability, Ed Options, Funding, Leadership, Oversight
16-02	Jordan School District Facility Use Audit	Mar-16	Sep-16	2	F, C	LEA	Draft Report	Funding, Leadership, Oversight
	Self Assessment of IA with External Validation - required by IIA standards	Jun-16	Oct-16	1	C	IA	In Process	Oversight
17-01	USBE IT Employee Time	Sep-16	Jan-17	2	CN	IT	In Process	Oversight, Funding
	Subrecipient Monitoring Procedures	Jan-17	Apr-17	3-4	P, C	USBE		Oversight, Funding, Ed Options

\*F=Financial, P=Performance, C=Compliance, CN - Consulting

### On Deck (if time permits)

	Accuracy of CACTUS data	Jan-17	Apr-17	3	P, C	USBE		Oversight, Teacher Retention and Recruitment, Funding
	Internal Accounting performance audit.				F, P, C	USBE		

### Pend

USDB Foundation	The Foundation has a tax ID number, Board members are being recruited/identified after which bylaws will be written; therefore, there is no activity currently available to audit.
16-01	Charter School Contract Fidelity and Performance
	Project was started in February 2016 and was discontinued in the March Board meeting in favor of getting information about contract fidelity directly from authorizers so Internal Audit could work on other priority projects. Internal Audit may, as some point review, information provided by authorizers. IA provided information from the preliminary reviews completed to the Audit Committee.



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## MEMORANDUM

**TO:**                                      Members, Utah State Board of Education

**FROM:**                                  Debbie Davis  
Internal Audit Director

**DATE:**                                  October 7, 2016

**ACTION:**                                Internal Audit Carryforward Spend Plan

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### **Background:**

In September, the Finance Committee requested that the Audit Committee consider the Internal Audit Department's Spend Plan, specifically the use of one-time funds for a time limited part-time office specialist position to help with administrative duties currently being performed by the Board Secretary, Internal Audit Director, or Internal Audit Staff.

### **Board Strategic Plan:**

This item supports the following imperatives and strategies in the Board's Strategic Plan:

- Imperatives: Educational Equity, Quality Learning, System Values
- Strategies: Funding, Oversight

**Anticipated Action:** The Audit Committee recommends approval of the Internal Audit Department's Carryforward Spend Plan.

**Contact:**                              Debbie Davis, Internal Audit Director 801-538-7639

## Internal Audit Section Spend Plan for 2016 Carryforward in 2017

<i>Source:</i>	<u>Education Funds</u>	
Available Amount:		45,683.56
Appropriation Code:	PAK	
Unit:	0222	
Program if Applicable:	N/A	
Available funds that is Unrestricted:		<b>45,683.56</b>
Amount Restricted:	-	
If Restricted by What (Legislation, Board Rule, Federal Law, State Law, )	NA	
Requested Carryforward:		<b>45,683.56</b>
Unrequested Carryforward	-	

*Each request to use carryforward below shows the current budget amount, the requested increase in the budget amount (i.e., carryforward), and the revised budget total.*

			Requested Increase		
Travel		Current	Carryforward	Total	
6001	In-State S-t Motor Pool	800	<b>1,500</b>	2,300	

Justification: LEA audit that includes on-site reviews at up to 9 LEAs, some of which include overnight stays or significant driving beyond the normal commute time (e.g., Kane, Provo, Athenian, Duchesne, Gateway, etc.) over multiple days. Also, increase in staff means there could be additional cost traveling to trainings.

			Requested Increase		
Office Supplies		Current	Carryforward	Total	
6181	Office Supplies	500	<b>1,100</b>	1,600	

Justification: Varidesk request from 2 staff that will help provide health benefits. From catalog - Cube Corner 48 Black SKU 49931 Price \$495, plus shipping and handling.

			Requested Increase		
Supplies and Materials		Current	Carryforward	Total	
6300	DTS Telecom	-	<b>450</b>	450	

Justification: Oversight that this expenditure code was not previously budgeted for; however, this is a monthly fee charged to the Internal Audit Department by DTS.

			Requested Increase		
Membership Dues		Current	Carryforward	Total	
6274	Membership Dues	1,800	<b>275</b>	2,075	

Justification: AICPA membership for new financial audit supervisor who is a CPA and who attends AICPA sponsored trainings. The membership results in reduced cost for trainings.

			Requested Increase		
Employee Training and Development		Current	Carryforward	Total	
6269	Employee Training and Development	7,100	<b>18,700</b>	25,800	

Justification for \$200: This increase would provide the Internal Audit Director funding to hold a more in-depth annual staff meeting, at an off-site location, where the team could discuss the Internal Audit vision, mission, charter, rules, evaluate performance and look for efficiencies in the internal audit process.

Justification for \$8,500: Internal Audit Staff participate in employee training and development to maintain the knowledge, skills, etc. required by professional standards, generally this is done through continuing professional education. A limited number of staff have the opportunity to travel to conferences for CPE; however, there is also the option of bringing the trainer on-site. Benefits of having a trainer come on-site include that more employees can attend the training. In this case, the training we are considering would be 2 days and include internal controls, compliance, monitoring, interviewing, and reports/communication. Internal Audit would invite all individuals that monitor grants or compliance within the agency to attend as they could benefit from this as well.

Justification for \$10,000: Similar to the request above for training related to controls and compliance, Internal Audit currently has data analysis software that is underutilized. More in-depth training on the software will help Internal Audit (and potentially School Finance who is also utilizing the software) utilize the software at a higher level. Internal Audit also believes it will allow us to start performing continuous auditing of certain financial statement line items which will bring significant value to the agency; it is also a trend in the audit industry. As mentioned, some School Finance would also be invited to participate as they use this software.

Potential Incentive Award/Bonus		Current	Carryforward	Total
5150	Incentive Award	-	3,000	3,000

Justification: Agency and DHRM policy allows for incentive awards to be given to staff who demonstrate exceptional effort or accomplishment beyond what is expected on the job for a unique event or over a sustained period of time. This provision would allow the Internal Audit Director to reward an employee or employees for exceptional effort, if merited, and with the approval of the Audit Committee. Recognition in this way is one tool that may be used to facilitate employee retention.

Time Limited Office Specialist Position		Current	Carryforward	Total
5101	Wages/Benefits	-	20,659	20,659

Justification: Internal Audit has completed a CBA for SFY2018 requesting a part-time office specialist I. The need for administrative help is great as the Internal Audit Department has grown from 2 positions 5 years ago to 7 positions currently and as there is a great deal of documentation required to ensure compliance with professional standards and to handle Board requirements, such as Audit Committee. The CBA estimated a part-time position at \$17/hr would cost, full labor burden, approximately \$60K. A time-limited position using these funds would have to be funded at a lower amount. Also significant to consider, and mentioned in the CBA is that IA currently does not have office space available for another position, we would also have to procure equipment and office supplies for the position.