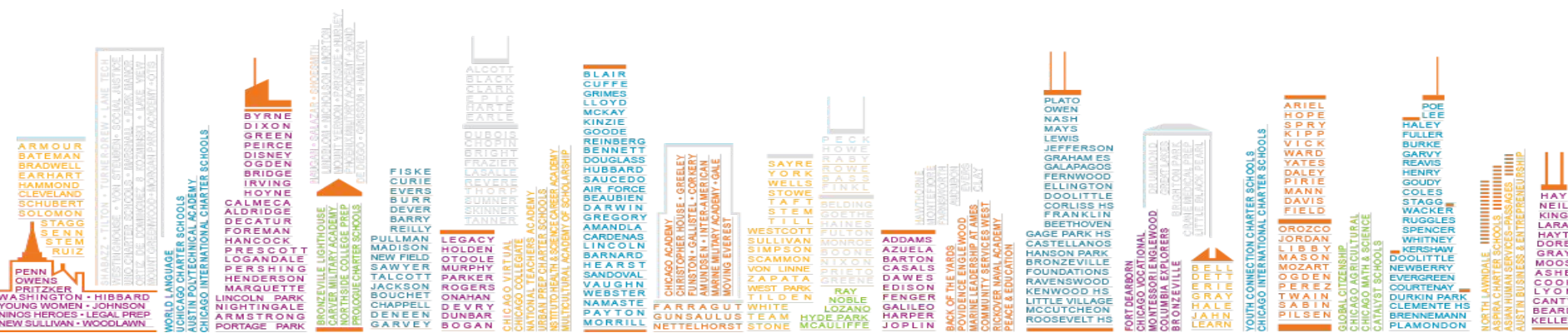


# October Board of Education Meeting

## Internal Audit & Advisory Services

### Finance & Audit Committee Update

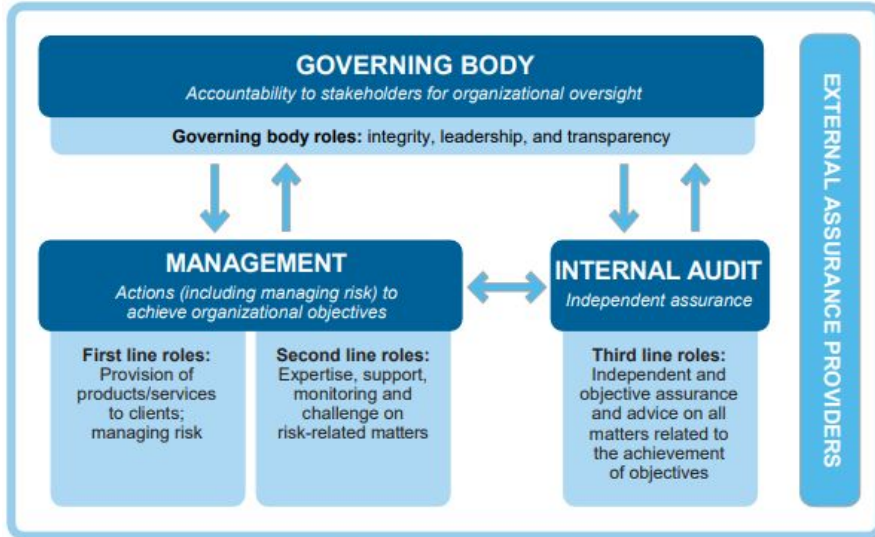


# Our Mission, Responsibility, and Purview

The Office of Internal Audit and Advisory Services (IAAS) provides assurance and advisory services through independent and objective reviews to continuously improve systems and processes across the district, in a collaborative and coordinated fashion, that better prepares every child for success in college, career, and civic life.

IAAS serves as the third line of defense in conducting assurance activities and facilitating risk mitigation activities at CPS.

## The IIA's Three Lines Model



Three Lines Model outlines the roles of various leaders within an organization, including **oversight by the board** or governing body; **management and operational leaders** including risk and compliance (first- and second-line roles); and **independent assurance through internal audit** (third line).

The Board, management, and internal audit have distinct responsibilities, but all activities need to be aligned to achieve our objectives and mission.

**Board Rule 3-9** was rescinded and approved September 2021 to codify Internal Audit reporting structure, responsibilities, and scope aligning our district with Institute of Internal Auditors (IIA) standards and best practices seen in other districts across the nation.

# FY21 Audit Overview

# Continuous Monitoring Audit Program (CMAP)

## FY20 Audit Program: 62 in-person school audits completed

Elementary and high schools audited on a 3-5 year cycle.

CMAP is designed to facilitate increased oversight and coverage of all District transactions using data analytics. CMAP identifies exceptions across the entire district for each procedure tested.

### CMAP Phase 1

#### 60 schools tested

Scope areas included: cash disbursements, receipts and check escheatments.

### CMAP Phase 2

#### 288 schools tested

Scope areas included: cash disbursements, receipts, escheatments and journal entries.

## CMAP Process

Analytics were developed to identify exceptions for each respective testing area. For each exception identified, a school file is prepared and distributed to Principals.

- Each school is paired with an IAAS partner to help them navigate the audit process.
- Policies/guidance documents are shared with Principals to help them understand requirements.
- Principals work with their staff to remediate issues identified.
- IAAS shares consolidated results with Central Office leadership to address opportunities to better support schools in successfully implementing policies and procedures.

# Central Office Audits

## Grades Audit

**Audit of design effectiveness for end-to-end Grade processes.**

- Provide school support in Standards Based and Competency Based Grading
- Integration of Grades operational processes and ASPEN application controls to improve district oversight and reporting
- Efficiencies in system workflows (i.e. grade change workflow and reporting)

**Management Action Plan:** Chief Education Officer will identify a lead process owner and kick off a working group in the Fall to champion the grades area and address observations identified in the audit.

## Safe Passage Audit

**Audit of program, process controls, and request for stakeholder feedback.**

- Gathered feedback from CPS families, community members, Principals, and LSC members. **81% of participants believe students feel safe when Community Watchers are present.** Identified additional opportunities for training and further defining the role of Principals in directing community watchers.
- Streamlining processes to facilitate invoice review and validation given current staffing capacity constraints
- Developing enhancements to improve incident reporting
- Risk Management, including vendor insurance, certificates of good standing and background checks - exploring opportunities for greater synergies with centralized monitoring opportunities

**Management Action Plan:** Safety & Security is incorporating recommendations from audit into operational protocols in upcoming contract management.

# Additional Project Updates

## Principal Transition Reviews

Principal Transition Reviews (PTRs) kicked off August 2021

Audits are conducted in person and include testing over bank reconciliations, cash receipts, cash disbursements, iProcurement, Supplemental Pay, and Student Safety & Security

- Completed fieldwork for 19 audits
- Remaining 14 audits scheduled into December 2021

Audits assess and evaluate the effectiveness of targeted key internal controls and the school's business environment and provide Principals with resources and action plans to address the issues identified.

## Risk Assessment Refresh

Conducted risk assessment refresh interviews updating information from the district's 12 key risks; met with 16 departments and over 70 individuals. Validated risk statements with business owners, rated risks on impact and likelihood, and consolidated a risk register. Ongoing collaboration with management to embed risk management framework and mitigate risks.

# FY22 Current Projects

October	November	December
Principal Transition Reviews (PTRs) In-Person School Audits		
CSI/SCS Audit		
Financial Controls – AP Process & ITGC Controls		
Covid-19 Testing Ongoing Compliance Review– Employees & Student Athletes		
Covid-19 Vaccination Compliance		
High School Admission Test – Advisory Support & Observations		
LPS – FY21 Compliance Review		