2023

OIA FY 2023 Annual Audit Plan

COLUMBUS
CITY SCHOOLS

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May 26, 2022

I am pleased to present the Columbus City Schools Annual Audit Plan for the 2023 fiscal year. The Office of Internal Audit is committed to meeting our mission with integrity, objectivity, confidentiality, and competence.

The Office of Internal Audit's role is to provide assurance, consulting, and monitoring services to assist management in their effort to maintain reliability of the District's internal control system, ensure compliance with laws and regulations, and manage operational risk. The Annual Audit Plan allows the Office of Internal Audit to develop a comprehensive district-risk profile where services can be efficiently and effectively directed to support management in achieving their goals and objectives.

The audit plan is developed with input from internal and external district stakeholders. All perspectives are key in considering gaps and deficiencies that could prevent the District from achieving its mission and/or accomplishing its goals, guardrails, and strategic priorities.

We thank all those who participated in this year's audit plan. Your input is greatly appreciated.

Last but not least, a special thanks to the Office of Internal Audit Team for the long hours and dedication towards this effort. None of this is possible without you.

Respectfully,

Carolyn Smith
Internal Auditor/Chief Audit Executive

Our Mission

The Office of Internal Audit's mission is to provide independent and objective audit services that will add value and improve the District's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes, while effectively assisting the Board of Education and district management to accomplish its goals and support the overall mission of the Columbus City Schools.

Our Principles:

Integrity
Objectivity
Confidentiality
Competence

VISION
TO BE THE PREFERRED AND TRUSTED ADVISOR FOR MATTERS OF RISK, CONTROL AND GOVERNANCE.

AUDIT AUTHORITY

The Office of Internal Audit (OIA) was established by the Columbus Board of Education in 2000. The OIA, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of Columbus City Schools' records, physical properties, and personnel pertinent to carry out any engagement and/or special review. All employees are requested to assist the OIA in fulfilling its roles and responsibilities. The OIA also has free and unrestricted access to the Board of Education (BOE) and the Audit and Accountability Committee.

The Internal Auditor/CAE is a direct report of the Columbus City Schools Board of Education.

AUDIT ACTIVITIES & RESOURCES

The OIA has a personnel and non-personnel budget of approximately $975,000, with approximately $100,000 to outsource high-risk and/or specialized audit jobs. With the increased demand for assurance and consulting services, the Chief Audit Executive (CAE) requested and was granted staff increases in the FY 2022 budget. One position was hired in FY 2022 and the other position will be hired early in FY 2023. A portion of this position's allotted hours are included in the FY 2023 Annual Audit Plan allocable hours. The audit staff currently consists of the Internal Auditor/CAE, Secretary to the Internal Auditor/CAE, and six audit professionals.

The internal audit function collectively possesses the knowledge, skills, and other competencies needed to perform its responsibilities. The OIA is comprised of six internal auditors: two Executive Directors, a Senior Segment Manager, a Senior Information Systems Audit Manager, and two Segment Managers. The OIA staff have accumulated an average of 26 years of audit and/or risk management experience. Many have functioned in management and other administrative roles in other audit environments prior to employment by OIA. All have experience in risk management, internal control, fraud detection, and governance in both government and private organizations.

The OIA Staff have the following advanced degrees and certifications:
- Master of Business Administration
- Certified Public Accountant
- Certified Internal Auditor
- Certified Fraud Examiner
- Certification in Risk Management Assurance
- Certified Government Auditing Professional
- Certified Information Systems Auditor

- Certified in Risk and Information Systems Control
- Certified Data Privacy Solutions Engineer

The OIA performs assurance, consulting, and monitoring services in accordance with the Institute of Internal Auditors International Professional Practices Framework (IPPF). OIA performs assurance and consulting services in the areas of finance; operations; performance; compliance with laws, regulations, and policy and procedures; risk; and governance.

Assurance (Audit) Services involve the internal auditor's objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system, or other subject matter.

Consulting Services are advisory in nature and are generally performed at the specific request of an engagement's client.

Monitoring Services are a developed, implemented, and exercised follow-up program to monitor the disposition of the audit and consulting results and to evaluate whether management's actions have been implemented or whether management has accepted the risk identified in the original audit.

The follow-up program requires OIA to report the status of management's actions to the Audit and Accountability Committee, including reporting any instance where management has accepted identified risk.

When performing the risk assessment for the Annual Audit Plan, OIA takes into account any management action unresolved at the time of the risk assessment. The impact of unresolved matters on operational, control, compliance, and governance risk is reflected in each business unit's respective risk score.

ALLOCABLE AUDIT HOURS

For fiscal year 2023, OIA has 14,040 hours available to allocate among four categories of work: Administrative, Projects, Audit, and Reserve. These available hours are distributed equally among the six full-time auditors, who are each assigned 2,080 hours, and one anticipated partial year resource assigned 1,560 hours for the year. The Internal Auditor/CAE is excluded from the allocable audit hours.

The staff's allocated hours are summarized in the following graph by category. The OIA activities comprising each category are further explained in the bullets accompanying the graph.

Staff Allocated Hours
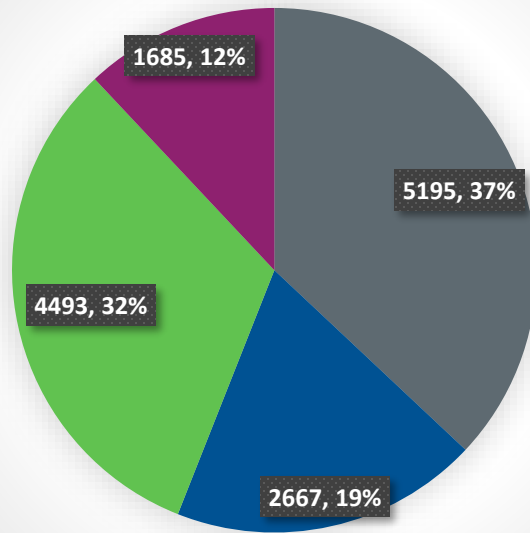
Administrative	Projects	Audit	Reserve
•Staff Leave •Staff Meetings •Staff Professional Development •Time not classified elsewhere	•Quality Assessment Review Program •Staff Goals for Professional Development •Consulting Services •External Auditor, Organizations liason activity •Fraud Hotline •Data Analytics •Audit and Accountability Commitee •BOE Commitee Liason •District Sponsored Activities	•Assurance Services •Follow-up and Verification •Risk Asssement and Audit Plan	•Unforseen assurance and consulting services added to Audit Plan •BOE and A&A request for assurance and consulting services •Unplanned audit procedures in a scheuled assurance and consulting service prompted by unforeseen risk

ANNUAL AUDIT PLAN DEVELOPMENT

OIA follows the Institute of Internal Auditors International Professional Practices Framework (IPPF) in developing an annual audit plan. IPPF standards require that the CAE establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.

RISK-BASED APPROACH

OIA has prepared the FY 2023 Annual Audit Plan using a risk-based methodology. The risk assessment was driven by the Board of Education, Department leadership, management, and internal audit staff's knowledge of District operations.

All organizations have inherent risk. Some areas have higher risk factors than others based on their impact on the District's operations and objectives. The best course of action for the District is to identify the areas that pose the highest risk and determine the best way to mitigate that risk.

Risk is identified as a potential for loss due to:
- Error;
- Fraud;
- Inefficiency;
- Failure to comply with statutory requirements; or
- Negative event that has an impact and probability of occurring that causes the District to not achieve its stated Board Goals and management Strategic Priorities and objectives.

LIMITATIONS

The approach to developing an audit plan recognizes that audit resources are limited, which prohibits 100% audit coverage in any given audit year. This limiting factor is inherent in the concept of using a risk assessment model to prioritize audit resources.

FLEXIBILITY

It is important to remember that assessing risks and developing the audit plan are continuous processes. Risk factors are periodically revisited and refined as risk mitigation occurs and emerging risk is identified, which may warrant audit plan modification.

AUDIT UNIVERSE

The first step in completion of the risk assessment is to define the audit universe. The District's audit universe encompasses both financial and non-financial operations. For the FY2023 risk assessment, OIA restructured the audit universe to align with changes made to the organization's tables of organization. This alignment along with some consolidation resulted in a reduction of 21 audit units from the prior year. The business departments and their audit units are outlined below.

Academic Services – Curriculum and Instruction
Audit Units

Adult Education	Special Education Services
College and Career Readiness	Specialized Services
Curriculum Development and Impact Monitoring	
Early Childhood Education	
Gifted & Talented Services	

Student Services
Audit Units

Activities & Athletics	Student & Family Transition Services
Health Services	Student Data Support
Home School Compliance & Adjustment	Student Enrollment
Transfers	Student Withdrawal

General Counsel
Audit Units

Legal Compliance
Policy Making & Review
Tax Valuation Agreements / PILOTS

Chief of Staff
Audit Units

Government Affairs

Business Operations
Audit Units

Buildings & Grounds
Capital Improvement Projects
Custodial Services
Environmental Health & Safety
Fleet Management
Food Services
Logistics & Delivery Services

Outreach – LEDE
Printing Services
Purchasing / Procurement
Real Estate & Shared Services
Safety & Security
Student Transportation
Warehouse Operations

Communications and Engagement
Audit Units

Call Center Operations
Communications & Public Affairs
Family Ambassador Program

Outreach Services
WCBE Operations

Strategic Performance Initiatives
Audit Units

Academic Performance
EMIS

Program Evaluations
Standardized Testing

Equity
Audit Units

Equity Initiatives
Student Attendance
Whole Child Supports

Talent Department
Audit Units

Employee Benefits
Employee Discipline
Employee Training & Development
Staff Evaluations / Employee
Performance Assessment

Substitute Services
Talent Acquisition & Retention

Transformation and Leadership
Audit Units

Non-Public School Support (NPSS)
School Operation
State & Federal Grants

Student Behavior & Discipline
Training & Development

Treasurer
Audit Units

Accounts Payable	Investment Management
Asset Inventory / Equipment Tracking	Payroll
Budgeting	Revenue / Accounts Receivable
Forecasting & Financial Estimates	Student Activities Financial Activity
General Ledger & Financial Reporting	

Information Technology
Audit Units

Business Continuity & Disaster Recovery	Change & Project Management
Data Centers	Data Governance
Educational Technology Services	Enterprise Infrastructure & Services
Identity & Access Management	Information Security & Incident Response
Information Systems & Applications	IT Support Services
Logging & Monitoring	Management of IT
Third-Party Risk Management	

Information Technology audit units (domains) are presented for audit universe completeness purposes only. In October 2021 OIA added a Senior Information Systems Audit Manager as an on-staff resource. Prior to the manager's appointment, OIA outsourced a risk assessment of the domains to a knowledgeable third party. The third party proposed an audit plan based on the risk assessment which OIA considered when including IT assurance engagements in this Audit Plan.

APPLICATION OF RISK VARIABLES AND WEIGHTING

Function risk is the level of risk assigned to an audit unit based on the audit unit's characteristics relative to certain risk variables. Risk variables and weighting are broad categories OIA assesses to arrive at function risk ratings of the audit universe's audit units. The following table outlines each risk variable, its weight, and its description.

Control Design & Effectiveness — 25%

- Risks related to the sufficiency of the internal control environment.

Financial Impact/ Operational Reporting — 10%

- Risks related to the audit unit's financial contribution, financial or other public reporting, and internal reporting to the BOE for decision-making or action.

Change in People, Processes, Systems, and Regulatory Requirements — 15%

- Risks to the audit unit caused by staff turnover in key positions; significant change in key processes; or implementation of new processes; or change in regulations governing the audit unit activity.

Impact of Fraud, Waste, Abuse, Data Loss — 15%

- Risks to the audit unit of fraud, waste, or abuse of organizational resources.

Velocity/Frequency/ Complexity — 20%

- Risks that impact the audit unit quickly or without significant warning; risks that impact the audit unit due to complexity; risks that impact the audit unit frequently or repetitively.

Reputational Risk/ Sustainability — 10%

- Risks related the audit unit's impact on the organization's public reputation; risks related to the audit unit's contribution to long-term sustainability.

Prior Year Comments — 5%

- Risks related to the audit unit management's actions or inactions on previously reported audit results.

OIA classified the variables into Impact and Probability variables.

IMPACT VARIABLES
- Financial / Operational Reporting
- Fraud, Waste, and Abuse
- Reputational Risk / Sustainability
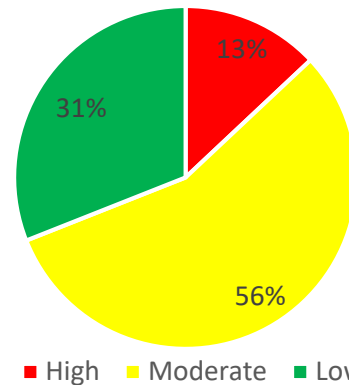
PROBABILTY VARIABLES
- Changes in People, Processes, Regulatory Requirements
- Velocity, Complexity, Frequency
- Control Design and Effectiveness
- Prior Year Comments

Within each variable are risk drivers. OIA evaluated each audit unit at the risk driver level to arrive at risk variable scores. Separate Impact and Probability scores were calculated for each audit unit from an average of their respective variables, knowledge of operations, professional judgement. The sum of the Impact and Probability scores equal the function risk score.
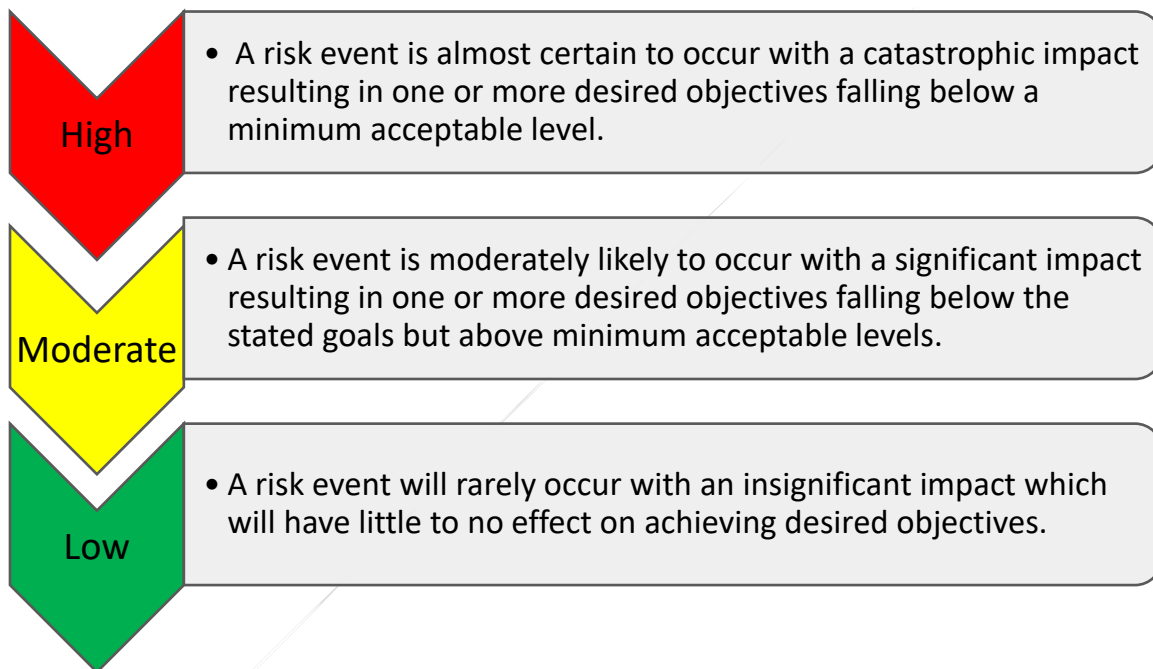
RISK SCORE DEFINED

An audit unit's function risk was assigned a score of High *(ratings between 3.75 and 5.00)*, Moderate *(ratings between 2.50 and 3.74),* or Low (*ratings between 1.00 and 2.49)*. The chart to the right summarizes the functional risk from the FY 2023 risk assessment.

FUNCTION RISK RATINGS AND DEFINITIONS

Functional Risk Rating - FY2023

13%

31%

56%

■ High   ■ Moderate   ■ Low

High
- A risk event is almost certain to occur with a catastrophic impact resulting in one or more desired objectives falling below a minimum acceptable level.

Moderate
- A risk event is moderately likely to occur with a significant impact resulting in one or more desired objectives falling below the stated goals but above minimum acceptable levels.

Low
- A risk event will rarely occur with an insignificant impact which will have little to no effect on achieving desired objectives.

AUDIT SELECTION PROCESS

The Annual Audit Plan is based on the risk assessment performed over the audit universe, which is comprised of individual, identifiable audit units. These were outlined in the previous pages.

Those audit units where the function risk rating scored "high" were considered for an audit project, audit recommendation follow-up, assurance (audit) service, or consulting service.
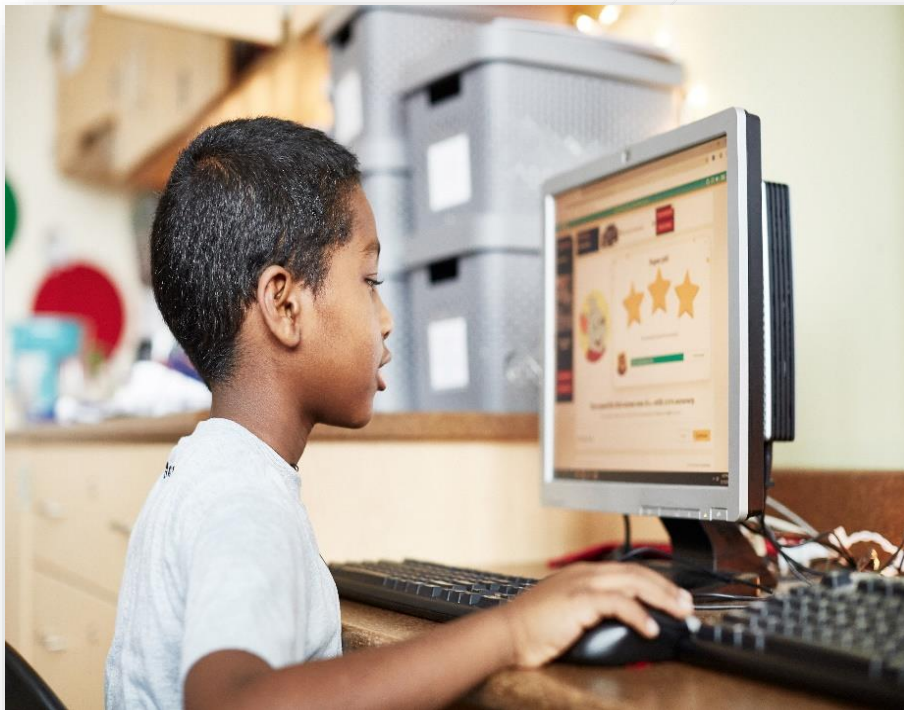
FY 2023 Annual Audit Plan - Non-Audit Services

Audit Projects

- Audit and Accountability Commitee Meetings
- District Sponsored Activities/Professional Organizations
- Fraud, Waste, and Abuse Reporting System Management
- Staff Goals
- Auditor of State Recommendations
- Disaster Recovery Plan/COOP Advisory/OIA COOP Update
- Quality Assurance Improvement Program (QAIP) Review

Audit Issue/Recommendation Follow-up

- Follow-Up - Corrective Action Plans (CAP) management has resolved and notifies OIA that they are ready to be validated. Priority will be those CAPs with recommendations rated as High Risk. Those CAPs with recommendations rated as Moderate Risk will be completed as time allows.

The FY 2023 Audit Plan was determined using the results of our risk assessment and selecting audit engagements that were rated as High or Moderate Risk. The FY 2023 Audit Plan consists of the audit engagements listed below. As planning for these engagements commences in FY 2023, emphasis will be made to develop objectives and scopes that align with the District goals, guardrails, and strategic priorities.

1	Special Education Services

This engagement will consist of following up on issues found while performing an audit that occurred during the pandemic and determining the current status of those issues.

2	Student Transportation

This engagement will involve developing audit objectives that were identified during the risk assessment process as well as any additional knowledge that comes to our attention between now and the start of the engagement.

Possible areas of focus include ongoing safety feature monitoring, preventative maintenance, understanding possible supply chain disruptions, communication, and third-party vendor monitoring.

3	Buildings and Grounds

This engagement will involve developing audit objectives that were identified during the risk assessment process as well as any additional knowledge that comes to our attention between now and the start of the engagement.

Possible areas of focus include equipment, tool and supply Inventories, understanding possible supply

chain disruptions, work order resolution, and third-party vendor monitoring.

4	Talent Acquisition and Retention

This engagement will involve developing audit objectives that were identified during the risk assessment process as well as any additional knowledge that comes to our attention between now and the start of the engagement.

Possible areas of focus include recruitment, retention, and employee separation.

5	Safety and Security

This engagement will involve developing audit objectives that were identified during the risk assessment process as well as any additional knowledge that comes to our attention between now and the start of the engagement.

Possible areas of focus include training, procedural alignment to best practices and industry standards, understanding possible supply chain disruptions, and communication.

6	Data Governance (Data Validation – District Goals & Guardrails)

The purpose of this engagement is to support and verify the data collected by management to measure student academic progress and achievements for the key performance indicators (KPI) outlined in the (BOE) Goals and Guardrails.

7	District Readiness for School Opening

This engagement will observe and inspect selected processes to assess preparation and compliance with District protocols and possible effects of supply chain disruptions. Engagement work will include assessing District staff adherence to appropriate guidance from various entities (CDC, USDA, OSHA, etc.) and expectations of the BOE and senior management.

| 8 | **Student Behavior and Discipline** |

This engagement will involve developing audit objectives that were identified during the risk assessment process as well as any additional knowledge that comes to our attention between now and the start of the engagement.

Possible areas of focus include training, procedural alignment to best practices and industry standards, professional development, and communication.

| 9 | **Audit Plan Development – FY 2024** |

This engagement will consist of preparing the FY 2024 OIA risk assessment and the associated FY 2024 Annual Audit Plan.

| 10 | **Food Service – Outsourced** |

This engagement will involve developing audit objectives and audit scope that were identified during the risk assessment process as well as any additional knowledge that comes to our attention between now and the start of the engagement.

Possible areas of focus include food safety and cleanliness, compliance, location metrics, product inventory, understanding possible supply chain disruptions, and equipment maintenance.

| 11 | **Information Technology** |

This engagement will involve developing audit objectives and audit scope that were identified during the risk assessment process as well as any additional knowledge that comes to our attention between now and the start of the engagement.

Areas of focus will be: Enterprise Infrastructure & Services

| 12 | **Information Technology** |

This engagement will involve developing audit objectives and audit scope that were identified during the risk assessment process as well as any additional knowledge that comes to our attention between now and the start of the engagement.

Areas of focus will be: Identity & Access Management

13	Succession Planning

This project will examine organizational succession planning by focusing on the guidance distributed throughout the organization and the implementation of that guidance at the audit unit level.

14	Risk Alignment Survey Project

OIA will lead an effort to gather information from organizational leadership regarding their view of significant organizational risks and how well the organization is managing those risks and then compare results for alignment.

End of Report