



TO: Audits/Budget and Finance Committee
FROM: Valerie Grey *Valerie Grey*
SUBJECT: Board of Regents Oversight – Financial Accountability
DATE: June 14, 2011
AUTHORIZATION(S):

SUMMARY

Issues for Discussion

The Office of Audit Services 2011-12 Draft Audit Plan will be discussed with the Members of the Committee on Audits/Budget and Finance.

Reason(s) for Consideration

Input into the 2011-12 Draft Audit Plan is sought.

Proposed Handling

Discussion and Guidance

Procedural History

The information is provided to assist the Committee in carrying out its oversight responsibilities.

Background Information

Staff will provide an overview of the Office of Audit Services draft audit plan. The Office prepares an annual audit plan to define its priorities and activities. Input from the Regents and Deputy Commissioners and information from our risk assessment were used to establish audit areas. The presentation of the draft plan will provide Members with the opportunity to comment on the plan before it is finalized. (Attachment I)

Recommendation

Members comments are sought.

Timetable for Implementation

N/A

DRAFT AUDIT PLAN

July 1, 2011
Through
June 30, 2012

June 2011

The University of the State of New York
The State Education Department
Office of Audit Services
Albany, New York 12234



Areas Recommended for Audit Based on Expected Staffing July 1, 2011

Audits of School Districts and Charter Schools

- School Improvement Grants – audit effort will shift from ARRA funded grants to expenditures incurred in implementing School Improvement Grant activities. Seven school districts have received this funding including the Big 5. The audits will focus on the compliance with grant requirements and allowable use of these funds.
- Student Data reliability – audits will examine the reliability and integrity of key data that is submitted to the Department by school districts.
- Employment Preparation Education Program – an audit will be conducted at a school district with large participation in this program of adult education. The audit will assess compliance with State regulations and determine if documentation exists to support funding claims.
- Charter School Audit- an audit will examine the governance and financial practices of charter schools.

Internal Audits of Department Operations.

- Procurement – an audit will examine some aspect of the Department's procurement practices.
- Revenue/Cash Receipts - an audit will examine some aspect of the Department's controls over the receipt of cash.
- Facilities – an audit will examine Department processes for renting facilities to the public.

Follow-up Audits

- Museum Institute - an audit will follow up to determine the status of recommendations made in an earlier audit report issued by OAS
- OSPRA Fingerprinting – an audit will revisit status of recommendations contained in an earlier audit issued by the Office of the State Comptroller.

Review of Financial Statements, Single Audit Reports, and Other Fiscal Data

- Financial Statements and Single Audit Reports – financial condition, improvement opportunities, and compliance with reporting requirements
- Other Fiscal Data
- Collection of and review of Corrective Action Plans issued by School Districts and BOCES in response to audits

Technical Assistance and Training

- Continue to provide technical assistance and information to Department staff, USNY institutions, government officials, and others.
- Continue to partner with various organizations (OSC, Association of School Business Officials, NYS Society of CPAs, NYS School Boards Association, and others) to improve fiscal accountability.
- Upon request, continue to provide training sessions to school business officials, school board members, Superintendents, CPAs, and others (in conjunction with Department program staff).

Other Activities Continuing Professional Education/Peer Review

- Under Government Auditing Standards each auditor is required to receive 80 hours of Continuing Professional Education every two years.
- External Quality Assurance Reviews (Peer Reviews) – Government Auditing Standards require an external peer review be conducted at least once every three years. OAS, as well as most State audit organizations, has not had the resources to engage an outside entity to conduct such a review. Three of OAS staff members have been trained to conduct such reviews. During this plan period, OAS staff may participate in performing peer reviews of other audit units in State agencies

Office of Audit Services
Allocation of FTE Auditors/Audit Days
July 1, 2009 through June 30, 2011

Audit Initiative	Position s	Total Actual Audit Days Available*	Estimated Number of Audits
Available Days	13.0	2600	
Days needed to Complete Audits from Prior Plan		644	
Days Available for 2009-11 Plan		1956	
School Districts –School Improvement Grants,		570	4
Student Data Reliability		300	2
Internal Audits of Department Operations		150	3
Employment Education Preparation Program		200	1
Charter School Audits and Technical Assistance		150	1
Follow Up Audits		50	2
Fraud, Waste and Abuse Hotline Follow-up		80	0
Reserved Audit Time for Unanticipated Requests		150	tbd
Review of Financial Statements, Single Audit Reports, and other Fiscal data		300	**
Technical Assistance and Training			
Total Positions/Audit Days Committed to 2011-12 Plan	13.0	1950	13
Management (managers are involved in oversight of multiple audits from planning to field work and report writing)	3.0		
Support Staff	1.0		
Total FTE Positions	17.0		

* One FTE auditor equates to 200 audit days per year.

** This initiative results in the analysis of the financial statements of all school districts, BOCES, charter schools, private colleges, and universities. It also includes collecting required corrective action plans related to any audits of school districts and BOCES.