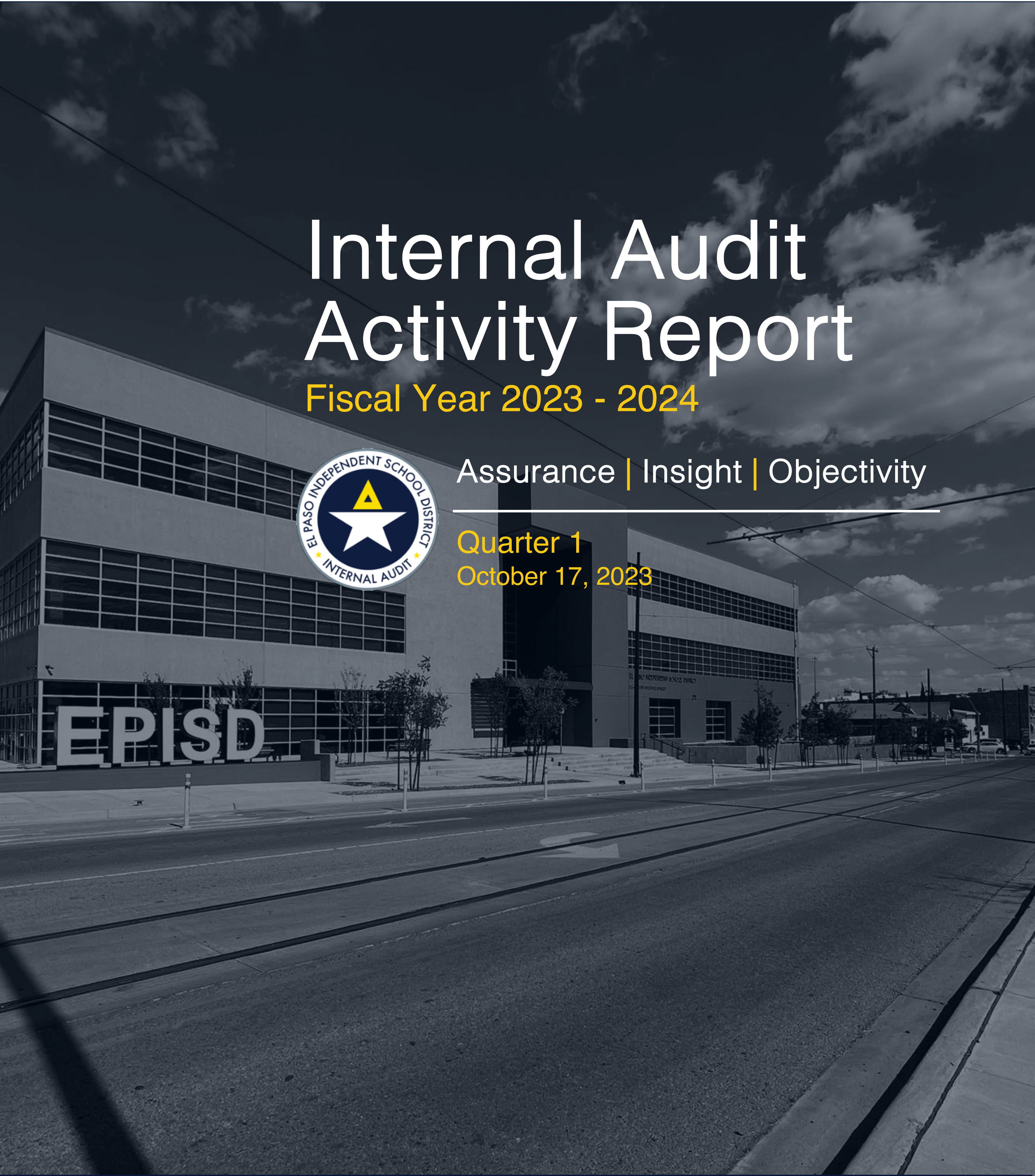

Internal Audit Activity Report

Fiscal Year 2023 - 2024

EL PASO INDEPENDENT SCHOOL DISTRICT
INTERNAL AUDIT

Assurance | Insight | Objectivity

Quarter 1
October 17, 2023

EL PASO ISD
it starts **with us**

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ASSURANCE • INSIGHT • OBJECTIVITY

Activity Report

Abbreviations

CAM	Campus Accounting Manual
CAP	Corrective Action Plan
CFE	Certified Fraud Examiner
CGAP	Certified Government Auditing Professional
CIA	Certified Internal Auditor
ESSER	Elementary and Secondary School Emergency Relief
IIA	Institute of Internal Auditors
PK	Prekindergarten
RTSBA	Registered Texas School Business Administrator
SAAH	Student Attendance Accounting Handbook
TEA	Texas Education Agency

Activity Report

ASSURANCE • INSIGHT • OBJECTIVITY

Introduction

The mission of Internal Audit is to enhance and protect the El Paso Independent School District's (EPISD) organizational value by providing risk-based and objective assurance, advice, and insight. We carry out our mission using a systematic, disciplined approach to evaluate and improve the effectiveness of EPISD's governance, risk management, and control processes.

Internal Audit activities are governed by the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (Standards). The IIA *Standards* require the Chief Internal Auditor to report periodically to the Board of Trustees (Board) on Internal Audit's performance relative to its plan. According to the Internal Audit Charter (Board Policy CFC Exhibit), the Chief Internal Auditor has the responsibility to:

- Provide quarterly reports to the Board on Internal Audit's plan and performance relative to its plan.
- Follow up on engagement findings and corrective actions, and report to the Board and senior management any corrective actions not effectively implemented or unduly delayed.
- Report significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of or requested by the Board.

Based on these responsibilities, this activity report includes (through Quarter 1) the following:

01 Status of the 2023-2024 Audit Plan
02 Status of Corrective Action Plans
03 Fraud, Waste, and Abuse Hotline Reports Summary

Ultimately, the purpose of the Internal Audit quarterly activity reports is for accountability purposes, to demonstrate Internal Audit's efforts to meet the Board's mandate. I want to thank the Board for their continued support and management/leadership for their cooperation and responsiveness. I would also like to thank the Internal Audit staff for their hard work and ongoing dedication to the practice of internal auditing.

Respectfully,

Mayra G. Martinez, CIA, CGAP, CFE, RTSBA

2023-2024 Audit Plan

ASSURANCE • INSIGHT • OBJECTIVITY

The 2023-2024 Audit Plan covers the period of July 1, 2023, to June 30, 2024. The Board approved the Audit Plan on April 18, 2023. The approved Audit Plan included 14 planned assurance (audit), consulting, and Corrective Action Plan (CAP) follow-up review engagements.

We also budgeted hours in the Audit Plan for the following:

- Administrative duties,
- Employee leave,
- Monitoring of the Fraud, Waste, and Abuse Hotline,
- Activities recommended or required by the IIA *Standards,*
- Professional development for auditors, and
- Contingency hours for unplanned activities/engagements to ensure the risk-based plan is flexible and Internal Audit can be responsive to changes from unforeseen issues and events during the year. We have taken hours from contingency for two engagements, as summarized in the next paragraph.

One CAP follow-up review (for the Interlocal Cooperative Contract Purchases (Buckets) Audit) was rolled forward from the 2022-2023 fiscal year due to one pending (open) activity. A second CAP follow-up review was added to address findings from an investigation of prekindergarten class size concerns at an elementary school.

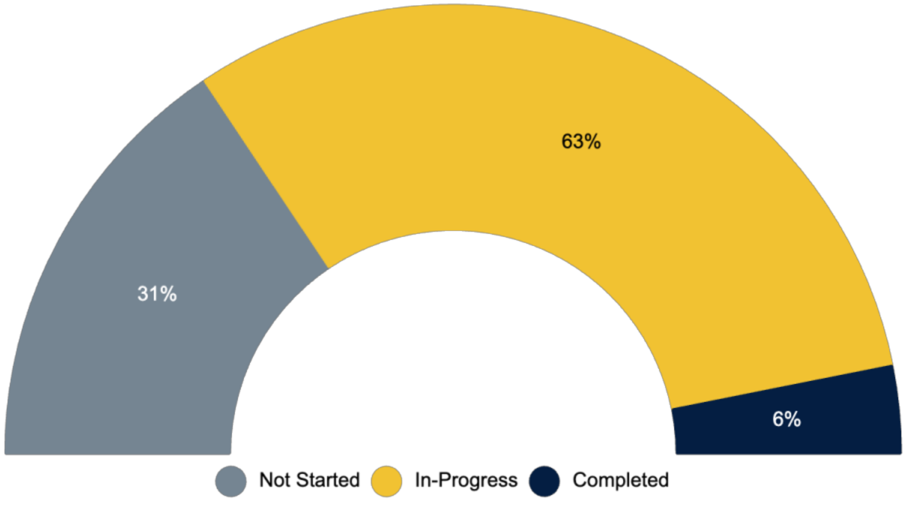
As such, the adjusted total number of engagements in the Audit Plan is 16.

14		**2**		**16**
Planned Engagements	**+**	**Engagements Rolled Forward**	**=**	**Total Engagements**

Status of Audit Plan

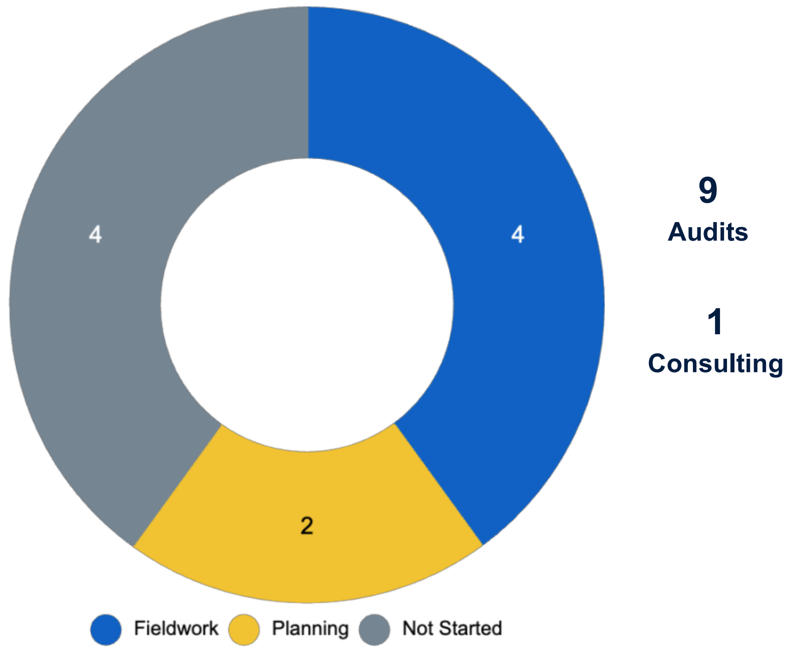
The Audit Plan includes nine audit engagements, one consulting engagement, and six CAP follow-up review engagements. As summarized in **Exhibit 1**, we completed one of the 16 (6%) engagements in the Audit Plan. Ten engagements (63%) are in progress, and five (31%) engagements have not started.

Exhibit 1: Audit Plan Percentage Completion



For reporting purposes, we have divided the Audit Plan into two groups. Group 1 includes 10 assurance (audits) and consulting engagements. Four audit engagements (40%) are in the fieldwork phase, and two audit engagements are in the planning phase. We have not started working on four (40%) engagements. **Exhibit 2** provides the status of the engagements in Group 1.

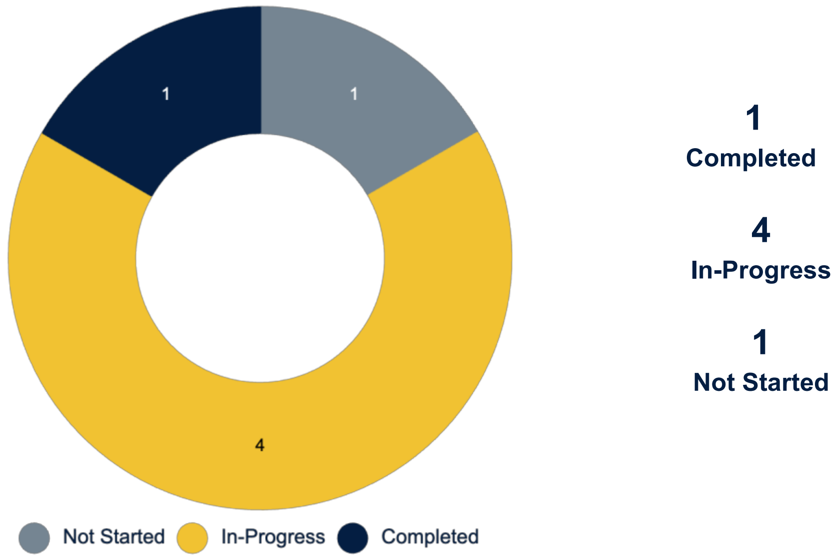
Exhibit 2: Status of Assurance and Consulting Engagements



Project Code	Project Name	Project Status
24.01.1A	Activity Funds Audits	Fieldwork
24.01.2A	Attendance Audits	Fieldwork
24.01.3A	Truancy Audits	Fieldwork
24.02.A	ESSER Audit	Fieldwork
24.05.A	PEIMS Audit	Planning
24.08.A	Discipline Audit	Planning
24.03.C	Gifted and Talented (GT) Consulting Engagement	Not Started
24.04.A	Maintenance Audit	Not Started
24.06.A	Software Utilization Audit	Not Started
24.07.A	Special Education Program Audit	Not Started

Group 2 includes six CAP follow-up review engagements. We have completed one of the six CAP follow-up reviews in the Audit Plan. **Exhibit 3** provides a summary of the status of the CAP follow-up reviews in the Audit Plan. Refer to the **Corrective Action Plans** section in this report for background and status information on these CAPs.

Exhibit 3: Status of CAP Follow-up Review Engagements



Project Code	Project Name	Status of CAP Follow-up Review
22.13.F	Interlocal Cooperative Contract Purchases Audit CAP	Complete
22.09.F	Dual-Language Audit CAP	In-progress
23.05.F	Payroll Audit CAP	In-progress
23.06.F	Power Up Audit CAP	In-progress
23.00-01.F	Prekindergarten Class Size Concerns at Elementary School Investigation CAP	In-progress
23.08.F	Transcripts Audit CAP	Not Started

Summaries of Audit Plan Engagements

This section includes a summary of the (i) objectives and scope for the assurance engagements that are in the fieldwork phase and (ii) objectives, scope, and results for the CAP follow-up review engagement completed.

1. **Activity Funds Audits (24.01.1A)**

   The objectives of the audit are to determine if school staff are following the District's procedures for activity funds in the Campus Accounting Manual as it pertains to:

   a. Collections in the vault are receipted and secured.
   b. Deposits are supported.
   c. Disbursements and transfers between agency funds are approved, supported, and allowable.

   The scope of the audit is the 2023-2024 school year. Note that for efficiency purposes, activity funds audits will be conducted simultaneously with the truancy and attendance audits.

2. **Attendance Audits (24.01.2A)**

The objectives of the audit are to determine if school staff are following the Texas Education Agency's (TEA) Student Attendance Accounting Handbook (SAAH) and the District's Attendance Procedures Manual as it pertains to:

a. Attendance is taken and recorded accurately.
b. Self-audits are completed by principals and submitted to School Leadership.

The scope of the audit is the 2023-2024 school year. Note that for efficiency purposes, attendance audits will be conducted simultaneously with the truancy and activity fund audits.

3. **Truancy Audits (24.01.3A)**

The objectives of the audit are to determine if school staff (i) notify parents when students have three or more unexcused absences within a four-week period and (ii) develop a 45-day attendance plan for the students who received a notice of absence.

The scope of the audit is the 2023-2024 school year. Note that for efficiency purposes, truancy audits will be conducted simultaneously with the attendance and activity fund audits.

4. **Elementary and Secondary School Emergency Relief Audit (24.02.A)**

The objectives of the Elementary and Secondary School Emergency Relief (ESSER) audit are to determine if the District is:

a. Implementing the ESSER III "Use of Funds Plan" as submitted to the Texas Education Agency,
b. Monitoring the ESSER III project funds so they are spent timely and, in their entirety, and
c. Spending a minimum of 20% on learning loss projects as required by the United States Department of Education.

The scope of the audit will be the ESSER III grant, which has a period of availability from March 13, 2020, to September 30, 2024.

5. **CAP Follow-Up Review: Interlocal Cooperative Contract Purchases Audit (22.13.F)**

Internal Audit issued the Interlocal Cooperative Contract Purchases (Buckets) Audit Report to District management and leadership on June 2, 2022. The original audit report included three findings and six recommendations. Findings reported included, (i) instances of inaccurate tracking of bucket purchases, (ii) discounts offered through the contracts were not verified, and (iii) inconsistent supporting documentation maintained to justify buckets, which lessens accountability.

The objective and scope of this follow-up review were to determine whether management implemented their CAP or took other actions to address the findings and recommendations outlined in the original audit report.

In summary, management implemented seven of the eight activities in the CAP to address the findings and recommendations in the original audit report. One activity was not implemented as management considered it was being addressed through another activity. The CAP has been closed. Internal Audit issued the CAP follow-up review report to management, leadership, and the Board in September 2023.

According to the Institute of Internal Auditors' *Standard* 2500, the Chief Internal Auditor "must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action." The Internal Audit Department has established the Corrective Action Plan (CAP) process to meet the requirement in the *Standard*.

District management and leadership are responsible for developing CAPs to address Internal Audit findings, observations, and recommendations. Internal Audit conducts follow-up reviews to monitor the implementation of CAPs. The Chief Internal Auditor provides the Board with quarterly reports on the status of CAPs. In addition, we issue periodic CAP Follow-up reports to document and report the results of our reviews. A summary of the results of completed CAP follow-up reports is provided in the **Summaries of Audit Plan Engagements** section of this activity report.

Status of Corrective Action Plans and Activities

Five CAPs with 49 activities were in the implementation phase during Quarter 1. One CAP (22.13.F) was closed in September 2023. The remaining four CAPs will remain open until all activities outlined in the plans have been implemented or deemed no longer applicable/necessary. The names of the CAPs with their status and start dates are listed in **Exhibit 4**. **Exhibits 5 through 7** provide by CAP, the completion percentage, the status of activities, and a summary of upcoming due dates for open CAP activities.

Exhibit 4: Status of CAPs with Start Dates

Project Code	Project Name	Start Date	Status of CAP
22.13.F	Interlocal Cooperative Contract Purchases Audit CAP	06/02/22	Closed
22.09.F	Dual-Language Audit CAP	09/19/23	Open
23.05.F	Payroll Audit CAP	08/03/23	Open
23.06.F	Power Up Audit CAP	09/12/23	Open
23.00-01.F	Prekindergarten Class Size Concerns at Elementary School Investigation CAP	08/16/23	Open

Exhibit 5: Completion Percentage by CAP

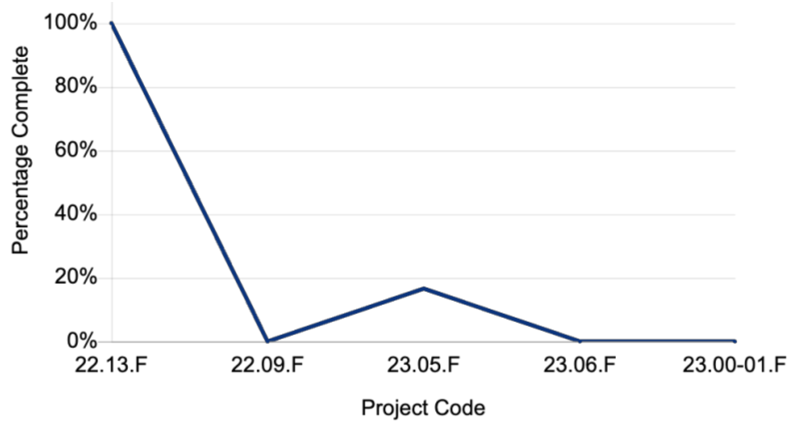


Exhibit 6: Status of Activities by CAP

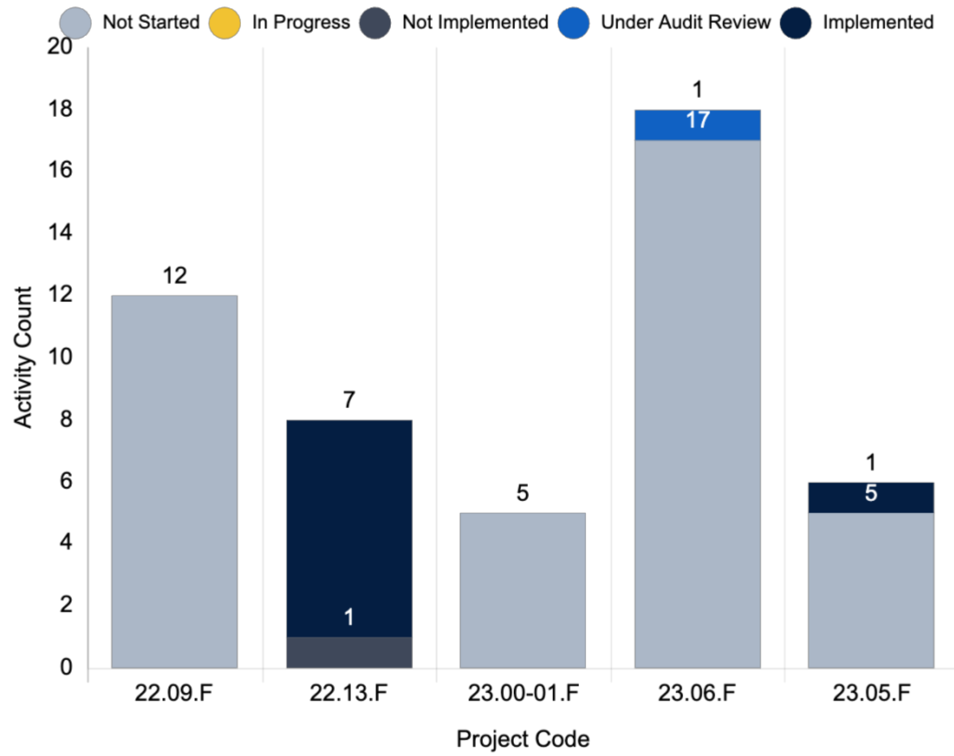
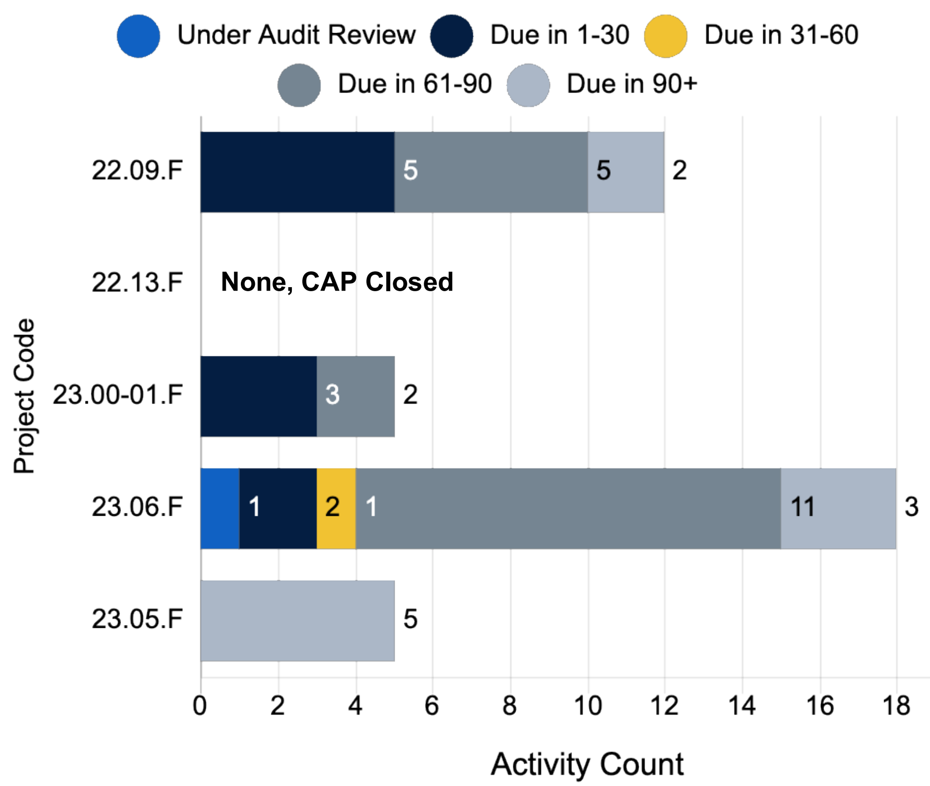


Exhibit 7: Due Date Ranges for CAP Activities



Fraud, Waste, and Abuse Hotline

ASSURANCE • INSIGHT • OBJECTIVITY

In accordance with the IIA's *Standards*, Internal Audit maintains an active role in promoting and assessing ethics throughout the EPISD. Hours were set aside in the Audit Plan for monitoring the Fraud, Waste, and Abuse Hotline reports from receipt to resolution. Monitoring includes reviewing, following up/distributing for follow-up, and tracking the status of concerns reported through the Hotline. This section of the activity report includes the Hotline reports data from July 1, 2023, through September 18, 2023.

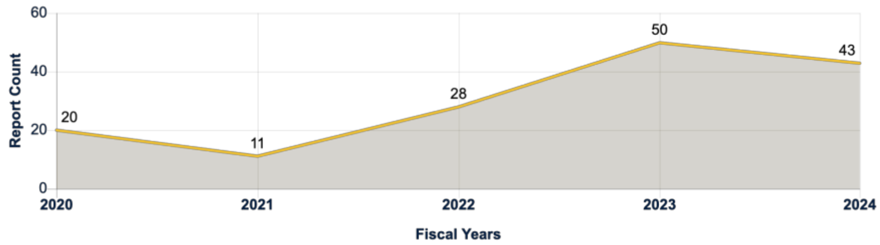
Total Reports
43

Concern Previously Reported
8

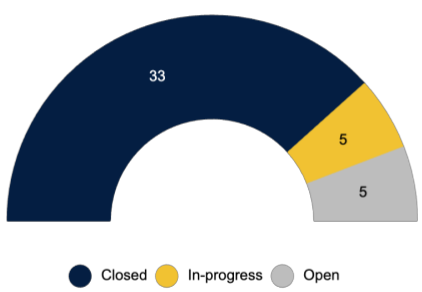
Locations
23

Anonymous
91%

Month to Date Count Compared to Prior Years



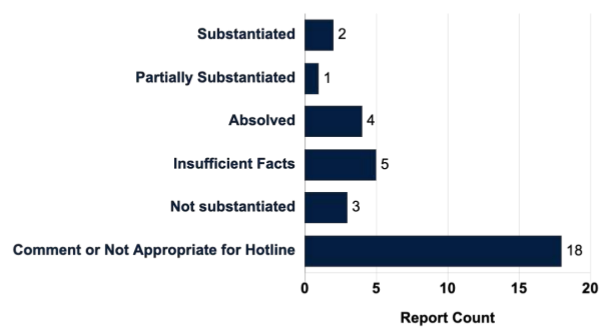
Status of Reports Summary



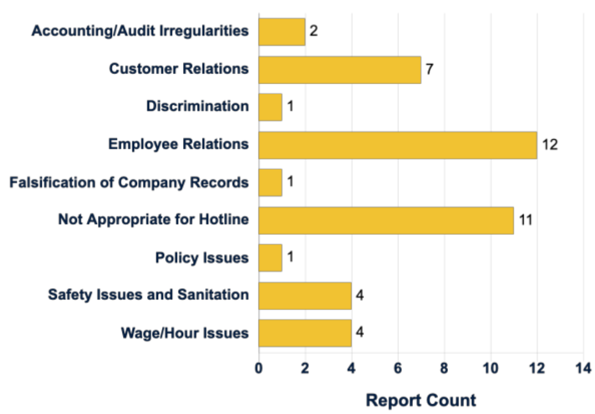
Reports Closed
77%

Concern Substantiated
6%

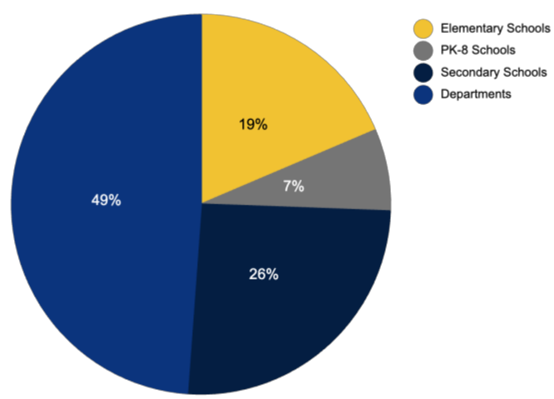
Follow-up Results (Closed Reports)



Reports (Allegations) by Category



Reports by Location Type



Internal Audit

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