Internal Audit & Advisory Services (IAAS)

FY25 Audit Plan

Presented to the Chicago Board of Education

CPS COMMITMENTS: ACADEMIC PROGRESS*BUILDING TRUST*OPERATIONAL EXCELLENCE

IAAS Authority Board Rule – Section 3-9

- Establishes mission, duties, responsibilities, authority & reporting structure

- Report functionally to Chicago Board of Education and administratively to CPS CEO

- Adhere to the Institute of Internal Auditors (IIA) Global Internal Audit Standards

- Unrestricted access district wide

- Develop and implement an annual audit plan

- Provide periodic updates to executive management and the Board

- Partner w/management on risk management activities & facilitate Risk Management Committee - established May 2023

Chicago Public Schools

Audit Plan Approach

❖ **Annual Risk Assessment Process**
● Annual Risk Assessment with Central Office
● School Risk Assessment through assessing prior audit results, budgets, staff numbers, enrollment numbers, and internal accounts
● Information Technology (IT) Risk Assessment

❖ **Determine Resources**
● Staff hours available, experiences & skill sets

❖ **Draft Audit Plan Schedule**
● Align audits to core risk factors

❖ **Obtain Management Feedback**
● Discuss with Senior Leadership & Present to Risk Management Committee
● Finalize and Present to Board

❖ **Implementation**
● Partnership with management on scoping audits for high risk and identifying process improvements
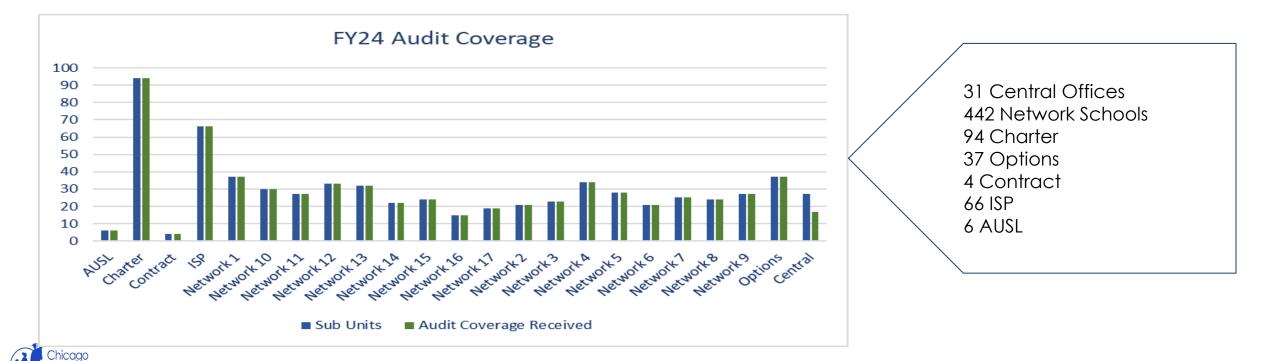
Types of Audits

TYPE OF AUDIT	DESCRIPTION
Financial	Assess accounting, recording, and reporting of financial transactions, as well as reviewing the adequacy of internal controls
Operational	Examine the use of District resources to evaluate whether those resources are utilized in the most efficient and effective way to fulfill the District's mission and objectives
Performance	Assess a specific program's overall performance in meeting objectives and complying with required policies, procedures and/or regulations
Compliance	Assess adherence to federal, state, and board rules, regulations, policies, and procedures
Information Technology	Evaluation of information technology infrastructure, applications, data use and management, technology assets, policies, procedures and operational processes against recognized standards, established policies and/or industry best practices
External	Conducted by a 3rd party – examples include Annual Comprehensive Financial Audit, Single Audit, and ISBE

Chicago Public Schools

FY24 Audit Summary Results

Audit Type	Audit Plan	Total Initiated	Final Report	In Progress	MCAP | Process Improvements
Districtwide	9	17	9	7 Report Writing | 1 Fieldwork	23 Open | 17 Closed
School IC	75	97	85 (23 HS | 61 ES | 1 MS)	8 Charter | 3 Options | 1 Contract	39 Open | 46 Closed
IT	3	1		1 Draft Report	

FY24 Audit Coverage

31 Central Offices
442 Network Schools
94 Charter
37 Options
4 Contract
66 ISP
6 AUSL

FY24 Core Risk Factors Audit Coverage

FY24 Core Risk Factor Audit Coverage

FY24 Audit Summary Results

ENTERPRISE RISK MANAGEMENT (ERM)

- Risk Management Committee (RMC)
  4 quarterly meetings w/report on risk updates, audit activity, management action plans

- Annual Risk Assessment
  risk universe with impacts, severity & mitigation plans

- Management Corrective Action Plan Tracking
  IAAS Districtwide - 23 Open I 17 Closed
  School Internal Controls - 39 Open | 46 Closed
  OIG - 19 open I 7 Closed

SPECIAL PROJECTS

- School Internal Control Quarterly Training Sessions
  Trained over 400 school clerks, principals and new administration staff

- Internal Control Monitoring Policy
  Revamped prior Financial Supervision Policy & created Internal Control Monitoring Policy

Chicago Public Schools

FY25 Audit Plan

Districtwide Audits

Audit Name	Description	Target Start	Core Risk Factor
Fundraising	Verify transparency, accountability, compliance, and effectiveness in schools' fundraising efforts	1st/2nd	💲 📋 🚧 ⚖️
Minority & Women-Owned Business Enterprise Program	Assess the internal controls as well as compliance with policies, procedures and regulations	1st/2nd	💲 📋 ⚖️ 🤝 🖥️
On/Off Boarding Personnel	Verify compliance, efficiency, and security in the processes involved in adding or removing employees from an organization	1st/2nd	📋 👥 ⚖️ 🚧 🖥️
Students in Temporary Living Situations (STLS)	Verify students are effectively supported and compliance with policies, procedures, and legal requirements	1st/2nd	📋 ⚖️ 🚧
Supplemental Pay System (SPS)	Verify transparency, accuracy, compliance, and effectiveness in the administration of supplemental pay for employees	1st/2nd	💲 📋 ⚖️
Grant Funding	Review processes for transparency, accountability, compliance, and the effective utilization of grant funds	2nd/3rd	💲 📋 ⚖️ 🤝

The audit plan is flexible and subject to change due to unanticipated issues, requests or other priorities.

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FY25 Audit Plan

Districtwide Audits

Audit Name	Description	Target Start	Core Risk Factor
Out of School Time	Assess the effectiveness, efficiency, compliance, equity and overall quality of the activities, services and fees during non-school hours	2nd/3rd	💲 📋 🚧 ⚖️
Sports Officials Payments	Verify the integrity, accuracy, and compliance of the payment processes associated with sports officiating	2nd/3rd	💲 📋 ⚖️
Custodial Operations	Review new operational program to verify effectiveness, efficiency, and compliance with established standards & protocols	3rd/4th	💲 📋 🏢 ⚖️
Individualized Education Plan (IEP) Process	Verify controls, compliance, effectiveness, efficiency, timelines within the IEP processes	3rd/4th	📋 ⚖️ 🚧
Sports Event Safety	Evaluate the safety and security of sports events, reduce risks, and ensure the well-being of all participants, spectators, and staff	3rd/4th	📋 ⚖️ 🚧
Volunteer & Visitor System	Ensure the safety and security of students, staff, and visitors while promoting effective volunteer engagement and visitor management	3rd/4th	📋 🚧 ⚖️

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FY25 Audit Plan

School Internal Control Audits

Audit Name	Description	Target Start	Core Risk Factor
ES | HS School Audits	Internal control reviews	1st-4th	All
Charter | Option |Contract School Audits	Internal control reviews	1st-4th	All
Internal Account Analysis	Analysis across District on internal account spend & controls	4th	All

IT Audits

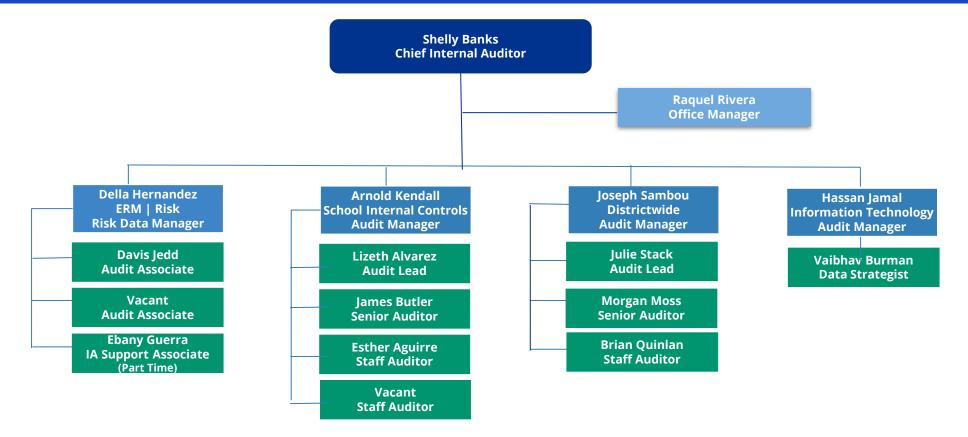| Audit Name	Description	Target Start	Core Risk Factor
ERP Support - BRIDGE Project	Internal controls for processes & business requirements	1st-4th	All
Oracle Financial System Access Rights	Ensure access controls are effective, appropriate, and aligned with the organization's policies and regulatory requirements	1st-2nd	
TBD	IT Audit Manager hired Jun 24 - working w/ITS on high risk areas for focus	1st-4th	

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FY25 Audit Plan

Other Audit Areas

Audit Name	Description	Target Start	Core Risk Factor
ENTERPRISE RISK MANAGEMENT (ERM)			
Risk Management Committee (RMC)	Coordinate risk management Districtwide	1st-4th	All
Annual Risk Assessment	Districtwide questionnaire to assess risk	4th	All
Annual Internal Control Certification	Develop & implement IC certification process	4th	
Management Corrective Action Plans	Tracking, follow up & reporting to RMC	1st-4th	All
CONTINUOUS MONITORING AUDIT PROGRAM (CMAP)			
CMAP Schools	Internal controls across a sample of schools	4th	All
CMAP Districtwide	Payroll, Accounts Payable, Accounts Receivable, ect.	3rd-4th	All
CMAP Procurement	Compliance with procurement policies & procedures	2nd-4th	⚖️🤝$📋
SPECIAL REQUESTS & PROJECTS			
School Internal Control (IC) Quarterly Sessions	Training with school clerks and new administrations	4 Sessions	All
Quality Assurance & Improvement Program (QAIP)	IAAS complying with required standards	1st-4th	All
Management Audit Requests	Prioritize requests from management and/or Board	1st-4th	All

The audit plan is flexible and subject to change due to unanticipated issues, requests or other priorities.

Chicago Public Schools

IAAS Team

Shelly Banks
Chief Internal Auditor

Raquel Rivera
Office Manager

Della Hernandez
ERM | Risk
Risk Data Manager

Davis Jedd
Audit Associate

Vacant
Audit Associate

Ebany Guerra
IA Support Associate
(Part Time)

Arnold Kendall
School Internal Controls
Audit Manager

Lizeth Alvarez
Audit Lead

James Butler
Senior Auditor

Esther Aguirre
Staff Auditor

Vacant
Staff Auditor

Joseph Sambou
Districtwide
Audit Manager

Julie Stack
Audit Lead

Morgan Moss
Senior Auditor

Brian Quinlan
Staff Auditor

Hassan Jamal
Information Technology
Audit Manager

Vaibhav Burman
Data Strategist

Fiscal Year	Staffing - Filled	Staffing - Vacant	Consultant Spend (% M/WBE)	Consultant Budget
23	5	9	$295k (8%M)	$750,000
24	12	3	$472k (40%M)	$730,000
25	14	2	$150K (100%M)	$250,000

Audit Vendor Pool: Adelfia (MBE) | Bronner (WBE) | Guidehouse | KPMG | Ringold (MBE) | RSM