

# **Office of Internal Audit & Advisory Services (IAAS)**

**Fiscal Year 2026**

# IAAS Authority

## Board Bylaws Section 1-9 V

- ❖ Establishes mission, duties, responsibilities, authority & reporting structure
- ❖ Adhere to the Institute of Internal Auditors (IIA) Global Internal Audit Standards
- ❖ Unrestricted access District-wide
- ❖ Develop and implement a risk based Annual Audit Plan
- ❖ Partner with management on risk management activities
- ❖ Facilitate Risk Management Committee - Established May 2023
- ❖ Annual assessment on the audit plan and results

**FOIA Section 7(1)(m)** exempts communications between a public body and an attorney or auditor representing the public body..., and materials prepared or compiled with respect to internal audits of public bodies as they consist of communications and materials created in the course of an audit of the public body. Releasing these materials would discourage candid internal discussion and inextricably reveal other information exempt from release under the Illinois Freedom of Information Act.

# IAAS Mission & Scope

**Mission:** 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 that better prepare every child for success in college, career, and civic life. Our vision is to be a trusted partner in cultivating a culture of continuous improvement and accountability in advancing our District's commitments to a high-quality daily learning experience that is rooted in rigor, joy, and equity, which are the foundation of the [Success 2029: Together We Rise](#) five-year strategic plan.

**Scope:** CPS Departments, Offices, Programs, Services, Schools, Systems, Vendors, Contracts

# IAAS Programs

**School Audits:** Support school administrators in achieving operational, financial, and strategic objectives by assessing the accuracy of transactions, safeguarding of assets, compliance with applicable laws, regulations, ordinances, contracts, and Board policies, as well as identifying opportunities for process improvements.

**Districtwide Audits:** Support Central Office in ensuring strong internal controls are in place district-wide to support schools. Audits include assessing the internal control environment; compliance with Board policies, laws, and regulations, efficient utilization of resources; safeguarding of assets and production of accurate, reliable, and timely data.

**Information Technology (IT) Audits:** Identifying the high-risk IT areas and implementing an IT audit program focused on verifying proper controls, data integrity, system efficiency and effectiveness, and industry best practices.

# IAAS Programs

**Enterprise Risk Management (ERM):** Coordinates District-wide risk management processes, which includes leading a cross-functional Risk Management Committee.

**Continuous Monitoring Audit Program (CMAP):** CMAP provides for specific control testing across the District and schools to expand audit coverage and monitor control compliance.

**Internal Control Training:** Supports District in providing internal control training to foster a strong control environment, minimize risk, improve compliance and enhance overall operational efficiencies. Conduct school internal control quarterly training sessions.

**Special Projects:** Provide assistance as needed when high priority projects are identified by management and/or the Board.

# 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

# Audit Activity Overview

Audit Activity	FY24 Reports	FY25 Reports	FY26
Districtwide	9	11	8 Planned   12 Active   3 Reports
School Internal Controls	85	92	19 Active   95 Planned
Information Technology	1	1	1 Planned   1 Active

## Highlights

- ★ Vendors held accountable - compliance with agreement, billings, KPIs
- ★ Policies and/or procedures added or updated with strengthened controls
- ★ Improved efficiency & effectiveness with processes - streamline, automate, resource allocation, training
- ★ Strengthened controls over school financials through awareness of controls & policy requirements

Other Areas	Description
Enterprise Risk Management	<a href="#">Internal Control Monitoring Policy</a> , Risk Assessment, Risk Management Committee, Management Action Plan Tracking
Schools Internal Control Training	Conduct quarterly sessions for school administration - FY26 >200   FY25 >400   FY24 >480
Student Fee Committee	Leading to revise policies, standardize processes, improve systems, better data, and school guidance

# Enterprise Risk Management (ERM)

## Annual Risk Assessment

- Questionnaire
- District-wide
- Annual Audit Plan



## Assess Risks

- Likelihood
- Impact
- Prioritization

## Mitigation Plans

- Lessen/Eliminate risk
- Allow proper planning
- Informed decisions

## Internal Control Assessment

- Internal Control Monitoring Policy
- Annually
- Central Office and Schools
- Key controls and policies



# Enterprise Risk Management (ERM)

## Risk Management Committee (RMC) Established May 2023

### Members

- ★ Academics
- ★ Budget
- ★ Facilities
- ★ Finance
- ★ IT
- ★ Law
- ★ Network Support
- ★ Operations
- ★ Procurement
- ★ Safety & Security
- ★ Talent
- ★ Title IX | Student Protections
- ★ Others | Depend on Topic

### Objective

- ★ Provide oversight and guidance on CPS' enterprise risk management (ERM) process to ensure risks are identified, assessed, mitigated and monitored to support CPS in meeting its mission

### Processes

- ★ RMC Charter
- ★ Meets Quarterly
- ★ Quarterly Reports
- ★ Analyzes risk assessments
- ★ Continually assess risk universe, audit plan, internal & external audit activities, and management action plans

# Enterprise Risk Management (ERM)

## Management Action Plan (MAP) Tracking

Process tracks action plans for internal and external recommendations

Reports quarterly to the RMC

RMC assists in ensuring action plans are addressed and reviewing for root cause analysis and systemic issues

IAAS Districtwide

Processes/Programs  
Internal Controls  
Data/Systems

- Develop policies and procedures
- Update systems
- Training
- Cost efficiencies & process improvements

IAAS Schools

Financials  
Facilities  
Student Safety

- Verify internal controls: operational, financial
- Assets accounted for
- Compliance with policies & procedures
- Cost efficiencies & process improvements

External

OIG  
ISBE  
ACFR

- Strengthen controls
- Compliance

# Audit Plan Approach

## ❖ Annual Risk Assessment Process

- Annual Risk Assessment with Central Office to identify high risk areas
- 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 factors - Financial, Compliance, Talent, Student Safety, Facilities Maintenance & Repairs, IT, Communications, Student Enrollment, Procurement, and Equity

## ❖ Obtain Management Feedback

- Discuss with Senior Leadership & Present to Risk Management Committee
- Present to Board

## ❖ Implementation

- Partnership with management on scoping audits for high risk and identifying process improvements

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

# FY26 Audit Plan

## Districtwide Audits

Audit Name	Description	Target Start
Accounts Payable (AP)	Assess processes are efficient, accurate, & compliant with relevant policies and regulations	1st-2nd
Custodial Operations	Assess program operations & compliance with established standards and protocols	1st-2nd
Children First Fund	Assess financial management & operational control structure	2nd - 3rd
Consultant Services	Assess the use of consultant services across the District	2nd - 3rd
Employee Reimbursements	Assess compliance, accuracy, & validity of transactions	3rd - 4th
Fleet Management	Evaluate the effectiveness & efficiency of controls, compliance with regulations, maintenance, safeguarding, and proper utilization of assets	3rd - 4th
Grant Funding	Assess processes for managing, reporting, compliance, and the effective utilization	FY25 Carryover
Individualized Education Plans (IEP)	Verify controls, compliance, effectiveness, efficiency, and timelines within the IEP processes	FY25 Carryover

*The [FY26 Audit Plan](#) is flexible and subject to change due to unanticipated issues, requests or other priorities.*

# FY26 Audit Plan

## Districtwide Audits

Audit Name	Description	Target Start
On/Off Boarding	Assess effectiveness and adequacy of controls for onboarding/offboarding employees	FY25 Carryover
Procurement - CMAP	Assess compliance with Board Policies for executed FY25 Procurements	FY25 Carryover
Rental Income	Verify compliance and control processes for collecting rental income	2nd - 3rd
Sports Officials Payments	Assess financial integrity, compliance, and efficiency within school athletic programs use of officials	FY25 Carryover
Stipends	Verify that the stipend processes are effective, equitable, financially accurate, and comply with CPS policies	FY25 Carryover
Students in Temporary Living Situations (STLS)	Assess the adequacy, effectiveness & regulatory compliance of processes and controls for identifying and supporting students experiencing homelessness	FY25 Carryover
Transportation Vendors	Reconcile vendor payments with CPS routing data to verify timeliness, accuracy, compliance	FY25 Carryover
Vendor Management	Verify vendors are managed effectively, efficiently, and with minimal risk	1st-2nd

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

# FY26 Audit Plan

## School Internal Control Audits

Audit Name	Description	Target Start
School Audits	Internal control reviews	1st-4th
Internal Account Analysis	Analysis across District on internal account spend & controls	4th

## IT Audits

Audit Name	Description	Target Start
ERP Support - BRIDGE Project	Internal controls for processes & business requirements	1st-4th
User Access Rights	Ensure access controls are effective, appropriate, & aligned with the organization's policies and regulatory requirements	1st-2nd
Data Inventory	Identify systems & vendors where data resides to determine the sensitivity level of the data & verify proper controls to protect sensitive data	2nd-3rd

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

# FY26 Audit Plan

## Other Areas

Audit Name	Description	Target Start
<b>ENTERPRISE RISK MANAGEMENT (ERM)</b>		
Risk Management Committee (RMC)	Coordinate risk management Districtwide	1st-4th
Annual Risk Assessment	Districtwide questionnaire to assess risk	3rd
Annual Internal Control Assessment	Develop & implement IC assessment process	1st-4th
Management Action Plans	Monitor & report to RMC	1st-4th
<b>CONTINUOUS MONITORING AUDIT PROGRAM (CMAP)</b>		
CMAP Schools	Internal controls across a sample of schools	4th
CMAP Districtwide	Payroll, Accounts Payable, Accounts Receivable, ect.	3rd-4th
CMAP Procurement	Compliance with procurement policies & procedures	4th
<b>SPECIAL REQUESTS &amp; PROJECTS</b>		
School Internal Control (IC) Training	Quarterly schools & as requested	4 Sessions
Quality Assurance & Improvement Program (QAIP)	IAAS complying with required standards	1st-4th
Management Audit Requests	Prioritize requests from management and/or Board	1st-4th

# IAAS Team

