

AUDIT PROPOSAL

Evaluating Access Controls of School District Accounting Systems

SOURCE

This audit proposal was requested by the Legislative Post Audit Committee.

BACKGROUND

School districts in Kansas are required to maintain financial management and accounting systems. These systems are intended to help the districts meet their fiscal obligations, maintain and produce financial information for reports, and protect district financial resources. School districts are also responsible for ensuring these systems have proper internal controls to protect these financial resources. Access controls are one such internal control that limit and regulate access to sensitive computer systems.

A 2021 audit in Missouri found that school district officials had not established sufficient internal controls for maintaining user accounts that could access accounting system resources. Specifically, the Superintendent, Assistant Superintendent, District Bookkeeper, Accounts Payable Clerk, and Director of Special Services had greater access to the accounting system than was required for them to fulfill their job duties. Legislative Post Audit's previous confidential IT audits have found similar problems from reviewing computer systems of Kansas school districts and state agencies. Excessive user account privileges within accounting systems create the risk of inadvertent or intentional record tampering, which could increase the potential for fraud.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objective listed below is the question we would answer through our audit work. The steps listed for the objective convey the type of work we would do. These may change as we learn more about the audit issues.

Objective 1: Do selected school districts' accounting systems have adequate access controls? Our tentative methodology would include the following:

- Review federal and state laws and regulations, Kansas State Department of Education guidelines, accounting standards, and financial best practices to determine what internal controls are necessary to adequately limit access to school district accounting systems.
- Select a sample of 20-25 school districts of differing sizes (small, medium, large). For these selected districts, interview financial staff, administrative staff, and IT staff and review policies, system settings, and other documentation to understand their accounting systems and determine what access controls they use.
- Compare the selected school districts' access controls to laws, standards, and best practices to determine if their controls adequately limit access to their accounting systems.

- If problems relating to procedures or access controls are identified, interview district officials to understand the potential reasons for those problems.

ESTIMATED RESOURCES

We estimate this audit would require a team of **4 auditors** for a total of **3 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).