



Seattle Public Schools Office of Internal Audit

Internal Audit Follow-up Report Historic Horace Mann School Construction

Issue Date: June 13, 2017

Internal Audit Follow-up Report Horace Mann School Construction

Background

On June 16, 2015, the Office of Internal Audit issued a construction audit report on the Horace Mann School addition and renovation project. Construction audits are designed to help ensure the effective use of public dollars and provide recommendations to improve the district's construction management practices. In accordance with the 2017 capital audit plan, we have completed a follow-up review to determine if the district has taken appropriate corrective action to resolve the findings in the original report.

Roles and Responsibilities

District management is responsible for taking corrective action to address audit findings. To fulfill this responsibility, the district has a dedicated audit response function to assist departments with the procedures necessary to resolve findings and to provide status updates to the Audit and Finance Committee.

Audit Approach

Management creates a written corrective action plan at the conclusion of each audit. Some key factors to consider regarding capital related corrective action plans are as follows:

- Audit Response must work closely with the Capital Projects and Planning Department to resolve most findings.
- Corrective action plans can require the involvement of departments other than Capital Projects and Planning and can take considerable time to complete, especially when they depend on prerequisite events.
- Some audit recommendations are intended to increase effectiveness or efficiency. They represent opportunities for improvement and do not reflect errors or noncompliance.
- For some audit findings, management may decide to assume the risk rather than try to mitigate it. If, in the judgment of management, the cost of corrective action exceeds the benefit, this may be a reasonable approach. However, if Internal Audit's view is that this approach would subject the district to serious risk, we would report this to the Audit & Finance Committee.

Results

The original Horace Mann audit report contained findings and recommendations pertaining to construction and permitting delays, construction progress schedules, liquidated damages calculations, requests for information, and change order processing.

We consider a finding resolved if the district has implemented our recommendation or taken some other action that sufficiently addresses the issue. The district has taken corrective action sufficient to resolve the findings above.

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