



Seattle Public Schools The Office of Internal Audit

**Internal Audit Report
Seattle World School**

September 1, 2017 through December 31, 2018

Issue Date: March 5, 2019



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Executive Summary

Background

We completed an audit at Seattle World School for the period September 1, 2017 through December 31, 2018. Seattle World School is located in the central region of Seattle Public Schools. It is an option school for grades 6-12 designed as a preliminary entry point for immigrant and refugee children. It offers English language support that is integrated with academic courses in a project-based learning environment. The School has approximately 300 students and 45 staff, and it operates on an annual budget of \$3.5 million.

Although Seattle World School was the focus of this audit our primary goal was to evaluate the overall system of internal controls put in place by the District. The decentralized nature of the District results in a situation where many key internal control and compliance functions are performed at individual schools. The audits conducted at individual schools will help ensure that these key functions are performed properly and are having their intended effect. This audit will also help to highlight those areas where schools may not have clear guidance on procedures they are expected to perform and identify situations where they have not been provided adequate resources to perform these key functions properly.

The Office of Internal Audit uses the findings and recommendations included in this report, along with the knowledge gained from other school audits to develop an annual risk assessment that will be used to identify future audit areas.

This audit was requested by District management due to concerns regarding the potential overlap of activities between Seattle World School and its school support and community-based organizations. This audit considered whether these activities have an impact on the School's compliance with applicable State laws and the District's policies and procedures.

The findings and recommendations identified in this report are not intended to highlight individual shortcomings, but rather are intended to guide employees on correct procedures. We appreciate the School's understanding of the internal audit process, and their desire to work with us on continuous improvement.

Roles and Responsibilities

This audit was completed as part of the Annual Risk Assessment and Audit Plan approved by the Audit and Finance Committee on September 4, 2018. District Management has the primary responsibility to establish, implement, and monitor internal controls. Internal Audit's function is to assess and test the internal controls to provide reasonable assurance that the controls are adequate and operating effectively. We conducted the audit using due professional care, and we believe that the evidence obtained provides a reasonable basis for our findings and conclusions.



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Audit Objectives

To evaluate the School's compliance and internal controls in the following areas:

- Cash Handling & Receipting
- Graduation Waivers
- Out of District Credits
- Field Trips
- Fundraising
- Nutrition Standards
- Leave Time Approval
- Facility Usage

Scope of the Audit

September 1, 2017 through December 31, 2018

Audit Approach and Methodology

To achieve the audit objectives, we performed the following procedures:

- Planned the audit in cooperation with central administration staff from Accounting, Human Resources, Nutrition Services, Payroll, Risk Management, and Teaching and Learning to ensure that we had a strong understanding of the District's compliance requirements.
- Reviewed applicable District policies, administrative procedures, and written guidance provided by departments in central administration.
- Reviewed applicable Revised Code of Washington and Washington Administrative Code for State compliance requirements.
- Conducted a surprise cash count to observe fiscal operations in their normal environment.
- Interviewed school staff knowledgeable of the objective areas.
- Analyzed available data to corroborate the information obtained.
- Examined accounting records and tested supporting documentation.



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Conclusion

Based on the procedures performed, Seattle World School appears to have adequate internal controls, and is in compliance with applicable State laws and District policies and procedures in each of the objective areas, except for the items noted in this report. This report includes recommendations that are intended to improve the overall accountability and transparency of the objective areas.

We extend our appreciation to the staff at Seattle World School for their assistance and cooperation during the audit.

Andrew Medina

Andrew Medina, CPA, CFE
Director, Office of Internal Audit



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Findings and Recommendations

1) Graduation Waivers

Board Policy 2415 governs high school graduation requirements. The Graduation Requirements Bulletin and the K-12 Counseling Manual serve as the administrative procedures to further implement this policy. All waivers are required to be approved in writing and signed by school principals.

A total of four waivers were approved during the scope of the audit to waive the physical education requirement. We noted that all four waivers were approved and recorded by the same individual. In addition, three of the waivers did not have the required supporting documentation stating the reason for the waiver. Although, we confirmed that the reason for each of these waivers were valid and allowable.

Recommendation

We recommend that the School:

- Ensure there is a segregation of duties when processing student waivers. All waiver request forms should be approved by the principal before they are processed and recorded into the students' records. A third authorized individual who did not prepare or approve the waiver should record waivers into the student information system.
- The preparer of the waiver request forms should ensure any required documentation to validate the reason for the waiver is attached to the form to aid in the principal's review of the waiver.



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2) Field Trips

We evaluated a sample of field trips to determine whether they were properly documented, approved in advance, and supervised by qualified chaperones in accordance with Administrative Procedure 2320-A.

We noted that required field trip documentation, including field trip requests, procedure checklists, and chaperone lists were not always completed or provided to the Principal for review in a timely manner. Additionally, copies of field trip documents were not centrally retained in the main office, as required by the District's field trip policies and procedures.

Recommendation

We recommend that the School establish effective internal controls to ensure compliance with all District policies and procedures related to field trips. The School should ensure that required field trip forms are properly completed, submitted for review in a timely manner, pre-approved by the Principal, and maintained in the main office.



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3) Fundraisers

The Friends of Seattle World School, a non-profit organization has an ongoing fundraiser, Art Cards for Scholarships which raises proceeds through the sale of cards that feature re-printed images of students' art work. An estimated 1,000 - 2,000 cards are sold each year, which generates approximately \$5,000 - \$6,000 in net proceeds. All proceeds raised through the Art Cards for Scholarships fundraiser, combined with direct donations to the organization, are used to support the organization's Alumni Scholarship and Mentoring Program.

Allowing the use of students' art work could subject the District to liability risks, due to copyright protections. District Board policy 2025 recognizes that, "In general, students' own copyrights to their own creative works." It appears that students are informally made aware that their art work may be used, and students verbally provide permission for the use of their art work by the Friends of Seattle World School, but written authorization from students or their parent or guardian is not obtained. Images of art work has accumulated since the inception of the program in 2007 and are still available for re-print for several years after the students have left the School, which increases the risk of copyright concerns.

We learned that the art cards are sold at various supporting businesses, and until recently, at the School. The cards were previously available for sale in the school's main office, and school staff would accept payments on behalf of the organization and store proceeds on campus until collected by a representative from the non-profit organization. Since the handling of non-District funds by District staff creates undue risk to School staff and the District, the principal stopped allowing the sale of Art Cards at the School in December 2018.

Recommendation

We recommend that the School:

- Obtain and retain voluntary written authorization from students, and their parent or legal guardian if the student is not of legal age, before any current or future student artwork is allowed to be reproduced. The written authorization should clearly indicate that students acknowledge that their artwork will be turned into cards and other products which will be sold for a profit to support the fundraising activities of the non-profit organization, Friends of Seattle World School, for an indefinite time period.
- Ensure that School staff will not be responsible for accepting payments on behalf of the external organization and will not have access to the funds if the School wishes to allow the sale of art cards in the main office.



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4) Summer School Program

The Seattle World School runs a summer school program known as the Summer Environmental Citizenship Academy (SECA) in partnership with community organizations, including the Refugee Women's Alliance (ReWA), Seattle Parks and Recreation, and the Vietnamese Friendship Association's Project Rise. The program is staffed by School employees, including administrative leadership, certificated teachers, and instructional assistants. The purpose of the program is for students to retain and improve their English language skills through engagement of the natural world and sciences. Students attend a fieldtrip each week, led by Seattle Parks and Recreation, to select locations within the City of Seattle to engage in active and hands-on learning. The program is funded primarily by the Families and Education Levy through the City of Seattle. The funds are awarded to ReWA, which passes a portion of the funds through to the School to cover costs for supplies, materials, and busses for fieldtrips. The main staffing costs, including compensation paid to the School employees involved with the program, are paid directly by ReWA and are not funded through the District.

The School was unable to provide a formal agreement between the School and ReWA covering the SECA program. Without a formal agreement in place, there is no clear documentation of the partnership's purpose, and the roles and responsibilities of each party. The following condition highlights the need for a formal agreement.

- Upon completing the program, SECA students are awarded up to 0.5 credits in English Language Development (ELD) on a pass/fail grading basis. The credits earned during the SECA program are recorded as in-District credits. Since the SECA program is operated by staff of the School, and the students earn in-District credits, the program has the appearance of functioning as an academic program of the District. However, staff are directly compensated by ReWA for the services they provide to the SECA program. As a result, it is unclear whether all District's policies and state laws that would be applicable to an academic District program are applicable to the SECA program.

Recommendation

We recommend that the District determine if a formal agreement with ReWA exists and can be located. If a formal agreement is located, it should be evaluated to determine if current procedures are in line with the agreement and in compliance with District policies and state law. If an agreement cannot be located, we recommend that the School:

- Work with the District's School & Community Partnership Department to develop a formal partnership agreement with ReWA that clearly identifies the purpose, roles, and responsibilities of each party.
- Work with ReWA and the District's Human Resources, Budget, Payroll, and Grants Departments to transition SECA compensation funding to the District, so that District staff working in the SECA academic program are compensated directly by the District.



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Management Response

We concur with the recommendations. Procedures and training will be reviewed, revised and/or enhanced in adherence to district/state policy and best practices in service what's best for our students and school community.