



Seattle Public Schools The Office of Internal Audit

**Annual Risk Assessment and Audit Plan
September 1, 2017 through August 31, 2018**

Issue Date: September 5, 2017



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

Executive Summary

The Annual Risk Assessment and Audit Plan prioritizes the areas being considered for audit by evaluating the risks associated with each area. The risk factors used to assess each area include:

- The financial impact and materiality of the audit area.
- The perceived quality of internal controls and the likelihood of errors.
- The frequency of audits and reviews conducted by internal audit or other external agencies.
- The results of prior internal and external audits.
- The complexity of the audit area.
- Turnover of key personnel and stability in management.
- Requests and input received from District management, the School Board, and external organizations.

In addition to the above risk factors, we also evaluate the timing implications of each area being considered for an audit. If an audit area is being audited or investigated, or is in the process of implementing significant changes to their operations, either in response to prior concerns or as part of an internal restructuring, we will adjust the timing of that area to ensure an effective audit. The audit plan is also designed to be flexible. On occasion, unforeseen circumstances may prevent the completion of an audit area. An audit area may experience significant turnover or operational changes that make an internal audit unrealistic at that time. It is possible that the State Auditor's Office or other external entity may choose to audit an area before we complete our audit. It is also possible that an audit area may be under an internal or external investigation. Rather than duplicate the efforts of another District function or external entity, that area will be replaced by another audit priority. The Audit & Finance Committee can also approve changes to the annual internal audit plan at any time, if new risks or priorities are identified mid-year.

The audit universe, from which potential audit areas are selected, has been continually developed over the years. As certain audit areas become obsolete (such as kindergarten tuition and S-275 staff mix reporting), they are removed from the audit universe. Any new areas identified during the year are added to the audit universe and evaluated with the same risk factors as all other audit areas.

An evaluation of the risks facing the District revealed four significant factors impacting the District's operations. Each of these items are common among school districts throughout the country and are not specific to Seattle. The following risks were also considered in the preparation of the annual plan:

Significant Risk Factors Affecting the District:

- **Decentralized Environment**
The District is organized in such a way that schools must balance a degree of building-level autonomy with the requirement to comply with many centralized policies and procedures. This can create challenges for employees as they implement decisions aimed to accommodate the specific needs of their buildings. The District is also structured in such a way that many employees are located at schools, but they are supervised centrally. For example, a school custodian does not report to the school's principal, but rather reports to a centrally located



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

supervisor within Custodial Services. Another example is the centralized accounts payable department that processes disbursements for school staff even though they do not have first-hand knowledge of the transaction. This environment increases the risk that employees will not follow procedures because they believe that they are not being adequately monitored. There is also the risk that central office staff will not effectively communicate key control activity requirements to the outlying sites and schools, or provide them with the resources they need to perform the control activity properly.

- **Leadership Turnover**

Turnover within the Superintendent's cabinet team and key management positions was relatively minimal this year when compared to prior years. However, the risk associated with turnover are still relevant as some positions, including the Executive Director of Schools, were reorganized, and other positions will be changing in the near future. The coming year will include a search for a new Superintendent as well as the election of at least two new Board Directors. The Superintendent and Board Director changes will likely result in additional changes to some cabinet and management-level positions. Turnover increases the risk that internal controls will not be clearly established, or that they will not be assigned clear ownership. This environment is further complicated by the fact that few formalized written procedures are available to the new leadership team. This increases the risk that "institutional knowledge" held by previous leaders will leave the District.

- **Budget Constraints**

The District faced significant budget constraints this year that resulted in District-wide spending curtailments. The spending curtailments included a hiring freeze that prevented departments and schools from filling open positions. The District was forced to delay key budget-making decisions due to the legislature's delay in passing a budget. The District also anticipates additional budget constraints in the coming year. The District's budget challenge also includes repeated requests to allocate more dollars to the classroom, rather than central support functions. This can lead to situations involving inadequate internal controls or monitoring of key functions. The need to cut positions can create situations where employees must take on increased workloads, increasing the risk that key control activities will not be performed. This increases the need for an independent internal audit function to evaluate the District's internal controls.

- **Segregation of Duties**

As a result of the continuous budget constraints, school districts are often faced with inadequate segregation of duties. As a result, one employee may have access to more than one critical function, which can lead to significant control breakdowns and potential theft, loss, or abuse. This can be particularly true in schools, where one employee is often responsible for receiving, disbursing, and reconciling funds. A lack of segregation of duties increases the need for a strong internal audit function that can identify critical incompatible duties, and can recommend alternative controls when ideal segregation of duties is not possible.



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

Procedures Performed

To develop an audit plan for the 2017-2018 fiscal year, we performed the following procedures:

- Reviewed prior years' Annual Risk Assessment and Audit Plans to ensure a solid understanding of the risks and audit universe to be used as a starting point for the current year. Any new information obtained during the following steps was used to update the audit universe and reevaluate the risks associated with the areas being considered for an internal audit.
- Gathered information throughout the year from sources such as District training events, regular School Board meetings, School Board Committee meetings, oversight work sessions, work sessions, media reports, and discussions with District Directors, staff, and parents. Any new information gathered that would impact our assessment of audit needs was monitored and evaluated along with existing information.
- Evaluated the results of the audits that we conducted during the year, along with the results of any external audits completed. This information not only helped to evaluate which areas were in need of an internal audit, but also in evaluating the timing of when an audit should be performed.
- Solicited feedback from Board Directors, District Leadership, and department managers on their assessment of risks and ideas for internal audits. This feedback provided valuable information regarding the District's priorities and challenges, and has been incorporated into this year's audit plan.
- Requested input from other school district internal audit functions through the Council of the Great City School on audits that were conducted and deemed valuable by their respective districts. The information received from responding districts was reviewed to determine its applicability to Seattle Public Schools. Relevant feedback was evaluated along with other risks to determine if it should be included in the annual audit plan.
- Determined the Office of Internal Audit's available resources by calculating the number of work days in the year, and subtracting out anticipated Ethics Officer duties, administrative time, training, and leave time for vacations, sick days, and holidays.
- Downloaded available financial data to assess the financial impact of the areas being considered for audit.
- Used the information obtained in the above procedures to evaluate each area against a variety of risk factors including materiality, likelihood of errors, frequency of audits, prior audit issues, complexity, turnover, and timing.
- Compared available resources to audit needs, and created multi-year audit schedules for non-capital audits and capital audits. The non-capital audit plan is included in [Appendix A](#), and shows all areas being considered for an internal audit. The capital audit plan and supporting background information are included in [Appendix B](#).



**Annual Risk Assessment and Audit Plan
September 1, 2017 – August 31, 2018**

**Appendix A - Non-Capital Internal Audit Plan
2017-2018**

Total hours available after accounting for leave time, administrative duties, Ethics Officer responsibilities, training, and supervision of staff equals 3,916.

Planned audits and projects include:

Primary Audit and Project Priorities	Estimated Hours to Complete
Special Requests and Misc. Projects Contingency (7%)	274
Board Director Projects (16 Hours per Director)	112
Annual Report to the Board	50
Oversight Work Session	100
Yellow Book Quality Control System	150
Institutionalizing Operating Procedures	40
Annual Risk Assessment and Audit Plan	100
Employee Hiring Practices (Carryover Audit)	100
Planning and Development of School Governance Audits	100
School Governance Audits (7 schools at 200 hours per school)	1,400
Payroll - Employees with Multiple Positions from Multiple Budgets	200
Contract Audits (3 contracts at 150 hours each)	450
SPED OSPI Follow-up - Sustainability of CAP	300
SPED Review of New Write-Back System	200
Employee Leave Time for Employees Using Aesop 2016-2017	150
Facility Usage / Building Rentals	250
Total	3,976

Carryover Hours	Hours
Hours Available	3,916
Hours Committed	3,976
Carryover Hours	(60)

This plan is based on information available at the beginning of the year. The actual hours necessary to complete each item will be determined after the audit begins and we gain a better understanding of the audit area. We will update the Audit & Finance Committee if significant concerns are discovered, or if other obstacles are encountered, that would delay the completion of the audit.



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

The following are secondary audit priorities that could be included in this year's plan if the above primary audit priorities are completed early or must be postponed for any reason:

Secondary Audit Priorities
Payroll - Data Analytics to Detect Ghost Employees
Accounts Payable - Data Analytics to Detect Conflicts of Interest
Athletics
McKinney-Vento Eligibility
Safety and Security
Professional Development
P-Cards
Travel Expenses
Nutrition Services Cash Receipting

The annual internal audit plan is designed to be flexible. The primary audit priorities represent the high-risk areas facing the District, but they also represent more work than the available resources are capable of completing in a single year. The annual plan is not a commitment to complete all primary audit priorities, but rather is a commitment to focus on the primary audit priorities first. Since the Audit & Finance Committee approves the annual plan, it is necessary for the plan to include enough audits to keep the Office of Internal Audit busy throughout the year. In the event that one of the primary audit priorities cannot be completed for whatever reason, the plan includes an adequate number of secondary audit priorities to prevent the Office of Internal Audit from having to come back to the Audit & Finance Committee mid-year to get approval to conduct an additional audit. The Audit & Finance Committee will be updated if a secondary audit priority will replace a primary audit priority.

The main focus for the 2017-2018 school year will be on the items listed as primary audit priorities; however, we may also begin work on a secondary audit priority if necessary. On occasion, unforeseen circumstances prevent the completion of one or more primary audit priorities. An audit area may experience significant turnover or operational changes that make an internal audit unrealistic at that time. It is also possible that the State Auditor's Office or other external entity may choose to audit one of the primary audit priorities before we complete our audit, or that an audit area may be under an internal or external investigation. Rather than duplicate the efforts of another District function or external entity, that area will be replaced by one of the secondary audit priorities.



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

Primary Audit Priorities

The following narrative provides background information on each of the primary audit areas. During the planning phase of each audit engagement we will conduct an engagement-level risk assessment to determine what the audit's actual area of focus will be. In accordance with Board Policy 6550, our primary focus will always be related to financial internal controls and compliance.

Special Requests and Misc Projects Contingency (7%)

This contingency is used to accommodate the hours spent responding to red flags and other requests for internal audit services before an official change to the audit plan is approved by the Audit & Finance Committee. The contingency can also be used to accommodate time spent on miscellaneous projects and research, such as meeting with prospective Board Directors and researching potential changes to the District's Audit Committee Structure.

Board Director Projects (16 Hours per Director)

Since Internal Audit reports directly to the School Board, and since the Board Directors do not have their own staff to perform research-type functions, the Office of Internal Audit will be available to Board Directors on a limited basis. Each Board Director will be allowed to request Internal Audit's services for projects that are estimated to take up to 16 hours to complete. All requests will be shared with the full School Board to ensure transparency, and to ensure that the hours required to complete the project are in line with initial estimates. Examples of projects that Board Directors can request include verifying data, research compliance requirements, and benchmarking items with other school districts or governmental organizations.

Annual Report to the Board

Each year the Office of Internal Audit must present an annual report to the Board indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management.

Oversight Work Session

Each year the Office of Internal Audit must make an oversight work session presentation to the School Board. The oversight work session requires participation for all department staff members and includes benchmarking Seattle Public Schools' data and procedures with other school districts.

Yellow Book Quality Control System

The United States Government Accountability Office (GAO) publishes Generally Accepted Government Auditing Standards (GAGAS), which are commonly referred to as the Yellow Book. Complying with a professionally recognized set of auditing standards, such as the Yellow Book, is a recommended best practice, including a recommendation noted in a White Paper for Internal Audit in the Great City Schools, scheduled to be published by the Council of the Great City Schools in October 2017. Developing a quality control system documenting the policies and procedures for the Office of Internal Audit will assist us in complying with Yellow Book standards.



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

Annual Risk Assessment and Audit Plan

The Annual Risk Assessment and Audit Plan is required by Board Procedure 6550BP to ensure internal audit resources are spent on high-risk areas impacting the District. The process involves all department staff and includes soliciting input from Board Directors and District staff, conducting follow-up meetings as needed, analyzing preliminary data, and assessing risks to determine which areas to include in the annual audit plan.

Institutionalizing Operating Procedures

At the request of the Audit & Finance Committee we will document the operating procedures for interactions between the Office of Internal Audit and the Audit & Finance Committee to ensure a smooth transition when a change to the Audit & Finance Committee occurs. This will include documenting the procedures for the Director of Internal Audit's monthly meeting with the Chair of the Audit & Finance Committee, the internal audit quarterly update to the Committee, and the procedures and purpose for maintaining a tracking log of internal audit recommendations within the Office of Internal Audit.

Employee Hiring Practices

This is a carryover audit from last year's internal audit plan to evaluate the District's hiring practices. The District's largest operational expense is salaries, and the hiring of qualified employees is vital to the District's success. This audit will look at the District's hiring practices to ensure that it has adequate controls to ensure a fair process of hiring the best candidates and avoiding discrimination complaints. The audit will examine the structured hiring process for reviewing applications, conducting interviews, and recommending a candidate for hire. The audit will also look at the procedures for appointments that bypass the structured hiring process and the controls designed to ensure that a candidate meets the minimum job qualifications for a position.

School Governance Audits

This year the District is implementing an automated point-of-sale system, which will allow families to make credit and debit card payments to schools. This will decrease the amount of cash or checks transacted through schools, and will reduce the financial risk traditionally associated with school audits. As the District transitions to this new system, the focus of this year's school audits will be less on fiscal matters and more on school governance. We will still initiate each school audit with a surprise cash count to ensure compliance with basic financial requirements, but the main focus of the school audits will be on areas requiring schools to exercise some building-level autonomy over their procedures.

Schools must make decisions to address the unique needs of their students, while still complying with federal or state requirements, collective bargaining agreements, and District policies and procedures. Many times these independent decisions will differ from school to school, and there is a risk that compliance requirements will not be addressed, or that the building-level decisions will create inequity from school to school. By including these areas in the school audits, we will be able to assess the risks associated with a decentralized environment, and we will be able to cover several important topics within each school audit. The school governance audits will include procedures related to the following topics:



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

- **Building Leadership Team (BLT)**
Is there a functioning BLT with compliant bylaws, membership, and minutes?
- **Continuous School Improvement Plan (CSIP)**
Does the school have and maintain a current and public CSIP? Is there evidence that the school's CSIP is updated annually rather than duplicated from year to year?
- **Substitutes Rebates and Reimbursements**
Does the school have a process in place to provide teaching coverage when the District is unable to provide a substitute, and does it have a policy to account for the funds received from the District in such cases?
- **Student Records**
Are student records adequately maintained and shredded when no longer required?
- **Grade Point Average, Physical Education (PE), and Community Service Waivers**
Does the school have adequate controls and documentation when waiving GPA, PE, and Community Service requirements?
- **Online Credits**
Does the school have adequate controls and documentation over the online credits earned by its students?
- **Enrollment**
Is the school following appropriate procedures to ensure proper enrollment reporting?
- **Overnight Field Trips**
Are overnight field trips properly approved in advance, and supervised by an adequate number of qualified chaperones?
- **PTSA, Booster Club, and ASB Fundraising**
Are fundraising efforts properly categorized as ASB funds when required by state law and District procedures?
- **Crowdsourcing Fundraisers**
Does the school prohibit any District-sponsored crowdsourcing fundraisers, such as Go Fund Me, SnapRaise, and Kickstarter in accordance with a newly adopted District Policy?
- **Use of Special Education (SPED) Funding**
Are school staff funded with SPED dollars spending their time working with SPED students?
- **Leave Time Approval**
Does the school have adequate procedures in place to ensure the timely and accurate recording of employee absences?



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

- **Nutrition Standards**
Does the school only sell food that meets the District's nutrition standards, and are student vending machines only active during authorized times?
- **School Master Schedule**
Does the school schedule include adequate times for instruction, lunch, and recess?
- **Building Security**
Does the school adequately safeguard its building keys to ensure safety and accountability of its staff and students?

The school governance audits will provide valuable feedback on multiple areas of concern, and will also identify those areas that may be in need of a larger centralized audit. At the conclusion of the school governance audits we will also prepare a report summarizing the results of all school audits.

Payroll – Employees with Multiple Positions from Multiple Budgets

Some District employees have multiple part-time positions within the District. In some situations these employees are also funded from different budgets. In these situations there is a risk that there may be inadequate monitoring of the employee's payroll transactions. This audit will determine if the payroll and leave time recording is accurate for employees with multiple position from multiple budgets, and if the District has adequate controls to monitor such transactions. This area has never been audited in the past and was requested by a Board Director.

Contract Audits

The District has received multiple audit findings related to procurement. There is also a risk that District schools and departments may not be adequately monitoring their contracts to ensure that the District is receiving adequate services in exchange for the funds expended. Contract audits are a new approach to address the District's procurement challenges and were recommended by other school district internal audit functions from the Council of the Great City Schools. The contract audits will include procedures to verify that the District contracts followed the appropriate procurement method, received the appropriate levels of approval, included a detailed scope of work description, and contain evidence that adequate services were received in exchange for the funds expended. We will audit three contracts after analyzing available data and meeting with District management to identify high-risk contracts.

Special Education OSPI Follow-up - Sustainability of Corrective Action Plan

The District previously received a high-risk status from the Office of Superintendent of Public Instruction (OSPI) in response to special education concerns. The District created and implemented a corrective action plan to address these concerns and received periodic visits from OSPI and the U.S. Department of Education. The high-risk status threatened the District's funding and required significant District resources to address the concerns. The District's corrective action procedures were sufficient to remove it from high-risk status, but there are concerns that the District will not be able to sustain its corrective action procedures in the long-term. The U.S. Department of Education requested that the Internal Audit Department conduct a follow-up audit to determine if the District's corrective action plan is sustainable. The audit will include procedures to determine if the District has adequate data and monitoring procedures to ensure that the District does not revert to old



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

practices that resulted in the initial high-risk status. In addition to the U.S. Department of Education request, this audit was encouraged by a Board Director.

Special Education – Review of New Write-Back System

A June 2014 Internal Audit Report cited a concern associated with an OSPI reporting requirement that required the District to manually input data from one District system to another District system. In order to address this concern the District committed significant resources to develop a new write-back system to streamline the District's reporting of data to OSPI. The newly developed system was highly anticipated by both Seattle Public Schools and other school districts who face similar challenges. This audit will determine if the system is working as intended and was requested by the U.S. Department of Education.

Employee Leave Time for Employees Using Aesop – 2016-2017

A June 2017 Internal Audit Report cited concerns related to unrecorded employee leave time. The audit noted that the District's computerized system for requesting substitutes does not interface with the District's system for recording leave time. As a result, when an employee requests a substitute due to an absence, they must also record that absence in the District's payroll system. The audit noted variances between absences recorded in the two systems, indicating that there may be unrecorded employee absences. The prior audit examined the 2014-2015 and 2015-2016 school years, and this audit will extend the time period to include the 2016-2017 school year. This audit will focus solely on employees that may request a substitute with the District's Aesop system. This audit was recommended by both District management and a School Board Director.

Facility Usage / Building Rentals

District procedures require that all building usage, whether internal or external, be properly recorded on the District calendar. Certain usage by outside groups may qualify for free rent, and must be approved by building principals. There is a risk that facility usage by external groups may be mis-categorized as internal usage or as rent-free usage. There is also a risk that the District is not conducting adequate follow-up with school principals when mis-categorized or unrecorded facility usage occurs. This audit will determine if the District has adequate procedure to ensure that all building usage is recorded on the District's master calendar; that all events are properly categorized as external with rent required, external with free-rent, or internal; and that appropriate follow up is conducted when exceptions are noted. This audit was requested by both a District labor partner and by District management.



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

Appendix B - Capital Risk Assessment and Audit Plan

BACKGROUND

The Office of Internal Audit conducts “performance audits to support and promote integrity, openness, and transparency with respect to internal financial controls of all funds and compliance of the District.” The audit process includes a comprehensive, collaborative district-wide risk assessment that results in an annual audit plan to address the risks identified. The audit plan for the non-capital areas of the District can be found in [Appendix A](#).

Capital related performance audits assess program effectiveness, economy, and efficiency; internal controls; compliance; and prospective analyses to assist the Board with its oversight of management. The Capital Risk Assessment and Audit Plan was developed to address the District’s capital functions and includes performance audits of topics related to major Building Excellence (BEX) levy construction projects.

The overall goals of capital related performance audits are to:

- review construction activity, with a focus on high-risk aspects;
- examine the effectiveness and efficiency of capital operations;
- ensure controls are developed and maintained;
- identify cost avoidance opportunities; and
- provide the district with value-added recommendations that mitigate risks, increase compliance, and improve the future management of construction projects.

An audit plan typically begins with the creation of an audit universe. An audit universe is simply all things that have the potential to be audited. Topics deemed high risk are taken from the audit universe and scheduled for review, resulting in a work plan.

The audit universe for the capital function consists of all auditable programs, activity, processes, procedures, and transactions that are part of capital operations. The resulting work plan includes construction and non-construction topics, although construction topics are the primary focus.

AUDIT UNIVERSE – CAPITAL FUNCTIONS

The audit universe for capital functions includes the following areas:

- Capital Projects Planning
- Construction Management
- Capital Finance
- Small Works
- Furnishings, Fixtures, Equipment and Relocation
- Document Control
- Asset Management
- Capital Facilities Communication
- Fund Accounting
- Capital Programs
 - BTA – Buildings, Technology and Academics
 - BEX – Building Excellence
 - CEP - Capital Eligible Projects

The 2013 BEX IV capital levy provided funding for the following 17 major building projects, but also included funding for earthquake upgrades and technology improvements. Internal audits of construction topics will encompass these major projects:

- Arbor Heights Elementary
- Bagley Elementary
- Fairmount Park Elementary
- Genesee Hill Elementary School
- Historic Horace Mann
- Jane Addams K-8 at Pinehurst
- Jane Addams Middle School
- Lincoln High School
- Loyal Heights Elementary
- Meany Middle School
- New Thornton Creek Building
- Olympic Hills Elementary
- Queen Anne Elementary
- T.T. Minor
- Wilson-Pacific Elementary
- Wilson-Pacific Middle School
- Wing Luke Elementary



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

AUDIT PLAN DEVELOPMENT

This audit plan was designed to be flexible and to adapt to unexpected, changing, or newly identified risks. Capital related risks identified during the course of the fiscal year 2016-2017 audits were evaluated in developing this work plan. Risks that cannot be addressed in fiscal year 2017-2018 are planned for audits in future years. Audits associated with construction projects may require the consideration of unique factors, such as the following:

1. The phase of projects
2. The size, duration, and complexity of projects
3. The bidding environment
4. Project delivery methods
5. Type of project oversight
6. Change orders
7. Known cost or schedule overruns
8. District's experience with designer and/or contractor
9. Concerns expressed by stakeholders
10. Other risks exposed as projects progress



**Annual Risk Assessment and Audit Plan
September 1, 2017 – August 31, 2018**

CAPITAL AUDIT PLAN

Fiscal Year 2018

- Construction Management
- Appropriateness of Interfund Transfers
- Special projects or select capital audit(s) based on continuous risk assessment

Fiscal Year 2019

- Change Order Use
- Contractor Compliance with Apprenticeship and Prevailing Wage Laws
- Special projects or select capital audit(s) based on continuous risk assessment

Fiscal Year 2020

- Contractor Accountability
- Special projects or select capital audit(s) based on continuous risk assessment



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

The following information provides a general description of the capital audits currently scheduled for fiscal years 2018 through 2020. The scope and timing of the audits may change as the district's risk profile changes, and objectives will be refined at the time of audit.

Construction Management

This audit will evaluate the District's use of alternative project delivery methods, determine whether the District complies with laws and follows best practices related to the procurement and documentation of contractor self-performed work, and assess the District's compliance with the most recent changes to public works statutes. The audit will also review the District's oversight of construction managers, private firms hired to represent the District in the day-to-day management of some of the district's largest construction projects.

Appropriateness of Interfund Transfers

Capital Projects Fund resources are restricted for acquiring and constructing major capital facilities or assets, purchasing equipment, implementing technology systems, improving buildings or grounds, and funding other capital eligible activities. The purpose of this audit is to determine whether Capital Projects Fund resources are being used only to support capital programs. The audit will examine the appropriateness of interfund transfers and the eligibility of costs charged to Capital Projects Fund.

Change Order Use

This audit will review the District's change management process, procedures, and policies. It will examine whether change orders are warranted, authorized, and properly approved and whether the District has measures in place to control changes in project design or scope, especially when those changes increase costs. The audit may also include an evaluation of change order pricing.

Contractor Compliance with Apprenticeship and Prevailing Wage Laws

The State of Washington requires 15 percent apprenticeship participation for projects estimated to cost \$1 million or more. To meet bidder responsibility criteria for public works projects with apprenticeship utilization requirements, bidders must have complied with these goals. Once contracts are awarded, the District should monitor contractors to confirm apprentice and journey level worker labor hours and ratios. The District must also ensure that contractors pay prevailing wages. The purpose of this audit is to evaluate the District's internal controls for ensuring contractors compliance with apprenticeship utilization and prevailing wage laws.

Contractor Accountability

The provisions of a contract allocate the risk between the owner and the contractor and serves as a guide for both parties in making decisions and managing disagreements. This audit will determine whether the district protects the public's interest by enforcing contract terms, holding contractors accountable for their obligations, evaluating contractor performance on a consistent basis, and using the results of performance evaluations in future decisions. Some aspects of this audit may extend to subcontractor responsibilities.



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

Appendix C - Staff Biographies

Andrew Medina, CPA, CFE, LPEC – Director of the Office of Internal Audit & Ethics Officer

Andrew is a Certified Public Accountant (CPA), a Certified Fraud Examiner (CFE), and a Leading Professional in Ethics & Compliance (LPEC), with over 20 years of audit experience. He joined Seattle Public Schools in August of 2011, after serving as a Senior Auditor for the Port of Seattle. Prior to joining the Port, Andrew was an internal auditor for the Clark County School District in Las Vegas, Nevada. He spent five years managing and conducting financial, operational, and compliance audits of the nation's fifth largest school district. As a Certified Fraud Examiner, Andrew was the department's fraud specialist, responsible for conducting the majority of the District's fraud investigations, as well as providing training to management and staff on fraud awareness and prevention. His fraud case study based on actual elementary school events was published in *Internal Auditor* magazine in February 2009. Prior to joining the Clark County School District, Andrew was a senior auditor with the State of Nevada Gaming Control Board. For 10 years Andrew helped regulate the casino industry by managing and conducting compliance, money laundering, and financial audits of Nevada's largest casinos.

Kimberly Fry, CPA, CGMA, CCA – Capital Audit Program Manager

Kim is a Certified Public Accountant (CPA), a Chartered Global Management Accountant (CGMA), and a Certified Construction Auditor (CCA) with more than 20 years of experience in Washington state, local, and tribal governments. She joined Seattle Public Schools in 2012 after working as an internal auditor for the Puyallup Tribe of Indians. At the tribe she was the primary government auditor, conducting operational and compliance audits of the tribe and its gaming enterprises. Previously Kim worked with the Washington State Auditor's Office where she performed financial statement, legal compliance, and federal Single audits of local government entities before transitioning to SAO's Performance Audit Team following voter approval of Initiative 900. Kim also served as a surety analyst with the Department of Labor and Industries where she assisted the department in certifying and overseeing self-insured employers. Kim is a Special Review Committee member for the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting program.

Amita Mathur, CIA – Senior Internal Auditor

Amita is a Certified Internal Auditor and has over 10 years of auditing experience in government as well as the private sector. She joined Seattle Public Schools in 2012 after working as a Senior Internal Auditor at Farmer's New World Life (part of Zurich Investment Services). At Farmers she served as the lead auditor for the strategic, operational, compliance, regulation, and finance audits conducted on the life insurance segment in US. Previously Amita was an auditor with the Washington State Auditor's Office where she performed Financial, Compliance, and Federal grant audits for the higher education institutions, school districts, and local governments. Amita also has experience consulting start-up companies on their business plan presentations to potential venture capitalists.



Annual Risk Assessment and Audit Plan September 1, 2017 – August 31, 2018

Elisa Kim – Senior Internal Auditor

Elisa has over 5 years of experience in auditing governmental entities. She joined Seattle Public Schools in October of 2016, after working as an Assistant Audit Manager at the Washington State Auditor's Office. In this role, she was responsible for overseeing staff, establishing and monitoring audit budgets, identifying and approving audit risks, and ensuring work was performed in accordance with Generally Accepted Governmental Auditing Standards. Prior to becoming an Assistant Audit Manager, Elisa worked as an Assistant State Auditor where she performed risk-based financial statement, accountability, and federal grant compliance audits of local governmental entities throughout King County, Tri-Cities, and Walla Walla.