



**Seattle Public Schools
The Office of Internal Audit**

**Internal Audit Follow-up Report
Kimball Elementary School**

Issue Date: June 18, 2013



Internal Audit Follow-up Report Kimball Elementary School

BACKGROUND

On June 12, 2012, the Office of Internal Audit issued an audit report for Kimball Elementary School as part of an evaluation of the District's overall system of internal controls. School audits assist in determining whether key internal control and compliance functions are being performed and whether schools have clear guidance and adequate resources to perform their functions.

In accordance with the 2012-2013 *Annual Risk Assessment and Audit Plan*, we have completed a follow-up review at Kimball Elementary School. The purpose of a follow-up review is to assess the status of corrective action taken in response to prior audit findings. This report focuses on findings from the June 12, 2012 audit report, which contained seven recommendations for Kimball and five recommendations for the District.

ROLES AND RESPONSIBILITIES

District management is responsible for follow-up and corrective action to address audit findings. To fulfill this responsibility, the District has a process in place, as well as designated staff, to track the status of audit recommendations and ensure that audit issues are resolved.

APPROACH AND METHODOLOGY

Internal audit reports include responses from the audited school or department. These responses typically include information about management's concurrence with the findings as well as corrective actions taken or planned to resolve the issues. Some important points to consider regarding corrective actions are as follows:

- Audited departments coordinate with an audit response team to develop their corrective action plans.
- Some corrective actions may take considerable time to fully implement, and some may require the effort of multiple departments.
- For some audit findings, District management may decide to assume the risk rather than try to mitigate it. If, in the judgment of management, the benefits of corrective actions do not outweigh the costs, 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 for resolution.

REPORT FORMAT

We consider an issue resolved if Internal Audit's recommendation has been implemented or if some other action that resolves the issue has been taken. This report contains the original finding, recommendation, management response, and status of corrective action taken for all issues we found to be unresolved at the time of the follow-up review. Our initial report dated June 12, 2012 can be found on the District's website.



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RESULTS

Except for the following issues, we found that corrective actions sufficient to address the findings from the 2012 audit have been taken:

Cash Handling and Receipting – Kimball Elementary School

Finding: Receipts are not prepared for any general fund monies received.

Recommendation: Immediately complete a receipt in the presence of the depositor, after both people agree to the amount of funds deposited. If this is not feasible, then alternative procedures should be implemented to ensure that the amount of funds turned in to the fiscal office is accurately recorded on a district receipt.

School's Response: Kimball agrees that it does not always write receipts for general fund monies received before they are deposited with the district such as grants. In the future, we will write receipts for all general fund monies received.

Status: **Unresolved** - As of April 2, 2013, Kimball Elementary School was still not writing receipts for general fund monies received.

Cash Handling and Receipting – District

Finding: During the course of the audit we identified numerous concerns related to cash handling and receipting.

Recommendation: Strengthen the cash handling and receipting language in the *ASB Procedures Manual*.

District's Response: The Finance Department concurs with the findings and will enhance the *ASB Procedures Manual* and "General Fund Cash Handling Procedures" to provide better guidance to our schools.

Status: **Pending** - Accounting revised the *ASB Procedures Manual* in June 2012 to incorporate some of the recommended changes. Accounting hopes to have all revisions completed by September 2013.

CONCLUSION

Overall, Kimball Elementary School has made significant progress toward addressing the issues raised by Internal Audit. Once Kimball begins using the appropriate district issued receipts for general fund money received, it will have implemented all seven of the recommendations from the 2012 audit. Additional work is needed on the part of the district as it continues its efforts to improve cash handling procedures at schools.



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MANAGEMENT RESPONSES

Response Received from Kimball Elementary School

Nancy now writes receipts for every check received in the mail.

Response Received from central administration

Management concurs on the two items still outstanding. Kimball Elementary has begun writing receipts for general fund monies while the ASB Procedures Manual has been updated and the Accounting Department will publish the revised version prior to August 2013.