



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

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**S-275 Staff Mix Reporting**

**September 1, 2013 through December 31, 2013**

Issue Date: March 18, 2014



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**Internal Audit Report  
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## **Executive Summary**

### **Background Information**

School district funding in the state of Washington is based on a number of factors, one of which is commonly referred to as staff mix. The purpose of staff mix is to provide additional funding to school districts when they employ instructional staff with more education and educational work experience. Since professional educational staff are paid on the basis of education and experience, the state of Washington has developed a staff mix factor to recognize this event. The more educated and experienced a school district's instructional staff are, the more funding the school district will receive from the state. A variety of factors go in to determining a school district's staff mix factor, including applicable work experience, degrees obtained, and clock hours earned.

Staff mix is reported to the Office of Superintendent of Public Instruction (OSPI) on form S-275, the Annual School Personnel Report. Personnel information, contract data, and assignment information are reported for every employee in the district as of October 1 of each year. The S-275 reporting process is an electronic personnel reporting process that provides a current record of certificated and classified employees of a school district. This report is updated multiple times throughout the year in order to ensure accurate reporting and funding. OSPI publishes detailed S-275 reporting instructions each year to assist school districts with their staff mix reporting.

The Washington State Auditor's Office (SAO) frequently audits staff mix reporting to ensure that school districts are reporting accurate data and receiving the correct amount of funding. At the conclusion of its 2011-2012 accountability audit of Seattle Public Schools, the SAO issued a management letter citing errors associated with staff mix reporting. The SAO found that 28 of the 37 staff profiles tested contained errors, and that 15 of those errors directly impacted the District's staff mix factor. OSPI confirmed the errors noted by the SAO, which resulted in an underpayment of \$41,018 to the District.

The Human Resources Department owns the S-275 staff mix reporting process, which relies heavily on manual input. In response to the SAO management letter, the Human Resources Department conducted a comprehensive review of the S-275 staff mix reporting process so that they could implement an effective corrective action plan. As a result of their review, the Human Resources Department is in the process of creating written procedures for the S-275 staff mix reporting process. These procedures will also allow the department to implement cross training and ensure that all employees in the department are following the same process. The Human Resources Department also identified an algorithm that was miscalculating the District's staff mix factor, and they are working closely with the Department of Technology Services to correct the issue. Since the Human Resources Department has already taken steps to correct the reporting process, the primary purpose of this audit is to determine if there are any additional opportunities for improvement beyond those already identified.



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### **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 10, 2013. District management has the primary responsibility to establish, implement, and monitor internal controls. Internal Audit's function is to assess and test those controls in order 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.

### **Audit Objectives**

The primary objectives of this audit were to determine if:

- The employees responsible for the staff mix reporting process have a solid understanding of the S-275 reporting requirements.
- There are additional opportunities to improve the S-275 staff mix reporting process that have not been previously identified.

### **Scope of the Audit**

September 1, 2013 through December 31, 2013

### **Audit Approach and Methodology**

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

- Planned the audit in cooperation with the Human Resources Department to ensure that we had a strong understanding of the District's S-275 staff mix reporting process.
- Reviewed applicable RCW's and WAC's for state compliance requirements.
- Reviewed the S-275 Personnel Reporting Handbook published by the Office of Superintendent of Public Instruction (OSPI) to ensure that we had a strong understanding of the reporting requirements.
- Reviewed the results of the 2011-2012 accountability audit conducted by the State Auditor's Office to ensure that we fully understood the errors identified by the audit.
- Interviewed the Human Resources Department staff responsible for the S-275 reporting process, and verified their understanding of the reporting requirements published by OSPI.
- Interviewed the Teaching & Learning Division staff responsible for tracking the clock hours earned by certificated employees, and verified that the credits are tracked properly.
- Analyzed available data to corroborate the information obtained during our walkthroughs.
- Performed an analysis of the objective areas to support our conclusions.



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## **Conclusion**

Based on the results of the audit procedures we performed, we believe that:

- The employees responsible for the staff mix reporting process have a strong understanding of the S-275 reporting requirements, and that the main reason errors occurred in the past is due to the District's manual process for reporting. There is no underlying control weakness contributing to past errors, other than the manual process of tracking personnel data, combined with the large volume of personnel data changes. Increased automation could decrease the likelihood of inadvertent manual errors occurring in the future.
- The improvements currently being implemented by the Human Resources Department will be effective in limiting future staff mix reporting errors, but an additional opportunity exists to increase efficiency and eliminate duplicate efforts. This report contains one finding that details concerns associated with clock hours being tracked by both the Teaching & Learning Division and the Human Resources Department. We believe that a consolidated effort to track clock hours will not only reduce reporting errors, but will also result in increased efficiencies.

We extend our appreciation to the staff within Human Resources and Teaching & Learning for their assistance and cooperation during the course of the audit.

*Andrew Medina*

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



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**Findings and Recommendations**

**1.) Dual Databases for Clock Hours**

Clock hours earned by certificated staff are an important part of S-275 staff mix reporting. A staff member's clock hours can result in additional education credits on the S-275 report, which would lead to additional funding for the District. Currently, the Teaching & Learning Division tracks clock hours for its certificated staff in one database, and the Human Resources Department maintains a separate database of clock hours for the S-275 reporting process. As a result, there is an increased risk of errors when data is maintained in two separate databases. This process also results in inefficiencies when multiple District employees are performing the same functions.

**Recommendation**

We recommend that the Human Resources Department and the Teaching & Learning Division work closely with each other, as well as with the Department of Technology Services, to develop a method to track clock hours in one location that will provide each department with the information they require in a secure manner. We also recommend that the District explore new ways to add automation to the S-275 staff mix reporting process that will reduce the amount of manual input required.



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**Management Response**

*The Human Resource Department and the Teaching & Learning Division concur with the recommendation that HR and Teaching and Learning work closely to develop a method to track clock hours in one location. In addition the District will explore new ways to automate the S-275 staff mix reporting process to reduce the amount of manual input required.*