Seattle Public Schools

Annual Internal Audit and Ethics Report

October 21, 2020
Internal Audit Annual Report

School Board Procedure 6550BP - Internal Audit

– Requires an annual report to the School Board within 90 days of the school year calendar end:

• Audits Completed
• Major Findings
• Corrective Actions
• Significant Findings Not Addressed By Management
Audits and Projects Completed

2019 – 2020

• Special Education – Sustainability of the Corrective Action Plan
• Alternative Subcontractor Selection Process
• Stipends
• Racial Equity Advancement Internal Audit Consideration Tool
• Moss Adams Independent Review of the Internal Audit Function
Major Audit Findings

• Alternative Subcontractor Selection Process
  – Internal Controls
  – Final Determination
  – Early Selection of MCCM/ECCM
  – Independent Cost Audit
Major Audit Findings

• Stipends
  – Internal Controls over Stipends
  – Lack of Written Guidance
  – Inactive Stipends
Major Audit Findings

• Moss Adams Independent Review of the Internal Audit Function
  
  – Expand the authority of Internal Audit to include all District functions and programs.
  
  – Adopt a hybrid Internal Audit model.
  
  – Require outside audits and reviews to be routed through the Audit and Finance Committee.
  
  – Increase engagement with District management by performing high-impact audits, building relationships, and providing education on risk management.
  
  – Reinvigorate and institutionalize previous enterprise risk management efforts to prioritize and proactively address risks.
Major Audit Findings

• Moss Adams Independent Review of the Internal Audit Function (continued)

  – Transition to a three-year cycle for risk assessments with increased management participation.
  – Develop annual audit plans based on the District’s unique risks and provide greater flexibility in addressing urgent needs.
  – Ensure recommendations address the root cause of issues.
  – Determine the desired role of the Audit Response Manager as either management support or audit validation and revise the position’s reporting structure accordingly.
  – Develop and implement mandatory Ethics and Fraud, Waste, and Abuse training for all District employees.
Corrective Action Plans

- District Management Function
- Audit Response Manager
- Approved Corrective Action Plans
- Quarterly Updates to the A&F Committee
- Follow-up Audits
Status of Recommendations

June 2012 – September 2020

- Recommendations Implemented: 506
- Recommendations Overdue: 2
- Recommendations In-Progress: 27
- Total Recommendations: 535

Implemented, 94.6%
In-Progress, 5.0%
Overdue, 0.4%
Significant Findings Not Addressed by Management

• Bargaining Items
Annual Ethics Report

School Board Policy 5251 - Ethics

– Requires an annual report to the School Board within 90 days of fiscal year end:
  • Number and Type of Contacts Received
  • Percentage of Contacts Submitted Anonymously
  • Status of Ethics Training Program
Types of Contacts Received

July 2014 – August 2020

- Advisory Opinion (260) 42%
- Other (110) 18%
- Personnel Complaint (82) 13%
- Misc Complaint (48) 8%
- Exploring Available Options (47) 8%
- Ethics Complaint (42) 7%
- Conflict of Interest Disclosure (18) 3%
- Items Less than 1% (9) 1%

- Items Less than 1% include whistleblower complaints, requests for training, student civil rights complaints, and whistleblower retaliation complaints.

SEATTLE PUBLIC SCHOOLS
Anonymous Complaints

Anonymous: 55%
Not Anonymous: 45%
Anonymous Complaints

- Personnel Complaint: 33% Not Anonymous, 67% Anonymous
- Misc Complaint: 52% Not Anonymous, 48% Anonymous
- Ethics Complaint: 57% Not Anonymous, 43% Anonymous
- Whistleblower Complaint: 100% Not Anonymous

Sean Public Schools
Ethics Training

• No Changes Since Last Year
  – New Employee Orientation
  – Safe Schools
  – Requests for Training
  – FAQ
  – Online Reporting
  – Media Operations Center / SPS TV
Discussion and Questions

- Moss Adams recommendations will be implemented to elevate Internal Audit and expand our authority
- The Moss Adams Report and completed Internal Audit reports are available on the [Office of Internal Audit’s webpage](#)
- Questions/Comments