

Board Special Meeting

Quarterly Audit Meeting

Tuesday, June 13, 2017, 4:30-6:30pm

Board Office Conference Room, John Stanford Center

2445 – 3rd Avenue South, Seattle WA 98134



Minutes

Call to Order

This meeting was called to order at 4:35 pm Directors Harris and Burke were present. Director Blanford arrived at 5:20pm.

This meeting was staffed by Assistant Superintendent for Business & Finance JoLynn Berge.

Approval of agenda: Director Burke moved to approve the agenda. Director Harris seconded. This motion passed unanimously.

Approval of meeting minutes: Director Burke moved to approve the December 13, 2016 and March 14, 2017 meeting minutes. Director Harris seconded. This motion passed.

Board Action Reports (Discussion and/or Action)

1. BAR: Resolution 2016/17-27, Fixing and Adopting the Budget (Berge)

Budget Director Linda Sebring spoke about the Board Action Report for fixing and adopting the budget. She explained why some dollar amount blanks will be found within the BAR. Assistant Superintendent for Business & Finance JoLynn Berge explained due to legislature delay we cannot wait any longer to bring this forward. Ms. Sebring summarized the process of developing the budget and documentation involved.

Director Harris asked if the new budget system will make this process easier next year. Ms. Sebring explained why it will not be easier next year due to a two year implementation. Ms. Sebring spoke about how the budget department is doing it this way to not disrupt the schools. 2017-18 they will be starting with central office, this will allow for a full understanding of the new system before bringing in the schools.

Director Blanford made a motion to move this item forward to the full Board with a recommendation for **consideration** Director Burke seconded. This motion passed unanimously.

Internal Audit Update

1. Internal Audit Update

Internal Audit Director Andrew Medina provided an update on the current audits in progress and their estimated completion dates. He also provided follow up to the oversight work session that occurred on May 26, 2017. He clarified information about capital auditors in other school districts and audit recommendations still being implemented by the District.

Director Harris asked Mr. Medina to send this follow-up information to all Board Directors. Mr. Medina will send the information to them.

Director Burke inquired about the implementation process and asked how the due date determined and why some of the items listed on Mr. Medina's log do not show a due date. Mr. Medina explained that the

due date is determined by Board Policy and that the missing dates were an oversight on his part and that he will add the dates after this meeting.

Director Harris asked if this could be sent to Small Cabinet. Assistant Superintendent for Business & Finance JoLynn Berge explained the audit recommendation tracking worksheet has more detail and is updated regularly by Annette Boulmetis and shared with cabinet.

Capital Audit Program Manager Kimberly Fry spoke about the Horace Mann Construction Follow-up Audit. Ms. Fry explained the original audit recommendations. This follow-up audit found that all recommendations had been implemented and the follow-up report a clean. Ms. Fry spoke about the Genesee Hill Design Follow-up Audit. She explained that three of the four recommendations have been implemented and one item is in progress.

Director Burke asked why the Genesee Hill recommendations are listed in the report but the Horace Mann's recommendations are not. Ms. Fry stated that since all Horace Mann recommendations were implemented, she did not list them in the report. Not all Genesee Hill recommendations have been implemented; therefore they are listed for reference.

Director Harris asked when the fourth Genesee Hill finding would be fully resolved.

Ms. Fry stated that she has explained to management the specific correction action that is needed and management has assured her that it is in progress. She explained that since personal services contracts is an area she frequently reviews, she will revisit this item in subsequent audits to ensure correction action is completed.

Mr. Medina spoke about the Disbursements Audit for accounts payable. He explained this audit had four findings and he reviewed the recommendations.

Director Harris asked about the management response and the level of detail included. Mr. Medina explained the management response process and stated that detailed information should be included in the corrective action plan that management should submit within a month.

Mr. Medina spoke about the Employee Leave Time Audit, which was added to the audit plan after concerns were brought to the attention of Internal Audit by management. He explained the audit process on the employee side and on the District side. The report identified unrecorded absences and control weaknesses that need to be addressed. He gave addition detail on the findings and recommendations.

Director Blanford asked if employees would have to pay back the District. Mr. Medina explained that would be up to management on how they adjusted time. Assistant Superintendent Berge stated that adjustment could be either time or pay.

Director Harris asked how much time did this audit take to complete. Mr. Medina explained that it took many months and that he would provide the Committee with the number of actual hours.

Audit Response Update

1. Audit Response Management (Boulmetis)

Audit Response Manager Annette Boulmetis spoke of her work with the budget office staff to review positions that are partially funded by capital and to note if the job description adequately supports the funding amount. She also explained she is working on a review of overtime pay for custodian and grounds staff, this is to insure overtime claims are adequately supported and documented. Ms. Boulmetis explained an audit exception on class overages payments that were not adequately supported. The audit exception relates specifically to extra payments requested by Special Education for class load overages. The payments to teachers are issued semi annually and she is working with Special Education team on process improvements and documentation of procedures.

2. Instructional Leadership (Tolley, Aramaki)

Associate Superintendent for Teaching and Learning Michael Tolley summarized the items currently on the Audit Recommendations Tracking Worksheet.

Executive Director Schools for Southeast Region Kelly Aramaki spoke about new goals implemented at Rainier Beach by the new principal. Many of the issues on the tracking sheet have been addressed and are ready to be closed. Mr. Aramaki summarized the corrective actions that have been implemented. Director Harris asked about the training received by a new employee that would minimize the same findings occurring. Mr. Aramaki explained it was any staff that needed the training, both new hire and current employees. Fiscal staff would provide annual training going forward.

Mr. Aramaki spoke about facility usage policy. He explained the procedures that have been put into place to insure if outside people using the facilities then it needs to go through the procedures.

Director Blanford asked if there was a way for an employee to sign up for facility usage even if it is for outside use. Mr. Medina summarized why this facility usage procedure was put into place.

Mr. Tolley asked for an extension to September on the #13 training item.

3. Human Resources (Codd)

Assistant Superintendent for Human Resources Clover Codd spoke about the recommendation to separate Payroll and Human Resources in SAP. Department of Technology (DoTs) have begun the work on getting them separated. Ms. Codd explained the estimated date for completion is mid-September.

Ms. Codd summarized the remaining items open for Human Resources Department follow up. Ms. Codd explained these items are being worked on and will be further discussed during contract negotiations in August through September 2017.

4. Budget & Finance (Berge)

Assistant Superintendent for Business & Finance JoLynn Berge requested an extension for the fixed asset system. Her department currently has a budget development and a point of sale systems being rolled out and need additional time to reevaluate the fixed asset system. Ms. Berge explained her remaining items are closed.

Meeting adjured at 6:36pm.