

# Board Special Meeting

## Quarterly Audit Meeting

Tuesday, September 5, 2017, 4:30-6:30pm

Board Office Conference Room, John Stanford Center

2445 – 3<sup>rd</sup> Avenue South, Seattle WA 98134



## Minutes

### Call to Order

This meeting was called to order at 4:30pm Directors Blanford and Geary were present. Director Burke Arrived at 5:20pm.

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

Approval of agenda: Director Blanford moved to approve the agenda. Director Geary seconded. This motion passed unanimously.

Approval of meeting minutes: Director Burke moved to approve the June 13, 2017 meeting minutes. Director Blanford seconded. This motion passed.

### Audit Response Update

#### 1. Audit Response Management (Boulmetis, Skowyra)

Audit Response Manager Annette Boulmetis spoke about her role within the District. She spoke about Custodial overtime audit process. She explained she how the selected the custodial overtime audit employees were selected for review.

Assistant Superintendent for Business & Finance JoLynn Berge explained we currently have 47 open positions out of approximately 280 total custodial employees. We are struggling to hire assistant custodians and then when we can't, we then have to budget for overtime. We had one instance of an employee earning so much overtime, that a state fine was triggered by Dept. of L&I. We do need to monitor the employees more to avoid these fines.

Ms. Boulmetis explained why the fine occurred and what steps are being suggested to help avoid the fine again.

Director Geary asked if employees understood they need to be aware of when they will hit the overtime amount. Director of Facility Operations Bruce Skowyra confirmed the employee is aware of when they are getting overtime because they need to have it approved.

Director Geary asked if an audit was done on previous years would we find similar results and the same employees. Ms. Berge explained she believed the same results would be found, and why strengthening controls and system efficiency is important.

#### 2. Instructional Leadership (Tolley, Aramaki)

Associate Superintendent Michael Tolley spoke about the West Seattle High School issues, which they will be addressing prior to the next December quarterly meeting. The new principal has reviewed these findings and is working towards a recommended action plan.

Director Geary asked if there is a systemic issue with cash handling. Ms. Berge explained these issues are not unique to Seattle and these procedures are in place to help with the 20% turnover the district has.

Mr. Medina explained that the Internal Audit Department does find cash handing problems at schools. He explained the training his office has given to staff and principals prior to school starting and ongoing to help address this issue.

Director Burke asked about schools that have been trained and if it is common to still see this problem. Mr. Medina explained that it's not common for a school to have repeat issues, but that the problem continues to exist at other schools.

Mr. Medina added that the implementation of the point of sale system this year will also help with this issue.

Executive Director Schools Kelly Aramaki spoke about keeping the finding for Rainier Beach open until next week because the additional training will be occurring on September 13. But he would consider the item closed after next week.

### 3. Human Resources (Codd)

Executive Director Labor & Employee Relations, Stan Damas spoke about how discrepancy in the contract language on overtime calculation is determined based on time paid vs as it is in the contract as time worked. This was brought up due to an internal audit finding.

Director Geary asked once 40 hours of time has been reached you would receive overtime even if you hadn't worked the 40 hours but had some sick hours included. Ms. Boulmetis explained it is based on time compensated.

Director Burke asked how can this item be brought up in negotiations to change status quo. Assistant Superintendent for Human Resources Clover Codd suggested this item be brought to the entire board and table this conversation.

### 4. Budget & Finance (Berge)

Ms. Berge explained phase one of the Point of Sale (POS) System has begun and is successful.

Director Burke asked about the POS item being closed out. Ms. Berge explained because it has been implemented and so it can be closed. The remaining schools will be brought on shortly.

Ms. Berge spoke about the continued need to train and educate District staff on the proper approval and budget monitoring processes for personal service contracts (PSC).

Director Burke asked what has changed in how the District is handling errors with PSC. Ms. Berge explained she and the Accounting Director are handling it training and supporting staff differently than has been done previously. She gave examples of how contract staff and disbursement staff are being given additional training.

Ms. Berge spoke about closing the item of securing the W-9 forms and restrict access to personal services contract files and create an effective check in and check out process.

Ms. Berge spoke about employee leave balances for absences that were not recorded in ESS. She explained the steps that are being taken by the District and current thoughts on how to move forward. We will prepare a draft letter that includes all the necessary elements for employees whose leave balance appear to need review. The District will notify all employees of their right to representation. A 30 day appeal period will be allowed for each employee to demonstrate the leave balance is accurate.

Director Blanford asked if we will be getting revenue from this audit finding correction. Ms. Berge explained she predicts the opposite and the District will be spending money. This item will remain open and more follow up will be brought back at the December meeting.

## **Internal Audit Update**

### 1. Internal Audit Update

- Chief Sealth International High School Audit Report (Medina)

Internal Audit Director Andrew Medina spoke about this report being favorable in comparison to past school audits. He explained the findings related to cash handling, field trips, and chaperones. Director Geary asked about online postings. Mr. Medina stated that the Internal Audit items are normally included in the public posting, but did not know why there were not included this month.

- Employee Background Check Audit Report (Medina)

Mr. Medina reviewed the results of the Employee Background Check Audit and highlighted that the audit did not identify any employees who never received a background check. He reviewed the state law for background checks and explained the three findings related to untimely background checks, protecting employee personal information, and cash handling and receipting.

- 2017-2018 Annual Risk Assessment and Audit Plan (Medina)

Mr. Medina is seeking approval of the 2017-18 internal audit plan. He explained previous committee suggestions and that he has taken those into account for this plan. He summarized the suggested audit plan.

Director Geary spoke about the need for an internal auditor. Director Blanford questioned the process for notifying the internal auditor of Board requests and suggested that such requests be shared with the full Board. Director Geary agrees they should be brought to the whole board. Mr. Medina agreed to make that change in the document.

Mr. Medina highlighted the changes to schools audits included in the annual plan, and summarized the remaining audits included in the audit plan.

Director Burke asked if the audit list had been vetted by the Executive Director of Schools. Mr. Medina explained the process of who has provided suggestions to this list, including management and staff from the Teaching & Learning office, Human Resources and at the school level.

Director Geary spoke about a special education audit, and would like the procedures to include a review of outcomes, in addition to procedural compliance.

Director Blanford motioned for approval for the Annual Risk Assessment and Audit Plan. Director Geary seconded. All directors unanimously approved.

**Adjourned at 6:33pm**