

# Board Special Meeting

## Quarterly Audit Meeting

Tuesday, June 4, 2019, 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 4:31pm Directors Pinkham, Geary and Mack were present.

Chief Financial Officer JoLynn Berge staffed this meeting.

Approval of agenda: Directors moved to approve the agenda. This motion passed unanimously.

Approval of meeting minutes Directors requested updates to the March 5, 2019 meeting minutes. Minutes will be brought back to the June 10, 2019 committee meeting.

### Internal Audit Update

#### 1. Internal Audit Update (Medina)

Internal Auditor Director Andrew Medina gave an update on current projects being worked on within the Internal Audit Department. He stated that the Special Education Audit on the Sustainability of the Corrective Action Plan is nearly complete and will be presented at the September meeting.

Director Geary asked what was used to determine sustainability of compliance within this audit. Mr. Medina provided some background information on the audit and explained that a clear criteria does not exist. He stated that the audit would look at policies and procedures and data and recording mechanisms. Director Geary reiterated a need to understand the standards that the department is being audited against and to identify the best practices around sustainability.

Mr. Medina gave an update on the capital audit focused on an Alternative Process for Mechanical and Electrical Subcontractors and on an audit of stipends. He stated that both of these will be brought to the committee.

Director Mack asked how the stipend audit related to TRI in the Collective Bargaining agreement (CBA). Chief Financial Officer JoLynn Berge stated that there is a separate stipend schedule from TRI for items such as being a lead teacher or a coach.

Mr. Medina spoke about a planned emergency preparedness audit that will not be performed this year. He noted that the District has decided to hire an emergency planner who will be responsible for conducting the procedures that the audit would have tested for, and that it would make more sense to complete the audit once the position has been filled and the new hire has an opportunity to conduct an initial assessment. Mr. Medina stated that this item will continue to be monitored to determine if an audit is necessary in the future. Director Mack asked if policies and procedures have been developed in this area. Mr. Medina stated that he could not answer that since the audit was never initiated. Directors Mack and Geary discussed adding this topic to a future Operations Committee agenda.

Mr. Medina spoke about two Board Director Projects that are in progress.

Mr. Medina spoke about the Racial Equity Advancement Tool that he developed for internal audit. The Tool will be used in future audits and is designed to ensure that internal audit is aware of race and equity items that may impact the area being audited so that the Internal Audit Department can support the

District's race and equity initiative. He spoke about the additional trainings and peer group meetings the auditors have attended as the tool was developed, and how the Tool was shared with other school district internal audit functions through the Council of the Great City Schools. Director Geary expressed appreciation that this work was being done and Directors Mack and Geary asked for clarification on the Council of the Great City Schools audits. Mr. Medina clarified that the Tool he created was shared with a peer group of other school district internal auditors. He noted that none of the other school district internal audit shops had begun incorporating race and equity considerations into their audits, and that it appeared that Seattle was on the forefront of this work.

### **Audit Response**

#### **1. Audit Response Management (Boulmetis)**

Audit Response Manager Annette Boulmetis spoke about her ongoing monitoring of current open audits. She explained an ongoing audit she is monitoring is the employee leave time report which was issued in June 2017. She summarized the employee groups involved and how process is currently being reported within SAP. Ms. Boulmetis stated currently we have approximately 5000 unrecorded absences.

Director Mack asked if we still have 5000 unresolved is that a sign of the problem. Mr. Boulmetis explained she believes it is a training issue. As resources become available, Aesop and SAP systems will be upgraded to interface. Ms. Berge confirmed the funding resources have been identified and until then it is a manual process to reconcile the two systems.

#### **2. Curriculum & Instruction (DeBacker)**

Chief Academic Officer Diane DeBacker spoke about the items on tracking the worksheet for policies 2024. The issues have now been resolved and it is requested they be closed based on the board action in approving policy 2024.

Director Mack asked if that corrected the computer systems. Ms. Boulmetis explained updated have been made to the accounting manual and the Superintendent Procedure also needed to be updated. Mr. Medina stated that internal audit reviewed the policy and believed it accomplished the recommendations noted by internal audit.

Ms. Berge explained Thornton Creek and Seattle World School items are still in progress and will be brought back in September.

Directors discussed GCCM certification recommendation which is under Chief of Operations Fred Podesta. Directors agreed; no closing decision has been made on this item. This item will remain on the tracking sheet and will be brought back to committee.

#### **3. Human Resources (Codd/ Redick)**

Director of Human Resources Strategy & Operations Shelia Redick spoke about how in the contract currently stands the teams get a vote in how that money is used within each bargaining unit. Ms. Redick explained additional clarity needs to be established during the bargaining process which is currently happening. Ms. Redick spoke about how using NeoGov functionality all hires are processed and authorized in the system, a training scheduled is now in place and she is requesting this item be closed.

#### **4. Special Education (Mills)**

Director of Special Education Beth Mills spoke about three items for the Write Back audit. She explained how the Write Back is between the IEP online and student information system. Previously we did not have a system in place that allowed the systems to "talk" to each other, the Write Back allows

them to do this. She reviewed what steps are in place to ensure the deliverables are given in a timely manner.

Director Mack asked if the amendment had been completed. Ms. Mills explained a draft amendment to the contract has been almost completed, final signatures are the last remaining step.

Director Mack requested item one on the contract remain open until signatures are completed on the amendment. Ms. Mills agreed this item will be brought back in September to confirm closure.

Director Pinkham asked if the Write Back program was part of the non-compliance with SPED. Mr. Medina explained it used to be a manual process and an old audit report requested the Write Back system to eliminate the manual process.

Additional discussion between Directors on the costs around the State Auditor Office (SAO) requirements.

## 5. Budget & Finance (Berge)

Accounting Director Amy Fleming spoke about the implementation of the Asset Management System, the expected to be completed by December 2019 with a go live date in January.

Director Mack asked who manages the system. Ms. Fleming stated the accounting department currently manages the system, and it is on an of DOS mode database.

Directors questioned which department does which part within tracking of assets. Ms. Berge explained what each department does and how it all rolls up to asset tracking which is within the Accounting Department.

Director Mack asked about the asset policy. Ms. Fleming explained each school has a tracking process. However, Accounting is responsible for the accuracy of that information.

Ms. Fleming spoke about the fiber audit that was recently performed. Accounting has been working with the Department of Technology Systems (DoTS) to create a procedure on refund within a timely manner. Ms. Fleming reviewed the additional closed items on the tracking sheet. She explained to consortium execute formal project agreements on a share point site. Ms. Fleming spoke about recommend DoTS obtain cost estimates and an approved purchase order to authorize all fiber project expenditures. And how it is coming out the general fund.

Director Mack asked for clarification on why credits would be applied to the general fund rather than the capital fund. Ms. Berge and Ms. Fleming provided additional information about the consortium. Capital Audit Project Manager Kimberly Fry suggested that this audit is a good candidate for a follow-up audit. Director Mack asked who decides if a corrective action is aligned with the finding. Mr. Medina explained that internal audit makes recommendations only and that it is up to management to decide whether or not to implement the recommendations. The Internal Audit Department can conduct follow-up audits if risks remain after management has completed their corrective action plan.

Director Mack asked if original projects came out of BTA, how can it go back into the general fund. Ms. Fleming explained how the consortium rebate can go into the general fund. Ms. Fry explained the evidence that traces each project back to capital fund money. This item will remain open until September to provide extra time to research the topic.

Ms. Fleming spoke about the interlocal interagency contract agreements under policy 6220 and was not needed at the board level.

Adjourned at 6:06pm