



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

**Internal Audit Follow-up Report  
Career and Technical Education**

Issue Date: March 24, 2015



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## Internal Audit Follow-up Report Career and Technical Education

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### Background

On December 17, 2013, the Office of Internal Audit issued an audit report for the Career and Technical Education (CTE) Department as part of its evaluation of the District's overall system of internal controls. Individual department audits assist in determining whether key financial internal controls and compliance functions are being performed and whether departments have clear guidance and adequate resources to perform their functions.

In accordance with the 2014-2015 *Annual Risk Assessment and Audit Plan*, we completed a follow-up audit of the CTE Department. The purpose of a follow-up audit is to assess the status of corrective actions taken in response to prior audit findings. This report focuses on findings from the December 17, 2013 audit report, which contained four recommendations for the District to implement.

### Roles and Responsibilities

District management is responsible for follow-up and corrective action to address audit findings. To fulfill this responsibility, the District has a process in place to track the status of audit recommendations and ensure that audit issues are resolved.

### Approach and Methodology

To complete this follow-up audit we performed the following procedures:

- Reviewed the prior audit and audit report to gain an understanding of the issues.
- Interviewed department staff to gain an understanding of the corrective actions taken and identify when the corrective actions were implemented.
- Analyzed available data to corroborate information obtained during staff interviews.
- Tested available documentation to determine if corrective actions have been fully implemented, are operating as intended, and address all issues raised by Internal Audit.

### Results

Our initial report dated December 17, 2013, can be found on the District's website. We consider an issue resolved if management implemented our recommendations or took other appropriate action to resolve the issues. We found that the Career and Technical Education (CTE) Department implemented corrective actions sufficient to address three of the four findings from the 2013 report. The recurring item, as well as additional concerns identified during the follow-up audit, are detailed on the following pages of this report.

*Andrew Medina*

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



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## Internal Audit Follow-up Report Career and Technical Education

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### Findings and Recommendations

#### 1) Annual Reporting to the Board

School Board Procedure C52.01 requires the Career and Technical Education (CTE) Department to report to the Board each January. The report to the Board is required to include 1) comparison of the previous year with current offerings and projected programming for the upcoming academic year, 2) an assessment of CTE offering range and accessibility across the District & recommendations for changes to strengthen CTE, and 3) a review of Program 31 expenditures by building and in Central Office.

During our audit, we reviewed the CTE's Annual Board Reports for fiscal years 2013 and 2014. We noted that neither report included a review of Program 31 expenditures as required by Board Procedure C52.01. In addition, the annual report for fiscal year 2015 was not completed by January as required.

#### Recommendation

We recommend the Career and Technical Education (CTE) Department establish controls to ensure that their annual report to the Board is completed timely and includes all items required by Board Procedure C52.01.

#### 2) Outdated and Inaccurate Guidelines

Current and accurate policies, procedures, forms, and checklists are necessary to ensure employees have a high degree of understanding of district requirements and can efficiently and effectively perform their roles within the district. Outdated and inaccurate information can increase confusion and place unnecessary workload on staff as they attempt to find clarification. It can also increase noncompliance and errors as staff attempt to create their own methods for accomplishing tasks.

During our audit, we noted that Board Procedure C52.01, as well as the District form entitled Determining Employee versus Independent Contractor Classification Checklist, contained several errors. These errors included outdated requirements, nonexistent references, and potentially misleading language. The specific details were shared with District management during our exit conference.

#### Recommendation

We recommend the Career and Technical Education (CTE) Department update Board Procedure C52.01 to remove outdated requirements, and that the Accounting Department update the Determining Employee versus Independent Contractor Classification Checklist to remove nonexistent references and potentially misleading language. We also recommend that CTE and Accounting establish controls to ensure their policies, procedures, forms, and checklists are reviewed and updated periodically to ensure they remain current and accurate.



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### Management Response

#### Response Received from Career and Technical Education (CTE)

*The CTE Board report was sent to the Board office on January 31, 2015. It went to the C & I Board Committee on February 9, 2015; went into the Friday memo on February 13, 2015 and was presented at the February 18, 2015 board meeting. It was accepted and there were no corrections or additions. The (1) comparison of the previous year with current offerings and projected programming for the upcoming year, and (2) an assessment of CTE offering range and accessibility across the District and recommendations for changes to strengthen CTE were included in the report. A review of Program 31 expenditures (3) is continuously done but is not kept by building but by program area and commitment item such as equipment, supplies, and professional development. Expenditures by building wouldn't accurately reflect the support needed at each building for the number of CTE teachers and students served. Policy and Procedure C52.00 and C52.01 are on the Phase II calendar for a review and this (3) will be addressed when it is revised. Proposed date for the revision is June 2015 for a draft to the C & I committee.*

#### Response Received from Business & Finance

*The Determining Employee versus Independent Contractor Classification Checklist has been updated for the recommendations. The checklist is in draft form and will be uploaded to the website for use by the end of March 2015.*